PROTECT & SURGE

ANNUAL REPORT 2016

2016



মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড

Mutual Trust Bank Ltd.

you can bank on us



PROTECT AND SURGE

PROTECT

2016 has been a year of tremendous growth in e-banking technology in the financial sector. Artificial intelligence, robust firewalls and internet banking through smartphones have made banking transactions more convenient in recent years. On the contrary, highly sophisticated organized cybercrimes are costing businesses significantly all over the world. With no surprise, the target remains the banking sector. In years to come, the biggest challenge for the banking industry of the country will be to keep banking transactions protected from cybercrimes and money laundering activities.

SURGE

Factors like investing in advanced technologies, ensuring cyber security governance and appointing skilled human resources are likely to determine how efficiently a bank can protect its interests as well as its stakeholders and grow at the same time.

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AMAR STOCK

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FINANCIAL HIGHLIGHTS 2016

3,408 MILLION — ⬆21.25%

OPERATING PROFIT
Operating profit before provision for 2016 stood at BDT 3,408 million, registering a positive 21.25% growth over the previous year (BDT 2,811 million)

1,464 MILLION — ⬆7.13%

NET PROFIT AFTER TAX
Net Profit After Tax (NPAT) stood at BDT 1,464 million in 2016, which was 7.13% higher than 2015 (BDT 1,366 million)

114,356 MILLION — ⬆17.18%

RISK ASSETS
MTB risk assets increased to BDT 114,356 million including Offshore Banking Unit (OBU) and margin loan, which was 17.18% higher than 2015 (BDT 97,589 million)

131,272 MILLION — ⬆10.87%

CUSTOMER LIABILITIES
MTB Customer Liabilities in 2016 increased to BDT 131,272 million, registering a growth of 10.87% over 2015 (BDT 118,405 million)

3.30 BDT — ⬆7.13%

EARNINGS PER SHARE (EPS)
Earnings Per Share (EPS) increased to BDT 3.30 which was 7.13% higher than 2015 (BDT 3.08)

22.15 BDT — ⬆9.93%

NET ASSET VALUE (NAV) PER SHARE
Net Asset Value (NAV) per share increased to BDT 22.15 which was 9.93% higher than 2015 (BDT 20.15)

11.51%

CAPITAL TO RISK WEIGHTED ASSET RATIO (CRAR)
Capital To Risk Weighted Asset Ratio (CRAR) for 2016 is 11.51% (Solo)

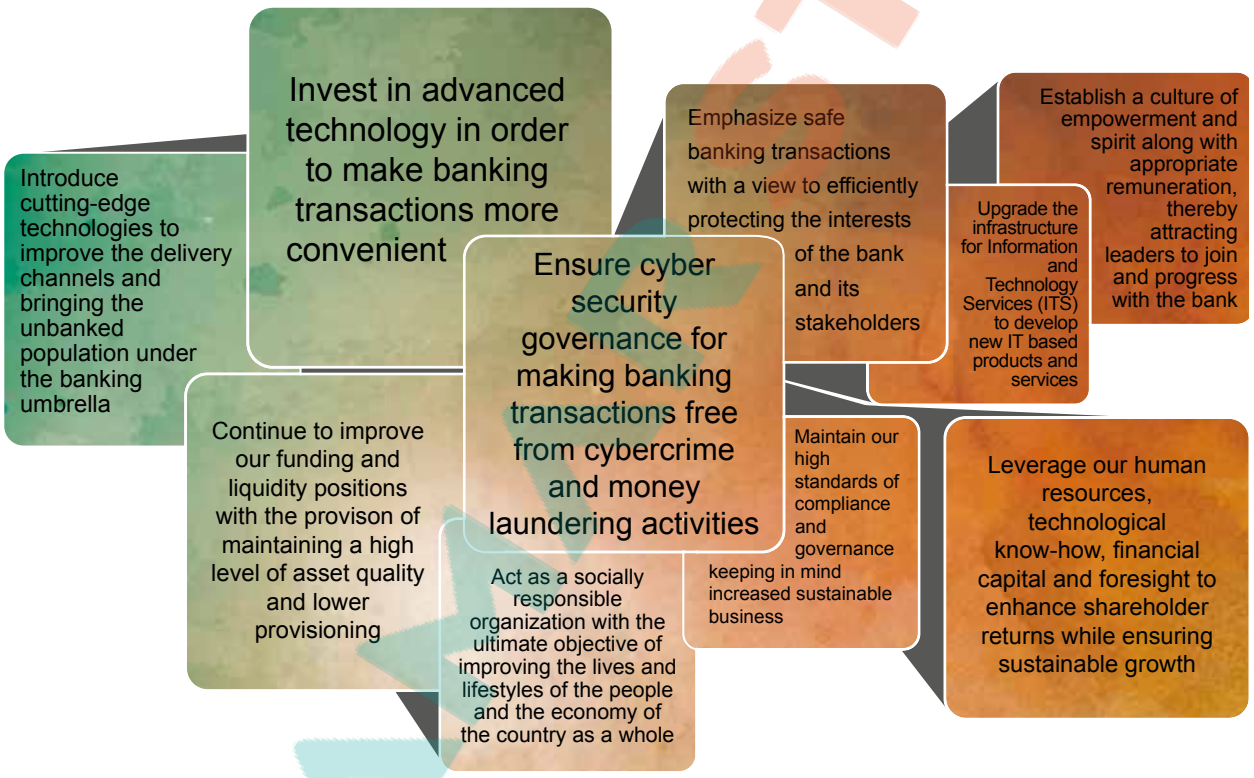
15.61%

RETURN ON EQUITY (ROE)
Return on Average Shareholders Equity (ROE) for 2016 is 15.61%

OUTLOOK 2017

As a compliant bank, MTB believes in enhancing profits in a sustained and controlled manner. With integrity, ethics and transparency as the main philosophies of the bank, profits come after compliance. The ultimate objective is to increase business using smart banking technologies.

STRATEGIC PRIORITIES



LETTER OF TRANSMITTAL

All Members of the Bank
Bangladesh Bank
Bangladesh Securities and Exchange Commission (BSEC)
Registrar of Joint Stock Companies & Firms (RJSCF)
Dhaka Stock Exchange Limited (DSE)
Chittagong Stock Exchange Limited (CSE)

MTB ANNUAL REPORT 2016 TOGETHER WITH THE AUDITED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE) FOR THE YEAR ENDED ON DECEMBER 31, 2016

Dear Madam/Sir(s),

Please accept best compliments from Mutual Trust Bank Ltd. (MTB).

We are pleased to enclose a copy of the Annual Report 2016 together with the audited Financial Statements (includes Balance Sheet, Profit and Loss Account, Statement of Cash Flow, Statement of Changes in Equity, Liquidity Statement and Notes to the Financial Statements on consolidated and separate basis) for the year ended on December 31, 2016 of the Mutual Trust Bank Ltd. (MTB) for your kind information and record.

Financial Statements of MTB consists of statements of MTB Securities Ltd. (MTBSL), MTB Capital Ltd. (MTBCL), MTB Exchange (UK) Ltd. (MTB UK), subsidiaries of the bank and MTB Offshore Banking Unit (MTB OBU).

Yours sincerely,

Malik Muntasir Reza
Group Company Secretary

NOTICE OF THE 18TH ANNUAL GENERAL MEETING

Notice is hereby given to all the Honorable Members of Mutual Trust Bank Ltd. (MTB) that, the 18th (Eighteenth) Annual General Meeting (AGM) of the Bank will be held on **Tuesday, the 25th of July 2017** at **10:00 a.m.,** at **Golf Garden, Army Golf Club, Airport Road, Dhaka Cantonment, Dhaka 1206** to transact the following business, and to adopt necessary resolutions:

AGENDA

1. To receive, consider and adopt the audited Financial Statements (Consolidated and Separate), for the year ended on 31st December 2016, together with the Directors' Report and Auditors' Report thereon.
2. To declare Dividend for the year ended on 31st December 2016, as recommended by the Board of Directors.
3. To elect/re-elect Director(s).
4. To appoint/re-appoint Auditor(s), for the term until the next Annual General Meeting, and fix their remuneration.

By order of the MTB Board of Directors
Malik Muntasir Reza
Group Company Secretary

June 01, 2017
Dhaka

Notes:

a) The 'Record Date', in lieu of Book Closure was on Wednesday, **May 31, 2017.** The Members, whose names were appeared in the Register of MTB, under Central Depository System (CDS) on the Record Date, are eligible to attend the 18th AGM and qualify to receive dividends.

b) The Board of Directors recommended for **Stock Dividend @ 15.00% (Bonus share) on the profit of MTB** for the year ended on December 31, 2016.

c) **M/s. M. J. Abedin & Co.,** Chartered Accountants, the existing Auditor will retire from office at the 18th AGM. Since they have audited the accounts of the Bank for the last three years, they are not eligible for re-appointment, as per prevailing laws/regulations/ circulars.

d) A Member, who is entitled to attend and vote at the AGM, may appoint a proxy to attend the meeting and take part in the proceedings thereof, on his/her/their behalf.

e) The instrument appointing a proxy, or the Power of Attorney duly signed by a Member and stamped with requisite amount must be submitted at the MTB Share Department, MTB Tower (3rd Floor), 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka 1000 at least 48 hours before the meeting.

f) Attendance of the Member(s)/Attorney (ies)/Proxy (ies) shall be recorded at the entrance of the venue. Attendance slip has to be submitted duly signed at the Registration Counter.

g) The Annual Report 2016 together with the Notice of the 18th AGM, Proxy Form and Attendance Slip are being sent to all the Hon'ble Members by post/courier. The Hon'ble Members may also collect the Report from the MTB Share Department. Hon'ble Members may also visit MTB's website @ http://www.mutualtrustbank.com, where the report, form and slip are also displayed.

h) Hon'ble Members are requested to update all required information with their respective Depository Participants before **Record Date.**

i) In compliance with the Bangladesh Securities & Exchange Commission (BSEC) Notification **No. SEC/CMRRCD/2009-193/154 dated October 24, 2013 "No benefit in cash or kind, other than in the form of cash dividend or stock dividend, shall be paid to the Members ,i.e., no gift/gift coupon/food box etc. will be distributed at the 18th AGM".**

OUR VISION, MISSION AND CORE VALUES

Our Vision

Mutual Trust Bank Ltd. (MTB)'s vision is based on a philosophy known as MTB3V! We envision MTB to be:

- One of the best performing banks in Bangladesh
- The bank of choice and
- A truly world-class bank

Our Mission

We aspire to be the most admired financial institution in the country, recognized as a dynamic, innovative and client focused company that offers an array of products and services in the search for excellence and to create an impressive economic value.

Core Values

Commitment:

- Shareholders – Create sustainable economic value for our shareholders by utilizing an honest and efficient business methodology.
- Community – Committed to serve the society through employment creation, support community projects and events and be a responsible corporate citizen.
- Customers – Render state-of-the-art service to our customers by offering diversified products and by aspiring to fulfill their banking needs to the best of our abilities.
- Employees – We rely on the inherent merits of the employee and honor our relation as a part of this renowned financial institution. We work together to celebrate and reward unique backgrounds, viewpoints, skills and talents of everyone at the workplace, no matter what their job is.

Accountability:
As a bank, we are judged solely by the successful execution of our commitments; we expect and embrace this form of judgment. We are accountable for providing the highest level of service along with meeting the strict requirements of regulatory standards and ethical business practices.

Agility:
We can see things from different perspectives; we are open to change and not bound by how we have done things in the past. We can respond rapidly and adjust our mode of operation to meet stakeholder needs and achieve our goals.

Trust:
We value mutual trust, which encompasses transparent and candid communications among all parties.

CODE OF CONDUCT

As an employee of MTB, one must observe the highest standards of impartiality, integrity, objectivity and honesty in relation to the work s/he undertakes at all times. The Code of Conduct provides guidance to employees on how to ensure that their actions and behavior are consistent with both MTB's values and its high standards of conduct required to maintain banking compliance.

Code I: Our Vision
Our code of conduct is in alignment with the bank's Vision, MTB3V!

Code II: Uphold organizational mission
We aspire to be one of the most admired banks in the nation and be recognized as an innovative and client focused company, enabled by cutting-edge technology, a dynamic workforce and a wide array of financial products and services.

Code III: Adhere to the highest ethical standards
We ensure that our employees act with integrity, competence, dignity, and in an ethical manner when dealing with customers, prospects, colleagues, agencies and the public.

Code IV: Compliance with the laws & regulations
We maintain knowledge of and comply with all applicable laws, rules and regulations of any government, governmental agencies, regulatory organizations, licensing agencies, or professional associations governing the employee's professional activities.

Code V: Relationship with & responsibilities to MTB
We prioritize the bank's interest above personal interest.

As an objective, employees are required to:

Disclose the conflicts of interest including beneficial relationship with customers of any of its associates; state only MTB's view and not her/his own, when speaking in a forum in which audiences would reasonably expect that s/he is speaking as a representative of MTB.

Code VI: Relationship with & responsibilities to customer
We deliver service professionally, respect customers and treat them courteously and consistently; Respect the confidentially and privacy of customers, or anybody with whom they do business.

Code VII: Protecting business assets & information
We are responsible and accountable for using the goodwill and assets of MTB and its customers, whether tangible, intangible, intellectual or electronic, in a manner both responsible and appropriate to the business and only for legal and authorized purposes.

Code VIII: Respecting others
We treat colleagues, customers and anyone with whom we do business, with respect, dignity, fairness and courtesy; we commit to maintain a work environment that is free from discrimination or harassment based on race, religion, creed, sex, disability, age or any other relevant category.

Code IX: Misconduct
We commit to avoid any professional conduct involving dishonesty, fraud, deceit or misrepresentation or carry out any act that reflects adversely on our honesty, trustworthiness or professional competence; we also commit to support international and local efforts to eliminate corruption and financial crime.

Code X: Insider trading
We are committed to not utilize position for personal gain or for gain of another person. All of us must ensure that any information in our possession that is not publicly available and may have a material effect on the price or value of objectives, is not provided to anyone who may be influenced to subscribe, buy or sell shares or conduct any other business transactions with another person including family and friends.

Code XI: Control
The Code is designed to provide practical assistance in performing our daily tasks and resolving situations, which may present potential ethical conflicts.

Our Code of Conduct has eleven core elements supporting a self-regulatory approach to the way we do business. Also, the Management monitors the compliance of the code of conduct.

The Association for Investment Management and Research (AIMR) has developed the Code of Ethics and Standards of Professional Conduct for their members. Most of them are relevant for persons working in a bank or a financial institution. MTB has adopted the relevant part from the Code of Ethics and Standards of Professional Conduct of AIMR

PRODUCTS AND SERVICES

WHOLESALE BANKING

Term Finance
- Project Finance
- Finance for Importing Capital Machinery
- Lease Finance
- House Building Finance
- Term Loan to NBFI
- Term Lending

Working Capital Finance
- Secured Over Draft (SOD)
- Cash Credit (Hypo)
- Cash against Document
- Short Term Loan
- Loan General
- Time Loan

Cash Management Unit
1. MTB Nationwide Collection Services
2. MTB Web Based Banking Services
3. MTB Payments Solutions (Clearing Service, BACH, BEFTN)
4. MTB Capital Market Services (IPO LBTI, BTI, Right Issue)
5. MTB High Value Account Services
6. Motor Vehicle Fee Collection Solution
7. MTB Tuition Fees Collection Service

SME BANKING

- MTB Bhagyobati
- MTB Krishi
- MTB Mousumi
- MTB Revolving Loan
- MTB Small Business Loan
- MTB Digoon
- MTB Green Energy Loan
- MTB Probaho
- MTB Buniad
- MTB Gunabati
- MTB Krishijat
- MTB Light Engineering
- MTB IT Genius
- MTB Microfinance
- MTB Youth Line

RETAIL BANKING

Deposit Products
- Current Account
- MTB Regular Savings
- MTB Privilege Savings
- MTB Senior
- MTB Inspire
- MTB Junior
- MTB Graduate
- MTB Ruby
- MTB Care
- MTB Sanchay
- MTB Ankur
- Fixed Deposit
- Special Notice Deposit
- Brick by Brick
- MTB Double Saver
- MTB Millionaire Plan
- MTB Education Plan
- Monthly Benefit Plan
- Children Education Deposit Scheme
- MTB Kotipati
- MTB Gift Cheque

Loan Products
- MTB Personal Loan
- MTB Auto Loan
- MTB Home Loan
- MTB Home Equity Loan
- MTB Professional's Loan
- MTB Neer

MTB Card Products
- MTB Debit Card
- MTB Local & Dual Currency Credit Card
- MTB Prepaid Card

TRADE FINANCE

Export Finance
- Back to Back L/C
- Export Bill Discounting (FDBP and IDBP)
- Secured Over Draft (SOD-general/export bill)
- Packing Credit

AMARSTOCK

Import Finance
- Loan against Trust Receipt (LTR)
- EDF Loan

Non-funded Trade Finance
- L/C Opening (Sight / Deferred / UPAS)
- L/C Advising
- L/C Transfer
- Bank Guarantee
- Shipping Guarantee

Bank Guarantee
Bank Guarantee
[Bid Bond, Performance Guarantee, Advance Payment Guarantee, etc.]

Syndications & Structured Finance
Financing to Power, Telecom, Hotels, Aircraft, Steel, Cement, Glass, Petrochemical, Agro-based Project, Micro Financing, etc.

NRB BANKING

NRB Products
- NRB Savings Account
- NRB Deposit Pension Scheme (NRB DPS)
- NRB Fixed Deposit Account (NRB FD)
- NRB Home Loan

NRB Services
- Inward Foreign Remittance through globally reputed money transfer companies and MTB's fully-owned subsidiary MTB Exchange (UK) Ltd.
- Banking Service to NRB through MTB Representatives in UAE.
- Foreign currency exchange facility to passengers travelling to or from abroad through MTB Foreign Currency Exchange Booths at Hazrat Shahjalal International Airport, Dhaka

AGENT BANKING

- Account Opening
  (Savings, Current, DPS, Term Deposit, SME / Retail / Agriculture Loan)
- Cash Deposit
- Cash Withdrawal
- Fund Transfer to any MTB Account
- Electronic Fund Transfer through BEFTN
- Electronic Fund Transfer through RTGS
- Inward Foreign Remittance Cash Payout
- Inward Foreign Remittance in Account
- Utility Bill Collection
- Receiving Clearing Cheque
- Smart Card (NID) Fee Collection
- SME Loan File Initiate
- Agriculture Loan File Initiation
- Retail Loan File Initiation
- Debit/Credit Card Request Processing
- Mobile Recharge
- Insurance Premium Collection
- School Banking Solution
  (Student Account, Fee Collection & Payroll for Teachers)
- Social Safety-net Cash Disbursement
- Balance Inquiry
- Account Statement

OFF-SHORE BANKING UNIT (OBU)

- Term Finance
- Working Capital Finance
- Trade Finance
  (Local Bill Discounting, Foreign Bill Discounting, UPAS)

OUR BUSINESS MODEL

INPUTS



FINANCIAL CAPITAL

- Capital Structure (Equity)
- Liquid Assets Reserves
- Capital Adequacy



HUMAN CAPITAL

- Employee Engagement
- Core Competencies
- Work Life Balance
- Diversity and Equality
- Work Experience
- Continuous training for professional development



INTELLECTUAL CAPITAL

- Technological Capabilities
- Integrated Risk Management
- Management and Control Systems
- Information Systems and Database

VALUE CREATION

OUR VISION

Mutual Trust Bank's vision is based on a philosophy known as MTB3V.
We envision MTB to be:
I. One of the best performing banks in Bangladesh
II. The bank of choice
III. A truly world-class bank

MTB CORE VALUES

Commitment:

- Shareholders – Create sustainable economic value for our shareholders.
- Community – Committed to serve the society through employment creation,
- Customers – Render state-of-the-art service to our customers, offering diversified products
- Employees – Be reliant on the inherent merits of the employees and honor our relationships as part of this renowned financial institution.

Accountability:
As a bank, we are judged solely by the successful execution of our commitments; We are accountable for providing the highest level of services along with meeting the strict requirements of regulatory standards and ethical business practices.

Agility:
We can see things from different perspectives; we are open to change and not bound by how we have done things in the past.

Trust:
We value mutual trust, which encompasses transparent and candid communication amongst all parties.

BUSINESS UNITS

Wholesale Banking
Syndication & Structured Finance
SME Banking
Retail Banking
Privilege Banking
NRB Operation
Card Division
International Trade Services
Treasury Operation
Agent Banking

SUPPORTING UNITS

Group Human Resources
Group Finance
ITS Division
Banking Operations
Group Communications
Infrastructure Division
Engineering Department
Legal Department
Special Asset Management Div.
IT Security Department
Research & Development Dept.
Board Division
Share Division
Credit Risk Management Division
Credit Administration Department
Risk Management Division

AMSTOCK



MANUFACTURING CAPITAL

- Customer Touch Points
- Physical
- New Business Developments
- Innovations and Value Additions
- Customer Satisfaction



SOCIAL & RELATIONSHIP CAPITAL

- Relationship with Stakeholders
- Awards and Recognitions
- Products and Services
- Customer Engagements
- CSR Activities



NATURAL CAPITAL

- Biodiversity and ECO Projects
- Green Business Practices
- Renewable Energy Usage
- Environment Friendly Financing

RISK MANAGEMENT

STAKEHOLDERS ENGAGEMENT

FINANCIAL STABILITY

BOTTOM LINE APPROACH

Output	Highlights for 2016
Financial Capital Strengthen Tier I and Tier II Capital and maintain Capital Adequacy Ratio (CAR), in order to ensure sustainable growth and safeguard the business through different points of business cycle	Share Capital - BDT 4.34 billion Retained Earnings - BDT 841 million Total Assets – BDT 165.37 billion Customer Liabilities- BDT 131.27 billion Risk Assets – BDT 114.36 billion
Human Capital Develop a dedicated and motivated workforce who will become the driving force behind the corporate ambitions	1,889 MTBians Team Capabilities, Skill, Knowledge, Experience
Intellectual Capital Product Stewardship and Customer Privacy	Technology for business furtherance, collective expedient team knowledge
Manufacturing Capital Present a unique value proposition through brand specific differentiation Wider physical outreach and diverse distribution channels to bring the bank closer to customer and provide 24/7 access	110 branch and 10 agent banks over the country Fixed asset base - BDT 3.14 billion
Social & Relationship Capital Manage the direct & indirect impact resulting from business activities in a manner that would produce positive results for the community	0.7 million Customer Base CSR Activities - focusing education development, preserving national heritage, uplifting livelihood, strengthening sports and gearing entrepreneurship
Natural Capital Becoming “Truly Green Bank”	MTB promotes and supports environment friendly responsible financing. Besides dedicated MTB Green Energy loan a client can avail other loan facility for their green initiatives.

AWARDS AND RECOGNITIONS



The Institute of Chartered Accountants of Bangladesh

16TH ICAB NATIONAL AWARD FOR BEST PRESENTED ANNUAL REPORTS-2015

Private Bank Category

Certificate of Merit

Mutual Trust Bank Limited participated in the 16th ICAB National Award for Best Presented Annual Reports-2015 Competition organized by the Institute of Chartered Accountants of Bangladesh and awarded the **Certificate of Merit** in the **Private Bank Category** as a mark of excellence in corporate reporting.

Parveen Mahmud FCA
Chairman, Review Committee for Published Accounts and Reports

Kamrul Abedin FCA
President

Dhaka, November 29, 2016

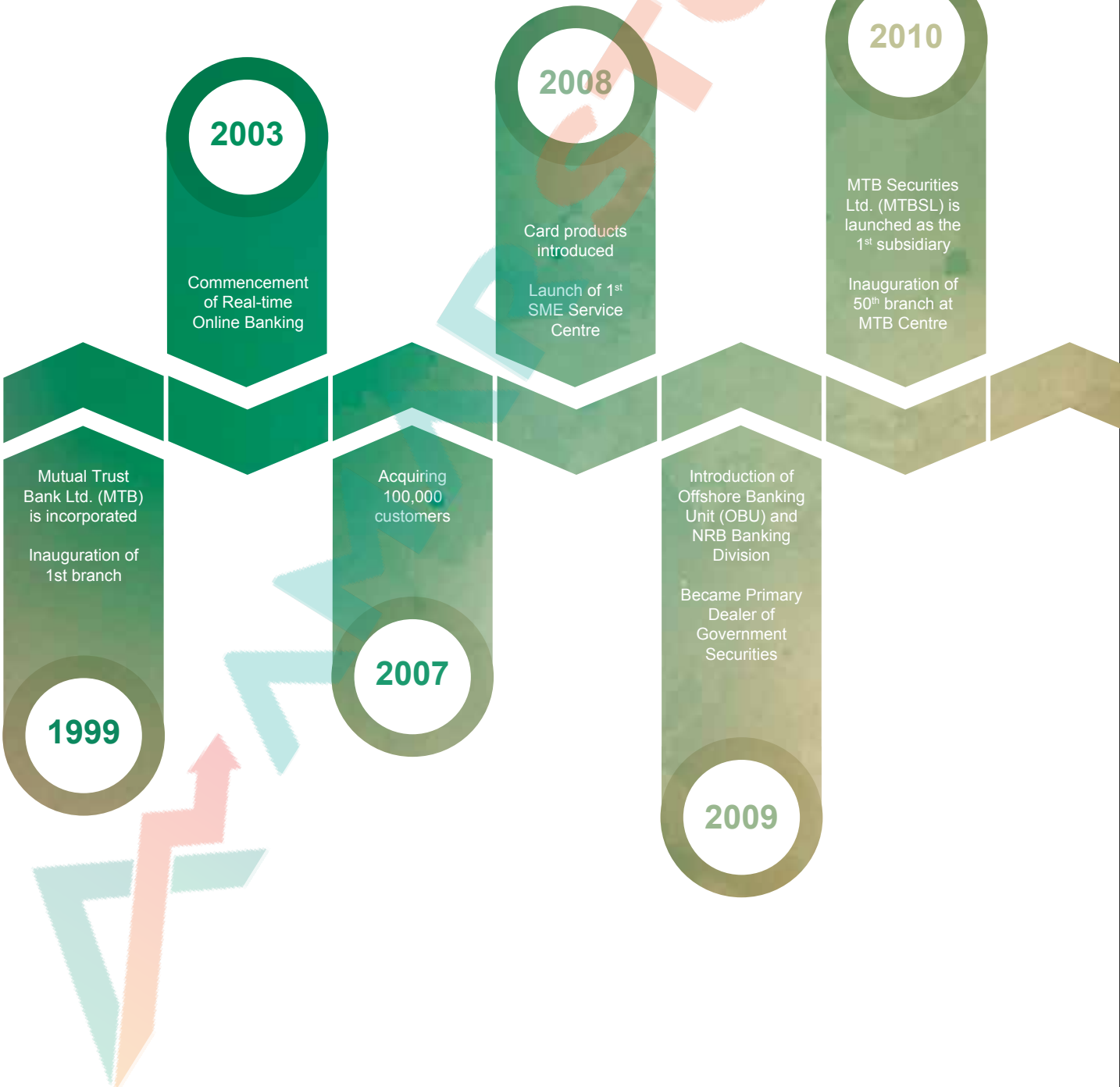
FORWARD LOOKING STATEMENT

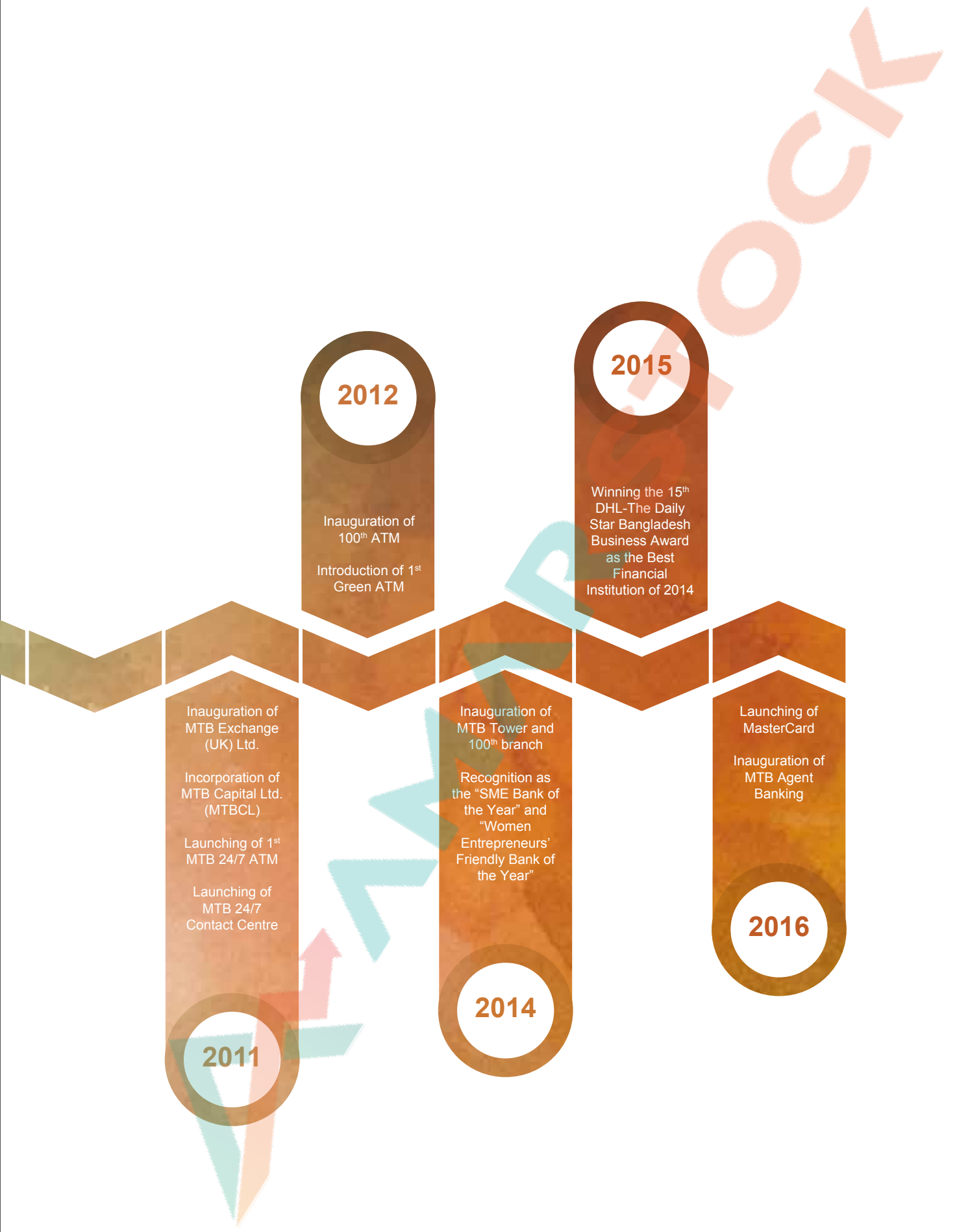
This Annual Report contains certain forward looking statements such as MTB's plans, anticipations, beliefs, opportunities, etc. and these are based on assumptions, estimates, beliefs and future expectations. These statements may materially differ due to changes in the business environment. The following are some major factors that may affect the overall business conditions of the bank:

- Changes in fiscal, monetary and trade policies
- Natural catastrophes and political disturbances
- Changes in consumer behaviors, technologies, commodity price levels
- Changes in financial and capital market locally and internationally
- Changes in interest rates and forex rates locally and internationally
- Changes in legal and regulatory framework locally and internationally
- Changes in Cash Reserve Ratio (CRR) and Statutory Liquidity Reserve (SLR) of the bank
- International embargo/unrest in any country
- Withdrawal of incentives given to any sectors

AMARSTOCK

17 YEARS OF GLORIOUS JOURNEY




2011
Inauguration of MTB Exchange (UK) Ltd.
Incorporation of MTB Capital Ltd. (MTBCL)
Launching of 1st MTB 24/7 ATM
Launching of MTB 24/7 Contact Centre
2012
Inauguration of 100th ATM
Introduction of 1st Green ATM
2014
Inauguration of MTB Tower and 100th branch
Recognition as the "SME Bank of the Year" and "Women Entrepreneurs' Friendly Bank of the Year"
2015
Winning the 15th DHL-The Daily Star Bangladesh Business Award as the Best Financial Institution of 2014
2016
Launching of MasterCard
Inauguration of MTB Agent Banking

GROUP PROFILE

REGISTERED NAME OF THE COMPANY
Mutual Trust Bank Limited

LEGAL FORM
The company was incorporated as a Public Limited Company on September 29, 1999, under the Companies Act 1994, with an Authorized Share Capital of BDT 1,000,000,000 divided into 10,000,000 ordinary shares of BDT 100 each. At present, the Authorized Share Capital of the company is BDT 10,000,000,000 divided into 1,000,000,000 ordinary shares of BDT 10 each. The Company was also issued Certificate for Commencement of Business on the same day and was granted license on October 05, 1999 by Bangladesh Bank under the Banking Companies Act 1991 and started its banking operation on October 24, 1999.

Company Registration No.
C38707 (665)/99 ON SEPTEMBER 29, 1999

Bangladesh Bank Permission No.
BRPD (P) 744(78)/99-3081 ON OCTOBER 5, 1999

SWIFT Code
MTBL BD DH

Auditors
M. J. ABEDIN & CO.
Chartered Accountants
National Plaza (3rd Floor)
109 Bir Uttam CR Datta Road, Dhaka 1205

Registered Office
MTB Centre
26 Gulshan Avenue, Gulshan 1
Dhaka 1212, Bangladesh

Corporate Website
www.mutualtrustbank.com

Tax Advisor
M/s. ACNABIN
Chartered Accountants
BSRS Bhaban (13th Floor)
12 Karwan Bazar C/A, Dhaka 1215, Bangladesh

LEGAL ADVISORS

M/s Mohsen & Mohsen
(Advocates and Legal Consultants)
Suite # 14/A, C.D. Kader Heights
10 Hatkhola Road, Dhaka 1203

M/s Hamid & Associates
(Advocates and Legal Consultants)
H # 46, Block # G, Banani, Dhaka 1212

M/s Farooq & Associates
(Advocates and Legal Consultants)
Darus Salam Arcade (3rd Floor)
14, Purana Paltan, Dhaka 1000

M/s Sadat Sarwat and Associates
Barrister-at-Law, Advocate
Supreme Court of Bangladesh
House # 28, Road # 23, Gulshan 1, Dhaka 1212

MEMBERSHIPS

- Institute of Bankers, Bangladesh (IBB)
- Bangladesh Institute of Bank Management (BIBM)
- Bangladesh Association of Banks (BAB)
- Association of Bankers, Bangladesh Limited (ABB)
- Bangladesh Foreign Exchange Dealer's Association (BAFEDA)
- Bangladesh Money Market Dealers Association (BAMDA)
- Primary Dealers Bangladesh Limited (PDBL)
- Dhaka Stock Exchange Limited (DSE)
- Chittagong Stock Exchange Limited (CSE)
- Bangladesh Association of Publicly Listed Companies (BAPLC)
- Metropolitan Chamber of Commerce & Industry (MCCI)
- Dhaka Chamber of Commerce & Industry (DCCI)
- American Chamber of Commerce In Bangladesh (AMCHAM)
- International Chamber of Commerce Bangladesh (ICCB)
- Federation of Bangladesh Chambers of Commerce and Industry (FBCCI)
- United Nations Global Compact (UNGC)
- Reed Business Info Limited, UK
- Society for Worldwide Interbank Financial Telecommunication (SWIFT)

PROFILE OF THE
BOARD OF DIRECTORS

Mr. M. A. Rouf, JP
Chairman



Mr. M. A. Rouf, JP is the Chairman of Mutual Trust Bank Limited (MTB) and its three subsidiary companies, MTB Securities Limited, MTB Capital Limited and MTB Exchange (UK) Limited, since February 26, 2016.

He is the Chairman of Britannia Group, a British-Bangla Joint Venture Real Estate Company. Besides, he is also a Director of Tiger Tours Ltd. (Bangladesh).

Mr. Rouf is a renowned personality and holds several prestigious positions at home and abroad. He was a Justice of Peace (JP) for Scotland over 10 years. Besides, he was serving as the elected Regional President for the British Bangladesh Chamber of Commerce in the UK for Scotland for the last sixteen years. He was also appointed as a Delegate for the Department of British Trade Mission of Bangladesh. He is a Senior Vice President of UKBCCI (UK Bangladesh Catalysts of Commerce & Industry). Mr. Rouf was the Financial Director for Scottish Cancer Research Centre for over 8 years.

Presently Mr. Rouf is serving as the chairman of following foreign company:

Diamond Properties, UK- One of the buildings the company has built, received the Civic Trust Award from the Scottish Building Authority. This was the first time an enterprise with a South Asian background was received this accolade.

He is a lifetime member of the University of St. Andrews and also a member of St. Andrews Golf Club, which is the 2nd oldest golf club in the world. He is also a member of Army Golf Club Dhaka. He has also held the post of Honorary Vice Chairman of St. Andrews University Union Debating Society for the last 17 years, which is the oldest debating society in the world and last 20 years he has been the President of St. Andrews University Cricket Club. The Cricket Team came to Bangladesh & played six matches, they had a wonderful time in 1999.

AMARSTOCK

Mr. Md. Hedayetullah
Vice Chairman



Mr. Md. Hedayetullah is the Vice Chairman of Mutual Trust Bank Ltd. (MTB). Prior to his new role, he was the Chairman of the Executive Committee of the bank.

He is presently serving as the:

- Chairman of Hedayetullah Securities Ltd.
- Managing Director of FB Footwear Ltd.
- Managing Director of Footbed Footwear Ltd.
- Director of Apex Tannery Ltd.
- Director of Apex Property Development Ltd.

Mr. Md. Hedayetullah obtained B.Sc. (Honors) degree in Leather Technology from the British School of Leather Technology, Northampton, UK and M.A. in International Business from Webster University, Regents College, London, UK.

AMAR STOCK

Mr. Syed Manzur Elahi
Director & Founding Chairman



Mr. Syed Manzur Elahi is the Founding Chairman of Mutual Trust Bank Ltd. (MTB) and Pioneer Insurance Company Limited and currently serving as the Chairman of the Executive Committee of the bank. Mr. Elahi is the Chairman of Apex Group, a leading business conglomerate in Bangladesh, and has won various awards for his contributions to trade and industry including "Business Executive of the Year 2000" by the American Chamber of Commerce (AMCHAM), Bangladesh and "Business Person of the Year 2002" award, sponsored by the Daily Star and DHL Worldwide Express.

Besides being an eminent industrialist, he was also appointed Adviser to the Caretaker Government of Bangladesh, twice (1996 & 2001), for his leadership qualities, professionalism and non-partisanship. Mr. Elahi holds an M.A. (Econ.) from the University of Dhaka.

Mr. Elahi is currently the Chairman of

- Apex Tannery Ltd.
- Apex Footwear Ltd.
- Apex Pharma Ltd.
- Blue Ocean Footwear Ltd.
- Apex Enterprises Ltd.
- Apex Investments Ltd.
- Grey Advertising (Bangladesh) Ltd.
- Quantum Market Research
- Manusher Jonno Foundation
- Holiday Publications
- Bangladesh Freedom Foundation

He is also Director of International Publications Limited, the owning company of The Financial Express, Director of Credit Rating Agency of Bangladesh Limited (CRAB), Director of Central Depository Bangladesh Ltd. (CDBL), Member of the Board of Trustees of East West University, Member of the Board of Trustees of Centre for Policy Dialogue (CPD) and Member of Trustee Board of Diabetic Association of Bangladesh.

Previously, Mr. Elahi has served as Chairman of the Bangladesh Association of Banks (BAB), Chairman of the East West University Foundation (EWUF), Chairman of Central Depository Bangladesh Ltd. (CDBL), Vice Chairman of the Bangladesh Association of Publicly Listed Companies (BAPLC), Director on the Boards of Bangladesh Bank, Sonali Bank and Bangladesh Krishi Bank, Director of the Export Promotion Bureau, Bangladesh, President of the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI), President, Bangladesh Employers Association (BEA), President of the Dhaka University Alumni Association (DUAA) and Honorary Consul for Belgium in Bangladesh.

Dr. Arif Dowla
Director



Dr. Arif Dowla has served as Chairman of Mutual Trust Bank Ltd. (MTB) from January 17, 2012 to February 26, 2014 and is now serving as the Chairman of the Board Risk Management Committee. Son of Mr. M. Anis Ud Dowla, a leading name in Bangladesh's corporate business, trade and industry arena, Dr. Dowla is the Managing Director of the renowned conglomerate, Advanced Chemical Industries (ACI) Ltd. as well as its following subsidiaries:

- ACI Pure Flour Limited
- ACI Foods Limited
- ACI Motors Limited
- ACI Logistics Limited
- ACI Agrolink Limited
- Premiaflex Plastics Limited
- Stochastic Logic Limited

Besides, Dr. Dowla is also the Chairman of Tetley ACI (Bangladesh) Ltd.

He is Director of

- ACI Formulations Limited
- ACI Salt Limited
- ACI Biotech Limited
- ACI Edible Oils Limited
- ACI Godrej Agrovet (Pvt.) Limited
- Creative Communication Limited
- Consolidated Chemicals Limited
- ACI Healthcare Limited – Vice Chairman
- ACI Healthcare USA Inc.
- ACI Chemicals Limited
- Infolytx Bangladesh Limited
- Bangladesh Business Publications Limited publishing company of the bi-monthly business magazine

Member of the Board of Governors of the Society for Promotion of Bangladesh Art (SPBA).

Dr. Dowla obtained PhD degree in Mathematics from the University of California, San Diego, USA. He is a member of the American Mathematical Society and a Young Global Leader Honoree 2009 bestowed by World Economic Forum. He is also the Honorary Consul of the Kingdom of Belgium in Bangladesh.

Mr. Rashed Ahmed Chowdhury
Director



Mr. Rashed Ahmed Chowdhury is the Director of Mutual Trust Bank Ltd. (MTB). Prior to assuming this role, he was the Chairman of the bank and its three subsidiary companies.
Mr. Chowdhury is the:

- Chairman of Banga Garments Ltd.
- Chairman of ABC Building Products Ltd.
- Founder Trustee and Chairman of the Board of Trustees of Independent University, Bangladesh (IUB)
- President and founding member of Cadet College Club Limited
- Director (former Chairman) of 'Bangladesh Business Publications Limited', a publishing company of the bi-monthly 'business' magazine.
- Senior Vice President of Bangladesh Squash Rackets Federation.

He is also

- Director of Associated Builders Corporation Ltd. (ABC), a pioneer in the field of construction and real estate development in Bangladesh
- Director of ABC Real Estates Ltd.
- Director of Shamsuddin Towels Ltd.

He has served as

- Senior Vice President of Bangladesh Terry Towel Manufacturers and Exporters Association
- President of the Rotary Club of Dhaka Central
- Assistant Governor of Rotary District-3280

Mr. Chowdhury obtained Higher National Diploma in Business Studies from West London College, UK and a Post Graduate Degree in Business Management from Kingston University of the United Kingdom. He is a member of the Chartered Management Institute, UK.

Mr. Md. Abdul Malek
Director



Mr. Md. Abdul Malek, Director of Mutual Trust Bank Ltd. (MTB), obtained B.Sc. Engineering (Civil) from BUET, a renowned engineering institution of the country. He has vast experience and special skills and expertise in structuring and developing, calamity and devastation resilient and green buildings along with a glorious tradition in construction of multi-storeyed buildings.

He was the Chairman of Sheltech Consultants (Pvt.) Ltd. (SCPL), a major practitioner in Urban Planning, Architectural, Engineering Design, and Tourism Development. SCPL has successfully completed many projects, for major International Development Funding Agencies, which includes the Asian Development Bank (ADB), The World Bank, United Nations Development Program (UNDP), European Economic Community (EEC), Swiss Agency for Development and Cooperation (SDC), Finnish International Development Agency (FINNIDA), United States Agency for International Development (USAID), United Nations Children's Fund (UNICEF), Department for International Development (DFID), Directorate-General for International Cooperation (DGIS) and Royal Netherlands Embassy (RNE), on behalf for Govt. of Netherlands. SCPL has earned a good recognition both locally and internationally. He has also vast experience in the Garments sector.

AMAR STOCK

Mr. Md. Wakiluddin
Director



Mr. Md. Wakiluddin, Director of Mutual Trust Bank Limited (MTB) is the Chairman of Baridhara Corporation Ltd.

He is also

- Managing Director of Swadesh Properties Ltd.
- Director of HARDCO International School.
- Managing Director of Swadesh Global Media Ltd.

AMAR STOCK

Mrs. Khwaja Nargis Hossain
Director



Mrs. Khwaja Nargis Hossain, Director of Mutual Trust Bank Limited (MTB), received Master's Degree in Islamic History from the University of Dhaka.

She is also

- Managing Director of SAHCO Securities Limited.
- Corporate Director of SAHCO International Limited
- Member of BOAO Forum for Asia (BFA), China. BFA is a non-profit international organization formed by twenty six Asian Countries and Australia for socio-economic development of the people of Asia and rest of the world.

AMARSTOCK

Mr. Anjan Chowdhury
Director

Mr. Anjan Chowdhury is the Director of Mutual Trust Bank Limited (MTB), replacing his father and the iconic and legendary MTB Chairman, Late Mr. Samson H. Chowdhury. He is one of the key Directors of Square Group, the leading business conglomerate in Bangladesh and the following business ventures under the group:

- Square Pharmaceuticals Ltd.
- Square Hospital Ltd.
- Square Formulations Ltd.
- Square Herbal and Nutraceuticals Ltd.
- Square Agro Development and Processing Ltd.
- Square Textiles Ltd.
- Square Fashions Ltd.
- Square Yarns Ltd.
- Square Fashion Yarns Ltd.
- Square Denims Ltd.
- Square Apparels Ltd.
- Square Holdings Ltd.
- Square Informatix Ltd.

Currently, Mr. Chowdhury is acting as the Chairman of Maasranga Production Limited and Oracle Travels Limited.

He is the Managing Director of Square Toiletries Limited, Square Food & Beverage Limited, Square Securities Management Limited, Square Texcom Limited, Square Air Limited, Maasranga Communications Limited (Maasranga Television), Mediacom Limited and Aegis Services Limited.

Besides, he is also Director of Astras Limited, Pharma Packages (Pvt.) Limited, Barnali Printers Limited and Sabazpur Tea Co. Limited.

Mr. Chowdhury did his studies in management from the University of South Florida. He is a Trustee Member of the Education, Science, Technology and Cultural Development Trust (ESTCDT) of the Independent University of Bangladesh, Founder Member and current Chairman of The Society for the Promotion of Bangladeshi Art (SPBA). He also serves as Director of Bangladesh Business Publications Limited, publishing company of the bi-monthly Business Bangladesh magazine.

His passion for sports is reflected through his in-depth involvement with different sports organizations. He is the Chairman of Kurmitola Golf Club's (KGC) Development Committee, and member of its Finance Committee and Executive Committee. He is an Executive Committee Member of Bangladesh Golf Federation, a Director of Abahani Limited and the current Vice President of Bangladesh Olympic Association (BOA). Mr. Chowdhury was awarded the National Sports Award 2009 for his outstanding contribution in the sporting arena of the country by the Ministry of Youth & Sports.

Mr. Chowdhury received the National Film Award 2010 for the Best Producer in the year 2011 for his widely acclaimed feature film "Monpura" by the Ministry of Information.



Mr. Q. A. F. M. Serajul Islam
Director



Mr. Q. A. F. M. Serajul Islam, Managing Director & CEO, Pioneer Insurance Company Limited is serving as a Director on the Board of Mutual Trust Bank Limited (MTB).

He commenced his thirty-seven years of journey in the insurance industry in 1978, at the state owned Insurance Company Sadharan Bima Corporation (SBC). He held important positions in different departments of SBC, before voluntarily retiring in 2003 as a Deputy General Manager. In the same year, he joined with Pragati Insurance Limited as Deputy Managing Director. Later in September 2005, he switched to Pioneer Insurance Company Limited as an Additional Managing Director and has been serving as the Managing Director & CEO of the company since 14th January 2007. In 2011, under his skillful leadership, Pioneer Insurance Company Limited became the second largest company in terms of premium income amongst forty-five non-life insurance companies in the private sector. He has negotiated reinsurance treaties of SBC, Progati Insurance Limited and Pioneer Insurance Company Limited with reinsurance companies of the UK, France, Germany, Switzerland, Malaysia, Singapore, India, Bahrain, etc.

Considering Mr. Islam's in-depth knowledge, wide range of experience, and expertise in the line of insurance business, he has been nominated by MTB as the Director of Life Insurance Corporation (LIC) of Bangladesh Ltd., a joint venture entity of Indian state-owned insurance giant.

Recently, Mr. Islam was also elected as a member of the Executive Committee of Bangladesh Association of Publicly Listed Companies (BAPLC). BAPLC is the only organization to represent the publicly listed companies in the Bangladesh capital market.

Mr. Islam obtained Post-Graduate Degree in Physics in 1972. Besides his educational degree, he also obtained the professional degree, BIA Diploma in General Insurance, from the Bangladesh Insurance Academy (BIA) in 1986, and since then has been associated with BIA as a resource person. He took part in training courses on General Insurance and Reinsurance both at home and abroad, which included a three-week in-house training on Reinsurance at Tysers, UK. He also attended various international seminars and conferences on insurance and reinsurance.

Mr. Anwarul Amin
Independent Director



Mr. Anwarul Amin is one of the most senior bankers of the country. After graduating from Westminster Bank Institute of Banking, Oakenholt, Oxfordshire, UK in 1955 he started his banking career with Muslim Commercial Bank Ltd., Dhaka as a Covenanted Officer in the same year. He received specialized banking training with Deutsche Bank, Hamburg, KfW, Frankfurt and Westminster Bank Ltd., London.

He has served in managerial and senior executive positions during his thirty- six years career in many reputed organizations including:

- Branch Manager at National Bank of Pakistan
- Manager, Project Department, End Use Department and Small Industries Department, Industrial Development Bank of Pakistan (IDBP)
- Chief Manager, Controller of Planning & Development, Deputy Managing Director, Joint Managing Director, Eastern Banking Corporation Ltd
- General Manager (Country Head) for UK, Uttara Bank
- General Manager (Deputy CEO), Bangladesh Shilpa Bank (Now BDBL)
- General Manager (Country Head) of Bank of Credit & Commerce International (BCCI), Bangladesh
- Chief Representative & General Manager (Country Head) BCCI China with 4 Representative Offices in Beijing, Shanghai, Canton, Xiamen and a full-service Branch in Shenzhen SEZ
- General Manager (Country Head), Japan
- Chairman, Equity Resources Limited (Capital Market Intermediary Company)
- Independent Director & Vice Chairman, Bank Asia Ltd.

In December 1971, the Bangladesh Government assigned Mr. Amin to open the first- ever overseas branch of a Bangladeshi bank. During his tenure in the UK he opened branches of Uttara Bank in London, Manchester, Birmingham, Oldham and Bradford. Current assignments besides being an Independent Director of Mutual Trust Bank Ltd.: Chairman, Board of Trustees of Impact Foundation Bangladesh (NGO involved in the Disability Sector), Trustee of Bangladesh Hospital Trust, Chief Advisor (formerly President), Bangladesh-China People's Friendship Association (BCPFA), Chairman, Kayfin Ltd. (Management Consultants).

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Dr. Sultan Hafeez Rahman
Independent Director



Dr. Sultan Hafeez Rahman is an Independent Director of Mutual Trust Bank Limited (MTB) and a reputed economist. He is currently the Executive Director of the BRAC Institute of Governance and Development (BIGD), BRAC University and Country Director of the International Growth Centre's (IGC) Bangladesh Program. He obtained his Ph.D. and M.A degrees from Stanford University and another M.A in Economics from Vanderbilt University. He started his professional career in the Bangladesh Institute of Development Studies (BIDS) in 1975 and worked as Staff Economist, Research Fellow, and Senior Research Fellow there. He also served as a Director of the Board of Directors of the state-owned Agrani Bank from 1988 to 1991, and was an adviser/consultant to the Ministries of Jute, Industry, Commerce, Finance and Planning.

Dr. Rahman joined the Asian Development Bank (ADB) in September 1992 and rose to become a Director General in ADB, which is the highest-level career staff position. He was involved in a number of landmark ADB operations. He has also served as ADB's Country Director in Nepal during the worst period of civil conflict from 2003-06. He also worked on Viet Nam, Kazakhstan, Uzbekistan, Cambodia, Thailand, Malaysia, Indonesia, India, Afghanistan, Pakistan, Sri Lanka, Bhutan and Bangladesh as well as fourteen Pacific Island countries in the north and south Pacific region. He retired from ADB in June 2012.

Throughout his professional career spanning forty years, Dr. Rahman participated in many workshops, seminars and conferences around the world, and conducted high-level policy dialogue with heads of governments, cabinet ministers and senior officials in all Asian countries across Asia and other countries. Dr. Rahman has served as Member of several national and international committees and taskforces, including – leading ADB's taskforce on Impact of High Food Prices on Food Security in 2008, ADB's Poverty Strategy 2000 and ADB's Anti Corruption Policy 1999.

Currently, Dr. Rahman is serving as a member of various high level national committees such as – Member, Eminent Persons Group (EPG) on Economic Relations, Economic Relations Division(ERD), Ministry of Finance; Member, National Governance Assessment Framework Committee, Governance Innovation Unit, Prime Minister's Office; Member, National Steering Committee of the 7th Five Year Plan (2016-2021); Member, Academic Council, Chittagong Independent University; Member, Academic Committee, BRAC University; Member, Governing Board, Local Governance Programme – SHARIQUE; Member, Bangladesh Bank (Central Bank) Committee on Monetary Policy; Independent Director, Mutual Trust Bank Limited (MTB) as well as Independent Director, Rahim Textile Mills Ltd.

Mr. Anis A. Khan
Managing Director & CEO

Anis A. Khan (AAK), a Fellow of the Institute of Bankers Bangladesh (IBB) has been the Managing Director & CEO of Mutual Trust Bank Limited (MTB) since April 15, 2009. AAK is currently the Chairman of the Board of Governors of the Association of Bankers, Bangladesh Limited (ABB). He qualified to join the Bangladesh Civil Service after qualifying in the BCS examination held in 1982, but did not join due to personal reasons.

In April 2009, after commencing his role as MD & CEO for MTB, he took on the challenge of building the nascent retail, SME and structured finance business, with strong focus on technology, innovation and re-engineering of business processes. The bank swiftly achieved a leading position in this business and grabbed the prize for the best "Women Entrepreneur Friendly Bank of the Year" and Best "SME Bank of the Year" in 2014 from Bangladesh Bank, the Central Bank of Bangladesh and the SME Foundation. In 2015, MTB was awarded the prestigious DHL-The Daily Star Bangladesh Business Award and recognized as the 'Best Financial Institution of 2014'.

A career banker, AAK started his career with the then British-owned Grindlays Bank plc. as a Management Trainee in 1982 and went on to serve its successor banks – ANZ Grindlays Bank and Standard Chartered Bank, in a diverse array of roles both at home and abroad. Finally, in 2002-2003, he served as a regional head for Standard Chartered Bank responsible for The Gulf countries based in Dubai, UAE. AAK then went on to head IDLC Finance Limited, the country's largest financial institution (non-banking) for six years from 2003-2009 as its CEO & Managing Director.

As a nominee Director of MTB, AAK is Vice Chairman of Industrial & Infrastructure Development Finance Company Limited (IIDFC). He has also had the opportunity to serve as a government nominated Director of Chittagong Stock Exchange Limited for four years. Anis A Khan was the Chairman of Primary Dealers Bangladesh Limited (PDBL), an apex body of primary dealer banks and financial institutions during the period 2014-16.

AAK has served the country's pre-eminent Metropolitan Chamber of Commerce and Industry (MCCI) as Vice President for two successive terms during the years 2014 and 2015. He has led the SWIFT Member & User Group of Bangladesh (SMUGB) in 2014-2016 as the Chairperson.

In June 2015, Anis presented a paper on "Financing the Transformation of the Bangladesh Garments Industry" at the School of South Asian Studies, University of Harvard, Cambridge, Massachusetts, USA. He has attended "The Executive Program in Corporate Governance and Strategic Management" at the Haas Business School of the University of California, Berkeley in May 2014 and the Value Creation in Banking and Strategic Management Program held at INSEAD, Fontainebleau, France in October 2015. Most recently, Anis has presented a paper on May 12, 2017 at the Bangladesh Development Conference at Harvard University, Boston, MA, USA. His subject matter was 'Achieving SDGs: Financial Inclusion, Bangladesh Perspective'. On November 20, 2016, he received the 'Business & Entrepreneur Excellence Award 2016' and was recognized as the 'Inspirational Business Leader of the Year', at a ceremony held in London, United Kingdom, which was organized by the UK Bangladesh Catalysts of Commerce & Industry (UKBCCI).



MEMBERS OF THE EXECUTIVE COMMITTEE



2 5 1 4 3

1. Mr. Syed Manzur Elahi
CHAIRMAN

2. Mr. Md. Hedayetullah
MEMBER

3. Mr. Md. Abdul Malek
MEMBER

4. Mr. Md. Wakiluddin
MEMBER

5. Mr. Q. A. F. M. Serajul Islam
MEMBER

MTB Executive Committee was re-constituted at its 191st Board Meeting held on Thursday, April 28, 2016

MEMBERS OF THE AUDIT COMMITTEE



4 3 1 2

1. Mr. Anwarul Amin
CHAIRMAN

3. Mrs Khwaja Nargis Hossain
MEMBER

2. Mr. Rashed Ahmed Chowdhury
MEMBER

4. Dr. Sultan Hafeez Rahman
MEMBER

MTB Board Audit Committee was re-constituted at its 191st Board Meeting held on Thursday, April 28, 2016

MEMBERS OF THE BOARD RISK MANAGEMENT COMMITTEE



4 1 2 3

1. Dr. Arif Dowla
CHAIRMAN

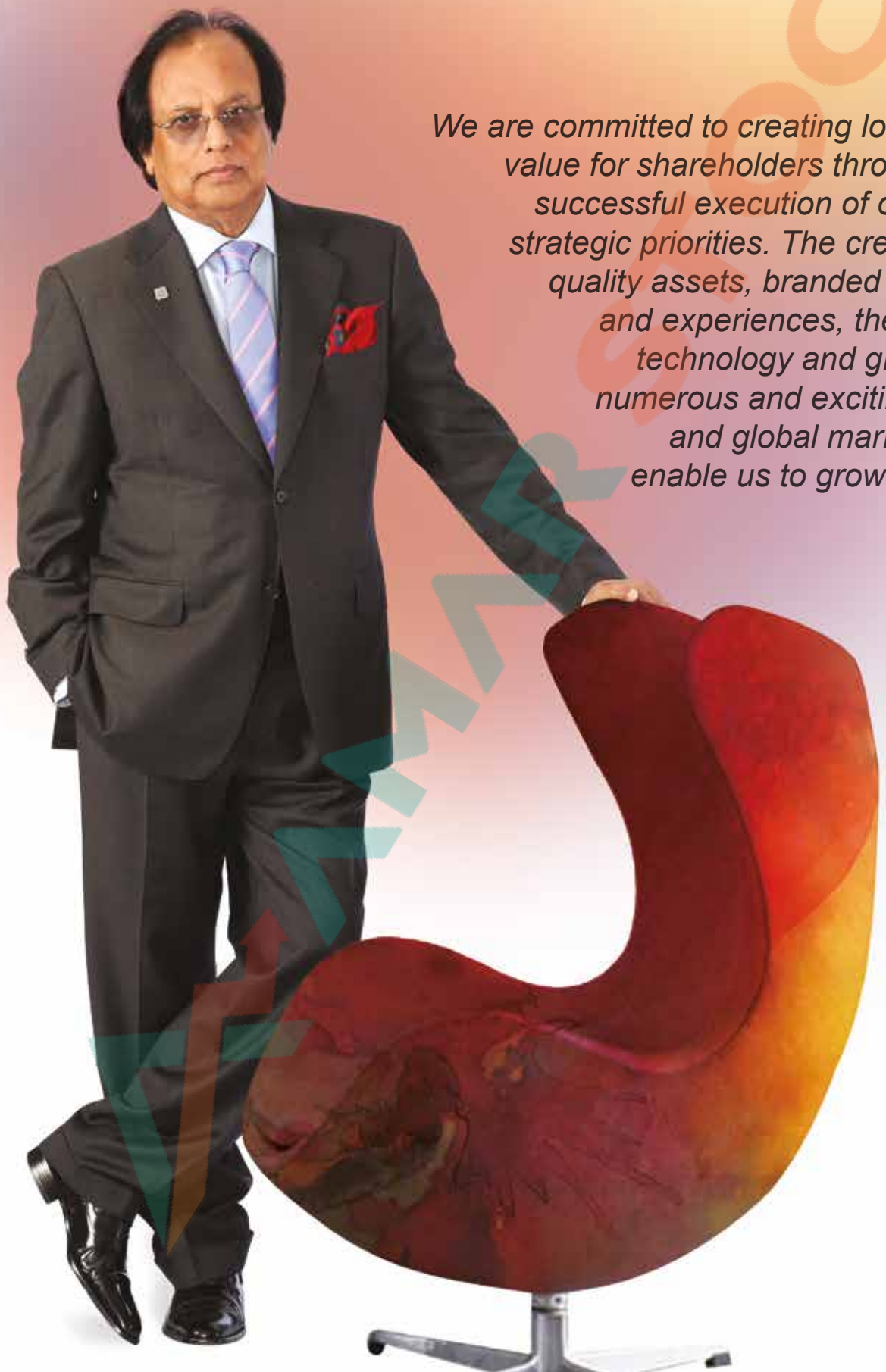
3. Mr. Md. Abdul Malek
MEMBER

2. Mr. Rashed Ahmed Chowdhury
MEMBER

4. Mr. Q. A. F. M. Serajul Islam
MEMBER

MTB Board Risk Management Committee was re-constituted at its 191st Board Meeting held on Thursday, April 28, 2016.

CHAIRMAN'S STATEMENT



We are committed to creating long term value for shareholders through the successful execution of our core strategic priorities. The creation of quality assets, branded content and experiences, the use of technology and growth in numerous and exciting local and global markets will enable us to grow further.

Dear Respected Shareholders:

It is my pleasure to welcome you, on behalf of your Bank and its directors, to the 18th Annual General Meeting of Mutual Trust Bank Limited (MTB) and present to you the Annual Report and Audited Financial Statements for the year ended December 31, 2016.

Your bank posted a remarkable performance once again, despite low interest margins that affected the banking industry. The MTB Group's operating profit grew by 21% and total assets grew by 13% in 2016 through the support of all the stakeholders.

I am delighted to state that MTB's continuous endeavor to deliver superior value to its stakeholders has resulted in achieving sustainable growth trajectory in each of our performance indicators, over time.

The country thrived and enjoyed macroeconomic stability throughout the year, despite the deplorable July 2016 incident at the Holey Artisan Bakery at Gulshan 2, Dhaka, which led to the stagnation of investment for a while. Drop in oil prices and rising wages led to improved consumer purchasing power. Banks witnessed reduced interest rates both on loans and deposits due to the excess liquidity prevailing in the money market. However, new investments took place and the country's economy is growing larger.

Your bank is dedicated to generating excellent business growth leveraging on quality customer service. Customers are experiencing a continuous improvement not only on service levels, but also in the range of technology-oriented contemporary products that are being delivered to them. MTB has smart banking applications, which has enabled the tech-savvy generation to do banking virtually from anywhere. We are redefining our core banking software, which will make service faster and more secured.

In 2016, we enhanced our customer coverage by successfully introducing agent banking in the rural areas of Bangladesh, where traditional banking has not yet reached. This will open avenues for the small enterprises to get banking facilities in far-flung areas of the country. Your bank, in 2016, launched a complete range of MasterCard products and EMV chip-embedded cards suite to provide an even better, easier and secured customer experience.

We have continued to maintain a strong capital position and also increased our total assets. In 2016, MTB received regulatory approval for the issuance of its third non-convertible subordinated bond aggregating BDT 5 billion. This will strengthen our capital base and will help to ensure the bank's sustainable growth.

MTB practices strong corporate governance, which stimulates trust through transparency and accountability. We believe that we play the role of a custodian of people's wealth, and, while we continue to perform that role to satisfy all our stakeholders, the underlying foundation of absolute governance and compliance remains entrenched in our spirit, no matter how difficult the challenges are or how competitive the environment is. The bank's stable growth and the journey towards becoming a world class bank has been based on its strength, integrity and trust, which are key attributes of 'Brand MTB'.

MTB is an institution, where each of our stakeholders take pride in being an integral part of the bank's journey. We want our team to be the best, working in an enabling environment, where they feel rewarded, motivated and equipped with a vibrancy that is reflected in the way we do business.

I extend my sincere gratitude to the shareholders and our loyal customers for their support and the confidence placed in us.

I am grateful to my colleagues on the board for their valuable support, suggestions and guidance and to the entire Management team led by the Managing Director and CEO, all of whose relentless efforts and hard-working leadership has driven the bank to a much greater stature.

I would like to convey my gratitude to our regulators and the policy makers at the Ministry of Finance, Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), National Board of Revenue (NBR), The Registrar of Joint Stock Companies (RJSC), Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE), Central Depository Bangladesh Limited (CDBL) who are working hard to strengthen our country's economy, for their continued support and guidance.

Thank you,



M. A. Rouf, JP
Chairman

MANAGING DIRECTOR & CEO'S STATEMENT



MTB's underlying performance demonstrates that at its core the bank possesses a resilient and sound business model. Consequently, operating profit experienced a buoyant 21% growth despite the slow growth of overall investment and rapidly narrowing net interest spread.

Managing Director & CEO's Statement

I am pleased to report that MTB has delivered a strong performance, recording an operating profit of BDT 3.40 billion and total customers' liability growth of 11% during 2016. The Bank's ROE of 15.61% has remained very impressive. The increase in risk assets was robust at 17.81% with encouraging growth from the Retail and Wholesale products, which facilitated a better balance in the overall portfolio. At the same time, MTB managed to keep its share of non-performing loans (NPL) at a tolerable limit and better than the industry trend. Our strategy of diversifying the business mix and sustained focus on deepening our low-cost deposits helped us in delivering a steady performance during the year. Overall, 2016 was particularly challenging for MTB, the industry, and our customers. However, MTB's underlying performance demonstrates that at its core the bank possesses a resilient and sound business model. Consequently, operating profit experienced a buoyant 21.25% growth despite the slow growth of overall investment and rapidly narrowing net interest spread. However, one thing that has gone hand in hand with the business strategy is MTB's commitment to operate in full compliance with legal and regulatory requirements by managing the core risks such as money laundering (ML) and Terrorist Financing (TF) risks in the best possible manner. In this regard we have always kept in mind that regulatory compliance is not anti-business; rather it is supportive of long-term sustainable business.

A year of Smart Banking

In this era of digital revolution, people have come out of the conventional idea of banks that was once perceived to be a hardcore building with people seeking loans, safeguarding their savings and planning their financial future. Now, clients are very unwilling to show up physically, instead many are holding their banks in their phones with technology radically altering the way consumers take care of their financial needs and the way bankers conduct business. Consequently, financial institutions have proactively embraced innovation through technology, in order to lower the cost of current systems and to achieve competitive edge. During 2016, MTB strived to adopt a hybrid strategy by utilizing branches as hubs for serving clients through addressing their needs collectively. At the same time, MTB integrated technology and enhanced its Alternate Delivery Channel's (ADC) capacity in every aspect of its business to build client satisfaction and operational efficiency. Moreover, MTB launched MasterCard product suite (Debit & Credit) with state-of-the-art technology in 2016.

During 2016, ATM card frauds caught the overall banking industry with surprise. In response, MTB introduced chip-based debit and credit cards for enhanced transactional security for customers. Besides, to enhance the reach of MTB the 110th branch was opened at Hemayetpur, Savar and the very first Agent Banking Centre was launched in Comilla that was followed by nine other centers across the country. DEG - a multilateral 'Development Finance Agency' of the Government of the Federal Republic of Germany has extended a credit line of US$ 20.00 million to MTB towards the end of the year. MTB is among the very few local banks to obtain such a facility.

At MTB, our banking services are provided through branches, ATMs, Kiosks, Internet Banking, Point-of-Sale (POS) terminals and Call Centers. We view technology as a pre-requisite for delivering superior customer service and we have therefore commenced a project to replace our core banking system.

The way Forward-Protect and Surge

We hold the opinion that the year ahead is going to be more challenging than 2016. There is ample liquidity in the banking system and the private sector is still unable to absorb the funds on offer for investment. Besides, due to surge of Non-Performing Loans (NPL), profit of most of the banks have been impacted in recent times. Loan scams, excessive finance to some large business groups and adverse selection of borrowers, poor appraisal and inadequate follow-up caused NPL to go up. In the midst of all these and more intensified competition, we are not only looking forward to retain our overall market share but also planning to expand our market penetration, with our strategy of providing easy, safe and accessible banking at reasonable costs. Our focus has always been on delivering products that meet our customer expectations. In sum, we are looking forward to more strongly protect our customers, employees, investments and environment. Hence, we are taking stronger measures to prevent cyber-crime and looking forward to take on our competitors more strongly and intelligently. Consequently, we are anticipating a surge in our overall business performance while ensuring good governance.

A foot print of 110 branches and 226 ATM locations coupled with dozens of digital channels that empower customers, provide a sound growth platform for MTB in the days to come.

Acknowledgements

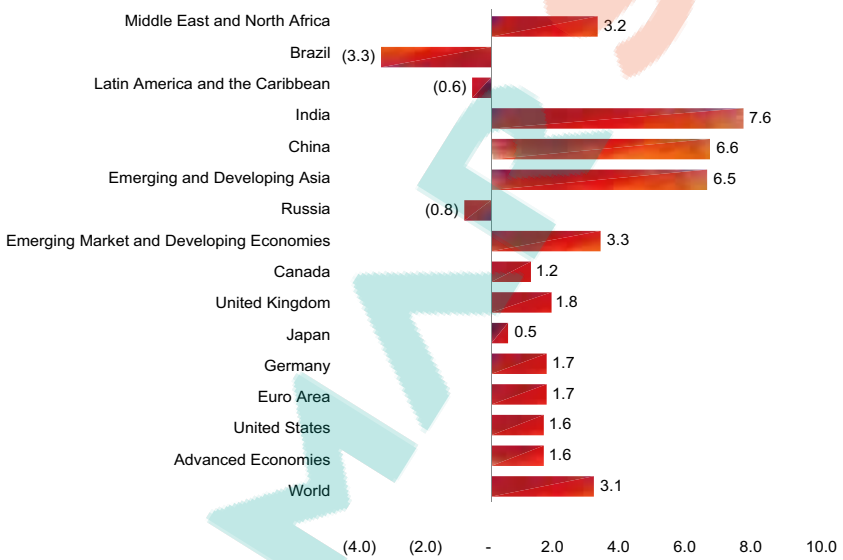
Over the years, MTB's robust growth has been propelled by its growing ambitions, smart strategy and a can-do attitude supported by good governance. I take this opportunity to thank our distinguished Chairman and the Board of Directors for their strategic guidance that has been instrumental in taking the bank on the path to greater success. Our principal regulator, Bangladesh Bank, and its caring officials, have provided guidance and advice on many occasions and we appreciate their efforts in this regard. I also wish to thank M.J. Abedin & Co. our external auditors for their invaluable input. I also wish to extend my sincere appreciation for the dedication, and commitment of the MTB Management Team and all fellow MTBians, without whom, we would not have been able to deliver the strong performance in 2016. I am deeply grateful to all our customers, investors, shareholders and other stakeholders who have continuously placed their trust in us. We assure all our stakeholders of our commitment to meet their expectations in the following years.

ECONOMIC REVIEW

GLOBAL ECONOMY

The global economy's struggle to get out of the "low-growth trap" continues as it is yet to regain adequate upward momentum even eight years after the global financial crisis. The International Monetary Fund (IMF) in its October World Economic Outlook (WEO) issue, expected global growth for 2016 to be as low as 3.1 percent from 3.2 percent of the preceding year. Whereas, global economy is expected to grow 3.4 percent during 2017

IMF Growth forecasts for 2016



Global economic growth for 2016 can be attributed as disappointing, and uneven at the same time, due to sluggish growth in advanced economies, low commodity prices, weak global trade, and diminishing capital flows. There was a marked slowdown in growth in many of the advanced economies in the first half of 2016, most notably in the United States. Growth there moderated due to weak business investment, a poor external trade performance and slow inventory accumulation. However, US growth picked up in the second half of the year, so as the activity in Japan. Despite the vote in the UK for Brexit, there has been a solid growth performance in Europe since mid-year. Nonetheless, growth in advanced economies is estimated by the IMF to be slowed down to 1.6 percent for 2016 from 2.1 percent of 2015. Meanwhile, growth in emerging economies made slight recovery, to be recorded at 4.2 percent, compared to the 4.0 percent of 2015. Most notably, GDP growth in China slowed from 6.9 percent in 2015 to 6.6 percent in 2016. Some countries, such as Brazil, Argentina, and Russia experienced recession during 2016, mainly as a result of the collapse in commodity prices.

Inflation Scenario

In 2015, consumer price inflation in advanced economies was at 0.3 percent, the lowest since the global financial crisis of 2008. It is expected to pick up to 0.8 percent in 2016, mostly reflecting a reduced drag from energy prices. By contrast, excluding Argentina and Venezuela, inflation in emerging market and developing economies is expected to soften, to 4.5 percent in 2016 from 4.7 percent of 2015, reflecting the weakening effect of earlier currency depreciations.

Core consumer price inflation is higher than headline inflation but differs across major advanced economies. In the United States, consumer price inflation is picking up relatively strongly, from 0.1 percent of 2015 to 1.2 percent in 2016, and is projected to reach 2.3 percent in 2017. Inflation is picking up in the euro area as well, but more slowly, to 0.3 percent in 2016 from about zero in 2015. For United Kingdom the rate is projected to be 0.7 percent in 2016 and with a sharp increase, 2.5 percent in 2017.

In the commodity market arena, world experienced significant price plummeting during the first half of 2016. However, things eventually got normalized with modest uptick in commodity prices. After hitting a 10-year low in January 2016, oil prices rallied by 68 percent, to USD 49 in November 2016, mostly due to involuntary production outages that brought balance to the oil market. The production cuts announced by OPEC on 30 November may result in total OPEC production falling to around 33 million barrel per day. This is expected to put a solid floor under prices.

Metal prices increased modestly in the first half of 2016 with slightly stronger demand from emerging market and developing economies, while food prices ticked up for most items, in large part due to adverse weather shocks.

Financial Markets

One reason that the global economy is so sluggish is that, seven years after the collapse of Lehman Brothers, financial stability is not yet assured. Financial-sector weaknesses remain in many countries and financial risks are growing in emerging markets.

A persistent downward pressure on global interest rates is still prevalent, as monetary policy is now expected to remain accommodative for longer. Although the market reaction to the Brexit shock was supportively orderly, the ultimate impact, according to the IMF, remains very unclear as the fate of institutional and trade arrangements between the United Kingdom and the European Union is uncertain.

The European Central Bank (ECB) extended its quantitative easing (QE) program on 8th December 2016 to December 2017 from its original end date of March 2017. The ECB would slow down the purchasing program in April 2017 to a monthly rate of 60 billion euros from 80 billion euros. Policy makers kept the main refinancing rate at zero, the deposit rate at minus 0.4 percent and the marginal lending rate at 0.25 percent.

Financial market sentiment toward emerging market economies has improved with expectations of lower interest rates in advanced economies, reduced concern about China's near-term prospects following policy support to growth, and some firming of commodity prices. But prospects differ sharply across countries and regions, with emerging Asia in general and, India in particular, showing robust growth and Sub-Saharan Africa experiencing a sharp slowdown.

Markets expect advanced economy central banks to maintain low rates for even longer as economic activity has stayed sluggish and inflation pressures remain muted. Financial market sentiment has generally recovered after the initial short-lived negative reaction to the June 23 U.K. referendum vote to leave the European Union. Financial conditions in emerging market economies have eased since February with expectations of a more persistent dovish monetary policy stance in advanced economies, an uptick in commodity prices and signs of stabilization in emerging market economies currently in recession. Sovereign yields have declined and spreads have narrowed.

Global Banking Industry

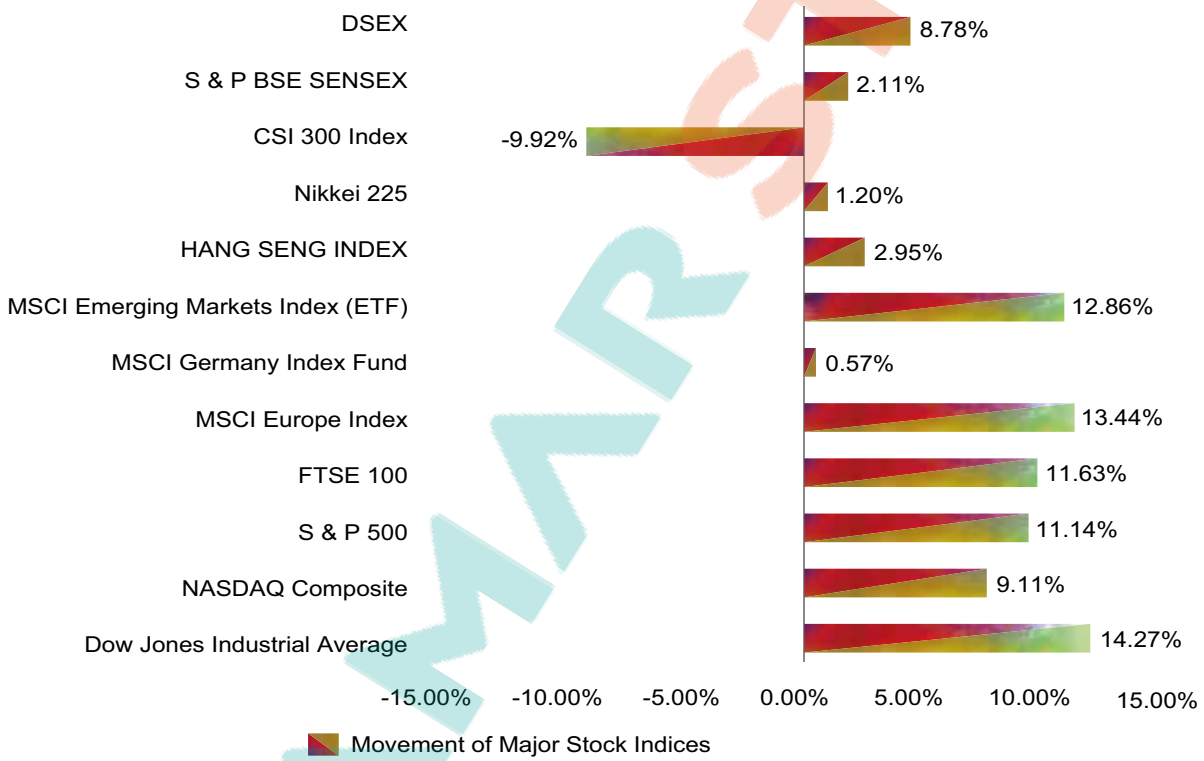
Since last quarter of 2015, against the backdrop featuring continual slumping price of bulk commodity, significant depreciation of emerging economies' currencies and introduction of negative interest rate policy by Eurozone and Japan, operation and growth of major countries' banking industry have faced with great deal of uncertainty. The global banking industry has settled into an upsetting new reality of stagnating growth and low profits. While Southeast Asian banks and peers in emerging markets are spared from low interest rates which pins down peers in developed market, sluggish global economic growth is instead taking its toll on the banks through international trade channel. Banks in the Eurozone and the United Kingdom faced the greatest threat from slow economic growth in which low-interest rates, once designed to propel the economy, are choking the banks' net interest income. If interest rates stay as low as today and digital attack disrupts the industry then profitability of the sector is going to get hampered further. Hence, most of the banks are focusing on protecting revenue, cutting unnecessary costs and improving the health of balance sheets. As a response, many banks of the developed market have adopted digitization as a cost-cutting alternative.

Global Capital Markets

Overall global equity markets exhibited elements of volatility during much of the 2016. Global stocks rose amid market optimism for Donald Trump's dominance to the U.S. presidency and signs of accelerating U.S. economic growth. Several key indexes hit record highs on expectations of market-friendly policies under the new administration. Financial stocks rallied as global interest rates moved higher. Bonds fell sharply and the dollar advanced against the euro, the yen and most other currencies. Apparently, companies with sustainable free cash flow and the ability to raise payouts over time without harming their balance sheets are seeming attractive to investors.

U.S. stocks rallied after the surprise U.S. presidential election result, which brightened prospects for tax cuts, infrastructure spending and an easier regulatory environment. The Standard & Poor's 500 Composite Index surged 11.14 percent, the Dow Jones Industrial Average increased 14.27 percent and the Nasdaq Composite Index climbed 9.11 percent.

Eurozone equities managed to maintain gaining trend during 2016. Although the markets got impacted time to time upon encountering by several severe political and economic developments. Overall, the MSCI Europe Index gained 13.44 percent and FTSE 100 advanced by 11.63 percent.



Japanese equities rose as a weakening yen and optimism about the U.S. and Chinese economies boosted exporters. Overall, Nikkei 225 index managed to advance 1.20 percent.

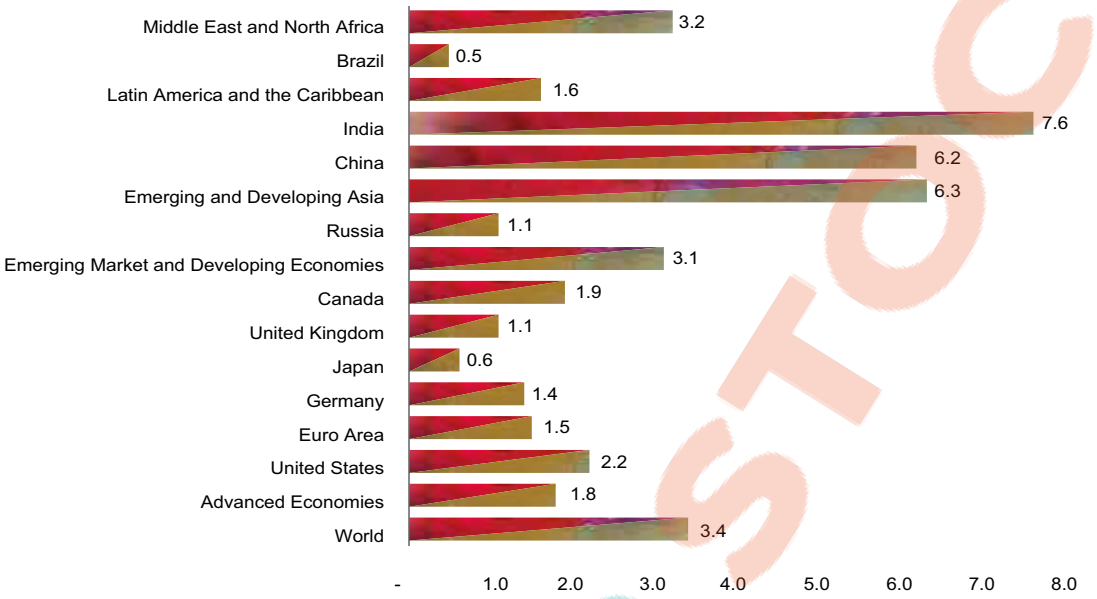
Emerging markets stocks came under pressure as the dollar surged and anticipation also grew that the Federal Reserve would raise interest rates in December. After rallying for most of the year, the MSCI Emerging Markets Index posted a staggering gain of 12.86 percent.

Growth Prospects for 2017

Economic growth is projected to pick up from 2017 onward, almost entirely on account of developments in emerging market and developing economies. This reflects primarily two factors: the gradual normalization of macroeconomic conditions in several countries experiencing deep recessions and the increasing weight of fast-growing countries in this group in the world economy. The projected increase in global growth in 2017 is 3.4 percent. The diminishing of downward pressures on activity in countries in recession in 2016 such as Brazil, Nigeria, and Russia is expected to more than make up for the steady slowdown in growth in China of only 6.2 percent in absent of further stimulus. In advanced economies, growth is projected to pick up modestly to 1.8 percent, reflecting primarily a strengthening of the recovery in the United States and Canada besides, a rebound in Japan due to the recent fiscal stimulus. For the United States, growth in 2017 is expected to pick

up to 2.2 percent, as the drag from lower energy prices and past appreciation of the U.S. dollar disappear. In contrast, growth is projected to be lower in the euro area (1.5 percent) and the United Kingdom (1.1 percent), due to the macroeconomic effects of heightened uncertainty in the aftermath of the UK referendum.

IMF Growth forecasts for 2017



BANGLADESH ECONOMY

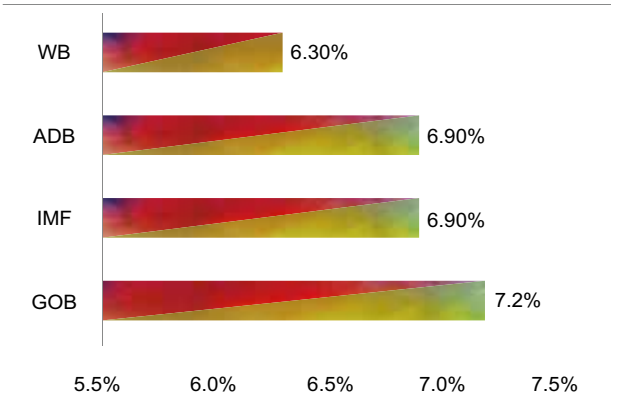
Economic growth remains robust as a result of solid private consumption and investment. Low inflation and rising wages are propelling consumption, despite the steady decline in remittances due to the plunge in oil prices that affected the Middle East economies. More than half of Bangladesh's total remittances come from the Arabian Peninsula. Stronger government spending is the reason behind the healthy performance in investment. Policy support and higher public wages are threatening fiscal sustainability. In this regard, the implementation of the new VAT regime in July is expected to boost revenues.

Bangladesh's growth prospects remain bright due to strong dynamics in both domestic demand and the external sector. A high budget deficit and weak global trade are the main downside risks to growth. Consequently, Bangladesh has been named as one of 10 emerging markets that are set to become new drivers of global economic growth over the next 10 years. US-based research firm of the Fitch Group has identified Bangladesh, Philippines, Indonesia, Myanmar, Vietnam, Egypt, Ethiopia, Kenya, Nigeria and Pakistan as "10 emerging markets of the future". Manufacturing and construction are the sectors that are expected to drive the country's economy.

Gross Domestic Product (GDP)

Bangladesh, like a few other developing economies, is all set with a different tone of optimism to sail towards macro-economic stability. The GDP growth rate for Bangladesh has hovered around 6 percent mark for past one decade. Eventually, during the fiscal year 2015-16, the economy managed to come out of the 6 percent 'growth trap' by registering a staggering 7.11 percent growth, as reported by the Bangladesh Bureau of Statistics (BBS), against the earlier target of 7 percent by the government. Asian Development Bank (ADB) quoted that the country achieved 7.10 percent growth during the time and World Bank (WB) stated it to be 6.50 percent.

Forcasted GDP growth for 2016-17



On the flipside, Bangladesh government has targeted economic growth at 7.20 percent for the FY 2016-17, while Bangladesh Bank has forecasted the same to be hovering around 7.10 to 7.30 percent. Among the

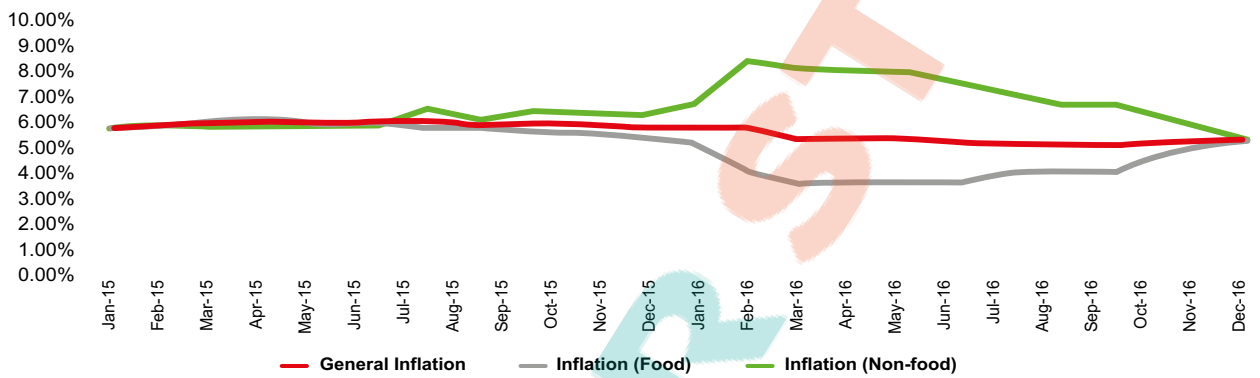
international agencies, International Monetary Fund (IMF) said that Bangladesh's economy will grow by 6.90 percent during 2016-17 despite the subdued global growth. While ADB forecast fell in line with that of IMF's, WB has predicted it much lower at 6.30 percent.

Inflation

The country's inflation rate, measured on both 12-month average basis (5.51%) and point-to-point (5.03%) recorded a decrease during December 2016. The twelve month average general inflation eased to 5.51% in December 2016, the lowest in more than 10 years mainly due to the lowering trend for the last couple of months. The point to point general inflation eased sharply to 5.03% in December 2016 from 5.38% in November 2016 mainly due to drop in non-food inflation. Non-food inflation decreased to 7.05% in December 2016 from 7.27% of November 2016.

As per Bangladesh Bank's statistics, twelve month average inflation at the end of November 2016 is reported to be 5.60 percent, which is well below the Government's budget target of 5.80 percent. During the same month of the previous year, the 12-month average inflation was 6.20 percent.

Point to Point Inflation-Movement



External Sector

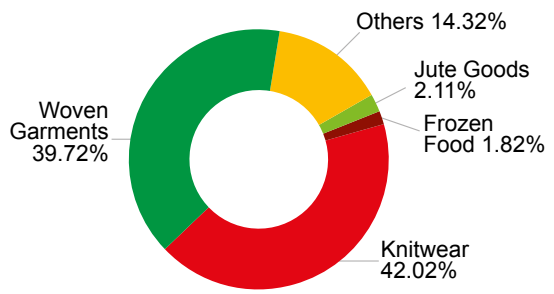
Bangladesh's foreign exchange reserves edged up to USD 32.10 billion at the end of December 2016 from a record high of USD 31.90 billion the previous month, up by 21 percent from December last year (USD 26.63 billion). With the current reserve it is possible to serve the import payments for over nine months.

On the other hand, current account balance slipped to the negative territory for the first time in four years due to remittance contraction and high import growth. Between July and December 2016, the current account deficit stood at USD 0.79 million, which was USD 7.37 billion in the surplus a year earlier, according to data from the central bank.

Exports

Export earnings recorded a growth of 7.96 percent and recorded to be USD 34.96 billion for 2016 from its level of 2015. The export items that registered a positive growth during 2016 include woven garments, knitwear, frozen food, chemical products and tea. On the other hand, engine & electric goods, agricultural products, raw jute and leather experienced a negative growth during 2016 compared to the same period of the previous year.

Category-Wise share of total exports (2016)



Imports

Fresh opening of import LCs during January-December 2016 (USD 45.29 billion) increased by 5.71% from that of the same period of 2015 (USD 42.84 billion). The overall imports increased during the period mainly due to higher import of capital machinery and industrial raw material as implementation of the different ongoing infrastructure development projects are undergoing across the country. Higher import for textile, leather, jute, garment, pharmaceutical, ship building and energy and power sectors contributed to rise in overall capital machinery imports.

Remittance

The inflow of remittances came down by 11% (USD 1.71 billion) to USD 13.61 billion during 2016 from USD

15.32 billion of 2015. Lower development activities in the Gulf Cooperation Council economies because of rock-bottom prices of fuel oils on the international market are seen as a major cause, alongside a rising trend in sending hard-earned money by expatriate Bangladeshis using informal channels.

Fiscal Management

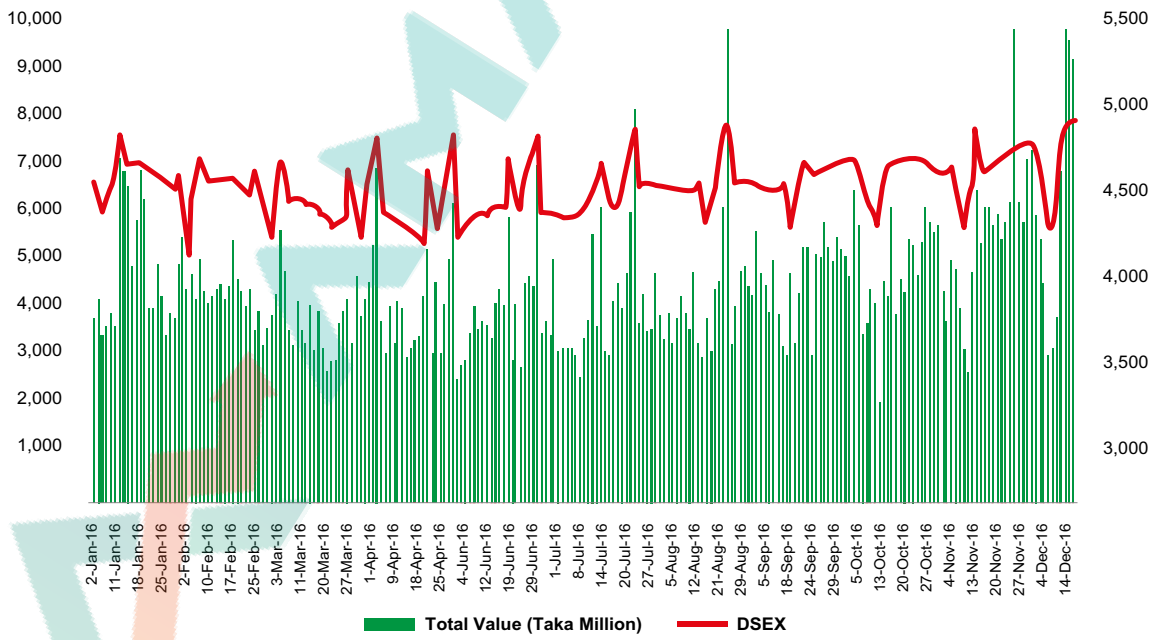
Total tax revenue collection (NBR & Non-NBR) during July-December 2016 stood at BDT 829.9 billion which was higher by BDT 121.5 billion or 17.2 percent against the collection of BDT 708.4 billion during July-December 2015. NBR tax revenue collection stood at BDT 802.5 billion which was lower by BDT 69.8 billion or 8.7 percent as compared to the target set by NBR of BDT 872.4 billion during July-December, 2016. However, that was 17.9 percent higher as compared to that of the same period of the previous year.

Capital Market Scenario

Following the catastrophic collapse of 2010, the Bangladesh stock market managed to exhibit strong signs of revival during the trading sessions of 2016. On a more optimist manner, it can be said that the market is very close to finding its most desired inflection point. Favorable macro-economic indicators, as well as the prevailing positive trends in the capital market continued to attract investors to take positions on available undervalued stocks from different sectors particularly power, engineering and banking.

Overall improved macroeconomic and political situation led the local and global investors to have high hopes regarding the returns associated with the market. However, elements of fluctuations were very much prevalent during the trading sessions of 2016. Since October 2016, the benchmark index, DSEX, hovered over 4,650 mark during most of the trading sessions and average turnover crossed the BDT 6 billion mark. As the price level and participation both were on the rise, investors started to be optimistic.

On a year on year basis, the benchmark measure DSEX, gained 6.67% to stand at 4,939 point at the end of December 18, 2015. Average daily turnover went up by 12.8% compared to the same period of last year. Throughout the year the major sectors exhibited mixed performance. Spontaneous participation backed by hopes and excitement coupled with steady capital market trends continued to attract the sideline investors to inject fresh funds into stocks, taking the market turnover, on 24th November 2016, to BDT 14.8 billion, the highest single-day turnover since July 2011. Given the current condition of the market, more attention should be given towards strengthening the foothold of mutual funds since they are the major institutional investors. This will result in a decrease in the propensity of taking short term profits and the market would head towards long term stability.



In an attempt to stimulate the capital market, Bangladesh Bank restated banks' exposure to the capital market, through a circular that stipulates that the capital provided by banks to their subsidiary companies will not be considered while calculating the parent banks' total capital market investment. This might have translated into new investments in the capital market by banks, given that there is already excess liquidity in the money market and in a relatively low-interest-rate economy.

BANKING SECTOR SCENARIO

In Bangladesh the banking sector has travelled through a journey where the sector has experienced several ups and downs. Consequently, reforms have been undertaken with objectives such as increasing the capital adequacy of banks, streamlining guidelines for rescheduling of various types of loans, tightening provisions for non-performing loans, strengthening disclosure requirements and improving accounting systems. These have undoubtedly improved the soundness of the sector over the years. However, the performance of the banking sector in the recent past has not been satisfactory. At present, key performance indicators of commercial banks in the country reflect the poor health of banks. Most banks have not been able to exhibit significant improvements on indicators such as capital to risk weighted asset, non-performing loans, income-expenditure ratio, return on assets and return on equity despite several measures taken by the central bank.

Currently, most of the banks are holding substantial idle money, as the private sector is still unable to absorb funds on offer for investment. The growth of deposits is also adding to this problem. Banks are in reality getting no return from the said funds. Instead, interest is to be paid against them. In the best case scenario, some of the banks are getting some nominal return by getting their funds invested in government bills and bonds. This avenue has also become limited, of late, as the Government has virtually stopped borrowing from the banking system due to huge sales of national savings certificates. The central bank has advised the banks to invest in the SMEs (small and medium enterprises) with a view to improving the position.

The banks managed to accumulate considerable operating profit during 2016. However, only a mere reflection was prevalent in profit after tax figures due to surge in Non-Performing Loans (NPL). Loan scams, especially in the state-owned banks, excessive finance to some large business groups and adverse selection of borrowers, poor appraisal and inadequate follow-up has caused NPL to go up. If the written-off loans are added to the NPLs, the amount will increase.

Maintaining cyber security has become another challenge for the overall banking industry in the midst of some recent developments all over the globe. Due to integration of technology, it has become easier now a days to transfer funds online. Hence, the sector is now more concerned for providing its customers greater cyber security protection.

Banks' Deposits
Total deposit of the scheduled banks has increased by BDT 952,451 million (12.78%) at the end of December 2016 from that of December 2015. Time deposits registered a growth of BDT 154,325 million or 11.92% and demand deposits also registered a strong growth of BDT 798,126 million or 20.51% in December 2016 over December 2015.

MTB's deposits registered an increase of BDT 12,868 million or 10.87% from BDT 118,405 million in December 2015 to BDT 131,272 million in December 2016.

Banks' Advances
Banks' advances recorded an increase of BDT 956,395 million or 15.49% at the end of December 2016 compared to the same of December 2015. Whereas, MTB's advances registered an increase of BDT 16,767 million or 17.18% from BDT 97,589 million in December 2015 to BDT 114,356 million in December 2016.

Banks' Profitability
Profit of most of the private commercial banks rose considerably in 2016, despite a sharp cut in the lending rates and presence of excess liquidity in the banking system.

Most of the banks operating profit experienced higher growth during 2016 compared to the same of previous year. However, profit after tax for PCBs were reported to be below expectations due to higher provisioning required against default loans. MTB's operating profit stood at BDT 3,209 million during 2016 experiencing an impressive growth of 20% compared to BDT 2,672 million in 2015. Whereas, the consolidated operating profit for MTB at the end of 2016 was reported to be BDT 3,408 million that is 21% more than what it achieved during 2015.

Money Market
Since the banks are having excess liquidity, the interbank call money rate in the banking sector experienced a downward adjustment. At the end of November 2016, deals were getting settled at 3.54 percent. Whereas,

during the initial months of the year, the same deals were getting settled at 3.90 percent. Interest rates on treasury bills and bonds fluctuated significantly throughout the entire 2016. 91 days cut-off got hit to as low as 2.69 percent during February 2016 to rise as high as 4.72 percent during July 2016. The Repo and Reverse Repo rates have been re-fixed at 6.75% (from 7.25%) and 4.75% (from 5.25%) respectively, with effect from January 2016.

Money market and its instruments are being adjusted downwards simply due to the lack of investment opportunities. Banks are slashing interest rates on deposits to adjust themselves with the prevailing market scenario. The declining trend of BGTB cut off has created more pressure on banks to cut their interest rate.

Interest Rate Spread
The spread between the weighted average advances and the deposit rates of all banks decreased during 2016 with little fluctuations. The spread between weighted average advances and deposit rates came down to 4.71% in December 2016 from 4.84% of December 2015. On a year on year basis, both interest expense on deposit and interest income on advances dropped significantly. Interest on deposit decreased by 1.02% point to 5.22% in December 2016 from 6.30% of December 2015. Whereas, interest on advances decreased to 9.93% during December 2016 from 11.18% of December 2015.

Primary Dealer Operation
Primary dealers operate in an attempt to establish a sound, efficient and vibrant 'secondary market for the government securities' by active participation of market makers, operators and the market participants. A total of 12 leading commercial and three non-banking financing institutions (NBFIs) are working as primary dealers in treasury bills and government bonds while other banks and NBFIs did not require to involve their funds in related operations. However, during 2016, interest rates on the government treasury bills and bonds decreased as a whole as most of the scheduled banks rushed to invest their excess liquidity in the government tools amid a sluggish business situation in the country.

Non-Performing Loan (NPL) Management
Non-Performing Loan (NPL) is a critical challenge for the banking sector of Bangladesh, and some banks are really struggling to address the problem. The banking system is still burdened with an alarming amount of non-performing loans (NPLs) that make funds costlier and banks' operations riskier. The SCBs (State Owned Commercial Banks) and SBs (Specialized Banks) continue to have the high level of NPLs mainly due to substantial loans provided by them on considerations other than commercial criteria.

The NPL of the banking sector came to 9.23 percent of the total outstanding loans of BDT 6,735,861 million at the end of December 2016 that was BDT 513,710 million (8.79 percent) at the end of December 2015. Of the total NPL, the share of state owned banks was 46 percent, private banks was 42 percent and specialized banks contributed 9 percent to total NPL.

At the end of 2016, the non-performing loans for MTB stood at BDT 4,983 million that is 4.36% of the total loans outstanding.

Implementation of Monetary Policy
The main objective of Bangladesh Bank's Monetary Policy Statement (MPS) for the first half (H1) of the FY 17 is moderation and stabilization of CPI inflation alongside supporting output and employment growth. The aim of the policy is to support the 7.2 percent growth target and the 5.8 percent inflation target for the fiscal year 2017. As per the MPS H1 2017, reserve money is projected to grow at 14 percent and broad money (M2) at 15.5 percent, which are adequate to support the growth and inflation targets. It has also taken the growth rates of both public and private credit into account. The policy focuses on inclusive, productive use of credit; with particular attention to adequacy of credit flows to agriculture, SMEs, and environmentally benign 'green' output initiatives, where domestic credit is projected to grow at 16.4 percent at the end of the fiscal year 2017. Private sector credit is projected to grow at 16.5 percent and public sector credit at 15.9 percent. The Bangladesh Bank's monetary and financial policy stance is grounded on the growth supportive developmental mandate in its charter.

Capital Adequacy Management
Basel III, the latest capital and liquidity standards for banks prescribed by the Bank for International Settlements (BIS), emerged in 2010 as the guideline of Basel II, the previous version of capital standard, failed to maintain financial stability during the global financial crisis in 2008.

Banking sector needed to maintain minimum 10 percent total capital ratio comprising minimum 5.5 percent Tier-1 capital and maximum 4.5 percent Tier-2 capital in 2015, and the distribution will be minimum 6 percent Tier-1 capital ratio and 4 percent Tier-2 capital ratio at the end of 2019. Moreover, banks are required to maintain 2.5 percent extra capital (gradually increasing 0.625 percent in each year) as capital conservation buffer through the common equity Tier-1 capital at the end of 2019. As a result, at end of 2019, capital requirement for bank will be 12.5 percent.

At the end of December 2016, the number of banks compliant with the minimum capital to risk-weighted assets ratio (CRAR) slightly decreased to 46 out of 57. Banking sector's aggregate CRAR at the end of December 2016 increased to 10.80 percent, which was reported to be 10.31 percent at the end of September 2016. CRAR of the private banks was 12.36 percent and that of the foreign banks 25.36 percent. However, it was 5.86 percent for the state banks. At the end of September 2016, MTB's CRAR was reported to be 11.89 percent that came down to 11.51 percent at the end of December 2016. The Tier-1 capital to risk weighted assets ratio for MTB stood at 7.34 percent at the end of September 2016 and then rose up to 7.55 percent at the end of December 2016.

Government Bank Borrowings

In order to bridge its fiscal deficits, government borrows from both domestic and external sources. Government's domestic borrowing sources are banks (Bangladesh Bank and scheduled banks) and other than banks. Government borrows from banking system mainly through treasury bills, bonds and from non-banking sources through National Saving Directorate (NSD).

The government deeply downsized its targeted bank borrowing for the current fiscal year amid tremendous fund flow from the national savings schemes, which are rather costlier. However, the said stance is somewhat contradictory to government's stipulated budgetary policy on raising funds through borrowing from the country's banking system. During July-September of FY 17, total government domestic borrowings (net) from banking system decreased by BDT 9 billion against the quarterly target of BDT 75 billion. According to Bangladesh Bank, government borrowed BDT 13 billion (net) through treasury bonds and BDT 36 billion through treasury bills during July-September of FY 17. In addition to that, government borrowed BDT 116 billion through NSD instruments during the period. Net government domestic borrowing stood at BDT 109 billion during July-September of FY 17 after the adjustments with treasury bills and bonds, NSD, ways and means advances (WMA), advances to food and other ministries, overdrawn current and block accounts, accrued interest, advances and deposits of autonomous and semi-autonomous bodies, balances of GIIB fund as well as the deduction of cash balance in the form of government. deposits with Bangladesh Bank and scheduled banks (i.e. including banking and non-banking sources). During the period, government deposits decreased by BDT 7 billion (net) with the banking system. Deposits with Bangladesh Bank increased by BDT 24 billion whereas deposits with scheduled banks decreased by BDT 31 billion.



Anis A. Khan
Managing Director & CEO

DIRECTORS' REPORT
TO THE SHAREHOLDERS

Dear Valued Shareholders,

On behalf of the Board of Directors, I welcome you all to the 18th Annual General Meeting (AGM) of Mutual Trust Bank Limited. In line with the requirements of Section 184 of the Companies Act, 1994, stock exchange regulations and Bangladesh Securities and Exchange Commission Order no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012. I have the pleasure to place before you the Directors' Report for your consideration.

Global Economy

Global economy's journey towards a synchronized growth trajectory remained unattained even several years after the last recession. Global economic growth declined to 3.1% in 2016 and is expected to recover to 3.4% in 2017 as per the International Monetary Fund's (IMF) October issue of the World Economic Outlook (WEO). The development agency had to downgrade its forecast by 0.1 percentage points for 2016 and 2017, mainly due to a more subdued outlook for advanced economies following the June UK vote in favor of leaving the European Union (Brexit) and weaker-than-expected growth in the United States. Consequently, a downward pressure was anticipated on global interest rates, as monetary policies were supposed to remain accommodative for a longer period. An improved financial market sentiment toward emerging market economies was created, fueled by expectations of lower interest rates in advanced economies, improvement in China's near-term prospects due to growth supportive financial policies, and a favorable commodity price condition. However, prospects varied across countries and regions. For example, emerging Asia showed signs of robust growth whereas, Sub-Saharan Africa was experiencing a sharp slowdown. For advanced economies, the prospect still remains mostly uncertain due to anti-integrated policy platforms and the neo-protectionism. On the other hand, several emerging markets and developing economies are still struggling with severe policy challenges in responding against weaker commodity prices. However, growth in emerging market and developing economies strengthened slightly in 2016, to 4.2%, breaking five consecutive years of decline. Yet, the outlook for these economies, according to IMF, remains uneven and generally weaker than in the past. In sum, the global economy's struggle to get out of the "low-growth trap" continues as it is yet to recollect adequate upward momentum even years after the 2008 financial crisis.

Bangladesh Economy

The country's economy remained robust in 2016 with favorable economic indicators, such as modest low-cost concessional external borrowing, ample foreign exchange reserves, declining inflation and interest rates, stable foreign exchange rate, controlled budget deficit, good balance of payments, less pressure on government subsidies, etc. Our GDP growth rate of around 7.0% is one of the best in the world, and the government remains optimistic of achieving higher rates in succeeding years.

Among the international agencies, Asian Development Bank (ADB) was convinced that Bangladesh economy was on the tip of a transition to a higher growth path, and accordingly, estimated Bangladesh's economic growth at 7.1% for fiscal 2015-2016. The projection was in line with the government's projection of 7.11% for the period. The International Monetary Fund (IMF), another important multilateral institution, uttered that Bangladesh's economy grew by 6.9% during 2016 despite the subdued global growth. The Government of Bangladesh announced that GDP growth rate would be 7.2% for the next fiscal year (2016-17).

However, the GDP growth forecast is dependent on some prerequisites like sustained improved private investment, timely completion of key infrastructure projects and continued political stability. Inflationary trends experienced a consistent decline throughout the whole of 2016. The twelve month average general inflation eased to 5.51% in December 2016, the lowest in more than 10 years mainly due to the lowering trend for the last couple of months. The point to point general inflation eased sharply to 5.03% in December 2016 from 5.38% in November 2016 mainly due to drop in non-food inflation. Non-food inflation decreased to 7.05% in December 2016 from 7.27% of November 2016.

The year 2016 can be marked as a year of recovery for the country's capital market. Overall improved macroeconomic and political situations made the local and global investors to possess high hopes

regarding the returns associated with the market. However, elements of fluctuations were very much prevalent during the trading sessions of 2016. Since October 2016, the benchmark index, DSEX, hovered over 4650 mark during most of the trading sessions and average turnover crossed BDT 6 billion marks. On a year on year basis, the benchmark measure DSEX, gained 6.67% and average daily turnover went up by 12.8% compared to the same period of last year. As the price level and participation both were on the rise, investors started to be optimistic and the government seemed satisfied.

Currently, the banking sector of the country is dealing with a number of depressing trends. Despite a slight decline in interest rate on lending towards a single digit, private sector credit growth declined to 15% by the end of November 2016, which was 16.8% as of June 2016. Excess liquidity in the banking system was also at a high level. Bangladesh Bank's statistics shows that, as of November 2016, the volume of idle money that remained unused for a relatively long time in the banking system amounted to BDT 2.77 trillion, which is equivalent to nearly 16% of the country's GDP. The highlights of 2016 includes the central bank's foreign exchange reserve heist, followed by a series of ATM scams and piling up of non-performing loans in the banking sector (reported to be BDT 621 billion at the end of 2016).

MTB at a Glance

During 2016, MTB gained 17.18 percent and 10.87 percent growth over 2015 in Risk Assets and Customers Liabilities, respectively. Despite the economic downturn, the bank ended the year with a credit-deposit ratio of 87.11%. In 2016, the number of branches across the country reached 110. MTB also expanded its 24/7 ATM network, POS devices, kiosks, Internet banking and SMS banking services during the year.

Business Review

MTB's vision, mission, corporate core values, strategic priorities and outlook for 2017 have been given at the beginning of the report. The bank has established the highest level of ethical standards in order to achieve MTB3V: i) To be One of the Best Performing Banks in Bangladesh ii) To be the Bank of Choice, and iii) To be a Truly World-Class Bank.

Brief History of MTB

MTB was incorporated as a public limited company in 1999, under the Companies Act, 1994, with an authorized share capital of BDT 1,000,000,000 divided into 10,000,000 ordinary shares of BDT 100 each. At present, the bank's authorized share capital is BDT 10,000,000,000 divided into 1,000,000,000 ordinary shares of BDT 10 each.

The company was issued Certificate for Commencement of Business on October 5, 1999, and on the same day, Bangladesh Bank granted it a license under the Banking Companies Act, 1991. MTB started its banking operation on October 24, 1999. As envisaged in the memorandum of association, and, as licensed by Bangladesh Bank under the provisions of the Banking Companies Act, 1991, the company started its banking operation to progressively carry out its banking businesses, such as wholesale, retail, international trade financing, SME banking, NRB banking, off-shore banking, privilege banking, etc. The bank operates through its corporate head office located at MTB Centre, Gulshan 1, Dhaka 1212. The bank carries out international business through a global network of over four hundred foreign correspondent banks.

Currently, the bank has a network of 110 branches, which includes 14 SME/Agri branches and two booths at Hazrat Shahjalal International Airport (arrival and departure lounges), Dhaka, 10 agent-banking centers across the country, and three wholly-owned subsidiary companies - MTB Securities Ltd. (MTBSL), MTB Capital Ltd. (MTBCL) and MTB Exchange (UK) Ltd.

Strategic Plan

MTB aims to increase its profits in a sustained and controlled manner, taking into account its main philosophy of integrity, transparency and ethics. We emphasize on profitability after complying with all regulatory requirements, using smart technology, well-trained human resources and banking capabilities in an efficient and effective manner. The following plans have been taken into consideration towards achieving the targets:

1. Emphasizing smart banking with a view to increasing sustainable business.
2. Maintaining MTB's high standards of compliance and governance.
3. Leveraging human resources, smart technology, financial capital and foresight to maximize shareholder value while ensuring sustainable growth.
4. Ensuring continuous growth of funding and liquidity position while maintaining a high level of asset quality and lower provisioning.
5. Establishing a culture of empowerment and motivation along with appropriate remuneration, thereby attracting talented and qualified individuals to join and progress with the bank.
6. Acting as a socially responsible organization with meaningful contribution to the society for economic advancement and the wellbeing of the people.
7. Ensuring appropriate use of latest technology and improving the delivery channels to provide service to the unbanked population.

8. Maintaining high efficiency levels to ensure that MTB remains one of the leaders in the banking arena.
9. Broadening portfolio to diversified sectors depending on opportunities and challenges.
10. Upgrading infrastructure for information technology services to develop new IT based products and services.

MTB has been working relentlessly to implement aforementioned plans, and meanwhile, significant progress has been made, which has been described in detail in this Annual Report.

Review Report on MTB Operations, Products and Services

A review on the bank's operational activities is given in detail in the later part of this Annual Report. Brief review reports of the bank and its subsidiaries are as follows:

MTB Securities Ltd

Mutual Trust Bank Ltd. started its brokerage functions from June 2006 as a division of the bank. Subsequently, as per directives of Bangladesh Bank and Bangladesh Securities Exchange Commission, the division emerged as MTB's subsidiary company, MTB Securities Limited (MTBSL). MTBSL is currently operating with 13 strategically located offices spread across the country. During the year 2016, the company made an operating profit of BDT 168 million as against BDT 126 million in 2015.

MTB Capital Ltd

MTB Capital Limited (MTBCL) is a wholly owned subsidiary of Mutual Trust Bank Limited and a full-fledged merchant bank, licensed by the Bangladesh Securities and Exchange Commission (BSEC) in December 2010. MTBCL was incorporated to explore new markets and meet the demand for merchant banking services. The company extends co-operation and value added services to its respected clients. During the year 2016, the company made an operating profit of BDT 34 million as against BDT 20 million in 2015.

MTB Exchange (UK) Ltd

MTB Exchange (UK) Limited (MTB UK) is one of the three wholly owned subsidiary companies of Mutual Trust Bank Limited (MTB) and started its operation from February 15, 2011. During 2016, a total amount of GBP 4.39 million was remitted to Bangladesh through MTB Exchange (UK) Ltd.

Offshore Banking

MTB was permitted to operate an Offshore Banking Unit (OBU) by Bangladesh Bank in 2009. The total loans and advances of the OBU stood at USD 39.72 million in December 2016 compared to USD 16.39 million in 2015, with a growth of 142.38 percent. In 2016, the OBU's operating profit stood at USD 0.44 million, equivalent to BDT 34.79 million, as against USD 0.26 million, equivalent to BDT 19.99 million, in 2015.

Risk Management

The prime objective of risk management is to appropriately balance the trade-off between risk and return. MTB judiciously ensures optimum return on its assets and equities streamlining a wide array of risks it faces during its day-to-day operation.

The main concern of the bank is to manage risks, prudently and efficiently, to ensure profitability, capital adequacy and liquidity in a balanced manner. Strategically, MTB Board of Directors (BOD), through the Board Risk Management Committee (BRMC) and the senior management team, sets up risk governance structure and risk philosophy, endorses risk strategies, reviews and approves risk policies as well as the risk threshold in line with the bank's risk appetite. These limits are continuously monitored by an experienced risk management team and overseen by BRMC. MTB has put in place a number of risk management policies, viz., (i) Credit Policy with Credit Risk Management Guidelines (ii) Asset Liability Management Manual (iii) ICC Policy (iv) Money Laundering (ML)&Terrorist Financing (TF) Risk Management Policy Guideline (v) Foreign Exchange Risk Management Policy & Guideline (vi) ICT Policy (vii) Wholesale Borrowing and Funding Guidelines (viii) Liquidity Contingency Plan (ix) Management Action Trigger Points (x) Anti-Fraud Policy (xi) Valuation Methodology of Collateral (xii) Internal Capital Adequacy Assessment Policy (ICAAP), and(xiii) Compliance Manual. Details of the policies and activities are given in the Risk Management chapter of this Annual Report.

Capital Management

As per Bangladesh Bank's guideline, a bank is required to maintain capital equal to at least 10.625 (including Capital Conservation Buffer 0.625) percent of its risk-weighted assets under the Basel-III guidelines. Bank's capital has two components, Tier-I and Tier-II. Tier-I capital should be minimum 5.5 percent of the total capital. Tier-I includes the paid-up capital, share premium, statutory reserve , general reserve and retained earnings, and Tier-II includes general provision on unclassified loans and advances, revaluation reserves, unsecured subordinated debt. MTB's total capital registered an increase of BDT 1,253.80 million and stood at BDT 13,699.25 million in 2016. Tier-I capital grew by BDT 1,384.38 million, and was recorded at BDT 8,983.55 million in 2016. Total capital is now equivalent to 11.51 percent of total risk weighted assets. The details of capital adequacy and capital management

are given in the "Market Discipline- Disclosures on Risk Based Capital (Basel-III)" chapter of this Annual Report.

Human Resources
MTB has been working persistently with a view to transforming its MTBians into human capital through exposure to appropriate training courses and development programs, both at home and abroad. It has created a congenial environment, where employees enjoy coming to work. The MTB Code of Conduct, unveiled in 2010, is being strictly practiced in order to ensure complete transparency and integrity in all its operations. A total of 1,626 employees were given training both at home and abroad in different fields of banking and management practices in 2016.

Corporate Social Responsibility (CSR)
In respect of corporate social responsibility, MTB has focused on key areas, nation-building and promotion of the workplace, support to the community and protection of environment. The bank has set up "Mutual Trust Bank Foundation" and contributes, as donation, a part of its profit to the foundation for undertaking various projects, particularly in the health and education sectors. Apart from the CSR activities carried out by the foundation, the bank also undertook various CSR activities during the year 2016, details of which are given in the "Green Banking" and "Corporate Social Responsibility" part of this Annual Report.

Corporate Governance
The bank adheres strictly to the regulatory guidelines on corporate governance. The disclosures on corporate governance are provided in the chapter on "Corporate Governance" of this Annual Report.

Financial Analysis (Total Assets)
The consolidated assets of the bank stood at BDT 165,371 million in 2016 compared to BDT 146,059 million in 2015. Total assets of MTB stood at BDT 164,480 million in 2016 compared to BDT 145,563 million in 2015, with a growth of 13 percent. MTB has been successful in marketing significant amount of loans and advances by launching new and innovative products in the market.

MTB Funds under Management

BDT Million

	2016	2015	Growth
Customer Liabilities	131,272	118,405	10.87%
Advances	114,356	97,589	17.18%
Funds Under Management (FUM)	245,628	215,994	13.72%

Cash and Balances with Bangladesh Bank and its Agent Bank(s)
MTB's consolidated cash and balances with Bangladesh Bank and its agents stood at BDT 11,263 million in 2016 compared to BDT 9,485 million in 2015. The growth in customer deposits has also resulted in an increase in the Cash Reserve Requirement (CRR) set by Bangladesh Bank.

Balances with Other Banks and Financial Institutions
MTB's consolidated balance with other banks and financial institutions stood at BDT 8,148 million in 2016 compared to BDT 3,140 million in 2015. This was BDT 8,020 million in 2016 compared to BDT 3,131 million in 2015 for MTB only.

Investments
MTB's consolidated investments decreased during the year under review by BDT 4,285 million to BDT 21,962 million. The bank purchased government treasury bills and bonds to cover the increased statutory liquidity requirement. MTB, as a primary dealer bank, had to purchase and participate in government securities auctions set by Bangladesh Bank.

Risk Assets
MTB's consolidated loans and advances stood at BDT 114,356 million in 2016. Outstanding loans and advances of off-shore banking units was BDT 3,126 million in 2016 compared to BDT 1,286 million in 2015. Yield on loans and advances decreased to 10.73 percent in 2016 from 12.64 percent in 2015 due to decrease in lending rates. Details of credit are given in No. 7 of the Notes to the Accounts. The ratio of non-performing loans of MTB stood at 4.36 percent, which was much below the industry average of 9.23 percent in 2016.

Liabilities
The consolidated total liabilities of the bank stood at BDT 155,552 million in 2016 compared to BDT 137,130 million in 2015. MTB's total liabilities rose to BDT 154,697 million in 2016 from BDT 136,603 million in 2015, with a steady growth of 13.25 percent. The increase in liability was mainly due to growth in deposits and borrowings.

Customer Liabilities
MTB's consolidated customer deposits grew by 10.87 percent to BDT 131,272 million in 2016. The growth was supported by a wide range of branch network, spread throughout the country. With the 110 branches and 226 ATMs, MTB was able to acquire more low cost funds in 2016. Fixed deposits accounted for 42.51 percent of the total deposits. Cost of deposit decreased to 5.51 percent in 2016 compared to 6.84 percent in 2015.

BDT Million

Customer Liabilities	2016	2015	Growth over 2015
Current Deposit & Other Accounts	12,302	9,580	28.41%
Bills Payable	1,751	1,253	39.72%
Savings Deposit	23,710	17,909	32.40%
Special Notice Deposit (SND)	11,646	13,683	-14.89%
Fixed Deposit	55,803	55,708	0.17%
Deposit Products	26,060	20,272	28.55%
Total Deposits	131,272	118,405	10.87%

Shareholders' Equity
MTB's consolidated shareholders' equity increased by 9.96 percent to BDT 9,818 million in 2016. Paid-up capital of the bank increased by 20 percent to BDT 4,432 million in 2016. Statutory reserves increased by 17.15 percent to BDT 3,188 million during the year. Total distributable profit stood at BDT 815.48 million in 2016.

Analysis of Consolidated Income Statement of MTB

BDT Million

Particulars	2016	2015	Growth over 2015
Interest Income	11,381	10,793	5.45%
Interest Expenditure	7,503	7,980	-5.98%
Net Interest Margin (NIM)	3,878	2,813	37.86%
Net Interest Margin (NIM) Ratio	3.55%	2.94%	0.60%
Income from Investment, Commission Brokerage & Others	3,637	3,767	-3.46%
Total Net Income (Net Interest Income + Non Interest Income)	7,515	6,580	14.20%
Operating Expenditure	4,107	3,769	8.95%
Profit Before Provision	3,408	2,811	21.25%
Net Profit after Tax	1,464	1,366	7.13%

Interest Income
Interest income increased by 5.45 percent to BDT 11,381 million in 2016. The gross yield on advances stood at 10.73 percent in 2016 compared to 12.64 percent in 2015.

Interest Expense
Interest expenditure decreased by 5.98 percent to BDT 7,503 million in 2016.

Net Interest Margin
Net interest margin (NIM) increased by a staggering 37.86 percent to BDT 3,878 million in 2016. The increase in interest income contributed largely to the increase in net interest margin. The net interest margin ratio stood at 3.55 percent in 2016 compared to 2.94 percent in 2015.

Income from Investment, Commission Exchange, Brokerage and Other Operating Activities
Income from investment, commission, brokerage & others decreased to BDT 3,637 million compared to BDT 3,767 million in 2015.

Total Operating Expense
Total operating expenses increased by 8.95 percent to BDT 4,107 million in 2016 compared to BTD 3,769 million in 2015.

Total Operating Income
Total operating income increased by a healthy margin of 21.25 percent to BDT 3,408 million during the year compared to BDT 2,811 million in 2015.

Provision for Classified Loans
Total provision against classified loans and advances stood at BDT 2,051 million in 2016 compared to BDT 1,182 million in 2015. The consolidated non-performing loan ratio during the year is given below:

	2016	2015
NPL Ratio	4.36%	2.08%

Profit before Tax
Profit before tax stood at BDT 2,461 million in 2016 with a growth of 8.26 percent as against BDT 2,274 million in 2015.

Provision for Income Tax
Provision for income tax was BDT 997.88 million in 2016 compared to BDT 907.44 million in 2015.

Net Profit after Tax
Net profit after tax registered a growth of 7.13 percent to BDT 1,464 million in 2016 compared to BDT 1,366 million in 2015. Basic earnings per share (EPS) increased to BDT 3.30 in 2016 compared to BDT 3.08 in 2015.

Statutory Reserves
As per the Bank Company Act, 1991, (as amended in 2013), 20 percent of profit before tax is required to be transferred to statutory reserve. As such, an amount of BDT 466.62 million was transferred to statutory reserve in 2016.

Dividends
The fund available for distribution was BDT 815.48 million in 2016. In order to maintain a satisfactory capital adequacy ratio of the bank, the Board has

decided to recommend 15 percent stock dividend for the year 2016.

Remuneration of Directors
As per the BRPD Circular No.09 dated 19/09/1996, the Chairman of the bank may be provided a car, telephone, office and private secretary. However, MTB pays only fees to its Directors for attending the meetings of the Board of Directors, Executive Committee, Risk Management Committee and Audit Committee. Managing Director is paid a salary and allowances, as per approval of the bank's Board of Directors and Bangladesh Bank.

Adequate Accounting Records
MTB maintains all books of accounts and other records in accordance with the prevailing rules and regulations - Section 181 of the Companies Act, 1994, the Bank Companies Act, 1991, (as amended in 2013), Tax Ordinance and Rules, VAT Act, BSEC and DSE rules and regulations and Bangladesh Bank guidelines.

Accounting Policy and Implementation of BAS/ BFRS
The Board of Directors is responsible for the preparation and fair presentation of the Bank's annual financial statements, incorporating its financial position in 2016, comprehensive income, changes in equity and cash flow during the year, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with Bangladesh Financial Reporting Standards (BFRS) and in the manner required by the Companies Act, 1994.
The directors' responsibilities also include designing, implementing and maintaining internal controls relevant to the 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 the circumstances.

Internal Control and Compliance (ICC) System
MTB Board of Directors has the responsibility to ensure compliance at all levels in the bank's day-to-day activities. The ICC Division ensures internal control structure in the Bank with appropriate assignments, accountability of the personnel and delegation of authorities to functional management to create control and ensure a compliance culture within the organization under the active guidance and supervision of the Senior Management and the Board of Directors. The Bank Company Act, 1991,(as amended in 2013), requires some changes in the reporting line and organogram of the ICC Division. Meanwhile, the reporting line has been changed and the organogram revamped, to ensure that internal audit functions are dealt with independently from the ambit of management and its report is submitted to the Board Audit Committee of the Bank.

Money Laundering Risk Management
Money laundering and terrorist financing are global phenomena, apparent in almost every part of the world. Emerging sophisticated techniques of moving illicit money are compelling the financial intermediaries to make their compliance program more rigorous. MTB, as a compliant bank, is determined not to let money launderers and terrorists or perpetrators use the bank as a channel to launder money or finance terrorism in any possible way.

Hence, MTB has its own Anti-Money Laundering (AML) & Combating Financing of Terrorism (CFT) compliance program, it has been designed considering the range of activities, complexity of operations and the nature and degree of money laundering and terrorist financing risks faced by the bank. Certainly, it is designed as per the prevailing laws i.e., The Money Laundering Prevention Act, 2012 (Amended 2015), The Anti-Terrorism Act, 2009 (Amended 2013), relevant rules i.e., The Money Laundering Prevention Rules, 2013, The Anti-Terrorism Rules, 2013, Bangladesh Financial Intelligence Unit (BFIU) guidelines i.e., Money Laundering and Terrorist Financing Risk Management Guidelines, Money Laundering and Terrorist Financing Risk Assessment Guidelines, circulars and instructions and international standards. MTB applies risk-sensitive Customer Due Diligence (CDD) measures, monitors business relationships and suspicious transactions pursuant to the national regulations and international standards.

Standards of Reporting
The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) as adopted by The Institute of Chartered Accountants of Bangladesh, the Bank Company Act, 1991, (as amended up to 2013), applicable provisions of the Companies Act, 1994; Bangladesh Securities and Exchange Commission rules and regulations, and Bangladesh Bank's BRPD Circular No. 14, dated June 25, 2003. The management accepts responsibility for the integrity and objectively of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that they reflect the financial operations of the Bank in a true and fair manner.

Going Concern
Going concern is one of the fundamental assumptions in accounting, on the basis of which the financial statements are prepared. According to the going concern assumption, a business entity will continue

to operate in the foreseeable future, without the need or intention on the part of its management to liquidate the entity or to significantly curtail its operational activities. Therefore, it is assumed that the entity will realize its assets and settle its obligations in the normal course of the business. It is the responsibility of the management of a company to determine whether the going concern assumption is appropriate in the preparation of financial statements. MTB has prepared its financial statements considering the going concern assumption.

Control Environment
Control activities are the policies and procedures, which help ensure that the management directives are carried out, and necessary actions are taken to minimize the risks of failure to meet stated objectives. The policies and procedures are effectively established within the Bank and are continuously reviewed for compliance, adequacy and improvement.

The Board of Directors sets the tone for an effective control environment through regular reviews of the processes for identifying, evaluating, and managing significant risks. The Standard Operating Procedures (SOP) are signed off by the head of each department to provide assurance that these standards are communicated, understood and complied with. An effective control environment is set by top management in all spheres and across all business functions. Every year, the senior team conducts a self-assessment of key controls that affect the business and develops action plans to make the internal control environment more robust.

Supplier Payment Policy
MTB has developed and implemented a set of payment polices for all its suppliers. The payment methods and system are explained to the vendors before issuing purchase orders. Bills are paid according to the payment terms, and VAT and other withholding taxes are deducted from bills as per the law. As of date, there is no legal case filed by the Bank or filed against it by any supplier.

Related Party Transaction
The details of transactions of related parties of the company have been given in Note 43 of the financial statements.

Shareholders' Value
MTB remains fully committed to delivering higher shareholder value. The high profitability track record underpins the value the shareholders derived from investing in the shares of the bank. The earnings per share stood at BDT 3.30 and return on average equity stood at 15.61 percent during 2016. Market capitalization of MTB stood at BDT 10,237 million as at December 31, 2016.

Meeting of the Board of Directors of MTB
13 meetings of the Board of Directors of MTB were held in 2016.

Appointment of Auditors
M/S. M. J. Abedin & Co., Chartered Accountants, was appointed as External Auditors for 2016.

Annual General Meeting
The Annual General Meeting of Mutual Trust Bank will be held on Tuesday, July 25, 2017 at 10.00 a.m. at the Golf Garden, Army Golf Club, Airport Road, Dhaka Cantonment, and Dhaka 1206. The Directors' Report and financial statements were approved at 204th meeting of the Board of Directors of MTB, held on April 24, 2017 for presentation to the shareholders.

I would like to thank all our shareholders, board members, regulators, depositors, clients and the authorities for helping us in our journey.

Thank you.

On behalf of the Board of Directors

M. A. Rouf, JP
Chairman

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are required to present a report along with the financial statements and place them before the 18th Annual General Meeting (AGM) as per The Companies Act, 1994.

The Directors are also required to report that, the financial statements of the Bank and its subsidiaries, which are prepared by the management, gives a true and fair view of:

- The state of affairs as at balance sheet date, i.e., December 31, 2016; and
- The profit and loss for the year ended on the balance sheet date.

In preparing these financial statements, the Directors are required to ensure that:

- The appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- Estimates and judgments have been made, which are reasonable and prudent; and
- All applicable accounting standards, as relevant, have been followed.

The Directors are also required to declare the following matters in their report as per Bangladesh Securities & Exchange Commission (BSEC)'s notification dated August 7, 2012, as applicable for bank:

- Industry outlook and possible future developments in the industry;
- Segment-wise or product-wise performance with relevant risks;
- Extraordinary gain or loss;
- Related party transactions-a statement of all related party transactions;
- Utilization of proceeds from public issues, rights issues and/or through any other instruments;
- Significant variance between quarterly financial performance and annual financial statements;
- Remuneration to directors including independent directors;
- Preparation of the financial statements and any departure thereof, has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the bank's ability to continue as a going concern;
- Significant deviations from the last year's operating results;
- Key operating and financial data of at least preceding 5 (five) years;
- If no dividend (cash or stock) has been declared for the year, the reasons thereof shall be given;
- The number of Board meetings held during the year and attendance by each director;
- The pattern of shareholding structure; and
- In case of the appointment/re-appointment of a director, the following information to be disclosed to the shareholders:- a) A brief resume of the director; b) Nature of his/her expertise in specific functional areas; c) Names of companies in which the person also holds the directorship and the membership of committees of the board.

The Directors confirm that the Annual Report together with the Directors' Report and Consolidated Financial Statements have been prepared in compliance with the laws, rules and regulatory guidelines and BSEC Notification No. SEC / CMRRCD / 2006-158 / 134 / Admin/44 dated August 07, 2012.

The Directors are of the view that they have discharged their responsibilities as set out in the Companies Act, 1994, the Bank Company Act, 1991 (amended up to 2013), securities laws, listing regulations, 2015, and other prevailing laws and regulations, as applicable for the MTB.

By order of the Board,

M. A. Rouf, JP
Chairman

CORE MANAGEMENT COMMITTEE



8 4 3 2 1 5 6 7

Name	Designation	As
1. Mr. Anis A. Khan	Managing Director & CEO	Chairman
2. Mr. Md. Hashem Chowdhury	Additional Managing Director & COO	Member
3. Mr. Md. Zakir Hussain	Deputy Managing Director & GCRO	Member
4. Mr. Syed Rafiqul Haq	Deputy Managing Director & CBO	Member
5. Mr. Goutam Prosad Das	Deputy Managing Director & GHoICC	Member
6. Mr. Md. Nurul Islam	SEVP & GHoHR	Member
7. Mr. Sayed Abul Hashem FCA, FCMA	SEVP & GCFO	Member
8. Mr. Nurul Maruf Khan	EVP & HoCRM	Member Secretary

MANAGEMENT COMMITTEE (MANCOM)



	Name	Designation	As
1.	Mr. Anis A. Khan	Managing Director & CEO	Chairman
2.	Mr. Md. Hashem Chowdhury	Additional Managing Director & COO	Member
3.	Mr. Md. Zakir Hussain	Deputy Managing Director & GCRO	Member
4.	Mr. Syed Rafiqul Haq	Deputy Managing Director & CBO	Member
5.	Mr. Goutam Prosad Das	Deputy Managing Director & GHoICC	Member
6.	Mr. Md. Nurul Islam	SEVP & GHoHR	Member Secretary
7.	Mr. Syed Rafiqul Hossain	SEVP & HoMTB Dhaka Division Branches	Member
8.	Mr. Md. Khurshed Ul Alam	SEVP & HoMTB Ctg. Division Branches	Member
9.	Mr. Swapan Kumar Biswas	SEVP & HoBOD	Member
10.	Mr. Tarek Reaz Khan	SEVP and HoSME& Retail	Member
11.	Mr. Azad Shamsi	SEVP & HoMTB Other Division Branches	Member



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	Name	Designation	As
12.	Mr. Sayed Abul Hashem FCA, FCMA	SEVP & GCFO	Member
13.	Mr. Nurul Maruf Khan	EVP & HoCRM	Member
14.	Md. Shah Alam Patwary	EVP & GCIO	Member
15.	Mr. Md. Bakhteyer Hossain	EVP & HoMITS	Member
16.	Mr. Md. Shamsul Islam	EVP & GHoT	Member
17.	Mr. Md. Nazrul Islam Mazumder	EVP & CEO, MTBSL	Member
18.	Mr. Khairul Bashar Abu Taher Mohammed	EVP & CEO, MTBCL	Member
19.	Mr. Malik Muntasir Reza	EVP & GCS	Member
20.	Mr. Mohammad Anwar Hossain	SVP & HoCards	Member
21.	Mr. Azam Khan	SVP & GCCO	Member
22	Mr. Iqbal Mahmud	VP & HoRMD	Member

ASSET LIABILITY COMMITTEE (ALCO)



	Name	Designation	As
1.	Mr. Anis A. Khan	Managing Director & CEO	Chairman
2.	Mr. Md. Hashem Chowdhury	Additional Managing Director & COO	Member
3.	Mr. Md. Zakir Hussain	Deputy Managing Director & GCRO	Member
4.	Mr. Syed Rafiqul Haq	Deputy Managing Director & CBO	Member
5.	Mr. Goutam Prosad Das	Deputy Managing Director & GHoICC	Member
6.	Mr. Md. Nurul Islam	SEVP & GHoHR	Member
7.	Mr. Syed Rafiqul Hossain	SEVP & HoMTB Dhaka Division Branches	Member
8.	Mr. Md. Khurshed Ul Alam	SEVP & HoMTBCtg Division Branches	Member
9.	Mr. Swapan Kumar Biswas	SEVP & HoBOD	Member
10.	Mr. Tarek Reaz Khan	SEVP and HoSME& Retail	Member
11.	Mr. Sayed Abul Hashem FCA, FCMA	SEVP & GCFO	Member
12.	Mr. Azad Shamsi	SEVP & HoMTB Other Division Branches	Member
13.	Mr. Md. Shah Alam Patwary	EVP & GCIO	Member
14.	Mr. Md. Bakhteyer Hossain	EVP & HoMITS	Member
15.	Mr. Md. Shamsul Islam	EVP & GHoT	Member Secretary
16.	Mr. Nurul Maruf Khan	EVP & HoCRM	Member
17.	Mr. Malik Muntasir Reza	EVP & GCS	Member
18	Mr. Iqbal Mahmud	VP & HoRMD	Member

SENIOR MANAGEMENT

Managing Director & CEO
Anis A. Khan

Additional Managing Director & COO
Md. Hashem Chowdhury

Deputy Managing Director & GCRO
Md. Zakir Hussain

Deputy Managing Director & CBO
Syed Rafiqul Haq

Deputy Managing Director & HoGICC
Goutam Prosad Das

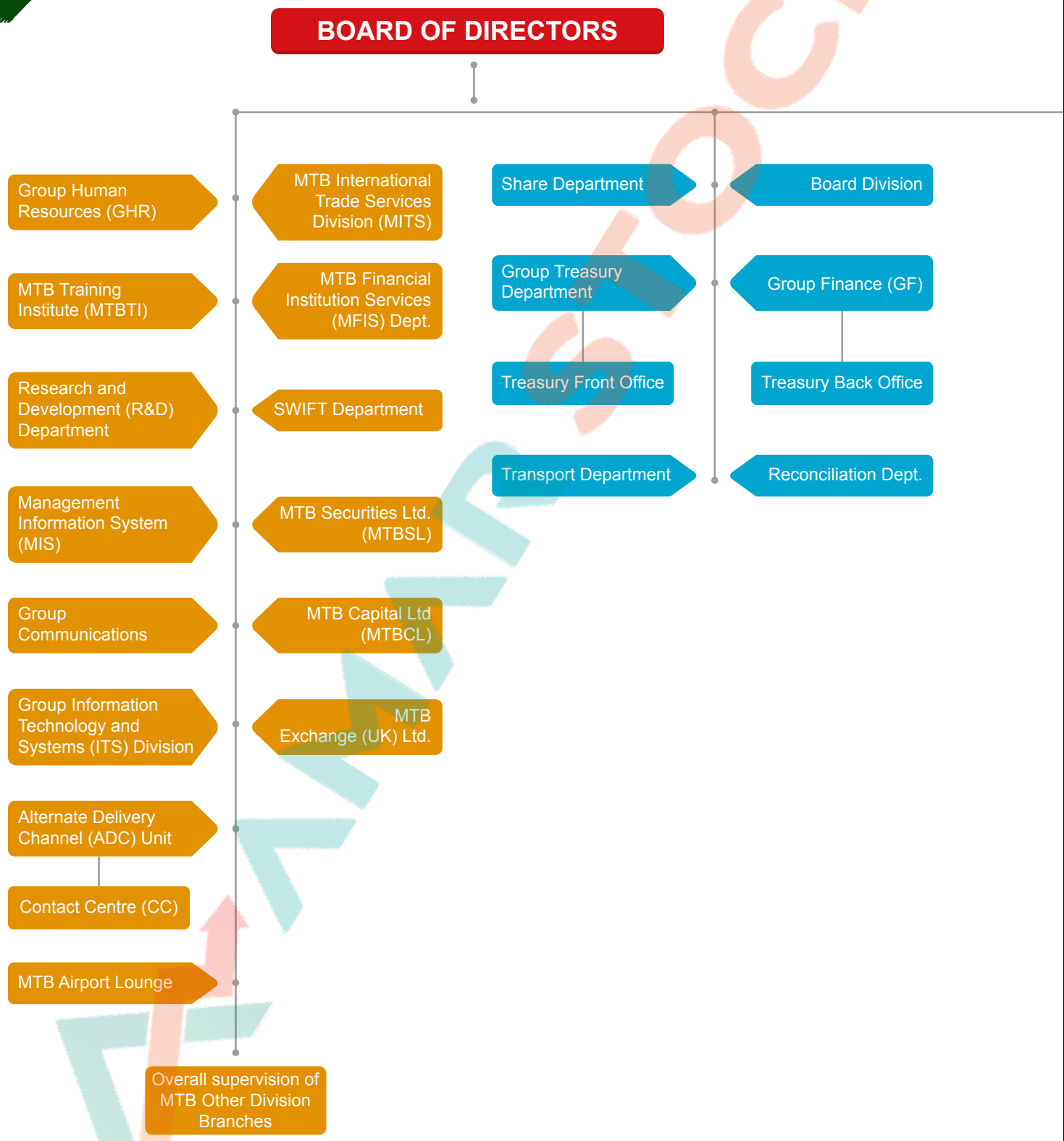
Senior Executive Vice President
Md. Nurul Islam
Syed Rafiqul Hossain
Md. Khurshed Ul Alam
Swapan Kumar Biswas
Md. Sanawar Hossain
Tarek Reaz Khan
Md. Khalid Mahmood Khan
Abdul Mannan
Sayed Abul Hashem FCA, FCMA
Azad Shamsi

Executive Vice President
Md. Bakhteyer Hossain
Nurul Maruf Khan
Md. Shah Alam Patwary
Mohammed Ishaque
Md. Zahidul Kabir
Md. Nazrul Islam Mazumder
Md. Abdul Latif
Khairul Bashar Abu Taher Mohammed
Md. Shamsul Islam
Malik Muntasir Reza
Syed Mahmud Akhter
Md. Amirul Islam
Syed Mahbub Morshed
K. M. Abdul Wadood

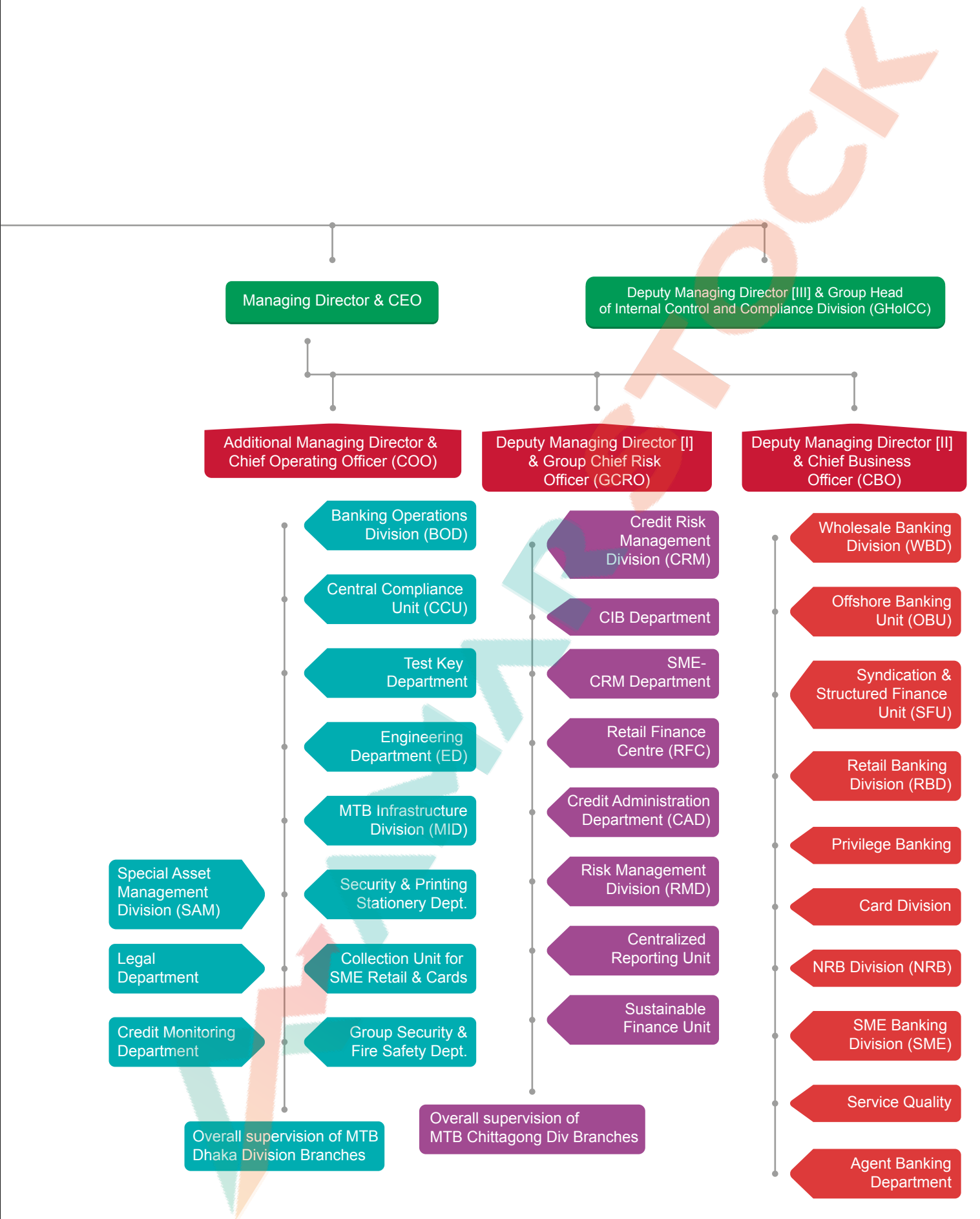
Senior Vice President
Touhid Ahmed
Md. Monwar Hossain
Md. Ifthakhar Hassan
A.K.M. Zahirul Islam Khan
Md. Humayun Kabir
Md. Shamsul Alam
Md. Kamal Uddin
Salek Sabbir Ahmed
Kazi Humaun Kabir
Md. Azam Ali Khan
Amitav Kaiser
Mohammad Anwar Hossain
Abu Zafar Md. Saleh
Syed Golam Faruk
Md. Nurul Islam Sarker
Marcus Cornelius Gomes
Khair Uddin Khan
Khandaker Abdus Salim
Md. Habibur Rahman
Md. Tauhidul Alam
Md. Ashraful Islam
Suvash Chandra Biswas
Md. Shoab Khan Chowdhury
Md. Anisur Rahman
Mohammad Rajib Hossain
Mohammad Mamun Faruk
Md. Humayun Kabir
Mohammad Shaheen Khan
Irfan Islam
Giash Uddin Ahmed
Dewan Imteaz Ahmed
Md. Towfiqul Alam Chowdhury
Azam Khan

AMARSTOCK

ORGANOGRAM



[All new/existing branches/divisions/departments prepare their organogram every year as per their needs and business size, and submit the same to GHR, who review and place the requirements to the MD & CEO. He then place those to the Board of Directors for their approval, as required.]

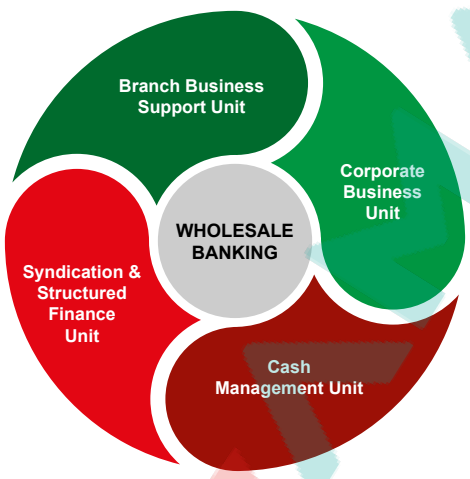

Managing Director & CEO
Deputy Managing Director [III] & Group Head of Internal Control and Compliance Division (GHoICC)
Additional Managing Director & Chief Operating Officer (COO)
Deputy Managing Director [I] & Group Chief Risk Officer (GCRO)
Deputy Managing Director [II] & Chief Business Officer (CBO)
Banking Operations Division (BOD)
Central Compliance Unit (CCU)
Test Key Department
Engineering Department (ED)
MTB Infrastructure Division (MID)
Special Asset Management Division (SAM)
Security & Printing Stationery Dept.
Legal Department
Collection Unit for SME Retail & Cards
Credit Monitoring Department
Group Security & Fire Safety Dept.
Overall supervision of MTB Dhaka Division Branches
Credit Risk Management Division (CRM)
CIB Department
SME-CRM Department
Retail Finance Centre (RFC)
Credit Administration Department (CAD)
Risk Management Division (RMD)
Centralized Reporting Unit
Sustainable Finance Unit
Overall supervision of MTB Chittagong Div Branches
Wholesale Banking Division (WBD)
Offshore Banking Unit (OBU)
Syndication & Structured Finance Unit (SFU)
Retail Banking Division (RBD)
Privilege Banking
Card Division
NRB Division (NRB)
SME Banking Division (SME)
Service Quality
Agent Banking Department

MANAGEMENT DISCUSSION & ANALYSIS

WHOLESALE BANKING DIVISION (WBD)

Despite many challenges in 2016, MTB Wholesale Banking Division (WBD) achieved balanced growth by leveraging strong customer relationship and providing innovative solutions to meet the growing financing needs of the customers.

- While the wholesale banking business team operates in a centralized system through the specialized Corporate Business Unit, it operates in a decentralized system through the strategically located MTB branches across the country. The Corporate Business Unit calls corporate and emerging corporate clients and allocate them to branches that are convenient for business transactions of those clients. Branch corporate business is catered by the Branch Business Support Unit in WBD.

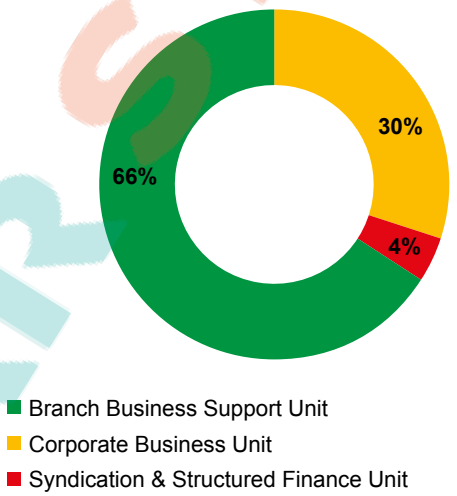


- As on December 31, 2016, the total lending portfolio of the bank stood at BDT 114,356 million, out of which the Wholesale Banking Division contributed BDT 91,944 million, which constituted 80.40% of the entire lending portfolio of the bank.

- In 2016, the portfolio of WBD surged by 18.30% from BDT 77,719 million in 2015 to BDT 91,944 million in 2016.

- Out of the overall WBD portfolio as on December 31, 2016, contribution of the Branch Business Support Unit was BDT 61,041 million (66%), contribution of the Corporate Business Unit was BDT 27,431 million (30%), and contribution of the Syndication & Structured Finance Unit was BDT 3,472 million (4%).

BRANCH BUSINESS SUPPORT UNIT (BSU)



- The Branch Business Support Unit acts as support center for the credit proposals of MTB branches. This unit manages approval, structuring, monitoring, compliance support and other relevant services for the clients signed in by the MTB branches. BSU extends the corporate banking facilities throughout the country using MTB branch network.

CORPORATE BUSINESS UNIT (CBU)

- The Corporate Business Unit, which consists of 4 corporate relationship units, is strongly driven by relationship management teams. This unit offers full-fledged, innovative, customized solutions and structured services to its corporate clients.

- The Corporate Business Unit acts as a single point solution provider for all the banking needs of the corporate clients.

- CBU relationship managers, who are highly skilled and equipped with sound knowledge of the industry, approach clients with proper solutions to their financial problems.



WBD Financed Project



WBD Financed Project

SYNDICATION & STRUCTURED FINANCE UNIT (SFU)

- SFU is a specialized unit of WBD. Being one of the leading structured finance solution providers, MTB SFU plays a pivotal role in product structuring, syndication arrangement, increasing liquidity or funding sources. This unit focuses on being innovative to offer new financial solutions to the growing needs of the corporate clients of the country and acts as the lead arranger for large loans and other auxiliary services to our existing and potential clients.
- Beside acting as agent and trustee, SFU offers a wide array of financial solutions including short term finance, long term finance and various non-funded facilities.
- SFU has been working for arrangement of USD fund from different multilateral organizations like DEG, FMO, ADB, IFC and others.
- Under SFU's initiative, MTB signed loan agreement for USD 20 million with DEG for its Off-shore Banking Unit. Under the arrangement, MTB will be able to finance customers in foreign currency in the long term.
- MTB also signed Trade Finance Program (TFP) agreements worth USD 13 million with the ADB. Under this agreement, ADB and Swiss Re approved guarantee facility under Trade Finance Program (TFP) line.
- Acting as the lead arranger, SFU facilitated the issuance of redeemable cumulative preference share worth BDT 935 million of Star Ceramics Ltd. 11 other banks/financial institutions invested in the preference share.
- As part of the SFU's ongoing effort to increase liquidity/funding sources, both in USD and BDT form, the unit signed (i) agreement with Bangladesh Bank for Long Term Financing Facility (LTFF) under the Financial Sector Support Project (FSSP), funded by the World Bank (ii) agreement with Public-Private Partnership (PPP) Authority of the government under the PPP finance authority.
- Besides, MTB SFU maintains a mentionable portfolio (term loan and working capital loan) of above BDT 4,000 million through participating in the syndication deals led by other banks/ financial institutions.

CASH MANAGEMENT UNIT (CMU)

- Cash Management Unit plays an important role in providing 'transitional value' to its clients in an increasingly competitive market for fund mobilization at reasonable rates to strengthen the bank's low cost fund base.
- CMU offers liquidity management, payments management, collection management and reconciliation and MIS services in an efficient way. The Cash Management Unit has been successful in gaining the confidence of various government, autonomous and private institutions like DPDC, WASA, DESCO, BRTA, CPTU, RJSC, etc.
- Major initiatives accomplished by the MTB Cash Management Unit in 2016 are as follows: (a) Online Telecom Bill Collection Service Agreement with Bangladesh Telecommunications Company Limited; (b) NID Fees Collection Service Agreement with the National Identity Registration Wing, Bangladesh Election Commission; (c) Insurance Premium Collection Agreement with Guardian Life Insurance Company Ltd.

STRATEGIES & PRIORITIES FOR 2017

- Maintaining quality of existing portfolio with focus on trade and structured financing.
- Ensuring continued investment in people and technology to improve productivity and customer satisfaction.
- Launching innovative products to tap into the growing cross-border opportunities.
- Managing and growing corporate deposits through integrated customized solution.
- Establishing sustainable new business relationships that have long term beneficial prospects for both parties.
- Putting more and more efforts to explore new avenues for low cost deposits; including different multilateral organizations.
- Ensuring better management and supervision of the Bank's corporate loan portfolio.
- Maintaining NPLs at an acceptable level.
- Focusing on untapped large corporate clients.
- Providing the best services to corporate clients by improving internal process and ensuring enhanced employee capability.

RETAIL BANKING DIVISION

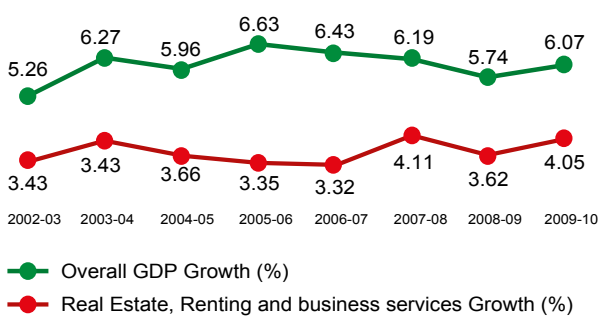
Bangladesh is one of the fastest-growing financial markets worldwide. A recent research conducted by Boston Consulting Group (BCG) which involved 2,000 Bangladeshis, shows that Bangladeshi consumers now have a higher purchasing power for buying a broad variety of consumer goods. The middle and affluent class (MOA) of Bangladesh now share 18.9% of the total population and it can be hoped that Bangladesh will soon reach even the percentage captured by Thailand and Indonesia.

Moreover, we can no longer ignore the fact that Bangladesh is crossing a one-time "demographic window of opportunity". This can only be converted into a "demographic dividend", only if the right investments are made, especially on young people, who now add up to almost 40% of the total population.



Urbanization, a sizeable middle class with strong purchasing power and appetite for amenities and the demographic window of opportunity - all these play a huge role in the upward shift of consumerism trend in Bangladesh.

By penetrating more deeply in retail banking industry, MTB is actually contributing towards the economic growth of the country. As a prudent lender, the bank has always focused on secured lending. In 2016, MTB, slowly but gradually, started penetrating in home loan sector as well. Growth in construction sector is a by product of the growth in real estate sector which will only blossom through the growth in Home loan industry. The building construction industry is considered as one of the fastest growing and largest sectors in Bangladesh. Real Estate Development in private sector in this country started in pre-liberation days. According to Bangladesh Bureau of Statistics, the construction sector accounted for a record 9.1% of GDP (Gross Domestic Product). The following graph shows the comparison between overall GDP growth and growth of Real estate, renting and business services:



The growth rate of real estate, renting and business service sector has increased over the 2002-2010 period However, compared to overall GDP growth, this sector expanded at a slower rate, which explains

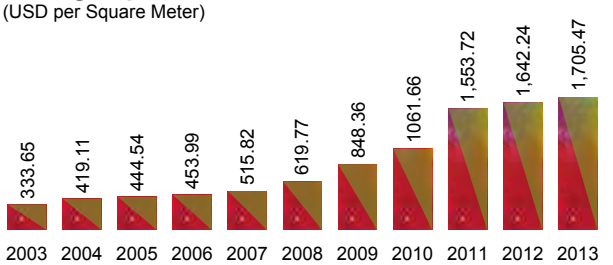
the downward trend in real estate as a percentage of overall GDP. There are multiple reasons behind this slow growth rate. Most notables are unfavorable government embargos and increasing land acquisition cost that ultimately increases the apartment prices.

Housing Price Trends

Apartment price in Dhaka has been on the rise since 2003 and according to the last updated statistics it is USD 1,705.47 per square meter.

Average Apartment Price in Dhaka

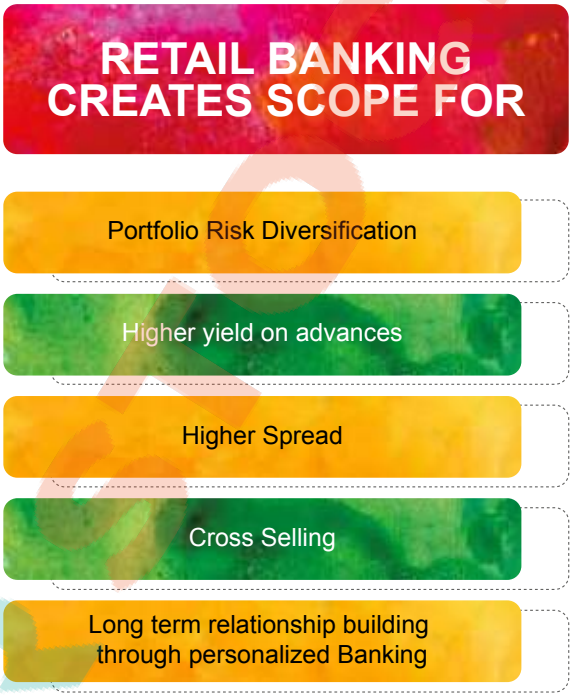
(USD per Square Meter)



The rising trend of consumerism is good news for business. It is one of the indicators that says an economy will flourish. However, the burning question in this economic context is, if the banks are ready to support the needs of this consumerism centric economy. Now a days more and more people go out to eat in fancy restaurants rather than just making arrangements at home, nearly all good hotels reply "overbooked" to reservation requests during vacation seasons, and people prefer to buy their own cars or get access to their own home by purchasing an apartment of their own rather than renting. All these factors ultimately lead to one thing- importance of retail banking to support these needs of the economy. According to Bangladesh Bank reports the retail lending business in our country is a whopping 702.29 billion dollars. And according to financial specialists there are ample opportunities for this number to go far upwards.

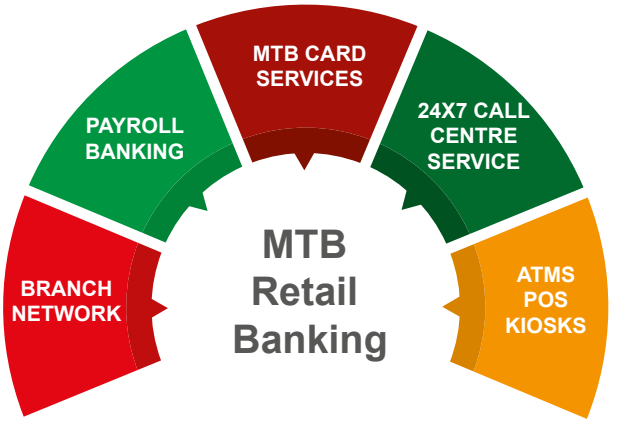
Products	No. of Accounts	Amount USD Bln
Mortgage- Home Loan	24,410	67.88
Mortgage- Home Equity	83,485	177.62
Auto	39,498	19.37
Personal Loan	652,605	151.43
Secured Personal Loan (Cash Backed)	565,258	255.6
Credit Cards	539,823	30.39
Grand Total	**1,905,079**	**702.29**

Apart from the huge chances to serve the economy and to grasp the prospects that the economy offers, retail banking creates many opportunities for the bank itself. Retail banking ensures sustainable growth by diversifying risks, cross selling, growth of channel, capacity building, process re-engineering and so on.



In 2016, MTB Retail Banking Division continued its pursuit of customer satisfaction by providing standard and convenient banking services for:

- Improving customers' experience by coming up with need based and value added new product offerings.
- Diversifying risks through a gradual shift from high cost term deposits to low cost current accounts & savings accounts (CASA).
- Protecting customers' welfare with the help of investment approach in technology.



Key Highlights of 2016

RETAIL LENDING GROWTH 26.50%

Savings Deposit Growth 32.40%

Savings Accounts Growth 16%

MTB Deposit Products



MTB Loan Products







Apart from these customer-need-based products MTB launched two brand new retail loan products in 2016. "MTB NEER" and "NRB HOME LOAN". MTB Retail banking division provides client focused services and because of launching of these products more customers can avail home loan facilities according to their needs because of laundering of these products.

New Product Initiatives at 2016

In 'Bankers' Summit' at BRAC Centre for Development Management (BCDM) in 2012, Dr. Farashuddin, the former Governor of the central bank, expressed his particular disappointment with the 'product scarcity' or very few product offering in our banking sector. In a financial market with 56 commercial banks, it is indeed a case of great frustration that there are not sufficient, let alone, tailor-made products.

MTB however, as part of its continuous endeavor to bring in new product initiatives for its clients, brought in two exciting products towards two largely under-served customer segments.

MTB NEER

House is one of the basic needs of human beings. Over the years, housing structure and housing condition have improved to a great extent. The type of housing and housing condition are influenced by local environment and availability of construction materials locally and level of development of the country. Housing condition and housing facilities also focus on the economic condition of the household. Amidst a growing demand for Semi-Pucca house construction in the industrial belts of the country, the bank launched MTB NEER to meet construction/ expansion/renovation of Semi-Pucca residential needs of the creditworthy individuals residing in urban/suburban areas.

It is believed that the working class group residing in the vicinity of industrial belts would be greatly benefited in finding easier and better housing solution through this exquisite MTB Semi Pucca Housing initiative. The landlords in those areas will have better access to loans from MTB to contribute to improving the housing facilities for the working class group. The facility will also provide MTB a better growth opportunity through Secured Lending.

MTB NRB Home Loan

Non-resident Bangladeshis (NRBs) are a true growth engine of remittance inflow in Bangladesh. They are directly contributing to the macro and micro economic growth of the country. Due to absence of policy for the NRBs to obtain home loan, they were unable to invest in real estate in Bangladesh. Though many NRBs used to invest through cash, as opposed to the extent of the opportunity, the investment remained very paltry. Sensing this, with a view to providing impetus to the growth of Real Estate sector, MTB came up with this product to support NRBs in this context.



As retail portfolio management is essential for ensuring sustainable development of the bank and also very important for the country's economy, MTB management puts long term strategic focus on Retail Banking growth. So, throughout the year 2016, all the branches and different departments of MTB Retail Banking Division worked together coherently to ensure that valued customers receive quality customer service while contributing to the sustainable growth of the bank.

MTB Payroll Banking

MTB Payroll Banking Unit has been one of the increasingly growing units with over 35% CASA growth and over 54% salary disbursement growth. The year 2016 has been a year of continuous progress for MTB Payroll as the unit continued to accelerate the growth rate in pretty much every component of the portfolio composition.

Salary account is an attractive component for sound growth from the bank's perspective since the bank can get access to low cost fund through salary accounts and can build long term customer relationships with the help of cross selling. Clients also benefit hugely from these accounts considering the service provided is opportune, solution focused and client centric. That is why MTB Payroll Banking provides customized payroll services to minimize costs, eliminate paperwork and enhance security of the prospective organizations. Moreover, the unit focuses on providing practical services to clients' employees. The unit routinely communicates with the customers in order to get insights about their needs and wants. This ultimately helps to introduce discounts and privilege arrangements for catering the needs of individual target group.

2016 Highlights

- Company Acquisition: MTB Payroll Banking on-boarded quite a few companies this year which include MNCs as well as local companies.
- Accelerated CASA Growth: Accumulated CASA

growth of by 31%, compared to that of previous year.

- Mentionable Retail Loan Penetration: Payroll accounts for almost 18% of the total retail loan portfolio. In the year 2016. The contribution of MTB payroll to retail loan portfolio increased by almost 6%.

Plans for 2017

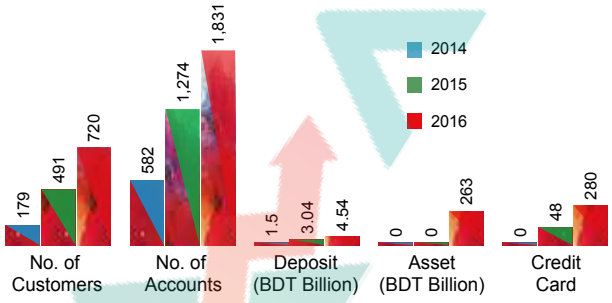
In the year 2017, key priorities of MTB payroll banking division is to focus on increasing company acquisition, providing client centric services and ensuring cross business relationship to enhance overall business portfolio.

PRIVILEGE BANKING

With a view to serving the ever increasing need of the Bank's high net worth clients, MTB Privilege Banking commenced its operation in October 2010 with a modern and state of the art Privilege Banking Centre located inside the MTB Corporate Head Office. MTB Privilege Banking aims to cater to the need of the high net worth segment of the society, providing them 360 degree solutions. MTB Privilege Banking was re-structured in 2014 to make it a time befitting unit to serve the need of the ever demanding clientele, and since then, it is aspiring to become the top premium banking service provider in the country.

Post restructuring of the unit, MTB Privilege Banking added seven new centers, with six in Dhaka and one in Chittagong. Currently, there are eight Privilege Banking Centre's strategically located in Dhaka and Chittagong metro areas and these are located within the close proximity of premium segment clients.

MTB Privilege Banking Year Wise Growth



MTB Privilege Banking with its efficient centers manned by trained and dedicated relationship managers thrives to offer state of the art banking facilities to its clients through tailor-made products and services. The MTB Privilege Banking relationship managers act as the personal financial advisors to the clients to ensure higher financial returns on their investments with a view to rewarding them for their overall banking relationship. The privilege clients are also offered market aligned customer value propositions and services, which include attractive offers on shopping, dining and entertainment, complimentary airport limousine service, airport protocol service, airport lounge facility, and health check-up support at leading hospitals, both in Bangladesh and abroad.

MTB Privilege continues to delight its customers through a host of programmes and facilities, including specially designed Privilege Banking events, where the privilege customers are invited, exclusive car parking on the lounge premises, privilege branded free debit cards with higher withdrawal limits, pre-approved VISA Signature Card and MasterCard World, free Internet at lounges, free online banking services, free SMS, and mobile banking. Apart from these, MTB Privilege Banking has partnered with 43 premium brands from different industries, where the privilege clients can enjoy attractive discounts and value added facilities.

Key Priority in 2017

- Establish a dedicated lounge at the Hazrat Shahjalal International Airport to cater to the need of the MTB Privilege Banking clients
- Concentrate in innovation towards meeting the ever increasing need of the clients
- Partner with relevant divisions/departments of the Bank to innovate retail lending products and high value card products, which will suit the requirements of the premium segment.

In 2017, MTB Privilege Banking strives to retain its clients and grow with new base of customers by infusing dynamism through extending supreme services and offering innovative products to the clientele. MTB Privilege Banking will continue to explore expansion in the catchment area by optimizing MTB Branches and will work for the sustainable growth of the organization.



MTB Privilege Centre, Gulshan

CARD DIVISION

MTB Card Division is an integrated and specialized business and service unit of MTB, dedicated towards providing safe, fast and trouble-free card services for clients across the country. As the motto of MTB Card Division - "working towards cashless society"- suggests, we strive to cater innovations with state-of-the-art technologies to our clienteles. Amidst cyber security concerns in the first quarter of 2016, MTB Card Division was extremely fast in adapting the most secured and advanced technology like Europay, MasterCard and Visa (EMV) to ensure the highest security for its cardholders, and to give peace of mind while transacting with an MTB Card. Since its inception in 2007, MTB Card growth followed the chronology provided below:

2007
Started Visa Debit Card

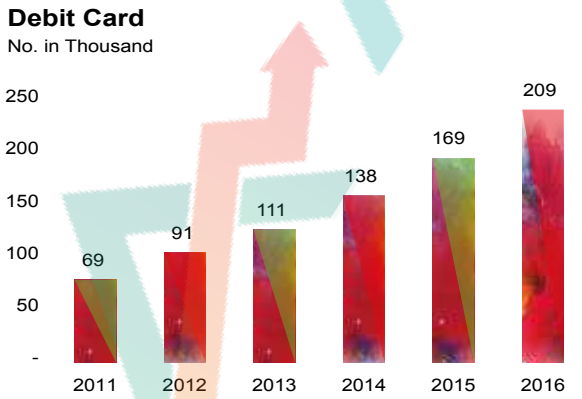
2008
Started Visa Prepaid & Credit Card

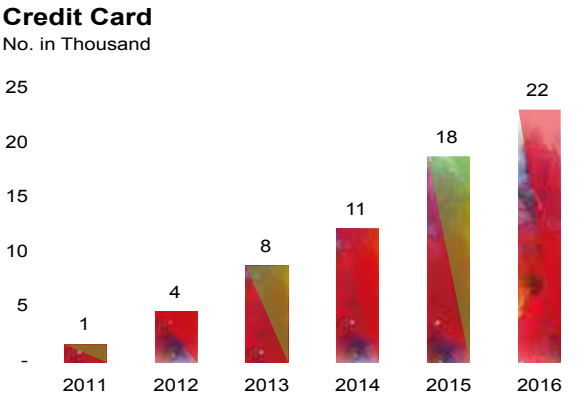
2011
Started Visa ATM & POS Acquiring

2011-2015
Value addition like FlexiPay, Card Cheque, Balaka Lounge etc.

2016
Started EMV Card Issuance, MasterCard Laucnhed, Premium Cards like Visa Signature & MasterCard World, Obtained Principal Membership of Visa & MasterCard

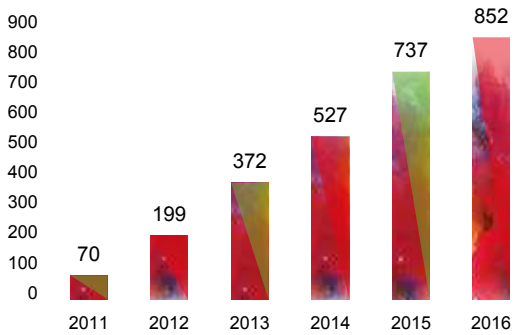
MTB Card Division is maintaining sustainable and steady growth in terms of all key indicators in Card Business. Below is the graphical representations of all the key indicators over the past 6 years.



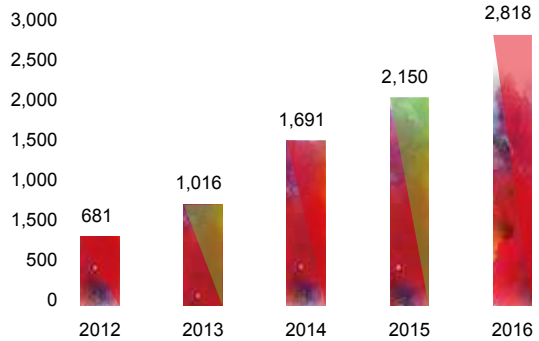


Credit Card Outstanding

BDT Million

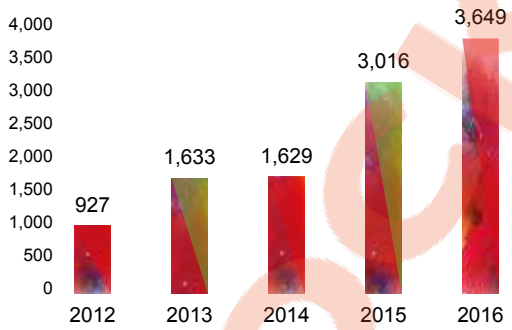


No of POS



POS Volume

BDT Million



2016 Highlights

EMV Chip & PIN Card

In June 2016, in response to the cyber attack in the first quarter of 2016, MTB Card introduced EMV Chip Cards with Online PIN verification, which is the ultimate security in the industry to date. This technology makes it nearly impossible to copy and reproduce cards, thus ensuring the highest level of security for the customers.

Launching Complete Range of Master Card Products in 2015, we partnered with Master Card, as a Principal Member, and, since then, both MTB and Master Card had been working together to bring state-of-the-art technology with a suite of premium products from the Master Card portfolio to Bangladesh. While we invested in such cutting edge technology in card payments, we have also designed our MTB Master Card card products with competitive advantages. We have brought Master Card World - the top premium product of Master Card - with a world of privileges like Priority Pass, which enables the card holder to access over 900 airport lounges around the globe,world famous golf courses,over 1,000 discount partners, enjoy reduced interest rates and MTB health protection plan, locally, and, hopefully, internationally in the future. Apart from this exclusive product, we do also have a wide range of Master Card Debit and Credit products such as Master Card Titanium, Master Card Gold and Master Card Classic, from which a valued customer can pick and choose the one which suites her/him the best.

MTB Card Division has introduced premium products like Visa Signature, Platinum, Master Card World, Master Card Titanium with loads of privileges and benefits like Priority Pass, Airport Pick & Drop Services, Buy 1 Get 1, reduced interest rates etc.

MTB Card Division is also focused on increasing card based transactions across the country. As a result, in 2016, MTB deployed additional 1,000 Point of Sale (POS) machines with renowned merchants.

System Migration

The year 2016 proved to be a year of advancement for MTB Card Division. MTB invested in system migration for enhancing cyber security during the year. This investment approach is focused on improving service quality as well as to drive long-term value for customers. The system migration will not only help to produce better financial results in the long term but also ensure better quality services.

Partnership Benefits

As of December 2016, MTB had over 110 discount partners with offers of up to 75% discounts for MTB cardholders, over 50 FlexiPay Partners and over 15 Buy 1 Get 1 Free offers for the convenience of customers.

Plans for 2017

MTB Card Division aims to continue with innovation in 2017 while ensuring the highest possible security standards. The division plans to significantly broaden and diversify its client base by acquiring new customers in priority industries and segments. MTB Card Division also aims to strengthen its card transaction facilities and launch co-branded cards with market leaders such as POS, Payment Gateway, SME Cards and Payroll Card.

SME DIVISION

The Developing Countries have started refocusing their attention on Small and Medium Enterprises (SMEs) to enhance their role in introducing structural changes in their economies. In that situation Cottage, Micro, Small, and Medium Enterprises (CMSME) in Bangladesh have special significance for employment creation, poverty reduction and potential contribution to the overall industrial and economic growth. Both equity and growth being of concern to the Government, the priority is to accelerate GDP growth in a pro-poor manner. CMSMEs, the heart of growth of economies worldwide, are emerging as the most powerful and sustainable pillars of Bangladesh economy. This segment in Bangladesh is no longer concentrated to low-tech, traditional and agro-based economic activities only; and is expanding to include non-traditional manufacturing and service sectors as well.

Globally Sustainable Development Goals (SDGs) are being set as a priority agenda. SDGs are a universal call to action to end poverty, protect the planet and ensure peace and prosperity for all. Though the SDGs are interrelated to all aspect of human life it is assumed that the financing in CMSMEs will directly assist to achieve 5 SDGs out of 17 goals.



Source:www.sustainabledevelopment.un.org

SME Finance: National level

Total SME Loan Outstanding is BDT 1726.39 Billion (December 2016). The disbursement of SME loan is increasing, SME loans by banks and non-bank financial institutions increased by 16.03 % at the end of December, 2016 compared to the end of December, 2015. Total SME loan disbursement in 2013-2014, 2014-2015 and 2015-2016 was BDT 906.05 Billion, BDT 1102.87 Billion and BDT 1250.41 Billion respectively. Bangladesh Bank set the revised target of SME disbursement of BDT 1135.03 Billion in 2016. The increase of institution wise SME loans shows that the private commercial banks are leading the finance to SME.

Institution wise Share of SME Loan

December 2016

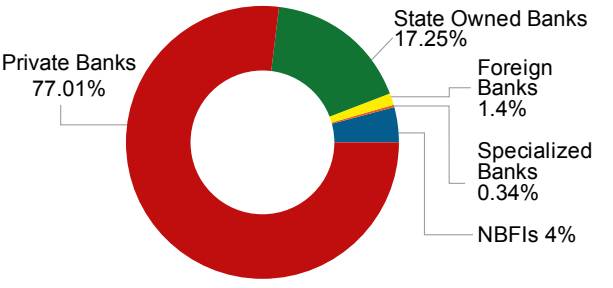


Figure: Institution wise SME Lending share
(Source: Major Economic Indicators: Monthly Update, Monitory Policy Dept. Bangladesh Bank)



SME Women Entrepreneur



SME financed industry

MTB SME landscape in 2016

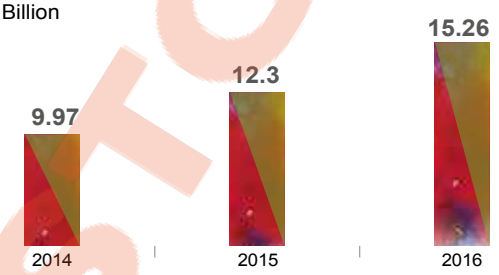
MTB SME Banking commenced its journey in 2007 and within a period of seven years of being involved in SME financing activities, in 2014, MTB won two prestigious awards given for the first time, jointly by Bangladesh Bank and the SME Foundation, **SME Bank of the Year 2014** as well as **Women Entrepreneurs' Friendly Bank of the Year 2014** at the SME Financing Fair 2014.

Since then, the bank revamped its SME financing activities in different sectors with a renewed commitment. Long-term strategic plan was formulated to meet sectoral demands. Product diversification, enhancement and other market alignments are few of the initiatives.

Few facts and figures on trend of MTB SME Finance are given:

MTB SME Portfolio

BDT Billion



MTB SME Financial Highlights in 2016:

- The growth of SME portfolio remains continued and last year it was increased by 24.06 % over 2015
- Non Performing Loan of the division decreased 0.53% in 2016
- In 2016, total SME loan disbursement of the SME Banking Division (including agri loan) was BDT 4,225 million.
- Total SME deposit reached to BDT 457.23 million in 2016

MTB SME Banking Division is serving the dedicated entrepreneurs over the years. As a result it is not surprising that each year national level award and recognition list include SME entrepreneurs who are financed by MTB.

Award Winning MTB SME Client: QVC BD Ltd.





QVC BD Ltd. received the "National SME Entrepreneur Award-2016" under the category of Best Entrepreneur (Male) - Medium Segment at the 4th National SME Fair 2016 on April 03-07, 2016 organized by SME Foundation. MTB started financing the company in its startup phase in 2013 while they approached with innovative idea of first ever bicycle chain manufacturing factory in Bangladesh.

MTB SME: A Catalyst in Poverty Alleviation & Economic Emancipation

MTB is considered as one of the key players in CMSME financing arena of the country. MTB has a wide product range catering to all possible financing needs of CMSMEs operating in different sectors including agriculture, agro-based and light engineering sectors etc. Also MTB has separate products for women entrepreneurs. Since inception, MTB SME Banking Division has been giving priority to the equal growth of rural as well as urban economy of the country.

With a view to ensuring inclusive growth, MTB SME Banking Division has been focusing on unbanked rural population of the country through different channels i.e. direct lending through branch network, wholesale lending to MFIs for onward disbursement to the low income and marginal population and also lending through MTB Agent Banking to ensure coverage in unbanked areas.

MTB actively participates in the initiatives for financial inclusion. MTB has financed borrowers with BDT 2.50 to 10.00 Million through its own network as well as through collaborations with MFIs in different districts. The farmers in Tangail and Thakurgaon districts were financed under Bangladesh Bank refinance scheme of special subsidized lending to import substitute crops, spices and maize through its own network.

Inclusive Finance to marginal communities

MTB financed marginal farmers from Shantal Community in Tangail area. Here in MTB, we believe the benefit of inclusive financing must reach marginal people who are capable of potentially bringing benefit out of this financing. Mr. Atul Simsang, a marginal farmer from Santal Community, is seen receiving a cheque of BDT 1,00,000 disbursed as credit under MTB Lauhati Bazar Agent Banking Centre from MTB Senior Management Team and local dignitaries.



MTB Agriculture Financing

MTB is continuing its contribution to agri finance in an increasing rate as a part of its underlying fundamentals to stable growth of national economy. MTB is striving hard to finance in the agricultural sector as a result, MTB is superseding agri loan disbursement target set by Bangladesh Bank over the last few years.

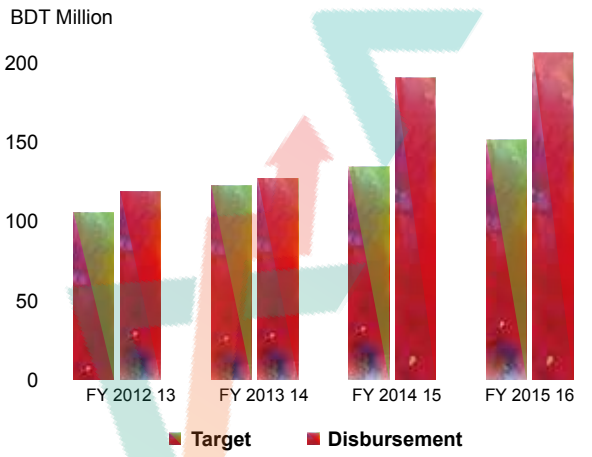


Figure: Agricultural loan disbursement - Bangladesh Bank target versus achievement

- As recognition of this, MTB received letter of appreciation from Bangladesh Bank for agricultural loan disbursement for the financial year 2012-13, 2013-2014 and 2014-15.
- MTB is continuing the support to rural agricultural sector through bank's own branch network as well as extensive collaboration with Micro-finance Institutes (MFIs).
- MTB adopted group lending approach for agri loan disbursement to the marginal farmers of remote area. MTB disbursed agri loan more than thousand farmers clustered under 14 farmers group (Somobay Samity).
- MTB has also disbursed agricultural loan to the farmers of newly abolished Dahala-khagrabari enclave.

Partnership with Micro-finance Institutes (MFIs):

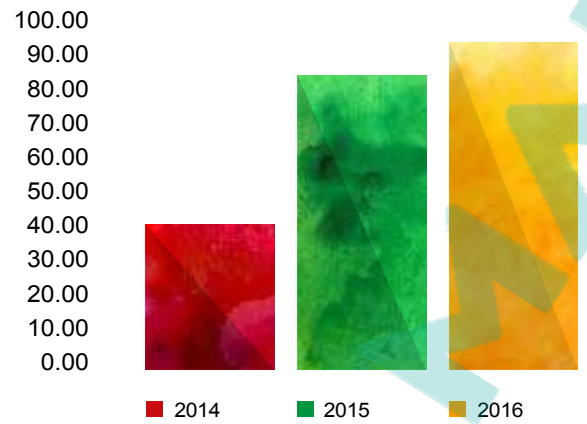
MTB believes that combining the strength of MFIs and experience of MTB creates a great scope for maximizing credit services to reach unbanked or under banked population. MTB has financed more than hundred MFIs since 2007. The list includes national level MFIs as well as very small MFIs.



Diagram: MTB Agri lending model in collaboration with MFI

MTB Women Entrepreneur Financing

MTB Bhagyobati and MTB Gunabati are two innovative financial products for women entrepreneurs and have a strong presence in SME credit market for their unique features and easy access to financing. Financing to women entrepreneurs is steadily growing.



SKY NEER: The Best Entrepreneur of the year 2015 (awarded by Citi Foundation)

Ms. Hasina Islam started her entrepreneurial journey with 2 embroidery machines and very small capital with a dream to open an outlet in Dhaka in 2012. Her husband, Mr. Amirul Islam, left his job to support her by selling the embroidered products. He carried the products in a suitcase at the back of his motorcycle and went door to door. MTB financed their initiative SKY NEER, with a sum of BDT 7.5 lac in 2014 under 'MTB Bhagyaboti' scheme. They successfully utilized the fund for growth. In 2016, MTB SME financed them with a tailored solution combined of multiple products; and SKY NEER opened their showroom in Banani area. Their factory, located at Maradia area of Khilgaon and equipped with 20 machines, now creates employment of 25 persons, mostly female.

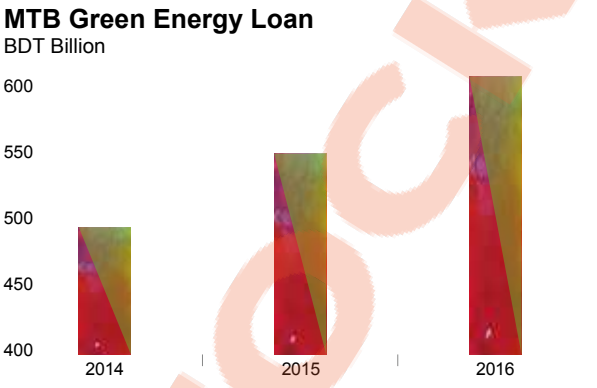
Their struggles and success were recognized at 11th Citi Micro Entrepreneur Awards Ceremony. She won the runner up award in the category for the Best Entrepreneur of the Year 2015.

MTB SME is proud to be a partner of such dream coming true success.



Green Finance

An entrepreneur can choose from different products of MTB as per his/her business need. In addition to the regular loan products MTB have a specialized product, MTB Green Energy Loan to support the pro environment initiatives. The scope of the product covers any environment friendly technology i.e. modern technology in brick kiln, ETP in factories as well as renewable energy projects, such as solar, biogas, wind, hydro and any other potential renewable energy generation to reduce the carbon footprint and thus protect the environment. In the last few years the energy sector of Bangladesh has seen a lot of change, a large off grid area has come under nationwide electric service. Different stake holders are planning and implementing larger scale Mini Solar Grid based electricity service, earlier which was pre dominated by individual solar home system. MTB SME Banking Division's Green Energy loan has had a good growth over the years.



MTB SME Product Capability

The mission statement of MTB is, "We aspire to be the most admired financial institution in the country, recognized as a dynamic, innovative and client focused company, that offers an array of products and services in the search for excellence and to create an impressive economic value."

Aligning with the mission statement, MTB SME Banking Division offers a diversified array of products as shown below catering to the varied needs of CMSMEs and special segments such as business entities engaged in light engineering, agro based industry, renewable energy and MFIs etc.

MTB SME Banking Products



Strategic Outlook

Bangladesh is growing at a rapid pace, and now it is being considered as Middle Income Country. MTB SME Banking Division has taken initiatives to serve the rapid growth of the economy. MTB SME Banking Division has formed its strategy to ensure the demand of rapid growth of SME and other relevant segments.

The thematic area of MTB SME strategic outlook is Consolidation, Expansion and Innovation in consideration national level SME lending performance another area for onward journey will be Protection of bank and client interest. Activity and way forward in the thematic area are as follows:



Consolidation

- Knowledge: Exclusive Multiphase Certified Credit training has beed designed and implementation of the same is in process to consolidate knowledge, skill and performance.
- Branch dedicated RM: Specific Assignment of Branch Relationship Management for one stop client service is introduced and to be improvised .



Expansion

- Delivery Chanel: Utilization of MTB Agent Banking to expand the service of MTB SME beyond MTB Branch coverage.
- Products: Increase the threshold of existing products, designing of Non Funded products and services for SME Client.
- Revise, improvise the parameters of existing products to meet the market demand.



Innovation

- Process: Improvise internal operation process to serve the client with minimul time while ensuring all applicable rules and regulation.
- Potentility: to adopt internation best practices through exposure to training and events.



Protection

- Adhere to prudent and dynamic credit policy.
- Portfolio risk management on the basis of segment's historical performance to minimize future risk.
- NPL Management: Extensive monitoring of loan A/Cs and management of NPL through collection and business team

NRB DIVISION

Remittance is one of the main blood streams of Bangladesh economy. Bangladesh is the 7th most remittance earning country in the world. Remittance is the second-highest contributor to the record reserve of foreign currency and accounts for almost 8% of our GDP. In 2016, Bangladesh earned remittance of a staggering USD 13.61 billion. About 10 million Bangladeshi expatriates, working in 160 countries around the world, are contributing greatly to the country's foreign currency reserve as well as the socio-economic development of Bangladesh. To ensure the smooth flow of inward remittance, a strong remittance network is active throughout the world. MTB NRB Division is proud to be a part of this network.

Mission of MTB NRB

MTB NRB Division is committed to ensuring safe, convenient and easy inflow of hard-earned money of our overseas workers. The mission of MTB NRB Division is to increase the share of inward remittance handling by adding new services with existing exchange houses, establishing relationships with new exchange houses, expanding domestic network for the beneficiaries through strategic alliances, developing new deposit and investment products for NRBs and ensuring technological innovation.

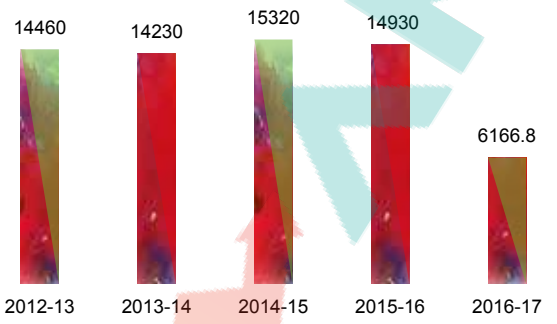
Remittance Network

MTB NRB Division is an integrated and designated division to reach Bangladeshi expatriates and bring them under the MTB remittance network. Remittance network of MTB is expanding day by day to make it convenient for our overseas workers. Currently, we are maintaining relationships with 28 exchange houses in different countries. Aiming to meet the demand of our migrant workers, we have a fully-owned subsidiary, MTB Exchange UK, based in the UK, and we have a strong presence in the Middle East as a majority of our migrants work there. MTB's remittance partners are the world's top money transfer companies like Western Union and MoneyGram, UAE Exchange, Wall Street Exchange, Xpress Money, Instant Cash Worldwide, Ria Financial, etc. MTB NRB Division is working to expand its remittance network in Saudi Arabia, Malaysia, Australia, Italy and other European countries to address the needs of migrant workers. Moreover, we have two foreign currency exchange booths in the arrival and departure lounges of the country's premier gateway, Hazrat Shahjalal International Airport (HSIA) to serve the NRBs and other travelers.

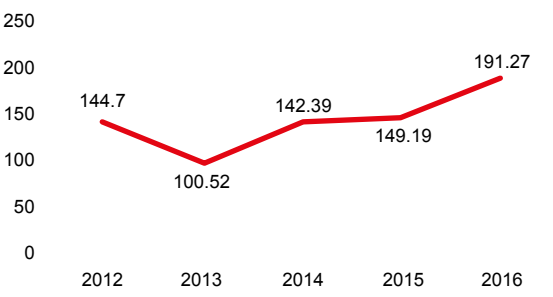
Remittance Inflow

With extensive presence of MTB remittance network throughout the world, we received inward foreign remittance of USD 191.27 million in 2016. Amidst the intense competition in the industry, MTB NRB has been maintaining a healthy growth of remittance procurement over the years. In 2016, inward remittance through MTB NRB network increased by 11%

Total remittance inflows in Bangladesh
(USD Million)



Total remittance inflows through MTB network
(USD Million)



Year-wise trend of inward remittance shows that inflow of remittance through MTB network has significantly increased over the last four years. Considering the huge impact of remittance on our economy, NRB Division is aiming to ensure maximum financial inclusion using MTB's 110-branch network and 10 MTB Agent Banking Centres. Disregarding profit base, MTB is focusing on macro-economic development of our country by ensuring safe and easy channel of remittance flow and enhancing financial inclusion.

NRB Products

MTB extends additional privileges to Non-Resident Bangladeshis considering their remarkable contribution to the economy. We have several

products only for Non-Resident Bangladeshis with higher interest rates than that of other conventional products. NRB Regular Savings, NRB Fixed Deposit and NRB Pension Deposit Scheme are designed exclusively for NRB customers. These specially featured products have been able to attract Non-Resident Bangladeshis and have a positive impact on the deposit base of MTB NRB deposit has been trending upwards and as of December 2016, NRB deposit was BDT1,706 million.

Major Operational Achievement in 2016

MTB NRB Division always strives for innovation to simplify its operational activities as well as reporting systems. To excel in this era of technological advancement, we have successfully introduced API (Application Program Interface) connectivity platform, through which, we are now able to connect to any app or system of remittance companies, map and transform data in any format, design complex business processes and connect any system, securely. In 2016, our valued remittance partner Index Exchange, UAE integrated with MTB API platform to facilitate 24/7 real-time account credit service for MTB account holders. In addition, Index Exchange will also provide the following services:

- Account Enquiry
- Credit to Other Bank Account (BEFTN)
- Cash Over the Counter Payment
- Status Enquiry, and
- Reconciliation

Priorities in 2017

- Expand MTB NRB network throughout the world to reach every Bangladeshi expatriate
- Ease operational procedures of inward remittance
- Enhance the safety of inward remittance
- Bring the still-unbanked Bangladeshis under MTB NRB network.

INTERNATIONAL TRADE

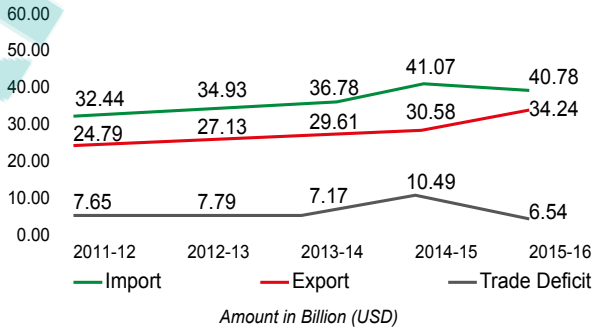
Global Perspective

World trade in 2016 can be summed up in three words: China, Oil and Commodity. Being the second largest importer of global merchandise goods, the transitional phase of Chinese economy, form 'export driven' to 'consumption led', has had enormous external impact on global trade outlook. The consequence of sharp drop in oil and commodity price index has continued to have far-reaching effect on overall global balance of trade pattern. Sluggish global trade growth has been a continuous headache to the global policy makers throughout the year 2016. On September 27, 2016 the World Trade Organization projected that the trade volume growth would be slower than the GDP growth for the first time in 15 years as it slashed its forecast for growth in trade of goods from 2.8% in 2016 to just 1.7%. Moreover, in an ICC survey titled "2016 RETHINKING TRADE & FINANCE", the projection for growth in low-income countries was slightly trimmed by 0.9 percentage points, from 6.2 percent to 5.3 percent for the year 2016.

Experts believe that the present plummeting trend, both in prices of oil and commodity, is not likely to rebound without major positive shift in political and economic aspects in 2017. In addition to that, Brexit, the exit of the United Kingdom from the European Union (EU), may have a negative impact on trade and investment flows not just for the UK, but also for the countries with the largest exposure to the UK. Therefore, the downward trend of global trade may continue for the year 2017 as well.

Bangladesh Perspective

Historical trend shows that trade deficit is an inseparable feature of the economy of Bangladesh. The total import payment of the country has been significantly higher than the export earnings over the last 5 years. According to Bangladesh Bank data, overall import slightly decreased by 0.71% whereas, export increased by 11.97% from fiscal year 2014-15 to 2015-16.



Source: Bangladesh Bank

Bangladesh imports a variety of products including petroleum and petroleum products, cotton and cotton yarn, cement clinker, chemicals, plastic and rubber. On the other hand, the country's export basket is relatively fixed, mainly comprising ready made garments, leather products, frozen foods, jute and jute products, terry towels, various headgear, engineering products, furniture and pharmaceuticals. Ready made garments (RMG) account for nearly 82 percent of the total exports.

Export earnings over the years have shown a steady growth and risen to USD 34.24 billion, an all-time record for export earnings in a single financial year, during last fiscal year. Relative political stability and policy supports to industry by the government coupled

with increasing levels of compliance towards worker rights and safety standards have helped the country to achieve this new height. In order to maintain the sustainability of existing momentum and achieve full potential to become an export power house among its East Asian neighbors, Bangladesh needs to adopt four policy levers i.e. improving business environment, connecting firms to the Global Value Chain, maximizing agglomeration benefits, and strengthening firm capabilities as articulated in a World Bank report titled South Asia's Turn: Policies to Boost Competitiveness and Create the Next Export Powerhouse, published in November, 2016.

MTB Perspective- Export

MTB is engaged in facilitating export of traditional items such as ready made garments, jute, jute products, raw jute, leather, etc. MTB has seen its export grew by 8.70% as compared to the last year and total export volume for the year 2016 stood at USD 625.79 million.

MTB Perspective- Import

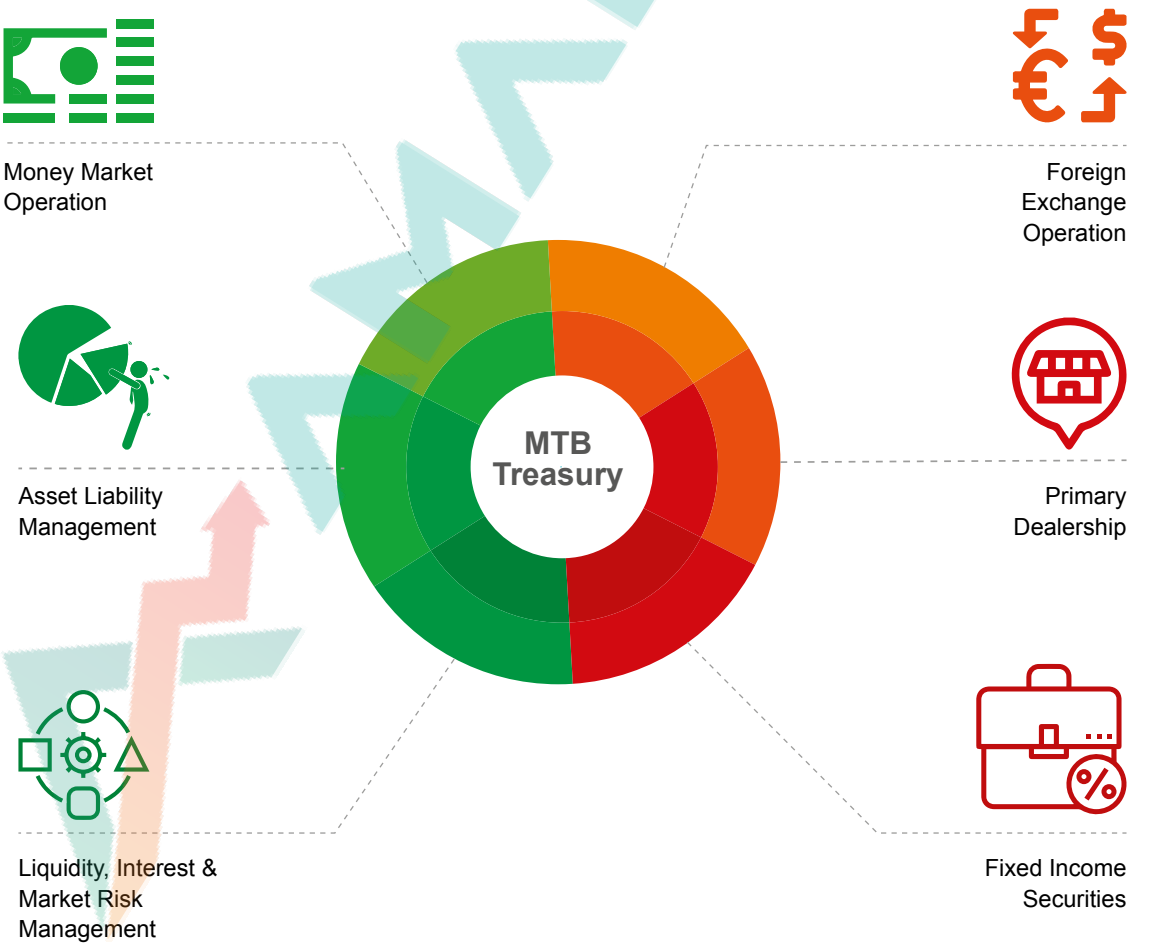
Despite slight decrease in the country's overall import growth in fiscal year 2015-2016, MTB maintained its growth momentum in import business at a rate of 22.77% compared to last year. MTB's import volume was USD 1,005.28 million. MTB has shown its resilient approach in sustaining its growth trajectory despite weakness in global trade.

Business Outlook

Over the last few years Bangladesh has invested substantially in the power and infrastructure sector. These invaluable initiatives in line with sound macroeconomic indicators and stable political environment are expected to make the country an attractive destination for foreign investors. These endeavors beckon huge potentiality in international trade and business.

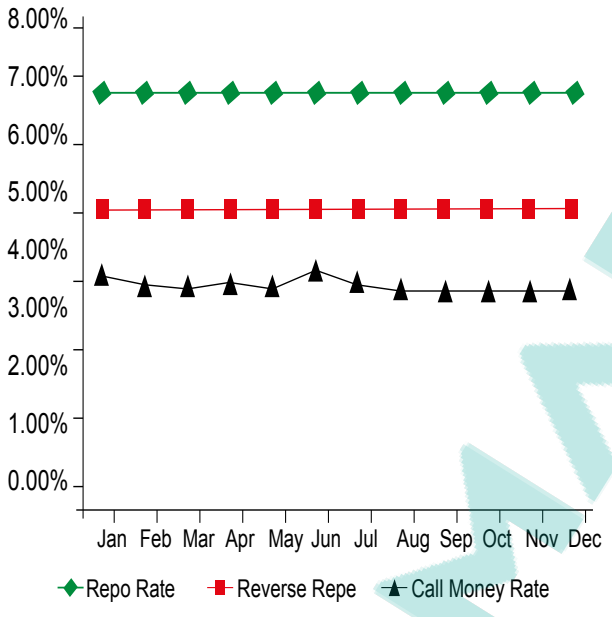
TREASURY OPERATION

MTB Group Treasury is responsible for the overall management of treasury functions comprising regulatory compliance, liquidity management, asset liability management, and, most importantly, risk mitigation, both in treasury activities and balance sheet of the bank. It managed to stay ahead of the market through accurate forecasting and efficient strategy formulation amid surplus liquidity in the local market and unstable international market due to BREXIT and declining crude oil price. MTB Group Treasury has to perform an array of functions in different risk areas to manage and mitigate risks to achieve its organizational goals.



Money Market Operation

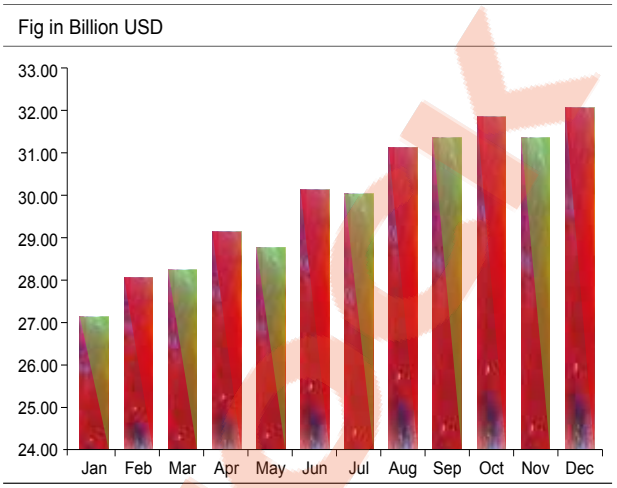
Money market scenario of Bangladesh did not change much in 2016 and continued the previous year's trend of declining call money rate due to excess liquidity and low credit demand. Throughout the year, interbank call money rate hovered around 3.00 to 4.50 percent indicating a very liquid money market. The repo and reverse repo rates were also reduced by 25 basis points, respectively. Government borrowing declined by 3.59% from the previous year on a point to point basis (Bangladesh Economic Data, Selected Indicators, Bangladesh Bank). During the year, the interbank call money rate stayed below repo and reverse repo rates, as shown below, mostly due to the highly liquid money market. The treasury team of MTB was able to keep abreast of this macroeconomic situation to maximize the Bank's earning as well as minimize interest rate and liquidity risks.



Source: Economic Data, Bangladesh Bank Website

Foreign Exchange Operation

When BREXIT, Britain's shocking referendum on exiting European Union, resulted in a sharp decline in the price of pound sterling, foreign exchange market became slightly volatile in the middle of the year causing discomfort in the overall foreign currency market. The price of crude oil in the international market continued its declining pattern, floating around USD 40 to USD 55 throughout the year. MTB monitored and observed these global economic phenomena closely to formulate its strategies and carefully positioned its holdings in foreign currency considering business need and investment opportunity.



Source: Economic Data, Bangladesh Bank Website

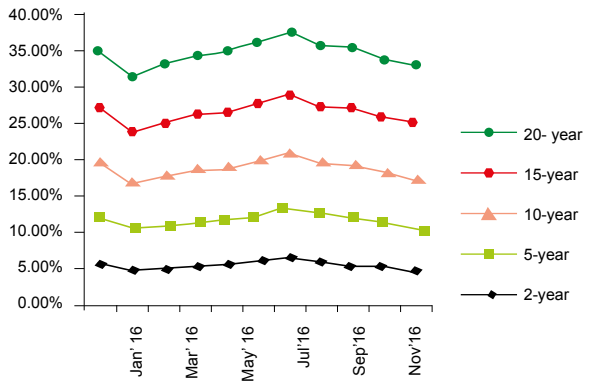
BDT to USD exchange rate remained almost stable throughout the year, apart from certain movements in the last couple of months of 2016. Interbank market of BDT to USD moved from 78.40 to 78.85. Bangladesh foreign exchange reserve maintained its strong position during the year as well and crossed USD 32 billion mark for the first time in its history. This is due to multiple factors including increased export earnings, almost stable remittance flow, decrease in fuel price in the international market and, finally, less food import. MTB FX Desk was able to forecast these economic phenomena enabling the Bank to manage risks associated with foreign exchange business operations and thus ensuring management of regulatory requirement and increase profitability.

Primary Dealership & Government Securities

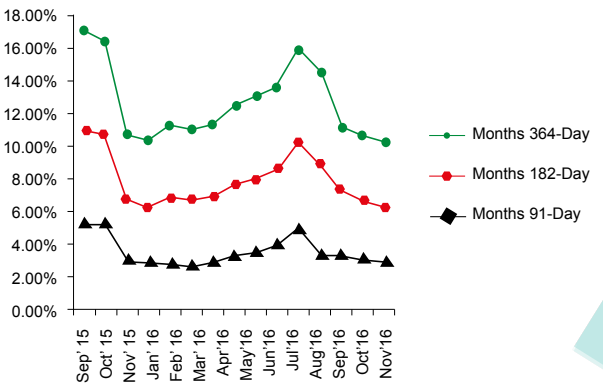
As a member of Primary Dealers Bangladesh Limited (PDBL), MTB plays an important role in implementing national budget of the country by underwriting of government securities. MTB is obligated to underwrite a certain percentage of government securities in auction, based on its average demand and time liability. Moreover, to comply with the SLR requirement of 13%, MTB needs to hold a certain amount of government securities. Generally, MTB holds a considerable amount of investment in government securities generating a healthy return through interest income and capital gain. MTB has been playing a vital role in developing an active and vibrant interbank secondary market of government securities from the very beginning. It also provides advisory services to its existing and potential corporate customers for making investment decisions on fixed income

trading.

Yield Trend: Bangladesh Govt. Treasury Bond (BGTB)



Yield Trend: Treasury Bill (T-Bill)



Source: Bangladesh Bank Website

Asset Liability Management (ALM)

ALM Desk is responsible for providing key insights on overall balance sheet risk and recommending effective way forward in terms of interest rate and policy prioritization. MTB Group Treasury Department has done exceptionally well in this area by keeping management abreast of crucial developments in the market. A total of 14 meetings of MTB Asset Liability Committee (ALCO), a committee comprised of senior management, including 2 special ALCO meetings, were held during the year 2016. ALM Desk analyses and evaluates the market outlook on a regular basis to ensure the right balance between product profile, cost and risk exposure. MTB Asset Liability Committee meets monthly to discuss the current local and global market outlook and to decide on policy regarding interest rates and thrust sectors. In 2016, ALCO took some important and timely decisions regarding interest rates, liquidity positions and other various risks associated with balance sheet that helped maintain sustainable growth of the Bank.

AGENT BANKING

With a view to providing banking and financial services to the un-banked population across the country, Mutual Trust Bank started its agent banking operation on June 6, 2016 with the first MTB Agent Banking Centre in Jahapur Bazar, Muradnagar, Comilla. Agent banking offers limited scale banking and financial services to the underserved population by engaging agents under agency agreements. An agent, who is the owner of a centre facilitates banking transactions on behalf of MTB. Agent banking is an additional delivery channel, which offers convenience and extends the outreach of quality and affordable financial services, particularly to the underserved, in a cost-efficient manner and, in places, where a financial institution does not have sufficient incentive to establish a full-fledged branch.

As of December 2016, MTB has launched 10 MTB Agent Banking Centres in Comilla, Feni, Tangail, Pabna and Dhaka districts. Till December 31,2016, MTB Agent Banking has opened 2,523 accounts with a total deposit of BDT 36.52 million and the cash disbursement figure against foreign remittance during the period was BDT 1.24 million. The year 2017 will be the 'Year of Agent Banking', as we plan to increase the number of centers from 10 to at least 50 by December 2017.

We have installed state-of-the-art Agent Banking Software (ABS), which is truly online and real time. Each transaction/activity is authenticated (2FA) through a process, which involves scanning the fingerprints of the customer and the agent using a biometric device. Customer receives a system-generated printed receipt for each transaction/activity and also an SMS notification on his/her mobile phone. Services currently being offered at the MTB Agent Banking Centres include opening different types of accounts such as individual, minor, joint and institutional accounts (savings, current), recurring deposit accounts and term deposit accounts. The centres also offer other facilities such as cash deposit and withdrawal, account balance inquiry, fund transfer to any MTB account or to other bank account through BEFTN, inward foreign remittance disbursement, debit card issuance, cheque book request, school fee collection, insurance premium collection, payroll banking, social safety net cash payment, SME and agro-loan processing, etc.

MTB is proud to have launched, for the first time in Bangladesh, Internet Banking for agent banking customers of MTB Chowdhury Bazar Agent Banking Centre, Chauddagram, Comilla on October 25, 2016. MTB has also launched Agriculture Loan for extending credit facility to rural farmers in MTB Lauhati Bazar Agent Banking Centre, Delduar, Tangail on August 8, 2016.

MTB aims to expand its agent banking network all over the country so as to contribute to the financial

inclusion of the under served community. MTB plans the following for doing so:

- To provide low cost banking services to the un-banked people, who cannot afford to travel long distances to carry out banking transactions.
- To appoint agents instead of opening more branches.
- To ensure banking facility for customer segments having little or no education.
- To increase distribution channels and make the Bank more accessible to its customers.
- To have an efficient delivery channel for offering banking services in a cost effective manner.

Human Resources Division

MTB Group Human Resources (GHR) plays a contributory role in fortifying the future success of MTB. This contributory function is led by MTB's home grown philosophy, MTB3V, ensuring a congenial working environment, where MTBians can surge and are capable of delivering sustainable organizational performance. GHR enables the MTBians to develop expertise to take new contributory roles within the organization, with the bank supporting internal career mobility by identifying redeployment opportunities and offering scopes for training and development.

Strategic Priorities of MTB GHR

1. To contribute to sustainable organizational performance;
2. To apply MTB's human capital expertise more vigorously to support the business divisions and operational functions;
3. To be a successful contributor to the control function of MTB for managing human capital risks;
4. To communicate and create a more open and transparent environment;
5. To foster reward culture based on performance and merit.

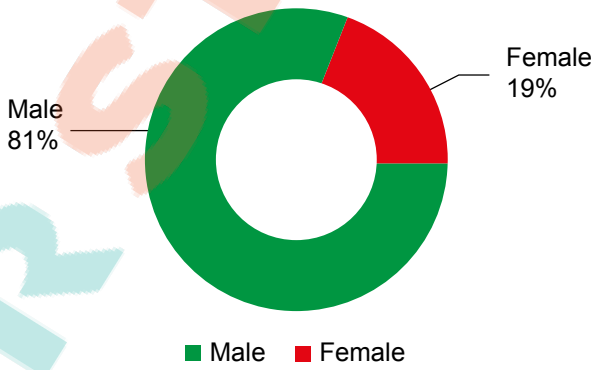
MTBians in 2016

MTB conducted a significant number of highly impacting internal awareness campaigns, seminars and workshops on professional values, moral ethics, beliefs, etc. for employees in 2016. GHR's focus has now got a new height. It urges the MTBians to continually be more engaged with MTB3V, and corporate values and beliefs in day-to-day banking operations. Being a noteworthy compliant bank, MTB also rolled out some new compulsory training courses for MTBians apart from training on basic banking, MTB Code of Conduct, MTB business ethics, Anti-Money Laundering & Combating Financing of Terrorism (AML&CFT) and other important banking issues to protect interest of stakeholders from all spheres.

Assortment at MTB

MTB, aspiring to be a world-class bank, ensures the inclusion of all cultures along with diversity of employees, clients and communities. It aims to attract, develop and retain the most capable employees from all beliefs, backgrounds and experiences. Assortment in the workforce is central to MTB's culture and MTBians are expected to foster an inclusive and reverential working environment, where all employees can contribute their best and flourish based on merit.

Gender position as on 31st December, 2016



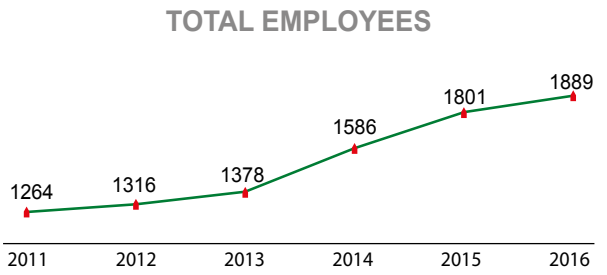
Breakdown of positions of female employees as on 31st December, 2016

Particulars	No. of Female Staff	(Share in %)
Executive Level	18	5.06%
Mid-Level Officers	93	26.12%
Junior Level Officers	244	68.54%
Non-Officer	1	0.28%
Total	356	100.00%

MTB's Employee Governance

In 2016, MTB GHR reinforced its governance by ensuring unswerving, well-thought-out, merit-based hiring practices for all target groups. This has included further improvement and tightening of controlling policies on hiring and workforce appointments in line with heightened industry standards as well as risk management and regulatory requirements.

Total Human Resources (2011-2016)



Performance Management Process

Performance management is about getting the things done well and effectively. It is the way one keeps track of SMART (Stretching, Measurable, Agreed-Upon, Realistic, Time bound) objectives that are the heart of the Performance Management System (PMS). GHR categorically focuses on ongoing job requirements, projects and assignments, people development, and self-development for performance management. PMS comprises objective-setting early in the year, a mid-year review and a year-end review, with employees' self-assessment playing a critical role. By facilitating professional and personal development to enable MTBians to surge their potential and get the most out of their career, GHR promotes the continuous development of its staff.

Developing Employees and Creating Future Leaders

MTB believes that its business performance relies, first and foremost, on its employees. Therefore, talent and development activities in MTB are aligned with some priorities: building leadership capabilities and developing future leaders; fostering an environment that supports sustainable performance; and promoting continual opportunities for the development of MTBians.

MTB offers "MTB Management Trainee (MMT)" program, with an exciting career addressing new graduates as Junior Assistant Vice President (JAVP). The MMT program consists of learning of leading people, driving business and shaping culture. There are also other variegated entry programs for new entrants, who have the potential to be future leaders, preparing them for the next stage of their development and ensuring they gather the right skills and experience to accelerate their careers.

A Balanced Approach to Talent Acquisition

MTB GHR has adopted a balanced approach to talent acquisition. It relies both on leveraging the skills and experience already available within MTB, while bringing in the required capabilities that will help the Bank position for long-term sustainable performance. In accordance with that, the Bank continues to strengthen its internal career mobility activities to surge greater career development and retention of all MTBians. The current focus is on maintaining communication, creating greater visibility of development opportunities, enabling all MTBians and setting a suitable framework to achieve MTB3V. The MMTs get introduced to business culture as well as acquisition of relevant technical and professional skills in the banking industry. Other entry programs for new graduates ensure recruitment of dynamic and progressive workforce in MTB. As a result, new entrants are offered improved career opportunities, a key factor determining MTB's overall ability to retain people with the requisite skills.

Manpower Status as at 31st December, 2016

Year	MTB	MTBSL	MTBCL	Total
2016	1,814	68	7	1,889

Training and Development

Total number of training participants in 2016 was 1626, an increase of 6.27% over the previous year. The Bank maintained a variegated schedule of 113 training programs. In accordance with the strategic priorities of MTB, there has been a bigger focus on regulatory and compliance topics, with the participation rate rising compared to 2015. A significant part of the training sessions is delivered in an excellent learning environment at MTB's own state-of-the-art training institute. The number of training held from 2012-2016 is giving below:

Training Type	2012	2013	2014	2015	2016
In House Training	52	70	74	131	113
Local / Outsourced Training	33	66	70	80	140
Foreign Training	6	3	13	18	10
Total Training	91	139	157	229	263

Year wise number of participants in the training programs:

Year	2012	2013	2014	2015	2016
Number	858	1187	1467	1530	1626

Aligning the Reward System with Evolving Requirements

Professional growth and industry benchmark compensation play an integral role in the successful delivery of MTB GHR's strategic objectives. Attracting and retaining the most capable MTBians is central to the MTB's compensation strategy. The keystone of this is the concept of pay for performance, within a sound risk management and

governance framework, and with due consideration of market factors and societal values. As MTB seeks to align compensation with evolving external and internal expectations, reward structures are regularly reviewed as needed.

MTBians' Health and Wellbeing
MTB GHR offers core long-term health offering including preventive medical examinations for its employees. All relevant fields of prevention: medicine, mental health, fitness and nutrition are covered in the examinations. Reports show that the examinations contribute to improvements in physical fitness, nutrition habits and so on. In 2016, MTB extended financial support of BDT 71,66,524 (BDT seventy one lac sixty six thousand five hundred and twenty four) to its employees as medical facility.

Employee's length of company service as of December 31, 2016

Length of Service	No. of Employees
Up to 4 years	824
4 years to 10 years	773
More than 10 years	292

MTB HR Benefits
MTB GHR has its own policies regarding all types of compensation and benefits for its employees. MTB has in place the following for the MTBians:

a. MTB Employee Death Benefit Plan
b. MTB Employee Provident Fund
c. MTB Welfare Fund
d. MTB Medical Assistance Fund
e. Incentives for IBB Diploma Holders
f. MTB Gratuity Scheme for Employees
g. Mandatory Medical Checkup
h. Rewards for Good Deeds in Terms of Integrity

INFORMATION TECHNOLOGY

The technical capabilities of MTB were enhanced significantly during 2016 with several market-leading initiatives introduced throughout the year to improve user experiences for our customers and reduce operational costs, enhancing stakeholder confidence in Information Technology (IT) and its contribution to the long-term success of the Bank.

The security and protection of our customers' information is crucial, and in 2016 the Bank has implemented most of the recommendations of the Bangladesh Bank as applicable, related to information security, electronic banking, technology risk management and cyber threats. The Bank is committed to implementing the security posture and providing safe and secure banking services to its customers. As part of its commitment, various security solutions have been deployed to protect customer data security and prevent external and internal attacks.

Cyber Security Preparedness
In 2016 IT security and cyber threats were the buzzwords in the industry. Giving high priority to IT security, a new IT Security Department was created in the Bank and an IT security expert was appointed as the Chief IT Security Officer (CISO). The main goal of the department is to ensure information security, cyber security, security governance and build a strong Governance, Risk and Compliance **(GRC)** foundation. **Security is a combination of people, process, and technology.** The department is trying to push the idea that people and process needed to be incorporated into an overall security system.

The Bank incorporated Cisco Next Generation Firewall with FirePOWER services, the latest firewall technology, to strengthen network security at Data Center and Disaster Recovery Center. Security measures were also beefed up in the areas of MTB SWIFT, MasterCard and VISA Network by implementing security layers. Policies on security appliances were made more stringent to curb the proliferations of security threats.

To make the employees more aware on the cyber security threats, a handbook titled **"ICT Security Awareness Handbook for MTB"** was developed and distributed. The handbook covers many security tips and techniques including tips for ATM & POS transactions, Internet Banking and E-Commerce transactions.

Revision of IT Security Policy
In 2016, the IT Security Policy of the Bank was revised to version 3.0 in light of Bangladesh Bank ICT Security Guideline v3.0. The main focus of this policy is to prepare a guideline for MTB for setting up a secure and stable IT platform to protect the Bank's business information and customer information within its custody by safeguarding its confidentiality, integrity and availability. This policy is applicable to all the MTBians, both permanent and temporary. This policy is also applicable for all equipments owned, leased, operated, or maintained by the Bank.

Central Business Continuity Plan of MTB
The Central Business Continuity Plan (BCP) is an essential part of a bank's response planning that sets out how the business will operate following an incident and how it expects to return to 'business as

usual' in the quickest possible time afterwards. MTB as a compliant bank is working towards establishing a comprehensive BCP Plan based upon Business Impact Analysis (BIA). MTB arranged an effective training and awareness session to educate both senior management and functional owners of the respective business areas to understand the nitty-gritty of business continuity. Committees have also been formed to develop the plan.

Training & Awareness Programs
To develop skill and awareness on the latest technology trends, IT & ADC officials received training at various local and overseas training programs and attended conferences throughout the year. Apart from developing its own experts, IT related trainings were also imparted to the general users on an ongoing basis to empower them to use technology platforms. Trainings such as "Business Continuity Planning and Disaster Recovery Management", "IT Security and Risk Management in Banks" and "ISO 27001" are a few of the trainings that helped the bank users become aware of the risks of using digital technology and the new technology initiatives in the offing.

Improvement in Other Areas
Technology has enabled customer accessibility of products across all channels through seamless multi-channel integration. To achieve this, the Bank has been simultaneously focusing on 'digitization' of its back office processes and empowerment of its employees. The Bank has also focused on further improving the governance processes and compliance requirements in IT. The Bank's continuous focus has been to use technology to further improve the customer's experience while transacting with the Bank.

Transformation of Core Banking Solution
The Bank has started its journey towards transformation of its existing core banking system to a new and robust one. A roadmap to achieve the goal has been chalked out and accordingly a consulting firm has been appointed to carry out the preparatory tasks of (a) existing system study i.e. AS-IS study, (b) TO-BE preparation and (c) RFP preparation.

Enhancements in Core Banking System
During the year, the existing Core Banking System (CBS) has also seen a number of customizations to accommodate various changes required by different business units. As part of the customization, the Central Compliance Unit (CCU) was provided with a number of reporting and monitoring tools such as off-site monitoring report, customer information, business profile and transaction trend to centrally paving the way to ensure AML & CFT guideline of Bangladesh Financial Intelligence Unit.

Improvement in Storage Capacity
With the increase in technology based services and subsequent regulatory recommendations of preservation of data logs, the bank was in need of having large capacity storage systems. In 2016, storages were installed having storage to storage replications resulting in maximum availability.

Introduction of Agent Banking
As part of the Bank's vision to extend its services to the unbanked segment of the population and thereby helping the country towards its journey to becoming the most financially inclusive emerging economy, Agent Banking was initiated in 2016 where IT played a pivotal role in automating the system. Since the operations of Agent Banking were unlike the conventional banking system and dependent upon the technology mostly, a new system was implemented this year called Agent Banking System (ABS). The ABS is integrated with the CBS and is able to provide almost all kinds of banking services to the customers at the agent points.

Expansion of ATM & POS
Since the inauguration of first MTB ATM in the year 2011, the bank now has over 230 ATMs across the country in 190 strategic locations, making MTB one of the top ATM service providing banks in the country. Constant effort is being given to further expand the ATM network and broaden the customer reach. MTB ATM Installation Committee (MAM) is also taking regular statistics on the transaction of every ATM and analyzing the transaction behavior to decide whether MTB needs further ATMs in a particular area or relocate the underutilized ATMs elsewhere. With increase in ATMs in strategic areas, the bank has become successful in directing the MTB card users to use MTB ATM. This shift was possible only due to the cardholder's confidence in MTB's ATM services. MTB has 10 cash deposit machines (CDMs) countrywide to facilitate round the clock cash deposit.

At present, approximately, 98% of cash withdrawals by the MTB cardholders take place through MTB's own ATM network while 2% through the National Payment System Bangladesh (NPSB) and VISA and Master Card network. A study shows that MTB customers perform cash withdrawal of more than BDT 1,300 Million per month through MTB ATM network, and make 55,000 requests for balance inquiry and mini statement per month. In 2016, cash withdrawal amount by cardholders of other banks was more than BDT 5 Billion and the total number of such withdrawal transactions through MTB ATM network was 0.5 Million.

MTB POS network also expanded at a fast pace. Presently there are about 3,000 (as of December

31, 2016) POS machines deployed across the country contributing towards generation of a handsome amount of low-cost fund. Every month, MTB Card Division is adding 50-60 POSs to the network resulting in a continuous increase in overall transaction volume.

Transformation of Card Management System (CMS)
In 2016, MTB migrated to a renowned card management and switching system software Tranzware, which is capable of handling standard transactions of all types of payment systems.

Mobile Recharge from ATM
MTB started offering mobile recharge from MTB ATM for its debit cardholders. Mobile recharge for all operators is possible through MTB ATM.

New Features in Mobile Apps
During the year, MTB added new features in Mobile Application, such as card discount partners' information and MTB Flexipay information.

SMS Push Pull Notification
Balance enquiry or obtaining a mini statement has become easier for MTB customers as they now can get these services by sending a simple SMS to a specific mobile number.

Contact Centre
2016 has been an amazing year for MTB Contact Centre completing its fifth successful year of operation. In 2016, MTB Contact Centre received an average of 27,000 inbound calls monthly with 88% service level and successfully served each and every client. The Contact Centre also made outbound calls to an average of 15,500 customers per month. With an average 25% increase in call volume per year, MTB Contact Centre has redefined customer convenience.

Risk Management Division

Risk Management
Risk is the probability of an adverse occurrence intensified by the impact of the same. In MTB, 'Risks' are considered as an integral part of doing business. Taking judicious care of a variety of unfavourable events that might create hindrances to the fulfilment of organizational objectives is of paramount importance. It is perceived that a 'risk event' can arise from anywhere, at anytime, in any form, and in unexpected ways. Keeping these fundamentals about risks in mind, risk management in MTB is being conducted a forward-looking vision about the business and economic environment within which it operates. Thus, ensuring the economic risk-adjusted returns the of stakeholders' value by taken risk aware decisions, and growing in a sustainable manner has become MTB's top priorities. Vigilant risk management is, in that perspective is, among MTB's foremost responsibilities. Prudence and circumspection are the cornerstones to ensure sustainable profitability, and build further upon its continuous growth, and achievements.

For appropriate trade-offs between risk and return, a well-structured, and proactive risk management system is in place within the bank. Policies, procedures, guidelines, and processes are also in place to proactively identify, measure, mitigate, and monitor risks relating to credit, market, operations, information and technology, asset-liability mismatch, foreign currency, money laundering, terrorist financing, reputation, settlement and so on.

MTB's risk management structure includes independent risk management division and clearly identifies the duties and responsibilities of relevant divisions/departments. Besides, MTB encourages its employees at all levels to adhere to the regulatory, as well as internal, policies, guidelines and procedures in an ethical way, abiding by the MTB Code of Conduct for better protection against any probable risk.

Risk Governance
MTB's risk governance structure specifies the policies, principles and procedures for overall corporate risk management decisions. MTB follows an active risk governance structure, which is designed to improve the results of the organization by identifying and removing the causes that hinder its growth and by mitigating and managing the associated risks. MTB's risk governance is characterized by the following features:

- MTB has an effective Board of Directors (BoD) which steers the company to meet its business goal both in the short term and long term;
- The BoD has an appropriate mix of skills, experience and independence that enables its effective discharge of duties and responsibilities;
- BoD appropriately empowers its various committees;
- BoD formulates strategies by considering risk and reward over time;
- BoD informs shareholders and, where applicable, other stakeholders of its stewardship;
- MTB operates its risk management and control activities independently.

Risk Governance Structure at MTB



- MTB's Risk governance evolves and improves over time in line with the broader principles of corporate governance.

Board and senior management oversight plays a pivotal role in risk governance structure. They define risk appetite, design the organizational structure to manage the risks within the bank, understand the inherent risks of the bank, review and approve risk management policies, limits and review the same at least annually, enforce and use adequate record keeping and reporting system, monitor compliance with overall risk management policies and limits.

1. Organizational Focus & Arrangement

To ensure robust risk management structure, MTB's transparent and sturdy governance made it possible to have different policies in place, which are reviewed by the Board Risk Management Committee (BRMC) and approved by the Board. Risk management policies are:

i. Credit Policy with Credit Risk Management Guidelines;
ii. Asset Liability Management Manual;
iii. ICC Policy;
iv. AML & CFT Policy guideline of MTB;
v. Foreign Exchange Risk Management Policy & Guideline;
vi. ICT Policy;
vii. Wholesale Borrowing and Funding Guidelines;
viii. Liquidity Contingency Plan;
ix. Management Action Trigger;
x. Fraud Detection and Management Process;
xi. Valuation Methodology of Collateral;
xii. Internal Capital Adequacy Assessment Process (ICAAP).

2. Risk Identification

MTB, through its experienced risk management team, and strong framework, identifies risks namely, credit risk, market risk, operational risks, residual risk, strategic risk, liquidity risk, concentration risk, reputation risk, asset liability risk, money laundering risk, foreign exchange risk, information and communication technology risk, environmental risk, interest rate risk, and other material risks.

3. Risk Measurement

Measuring the risks paves the way to decide, how much risk the management can mitigate, and in which ways. MTB applies a variety of qualitative and quantitative methods to measure risks in a proper way. These methods are Capital to Risk Weighted Asset Ratio (CRAR), Internal Capital Adequacy Assessment Process (ICAAP), Financial Spread Sheet (FSS) analysis, Credit Risk Grading (CRG), credit concentration, market concentration, and credit rating conducted by External Credit Assessment Institutions (ECAIs).

4. Risk Monitoring and Reporting

MTB has different divisions/units, which are transparently playing their roles for continuous monitoring, and identifying the probable risks at earlier stages. Risk monitoring efforts seek to ascertain whether the risks lie within the credit or market, or operation. Monitored risks are, then, reported to the management. Management reporting helps compare the risks, and risk appetite of the Bank; and suggests the management about risks acceptability in terms of rationality and Bank's capacity.

5. Internal Control & Comprehensive Audit

External factors are unpredictable in most of the cases, and are less easy to deal with. Therefore, controlling the internal environment is the best way to mitigate the related risks, or to avoid the exposure to any risk. MTB has an excellent culture of controlling internal affairs through financial units like Internal Control and Compliance Division, which includes audit unit, monitoring unit, and also serves as a legal unit. This particular division is designed to ensuring absolute compliance with laws and regulations. Also an external audit firm conducts a comprehensive audit annually to detect instances of noncompliance, violation, or risks within the Bank, and reports the findings to the management.

6. Reporting to the Regulator(s)

The Bank has developed a vigilant risk reporting system to cover different levels of risks like product level risk, industry wide risk, and enterprise wide risk. The responsible division, Risk Management Division, prepares risk reports monthly, quarterly, half-yearly and yearly, and presents the same to Bangladesh Bank (BB).

Functionally, MTB accomplishes its risk management processes at strategic level, at managerial level, and at operational level.

Risk Management Levels at MTB

STRATEGIC LEVEL

- At strategic level, MTB Board of Directors (BoD) defines the risk appetite and approves overall risk policies, procedures, and guidelines for the bank.
- The Executive Committee (EC) reviews risk management policies, and recommends to the Board of Directors; approves loans and investments, and administers various functions assigned by the Board.
- The Board Risk Management Committee (BRMC) sets up risk governance structure, and risk philosophy to ensure adequate capital, and appropriate capital adequacy assessment process to accommodate the present, and future business operation. This committee also reviews risk policies and recommends to the Executive Committee.
- The Audit Committee (AC) is responsible for reviewing the adequacy of the Bank's risk management processes, policies, and the effectiveness of implementation of the risk management system.
- All Risk Committee (ARC) continuously monitors policies, and the threshold limits of risks, that may be taken in line with bank's risk appetite.

MANAGERIAL LEVEL

- At managerial level, the policies and the strategies formulated by the BoD are implemented by the management.
- The Credit Evaluation Committee (CEC)
- The Assets-Liability Committee (ALCO) works for managing market price risk, liquidity risk and interest rate risk in a better way.

OPERATIONAL LEVEL

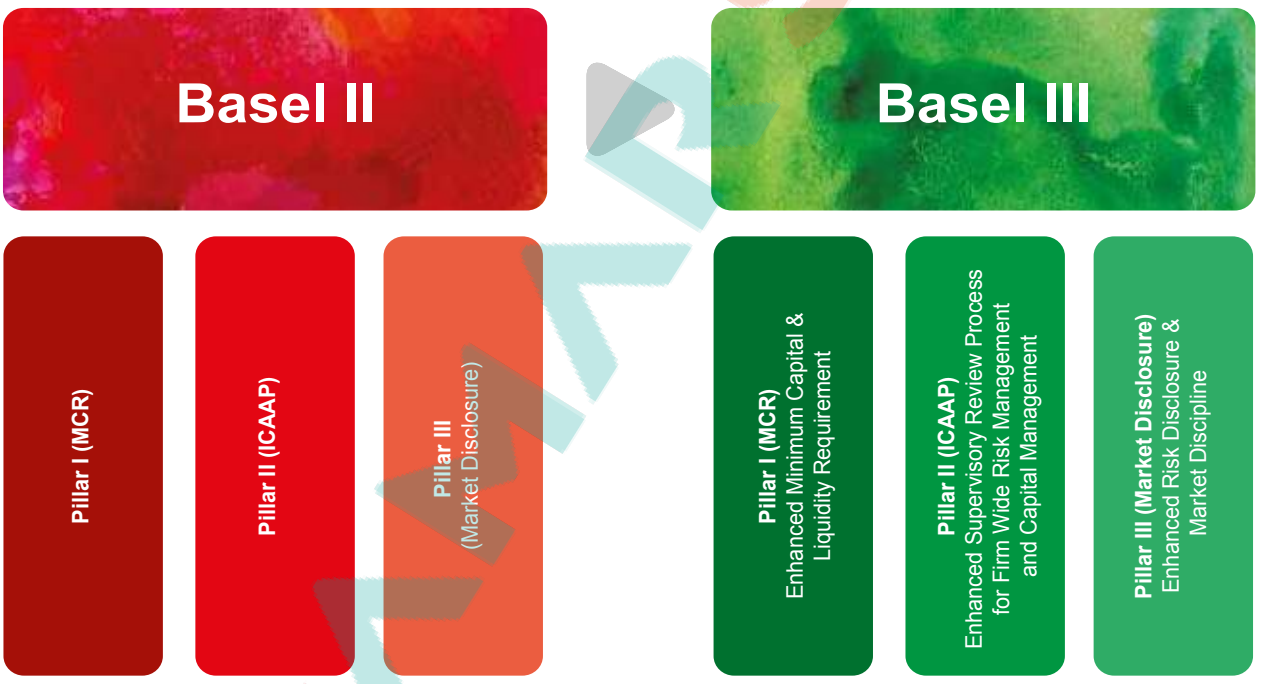
- Operational level encompasses on-the-line risk management, where risks arise from front office, or from credit desk of the bank. At this level, MTB, with the various divisions and officers, are working rigorously to combat those risks.
- MTB established Credit Risk Management Division (CRM), Credit Administration Department (CAD), Internal Control and Compliance Division (ICCD), and Risk Management Division (RMD) to mitigate risks in a better way.
- MTB also has Branch Anti Money Laundering Compliance Officer (BAMLCO) for every Branch under dedicated Chief Anti Money Laundering Compliance Officer (CAMLCO) to manage money laundering risks.

Risk Management Practice Aligned with Basel Accord

As a Basel compliant bank, MTB follows international best practices in risk management as per Basel norms, which makes its capital more risk sensitive and resilient. Basel Committee on Banking Supervision (BCBS) has transitional arrangements to implement the Basel III standard, which is an improved version of Basel II, to ensure that, the banking sector can meet the higher capital and liquidity standards through retention of reasonable earnings and raising capital, while optimally supporting the credit needs of the economy. In line with the Basel framework, Bangladesh Bank has issued guideline on transitional arrangements for Basel III implementation in Bangladesh. The phase-in arrangements for Basel III implementation in Bangladesh, introduced by Bangladesh Bank, are being and will be followed by MTB. MTB is in the process to fully implement Basel III from January 2020. MTB's capital structure is governed by the 'Guidelines on Risk Based Capital Adequacy (RBCA) for Banks' issued by Bangladesh Bank (BB). RBCA guidelines encompass risk management framework of the bank by Pillar-I (Minimum Capital Requirement, MCR), Pillar-II (Supervisory Review Process, SRP) and by Pillar- III (Market disclosures).

In compliance with the Pillar-I guidelines under Basel norms, MTB computes regulatory capital for credit risk, market risk and operational risk. Bank has adopted Standardized Approach (SA) under credit risk, Basic Indicator Approach (BIC) under operational risk and Standardized Approach (SA) under market risk to compute regulatory capital. Credit ratings done by the External Credit Assessment Institutions (ECAIs) are used for risk weighting of corporate and SME.

Basel II vs Basel III



MTB has been successfully maintaining capital above the minimum capital requirement against credit risks, market risks, and operational risks. In 2016, capital to risk weighted asset ratio of MTB at consolidated level was 11.11% at the end of March, 11.80% at the end of June, 11.75% at the end of September and 11.29% at the end of December. MTB has appropriate organizational structure, procedures, and strategies in place for proper and prompt risk management.

To comply with the Pillar-II norms (Supervisory Review Process) of Basel III, MTB follows its Board approved policy on the Internal Capital Adequacy Assessment Process (ICAAP), which covers identification and measurement of risks other than the risks under pillar I (Credit Risk, Market Risk and Operational Risk). Supervisory Review Process (SRP) is intended to ensure that, the bank has adequate capital to support all the risks viz. residual risk, liquidity risk, credit concentration risk, reputation risk, strategic risk, settlement risk, Information and technology risk, environmental risk, and other material risks in its business. Side by side, it assists the bank in developing, and using better risk management techniques in monitoring and managing those risks.

Under SRP, MTB computes additional capital requirement, which is finally determined by SRP and SREP (Supervisory Review Evaluation Process) through dialogue.

MTB adopts Stress Testing technique to measure its vulnerability to the impacts of exceptional but plausible events. The test is conducted quarterly, and findings are submitted to the All Risk Committee (ARC), the Board Risk Management Committee (BRMC), the Board, and the Bangladesh Bank (BB). Stress testing is carried out by assuming three levels of shocks viz. minor, moderate, and major on the following areas:

- Interest rate changes;
- Forced sale value of collateral;
- Non-performing loans (NPLs);
- Share prices;
- Foreign exchange rate;
- Changes in credit rating;
- Liquidity.

To meet Pillar III requirements of Basel III, MTB has adhered to the disclosure norms as stipulated in the guidelines of Bangladesh Bank. The disclosures for every year are available in the Bank's annual report and website.

MTB Risk Management Practice on Six Core Risk Areas

MTB conducts its operations by ensuring compliance with the Core Risk Management Guidelines, which covers the following risks:

- Credit risk
- Asset Liability risk
- Foreign Exchange risk
- Internal Control and Compliance risk
- Money Laundering risk
- Information and Communication Technology risk

Credit Risk Management

Credit risk is the probability that, a Bank's borrower or counterparty will fail to meet its obligations in accordance with agreed terms. To manage these risks, MTB's credit functions are conducted in a compliant manner under strict, judicious and rational credit policies and principles in conformity with Credit Risk Management (CRM) guidelines of Bangladesh Bank (BB). MTB approves credit to the eligible clients through credit processing system. MTB's international trade service operations are conducted through its three main offices known as 'MITS'. In MTB, renewal and extension of any credit facility require completion of pertinent due diligence processes including, as applicable, stock verification, rigorous need assessment, insurance coverage of the insurable objects, judicious collateral coverage, cash flow, supported repayment capacity, etc. MTB panel lawyers examine the security related documents to reduce the residual risks. Other than these, the mechanisms and tools, through which MTB manages credit risks, are as follows:

Exposure Ceilings

MTB has its lending cap for different business sectors, industries, and locations, which is strictly tried to be adhered to. Lending cap is constantly reviewed in order to remain reasonably aligned with the business needs. The Bank never exceeds the Single Borrower Exposure Limit set by the Bangladesh Bank (BB).

Prudent Credit Sanctioning Process

Credit initiation and approvals, in MTB, are done in a segregated manner. Each and every sanction is done through a very stringent evaluation process, which, in fine, ensures quality of assets and minimizes losses likely to arise from potential bad loans. In order to make credit operations judicious, quality and rewarding, MTB has a strict credit policy in place. The policy, among others, requires:

- Clean and up to date Credit Information Bureau (CIB) report of the Client;
- Verification of the collaterals by the enlisted surveyors and obtaining legal opinion on acceptability of the collaterals and protecting banks interest.
- Ascertaining credit worthiness and need of the borrower, purpose and sources of repayment;
- Conducting lending operations complying with the norms and regulations;
- Maintaining rational loan deposit ratio;
- Avoiding directed and name lending.

Credit Monitoring

MTB Credit Monitoring Department (CMD) monitors the asset (loan) portfolio of the Bank continuously. MTB's credit monitoring system provides an early indication/ alert about the deterioration of the status of the loans that allows immediate launching of effective management actions in a rational manner to prevent them from turning into Non-Performing Loans (NPL). Statements on early alert accounts, delinquent and special mentioned accounts are generated timely. MTB's credit monitoring tools are effective to keep the overdue and SMA loans well below the industry average.

Portfolio Management

Credit concentration is against the spirit of diversification of portfolio in as much as it enhances credit risks. To avoid concentration, the principle of judicious credit diversification is followed in MTB, keeping in mind the essence of regional/ sectoral/ group concentration. Any exceptions in credit operations are considered for approval at appropriate level.

Review/Renewal

All credits approved on revolving basis are annually reviewed and renewed if found renewal worthy by

the appropriate authority as per Credit Approvals Discretion. Credits - continuous or term-based - are reviewed to ascertain the regularity in transaction and repayments as per covenants of the approvals.

Borrowers' Credit Rating

Under the Standardized Approach of Risk Based Capital Adequacy (RBCA) guidelines of Basel-III, prescribed by the Bangladesh Bank, rating of the borrowers is an effective and efficient tool to manage credit risks. Good rating (i. e. low risk weight) of the borrowers, which facilitates identification of the borrowers as quality/rewarding one, also requires less capital. For achieving these, two fold objectives and also to comply with the requirements under Basel III, management has assigned priority on ECAI rating of all the eligible clients.

In its constant effort to understand the risk intensity of the assets, extent of capital relief and also in order to be able to make appropriate choice in respect of selection of the borrowers, ECAI rating status is monitored every day at Risk Management Division. With the laying of adequate importance on ECAI rating, the number of ECAI rated clients has increased significantly.

Non-performing Loans (NPLs) Management

Despite all out efforts by the Credit Monitoring Division (CMD), if any loan becomes classified, Special Asset Management Division (SAMD) takes immediate action. SAMD operates independently to prepare and implement overall action plan and recovery strategies. The division works in coordination with the branches, concerned Corporate Head Office's (CHO) divisions, legal department, and conducts door-to-door recovery drives for Non-Performing Loans (NPLs). The tools and strategies for Non-Performing Loans (NPLs) management as applied by SAMD are designed in a manner to keep the NPL much below the critical level as per recognized/ institutional standard.

Environmental Risk Management

Environmental risk is a facilitating element of credit risk arising from environmental issues. These can be due to environmental impacts caused by and / or due to the prevailing environmental conditions. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction.

The overall purpose of Environmental Risk Management is to understand and manage risks that arise from environmental concerns. This brings a focus on planning and implementing policies and procedures to mitigate environmental risks.

The specific purposes are to:

- Examine the environmental issues and concerns associated with potential business activities proposed for financing,
- Identify, evaluate and manage the environmental risks and the associated financial implications arising from these issues and concerns,
- Enhance the credit risk appraisal process.

Based on different environmental risk levels, MTB considers the following approval level as ideal and appropriate.

- If the EnvRR is high, the proposal for financing to be approved by the Board or Executive Committee within its authority.
- If the EnvRR is low or moderate, the financing decision to be taken on the basis of usual credit risk management guidelines.
- If the EnvRR is unclear, then it is required for the Marketing/Relationship Management to collect more information from the borrower so as to gain an understanding of the inherent risks and arrive at a high/moderate/low decision. Should a risk factor not be applicable, it may be excluded from the total number of questions used in calculating.

Asset Liability Risk Management

Asset Liability Management (ALM) is considered as a key Balance Sheet Risk Management discipline, which mainly focuses on Liquidity Risk, Interest Rate Risk, and Exchange Rate Risk of the Bank. As per Bangladesh Bank (BB) guidelines, MTB has a fully functional Asset Liability Committee (ALCO) for prudent Balance Sheet Risk Management. The committee consists of the Managing Director & Chief Executive Officer as the Chairman of the committee, Additional Managing Director & COO, all the Deputy Managing Directors, and strategically important Divisional Heads of Corporate Head Office (CHO) as members. To address and mitigate various risks involved in the business, ALM desk of MTB Treasury prepares Asset Liability Committee (ALCO) paper as per the guidelines of BB in each month, and conducts monthly ALM meeting, where global & economic outlooks, as well as financial fundamentals of the Bank are highlighted.

Foreign Exchange Risk Management

Foreign Exchange Risk is related to the fluctuation in earnings due to change in market prices. As per the Foreign Exchange risk management guidelines of Bangladesh Bank (BB), MTB has Board approved different risk limits for Foreign Exchange dealing operations and generally, all the deals are done meticulously within the Board approved limits. MTB has a well-defined internal approval and reporting procedures to report on Foreign Exchange business activities on a regular basis to the senior management. Moreover, BB has given Net Open Position (NOP) limit based on MTB's total capital and some other qualitative parameters. In order to minimize Foreign Exchange risk and to fulfil regulatory requirements, MTB maintains NOP limit very meticulously.

Internal Control and Compliance Risk Management

MTB has a structured Internal Control and Compliance (ICC) Division with the following three distinct units, headed by a senior level executive:

- Audit and Inspection
- Compliance
- Monitoring

The mission of MTB's compliance function is to promote the culture and practice of compliance of legal and regulatory requirements, as well as the Bank's ethical standards. Internal Control & Compliance Division reports on non-compliance, detected by the internal and external audits to the Audit Committee of the Board for appropriate and necessary action. Under the Board Audit Committee's supervision, ICC division is responsible for assessing and monitoring adequacy of the Bank's internal control systems, risk management, and regulatory compliance. The Bank's main objectives are to ensure that, the Bank's internal control system is adequate, appropriate, and thorough; information is accurate, complete, reliable; and that the Bank complies with the germane regulations.

Money Laundering Risk Management

Money laundering and terrorist financing are global phenomena, apparent in almost every part of the world. Emerging sophisticated techniques of moving illicit money are compelling the financial intermediaries to make their compliance program more rigorous. MTB, as a compliant bank, is determined not to let money launderers and terrorists or perpetrators to use the bank as a channel to launder money or finance terrorism in any possible way.

Hence, MTB has its own anti-money laundering (AML) & combating financing of terrorism (CFT) compliance program. It has been designed considering the range of activities, complexity of operations and the nature and degree of money laundering and terrorist financing risks faced by the bank. Certainly, it is designed as per the prevailing laws i.e., The Money Laundering Prevention Act, 2012 (Amended 2015), The Anti-Terrorism Act, 2009 (Amended 2013), relevant rules i.e., The Money Laundering Prevention Rules, 2013, The Anti-Terrorism Rules, 2013, Bangladesh Financial Intelligence Unit (BFIU) guidelines i.e., Money Laundering and Terrorist Financing Risk Management Guidelines, Money Laundering and Terrorist Financing Risk Assessment Guidelines, circulars and instructions and international standards. MTB applies risk-sensitive Customer Due Diligence (CDD) measures, monitors business relationships and suspicious transactions pursuant to the national regulations and international standards.

Information and Communication Technology (ICT) Risk Management

MTB wants to grow by ensuring the total security of the customers, and all other stakeholders. In the backdrop of an increased reliance on complex IT systems and operations in the financial sector, the risk of cyber-attacks and system disruptions is high. In this regard, MTB has been continuing to deepen its technology risk management capabilities by adopting strong "IT Security Policy", and its adherence to the same. These principles define responsibilities and requirements for protecting information systems, hardware, network, related communication technologies, and their use in providing financial services.

Cyber Security Management

Constant change, unpredictability, and uncertainty have made cyber security everyone's responsibility. Therefore, continuous awareness program for everyone, employees and clients, about cyber security goes round the years in MTB. The Bank reminds the employees about security in every possible ways as a continuous process.

Cyber security has become imperative to our business process. Practice in building walls in an attempt to block out all malware, and making organization cyber-resilient is going on side by side. In practice, a handful of initiatives including firewalls, perimeter security, vulnerability testing, and intrusion-prevention is in place to check, and strengthen the preventive measures against cyber-attacks.

State of the Art Data Centre

As part of effective risk management, a state of the art data centre has been established at MTB's own premises at "MTB Tower", while the previous Data Centre located at Dilkusha, has been shifted to the aforesaid location. This Data Centre is equipped with sophisticated data replication technology to protect loss of customer sensitive information, and their transaction in case of failure of primary data centre due to any disaster.

Vulnerability Test

Apart from strengthening ICT infrastructure platform, the bank also focused on identifying its security risks by conducting penetration, and vulnerability tests on its existing services.

The core firewall of the bank is in the process of being replaced by the state of the art latest firewall to screen, and to nip the external threats in the bud from entering the bank's core network channels. This will also restrict the internal users from visiting the suspicious and harmful websites, and the incoming emails for spam and scam links.

EMV Chip Based Card Products and Alternate Delivery Channels

In 2016, the Bank adopted the most recent advancement to combat fraud, and protect sensitive payment data in the card with EMV (Europay, MasterCard, Visa) technology, also called chip-and-PIN technology. MTB did it because chip-enabled card is more secured than magnetic stripe card. Data from a traditional magnetic stripe card can be easily copied or skimmed which can reproduce a counterfeit card. However, it is tough in case of EMV and chip based card as, verification by the point of sales device ensures authenticity of the transaction.

To provide 24/7 service and saving time of the customers giving convenience, as well as to reduce pressure of human transit in the branches, the Bank has improved automation and alternate delivery channels on a praiseworthy position.

Disaster Recovery Site

As an important and foresighted pre-management of any disaster (natural and man-made), the Bank's data is preserved in a secured site. This is known as Disaster Recovery Site from which it would be possible to bring, and restore data in post-disaster period for normalizing the bank's operations.

IT Audit Team

Following the Bangladesh Bank's (BB) guidelines, MTB has formed an IT Audit Team in its IT Division. The members of the team audit the branches and various divisions of Head Office, report to the authority, and suggest necessary actions.

GREEN BANKING

Green Banking Concept

The concept of 'Green Banking' originates in modern banking approaches. The concept has actually been derived from ethical banking which seeks to mitigate the hazards of climate change due to global warming. Climate change has a direct impact on biodiversity, agriculture, forestry, water resources and human health. Due to unusual weather pattern, rising greenhouse gas emission and declining air quality society demands that businesses also take responsibility of safeguarding the planet. Green finance as a part of green banking can make great contribution to the transition to resource-efficient and low-carbon industries i.e. green industry and green economy in general.

Green banking is a component of the global initiative by a group of stakeholders to save the environment. The environment in Bangladesh is rapidly deteriorating. The key areas of environmental degradation are: air pollution; water pollution and scarcity, encroachment of rivers, improper disposal of industrial, medical and household waste, deforestation, loss of open space and loss of biodiversity. In addition, Bangladesh is one of the most climate-vulnerable countries. In line with global development and response to environmental degradation, the financial sector, as one of the key stakeholders in society, should play its due role.

Bangladesh is one of the worst victims of global natural pollution through industrialization of the western nations. Under such risky environmental threat, financial sector of Bangladesh is playing a key role as an important stakeholder of the economy encouraging the businessmen and industrialists of the country to design their various strategies and action plans for addressing critical environmental issues.

Bangladesh Bank initiatives for Green banking

Bangladesh is one the most environmentally impacted countries in the world; keeping this in mind, Bangladesh Bank issued policy guidelines for Green Banking in February 2011. According to the guidelines, all operating banks and financial institutions need to take effective measures to conduct environment-friendly banking activities in the country. Bangladesh Bank has also issued a common reporting format to all the commercial banks to report green banking activities. Banks and financial institutions now regularly submit a quarterly report to the Bangladesh Bank on their performance of green banking activities.

Bangladesh is committed to pursuing low-carbon green development without compromising the imperative of faster economic growth and social development. Formulation of two refinance schemes of BDT 2 billion for Renewable Energy and Green products and USD 50 million for Brick Kiln Efficiency Improvement projects are important initiatives taken by Bangladesh to save the planet. Also a comprehensive guideline on Corporate Social Responsibility (CSR) has been issued where banks have been asked to concentrate on linking CSR activities at their highest corporate level for ingraining environmentally and socially responsible practices and engaging with borrowers in scrutiny of the environmental and social impacts of their undertakings.

MTB's Green Initiatives

MTB, one of the leading compliant commercial banks of the country, is devoted to complying with the environmental regulations, maintaining ecological balance and contributing to ensure our planet is

safely habitable for all living beings. In compliance with Bangladesh Bank guidelines, MTB has formed Green Banking Cell aiming to develop green banking policies, as well as to plan and oversee the overall green banking. To ensure Green Banking practices in the bank, MTB has formulated a Green Banking Policy as instructed by Bangladesh Bank, covering areas that ensure sustainable environment i.e. in-house environment management, green financing and awareness building among the stakeholders of the Bank.

MTB Green Office Guide
The Bank has developed its Green Office Guide for all employees to educate and build awareness on green banking activities and provide instructions on efficient use of energy, water, paper, etc. It is formulated as an effective tool to improve in-house 'green' management at MTB.

Inclusion of Environmental Risk Policy in the Credit Risk Management Policy
MTB has incorporated the Environmental Risk Policy within its Credit Risk Management (CRM) Policy to improve the CRM principles and the due diligence review. The Bank extends facilities to its client following Environmental Due Diligence (EDD).

Development of Green Product for Financing
MTB, as a responsible corporate entity, is strongly committed to increasing sustainable energy financing in Bangladesh. To make this commitment come true, the bank has developed a dedicated product named MTB Green Energy. This loan is an environment friendly Green Credit product offered to the prospective customers to set up renewable energy projects such as solar, biogas, wind, and hydro and any other potential renewable plants to help reduce the carbon footprint in the country.

MTB's Green Marketing System
With the support of all available modern amenities, MTB has already established a complete Information and Technology (IT) based green marketing system. It constantly encourages its customers through e-mail and other electronic means to use environment friendly banking tools. All MTB outlets across the country send e-statement, e-card in the festivals and other necessary documents online to reduce paper trail. MTB always encourages the clients to communicate and to send documents through e-mail with a view to doing the same

Online Banking and Internet Banking Facilities
Going online in most cases means going paperless and availing self-service. It improves efficiency and reduces traffic at the branch premises. MTB, to maximize mutual benefits, is providing online banking facilities through its core banking system across the country. Fund Transfer to other banks' accounts through BEFTN has also been made available through Online Banking. As a result, customers can execute fund transfer to any other account across the country through paperless and automated Online Banking. Other than this, MTB also offers convenient, accessible 24/7 and safe real-time Internet Banking facilities to its customers. MTB Internet banking enables its customers to avail the services such as balance enquiry, balance transfer, viewing account statement, mobile recharge, utility bill payment etc.

MTB's SMS Banking Facilities
For instant access to a customer's account information at any time, MTB provides SMS Banking service to its clients. Any mobile phone user having an account with MTB can obtain the service through his/her mobile phone upon subscribing. By using SMS banking, MTB customers can avail the services such as balance enquiry, mini statement, transaction alert, etc.

ATM with National Payment Switch Bangladesh (NPSB) Network
In addition to the Bank's own 226 ATMs, the Bank has already joined National Payment Switch Bangladesh (NPSB) Network. This system enables the Debit Cardholders of the Bank to enjoy cash withdrawal facility from other ATMs under NPSB Network. MTB has been using the BACH and BEFTN mechanisms for convenient payment activities, which, to a great extent, support the concept of green banking.

Capacity Building
MTB is committed to capacity building of its officials for training, and workshop. Last year, MTB arranged green banking training programs regularly for its employees to create awareness about Green Banking aspects. In addition, officials of the Bank attended various other training programs, workshops and seminars on Green Banking arranged by Bangladesh Bank Training Academy and Bangladesh Institute of Bank Management (BIBM) and other institutions.

MTB Green Building
MTB has designed its two corporate Head Office buildings named "MTB Centre" and "MTB Tower" as fully green buildings with motion sensor lighting system. Lights are automatically turned off if there is no human movement in the room. Solar power system has also been installed on the rooftop of the buildings. Both buildings are designed to reduce energy consumption significantly and make MTB a green and environment friendly bank in the true sense.

MTB Tower has introduced the facilities of rain-water

harvesting and eco-friendly carpet, a carpet made of wool, a natural fibre processed without using any chemical treatment. The state of the art rain-water harvesting plant has a capacity of 10,000 litres.

As part of its green initiatives, MTB has established nine solar powered ATMs, which consume significantly less energy compared to other conventional banking outlets.

Energy & Water Management
The Bank has been advising its staff to adopt energy and water efficient practices. They have been also advising to emphasize efficient use of gas with a view to reducing fuel electricity and water emission. Energy saving bulbs and products with eco-friendly features are also being used in the Bank offices.

Paper Consumption Management
Papers printed on one side have been introduced for drafts and notes in MTB workplace. In addition, most of the inter branch correspondence has become paperless with use of e-mail. MTB has a strong Intranet, MNet, through which MTB officials can easily communicate with each other. All internal communication, information sharing, e-notice board maintaining, online leave management, e-dispatch, e-attendance, notification of Bangladesh Bank (BB) and MTB circulars take place on this Intranet.

MTB's Financing in Green Projects
MTB promotes and supports environment friendly responsible financing. Besides dedicated MTB Green Energy loan a client can avail other loan facilities for their green initiatives. During 2016, the Bank extended green financing under MTB Green Energy loans of BDT 625 million to different green projects such as tunnel kiln brick manufacturing, effluent treatment plant, solar home system and oil generation from tyre. MTB also offers different product wise loan portfolios supporting green initiatives amounting to BDT 1488 million.

MTB's Way Forward for Green Banking
MTB is highly committed to building a sustainable business without causing any environmental degradation, biodiversity depletion or natural resource destruction. MTB is also committed to bringing the utmost benefit to the society, environment and the economy of Bangladesh through its efforts. For a greener world, MTB's future planning regarding Green Banking covers the following areas:

- Increase green financing at lower interest rate for installation of environment friendly solar energy plant, biogas plant, bio fertilizer plant, renewable energy plant, effluent treatment plant and Hybrid Hoffman and Tunnel kiln projects for the production of brick.
- Continue investment and support for Alternative Delivery Channels (ADC) such as ATM, Debit Card, Credit Card, Internet Banking, Mobile Banking, Kiosk, POS terminals, BACPS, BEFTN and SMS Banking for making banking services easier and convenient for its customers while leaving less carbon footprint.
- Adopt Biometric Smart Card in near future.
- Introduce video conferencing system to cut down physical visit and increase participation of branch officials in meetings.
- Install solar panels in its branches and ATM booths.
- Participate in and organize green events such as observance of World Earth Day and World Environment Day
- Continue to provide training and workshop on Green Banking to employees.
- Arrange more seminars to create customer awareness regarding Green Banking and to promote the Green Products.

CORPORATE SOCIAL RESPONSIBILITY

MTB holds a conviction that in the long run being compassionate to the society will not only do good to the underprivileged but also be beneficial to the organization. In line with that, MTB believes Corporate Social Responsibility plays a significant role in its business strategy of responsible growth and connects MTB to its very basic purpose of making people's financial lives better around the communities. Realizing this, the bank had introduced **"Bravery & Courage"** award in 2012 for the first time in the industry and since then, has been recognizing different acts of bravery. How the bank engages in the communities in which it operates, is tied closely to the business it does with customers and clients in those communities. Responsible banking has always been an understanding of MTB's culture and approach to business. Moreover, the bank determinedly refines its CSR governance to meet embryonic societal hope and business needs. In accordance with the bank's policy to nurture the primary education sector in the rural hard-to-reach areas, MTB launched a special & unique campaign titled **"Swapno Sarathi"** in 2015. This campaign aims at providing students with bicycles with a view to facilitating their movement to and from schools and the distribution of bicycles has crossed

thousand in number. According to the management of MTB, every stakeholder has the right to become better off. So being a conscientious partner of the society is integral to the triumph of any business. In order to create a sustainable business in terms of protection & surging, doing the right thing to all the stakeholders has no substitute. 2016 has been a positive year for MTB in terms CSR activities. During the year, the bank focused on diverse areas of social development ranging from community health to disaster management, sports, education, and support for underprivileged women and children etc. Some of the major CSR activities of 2016 are noted below:

Financing Health Program at Char Patila in Partnership with MRDI and UDT

With a view to developing the health conditions of the underprivileged people of Char Patila at Char Kukri Mukri of Bhola District, the bank, as part of its CSR initiatives, agreed to finance a health program in partnership with Management and Resource Development Initiative (MRDI) and Unnayan Dhara Trust (UDI). According to the MOU, Unnayan Dhara Trust (UDT) is in the process of implementation of the project/health program for the people of the above mentioned area under the close monitoring of Management and Resource Development Initiative (MRDI) and financed by MTB.

MTB signs MOU with ActionAid for building a school at Char Montaz in Patuakhali

MTB signed a memorandum of understanding (MOU) with ActionAid International Bangladesh to help build a school for underprivileged children's right to safe and adequate school structure at modhya char Montaz, Golachipa, Patuakhali.

MTB accords Reception to Under-16 Women Footballers

Mutual Trust Bank Limited (MTB) accorded a reception to Bangladesh U-16 Women's Football team at the conference room of Bangladesh Football Federation (BFF) this year. The Bangladesh Under-16 Football team emerged unbeaten champions in the AFC U-16 Women's Championship Qualifiers to reach the final round of the Asian meet in Thailand next year. The Mutual Trust Bank handed over a cash award, a bicycle and a kit bag to each player of Bangladesh Under-16 Women's Football team at the function and assured BFF of its all support for the development of country's women's football in the coming days.

MTB's "Swapno Sarathi" Campaign

The campaign aims at motivating students, mainly female, with the motto "school-e jete durotto jeno badha na hoy" by providing them with bicycles with a view to facilitating their movement to and from school. During 2016, more than 1199 bicycles were distributed in different regions of the country, namely: Bogra, Dhorkora Bazar, Dinajpur, Joypurhat, Kadir Bazar, Ramchandrapur Bazar, Rangpur, Sirajgonj, Thakurgaon and Feni in addition to former enclaves of Bangladesh.

MTB endows "Bravery & Courage Award", 2016

The bank had introduced **"Bravery & Courage"** award in 2012 and since then, has been recognizing different acts of bravery. Mutual Trust Bank Ltd. (MTB) presented the "MTB Bravery & Courage Award 2016" to Akter Mia and Late Sharowar Howlader (posthumous) for rescuing four young men from drowning at Badda, "MTB Bravery & Courage Award" to Md. Monir Hossain, Traffic Constable, Chittagong Metropolitan Police (CMP), "MTB Bravery & Courage Award" to late Hazrat Ali, who lost his life while bravely trying to save two lady pedestrians attacked by muggers in Mirpur.

MTB teams up with Chittagong City Corporation to implement "Door-to-Door Cleanliness Campaign".

MTB handed over Rickshaw Vans and Plastic Bins to the Mayor of Chittagong Mr. AJM Nasir Uddin for implementing "Clean and Green Chittagong" project.

MTB donates to the Prime Minister's Relief Fund to help the flood affected people of the country

In 2016, Mutual Trust Bank Ltd. (MTB) has handed over cheques of BDT 15 million & BDT 7.5 million to the Honorable Prime Minister of Bangladesh, Sheikh Hasina, for the Prime Minister's Relief Fund for the welfare of the country & to help the flood-affected people of the country. In addition to that, Mutual Trust Bank Ltd. (MTB) handed over a token sample of the 25,000 blankets to Prime Minister Sheikh Hasina, for the Prime Minister's Relief Fund in 2016.

ANTI-MONEY LAUNDERING (AML) & CFT

Money laundering and terrorist financing are global phenomena, apparent in almost every part of the world. Emerging sophisticated techniques of moving illicit money are compelling the financial intermediaries to make their compliance program more rigorous. MTB, as a compliant bank, is determined not to let money launderers and terrorists or perpetrators to use the bank as a channel to launder money or finance terrorism in any possible way.

Hence, MTB has its own anti-money laundering (AML) & combating financing of terrorism (CFT) compliance program. It has been designed considering the range of activities, complexity of operations and the nature and degree of money laundering and terrorist financing risks faced by the bank. Certainly, it is designed as per the prevailing laws i.e., The Money Laundering Prevention Act, 2012 (Amended 2015), The Anti-Terrorism Act, 2009 (Amended 2013), relevant rules i.e., The Money Laundering Prevention Rules, 2013, The Anti-Terrorism Rules, 2013, Bangladesh Financial Intelligence Unit (BFIU) guidelines i.e., Money Laundering and Terrorist Financing Risk Management Guidelines, Money Laundering and Terrorist Financing Risk Assessment Guidelines, circulars and instructions and international standards. MTB applies risk-sensitive Customer Due Diligence (CDD) measures, monitors business relationships and suspicious transactions pursuant to the national regulations and international standards. Some of the initiatives undertaken in 2016, as part of its rigorous AML & CFT compliance program, are as follows:

- MTB revised its policy guideline in line with the Money Laundering & Terrorist Financing Risk Management Guidelines issued by BFIU, prevailing laws of the land and BFIU circulars and instructions.

- Every year, the Managing Director & CEO of the bank issues a statement of commitment in writing to all the employees of the bank. The statement clearly sets forth MTB's policy against money laundering, terrorist financing and proliferation financing of weapons of mass destruction. In 2016, the Managing Director & CEO made two such statements, one of which was regarding strategy, action plan, compliance and consequence of non-compliance, while the other one was with special focus on being more aware and highly vigilant, so that MTB is not used as a channel to launder money or finance terrorism in any possible way.

- It was in 2016 that MTB Central Compliance Unit (CCU) was further strengthened by engaging additional staff, having expertise in the field of general banking and information technology, taking the total headcount to 10 (ten).

- MTB revised its customer acceptance policy, which is approved by the Board and incorporates detailed customer due diligence procedure entailing policy for acceptance/ rejection of customer and procedures to follow while opening different accounts and during the operation of such accounts along with indicative list of documents to open those accounts.

- MTB revised its own ML & TF Risk Assessment Guideline with ML & TF Risk Register in line with the BFIU guidelines.

- The CCU conducted inspection on AML & CFT compliance status of 30 (thirty) MTB branches.

- MTB further accelerated its monitoring endeavors with system-based monitoring tools, available at all the branches and the CCU.
- MTB devised an automated sanction screening tool to perform screening against United Nations Security Council Resolution (UNSCR), Office of Foreign Assets Control (OFAC), adverse media and domestic sanction lists before establishing relationship with and offering service to a customer. MTB is also availing the Online Compliance facility of the Compliance Screening Solutions of ACCUITY for thorough screening against extensive sanction lists.

- As part of Know Your Employee (KYE) program, MTB performs reference check and background check in the process of employee screening.

- MTB conducts day long AML & CFT workshops throughout the year, with the support of the Group Human Resource Division, and state-of-the-art MTB Training Institute to train all the staff members of the bank irrespective of their functional areas. In 2016, MTB arranged 15 workshops on AML & CFT compliance, where a total of 1120 MTBians availed the opportunity to enrich their knowledge on AML & CFT measures and compliance. 2 workshops on AML & CFT compliance were arranged for MTB agents. 37 participants, comprising agents and agent employees, from across the country attended the workshops. Apart from these, 4 workshops were arranged on "Account Opening & Operating Procedure", where 211 account opening officials from 106 MTB branches and 8 Privilege Banking Centres were present. Furthermore, 9 specialized training on "Error Free Cash Transaction Reporting to BFIU" were arranged for 112 reporting officials of 106 MTB branches.

REPORT ON CEO'S AND CFO'S RESPONSIBILITIES

The financial statements of the MTB Group, Bank and its subsidiaries, are prepared in compliance with Bangladesh Accounting Standards issued by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act, 1994, the Bank Company (amendment) Act, 2013 and the Securities and Exchange Rules, 1987. The Accounting policies used in the preparation of financial statements are appropriate and are consistently used by the group. All material departures (if any) have been disclosed and explained in the notes to the financial statements. There are no departures from the prescribed accounting standards. Comparative information has been reclassified wherever necessary to comply with the current year's presentation.

The Audit Committee of the Bank meets periodically with the internal audit team to review their audit plans, to assess the process of their responsibilities and to discuss internal controls and financial reporting issues. The Audit committee pre-approves the audited and non-audited services provided by our external auditors, M. J. ABEDIN & CO. Chartered Accountants, in order to ensure that the provision of such services does not impair the auditor's independence. The report is given on page 196 of the Annual Report.

The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view. The form and substance of transactions and the Bank's state of affairs is reasonably presented. To ensure this, the Bank has taken proper and adequate care in installing a system of internal control and accounting records. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Bank were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

We confirm that the MTB Group has complied with all applicable laws and regulations and guidelines and that there are no material litigations against the MTB Group.

Anis A. Khan
Managing Director & CEO

Sayed Abul Hashem FCA, FCMA
Group Chief Financial Officer

CORPORATE GOVERNANCE REPORT

Mutual Trust Bank Limited (MTB) believes that its ongoing commitment and efforts in ensuring a strong corporate governance structure and culture across the organization will help it deliver value to all its stakeholders. Hence, the Bank has strived to have good corporate governance practices put in place and the highest standards of business integrity applied to all its activities.

Corporate Governance Principles
The Bank has developed processes for identifying, assessing and managing the significant risks and uncertainties facing the Bank. Internal control processes have been established to ensure efficiency and effectiveness of business operations and controls in all areas including finance and operations, as well as compliance with relevant laws and regulations. The Group Internal Control and Compliance Division have been tasked to provide oversight and support to ensure that individual business units conduct their business and affairs in a manner that drives forward the Bank's strategic objectives, while complying with applicable laws and regulatory requirements.

A strong focus is placed on educating and increasing awareness among directors, executives and employees on the bank's codes of conduct, the relevant laws and regulatory requirements as well as disciplinary procedures.

The Bank's corporate governance policy, which contains guidelines for directors, executive officers, and employees, has been formulated as per guidelines of regulators. With adherence to this policy in its operations, the Bank aims to build trust and confidence among investors and stakeholders, thereby improve its competitiveness, enhance value and promote stability. The policies are updated time to time in order to comply with the good governance principles and relevant regulatory requirements.

Corporate Governance

1. Rights of Members/Shareholders
The bank has acknowledged the rights of all members/shareholders and encouraged them to exercise their basic rights on an equitable basis, as well as proactively communicated with them regularly. Such rights include the rights to sell, purchase or transfer shares within the period as specified in the regulations, access bank information, ensure fair distribution of profit, attend meetings, if required, express opinions and comments, and decide on important matters, and approval of any special items, etc.

2. Equitable Treatment of Member/Shareholders
The Bank recognizes the importance of fair treatment of all shareholders including its duty to protect shareholders' interests. Measures are in place to prevent the use of internal information for personal gains by the Board members, executives and employees. The Board has set a policy and procedure to prohibit unauthorized disclosure of material and non-public information which may affect the Bank's securities.

3. Role of Stakeholders
The Bank lays great importance on the rights of all its stakeholders including directors, executive officers, employees, members/shareholders, clients, business partners, creditors and the relevant authorities.

4. Codes of Conduct

4.1. Clients
The Bank takes its commitment seriously to provide clients with high-quality products and services while safeguarding their interests and treating them fairly in all aspects of their dealings with the Bank. To pursue with this objective, the Bank set up Customer Complaint Cells at every branch and the Head Office. A report is prepared and forwarded to the concerned management to resolve any complaints in an effective, fair, coordinated and timely manner. Client confidentiality is strictly maintained and observed at all times.

4.2. Member/Shareholders
The Bank focuses on creating and delivering sustainable member/shareholder value, protection of assets and providing all member/shareholders with fair treatment whilst allowing them to exercise their rights fully and fairly in an informed manner

except when they have material interests in the matter considered at the meeting. In such case, the shareholders concerned are required to abstain from voting thereon, but they are eligible to participate.

4.3. Employees
The Bank believes in fair treatment of all employees, and is fully committed to enhancing the quality of its human capital. In this context, it consistently offers training and support, including providing opportunities for career development.

4.4. Creditors and Business Partners
The Bank conducts business with its creditors and business partners fairly and in compliance with the relevant laws and regulations.

4.5. Competitors
The Bank acknowledges the importance of a fair and competitive business environment. It is committed to conducting business in a fair and confidential manner posing no impairment to the reputation of its competitors and upholding ethical practices among its employees.

4.6. Responsibility towards the Community and the Environment
The Bank always appraises to make positive impacts on the community and the environment. It is actively involved in a range of charitable activities, including blanket distributions, donation to Prime Minister's Relief Fund, distribution of bicycles among the female students of remote unprivileged areas under a campaign titled **"Swapno Sarathi"**, sponsoring corporate cricket tournament, blood donation, scholarship among underprivileged brilliant students and brilliant children of bank employees, assistance to construct schools in remote areas etc.

5. Disclosure and Transparency
Information on the Bank's activities is made available to regulatory bodies, investors, member/ shareholders, analysts and the general public through newspapers, and online news portal, including the Bank's website. In addition, in line with regulatory requirement, the Bank discloses relevant information in annual reports.

6. Policy on Training of the Board of Directors
The Board of the Bank is composed of Directors having diversified skills, who are highly professional and are renowned and pioneer in their respective business arenas. They have adequate professional academic knowledge and training (both local and foreign) to play vital role in transforming MTB into a bank of choice, having global acceptance. As such, whenever they have the opportunity, they utilize the same to keep them up to date. As part of continuous improvement process, recently some of them attended a workshop titled "Revisiting Corporate Governance Regulations for Banks in Bangladesh" organized by Bangladesh Bank, in association with the International Finance Corporation (IFC).

A Code of Conduct has also been adopted by the Board to be followed by its members and it is duly abided by them. Besides, all relevant regulations, promulgated/ circulated by the concerned authorities from time to time, are communicated with them at regular intervals.

7. Remuneration of Directors
The Bank does not pay any remuneration to its Directors other than the meeting fees fixed by the Bangladesh Bank. As per the Banking Regulation and Policy Department of Bangladesh Bank (BRPD) circular, the Chairman may be provided a car, telephone, office and private secretary. The Managing Director is paid a salary and allowances as per approval of the Banks' Board of Directors and Bangladesh Bank. As per circular, the maximum remuneration for attending any meeting of the Board and its Committees has been fixed at BDT 8,000 only.

8. Responsibilities of the Board

8.1. Board Structure
At present, there are 13 Board members, including two Independent Directors and Managing Director & CEO.

The Board of MTB is composed of individuals from diverse professional backgrounds with a broad spectrum of experience and expertise as well as business ethics. There are Non-Executive Director and Independent Director. Non-Executive Director means a director, who does not hold any position in the Bank other than being a member of the Board and its Committees. Independent director means a director who does not have any related business, hold any managerial position or have any beneficial interest in financial institutions that may affect his/ her independent decision.

Election of the Board members follows the resolution of member/shareholders' meetings and as set out in the Bank's Articles of Association. The structure of the Board of Directors and the setup of Board Committees are as prescribed by the Bangladesh Bank and BSEC. The Board composition is as follows: 1 (one) Executive Director, i.e., the Managing Director, 2 (two) Independent Directors and 10 (ten) Non-Executive Directors.

The two Independent Directors who concurrently serve on the Audit Committee must satisfy the criteria based on the corporate governance

guidelines issued by the BSEC and Bangladesh Bank. The Board appoints two of its Directors to be the Chairman and Vice-Chairman. As per guideline, the Managing Director & CEO and the Chairman will not be the same person.

Each director's term of office is prescribed in the Articles of Association, bank company act as well as in the company act. At every Annual General Meeting, one-third of the directors retire. In any subsequent years, the directors, who have been in office the longest, retire. The retiring director may be re-elected.

8.2. Selection, Appointment and Removal of Directors

8.2.1. Appointment of Directors
The Board of Directors elects/re-elects directors and submits recommendation to the meeting of the shareholders for approval and appointment/re-appointment, subject to compliance of Articles of Association of the Bank and fulfillment of regulatory procedures/guidelines.

Whenever any person vacates his/her seat as a Board member for any reason other than expiry of term of office, the remaining members, at the Board meeting, if deemed expedient, may appoint another qualified and suitable Director to fill that position for the remainder of the term of office of his/her predecessor.

8.2.1.1 Election/Re-election of the Directors
As per Companies Act, each year one-third of the Directors retire from office at the AGM, and, if eligible, as per the bank company act, may offer themselves for re-election by shareholders at the AGM. Accordingly, following Directors retired at the 17th AGM and they were eligible for re-election.

Mr. Rashed Ahmed Chowdhury, Director (Representing ABC Limited), Dr. Arif Dowla, Director (Representing Advanced Chemical Industries Ltd.), and Mr. Md. Wakiluddin, Director retired and were re-elected.

8.2.1.2. Appointment/Re-appointment of Independent Directors
As per the Bank Companies Act, (Amended up to 2013) 1991, the number of Independent Directors should be 3 (three) out of total 20 (twenty) directors. However, if the total number of directors is less than 20 (twenty), then the number of Independent Directors should be at least 2 (two). Therefore, the Board of MTB has approved the re-appointment of Independent Directors (Mr. Anwarul Amin and Dr. Sultan Hafeez Rahman), who have been discharging their duties effectively and efficiently for the last three years. Accordingly, the shareholders of the bank at the 17th AGM approved their re-appointment, which were confirmed by the regulators.

8.2.2. Vacation of Office of Director
The office of director to be vacated according to the instructions specified in section 108 (1) of the Companies Act, 1994. Besides, when a bank director becomes defaulter and does not repay the loan within two months after getting a notice under section 17 of the Bank Company Act, 1991; provides false statement at the time of appointment; or fails to fulfill the minimum eligibility criteria, the office of the director to be vacated.

8.2.3. Removal of Directors from Office
According to section 108 (2) of the Companies Act, 1994, with the prior approval of Bangladesh Bank, a director of any bank, other than specialized banks, can be removed from his office for the reason specified in its Articles of Association. For this purpose, the reason and grounds of the dismissal/ removal and copy of the decision of the board and list of directors should be submitted to Bangladesh Bank. In this case, the removal becomes effective from the date of Bangladesh Bank's approval.

8.2.4. Appointment of Alternate Director
Subject to compliance of section 101 of the Companies Act, 1994, an alternate director can be appointed to act for a director, during his absence for a continuous period of not less than three months from Bangladesh.

8.3. Board Committees
The Board has established the Board Executive Committee, the Board Audit Committee and the Board Risk Management Committee to assist in screening and scrutinizing specific operations and support the performance of duties of the Board to ensure efficiency and effectiveness and maintain a good corporate governance system.

8.4. Roles, Duties and Responsibilities of the Board
To ensure good governance in the bank management, it is essential to have specific demarcation of responsibilities and authorities among the controlling bodies over bank affairs. In the bank company act, the newly included Section 15 (kha) and (ga) give responsibility to the board of directors for establishing policies for the bank company, for risk management, internal controls, internal audit and compliance and for ensuring their implementation.

Basic responsibility of the Board is to exercise judgment on the business operations in a manner

that they reasonably believe to be in the best interests of the Bank and in compliance with the applicable laws and regulatory rules, the Bank's Articles of Association, and resolutions of the shareholders' meetings, as detailed below:

1. Set vision, targets, policies, strategies, administration, utilization of resources, and business standards and framework of the Bank; and monitor and supervise the Bank's business operations to ensure efficient and effective discharge of functions in accordance with the policies set forth.

2. Select individuals qualified for directorship and make recommendation thereof to the shareholders' meeting for election as directors.

3. Select qualified individuals from diverse professional backgrounds and with a broad spectrum of experience and expertise for appointment of Independent Director.

4. Review and approve budgets proposed by the management.

5. Delegate authority for day-to-day management to executives based on agreed objectives and targets, except when the matter is of high significance and not in the normal course of business of the Bank, and, hence, warrants the Board's attention, such as change in the Bank's capital structure, investment in other business, business merger, disposal of assets and capital expenditure; or in such cases, where the Board's ratification is required, including issues of conflict of interest, and an approval of the shareholders has to be sought.

6. Determine the issues to be brought to its attention by the management.

7. Set measures for the management to communicate and ensure there are communication of operational targets and policies to Bank staff at all levels.

8. Monitor and supervise management's business operations to ensure compliance with relevant laws and regulations as well as contractual terms and conditions.

9. Monitor and ensure that the Bank has efficient and effective risk management system.

10. Assume responsibility for the financial statements of the Bank and its subsidiaries, and, in that process, ensure that the notes to the financial statements contain all-important disclosures; and supervise to ensure that processes are in place for implementing a sound accounting system and proper accounting records are kept for future references.

11. Ensure that processes are in place for reporting of operating results in comparison with the targets and the problems arisen so that the Board can monitor, improve and rectify the plans and strategies as appropriate.

12. Ensure that adequate, accurate and reliable information is disclosed in a timely manner.

13. Put in place corporate governance principles and business ethics, Board and Board committees' charters, and human resource management policies.

8.5. Authorities of the Board of Directors

8.5.1. Work-planning and Strategic Management:
i. The board determines the objectives and goals, and, to this end, chalks out strategies and work-plans on annual basis. It specially engages itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. It analyzes/monitors, at quarterly rests, the development of implementation of the work-plans.

ii. The board incorporates analytical review in the Annual Report as regards the success/failure in achieving the business and other targets as set out in its annual work-plan and apprises the shareholders of its opinions/recommendations on plans and strategies. It sets Key Performance Indicators (KPIs) for the CEO and officers immediately two tiers below the CEO, and evaluates from time to time.

8.5.2. Credit and Risk Management
i. Policies, strategies, procedures, etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off are made with the board's approval under the purview of the existing laws, rules and regulations. The board specifically distributes/delegates power of sanction of loan/investment among the CEO and his subordinate executives, as part of its governance practice. No director, however, interferes, directly or indirectly, into the process of loan approval.

ii. The board frames policies for risk management and get them complied with, monitor the compliance regularly, review the concerned report of the risk management team, and compile in the minutes of the board meeting. The board monitors compliance of the guidelines of Bangladesh Bank regarding key risk management.

8.5.3. Internal Control Management
The board is vigilant on the internal control system of the bank in order to attain and maintain satisfactory

qualitative standard of its loan/investment portfolio. The board establishes internal control system so that the internal audit process can be conducted independently from the management. It reviews reports submitted by the audit committee regularly regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports. It also monitors and ensures that the Bank has in place adequate, proper and effective internal control system for the benefit of the Bank; formulates and implements a clear procedure to cope with conflict of interest; puts in place policies and processes preventing management and other concerned parties from using confidential inside information for personal gains; and assesses and reviews the adequacy of the Bank's internal controls.

8.5.4. Human Resources Management and Development

i. Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development, etc. and service rules have been framed and approved by the board. The Chairman and the directors in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No members of the board of directors are included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer and punishment of the officers immediately two tiers below the CEO rest upon the board. Such recruitment and promotion are carried out complying with the service rules.

ii. The board focuses its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board gets these programs incorporated in its annual work plan.

iii. The Bank has formulated code of conduct for every tier, and all have to comply with the same when interacting with the customers, shareholders, employees and business partners or creditors. Emphasis is also placed on responsibilities for the environment, society and competitors, preservation of client confidentiality, honesty, fairness, professional integrity, business capacities, strict compliance with laws and regulations, as well as cooperation with regulatory agencies. In performing their duties, employees are required to keep uppermost in their mind the principles, use good judgment, and act in compliance with rules and regulations.

8.5.5. Financial Management

i. The annual budget and the statutory financial statements are finalized with the approval of the board. It reviews/monitors the positions in respect of Bank's income, expenditure, liquidity, non-performing asset, capital adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures, at monthly rests.

ii. The Board frames policies and procedures for Bank's purchase and procurement activities and accordingly approves the distribution of power for making such expenditures. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of Bank's business are adopted with the approval of the board.

8.5.6. Appointment of Chief Executive Officer (CEO)

The Bank has made annual evaluation of Managing Director & CEO's performance, taking into consideration the key performance indicators, determined based on the Bank's strategies and targets each year.

The issue of good governance is very important in bank management. In order to strengthen the financial base of the Bank and obtain confidence of the depositors, appointing honest, efficient, experienced and suitable chief executive is one of the responsibilities of the Board of Directors. In order to ensure good governance, the Bank follows the guidelines of Bangladesh Bank enumerated below while appointing the CEO and in devising the role and responsibilities as well as authorities of the CEO:

8.5.6.1. Rules and Regulations for Appointing CEO

1. Moral Integrity: In case of appointment to the post of Chief Executive, satisfaction in respect of the concerned person should be ensured to the effects that,-

a) He has not been convicted by any Criminal Court of Law;
b) He has not been punished for violating any rules, regulations or procedures/norms set by any controlling authority;
c) He was not associated with any such company/ organization, registration or license of which has been canceled.

2. Experience and Suitability:

a) For appointment as Chief Executive, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active

officer and at least 02 (two) years experience in a post immediately below the Chief Executive of a bank.

b) He must at least have a master's degree from any recognized university. Higher academic education in the field of economics, banking and finance or business administration will be treated as additional qualification for the concerned person.

c) In respect of service, the concerned person should have excellent record of performance.

d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company.

e) Any director of any bank or financial institution or any person, who has business interest in the bank concerned will not be eligible for appointment to the post of chief executive.

3. Transparency and Financial Integrity: Before appointment as chief executive, satisfaction should be ensured to the effects that:

a) The concerned person was not involved in any illegal activity while performing duties in his own or banking profession;

b) He has not suspended payment to creditors or has not compromised with his creditors to be relieved from debt or he is not a loan defaulter;

c) He is not a tax defaulter;

d) He has never been adjudicated insolvent.

4. Age limit: No person crossing the age of 65 years shall hold the post of CEO of a bank.

5. Tenure: The tenure of the chief executive shall be for at least 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that period.

6. Guidelines in fixing the salary and allowances: Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting proposal to Bangladesh Bank:

a) In fixing the salary and allowances of the chief executive, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.

b) Total salary shall be comprised of direct salary covering 'basic pay', 'house rent' and allowances as 'others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver, etc.), monetized as far as possible to determine monthly total salary, shall have to be mentioned in the proposal to be submitted to Bangladesh Bank.

c) Without improving the bank's major economic indicator like CAMELS, annual salary increment will not be payable.

d) Terms of salary, allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the job performance of the incumbent chief executive.

e) The Chief Executive so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary, allowances and other facilities as enumerated in clause (b) above.

f) The bank shall not pay any income tax for the chief executive, i.e., the chief executive so appointed shall have to pay it.

7. Incentive Bonus: Subject to the payment of incentive bonuses to all staff/employees, the CEO will be eligible to get such bonus. However, the amount of CEO's incentive bonus will not cross BDT 10 (ten) lacs per year.

8. Honorarium for attending Board Meeting: As CEO is a salaried official of the bank, he will not get any honorarium for attending the Board meeting or the meeting of any Committee formed by the Board.

9. Evaluation Report: While reappointing CEO, an evaluation report approved by the board of directors should be submitted to Bangladesh Bank by the chairman of the Board.

10. Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of the Bank Company Act, 1991 (Amended up to 2013). For processing such approval, along with the proposal signed by the chairman of the board, the selected person's complete resume, offer letter (mentioning the direct and indirect remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations to Bangladesh Bank in prescribed formats.

11.Decision of Bangladesh Bank regarding appointment of CEO will be treated as final and such appointed CEO cannot be dismissed, released or removed from his office without prior approval from Bangladesh Bank. However-

a) In case the CEO desires to terminate the contract before expiry or resigns from his office voluntarily, he shall serve at least one-month notice upon the Chairman of the Board stating the actual reason for such resignation, and, at the same time forward a copy of such notice to Bangladesh Bank.

b) In case the Board of the Bank desires to terminate the contract before expiry or asks the CEO to tender resignation from his post, the Board shall serve at least one-month notice stating the reasons for such action; at the same time forward a copy of such notice to Bangladesh Bank and obtain approval of Bangladesh Bank for such removal.

c) When the position of the CEO falls vacant due to resignation, expiry of contract, or any other reason, the bank shall immediately appoint a 'CEO In-charge' (for maximum 3 months) from among the officials next to the CEO and notify Bangladesh Bank with details of such Officer In-charge.

8.5.6.2. Duties and Responsibilities of CEO
The CEO of the bank, by whatever name called, shall discharge the responsibilities and affect the authorities as follows:

a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.

b) The CEO shall ensure compliance of the Bank Company Act, 1991 and other relevant laws and regulations in discharging routine functions of the bank.

c) At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO must point out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations.

d) The CEO shall report to Bangladesh Bank any violation of the Bank Company Act, 1991 or of other laws/regulations.

e) The recruitment and promotion of all staff of the bank, except those two tiers below him, shall rest on the CEO. He shall act in such cases in accordance with the approved service rules, on the basis of the human resources policy and sanctioned strength of employees as approved by the board.

8.5.6.3. Evaluation of the CEO by the Board
There is a five-year Strategic Priorities & Action Plan for the evaluation of the CEO/Management on an annual basis and it is revisited and revised from time to time, depending on the scope and opportunity of banking business, local and global economic condition, etc. CEO's performance is evaluated on regular basis, taking into consideration the trends of financial indicators, bank's image/reputation, non-performing loans and advances regulatory guidelines, etc.

8.6. Other Responsibilities of the Board
The board follows and complies with the responsibilities assigned by Bangladesh Bank.

8.6.1. Meeting of the Board
Board meetings are scheduled in advance, with at least one held every month. In addition to the scheduled Board meetings, further Board meetings can also be held as and when required. The Board Secretary is responsible for providing all directors with the agenda, supporting papers and relevant information for each meeting before the meeting and advance notice of the business to be transacted.

8.6.2. Chairman of the Board of Directors
As Chairman of the Board of Directors or Chairman of any Committee formed by the Board of Director independently.

8.6.3. Formation of Committees
The bank only forms Executive Committee, Audit Committee and Risk Management Committee with the directors, as per Bangladesh Bank and BSEC guidelines.

8.6.3.1. Executive Committee
Executive Committee is formed with the members of the board to perform according to its terms of reference determined by the Board of Directors.

a) Organizational Structure

i. Members of the committee are be nominated by the board of directors from themselves;
ii. The Committee consists of 5 (five) members, i.e., within the limit set by the regulator;
iii. Company secretary of the bank is the secretary of the Committee.

b) Qualifications of the Members

i. Integrity, dedication, and opportunity to spare time in the functions of the Committee are considered while nominating a director to the Committee;
ii. All the members are capable of making valuable and effective contributions in the functioning of the Committee;
iii. All Committee members have adequate understanding of the detailed responsibilities of the Committee as well as the bank's business, operations and its risks.

c) Roles and Responsibilities
ii. The Committee decides and acts in the cases, as instructed by the Board, that are not specifically assigned to the full board through the bank company Act, 1991 and other laws and regulations.

ii. The Committee takes all necessary decisions and approve cases within the power delegated by the board.

iii. All decisions taken in the Board Executive Committee are ratified in the board meeting.

8.6.3.2. Board Audit Committee
The board approves the objectives, strategies and overall business plans of the bank and the Audit Committee assists the board in fulfilling its oversight responsibilities. The committee reviews the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.

a) Organizational Structure
i. Members of the Committee are nominated by the board from the directors;

ii. The Committee consists of 4 (four) members, with 2 (two) independent directors;

iii. The Committee consists of directors, who are not executive committee members;

iv. Company secretary of the bank is the secretary of the Audit Committee.

b) Qualifications of the Members
i. Integrity, dedication, and opportunity to spare time in the functions of the Committee are considered while nominating a director to the Committee;

ii. Each member is capable of making valuable and effective contributions in the functioning of the Committee;

iii. Members have adequate understanding of the detailed responsibilities of the Committee as well as the bank's business, operations and its risks.

iv. Professionally experienced persons in banking/ financial institutions, specially having educational qualification in finance, banking, management, economics, accounting get preference in forming the Committee.

c) Roles and Responsibilities

(i) Internal Control
1. The Board Audit Committee reviews the effectiveness of internal controls, risk management processes and governance practices, taking into account the requirements of relevant guidelines issued by Bangladesh Bank, BSEC and listing regulations of the Stock Exchanges.

2. Establish organizational structure, policies and work procedures that ensure effective risk management and internal control systems, enabling stable business growth and compliance with good corporate governance principles.

3. Evaluate setting of appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities.

4. Structure organization taking into account proper segregation of duties that contributes to effective risk management and internal control as well as monitoring and audit systems.

5. Review management's actions in connection with computerization of the bank and its applications and bank's Management Information System (MIS).

6. Review the findings and compliance issues identified by regulators and to ensure that appropriate and prompt remedial actions are taken by the management.

7. Consider internal control strategies recommended by internal and external auditors and implement such strategies.

8. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether the management has taken necessary corrective measures.

9. Ensure there are relevant and effective operational controls, monitoring and guidelines available in all work units across the organization.

10. Review the scope of authority and responsibilities conferred on or delegated to the executives at different levels. A clear division of responsibility between various management positions provides a mechanism for checks and balances between senior executives.

11. Establish Compliance Department to provide oversight and support to ensure that the Bank conducts its business in compliance with all applicable laws and regulatory requirements.

12. Put in place processes for monitoring and reviewing the implementation of activities against the Bank's strategic objectives, policies, procedures, relevant laws, regulations, and internal control systems. Reviewed annual business plan, to ensure its effectiveness in the rapidly changing environment.

(ii) Financial Reporting
The Committee checks whether the financial statements are prepared according to existing rules, regulations and standards enforced in the country, i.e., accounting policies and procedures in line with international accounting standards that support the Bank's business requirements.

(iii) Internal Audit
1. Monitor whether or not the internal audit acts independently from the management.
2. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process.
3. Review the efficiency and effectiveness of the internal audit function, i.e., compliance function and monitor compliance department work to ensure compliance with relevant regulations.
4. Examine whether the management duly considers the findings and recommendations made by the internal auditors or not.

(iv) External Audit
1. Review the performance of the external auditors and their audit reports.
2. Examine whether the management duly considers the findings and recommendations made by the external auditors or not.
3. Make recommendations to the Board regarding the appointment of the external auditors and fix their remunations.
4. Review the correctness and adequacy of financial statements for submission to the Board.
5. Review of the external auditors -

The Committee requires external auditor to report to it on all relevant matters, including the following, to enable the audit committee to carry out its oversight responsibilities, if any:

a) Significant difficulties encountered during the audit;
b) key areas of significant risk of material misstatement in the financial statements;
c) Judgments about events or conditions identified that may cast significant doubt on the bank's ability to continue as a going concern (including consideration of liquidity/funding issues of the Bank);
d) Use of external experts to assist with the external audit;
e) The auditor's approach to internal control;
f) The extent to which the auditor uses the work of internal audit;
g) Significant internal control deficiencies identified in the course of statutory audit;
h) Significant qualitative aspects of financial statement disclosures;
i) Any other significant matters discussed with or considered by the engaged quality control reviewer.

(v) Meetings with Bangladesh Bank
Before finalizing the Audited Financial Statements, a tripartite meeting is held among Bangladesh Bank, the bank concerned and the External Auditor(s).

(vi) Submission of Audit Report to Bangladesh Bank
The bank submits Audited Financial Reports to the Bangladesh Bank according to Section 40 of the Bank Company Act, 1991 within the stipulated time.

(vii) Compliance with Existing Laws and Regulations
Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.

(viii) Other Responsibilities
1. Submit compliance report to the board on regular interval for regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities (if any);

2. Perform other oversight functions as desired by the Board of Directors.

d) Meetings
1. The Committee met 5 times in 2016;

2. Detailed memoranda are distributed to the

members well in advance before each meeting;
3. All decisions/observations of the Committee are noted in the minutes.

8.6.3.3. Board Risk Management Committee

The Bank realizes the significance of risk management covering both internal and external risk factors. Risk Management Committee of MTB is appointed by the Board of Directors with relevant and clearly defined roles, duties and responsibilities and performance of which is assessed to ensure conformity with the risk management plan in place.

To play an effective role in mitigating impending risks arising out of strategies and policies formulated by the Board and to carry out the responsibilities efficiently, the Board Risk Management Committee of MTB, being in charge, formulates risk management policy and procedures of the Bank as well as sets up the risk control and monitoring mechanisms, and continuously strengthening risk governance. After risk factors are identified and assessed for credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks, etc.; the Committee scrutinizes whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.

a) Organizational Structure

1. Members of the Committee are nominated by the board from themselves;
2. The Committee consists of 4 (four) members;
3. Company secretary of the bank is the secretary of the Board Risk Management Committee.

b) Qualifications of the Members

1. Integrity, dedication, and opportunity to spare time in the functions of the Committee are considered while nominating a director to the Committee;
2. Each member is capable of making valuable and effective contributions in the functioning of the Committee;
3. Each Committee member has adequate understanding of the detailed responsibilities as well as the bank's business, operations and its risks.

c) Roles and Responsibilities of the Board Risk Management Committee (BRMC)

i) Risk Identification and Control Policy

Developing well formulated strategy and ensuring implementation of the same for risk assessment and control are responsibilities of the BRMC. The BRMC monitors risk management policies and methods and, from time to time, amend those. The Committee reviews the risk management process to ensure effective prevention and control measures.

ii) Construction of Organizational Structure

The responsibility of the BRMC is to ensure an adequate organizational structure for managing risks within the bank. The Committee supervises formation of separate management level committees and monitor their activities with a view to ensuring that those committees are in compliance with the instructions of lending risk, foreign exchange transaction risk, internal control and compliance risk, money laundering risk, information and communication risk and other risk related guidelines.

iii) Analysis and Approval of Risk Management Policy

Risk management policies and guidelines of the bank are reviewed annually by the Committee. The Committee proposes amendments, if necessary, and send those to the Board of Directors for approval. Besides, other limits, including lending limit, are reviewed at least once annually and, amended.

iv) Storage of Data and Reporting System

Adequate record keeping system, developed by the Bank management, is approved by the Committee. The Committee ensures proper use of the system. The Committee minutes its proposal, suggestions and summary in a specific format and informs the Board of Directors.

v) Monitoring the Implementation of Overall Risk Management Policy

The BRMC monitors proper implementation of overall risk management policies. The Committee monitors whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.

vi) Other Responsibilities

1. Ensuring that the Committee's decision and suggestions are submitted to the Board regularly;
2. Complying with instructions issued by the controlling authority from time to time.

d) Meetings

1. The BRMC met five times in 2016;
2. To ensure active participation and contribution by the members, detailed memoranda are distributed to Committee members well in advance before each meeting;
3. All decisions/observations of the Committee are noted in minutes.

9 Related Transactions

As of December 31, 2016, the Bank recorded business transactions with its subsidiary and affiliated companies (related by way of having common shareholders), including related persons. These transactions were concluded on commercial terms and based on mutually agreed upon criteria in the ordinary course of business between the Bank and its subsidiary, associated and affiliated companies. Details are as given in the note no. 43 of Notes to the Financial Statements as disclosure and placed separately, as per guideline of Bangladesh Bank, for approval by the members of the bank, at its ensuing annual general meeting.

Procedures for approving related party transactions and safeguarding shareholders' interest according to the regulatory guidelines are in place, and all related party transactions are subject to a formal approval process, including the analysis and approval of the relevant authorities. Directors with material interest in any transaction are not allowed to take part in the decision-making process.

Related party transactions include those related to the Bank's business functions, and, are subject to formal approval process in place and criteria of the relevant regulatory bodies. There is a strong probability that related party transactions will continue to be an integral part of the Bank's business, and will be governed by clearly defined review and approval procedures and practices.

10. Organization and Personnel

As of December 31, 2016, the total manpower of the Bank was 1891 (regular employees), of whom 1234 work at Bank branches, 580 at the Corporate Head Office, 68 at MTB Securities Ltd. (Brokerage House, a subsidiary of the bank), 7 at MTB Capital Ltd. (Merchant Bank, a subsidiary of the bank) and 2 at MTB Exchange (UK) Ltd.

10.1. Staff Development Program and Human Resource Management Plan

In 2016, the Bank focused on developing its existing employees with competency-based learning to become future-leaders and successors to various key positions in the organization.

The Bank has established procedures for evaluating the performance of senior executives to determine the appropriate levels of remuneration, taking into account the risks and responsibilities involved as well as added value to shareholders in the long run.

Training roadmap was in place for branch staff at all levels to ensure increased skills in serving as a professional financial advisor. The Bank also emphasized on providing all staff levels with leadership program, and implemented Learning Management System (LMS) via MNet for key mandatory training programs for all staff.
In 2016, the Bank organized 263 training courses, comprising 113 in-house, 140 local/out-sourced and 10 overseas courses. The details are mentioned in the training part of the report.

10.2. Employee Benefits

The Bank provides employee benefits such as provident fund, social security fund, medical treatment, medical assistance fund, welfare fund, death benefit plan, annual health check-up, housing loan, car/motorcycle loan, and general purpose loan that are competitive against other leading banks to attract and retain talented and competent staff. The bank has also appointed a physician, whom the employees can consult with for their health related issues. Employees at the head office can make appointment electronically, via MNet, with the doctor, who spends two work-days every week at the MTB Corporate Head Office.

To be an employer of choice, the Bank continues to improve its staff benefits to attract and retain quality staff. In this regard, the Bank introduced Performance Management System for all level of employees.

10.3. Anti-Harassment Policy

The Bank has established Anti-Harassment Policy. The MTB Group has grown large and is now a family of four separate companies in Bangladesh and the United Kingdom. As the MTB network and the number of MTBians grow, it is important, that we go about our everyday working lives in a safe, secure, responsible, dignified and happy manner. It is the desire of the Bank's Board and Management to make MTB a happy place to work in, where people feel a sense of belongingness and loyalty, and contribute to taking the Group towards MTB3V. It is the policy of MTB to prohibit racial, gender, sexual and other forms of unlawful harassment.

11. Dividend Policy

The Bank's policy is to maximize shareholders' wealth. As a result, the bank tries to allocate optimum dividend to the shareholders for each operational year, after payment of income tax, transfer of fund to regulatory reserve, provision for loans and advances, etc. The payment of dividend is made within the time prescribed by law and published in a newspaper. With respect to the Bank's subsidiary companies, the decision to declare a dividend payment is at the discretion of the Boards of Directors of that particular subsidiary and is dependent upon the net earnings of the subsidiary.

12. Dividend

In order to maintain a satisfactory capital adequacy ratio of the bank, the MTB Board, at its 204th meeting held on April 24, 2017 has approved 15% stock dividend (bonus share) for the year 2016 and recommended for shareholders' approval at the AGM. The shareholders, whose names appeared as members of the bank on record date are eligible to receive such dividend.

13. Appointment of Auditor

M. J. Abedin & Co., Chartered Accountants, is the statutory auditor of the bank. They have been discharging their duties as auditor for three consecutive years, i.e., they were appointed as the Auditor at the 15th AGM, held on April 10, 2014. As per regulatory guidelines, their engagement with the MTB would expire after the 18th Annual General Meeting (AGM).

In case of appointing the external auditor for 2017, the Board of Directors, after reviewing recommendation of the Audit Committee, approved the proposal of A. Qasem & CO., Chartered Accountants at fee of BDT 1.00 million and recommended to place the proposal before the ensuing 18th AGM for the approval of the shareholders.

14. Fuel and Maintenance Cost of MTB Transport

As per circular letter no. 2, dated January 16, 2014, issued by the Banking Regulation & Policy Department (BRPD) of Bangladesh Bank, information of expenses incurred, in respect of fuel and maintenance cost of bank's transport is placed before the Board, semi-annually.

15. As per clause 2 of Corporate Governance Guideline No. SEC/CMRRCD/2006-158/134/Admin/44, following positions of the management are defined clearly. The detail of those positions are given below:

Mr. Anis A. Khan
Managing Director & CEO

Anis A. Khan (AAK), a Fellow of the Institute of Bankers Bangladesh (IBB) is one of the most prominent and senior-most bankers of our country. He holds a LL.B. (Honours) degree and also a LL.M. (Masters) degree (First Class First) from the University of Dhaka. Mr. Anis A. Khan has carved out a career spanning over 34 years in the corporate world and still continues to work hard with unabated zeal and enthusiasm. He has been serving as the Managing Director and Chief Executive Officer (MD & CEO) of Mutual Trust Bank Limited (MTB) for over 8 years. MTB appointed Mr. Anis A. Khan as the Managing Director & CEO of the bank in April, 2009 for a period of three years as per the Bank Companies Act. He was re-appointed for further periods, and, lastly, for four years and seven and a half months, with effect from April 15, 2015 until December 01, 2019 (the mandatory retirement age). This was confirmed by the Bangladesh Bank, considering his leadership qualities and contributions towards diversifying the bank's products and services, expansion of the branch network, He has also contributed to the setting up of three fully-owned subsidiaries - MTB Securities Limited, MTB Capital Limited and MTB Exchange (UK) Limited.

Mr. Goutam Prosad Das
Deputy Managing Director & Group Head of Internal Control & Compliance

Bangladesh Bank, vide its BRPD Circular No. 03, dated March 08, 2016, circulated the revised 'Guidelines on Internal Control and Compliance in Banks' to all scheduled banks, with advice to implement the directives of the guidelines. In line with the new directives of Bangladesh Bank, as well as to comply with the applicable laws and regulations and corporate governance notification of Bangladesh Securities and Exchange Commission, Mutual Trust Bank has restructured its Internal Control and Compliance Division, and appointed Mr. Goutam Prosad Das, Deputy Managing Director, as the Head of Group Internal Control and Compliance (GICC). He supervises three all the departments under the said departments of the ICC, which are being revamped in light of the revised guidelines. The Bank has an Internal Control and Compliance Policy and a Compliance Manual, duly approved by the Board of Directors. As the Head of GICC, Mr. Goutam reviews and monitors Bank's Internal Control and Compliance Risk.

Mr. Sayed Abul Hashem
Senior Executive Vice President & Group Chief Financial Officer (GCFO)

The Board has appointed Mr. Sayed Abul Hashem FCA, FCMA as Senior Executive Vice President & Group Chief Financial Officer (GCFO) of the Bank. He attends the meetings of the Board of Directors. Duties of the GCFO include ensuring compliance with the applicable laws and regulations and corporate governance guidelines and to assist the CEO regarding various issues related with financial operation and control.

Mr. Malik Muntasir Reza
Executive Vice President & Group Company Secretary

The Board has appointed Mr. Malik Muntasir Reza as Executive Vice President & Group Company Secretary and Secretary to the Board of Directors and its Committees to assist the Board in fulfilling its tasks. Duties of the Secretary include providing

advice and ensuring compliance with the applicable laws and regulations, which is consistent with the Corporate Governance Notification.

To perform the day-to-day tasks smoothly, provide support in decision-making process, and to comply regulatory requirements, the management forms different committees, subcommittees and units/cells comprising executives/staff of different levels. These are re-constituted from time to time, as per updated guidelines and requirement of the bank.

The committees are:

i. Core Management Committee (CMC)
ii. Management Committee (MANCOM)
iii. All Risk Committee (ARC)
iv. Asset Liability Committee (ALCO)
v. Credit Evaluation Committee (CEC)
vi. Exception Approval Committee (EAC)
vii. Supervisory Review Process (SRP) Team
viii. Group Integrity Committee
ix. Central BCP (Business Continuity Plan) Document Preparation Committee
x. IT Steering Committee
xi. IT Security Committee etc.

Meeting Attendance of the Directors:
In 2016, meeting attendance of Board members and Board Committees' members are as follows:

Meetings of the Board of Directors

Sl.	Name of Director	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/Meeting)	Remarks
1.	Mr. M. A. Rouf, JP Chairman	13	12	96,000	Leave of absence was granted
2.	Mr. Md. Hedayetullah Vice-Chairman	13	9	72,000	"
3.	Mr. Syed Manzur Elahi Director (Founding Chairman)	13	9	72,000	"
4.	Dr. Arif Dowla Director (Representing Advanced Chemical Industries Ltd.)	13	8	64,000	"
5.	Mr. Rashed Ahmed Chowdhury Director (Representing Associated Builders Corporation Ltd.)	13	10	80,000	"
6.	Mr. Md. Abdul Malek Director	13	11	88,000	"
7.	Mr. Md. Wakiluddin Director	13	12	96,000	"
8.	Mrs. Khwaja Nargis Hossain Director	13	12	96000	"
9.	Mr. Anjan Chowdhury Director (Representing ASTRAS Ltd.)	13	3	24,000	"
10.	Mr. Q. A. F. M. Serajul Islam Director (Representing Pioneer Insurance Company Ltd.)	13	7	56,000	"
11.	Mr. Anwarul Amin Independent Director	13	13	104,000	-
12.	Dr. Sultan Hafeez Rahman Independent Director	13	10	80,000	Leave of absence was granted
	Total			**928,000**	

Executive Committee Meetings

Held from January 01, 2016 to March 14, 2016

Sl.	Name of Director	Position	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/ Meeting)	Remarks
1.	Mr. Md. Hedayetullah Director	Chairman	2	2	16,000	He was elected as the Vice-Chairman of the Board at its 189th meeting, held on February 24, 2016
2.	Mr. M A Rouf, JP Vice-Chairman	Member	2	1	8,000	Leave of absence was granted. He was elected as the Chairman of the Board at its 189th meeting, held on February 24, 2016
3.	Mr. Md. Abdul Malek Director	Member	2	2	16,000	---
4.	Mr. Md. Wakiluddin Director	Member	2	1	8,000	Leave of absence was granted
5.	Mr. Q.A.F.M. Serajul Islam Director	Member	2	2	16,000	---
	Total				**64,000**	

Executive Committee Meetings Held from March 15, 2016 to December 31, 2016

The Committee was reconstituted at the 190th meeting of the Board of Directors, held on March 15, 2016

Sl.	Name of Director	Position	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/ Meeting)	Remarks
1.	Mr. Syed Manzur Elahi Director (Founding Chairman)	Chairman	7	7	56,000	Appointed as the Chairman of the reconstituted Committee
2.	Mr. Md. Hedayetullah Vice-Chairman	Member	7	4	32,000	Leave of absence was granted
3.	Mr. Md. Abdul Malek Director	Member	7	4	32,000	"
4.	Mr. Md. Wakiluddin Director	Member	7	6	48,000	"
5.	Mr. Q. A. F. M. Serajul Islam Director	Member	7	5	40,000	"
	Total				**208,000**	

Board Audit Committee Meetings

Held from January 01, 2016 to March 14, 2016

Sl.	Name of Director	Position	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/ Meeting)	Remarks
1	Mr. Anwarul Amin Independent Director	Chairman	1	1	8,000	-----
2	Mr. Syed Manzur Elahi Director (Founding Chairman)	Member	1	---	---	Leave of absence was granted
3	Dr. Arif Dowla Director	Member	1	1	8,000	-----
4	Mrs. Khwaja Nargis Hossain Director	Member	1	1	8,000	-----
5	Dr. Sultan Hafeez Rahman Independent Director	Member	1	1	8,000	-----
	Total				**32,000**	

Board Audit Committee Meetings held from March 15, 2016 to April 27, 2016

Sl.	Name of Director	Position	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/ Meeting)	Remarks
1	Mr. Anwarul Amin Independent Director	Chairman	1	1	8,000	-----
2	Mr. Rashed Ahmed Chowdhury Director	Member	1	1	8,000	-----
3	Mrs. Khwaja Nargis Hossain Director	Member	1	1	8,000	-----
4	Mr. Anjan Chowdhury Director	Member	1	---	---	Leave of absence was granted
5	Dr. Sultan Hafeez Rahman Independent Director	Member	1	1	8,000	-----
	Total				**32,000**	

Board Audit Committee Meetings held from April 28, 2016 to December 31, 2016

As per the revised Policy Guidelines for Internal Control issued by the Bangladesh Bank, the Board would form Audit Committee with such directors who are not the members of Board's Executive Committee. As such, to comply with the respective provision of the said guideline, MTB Board Audit Committee was re-constituted at the 191st meeting of the Board of Directors, held on April 28, 2016

Sl.	Name of Director	Position	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/ Meeting)	Remarks
1	Mr. Anwarul Amin Independent Director	Chairman	3	3	24,000	-----
2	Mr. Rashed Ahmed Chowdhury Director	Member	3	3	24,000	-----
3	Mrs. Khwaja Nargis Hossain Director	Member	3	3	24,000	-----
4	Dr. Sultan Hafeez Rahman Independent Director	Member	3	3	24,000	-----
	Total				**96,000**	

Board Risk Management Committee Meetings
Held from January 01, 2016 to April 27, 2016

Sl.	Name of Director	Position	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/ Meeting)	Remarks
1	Dr. Arif Dowla Director	Chairman	1	1	8,000	-----
2	Mr. Rashed Ahmed Chowdhury Director	Member	1	1	8,000	-----
3	Mrs. Khwaja Nargis Hossain Director	Member	1	1	8,000	-----
4	Mr. Q. A. F. M. Serajul Islam Director	Member	1	1	8,000	-----
5	Mr. Anwarul Amin Independent Director	Member	1	1	8,000	-----
	Total				**40,000**	

Board Risk Management Committee Meetings held from April 28, 2016 to December 31, 2016

MTB Board Risk Management Committee was re-constituted at the 191st meeting of the Board of Directors, held on April 28, 2016.

Sl.	Name of Director	Position	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/ Meeting)	Remarks
1	Dr. Arif Dowla Director	Chairman	4	4	32,000	-----
2	Mr. Md. Hedayetullah Vice-Chairman	Member	4	1	8,000	Leave of absence was granted
3	Mr. Md. Abdul Malek Director	Member	4	2	16,000	Leave of absence was granted
4	Mr. Q. A. F. M. Serajul Islam Director	Member	4	3	24,000	Leave of absence was granted
	Total				**80,000**	

The Authorized Capital of Mutual Trust Bank Limited (MTB) is BDT 10,000,000,000.00 divided into 1,000,000,000 ordinary shares of BDT 10.00 each. The Paid-up Capital of the Bank is BDT 4,431,791,600.00 divided into 443,179,160 ordinary shares. The pattern of shareholding is given below:

i) Parent/Subsidiary/Associated companies and other related parties: N/A
ii) Shares held by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children are as follows:

a) Shares held by the Directors and their spouses as at December 31, 2016:

Name of Director	Status	Nos. of Shares	Name of Spouse	Nos. of Shares	Remarks
Mr. M. A. Rouf, JP	Chairman	8,880,142	Mrs. Evelyn Rouf	---	---
Mr. Md. Hedayetullah	Vice-Chairman	8,868,675	Mrs. Afia Hedayetullah	---	---
Mr. Syed Manzur Elahi	Director (Founding Chairman)	16,341,942	Mrs. Niloufer Manzur	---	---
Dr. Arif Dowla (Representing Advanced Chemical Industries Ltd.)	Director	25,036	Mrs. Rumana Rashid Dowla	---	14,772,607 Shares held by ACI Ltd.
Mr. Rashed Ahmed Chowdhury (Representing Associated Builders Corporation Ltd.)	Director	2,090,794	Mrs. Yasmin Chowdhury	---	22,158,936 shares held by ABC Ltd.
Mr. Md. Abdul Malek	Director	8,948,278	Mrs. Sabina Dilara	---	---
Mr. Md. Wakiluddin	Director	8,871,672		---	---
Mrs. Khwaja Nargis Hossain	Director	8,863,849	Al-haj Syed Abul Hossain	12,709,605	---
Mr. Anjan Chowdhury (Representing ASTRAS Ltd.)	Director	5,571,532	Mrs. Monira Munni Chowdhury	---	11,079,433 shares held by Astras Ltd.
Mr. Q. A. F. M. Serajul Islam (Representing Pioneer Insurance Company Ltd.)	Director	---	Mrs. Salina Akhtar	---	30,949,932 Shares held by Pioneer In. Co. Ltd.
Mr. Anwarul Amin	Independent Director	---	Mrs. Razia Khan Amin	---	---
Dr. Sultan Hafeez Rahman	Independent Director	---	Mrs. Zakia Rahman	---	---

Ownership Composition:

As at December 31, 2016, the Directors of MTB held 37.18% of the total paid up shares, whereas Institutions and General Public held 22.42% and 40.40%, respectively:

Sl.	Type of Owners	No. of Shares	Values of Shares in BDT	(%) of Holding
1	Sponsor/Directors	164,784,063	1,647,840,630	37.18
2	Institutions	99,362,178	993,621,780	22.42
3	General	179,032,919	1,790,329,190	40.40
Grand Total		**443,179,160**	**4,431,791,600**	**100.00**

Holdings	No. of Shareholders	No. of Shares	Value of Shares in BDT	Total Holdings %
Less than 499 shares	3,424	572,185	5,721,850	0.13
500 to 5,000 shares	4,639	8,609,547	86,095,470	1.94
5,001 to 10,000 shares	723	5,190,708	51,907,080	1.17
10,001 to 20,000 shares	493	6,743,384	67,433,840	1.52
20,001 to 30,000 shares	178	4,260,662	42,606,620	0.96
30,001 to 40,000 shares	99	3,414,187	34,141,870	0.77
40,001 to 50,000 shares	67	3,048,917	30,489,170	0.69
50,001 to 100,000 shares	140	10,403,409	104,034,090	2.35
100,001 to 1,000,000 shares	181	50,608,736	506,087,360	11.42
Over 1,000,000 shares	72	350,327,425	3,503,274,250	79.05
Total	**10,016**	**443,179,160**	**4,431,791,600**	**100.00**

Top ten shareholders of the Bank as at December 31, 2016:

Sl.	Name of the Shareholder	Total Shares Held	Holding %
1	Pioneer Insurance Company Ltd.	30,949,932	6.98
2	Associated Builders Corporation Ltd.	22,158,936	5.00
3	Mr. Syed Manzur Elahi	16,341,942	3.69
4	ACI Limited	14,772,607	3.33
5	Peoples Securities Limited	12,831,238	2.90
6	Mr. Alhaj Syed Abul Hossain	12,709,605	2.87
7	Government of Norway	11,891,425	2.68
8	ASTRAS Limited	11,079,433	2.50
9	ICB Unit Fund	10,563,083	2.38
10	Mr. Abu Naser Md Yeahea	10,425,000	2.35

b) Shares held by the Chief Executive Officer, Group Company Secretary, Head of ICCD and Group Chief Financial Officer and their spouses and minor children as at December 31, 2016:

Name of Executive	Status	Number of Shares	Remarks
Mr. Anis A. Khan	Managing Director & CEO	4,633	-----
	Mrs. Monowar Anis Khan	32,155	Spouse of MD & CEO
Mr. Goutam Prosad Das	Deputy Managing Director & Group Head of ICC	----	No shares held by spouse and minor children
Mr. Sayed Abul Hashem	SEVP & Group Chief Financial Officer	----	"
Mr. Malik Muntasir Reza	EVP & Group Company Secretary	----	"

c) Shares held by top five salaried employees other than the Chief Executive Officer, Group Company Secretary, Head of ICCD and Group Chief Financial Officer as at December 31, 2016:

Name of Executive	Status	Number of Shares
Mr. Md. Hashem Chowdhury	Additional Managing Director & COO	25,439
Mr. Md. Zakir Hussain	Deputy Managing & GCRO	-----
Mr. Syed Rafiqul Haq	Deputy Managing Director & CBO	-----

d) Share holdings 10% or more voting interest in the Company: N/A

CERTIFICATE ON CORPORATE GOVERNANCE

A member of mgiworldwide

KHAN WAHAB SHAFIQUE RAHMAN & CO.
CHARTERED ACCOUNTANTS

Partners:
S.M. Shafique FCA
Md. Abu Sina FCA
Md. Anisur Rahman FCA
Faruk Ahmed ACA
Sheikh Zahidul Islam FCA

Rupali Bima Bhaban (5th & 6th Floor),
7, Rajuk Avenue,
Motijheel, Dhaka-1000
Tel : 9565136, 9551663, 9551821
Fax : 880-02-9551821,
E-mail : kwsr@dhaka.net
Web : www.kwsrbd.com

Certificate on Compliance of Conditions of Corporate Governance To The Shareholders of Mutual Trust Bank Limited

We have examined the status of compliance of conditions of Corporate Governance issued by Bangladesh Securities & Exchange Commission (BSEC) vide its notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 in regard to Mutual Trust Bank Limited (the Bank) for the year ended December 31, 2016.

The compliance with the said conditions of Corporate Governance and reporting the status thereof is the responsibility of the management of the Bank. Our responsibility is to provide a certificate about whether the Bank is in compliance with the said conditions of Corporate Governance based on our examination.

Our examination has been made for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Bank for ensuring the compliance of the conditions of Corporate Governance and correct reporting of the status of the compliance on the attached statement on the basis of evidence gathered and representation received. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

To the best of our information and according to the explanations given to us, we certify that Mutual Trust Bank Limited has complied with the conditions of Corporate Governance as enclosed stipulated in the above mentioned BSEC's notification dated 07 August, 2012.

Dhaka, Dated
April 29, 2017

Sheikh Zahidul Islam FCA, MBA
Partner
ICAB Enrollment No. 1394
Khan Wahab Shafique Rahman & Co.
Chartered Accountants

KHAN WAHAB SHAFIQUE RAHMAN & CO. Chartered Accountants

Branch Office:
Sabbir Chamber (3rd Floor),
60, Agrabad C/A, Chittagong.
Telephone: 2520056,
E-mail: kwsrctg@gmail.com

In Practice since 1968

REPORT OF THE BOARD
AUDIT COMMITTEE

MTB formed an Audit Committee on January 18, 2003 comprising 3 members of the Board of Directors in compliance with BRPD Circular No. 12 dated December 23, 2002 of Bangladesh Bank as well as the Notification (SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006) of the Securities and Exchange Commission. The MTB Board Audit Committee was reconstituted by the MTB Board of Directors at its 191st Board meeting held on Thursday, April 28, 2016 comprising 4 members of the Board as per BRPD Circular No. 11 dated October 27, 2013 and in line with the SEC's Notification No. SEC/CMRRC/2006-158/129/Admin/43 dated July 3, 2012.

Role of the Committee:
The Audit Committee is a Committee of the Board of Directors responsible for oversight of the financial reporting process, selection of the independent auditor, and receipt of audit reports both internal and external. The Committee assists the Board of Directors to fulfill its corporate governance and overseeing responsibilities in relation to an entity's financial reporting, internal control system, internal and external audit functions and compliance with applicable laws, rules and regulations. Its role is to provide advice and recommendations to the Board within the scope of its terms of reference/charter. In order to fulfil the same, MTB Board Audit Committee performs, among others, the following functions:

a. Internal Control:
i. Evaluates whether the management has set the appropriate compliance culture by communicating the importance of internal control and clearly defining the duties and responsibilities of the Bank officials, and whether the management has full control over their activities.
ii. Reviews the arrangements made by the management for building a suitable Management Information System (MIS) including computerized system and its applications.
iii. Considers whether the internal control strategies/structures recommended by internal and external auditors from time-to-time have been implemented by the management.
iv. Reviews the corrective measures taken by the management as regards the incidents relating to frauds-forgeries, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authorities and inform the Board on regular basis.

b. Financial Reporting:
i. Reviews the annual financial statements and verifies whether full and fair disclosures of information have been made therein, and whether statements have been prepared in accordance with the existing rules and regulations in the country and accounting standards, including the standards set by Bangladesh Bank.
ii. Meets with the management and the external auditors to exchange views before finalization of the financial statements.

c. Internal Audit:
i. Ensures the internal audit functions are dealt with independently and reports are submitted to the Audit Committee of the Bank.
ii. Reviews the internal audit functions and organizational structure in order to ensure that unjustified restrictions or limitations do not create a hindrance to audit functions.
iii. Reviews the efficiency and effectiveness of internal audit functions.
iv. Checks that the findings and recommendations made by the internal auditors for removing the irregularities are duly acted upon by the management in running the affairs of the Bank.

d. External Audit/Independent Audit:
i. Reviews the audit performance of the external auditors and the audit reports.
ii. Checks that the findings and recommendations made by the external auditors for removing the irregularities are duly acted upon by the management in running the affairs of Bank.
iii. Makes recommendations to the Board regarding the appointment of the external auditors for conducting the audit of the Bank.

e. Compliance with Existing Laws, Rules & Regulations:
Reviews whether the rules and regulations framed by the regulatory authorities (Bangladesh Bank and other agencies) and internal policies approved by the Board of Directors of MTB are being complied with.

f. Other Responsibilities:

i. Places compliance report before the Board regarding regularization of the errors, omissions, frauds, forgeries and other irregularities as detected by the internal and external auditors and inspection teams of Bangladesh Bank.

ii. Ensures that the internal and external auditors submit evaluation/management reports to the Committee on a particular issue.

iii. Performs other oversight functions as requested by the Board, and its own performance is evaluated on a regular basis by the Board of Directors.

Composition of the Committee:

The members of the present Audit Committee are:

1.	Mr. Anwarul Amin, Independent Director	Chairman
2.	Mr. Rashed Ahmed Chowdhury Director	Member
3.	Mrs. Khwaja Nargis Hossain, Director	Member
4.	Dr. Sultan Hafeez Rahman Independent Director	Member

The Company Secretary of the Bank functions as the Secretary of the Committee as per regulatory guidelines. The Managing Director & CEO, other members of management, representatives of the external auditors, Head of Internal Control and Compliance, Head of Credit Risk Management, Head of Group Finance, Head of Internal Audit, Head of Special Assets Management and other officials are invited to attend the meetings as and when the Committee requires their presence.

Meetings:

The Committee regularly meets with the Heads of Internal Control and Compliance, Credit Risk Management, Group Finance, Head of Internal Audit, Special Assets Management, other Bank officials and also the external auditors to discuss the Bank's financial reporting, audit review, internal control and compliance position, recovery of non-performing loans (NPL) and other relevant matters.

During the year 2016, five meetings of the MTB Board Audit Committee were held.

Activities:

- During the year under review, the Committee, inter alia, focued on the following activities:
- Reviewed the internal audit plan for the year 2016 and followed up on its implementation status.
- Reviewed the draft financial statements and recommended the same to the Board for consideration after the meeting with the representatives of the external auditors.
- Reviewed the Management Letter issued by the external auditors, management response thereto and corrective measures taken by the Bank to avoid recurrence of the lapses mentioned therein.
- Reviewed the quarterly financials of the Bank prepared to evaluate the performance for onward submission to the shareholders as a statutory requirement.
- Reviewed the major internal audit findings (of Branches and Divisions/Departments of Corporate Head Office) with a view to taking corrective action on time.
- Reviewed the major findings/observations of Bangladesh Bank's Inspection Reports and advised the management of the Bank to take steps for rectification of lapses/irregularities toward fulfilling the compliance requirements of the regulator.
- Reviewed the Self-Assessment of Anti-Fraud Internal Controls of the Bank.
- Reviewed the Annual Health Report of the Bank as a regulatory requirement and advised the management of the Bank to take steps for further improvement of the financial health of the Bank.
- Placed compliance reports/minutes before the Board detailing the decisions taken/ recommendations made by the Committee in its various meetings for information/concurrence of the Board.

Approval of Financial Statements:

The Audit Committee reviewed and examined the Annual Financial Statements, 2016 prepared by the management and audited by the External Auditors M. J. Abedin & Co. and recommended to place the same before the Board of Directors for consideration.

The Board approved the same at its 204th meeting held on April 24, 2017.

Acknowledgement:

The MTB Board Audit Committee expresses its sincere thanks and gratitude to the Board of Directors, management and the auditors for their support in smooth operation of the Bank.



Anwarul amin
Chairman of the MTB Board Audit Committee

REPORT OF THE ACTIVITIES OF THE BOARD RISK MANAGEMENT COMMITTEE (BRMC)

Managing risk is an integral part of our (MTB's) business strategy. Our risk management approach focuses on ensuring continued financial soundness, and safeguarding the interests of our stakeholders, while remaining nimble to seize value-creating business opportunities in a fast-changing business environment. We are committed to maintaining high standards of corporate governance, sound risk management principles and business practices to achieve sustainable long-term growth. We continuously strive towards best risk management practices to support our strategic objectives.

The Board Risk Management Committee of MTB was formed in 2014, in compliance with the Bangladesh Bank's BRPD Circular No. 11, dated October 27, 2013. Thepurpose of the Committee is to assist the Board in fulfilling its responsibility with respect to-

1 oversight of risk management framework, including the significant policies and practices used in managing credit, market, operational and certain other risks;
2 oversight of policies and practices relating to funding risk, liquidity risk and pricing risk, which constitute significant components of market risk, and risks pertaining to capital management; and
3 oversight of the performance of the loan portfolio.

The Committee reports to the Board of Directors regarding risk profile of the bank, as well as its risk management framework, including the significant policies and practices employed to manage risks in businesses, as well as the overall adequacy of the Risk Management function.

Composition
The Committee consists of the following Directors, nominated by the Board of Directors:

1.	Dr. Arif Dowla Director	Chairman of BRMC
2.	Mr. Md. Hedayetullah Director	Member
3.	Mr. Md. Abdul Malek Director	Member
4.	Mr. Q.A.F.M. Serajul Islam Director	Member
5.	Mr. Anis A. Khan Managing Director & CEO	Member

Activities in 2016
During the year, five (5) BRMC meetings were held. The Committee worked very closely with the key management personnel and the Board in fulfilling its statutory, fiduciary and regulatory responsibilities for risk management. In this regard, the Committee's main functions in 2016 were as follows:

- To assess all risks including credit, market, liquidity, operational and strategic risks on a regular basis via appropriate risk indicators and MIS reports.
- To review sector-wise exposure from earning and non-performing loans (NPL), in order to ensure that risk exposure in higher NPL sectors are compensated through appropriate loan pricing.
- To review the adequacy and effectiveness of all management level committees and to manage the associated risks within the quantitative and qualitative risk limits.
- To ensure that the risks of the Bank are within the prudent levels, decided by the Committee, based on the Bank's risk appetite and the regulatory requirements. Need based corrective actions, if any, are taken promptly.
- To review the risk policy/manual/guideline before placing it to the Board for approval.
- To review the progress of Basel III Roadmap implementation and associated capital adequacy planning in the long term.

During the year under review, the Committee supported and moved forward the Bank's business strategy and reinforced its values in the context of a clearly articulated risk appetite and effective risk management system.

REPORT ON RISK MANAGEMENT BY GCRO

Risk is inherent in all business operations. Banks, being financial entities and conducting business with others' money, have to encounter multidimensional risks. But, with the passage of time, the dimension of risks and its intensity have undergone significant changes, which have made risk management in banks very important. Addressing risk management in the context of current challenges is a complex matter and function of appropriate policies, procedures and culture. Risk management in Mutual Trust Bank (MTB) follows a stringent process flow starting with the identification of risks in its business operation, planning and mapping the process considering the risk spheres and protecting the interest of depositors and other stakeholders. Keeping in mind the basic principles of risk management, MTB has been relentlessly endeavoring to create value by making risk management, an integral part of its organizational process. Its decision-making is guided by the process follows in conformity with the guidelines of the regulators and the prevailing best practices, where uncertainties are aptly addressed.

MTB, as one of most compliant and sound commercial banks of the country, is playing a significant role in stabilizing the banking sector through judicious balancing of its business and risk management activities. The bank has shown notable improvements on some performance and risk indicators such as Capital to Risk Weighted Asset Ratio (CRAR), Additional Capital Requirement, Net Interest Margin (NIM).

MTB's consolidated CRAR of 11.29% in 2016, which is above the minimum regulatory requirement, shows its strong capacity of absorbing credit risk, market risk and operational risk. Moreover, its capacity to maintain adequate capital is presently sufficient to cover all possible risks in the business, such as, residual risk, concentration risk, reputational risk, settlement risk, environmental and climate change risk, strategic risk and liquidity risk. To strengthen its preparedness in stressed situation, MTB has adopted Stress Testing techniques to measure its vulnerability to the impacts of exceptional but plausible events. The test is conducted quarterly, and findings are submitted to the All Risk Committee (ARC), the Board Risk Management Committee (BRMC), the Board and the Bangladesh Bank. Stress Testing is carried out by assuming three levels of shocks, minor, moderate and major on interest rate changes, forced value of collaterals, NPLs,share prices, foreign exchange rate, changes in credit rating and liquidity. Loans and advances are the major components of the risk assets of MTB. This important risk area is adequately taken care of, in designing and executing the credit plan, considering among others the business/commercial viability.

MTB is maintaining a strong liquidity base reflecting its sound position in the industry. Cash Reserve Ratio (CRR) and Statutory Liquid Reserve (SLR) of the Bank are above the regulatory standard of 6.5% and 13% respectively. Short-term resilience of the bank is reflected through 118.65% Liquidity Coverage Ratio (LCR) against regulatory standard of at least 100%. MTB shows resilience over the longer time horizon as it is capable of funding its activities with more stable sources of funding on an ongoing structural basis. This is reflected in its Net Stable Funding Ratio (NSFR) of 101.05% in 2016 against regulatory standard of al least 100%.

Success of any organization depends on the soundness of corporate governance, specially risk governance. MTB's risk governance structure specifies the policies, principles and procedures for overall corporate risk management decisions. MTB follows an active risk governance structure, which is designed to improve the results of the organization by identifying and removing the causes that hinders its growth and by mitigating and managing the associated risks.

With the required capital buffer, good asset quality, adequate liquidity reserves, healthy organizational ethos and profitability to a satisfactory level, MTB smartly balancing the risk with return and thereby contributed to the country's financial stability and financial growth. By protecting the interest of the stakeholders judiciously, the Bank will surely surge forward in the days ahead.



Md. Zakir Hussain
Deputy Managing Director and Group CRO.

MARKET DISCIPLINE
PILLAR III DISCLOSURE



1. Introduction

Bangladesh Bank (BB) issued Guidelines on Risk Based Capital Adequacy (a revised regulatory capital framework for banks in line with Basel III) in December 2014, in accordance with Basel III, a global regulatory framework for more resilient banks and banking systems, issued by Basel Committee for Banking Supervision (BCBS) in 2010.

The objectives of Market Discipline in the revised framework is to establish more transparent, and more disciplined financial market, so that stakeholders can assess the position of a bank regarding holding of assets, and to identify the risks relating to the asset's and capital adequacy to meet probable loss of assets. We are providing the following detailed qualitative and quantitative disclosures, in accordance with Guidelines on Risk Based Capital Adequacy by Bangladesh Bank.

2. Disclosure Policy

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

(a) Standardized approach for credit risk, (b) Standardized approach for market risk, (c) Basic indicator approach for operational risk.

3. Components of Disclosure Framework:

i) Scope of application
ii) Capital structure
iii) Capital adequacy
iv) Credit risk
v) Equities: disclosures for banking book positions
vi) Interest Rate Risk in the Banking Book (IRRBB)
vii) Market risk
viii) Operational risk
ix) Leverage ratio
x) Liquidity ratio
xi) Remuneration

i. Scope of Application:

The Risk Based Capital Adequacy framework applies to all banks on 'Solo' and 'Consolidated' basis. The framework on 'Solo' basis refers to all positions of the bank, its local and overseas branches/offices, and 'Consolidated' basis includes subsidiary companies, if any. Mutual Trust Bank Limited applies both the frameworks on 'Solo' and 'Consolidated' basis, as the bank has three subsidiaries, namely i) MTB Securities Limited ii) MTB Capital Limited iii) MTB Exchange (UK) Limited.

ii. Capital Structure

Qualitative Disclosures

The terms and conditions of the main features of all capital instruments have been segregated in terms of eligibility criteria (BRPD circular no. 18 dated December 21, 2014 and other instructions given by Bangladesh Bank).

Tier-1 Capital consists of Common Equity Tier-1 (CET-1), and Additional Tier-1 Capital. MTB has no additional Tier-1 Capital. CET-1 Capital of MTB comprises Paid-up Capital, Statutory Reserve, General Reserve, Retained Earnings, and Minority Interest in Subsidiaries. Supplementary Capital (Tier-2) comprises of General Provisions (on unclassified and Special Mention Account (SMA) loans and off-balance sheet exposure), Revaluation Reserves for Securities, Fixed Assets, and Equities, following the deductions as per Basel III guidelines, MTB's Partially Convertible Subordinate Bond, as approved by Bangladesh Bank (BB), and Bangladesh Securities and Exchange Commission (BSEC).

Quantitative Disclosures

Total Eligible Capital

BDT Million

Particulars	Solo	Consolidated
Common Equity Tier-1 Capital:		
Paid-up Capital	4,431.79	4,431.79
Statutory Reserve	3,187.77	3,187.77
General Reserve	616.78	616.78
Retained Earnings	815.48	841.24
Minority Interest in Subsidiaries		0.12
Regulatory Adjustments/Deductions		
Goodwill and Other Intangible Assets	65.81	65.81
Investments in own CET-1 Instruments/Shares	0.00	0.00
Reciprocal Cross holdings in the CET-1 Capital of Banking, Financial and Insurance Entities	2.46	2.46
Total Common Equity Tier-1 Capital	**8,983.55**	**9,009.43**
Additional Tier-1 Capital	**0.00**	**0.00**
Total Tier-1 Capital	**8,983.55**	**9,009.43**
Tier-2 Capital:		
General Provision	1,559.62	1,559.62
Revaluation Reserves	260.13	260.13
Subordinated Debt	3,000.00	3,000.00
Regulatory Adjustment/Deduction	**104.05**	**104.05**
Total Tier-2 Capital	**4,715.70**	**4,715.70**
Total Eligible Capital	**13,699.25**	**13,725.13**

iii. Capital Adequacy

Qualitative Disclosures

a. Capital Calculation Approach

The assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank (BB): standardized approach for credit and market risk, and basic indicator approach for operational risk.

b. Capital of the Bank

BDT Million

Capital Adequacy	Solo	Consolidated
Capital Requirement for Credit Risk	10,694.02	10,822.48
Capital Requirement for Market Risk	372.99	439.98
Capital Requirement for Operational Risk	832.17	893.09
Total Capital Requirement	11,899.19	12,155.55
Total Eligible Capital	13,699.25	13,725.13
Capital to Risk Weighted Asset Ratio (CRAR)	11.51	11.29
Common Equity Tier-1 Capital Ratio (%)	7.55	7.41
Total Tier-1 Capital Ratio (%)	7.55	7.41
Tier-2 Capital Ratio (%)	3.96	3.88
Capital Conservation Buffer	743.69	759.72
Available Capital for Pillar-II requirement	1,056.37	809.86

MTB follows the following principles in maintaining its capital base:

- A strong capital to RWA ratio;
- Capital at a reasonable level to absorb all material risks;

MTB ensures compliance with the regulatory requirements, and satisfaction of external rating agencies and other stakeholders including depositors.

c. Capital Management

Initiative to ensure adequate capital encompasses:

- Issuing subordinated debt to raise Tier-2 capital;
- Encouraging borrowers to complete external credit rating to assess counter party credit risk status, and minimizing regulatory capital requirements;
- Improving and enhancing collateral coverage through efforts to obtain eligible collateral;
- Assessing risk profile, and credit rating of new clients.

MTB's CRAR is periodically reviewed by the Risk Management Division (RMD), and reported to senior management and the Board.

iv. Credit Risk

Qualitative Disclosure

MTB manages credit risk through a robust process that enables the bank to proactively manage its loan portfolio in order to minimize losses, and earn an acceptable level of return for its shareholders.

Credit Risk Management

MTB's Credit Policy Manual (CPM), approved by the Board of Directors, defines organizational structure, roles, responsibilities and processes, whereby, credit risks can be identified, quantified, and managed. Credit instruction manuals address regulatory issues, and establish control points. MTB credit approvals clearly specifies all conceivable aspects including eligibility of the borrower, requirement of papers/information/documents, borrower's stake, and all other issues related to borrowing. The credit policy encompasses, all operational issues of credit, right from selection of borrower to the ultimate recovery, including transfer process of delinquent account and treatment of slow, overdue accounts, Special Mention Accounts (SMA), and classified loan accounts. MTB manages credit risk through continuous measuring, and monitoring of risks at obligor (borrower) levels and portfolio level, and follows the Credit Risk Grading (CRG) model of Bangladesh Bank, and has deployed a credit appraisal/approval process. The CRG model captures both the quantitative and qualitative issues, related to management risk, business risk/industry risk, financial risk, security risk and relationship risk, while assessing the overall grading of borrowers. We also get credit rating of our clients by External Credit Assessment Institutions (ECAIs). In 2016, MTB's total number of rated clients is 1430, which was 1184 in the previous year. For ensuring smooth and quality credit operations, good governance, quick approvals, better control, and making safe and secured lending have been emphasized.

Loan Classification

All the loans and advances are grouped into four categories for the purpose of classification, which are:

(i) Continuous Loan
(ii) Demand Loan
(iii) Fixed Term Loan and
(iv) Short-term Agricultural and Micro-Credit.

Continuous & Demand Loans are classified as:

- Sub-standard - if past due for 3 months or more, but less than 6 months;
- Doubtful - if past due for 6 months or more, but less than 9 months;
- Bad/Loss - if past due for 9 months or more.

Fixed Term Loans amounting up to 10 lacs are classified as:

- Sub-standard - if the defaulted installment is equal to, or more than the amount of installment (s) due within 6 (Six) months;
- Doubtful - if the defaulted installment is equal to, or more than the amount of installment (s) due within 9 (Nine) months;
- Bad/Loss - if the defaulted installment is equal to, or more than the amount of installment (s) due within 12 (twelve) months.

Fixed Term Loans for more than 10 lacs are classified as:

- Sub-standard - if the defaulted installment is equal to, or more than the amount of installment (s) due within 3 (three) months;
- Doubtful - if the defaulted installment is equal to, or more than the amount of installment (s) due within 6 (six) months;
- Bad/Loss - if the defaulted installment is equal to, or more than the amount of installment (s) due within 9 (nine) months.

Short-term Agricultural and Micro Credit are classified as:

- Sub-standard - if the irregular status continues after a period of 12 (twelve) months;
- Doubtful - if the irregular status continues after a period of 36 (thirty-six) months;
- Bad/Loss - if the irregular status continues after a period of 60 (sixty) months.

A continuous credit, demand loan or term loan which remains overdue for a period of 60 days or more is classified as a "Special Mention Account (SMA)".

CREDIT RISK

BDT Million

A) Total Gross Credit Risk Exposures Broken Down By Major Types Of Credit Exposure	Amount
Term Loan	29,777.15
Time Loan	818.42
SME Financing	10,451.84
Consumer Financing	294.06
Retail Financing	3,440.41
General Loans	3,372.09
Demand Loan	2,297.42
Payment Against Documents (PAD)	234.34
Trust Receipts	8,705.31
Lease Finance	452.95
Export Development Fund	3,443.96
House Building Loan	3,742.10
Staff/Employee Loan	667.51
Loan to MTB Securities Limited	345.00
Loans and Advances - Off-Shore Banking Unit	2,955.87
Loan Disbursed by MTB Subsidiaries	3,521.21
Cash Credit	23,543.91
Packing Credit	194.67
Secured Overdraft	13,813.66
Bills Purchased and Discounted	-
Payable in Bangladesh	2,156.55
Payable outside Bangladesh	127.33

BDT Million

B) Geographical Distribution of Exposures, Broken Down In Significant Areas by Major Types of Credit Exposure.	Amount
Urban	
Dhaka Division	79,178.13
Chittagong Division	22,474.59
Rajshahi Division	3,908.85
Sylhet Division	845.48
Khulna Division	1,177.17
Rangpur Division	2,269.24
Barisal Division	209.24
Mymensingh Division	562.11
Rural	
Dhaka Division	2,103.81
Chittagong Division	1,396.77
Rajshahi Division	-
Sylhet Division	128.91
Khulna Division	-
Rangpur Division	-
Barisal Division	-
Mymensingh Division	101.46
C) Industry or Counter party Type Distribution of Exposures, Broken Down by Major Types of Credit Exposure.	**Amount**
Agriculture	3,069.90
RMG	11,901.64
Textile	9,781.37
Ship Building	1,254.82
Ship Breaking	1,790.27
Other Manufacturing Industry	24,250.08
SME Loans	15,260.84
Construction	1,156.18
Power and Gas	1,870.79
Transport, Storage and Communication	418.36
Trade Service	15,228.57
Commercial Real-estate Financing	7,364.84
Residential Real-estate Financing	869.25
Consumer Credit	2,180.84
Capital Market	3,866.21
Financial Institutions	4,985.27
Advances to Managing Director and Senior Executives	667.51
Others	8,439.01
D) Residual Contractual Maturity Breakdown of The Whole Portfolio, Broken Down by Major Types of Credit Exposure	**Amount**
On Demand	13,799.07
Not more than three months	28,331.11
More than three months, but less than one year	37,255.55
More than one year, but less than five years	21,845.83
More than five years	13,124.20

AMAR STOCK

e) Amount of Impaired Loans

BDT Million

Particulars	Amount
Continuous Loans	895.94
Demand Loans	224.33
Term Loans	3,735.04
Short-Term Agro-Credit and Micro-Credit	127.78
Total	**4,983.09**

Specific and General Provisions

Specific and general provisions are made on the amount of classified and unclassified loans and advances/ investments respectively, exposures of off-balance sheet, and Offshore Banking Units of the Bank.

BDT Million

Particulars	Amount
Provision on unclassified loans and advances/ investments including Off-shore banking unit	1,107.61
Provision on classified loans and advances/ investments	2,050.92
Provision on off-balance sheet exposure	452.00
Total	**3,610.53**

Guidelines for Loan Loss Provisions

The Bank follows Bangladesh Bank guidelines regarding loan classification, provisioning, and any other issues related to Non-Performing Loan (NPL), internal credit guidelines, direct loan provisioning, review procedure, loan write-off, facility grading, reporting requirement and interest recognition.

Particulars	Rate
General Provision	
Against all unclassified loans (Standard and SMA) of Small and Medium Enterprise (SME)	0.25%
Against all unclassified loans and off-balance sheet exposures (other than Short Term Agri. credit & Micro credit, loans under Consumer Financing (CF), SME Financing, Loans to Brokerage House, Merchant Banks, Stock dealers)	1%
On unclassified amount for Housing Finance (HF) and Loans for Professionals (LP) to set up business under consumer financing scheme, loans to Brokerage House, Merchant Banks, Stock dealers.	2%
On the Standard loans for Short Term agri. Credit & Micro credit	2.50%
On unclassified amount for consumer financing other than HF & LP	5%
Specific Provision	
Specific provision on Sub-standard and Doubtful loans and advances for Short Term agri. credit & Micro credit	5%
Specific provision on Sub-standard loans and advances except Short Term agri. credit & Micro credit	20%
Specific provision on Doubtful loans and advances except Short Term agri. credit & Micro credit	50%
Specific provision on Bad and Loss loans and advances	100%

Throughout the year, loans and advances were reviewed to assess whether objective evidence of impairment had arisen.

f. Movement of NPL, and specific provision for NPL

The following table gives MTB's movement of NPL and specific provision for NPL

Gross Non-Performing Loans (NPLs)	
Non-Performing Loans (NPLs) to Outstanding Loans & Advances (%)	4.36%

BDT Million

Movement of Non-Performing Loans (NPLs)	Amount
Opening balance	2,034
Additions	2,949
Closing Balance	4,983

BDT Million

Movement of specific provisions for NPLs	Amount
Opening balance	1,182
Provisions made during the period	869
Closing Balance	2,051

v. Equities: Disclosures for banking Book Positions

MTB Securities Limited, a corporate member of Dhaka Stock Exchange Limited (Member No. 197), executes the stock brokerage functions of MTB. For equity financing, only investment in unquoted securities are considered as Banking Book assets; investment in equity for relationship or strategic reason is considered under trading book. Investment in equity securities is broadly categorized into two parts:

i) Quoted securities (common or preference shares and mutual funds) - Traded in the secondary market (trading book assets)
ii) Unquoted securities- Categorized as banking book equity exposures, which are further, sub-divided into two groups:

a) Unquoted securities which are invested without any expectation that these will be quoted in near future i.e. Held-to-Maturity (HTM);
b) Unquoted securities acquired under private placement or Initial Public Offering (IPO) that are going to be traded in the secondary market after completing required formalities.

The primary aim is capital gain or dividend income. Dividends received from these equity securities are accounted for as and when received. Both quoted and un-quoted equity securities are valued at cost, and necessary provisions are maintained if the prices fall below the cost price. As per Bangladesh Bank (BB) guidelines, Held-for-Trading (HFT) equity securities are mark-to-market (revalued) once a week, and HTM equity securities are amortized annually. HTM securities are revalued, if reclassified to HFT (with approval of the Board of Directors). The quoted shares of the bank are valued at cost or market price, whichever is lower.

BDT Million

Equities	Amount
a) Value disclosed in the balance sheet of investments, as well as, the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value Cost price	920.66
Market price	760.42
Difference	(160.24)
b) Cumulative realized gains (losses) arising from sales and liquidations in the reporting period	
c) Total unrealized gains (losses)	(160.24)
d) Total latent revaluation gains (losses)	-
e) Any amounts of the above included in Tier II capital	-
f) Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements Specific Risk General Market Risk	 109.37 109.37

vi. Interest Rate Risk in the Banking Book

Interest rate risk arises when changes in market interest rates adversely affect bank's financial condition, affecting both current earnings (earnings perspective), and net worth of the bank (economic value perspective).

The short-term impact of changes in interest rates is on the bank's Net Interest Income (NII). The longer-term changes in interest rates affect asset cash flows, liabilities, and off-balance sheet items. This poses a risk to the net worth of the bank, arising out of all re-pricing mismatches, and other interest rate sensitive positions. MTB assesses the economic value at risk due to interest rate shock on a quarterly basis.

BDT Million

Interest Rate Risk in the banking book			Amount
Total Risk Sensitive Assets			92,120.70
Total Risk Sensitive Liabilities			86,908.40
Cumulative Gap			
< 3 months			(4,851.70)
3-6 months			(1,120.10)
6-12 months			5,212.30
CRAR before Shock (%)			11.29
Assumed Change in Interest Rate (%)	1%	2%	3%
Net Interest Income and Repricing impact (%)			
CRAR after Shock (%)	10.47	9.64	8.82

vii. Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in different market variables, namely:

- Interest rate movements;
- Foreign currency exchange rate movements;
- Equity/stock price movements.

MTB's Market Risk Policy, approved by the Board, covers assessment, monitoring, and management of the market risks. The Board sets limits, and reviews compliance on a regular basis, in order to provide cost effective funding to finance asset growth, and trade related transactions.

a. Methods Used to Measure Market Risk

Standardized approach for market risk calculates the minimum capital requirement, for each risk sub-category, in terms of two separately calculated capital charges for "specific risk" and "general market risk".

b. Market Risk Management System

The Treasury Department manages market risk covering liquidity, interest rate, and foreign exchange risks, with oversight from Asset Liability Management Committee (ALCO), comprising of senior executives of the bank. The Managing Director and CEO of the bank chairs the ALCO, and meetings are held at least once in a month.

c. Policies and Process for Managing Market Risk

There are approved limits for credit deposit ratio, liquid asset to total asset ratio, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items, and borrowing from money market and foreign exchange position. The limits are monitored and enforced on a regular basis to mitigate market risks. The Treasury Department of the Bank reviews the prevailing market conditions, exchange rates, foreign exchange position, and transaction to mitigate foreign exchange risks on a daily basis. Foreign exchange risk is computed on the sum of net short positions, or net long positions, whichever is higher of the foreign currency positions held by the bank.

BDT Million

Quantitative Disclosure of Market Risk	Amount
Capital Requirement for:	
Interest Rate related instruments	115.70
Equities	218.74
Foreign Exchange Position	105.54
Commodity Risk	-
Total	**439.98**

viii. Operational Risk

Operational risk arises from inadequate or failed internal processes, people and systems, or from external causes, whether deliberate, accidental or natural - inherent in all of the Bank's activities. The policy for operational risks, including internal control and compliance risk, is approved by the Board, taking into account relevant guidelines of Bangladesh Bank. The Audit Committee of the Board directly oversees the activities of the Internal Control and Compliance Division (ICCD) with the object of mitigating all operational risks.

a. Performance Gap of Executives and Staff

MTB tries to staff with excellent quality of personnel by offering competitive remuneration packages, and to ensuring workplace safety for its employees with consistent adoption of best employment practices, and constant following the policy of non-discrimination regarding compensation, health and safety. Its strong brand image plays an important role in employee motivation. Combination of all these has created a very strong choice among the workforce of banking industry for MTB as being professionally an ideal place of choice.

b. Systems

MTB has invested heavily in IT infrastructure for better automation, online transaction platform and network links to avoid business disruption and system failure. The Bank's IT system does not allow any kind of external access, ensuring safeguarding from external fraud (theft/ hacking of information assets, forgery etc.).

c. Policies and Processes for Managing Operational Risk

MTB has Risk Management Division in place. Its objectives are mainly to identify, assess, monitor, control and manage risks including operational risks and also to rectify risk events, and implement any additional procedures required for compliance. As per the internal control and compliance policy, 2014 of the bank, Group Internal Control & Compliance Division (ICCD) is conducting risk based internal audit. To do these, the activities of branches are being rated in terms of their risk status. It is the policy of the bank to conduct audit on all the branches at least once a year. ICCD directly reports to the Audit Committee of the Board. Human Resource Division of MTB has also introduced a vigorous Performance Management System (PMS) to evaluate human resources in terms of performance, and in still a performance-based culture within the organization.

BDT Million

Quantitative Disclosure of Market Risk	Amount
Capital requirement for Operational Risk	893.09

ix. Leverage Ratio

As an additional safeguard against model risk, and measurement error by supplementing the risk-based measure, a non-risk based regulatory leverage ratio has been introduced with a simple, transparent and independent measurement of risk. The Basel III leverage ratio is defined as the capital measure (Tier-1 capital of the risk based capital framework) divided by the exposure measure, this ratio is expressed as a percentage in consolidated basis.

BDT Million

Components	Amount
Leverage Ratio (%)	4.80
On-Balance Sheet Exposure	1,63,355.83
Off-Balance Sheet Exposure	24,569.64
Total Exposure after regulatory adjustment	**1,87,857.21**

Liquidity Ratio

To measure the liquidity status of banks, Bangladesh Bank, in line with Basel Committee on Banking Supervision, has introduced two new standards for better liquidity management- Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR), under Basel III accord. The LCR aims to ensure that a bank maintains adequate level of High Quality Liquid Assets (HQLA) that can be converted into cash to meet its liquidity needs for 30 calendar days, under stressed scenario. The NSFR aims to limit over-reliance on short term wholesale funding during times of abundant market liquidity, and encourage better assessment of liquidity risk across all on and off-balance sheet items. Regulatory standards for LCR ratio is '≥100%' and for NSFR ratio is '>100%'.

MTB manages liquidity risk in accordance with its ALM Policy. This policy is framed as per the regulatory guidelines, and is approved by the Board of Directors. The ALM Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign with changes in the economic landscape. The MTB ALCO Committee formulates and reviews strategies, and provides guidance to manage liquidity risk within the framework laid out in the ALM Policy. The committee proactively manages liquidity risk as a part of its ALM activities. MTB uses various tools to measure liquidity risk, which include Statement of Structural Liquidity (SSL), Liquidity Cash Flow Statements, Liquidity ratios and Stress Testing through scenario analysis etc. MTB management has also framed a Liquidity Contingency Plan (LCP), which serves as a framework for early identification and calibrated action in the event of tight liquidity conditions. The LCP includes various indicators, which are monitored regularly, and lays down the mechanism for escalation, remedial action, and crisis management until return to normalcy.

BDT Million

Components	Amount
Liquidity Coverage Ratio (%)	118.65
Net Stable Funding Ratio (%)	101.05
Stocks of high quality liquid assets	30,757.19
Total net cash outflows over the next 30 calendar days	25,922.62
Available amount of stable funding	1,39,708.02
Required amount of stable funding	1,38,260.34

xi. Remuneration

a. The bodies that oversee remuneration
MTB aims to attract, retain, and motivate the best people who are committed to maintaining a career with the bank, and who will perform their role in the long-term interests of the bank.

A vigorous and effective governance framework ensures that the bank operates within clear parameters of its compensation strategy. All compensation matters are overseen by MTB Group HR in consultation with deputy managing directors, additional managing director and Managing Director & CEO. In this process, evaluating market conditions and adjusting cost of living remuneration is set. The Remuneration is finally approved by the Board of Directors.

b. Design and Structure of Remuneration
The Bank has adopted a Board approved promotion policy. All eligible candidates for promotion are evaluated strictly in terms of the provision of the promotion policy and subsequently recommended by the promotion committee comprising of the following:

Designation	As
Additional Managing Director	Chairman
All Deputy Managing Directors	Member
MTB Group Head of HR	Member Secretary
MTB Group Head of Internal Control & Compliance	Member

c. Performance and Pay-nature and type of measures:
The Bank uses objective based performance management system. The employees of the bank set objectives on the basis of the job description /assignment at the beginning of the year deliverables for the year. Mid-year review is conducted to ascertain the progress report. Finally, performance of the employees are evaluated at the end of the year. The performance bonus for employees is linked to the overall performance of the bank.

d. Variable remuneration
Variable remuneration is performance related and consists primarily of the annual performance bonus. As a part of variable remuneration, the annual bonus rewards delivery of operational and financial objectives, the individual performance of the employees in achieving those objectives.

The Cluster Heads and divisional/departmental heads recommend Incentive Bonus for employees working under their supervision. All recommendations examined and evaluated by a committee known as Bonus Committee. The structure of the committee is as under:

Designation	As
Additional Managing Director	Chairman
All Deputy Managing Directors	Members
MTB Group Head of HR	Member Secretary
MTB Group Head of Internal Control & Compliance	Member
MTB Group Chief Financial Officer	Member

The remuneration is a combination of fixed pay and variable pay. The variable pay is higher at senior levels than that of junior levels.

e. Number of employees received variable remuneration award
Employees received variable remuneration award for the year 2016 for their extra ordinary effort to ensure business profitability:

Category	Number of employees
Executives	2
Officers	3

f. Total amount of severance payment:
Total amount of BDT 37.08 Million disbursed to 51 outgoing employees as severance payment for the year 2016 at the time of releasing them from the service of the bank.

KEY HIGHLIGHTS

BDT 400 million financed in Effluent Treatment Plant (ETP)

BDT 33 million financed in 2 Hybrid Hoffman Kiln (HHK)

BDT 30 million invested in Disaster Management

389 bicycles distributed amongst the underprivileged students across the country.

BDT 4,226 million financed in SME sector

17,468 number of accounts are availing internet banking

226 ATMs and **110 branches** are operating online among which 09 branches and 09 ATMs are powered by **solar energy**

129,065 E-statements delivered to Customer instead of paper

USD 191 million foreign remittance received by households of rural and semi-urban areas through MTB channel

1,659 Number of NRB Deposit Accounts opened

47 Tons of paper saved by using MTB intranet and internet

G4

Report Contents, Scope, Purpose & GRI reporting Framework

GRI Reporting Framework

The year 2016 reporting is MTB's third sustainability report based on GRI reporting framework G4 guidelines. This report describes the economic, environmental and social impacts originating from our business process, together with our key sustainability initiatives over the last 12 months, our plans for the future and helps us to share our experiences with our customers, our people and the community.

The Purpose and Scope of This Report

This report addresses the economic, environmental and social impacts resulting from MTB's activities in the financial year 2016. We aim to fully inform our stakeholders about all of the actions that we have committed to undertake as we seek to minimize any potential unexpected impacts which could result from any of our activities.

PROFILE OF THE REPORT

GRI Indicators <G428> to <G433>

Reporting period	GRI Indicator <G428>	Date of most recent previous report	GRI Indicator <G429>
January 1, 2016 to December 31, 2016		Sustainability Report 2015 Date: January 12, 2017	
Reporting cycle	GRI Indicator <G430>	Contact point regarding the report	GRI Indicator <G431>
Reporting cycle: Annual		We welcome any feedback on this sustainability report. For further information and comments, please contact Sustainability Reporting Team of the Bank through following address: e-mail: sustainability@mutualtrustbank.com	
GRI 'in accordance' option	GRI Indicator <G4-32>		
• In this report, MTB has complied with the reporting framework of Global Reporting Initiative (GRI). Application level of the framework applied in this report is GRI 4.0.			
External Assurance	GRI Indicator <G4-33>		
• External Assurance is under consideration by management. • We are optimistic to have external assurance from the next repot. • External Assurance Report: Nil			
Endorser logo ("We Support the Global Compact") • Approval received on February 23, 2016			

UN GLOBAL COMPACT

WE SUPPORT

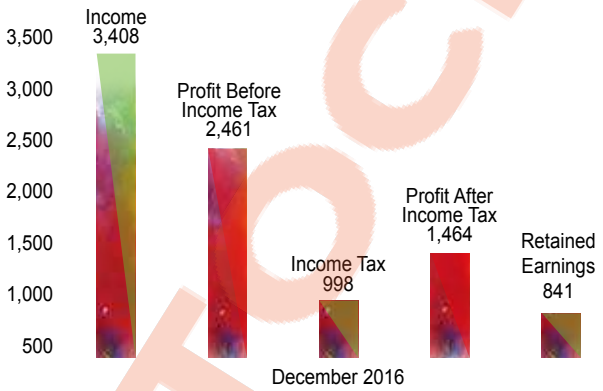
Financials at a Glance

SL	Financial Indicators	2016	2015	2014
1	Earnings per Share (BDT)	3.30	3.08	2.17
2	Net Asset Value (NAV) per share (BDT)	22.15	20.15	15.28
3	Market Value per Share (BDT)	23.10	19.50	19.80

GRI Indicator <G4-08>

MTB FINANCIALS 2016 AT A GLANCE

BDT Million



Location wise Loans and Advances

	Geographical Location wise Loans and Advances		Amount in BDT
Inside Bangladesh	**2016**	**2015**	**2014**
Urban			
Dhaka Division	79,178,134,280	68,265,987,623	52,208,704,384
Mymensingh Division	562,111,203	492,995,033	-
Chittagong Division	22,474,593,473	18,511,541,543	17,028,696,234
Rajshahi Division	3,908,852,578	3,704,740,334	2,761,838,552
Sylhet Division	845,476,356	742,933,912	729,344,021
Khulna Division	1,177,172,773	1,302,235,100	1,131,320,514
Rangpur Division	2,269,236,684	1,720,922,849	1,302,313,353
Barisal Division	209,242,417	80,882,877	49,896,262
	110,624,819,764	94,822,239,272	75,212,113,320
Rural			
Dhaka Division	2,103,806,136	1,472,451,542	1,158,247,886
Mymensingh Division	101,457,883	63,642,233	-
Chittagong Division	1,396,770,143	1,157,934,713	734,786,316
Rajshahi Division	-	-	-
Sylhet Division	128,908,916	72,507,930	35,770,528
Khulna Division	-	-	-
Rangpur Division	-	-	-
Barisal Division	-	-	-
	3,730,943,078	**2,766,536,418**	**1,928,804,729**
Outside Bangladesh	**-**	**-**	**-**
Total	**114,355,762,842**	**97,588,775,690**	**77,140,918,049**

Growth of MTB in terms of Income

BDT Million

Income Summary	2016	2015	2014
Operating Profite	3,408	2,811	2,603
Year on Year % change	21.25%	7.98%	-

Growth of MTB in terms of Capital, Assets and Liability

BDT Million

SL	Items	2016	2015	2014	2013	2012
1	Authorized Capital	10,000	10,000	10,000	10,000	10,000
2	Paid up Capital	4,432	3,693	3,078	2,798	2,543
3	Shareholder's Equity	9,818	8,929	6,770	5,449	4,834
4	Total Capital	13,725	12,413	8,712	8,137	6,981
5	Total Assets	165,371	146,059	116,301	101,173	93,162
6	Total Liabilities	155,552	137,130	109,530	95,723	88,328
7	Total Deposits	131,272	118,405	96,065	84,373	75,140

Materiality Mapping

Available in the full version of the report

Aspect: Economic Performance

GRI Indicator <G4-EC1>

Economic Value Addition
Economic Value Addition (EVA) by the bank has been estimated at BDT 3,198 million for the reporting year. EVA includes payments to Suppliers, Employees and Shareholders (investors).

Total Economic Contribution
Total Economic Contribution by the bank has been estimated at BDT 5,464 million for the reporting year. This includes EVA, total payments to the government and Social investments.





Economic Value Addition



Suppliers
BDT 83m

Employees
BDT 2,274m

Profit availble for Shareholders'
BDT 841m

BDT 3,198m



Total Payment to Government

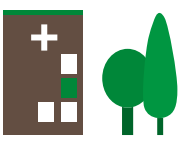


Income taxes & other payments to Government

BDT 2,197m



Social Investment (CSR)



BDT 69m

=



Total Economic Contribution

BDT 5,464m

Statement of Market Value Addition:
Market Value Addition (MVA) is estimated by the difference between the current market value of the bank and the capital contributed by investors. As of end of reporting year, Market Value Addition is estimated BDT 5,805.65 million which was BDT 3,508.50 million in the previous year.

BDT Million

Particulars	Number of Shares	Value per share		Total Value
Market Value	443,179,160	BDT	23.10	10,237.44
Book Value	443,179,160	BDT	10.00	4,431.79
Market value added		BDT	13.10	5,805.65

Aspect: Indirect Economic Impacts

<G4-EC7> to < G4-EC8>

Development and Impact of Infrastructure Investments and Services Supported <GRI Indicator <G4-EC7>

During the year 2016, through financing the existing and new clients MTB has created economic impact in the three dimensions:

a) Job Creation
b) Contribution to economic growth
c) More revenue to the national exchequer from growth of businesses of MTB and its clients

SME investment by MTB:
Keeping rural development in mind, MTB has developed a strong footprint in financing Women Entrepreneurs, providing collateral free loans to SMEs and financing rural SMEs in Bangladesh.

MTB SME Financing in 2016

BDT Million

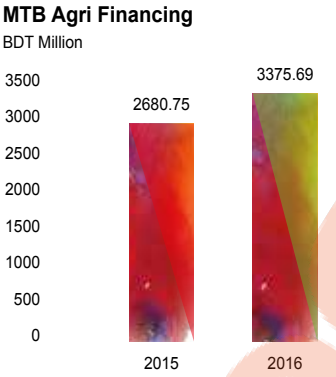
Concentration of Loans and Advances	Disbursement		Outstanding	
	2016	**2015**	**2016**	**2015**
Agriculture	2,875	2,128	7,771	5,319
SME loans	1,351	1,572	2,681	3,376
Total	**4,226**	**3,699**	**10,452**	**8,694**

Total MTB disbursement in SME and Agriculture has increased by 14% to 4,226 million and outstanding has increased by 20% to 10,452 million.

MTB SME Products:
MTB SME Banking Division serves clients through a wide array of products .The products are designed to fulfill the different needs of the cottage, micro, small and medium enterprises as well as extend support to agriculture and inclusive banking.



MTB Agri Financing and Inclusive Banking:
MTB over achieved its targets assigned by Bangladesh Bank for financing in the agri sector. It has a dedicated agri cell through which the bank provides financial support to the farmers at preferential rate assigned by Bangladesh Bank time to time. As recognition of agri support, MTB received appreciation letter from Bangladesh Bank for achieving agri loan disbursement target for the FY 2014-2015.



Financial Inclusion: Financial Services for farmers/ RMG workers / pro-poor:	2016	2015
Number of 10 Taka (for farmers) account opened	4,257	2,947

SME Financing: Sector Specific Disbursement

BDT Million

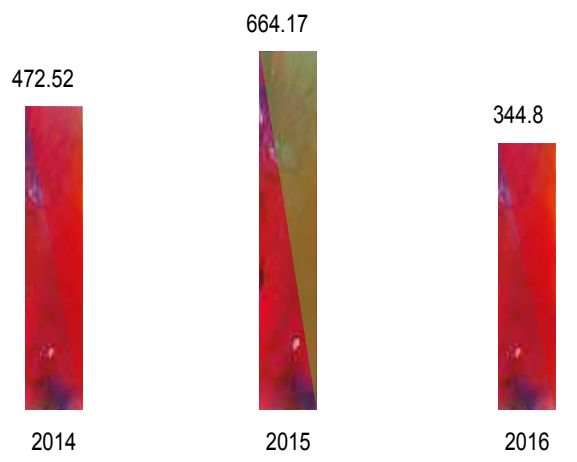
SL.	Sector	Disbursement	Outstanding as on Dec 2016	Disbursement	Outstanding as on Dec 2015
1.	Crops	734.35	1234.23	755.02	1421.907
2.	Fisheries	144.22	303.81	159.20	370.117
3.	Livestock	219.9	665.66	336.63	925.643
4.	Irrigation Tools	57.82	49.87	28.47	32.67
5.	Agricultural Tools	28.39	110.15	96.90	115.982
6.	Crop storage	17.26	28.64	23.91	31.782
7.	Poverty Alleviation	69.03	221.07	95.65	352.156
8.	Spices & others	0.7	1.83	0.00	1.04
9.	Others	79.54	65.49	75.88	124.39
	Total	**1351.21**	**2680.75**	**1,571.66**	**3375.69**

Significant Indirect Economic Impacts

GRI Indicator <G4-EC8>

Green Financing through MTBGreen Energy:
As a commitment towards developing sustainable energy finance the bank has developed a dedicated product called MTB Green Energy loan. This is an environment friendly Green Credit product that enables the customers to set up renewable energy projects and any other potential renewable plants and help reduce the carbon footprint in the country. In the reporting year, MTB disbursed Green Finance BDT 472.52 million to its customers.

Smart Technology for Protecting Environment Pollution:
Traditional brick fields are one of the sources of environment pollution. Government, International Agencies and Bangladesh Bank are working for introducing new, environment-friendly technology for manufacturing of bricks, called Hybrid Hoffman kiln. In the reporting year MTB financed BDT 33 million in Hybrid Hoffman kiln.



Financing Renewable and Sustainable Energy Efficiency

BDT Million

Green Energy in 2016	Total Disbursement
Hybrid Hoffman Brick Field (Environment friendly technology)	33
Solar Home System	0
Solar irrigation Plant	0
Effluent Treatment Plant (ETP)	400
Production of Burnable Oil from waste Tire by the Process of Pyrolysis	0
Other Projects (Green Energy)	39.52
Total	**472.52**

Other Green Banking Initiatives at MTB

Automated Banking	2016	2015
Number of ATM	226	204
Number of branches with Online banking	110	106
Number of internet banking users	17,468	14,086
Number of MTB App user	5,286	4,669
Number of branches powered by solar energy	9	9
Number of ATM booths powered by solar energy	9	9

Aspect: Energy

Energy Consumption within the Organization

GRI Indicator <G4-EN3>

The bank consumed 10.69 million mega joules of energy in the year 2016 by using fuels, natural gas and electricity. The table below shows the detail:

Fuel / Source Type	Total Unit	Mega Joules
Electricity (KWH)	2297351	8,270,120.26
Diesel (LTR)	14,709.05	563,214.00
Octane (LTR)	55,403.94	1,860,390.74
Kerosene (LTR)	0	-
Natural Gas (m3)	0	-
Total	**-**	**10,693,725.00**

Conversion source: *http://www.epa.gov/cmop/resources/converter.html and http://www.convertworld.com/en/*

The car pool of the bank has 28 cars and 03motor bikes that consumed 3409 litres of diesel, and 55,404 litres of octane for running a total of 340,475KM in the year 2016.

Energy Intensity

GRI Indicator <G4-EN5>

Fuel / Source Type	Mega Joules		Per employee* power consumption in 2016 *(mega joules)*		Per day* power consumption in 2016 *(mega joules)*	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Electricity (KWH)	8,270,120	11,664,072	4,378	6,829	22,658	31,955
Diesel (LTR)	563,214	1,286,947	298	352	1,543	1,647
Octane (LTR)	1,860,390	565,061	985	791	5,097	3,699
Natural Gas (m3)	0	169,878	-	101	-	471
Total	**10,693,725**	**13,685,958**	**5,661**	**8,072**	**29,299**	**37,773**

Reduction of Energy Consumption

GRI Indicator <G4-EN6>

Reductions in Energy Requirements of Products and Services

GRI Indicator <G4-EN7>

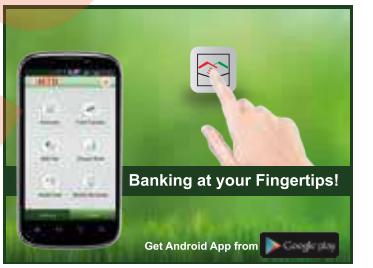
Banking through SMS:

MTB offers SMS Banking services to customers that offers basic banking services to customers for a very little use of energy. In this year, total 18,221 text messages were sent by MTB in response to customer's balance checking and 4199 text messages were sent in response to checking transactions, though push-pull service. This enabled MTB and its customers to get their account information by using little energy compared to traditional way of visiting a branch.

	2016	2015
Number of balance check messages sent	18,221	8,039
Number of Transaction check messages sent	4,199	2,666

Internet banking facilities

MTB proactively promotes use of internet banking that enables reduced energy consumption. This year the total number of internet banking account has increased by 24% over previous year to 17,468.



MTB's Solar Power Capacity

MTB has installed solar power panels at its Corporate Head Offices, branches and ATM booths. By 2016, total capacity installed is 44.6 KW of solar panel that reduces total power consumption by the bank.

Name of the Branch	Solar Power Capacity (KWH) 2016
MTB Centre	5000 W
MTB Tower	36000 W
MTB Ishwardi SME / Agri Branch	720 W
MTB Belkuchi SME / Agri Branch	720 W
MTB Hasnabad SME / Agri Branch	720 W
MTB Sarulia SME / Agri Branch	720 W
MTB Syedpur SME / Agri Branch	720 W
Total	**44600 W = 44.6 KW**

Reductions in Energy Requirements of Products and Services

	2016	2015	
Automation in Services saved Paper by	46.97	35.02	Tons
Total Embodied Energy in KWH of the paper saved	340,079.78	253,517.18	KWH
Tonnes of carbon dioxide (CO_2) Saved in producing the above energy	212.21	158.19	M. Tons of CO_2
Total Paper saved by Automation, equivalent to	162.99	121.51	tons of woods
Total Paper saved by Automation, equivalent to	1,140.96	850.54	trees
Total Paper saved by Automation, equivalent to	1,817.83	1,355.13	btu energy

	2016	2015
Land & Forest Ecological Footprint		gha
Saved Land Equivalency Factor	56.45	42.08
Saved Forest Footprint	538.58	401.50
Total Ecological Footprint	595.03	443.58
		gha=The global hectare

Aspect: Emissions

Direct greenhouse gas (GHG) emissions (scope 1) GRI Indicator <G4-EN15>

Metric Tonnes of CO2 or CO2 e emitted	2016	2015
Electricity (KWH)	1,615.04	2,277.73
Diesel (LTR)	39.37	42.01
Octane (LTR)	130.07	94.42
N Gas (meter-cube)	-	8.66
Total	**1,784.48**	**2,422.82**
Conversion Standards:		
http://www.epa.gov/cmop/resources/converter.html		
http://www.convertworld.com/en/		

Greenhouse gas (GHG) emissions intensity GRI Indicator <G4-EN18>

Greenhouse gas (GHG) emissions			
	2016	2015	% Change
M Tons of CO2 / Employee	0.94	1.42	-33.8%
M Tons of CO2 / Day	4.89	6.64	-26.4%

Reduction of greenhouse gas (GHG) emissions GRI Indicator <G4-EN19>

Per Employee GHG Emissions (CO2 Tonnes)			
	2016	**2015**	**Change %**
Electricity (KWH)	0.85	1.33	-36.1%
Diesel (LTR)	0.02	0.02	0.0%
Octane (LTR)	0.07	0.06	16.7%
N Gas (meter-cube)	-	0.01	-100.0%
Total	**0.94**	**1.42**	**-33.8%**

Products and Services delivering social benefits broken down by purpose GRI Indicator <G4-FS7>

MTB School Banking
MTB has designed its school banking products for the students. MTB organizes school banking campaigns in different local school throughout the year.

At the program, kids can open a bank account and have a hands-on banking experience and can learn about the habit for savings.



School Banking Campaign in 2016

	Number of Schools
Dhaka Division	33
Chittagong Division	27
Other Division	38
Total	**98**

MTB SME Financing for Women Entrepreneur:
MTB has taken a comprehensive plan for increased credit lines with special focus on potential women entrepreneurs as par policy guidelines of Bangladesh Bank. MTB Bhagyobati and MTB Gunabati, (ভাগ্যবতী ও গুণবতী) the two innovative financial products for Women Entrepreneurs have strong presence in the country's credit market for their unique features and easy access to financing. MTB has established Women Entrepreneur Development Unit (WEDU) to help the women in business and bring them under credit access.

In 2016 MTB disbursed loan BDT 263.368 million to Women Entrepreneurs

	2016	2015
Outstanding of Women Entrepreneurs	435.64	365.34
Disbursement of Women Entrepreneurs	263.37	221.10

Products and Services delivering environmental benefits broken down by purpose GRI Indicator <G4-FS8>

Use of IT based Infrastructure to provide automated service:
MTB provides online banking service through its core banking system. Now banking is paperless and faster. MTB Internet banking allows customers pay bills and transfer funds none of which generates any paper receipts. MTB ATM machines offer 24/7 services to the customers. Alternative Delivery Channels like ATM, Debit/Credit Card, Internet Banking, SMS Banking etc. are ensuring modern banking facilities. MTB thrives to be ahead of technology to offer services and protect environment.

Use of IT based Infrastructure to provide automated service:

Total Saved by Automated Services		
	2016	
Total CO2 reduction saved	212.21	M Tons
Total Woods saved	162.99	tons of Wood
Total number of Trees saved	1,140.96	trees
Total Ecological Footprint saved	**595.03**	**Gha = The global hectare**

MTB's Green Finance:
Under Green Financing, "MTB Green Energy" is a green financing product for specialized projects that focus on renewable energy sources. MTB Green Energyis designed for financing installation of solar power plant, bio-gas plant and other renewable energy plants.



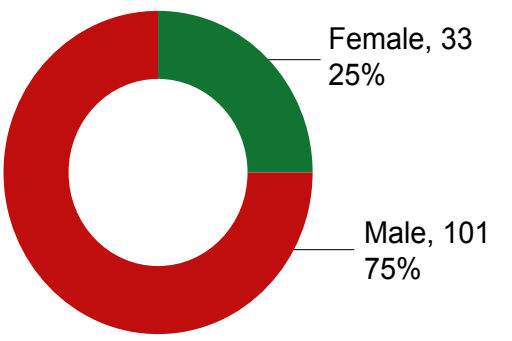
	BDT Million		
	2016	**2015**	**2014**
Hybrid Hoffman Brick Field (Environment-friendly)	33	0	0
Effluent Treatment Plant (ETP)	400	520.2	0
Other Projects (MTB Green Energy)	39.52	0	0
Total	**472.52**	**664.17**	**344.8**

Aspect: Employment

Demography of total Employees, hiring and turnover **GRI Indicator <G4-LA1>**



Total New recruitment in 2016 by Gender



Total New Recruitment in 2016 by Gender, Age group

Age Group	Male	Female	Total	Percentage
Below 30 years	56	23	79	59%
30 years to 40 years	37	9	46	34%
40 years to 50 years	6	1	7	5%
50 years and above	2	0	2	1%
Total	**101**	**33**	**134**	**100%**

Total Number of employees in 2016 by Age group & Managerial position

Total employees	Executive		Non-Executive		Total		Percentage of Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Below 30 years	0	0	305	110	305	110	20%	31%
30 years to 40 years	58	6	851	196	909	202	59%	57%
40 years to 50 years	127	3	126	41	253	44	17%	12%
50 years and above	57	0	9	0	66	0	4%	0%
Total	**242**	**9**	**1291**	**347**	**1533**	**356**	**100%**	**100%**

MTB Employees' Service Benefit Fund – 2016

Name of the Funds	No. of employees benefited	Total disbursement in BDT
Employees' Provident Fund	51	21,636,602
Employees' Gratuity Fund	24	15,442,500
Employees' Welfare Fund	19	777,850
Employees' Medical Assistance Fund	333	7,134,324
Employees' Death Benefit Plan	1	500,000
MTB Foundation	32	13,467,702
Total	**460**	**58,958,978**

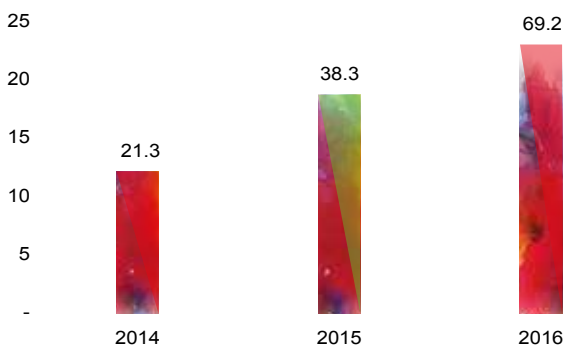
Aspect: Local Communities & CSR

Local community engagement, impact assessments and development programs GRI Indicator <G4-SO1>

- Swapno Sarathi
- Blankets Distribution
- Rewarding Bangladesh U-16 National Women's Football Team
- Prime Minister's Relief Fund
- Mangrove Children Project of Bizcare
- Project at Char Patila at Char Kukri Mukri, Bhola of MRDI
- MTB bravery award to Mr. Sharowar Howlader and Mr. Akter Mia for saving 4 young men from drowning
- Promoting Knowledge (Daily Star paper distribution)
- The Daily Prothom Alo papers distribution in different areas under Egiye Jao, Egiye Dao
- Char Montaz Primary School in Potuakhali by Actionaid
- Mobile repairing training arranged by Southern Socio-economic Development Program (SSDP)
- Endowment of BDT 400,000 to Assistance for Blind Children (ABC)
- Project of Faridpur Muslim Mission
- Various endowment in Health, Education and etc.
- TaalGoal-Football for Change by Dhaka Hub, Global Shapers Community, World Economic Forum
- Scholarship 20 students of Ulipur & Faridpur
- Door to Door project in Chittagong

MTB CSR Activities

BDT Million



CSR Initiatives in value, Category-wise in 2016:

Description of initiatives	Amount	No. of Beneficiaries
i. Education	13,522,617	3,600
ii. Health	14,370,142	6,020
iii. Disaster Management	30,223,981	18,100
iv. Environment	1,000,000	0
v. Sports	2,808,549	1,650
vi. Art & Culture	4,301,250	10,700
vii. Others	2,974,475	15,200
Total	**69,201,014**	**55,270**

Swapno Sarathi (স্বপ্ন সারথী):

"Swapno Sarathi" (স্বপ্ন সারথী) is a brand for MTB's CSR campaign of bicycle distribution amongst the underprivileged students, first inaugurated by the then Bangladesh Bank Governor on October25, 2015. Since the first distribution of bicycles at former enclaves in Garati, Panchagarh, MTB has crossed the milestone of 1000 bicycle distribution across the country in 2016. The campaign aims at motivating students,mainly female, with the motto "School-e jete durotto jeno badhana hoy" (which means, Distance should not be a barrier to school)by providing them with bicycles with a view to facilitating their movement to and from school.



	2016	2015
Number of bicycles	389	698
Total Cost in BDT	2,797,718	4,866,825

Aspect: Anti-corruption

Communication and training on anti-corruption policies and procedures GRI Indicator <G4-SO4>

Number of Meetings Held at Central Compliance Unit in 2016

Meeting No.	Meeting Date
Meeting 1 (Quarterly)	29.03.2016
Meeting 2 (Quarterly)	29.06.2016
Meeting 3 (Quarterly)	29.09.2016
Meeting 4 (Quarterly)	27.12.2016

Highlights of the meetings

a) Revise MTB Money Laundering & Terrorist Financing Risk Management Policy Guideline
b) Prepare process manual of opening and operating account
c) Develop and review remittance payment and monitoring procedure
d) Review risk register parts of the PPGs of various products and services
e) Revise existing account opening forms in line with BFIU prescribed format
f) Design unique format of short KYC for bearer in Bengali and incorporate bearer information in deposit slip.
g) Ensure screening of existing MTB customers against UNSCR, OFAC, adverse media and domestic sanction list and preserve accordingly.
h) Perform on-site inspection on AML & CFT compliance status of branches
i) Carry out off-site monitoring of branches regarding AML & CFT compliance status

j) Perform off-site monitoring of transactions at CCU level
k) Identify the accounts of influential persons with MTB branches and arrange post facto approval to continue relationship with them
l) Review and approve the KYC of correspondent banks while establishing/ maintaining relationship
m) Conduct AML & CFT training for
   i. New recruits
   ii. Existing employees
   iii. Account opening officials
   iv. Cash transaction reporting officials
   v. Agent and agent employees
n) Arrange quiz as part of e-learning
o) Review and update the awareness leaflet on Anti Money Laundering (AML) & Combating the Financing of Terrorism (CFT).
p) Evaluate the overall compliance status of anti-money laundering and combating the financing of terrorism compliance position of MTB as per BFIU instruction

Anti-Money Laundering (AML) & Combating the Financing of Terrorism (CFT) Training in 2016:

		Number of Employees received training by Category	
Total number of training on AML-CFT in 2016	17	Executive	96
		Non- Executive	1061
		Total	1157

Confirmed incidents of corruption and actions taken GRI Indicator <G4-SO5>

No incidence of non-compliance

Internal and external communication mechanisms GRI Indicator<G4-57>

MTB has a 24/7 state-of-the-art Contact Centre for any help and support for the customers.

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Complaint Management

At MTB, we believe in providing the best of services to our customers. We provide customers with easy access to information, products and services, as well as the means to get their grievance redressed. Customers are welcome to contact MTB Complaint Cell.

Customers can also lodge complaints directly from MTB's website through the link: http://www.mutualtrustbank.com/customer-complaints

Further, they can call MTB Contact Centre 24/7 for any problem related to product and services.



Number of Complaints received

	2016	2015	2014
Total Number of Complaints	41	50	15

Number of Complaints received through different channel

By Channel	Number of Complaints (2016)
Email	37
Website	0
Contact Centre	0
Social Media	0
Letter	4
Total	41

Internal and external mechanism for reporting concerns on whsitleblowing mechanism or hotlines

GRI Indicators <G4-58>

Customers can send complain or feedback to any MTB branch, this feedback is generally processed by respective department/division. The unethical/unlawful matters of MTB employees are managed as per the MTB Code of Conduct.

M.J. Abedin & Co. one of the leading Chartered Accountancy (CA) firms of the country, and an Independent Member Firm of Moore Stephens International Ltd., is the External Auditor of MTB and acts as the external whistle blower.

Besides, MTB has a full-blown ICC Department (Internal Control and Compliance) which deals with control and compliance issues. ICC acts as the internal whistleblower of the bank. ICC has 03 units, namely, as Audit and Inspection, Compliance and Monitoring Units, which are well-equipped with experienced bankers and system auditors.

MTB Customer Charter

Customer Charter of Mutual Trust Bank Limited (MTB) is a general statement of commitments for providing world class banking services and necessary information to customers. The main objective of the "Customer Charter" is to make the customers conscious about their general rights, obligations, grievance approach process and thereby help customers to take their own decision.

Customers' Rights:

- The customer has a right to know the bank's rates of deposits and advances which is displayed in the notice board of the respective branches and is available at the bank's website www.mutualtrustbank.com
- The customer has a right to know the latest schedule of charges, fees and commission of the bank which is displayed in the notice board of the respective branches and is available at the bank's website www.mutualtrustbank.com
- Before implementing any value added services, such as, internet banking, SMS banking, ATM services, etc., Customer's written consent are obtained from respective branch.
- The customer has a right to know about the buying and selling rates of foreign currencies, financial statements, banking hours and holidays.

Customers' Obligations:

- Customers shall follow the banking norms, practices, functional rules, etc.
- Customers shall abide by the terms and conditions prescribed for each banking product and service.
- Customers shall maintain disciplinary arrangement at the customer service points.
- Customers shall convey their grievances to the bank in proper way or in prescribed form.
- Customers shall convey the bank any changes in their address, contact numbers, Know Your Customer (KYC) & Transaction Profile (TP).
- Customer shall not try to show unreasonable persistence, demand, argument & behavior.
- Customers generally shall ask any query at prescribed desk such as Customers' Service Desk, Help Desk, Information Desk or Enquiry Desk at first instance.
- Customer should avoid misunderstanding as far as possible.

SHAREHOLDING STRUCTURE 2016

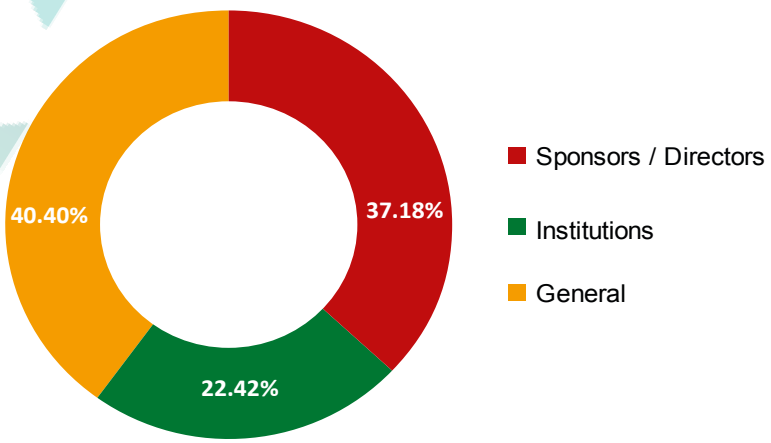
Name of Directors and their shareholdings as at December 31, 2016

Name of Directors	Status	December 2016		
		No. of Shares held	BDT	Holding %
Mr. M. A. Rouf, JP	Chairman	8,880,142	88,801,420	2.00%
Mr. Md. Hedayetullah	Vice Chairman	8,868,675	88,686,750	2.00%
Mr. Syed Manzur Elahi	Director (Founding Chairman)	16,341,942	163,419,420	3.69%
Dr. Arif Dowla (Representing Advanced Chemical Industries Ltd.)	Director	14,772,607	147,726,070	3.34%
Mr. Rashed Ahmed Chowdhury (Representing Associated Builders Corporation Ltd.)	Director	22,158,936	221,589,360	5.00%
Mr. Md. Abdul Malek	Director	8,948,278	89,482,780	2.02%
Mr. Md. Wakiluddin	Director	8,871,672	88,716,720	2.00%
Mrs. Khwaja Nargis Hossain	Director	8,863,849	88,638,490	2.00%
Mr. Anjan Chowdhury (Representing ASTRAS Ltd.)	Director	11,079,433	110,794,330	2.50%
Mr. Q.A.F.M Serajul Islam (Representing Pioneer Insurance Company Ltd.)	Director	30,949,932	309,499,320	6.98%
Mr. Anwarul Amin	Independent Director	-	-	-
Dr. Sultan Hafeez Rahman	Independent Director	-	-	-
Total		**139,735,466**	**1,397,354,660**	**31.53%**

Percentage of Shareholding as at December 31, 2016

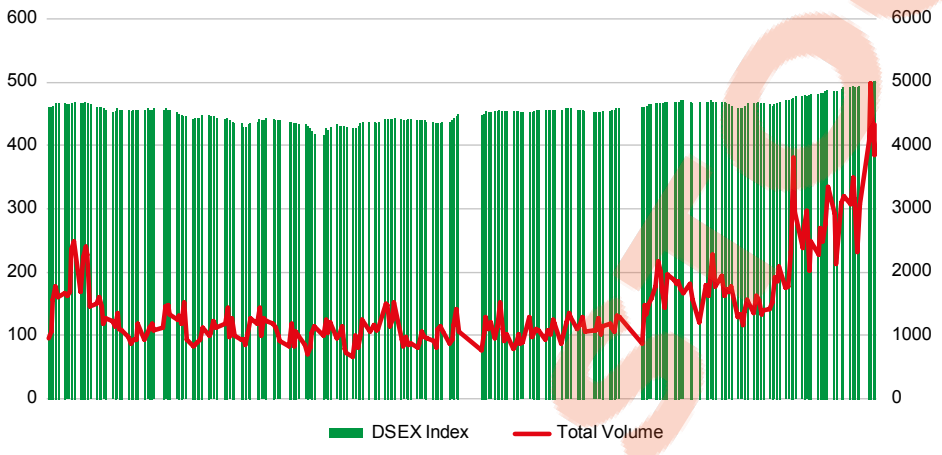
SL.	Types of Owner	No. of shares	Value of shares in BDT	% of holding
1	Sponsors / Directors	164,784,063	1,647,840,630	37.18%
2	Institutions	99,362,178	993,621,780	22.42%
3	General	179,032,919	1,790,329,190	40.40%
Total		**443,179,160**	**4,431,791,600**	**100.00%**

% OF SHAREHOLDING

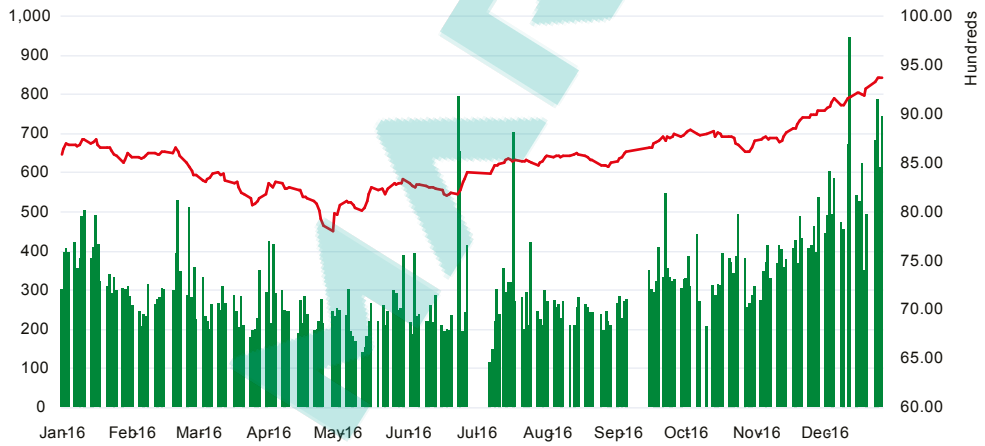


MARKET SHARE INFORMATION

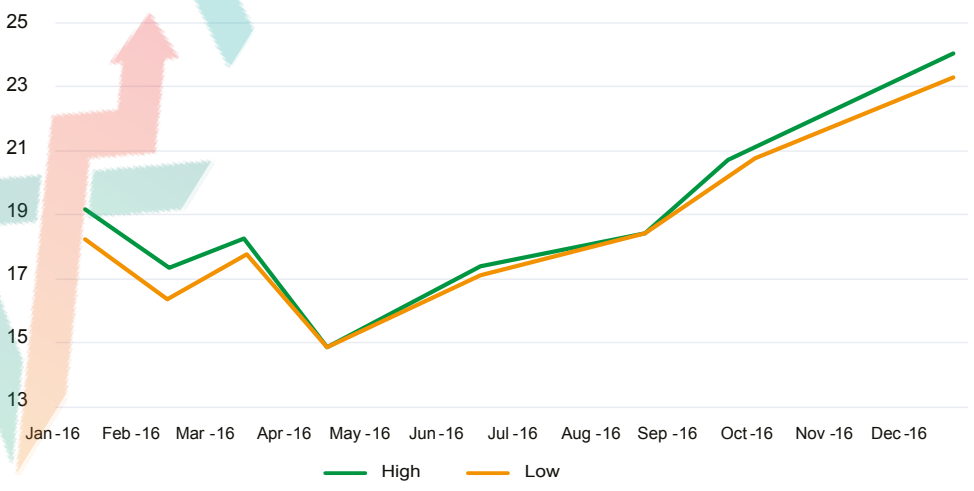
DSEX INDEX 2016



CSE INDEX 2016



MTB Share Transaction Trend 2016





FINANCIALS
AT A GLANCE

MTB & Group

BDT Million

Particulars	MTB			Group		
	2016	2015	Changes (%)	2016	2015	Changes (%)
Performance during the year						
Interest Income	11,250.56	10,649.74	5.64%	11,381.37	10,793.38	5.45%
Operating profit	3,208.65	2,672.22	20.07%	3,408.11	2,810.77	21.25%
Provision for loans and assets	875.53	446.90	95.91%	946.63	537.13	76.24%
Profit after provision before tax	2,333.12	2,225.32	4.84%	2,461.48	2,273.64	8.26%
Tax including deferred tax	929.33	861.15	7.92%	997.88	907.44	9.97%
Profit after tax	1,403.79	1,364.17	2.90%	1,463.59	1,366.20	7.13%
At the year end						
Total shareholders' equity	9,783.71	8,959.88	9.19%	9,818.26	8,929.20	9.96%
Deposits	131,593.61	118,686.76	10.87%	131,272.33	118,404.76	10.87%
Loans and advances	110,834.55	96,216.72	15.19%	114,355.76	97,588.78	17.18%
Investments	21,422.84	25,793.42	-16.94%	21,962.06	26,247.25	-16.33%
Fixed Assets	3,042.05	3,070.52	-0.93%	3,140.97	3,181.83	-1.28%
Total asset	164,480.42	145,562.77	13.00%	165,370.69	146,059.30	13.22%
Statutory Ratios (%)						
Cash Reserve Ratio	6.59%	6.57%	0.02%	6.59%	6.57%	0.02%
Statutory Liquidity ratio	16.41%	22.32%	-5.91%	16.41%	22.32%	-5.91%
Capital to risk weighted assets ratio	11.51%	12.19%	-0.68%	11.29%	12.02%	-0.73%
Tier-1 Capital to RWA	7.55%	7.44%	0.11%	7.41%	7.33%	0.08%
Tier-2 Capital to RWA	3.96%	4.75%	-0.79%	3.88%	4.69%	-0.81%
Share Information						
Earning per share (Taka)	3.17	3.08	2.92%	3.30	3.08	7.14%
Dividend-Stock (%)	15%	20%	-5.00%	15%	20%	-5.00%
Net asset value per share (Taka)	22.08	20.22	9.20%	22.15	20.15	9.93%
Profit available after appropriation	815.48	786.95	3.63%	841.24	752.90	11.73%
Ratios(%)						
Non performing loans	4.50%	2.11%	2.39%	4.36%	2.08%	2.28%
Return on average shareholders' fund	14.98%	17.31%	-2.33%	15.61%	17.40%	-1.79%
Return on average assets	0.91%	1.04%	-0.13%	0.94%	1.04%	-0.10%
Cost to income/Efficiency ratio	55.10%	57.20%	-2.10%	54.65%	57.28%	-2.63%

VERTICAL AND HORIZONTAL ANALYSIS

Horizontal analysis for the last five years
Consolidated Balance Sheet

Particulars	2016	2015	2014	2013	2012
Property and Assets					
Cash	**172%**	**145%**	**137%**	**110%**	**100%**
In Hand (Including Foreign Currency)	180%	151%	144%	155%	100%
With Bangladesh Bank and its agent Bank (s) (including Foreign Currency)	171%	144%	135%	100%	100%
Balance with Other Banks & Financial Institutions	**732%**	**282%**	**195%**	**147%**	**100%**
In Bangladesh	1915%	648%	499%	347%	100%
Outside Bangladesh	118%	92%	38%	43%	100%
Money at Call and Short Notice	**215%**	**389%**	**0%**	**100%**	**0%**
Investments	**94%**	**113%**	**89%**	**111%**	**100%**
Government	92%	111%	87%	112%	100%
Others	116%	134%	114%	100%	100%
Loans and Advances	**202%**	**173%**	**137%**	**105%**	**100%**
Loans, Cash Credits, Overdrafts, etc.	207%	176%	139%	107%	100%
Bills Purchased and Discounted	94%	105%	91%	66%	100%
Fixed Asset including Premises, Furniture & Fixtures	**132%**	**133%**	**104%**	**103%**	**100%**
Other Assets	**163%**	**137%**	**142%**	**130%**	**100%**
Non-Banking Assets	**-**	**-**	**-**	**-**	**-**
Total Property and Assets	**178%**	**157%**	**125%**	**109%**	**100%**
Liabilities and Capital					
Borrowing from other Banks, Financial Institutions & Agents	**146%**	**85%**	**63%**	**44%**	**100%**
Deposits and Other Accounts	**175%**	**158%**	**128%**	**112%**	**100%**
Current Deposit & Other Accounts	214%	166%	143%	122%	100%
Bills Payable	97%	69%	71%	43%	100%
Savings Bank Deposits	257%	194%	156%	120%	100%
Special Notice Deposits	353%	415%	243%	136%	100%
Fixed Deposits	123%	123%	109%	107%	100%
Deposit-Products	267%	208%	151%	130%	100%

AMARSTOCK

Particulars	2016	2015	2014	2013	2012
Other Liabilities	**239%**	**186%**	**153%**	**138%**	**100%**
Subordinated Debts	**170%**	**195%**	**100%**	**100%**	**100%**
Total Liabilities	**176%**	**155%**	**124%**	**109%**	**100%**
Capital/Shareholders' Equity					
Paid up Capital	174%	145%	121%	110%	100%
Statutory Reserve	195%	166%	139%	117%	100%
Revaluation Reserve on Investment in Securities	606%	1087%	431%	134%	100%
Foreign Currency Translation gain	831%	314%	219%	100%	0%
General Reserve	223%	161%	100%	100%	100%
Retained Earnings	330%	295%	242%	115%	100%
Total Shareholders' Equity	**203%**	**185%**	**140%**	**113%**	**100%**
Minority Interest	**168%**	**165%**	**164%**	**128%**	**100%**
Total Liabilities and Shareholders' Equity	**178%**	**157%**	**125%**	**109%**	**100%**
Net Asset Value (NAV) per share	**117%**	**106%**	**116%**	**102%**	**100%**
Off-Balance Sheet Items					
Contingent Liabilities					
Letter of Guarantee	187%	151%	141%	122%	100%
Irrevocable Letter of Credit	223%	157%	128%	100%	100%
Bills for Collection	245%	194%	237%	127%	100%
Acceptances and endorsements	368%	301%	250%	196%	100%
Total Off Balance Sheet Items including Contingent Liabilities	**255%**	**198%**	**174%**	**135%**	**100%**

Horizontal Analysis (Financial Position) :

Horizontal Analysis on Balance Sheet refers to the analysis of growth of each component of balance sheet items from the base period. Here base period is considered the year 2012 giving value 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. Here, assets, liabilities and capital components are showing consistent growth over the periods which symbolize sustainable overall balance sheet growth of the bank as a whole.

Horizontal analysis for the last five years
Consolidated profit & loss account

Particulars	2016	2015	2014	2013	2012
Interest Income	145%	138%	124%	114%	100%
Less: Interest Paid on Deposit and Borrowing, etc.	107%	114%	113%	114%	100%
Net Interest Income	**456%**	**331%**	**216%**	**121%**	**100%**
Income from Investments	125%	149%	156%	154%	100%
Commission, Exchange and Brokerage	173%	137%	132%	108%	100%
Other Operating Income	116%	117%	123%	103%	100%
	137%	**142%**	**145%**	**135%**	**100%**
Total Operating Income	**214%**	**188%**	**162%**	**132%**	**100%**
Less: Operating Expenses:					
Salary and Allowances	226%	202%	148%	121%	100%
Rent, Tax, Insurance and Electricity, etc.	143%	130%	124%	113%	100%
Legal Expenses	151%	152%	141%	85%	100%
Postage, Stamps and Telecommunication, etc.	13%	22%	20%	96%	100%
Stationery, Printing and Advertisements, etc.	93%	95%	119%	98%	100%
Managing Director's Remuneration	162%	152%	140%	110%	100%
Directors' Fee	442%	360%	252%	113%	100%
Auditors' Fee	218%	121%	123%	118%	100%
Depreciation and Repair of Bank's Property	181%	168%	141%	125%	100%
Other Expenses	202%	195%	174%	128%	100%
Total Operating Expenses	**189%**	**173%**	**142%**	**119%**	**100%**
Operating Profit	**256%**	**211%**	**195%**	**152%**	**100%**
Less: Provision against Loans & Advances including Off Balance Sheet Items	190%	96%	94%	100%	100%
Less: Provision against Investment	123%	156%	421%	295%	100%
Less: Provision against Other Asset	445%	305%	100%	-	-
Total Provision	**184%**	**105%**	**131%**	**122%**	**100%**
Profit Before Tax	**301%**	**278%**	**236%**	**171%**	**100%**
Less: Income Tax Expenses	**203%**	**185%**	**197%**	**168%**	**100%**
Current Tax Expenses	195%	164%	175%	172%	100%
Deferred Tax (Income)/Expenses	-1530%	-4191%	-4348%	1036%	100%
Net Profit After Tax	**446%**	**417%**	**293%**	**175%**	**100%**

Particulars	2016	2015	2014	2013	2012
Attributable to:					
Shareholders of the Bank	446%	417%	293%	175%	100%
Minority Interest	8%	2%	82%	65%	100%
	446%	**417%**	**293%**	**175%**	**100%**
Retained Surplus Brought Forward	**242%**	**198%**	**95%**	**82%**	**100%**
	347%	**310%**	**196%**	**130%**	**100%**
Appropriations:					
Bonus Share Issued during the year	290%	242%	110%	100%	0%
Transferred to Statutory Reserve	285%	272%	219%	171%	100%
Transferred to General Reserve	100%	100%	-	-	-
	293%	**262%**	**136%**	**114%**	**100%**
Retained Surplus, Carried Forward	**494%**	**442%**	**362%**	**173%**	**100%**
Earnings Per Share (EPS)	**256%**	**239%**	**242%**	**159%**	**100%**

Horizontal Analysis (Comprehensive Income):
Horizontal Analysis on Income Statement refers to the analysis of growth of each component of income statement items from the base period. Here base period is considered the year 2012 giving value 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. The above table shows that total operating income, expenses and operating profit of Mutual Trust Bank Ltd. are growing consistently over the periods. After drastic increase of total provision requirement in 2012, due to regulatory change its growth is decreasing over the periods. Which indicates better asset quality.

Vertical analysis for the last five years
Consolidated balance sheet

Particulars	2016	2015	2014	2013	2012
Property and Assets					
Cash	**6.81%**	**6.49%**	**7.68%**	**7.07%**	**7.01%**
In Hand (Including Foreign Currency)	17.65%	17.55%	17.83%	23.93%	16.90%
With Bangladesh Bank and its agent Bank (s) (including Foreign Currency)	82.35%	82.45%	82.17%	76.07%	83.10%
Balance with Other Banks & Financial Institutions	**4.93%**	**2.15%**	**1.87%**	**1.61%**	**1.19%**
In Bangladesh	89.43%	78.47%	87.35%	80.83%	34.20%
Outside Bangladesh	10.57%	21.53%	12.65%	19.17%	65.80%
Money at Call and Short Notice	**0.60%**	**1.23%**	**0.00%**	**0.45%**	**0.00%**
Investments	**13.28%**	**17.97%**	**17.86%**	**25.45%**	**24.96%**
Government	89.37%	89.70%	88.98%	92.19%	91.34%
Others	10.63%	10.30%	11.02%	7.81%	8.66%
Loans and Advances	**69.15%**	**66.81%**	**66.33%**	**58.69%**	**60.66%**
Loans, Cash Credits, Overdrafts, etc.	98.00%	97.40%	97.15%	97.32%	95.72%
Bills Purchased and Discounted	2.00%	2.60%	2.85%	2.68%	4.28%
Fixed Asset including Premises, Furniture & Fixtures	**1.90%**	**2.18%**	**2.14%**	**2.42%**	**2.56%**
Other Assets	**3.33%**	**3.17%**	**4.12%**	**4.31%**	**3.62%**
Non-Banking Assets	**-**	**-**	**-**	**-**	**-**
Total Property and Assets	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Liabilities and Capital					
Borrowing from other Banks, Financial Institutions & Agents	**5.27%**	**3.48%**	**3.22%**	**2.60%**	**6.40%**
Deposits and Other Accounts	**79.38%**	**81.07%**	**82.60%**	**83.16%**	**80.66%**
Current Deposits & Other Accounts	9.37%	8.09%	8.56%	8.31%	7.66%
Bills Payable	1.33%	1.06%	1.34%	0.92%	2.41%
Savings Bank Deposits	18.06%	15.12%	14.97%	13.15%	12.28%
Special Notice Deposits	8.87%	11.56%	8.32%	5.33%	4.39%
Fixed Deposits	42.51%	47.05%	51.44%	57.22%	60.29%
Deposit-Products	19.85%	17.12%	15.37%	15.06%	12.98%

Particulars	2016	2015	2014	2013	2012
Other Liabilities	**6.84%**	**6.00%**	**6.21%**	**6.41%**	**5.07%**
Subordinated Debts	**2.57%**	**3.34%**	**2.15%**	**2.46%**	**2.68%**
Total Liabilities	**94%**	**94%**	**94%**	**95%**	**95%**
Capital/Shareholders' Equity					
Paid up Capital	45.14%	41.36%	45.46%	51.35%	52.62%
Statutory Reserve	32.47%	30.47%	33.62%	35.18%	33.87%
Revaluation Reserve on Investment in Securities	7.45%	14.69%	7.68%	2.97%	2.50%
Foreign Currency Translation gain	0.09%	0.04%	0.03%	0.02%	0.00%
General Reserve	6.28%	5.00%	4.09%	5.08%	5.73%
Retained Earnings	8.57%	8.43%	9.12%	5.40%	5.28%
Total Shareholders' Equity	**5.94%**	**6.11%**	**5.82%**	**5.37%**	**5.19%**
Minority Interest	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Total Liabilities and Shareholders' Equity	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Net Asset Value (NAV) per share	**117%**	**106%**	**116%**	**102%**	**100%**
Off-Balance Sheet Items					
Contingent Liabilities					
Letter of Guarantee	20.61%	21.37%	22.79%	25.31%	28.10%
Irrevocable Letter of Credit	31.66%	28.65%	26.65%	26.95%	36.26%
Bills for Collection	7.30%	7.48%	10.36%	7.17%	7.62%
Acceptances and endorsements	40.42%	42.50%	40.20%	40.57%	28.02%
Total Off Balance Sheet Items including Contingent Liabilities	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Vertical Analysis (Financial Position)

Vertical Analysis on Balance Sheet refers to the components of balance sheet items as a % of total Assets over the periods which would be termed as common sizing of balance sheet. In asset side, investment (13%) and loans and advances (69%) hold major portion. Investment shows decreasing but loans and advance shows consistency trend as % of total assets over the years at the backdrop of political volatility and sluggish investment scenario of the country. In liability side, deposit holds major portion (79%) and showing decreasing trend over last three years.

Vertical analysis for the last five years
Consolidated profit & loss account

Particulars	2016	2015	2014	2013	2012
Interest Income	75.79%	74.13%	71.59%	71.44%	74.72%
Less: Interest Paid on Deposit and Borrowing, etc.	50.26%	55.32%	59.49%	63.47%	65.73%
Net Interest Income	**25.53%**	**18.81%**	**12.11%**	**7.98%**	**8.98%**
Income from Investments	13.39%	16.42%	18.36%	19.61%	15.26%
Commission, Exchange and Brokerage	8.18%	6.70%	6.93%	6.12%	6.76%
Other Operating Income	2.65%	2.75%	3.11%	2.82%	3.27%
	24.21%	**25.87%**	**28.41%**	**28.56%**	**25.28%**
Total Operating Income	**49.74%**	**44.68%**	**40.51%**	**36.53%**	**34.27%**
Less: Operating Expenses:					
Salary and Allowances	54.94%	53.65%	47.96%	46.69%	45.92%
Rent, Tax, Insurance and Electricity, etc.	14.81%	14.63%	17.09%	18.40%	19.50%
Legal Expenses	0.08%	0.09%	0.10%	0.07%	0.10%
Postage, Stamps and Telecommunication, etc.	0.22%	0.40%	0.44%	2.55%	3.17%
Stationery, Printing and Advertisements, etc.	2.03%	2.25%	3.42%	3.36%	4.10%
Managing Director's Remuneration	0.42%	0.43%	0.49%	0.45%	0.49%
Directors' Fee	0.07%	0.07%	0.06%	0.03%	0.03%
Auditors' Fee	0.06%	0.04%	0.05%	0.05%	0.05%
Depreciation and Repair of Bank's Property	9.52%	9.66%	9.88%	10.40%	9.94%
Other Expenses	17.85%	18.79%	20.51%	17.98%	16.69%
Total Operating Expenses	**27.51%**	**26.13%**	**23.30%**	**20.68%**	**20.43%**
Operating Profit	**22.24%**	**18.55%**	**17.21%**	**15.85%**	**13.84%**
Less: Provision against Loans & Advances including Off Balance Sheet Items	91.33%	81.80%	63.45%	72.76%	88.73%
Less: Provision against Investment	7.51%	16.80%	36.18%	27.24%	11.27%
Less: Provision against Other Asset	1.16%	1.40%	0.37%	-	-
Total Provision	**6.34%**	**3.72%**	**5.09%**	**5.00%**	**4.82%**
Profit Before Tax	**15.90%**	**14.82%**	**12.13%**	**10.85%**	**9.02%**
Less: Income Tax Expenses	**6.68%**	**6.29%**	**7.30%**	**6.59%**	**4.61%**
Current Tax Expenses	96.33%	88.95%	89.25%	103.00%	100.49%
Deferred Tax (Income)/Expenses	3.67%	11.05%	10.75%	-3.00%	-0.49%
Net Profit After Tax	**9.21%**	**8.53%**	**4.82%**	**4.26%**	**4.41%**

Particulars	2016	2015	2014	2013	2012
Attributable to:					
Shareholders of the Bank	100%	100%	100%	100%	100%
Minority Interest	0.000%	0.000%	0.003%	0.004%	0.010%
Retained Surplus Brought Forward	**9.21%**	**8.53%**	**4.82%**	**4.26%**	**4.41%**
Appropriations:					
Bonus Share Issued during the year	53.71%	50.02%	43.81%	47.61%	-
Transferred to Statutory Reserve	33.93%	36.17%	56.19%	52.39%	34.92%
Transferred to General Reserve	12.36%	13.81%	-	-	-
	9.21%	**8.53%**	**4.82%**	**4.26%**	**4.41%**
Earnings Per Share (EPS)	**33.02%**	**30.83%**	**31.20%**	**20.50%**	**12.90%**

Vertical Analysis (Comprehensive Income)

Vertical Analysis on Income Statement refers to the components of income statement items as a % of total income over the periods which would be termed as common sizing of income statement. In income side, interest income (76%) and investment income (13%) hold major portion. Interest income shows increasing trend due to decline of investment income as % of total income over the years. Operating expense as % of income is increasing over the periods due to network expansion and establishment of new departments in line with business model/strategies. Operating profit shows consistency and total provision is in rising trend and net profit shows increasing trend over the periods.

SEGMENT REPORT

BALANCE SHEET

As on December 31, 2016

Amount in BDT

Particulars	Bank				Subsidiaries				Consolidated
	Main Operation	OBU	Elimination	Solo	MTBSL	MTBCL	MTB Exchange (UK)	Elimination	
Property and Asset									
Cash In Hand (With Bangladesh Bank and its agent Bank)	11,247,541,472			11,247,541,472	13,299,362	257	2,205,486		11,263,046,577
Balance with other Banks & Financial Institutions	7,980,039,524	39,583,506		8,019,623,030	427,220,120	22,850,599		321,277,338	8,148,416,411
Money at Call and Short Notice	990,000,000			990,000,000	-	-	-		990,000,000
Investments	21,422,839,835			21,422,839,835	365,705,846	173,513,252			21,962,058,933
Loans and Advances	107,708,866,215	3,125,682,280	-	110,834,548,495	3,654,054,026	212,160,322		345,000,000	114,355,762,842
Fixed Asset including Premises, Furniture & Fixture	3,042,051,609			3,042,051,609	89,710,140	6,575,609	2,633,885		3,140,971,243
Other Assets	9,152,133,406	-	228,317,773	8,923,815,633	114,848,770	40,094,419	844,071	3,569,172,031	5,510,430,863
Non-Banking Assets	-			-	-	-	-	-	-
Total Property and Assets	**61,543,472,061**	**3,165,265,786**	**228,317,773**	**164,480,420,074**	**4,664,838,264**	**455,194,458**	**5,683,443**	**4,235,449,369**	**165,370,686,870**
Liabilities				-					-
Borrowing from other Banks, Financial Institutions & Agents	5,699,482,879	3,130,349,458	193,422,813	8,636,409,523	345,000,000	75,000,000	-	345,000,000	8,711,409,523
Deposits and Other Accounts	131,593,607,611			131,593,607,611	-			321,277,338	131,272,330,273
Provision & Other Liabilities	10,216,674,679	34,916,327	34,894,959	10,216,696,047	1,013,511,004	97,526,266	31,607,820	40,776,231	11,318,564,906
Subordinated Debt	4,250,000,000			4,250,000,000	-				4,250,000,000
Total Liabilities	**151,759,765,169**	**3,165,265,786**	**228,317,773**	**54,696,713,181**	**1,358,511,004**	**172,526,266**	**31,607,820**	**707,053,569**	**155,552,304,702**
Total Shareholders' Equity	9,783,706,892	-		9,783,706,892	3,306,327,260	282,668,192	(25,924,378)	3,528,395,800	9,818,382,167
Total Liabilities and Shareholders' Equity	**61,543,472,061**	**3,165,265,786**	**228,317,773**	**164,480,420,074**	**4,664,838,264**	**455,194,458**	**5,683,443**	**4,235,449,369**	**165,370,686,870**

SEGMENT REPORT

PROFIT AND LOSS ACCOUNT

For the year ended 2016

Amount in BDT

Particulars	Bank				Subsidiaries				Consolidated
	Main Operation	OBU	Elimination	Solo	MTBSL	MTBCL	MTB Exchange (UK)	Elimination	
Interest Income	11,174,660,180	92,963,786	17,063,626	11,250,560,341	109,948,362	27,630,841	-	6,766,654	11,381,372,890
Less: Interest Paid on Deposit and Borrowing, etc.	7,464,589,865	58,740,695	17,063,626	7,506,266,934	-	3,594,521	-	6,766,654	7,503,094,801
Net Interest Income	**3,710,070,315**	**34,223,092**	**-**	**3,744,293,407**	**109,948,362**	**24,036,320**	**-**	**-**	**3,878,278,089**
Investment Income	1,974,265,630	-	-	1,974,265,630	30,063,602	6,215,123	-	-	2,010,544,355
Commission, Exchange and Brokerage	1,066,776,213	-	-	1,066,776,213	150,165,334	331,250	10,882,143	-	1,228,154,940
Other Operating Income	355,417,176	5,161,467	-	360,578,644	13,002,150	21,735,197	2,586,588	-	397,902,578
Total Operating Income	**7,106,529,334**	**39,384,559**	**-**	**7,145,913,893**	**303,179,448**	**52,317,890**	**13,468,731**	**-**	**7,514,879,961**
Salary and Allowances	2,168,780,701	-	-	2,168,780,701	71,895,379	10,840,421	4,678,028	-	2,256,194,529
Rent, Tax, Insurance and Electricity, etc.	559,033,357	-	-	559,033,357	40,107,501	3,140,184	5,941,972	-	608,223,014
Legal Expenses	3,077,953	-	-	3,077,953	3,300	55,000	249,685	-	3,385,938
Postage, Stamps and Telecommunication, etc.	8,610,456	-	-	8,610,456	101,448	81,487	157,940	-	8,951,331
Stationery, Printing and Advertisements, etc.	81,849,885	-	-	81,849,885	870,568	96,917	357,899	-	83,175,269
Managing Director's Remuneration	17,315,333	-	-	17,315,333	-	-	-	-	17,315,333
Directors' Fee	1,775,600	-	-	1,775,600	692,683	562,750	-	-	3,031,033
Auditors' Fee	1,889,500	-	-	1,889,500	57,500	63,250	570,105	-	2,580,355
Depreciation and Repair of Bank's Property	379,031,532	-	-	379,031,532	9,781,984	1,336,169	752,222	-	390,901,907
Other Expenses	711,305,148	4,594,503	-	715,899,651	11,204,131	2,375,030	3,530,006	-	733,008,817
Total Operating Expenses	**3,932,669,465**	**4,594,503**	**-**	**3,937,263,968**	**134,714,494**	**18,551,208**	**16,237,857**	**-**	**4,106,767,526**
Profit Before Provision	**3,173,859,869**	**34,790,056**	**-**	**3,208,649,925**	**168,464,954**	**33,766,682**	**(2,769,127)**	**-**	**3,408,112,435**
Provision against Loans & Advances including Off Balance Sheet				864,534,528	-	-	-		864,534,528
Provision against Investments				-	66,000,000	5,100,000	-		71,100,000
Provision against Other Asset				11,000,000	-	-	-		11,000,000
Total Provision				**875,534,528**	**66,000,000**	**5,100,000**	**-**		**946,634,528**
Profit Before Tax				**2,333,115,397**	**102,464,954**	**28,666,682**	**(2,769,127)**		**2,461,477,907**
Income Tax Expenses				929,329,696	56,629,824	11,924,961	-		997,884,481
Net Profit After Tax				**1,403,785,701**	**45,835,130**	**16,741,721**	**(2,769,127)**		**1,463,593,427**

FIVE-YEAR STATISTICAL SUMMARY



Five-Year Statistical Summary

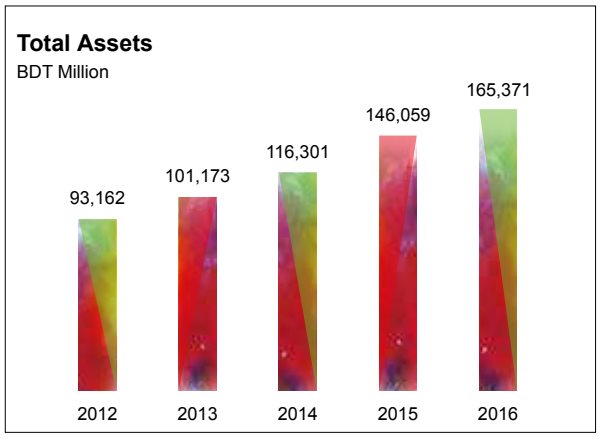
BDT Million

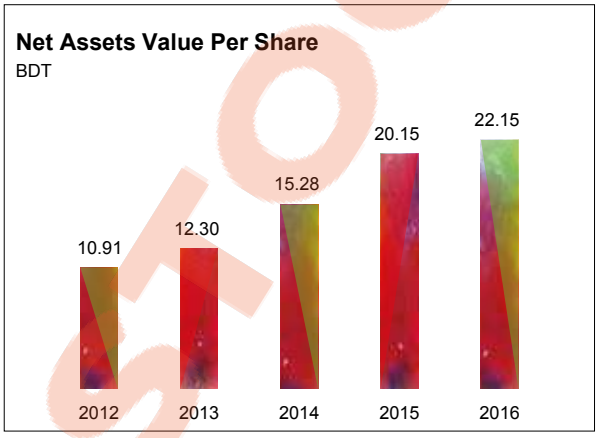
SL	Items	2016	2015	2014	2013	2012
1	Authorised Capital	10,000	10,000	10,000	10,000	10,000
2	Paid up Capital	4,432	3,693	3,078	2,798	2,543
3	Shareholder's Equity	9,818	8,929	6,770	5,449	4,834
4	Total Capital (Going+Gone-Concern)	13,725	12,413	8,712	8,137	6,981
5	Total Assets	165,371	146,059	116,301	101,173	93,162
6	Total Deposits	131,272	118,405	96,065	84,373	75,140
7	Total Loans and Advances	114,356	97,589	77,141	59,548	56,511
8	Total Invesment	21,962	26,247	20,768	25,824	23,251
9	Export	49,953	45,940	36,154	32,479	25,455
10	Import	78,420	63,988	51,593	44,273	39,427
11	Total Contingent Liabilities	45,134	35,029	30,802	23,897	17,677
12	Operating Income	7,515	6,580	5,690	4,619	3,507
13	Operating Expenditure	4,107	3,769	3,087	2,593	2,175
14	Profit before provision and tax	3,408	2,811	2,603	2,026	1,332
15	Profit after provision and tax	1,464	1,366	962	573	328
16	Total Provision maintained	3,687	2,835	2,388	2,297	1,828
17	Earning assets	139,610	126,053	98,026	85,323	78,807
18	Non-interest earning assets	25,761	20,006	18,275	15,850	14,355

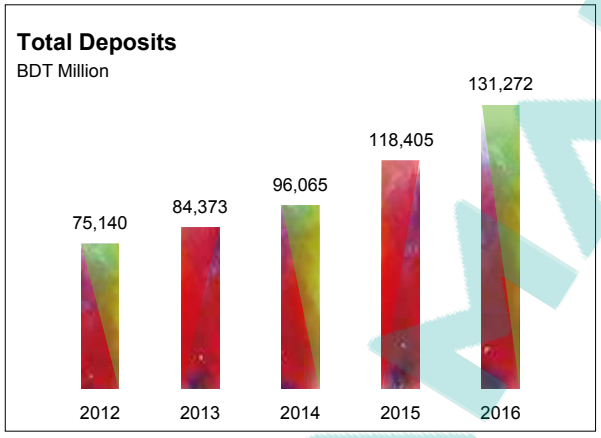
Figure in BDT/Percentage

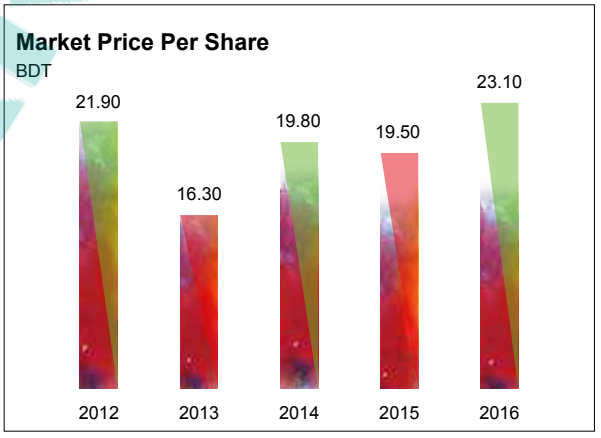
1	Earnings per Share (BDT) (Previous year re-stated)	3.30	3.08	2.17	1.29	0.74
2	Net Asset Value (NAV) per share (BDT) (Previous year re-stated)	22.15	20.15	15.28	12.30	10.91
3	Dividend -Stock	15%	20%	20%	10%	10%
4	Return on Average Equity	15.61%	17.40%	15.74%	11.15%	6.80%
5	Return on Average Assets (ROAA)	0.94%	1.04%	0.88%	0.59%	0.39%
6	Classified Loans as % of total Loans and Advances	4.36%	2.08%	2.67%	3.62%	3.69%
7	Lending -Deposit Ratio	87.11%	82.42%	80.30%	70.58%	75.21%
8	Capital to Risk weighted Assets Ratio	11.51%	12.19%	10.82%	11.57%	10.71%
9	Market Value per Share	23.10	19.50	19.80	16.30	21.90
10	Price-Earning ratio (Times)	6.99	6.33	7.60	7.96	18.74
1	No. of Branches	110	106	103	92	86
2	No. of Employees	1889	1801	1586	1378	1317

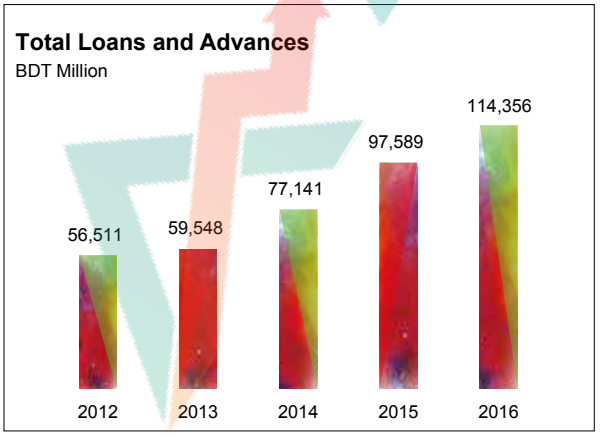
FIVE-YEAR GRAPHICAL REVIEW

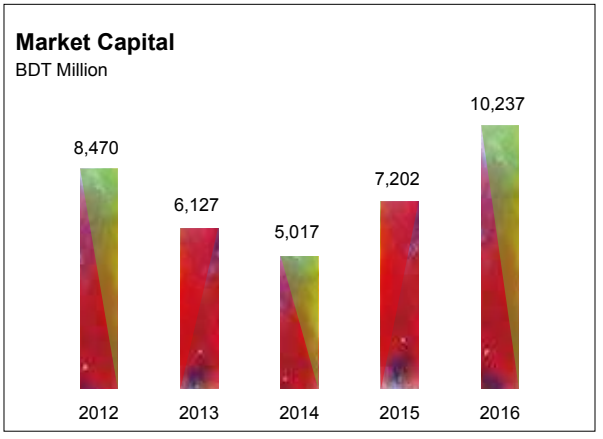


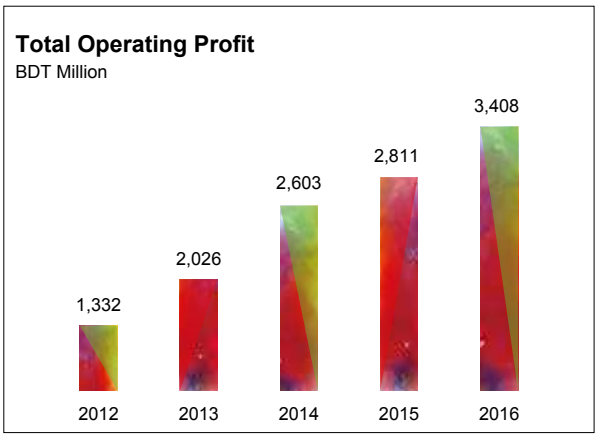


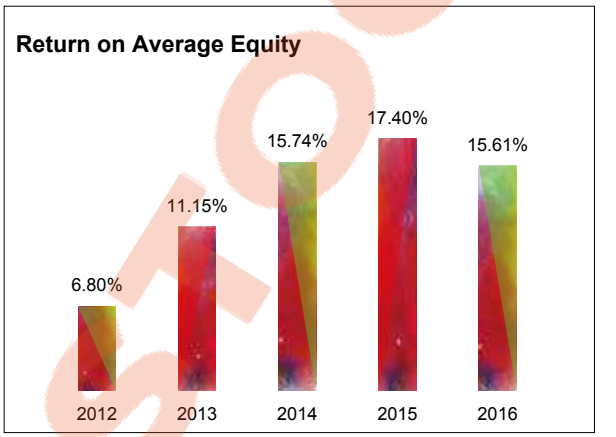


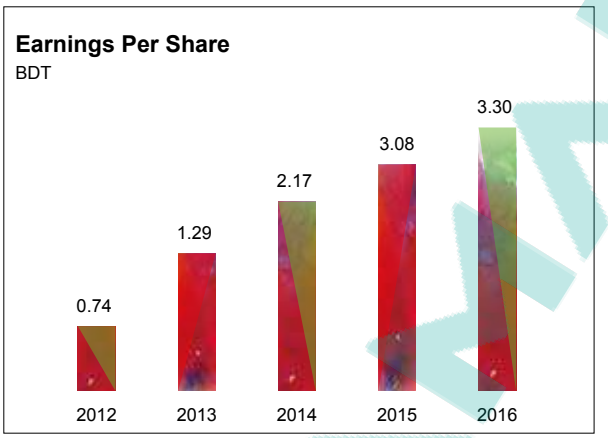


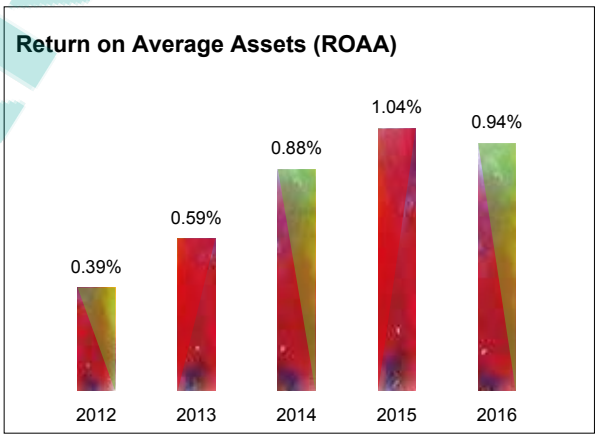





Total Operating Profit
BDT Million
1,332
2,026
2,603
2,811
3,408
2012
2013
2014
2015
2016


Return on Average Equity
6.80%
11.15%
15.74%
17.40%
15.61%
2012
2013
2014
2015
2016


Earnings Per Share
BDT
0.74
1.29
2.17
3.08
3.30
2012
2013
2014
2015
2016


Return on Average Assets (ROAA)
0.39%
0.59%
0.88%
1.04%
0.94%
2012
2013
2014
2015
2016

ECONOMIC CONTRIBUTION REPORT

The bank's overall mission is to be the most admired financial institution in the country, recognized as a dynamic, innovative and client focused bank that offers an array of products and services in search of excellence and to create an impressive economic value. This section covers the value we deliver to our shareholders and the nation at large.

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

Capital to Risk Weighted Assets Ratio:
Capital adequacy indicates the financial strength and stability of a bank. It limits the extent up to which the bank can expand its business in terms of risk weighted assets. Like all commercial institutions, banks too constantly look at ways of expanding their operations by acquiring property, plant & equipment, opening branches, in addition to mobilizing deposits, providing loans and investing in other assets.

Regulatory capital requirements are therefore necessary to prevent banks from expanding beyond their ability to manage (over trading), to improve the quality of bank's asset, to control the ability of the bank to leverage their growth and to lead to higher earnings on assets, leading to peace of mind of all the stakeholders. The bank keeps a careful check on its capital adequacy ratios.

Minimum Capital Requirement (MCR) Under Risk Based Capital (Basel-III) as at December 31, 2016:

BDT Million/ Percentage

	Particulars	2016	2015
A.	Total Regulatory Capital:		
	1. Common Equity Tier-1 (Going-Concern Capital)	8,984	7,599
	2. Tier-2 Capital (Gone-Concern Capital)	4,716	4,846
	3.Tier-3 (Eligible for market risk only)	-	-
	4.Total Eligible Capital (1+2+3)	13,699	12,445
B.	Total Risk Weighted Assets (RWA)	118,992	102,101
C.	Capital to Risk weighted Asset Ratio (CRAR)	11.51%	12.19%
D.	Going-Concern Capita to RWA	7.55%	7.44%
E.	Gone-Concern Capital to RWA	3.96%	4.75%
F.	Minimum Capital Requirement (MCR)	11,899	10,210

Value Added Statements

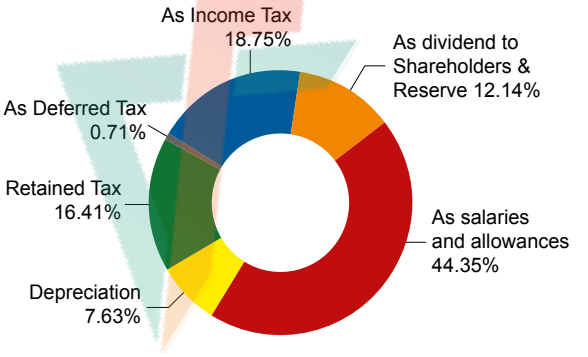
For the year ended December 31, 2016

The value added statement provides a detailed account of total value addition and the distribution of the value created by the organization. Mutual Trust Bank Limited contributes positively to social-economic development by empowering employees through the payment of salaries and allowances; by paying attractive and consistent dividend to the providers of capital; by assisting the regulatory capacities through paying taxes and of course keeping in mind company's continuous expansion and growth.

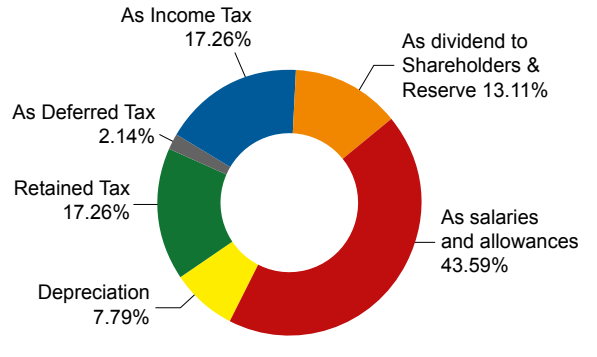
BDT Million

Particulars	2016		2015	
	Amount	%	Amount	%
Value Added				
Interest Income	11,381.37	75.79%	10,793.38	74.13%
Investment Income	2,010.54	13.39%	2,391.20	16.42%
Commission, Exchange and Brokerage	1,228.15	8.18%	974.84	6.70%
Other Operating Income	397.90	2.65%	400.94	2.75%
Sub-Total (a)	**15,017.97**	**100.00%**	**14,560.35**	**100.00%**
Less Cost of service rendered:				
Interest Expenses	7,503.09	75.85%	7,980.10	80.74%
Cost of services & supplies	1,442.36	14.58%	1,366.78	13.83%
Provision for Loans, Investment, Off B/S Items & etc.	946.63	9.57%	537.13	5.43%
Sub-Total (b)	**9,892.09**	**100.00%**	**9,884.01**	**100.00%**
Total Value added by banking services (a+b)	**5,125.89**		**4,676.34**	
Distribution of value addition				
To Employees				
As salaries and allowances	2,273.51	44.35%	2,038.59	43.59%
To Providers of Capital				
As dividend to Shareholders & Reserve	622.35	12.14%	613.29	13.11%
To Government				
As Income Tax	961.28	18.75%	807.19	17.26%
As Deferred Tax	36.61	0.71%	100.25	2.14%
	997.88	**19.47%**	**907.44**	**19.40%**
To Expansion and Business Growth				
Retained profit	841.24	16.41%	752.90	16.10%
Depreciation	390.90	7.63%	364.12	7.79%
Total Distribution	**5,125.89**	**100%**	**4,676.34**	**100%**

Graphical Presentation-2016



Graphical Presentation-2015



Economic Value Added Statement (EVA)
For the year ended December 31, 2016

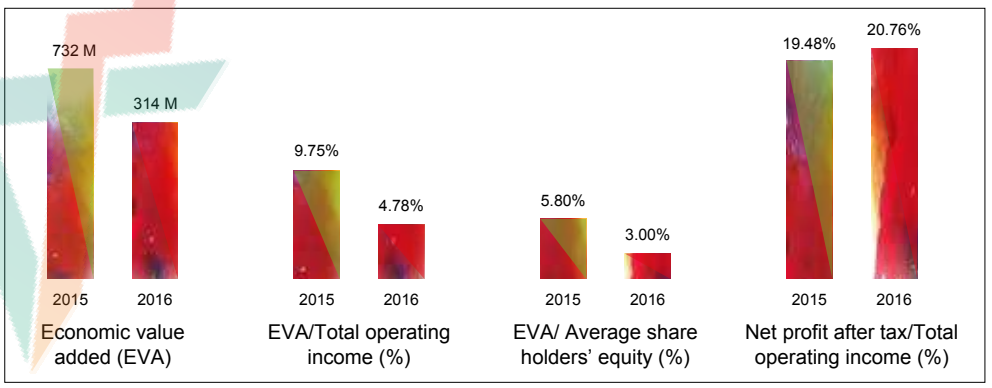
Economic Value Added (EVA) is the financial performance measure that attempts to measure that true economic profit of an organization. It provides a measurement of the bank(s) economic success (or failure) over a period of time. Such a metric is usefull for investors who wish to determine how well the bank has added value for its investors and it can be compared against bank(s) peers for a quick analysis of how well the bank us operating in its industry. Economic value added is calculated by taking the bank(s) net profit after Tax, adding with its, the amount of provision charged against profit to absorb the losses inherent in the investments. EVA is calculated as under:

EVA = NPAT – Cost of average equity
NPAT = NPAT is the net profit after Tax plus the provision for doubtful losses charged against profit.
Equity = Shareholder's equity is the total amount of equity the year end plus accumulated provision charged against profit for doubtful losses.

Cost of equity = It is the opportunity cost i.e. the expected risk from return on investment, plus a risk premium. Interest on 5 years Bangladesh Government Sanchaya Patra plus 2% risk premium has been assumed to be the cost of equity.

BDT Million

For the year ended	2016	2015
Shareholders' Equity at year end	9,818.26	8,929.20
Add: Cumulative Provision for Loans, Investment, Off B/S Items & etc.	3,686.80	2,834.51
Total	**13,505.06**	**11,763.70**
Average Shareholders' Equity	9,373.73	7,849.80
Add: Average Cumulative Provision for Loans, Investment, Off B/S Items & etc.	3,260.65	2,611.06
Average Equity of Shareholders	**12,634.38**	**10,460.86**
Average cost of Equity (Risk Free Rate + 2% Risk Premium)	13.28%	15.19%
Earnings:		
Net Profit after tax	1,463.59	1,366.20
Add: Provision for Loans, Investment, Off B/S Items & etc.	946.63	537.13
Net Profit after Tax (Before Provision)	**2,410.23**	**1,903.33**
Cost of average Equity	1,677.85	1,589.00
Economic value added (EVA)	**732.38**	**314.33**
Growth over last year	133.00%	46.29%
Total operating income	7,514.88	6,580.26
Net profit after tax	1,463.59	1,366.20
Key Ratios:		
EVA/Total operating income (%)	9.75%	4.78%
EVA/ Average shareholders' equity (%)	5.80%	3.00%
Net profit after tax/Total operating income(%)	19.48%	20.76%



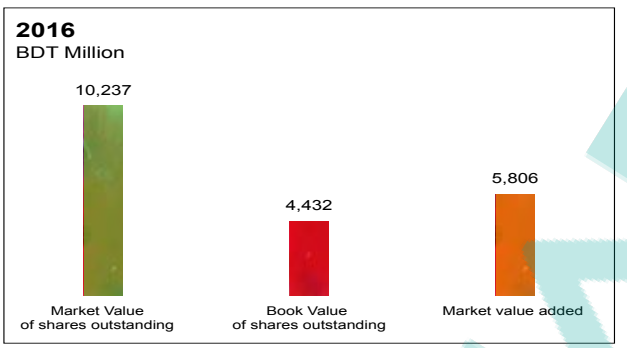
Market Value Added Statement

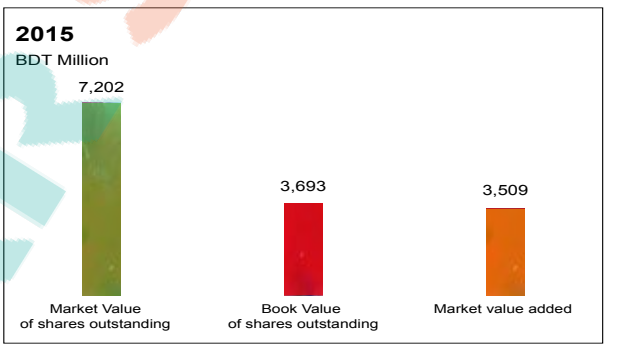
For the year ended December 31, 2016

Unlike EVA, which measures internal performance, market value added (MVA) is a measure of external performance that indicate how the market has evaluated the company's performance in terms of market value of quoted shares compared to book value of this shares. Market Value Added (MVA) is the difference between the current market value of the bank and the capital contributed by investors. If MVA is positive, the bank has added value. If it is negative, the bank has destroyed value. The amount of value added needs to be greater than the bank's investors could have achieved investing in the market portfolio, adjusted for the leverage of the bank relative to the market. A high MVA denotes that the bank has maximized the wealth for the shareholders. The calculation of market value added is tabled below.

BDT Million

Particulars	Number of Shares	Value per share	Total Value 2016	Total Value 2015
Market Value of shares outstanding	443,179,160	23.10	10,237	7,202
Book Value of shares outstanding	443,179,160	10.00	4,432	3,693
Market value added		13.10	5,806	3,509





Liquidity Policy:

The liquidity policy of the bank has always been to carry a favorable mismatch in the interest earning assets and interest bearing liabilities in different buckets. Our liquidity remained at optimum levels during the year.

The assets and liabilities committee (ALCO) of the bank monitors and maintains a satisfactory trade-off between liquidity and profitability.

Dividend Policy:

The dividend policy of the bank has always been to pay a satisfactory dividend to its shareholders. As per Bangladesh Bank Guidelines, we have already built up minimum paid up capital & reserve required by Revised Risk Based Capital Adequacy 10% of Risk Weighted Asset (RWA) of the Bank.

Considering the performance of the bank the board has recommended stock dividend of 15% for the year 2016 maintaining minimum capital requirement (MCR) as per Basel-III.

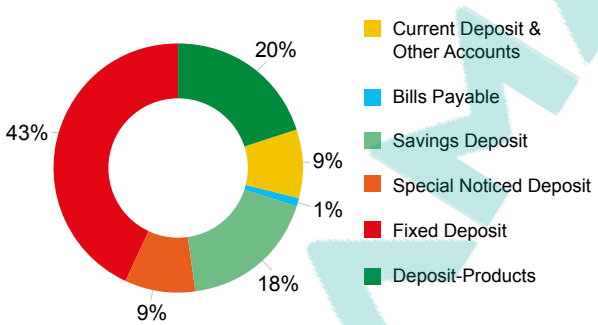
ANALYSIS OF DEPOSITS

Analysis of Deposits

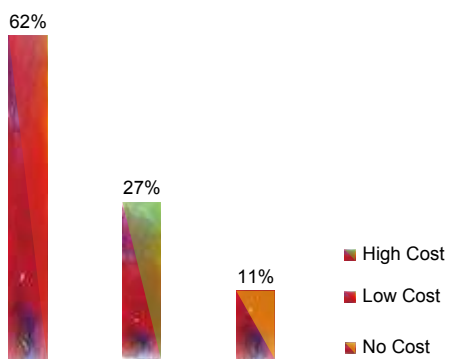
BDT Million

	2016	2015	2014	2013	2012
Current Deposits & Other Accounts	12,301	9,580	8,224	7,014	5,756
Bills Payable	1,751	1,253	1,284	780	1,814
Savings Bank Deposits	23,710	17,908	14,384	11,098	9,224
Special Notice Deposits	11,646	13,683	7,997	4,495	3,295
Fixed Deposits	55,803	55,708	49,412	48,281	45,301
Deposit-Products	26,060	20,272	14,764	12,704	9,750
Total Deposits	**131,271**	**118,405**	**96,065**	**84,372**	**75,140**

Nature wise Deposit Mix 2016



Cost wise Deposit Mix 2016



DEPOSITS	2016		2015	
High Cost	62%	81,863	64%	75,980
Low Cost	27%	35,356	27%	31,591
No Cost	11%	14,052	9%	10,833
Total	**100%**	**131,271**	**100%**	**118,404**

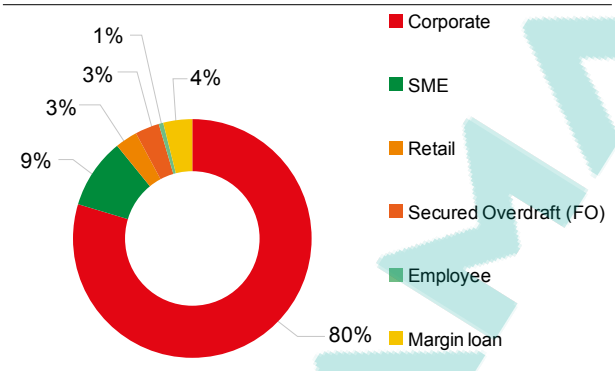
ANALYSIS OF LOANS & ADVANCES

Analysis of Loans and Advances

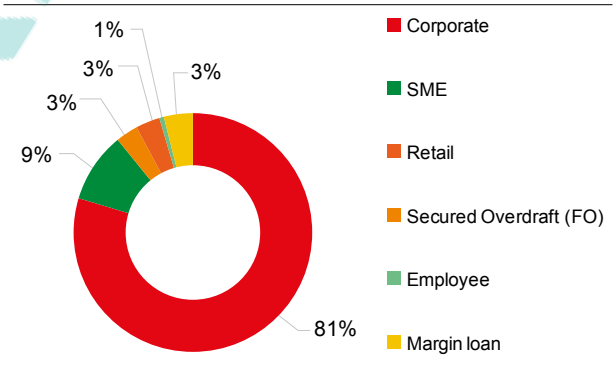
BDT Million

	2016	2015	2014	2013	2012
Corporate	91,944	77,719	59,835	44,411	43,155
SME	10,452	9,278	7,028	4,869	2,269
Retail	3,734	2,952	2,454	2,343	3,323
Secured Overdraft (FO)	3,692	3,207	3,145	3,316	3,032
Employee	668	601	577	542	526
Margin loan	3,866	3,832	4,102	4,068	4,206
Total	**114,356**	**97,589**	**77,141**	**59,548**	**56,511**

Portfolio Mix 2015



Portfolio Mix 2016



CREDIT RATING REPORT

MTB CREDIT RATING REAFFIRMED

PARTICULARS	CURRENT RATING	PREVIOUS RATING
Long Term	AA	AA
Short Term	ST-2	ST-2
Based on Financials	December 31, 2016	December 31, 2015
Date of Rating	May 17, 2017	May 17, 2016
Validity Date	May 16, 2018	May 16, 2017

AA : Higher Safety and high Credit Quality
ST-2 : High Certainty of Timely Repayment
Outlook : Stable

AA

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Rated by: Credit Rating Information and Services Limited (CRISL)

FINANCIAL CALENDAR

Financial Calendar 2016	
1st Quarter Results published on	April, 2016
Half Yearly Financial Statement published on	July, 2016
3rd Quarter Results published on	October, 2016
Audited Financial Statements for 2016 signed on	April 24, 2017
18th Annual General Meeting held on	June 20, 2017
15% stock as Final Dividend for 2016 payable on	June, 2017

Proposed Financial Calendar 2017	
1st Quarter Results to be published on	April, 2017
Half Yearly Financial Statement to be published on	July, 2017
3rd Quarter Results to be published on	October, 2017
Audited Financial Statements for 2017 expected to be signed on	February/March, 2018
19th Annual General Meeting expected to be held on	March, 2018

এম,জে, আবেদীন এন্ড কোং
চার্টার্ড একাউন্টেন্টস্
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CHARTERED ACCOUNTANTS

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Dhaka-1205, Bangladesh

AUDITORS' REPORT TO THE SHAREHOLDERS OF MUTUAL TRUST BANK LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mutual Trust Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Mutual Trust Bank Limited (the "Bank"), which comprise the consolidated balance sheet and the separate balance sheet as at 31 December 2016 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in **note 2.01** and for such internal control as management determines necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (as amended in 2013) and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as

An independent member firm of
MOORE STEPHENS
INTERNATIONAL LIMITED

at 31 December 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in **note 2.01**.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 (as amended in 2013) and the rules and regulations issued by Bangladesh Bank, we also report the following:

(a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof.

(b) to the extent noted during the course of our audit work performed on the basis stated under the Auditors' Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:

i) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in **note 2.29** of the financial statements appeared to be materially adequate and

ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;

(c) financial statements of subsidiary companies of the Bank namely MTB Securities Limited, MTB Capital Limited and MTB Exchange (UK) Limited have been audited and properly reflected in the consolidated financial statements;

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

(e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;

(f) the expenditure incurred was for the purposes of the Bank's business;

(g) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;

(h) adequate provisions have been made for advances and other assets which are in our opinion, doubtful of recovery as per tripartite meeting held on March 19, 2017 and Bangladesh Bank's advice vide letter no. DBI-1/119/2017-1313 dated April 11, 2017;

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

(j) the information and explanation required by us have been received and found satisfactory;

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

(l) we have reviewed over 80% of the risk weighted assets of the bank and we have spent around 4,125 person hours for the audit of the books and accounts of the bank.

Dated, Dhaka
April 24, 2017

M. J. ABEDIN & CO
Chartered Accountants

MUTUAL TRUST BANK LIMITED

CONSOLIDATED BALANCE SHEET

As at December 31, 2016

Particulars	Notes	Amount in BDT	
		December 31, 2016	December 31, 2015
Property and Assets			
Cash	**3 (a)**	**11,263,046,577**	**9,485,078,899**
In Hand (Including Foreign Currency)		1,987,478,022	1,664,181,296
With Bangladesh Bank and its agent Bank (s) (including Foreign Currency)		9,275,568,555	7,820,897,602
Balance with Other Banks & Financial Institutions	**4 (a)**	**8,148,416,411**	**3,140,421,417**
In Bangladesh		7,286,894,739	2,464,407,005
Outside Bangladesh		861,521,672	676,014,412
Money at Call and Short Notice	**5.00**	**990,000,000**	**1,790,000,000**
Investments	**6 (a)**	**21,962,058,933**	**26,247,250,330**
Government		19,627,418,568	23,542,771,441
Others		2,334,640,366	2,704,478,889
Loans and Advances	**7 (a)**	**114,355,762,842**	**97,588,775,690**
Loans, Cash Credits, Overdrafts, etc.		112,071,881,968	95,054,156,230
Bills Purchased and Discounted		2,283,880,874	2,534,619,460
Fixed Assets including Premises, Furniture & Fixtures	**8 (a)**	**3,140,971,243**	**3,181,829,846**
Other Assets	**9 (a)**	**5,510,430,863**	**4,625,945,364**
Non-Banking Assets		**-**	**-**
Total Property and Assets		**165,370,686,870**	**146,059,301,545**
Liabilities and Capital			
Borrowing from other Banks, Financial Institutions & Agents	**10 (a)**	**8,711,409,523**	**5,081,818,794**
Deposits and Other Accounts	**11 (a)**	**131,272,330,273**	**118,404,763,419**
Current Deposits & Other Accounts		12,301,476,077	9,580,262,157
Bills Payable		1,751,051,731	1,253,293,664
Savings Bank Deposits		23,710,184,165	17,908,495,890
Special Notice Deposits		11,645,986,993	13,682,757,116
Fixed Deposits		55,803,465,444	55,707,789,090
Deposit Products		26,060,165,864	20,272,165,502
Other Liabilities	**12 (a)**	**11,318,564,906**	**8,768,403,158**
Subordinated Debts	**13.00**	**4,250,000,000**	**4,875,000,000**
Total Liabilities		**155,552,304,702**	**137,129,985,370**
Capital/Shareholders' Equity			
Paid up Capital	**14.00**	4,431,791,600	3,693,159,670
Statutory Reserve	**15 (a)**	3,187,766,825	2,721,143,746
Revaluation Reserve on Investment in Securities		731,782,030	1,311,845,893
Foreign Currency Translation gain/(loss)		8,903,016	3,366,588
General Reserve	**16.00**	616,777,324	446,777,324
Retained Earnings	**17 (a)**	841,239,233	752,903,276
Total Shareholders' Equity		**9,818,260,028**	**8,929,196,497**
Minority Interest	**17 (b)**	**122,139**	**119,678**
Total Liabilities and Shareholders' Equity		**165,370,686,870**	**146,059,301,545**
Net Asset Value (NAV) per share		**22.15**	**20.15**

Particulars	Notes	Amount in BDT	
		December 31, 2016	December 31, 2015
Off-Balance Sheet Items			
Contingent Liabilities	**18 (a)**		
Letter of guarantee		9,302,425,309	7,486,950,066
Irrevocable letters of credit		14,291,274,015	10,035,077,947
Bills for collection		3,296,481,413	2,618,832,476
Acceptances and endorsements		18,244,133,884	14,888,384,964
Other contingent liabilities		-	-
Total Off Balance Sheet Items		**45,134,314,620**	**35,029,245,452**
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward asset purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claim against the bank not acknowledged as debt		-	-
Litigation pending against Bank		-	-
		-	-
Other Memorandum Items			
Value of Travelers' Cheque on Hand		-	-
Value of Bangladesh Sanchoy Patra on Hand		-	-
		-	-
Total Off-Balance Sheet Items including Contingent Liabilities		**45,134,314,620**	**35,029,245,452**

The annexed accounting policies and other notes form an integral part of these financial statements

M.A. Rouf, JP Chairman	**Md. Hedayetullah** Vice Chairman	**Syed Manzur Elahi** Director	**Anis A. Khan** Managing Director & CEO

Signed as per our annexed report of the same date

April 24, 2017
Dhaka

M.J. ABEDIN & CO
Chartered Accountants

MUTUAL TRUST BANK LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year ended December 31, 2016

Particulars	Notes	Amount in BDT	
		2016	2015
Interest Income	20 (a)	11,381,372,890	10,793,375,544
Less: Interest Paid on Deposits and Borrowings, etc.	21 (a)	7,503,094,801	7,980,099,367
Net Interest Income		**3,878,278,089**	**2,813,276,177**
Investment Income	22 (a)	2,010,544,355	2,391,199,507
Commission, Exchange and Brokerage	23 (a)	1,228,154,940	974,841,863
Other Operating Income	24 (a)	397,902,578	400,937,603
		3,636,601,872	**3,766,978,973**
Total Operating Income		**7,514,879,962**	**6,580,255,150**
Less: Operating Expenses:			
Salary and Allowances	25 (a)	2,256,194,529	2,022,344,260
Rent, Taxes, Insurance and Electricity etc.	26 (a)	608,223,014	551,387,414
Legal Expenses	27 (a)	3,385,938	3,411,955
Postage, Stamps and Telecommunication etc.	28 (a)	8,951,331	14,972,388
Stationery, Printing and Advertisements etc.	29 (a)	83,175,269	84,936,822
Managing Director's Remuneration	25.01	17,315,333	16,240,933
Directors' Fees	30 (a)	3,031,033	2,468,150
Auditors' Fees	31 (a)	2,580,355	1,426,336
Depreciation and Repair of Bank's Properties	32 (a)	390,901,907	364,117,774
Other Expenses	33 (a)	733,008,817	708,174,172
Total Operating Expenses		**4,106,767,526**	**3,769,480,203**
Profit Before Provision		**3,408,112,436**	**2,810,774,947**
Less: Provision against Loans & Advances including Off Balance Sheet Items	34.00	864,534,528	439,368,230
Less: Provision against Investments		71,100,000	90,236,109
Less: Provision against Other Asset		11,000,000	7,530,520
Total Provision		**946,634,528**	**537,134,859**
Profit Before Tax		**2,461,477,908**	**2,273,640,088**
Less: Income Tax expenses		**997,884,481**	**907,443,078**
Current Tax Expenses	35 (a)	961,277,823	807,188,494
Deferred Tax (Income)/Expenses	35(a.1)	36,606,657	100,254,584
Net Profit After Tax		**1,463,593,427**	**1,366,197,010**
Shareholders of the Bank		1,463,590,966	1,366,196,478
Minority Interest		2,461	532
		1,463,593,427	**1,366,197,010**
Retained Surplus Brought Forward		752,903,276	617,298,134
		2,216,494,242	**1,983,494,612**
Appropriations:			
Bonus Shares Issued during the year		738,631,930	615,526,610
Transferred to Statutory Reserve		466,623,080	445,064,726
Transferred to General Reserve		170,000,000	170,000,000
		1,375,255,010	**1,230,591,336**
Retained Surplus, Carried Forward		**841,239,233**	**752,903,276**
Earnings Per Share (EPS)	36 (a)	**3.30**	**3.08**

The annexed accounting policies and other notes form an integral part of these financial statements

M.A. Rouf, JP	**Md. Hedayetullah**	**Syed Manzur Elahi**	**Anis A. Khan**
Chairman	Vice Chairman	Director	Managing Director & CEO

Signed as per our annexed report of the same date

April 24, 2017
Dhaka

M.J. ABEDIN & CO
Chartered Accountants

MUTUAL TRUST BANK LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year ended December 31, 2016

Particulars	Notes	Amount in BDT	
		2016	2015
A) Cash Flows from Operating Activities:			
Interest Received		13,302,673,011	12,834,392,994
Interest Paid on Deposits, Borrowings, etc.		(7,896,093,791)	(7,976,034,331)
Dividend Income		66,092,790	60,925,640
Fees & Commission Income		1,228,154,940	974,841,863
Recoveries of Loans previously written off		900,000	1,100,990
Cash Paid to Employees as Salaries and Allowances		(2,273,509,862)	(2,038,585,193)
Cash Paid to Suppliers		(83,175,269)	(84,936,822)
Advance Income Tax Paid		(731,203,379)	(556,321,960)
Cash Received From Other Operational Income	37 (a)	443,892,270	721,317,519
Cash Paid for Other Operational Expenses	38 (a)	(1,411,952,975)	(1,334,532,797)
Cash Flows from Operating Activities before Changes in Net Current Assets		**2,645,777,734**	**2,602,167,903**
Changes in Net Current Assets :			
Loans & Advances		(16,756,679,344)	(20,446,447,398)
Other Assets		(187,328,178)	692,658,133
Customers' Deposits		13,311,346,537	22,377,339,196
Borrowing from Other Banks, Financial Institutions & Agents		3,629,590,729	1,337,406,406
Other Liabilities		554,862,047	61,161,980
		551,791,792	**4,022,118,317**
Net Cash Flows from Operating Activities		**3,197,569,526**	**6,624,286,221**
B) Cash Flows from Investing Activities:			
Investments in T. Bills, T. Bonds and other		3,334,098,710	(4,269,521,509)
Investments in Shares & Bonds		369,838,524	(418,889,725)
Purchase of Premises & Fixed Assets (net)		(297,270,816)	(1,004,362,808)
Net Cash Flows from Investing Activities		**3,406,666,418**	**(5,692,774,042)**
C) Cash Flows from Financing Activities:			
Subordinated debts		(625,000,000)	2,375,000,000
Net Cash Flows from Financing Activities		**(625,000,000)**	**2,375,000,000**
D) Net Increase in Cash and Cash Equivalents		**5,979,235,944**	**3,306,512,178**
E) Effect of Changes of Exchange Rates on Cash and Cash Equivalents		**5,536,428**	**1,022,379**
F) Opening Cash and Cash Equivalents		**14,418,086,916**	**11,110,552,359**
Closing Cash and Cash Equivalents (D+E+F)		**20,402,859,288**	**14,418,086,916**
The above closing Cash and Cash Equivalents include:			
Cash in Hand		1,987,478,022	1,664,181,296
Balance with Bangladesh Bank and its Agent Bank		9,275,568,555	7,820,897,602
Balance with Other Banks & Financial Institutions		8,148,416,411	3,140,421,417
Money at Call and Short Notice		990,000,000	1,790,000,000
Prize Bond		1,396,300	2,586,600
		20,402,859,288	**14,418,086,916**
Net Operating Cash Flows Per Share		**7.22**	**14.95**

The annexed accounting policies and other notes form an integral part of these financial statements

M.A. Rouf, JP Chairman	**Md. Hedayetullah** Vice Chairman	**Syed Manzur Elahi** Director	**Anis A. Khan** Managing Director & CEO

MUTUAL TRUST BANK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year ended December 31, 2016

Amount in BDT

Particulars	Paid-up Capital	Statutory Reserve	Revaluation Reserve on Investment in Securities	Foreign Currency Translation Gain	General Reserve	Retained Earnings	Total	Minority Interest	Total
Balance as at January 01, 2016	**3,693,159,670**	**2,721,143,746**	**1,311,845,893**	**3,366,588**	**446,777,324**	**752,903,276**	**8,929,196,497**	**119,678**	**8,929,316,175**
Net Profit for the year after Tax	-	-	-	-	-	1,463,590,966	1,463,590,966	2,461	1,463,593,427
Bonus Shares Issued	738,631,930	-	-	-	-	(738,631,930)	-	-	-
Currency Translation differences	-	-	-	5,536,428	-	-	5,536,428	-	5,536,428
Transferred to General Reserve	-	-	-	-	170,000,000	(170,000,000)	-	-	-
Revaluation Reserve transferred during the year	-	-	(580,063,862)	-	-	-	(580,063,862)	-	(580,063,862)
Appropriation made during the year	-	466,623,080	-	-	-	(466,623,080)	-	-	-
Balance as at December 31, 2016	**4,431,791,600**	**3,187,766,825**	**731,782,030**	**8,903,016**	**616,777,324**	**841,239,233**	**9,818,260,028**	**122,139**	**9,818,382,167**
Balance as at December 31, 2015	**3,693,159,670**	**2,721,143,746**	**1,311,845,893**	**3,366,588**	**446,777,324**	**752,903,276**	**8,929,196,497**	**119,678**	**8,929,316,175**

The annexed accounting policies and other notes form an integral part of these financial statements

M.A. Rouf, JP
Chairman

Md. Hedayetullah
Vice Chairman

Syed Manzur Elahi
Director

Anis A. Khan
Managing Director & CEO

AMARSTOCK

MUTUAL TRUST BANK LIMITED

CONSOLIDATED LIQUIDITY STATEMENT

As at December 31, 2016

Amount in BDT

Particulars	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
ASSETS :						
Cash	2,588,746,577	-	-	-	8,674,300,000	11,263,046,577
Balance with other Banks and Financial Institutions	4,043,124,899	3,025,215,069	1,052,043,836	28,032,607	-	8,148,416,411
Money at Call & Short notice	990,000,000	-	-	-	-	990,000,000
Investments	1,796,817,567	946,109,899	1,458,243,864	8,390,555,955	9,370,331,648	21,962,058,933
Loans and Advances	13,799,069,111	28,331,114,340	37,255,551,757	21,845,828,493	13,124,199,141	114,355,762,842
Premises and Fixed Assets	43,624,601	87,249,201	392,621,405	2,093,980,829	523,495,207	3,140,971,243
Other Assets	698,541,983	164,216,888	432,593,901	4,204,383,035	10,695,056	5,510,430,863
Non-Banking Assets	-	-	-	-	-	-
Total Assets	**23,959,924,737**	**32,553,905,398**	**40,591,054,764**	**36,562,780,919**	**31,703,021,051**	**165,370,686,870**
LIABILITIES :						
Borrowing From Other Banks, Financial Institutions & Agents	1,677,904,332	-	3,739,071,755	-	3,294,433,436	8,711,409,523
Deposits and Other Accounts	18,970,219,686	30,749,278,641	40,416,910,307	36,149,970,905	4,985,950,734	131,272,330,273
Provision & Other Liabilities	47,012,992	511,594,575	1,958,144,114	5,011,344,985	3,790,468,239	11,318,564,906
Subordinated Debts	-	-	625,000,000	3,625,000,000	-	4,250,000,000
Total Liabilities	**20,695,137,010**	**31,260,873,216**	**46,739,126,176**	**44,786,315,891**	**12,070,852,409**	**155,552,304,702**
Net Liquidities	**3,264,787,727**	**1,293,032,182**	**(6,148,071,412)**	**(8,223,534,971)**	**19,632,168,642**	**9,818,382,167**

The annexed accounting policies and other notes form an integral part of these financial statements

M.A. Rouf, JP Chairman	**Md. Hedayetullah** Vice Chairman	**Syed Manzur Elahi** Director	**Anis A. Khan** Managing Director & CEO

MUTUAL TRUST BANK LIMITED

BALANCE SHEET

As at December 31, 2016

Particulars	Notes	Amount in BDT	
		December 31, 2016	December 31, 2015
Property and Assets			
Cash	**3.00**	**11,247,541,472**	**9,472,117,479**
In Hand (Including Foreign Currency)		1,971,972,917	1,651,219,876
With Bangladesh Bank and its agent Bank (s) (including foreign currency)		9,275,568,555	7,820,897,602
Balance with Other Banks & Financial Institutions	**4.00**	**8,019,623,030**	**3,131,395,211**
In Bangladesh		7,158,101,358	2,455,380,799
Outside Bangladesh		861,521,672	676,014,412
Money at Call and Short Notice	**5.00**	**990,000,000**	**1,790,000,000**
Investments	**6.00**	**21,422,839,835**	**25,793,423,221**
Government		19,627,418,568	23,542,771,441
Others		1,795,421,268	2,250,651,780
Loans and Advances	**7.00**	**110,834,548,494**	**96,216,724,073**
Loans, Cash Credits, Overdrafts, etc.		108,550,667,621	93,682,104,613
Bills Purchased and Discounted		2,283,880,874	2,534,619,460
Fixed Asset including Premises, Furniture & Fixtures	**8.00**	**3,042,051,609**	**3,070,523,270**
Other Assets	**9.00**	**8,923,815,634**	**6,088,588,308**
Non-Banking Assets		**-**	**-**
Total Property and Assets		**164,480,420,074**	**145,562,771,562**
Liabilities and Capital			
Borrowing from other Banks, Financial Institutions & Agents	**10.00**	**8,636,409,523**	**5,081,818,794**
Deposits and Other Accounts	**11.00**	**131,593,607,611**	**118,686,764,340**
Current Deposits & Other Accounts		12,302,356,822	9,588,280,551
Bills Payable		1,751,051,731	1,253,293,664
Savings Bank Deposits		23,710,184,165	17,908,495,890
Special Notice Deposits		11,966,383,586	13,956,739,643
Fixed Deposits		55,803,465,444	55,707,789,090
Deposit Products		26,060,165,864	20,272,165,502
Other Liabilities	**12.00**	**10,216,696,047**	**7,959,308,277**
Subordinated Debts	**13.00**	**4,250,000,000**	**4,875,000,000**
Total Liabilities		**154,696,713,182**	**136,602,891,411**
Capital/Shareholders' Equity			
Paid up Capital	**14.00**	4,431,791,600	3,693,159,670
Statutory Reserve	**15.00**	3,187,766,825	2,721,143,746
Revaluation Reserve on Investment in Securities		731,782,030	1,311,845,893
Foreign Currency Translation gain/(Loss)		104,902	-
General Reserve	**16.00**	616,777,324	446,777,324
Retained Earnings	**17.00**	815,484,211	786,953,518
Total Shareholders' Equity		**9,783,706,892**	**8,959,880,151**
Total Liabilities and Shareholders' Equity		**164,480,420,074**	**145,562,771,562**
Net Asset Value (NAV) per share		**22.08**	**20.22**

Particulars	Notes	Amount in BDT	
		December 31, 2016	December 31, 2015
Off-Balance Sheet Items	**18.00**		
Contingent Liabilities			
Letter of guarantee		9,302,425,309	7,486,950,066
Irrevocable letters of credit		14,291,274,015	10,035,077,947
Bills for collection		3,296,481,413	2,618,832,476
Acceptances and endorsements		18,244,133,884	14,888,384,964
Other contingent liabilities		-	-
Total off Balance sheet Items		**45,134,314,620**	**35,029,245,452**
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward asset purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claim against the bank not acknowledged as debt		-	-
Litigation pending against Bank		-	-
		-	**-**
Other Memorandum Items			
Value of Travelers' Cheque on Hand		-	-
Value of Bangladesh Sanchoy Patra on Hand		-	-
		-	-
Total Off-Balance Sheet Items including Contingent Liabilities		**45,134,314,620**	**35,029,245,452**

The annexed accounting policies and other notes form an integral part of these financial statements

M.A. Rouf, JP	**Md. Hedayetullah**	**Syed Manzur Elahi**	**Anis A. Khan**
Chairman	Vice Chairman	Director	Managing Director & CEO

Signed as per our annexed report of the same date

April 24, 2017
Dhaka

M.J. ABEDIN & CO
Chartered Accountants

MUTUAL TRUST BANK LIMITED

PROFIT AND LOSS ACCOUNT

For the Year ended December 31, 2016

Particulars	Notes	Amount in BDT	
		2016	2015
Interest Income	20.00	11,250,560,341	10,649,739,581
Less: Interest Paid on Deposits and Borrowings, etc.	21.00	7,506,266,934	7,993,686,553
Net Interest Income		**3,744,293,407**	**2,656,053,028**
Investment Income	22.00	1,974,265,630	2,372,998,092
Commission, Exchange and Brokerage	23.00	1,066,776,213	838,979,240
Other Operating Income	24.00	360,578,643	374,983,810
		3,401,620,486	**3,586,961,142**
Total Operating Income		**7,145,913,893**	**6,243,014,170**
Less: Operating Expenses:			
Salary and Allowances	25.00	2,168,780,701	1,930,977,093
Rent, Taxes, Insurance and Electricity etc.	26.00	559,033,357	507,319,887
Legal Expenses	27.00	3,077,953	3,411,955
Postage, Stamps and Telecommunication etc.	28.00	8,610,456	14,036,831
Stationery, Printing and Advertisements etc.	29.00	81,849,885	83,607,910
Managing Director's Remuneration	25.01	17,315,333	16,240,933
Directors' Fees	30.00	1,775,600	1,450,400
Auditors' Fees	31.00	1,889,500	948,500
Depreciation and Repair of Bank's Properties	32.00	379,031,532	350,745,750
Other Expenses	33.00	715,899,651	662,052,531
Total Operating Expenses		**3,937,263,967**	**3,570,791,790**
Profit Before Provision		**3,208,649,926**	**2,672,222,379**
Less: Provision against Loans & Advances including Off Balance Sheet Items	34.00	864,534,528	439,368,230
Less: Provision against Investments		-	-
Less: Provision against Other Asset		11,000,000	7,530,520
Total Provision		**875,534,528**	**446,898,750**
Profit Before Tax		**2,333,115,398**	**2,225,323,629**
Less: Income Tax Expenses		**929,329,696**	**861,150,740**
Current Tax Expenses	35.00	897,030,119	760,896,156
Deferred Tax (Income)/Expenses	35.01	32,299,576	100,254,584
Net Profit After Tax		**1,403,785,702**	**1,364,172,889**
Retained Surplus Brought Forward		786,953,518	653,371,964
		2,190,739,220	**2,017,544,853**
Appropriations:			
Bonus Shares Issued during the year		738,631,930	615,526,610
Transferred to Statutory Reserve		466,623,080	445,064,726
Transferred to General Reserve		170,000,000	170,000,000
		1,375,255,010	**1,230,591,336**
Retained Surplus, Carried Forward		**815,484,211**	**786,953,518**
Earnings Per Share (EPS)	36.00	**3.17**	**3.08**

The annexed accounting policies and other notes form an integral part of these financial statements

M.A. Rouf, JP	**Md. Hedayetullah**	**Syed Manzur Elahi**	**Anis A. Khan**
Chairman	Vice Chairman	Director	Managing Director & CEO

Signed as per our annexed report of the same date

April 24, 2017
Dhaka

M.J. ABEDIN & CO
Chartered Accountants

MUTUAL TRUST BANK LIMITED

STATEMENT OF CASH FLOW

For the Year ended December 31, 2016

Particulars	Notes	Amount in BDT	
		2016	2015
A) Cash Flows From Operating Activities:			
Interest Received		13,171,860,462	12,690,757,030
Interest Paid on Deposits, Borrowings, etc.		(7,899,265,924)	(7,989,621,517)
Dividend Income		54,132,093	57,164,924
Fees & Commission Income		1,066,776,213	838,979,240
Recoveries of Loans previously written off		900,000	1,100,990
Cash Paid to Employees as Salaries and Allowances		(2,186,096,034)	(1,947,218,026)
Cash Paid to Suppliers		(81,849,885)	(83,607,910)
Advance Income Tax Paid		(688,616,696)	(474,064,845)
Cash Received from Other Operational Income	37.00	382,250,308	680,923,027
Cash Paid for Other Operational Expenses	38.00	(1,342,310,026)	(1,252,006,938)
Cash Flows from Operating Activities before Changes in Net Current Assets		**2,477,780,509**	**2,522,405,975**
Changes in Net Current Assets:			
Loans & Advances		(14,607,516,613)	(20,508,082,039)
Other Assets		(2,180,656,687)	657,503,213
Customers' Deposits		13,350,622,954	22,495,030,145
Borrowing from Other Banks, Financial Institutions & Agents		3,554,590,729	1,337,406,406
Other Liabilities		401,742,855	201,652,645
		518,783,239	**4,183,510,370**
Net Cash Flows from Operating Activities		**2,996,563,748**	**6,705,916,346**
B) Cash Flows from Investing Activities:			
Investments in T. Bills, T. Bonds and other		3,334,098,711	(4,269,521,509)
Investments in Shares & Bonds		455,230,513	(326,850,999)
Purchase of Fixed Assets (Net)		(298,536,361)	(988,709,252)
Net Cash Flows from Investing Activities		**3,490,792,863**	**(5,585,081,760)**
C) Cash Flows from Financing Activities:			
Subordinated debts		(625,000,000)	2,375,000,000
Net Cash Flows from Financing Activities		**(625,000,000)**	**2,375,000,000**
D) Net Increase in Cash and Cash Equivalents		**5,862,356,611**	**3,495,834,586**
E) Effect of Changes of Exchange Rates on Cash and Cash Equivalents		**104,902**	**-**
F) Opening Cash and Cash Equivalents		**14,396,099,290**	**10,900,264,704**
Closing Cash and Cash Equivalents (D+E+F)		**20,258,560,803**	**14,396,099,290**
The above closing Cash and Cash Equivalents include:			
Cash in Hand		1,971,972,917	1,651,219,876
Balance with Bangladesh Bank and its Agent Bank		9,275,568,555	7,820,897,602
Balance with Other Banks & Financial Institutions		8,019,623,030	3,131,395,211
Money at Call and Short Notice		990,000,000	1,790,000,000
Prize Bond		1,396,300	2,586,600
		20,258,560,803	**14,396,099,290**
Net Operating Cash Flows Per Share		**6.76**	**15.13**

The annexed accounting policies and other notes form an integral part of these financial statements

M.A. Rouf, JP	**Md. Hedayetullah**	**Syed Manzur Elahi**	**Anis A. Khan**
Chairman	Vice Chairman	Director	Managing Director & CEO

MUTUAL TRUST BANK LIMITED

STATEMENT OF CHANGES IN EQUITY

For the Year ended December 31, 2016

Amount in BDT

Particulars	Paid-up Capital	Statutory Reserve	Revaluation Reserve on Investment in Securities	Foreign Currency Translation Gain	General Reserve	Retained Earnings	Total
Balance as at January 01, 2016	**3,693,159,670**	**2,721,143,746**	**1,311,845,893**	**-**	**446,777,324**	**786,953,518**	**8,959,880,151**
Net Profit for the year after tax	-	-	-	-	-	1,403,785,702	1,403,785,702
Bonus Shares Issued	738,631,930	-	-	-	-	(738,631,930)	-
Currency Translation differences	-	-	-	104,902	-	-	104,902
Transferred to General Reserve					170,000,000	(170,000,000)	-
Revaluation Reserve transferred during the year	-	-	(580,063,863)	-	-	-	(580,063,863)
Appropriation made during the year	-	466,623,080	-	-	-	(466,623,080)	-
Balance as at December 31, 2016	**4,431,791,600**	**3,187,766,825**	**731,782,030**	**104,902**	**616,777,324**	**815,484,211**	**9,783,706,892**
Balance as at December 31, 2015	**3,693,159,670**	**2,721,143,746**	**1,311,845,893**	**-**	**446,777,324**	**786,953,518**	**8,959,880,151**

The annexed accounting policies and other notes form an integral part of these financial statements

M.A. Rouf, JP Chairman	**Md. Hedayetullah** Vice Chairman	**Syed Manzur Elahi** Director	**Anis A. Khan** Managing Director & CEO

MUTUAL TRUST BANK LIMITED

LIQUIDITY STATEMENT

As at December 31, 2016

Amount in BDT

Particulars	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
ASSETS :						
Cash	2,573,241,472	-	-	-	8,674,300,000	11,247,541,472
Balance with other Banks and Financial Institutions	4,043,124,899	3,025,215,069	923,250,455	28,032,607	-	8,019,623,030
Money at Call & Short notice	990,000,000	-	-	-	-	990,000,000
Investments	1,796,817,567	406,890,801	1,458,243,864	8,390,555,955	9,370,331,648	21,422,839,835
Loans and Advances	13,799,069,111	28,331,114,340	37,255,551,757	21,845,828,493	9,602,984,793	110,834,548,494
Premises and Fixed Assets	42,250,717	84,501,434	380,256,451	2,028,034,406	507,008,602	3,042,051,609
Other Assets	698,541,983	164,216,888	317,582,871	4,204,383,035	3,539,090,856	8,923,815,634
Non-Banking Assets	-	-	-	-	-	-
Total Assets	**23,943,045,748**	**32,011,938,533**	**40,334,885,399**	**36,496,834,497**	**31,693,715,898**	**164,480,420,074**
LIABILITIES :						
Borrowing From Other Banks, Financial Institutions & Agents	1,677,904,332	-	3,664,071,755	-	3,294,433,436	8,636,409,523
Deposits and Other Accounts	19,290,616,279	30,749,278,641	40,417,791,052	36,149,970,905	4,985,950,734	131,593,607,611
Provision & Other Liabilities	47,012,992	470,818,344	897,051,487	5,011,344,985	3,790,468,239	10,216,696,047
Subordinated Debts	-	-	625,000,000	3,625,000,000	-	4,250,000,000
Total Liabilities	**21,015,533,603**	**31,220,096,985**	**45,603,914,294**	**44,786,315,891**	**12,070,852,409**	**154,696,713,182**
Net Liquidities	**2,927,512,145**	**791,841,547**	**(5,269,028,895)**	**(8,289,481,394)**	**19,622,863,489**	**9,783,706,892**

The annexed accounting policies and other notes form an integral part of these financial statements

M.A. Rouf, JP Chairman	**Md. Hedayetullah** Vice Chairman	**Syed Manzur Elahi** Director	**Anis A. Khan** Managing Director & CEO

MUTUAL TRUST BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

Corporate Profile and Significant Accounting Policies

1.00 The bank and its activities

1.01 Legal form of Mutual Trust Bank Limited

Mutual Trust Bank Limited (MTB) was incorporated in Bangladesh in the year 1999 as a Banking Company under the Companies Act, 1994 as a Public Limited Company. All types of commercial banking services are provided by the Bank within the stipulations laid down by the Bank Companies Act, 1991 (as amended in 2013) and directive as received from the Bangladesh Bank from time to time. Registered office of the Bank is at MTB Centre, 26 Gulshan Avenue, Gulshan 1, Dhaka 1212. The Bank started its commercial business from October 24, 1999. The Bank is listed with the Dhaka and Chittagong Stock Exchanges Limited. Authorized capital of the Bank is BDT 10 billion. The Bank has 110 (One hundred ten) branches including 14 (fourteen) SME/Agri Branches all over the Bangladesh, 10 (Ten) Agent Banking Centre and 02 (Two) Booth located at Hazrat Shahjalal International Airport, Dhaka.

1.02 Principal activities and nature of operation of Mutual Trust Bank Limited

The principal activities of the bank are to provide all kinds of commercial banking and related services such as accepting deposits, lending loans to customers, trade and services, treasury functions, cash management, securities and custody services, remittance services etc.

1.03 Off-Shore Banking Unit (OBU)

The Bank obtained the Off-shore Banking Unit Permission vide Letter No. BRPD (P-3)744(105)/2009-4470 dated December 03, 2009. The Bank commenced operation of this unit from December 07, 2009. The Off-shore Banking Unit is governed under the rules and guidelines of Bangladesh Bank. The principal activities of the Unit are to provide all kinds of commercial banking services to its customers in foreign currencies approved by the Bangladesh Bank. Separate Financial Statements of Off-shore Banking Unit has been drawn up in **Annexure G.**

1.04 Subsidiaries

1.4.1 MTB Securities Limited (MTBSL)

MTBSL is engaged in buying and selling of securities for its customers and margin loan is extended to the customers against their margin for investment in the listed companies. The required margin level is monitored daily and margin loan is provided as per established guidelines. Separate Financial Statements of MTB Securities Limited has been drawn up in the reports.

1.4.2 MTB Exchange (UK) Limited (MTB UK)

Bangladesh Bank vide their letter No: BRPD(M)204/25/2010-289 dated August 19, 2010 has accorded approval to the bank for opening a fully owned subsidiary company in the name of MTB Exchange (UK) Limited. The Company was incorporated on June 14, 2010 under the Companies Act 2006 of UK with the registration number 07282261 as a private company limited by shares. The registered office is located at 25 White Chapel Road, London.

The main activities of the exchange house are to carry on the remittance business and to undertake and participate in transactions, activities and operations commonly carried on or undertaken by remittance and exchange houses. Separate Financial Statements of MTB Exchange (UK) Limited has been drawn up in the reports.

1.4.3 MTB Capital Limited (MTBCL)

The Bank obtained permission to embark upon Merchant Banking from the Bangladesh Securities and Exchange Commission (BSEC) vides its certificate No.MB-55/2010 dated December 06, 2010 under the Bangladesh Securities and Exchange Commission Act, 1993. The operation has started as on April 17, 2011. Separate Financial Statements have been drawn up in the reports.

MTBCL offers the following services to the market :

a. Discretionary and Non-Discretionary Portfolio Management services to both the retail and institutional investors under different product lines.
b. Issue Management services to medium and large corporate houses to manage their Initial Public Offer (IPO), secondary offering, debt issuance and rights issuance.
c. Underwriting services for both debt and equity issues.

Besides, MTBCL develops various investment schemes suiting objectives and constraints of different investor classes.

2.00 Significant accounting policies and basis of preparation of financial statements

2.01 Statement of Compliance

The consolidated financial statements of the Group and the financial statements of the Bank and its subsidiary as at and for the year ended 31 December 2016 have been prepared under the historical cost convention and in accordance with Bangladesh Financial Reporting Standards (BFRSs), the "First Schedule" (section-38) of the Bank Companies Act 1991 (as amended in 2013), as amended by the BRPD Circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, the Companies Act, 1994, the Bangladesh Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchange's Listing Regulations and other laws and rules applicable in Bangladesh. Where the requirement of provisions and circulars issued by Bangladesh Bank differ with those of the regulatory authorities and accounting standards, the provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Group and the Bank has departed from those contradictory requirements of BFRSs in order to comply with the rules and regulation of Bangladesh Bank which are disclosed below:

2.01.01 Investment in shares and securities

BFRSs: As per requirements of "BAS 39: Financial Instruments: Recognition and Measurement" investments in shares and securities generally falls either under "at fair value through profit and loss accounts" or under "available for sale" where any change in the fair value at the year ended is taken to profit and loss account or revaluation reserve account, as the case may be.

Bangladesh Bank: As per Banking Regulation & Policy Department (BRPD) Circular no. 14 dated 25 June 2003 of Bangladesh Bank, Investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investments. As such Mutual Trust Bank Limited measures and recognizes Investment in Quoted and Unquoted shares at cost if the year-end Market value (for Quoted shares) and book value (Unquoted shares) are higher than the cost.

2.01.02 Revaluation gain/loss on Government securities

BFRSs: As per requirement of BAS 39, T-bills and T-bonds fall under the category of "held for trading" and "held to maturity" where any change in the fair value of held for trading is recognized in profit and loss accounts, and amortized cost method is applicable for held to maturity using an effective interest rate.

Bangladesh Bank: According to Department of Offsite Supervision (DOS) Circular no. 05 dated 26 May 2008 and subsequent clarification in DOS Circular no. 05 dated 28 January 2009 of Bangladesh Bank, loss on revaluation of Government securities (T-bill/T-bond) which are categorized as held for trading will be charged through Income accounts, but any gain on such revaluation should be recorded under revaluation reserve accounts. However, at the year end if there is any revaluation gain for any particular held for trading T-bills /T-bonds, such gain can be used to the extent of any revaluation loss for that particular held for trading T-bills/T-bonds. T-bills designated as held to maturity are measured at amortized cost method but interest income / gain should be recognized through revaluation reserve.

2.01.03 Provision on loans and advances

BFRSs: As per Bangladesh Accounting Standard (BAS) 39, an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD Circular no. 14 dated 23 September 2012 and BRPD Circular no. 19 dated 27 December 2012 a general provision at 0.25% to 5% under different categories of unclassified loans (standard and SMA loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loan, doubtful loans and bad losses, should be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD Circular no. 10 dated 18 September 2007, a general provision at 1% should be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

2.01.04 Financial instruments - presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of "BFRS 7: Financial Instrument- Disclosures" and "BAS 32: Financial Instruments-Presentation" cannot be made in the accounts.

2.01.05 REPO transactions

BFRSs: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per BRPD guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to Repurchase the asset (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

2.01.06 Financial guarantees

BFRSs: As per BAS-39 financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, financial guarantees such as L/C, L/G will be treated as off balance sheet items. No liability is recognized for the guarantee except the cash margin.

2.01.07 Cash and cash equivalents

BFRSs: Cash and cash equivalents items should be reported as cash item as per "BAS 7: Statement of Cash Flows".

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

2.01.08 Non banking assets

BFRSs: No indication of non-banking assets is found in any BFRSs.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, there should exist a face item named non-banking assets.

2.01.09 Cash flow statement

BFRSs: Cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, cash flow should be a mixture of direct and indirect method.

2.01.10 Balance with Bangladesh Bank: (CRR)

BFRSs: Balance with Bangladesh Bank should be treated as other assets as it is not available for use in day to day operations as per BAS 7.

Bangladesh Bank: Balance with Bangladesh Bank should be treated as cash and cash equivalents.

2.01.11 Loans and advance net of provision

BFRSs: Loans and advances should be presented net of provisions.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, provision on loans and advances should be presented separately as liability and cannot be netted off against loans and advances.
[Also refer to Note 2.22 Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)]

2.02 Basis of consolidation of operations of subsidiaries

The financial statements of the Company and its subsidiary, as mentioned in note no.1.04 has been consolidated in accordance with Bangladesh Accounting Standard 27 "Separate Financial Statements" and Bangladesh Financial Reporting Standard (BFRS) 10 "Consolidated Financial Statements". The Consolidation of the Financial Statement has been made after eliminating all material inter company balance, income and expenses arising from inter company transactions.

The total profit of the Company and its subsidiary are shown in the consolidated statement of comprehensive income with the proportion of profit after taxation. All assets and liabilities of the Company and of its subsidiary is shown in the consolidated statement of financial position. The consolidated financial statements are prepared to a common financial year ended 31 December 2016.

Conversion Policy
The conversion policy of Off-shore Banking unit (OBU) and MTB Exchange (UK) Limited is given below:

Details	Price	Rate of GBP for MTBUK	Rate of USD for OBU
For assets & liabilities	Closing price	96.4653	78.7022
For income & expenses	Average price	105.5750	78.4656

Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit and losses resulting from transactions between Groups are also eliminated on consolidation.

2.03 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items:

a) Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using marking to market concept with gain credited to revaluation reserve but loss charged to income statement.
b) Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortization concept.
c) Land & Buildings is recognized at cost at the time of acquisition and subsequently measured at fair value as per BAS-16 "Property, Plant & Equipment."

The accounting policies, unless otherwise stated have been consistently applied by the company and consistent with those of the previous year.

2.04 Going concern

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

2.05 Functional and presentation currency

The financial statements are presented in Bangladesh Taka (BDT) currency, which is the Bank's functional currency. All financial information presented in BDT has been rounded to the nearest BDT.

2.06 Use of estimates and judgments

The preparation of financial statements in conformity with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

The most perilous estimates and judgments are applied to the Provision for impairment of loans & investments and Employees benefits.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

2.07 Materiality, aggregation and off setting

Each material item as considered by management significant has been displayed separately in the financial statements. No amount has been set off unless the Bank has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

The values of any asset or liability as shown in the balance sheet are not off-set by way of deduction from another liability or asset unless there exist a legal right therefore. No such incident existed during the year.

2.08 Comparative information

The accounting policies have been consistently applied by the Bank and are consistent with those used in the previous year. Comparative information is reclassified and rearranged wherever necessary to conform to the current presentation.

2.09 Foreign currency transaction and Commitments

a) Foreign currency

Items included in the financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates, i.e. the functional currency. The financial statements of the group and the Bank are presented in BDT which is the Bank's functional and presentation currency**.**

b) Foreign currencies translation

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per **BAS-21: The Effects of Changes in Foreign Exchange Rates.** Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent. The resulting exchange transaction gains and losses are included in the profit and loss account.

c) Commitments

Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date.

2.10 Statement of cash flows

Statement of cash flows has been prepared in accordance with Bangladesh Accounting Standard-7: Statement of Cash Flows and under the guideline of Bangladesh Bank BRPD Circular No. 14 dated 25 June 2003. The Statement shows the Structure of Changes in cash and cash equivalents during the financial year.

2.11 Statement of changes in equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth. Statement of changes in equity has been prepared in accordance with **Bangladesh Accounting Standard-1: Presentation of Financial Statements** and relevant guidelines of Bangladesh Bank.

2.12 Liquidity statement

The liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the year as per following basis.

a) Balance with other Banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term.
b) Investments are on the basis of their repayment schedule.
c) Loans and advances/investments are on the basis of their repayment schedule.
d) Fixed assets are on the basis of their useful lives.
e) Other assets are on the basis of their realization/amortization.
f) Borrowing from other Banks, financial institutions and agents, etc. are as per their maturity/repayment terms.
g) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.
h) Provision and other liabilities are on the basis of their payment/ adjustments schedule.

2.13 Accounting for contingent liabilities and contingent assets

The bank recognized provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the obligation can be made. No provision is recognized for:

a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the bank; or
b) Any present obligation that arises from past events but is not recognized because
   - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   - A reliable estimate of the amount of obligation cannot be made.

2.14 Assets and basis of their valuation

2.14.01 Cash and cash equivalents

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

2.14.02 Investments

All investment in securities is initially recognized at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Premiums are amortized and discounts accredited, using the effective yield method and are taken to discount income. The valuation methods of investments used are:

a) Held to maturity (HTM)

Investments which have 'fixed or determinable payments' and are intended to be 'held to maturity' other than those that meet the defined of 'held at amortized cost', are classified as held to maturity (HTM). These investments are subsequently measured at present value as per Bangladesh Bank Guideline.

b) Held for trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any change in the fair value is recognized in the statement of income for the period in which it arises.

c) Revaluation

As per the DOS Circular letter no. 05, dated 26 May 2008 & subsequent amendment circular no.05, dated 28 January 2010. HFT securities are revalued on weekly basis and HTM securities are amortized on yearly basis. The HTM securities are also revalued if they are reclassified to HFT category with the Board's approval. Any gain or loss on revaluation of HTM securities is recognized in the statement of changes in equity. Gain/ loss on revaluation of HFT securities is recognized in the income statement on weekly basis and gain on revaluation is transferred to statement of changes in equity on monthly basis.

Valuation of investments has been shown as under Government treasury bills and bonds (HTM) at present value (using amortization concept), Government treasury bills and bonds (HFT) at present value (using making to market concept).

d) Value of investments has been shown as under:

Investment class	Initial recognition	Measurement after recognition	Recording of change
Government treasury bills (HFT)	Cost	Marking to market/ fair value	Loss transferred to profit and loss account and income transferred to revaluation reserve.
Government treasury bills (HTM)	Cost	Amortized cost	Loss transferred to profit and loss account and gain transferred to revaluation reserve.
Government treasury bonds (HTM)	Face value	None	None
Prize bond	Cost	None	None
Un quoted shares and debenture	Cost	None	-
Quoted shares	Cost	Cost	Loss transferred to profit and loss account but no unrealized gain recorded.

2.14.03 Loans, advances and provisions

Loans and advances are stated at gross amount. General provisions on unclassified loans & off balance sheet exposures, specific provisions for classified loans and interest suspense account thereon are shown under other liabilities. Provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in BRPD Circular no. 14, 19 & 5 dated 23 September 2012, 27 December 2012 & 29 May 2013 and subsequent changes.

Interest on loans and advances

Interest is calculated on daily product basis but debited to the party's loan account quarterly. No interest is charged on loans and advances which are classified as bad and loss. Interest is calculated on unclassified loans and advances (only standard) and recognized as income during the year. Interest calculated on classified loans and advances (including special mention accounts) as per Bangladesh Bank circulars is kept in interest suspense account and credited to income on realization. Interest suspense and penal interest (if any) calculated on classified loans and advances are taken into income in the period of its receipt from the defaulting borrowers.

Commission and discounts on bills purchased and discounted are recognized at the time of realization. Recovery of written off loans and advances are taken into income in the period of its receipts from the defaulting borrowers.

Provision for loans and advances

Provision for loans and advances are made on the basis of quarter as well as year-end review by the management following instructions contained in BRPD Circular no. 14 dated 23 September 2012 of Bangladesh Bank. The percentage of provision on loans and advance are given below:

Rate of provision

Particulars		Short term Agri. Credit	Consumer financing			SMEF	Loans to BHs/SDs	All other Credit
			Other than HF, LP	HF	LP			
UC	Standard	2.5%	5%	2%	2%	0.25%	2%	1%
	SMA	-	5%	2%	2%	0.25%	2%	1%
Classified	SS	5%	20%	20%	20%	20%	20%	20%
	DF	5%	50%	50%	50%	50%	50%	50%
	B/L	100%	100%	100%	100%	100%	100%	100%

Presentation of loans and advances

Loans and advances are shown at gross amount as assets while interest suspense and loan loss provision against classified advances are shown as liabilities in the statement of financial position.

Security against Loans:

a. Project loan: Project land and building are taken as security in the form of mortgage and plant & machinery are taken in the form of hypothecation.

b. Working Capital: Goods are taken as security in the form of hypothecation along with land and building mortgage. Listed securities, fixed deposits, assignments of receivables, etc are also taken as security.

Bills Purchased and Discounted

c. Bills purchased and discounted do not include Government Treasury bills and have been classified into two sub-heads viz.,
   i. Payable in Bangladesh and
   ii. Payable outside Bangladesh.

d. The bills purchased and discounted have been analyzed as per the maturity grouping.

Written off loans and advances

Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are filed and classified as bad loss more than five years as per guidelines of Bangladesh Bank and (iii) Special permission of Bangladesh Bank. These write off however, will not undermine/ affect that claim amount against the borrowers. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

2.14.04 Property, plant and equipments

a) Recognition

The cost of an item of property, plant and equipments (Fixed assets) shall be recognized as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.
Property, plant and equipments have been accounted for at cost or revalued amount less accumulated depreciation (except land) as per BAS-16: Property, plant and equipment's. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent cost of enhancement of an existing asset is recognized as a separate asset, only when it is probable that future economic benefits associated with the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year which are incurred.

b) Depreciation

Depreciation is charged at the following rates on reducing balance method on all fixed assets other than motor vehicles and leased assets, which are depreciated on straight line basis and no depreciation is charged on land:

Category of Fixed Assets	Rates of Depreciation
Land	Nil
Immovable Property	2.50%
Furniture & Fixtures	10%
Office Equipment	20%
Motor Vehicles	20%
Books & Periodicals	10%
Leasehold Assets	20%
Intangible Assets	20%

c) Disposal of fixed assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gains or losses on such disposal are reflected in the income statement as per provision of BAS-16: Property, Plant and Equipment.

d) Capital Work-in-Progress

Capital Work-in-Progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of building, system development, awaiting capitalization.

e) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets have been capitalized as part of the cost of the assets.

f) Impairment

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the assets should be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss is recognized as an expense in the income statements.

2.14.05 Other assets

Other assets include all assets not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the bank.

Provision for other assets

Other assets have been classified as per BRPD Circular No. 14 dated June 25, 2001 of Bangladesh Bank and necessary provisions made thereon accordingly and for items not covered under the circular adequate provisions have been made considering their reliability.

2.14.06 Receivables

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

2.14.07 Leases

Leases are classified as finance lease whenever the 'Terms of the Lease" transfer substantially all the risks and rewards of ownership to the lessee as per BAS-17 "Leases".

The Bank as Lessor

Amount due from lessees under finance leases are recorded as receivables at the amount of the Bank's net investment in the leases (Note-7.03). Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

The Bank as Lessee

Asset held under finance leases are recognized as assets of the Bank at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation .Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

2.14.08 Non-Banking Assets

Non-banking assets are acquired on account of the failure of a borrower to repay the loan in time after receiving the decree from the court regarding the right and title of the mortgaged property. However, the bank has no non-banking assets.

2.14.09 Reconciliation of inter-bank/inter-branch account

Accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly. Un-reconciled entries/ balances in the case of inter-branch transactions as on the reporting date are not material.

2.15 Liabilities and provision

2.15.01 Borrowings from other banks, financial institutions and agents

Borrowing from other banks, financial institutions and agents include interest bearing borrowing redeemable at call, on-demand and short term deposits lodged for periods of less than 6 months. These items are brought to account at the gross value of the outstanding balance. Interest paid or payable on these borrowings is charged to the income statement.

2.15.02 Deposits and other accounts

Deposits and other accounts include non-interest bearing current deposit redeemable at call, interests bearing on demand and short term deposits, savings deposit, term deposit, margin, bills payable etc. These items are brought to account at the gross value of the outstanding balances.

2.15.03 Other liabilities

Other liability is recognized in the balance sheet according to the guideline of Bangladesh Bank and Income-tax Ordinance 1984, BAS-37 and internal policy of the banks. Provisions and accrued expenses are recognized in the financial statements when the bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.15.04 Employee benefit scheme

The retirement benefits accrued for the employees of the Bank as on reporting date have been accounted for in accordance with provisions of Bangladesh Accounting Standard-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

a) Provident Fund

Provident fund benefits are given to the permanent employees' of the Bank in accordance with Bank's service rules. Accordingly a trust deed and provident fund rules were prepared. The Commissioner of Income Tax, Taxes Zone 3, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of section 2(52), read with the provisions of part-B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from April 30, 2001. The Fund is operated by a Board of Trustee consisting of 5 (five) members. All confirmed employees of the Bank contribute 10% of their basic salary as a subscription to the Fund. The Bank also contributes equal amount of the employees' contribution. Interest earned from the investment is credited to the members' account on yearly basis.

b) Gratuity

The Bank operates a funded gratuity scheme approved by the National Board of Revenue. The Gratuity Fund is managed separately by "Mutual Trust Bank Limited Employees Gratuity Fund" and any investment decision out of this fund is also made by this trust.

As per gratuity scheme every permanent employee will get gratuity benefit as per following policy that rendering their service without break:

Completed years of Service	Payment of Gratuity
8 years & above	2.00 basic for each year of service in MTB
7 years	1.70 basic for each year of service in MTB
6 years	1.35 basic for each year of service in MTB
5 years	1.00 basic for each year of service in MTB

c) MTB Employees' Welfare Fund

The welfare fund is subscribed by monthly contribution of the employees. The Bank also contributes to the fund from time to time. The fund has been established to provide a token of appreciation or financial assistance to the employees and their family members for education, funeral function, etc. The fund is governed and administered by the Board of Trustee consisting of 04 (four) members.

d) MTB Employees' Medical Assistance Fund

Medical Assistance fund is subscribed by monthly contribution of the employees as per policy. The Bank also contributes to the fund from time to time. The fund has been established to provide medical assistance to the employees with dependent. The fund is governed and administered by the Board of Trustee consisting of 04 (four) members.

e) MTB Employees' Death Benefit Plan

The plan has been formed to provide financial benefit to the bereaved family of a deceased employee. The Bank contributes to the fund from the annual profit of the Bank on requirement basis. The fund is governed and administered by the Board of trustee consisting of 04 (four) members.

In case of death of an employee while in active service, financial benefit is paid to the nominee of the deceased employee at a prescribed amount ranging from 3 (three) lacs to 10 (ten) lacs.

f) MTB Foundation

The Bank, as part of corporate social responsibility, has established MTB Foundation for the benefit of the community in which it operates and as part of its said responsibility it commits itself to human development, poverty alleviation and overall national economic development. The Bank contributes to the fund from the annual profit of the Bank on requirement basis. The fund is governed and administered by the Board of trustees consisting of 04 (four) members.

g) Incentive Bonus

Mutual Trust Bank Limited has started an incentive bonus scheme for its employees. This bonus amount is distributed among the employees based on their performance. The bonus amount is paid annually and costs are accounted for the period to which it relates.

2.15.05 Taxation

a. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other year or are never taxable or deductible. Bank's liability for current tax is calculated using tax rates that have been enacted the reporting period.

b. Deferred tax

The Bank recognizes the current and deferred tax in the financial statements using the provisions of the prevailing tax laws applicable in Bangladesh and as per BAS-12 (Income Taxes). Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilized. Deferred tax is calculated at the tax rates, which are expected to apply in the period when the liability is settled or the asset is realized.

2.16 Capital and shareholders' equity

2.16.01 Capital management

The bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve four major objectives; exceed regulatory thresholds and meet longer-term internal capital targets, maintain strong credit rating, manage capital levels commensurate with the risk profile of the bank and provide the banks shareholders with acceptable returns.

Capital is managed in accordance with the board approved capital management planning from time to time. Senior management develops the capital strategy and oversees the capital management planning of the bank. The bank's finance and risk management department are key to implementing the bank's capital strategy and managing capital. Capital is managed using both regulatory control measure and internal matrix.

2.16.02 Paid-up share capital

Paid-up share capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders meetings. In the event of a winding-up of the company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

2.16.03 Statutory reserve

The Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Companies Act, 1991 (as amended in 2013)

2.17 Off Balance Sheet items

Under general banking transactions, liabilities against acceptance, endorsements and other obligations and bills against which acceptance has been given and claims exists there against, have been shown as Off Balance Sheet items. Provision for off balance sheet items is made as per BRPD circular no. 08 of 7 August 2007 and 10 of 18 September 2007.

2.18 Provision for Nostro Accounts

As per instructions contained in the circular Letter No. FEPD (FEMO)/01/2005-677 dated September13, 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, the Bank is not required to make a provision regarding the un-reconciled debit balance of nostro accounts as on the reporting date in these financials as there are no un-reconciled entries which are outstanding more than 3 months.

2.19 Revenue recognition

The Revenue during the period has been recognized according to the provision of **BAS-18 "Revenue"** as well as Bangladesh Bank guidelines.

2.19.01 Interest income

In terms of the provisions of the **BAS-18 "Revenue"**, the interest income is recognized on accrual basis. Interest on loans and advances ceases to be taken into income when such advances are classified.

a) Interest on unclassified loans and advances (except SMA) has been accounted for as income on accrual basis and calculated on daily product basis but charged and accounted for quarterly and in some cases yearly;
b) Interest on classified loans and advances has been credited to interest suspense account with actual receipt of interest there from having credited to income as and when received as per Instruction of Bangladesh Bank;
c) No interest is changed on loans and advances on classified as bad/loss;
d) Commission and discount on bills purchased and discounted are recognized at the time of realization.
e) Recovery of written off loans and advances are taken into income in the year of its receipts from the defaulting borrowers.

2.19.02 Investment income

Interest income on investments is recognized on accrual basis. Capital gain on investments in shares is also included in investment income. Capital gain is recognized when it is realized.

- Income on investment in treasury bills, bonds, preference shares and debenture, etc. other than equity shares has been accounted for on accrual basis.
- Govt. securities (HTM) are revalued on accrual basis and effect of such revaluation gain has been credited to Asset Revaluation Reserve account.
- Dividend on equity shares is recognized during the period in which it is declared and duly approved.
- Net increase in securities held to maturity during the period due to the valuation at mark to market basis has been credited to income statement.

2.19.03 Fee and commission income

- Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.
- Fee and Commission on bills discounted, purchased & others are recognized at the time of realization.
- Foreign currency transactions are converted into BDT at prevailing on the dates of such transactions and exchange gains or losses arising out of such transactions are recognized as income or expense for the year and dealt with exchange account.

2.19.04 Dividend Income on Shares

Dividend income on shares is recognized during the period in which it is declared and ascertained.

2.19.05 Other operating income

Other operating income is recognized at the time when it is realized.

2.19.06 Interest paid on deposits and borrowings

Interest paid on deposits, borrowing and other expenses are recognized on accrual basis.

2.19.07 Other expenses

Expenses incurred by the bank are recognized on accrual basis

2.19.08 Other comprehensive income

Other comprehensive income is presented in financial statements in accordance with **BAS-1: Presentation of financial statements.** No other comprehensive income is recognized during the year.

2.20 Earnings per share

Basic earnings per share

Basic earnings per share has been calculated in accordance with **BAS 33 "Earnings per Share**" which has been shown on the face of statement of profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

2.21 Reporting period

These financial statements of the bank and its subsidiary cover one calendar year from 01 January to 31 December 2016.

2.22 Compliance report on Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRs)

The institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS). MutualTrustBank Limited has applied all the applicable of IAS and IFRS as adopted by ICAB while preparing the financial statements. Details are given below:

Name of the Bangladesh Accounting Standards (BASs)	BAS No.	Status
Presentation of Financial Statements	1	Applied*
Inventories	2	N/A
Statement of Cash Flows	7	Applied
Accounting policies, Changes in accounting Estimates & Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employees Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	Applied
Consolidated and Separate Financial Statements	27	Applied
Investment in Associates	28	N/A
Interest in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied*
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provision, Contingent Liabilities and Contingent Assets	37	Applied*
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied*
Investment Property	40	Applied
Agriculture	41	N/A

Bangladesh Financial Reporting Standards (BFRSs)	BFRS No.	Status
First-time Adoption of Bangladesh Financial Reporting Standard	1	N/A
Shares Based Payment	2	N/A
Business Combination	3	N/A
Insurance Contracts	4	N/A
Non current Assets Held for Sale and Discontinued Operation	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	Applied*
Operating Segments	8	Applied
Financial Instruments	9	Applied
Consolidated Financial Statements	10	Applied
Joint Arrangements	11	N/A
Disclosure of Interests in other Entities	12	N/A
Fair Value Measurement	13	N/A

*Bangladesh Bank is the prime regulatory body for banks in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with the provision of BAS / BFRS as marked above. As such the bank has departed from those contradictory requirements of BAS/BFRS in order to comply with the rules and regulations of Bangladesh Bank.

2.23 Regulatory & legal compliance

The bank has complied with the requirements of following regulatory & legal authority:

a) The Bank Companies Act, 1991(as amended in 2013)
b) The Companies Act, 1994
c) Rules & regulations issued by Bangladesh Bank
d) The Securities & Exchange Rules, 1987
e) The Securities & Exchange Ordinance, 1969
f) The Securities & Exchange Act, 1993
g) IPO Rules, 1998
h) The Income-tax Ordinance, 1984
i) VAT Act, 1991
j) Dhaka Stock Exchange (Listing) Regulation 2015

2.24 Proposed dividend

Proposed dividend has not been recognized as a liability in the statement of financial position in accordance with **Bangladesh Accounting Standards (BAS) 10 "Events after the reporting period".**

2.25 Events after the reporting period

Where necessary, all the material events after the reporting period have been considered and appropriate adjustment/disclosures have been made in the financial statements.

2.26 Operating segment

The bank has only one reportable business segment and the bank is operating with the geographical territory of Bangladesh. Hence segment reporting in accordance with **BFRS-8 "Operating Segment**" is not applicable.

2.27 Litigation

The bank is not a party to any lawsuits except those arising in the normal course of business, which were filed against the default clients for non-performance in loans repayment and against various level of tax authority regarding some disputed tax issues. The bank, however, provides adequate provisions as per guidelines of **BAS 37: Provisions, Contingent Liabilities and Contingent Assets.**

2.28 Written Off

Write-off describes a reduction in recognized value. It refers to recognition of the reduced or zero value of an asset. Generally, it refers to loan for which a return on the loan is now impossible or unlikely. The item's potential return is thus canceled and removed from ("written off") the bank's statement of financial position. Recovery against debts written off /provided for is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there-against or are considered recoverable.

2.29 Risk Management

Risk is an integral part of banking business, and MTB aims at delivering superior shareholder value by achieving an appropriate trade-off between risks and return. The policies and procedures established for this purpose are continuously reviewed in our quest to benefit from a blend of local and international practices.MTB conducts its risk management activities following six core risk guidelines of Bangladesh Bank and Basel norms. At the directives of Bangladesh Bank, MTB has established a separate Risk Management Division (RMD) to identify, measure, monitor and manage risks more effectively and efficiently. MTB's Risk management process is accomplished at strategic level, managerial level and at operational level. At strategic level, MTB Board of Directors (BOD), through Board Risk Management Committee (BRMC) & senior management, sets up risk governance structure & risk philosophy, endorses risk strategies, reviews & approves risk policies as well as the threshold limits of risks that may be taken in line with bank's risk appetite. These limits are continuously monitored by an experienced risk management team and overseen by BRMC. At managerial level, policies and strategies formulated by BOD are implemented by middle management or divisions/departments/units devoted to risk reviews. RMD reports high-risk related matters, identified by the management-level risk committee to the BRMC. RMD also submits periodic stress testing results to the BOD as well. Operational level encompasses on-the-line risk management, where risks are actually created at front office or at credit desk of the bank.

MTB's risk management in the following areas, among others, is mentioned briefly:

(a) Credit Risk Management

Credit risk is the risk due to a borrower's inability to meet its financial obligations to the lender. The credit risk is generally made up of transaction risk or default risk and portfolio risk. We have standardized credit approval processes. Credit risk is controlled through segmental exposure limits to various industries and sectors, prudential exposure and substantial exposure ceiling and risk mitigation by obtaining collateral and guarantees.

The Bank has put in place a well-structured Credit Risk Management Policy duly approved by the Board. In addition to Credit Risk Management Policy, the Bank has also framed Board approved credit policy and ensures compliance with regulatory requirements, more particularly in respect of Exposures norms, Assets Classification guidelines, Capital Adequacy guideline, etc of Bangladesh Bank/other Statutory Authorities.

Credit Risk is monitored by the Bank account wise and compliance with the risk limits/exposure cap approved by the Board is ensured. The quality of internal control system is also monitored and in-house expertise has been built up to tackle all the facets of Credit Risk.

The Bank follows a well-defined multi layered discretionary power structure for sanction of loans. Credit Grid has been constituted at Head Office level for considering fresh/enhancements proposals. The Bank assesses various risk factors for new products prior to its introduction.

(b) Market Risk

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, equity and commodity prices.

i. Foreign Exchange Risk Management

Foreign Exchange Risk is a measure by the variance of the domestic currency value of an asset, liability or operating income that is attributable to unanticipated change in the exchange rates. Simply, it is the risk that relates to gains/losses that arise due to fluctuations in the exchange rates.

In view of the significance of the market risk and in order to aggregate all such risks at a single department and to bring expertise in such functions, the concept of treasury has evolved. Today's financial institutions engage in activities from import, export and remittance to complex derivatives involving basic foreign exchange and money market to complex structured products. All these require a high degree of expertise that is difficult to achieve in the transactions originating from departments and as such the expertise in housed in a separate department i.e. **Treasury.**

MTB has already segregated Treasury functions in three separate wings i.e. Front office, Back office and mid office.

In compliance with the requirement of Bangladesh Bank's Foreign Exchange Risk Management guidelines, Treasury department is performing the foreign exchange dealing in an appropriate manner and managing risks of the organization's overall balance sheet as well as the capital of the Bank.

ii. Interest Rate Risk

MTB's focus is mainly on interest rate risk arising from conduct of normal business. Failure to identify the risks associated with business and failure to take timely measures in giving a sense of direction threatens the very existence of the institutions. It is therefore, imperative for the bank to form a "Asset Liability Management Committee (ALCO)" with the senior management as its members to control and better manage its Balance Sheet Risk.

In compliance with the requirement of Bangladesh Bank's Asset Liability Management guidelines, MTB has formed "Asset Liability Management Committee" (ALCO) with the senior executives. The Committee meets once every month to set and review strategies on Asset Liability Management (ALM).

MTB ALM desk performs Money Market activities, manages liquidity and interest rate risk of the bank and understands market dynamics i.e. competition, potential target markets etc., updates the balance sheet movements and complies with the statutory obligations as well as the risk elements involved with the business.

iii. Equity Risk

Equity risk arises from movement in market value of securities. The investment committee monitors the risks under a well-designed policy framework.

(c) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks in the Bank are managed through a comprehensive and well-articulated internal control framework. Material losses are regularly analyzed by cause and actions are taken to improve system and controls to prevent recurrence in the future.

MTB has restructured Internal Control and Compliance Division (ICC) headed by a senior level executive in light of Core Risk guidelines of Bangladesh Bank. The Division is comprised of three departments; Audit and Inspection Department, ICC Compliance Unit and ICC Monitoring Unit. The Bank has developed an Internal Control and Compliance Policy duly approved by the Board of Directors.

As a tool of Internal Control, the Audit and inspection teams undertake periodic and special audit and inspection on the branches and departments/divisions of Head Office in order to sort out the weaknesses and defects in the control process and report to the management for taking corrective measures to protect the interests of the Bank.

The Compliance & Monitoring Units of this division ensure timely and proper compliance of all regulatory instructions and internal policies and procedures in the day-to-day operation of the Bank by way of using various control tools. They assess the operational risk and take appropriate measures to mitigate the same for smooth operation of the Bank. ICC Division reports serious non-compliances detected by internal and external auditors with up-to-date compliance position thereto, large financial risk exposures, control weaknesses etc. to the Audit Committee of the Board for review and taking appropriate measures.

The ICC division also ensures the clear definition of organizational structure, appropriate assignment, accountability and delegation of authorities to functional management to create control and compliance culture within organization with the active guidance and supervision of senior management and Board of Directors.

Business entities today exist in a highly competitive world. They are constantly innovating to meet their business objectives providing essential and unique services to their customers. Technology advances have enabled them to achieve their varied strategies. And yet, the threats of disaster, on account of business interruption, are not extinct – in fact, they have also evolved along with the technology. Keeping that in mind MTB has taken up its Business Continuity Planning (BCP) as the most significant challenges working out a way to prevent, if possible, and manage the consequences of a disaster, limiting it to the extent that a business can afford. Besides BCP, the Bank is also focusing on combating security threats as well. In keeping with our centralized management model, each branch within the Bank has its own ICT systems. Actions taken include the updating of software and analyzing new software, enhancing ICT related controls, training of staff in system knowledge and sharing of best practices between branch users.

(d) Money Laundering Risk

Money Laundering risk of Financial Institutions lies with the involvement in any single transaction or series of transactions that assists a criminal in keeping, concealing or disposing of proceeds derived from illegal activities. So it is a major threat to the banks and non-bank financial institutions.

Mutual Trust Bank (MTB), as a compliant bank, is firmly determined not to let money launderers and terrorists or perpetrators to use it as a channel to launder money or finance terrorism in any possible way. Hence, MTB has its own Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT) compliance program which is designed considering the size & range of activities, complexity of operations and the nature & degree of Money Laundering & Terrorist Financing risks faced by the bank. Certainly, it is designed as per the prevailing laws (i.e. Money Laundering Prevention Act, 2012 (Amendment 2015), The Anti-Terrorism Act, 2009 (Amended- 2012 & 2013)), rules (i.e. Money Laundering Prevention Rules 2013, Anti-Terrorism Rules 2013), BFIU guidelines (i.e. Money Laundering and Terrorist Financing Risk Management Guidelines), circulars & instruction and international standards. MTB applies risk sensitive Customer Due Diligence (CDD) measures, monitors business relationships and records suspicious transactions pursuant to the national regulations and international standards.

MTB has developed its own Money Laundering (ML) & Terrorist Financing (TF) Risk Management Guideline entailing the customer acceptance policy and the ML & TF Risk Assessment Guideline. The customer acceptance policy incorporates the detail customer due diligence procedure for acceptance/ rejection of customer, procedures to open & operate different types of account. The ML & TF Risk Assessment Guideline incorporates the risk register in line with BFIU guideline. Department has been reformed as 'Central Compliance Unit '(CCU) under the direct supervision of the MD & CEO which consists of 8 (eight) members having expertise in the field of general banking and information technology. Every year, the MD & CEO of the bank makes statement of commitment in writing to all employees that clearly sets forth MTB's policy against Money Laundering, Terrorist Financing & Proliferation Financing.

(e) Fraud and Forgeries

Fraud Detection and Management Process: Internal Audit (IA) team conducts surprise audit on all MTB branches and offices of the Head Office at least one in a year. While auditing branches and offices, the IA team thoroughly checks the operational activities of the branches/ offices including transactions in various accounts and search for any irregularities occurred in those accounts. IA team also monitors the staff accounts and if necessary investigate the suspicious transactions and report the same to the management. IA team also conducts investigation into specific allegations and submits report to the management for action. Senior management of the bank also conduct regular visit to MTB branches and advise the branch officials to comply with all the regulatory instructions, policies and procedures of the bank.

2.30 Audit Committee

In compliance to Bangladesh Bank's circular, the Board of Directors has formed an Audit Committee comprising of the following 4 (Four) Directors of the Board.

SL. NO.	Name of the Director	Status With the Bank	Status with the committee	Educational Qualification
01.	Mr. Anwarul Amin	Independent Director	Chairman	Graduated from Westminster Bank Institute of Banking, Oaken Holt, Oxford shire, UK
02.	Mr. Rashed Ahmed Chowdhury	Director (Former Chairman)	Member	Higher National Diploma in Business Studies from West London College, UK and Post Graduate Degree in Business Management from Kingston University, UK and also member of the Chartered Management Institute, UK
03.	Mrs. Khwaja Nargis Hossain	Director	Member	MA in Islamic History from University of Dhaka
04.	Dr. Sultan Hafeez Rahman	Independent Director	Member	Ph.D. and M.A from Stanford University, USA and M.A in Economics from Vanderbilt University, USA

During the period, 05 (Five) meetings of the audit committee were held.

Audit committee reviews various audit/inspection reports at regular intervals. Upon scrutiny of the audit objections and compliance, the committee advised the management to remain within the policy guidelines and directives of the regulatory authorities.

As per circular, the committee places their report regularly to the board meetings of the Bank mentioning their activities & recommendations of the internal control system, compliance of rules and regulations and establishment of good governance within the organization.

2.31 Directors responsibility on statements

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

2.32 Approval of Financial Statements

The financial statements were approved by the Board of Directors on April 24, 2017.

2.33 General

a) These financial statements are presented in BDT, which is the Bank's functional currency. Figure appearing in these financial statements have been rounded off to the nearest BDT.

b) The expenses, irrespective of capital or revenue nature, accrued/due but not paid have been provided for in the books of the Bank.

c) Figures of previous year have been rearranged whenever necessary to conform to current year presentation.

d) No Asset has been set off against any Liability except MTB General Account.

		Amount in BDT	
		2016	2015
3.00	**Cash**		
	In Hand (Including foreign currency) (Note 3.01)	1,971,972,917	1,651,219,876
	With Bangladesh Bank and its agent Bank (s) (including Foreign Currency) (Note 3.02)	9,275,568,555	7,820,897,602
		11,247,541,472	**9,472,117,479**
3.01	**In Hand (Including foreign currency)**		
	Local Currency	1,962,890,380	1,644,265,293
	Foreign Currency	9,082,537	6,954,583
		1,971,972,917	**1,651,219,876**
3.02	**Balance with Bangladesh Bank and its agent Bank (s)**		
	With Bangladesh Bank		
	Local Currency	8,943,165,787	7,461,657,290
	Foreign Currency	181,434,787	173,024,242
	With Sonali Bank (as agent of Bangladesh Bank-Local Currency)	150,967,981	186,216,069
		9,275,568,555	**7,820,897,602**

Bangladesh Bank Adjustment Account represents outstanding transactions(net) originated but yet to be responded at the Balance Sheet date. However, the status of unresponded entries as at December 31, 2016 is given below:

Period of Unreconciliation	Number of unresponded entry		Unresponded amount	
	Dr.	Cr.	Dr.	Cr.
Less than 3 months	54	10	131,516,507	15,149,906
3 months to Less than 6 months	-	-	-	-
6 months to Less than 12 months	-	-	-	-
12 months and more	-	-		-
Total	**54**	**10**	**131,516,507**	**15,149,906**

All unadjusted entries are subsequently adjusted on regular basis.

3.03 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of The Bank Companies Act, 1991 and Bangladesh Bank DOS circular no.01 dated 19 January 2014 and MPD circular no. 01 dated June 23, 2014.

A. Cash Reserve Requirement (CRR)

As per Bangladesh Bank DOS circular no. 01 dated January 19, 2014 and MPD circular no. 01 dated June 23, 2014; bank has to maintain CRR 6.00% on daily basis and 6.50% on bi-weekly basis based on weekly Average of Total Demand and Time Liabilities (ATDTL) of the base month which is two months prior to reporting month. The reserve maintained by MTB as at December 31, 2016 are as follows:

i. Daily Bank's CRR Maintenance

	2016		2015	
	%	BDT Million	%	BDT Million
Required Reserve (6.00% of ATDTL)	6.00%	8,007.01	6.00%	6,835.16
Actual Reserve Maintained	6.61%	8,826.80	6.54%	7,453.29
Surplus	**0.61%**	**819.78**	**0.54%**	**618.13**

ii. Bi-weekly average Bank's CRR Maintenance

	2016		2015	
	%	BDT Million	%	BDT Million
Required Reserve (6.50% of ATDTL)	6.50%	8,674.27	6.50%	7,404.76
Actual Reserve Maintained	6.59%	8,790.62	6.57%	7,484.92
Surplus	**0.09%**	**116.35**	**0.07%**	**80.16**

B. Statutory Liquidity Ratio (SLR)

As per Section 33 of the Bank Company Act, 1991 & MPD circular no. 02 dated December 10, 2013 issued by Bangladesh Bank with effect from February 1, 2014, bank has to maintain SLR of minimum 13.00% based on weekly Average Total Demand and Time Liabilities (ATDTL) of the base month which is two months prior to reporting month. SLR maintained by the bank as at December 31, 2016 are as follows:

	2016		2015	
	%	BDT Million	%	BDT Million
Required Reserve (13% of ATDTL)	13.00%	17,348.53	13.00%	14,809.52
Actual Reserve Maintained	16.41%	21,902.89	22.32%	25,428.74
Surplus	**3.41%**	**4,554.36**	**9.32%**	**10,619.22**

i. Components of Statutory Liquidity Ratio (SLR) (BDT Million)

Cash in Hand	1,971.97	1,651.22
Excess Cash Reserve	152.53	48.53
Balance with Agent Bank (Sonali Bank Ltd)	150.97	186.22
Held to Maturity (HTM) Securities	13,888.85	14,269.38
Held for Trading (HFT) Securities	5,737.17	9,270.81
Other eligible securities	1.40	2.59
	21,902.89	**25,428.74**

As per Bangladesh Bank DOS circular no.01 dated January 19, 2014; Cash Reserve (if any) in excess of 6.5% of ATDTL calculated on bi -weely acerage basis is considered as an eligible componenet of Statutory Liquidity Reserve for that particular day.

3 (a) Consolidated cash

i. Cash in hand (including foreign currency)

Mutual Trust Bank Limited (Note-3.01)	1,971,972,917	1,651,219,876
MTB Securities Limited	13,299,362	8,526,611
MTB Capital Limited	257	12,525
MTB Exchange (UK) Limited	2,205,486	4,422,285
	1,987,478,022	**1,664,181,296**

ii. Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)

Mutual Trust Bank Limited (Note-3.02)	9,275,568,555	7,820,897,602
MTB Securities Limited	-	-
MTB Capital Limited	-	-
MTB Exchange (UK) Limited	-	-
	9,275,568,555	**7,820,897,602**
	11,263,046,577	**9,485,078,899**

4.00 Balance with other Banks and Financial Institutions

In Bangladesh (Note-4.01)	7,158,101,358	2,455,380,799
Outside Bangladesh (Note- 4.02)	861,521,672	676,014,412
	8,019,623,030	**3,131,395,211**

4.01 In Bangladesh	Transaction Currency	Amount in BDT 2016	2015
Fixed Deposits Receipt (FDR)			
Lanka Bangla Finance Limited	BDT	250,000,000	250,000,000
IDLC Finance Limited	BDT	500,000,000	18,604,988
International Leasing Limited	BDT	300,000,000	300,000,000
Union Capital Limited	BDT	200,000,000	200,000,000
MIDAS Financing Limited	BDT	100,000,000	100,000,000
Fareast Finance Limited	BDT	100,000,000	100,000,000
Premier Leasing & Finance Limited	BDT	100,000,000	200,000,000
Prime Finance & Investment Limited	BDT	200,000,000	50,000,000
One Bank Limited	BDT	1,000,000,000	400,000,000
FAS Finance Ltd	BDT	50,000,000	200,000,000
GSP Finance Company (Bangladesh) Limited	BDT	100,000,000	100,000,000
Bay Leasing & Investment Limited	BDT	100,000,000	100,000,000
Bank Alfalah Limited	BDT	300,000,000	-
Industrial & Infrastructure Development Finance Company Limited	BDT	300,000,000	-
Delta Brac Housing Limited	BDT	200,000,000	-
Standard Bank Limited	BDT	400,000,000	-
IPDC Finance Limited	BDT	150,000,000	-
NRB Global Bank Limited	BDT	200,000,000	-
The Premier Bank Limited	BDT	400,000,000	-
SBAC Bank Limited	BDT	200,000,000	-
National Bank Limited	BDT	1,000,000,000	-
Mercantile Bank Limited	BDT	500,000,000	-
Midland Bank Limited	BDT	200,000,000	-
BD Finance & Investment Company Limited	BDT	100,000,000	-
Bangladesh Industrial Finance Company Limited	BDT	50,000,000	150,000,000
Bangladesh Finance & Investment Company Limited	BDT	-	100,000,000
Special Notice Deposit (SND)			
Dutch Bangla Bank Limited	BDT	65,052	64,001
BASIC Bank Limited	BDT	78,330	79,541
Sonali Bank Limited	BDT	6,036,307	4,138,526
State Bank of India	BDT	6,573	6,573
Agrani Bank Limited	BDT	21,468,604	17,431,967
Janata Bank Limited	BDT	10,256,999	18,955,021
Standard Chartered Bank	BDT	21,868,301	26,861,490
Current Deposits (CD)			
Arab Bangladesh Bank Limited	BDT	200,000	200,000
Southeast Bank Limited	BDT	783,567	1,079,952
Islami Bank Bangladesh Limited	BDT	298,288	268,823
Janata Bank Limited	BDT	17,927	17,084,202
Brac Bank Limited	BDT	1,733,851	1,605,851
Agrani Bank Limited	BDT	95,287,560	98,999,864
Sub total		**7,158,101,358**	**2,455,380,799**

			Amount in BDT	
			2016	2015
4.02	**Outside Bangladesh (NOSTRO Accounts) in current account**	Transaction Currency		
	Mashreq Bank Psc, New York	US$	28,518,682	134,079,755
	Standard Chartered Bank, New York	US$	119,853,479	46,806,407
	Habib American Bank, New York	US$	82,391,715	111,841,870
	Mashreq Bank Psc, London	US$	7,083,628	12,724,537
	ICICI Bank Ltd., Hong Kong	US$	16,715,010	15,975,045
	National Commercial Bank, Jeddha	US$	-	44,689,779
	Sonali Bank (UK) Ltd., London	US$	38,030,741	27,971,939
	Commerz Bank AG, Germany	US$	10,404,369	10,635,442
	KB Kookmin Bnak, South Koria	US$	10,675,868	-
	Standard Chartered Bank, Singapore	SGD	2,231,309	555,830
	Standard Chartered Bank Colombo	ACU-USD	4,886,884	361,859
	Mashreq Bank Psc, London	GBP	2,508,704	21,023,577
	Standard Chartered Bank, London	GBP	6,377,540	23,153,571
	Sonali Bank (UK) Ltd., London	GBP	43,846	733,838
	Habib American Bank, Zurich	CHF	1,590,578	1,270,519
	Standard Chartered Bank, Tokyo	JPY	1,613,361	247,941
	UBAF, Tokyo	JPY	462,030	76,133
	Mashreq Bank Psc, London	EUR	1,143,902	708,427
	Standard Chartered Bank, Germany	EUR	3,267,281	654,435
	Sonali Bank (UK) Ltd., London	EUR	23,267	404,006
	Sonali Bank Ltd, Kolkata	ACU	6,337,199	-
	ICICI Bank Ltd., Mumbai	EUR	515,978	142,820
	Unicredit Bank AG, Germany	EUR	1,803,889	1,765,726
	Commerze Bank AG, Germany	EUR	39,342,287	10,335,069
	Standard Chartered Bank, Mumbai	ACU	21,699,178	7,231,755
	Standard Chartered Bank, Kolkata	ACU	39,389,071	20,840,374
	Standard Chartered Bank, karachi	ACU	3,909,800	1,475,028
	United Bank of India, kolkata	ACU	25,407,392	19,407,509
	United Bank of India, Kolkata	ACU-EUR	347,725	362,587
	Mashreq Bank Psc, Mumbai	ACU	18,133,856	33,530,198
	AB Bank Ltd., Mumbai	ACU	45,818,747	16,912,334
	ICICI Bank Ltd., Mumbai	ACU	30,288,502	38,466,802
	HDFC Bank Ltd., Mumbai	ACU	19,169,222	26,896,141
	Himalayan Bank Ltd., Kathmundu	ACU	8,617,104	5,378,035
	Nepal Bangladesh Bank Ltd.	ACU	10,386,652	19,625
	Habib Bank Ltd., Pakistan	ACU	15,739,512	3,925,000
	Habib Metropoliton Bank Ltd., Karachi	ACU	4,610,513	1,266,305
	Axis Bank Ltd., Mumbai	ACU	18,778,685	-
	Mashreq Bank Psc, UAE	AED	145,788,056	-
			793,905,560	**641,870,219**
	ICICI Bank Ltd., Mumbai - **Term Deposit**	US$	28,032,607	28,032,607
			821,938,166	**669,902,826**
	Offshore Banking Unit	US$	39,583,506	6,111,586
	Sub total		**861,521,672**	**676,014,412**
	Total		**8,019,623,030**	**3,131,395,211**

Details of NOSTRO accounts are shown in **Annexure-A**

		Amount in BDT	
		2016	2015
4.03	**Maturity grouping of Balance with other Banks and Financial Institutions**		
	On Demand	4,043,124,899	950,076,792
	Less than three months	3,025,215,069	900,004,988
	More than three months but less than one year	923,250,455	600,032,607
	More than one year but less than five years	28,032,607	681,280,824
	More than five years	-	-
		8,019,623,030	**3,131,395,211**
4 (a)	**Consolidated balance with other banks and financial institutions**		
	In Bangladesh		
	Mutual Trust Bank Limited (Note-4.01)	7,158,101,358	2,455,380,799
	MTB Securities Limited	427,220,120	277,952,172
	MTB Capital Limited	22,850,599	13,074,955
	MTB Exchange (UK) Limited	-	-
	Less: Intragroup Deposit	(321,277,338)	(282,000,921)
		7,286,894,739	**2,464,407,005**
	Outside Bangladesh		
	Mutual Trust Bank Limited (Note-4.02)	861,521,672	676,014,412
	MTB Securities Limited	-	-
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
		861,521,672	**676,014,412**
		8,148,416,411	**3,140,421,417**
5.00	**Money at Call and Short Notice:**		
	Call Money		
	With Banking Companies (Note 5.01)	100,000,000	810,000,000
	With Non-Banking Financial Institutions (Note 5.02)	890,000,000	980,000,000
		990,000,000	**1,790,000,000**
5.01	**Call Money-With Banking Companies**		
	Modhumoti Bank Limited	40,000,000	-
	The Farmers Bank Limited	60,000,000	-
	Trust Bank Limited	-	210,000,000
	The City Bank Limited	-	210,000,000
	Bangladesh Commerce Bank Limited	-	200,000,000
	AB Bank Limited	-	190,000,000
		100,000,000	**810,000,000**
5.02	**Call Money-With Non-Banking Financial Institutions**		
	Bangladesh Finance And Investment Company Limited	100,000,000	70,000,000
	Fareast Finance And Investment Limited	90,000,000	60,000,000
	International Leasing And Financial Services Limited	120,000,000	90,000,000
	Lanka Bangla Finance Limited	70,000,000	50,000,000
	MIDAS Financing Limited	100,000,000	80,000,000

		Amount in BDT	
		2016	2015
	Phoenix Finance And Investments Limited	90,000,000	100,000,000
	Premier Leasing And Finance Limited	100,000,000	70,000,000
	Prime Finance And Investment Limited	80,000,000	80,000,000
	Industrial And Infrastructure Development Finance Company Limited	140,000,000	-
	Delta Brac Housing Finance Corporation Limited	-	80,000,000
	GSP Finance Company (Bangladesh) Limited	-	60,000,000
	IDLC Finance Limited	-	200,000,000
	Union Capital Limited	-	40,000,000
		890,000,000	**980,000,000**
6.00	**Investments**		
	Government (Note 6.01)	19,627,418,568	23,542,771,441
	Others (Note 6.02)	1,795,421,268	2,250,651,780
		21,422,839,835	**25,793,423,221**
6.01	**Government (Investment in Govt. securities)**		
	Treasury Bills (Note 6.01.a)	673,360,525	878,601,744
	Treasury Bonds (Note 6.01.b)	18,952,661,743	22,061,877,596
	Bangladesh Bank Bills	-	599,705,501
	Prize Bonds	1,396,300	2,586,600
		19,627,418,568	**23,542,771,441**
6.01.a	**Treasury Bills (at present value)**		
	Un-encumbered		
	28 days	-	-
	91 days	-	-
	182 days	-	-
	364 days	673,360,525	878,601,744
	Sub-total	**673,360,525**	**878,601,744**
	Encumbered		
	91 days	-	-
	182 days	-	-
	364 days	-	-
	Sub-total	**-**	**-**
	Total Treasury Bill	**673,360,525**	**878,601,744**
6.01.b	**Treasury Bonds**		
	Un-encumbered		
	2 Years	1,445,834,096	81,502,187
	5 Years	1,828,047,015	4,931,754,877
	10 Years	9,775,463,982	10,491,847,100
	15 Years	3,854,291,490	4,226,291,471
	20 Years	2,049,025,158	2,330,481,961
	Sub-total	**18,952,661,743**	**22,061,877,596**

		Amount in BDT	
		2016	2015
	Encumbered		
	2 Years	-	-
	5 Years	-	-
	10 Years	-	-
	15 Years	-	-
	20 Years	-	-
	Sub-total	**-**	**-**
	Total Treasury Bond	**18,952,661,743**	**22,061,877,596**
6.02	**Other (Investment in other securities)**		
	Shares in quoted companies	**929,757,518**	**983,728,730**
	(Annexure-B may kindly be seen for details)		
	Shares in unquoted companies (at face value) :		
	Industrial & Infrastructure Development Finance Company Limited	42,453,820	42,453,820
	Summit Power Limited Preferance Share	-	16,259,300
	Central Depository (BD) Limited	15,694,430	15,694,430
	Energypac Power Generation Limited	50,000,000	50,000,000
	The Bangladesh Rating Agency Limited	4,915,500	4,915,500
	BD Venture Limited	20,000,000	20,000,000
	LIC Bangladesh Limited	30,000,000	-
		163,063,750	**149,323,050**
	Funds:		
	MTB First Mutual Fund	100,000,000	100,000,000
	MTB Unit Fund	217,600,000	217,600,000
		317,600,000	**317,600,000**
	Bonds :		
	Prime Bank Bond (Note 6.02.a)	45,000,000	90,000,000
	Uttara Finance & Investment Limited -Zero Coupon Bond (Note 6.02.b)	60,000,000	80,000,000
	AB Bank Subordinated Bond (Note 6.02.c)	80,000,000	80,000,000
	One Bank Subordinated Bond (Note 6.02.d)	100,000,000	-
	Trust Bank Subordinated Bond (Note 6.02.e)	100,000,000	-
		385,000,000	**250,000,000**
	Commercial Paper:		
	Rangs Properties Limited	-	200,000,000
	Envoy Textiles Limited	-	350,000,000
		-	**550,000,000**
	Total other investments	**1,795,421,268**	**2,250,651,780**
6.02.a	**Prime Bank Bond**		
	Opening Balance	90,000,000	90,000,000
	Add: New investment	-	-
	Less: Redeemed upto 31.12.16	45,000,000	-
	Closing Balance	**45,000,000**	**90,000,000**

		Amount in BDT	
		2016	2015
6.02.b	**Uttara Finance & Investment Limited- Zero Coupon Bond**		
	Principal	80,000,000	100,000,000
	Add: New investment	-	-
	Less: Redeemed upto 31.12.16	20,000,000	20,000,000
	Redeemable Value	**60,000,000**	**80,000,000**
6.02.c	**AB Bank Subordinated Bond**		
	Principal	80,000,000	80,000,000
	Add: New investment	-	-
	Less: Redeemed upto 31.12.16	-	-
	Redeemable Value	**80,000,000**	**80,000,000**
6.02.d	**One Bank Subordinated Bond**		
	Principal	100,000,000	-
	Add: New investment	-	-
	Less: Redeemed upto 31.12.16	-	-
	Redeemable Value	**100,000,000**	**-**
6.02.e	**Trust Bank Subordinated Bond**		
	Principal	100,000,000	-
	Add: New investment	-	-
	Less: Redeemed upto 31.12.16	-	-
	Redeemable Value	**100,000,000**	**-**

6.03 (a) i. Disclosure regarding outstanding Repo as at December 31, 2016

Counter Party Name	Agreement Date	Reversal Date	Amount
A. Bangladesh Bank (Liquidity Support)	-	-	-
B. Bangladesh Bank (Repo)	-	-	-
C. Standard Chartered Bank	29/12/2016	1/1/2017	996,471,800
Total			**996,471,800**

ii. There was no Reverse Repo as at December 31, 2016.

(b) Disclosure regarding overall transaction of Repo for the year 2016

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under Repo:			
i) with Bangladesh Bank	-	-	-
ii) with Other Banks & Financial Institutions	176,608,316	3,205,990,931	716,089,276
Securities purchased under reverse Repo:			
i) with Bangladesh Bank	-	-	-
ii) with Other Banks & Financial Institutions	31,015,200	2,880,696,114	110,183,981

		Amount in BDT	
		2016	2015
6.04	**Maturity grouping of Investment as follows:**		
	On Demand	1,796,817,567	2,486,020,830
	Less than three months	406,890,801	699,900,010
	More than three months but less than one year	1,458,243,864	3,090,134,773
	More than one year but less than five years	8,390,555,955	5,765,040,537
	More than five years	9,370,331,648	13,752,327,071
		21,422,839,835	**25,793,423,221**
6(a)	**Consolidated Investments**		
	Government Investment		
	Mutual Trust Bank Limited (Note-6.01)	19,627,418,568	23,542,771,441
	MTB Securities Limited	-	-
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
		19,627,418,568	**23,542,771,441**
	Other Investments		
	Mutual Trust Bank Limited (Note-6.02)	1,795,421,268	2,250,651,780
	MTB Securities Limited	365,705,846	294,142,349
	MTB Capital Limited	173,513,252	159,684,760
	MTB Exchange (UK) Limited	-	-
		2,334,640,366	**2,704,478,889**
		21,962,058,933	**26,247,250,330**
7.00	**Loans and Advances**		
	In Bangladesh		
	Loans (Note-7.01.01)	70,998,424,854	59,856,295,005
	Cash Credits	23,543,911,761	22,542,346,023
	Packing Credits	194,674,356	75,093,595
	Overdrafts	13,813,656,649	11,208,369,989
		108,550,667,621	**93,682,104,613**
	Bills Purchased and Discounted (Note-7.01.02)	2,283,880,874	2,534,619,460
		110,834,548,494	**96,216,724,073**
	Outside Bangladesh	**-**	**-**
		110,834,548,494	**96,216,724,073**
7.01.01	**Loans**		
	Term Loan	29,777,149,976	24,536,763,468
	Time Loan	818,419,309	658,584,611
	Small and Medium Enterprise Financing	10,451,837,733	9,277,769,985
	Consumer Financing	294,062,208	399,486,984
	Retail Financing	3,440,412,435	2,552,741,449
	General Loans	3,372,091,336	2,872,375,972
	Demand Loan	2,297,416,347	1,457,355,942
	Payment Against Documents (PAD)	234,343,468	344,033,832
	Trust Receipts	8,705,312,462	8,484,507,785
	Lease Finance (note-7.03)	452,952,775	333,016,661

		Amount in BDT	
		2016	2015
	Export Development Fund Loan	3,443,955,602	1,535,289,227
	House Building Loan	3,742,097,634	3,254,990,874
	Staff/Employee Loan	667,505,850	600,621,927
	Loan to MTB Securities Limited	345,000,000	2,460,000,000
	Loan to MTB Capital Limited	-	-
	Loan to MTB Exchange (UK) Limited	-	-
		68,042,557,137	**58,767,538,716**
	Offshore Banking Unit	2,955,867,717	1,088,756,289
		70,998,424,854	**59,856,295,005**
7.01.02	**Bill Purchased and Discounted**		
	Payable in Bangladesh	1,987,680,277	2,185,712,585
	Payable outside Bangladesh	126,386,035	151,378,902
		2,114,066,312	**2,337,091,487**
	Offshore Banking Unit	169,814,562	197,527,973
		2,283,880,874	**2,534,619,460**
7.02	**Net Loans & Advances**		
	Gross Loans & Advances (Note- 7.00)	**110,834,548,494**	**96,216,724,073**
	Less:		
	Classified Loans & Advances (Note-7.07)	4,983,088,000	2,034,421,778
	Interest Suspense (Note- 12.05)	905,633,141	536,807,002
	Provision for Loans & Advances (Note -12.01)	3,158,534,528	2,247,000,000
	Net Loans & Advances	**101,787,292,825**	**91,398,495,292**
7.03	**Gross Lease Rent Receivable**		
	within 1 year	101,057,859	72,702,211
	within 5 years	464,491,404	334,160,573
	after 5 years	-	-
		565,549,263	**406,862,785**
	Less: Unearned Lease Rent	112,596,487	73,846,123
		452,952,775	**333,016,661**
7.04	**Residual Maturity grouping of Loans and Advances**		
	On Demand	13,799,069,111	12,847,239,137
	Not more than three months	28,331,114,340	20,690,483,229
	More than three months but less than one year	37,255,551,757	30,169,263,690
	More than one year but less than five years	21,845,828,493	22,437,055,795
	More than five years	9,602,984,793	10,072,682,222
		110,834,548,494	**96,216,724,073**
7.05	**Significant concentration wise grouping of Loans & advances:**		
	a) Directors	-	-
	b) Chief Executive & other Senior Executives	667,505,850	600,621,927
	i) Managing Director	-	-
	ii) Other Senior Executives	667,505,850	600,621,927

	Amount in BDT	
	2016	2015
c) Advances to Industries		
Agriculture	3,069,895,369	2,504,645,545
RMG	11,901,638,990	6,086,855,000
Textile	9,781,370,446	7,792,550,000
Ship Building	1,254,822,262	1,029,400,000
Ship Breaking	1,790,274,575	894,160,640
Other Manufacturing industry	24,250,084,620	20,210,598,574
SME loans	15,260,841,835	12,304,687,229
Construction	1,156,184,500	1,243,350,000
Power, Gas	1,870,790,000	2,721,400,000
Transport, Storage and Communication	418,359,000	997,440,000
Trade Service	15,228,568,023	12,481,955,100
Commercial real estate financing	7,364,841,229	5,324,469,550
Residential real estate financing	869,250,138	821,410,000
Consumer credit	2,180,839,432	1,562,181,642
Capital Market (Loan provided for brokerage or merchant banking, to stock dealer or any kind of capital market activities)	345,000,000	2,460,000,000
NBFIs	4,985,274,312	5,797,660,000
Others	8,439,007,914	11,383,338,866
	110,167,042,644	**95,616,102,146**
	110,834,548,494	**96,216,724,073**

7.05(a) Significant concentration wise grouping of Consolidated Loans & advances:

a) Directors	-	-
b) Chief Executive & other Senior Executives	667,505,850	600,621,927
i) Managing Director	-	-
ii) Other Senior Executives	667,505,850	600,621,927
c) Advances to Industries		
Agriculture	3,069,895,369	2,504,645,545
RMG	11,901,638,990	6,086,855,000
Textile	9,781,370,446	7,792,550,000
Ship Building	1,254,822,262	1,029,400,000
Ship Breaking	1,790,274,575	894,160,640
Other Manufacturing industry	24,250,084,620	20,210,598,574
SME loans	15,260,841,835	12,304,687,229
Construction	1,156,184,500	1,243,350,000
Power, Gas	1,870,790,000	2,721,400,000
Transport, Storage and Communication	418,359,000	997,440,000
Trade Service	15,228,568,023	12,481,955,100
Commercial real estate financing	7,364,841,229	5,324,469,550
Residential real estate financing	869,250,138	821,410,000
Consumer credit	2,180,839,432	1,562,181,642
Capital Market (Loan provided for brokerage or merchant banking, to stock dealer or any kind of capital market activities)	3,866,214,348	3,789,762,809
NBFIs	4,985,274,312	5,797,660,000
Others	8,439,007,914	11,425,627,674
	113,688,256,992	**96,988,153,763**
	114,355,762,842	**97,588,775,690**

7.06 Details of Large Loan

Number of borrowers with outstanding amount of loans exceeding 10% of total capital of the Bank and classification status thereof. Total capital of the Bank is BDT 13,699.25 million as at December 31, 2016 (BDT 12,445.45 million in 2015)

	2016	2015
Number of Clients	48	55
Outstanding Advances (BDT Million)	54,899	49,979

Client wise details are given below:

Name of the clients	Outstanding (BDT Million)		Total	Classification
	Funded	Non - Funded	(BDT Million)	Status
MSA Group	723.80	253.10	976.90	UC
City Group	999.90	2,246.70	3,246.60	UC
RK Group	905.30	50.60	955.90	UC
City Seed Crushing Industries Ltd. & its allied concerns	1,025.00	634.90	1,659.90	UC
Shahfatehullah Textiles Ltd	763.50	202.90	966.40	UC
Ctg. Denim	25.10	283.30	308.40	UC
Bengal Group	551.10	252.80	803.90	UC
Walton	254.60	657.90	912.50	UC
Meghna Group	0.10	2,158.30	2,158.40	UC
Dynasty Group	783.00	203.80	986.80	UC
Lankabangla Finance Limited	225.20	-	225.20	UC
Noman Group	1,271.70	16.70	1,288.40	UC
Khan Brothers Bag Industries Ltd. & its allied concerns	711.80	288.80	1,000.60	UC
Karnafuly Ship Builders Ltd & its allied concerns	463.70	1,424.60	1,888.30	UC
Energypac Engineering Ltd.	424.70	1,051.50	1,476.20	UC
Confidence Group	302.70	668.50	971.20	UC
Dabiruddin Spinning Mills Ltd	100.30	345.20	445.50	UC
Abdul Monem Group	1,235.30	-	1,235.30	UC
BSRM	330.40	67.50	397.90	UC
Al- Mostafa	760.80	563.80	1,324.60	UC
Purbani Group	601.00	113.00	714.00	UC
ASR Group	885.20	112.40	997.60	UC
Rahmat Group	810.90	96.40	907.30	UC
Dekko Group	792.40	2.20	794.60	UC
AJI Group	402.90	1,010.50	1,413.40	UC
EON Group	610.00	480.30	1,090.30	UC
Summit Holding Ltd	1,600.00	-	1,600.00	UC
Bay Development Ltd	1,097.30	7.80	1,105.10	UC
PRAN - RFL	1,418.90	1,754.20	3,173.10	UC
GrameenPhone Ltd.	-	210.30	210.30	UC
Sarker Steel Ltd	1,306.60	104.80	1,411.40	UC
Epyllion Fabrics Limited & its allied concerns	1,051.30	230.80	1,282.10	UC
BRAC	474.90	-	474.90	UC
SQ Celsius Limited & its allied concerns	1,714.90	267.00	1,981.90	UC
Pride Group	287.60	237.60	525.20	UC
Northern Tosrifa Group	154.60	146.30	300.90	UC
Arkay Knit Dyeing Mills Ltd	50.40	-	50.40	UC
Mahdeen Group	303.10	170.30	473.40	UC
ROBI Axiata Ltd.	-	332.10	332.10	UC
BBS Cables Ltd.	773.00	288.30	1,061.30	UC
Abul Khair Group	1,227.30	628.20	1,855.50	UC
KABIR STEEL	317.40	288.80	606.20	UC
Saad Musa Group	1,822.90	680.20	2,503.10	UC
Sitalpur Auto Steel Mills Ltd & its allied concerns	565.70	1,051.90	1,617.60	UC
BSM	213.60	625.80	839.40	UC
Jahangir & Others	1,215.10	-	1,215.10	UC
Sheema Automatic Re-Rolling Mills Ltd & its allied concerns	1,451.40	472.90	1,924.30	UC
KDS Group	797.50	411.80	1,209.30	UC
Total	**33,803.90**	**21,094.80**	**54,898.70**	

		Amount in BDT	
		2016	2015
7.07	**Classification of Loans and Advances:**		
	Unclassified (UC):		
	Standard	102,626,596,814	91,251,517,649
	Special Mention Account (SMA)	3,224,863,681	2,930,784,645
	Sub total	**105,851,460,495**	**94,182,302,294**
	Classified:		
	Substandard	846,750,537	79,709,495
	Doubtful	405,055,372	169,186,865
	Bad & Loss	3,731,282,091	1,785,525,418
	Sub total	**4,983,088,000**	**2,034,421,778**
	Total	**110,834,548,494**	**96,216,724,073**
7.07 (a)	**Classification of Consolidated Loans and Advances:**		
	Consolidated Unclassified Loans and Advances (UC):		
	Standard	106,147,811,162	92,623,569,266
	Special Mention Account (SMA)	3,224,863,681	2,930,784,645
	Sub total	**109,372,674,842**	**95,554,353,911**
	Consolidated Classified Loans & Advances:		
	Substandard	846,750,537	79,709,495
	Doubtful	405,055,372	169,186,865
	Bad & Loss	3,731,282,091	1,785,525,418
	Sub total	**4,983,088,000**	**2,034,421,778**
	Total	**114,355,762,842**	**97,588,775,690**

7.08 Details of Required Provision for Loans and Advances

Particulars	Base for Provision	Rate	Provision	
			Required	Maintained
Unclassifed (UC):				
Standard	101,958,615,680	0%,0.25%,1%, 2%,2.5% & 5%	1,013,358,177	1,013,358,177
Standard- **Offshore Banking Unit**			31,256,823	31,256,823
Special Mention Account (SMA)	3,224,863,681		63,000,165	63,000,165
Sub total	**105,183,479,360**		**1,107,615,165**	**1,107,615,165**
Classifled:				
Substandard	250,872,563	5% & 20%	50,174,513	50,174,513
Doubtful	139,585,385	5% & 50%	69,792,692	69,792,692
Bad loan*	1,930,952,158	100%	1,930,952,158	1,930,952,158
Sub total	**2,321,410,106**		**2,050,919,363**	**2,050,919,363**
Total	**107,504,889,466**		**3,158,534,528**	**3,158,534,528**
Excess/(short) Provision as at December 31, 2016				**-**

***As per Bangladesh Bank letter (reference no. DBI-1/119/2017-1313 dated April 11, 2017), the Bank has maintained minimum required provision for the year 2016. In addition BDT 90 crore provision is to be maintained in next 03 (three) years, BDT 30 crore in each year for 2017, 2018 and 2019.**

		Amount in BTD	
		2016	2015
7.09	**Details of Required Provision for Off Balance Sheet Items**		
	Required Provision for Off- Balance Sheet Exposures	451,343,146	350,292,455
	Total Provision maintained (Note -12.02)	452,000,000	352,000,000
	Excess/(Short) Provision	**656,854**	**1,707,545**

7.10 Suits filed by the Bank (Branch wise details)

Name of the Branch	No. of Suits 2016	No. of Suits 2015		
Principal Branch	20	18	1,140,974,770	825,360,000
Babu Bazar Branch	22	17	277,775,611	269,271,000
Uttara Model Town Branch	3	3	27,363,832	25,300,000
Dhanmondi Branch	3	4	28,213,526	29,660,000
Agrabad Branch	22	19	828,353,535	519,400,000
CDA Avenue Branch	11	10	220,926,211	210,874,000
Khatungonj Branch	13	12	861,140,733	438,736,000
Gulshan Branch	10	9	63,002,696	17,780,000
Progati Sharani Branch	1	1	1,102,965	1,100,000
Haidergonj SME/Agri Branch	9	9	5,893,211	13,230,000
Narayangonj Branch	1	1	298,089	350,000
Bashundhara City Branch	17	14	276,516,514	247,320,000
Banani Branch	6	3	1,188,438	410,000
Aganagar Branch	0	2	-	740,000
Raipur Branch	16	18	20,711,918	13,580,000
Savar Branch	8	2	7,588,882	432,000
Madaripur Branch	6	10	16,125,973	5,125,000
Elepahant Road Branch	6	7	21,788,664	38,600,000
Bashundhara Branch	5	5	14,679,952	16,300,000
Jubilee Road Branch	1	1	148,657,568	148,600,000
Belkuchi SME/Agri Branch	6	4	41,743,013	38,400,000
Bogra Branch	2	2	411,678,848	324,500,000
Dolaikhal Branch	3	-	16,237,449	-
Rangpur Branch	2	-	2,120,238	-
Hasnabad Branch	3	-	3,494,549	-
Kaligonj SME/Agri Branch	3	-	9,184,295	-
Gaffargaon Branch	8	-	1,798,575	-
Cox'sbazar Branch	1	-	288,059	-
Sreenagor Branch	5	-	50,017,803	-
Moulvibazar Branch	1	-	11,696,967	-
Dhanbari SME/Agri Branch	2	-	17,013,537	-
Sylhet Branch	2	-	2,702,903	-
Tejgaon Branch	2	-	33,152,707	-
MTB Centre Corporate Branch	8	-	2,691,186	-
Joypurhat Branch	6	-	152,014,310	-
Chokoria Branch	1	-	10,725,805	-
Feni Branch	1	-	10,442,931	-
Dagonbhuiyan SME/Agri Branch	1	-	1,960,038	-
Pallabi Branch	1	-	5,840,817	-
Kakrail Branch	1	-	3,810,853	-
Dilkusha Branch	1	-	2,766,622	-
Comilla Branch	1	-	59,482,652	-
			4,813,167,245	**3,185,068,000**

		Amount in BDT	
		2016	2015
7.11	**Geographical Location wise Loans and Advances**		
	Inside Bangladesh		
	Urban		
	Dhaka Division	75,656,919,932	66,893,936,006
	Chittagong Division	22,474,593,473	18,511,541,543
	Sylhet Division	845,476,356	742,933,912
	Mymensingh Division	562,111,203	492,995,033
	Rajshahi Division	3,908,852,579	3,704,740,334
	Khulna Division	1,177,172,773	1,302,235,100
	Rangpur Division	2,269,236,684	1,720,922,849
	Barisal Division	209,242,417	80,882,877
		107,103,605,416	**93,450,187,655**
	Rural		
	Dhaka Division	2,103,806,136	1,472,451,542
	Chittagong Division	1,396,770,143	1,157,934,713
	Sylhet Division	128,908,916	72,507,930
	Mymensingh Division	101,457,883	63,642,233
	Rajshahi Division	-	-
	Khulna Division	-	-
	Rangpur Division	-	-
	Barisal Division	-	-
		3,730,943,078	**2,766,536,418**
	Outside Bangladesh	-	-
		110,834,548,494	**96,216,724,073**
7.11.a	**Geographical Location wise Consolidated Loans and Advances**		
	Inside Bangladesh		
	Urban		
	Dhaka Division	79,178,134,280	68,265,987,623
	Chittagong Division	22,474,593,473	18,511,541,543
	Sylhet Division	845,476,356	742,933,912
	Mymensingh Division	562,111,203	492,995,033
	Rajshahi Division	3,908,852,578	3,704,740,334
	Khulna Division	1,177,172,773	1,302,235,100
	Rangpur Division	2,269,236,684	1,720,922,849
	Barisal Division	209,242,417	80,882,877
		110,624,819,764	**94,822,239,272**
	Rural		
	Dhaka Division	2,103,806,136	1,472,451,542
	Chittagong Division	1,396,770,143	1,157,934,713
	Sylhet Division	128,908,916	72,507,930
	Mymensingh Division	101,457,883	63,642,233
	Rajshahi Division	-	-
	Khulna Division	-	-
	Rangpur Division	-	-
	Barisal Division	-	-
		3,730,943,078	**2,766,536,418**
	Outside Bangladesh	**-**	**-**
		114,355,762,842	**97,588,775,690**

		Amount in BDT	
		2016	2015
7.12	**Sector-wise Loans (including Bill Purchased and Discounted)**		
	Public sector	15,975,287	31,794,227
	Co-Operative sector	-	-
	Private sector	110,818,573,207	96,184,929,846
		110,834,548,494	**96,216,724,073**
7.12(a)	**Sector-wise Consolidated Loans (including Bill Purchased and Discounted)**		
	Public sector	15,975,287	31,794,227
	Co-Operative sector	-	-
	Private sector	114,339,787,555	97,556,981,463
		114,355,762,842	**97,588,775,690**
7.13	**Particulars of Loans and Advances:**		
	I) Debts considered good in respect of which the bank company is fully secured.	90,904,582,309	81,273,653,438
	II) Debts considered good for which the bank holds no other security than the debtor's personal security.	760,565,810	720,939,246
	III) Debts considered good secured by the personal undertakings of one or more parties in addition to the personal security of the debtors.	14,186,312,376	12,229,998,418
	IV) Debts considered doubtful or bad, provision not provided for.	-	-
	V) Debts due by directors or officers of the bank or any of them either severally or jointly with any other person.	667,505,850	600,621,927
	VI) Debts due by companies or firms in which the Directors of the bank are interested as partners or managing agents or in case of private companies, as members.	-	-
	VII) Maximum total amount of advances, including temporary advances, made at any time during the year to Directors or Managers or Officers of the bank or any of them either severally or jointly with any other person.	667,505,850	600,621,927
	VIII) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors of the bank are interested as partners or managing agents or in case of private companies, as member.	-	-
	IX) Due from banking companies;	-	-
	X) Amount of classified loan on which interest has not been charged :		
	a. i) (Decrease)/Increase in provision,	868,919,363	226,717,487
	ii) amount of loan written off	-	-
	iii) amount realized against loan previously written off;	1,260,000	1,100,990
	b. Amount of provision kept against loan classified as ' bad/loss'	1,930,952,158	1,112,000,000
	c. Interest creditable to the interest Suspense A/c;	905,633,141	536,807,002
	XI) Cumulative amount of loans written off		
	Opening Balance	1,479,660,000	1,479,660,000
	Amount Written off during the year	-	-
	Balance of Written off Loans & Advance	**1,479,660,000**	**1,479,660,000**
	XII) The amount of written off loan for which law suit has been filed	1,479,660,000	1,479,660,000
7.14	**Maturity grouping of Bill Purchased and Discounted**		
	Payable within one month	633,116,086	294,990,587
	More than one month but less than three months	1,226,232,454	1,462,979,695
	More than three months but less than six months	424,532,333	776,649,178
	More than or equal to six months	-	-
		2,283,880,874	**2,534,619,460**

		Amount in BDT	
		2016	2015
7.15	**Consolidated list of Asset pledged as collaterals**		
	Collateral of movable/immovable assets	13,851,978,636	17,976,300,742
	Export documents	6,070,872,792	4,344,784,908
	Fixed deposit receipts	3,178,773,573	2,634,085,797
	Personal guarantee	72,221,151,803	9,455,578,938
	Other securities	19,032,986,038	63,178,025,305
		114,355,762,842	**97,588,775,690**
7.16	**Maturity grouping of Consolidated Loans and Advances**		
	On Demand	13,799,069,111	12,847,239,137
	Not more than three months	28,331,114,340	20,690,483,229
	More than three months but less than one year	37,255,551,757	30,169,263,690
	More than one year but less than five years	21,845,828,493	22,479,344,602
	More than five years	13,124,199,141	11,402,445,032
		114,355,762,842	**97,588,775,690**
7 (a)	**Consolidated loans, advances and lease**		
	Mutual Trust Bank Limited (Note-7.00)	108,550,667,621	93,682,104,613
	MTB Securities Limited	3,654,054,026	3,716,976,374
	MTB Capital Limited	212,160,322	115,075,243
	MTB Exchange (UK) Limited	-	-
		112,416,881,969	**97,514,156,230**
	Less: Loan to Subsidiaries	**(345,000,000)**	**(2,460,000,000)**
		112,071,881,968	**95,054,156,230**
	Consolidated bills purchased and discounted		
	Mutual Trust Bank Limited (Note-7.00)	2,283,880,874	2,534,619,460
	MTB Securities Limited	-	-
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
		2,283,880,874	**2,534,619,460**
		114,355,762,842	**97,588,775,690**
8.00	**Fixed Asset including Premises, Furniture & Fixtures**		
	Cost		
	Land	104,253,000	104,253,000
	Immovable Property	1,455,740,795	1,455,740,795
	Furniture & Fixtures	1,277,414,563	1,255,272,572
	Office Equipments	1,531,068,277	1,390,708,017
	Motor Vehicles	101,542,673	74,744,415
	Books & Periodicals	423,974	423,974
	Leased Asset	37,955,000	79,094,587
	Intangible Assets	112,208,736	48,455,000
	Total Cost	**4,620,607,018**	**4,408,692,360**
	Less: Accumulated Depreciation	1,578,555,409	1,338,169,090
	Book value at the end of the year	**3,042,051,609**	**3,070,523,270**
	Details are shown in Annexure-C		

		Amount in BDT	
		2016	2015
8 (a)	**Consolidated fixed assets including premises, furniture and fixtures**		
	Mutual Trust Bank Limited (Note-8)	3,042,051,609	3,070,523,270
	MTB Securities Limited	89,710,140	101,650,937
	MTB Capital Limited	6,575,609	7,551,839
	MTB Exchange (UK) Limited	2,633,885	2,103,800
	Consolidated net book value at the end of the year	**3,140,971,243**	**3,181,829,846**
	Details are shown in Annexure-C (i)		
9.00	**Other Assets**		
	Classification of Other Assets		
	A) Income generating Other Asset		
	i) Investment in Shares of Subsidiary Companies (Note-9.01)	3,528,395,800	1,548,395,800
	B) Non-Income generating Other Assset :		
	i) Stationery, Stamps, Printing materials in stock etc.	21,474,393	12,201,480
	ii) Advance Rent and Advertisement	317,582,871	364,302,062
	iii) Interest Accrued on Investment but not collected & other income receivable	26,416,646	73,033,915
	iv) Security Deposit	10,695,056	10,611,008
	v) Branch Adjustment	-	-
	vi) Suspense Account (Note- 9.02)	193,253,088	32,261,448
	vii) Others (Note- 9.03)	4,825,997,779	4,047,782,595
		8,923,815,634	**6,088,588,308**
9.01	**Investment in Shares of Subsidiary Companies**		
	MTB Securities Limited	3,250,000,000	1,270,000,000
	MTB Capital Limited	250,000,000	250,000,000
	MTB Exchange (UK) Limited	28,395,800	28,395,800
		3,528,395,800	**1,548,395,800**
9.02	**Suspense Account**		
	Sundry Debtors	19,701,579	2,487,000
	Advance against TA/DA	-	1,000
	Legal Expenses	5,415,689	2,351,603
	Sanchay Patra	164,234,611	27,147,967
	Others	3,901,208	273,878
		193,253,088	**32,261,448**
9.03	**Others**		
	Advance Income Tax (Note-9.03.01)	4,163,606,805	3,474,990,108
	Stock of Commemorative Coins	218,320	218,320
	Clearing House Adjustment	1,500,000	-
	Advance Salary	-	710,000
	Advance Against Interior Decoration	43,627,000	18,011,682
	Advance to Employee	13,101,531	21,617,499
	Advance to Suppliers/Parties	120,589,888	59,939,384
	Placement to Off-Shore Banking Unit	193,422,813	532,432,413
	Receivables from Off-Shore Banking Unit	34,894,959	19,989,216
	Receivables from MTB Exchange (UK) Limited	40,776,231	42,288,808

		Amount in BDT	
		2016	2015
	Interest on Treasury Bond	402,111,800	376,679,588
	Interest Receivable on Call Money	365,417	167,708
	Interest Receivable on Balance with Other Bank	40,100,789	34,441,442
	Interest Receivable on Investment in Commercial Paper	-	18,718,056
		5,054,315,552	**4,600,204,224**
	Less: Inter transaction with Offshore Banking Unit	(228,317,773)	(552,421,629)
	Total	**4,825,997,779**	**4,047,782,595**
9.03.01	**Advance Income Tax**		
	Opening Balance	3,474,990,108	3,000,925,263
	Add: Payment during the year	688,616,696	474,064,845
	Closing Balance	**4,163,606,805**	**3,474,990,108**
9.03.01(a)	**Consolidated Advance Income Tax**		
	Mutual Trust Bank Limited (Note-9.03.01)	4,163,606,805	3,474,990,108
	MTB Securities Limited	35,681,960	35,990,033
	MTB Capital Limited	11,242,321	10,336,624
	MTB Exchange (UK) Limited	-	-
		4,210,531,086	**3,521,316,765**
9.04	**Classification of Other Asset**		
	Unclassified	8,923,815,634	6,079,866,308
	Substanderd	-	-
	Doubtful	-	-
	Bad/Loss	-	8,722,000
		8,923,815,634	**6,088,588,308**
9 (a)	**Consolidated other assets**		
	Mutual Trust Bank Limited (Note-9)	8,923,815,634	6,088,588,308
	Less: Investment in subsidiary	(3,528,395,800)	(1,548,395,800)
		5,395,419,834	**4,540,192,508**
	MTB Securities Limited	114,848,770	101,875,656
	MTB Capital Limited	40,094,419	25,074,662
	MTB Exchange (UK) Limited	844,071	1,091,346
	Less: Intragroup receivable & payable	(40,776,231)	(42,288,808)
		115,011,030	**85,752,856**
		5,510,430,863	**4,625,945,364**
10.00	**Borrowing From Other Banks, Financial Institutions & Agents**		
	In Bangladesh (Note 10.01)	5,699,482,878	4,342,602,594
	Outside Bangladesh	-	-
		5,699,482,878	**4,342,602,594**
	Offshore Banking Unit	**3,130,349,459**	**1,271,648,613**
	Less: Inter transaction with Offshore Banking Unit	(193,422,813)	(532,432,413)
		8,636,409,523	**5,081,818,794**

		Amount in BDT	
		2016	2015
10.01	**In Bangladesh:**		
	Borrowing from Bank:	**196,750,000**	**620,716,537**
	Foreign Currency Borrowing	**196,750,000**	**620,716,537**
	The City Bank Limited	118,050,000	-
	Southeast Bank Limited	78,700,000	-
	Bank Asia Limited	-	310,358,268
	Bank Alfalah Limited	-	77,589,567
	Bangladesh Krishi Bank Limited	-	232,768,702
	Borrowing from Bangladesh Bank:	**5,436,396,230**	**3,655,505,608**
	SME Refinance	769,213,119	920,791,697
	Investment Promotion and Financing Facility(IPFF)	1,224,667,483	1,199,424,684
	Export Development Fund	3,442,515,628	1,535,289,227
	Borrowing from Other Instututes:	**66,336,647**	**66,366,903**
	SME Foundation	66,336,647	66,366,903
	Repo of Treasury Bill/Bond	**-**	**13,546**
	Bangldesh Bank	-	13,546
	Total	**5,699,482,878**	**4,342,602,594**
10.02	**Security against Borrowing from Other Banks, Financial Institutions and Agents**		
	Secured (Treasury Bill)	-	13,546
	Unsecured	8,636,409,523	5,081,805,248
		8,636,409,523	**5,081,818,794**
10.03	**Maturity Grouping of Borrowing from Other Banks, Financial Institutions and Agents**		
	On Demand	1,677,904,332	987,309,106
	Repayable within one month	-	-
	More than one month but within six months	3,136,626,522	1,845,647,496
	More than six months but within one year	527,445,234	310,358,268
	More than one year but within five years	-	-
	More than five year but within ten years	3,294,433,436	1,938,503,924
		8,636,409,523	**5,081,818,794**
10 (a)	**Consolidated borrowing from Other Banks, Financial Institutions and Agents**		
	Mutual Trust Bank Limited (Note-10)	8,636,409,523	5,081,818,794
	MTB Securities Limited	345,000,000	2,460,000,000
	MTB Capital Limited	75,000,000	-
	MTB Exchange (UK) Limited	-	-
	Less: Intragroup Borrowings	(345,000,000)	(2,460,000,000)
		8,711,409,523	**5,081,818,794**

		Amount in BDT	
		2016	2015
11.00	**Deposits and Other Accounts**		
	From Banks (Note 11.01)	-	-
	From Customers (Note 11.02)	131,593,607,611	118,686,764,340
		131,593,607,611	**118,686,764,340**
11.01	**Deposits From Banks**	-	-
11.02	**Customer Deposit and Other Accounts:**		
	Current Deposit & Other Accounts :		
	Current Deposit	8,345,457,419	6,333,474,405
	Foreign Currency Deposit	1,805,360,585	1,834,634,619
	Non-Resident Taka account	28,422,736	30,628,559
	Sundry Deposit	2,123,116,081	1,389,542,968
		12,302,356,822	**9,588,280,551**
	Bills Payable :		
	Payment Order Issued	1,745,919,098	1,243,486,769
	Pay Slip Issued	530,527	1,548,843
	Demand Draft Payable	4,602,105	8,258,052
		1,751,051,731	**1,253,293,664**
	Savings Bank Deposits	**23,710,184,165**	**17,908,495,890**
	Special Notice Deposits	**11,966,383,586**	**13,956,739,643**
	Fixed Deposits	**55,803,465,444**	**55,707,789,090**
	Deposit Products :		
	Brick by Brick	9,237,253,792	7,542,769,245
	Save Everyday Deposit	521,371	534,608
	Festival Savings Plan	1,531,038	8,665,753
	Children Education Deposit Scheme	2,761,037	528,019
	Best invest Deposit	688,653	688,003
	Unique Savings Plan	5,670	12,701
	NRB Deposit Pension Scheme	157,936,750	123,464,939
	MTB Gift Cheque	7,461,407	5,987,770
	MTB Kotipati	1,432,987,050	806,841,620
	MTB Double Saver Plan	7,244,757,073	5,722,335,590
	MTB Triple Saver Plan	344,915,195	309,607,764
	MTB Millionaire Plan	2,884,691,552	2,225,087,356
	MTB Education Plan	204,230,256	194,552,131
	MTB Monthly Benefit Plan	4,540,408,753	3,331,073,665
	MTB Quarterly Benefit Plan	16,268	16,338
		26,060,165,864	**20,272,165,502**
	Total	**131,593,607,611**	**118,686,764,340**

		Amount in BDT	
		2016	2015
11.03	**Maturity grouping of Deposit and Other Accounts:**		
	On Demand	4,947,099,262	4,461,880,763
	Repayable within one month	14,343,517,017	12,936,684,562
	More than one month but within six months	30,749,278,641	27,733,345,861
	More than six months but within one year	40,417,791,052	50,884,298,295
	More than one year but within five years	36,149,970,905	18,173,633,233
	More than five year but within ten years	4,234,987,816	3,819,614,215
	More than ten years	750,962,918	677,307,412
		131,593,607,611	**118,686,764,340**
11.04	**Demand & Time Deposit**		
	a) Demand Deposit	**16,187,325,127**	**12,453,338,846**
	Current Deposit	8,345,457,419	6,333,474,405
	Savings Bank Deposit (9%)	2,133,916,575	1,611,764,630
	Foreign Currency Deposit non interest bearing	1,805,360,585	1,834,634,619
	Non Resident Taka Deposit	28,422,736	30,628,559
	Sundry Deposit	2,123,116,081	1,389,542,968
	Bills Payable	1,751,051,731	1,253,293,664
	b) Time Deposits	**115,406,282,484**	**106,233,425,494**
	Savings Bank Deposit (91%)	21,576,267,590	16,296,731,260
	Fixed Deposit	55,803,465,444	55,707,789,090
	Short Term Deposit	11,966,383,586	13,956,739,643
	Deposit Under Scheme	26,060,165,864	20,272,165,502
	Total Demand & Time Deposits	**131,593,607,611**	**118,686,764,340**
11.05	**Sectorwise Deposit**		
	Government	437,125,000	384,276,000
	Autonomus & Semi-Autonomous Bodies	483,671,000	548,425,000
	Public Non- Financial Organisation	2,230,227,000	2,333,868,000
	Other Public	590,216,000	528,233,000
	Foreign Currency	1,805,360,585	1,834,634,619
	Private	126,047,008,026	113,057,327,721
		131,593,607,611	**118,686,764,340**
11 (a)	**Consolidated deposits and other accounts**		
	Current deposits and other accounts		
	Mutual Trust Bank limited (Note-11.02)	12,302,356,822	9,588,280,551
	MTB Securities Limited	-	-
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
	Less: Intragroup Deposit	(880,745)	(8,018,394)
		12,301,476,077	**9,580,262,157**

	Amount in BDT	
	2016	2015
Bills Payable		
Mutual Trust Bank limited (Note-11.02)	1,751,051,731	1,253,293,664
MTB Securities Limited	-	-
MTB Capital Limited	-	-
MTB Exchange (UK) Limited	-	-
	1,751,051,731	**1,253,293,664**
Savings Bank Deposit		
Mutual Trust Bank limited (Note-11.02)	23,710,184,165	17,908,495,890
MTB Securities Limited	-	-
MTB Capital Limited	-	-
MTB Exchange (UK) Limited	-	-
	23,710,184,165	**17,908,495,890**
Special Notice Deposits		
Mutual Trust Bank limited (Note-11.02)	11,966,383,586	13,956,739,643
MTB Securities Limited	-	-
MTB Capital Limited	-	-
MTB Exchange (UK) Limited	-	-
Less: Intragroup Deposit	(320,396,593)	(273,982,527)
	11,645,986,993	**13,682,757,116**
Fixed Deposit		
Mutual Trust Bank limited (Note-11.02)	55,803,465,444	55,707,789,090
MTB Securities Limited	-	-
MTB Capital Limited	-	-
MTB Exchange (UK) Limited	-	-
Less: Intragroup Deposit	-	-
	55,803,465,444	**55,707,789,090**
Deposit Products		
Mutual Trust Bank limited (Note-11.02)	26,060,165,864	20,272,165,502
MTB Securities Limited	-	-
MTB Capital Limited	-	-
MTB Exchange (UK) Limited	-	-
	26,060,165,864	**20,272,165,502**
	131,272,330,273	**118,404,763,419**

12.00 Other Liabilities

Provision for Loans and Advances (Note-12.01)	3,158,534,528	2,247,000,000
Provision for Off Balance Sheet Items (Note-12.02)	452,000,000	352,000,000
Provision against Shares in quoted companies (Note- 12.03)	55,267,667	225,507,667
Provision for Other Asset (Note-12.04)	21,000,000	10,000,000
Interest Suspense (Note- 12.05)	905,633,141	536,807,002
Provision for Income Tax (Note-12.06)	4,981,043,899	4,084,013,780
Payable for Good Borrower (Note- 12.03)	23,240,000	-
Payable for Bonus	221,817,656	206,106,072
Contribution to MTB Foundation	17,000,000	12,000,000
Contribution to MTB Employees Welfare Fund	6,055	29,143

		Amount in BDT	
		2016	2015
	Contribution to MTB Employees Medical Assistance Fund	10,000,000	5,013,888
	Payable for Expenses	20,012,992	10,737,868
	Deferred Tax Liability (Note-12.07)	179,933,711	147,634,136
	Interest Payable on Subordinated debt	170,493,021	119,712,329
	Liabilities Under Finance Lease	692,009	1,988,375
		10,216,674,680	**7,958,550,259**
	Offshore Banking Unit	34,916,327	20,747,235
	Less: Inter transaction with Offshore Banking Unit	(34,894,959)	(19,989,216)
		10,216,696,047	**7,959,308,277**
12.01	**Provision for Loans and Advances**		
	For Unclassified		
	Opening Balance	1,065,000,000	896,331,229
	Add: Provision made during the year	42,615,165	168,668,771
	Closing Balance	**1,107,615,165**	**1,065,000,000**
	For Classified		
	Opening Balance	1,182,000,000	955,282,513
	Add: Provision made during the year	721,919,363	226,717,487
	Add: Provision transferred from Shares in quoted companies	147,000,000	-
	Closing Balance	**2,050,919,363**	**1,182,000,000**
		3,158,534,528	**2,247,000,000**
12.02	**Provision for Off Balance Sheet Items**		
	Opening Balance	352,000,000	308,018,028
	Add: Provision made during the year	100,000,000	43,981,972
	Closing Balance	**452,000,000**	**352,000,000**
12.03	**Provision against Shares in quoted companies**		
	Opening Balance	225,507,667	225,507,667
	Less: Transferred to Provision for Classified Loans & Advance	(147,000,000)	-
	Less: Transferred to Provision for Good Borrower	(23,240,000)	-
	Closing Balance	**55,267,667**	**225,507,667**
12.04	**Provision for Other Assets**		
	Opening Balance	10,000,000	2,469,480
	Add: Provision made during the year	11,000,000	7,530,520
	Closing Balance	**21,000,000**	**10,000,000**
12.05	**Interest suspense account**		
	Opening Balance	536,807,002	381,689,510
	Add: Addition during the year	590,037,375	282,083,540
	Less. Adjustment made during the year	(221,211,235)	(126,966,048)
	Closing Balance	**905,633,142**	**536,807,002**
12.06	**Provision for Income Tax***		
	Opening Balance	4,084,013,780	3,323,117,624
	Add: Provision made during the year	897,030,119	760,896,156
		4,981,043,899	**4,084,013,780**

*Income tax provision has been made as per Income Tax Ordinance 1984 and as amended for the time being .

		Amount in BDT	
		2016	2015
12.06(a)	**Consolidated Provision for Income Tax***		
	Mutual Trust Bank limited (Note-12.06)	4,981,043,899	4,084,013,779
	MTB Securities Limited	68,717,853	58,178,082
	MTB Capital Limited	31,473,457	19,754,582
	MTB Exchange (UK) Limited	-	-
		5,081,235,209	**4,161,946,443**

*Income tax provision has been made as per Income Tax Ordinance 1984 and as amended for the time being .

12.07	**Deferred Tax Assets/ (Liabilities)**		
	Opening Balance	(147,634,135)	(47,379,551)
	Add: Deferred Tax Income/(Expense) during the year (Note-12.07 (b))	(32,299,576)	(100,254,584)
	Closing Balance	**(179,933,711)**	**(147,634,135)**
12.07 (a)	**Consolidated Deferred Tax Assets/ (Liabilities)**		
	Mutual Trust Bank limited (Note-12.07)	(179,933,711)	(147,634,135)
	MTB Securities Limited	(4,100,994)	-
	MTB Capital Limited	(206,087)	-
	MTB Exchange (UK) Limited	-	-
		(184,240,792)	**(147,634,135)**
12.07(b)	**Computation of deferred tax**		
	Accounting written down value- Fixed Assets	3,006,497,083	3,046,767,002
	Tax base written down value- Fixed Assets	2,556,662,803	2,677,681,663
	Taxable temporary difference	**(449,834,280)**	**(369,085,340)**
	Deductable temporary difference	-	-
	Net taxable temporary difference	**(449,834,280)**	**(369,085,340)**
	Effective tax rate	40.00%	40.00%
	Deferred Tax Assets/(Liabilities)	**(179,933,712)**	**(147,634,136)**
	Deferred Tax Income/(Expense)		
	Closing Deferred Tax Assets/(Libilities)	(179,933,712)	(147,634,136)
	Opening Deferred Tax Assets/(Libilities)	(147,634,136)	(47,379,552)
	Deferred Tax Income/(Expense)	**(32,299,576)**	**(100,254,584)**
12 (a)	**Consolidated other liabilities**		
	Mutual Trust Bank limited (Note-12.00)	10,216,696,047	7,959,308,277
	MTB Securities Limited	1,013,511,004	760,631,969
	MTB Capital Limited	97,526,266	54,547,514
	MTB Exchange (UK) Limited	31,607,819	36,204,204
	Less: Intragroup receivable & payable	(40,776,231)	(42,288,808)
		11,318,564,906	**8,768,403,158**

	Amount in BDT	
	2016	2015

13.00 Subordinated Debts

The Bank floated 12% partially Convertible Subordinated debt through private placement for BDT 1,250 million. Interest on the 12% partially convertible subordinated debt is payable half yearly from the date of Issue i.e. March and September of each year.

The Bank floated MTB 2nd Subordinated non convertible debt through private placement for BDT 3,000 million. Interest on the 10.50% to 13.50% non convertible subordinated debt is payable half yearly from the date of Issue i.e. April and October of each year.

12% Partially Convertible Subordinated Bond		
Opening Balance	1,875,000,000	2,500,000,000
Less: Payment during the year	(625,000,000)	(625,000,000)
	1,250,000,000	**1,875,000,000**
MTB 2nd Subordinate Bond	3,000,000,000	3,000,000,000
	4,250,000,000	**4,875,000,000**

Detail list of Subordinated Bond holders are shown in Annexure-D

14.00 Capital

14.01 Authorized Capital:

1,000,000,000 ordinary shares of Tk. 10 each	**10,000,000,000**	**10,000,000,000**

14.02 Issued, subscribed and Paid-up Capital:

In 2003 the bank has increased its paid up capital by 4,000,000 Ordinary shares of Taka 100 each amounting to Taka 400,000,000 through Pre-IPO placement arrangements and initial public offerings. The shares have been issued at Taka 125 per share including premium of Taka 25 each.

The issued, subscribed and paid-up capital of the Bank as on December 31, 2016 is BDT 4,431,791,600 divided into 443,179,160 Ordinary shares of BDT 10 each as follows:

60,000,000 Ordinary shares of BDT 10 each issued for cash	600,000,000	600,000,000
91,683,840 Ordinary shares of BDT 10 each issued as bonus shares up to the year of 2008	916,838,400	916,838,400
24,948,000 Ordinary shares of BDT 10 each issued as right shares in the year 2008	249,480,000	249,480,000
35,326,360 Ordinary shares of BDT 10 each issued as bonus shares in the year 2009	353,263,600	353,263,600
42,391,640 Ordinary shares of BDT 10 each issued as bonus shares in the year 2010	423,916,400	423,916,400
25,434,984 Ordinary shares of BDT 10 each issued as bonus shares in the year 2012	254,349,840	254,349,840
27,978,482 Ordinary shares of BDT 10 each issued as bonus shares in the year 2013	279,784,820	279,784,820
61,552,661 Ordinary shares of BDT 10 each issued as bonus shares in the year 2014	615,526,610	615,526,610
73,863,193 Ordinary shares of BDT 10 each issued as bonus shares in the year 2015	738,631,930	-
	4,431,791,600	**3,693,159,670**

14.03 Raising of Share Capital

Given below the history of raising of Share Capital of the Bank:

Accounting Year	Declaration	No. of Share	Value of Capital	Cumulative
Up to 2002	Initial Paid-up capital	20,000,000	200,000,000	200,000,000
2003	IPO & Pre-IPO	40,000,000	400,000,000	600,000,000
2003-Bonus	20%	12,000,000	120,000,000	720,000,000
2004-Bonus	20%	14,400,000	144,000,000	864,000,000
2005-Bonus	10%	8,640,000	86,400,000	950,400,000
2006-Bonus	5%	4,752,000	47,520,000	997,920,000
2007-Bonus	25%	24,948,000	249,480,000	1,247,400,000
2008-Right	20%	24,948,000	249,480,000	1,496,880,000
2008-Bonus	18%	26,943,840	269,438,400	1,766,318,400
2009-Bonus	20%	35,326,360	353,263,600	2,119,582,000
2010-Bonus	20%	42,391,640	423,916,400	2,543,498,400
2012-Bonus	10%	25,434,984	254,349,840	2,797,848,240
2013-Bonus	10%	27,978,482	279,784,820	3,077,633,060
2014-Bonus	20%	61,552,661	615,526,610	3,693,159,670
2015-Bonus	20%	73,863,193	738,631,930	4,431,791,600
Total		**443,179,160**	**4,431,791,600**	

14.04 Percentage of shareholdings at the closing date:

Particulars	No. of shares	Value of shares BDT	Dec 31, 2016
			% of holding
Sponsors / Directors	164,784,063	1,647,840,630	37.18%
Institutions	99,362,178	993,621,780	22.42%
General	179,032,919	1,790,329,190	40.40%
Total	**443,179,160**	**4,431,791,600**	**100.00%**

14.05 Classification of Shareholders by holdings as at December 31, 2016

Holdings	No. of Shareholders	No. of Shares	Value of shares BDT	Total Holdings %
Less than 499 shares	3,424	572,185	5,721,850	0.13%
500 to 5,000 shares	4,639	8,609,547	86,095,470	1.94%
5,001 to 10,000 shares	723	5,190,708	51,907,080	1.17%
10,001 to 20,000 shares	493	6,743,384	67,433,840	1.52%
20,001 to 30,000 shares	178	4,260,662	42,606,620	0.96%
30,001 to 40,000 shares	99	3,414,187	34,141,870	0.77%
40,001 to 50,000 shares	67	3,048,917	30,489,170	0.69%
50,001 to 100,000 shares	140	10,403,409	104,034,090	2.35%
100,001 to 1,000,000 shares	181	50,608,736	506,087,360	11.42%
Over 1,000,000 shares	72	350,327,425	3,503,274,250	79.05%
Total	**10,016**	**443,179,160**	**4,431,791,600**	**100.00%**

14.06 Name of Directors and their shareholdings as at December 31, 2016

Name	Status	December 2016		
		No. of Shares held	BDT	Holding %
Mr. M. A. Rouf, JP	Chairman	8,880,142	88,801,420	2.00%
Mr. Md. Hedayetullah	Vice Chairman	8,868,675	88,686,750	2.00%
Mr. Syed Manzur Elahi	Director (Founding Chairman)	16,341,942	163,419,420	3.69%
Dr. Arif Dowla (Representing Advanced Chemical Industries Ltd.)	Director	14,772,607	147,726,070	3.34%
Mr. Rashed Ahmed Chowdhury (Representing Associated Builders Corporation Ltd.)	Director	22,158,936	221,589,360	5.00%
Mr. Md. Abdul Malek	Director	8,948,278	89,482,780	2.02%
Mr. Md. Wakiluddin	Director	8,871,672	88,716,720	2.00%
Mrs. Khwaja Nargis Hossain	Director	8,863,849	88,638,490	2.00%
Mr. Anjan Chowdhury (Representing ASTRAS Ltd.)	Director	11,079,433	110,794,330	2.50%
Mr. Q.A.F.M Serajul Islam (Representing Pioneer Insurance Company Ltd.)	Director	30,949,932	309,499,320	6.98%
Mr. Anwarul Amin	Independent Director	-	-	-
Dr. Sultan Hafeez Rahman	Independent Director	-	-	-
Total		**139,735,466**	**1,397,354,660**	**31.53%**

	Amount in BDT	
	2016	2015
14.07 Capital to Risk-weighted Assets Ratios (CRAR) as defined by the Basel Capital Accord		
Common Equity Tier-1 (Going-Concern Capital):		
Paid-up Capital	4,431,791,600	3,693,159,670
Statutory Reserve	3,187,766,825	2,721,143,746
General Reserve	616,777,324	446,777,324
Minority Interest	-	-
Retained Earnings	815,484,211	786,953,518
	9,051,819,960	**7,648,034,258**
Regulatory Adjustments:		
Goodwill and all other Intangible Assets	65,805,338	47,320,123
Reciprocal Crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities	2,462,968	1,543,800
	68,268,306	**48,863,923**
Total Common Equity Tier-1 (Going-Concern Capital)	**8,983,551,654**	**7,599,170,335**
Additional Tier-1 Capital	**-**	**-**
Total Tier-1 Capital	**8,983,551,654**	**7,599,170,335**
Tier-2 Capital (Gone-Concern Capital):		
General Provision including Off Balance Sheet items(Maximum 1.25% of CRWA)	1,559,615,165	1,138,166,432
Revaluation Reserve on Investment in Securities	260,138,133	260,138,133
Subordinated debt	3,000,000,000	3,500,000,000
	4,819,753,298	**4,898,304,565**
Regulatory Adjustments:		
Revaluation Reserve for Fixed Assets , Securities & Equity Securities	104,055,253	52,027,627
Total Tier-2 Capital (Gone-Concern Capital)	**4,715,698,045**	**4,846,276,938**
A. Total Regulatory Capital (Tier-1+Tier-2)	**13,699,249,699**	**12,445,447,273**
B. Risk Weighted Assets		

	Amount in BDT	
	2016	2015
Credit Risk on		
Balance Sheet Exposure	94,057,106,198	80,778,387,078
Off Balance Sheet Exposure	12,883,138,418	10,274,927,492
	106,940,244,615	91,053,314,570
Market Risk	3,729,916,327	4,554,245,229
Operational Risk	8,321,733,273	6,493,909,709
Total Risk Weighted Assets	**118,991,894,215**	**102,101,469,507**
C. Required Capital on Risk Weighted Assets	**11,899,189,422**	**10,210,146,951**
D. Capital Surplus/(Shortfall) (A-C)	**1,800,060,277**	**2,235,300,322**

E. Capital Requirement

	2016		2015	
	Required	Held	Required	Held
Capital to Risk Weighted Assets Ratio (CRAR)	10%	**11.51%**	10%	**12.19%**
Common Equity Tier-1	4.50%	7.55%	4.50%	7.44%
Tier-1 Capital	5.50%	7.55%	5.50%	7.44%
Tier-2 Capital	-	3.96%	-	4.75%

The calculation of CRAR under Basel III has been made as per "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued by Bangladesh Bank vide its BRPD Circular no. 18 dated December 21, 2014.

14.07 (a) Consolidated Capital to Risk-weighted Assets Ratios (CRAR) as defined by the Basel Capital Accord

Common Equity Tier-1 (Going-Concern Capital):		
Paid-up Capital	4,431,791,600	3,693,159,670
Statutory Reserve	3,187,766,825	2,721,143,746
General Reserve	616,777,324	446,777,324
Minority Interest	122,139	119,678
Retained Earnings	841,239,233	752,903,276
	9,077,697,121	**7,614,103,695**
Regulatory Adjustments:		
Goodwill and all other Intangible Assets	65,805,338	47,320,123
Reciprocal Crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities	2,462,968	1,543,800
	68,268,306	**48,863,923**
Total Common Equity Tier-1 (Going-Concern Capital)	**9,009,428,815**	**7,565,239,772**
Additional Tier-1 Capital	-	-
Tier-1 Capital	**9,009,428,815**	**7,565,239,772**
Tier-2 Capital (Gone-Concern Capital):		
General Provision including Off Balance Sheet items(Maximum 1.25% of CRWA)	1,559,615,165	1,139,243,557
Revaluation Reserve on Investment in Securities	260,138,133	260,138,133
Subordinated debt	3,000,000,000	3,500,000,000
	4,819,753,298	**4,899,381,690**
Regulatory Adjustments:		
Revaluation Reserve for Fixed Assets , Securities & Equity Securities	**104,055,253**	**52,027,627**
Total Tier-2 Capital (Gone-Concern Capital)	**4,715,698,045**	**4,847,354,063**
A. Total Regulatory Capital (Tier-1+Tier-2)	**13,725,126,860**	**12,412,593,835**

	Amount in BDT	
	2016	2015
B. Risk Weighted Assets		
Credit Risk on		
Balance Sheet Exposure	95,341,608,521	80,864,557,096
Off Balance Sheet Exposure	12,883,138,418	10,274,927,492
	108,224,746,939	91,139,484,588
Market Risk	4,399,847,002	5,055,177,767
Operational Risk	8,930,949,882	7,072,169,101
Total Risk Weighted Assets	**121,555,543,823**	**103,266,831,455**
C. Capital on Risk Weighted Assets	**12,155,554,382**	**10,326,683,146**
D. Capital Surplus/(Shortfall) (A-C)	**1,569,572,477**	**2,085,910,689**

E. Capital Requirement

	2016		2015	
	Required	Held	Required	Held
Capital to Risk Weighted Assets Ratio (CRAR)	10%	**11.29%**	10%	**12.02%**
Common Equity Tier-1	4.50%	7.41%	4.50%	7.33%
Tier-1 Capital	5.50%	7.41%	5.50%	7.33%
Tier-2 Capital	-	3.88%	-	4.69%

The calculation of CRAR under Basel III has been made as per "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued by Bangladesh Bank vide its BRPD Circular no. 18 dated December 21, 2014.

15.00	**Statutory Reserve**		
	Opening Balance	2,721,143,746	2,276,079,020
	Add: Transferred during the year (20% of pretax profit)	466,623,080	445,064,726
	Closing Balance	**3,187,766,825**	**2,721,143,746**
15 (a)	**Consolidated Statutory Reserve**		
	Opening Balance	2,721,143,746	2,276,079,020
	Add: Transferred during the year (20% of pretax profit)	466,623,080	445,064,726
	Closing Balance	**3,187,766,825**	**2,721,143,746**
16.00	**General Reserve**		
	Opening Balance	446,777,324	276,777,324
	Add: Transferred from Retained Earnings	170,000,000	170,000,000
	Closing Balance	**616,777,324**	**446,777,324**
17.00	**Retained Earnings**		
	Opening Balance	786,953,518	653,371,965
	Add: Profit made during the year	1,403,785,702	1,364,172,889
	Less: Bonus Share Issued during the year	(738,631,930)	(615,526,610)
	Less: Transferred to Statutory Reserve	(466,623,080)	(445,064,726)
	Less: Transferred to General Reserve	(170,000,000)	(170,000,000)
	Closing Balance	**815,484,211**	**786,953,518**

		Amount in BDT	
		2016	2015
17 (a)	**Consolidated Retained Earnings**		
	Opening Balance	752,903,276	617,298,134
	Add: Consolidated Profit made during the year	1,463,590,966	1,366,196,478
	Less: Bonus Share Issued during the year	(738,631,930)	(615,526,610)
	Less: Bonus Share Issued by MTB Capital Limited	(14,999,400)	-
	Less: Transferred to Statutory Reserve	(466,623,080)	(445,064,726)
	Less: Transferred to General Reserve	(170,000,000)	(170,000,000)
		826,239,833	**752,903,276**
	Add: Capitalized Profit Reserve (Bonus Share Issued by MTB Capital Limited)	14,999,400	-
	Closing Balance	**841,239,233**	**752,903,276**
17 (b)	**Minority Interest**		
	Opening balance	119,678	119,146
	Add: Profit made during the year	2,461	532
	Closing balance	**122,139**	**119,678**
18.00	**Contingent Liabilities & Commitments**		
	Letter of Guarantee	**9,302,425,309**	**7,486,950,066**
	Irrevocable letters of credit		
	Letter of Credit (Cash)	3,515,503,120	3,045,545,564
	Letter of Credit (Back to Back)	2,270,892,766	1,641,771,089
	Letter of Credit (EDF)	261,380,257	383,061,315
	Letter of Credit (Deferred)	7,527,009,947	3,761,148,574
	Letter of Credit (Inland)	716,487,925	1,203,551,406
		14,291,274,015	**10,035,077,947**
	Bills for collection		
	Inland	1,906,040,601	2,258,687
	Foreign	1,390,440,811	2,616,573,788
		3,296,481,413	**2,618,832,476**
	Acceptances and endorsements		
	IFDBC (Back to Back)	554,500	554,500
	Accepted Bill (Inland)	3,372,514,679	3,145,060,914
	Accepted Bill (Foreign)	14,871,064,705	11,742,769,550
		18,244,133,884	**14,888,384,964**
	Other Commitments		
	Undrawn formal standby facilities, credit lines and other commitments	-	-
		45,134,314,620	**35,029,245,452**
18.01	**Letter of Guarantee**		
	i) Claims against the Bank not acknowledged as debts	-	-
	ii) Money for which the bank is contingently liable in respect of guarantees given favoring :		
	Directors	-	-
	Government	1,080,454,771	3,204,020,255
	Bank and other Financial Institutions	96,346,387	86,572,500
	Others	8,125,624,151	4,196,357,310
		9,302,425,309	**7,486,950,066**
	Less: Margin	695,969,085	1,070,863,672
		8,606,456,224	**6,416,086,394**
	iii) Liability on Account of Bills Re-Discounted	-	-
	iv) Liability on Account of Outstanding Forward Exchange Contract	-	-
		8,606,456,224	**6,416,086,394**

		Amount in BDT	
		2016	2015
18.02	**Segregation of Commitment by Type**		
	Documentary Credit and Short Term Business Related Transaction	14,291,274,015	10,035,077,947
	Forward Asset Purchased and Forward Deposit	-	-
	Endorsed formal standby facilities, Credit facilities and other commitments:		
	Less than one year	27,546,559,193	22,375,335,029
	One year and above	-	-
	Undrawn formal standby facilities, credit lines and other commitments	-	-
	Spot and Forward Foreign Exchange Rate Contract	-	-
	Other Exchange Contract	-	-
	Others	3,296,481,413	2,618,832,476
		45,134,314,620	**35,029,245,452**
18 (a)	**Consolidated contingent liabilities**		
	Letters of guarantee		
	Mutual Trust Bank Limited (Note-18)	9,302,425,309	7,486,950,066
	MTB Securities Limited	-	-
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
		9,302,425,309	**7,486,950,066**
	Irrevocable letters of credit		
	Mutual Trust Bank Limited (Note-18)	14,291,274,015	10,035,077,947
	MTB Securities Limited	-	-
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
		14,291,274,015	**10,035,077,947**
	Bills for collection		
	Mutual Trust Bank Limited (Note-18)	3,296,481,413	2,618,832,476
	MTB Securities Limited	-	-
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
		3,296,481,413	**2,618,832,476**
	Acceptances and endorsements		
	Mutual Trust Bank Limited (Note-18)	18,244,133,884	14,888,384,964
	MTB Securities Limited	-	-
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
		18,244,133,884	**14,888,384,964**
	Other Commitments		
	Mutual Trust Bank Limited (Note-18)	-	-
	MTB Securities Limited	-	-
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
		-	-
		45,134,314,620	**35,029,245,452**

		Amount in BDT	
		2016	2015
19.00	**Income Statement**		
	Income		
	Interest, Discount and Similar Income	13,181,696,621	12,713,022,155
	Dividend income	54,132,093	57,164,924
	Fee, Commission and Brokerage	608,003,652	533,196,488
	Gain less losses arising from dealing in Foreign Currencies	458,772,561	305,782,752
	Other Operating Income	349,575,901	627,534,404
		14,652,180,827	**14,236,700,722**
	Expenses		
	Interest, Fee and Commission	7,506,266,934	7,993,686,553
	Administrative expenses	2,842,332,785	2,557,993,509
	Other operating expenses	786,011,805	729,440,450
	Depreciation on Banking Assets	308,919,377	283,357,831
		11,443,530,901	**11,564,478,343**
	Operating profit	**3,208,649,926**	**2,672,222,379**
20.00	**Interest Income**		
	Loans and Advances (Note-20.01)	10,938,134,404	10,350,625,656
	Money at Call and Short Notice	95,627,031	100,648,500
	Balance with Other Banks and Financial Institutions (Note-20.02)	242,298,554	197,419,465
	Foreign Currency Lending	17,318,978	25,852,316
		11,293,378,967	**10,674,545,937**
	Less: Inter transaction with Offshore Banking Unit	(17,063,626)	(24,806,356)
	Less: Rebate for the good borrower	(25,755,000)	-
		11,250,560,341	**10,649,739,581**
20.01	**Interest on Loans and Advances**		
	Term Loan	2,661,678,046	2,238,169,315
	Small and Medium Enterprise Financing	1,231,212,991	1,122,073,263
	Retail/Consumer Financing	453,628,428	418,166,677
	General Loans	346,856,633	505,987,322
	Demand Loan	259,289,977	113,664,174
	Payment Against Documents (PAD)	33,616,166	36,928,966
	Trust Receipts	1,103,978,968	1,182,075,249
	Lease Finance	44,306,325	43,504,020
	Export Development Fund	32,649,465	14,005,850
	House Building Loan	438,160,322	379,963,943
	Cash Credit	2,582,132,921	2,448,579,553
	Packing Credit	7,614,274	3,010,750
	Secured Overdraft	1,375,390,642	1,443,483,057
	Bills Purchased and Discounted	274,655,459	311,149,970
	Interest on Loans to Subsidiaries	-	40,347,458
		10,845,170,618	10,301,109,565
	Offshore Banking Unit	92,963,786	49,516,091
		10,938,134,404	**10,350,625,656**

		Amount in BDT	
		2016	2015
20.02	**Interest on Balance with other Bank and Financial Institution**		
	Interest on Balance with other Bank in Bangladesh	242,298,554	197,419,465
	Interest on Balance held with outside Bangladesh	-	-
		242,298,554	**197,419,465**
20(a)	**Consolidated Interest Income**		
	Mutual Trust Bank Limited (Note-20.00)	11,250,560,341	10,649,739,581
	MTB Securities Limited	109,948,362	179,721,516
	MTB Capital Limited	27,630,841	18,024,091
	MTB Exchange (UK) Limited	-	-
	Less: Intragroup Interest Income (Loans)	-	(40,347,458)
	Less: Intragroup Interest Income (Bank balance)	(6,766,654)	(13,762,186)
		11,381,372,890	**10,793,375,544**
21.00	**Interest Paid on Deposits & Borrowings, etc.**		
	Interest on Deposit and Other Accounts (Note-21.01)	7,377,375,042	7,859,517,928
	Interest on Borrowing from other Banks and Financial Institutions	87,214,823	128,064,243
		7,464,589,865	7,987,582,171
	Offshore Banking Unit	58,740,695	30,910,738
	Less: Inter transaction with Offshore Banking Unit	(17,063,626)	(24,806,356)
		7,506,266,934	**7,993,686,553**
21.01	**Interest on Deposits and Other Accounts**		
	Savings Deposits	686,012,437	654,941,960
	Short Term Deposits	413,085,559	612,886,163
	Fixed Deposits	3,367,699,342	4,437,589,031
	Deposit-Products	2,388,310,578	1,810,002,636
	Interest on Subordinated Debt	522,267,125	344,098,137
		7,377,375,042	**7,859,517,928**
21(a)	**Consolidated Interest Paid on Deposits & Borrowings, etc.**		
	Mutual Trust Bank Limited (Note-21.00)	7,506,266,934	7,993,686,553
	MTB Securities Limited	-	40,522,458
	MTB Capital Limited	3,594,521	-
	MTB Exchange (UK) Limited	-	-
	Less: Intragroup Interest Expense (Borrowings)	-	(40,347,458)
	Less: Intragroup Interest Expense (Deposits)	(6,766,654)	(13,762,186)
		7,503,094,801	**7,980,099,367**
22.00	**Investment Income**		
	Interest income from investments (Note-22.01)	1,897,561,872	2,008,792,960
	Other income from investments (Note-22.02)	76,703,757	364,205,132
		1,974,265,630	**2,372,998,092**
22.01	**Interest income from investments**		
	Interest on Treasury Bond	1,862,845,446	1,952,489,838
	Interest on reverse REPO	6,302,042	12,968,489
	Interest on Commercial Paper	9,239,661	22,778,472
	Other Investment	19,174,723	20,556,162
		1,897,561,872	**2,008,792,960**

		Amount in BDT	
		2016	2015
22.02	**Other income from investments**		
	Discount on Treasury Bill	33,565,157	54,487,614
	Capital Gain (net off loss) from Trading in Govt. Securities	697,660,180	566,547,732
	Capital Loss on revaluation of treasury securities	(708,829,886)	(336,089,565)
	Dividend on Investment in Shares	54,132,093	57,164,924
	Capital Gain/(Loss) on Investment in shares of quoted companies	166,963	22,092,427
	Prize Bond	9,250	2,000
		76,703,757	**364,205,132**
22(a)	**Consolidated Investment Income**		
	Mutual Trust Bank Limited (Note-22)	1,974,265,630	2,372,998,091
	MTB Securities Limited	30,063,602	8,166,076
	MTB Capital Limited	6,215,123	10,035,340
	MTB Exchange (UK) Limited	-	-
		2,010,544,355	**2,391,199,507**
23.00	**Commission, Exchange and Brokerage**		
	Commission (Note-23.01)	608,003,652	533,196,488
	Exchange	458,772,561	305,782,752
	Brokerage	-	-
		1,066,776,213	**838,979,240**
23.01	**Commission**		
	Commission on Letter of Guarantee	84,187,394	73,356,017
	Commission on Letter of Credit	223,743,666	197,851,788
	Commission on Acceptance of Bills	214,632,680	188,075,574
	Commission on LC Advising	11,362,050	10,939,800
	Commission on PO, DD & TT	4,736,481	5,904,465
	Exchange houses commission	13,086,029	11,543,052
	On-line service commission	12,792,431	11,458,740
	Commission on IBC	625,284	545,097
	Underwriting Commission regarding Treasury Bill/Bond	31,309,695	20,598,799
	Commission on IPO collection	68,728	3,786,755
	Commission on POS	11,451,973	9,135,183
	Commission on RTGS	7,242	1,218
		608,003,652	**533,196,488**
23(a)	**Consolidated Commission, Exchange and Brokerage**		
	Mutual Trust Bank Limited (Note-23)	1,066,776,213	838,979,240
	MTB Securities Limited	150,165,334	124,508,494
	MTB Capital Limited	331,250	-
	MTB Exchange (UK) Limited	10,882,143	11,354,129
		1,228,154,940	**974,841,863**

		Amount in BDT	
		2016	2015
24.00	**Other Operating Income**		
	Handling Charges	3,217,178	2,289,229
	VISA Card	6,945,242	8,195,462
	Service Charges	102,469,550	102,125,166
	SWIFT Charge Recoveries	28,493,361	27,031,181
	SME Fees and Charges	11,608,822	13,236,440
	Management fees	11,847,588	41,083,434
	Early Settlement Fee	4,395,299	3,673,509
	Loan Processing Fee	24,430,048	23,532,642
	Partial Payment Fee	288,272	308,201
	Charges against cards	84,806,862	80,575,695
	Recovery from written off loans	900,000	1,100,990
	NPSB Acquirer Income	3,661,561	-
	Locker Rent	3,578,835	3,359,006
	Miscellaneous Earnings	68,774,558	66,888,883
		355,417,176	373,399,838
	Offshore Banking Unit	5,161,467	1,583,972
		360,578,643	**374,983,810**
24 (a)	**Consolidated other operating income**		
	Mutual Trust Bank Limited (Note-24)	360,578,643	374,983,810
	MTB Securities Limited	13,002,150	14,786,406
	MTB Capital Limited	21,735,197	11,167,387
	MTB Exchange (UK) Limited	2,586,588	-
		397,902,578	**400,937,603**
25.00	**Salary & Allowances**		
	Basic Pay	903,888,480	774,212,992
	Allowances	665,492,008	594,440,753
	Bonus	321,294,587	324,263,990
	Gratuity	120,000,000	100,000,000
	Leave Fare Assistance	78,436,516	69,690,002
	Provident Fund	79,669,110	68,369,356
		2,168,780,701	**1,930,977,093**
25 (a)	**Consolidated salaries and allowances**		
	Mutual Trust Bank Limited (Note-25)	2,168,780,701	1,930,977,093
	MTB Securities Limited	71,895,379	74,885,893
	MTB Capital Limited	10,840,421	9,865,670
	MTB Exchange (UK) Limited	4,678,028	6,615,604
		2,256,194,529	**2,022,344,260**
25.01	**Managing Director's Remuneration**		
	Basic	7,626,667	7,026,667
	House Rent	1,980,000	1,928,000
	House Maintenance	1,320,000	1,285,333
	Entertainment	216,000	205,600
	Festival Bonus	1,950,000	1,800,000
	Incentive Bonus	1,000,000	1,000,000
	Leave Fare Assistance	1,800,000	1,650,000
	Security and personal wages	660,000	642,666
	Provident Fund	762,666	702,667
		17,315,333	**16,240,933**

		Amount in BDT	
		2016	2015
26.00	**Rent, Taxes, Insurance, Electricity, etc.**		
	Rent	367,425,834	345,570,977
	Rates & taxes	7,538,413	2,933,266
	Insurance	86,651,779	64,694,055
	Electricity & Utilities	97,169,557	93,492,765
	Lease Rent	247,774	628,824
		559,033,357	**507,319,887**
26 (a)	**Consolidated Rent, Taxes, Insurance, Electricity, etc.**		
	Mutual Trust Bank Limited (Note-26)	559,033,357	507,319,887
	MTB Securities Limited	40,107,501	34,366,136
	MTB Capital Limited	3,140,184	3,140,183
	MTB Exchange (UK) Limited	5,941,972	6,561,208
		608,223,014	**551,387,414**
27.00	**Legal Expenses**		
	Legal Expenses	3,077,953	3,411,955
		3,077,953	**3,411,955**
27 (a)	**Consolidated Legal Expenses**		
	Mutual Trust Bank Limited (Note-27)	3,077,953	3,411,955
	MTB Securities Limited	3,300	-
	MTB Capital Limited	55,000	-
	MTB Exchange (UK) Limited	249,685	-
		3,385,938	**3,411,955**
28.00	**Postage, Stamps & Telecommunication, etc**		
	Postage/Courier Service	663,090	3,097,496
	Telephone	7,947,366	10,939,335
		8,610,456	**14,036,831**
28 (a)	**Consolidated Postage, Stamps & Telecommunication, etc.**		
	Mutual Trust Bank Limited (Note-28)	8,610,456	14,036,831
	MTB Securities Limited	101,448	755,290
	MTB Capital Limited	81,487	89,210
	MTB Exchange (UK) Limited	157,940	91,057
		8,951,331	**14,972,388**
29.00	**Stationery, Printing & Advertisements etc.**		
	Printing & Security Stationery	33,249,336	33,200,234
	Computer Stationery	16,576,241	11,635,776
	Petty & Table Stationery	12,805,602	12,979,143
	Publicity & Advertisement	19,218,706	25,792,757
		81,849,885	**83,607,910**
29 (a)	**Consolidated Stationery, Printing & Advertisements etc.**		
	Mutual Trust Bank Limited (Note-29)	81,849,885	83,607,910
	MTB Securities Limited	870,568	880,068
	MTB Capital Limited	96,917	211,501
	MTB Exchange (UK) Limited	357,899	237,343
		83,175,269	**84,936,822**

		Amount in BDT	
		2016	2015
30.00	**Directors' Fees**		
	Meeting fee	1,775,600	1,450,400
		1,775,600	**1,450,400**
	Bank has paid BDT 8,000 as Honarioum according to the BRPD circular letter no. 11 dated 04 October 2015		
30 (a)	**Consolidated Directors' Fees**		
	Mutual Trust Bank Limited (Note-30)	1,775,600	1,450,400
	MTB Securities Limited	692,683	569,250
	MTB Capital Limited	562,750	448,500
	MTB Exchange (UK) Limited	-	-
		3,031,033	**2,468,150**
31.00	**Auditors' Fee**		
	Annual Account	1,759,500	805,000
	NOSTRO Account	50,000	46,000
	IPFF Account	30,000	57,500
	Corporate Governance	50,000	40,000
		1,889,500	**948,500**
31 (a)	**Consolidated Auditors' Fee**		
	Mutual Trust Bank Limited (Note-31)	1,889,500	948,500
	MTB Securities Limited	57,500	57,500
	MTB Capital Limited	63,250	63,250
	MTB Exchange (UK) Limited	570,105	357,086
		2,580,355	**1,426,336**
32.00	**Depreciation & Repairs of Bank's properties**		
	Depreciation :		
	Immovable Property	34,074,406	31,157,406
	Furniture & Fixture	81,795,138	80,341,376
	Office Equipments	180,832,146	162,282,148
	Motor Vehicles	12,217,687	6,461,340
	Books & Periodicals	-	-
	Leasehold Property	-	3,115,561
		308,919,377	**283,357,831**
	Repairs on Bank's property	70,112,155	67,387,919
		379,031,532	**350,745,750**
32 (a)	**Consolidated Depreciation and Repairs of Bank's properties**		
	Mutual Trust Bank Limited (Note-32)	379,031,532	350,745,750
	MTB Securities Limited	9,781,984	10,891,228
	MTB Capital Limited	1,336,169	1,779,718
	MTB Exchange (UK) Limited	752,222	701,078
		390,901,907	**364,117,774**
32 (a.1)	**Consolidated Depreciation of Bank's properties**		
	Mutual Trust Bank Limited (Note-32)	308,919,377	283,357,831
	MTB Securities Limited	9,273,484	10,076,968
	MTB Capital Limited	1,124,480	974,243
	MTB Exchange (UK) Limited	637,145	405,374
		319,954,486	**294,814,417**

		Amount in BDT	
		2016	2015
32 (a.2)	**Consolidated Repairs & Maintenance of Bank's properties**		
	Mutual Trust Bank Limited (Note-32)	70,112,155	67,387,919
	MTB Securities Limited	508,500	814,260
	MTB Capital Limited	211,689	805,475
	MTB Exchange (UK) Limited	115,077	295,704
		70,947,421	**69,303,357**
33.00	**Other Expenses**		
	Security & Auxiliary Service	167,943,299	156,559,510
	Office Cleaning	40,363,513	36,649,131
	Office Maintenance	31,702,589	34,631,695
	Car Expense	158,223,887	152,486,641
	Entertainment	31,415,952	31,738,615
	Newspaper & Periodicals	1,736,766	1,373,763
	Clearing House Expense	860,870	915,455
	Traveling & Conveyance	46,040,682	38,323,165
	Bank Charge	4,199,320	4,752,043
	Training Expense	10,182,796	10,244,364
	Professional Fee	12,599,670	34,387,755
	AGM Expense	499,700	691,321
	Subscription & Donation	29,285,599	6,698,880
	Reuters Charge	1,949,475	1,940,562
	CDBL Charges	310,288	551,000
	Fees & Registration	14,870,510	15,928,702
	Business Development Expense	57,657,030	49,860,087
	Contribution to MTB Foundation	15,000,000	10,000,000
	Employees Medical Assistance Fund	10,000,000	5,000,000
	Honorarium	984,115	569,465
	Cash Carrying Expense	15,798,372	17,777,891
	Contact Point Verification (CPV) Charges	148,031	824,429
	Site Maintenance & Support Service	3,017,171	2,791,700
	On-line and connectivity charges	38,288,184	42,555,166
	NID Verification Charge	138,684	-
	Loss on Sale of Fixed Assets	18,088,645	4,601,085
		711,305,148	661,852,425
	Offshore Banking Unit	4,594,503	200,106
		715,899,651	**662,052,531**
33 (a)	**Consolidated Other Expenses**		
	Mutual Trust Bank Limited (Note-33)	715,899,651	662,052,531
	MTB Securities Limited	11,204,131	37,794,307
	MTB Capital Limited	2,375,030	3,420,027
	MTB Exchange (UK) Limited	3,530,006	4,907,307
		733,008,817	**708,174,172**
34.00	**Provision Against Loans and Advances**		
	Provision for Classified Loans & Advances	721,919,363	226,717,487
	Provision for Unclassified Loans and Advances	42,615,165	168,668,771
	Provision for Off Balance Sheet Items	100,000,000	43,981,972
	Total amount of provision made during the year	**864,534,528**	**439,368,230**

		Amount in BDT	
		2016	2015
35.00	**Current Tax Expenses**		
	Current tax	897,030,119	760,896,156
	Total	**897,030,119**	**760,896,156**
35.01	**Deferred Tax Expenses**		
	Deferred Tax (Note-12.07)	32,299,576	100,254,584
	Total	**32,299,576**	**100,254,584**

* Deferred tax has been calculated as per "BAS:12 Income Taxes" and it is the timing differences arising from the carrying value of gratuity liability and fixed assets.

35 (a)	**Consolidated Current Tax Expenses**		
	Mutual Trust Bank Limited (Note-35)	897,030,119	760,896,156
	MTB Securities Limited	52,528,830	41,352,036
	MTB Capital Limited	11,718,874	4,940,302
	MTB Exchange (UK) Limited	-	-
		961,277,823	**807,188,494**
35(a.1)	**Consolidated Deferred Tax Expenses**		
	Mutual Trust Bank limited (Note-12.07)	32,299,576	100,254,584
	MTB Securities Limited	4,100,994	-
	MTB Capital Limited	206,087	-
	MTB Exchange (UK) Limited	-	-
		36,606,657	**100,254,584**
36.00	**Earnings Per Share (EPS)***		
	Net Profit After Tax	1,403,785,702	1,364,172,889
	Number of Ordinary Shares outstanding	**443,179,160**	**443,179,160**
	Earnings Per Share (EPS)	**3.17**	**3.08**

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

36 (a)	**Consolidated Earnings Per Share (EPS)***		
	Consolidated Net Profit After Tax	1,463,590,966	1,366,196,478
	Number of Ordinary Shares outstanding	**443,179,160**	**443,179,160**
	Earnings Per Share (EPS)	**3.30**	**3.08**

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

37.00	**Received from Other Operational Income**		
	Handling charge	3,217,178	2,289,229
	VISA	6,945,242	8,195,462
	Service charge	102,469,550	102,125,166
	SWIFT charge recovery	28,493,361	27,031,181
	SME Fees and Charges	11,608,822	13,236,440
	Management fees	11,847,588	41,083,434
	Early settlement and Loan processing fees	29,113,619	27,514,352
	Charges against cards	84,806,862	80,575,695
	NPSB Acquirer Income	3,661,561	-
	Locker rent	3,578,835	3,359,006

		Amount in BDT	
		2016	2015
	Discount on Treasury Bill	33,565,157	54,487,614
	Capital Gain (net off loss) from Trading in Govt. Securities	697,660,180	566,547,732
	Capital Loss on revaluation of treasury securities	(708,829,886)	(336,089,566)
	Capital Gain/(Loss) on Investment in shares of quoted companies	166,963	22,092,427
	Prize Bond	9,250	2,000
	Miscellaneous income	68,774,558	66,888,883
	Offshore Banking Unit	5,161,467	1,583,972
		382,250,308	**680,923,027**
37 (a)	**Consolidated Received from Other Operational Income**		
	Mutual Trust Bank Limited (Note-37)	382,250,308	680,923,027
	MTB Securities Limited	35,850,646	22,952,482
	MTB Capital Limited	23,204,729	17,442,010
	MTB Exchange (UK) Limited	2,586,588	-
		443,892,270	**721,317,519**
38.00	**Payment for Other Operational Expenses**		
	Rent, Tax, Insurance, Electricity,etc.	559,033,357	507,319,887
	Legal Expense	3,077,953	3,411,955
	Postage, Stamps & Telecommunication,etc.	8,610,456	14,036,831
	Directors' Fee	1,775,600	1,450,400
	Auditors' fee	1,889,500	948,500
	Repair & Maintenance	70,112,155	67,387,919
	Other Expenses	697,811,006	657,451,446
		1,342,310,026	**1,252,006,938**
38 (a)	**Consolidated Payment for Other Operational Expenses**		
	Rent, Tax, Insurance, Electricity,etc.	608,223,014	551,387,414
	Legal Expense	3,385,938	3,411,955
	Postage, Stamps & Telecommunication,etc.	8,951,331	14,972,388
	Directors' Fee	3,031,033	2,468,150
	Auditors' fee	2,580,355	1,426,336
	Repair & Maintenance	70,947,421	69,303,357
	Other Expenses	714,833,884	691,563,197
		1,411,952,975	**1,334,532,797**

39.00 Number of Employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of BDT 36,000 or above were 1,889.

40.00	**Number of Branches**	110	106
41.00	**Number of Meeting**		
	Board Meeting	13	13
	Executive Committee Meeting	9	9
	Audit Committee Meeting	5	4
	Risk Management Committee Meeting	5	4

42.00 Auditors' Work Hour

The external auditors of the bank, M.J.ABEDIN & Co., Chartered Accountants covered 80% of the Bank's Risk Weighted Asset and has spent around 4,125 man-hours to complete the audit as per Bangladesh Standard on Auditing (BSA).

43.00 Related Party Disclosures of the Bank

i) Name of he Directors together with a list of entities in which they have interest **Annexure-E**

ii) Significant contracts where Bank is a party and wherein Directors have Interest during the year 2016

Name of Directors	Relationship with the Bank	Nature of Transaction	Approved Limit	Outstanding Amount
Mr. M. A. Rouf,JP	Chairman	Credit Card	500,000	51,950
Mr. Md. Hedayetullah	Vice Chairman	Credit Card	500,000	-
Mr. Syed Manzur Elahi	Director (Founding Chairman)	Credit Card	1,575,000	-
Dr. Arif Dowla (Representing Advanced Chemical Industries Ltd.)	Director	Credit Card	500,000	-
Mr. Rashed Ahmed Chowdhury (Representing Associated Builders Corporation Ltd.)	Director	Credit Card	592,800	39,991
Mr. Md. Wakiluddin	Director	Credit Card	500,000	187
Mr. Anjan Chowdhury (Representing ASTRAS Ltd.)	Director	Credit Card	490,000	-
Mr. Q.A.F.M Serajul Islam (Representing Pioneer Insurance Company Ltd.)	Director	Credit Card	500,000	11,169

iii) Shares issued to Directors and Executives without consideration or exercisable at a discount **Nil**

iv) Related Party Transactions

Name of party	Related with	Nature of Transactions	Outstanding balance BDT Million	Nature of Security
Mrs. Banesa Khatun	Mr. Md. Wakiluddin Director	House Building Loan (General)	1.653	Registered Mortgage (RM) of Land and Building
Sunbeams School Ltd. (1.Mrs Nilufer Manzur,Chairman, 2. Mr. Syed Nasim Manzur, 3.Ms. Munize Manzur)	Mr. Syed Manzur Elahi Director (Founding Chairman)	SOD (General)	46.528	RM of Land and Building
Sunbeams School Ltd. (1.Mrs Nilufer Manzur,Chairman, 2.Mr. Syed Nasim Manzur, 3.Ms. Munize Manzur)	Mr. Syed Manzur Elahi Director (Founding Chairman)	Term Loan	1.656	RM of Land and Building

v) Lending policies in respect of related party

Lending to related parties is effected as per requirements of Section 27(1) of the Bank Companies Act 1991 (as amended in 2013).

vi) Business other than banking business with any relation concern to the Directors as per Section 18(2) of the Bank Companies Act, 1991 (as amended in 2013).

a) Lease agreement made with the Directors

Nature of contract	Purpose	Name of Director and Related by	Remarks
Lease agreement	Pabna Branch	Mr. Anjan Chowdhury	Approved by Bangladesh Bank
	Pabna Branch ATM Booth		Approved by Board of MTB
	Square Textile ATM Booth		
	Square Pharmaceuticals ATM Booth		
	Square Hospital ATM Booth		
	Square Fashions ATM Booth		
Lease agreement	Bilquis Tower ATM Booth	Mr. Rashed Ahmed Chowdhury	Approved by Board of MTB
	ABC House ATM Booth		
	ABC Heritage ATM Booth		
	ABC BPL ATM Booth		
Lease agreement	Pragati Sarani Branch	Mr. Md. Wakiluddin	Approved by Bangladesh Bank
	Pragati Sarani Branch ATM Booth		
Lease agreement	Apex Adelchi Footwear Ltd. ATM Booth	Syed Manzur Elahi	Approved by Board of MTB

vii) Business with subsidiary

Name of party	Relationship	Nature of transaction	Outstanding balance BDT Million
MTB Securities Limited	Subsidiary Company	Loan facility	345.00
MTB Exchange (UK) Limited	Subsidiary Company	Loan facility	40.78

44.00 Events after the Balance Sheet Date

Subsequent to the balance sheet date, The Board of Directors recommended Stock Dividend @ 15% for the year 2016 which will be recognized in the accounts as and when approved by the shareholders in the Annual General Meeting (AGM).

45.00 Financial Highlights as at December 31, 2016 are shown in Annexure-F

MUTUAL TRUST BANK LIMITED

Annexure- A

BALANCE WITH OTHER BANKS- OUT SIDE BANGLADESH (NOSTRO ACCOUNT)

Currency wise position and Exchange rate applied for conversion of Balance with other Banks in Foreign Currency into Local currency as at December 31, 2016

Name of the Bank	Currency	2016			2015		
		Foreign Currency Amount	Exchange Rate	BDT	Foreign Currency Amount	Exchange Rate	BDT
Mashreq Bank Psc, New York	US$	362,362	78.70	28,518,682	1,708,022	78.50	134,079,755
Standard Chartered Bank, New York	US$	1,522,873	78.70	119,853,479	596,260	78.50	46,806,407
Habib American Bank, New York	US$	1,046,879	78.70	82,391,715	1,424,737	78.50	111,841,870
Commerz Bank AG, Germany	US$	132,199	78.70	10,404,369	135,483	78.50	10,635,442
Mashreq Bank Psc, London	US$	90,005	78.70	7,083,628	162,096	78.50	12,724,537
ICICI Bank Ltd., Hong Kong	US$	212,383	78.70	16,715,010	203,504	78.50	15,975,045
National Commercial Bank, Jeddha	US$	-	-	-	569,297	78.50	44,689,779
Sonali Bank (UK) Ltd., London	US$	483,223	78.70	38,030,741	356,330	78.50	27,971,939
KB Kookmin Bank, South Koria	US$	135,649	78.70	10,675,868	-	-	-
Standard Chartered Bank, Singapore	SGD	41,084	54.31	2,231,309	10,009	78.50	555,830
Mashreq Bank Psc, London	GBP	26,006	96.47	2,508,704	180,676	116.36	21,023,577
Standard Chartered Bank, London	GBP	66,112	96.47	6,377,540	198,981	116.36	23,153,571
Sonali Bank (UK) Ltd., London	GBP	455	96.47	43,846	6,307	116.36	733,838
Habib American Bank, Zurich	CHF	20,699	76.84	1,590,578	16,004	79.39	1,270,519
Standard Chartered Bank, Tokyo	JPY	2,390,352	0.67	1,613,361	380,265	0.65	247,941
UBAF, Tokyo	JPY	684,543	0.67	462,030	116,765	0.65	76,133
Mashreq Bank Psc, London	EUR	13,901	82.29	1,143,902	8,256	85.81	708,427
Standard Chartered Bank, Germany	EUR	39,704	82.29	3,267,281	7,627	85.81	654,435
Sonali Bank (UK) Ltd., London	EUR	283	82.29	23,267	4,708	85.81	404,006

MUTUAL TRUST BANK LIMITED

Annexure- A

BALANCE WITH OTHER BANKS- OUT SIDE BANGLADESH (NOSTRO ACCOUNT)

Currency wise position and Exchange rate applied for conversion of Balance with other Banks in Foreign Currency into Local currency as at December 31 2016

Name of the Bank	Currency	2016			2015		
		Foreign Currency Amount	Exchange Rate	BDT	Foreign Currency Amount	Exchange Rate	BDT
ICICI Bank Ltd., Mumbai	EUR	6,164	82.29	507,276	1,664	85.81	142,820
Unicredit Bank AG, Germany	EUR	21,921	82.29	1,803,889	20,578	85.81	1,765,726
Commerze Bank AG, Germany	EUR	478,087	82.29	39,342,287	120,444	85.81	10,335,069
United Bank of India, Kolkata	EUR	4,226	82.29	347,725	4,226	85.81	362,587
Standard Chartered Bank, Mumbai	ACU	275,712	78.70	21,699,178	92,124	78.50	7,231,755
Standard Chartered Bank, Kolkata	ACU	500,482	78.70	39,389,071	265,482	78.50	20,840,374
Standard Chartered Bank, Pakistan	ACU	49,678	78.70	3,909,800	18,790	78.50	1,475,028
Standard Chartered Bank, Colombo	ACU	62,093	78.70	4,886,884	4,610	78.50	361,859
Habib Metropolitan Bank, Karachi	ACU	58,582	78.70	4,610,513	16,131	78.50	1,266,305
Mashreq Bank Psc, Mumbai	ACU	230,411	78.70	18,133,856	427,136	78.50	33,530,198
AB Bank Ltd., Mumbai	ACU	582,179	78.70	45,818,747	215,444	78.50	16,912,334
ICICI Bank Ltd., Mumbai	ACU	384,960	78.70	30,297,204	490,023	78.50	38,466,802
Himalayan Bank Ltd., Kathmundu	ACU	109,490	78.70	8,617,104	68,510	78.50	5,378,035
Nepal Bangladesh Bank Limited	ACU	131,974	78.70	10,386,652	250	78.50	19,625
United Bank of India, Kolkata	ACU	322,830	78.70	25,407,392	247,229	78.50	19,407,509
HDFC Bank, Mumbai	ACU	243,567	78.70	19,169,222	342,626	78.50	26,896,141
Habib Bank Ltd., Pakistan	ACU	199,988	78.70	15,739,512	50,000	78.50	3,925,000
Axis Bank Ltd., Mumbai	ACU	238,604	78.70	18,778,685	-	-	-
Sonali Bank Ltd, Kolkata	ACU	80,521	78.70	6,337,199	-	-	-
Mashreq Bank Psc, UAE	AED	6,804,611	21.42	145,788,056	-	-	-
ICICI Bank Ltd., Mumbai	ACU	-	-	28,032,607	-	-	28,032,607
		18,054,794		**821,938,166**	**8,470,595**		**669,902,826**

MUTUAL TRUST BANK LIMITED

Annexure- B

INVESTMENT IN SHARES

As at December 31, 2016

Amount in BDT

SL. No.	Name of the Company	Face Value	No. of Share Held	Cost Holding	Average Cost	Quoted Rate Per Share Dec 31, 2016	Total Market Value as at Dec 31, 2016	Unrealised Gain/Loss
A.	**Quoted Share**							
1	Active Fine Chemicals Limited	10	6,422.00	308,897.00	48.10	43.30	278,073.00	(30,824.00)
2	Appollo Ispat Complex Limited	10	80,000.00	1,548,000.00	19.35	20.50	1,640,000.00	92,000.00
3	Bata Shoe Company (Bangladesh) Limited	10	293.00	368,171.00	1,256.56	1,142.00	334,606.00	(33,565.00)
4	Bangladesh Building Systems Ltd.	10	40,000.00	2,201,600.00	55.04	51.80	2,072,000.00	(129,600.00)
5	Bangladesh Shipping Corporation	10	5,000.00	2,410,350.00	482.07	470.20	2,351,000.00	(59,350.00)
6	Bangladesh Submarine Cable Company Limited	10	55,000.00	9,348,350.00	169.97	118.60	6,523,000.00	(2,825,350.00)
7	Confidence Cement Ltd.	10	125,960.00	16,892,858.80	134.11	109.40	13,780,024.00	(3,112,834.80)
8	Dhaka Electric Supply Company Ltd.	10	28,638.00	2,907,902.52	101.54	46.30	1,325,939.40	(1,581,963.12)
9	Eastern Bank Ltd.	10	115,046.00	4,123,248.64	35.84	29.00	3,336,334.00	(786,914.64)
10	Envoy Textiles Limited	10	10,000.00	405,300.00	40.53	38.80	388,000.00	(17,300.00)
11	Far East Knitting & Dyeing Industries Limited	10	2,750.00	59,206.00	21.53	25.90	71,225.00	12,019.00
12	First Finance Limited	10	115,500.00	3,461,535.00	29.97	10.20	1,178,100.00	(2,283,435.00)
13	Fortune Shoes Limited	10	6.00	60.00	10.00	50.83	305.00	245.00
14	Fu-Wang Ceramic Industries Ltd.	10	60,000.00	1,013,400.00	16.89	18.20	1,092,000.00	78,600.00
15	GBB Power Ltd.	10	216,356.00	4,393,145.60	20.31	20.30	4,392,026.80	(1,118.80)
16	Golden Harvest Agro Industries Ltd.	10	14,000.00	439,740.00	31.41	53.50	749,000.00	309,260.00
17	Global Heavy Chemicals Limited	10	10,000.00	614,200.00	61.42	40.40	404,000.00	(210,200.00)
18	Grameenphone Ltd.	10	1,400.00	353,630.00	252.59	284.10	397,740.00	44,110.00
19	IDLC Finance Ltd.	10	270,000.00	14,893,000.00	55.16	57.00	15,390,000.00	497,000.00
20	IFAD Autos Limited	10	30,000.00	2,847,900.00	94.93	100.20	3,006,000.00	158,100.00
21	IFIC Bank Ltd.	10	28,808.00	664,312.48	23.06	20.90	602,087.20	(62,225.28)
22	Islami Bank Bangladesh Limited	10	110,013.00	3,888,959.55	35.35	29.70	3,267,386.10	(621,573.45)
23	Jamuna Oil Company Limited	10	66,000.00	15,467,760.00	234.36	181.60	11,985,600.00	(3,482,160.00)

MUTUAL TRUST BANK LIMITED

Annexure- B

INVESTMENT IN SHARES

As at December 31, 2016

Amount in BDT

SL. No.	Name of the Company	Face Value	No. of Share Held	Cost Holding	Average Cost	Quoted Rate Per Share Dec 31, 2016	Total Market Value as at Dec 31, 2016	Unrealised Gain/Loss
24	Khan Brothers PP Woven Bag Industries Limited	10	50,000.00	1,021,500.00	20.43	21.30	1,065,000.00	43,500.00
25	Keya Cosmetics Ltd.	10	100,000.00	1,286,000.00	12.86	13.30	1,330,000.00	44,000.00
26	LankaBangla Finance Ltd.	10	132,825.00	7,096,839.75	53.43	34.80	4,622,310.00	(2,474,529.75)
27	Linde Bangladesh Limited	10	5,000.00	7,033,150.00	1,406.63	1,296.00	6,480,000.00	(553,150.00)
28	Matin Spinning Mills Ltd.	10	100,000.00	4,733,000.00	47.33	40.20	4,020,000.00	(713,000.00)
29	Mercantile Bank Ltd.	10	120,536.00	2,407,103.92	19.97	15.10	1,820,093.60	(587,010.32)
30	Mozaffar Hossain Spinning Mills Ltd.	10	45,000.00	927,450.00	20.61	21.20	954,000.00	26,550.00
31	Meghna Petroleum Limited	10	32,670.00	7,510,506.30	229.89	170.40	5,566,968.00	(1,943,538.30)
32	Navana CNG Limited	10	40,000.00	2,655,200.00	66.38	72.90	2,916,000.00	260,800.00
33	National Bank Ltd.	10	210,116.00	4,464,965.00	21.25	10.20	2,143,183.20	(2,321,781.80)
34	Northern General Insurance Company Ltd	10	33,880.00	1,174,280.80	34.66	20.30	687,764.00	(486,516.80)
35	One Bank Limited	10	160,101.00	3,194,014.95	19.95	18.30	2,929,848.30	(264,166.65)
36	Orion Pharma Ltd.	10	50,000.00	3,551,000.00	71.02	42.10	2,105,000.00	(1,446,000.00)
37	Phoenix Insurance Company Ltd	10	42,750.00	2,579,107.50	60.33	27.80	1,188,450.00	(1,390,657.50)
38	Pragati Life Insurance Ltd.	10	115,500.00	25,524,345.00	220.99	101.20	11,688,600.00	(13,835,745.00)
39	Premier Cement Mills Limited	10	25,000.00	2,940,500.00	117.62	91.20	2,280,000.00	(660,500.00)
40	Prime Bank Ltd.	10	54,340.00	1,729,642.20	31.83	17.70	961,818.00	(767,824.20)
41	Paramount Textile Limited	10	10,000.00	197,700.00	19.77	20.20	202,000.00	4,300.00
42	Pubali Bank Ltd.	10	31,500.00	1,040,160.00	33.02	24.00	756,000.00	(284,160.00)
43	RAK Ceramics (Bangladesh) Limited	10	15,000.00	1,114,500.00	74.30	61.90	928,500.00	(186,000.00)
44	R.N. Spinning Mills Limited	10	100,000.00	3,711,000.00	37.11	25.10	2,510,000.00	(1,201,000.00)
45	Ratanpur Steel Re-Rolling Mills Limited	10	25,000.00	1,826,000.00	73.04	73.40	1,835,000.00	9,000.00
46	Saiham Cotton Mills Limited	10	50,000.00	864,000.00	17.28	17.20	860,000.00	(4,000.00)
47	Singer Bangladesh Limited	10	75,000.00	13,983,750.00	186.45	192.50	14,437,500.00	453,750.00
48	Square Pharmaceuticals Ltd.	10	126,762.90	22,091,621.00	174.28	249.10	31,576,638.00	9,485,017.00

MUTUAL TRUST BANK LIMITED

Annexure- B

INVESTMENT IN SHARES

As at December 31, 2016

Amount in BDT

SL. No.	Name of the Company	Face Value	No. of Share Held	Cost Holding	Average Cost	Quoted Rate Per Share Dec 31, 2016	Total Market Value as at Dec 31, 2016	Unrealised Gain/Loss
49	Summit Power Limited	10	692,102.00	38,916,895.46	56.23	37.00	25,607,774.00	(13,309,121.46)
50	United Airways (BD) Ltd.	10	338,800.00	7,006,384.00	20.68	6.90	2,337,720.00	(4,668,664.00)
51	United Power Generation & Distribution Company Ltd.	10	10,000.00	1,549,300.00	154.93	141.60	1,416,000.00	(133,300.00)
52	Uttara Finance and Investments Limited	10	5,500.00	446,545.00	81.19	61.30	337,150.00	(109,395.00)
53	Yeakin Polymer Limited	10	0.70	6.00	9.09	30.40	21.00	15.00
54	Zaheen Spinning Limited	10	35,000.00	634,550.00	18.13	18.90	661,500.00	26,950.00
55	Zahintex Industries Limited	10	150,282.00	3,313,718.10	22.05	18.60	2,795,245.20	(518,472.90)
	Free Fund available			9,094,145.96			9,094,145.96	-
	Sub-Total		**4,373,858.00**	**274,230,407.53**			**222,678,675.76**	**(51,551,731.77)**

SL No.	Name of the Company		No. of Share Held	Cost Holding	Average Cost	Quoted Rate Per Share Dec 31, 2016	85% NAV	Total Market Value as at Dec 31, 2016	Provision Req. as per BB Guideline
B.	**Mutual Fund (Quoted)**								
1	DBH First Mutual Fund	10	33,800.00	238,432.00	7.05	7.30	8.94	246,740.00	-
2	Green Delta Mutual Fund	10	10,000.00	71,249.00	7.12	7.30	9.00	73,000.00	-
3	First Bangladesh Fixed Income Fund	10	34,019,755.00	249,927,253.00	7.35	6.00	9.52	204,118,530.00	-
4	AB Bank 1st Mutual fund	10	27,277,017.00	196,019,132.24	7.19	5.90	9.74	160,934,400.30	-
5	EBL NRB Mutual Fund	10	16,334,902.00	125,265,959.52	7.67	6.90	9.15	112,710,823.80	-
6	Grameen One : Scheme Two	10	182,148.00	2,875,271.08	15.79	12.30	14.72	2,240,420.40	(193,688.22)
7	MBL 1st Mutual Fund	10	4,160,000.00	41,600,000.00	10.00	7.20	9.25	29,952,000.00	(3,128,320.00)
8	PHP First Mutual Fund	10	5,086,195.00	39,529,813.14	7.77	5.40	9.03	27,465,453.00	-
	Sub-Total		**87,103,817.00**	**655,527,109.98**				**537,741,367.50**	**(3,322,008.22)**

MUTUAL TRUST BANK LIMITED

Annexure- B

INVESTMENT IN SHARES

As at December 31, 2016

Amount in BDT

SL No.	Name of the Company		No. of Share Held	Cost Holding	Average Cost	Quoted Rate Per Share Dec 31, 2016	85% NAV	Total Market Value as at Dec 31, 2016	Provision Req. as per BB Guideline
C.	**Unquoted Share**								
1	BD Venture Limited	10	2,000,000.00	20,000,000.00				20,000,000.00	-
2	Central Depository (BD) Limited	10	5,711,804.00	15,694,430.00				15,694,430.00	-
3	Energypack Power Generation Limited	10	1,192,800.00	50,000,000.00				50,000,000.00	
4	Industrial & Infrastructure Development Finance Company Limited	10	7,329,110.00	42,453,820.00				42,453,820.00	
5	LIC Bangaldesh	10	3,000,000.00	30,000,000.00				30,000,000.00	-
7	The Bangladesh Rating Agency Limited	100	49,155.00	4,915,500.00				4,915,500.00	-
	Sub-Total			**163,063,750.00**				**163,063,750.00**	**-**
D.	**Fund (Unquoted)**								
1	MTB First Mutual Fund	10	10,000,000.00	100,000,000.00				100,000,000.00	-
2	MTB Unit Fund	10	21,760,000.00	217,600,000.00				217,600,000.00	**-**
	Sub-Total			**317,600,000.00**				**317,600,000.00**	**-**
E	**Bonds:**								
1	Prime Bank Bond			45,000,000.00				45,000,000.00	
2	Uttara Finance & Investment Limited-Zero Coupon Bond			60,000,000.00				60,000,000.00	
3	One Bank Bond			100,000,000.00				100,000,000.00	
4	Trust Bank Bond			100,000,000.00				100,000,000.00	
5	AB Bank Subordinate Bond (note 6.04)			80,000,000.00				80,000,000.00	-
	Sub-Total			385,000,000.00				385,000,000.00	**-**
	Total			**1,795,421,267.51**				**1,626,083,793.26**	**54,873,739.99**

Particular	Provision Required	Provision Maintained	Excess/Shortfal
Quoted Share	51,551,731.77	55,267,667.23	393,927.24
Mutual Funds	3,322,008.22		
	54,873,739.99	**55,267,667.23**	**393,927.24**

TRAKSTOCK

MUTUAL TRUST BANK LIMITED

CONSOLIDATED FIXED ASSET SCHEDULE

As at December 31, 2016

Annexure-C (i)

Amount in BDT

Particulars	Cost				Depreciation					Written down value as at 31.12.2016
	Balance as at 01.01.2016	Addition during the year	Disposal during the year	Balance as at 31.12.2016	Rate	Balance as at 01.01.2016	Charged for the year	Adjustment made during the year	Balance as at 31.12.2016	
Land	104,253,000	-	-	104,253,000	0%	-	-	-	-	104,253,000
Immovable Property	1,502,105,795	-	-	1,502,105,795	2.50%	102,840,635	36,075,083	-	138,915,718	1,363,190,077
Furniture & Fixture	1,330,803,287	90,511,725	72,260,912	1,349,054,099	10%	428,769,586	95,486,623	43,873,204	480,383,005	868,671,094
Office Equipments	1,431,256,826	160,143,294	20,044,669	1,571,355,451	20%	735,650,533	161,546,159	16,903,670	880,293,021	691,062,430
Motor Vehicles	74,744,415	26,798,258	-	101,542,673	20%	41,335,683	12,217,687	-	53,553,370	47,989,303
Books & Periodicals	423,974	-	-	423,974	10%	423,974	-	-	423,974	-
Leasehold Asset	48,455,000	-	10,500,000	37,955,000	20%	48,454,999	-	10,500,000	37,954,999	1
Intangible Asset	79,037,424	33,171,312	-	112,208,736	20%	31,774,464	14,628,934	-	46,403,398	65,805,338
Total 2016	**4,571,079,721**	**310,624,589**	**102,805,581**	**4,778,898,729**		**1,389,249,874**	**319,954,486**	**71,276,875**	**1,637,927,486**	**3,140,971,243**
Total 2015	**3,607,430,006**	**1,007,530,037**	**43,880,323**	**4,571,079,721**		**1,118,642,448**	**294,934,993**	**24,327,566**	**1,389,249,874**	**3,181,829,846**

ANNUAL REPORT

MUTUAL TRUST BANK LIMITED

Annexure-C

FIXED ASSET SCHEDULE

As at December 31, 2016

Amount in BDT

Particulars	Cost				Depreciation					Written down value as at 31.12.2016
	Balance as at 01.01.2016	Addition during the year	Disposal during the year	Balance as at 31.12.2016	Rate	Balance as at 01.01.2016	Charged for the year	Adjustment made during the year	Balance as at 31.12.2016	
Land	104,253,000	-	-	104,253,000	0%	-	-	-	-	104,253,000
Immovable Property	1,455,740,795	-	-	1,455,740,795	2.50%	96,489,182	34,074,406	-	130,563,588	1,325,177,207
Furniture & Fixture	1,255,140,278	87,266,937	64,992,652	1,277,414,563	10%	407,705,668	89,826,738	41,454,729	456,077,677	821,336,886
Office Equipments	1,390,897,474	159,767,842	19,597,039	1,531,068,277	20%	711,985,120	158,171,612	16,578,329	853,578,403	677,489,874
Motor Vehicles	74,744,415	26,798,258	-	101,542,673	20%	41,335,683	12,217,687	-	53,553,370	47,989,303
Books & Periodicals	423,974	-	-	423,974	10%	423,974	-		423,974	-
Leasehold Asset	48,455,000	-	10,500,000	37,955,000	20%	48,454,999	-	10,500,000	37,954,999	1
Intengible Asset	79,037,424	33,171,312	-	112,208,736	20%	31,774,464	14,628,934	-	46,403,398	65,805,338
Total 2016	**4,408,692,360**	**307,004,349**	**95,089,691**	**4,620,607,018**		**1,338,169,090**	**308,919,377**	**68,533,058**	**1,578,555,409**	**3,042,051,609**
Total 2015	**3,442,466,783**	**991,584,467**	**25,358,890**	**4,408,692,360**		**1,072,693,849**	**283,357,831**	**17,882,590**	**1,338,169,090**	**3,070,523,270**

MUTUAL TRUST BANK LIMITED

Annexure-D

LIST OF SUBORDINATED DEBT HOLDERS

As at December 31, 2016

		Amount in BDT	
		2016	2015
A.	12% Partially Convertible Subordinate Bond	Investment Amount	Investment Amount
SL	Name of party		
1	Ak Khan & Co. Limited	180,000,000	270,000,000
2	Agrani Bank Limited	150,000,000	225,000,000
3	Sonali Bank Limited	125,000,000	187,500,000
4	Rupali Bank Limited	100,000,000	150,000,000
5	Dhaka Bank Limited	95,000,000	142,500,000
6	IPDC of Bangladesh Limited	75,000,000	112,500,000
7	Dutch Bangla Bank Limited	75,000,000	112,500,000
8	Bank Asia Limited	75,000,000	112,500,000
9	Trust Bank Limited	55,000,000	82,500,000
10	Janata Bank Limited	50,000,000	75,000,000
11	BASIC Bank Limited	35,000,000	52,500,000
12	National Life Insurance Co. Limited	35,000,000	52,500,000
13	Central Depository Bangladesh Limited	35,000,000	52,500,000
14	Investment Corporation of Bangladesh (ICB)	25,000,000	37,500,000
15	NCC Bank Limited	20,000,000	30,000,000
16	Pubali Bank Limited	20,000,000	30,000,000
17	Prime Bank Employees Provident Fund	20,000,000	30,000,000
18	Popular Life Insurance Co. Limited	20,000,000	30,000,000
19	Delta Life Insurance Co. Limited	20,000,000	30,000,000
20	Grameen Mutual Fund One-Scheme Two	20,000,000	30,000,000
21	Pragati Life Insurance Limited	10,000,000	15,000,000
22	Pacific Jeans Limited	10,000,000	15,000,000
	Sub-Total (A)	**1,250,000,000**	**1,875,000,000**

B.	MTB 2nd Subordinate Bond	Investment Amount	Investment Amount
SL	Name of party		
1	Sonali Bank Limited	1,000,000,000	1,000,000,000
2	BRAC Provident Fund	500,000,000	500,000,000
3	Bank Asia Limited	400,000,000	400,000,000
4	Uttara Bank Limited	300,000,000	300,000,000
5	BRAC	250,000,000	250,000,000
6	BRAC Bank Limited	250,000,000	250,000,000
7	NRB Commercial Bank Limited	200,000,000	200,000,000
8	United Finance Limited	100,000,000	100,000,000
	Sub-Total (B)	**3,000,000,000**	**3,000,000,000**
	Total (A+B)	**4,250,000,000**	**4,875,000,000**

MUTUAL TRUST BANK LIMITED

CORPORATE HEAD OFFICE

Annexure-E

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

No	Name of Directors of the Bank	Name of Companies in which the Directors have interest
1	**Mr. M.A. Rouf, JP** Chairman	**Chairman** • Britannia Properties Ltd., Bangladesh • Britannia Holdings & Management Ltd. • Britannia Developments Limited • Britannia Asset & Equity Management Ltd. • Diamond Properties (BD) Ltd., • Diamond Properties, (UK) St. Andrews • MTB Securities Limited (MTBSL) • MTB Capital Limited (MTBCL) • MTB Exchange (UK) **Director** • Tiger Tours Ltd.
2	**Mr. Md. Hedayetullah** Vice- Chairman	**Chairman** • Hedayetullah Securities Ltd. **Director** • Apex Tannery Ltd. • Apex Property Development Ltd. • MTB Securities Limited (MTBSL) **Managing Director** • Footbed Footwear Ltd. • FB Footwear Ltd.
3	**Mr. Syed Manzur Elahi** Director (Founding Chairman)	**Chairman** • Apex Tannery Ltd. • Apex Footwear Ltd. • Apex Pharma Ltd. • Blue Ocean Footwear Ltd. • Apex Enterprise Ltd. • Apex Investments Ltd. • Grey Advertising (Bangladesh) Ltd. • Quantum Market Research • Manusher Jonno Foundation **Director** • International Publications Limited • Credit Rating Agency of Bangladesh Limited (CRAB) • Central Depository Bangladesh Ltd. (CDBL) • MTB Exchange (UK) **Member of the Board of Trustees** • East West University • Centre for Policy Dialogue (CPD) • Diabetic Association of Bangladesh
4	**Dr. Arif Dowla** Director (Representing Advanced Chemical Industries Ltd.)	**Chairman** • Tetley ACI (Bangladesh) Ltd. • ACI Godrej Agrovet Private Limited **Vice Chairman** • ACI Healthcare Limited **Managing Director** • Advanced Chemical Industries Ltd. • ACI Pure Flour Ltd. • ACI Foods Ltd. • ACI Motors Ltd. • ACI Logistics Ltd. • ACI Agrolink Ltd. • Premiaflex Plastics Ltd. • Stochastic Logic Ltd.

MUTUAL TRUST BANK LIMITED

CORPORATE HEAD OFFICE

Annexure-E

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

No	Name of Directors of the Bank	Name of Companies in which the Directors have interest
		Director • ACI Formulations Limited • ACI Chemicals Limited • Infolytx Bangladesh Limited • ACI Salt Limited • ACI Biotech Limited • ACI Edible Oils Limited • Creative Communication Limited • Consolidated Chemicals Limited • Bangladesh Business Publications Limited • ACI Healthcare USA Inc. • MTB Capital Limited (MTBCL) **Member of the Board of Governors** • Society for Promotion of Bangladesh Art (SPBA)
5	**Mr. Rashed Ahmed Chowdhury** Director (Representing Associated Builders Corp. Ltd.)	**Chairman** • ABC Building Products Ltd. • Banga Garments Ltd. **Director** • Associated Builders Corporation Ltd. • ABC Real Estate Ltd. • Shamsuddin Tawels Ltd. • MTB Exchange (Uk)
6	**Mr. Md. Abdul Malek** Director	**Proprietor** • Gardenia
7	**Mr. Md. Wakiluddin** Director	**Chairman** • Baridhara Corporation Ltd. **Managing Director** • Swadesh Properties Ltd. • Swadesh Global Media Ltd. **Director** • HARDCO International School
8	**Mrs. Khawaja Nargis Hossain** Director	**Director** • SAHCO International Ltd. **Managing Director** • SAHCO Securities Ltd.
9	**Mr. Anjan Chowdhury** Director (Representing ASTRAS Ltd.)	**Chairman** • Maasranga Productions Ltd • Oracle Travels Ltd. **Managing Director** • Square Toiletries Ltd. • Square Food & Beverage Ltd. • Square Securities Management Ltd. • Square Texcom Limited • Square Air Ltd. • Maasranga Communications Ltd (Maasranga Television) • Mediacom Ltd. • Aegis Services Ltd **Director** • Square Pharmaceuticals Limited • Square Hospitals Ltd. • Square Formulations Ltd. • Square Herbal and Nutraceuticals Ltd.

MUTUAL TRUST BANK LIMITED

CORPORATE HEAD OFFICE

Annexure-E

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

No	Name of Directors of the Bank	Name of Companies in which the Directors have interest
		• Square Agro Development and Proc. Ltd. • Square Textiles Ltd. • Square Fashions Limited • Square Yarns Limited • Square Fashion Yarns Limited • Square Denims Limited • Square Apparels Limited • Square Holdings Ltd. • Square Informatix Ltd. • ASTRAS Limited • Pharma Packages (Pvt.) Ltd. • Barnali Printers Ltd. • Sabazpur Tea Co. Ltd. • Abahani Limited
10	**Mr. Q. A. F. M. Serajul Islam** Director (Representing Pioneer Insurance Co. Ltd.)	**Managing Director** • Pioneer Insurance Co. Ltd. **Director** • Life Insurance Corporation (LIC) of Bangladesh Ltd.
11	**Mr. Anwarul Amin** Independent Director	**Chairman** • Kayfin Consultants Ltd. (Management Consultancy Firm) **Independent Director** • MTB Securities Ltd. (MTBSL) • MTB Capital Ltd. (MTBCL)
12	**Dr. Sultan Hafeez Rahman** Independent Director	**Executive Director** • BRAC Institute of Governance and Development(BIGD) **Independent Director** • MTB Exchange (Uk)

MUTUAL TRUST BANK LIMITED

CONSOLIDATED FINANCIAL HIGHLIGHTS

As at December 31, 2016

Annexure-F (i)

BDT in Million

Sl. No.	Items	2016	2015
1	Paid up Capital	4,431.79	3,693.16
2	Total Capital (Tier-1 & 2)	13,725.13	12,412.59
3	Surplus / (shortage) Capital	1,569.57	2,085.91
4	Total Asset	165,370.69	146,059.30
5	Total Deposit	131,272.33	118,404.76
6	Total Loans and Advances	114,355.76	97,588.78
7	Total Contingent Liabilities	45,134.31	35,029.25
8	Lending-Deposit Ratio	87.11%	82.42%
9	Classified Loans as % of Total Loans and Advances	4.36%	2.08%
10	Profit After Provision and Tax	1,463.59	1,366.20
11	Total Classified loans and advances	4,983.09	2,034.42
12	Total Provision Maintained against Classified Loans	2,050.92	1,182.00
13	Surplus/(deficit) in Provision against Classified Loans	-	373.57
14	Cost of Fund	8.71%	10.28%
15	Earning Asset	139,610.23	126,053.42
16	Non-Interest Earning Asset	25,760.45	20,005.88
17	Return on Investments (ROI)	8.34%	9.77%
18	Return on Asset (ROA)	0.94%	1.04%
19	Income from Investment	2,010.54	2,391.20
20	Earnings per Share (BDT)	3.30	3.08
21	Operating Profit per Share (BDT)	7.69	6.34
22	Price-Earning Ratio (Times)	6.99	6.33

AMARSTOCK

MUTUAL TRUST BANK LIMITED

Annexure-F

FINANCIAL HIGHLIGHTS

As at December 31, 2016

BDT in Million

Sl. No.	Items	2016	2015
1	Paid up Capital	4,431.79	3,693.16
2	Total Capital (Tier-1 & 2)	13,699.25	12,445.45
3	Surplus/(shortage) Capital	1,800.06	2,235.30
4	Total Assets	164,480.42	145,562.77
5	Total Deposits	131,593.61	118,686.76
6	Total Loans and Advances	110,834.55	96,216.72
7	Total Contingent Liabilities	45,134.31	35,029.25
8	Lending-Deposit Ratio	84.22%	81.10%
9	Classified Loans as % of Total Loans and Advances	4.50%	2.11%
10	Profit After Provision and Tax	1,403.79	1,364.17
11	Total Classified loans and advances	4,983.09	2,034.42
12	Total Provision Maintained against Classified Loans	2,050.92	1,182.00
13	Surplus/(deficit) in Provision against Classified Loans	-	373.57
14	Cost of Fund	8.57%	10.06%
15	Earning Asset	135,421.01	124,894.53
16	Non-Interest Earning Asset	29,059.41	20,668.24
17	Return on Investments (ROI)	8.36%	9.93%
18	Return on Asset (ROA)	0.91%	1.04%
19	Income from Investment	1,974.27	2,373.00
20	Earnings per Share (BDT)	3.17	3.08
21	Operating Profit per Share (BDT)	7.24	6.03
22	Price-Earning Ratio (Times)	7.29	6.33

AMAR STOCK

OFF SHORE BANKING UNIT (OBU)

Annexure-G

BALANCE SHEET

As at December 31, 2016

Particulars	Notes	2016		2015	
		USD	BDT	USD	BDT
Property and Assets					
Cash		-	-	-	-
In hand (including foreign currencies)		-	-	-	-
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		-	-	-	-
Balance with other banks and financial institutions	3	**502,953**	**39,583,506**	**77,855**	**6,111,586**
In Bangladesh		-	-	-	-
Outside Bangladesh		502,953	39,583,506	77,855	6,111,586
Loans and advances	4	**39,715,310**	**3,125,682,279**	**16,385,787**	**1,286,284,262**
Loans, cash credits, overdrafts, etc.		37,557,625	2,955,867,717	13,869,507	1,088,756,289
Bills purchased and discounted		2,157,685	169,814,562	2,516,280	197,527,973
Fixed assets including premises, furniture and fixtures		-	-	-	-
Other assets		-	-	-	-
Non - banking assets		-	-	-	-
Total assets		**40,218,263**	**3,165,265,785**	**16,463,641**	**1,292,395,848**
Liabilities and Capital					
Liabilities					
Borrowings from other banks, financial institutions and agents	5	39,774,612	3,130,349,458	16,199,345	1,271,648,613
Deposits and other accounts		-	-	-	-
Current deposits		-	-	-	-
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Term deposits		-	-	-	-
Bearer certificate of deposit		-	-	-	-
Other liabilities	6	443,651	34,916,327	264,296	20,747,235
Total liabilities		**40,218,263**	**3,165,265,785**	**16,463,641**	**1,292,395,848**
Capital / Shareholders' equity					
Paid up capital		-	-	-	-
Statutory reserve		-	-	-	-
Foreign currency translation gain/ (loss)		-	-	-	-
Other reserve		-	-	-	-
Retained earnings		-	-	-	-
Total Shareholders' equity		-	-	-	-
Total Liabilities and Shareholders' equity		**40,218,263**	**3,165,265,785**	**16,463,641**	**1,292,395,848**

FINANCIAL STOCK

Particulars	Notes	2016		2015	
		USD	BDT	USD	BDT
Off-Balance Sheet Items					
Contingent liabilities		-	-	-	-
Acceptances and endorsements		-	-	-	-
Letters of guarantee		-	-	-	-
Irrevocable letters of credit		-	-	-	-
Bills for collection		-	-	-	-
Other contingent liabilities		-	-	-	-
Other commitments		-	-	-	-
Documentary credits and short term trade -related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		-	-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-	-	-
Liabilities against forward purchase and sale		-	-	-	-
Other commitments		-	-	-	-
Total Off-Balance Sheet exposures including contingent liabilities		-	-	-	-

AMARSTOCK

OFF SHORE BANKING UNIT (OBU)

Annexure-G

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2016

Particulars	Notes	2016		2015	
		USD	BDT	USD	BDT
Interest income	7	1,184,771	92,963,786	635,100	49,516,091
Less: Interest on deposits, borrowings, etc.	8	748,617	58,740,695	396,465	30,910,738
Net Interest Income		436,154	34,223,092	238,635	18,605,353
Other operating income	9	65,780	5,161,467	20,316	1,583,970
Total Operating Income (A)		**501,934**	**39,384,559**	**258,951**	**20,189,323**
Salaries and allowances		-	-	-	-
Rent, taxes, insurance, electricity, etc.		-	-	-	-
Legal expenses		-	-	-	-
Postage, stamp, telecommunication, etc.		-	-	-	-
Stationery, printing, advertisements, etc.		-	-	-	-
Auditors' fees		-	-	-	-
Depreciation and repair of Bank's assets		-	-	-	-
Other expenses	10	58,554	4,594,503	2,567	200,106
Total operating expenses (B)		58,554	4,594,503	2,567	200,106
Profit / (loss) before provision (C=A-B)		**443,380**	**34,790,056**	**256,384**	**19,989,216**
Provision for loans and advances / investments		-	-	-	-
Specific provision		-	-	-	-
General provision		-	-	-	-
Provision for diminution in value of investments		-	-	-	-
Other provision		-	-	-	-
Total provision (D)		-	-	-	-
Total profit / (loss) before taxes (C-D)		**443,380**	**34,790,056**	**256,384**	**19,989,216**
Provision for taxation					
Current tax		-	-	-	-
Deferred tax		-	-	-	-
		-	-	-	-
Net profit / (loss) after taxation		**443,380**	**34,790,056**	**256,384**	**19,989,216**
Retained earnings brought forward from previous years		-	-	-	-
		443,380	**34,790,056**	**256,384**	**19,989,216**

OFF SHORE BANKING UNIT (OBU)

Annexure-G

STATEMENT OF CASH FLOW

As at December 31, 2016

Particulars	2016		2015	
	USD	BDT	USD	BDT
A) Cash flows from operating activities				
Interest receipts in cash	1,184,771	92,963,786	635,100	49,516,091
Interest payments	(748,617)	(58,740,695)	(396,465)	(30,910,738)
Fees and commission receipts in cash	-	-	-	-
Cash payments to employees	-	-	-	-
Cash payments to suppliers	-	-	-	-
Receipts from other operating activities	65,780	5,161,467	20,316	1,583,970
Payments for other operating activities	(58,554)	(4,594,503)	(2,567)	(200,106)
Cash generated from operating activities before changes in operating assets and liabilities	**443,380**	**34,790,056**	**256,384**	**19,989,216**
Increase / (decrease) in operating assets and liabilities				
Loans and advances to other banks	-	-	-	-
Loans and advances to customers	(23,329,523)	(1,839,398,017)	(8,714,066)	(688,278,215)
Other assets	-	-	-	-
Deposits from other banks	-	-	-	-
Deposits from customers	-	-	-	-
Other liabilities	179,355	14,169,092	264,296	20,747,235
	(23,150,168)	**(1,825,228,925)**	**(8,449,770)**	**(667,530,980)**
Net cash from operating activities	**(22,706,788)**	**(1,790,438,870)**	**(8,193,385)**	**(647,541,764)**
B) Cash flows from investing activities				
Purchase / sale of property, plant and equipment	-	-	-	-
Proceeds from sale of property, plant and equipment	-	-	-	-
Net cash used in investing activities	**-**	**-**	**-**	**-**
C) Cash flows from financing activities				
Borrowing from banks, financial institution and agents	23,575,266	1,858,700,845	8,570,668	676,997,855
Net profit transferred to main operation	(443,380)	(34,790,056)	(299,428)	(23,344,505)
Net Cash from financing activities	**23,131,886**	**1,823,910,789**	**8,271,240**	**653,653,350**
D) Net increase / (decrease) in cash and cash equivalents (A+B+C)	425,098	33,471,920	77,855	6,111,587
E) Effects of exchange rate changes on cash and cash equivalents	-	-	-	-
F) Cash and cash equivalents at beginning of the year	77,855	6,111,586	-	-
G) Cash and cash equivalents at end of the year (D+E+F)	**502,953**	**39,583,506**	**77,855**	**6,111,587**
Cash and cash equivalents at end of the year				
Cash in hand (including foreign currencies)	-	-	-	-
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	-	-	-	-
Balance with other banks and financial institutions	502,953	39,583,506	77,855	6,111,586
	502,953	**39,583,506**	**77,855**	**6,111,586**

OFF SHORE BANKING UNIT (OBU)

Annexure-G

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2016

1 Status of the unit

The Bank obtained the Off-shore Banking Unit ("the Unit") permission vide letter No. BRPD (P-3)744(105)/2009-4470 dated December 3, 2009. The Bank commenced operation of this unit from December 07, 2009. The Off-shore Banking Unit is governed under the rules and guidelines of the Bangladesh Bank. Its office is located at 26, MTB centre, Gulshan South Avenue, Gulshan Circle 1, Dhaka 1212.

1.1 Principal activities

The principal activities of the units are to provide all kinds of commercial banking services to its customers through its off-shore Banking Units in Bangladesh.

2 Significant accounting policies and basis of preparation of financial statements

2.1 Basis of accounting

The Off-shore Banking Unit maintains its accounting records in USD from which accounts are prepared according to the Bank Companies Act, 1991, Bangladesh Accounting Standards, Bangladesh Financial Reporting Standard (BFRS) and other applicable directives issued by The Bangladesh Bank, in particular, Banking regulations and policy department (BRPD) Circular No. 14 (25 June 2003).

2.2 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.3 Foreign currency transaction

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per BAS-21" The Effects of Changes in Foreign Exchange Rates". The financial statements of the Unit are presented in US Dollar (USD) and Bangladesh Taka where USD is the functional currency and Taka are the Unit's presentation currency. Entities functional currency is Bangladesh Taka.

Foreign currency transactions are recorded in the presentation currency using the rate of exchange at average rate of inter-bank market as determined by The Bangladesh Bank on the closing date of every month. Monetary assets and liabilities denomonated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date.

2.4 Reporting period

These financial statements cover from January 01 to December 31, 2016.

2.5 Loans and advances / investments

a) Loans and advances of Off-shore Banking Units are stated in the balance sheet on gross basis.

b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is not charged on bad and loss loans as per guidelines of the Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

c) Provision for Loans and Advances has been made on the basis of measurement required and as per instructions by the Bangladesh Bank, BRPD Circular 14 and 19 dated September 23, 2012 and December 27, 2012 respectively.

2.6 Provision for liabilities

A provision is recognised in the balance sheet when the unit has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2.7 Interest income

In terms of the provisions of the BAS-18 "Revenue", the interest income is recognized on accrual basis.

2.8 Interest paid and other expenses

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

2.9 Allocation of common expenses

Operating expenses in the nature of salary, rent, rates and taxes, management expenses, printing stationary, etc. are not allocated in the current year due to insignificant amount.

2.10 General

a) These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.

b) Assets and liabilities & income and expenses have been converted into Taka currency @ US$1 = Taka 78.7022 (closing rate as at December 31, 2016) and BDT 78.4656 (average rate which represents at the year end).

c) Fixed assets of this unit are appearing in the books of the main operation of the bank and depreciation is also charged to Profit & loss Accounts of the main operation of the bank.

		2016		2015	
		USD	BDT	USD	BDT
3	**Balance with other banks and financial institutions**				
	In Bangladesh	-	-	-	
	Outside Bangladesh	502,953	39,583,506	77,855	6,111,586
		502,953	**39,583,506**	**77,855**	**6,111,586**
4	**Loans and advances**				
	i) Loans, cash credits, overdrafts etc.				
	Term Loan	5,183,552	407,956,926	5,871,498	460,912,598
	Usance Payable at Sight (UPAS)	32,374,073	2,547,910,792	7,998,009	627,843,692
		37,557,625	**2,955,867,717**	**13,869,507**	**1,088,756,289**
	ii) Bills purchased and discounted				
	Inland documentary bills purchased	2,145,685	168,870,136	2,432,435	190,946,173
	Foreign documentary bills purchased	12,000	944,426	83,845	6,581,800
		2,157,685	**169,814,562**	**2,516,280**	**197,527,973**
		39,715,310	**3,125,682,279**	**16,385,787**	**1,286,284,262**
4.01	**Loans and Advances to Industries**				
	Food	-	-	315,881	24,796,678
	Power & Energy	8,305,879	653,690,963	-	-
	RMG & Textile FDBP	4,675,901	368,003,720	4,662,876	366,035,743
	Agribusiness	3,800,231	299,086,510	-	-
	Building Materials & Equipment	1,936,333	152,393,667	-	-
	Ceramic	66,192	5,209,456	-	-
	Dairy	876,089	68,950,098	-	-
	Electronics Manufacturing & Equipment	666,951	52,490,499	-	-
	Iron, Steel & Other Base Metals	456,200	35,903,915	-	-
	Medical	382,281	30,086,316	-	-
	Poultry & Eggs	1,887,128	148,521,102	-	-
	Paper, Paper Products & Printing	1,305,466	102,743,017	-	-
	Pharmaceuticals	437,800	34,455,823	229,201	17,992,311
	Plastic & Rubber	5,108,138	402,021,735	68,974	5,414,490

		2016		2015	
		USD	BDT	USD	BDT
	Chemical & Chemical Products	1,245,348	98,011,588	-	-
	Engineering,Metal & Metal Products	7,720,228	607,598,964	570,530	44,786,605
	Electricity & Gas Industry	-	-	5,466,476	429,118,371
	Service Industries	202,984	15,975,287	405,022	31,794,227
	Others	642,163	50,539,619	4,666,826	366,345,837
		39,715,310	**3,125,682,279**	**16,385,787**	**1,286,284,262**
4.02	**Classification of Loans and Advances including bill discounted**				
	Unclassified (UC):				
	Standard	39,715,310	3,125,682,279	16,385,787	1,286,284,262
	Special Mention Account (SMA)	-	-	-	-
	Sub total	**39,715,310**	**3,125,682,279**	**16,385,787**	**1,286,284,262**
	Classified:				
	Substandard	-	-	-	-
	Doubtful	-	-	-	-
	Bad & Loss	-	-	-	-
	Sub total	-	-	-	-
	Total	**39,715,310**	**3,125,682,279**	**16,385,787**	**1,286,284,262**
4.04	**Geographical Location wise Loans and Advances**				
	Urban				
	Dhaka Division	23,211,370	1,826,785,884	12,513,330	982,296,380
	Chittagong Division	6,588,653	518,541,486	2,352,511	184,672,094
	Rajshahi Division	-	-	1,519,946	119,315,788
	Sylhet Division	1,936,333	152,393,667	-	-
	Khulna Division	7,978,954	627,961,233	-	-
	Barishal Division	-	-	-	-
		39,715,310	**3,125,682,271**	**16,385,787**	**1,286,284,262**
	Rural				
	Dhaka Division	-	-	-	-
	Chittagong Division	-	-	-	-
	Rajshahi Division	-	-	-	-
	Sylhet Division	-	-	-	-
	Khulna Division	-	-	-	-
	Barishal Division	-	-	-	-
		-	-	-	-
		39,715,310	**3,125,682,271**	**16,385,787**	**1,286,284,262**

		2016		2015	
		USD	BDT	USD	BDT
5	**Borrowings from other banks, financial institutions and agents**				
	In Bangladesh	7,443,489	585,818,996	12,222,624	959,475,946
	Outside Bangladesh	32,331,122	2,544,530,462	3,976,722	312,172,668
		39,774,612	**3,130,349,458**	**16,199,345**	**1,271,648,613**
	In Bangladesh:				
	Borrowing from Bank:				
	Bangldesh Bank	4,985,435	392,364,702	5,440,045	427,043,533
	Other Bank	2,458,054	193,454,294	6,782,579	532,432,413
		7,443,489	**585,818,996**	**12,222,624**	**959,475,946**
	Outside Bangladesh	32,331,122	2,544,530,462	3,976,722	312,172,668
		39,774,612	**3,130,349,458**	**16,199,345**	**1,271,648,613**
6	**Other Liabilities**				
	Provision for Expenses	272	21,368	7,912	621,058
	Due to Head Office	443,380	34,790,056	256,384	19,989,216
	Translation gain/(loss)	-	104,904	-	136,961
		443,651	**34,916,327**	**264,296**	**20,747,235**
7	**Interest Income**				
	Interest on term loan	201,638	15,821,659	183,929	14,340,183
	Interest on UPAS	760,954	59,708,714	362,389	28,253,921
	Inland documentary bills purchased	215,134	16,880,588	79,447	6,194,121
	Foreign documentary bills purchased	7,045	552,825	9,336	727,866
	Total Interest on loans and advances	**1,184,771**	**92,963,786**	**635,100**	**49,516,091**
8	**Interest on deposits, borrowings, etc.**				
	Interest paid on deposits	-	-	-	-
	Interest paid on borrowings	748,617	58,740,695	396,465	30,910,738
		748,617	**58,740,695**	**396,465**	**30,910,738**
9	**Other Operating Income**				
	Rebate & Other	65,780	5,161,467	20,316	1,583,970
		65,780	**5,161,467**	**20,316**	**1,583,970**
10	**Other Expenses**				
	Bank Charge	58,554	4,594,503	2,567	200,106
		58,554	**4,594,503**	**2,567**	**200,106**

আহমদ এন্ড আখতার
AHMAD & AKHTAR
Chartered Accountants

A Correspondent Member Firm of
Russell Bedford International, UK
www.russellbedford.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MTB SECURITIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of MTB Securities Limited which comprises the Statement of Financial Position as at 31 December 2016 and Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of MTB Securities Ltd. as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and Bangladesh Securities and Exchange Rules 1987, we also report that:

(a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

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

(c) the company's statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows dealt with by the report are in agreement with the books of account; and

(d) the expenditure incurred was for the purpose of the company's business.

Dated : 25 January 2017
Place : Dhaka

AHMAD & AKHTAR
Chartered Accountants

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Chittagong Branch Office:
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Chittagong-4000
(M): 01715429860

MTB SECURITIES LIMITED

STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

Particulars	Notes	Amount in BDT	
		December 31, 2016	December 31, 2015
SOURCES OF FUNDS			
A. Shareholders' Equity		**3,306,327,260**	**1,280,492,130**
Share capital	3	3,250,000,000	1,270,000,000
Retained earnings	4	56,327,260	10,492,130
B. Loan from MTB	5	**345,000,000**	**2,460,000,000**
Total sources of funds (A+B)		**3,651,327,260**	**3,740,492,130**
APPLICATION OF FUNDS			
C. Investment and Advances		**365,705,846**	**294,142,349**
Membership at cost	6	8,000,000	8,000,000
Investment in securities	7	328,845,422	257,281,925
Investment in DSE	8	28,860,424	28,860,424
D. Current Assets		**4,209,422,278**	**4,105,330,813**
Advances and prepayments	9	36,241,359	37,220,367
Margin loan to clients	10	3,654,054,026	3,716,976,374
Accounts receivable	11	42,925,451	28,665,256
Advance Income Tax (AIT)	12	35,681,960	35,990,033
Cash & cash equivalents	13	440,519,482	286,478,783
E. Current Liabilities		**1,013,511,004**	**760,631,969**
Accounts payable	14	485,357,410	308,743,952
Provision for expenses	15	21,093,114	25,117,332
Payable for income tax	16	68,717,853	58,178,082
Deferred tax liability	17	4,100,994	-
Provision for investment	18	405,381,209	339,732,179
Investment suspense's accounts	19	28,860,424	28,860,424
F. Net Current Asset (D-E)		**3,195,911,274**	**3,344,698,844**
G. Property, plant & equipment	20	89,710,140	101,650,937
Total application of funds (C+F+G)		**3,651,327,260**	**3,740,492,130**

The annexed notes form an integral part of these financial statements.

M.A. Rouf, JP
Chairman

Anis A. Khan
Vice Chairman

Md. Nazrul Islam Mazumder
Chief Executive Officer

Signed as per our annexed report of even date

25 January 2017
Dhaka

AHMAD & AKHTAR
Chartered Accountants

MTB SECURITIES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2016

Particulars	Notes	Amount in BDT	
		2016	2015
Operating Income		**329,043,510**	**352,520,498**
Brokerage commission	21	176,385,166	150,004,680
Interest income	22	109,948,362	179,721,516
Income from investment	23	30,063,602	8,166,076
Margin account maintenance	24	1,772,500	1,875,500
Depository participant	25	10,873,880	12,752,726
Less: Operating expenses		**26,219,832**	**25,496,186**
Laga charge		11,357,907	9,317,786
CDBL charge	26	14,861,925	16,178,400
Net operating income		**302,823,678**	**327,024,312**
Add: Other income	27	355,770	158,180
Total income		**303,179,448**	**327,182,492**
Less: Office & Administrative expenses	28	134,714,494	160,199,672
Less: Financial expenses	29	-	40,522,458
Profit before provision		**168,464,954**	**126,460,362**
Less: Provision on investment	30	66,000,000	83,000,000
Net profit/(loss) before income tax		**102,464,954**	**43,460,362**
Less: Income tax expenses	31	56,629,824	41,352,036
Net profit after tax		**45,835,130**	**2,108,326**

The annexed notes form an integral part of these financial statements.

M.A. Rouf, JP
Chairman

Anis A. Khan
Vice Chairman

Md. Nazrul Islam Mazumder
Chief Executive Officer

Signed as per our annexed report of even date

25 January 2017
Dhaka

AHMAD & AKHTAR
Chartered Accountants

MTB SECURITIES LIMITED

STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

Particulars	Amount in BDT	
	2016	2015
Cash flow from operating activities:		
Net profit during the year (after tax)	45,835,130	2,108,326
Add : Amount considered as non cash items :		
Increase/(decrease) in provision for expenses	(4,024,218)	(58,640,159)
Increase in provision for investment in securities	65,649,030	81,749,057
Depreciation	9,273,484	10,076,968
Loss on sale of fixed assets	86,288	5,009,890
Increase/(decrease) in provision for income tax	10,539,771	(76,833,187)
Increase/(decrease) in deferred tax laibility	4,100,994	-
Sub total of non cash items	**85,625,349**	**(38,637,431)**
Changes in working capital components		
Increase/(decrease) in accounts payable	176,613,458	50,731,142
(Increase)/decrease in accounts receivable	(14,260,195)	(10,483,465)
(Increase)/decrease in advance income tax	308,073	13,395,056
(Increase)/decrease in advance & prepayment	979,008	(16,567,221)
A) Net cash inflow from operating activities	**295,100,823**	**546,407**
Cash flow from investing activities:		
(Increase)/decrease in Investment in securities	(71,563,497)	(62,380,074)
(Increase)/decrease in purchase of premises & fixed asset	(2,304,760)	(11,904,131)
(Increase)/decrease in margin loan to clients	62,922,348	278,780,427
Cash sale of fixed asset	4,885,785	4,628,114
B) Net cash outflow from investing activities	**(6,060,124)**	**209,124,336**
Cash flow from financing activities :		
Cash in Paid up Capital	730,000,000	-
Decrease in short term borrowing	(865,000,000)	(174,788,736)
Dividend paid	-	(95,250,000)
C) Net cash outflow from financing activities	**(135,000,000)**	**(270,038,736)**
D) Net cash increase / (decrease) (A+B+C)	**154,040,699**	**(60,367,993)**
E) Opening cash and cash equivalents	**286,478,783**	**346,846,776**
F) Closing cash and cash equivalents (D+E)	**440,519,482**	**286,478,783**

M.A. Rouf, JP
Chairman

Anis A. Khan
Vice Chairman

Md. Nazrul Islam Mazumder
Chief Executive Officer

25 January 2017
Dhaka

MTB SECURITIES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2016

Amount in BDT

Particulars	Paid-up Capital	Retained Earnings	Total
Balance as at January 01, 2016	**1,270,000,000**	**10,492,130**	**1,280,492,130**
Paid-up capital Increased:			
- Cash consideration	730,000,000	-	730,000,000
- Through loan conversion	1,250,000,000	-	1,250,000,000
Net profit for the year after tax	-	45,835,130	45,835,130
Less: Dividend paid	-	-	-
Balance as at December 31, 2016	**3,250,000,000**	**56,327,260**	**3,306,327,260**
Balance as at December 31, 2015	**1,270,000,000**	**10,492,130**	**1,280,492,130**

M.A. Rouf, JP
Chairman

Anis A. Khan
Vice Chairman

Md. Nazrul Islam Mazumder
Chief Executive Officer

25 January 2017
Dhaka

MTB SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

1.00 Company and its activities

1.01 Legal status of the company

MTB Securities Limited was incorporated in Bangladesh as a private limited company on 1st March 2010 vide its registration No. 82868/10 and converted into public Ltd. company in the year 2015 under The Companies Act 1994. The company has started its commercial operation on 23 September 2010 after getting approval from the Bangladesh Securities and Exchange Commission (BSEC) as a separate entity. The Brokerage registration is REG 3.1/DSE-197/2010/427 and Dealer registration is REG 3.1/DSE-197/2010/428.

1.02 Nature of business

The main object of MTB Securities Limited is to act as a TREC holder of stock exchange, the depository participant of the Central Depository System (CDS) and to carry on business of broker, or dealers in stocks, securities, bonds, debentures etc. The company is also authorized to buy, sell, hold or otherwise acquire or invest the capital of the company in shares, stocks, and fixed income securities

2.00 Significant accounting policies

2.01 Basis of preparation of financial statements

The Financial Statement of MTB Securities Limited includes the Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements and disclosures. These Financial Statements have been prepared under the historical cost convention on a going concern basis in accordance with Generally Accepted Accounting Principles (GAAP), and the Bangladesh Accounting Standards (BAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IAS), The Companies Act 1994, Securities and Exchange Rules, 1987 and other Laws and Rules applicable to the company.

2.02 Statement of cash flows

Statement of cash flows is prepared in accordance with the Bangladesh Accounting Standard (BAS) No 7: "Statement of Cash Flows" and the cash flows from operating activities have been presented under indirect method.

2.03 Property and equipment

Depreciation of fixed asset is charged using reducing balance method as per BAS- 16 "Property, Plant and Equipment". The rates of depreciation used to write off the amount of assets are as follows:

Category of assets	Rate of depreciation
Furniture	10%
Office equipment	20%
Furniture and fixtures	10%
Premises	5%

2.04 Revenue recognition

Revenue which comprises of brokerage commission, interest income and other income are recognized in accordance with Bangladesh Accounting Standards (BASs) 18: "Revenue".

2.05 Provision for income tax

Provision for income tax has been calculated based on Income Tax Ordinance, 1984 and Finance Act 2016.

2.06 Provision for expenses

Provision for expenses is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources embedding economic benefits will be required to settle the present obligations and reliable estimate of the amount can be measured.

2.07 Cash and cash equivalent

Cash and cash equivalent includes cash at bank which are held and are available for use by the Company

2.08 Reporting period

The financial statement covers for the period from 01 January 2016 to 31 December 2016.

2.09 General

The figures in the financial statements are presented in Bangladeshi Taka (BDT), which is the company's functional currency. Figures in these notes and financial statements have been rounded off to the nearest Taka value.

		Amount in BDT	
		2016	2015
3.00	**Share capital**		
3.01	**Authorized capital**		
	500,000,000 ordinary shares of Taka 10 each.	**5,000,000,000**	**5,000,000,000**
3.02	**Issued, subscribed and paid-up capital**		
	325,000,000 ordinary shares of Taka 10 each fully paid.	**3,250,000,000**	**1,270,000,000**
3.03	**Paid-up capital:**		
	Opening Balance	1,270,000,000	1,270,000,000
	Cash consideration	730,000,000	-
	Loan converted into Paid up capital	1,250,000,000	-
	Closing balance	**3,250,000,000**	**1,270,000,000**

3.04 Shareholding Position of the Company

Shareholders	Number of Share	Percentage	Percentage
Mutual Trust Bank Limited	324,987,300	99.996%	99.99%
Mr. M. A. Rouf, JP	6,700	0.004%	0.01%
Mr. Md. Hashem Chowdhury	1,000		
Mr. Md. Zakir Hussain	1,000		
Mr. Syed Rafiqul Hossain	1,000		
Mr. Goutam Prosad Das	1,000		
Mr. Swapan Kumar Biswas	1,000		
Mr. Md. Nazrul Islam Mazumder	1,000		
Total	**325,000,000**	**100%**	**100%**

4.00	**Retained earnings**		
	Opening balance	10,492,130	8,383,804
	Adjustment during the year	-	-
	Net profit during the year	45,835,130	2,108,326
	Dividend paid during the year	-	-
	Closing balance	**56,327,260**	**10,492,130**

5.00 Loan from MTB

This represents amount received from Mutual Trust Bank (MTB) Limited for margin loan paid to customers and other operating purpose for the MTB Securities Ltd.

	Opening balance	2,460,000,000	2,634,788,736
	Addition during the year	-	40,347,458
	Loan converted into Paid up capital	(1,250,000,000)	-
	Cash Paid during the year	(865,000,000)	(215,136,194)
	Closing balance	**345,000,000**	**2,460,000,000**
6.00	**Membership at cost**		
	Dhaka Stock Exchange Limited (DSE)	8,000,000	8,000,000
		8,000,000	**8,000,000**

Pursuant the Exchanges Demutualization Act 2013, Dhaka Stock Exchange has issued ordinary shares and Trading Right Entitlement Certificate (TREC) license to MTB Securities Limited. The valuation of TREC is yet to be decided. Later if the valuation of TREC is Decided, “Membership at cost” will be adjusted accordingly against “ Investment Suspense Accounts” or any other manner as permitted under registrations.

		Amount in BDT	
		2016	2015
7.00	**Investment in securities**		
	Investment in securities represent the cost price of securities which have been invested by the company in the capital market.		
	Quoted share	268,869,422	207,305,925
	Unquoted share	59,976,000	49,976,000
	Total	**328,845,422**	**257,281,925**
8.00	**Investment in DSE**		
	Dhaka Stock Exchange Limited (DSE)	28,860,424	28,860,424
		28,860,424	**28,860,424**

As per the provisions of the Exchanges Demutualization Act 2013 and in accordance with the BSEC approved Demutualization scheme, MTB Securities Limited received the following ordinary shares:

Shares issued by	No. of Shares	Amount in BDT
Dhaka Stock Exchange Limited (DSE)	**7,215,106**	**72,151,060**

Out of this 7,215,106 shares, 40% shares i.e. 2,886,042 shares has been transferred by Exchanges to the company's BO account. Remaining 60% shares i.e. 4,329,064 shares will remain in blocked account for disposal in due course.

Valuation of 40% shares:

40% shares which are transferred in the BO account will be held by the Company as the company does not have the sale right of this shares. The shares will be stated at face value. The shares are transferred to the Investment Suspense Account in the absence of any clear guideline in this regards. In future, when the clear guidelines and policies are available, Investment Suspense's Account will be adjusted for appropriate accounting treatment.

Valuation of 60% shares:

As per the scheme, 60% shares which will be transferred to the blocked amount will be off- loaded in the following manner:

(i). 25% shares will be sold to the strategic investors by the Exchange.

(ii). Except shares allotted in favor of strategic investors , shares held in blocked account shall be sold to general public/institutional investors.

(iii). The DSE will distribute all the sale proceeds of share held in blocked account to the initial shareholders pro-rata basis periodically as determined by the Exchanges.

9.00 Advances and prepayments

It represents advance for office rent and other advances for the Head office and other branches of MTB Securities Limited.

10.00 Margin loan to clients

This amount represents the margin loan balance with clients provided by the company at the balance sheet date, which includes principal amount and accrued interest on margin loan during the year 2016.The detail is as follows:

Opening balance	3,716,976,374	3,995,756,801
Addition during the year	21,366,101	6,228,659
Interest during the year	103,614,296	163,017,372
Adjustment during the year	(187,902,745)	(448,026,458)
Closing balance	**3,654,054,026**	**3,716,976,374**

			Amount in BDT	
			2016	2015
11.00	**Accounts receivable**			
	Receivable from Dhaka Stock Exchange (DSE)-Broker (Note 11.1)		39,703,545	5,399,074
	Receivable from Dhaka Stock Exchange (DSE)-Dealer (Note 11.2)		530,646	1,048,783
	Other receivable		2,691,260	22,217,399
	Total		**42,925,451**	**28,665,256**
11.01	**Receivable from Dhaka Stock Exchange (DSE)-Broker**			
	This balance has been resulted from sale of shares through Dhaka Stock Exchange Limited (DSE)-Broker.			
11.02	**Receivable from Dhaka Stock Exchange (DSE)-Dealer**			
	This balance has been resulted from sale of shares through Dhaka Stock Exchange Limited (DSE)-Dealer.			
12.00	**Advance income tax**			
	Opening balance		35,990,033	49,385,089
	Addition during the year (Note 12.01)		41,680,986	76,104,877
	Adjusted during the year		(41,989,059)	(89,499,933)
	Closing balance		**35,681,960**	**35,990,033**
12.01	**Addition during the year**			
	Brokerage commission		22,953,558	18,613,582
	Bank interest		633,407	1,691,593
	Dividend income		1,443,021	799,702
	Gain on Investment		1,151,000	-
	Advance tax		15,500,000	55,000,000
	Total		**41,680,986**	**76,104,877**
13.00	**Cash and cash equivalents**			
	Mutual Trust Bank Ltd.	0002-0320000724	65,117	2,457,353
	Mutual Trust Bank Ltd.	0002-0320001438	99,633	762,171
	Mutual Trust Bank Ltd.	0002-0320001081	297,421,068	265,485,415
	Mutual Trust Bank Ltd.	0002-0320002080	78,584	142,149
	Mutual Trust Bank Ltd.	0002-0320001634	762,337	78,878
	IFIC Bank Ltd.	1090358680041	228,200	289,855
	Standard Chartered Bank	01114647901	128,517,195	8,715,138
	Standard Chartered Bank	02114647901	47,986	21,213
	Cash in hand (Cheque in hand)		13,299,362	8,526,611
	Total		**440,519,482**	**286,478,783**
14.00	**Accounts Payable**			
	It represents money deposited by client for trading purpose .The details are as follows:			
	Payable to clients (Note 14.1)		447,897,040	255,051,550
	Payable to Dhaka Stock Exchange (DSE) (Note 14.2)		4,711,872	25,452,505
	Payable to Dhaka Stock Exchange (DSE) -dealer (Note 14.2)		433,079	1,480
	Others payable (Note 14.3)		32,315,419	28,238,417
	Total		**485,357,410**	**308,743,952**
14.01	**Payable to clients**			
	This balance represents the clients' sale proceed of securities and deposit against securities purchase which is currently lying with the Company's bank account.			

14.02 Payable to Dhaka Stock Exchange (DSE)

This balance has been resulted from purchase of securities through Dhaka Stock Exchange Limited.

14.03 Others payable

This balance represents cheques issued to various client but not yet cleared and various suppliers payable.

	Amount in BDT	
	2016	2015
15.00 Payable for expenses		
The details are as follows:		
CDBL Charge	1,393,410	1,000,000
Other Rent	855,025	1,500,000
Marketing & Business Development cost	550,817	4,300,000
Annual Business Conference	-	500,000
Salary & Remuneration	7,800,000	6,700,000
Security Service Bill	976,676	450,000
Postage Telephone & Mobile bill	-	86,494
Utility bill	1,578,589	1,000,000
Cleaning of Office Premises	306,665	284,364
Audit Fee	57,500	57,500
Software Maintenance	372,350	500,000
Advertisement	150,567	70,000
Travelling Expenses	10,000	20,000
Office Maintenance	286,397	300,000
Repair & Maintenance	131,075	150,000
Entertainment	178,000	200,000
Others Expenses	6,446,043	7,998,974
Total	**21,093,114**	**25,117,332**
16.00 Provision for income tax		
Opening balance	58,178,082	135,011,269
Addition during the year (Note: 16.1)	52,528,830	41,352,036
Payment during the year	(41,989,059)	(118,185,223)
Closing balance	**68,717,853**	**58,178,082**
16.01 Addition during the year		
Current tax expenses	52,528,830	41,352,036
Total	**52,528,830**	**41,352,036**
17.00 Deffered Tax Liability		
Deffered tax is calculated on the difference between tax base of asset & liability and carrying amount of asset & liability on the financial statement as per IAS 12 Income Taxes .		
Deferred tax liability	4,100,994	-
Total	**4,100,994**	**-**
18.00 Provision for investment		
Opening balance	339,732,179	257,983,122
Addition during the year	66,000,000	83,000,000
Adjustment during the year	(350,970)	(1,250,943)
Closing balance	**405,381,209**	**339,732,179**

		Amount in BDT	
		2016	2015
19.00	**Investment Suspense Account**		
	Dhaka Stock Exchange Limited (DSE)	28,860,424	28,860,424
	Total	**28,860,424**	**28,860,424**
20.00	**Property, plant & equipment**		
	Cost:		
	Furniture	1,654,855	1,348,475
	Office equipment	30,246,662	30,544,262
	Fixture & fittings	59,495,343	64,915,253
	Premises	46,365,000	46,365,000
	Total cost value of the asset	**137,761,860**	**143,172,990**
	Accumulated depreciation	48,051,720	41,522,053
	Total carrying amount	**89,710,140**	**101,650,937**
	The detail has been shown in Annexure - A.		
21.00	**Brokerage commission**		
	This amount is charged on daily turnover during the year as per rate decided by the management of the company.		
22.00	**Interest Income**		
	Interest Income Comprises of Interest on margin loan and Interest on bank deposited with various bank.		
	Interest on margin loan	103,614,296	163,017,372
	Interest on bank deposit	6,334,066	16,704,144
	Total	**109,948,362**	**179,721,516**
23.00	**Income From Investment**		
	Gain/ (loss) on sale of securities	22,848,496	8,166,076
	Dividend Income from DSE	7,215,106	-
	Total	**30,063,602**	**8,166,076**
24.00	**Margin account maintenance**		
	It represents service charges on margin account, which were received from the customer during the year.		
25.00	**Depository participant**		
	This amount represents BO opening, maintenance, dematerization charge and CDS charges. The detail is as follows:		
	BO maintenance fee	10,081,000	11,010,000
	BO opening fee	-	191,500
	Dematerization charge	4,871	14,815
	CDS charge	788,009	1,536,411
	Total	**10,873,880**	**12,752,726**
26.00	**CDBL charge**		
	This amount represent BO opening, maintenance, CDS charge and other expenses charged by CDBL		
27.00	**Other income**		
	Other income represents Cheque return charge & IPO application fee charged on the customer.		
	Other Income	355,770	158,180
	Total	**355,770**	**158,180**

		Amount in BDT	
		2016	2015
28.00	**Office & administrative expenses**		
	Salary & Allowance	71,895,379	74,885,893
	Office rent	29,914,802	28,664,276
	Postage & Stamp	101,448	755,290
	Car expenses	871,870	1,268,342
	Securities service	3,442,600	4,029,069
	Office Cleaning	2,373,880	2,316,893
	Utility Bill	9,893,236	5,463,367
	Conveyance	190,968	247,735
	Entertainment -Refreshment/Party Diner	1,329,361	1,459,785
	Periodical, Magazine, News paper	50,135	69,922
	Computer stationary	327,379	-
	Table/Petty Stationary	404,536	880,068
	Maintenance of office premises	344,655	1,004,180
	Repair & Maintenance	408,500	814,260
	Advertisement -Company's Own	138,653	-
	Insurance expenses	299,463	238,493
	Training expenses	254,688	319,582
	Other Rent	-	6,233,892
	Traveling expenses	39,246	39,050
	Software maintenance	100,000	-
	Audit fee	57,500	57,500
	Business Development Expenses	650,817	4,789,708
	Directors' fee	692,683	569,250
	Legal Charge	3,300	-
	Registration Charge, Fees and renewal	1,569,623	2,985,613
	Fuel for generator	-	1,020,646
	Loss on sale of fixed asset	86,288	12,009,890
	Depreciation	9,273,484	10,076,968
	Total	**134,714,494**	**160,199,672**

29.00 Financial expenses

Financial expenses represent interest expense on Loan from Mutual Trust Bank (MTB) Limited.

30.00 Provision for investment

This provision is made as per BSEC guideline and to reduce the risk of investment .

31.00 Income tax expenses

Current tax expenses	52,528,830	41,352,036
Deferred tax expenses	4,100,994	-
	56,629,824	**41,352,036**

32.00 Related party transactions

Name of the party	Nature of transactions	BDT
Mutual Trust Bank Limited	Loan	345,000,000

32.01 Number of employees

The number of employees engaged for the whole year or part there of, who received a total remuneration of Taka 36,000 or above, were 68 persons.

MTB SECURITIES LIMITED

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2016

Annexure-A

Amount in BDT

Particulars	Cost				Rate	Depreciation				Written down value as on 31.12.2016
	Balance as on 01.01.2016	Addition during the year	Disposal during the year	Balance as on 31.12.2016		Balance as on 01.01.2016	Charge for the year	Disposal for the year	Balance as on 31.12.2016	
Furniture	1,348,475	306,380	-	1,654,855	10%	481,623	92,384	-	574,007	1,080,848
Fixture & fittings	64,915,253	1,848,350	7,268,260	59,495,343	10%	16,863,781	4,629,791	2,418,475	19,075,097	40,420,246
Office equipment	30,544,262	150,030	447,630	30,246,662	20%	17,825,196	2,550,632	325,342	20,050,486	10,196,176
Premises	46,365,000	-	-	46,365,000	5%	6,351,453	2,000,677	-	8,352,130	38,012,870
Total 2016	**143,172,990**	**2,304,760**	**7,715,890**	**137,761,860**		**41,522,053**	**9,273,484**	**2,743,817**	**48,051,720**	**89,710,140**
Total 2015	**46,574,442**	**11,904,131**	**15,305,583**	**143,172,990**		**37,112,664**	**10,076,968**	**5,667,579**	**41,522,053**	**101,650,937**

AMARSTOCK

MTB SECURITIES LIMITED

Annexure-B

STATEMENT OF INVESTMENT IN SECUERITIES

As at December 31, 2016

Amount in BDT

Name of the Company	Quantity	Cost Value	Market Value
ACI Formulations Limited	20,000	3,340,400	3,040,000
Al-Arafah Islami Bank	82,540	1,568,260	1,312,386
AL-HAJTEX	215,000	20,117,550	19,113,500
ALLTEX	280,000	5,854,800	3,080,000
Ambee Pharma	7,540	3,350,399	2,923,258
Apex Tannery Ltd	34,000	4,750,820	4,610,400
APEXFOODS	41,000	7,061,430	5,637,500
ARAMITCEM	200,000	8,188,000	7,440,000
Argon Denims Limited	201,400	6,468,968	6,263,540
Asia Pacific Ins. Co	40,000	2,962,800	768,000
Bangladesh Shipping	500	224,520	235,100
Bank Asia Limited	85,000	1,754,400	1,521,500
BATBC	2,000	5,382,200	4,966,000
BD Submarine Cable	35,000	4,181,800	4,151,000
BDTHAI	50,000	1,261,000	1,250,000
Beximco Pharma	20,000	1,619,200	1,616,000
Delta Life Insurance	40,000	4,321,200	4,024,000
DESCO LTD.	27,000	1,467,990	1,250,100
Dhaka Bank Ltd.	33,541	840,202	600,384
Eastern Bank Ltd.	28,750	1,013,150	833,750
Emerald Oil Ind. Ltd	6,000	225,300	236,400
EXIM Bank Ltd.	200,000	3,058,000	2,340,000
First Finance Ltd.	100,000	2,004,000	1,020,000
Generation Next Ltd.	20,000	170,200	198,000
Heidelberg Cement	5,000	2,746,450	2,761,500
IAMCL 2nd NRB MF	60,240	482,522	506,016

AMAR STOCK

MTB SECURITIES LIMITED

Annexure-B

STATEMENT OF INVESTMENT IN SECUERITIES

As at December 31, 2016

Amount in BDT

Name of the Company	Quantity	Cost Value	Market Value
IBNSINA	15,000	3,025,650	2,977,500
ICB	17,000	1,802,170	1,776,500
IFIC	515,200	12,282,368	10,767,680
Islami Bank BD Ltd.	200,000	6,758,000	5,940,000
Jamuna Bank Limited	54,740	1,272,158	853,944
Khulna Power Co. Ltd	100,000	6,451,000	6,250,000
Marico Bangladesh	4,100	4,940,336	3,785,120
Meghna Cement	98,800	13,178,932	10,482,680
Meghna Petroleum Ltd.	127,233	31,253,514	21,680,503
NTC	1,500	983,430	1,092,900
Orion Pharma Limited	60,000	2,576,400	2,526,000
Padma Oil Co. Ltd	50,000	14,939,000	9,010,000
Pragati Life Ins.	70,000	10,924,900	7,084,000
Premier Cement Mills	18,000	1,746,540	1,641,600
Pubali Bank Ltd.	84,000	3,677,520	2,016,000
Quasem Drycells Ltd.	135,000	13,016,700	12,717,000
Renata Limited	225	256,383	244,238
Saif Power	8,100	384,831	409,860
Standard Bank Ltd.	364,741	4,617,621	4,340,418
Summit Alliance Port	18,000	936,360	927,000
Summit Power Ltd.	21,200	827,648	784,400
Tallu Spinning Mills	300,000	9,132,000	3,270,000
The ACME Laboratories Ltd.	109,000	12,165,490	10,791,000
Titas Gas T&D Co. Ltd.	61,000	2,973,140	3,013,400
UCBL	400,000	10,420,000	8,520,000
Uttara Finance	51,656	3,911,769	3,166,513
Total		**268,869,422**	**217,766,589**

AMAR STOCK

আহমদ এন্ড আখতার
AHMAD & AKHTAR
Chartered Accountants

Russell Bedford
A Correspondent Member Firm of
Russell Bedford International, UK
www.russellbedford.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MTB CAPITAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MTB Capital Limited** which comprises the Statement of Financial Position as at 31 December 2016 and Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of MTB Capital Ltd. as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and Bangladesh Securities and Exchange Rules 1987, we also report that:

(a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

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

(c) the company's statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows dealt with by the report are in agreement with the books of account; and

(d) the expenditure incurred was for the purpose of the company's business.

Dated : 25 January 2017
Place : Dhaka

Ahmad & Akhtar Dhaka Chartered Accountants

AHMAD & AKHTAR
Chartered Accountants

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Chittagong Branch Office:
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Halishahar, Boropool,
Chittagong-4000
(M): 01715429860

MTB CAPITAL LIMITED

STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

Particulars	Notes	Amount in BDT	
		December 31, 2016	December 31, 2015
SOURCES OF FUNDS			
A. Shareholders' Equity			
Share capital	4	265,000,000	250,000,000
Retained Earnings	5	17,668,192	15,926,471
Total shareholders' Equity		**282,668,192**	**265,926,471**
B. Short term loan	6	75,000,000	-
Total sources of funds (A+B)		**357,668,192**	**265,926,471**
APPLICATION OF FUNDS			
C. Investment and Advances		**173,539,384**	**160,010,892**
Investment in securities	7	173,513,252	159,684,760
Advances	8	26,132	326,132
D. Current Assets		**275,079,464**	**152,911,254**
Margin loan to clients	9	212,160,322	115,075,243
Accounts receivable	10	28,825,966	14,411,906
Advance income tax	11	11,242,321	10,336,624
Cash & cash equivalents	12	22,850,856	13,087,480
E. Current Liabilities		**97,526,265**	**54,547,514**
Accounts payable	13	45,139,721	19,185,931
Payable for expenses		1,200,000	1,200,000
Provision on investment	14	19,507,001	14,407,001
Liability for current tax	15	31,473,457	19,754,582
Deferred tax liability	16	206,087	-
F. Net current asset (D-E)		**177,553,200**	**98,363,740**
G. Property, plant & equipment	17	6,575,609	7,551,839
Total application of funds (C+F+G)		**357,668,192**	**265,926,471**

The annexed notes form an integral part of these financial statements.

Anis A. Khan
Vice-Chairman

Md. Hashem Chowdhury
Director

Khairul Basher A.T. Mohammed
Chief Executive Officer

Signed as per our annexed report of even date

25 January 2017
Dhaka

AHMAD & AKHTAR
Chartered Accountants

MTB CAPITAL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2016

Particulars	Notes	Amount in BDT	
		2016	2015
Operating income			
Interest income	18	27,630,841	18,024,091
Income from investment	19	6,215,123	10,035,340
Underwriting commission	20	331,250	-
Issue management fee	21	4,675,000	3,800,000
Settlement fee and documentation charge	22	7,180,520	4,393,898
Portfolio management fee	23	9,222,190	2,591,869
Income from operation		**55,254,924**	**38,845,198**
Add: Other income	24	657,487	381,620
Total income		**55,912,411**	**39,226,818**
Less: Office & administrative expenses	25	18,551,208	19,018,059
Less: Interest expense		3,594,521	-
Profit before provision and tax		**33,766,682**	**20,208,759**
Less: Provision on investment	26	5,100,000	7,236,109
Net profit before tax		**28,666,682**	**12,972,650**
Less: Income tax expenses	27	**11,924,961**	**4,940,302**
Current tax		11,718,874	4,940,302
Deferred tax		206,087	-
Net profit after tax		**16,741,721**	**8,032,347**

The annexed notes form an integral part of these financial statements.

Anis A. Khan
Vice-Chairman

Md. Hashem Chowdhury
Director

Khairul Basher A.T. Mohammed
Chief Executive Officer

Signed as per our annexed report of even date

AHMAD & AKHTAR
Chartered Accountants

25 January 2017
Dhaka

MTB CAPITAL LIMITED

STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

	Particulars	Amount in BDT	
		2016	2015
	Cash flow from operating activities		
	Net profit during the year (after tax)	16,741,721	8,032,347
	Add: Amount consider as non cash items		
	Increase/(decrease) in provision for expenses	-	(400,000)
	Increase in provision for investment	5,100,000	7,236,109
	Depreciation	1,124,480	974,243
	Increase/(decrease) in provision for income tax	11,718,874	4,940,302
	Increase/(decrease) in deferred tax liability	206,087	-
	Sub total of non cash items	**18,149,441**	**12,750,654**
	Changes in working capital components		
	Increase/(decrease) in accounts payable	25,953,790	8,096,109
	(Increase)/decrease in accounts receivable	(14,414,060)	(8,180,076)
	(Increase)/decrease in advance income tax	(905,697)	(6,152,238)
	(Increase)/decrease in advance & prepayment	300,000	300,000
A	**Net cash flow from operating activities**	**45,825,196**	**14,846,795**
	Cash flow from investing activities		
	(Increase)/decrease in Investment in securities	(13,828,492)	7,201,772
	(Increase)/decrease in purchase of premises & fixed asset	(148,250)	(4,041,439)
	(Increase)/decrease in margin loan to clients	(97,085,079)	(9,049,652)
	Cash sale of fixed asset	-	2,438,455
B	**Net cash flow from investing activities**	**(111,061,820)**	**(3,450,864)**
	Cash flow from financing activities		
	Short term borrowing	75,000,000	-
	Dividend paid	-	(23,750,000)
C	**Net cash flow from financing activities**	**75,000,000**	**(23,750,000)**
D	**Net cash increase / (decrease) (A+B+C)**	**9,763,376**	**(12,354,069)**
E	**Opening cash and cash equivalents**	13,087,480	25,441,549
F	**Closing cash and cash equivalents (D+E)**	**22,850,856**	**13,087,480**

Anis A. Khan
Vice-Chairman

Md. Hashem Chowdhury
Director

Khairul Basher A.T. Mohammed
Chief Executive Officer

25 January 2017
Dhaka

MTB CAPITAL LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2016

Amount in BDT

Particulars	Paid-up Capital	Retained Earnings	Total
Balance as at January 01, 2016	250,000,000	15,926,471	265,926,471
Net profit for the year after tax	-	16,741,721	16,741,721
Stock dividend	15,000,000	(15,000,000)	-
Balance as at December 31, 2016	**265,000,000**	**17,668,192**	**282,668,192**
Balance as at December 31, 2015	**250,000,000**	**15,926,471**	**265,926,471**

Anis A. Khan
Vice-Chairman

Md. Hashem Chowdhury
Director

Khairul Basher A.T. Mohammed
Chief Executive Officer

25 January 2017
Dhaka

MTB CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

1.00 Legal status of the company

MTB Capital Limited (MTBCL), a fully owned subsidiary of Mutual Trust Bank Limited, was incorporated in Bangladesh as a private limited company. MTBCL obtained registration certificate No. MB–55/2010 under the Bangladesh Securities and Exchange Commission Act, 1993 on December 06, 2010 as a full fledged merchant bank and obtained registration No. C-80040 from the Registrar of Joint Stock Companies and Firms (RJSC), Dhaka, Bangladesh on October 08, 2009 under the Companies Act, 1994. The company has commenced its operation on April 18, 2011.

The registered office of the company is situated at 111 Kazi Nazrul Islam Avenue, Banglamotor, Dhaka-1000, Bangladesh.

2.00 Nature of business

The main activities of the company are issue management, underwriting, portfolio management whether discretionary or non-discretionary, corporate advisory services to the clients including advisory services on merger and amalgamation, capital restructuring, etc.

3.00 Significant accounting policies

3.01 Basis of preparation of financial statements

The financial statements of the company are made up to 31 December 2016 and prepared under the historical cost convention except investment in securities as a going concern and in accordance with the Companies Act 1994, International Financing Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchange Limited listing Regulations, Income Tax Ordinance, 1984 and other laws and rules applicable in Bangladesh.

3.02 Statement of cash flows

Statement of cash flows has been prepared in accordance with the Bangladesh Accounting Standard (BAS) - 7 “Statement of Cash Flows”.

3.03 Property, plant and equipment

3.03.1 Recognition and measurement:

Property, plant and equipments are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of asset and bringing to the location and conditioned necessary for it to be capable of operating in the intended manner.

3.03.2 Depreciation

Depreciation is charged using reducing balance method as per Bangladesh Accounting Standards (BASs)-16 “Property plant & equipment”. The rates of depreciation used are as follows:

Category of assets	Rate of depreciation
Furniture & fixture	10%
Office equipment	20%
Interior decoration	10%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the Statement of Profit or Loss and other Comprehensive Income.

3.04 Revenue recognition

The accounting policies adopted for the recognition of revenue are as follows:

3.04.1 Interest income

Interest on margin loan to investors is recognized as revenue on an accrual basis and interest receivable on such loan is capitalized with original loan on quarterly basis.

3.04.2 Dividend income

Dividend income on investment in securities has been recognized when the shareholders right to receive payment is established.

3.04.3 Capital gain / (loss) on sale of securities

Capital gain/(loss) on sale of securities is accounted for based on difference between average sale proceeds of securities and cost of securities sold.

3.04.4 Fees and commission income

Fees and commission income includes portfolio management fees, settlement charges, issue management fees, underwriting commissions and any other such fees and commissions.

3.05 Cash and bank balance

Cash and bank balance includes cash in hand and cash at bank, which are held and are available for use by the company without any restriction.

3.06 Investment in securities

Investment in securities is recognized at the end of the period at cost price of investment made by the company.

3.07 Reporting in the period

These financial statements cover one year from 1 January 2016 to 31 December 2016.

3.08 General

i). Comparative information have been disclosed for all numerical information of the financial statements and also the narrative and descriptive information so as to clarify the current year position in with that to preceding year.

Re-arrangement
Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

ii). The figures in the financial statements are presented in Bangladeshi Taka (BDT), which is the company's functional currency. Figures in these notes and financial statements have been rounded off to the nearest Taka value.

		Amount in BDT	
		2016	2015
4.00	**Authorized capital**		
	50,00,000 ordinary Shares of Tk. 100 each	**500,000,000**	**500,000,000**
	Issued, subscribed and paid-up capital		
	26,50,000 ordinary Shares of Tk. 100 each	**265,000,000**	**250,000,000**

Shareholding Position

Particulars	No. of Shares	Amount	Percentage
Mutual Trust Bank Limited	2,649,894	264,989,400	99.996%
Mr. M. A. Rouf, JP	106	10,600	0.004%
Total	**2,650,000**	**265,000,000**	**100%**

5.00	**Retained earnings**		
	Opening balance	15,926,471	7,894,123
	Add: Net profit during the year	16,741,721	8,032,348
	Less: Stock Dividend	(15,000,000)	-
	Closing retained earnings	**17,668,192**	**15,926,471**

		Amount in BDT	
		2016	2015
6.00	**Short term loan**		
	United Finance Limited	75,000,000	-
		75,000,000	**-**
7.00	**Investment in Securities**		
	Investment in securities represent the cost price of securities which have been invested by the company in the capital market.		
	Quoted shares (Annexure - B)	170,513,252	156,684,760
	Unquoted shares	3,000,000	3,000,000
		173,513,252	**159,684,760**
8.00	**Advances and prepayment**		
	Loan to employees	26,132	326,132
		26,132	**326,132**
9.00	**Margin loans to clients**		
	Margin loan to investors - Non- Discretionary Account (NDA)	211,893,145	115,075,243
	Margin loan to investors - Discretionary Account (DA)	267,177	-
		212,160,322	**115,075,243**
10.00	**Accounts receivable**		
	Underwriting commission	331,250	-
	Issue management fee	3,925,000	700,000
	Dividend receivable	2,448,594	1,756,190
	Management fee	1,945	1,945
	Unicap Company Ltd	3,582,836	3,610,459
	Square Securities Management Ltd	791,624	985,924
	MTB Securities ltd	3,748,417	7,206,310
	City Brokerage Ltd	252,554	113,577
	CSML Securities	3,513,551	-
	Rental income	95,750	37,500
	Interest receivable	34,447	-
	IPO	10,100,000	-
		28,825,966	**14,411,906**
11.00	**Advance income tax**		
	Opening balance	10,336,624	4,184,386
	Addition during the Year	905,697	6,152,238
	Total	**11,242,321**	**10,336,624**

		Amount in BDT	
		2016	2015
12.00	**Cash & cash equivalents**		
A.	**Cash in hand**	**257**	**12,525**
B.	**Cash at Bank (Mutual Trust Bank)**		
	MTB-0012-0210010492 (DA)	213	213
	MTB-0012-0210010572 (CD)	678	678
	MTB-0012-0210010607 (Own Portfolio)	-	1
	MTB-0012-0320001007 (SND)	-	7,085
	MTB-0012-0320001614 (GA)	-	9,751
	MTB Tower 0087-0210000191 (DA)	-	669,606
	MTB Tower 0087-0210000164 (CD)	1,526	6,376
	MTB Tower 0087-0210000208 (Own Portfolio)	878,329	-
	MTB Tower 0087-0210000173 (NDA)	-	1,648,972
	MTB Tower 0087-0320000045 (SND)	7,865	5,036,625
	MTB Tower 0087-0210000182 (GA)	-	5,692,550
	MTB Tower 0087-0320000054 (IPO)	16,131	1,204
	MTB Tower 0087-0320000214 (NDA)	18,143,792	-
	MTB Tower 0087-0320000205 (DA)	1,167,429	-
	MTB Tower 0087-0320000223 (GA)	2,632,741	-
	MTB 0012-0320001598 (IPO)	1,896	1,896
		22,850,599	**13,074,955**
	Total Cash & cash equivalents (A+B)	**22,850,856**	**13,087,480**
13.00	**Accounts payable**		
	LeadSoft BD Ltd. and others	450,901	414,556
	Audit fees payable	50,000	63,250
	Payable to brokers	27,616,902	8,094,724
	Client deposits - NDA	13,443,828	3,400,191
	Client deposits - DA	995,682	584,231
	Client deposits - GC	627,236	3,431,114
	Cheque in transit	-	2,150,000
	Accrued interest	885,000	-
	VAT payable	1,057,719	1,047,865
	Source tax payable	12,450	-
		45,139,721	**19,185,931**
14.00	**Provision for investment**		
	Opening balance	14,407,001	7,170,892
	Addition during the year	5,100,000	7,236,109
	Closing balance	**19,507,001**	**14,407,001**
15.00	**Liability for current tax**		
	Opening balance	19,754,582	14,814,280
	Addition during the year	11,718,874	4,940,302
	Closing balance	**31,473,457**	**19,754,582**

		Amount in BDT	
		2016	2015
16.00	**Deferred tax liability**		
	Opening balance	-	-
	Add: Provision made during the year (Note-27.02)	206,087	-
	Closing balances	**206,087**	**-**
17.00	**Property, plant & equipment**		
	Opening balance	7,551,839	6,923,097
	Addition during the year	148,250	4,041,439
	Total	**7,700,089**	**10,964,536**
	Less: Depreciation charged during the year	1,124,480	974,244
	Less: Write off - Interior Decoration	-	2,438,453
	Written down value	**6,575,609**	**7,551,839**
	Detail is shown in Annexure - A		
18.00	**Interest income**		
	Interest on margin loan-Non-Discretionary Account (NDA)	27,173,861	17,179,743
	Interest on margin loan-Discretionary Account (DA)	16,865	2,429
	Interest on bank accounts	440,115	841,919
		27,630,841	**18,024,091**
19.00	**Income from investment**		
	Dividend income (Note-19.01)	4,745,592	3,760,717
	Capital gain on sale of securites	1,469,532	6,274,623
		6,215,123	**10,035,340**
19.01	**Dividend income**		
	Padma Oil Co. Ltd	701,000	701,000
	Grameen Phone Limited	1,344,469	1,308,219
	Shahjibazar Power Co. Ltd	-	35,000
	BD Submarine Cable Co. Ltd	11,000	-
	Lafarge Surma Cement	-	15,000
	Titas Gas Co. Ltd	430,720	300,240
	Meghna Petroliam Ltd.	578,550	578,550
	Paramount Textile Ltd.	203,401	325,442
	Hwa Well Textiles BD Ltd	37,650	37,650
	RSRM Steel Ltd.	52,000	17,500
	ACI Limited	342,000	221,600
	ACI Formulations Limited	88,000	-
	Mobile Jumuna Limited	247,275	15,000
	Takaful Insurance Ltd.	40,013	-
	Rupali Life Limited	13,172	-
	Shasha Denims Limited	22,500	-
	Khulna Power Company Ltd.	128,000	-
	Other Company Dividend	37,990	93,134
	United Power Generation & Distribution Company Ltd.	363,025	-
	Far Chemical Limited	43,125	-
	Beximco Pharma Limited	61,702	-
	Pragati Life Insurance Ltd.	-	112,382
		4,745,592	**3,760,717**

		Amount in BDT	
		2016	2015
20.00	**Underwriting commission**		
	Pacific Denims Limited	281,250	-
	IDLC Finance Limited	50,000	-
		331,250	**-**
21.00	**Issue management fee**		
	Zaheen Spinning Limited	1,000,000	-
	R. A. Spinning Mills Ltd	150,000	-
	Sigma Capital Management Ltd	200,000	-
	Star Ceramics Limited	500,000	-
	Electro Battery Co. Limited	2,025,000	-
	R.K. Fashion Limited	500,000	-
	Sikder Apparel Hosiery Ltd	300,000	-
	Excursion & Resorts Bangladesh Ltd	-	350,000
	Electro Battery Company Ltd	-	200,000
	Mashud Fish Processing & Ice Complex Ltd	-	100,000
	Mahid Expo. Int. Tex Ltd	-	100,000
	Apex Pharma Ltd	-	100,000
	Sagar Jute Spinning Mills Ltd.	-	500,000
	R.A. Spinning Mills Ltd	-	50,000
	Oimex Elecrode Limited	-	2,400,000
		4,675,000	**3,800,000**
22.00	**Settlement fee & documention charge**		
	Settlement fee	7,162,020	4,372,398
	Documentation charge	18,500	21,500
		7,180,520	**4,393,898**
23.00	**Portfolio management fee**		
	Non-discretionary account	8,939,230	2,545,374
	Discretionary account	282,960	46,495
		9,222,190	**2,591,869**
24.00	**Other income**		
	IPO charge	140	220
	Annual BO account charge	141,800	81,400
	BO account closing fee	9,957	-
	Share transfer fee	1,000	-
	Rental income	504,590	300,000
		657,487	**381,620**

AMARSTOCK

		Amount in BDT	
		2016	2015
25.00	**Office & administrative expenses**		
	Salary and remuneration	10,840,421	9,865,670
	Rent, taxes, insurance, electricity, water etc.	3,140,184	3,140,183
	Fees & registration	179,010	284,385
	Postage, telephone, fax, stamps	81,487	89,210
	Printing & stationery	96,917	211,501
	Repairs and maintenance	211,689	805,475
	Depreciation	1,124,480	974,243
	Auditors' fees	63,250	63,250
	Directors' fee	562,750	448,500
	Car expenses	714,491	713,774
	CDBL charges	579,517	510,646
	Internet expense (Dhakacom Ltd.)	34,000	28,600
	Security services charges	341,799	345,658
	Books & newspaper	12,826	10,763
	Holiday working bill	3,900	5,300
	Bank charge	65,264	46,877
	Entertainment	375,026	204,152
	Expenses for fees & commission	-	1,047,865
	Conveyance	45,750	26,280
	Domain and hosting charge	8,000	16,295
	Staff Traning	5,250	106,057
	Business promotion expenses	-	45,339
	Travelling expenses	7,387	22,200
	Legal and consultancy fee	55,000	-
	Office maintenance	2,810	-
	Miscellanuous	-	5,836
		18,551,208	**19,018,059**
26.00	**Provision on investment**	**5,100,000**	**7,236,109**

This provision is made as per BSEC guideline and to reduce the risk of investment.

27.00	**Income tax expenses**		
	Current tax (Note-27.01)	11,718,874	4,940,302
	Deferred tax (Note-27.02)	206,087	-
		11,924,961	**4,940,302**
27.01	**Current tax**	**11,718,874**	**4,940,302**

Income tax expenses is calculated as per guideline of Income Tax Ordinance and Rules.

27.02	**Deferred tax**	**206,087**	**-**

28.00 Events after the balance sheet date

Subsequent to the balance sheet date, the Board of Directors recommended 6% stock dividend.

MTB CAPITAL LTD

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2016

Annexure-A

Amount in BDT

Particulars	Cost				Rate	Depreciation				Written down value as on 31.12.2016
	Opening balance 01.01.2016	Addition during the year	Disposal during the year	Balance as on 31.12.2016		Opening balance 01.01.2016	Charged during the year	Disposal for the year	Accumulated depreciation	
Furniture & Fixture	1,348,194	-	-	1,348,194	10%	41,868	130,632	-	172,500	1,175,694
Office Equipment	8,267,494	148,250	-	8,415,744	20%	4,787,620	717,284	-	5,504,904	2,910,840
Interior Decoration	2,765,639	-	-	2,765,639	10%	-	276,564	-	276,564	2,489,075
Total 2016	**12,381,327**	**148,250**	**-**	**12,529,577**		**4,829,488**	**1,124,480**	**-**	**5,953,968**	**6,575,609**
Total 2015	**11,555,738**	**4,041,439**	**3,215,850**	**12,381,327**		**4,632,641**	**974,244**	**777,397**	**4,829,488**	**7,551,839**

SMARTSTOCK

MTB CAPITAL LIMITED

Annexure-B

INVESTMENT IN QUOTED SECURITIES

As at December 31, 2016

Amount in BDT

Name of the company	No. of shares	Total cost	Merket rate per share	Market value	Difference
ACI Formulations Limited	16,000	3,328,323	152.00	2,432,000	(896,323)
ACI Limited	19,800	10,980,967	385.50	7,632,900	(3,348,067)
BD Submarine Cable co. Ltd	11,000	1,719,200	118.60	1,304,600	(414,600)
National Tubes	100	12,297	126.20	12,620	323
RD Food Products Ltd	128,247	2,818,190	18.90	2,423,868	(394,322)
Fortune Shoes Limited	10,063	100,630	50.80	511,200	410,570
Yeakin Polymer Limited	1,141	10,376	30.40	34,699	24,322
BD. Building System Ltd	110,000	6,000,873	51.80	5,698,000	(302,873)
Beximco Limited	52,000	1,592,527	26.00	1,351,988	(240,538)
Familytex (BD) Ltd	96,674	2,430,091	9.80	947,400	(1,482,691)
Far Chemical Ind. Ltd	103,500	3,590,467	23.90	2,473,650	(1,116,817)
Grameen Phone Limited	92,722	34,891,735	284.10	26,342,320	(8,549,415)
Hwa Well Textiles BD Ltd	25,100	1,306,625	41.90	1,051,690	(254,935)
United Power G & D Co.	29,042	4,779,858	141.60	4,112,347	(667,511)
Meghna Petroleum Ltd	55,100	13,539,849	170.40	9,389,040	(4,150,809)
Padma Oil Co. Ltd.	70,100	23,943,183	180.20	12,632,020	(11,311,163)
Paramount Textile Ltd	217,639	8,258,813	20.20	4,396,309	(3,862,504)
Pragati Life Insurance	70,000	14,407,059	101.20	7,084,000	(7,323,059)
Ratanpur Steel Re-rolling Mills	5,200	266,050	73.40	381,680	115,630
Rupali Life Insurance Co. Ltd.	13,172	817,397	36.80	484,730	(332,667)
Beximco Pharma	58,404	5,020,626	80.80	4,719,043	(301,583)
Zaheen Spinning Limited	419,815	9,399,943	18.90	7,934,508	(1,465,435)
Takaful Islami Insurance Co. Ltd.	84,026	2,568,824	18.10	1,520,871	(1,047,954)
Titas Gas T & D Co. Ltd	215,360	18,729,349	49.40	10,638,784	(8,090,565)
Total		**170,513,252**		**115,510,268**	**(55,002,984)**

MTB EXCHANGE (UK) LIMITED

DIRECTORS' REPORT

For the year ended December 31, 2016

The directors present their report and accounts for the year ended December 31, 2016

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was MONEY REMITTANCE & BUREAU DE CHANGE.

DIRECTORS INTERESTS

The directors who served during the year and their interests in the share capital of the company were as follows:

	2016 No	2015 No
RASHED AHMED CHOWDHURY	0	0
SYED MANZUR ELAHI	0	0
MOHAMED ABDUR ROUF	0	0
DR SULTAN HAFEEZ RAHMAN	0	0
ANISUDDIN AHMED KHAN	0	0

DIRECTORS RESPONSIBILITIES

Company Law requires the directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgments and accounting estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The report of the directors has been prepared in accordance with the special provisions within Part 15 of the Companies Act 2006.

This report was approved by the board on January 26, 2017

ANISUDDIN AHMED KHAN

Director

MTB EXCHANGE (UK) LIMITED

ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE FINANCIAL STATEMENTS OF MTB EXCHANGE (UK) LTD, FOR THE YEAR ENDED DECEMBER 31, 2016

In order to assist you to fulfill your duties under the Companies Act 2006, we have prepared for your approval the accounts of MTB EXCHANGE (UK) LTD for the year ended December 31, 2016 as set out on pages 5 to 10 from the company's accounting records and from information and explanations you have given us.

As a practicing member of the Chartered Institute of Management Accountants (CIMA), we are subject to its ethical and other professional requirements which are detailed on their website.

This report is made solely to the Board of Directors of MTB EXCHANGE (UK) LTD, as a body, in accordance with the terms of our engagement letter dated. Our work has been undertaken solely to prepare for your approval the accounts of MTB EXCHANGE (UK) LTD and state those matters that we have agreed to state to the Board of Directors of MTB EXCHANGE (UK) LTD, as a body, in this report, in accordance with the requirements of the Chartered Institute of Management Accountants (CIMA) as detailed on their website. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than MTB EXCHANGE (UK) LTD and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that MTB EXCHANGE (UK) LTD has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profitability of MTB EXCHANGE (UK) LTD. You consider that MTB EXCHANGE (UK) LTD is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of MTB EXCHANGE (UK) LTD, verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Jahan & Co.
Chartered Management Accountants
22 Osborn Street
London
E1 6TD

January 26, 2017

MTB EXCHANGE (UK) LIMITED

PROFIT AND LOSS ACCOUNT

For the Year Ended December 31, 2016

	Notes	2016 £	2015 £
TURNOVER	2	103,075	95,390
GROSS PROFIT		**103,075**	**95,390**
Distribution costs		(5,104)	(2,678)
Administrative expenses		(148,700)	(160,902)
Other operating income		24,500	-
OPERATING LOSS		**(26,229)**	**(68,190)**
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(26,229)**	**(68,190)**
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		**(26,229)**	**(68,190)**
LOSS FOR THE FINANCIAL YEAR		**(26,229)**	**(68,190)**

AMARSTOCK

MTB EXCHANGE (UK) LTD

BALANCE SHEET

As at December 31, 2016

	Notes	2016 £		2015 £	
FIXED ASSETS					
Tangible Assets	**5**		24,144		18,080
CURRENT ASSETS					
Debtors(amount falling due within one year)	**6**	-		629	
Debtors(amount falling due after more than one year)	**6**	8,750		8,750	
Cash at bank and in hand		22,863		38,005	
		31,613		47,384	
Creditors: Amounts falling due within one year	**7**	**327,660**		**311,138**	
NET CURRENT LIABILITIES			(296,047)		(263,754)
TOTAL ASSETS LESS CURRENT LIABILITIES			**(271,903)**		**(245,674)**
CAPITAL AND RESERVES					
Called up share capital	**8**		230,000		230,000
Profit and loss account	**9**		(501,903)		(475,674)
SHAREHOLDERS' FUNDS			**(271,903)**		**(245,674)**

For the year ending December 31, 2016 the company was entitled to exemption under section 477 of the Companies Act, 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act, 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provision applicable to companies subject to the small companies' regime.

Approved by the Board on January 26, 2017 and signed on their behalf by

ANISUDDIN AHMED KHAN
Director

MD. ANISUR RAHMAN
Chief Executive Officer & Manager

MTB EXCHANGE (UK) LIMITED

NOTES TO THE ACCOUNTS

For the year ended December 31, 2016

1. Accounting Policies

1a. Basis of Accounting

The accounts have prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

1b. Cash flow Statement

The company is exempt from including statement of cash flows in its accounts in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

1c. Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Plant and Machinery	reducing balance 20%
Fixtures and Fittings	reducing balance 20%

1d. Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net off value added tax and trade discounts.

2. Turnover

The turnover and pre-tax result is attributable to MONEY REMITTANCE & BUREAU DE CHANGE.

	2016 £	2015 £
Remittance Commissions	51,795	64,714
Bureau DE Change Commission	9,709	9,645
Exchange Gains	41,571	21,031
	103,075	**95,390**

3. Operating Profit

Operating Profit is started after charging:

Depreciation	6,035	4,520
Auditors' remuneration	2,400	-
	8,435	**4,520**

4. Tax on Ordinary Activities

	-	-

5. Tangible Fixed Assets

	Plant and Machinery £	Fixtures and Fittings £	TOTAL £
Cost			
At 1 January 2016	13,300	45,423	58,723
Additions	800	11,300	12,100
At 31 December 2016	**14,100**	**56,723**	**70,823**
Depreciation			
At 1 January 2016	9,046	31,597	40,643
For the year	1,011	5,025	6,036
At 31 December 2016	**10,057**	**36,622**	**46,679**
Net Book Amounts			
At 31 December 2016	**4,043**	**20,101**	**24,144**
At 31 December 2015	**4,254**	**13,826**	**18,080**

AMARSTOCK

		2016 £	2015 £
6.	**Debtors**		
	Amount falling due within one year:		
	Other debtors	-	629
		-	**629**
	Amount falling due after more than one year:		
	Rent Deposit	8,750	8,750
	Total Debtors	**8,750**	**8,750**
7.	**Creditors: Amounts falling due within one year**		
	TT payable	324,510	310,388
	Other Creditors	3,150	750
		327,660	**311,138**
8.	**Share Capital**		
	Allotted, issued and fully paid		
	230000 Ordinary shares of £ 1 each	230,000	230,000
		230,000	**230,000**
9.	**Profit and Loss Reserve**		
	Opening balance	(475,674)	(407,484)
	Loss for the year	(26,229)	(68,190)
		(501,903)	**(475,674)**

10. Controlling Party

The company being 100% Subsidiary of Mutual Trust Bank Ltd, Bangladesh is under common control from the parent company.

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AMARSTOCK

ABBREVIATIONS

ABB	Association of Bankers, Bangladesh
AC	Audit Committee
ADC	Alternative Delivery Channel
AGM	Annual General Meeting
ALCO	Asset Liability Committee
ALS	Assured Liquidity Support
AmCham	American Chamber of Commerce in Bangladesh
ATM	Automated Teller Machine
BAB	Bangladesh Association of Banks
BACH	Bangladesh Automated Clearing House
BAFEDA	Bangladesh Foreign Exchange Dealer Association
BAPLC	Bangladesh Association of Publicly Listed Companies
BAS	Bangladesh Accounting Standard
BB	Bangladesh Bank (Central Bank of Bangladesh)
BFRS	Bangladesh Financial Reporting Standard
BIBM	Bangladesh Institute of Bank Management
BOD	Banking Operation Division
BRMC	Board Risk Management Committee
BRPD	Banking Regulation and Policy Department (of Bangladesh Bank)
CAD	Credit Administration Department
CAR	Capital Adequacy Ratio
CBS	Core Banking System
CDBL	Central Depository Bangladesh Limited
CDCS	Certified Documentary Credit Specialist
CHO	Corporate Head Office
CIB	Credit Information Bureau
CMU	Cash Management Unit
CP	Commercial Paper
CRAR	Capital to Risk Weighted Asset Ratio
CRGM	Credit Risk Grading Matrix
CRISL	Credit Rating Information and Services Ltd.
CRMD	Credit Risk Management Division
CRR	Cash Reserve Ratio
CSR	Corporate Social Responsibility
CCU	Central Compliance Unit
DCCI	Dhaka Chamber of Commerce & Industry
DEPZ	Dhaka Export Processing Zone
DR	Disaster Recovery
DSE	Dhaka Stock Exchange Limited
EC	Executive Committee
EFT	Electronic Fund Transfer
EMI	Equal Monthly Installment
EPZ	Export Processing Zone
ETP	Effluent Treatment Plant
FBCCI	Federation of Bangladesh Chambers of Commerce and Industry
FD	Fixed Deposit
FTP	Fund Transfer Pricing
GDP	Gross Domestic Product
GOB	Government of Bangladesh
GRI	Global Reporting Initiative
HFT	Held for Trading
HRD	Human Resources Division

HTM	Held to Maturity
IAS	International Accounting Standard
IBB	The Institute of Bankers, Bangldesh
ICAAP	Internal Capital Adequacy Assessment Process
ICAB	Institute of Chartered Accountants of Bangladesh.
ICCB	International Chamber of Commerce Bangladesh
ICCD	Internal Control & Compliance Division
IFC	International Finance Corporation
IPO	Initial Public Offering
ITS	Information Technology System
LC	Letter of Credit
LG	Letter of Guarantee
MANCOM	Management Committee
MCCI	Metropolitan Chamber of Commerce and Industries
MCDB	MTB Chittagong Division Branches
MCR	Minimum Capital Requirement
MD&A	Management Discussion & Analysis
MDBB	MTB Dhaka Division Branches
MFIs	Micro Finance Institutions
MICR	Magnetic Ink Character Recognition
MID	MTB Infrastructure Division
MITS	MTB International Trade Services
MODB	MTB Other Division Branches
MTBCL	MTB Capital Limited
MTB	Mutual Trust Bank Limited
MTBSL	MTB securirities Limited
MTBUK	MTB Exchange (UK) Limited
NBFI	Non-bank Financial Institution
NCBs	Nationalized Commercial Banks
NII	Net Interest Income
NPL	Non Performing Loan (Classified Loan)
NRB	Non Resident Bangladeshi
OBU	Offshore Banking Unit
OCI	Other Comprehensive Income
PC	Purchase Committee
PCBs	Private Commercial Banks
PD	Probability of Default
PDBL	Primary Dealers Bangladesh Limited
PF	Providend Fund
POS	Point of Sale
PPG	Product Program Guidelines
PRI	Prime Risk Indicator
RBCA	Risk Based Capital Adequacy
RBIA	Risk Based Internal Audit
RFCD	Resident Foreign Currency Deposit
RMG	Readymade Garments
ROA	Return on Assets (excluding contingent items)
ROE	Return on Equity
RWA	Risk Weighted Assets
SAFA	South Asian Federation of Accountants
SAMD	Special Asset Management Division
SFU	Structured Finance Unit
SLR	Statutory Liquidity Ratio
SME	Small and Medium Enterprise
SRP	Supervisory Review Process (Pillar II of Basel III)
TFP	Trade Finance Program
WACRG	Weighted Average Credit Risk Grade
WBD	Wholesale Banking Division

GLOBAL CORRESPONDENTS

Rising compliance cost and uncertainty about how far customer due diligence should go in order to ensure regulatory compliance have become prime concerns in the global correspondent banking environment. Therefore, the earlier approach, i.e., downsizing the correspondent banking relationships based on cost-revenue strategy, continued globally throughout the year 2016. The other side of the same coin is that this has helped some regional banks to emerge as dominant players in correspondent banking business. “The ironic result of de-risking is re-risking”, a prominent global correspondent banker was quoted as saying to describe the trend. With the objective to assess and address the effect of declining trend in correspondent banking relationship, different international bodies like The Financial Stability Board (FSB), The World Bank, The Financial Action Task Force (FATF) and The Basel Committee on Banking Supervision (BCBS) have undertaken some research works and initiatives. The Committee on Payments and Market Infrastructures (CPMI) Working Group on Correspondent Banking has made some logical recommendations in its last report published in July 2016, which, we believe, is helpful to reduce compliance uncertainty from correspondent banking business. The recommendations include:

- The use of KYC utilities
- The use of the Legal Entity Identification(LEI) in correspondent banking
- Information-sharing initiatives
- Streamlining payment messages

MTB, being a trade savvy bank, has developed its long term strategy to move on with correspondent banking relationships. In 2016, the total number of correspondent banking relationship of MTB stood at 548 (out of which 495 were with foreign banks around the world and 53 were with local banks in Bangladesh) compared to the total number of 519 in 2015. In addition to that, MTB maintained 39 nostro accounts with different global correspondent banks abroad in US Dollar (USD), British Pound (GBP), Euro (EUR), Japanese Yen (JPY), Swiss Franc (CHF), Singapore Dollar (SGD), Arab Emirates Dirham (AED), Asian Clearing Union (ACU) Dollar and Euro.



ASIA | Afganistan | Bahrain | Bhutan | China | Combodia | Hong Kong | India | Indonesia | Japan | Korea | Kuwait | Kyrgyzstan | Lebanon | Malaysia | Macau | Nepal | Oman | Pakistan | Philippines | Qatar | Saudi Arabia | Singapore | Sri Lanka | Taiwan | Thailand | United Arab Emirates | Uzbekistan | Vietnam

EUROPE | Austria | Belgium | Belarus | Bulgaria | Czech Republic | Denmark | Estonia | France | Finland | Germany | Greece | Hungary | Iceland | Ireland | Italy | Latvia | Liechtenstein | Lithunia | Luxembourg | Norway | Netherland | Poland | Portugal | Romania | Russia Federation | San Marino | Spain | Slovakia | Switzerland | Sweden | Turkey | Turkmenistan | United Kingdom | Ukraine

AFRICA | Egypt | Mauritius | South Africa | Tunisia

NORTH AMERICA | Cayman Islands | Canada | Dominica | Mexico | United States of America | Panama

SOUTH AMERICA | Argentina | Brazil

AUSTRALIA | Australia | New Zealand



MTB NETWORK

Principal Branch
WW Tower, 68, Motijheel C/A, Dhaka

Panthapath Branch
ChandrashilaSuvastu Tower,
69/1 Panthapath, Dhaka

Babu Bazar Branch
Aman Court, 15, Armenian Street,
Armanitola, Babu Bazar, Dhaka

Agrabad Branch
Akhtaruzzaman Centre, 21-22,
Agrabad C/A, Chittagong

Sonargaon Branch
Khandker Plaza, Thana Road,
Mograpara, Sonargaon

Uttara Model Town Branch
House No.41, Road No.07,
Sector 04, Uttara, Dhaka

Progati Sarani Branch
15/5, ProgatiSarani, Dhaka

CDA Avenue Branch
1005/2/1872, CDA Avenue,
East Nasirabad, Chittagong

Sreenagar Branch
M. Rahman Complex (1st Floor),
Sreenagar Bazar, Bhaggakul
Road, Sreenagar, Munshigonj

Pallabi Branch
14/11, Pallabi, Mirpur-12, Dhaka

Dilkusha Branch
MNSN Tower, 60 Dilkusha C/A, Dhaka

Khatungonj Branch
325, Asadganj, Asadganj Road,
Crown Chamber, Chittagong

Dhanmondi Branch
Plot # 81, Road # 8/A (New), 1st Floor,
Green Taj Center, Dhanmondi, Dhaka

Aman Bazar Branch
Kamal Khan Plaza, Chikondandy,
Hathazari, Chittagong

Bashundhara City Branch
Bashundhara City Shopping Mall,
Level-3, Block-A, Panthapath, Dhaka

Chandra Branch
Dewan Plaza, Chandra Polly Biddut,
Kaliakoir, Gazipur

Jubilee Road Branch
Amafhha Centre, 214 Jubilee Road, Chittagong

Nazirhat Branch
M.M. Plaza, Nazirhat Bazar, Fatikchari, Chittagong

Chokoria Branch
Shah Amanat Shopping Complex (1st Floor),
Chiringa, Chakoria, Cox's Bazar

Pabna Branch
Pabna Branch, Abdul Hamid Road, Dilalpur, Pabna

Gulshan Branch
120 Gulshan Avenue, Dhaka

Sylhet Branch
Sylhet City Center (1st Floor), Zindabazar, Sylhet

Moulvi Bazar Branch
103, M. Saifur Rahman Road, Moulvi Bazar

Savar Branch
United Super Market, Savar Bazar Bus Stand,
Savar, Dhaka.

Fulbaria Branch
Annexco Tower, 8, Phonix Road, Fulbaria, Dhaka

Madaripur Branch
Howlader Harun Plaza, Main Road,
Puran Bazar, Kotwali, Madaripur

Dholaikhal Branch
25, Jorpool Lane, Dholaikhal New Road,
P.S. Wari, Dhaka

AMARSTOCK

Raipur Branch
Gazi Complex (2nd Floor), Thana : Raipur,
Dist :Laxmipur

Aganagar Branch
Babul Tower-2, Shahid Delowar Hossain Road,
East Aganagar, South Keraniganj, Dhaka

Joypurhat Branch
553 Main Road, Joypurhat Sadar, Joypurhat

Narayanganj Branch
31, 31/1, Loyal Tank Road, Noor Mansion,
Tanbazar, Narayanganj.

Rangpur Branch
Mostofa Super Market (1st & 2nd floor),
1 Jahaj company Mour, Rangpur Sadar, Rangpur

Banani Branch
Lintoo Centre (1st floor and 2nd floor),
House- 82, Rd-11, Block-D,
Ward–19, Banani, Dhaka

Kushtia Branch
Kushtia Branch, Eden Complex, 169 (94/6 old)
NS Road, 1st Floor, Thanapara, Kushtia

Gournadi Branch
Holding No- 3594, Mouja- Chargadhatoli,
Gournadi, Barisal

Tongi Branch
United Shopping Complex (1st floor),
Hossain Market, Tongi, Gazipur

Elephant Road Branch
235/5, Elephant Road, Dhaka-1205

Feni Branch
HaziIdris Plaza, 612,
Islampur Road, Boro Bazar, Feni

Dania Branch
Dhaka Shopping Complex,
852- Zia Shorani, Shanir Akhra, Dhaka

Bogra Branch
Amicus Center, Mofiz Paglar Moar,
416-418, Sutrapur Road, Bogra

Dhorkara Bazar Branch
Dhorkara Bazar, Chauddagram, Comilla

Mohammadpur Branch
80/C Asad Avenue, Mohammadpur, Dhaka

Rajshahi Branch
419, Parents Plaza, Alupatty, Ghoramara, Rajshahi

Alankar Mor Branch
D.T. Road, Abdul Ali Hat, AlankarMor,
North Pahartali, Chittagong

MTB Centre Corporate Branch
MTB Centre, 26 Gulshan Avenue,
Gulshan 1, Dhaka

Cox's Bazar Branch
Green Valley Business Centre,
01, Main Road, Cox's Bazar

Chawk Moghaltuli Branch
House # 93, Ward # 05, Chowk Moghaltuli, Lalbag

Jessore Branch
10 R N Road, (1st floor), Jessore

Gazipur Branch
Ahsania Complex, (1st floor),
Vogra Eastern Bypass, Gazipur

Baridhara Branch
The Alliance Building, 63, PragatiSarani
(Ground Floor), Shahjadpur, Gulshan, Dhaka

Comilla Branch
Rama Complex, 416/379 Badurtola,
Kanderpar, Comilla

Oxygen Mor Branch
Plasma Hospital Building, 3692/E Oxygen Mor,
Bayazid Bostami, Chittagong

Mymensingh Branch
23-24 Ananda Mohan Avenue,
Bara Bazar, Mymensingh

Habigonj Branch
Jamil Complex (1st Floor),
New Pourashava Road,
Shayestanagar, Habigonj

Kerani Hat Branch
Hoque Tower Shopping Complex & Apartments (1st
Floor), Kerani Hat, Satkania, Chittagong

Tejgaon Branch
MTB Square, 210/A/1 Tejgaon Industrial Area,
Tejgaon, Dhaka

Thakurgaon Branch
IRS Tower, Bangabandhu Sarak,
Chowrasta, Thakurgaon

Shahparan Gate Branch
Janani Complex, Shah Paran Gate,
Khadim Nagar, Sylhet

Karnaphuli EPZ Branch
Mohajan Golden Tower, Mohajan Ghata,
North Patenga, Chittagong

Bashundhara Branch
House 236, Road 2, Block B,
Bashundhara R/A, Dhaka

Shah Mokhdum Avenue Branch
House 35, Sector 12,
Shah Mokhdum Avenue, Uttara, Dhaka

Brahmanbaria Branch
T.A. Road, Brahmanbaria Sadar, Brahmanbaria

Kapasia Branch
ThanarMor, Kapasia, Gazipur

MTB Meghna Branch
Meghna Industrial Park,
Sonargaon, Narayanganj

Khilpara Branch
Hanufa Plaza, Khilpara Bazar,
Khilpara, Chatkhil, Noakhali

Kamrangirchar Branch
Pannu Plaza, Rasulpur Main Road, Sultangonj,
Ashrafabad, Kamrangirchar, Dhaka

Kakrail Branch
Iris Noorjehan, 104 Kakrail Road,
Kakrail, Dhaka

Narayanganj BSCIC Branch
A. Rahman Plaza, Sasangaon, BSCIC Gate,
Enayet Nagar, Fatullah, Narayanganj

Naogaon Branch
Jolly Plaza, Main Road, Chalkdev, Naogaon

Gobindaganj Branch
Kalpana Super Complex, Gobindaganj, Gaibandha

Dinajpur Branch
Modern Mor, Ganeshtola, Dinajpur

Chittagong Medical College Branch
Epic Center, 19 Panchlaish, Chittagong

Mirpur Branch
Fahad Plaza, Plot No-1, Road No-1,
Section-10, Kafrul, Mirpur, Dhaka

Kadair Bazar Branch
Mollah Market, Kadair Bazar, Shuvopur,
Chouddagram, Comilla

Jamirdia Masterbari Branch
Abdur Rashid Plaza, Jamirdia Masterbari,
Habirbari, Bhaluka, Mymensingh

Kalurghat Industrial Area Branch
Wajib Tower, C&B Mor, Arakan Road,
Chandgaon, Kalurghat, Chittagong

Ashulia Branch
Rajobi Plaza, Jamgora,
Yearpur, Ashulia, Dhaka

Monipur Bazar Branch
Sikder Market, Monipur Bazar,
Nuhash Palli Road, GazipurSadar, Gazipur

Tangail Branch
Noor Tower, 311/ 312 Boro Masjid Road, Tangail

Sirajganj Branch
Jan BuxBhaban, 452 Station Road (S.S. Road),
Sirajganj

Dumni Branch
Top Super Market, 12 Ananda Bazar,
Dumni, Khilkhet, Dhaka

Baraipara Branch
K. D. Super Market, Baraipara Bazar,
Shimulia, Ashulia, Dhaka

Khulna Branch
Rahim Plaza, 15 KDA Avenue,
Sonadanga, Khulna

Abu Torab Bazar Branch
Bhuiyan Market, Abu Torab Bazar,
Mirsarai, Chittagong

Muradpur Branch
K. Plaza, Mirzarpul, Muradpur, Chittagong

MTB Tower Branch
MTB Tower, 111 Kazi Nazrul Islam Avenue, Dhaka

Bormi Branch
Khan Plaza, Bormi Bazar,
Sreepur, Gazipur

Bagher Bazar Branch
Borobari Super Market,
Bagher Bazar, Gazipur

Barisal Branch
Fatema Centre, 523 Sadar Road, Barisal

Laldighirpar Branch
Laldighi Complex, Laldighirpar, Sylhet 3100

Madhabdi Branch
M. B. Tower, 256 Parkashipur, Madhabdi
Narsingdi 1604
Goalmari Bazar Branch
Goalmari Bazar, Goalmari, Daudkandi
Comilla 3516

Haidergonj SME/Agri Branch
Gazi Super Market (1st floor),
Haidergonj, Raipur, Laxmipur

Dagon Bhuiyan SME/Agri Branch
R. B. Plaza (1st floor), Fazilerghat Road,
Dagoanbhuiyan, Feni

Laksham SME/Agri Branch
308, By-Pass Road, By-Pass Laksham, Comilla

Noria SME/Agri Branch
Noor Tower, 1st floor, Noria, Dist: Shariyatpur

KaliganjSME/Agri Branch
Azad Market (2nd floor),
Kaligonj Bazar, Kaligonj, Gazipur

Ramchandrapur Bazar SME/Agri Branch
Ramchandrapur Bazar, Muradnagar, Comilla

Gaforgaon SME/Agri Branch
Ashraf Market (1st floor), Gafargaon Sadar,
Gafargaon, Mymensingh

Ishwardi SME/Agri Branch
Khondoker Market (1st floor),
Station Road, Ishwardi, Pabna

Belkuchi SME/Agri Branch
LokmanMension, Ward No- 4,
Wapda Road, Chala, Belkuchi, Sirajgonj

Nazumeah Hat SME/Agri Branch
B#3 Sheikh Market, Nazumeahhat,
Hat Hazari, Chittagong

Dhanbari SME/ Agri Branch
Dhanbari New Market, Dhanbari, Tangail

Hasnabad SME/Agri Branch
Mofiz Uddin Mansion, Block D,
Container Port Road, Hasnabad Housing,
South Keraniganj, Dhaka

Syedpur SME/Agri Branch
HaziAsab Ali Market, Syedpur,
Jagannathpur, Sunamganj

Sarulia Bazar SME/Agri Branch
Ismail Mansion, Sarulia Bazar, Demra, Dhaka

Malibagh Chowdhurypara Branch
KBG Tower, 15 DIT Road
Malibagh Chowdhurypara, Dhaka
Faridpur Branch
Moni Bhaban, Mujib Sarak, Faridpur

Hemayetpur Branch
Lalon Tower & Shopping Complex
Tatuljhora, Hemayetpur, Savar, Dhaka

Ulipur Branch
Holding No.06, Ward No.06
Ulipur Pourashova, Ulipur, Kurigram

17 years
1999-2016

UN GLOBAL COMPACT
WE SUPPORT

Corporate Head Office:
MTB Centre
26 Gulshan Avenue
Plot 5, Block SE(D)
Gulshan 1, Dhaka 1212
Phone: 880 (2) 984 6966, 984 2429
Fax: 880 (2) 882 4303
SWIFT: MTBL BD DH
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www.mutualtrustbank.com
mutual.trust.bank
mutualtrustbank
mutualtrustbank

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.
you can bank on us

MTB SECURITIES
you can grow with us

MTB CAPITAL LTD.
You can invest with us

MTB EXCHANGE UK LIMITED
you can remit with us

AMAR STOCK

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