

Independent Auditor's Report on  
Financial Statements of  
Modhumoti Bank Limited  
As at and for the year ended 31 December 2022

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## Independent Auditor's Report

To the Shareholders of Modhumoti Bank Limited  
Report on the Audit of the Financial Statements

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### Howladar Yunus & Co.

House-14 (Level 4 & 5)  
Road-16A, Gulshan-1  
Dhaka-1212  
Bangladesh

T : +880 2 58815247

## Opinion

We have audited the financial statements of Modhumoti Bank Limited (the "Bank"), which comprise the balance sheet as at 31 December 2022 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the Balance Sheet of the Bank as at 31 December 2022, and of its profit and loss account and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.1.

## Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Matters

The financial statements of the Bank for the period ended 31 December 2021 were audited by MABS & J Partners, Chartered Accountants who expressed an unmodified opinion on those statements on 28 April 2022.

## Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls**

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with IFRSs as explained in note 2.01, 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. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Bank or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;



- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on antifraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
  - a. internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
  - b. nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities.
- (iii) in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (iv) the records and statements submitted by the branches have been properly maintained in the financial statements;
- (v) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred were for the purpose of the Bank's business for the year;
- (vii) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 1,250 person hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Muhammad Farooq, FCA

Managing Partner

Howladar Yunus & Co.; Chartered Accountants

ICAB Enrollment Number: 0521

Firm's Registration No.: [N/A]

Dated: Dhaka, 25 April 2023

DVC: 2304250521AS538819

## Modhumoti Bank Limited

### Balance Sheet

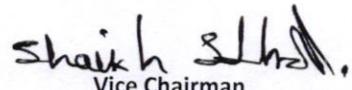
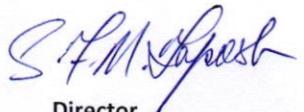
As at 31 December 2022

<u>Particulars</u>	<u>Notes</u>	<u>Amount in BDT</u>	
		<u>2022</u>	<u>2021</u>
<b><u>PROPERTY AND ASSETS</u></b>			
<b>Cash</b>	4		
Cash in hand (including foreign currencies)		461,224,505	373,973,484
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		2,986,291,795	2,629,084,496
		<b>3,447,516,299</b>	<b>3,003,057,981</b>
<b>Balance with other banks and financial institutions</b>	5		
In Bangladesh		6,160,354,602	3,526,596,326
Outside Bangladesh		917,726,002	442,993,162
		<b>7,078,080,604</b>	<b>3,969,589,487</b>
<b>Money at call on short notice</b>	6	<b>27,850,000</b>	<b>192,400,000</b>
<b>Investments</b>	7		
Government		21,554,747,058	25,540,793,238
Others		142,067,040	218,659,060
		<b>21,696,814,098</b>	<b>25,759,452,298</b>
<b>Loans and advances</b>	8		
Loans, Cash Credit, Overdrafts etc.		53,235,440,113	39,436,257,826
Bills purchased and discounted		2,614,365,864	2,401,704,450
		<b>55,849,805,977</b>	<b>41,837,962,276</b>
<b>Fixed assets including premises, furniture and fixtures</b>	9	<b>513,824,618</b>	<b>609,209,275</b>
<b>Other assets</b>	10	<b>2,010,983,510</b>	<b>4,185,283,694</b>
<b>Non - banking assets</b>		-	-
<b>Total assets</b>		<b>90,624,875,106</b>	<b>79,556,955,011</b>
<b><u>LIABILITIES AND CAPITAL</u></b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and its agents</b>	11	<b>5,339,084,162</b>	<b>6,134,705,304</b>
<b>Deposits and other accounts</b>	12		
Current Accounts and other Accounts		11,630,204,832	6,810,324,286
Bills Payable		651,013,341	521,940,507
Savings Bank Deposits		4,173,242,392	3,672,116,739
Special Notice Deposits (SND)		6,907,124,237	6,029,443,042
Fixed Deposits		48,512,815,689	41,595,197,073
Other Deposits		-	-
		<b>71,874,400,492</b>	<b>58,629,021,648</b>
<b>Other Liabilities</b>	13	<b>4,858,880,603</b>	<b>6,508,962,506</b>
<b>Total Liabilities</b>		<b>82,072,365,257</b>	<b>71,272,689,458</b>
<b>Capital/Shareholders' Equity</b>			
Paid up Capital	14.2	5,257,381,450	5,257,381,450
Statutory Reserve	15	2,516,440,135	2,167,614,506
Revaluation Reserve	16	94,031,641	33,825,345
Foreign currency translation gain	16 (a)	2,101,238	201,721
Surplus in Profit and Loss Account/ Retained Earnings	17	682,555,385	825,242,531
<b>Total Shareholders' Equity</b>		<b>8,552,509,849</b>	<b>8,284,265,553</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>90,624,875,106</b>	<b>79,556,955,011</b>



	Notes	Amount in BDT	
		2022	2021
<b>Off-Balance Sheet Items</b>			
<b>Contingent liabilities</b>			
Acceptances and Endorsements	18	5,914,062,725	5,556,720,807
Letters of Guarantees		15,391,777,872	13,867,844,931
Irrevocable Letter of Credits		8,958,443,889	10,109,120,972
Bills for Collection		6,605,883,300	3,619,108,201
Other Contingent Liabilities		-	668,657,520
<b>Total Contingent Liabilities</b>		<b>36,870,167,786</b>	<b>33,821,452,431</b>
<b>Other Commitments</b>			
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		-	-
<b>Total other commitments</b>		<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet Items including Contingent Liabilities</b>		<b>36,870,167,786</b>	<b>33,821,452,431</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 37

 Chairman  
 Vice Chairman  
 Director  
 Managing Director & CEO

See annexed Auditors' Report to the Shareholders of date

Dhaka, 25 April, 2023



Muhammad Farooq, FCA  
 Managing Partner  
 Howladar Yunus & Co.; Chartered Accountants  
 ICAB Enrollment Number: 0521  
 Firm's Registration No.: [N/A]  
 DVC:

2304250521AS538819



**Modhumoti Bank Limited**  
Profit and Loss Account  
For the year ended 31 December 2022

Particulars	Notes	Amount in BDT	
		2022	2021
Interest income	20	4,264,967,845	3,482,197,367
Interest paid on deposits and borrowings etc.	21	3,861,332,371	2,818,305,893
<b>Net interest income</b>		<b>403,635,474</b>	<b>663,891,474</b>
Investment income	22	1,377,427,594	1,995,286,444
Commission, exchange and brokerage	23	1,224,553,666	564,839,917
Other operating income	24	159,418,386	108,612,356
		<b>2,761,399,646</b>	<b>2,668,738,717</b>
<b>Total operating income (A)</b>		<b>3,165,035,120</b>	<b>3,332,630,191</b>
Salaries and allowances	25	786,245,605	702,827,011
Rent, taxes, insurance, electricity etc.	26	82,313,478	83,321,925
Legal expenses		607,650	495,000
Postage, stamp, telecommunication etc.	27	37,332,830	35,876,249
Stationery, printing, advertisements etc.	28	41,364,621	45,591,575
Managing Director's salary and fees	29	13,501,586	12,963,837
Directors' fees	30	1,696,000	1,512,000
Auditors' fees		300,000	250,000
Depreciation and repairs to bank's assets	31	227,743,950	207,744,584
Other expenses	32	182,601,257	156,736,965
<b>Total operating expenses (B)</b>		<b>1,373,706,976</b>	<b>1,247,319,146</b>
<b>Profit before provision (C=A-B)</b>		<b>1,791,328,144</b>	<b>2,085,311,045</b>
Provision for loans and advances	13.1		
General provision		15,300,000	136,450,000
Specific provision		28,100,000	263,700,000
Provision for Off-shore Banking unit		-	6,450,000
Provision for others	13.1 (b)	3,800,000	6,500,000
Special General provision-COVID-19	13.1 (c)	-	63,900,000
Provision for off-balance sheet items	13.2	-	43,000,000
<b>Total provision (D)</b>		<b>47,200,000</b>	<b>520,000,000</b>
<b>Total profit before tax (C-D)</b>		<b>1,744,128,144</b>	<b>1,565,311,045</b>
Provision for taxation	33		
Current Tax		770,289,835	441,396,238
Deferred Tax		(30,955,328)	(3,187,388)
		<b>739,334,507</b>	<b>438,208,850</b>
<b>Net profit after tax</b>		<b>1,004,793,637</b>	<b>1,127,102,195</b>
Retained Earnings brought forward from previous years		36,635,313	22,473,567
		<b>1,041,428,950</b>	<b>1,149,575,762</b>
<b>Appropriations</b>			
Statutory Reserve	15	348,825,629	313,062,209
Start-Up Fund		10,047,936	11,271,022
Other Reserve		-	-
		<b>358,873,565</b>	<b>324,333,231</b>
<b>Retained Surplus</b>	17	<b>682,555,385</b>	<b>825,242,531</b>
<b>Earnings Per Share (EPS)</b>	36	<b>1.91</b>	<b>2.14</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 37

  
Chairman

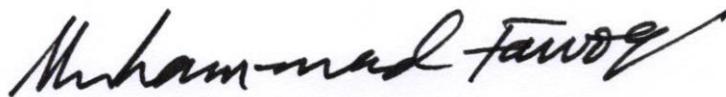
  
Vice Chairman

  
Director

  
Managing Director & CEO

See annexed Auditors' Report to the Shareholders of date

Dhaka, 25 April, 2023



Muhammad Farooq, FCA

Managing Partner

Howladar Yunus & Co.; Chartered Accountants

ICAB Enrollment Number: 0521

Firm's Registration No.: [N/A]

DVC: 2304250521AS538819

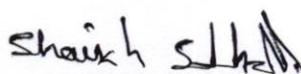


**Modhumoti Bank Limited**  
Cash Flow Statement  
For the year ended 31 December 2022

	Notes	Amount in BDT	
		2022	2021
<b>A. Cash Flow from Operating Activities</b>			
Interest receipts in cash		5,718,452,039	5,351,520,134
Interest payments		(3,835,843,230)	(2,817,314,101)
Dividend receipts		13,499,479	39,469,279
Fees and commission receipts in cash		1,224,553,666	564,839,917
Recoveries on Loans previously written-off		278,815	-
Cash payments to employees		(769,747,191)	(685,790,848)
Cash payments to suppliers		(42,538,292)	(45,904,498)
Income taxes paid		(495,621,054)	(628,991,060)
Receipts from other operating activities	34	160,285,308	159,968,618
Payments for other operating activities	35	(393,167,880)	(309,240,419)
<b>Operating profit before changes in operating assets and liabilities (i)</b>		<b>1,580,151,660</b>	<b>1,628,557,022</b>
<b>Increase / (decrease) in operating assets and liabilities</b>			
Purchase/Sales of trading securities (Treasury bond/bill)		5,630,166,782	(1,938,783,265)
Loans and advances to customers		(14,011,843,701)	(3,768,180,336)
Other Assets		24,105,405	88,018,824
Deposits from other banks/ Borrowings		(2,175,621,143)	2,797,514,592
Deposits from customers		14,470,816,868	3,579,669,700
Other liabilities account of customers		129,072,835	(265,357,313)
Other Liabilities		115,064,841	(147,609,585)
<b>Cash received from operating assets and liabilities (ii)</b>		<b>4,181,761,887</b>	<b>345,272,615</b>
<b>Net cash from operating activities (A=i+ii)</b>		<b>5,761,913,547</b>	<b>1,973,829,637</b>
<b>B. Cash flow from investing activities</b>			
Proceeds from sale of securities		-	-
Payment for purchase of securities (Treasury bond/bill/shares)		(1,567,755,781)	(2,882,501,906)
Purchase of property, plant & equipment		(37,064,699)	(73,401,888)
Proceeds from Sale of property, plant & equipment		15,953,533	21,161,251
<b>Net cash from investing activities (B)</b>		<b>(1,588,866,947)</b>	<b>(2,934,742,543)</b>
<b>C. Cash flows from financing activities</b>			
Receipts from issue of ordinary shares		-	-
Proceeds from Lease Liability		139,378,572	122,354,713
Payment of Lease Liability (principal reduction)		(117,185,862)	(98,973,175)
Interest Expense on lease liabilities paid in cash		(20,561,096)	(23,477,795)
Dividends paid		(788,607,218)	(876,230,250)
<b>Net cash from financing activities (C)</b>		<b>(786,975,603)</b>	<b>(876,326,507)</b>
<b>D. Net increase / decrease in cash &amp; cash equivalent (A+B+C)</b>		<b>3,386,070,997</b>	<b>(1,837,239,413)</b>
<b>E. Effects of exchange rate changes on cash and cash equivalents</b>		<b>2,101,238</b>	<b>201,721</b>
<b>F. Cash and cash equivalents at beginning period</b>		<b>7,165,862,968</b>	<b>9,002,900,660</b>
<b>G. Cash and cash equivalents at end of period (D+E)</b>		<b>10,554,035,203</b>	<b>7,165,862,968</b>
<b>Cash and cash equivalents at end of the year represents</b>			
Cash in hand (including foreign currencies)		461,224,505	373,973,484
Balance with Bangladesh Bank & its agent bank (including foreign currencies)		2,986,291,795	2,629,084,496
Balance with other banks and financial institutions		7,078,080,604	3,969,589,487
Money at call and on short notice		27,850,000	192,400,000
Prize bond (note: 7.1)		588,300	815,500
		<b>10,554,035,203</b>	<b>7,165,862,968</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 37

  
Chairman

  
Vice Chairman

  
Director

  
Managing Director & CEO

**Modhumoti Bank Limited**  
Statement of Changes in Equity  
For the year ended 31 December 2022

Particulars	Amount in BDT					
	Paid up capital	Statutory Reserve	Revaluation Reserve	Foreign currency translation gain	Surplus in Profit and Loss Account/ Retained Earnings	Total
<b>Balance as at 1 January 2022</b>	5,257,381,450	2,167,614,506	33,825,345	201,721	825,242,531	8,284,265,553
Statutory Reserve	-	348,825,629	-	-	(348,825,629)	-
Suplus/deficit on account of revaluation of investment	-	-	60,206,296	-	-	60,206,296
Issue of ordinary share	-	-	-	-	-	-
Cash dividend	-	-	-	-	(788,607,218)	(788,607,218)
Dividend (Bonus Share)	-	-	-	-	-	-
Transfer to Start-Up Fund	-	-	-	-	(10,047,936)	(10,047,936)
Foreign currency translation gain	-	-	-	1,899,517	-	1,899,517
Net profit for the year	-	-	-	-	1,004,793,637	1,004,793,637
<b>Balance as at 31 December 2022</b>	<b>5,257,381,450</b>	<b>2,516,440,135</b>	<b>94,031,641</b>	<b>2,101,238</b>	<b>682,555,385</b>	<b>8,552,509,849</b>
<b>Balance as at 31 December 2021</b>	<b>5,257,381,450</b>	<b>2,167,614,506</b>	<b>33,825,345</b>	<b>201,721</b>	<b>825,242,531</b>	<b>8,284,265,553</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 37

  
Shaikh Sultan  
Vice Chairman

  
S. F. M. S. Hossain  
Director

  
Managing Director & CEO

  
Chairman



## Modhumoti Bank Limited

### Liquidity Statement

#### (Assets and liabilities Maturity Analysis)

As at 31 December 2022

Particulars	Amount in BDT					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Assets:</b>						
Cash in hand	1,181,942,299	-	-	-	2,265,574,000	3,447,516,299
Balance with other banks and financial institutions	681,138,040	6,396,942,564	-	-	-	7,078,080,604
Money at call and on short notice	27,850,000	-	-	-	-	27,850,000
Investments	588,300	-	362,123,146	1,616,572,698	19,717,529,954	21,696,814,098
Loans and advances	6,348,682,349	11,971,866,064	15,913,369,830	8,769,493,619	12,846,394,115	55,849,805,977
Fixed assets incl. premises, furniture and fixtures	-	-	26,340,510	416,008,529	71,475,579	513,824,618
Other assets	161,760,503	456,230,464	1,392,992,543	-	-	2,010,983,510
Non banking assets	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>8,401,961,491</b>	<b>18,825,039,093</b>	<b>17,694,826,028</b>	<b>10,802,074,847</b>	<b>34,900,973,648</b>	<b>90,624,875,106</b>
<b>Liabilities:</b>						
Borrowings from Bangladesh bank, other banks, financial institutions and its agents	4,076,463,500	103,292,700	450,000,000	709,327,962	-	5,339,084,162
Deposits	4,227,460,468	19,008,285,144	19,899,316,113	9,821,617,502	18,917,721,264	71,874,400,492
Provision and other liabilities	-	-	-	48,588,806	4,810,291,797	4,858,880,603
<b>Total liabilities (B)</b>	<b>8,303,923,968</b>	<b>19,111,577,844</b>	<b>20,349,316,113</b>	<b>10,579,534,270</b>	<b>23,728,013,061</b>	<b>82,072,365,257</b>
<b>Net liquidity gap (A - B)</b>	<b>98,037,523</b>	<b>(286,538,751)</b>	<b>(2,654,490,085)</b>	<b>222,540,576</b>	<b>11,172,960,586</b>	<b>8,552,509,849</b>



**Modhumoti Bank Limited**  
**Notes to the Financial Statements**  
**As at and for the year ended 31 December 2022**

**1. Reporting entity**

**1.1 Legal status and nature of the Bank**

Modhumoti Bank Limited (the "Bank") is a scheduled commercial bank in the private sector established under the Bank Companies Act 1991 and incorporated in Bangladesh as a public limited company to carry out banking business in Bangladesh. The registered office of the Bank is located at Banglar Bani Bhaban, 81, Motijheel C/A, Dhaka-1000. The Bank has been running its banking operation following the Bank Companies Act 1991 (as amended up to the date), Central Bank's (Bangladesh Bank) regulation, Bangladesh Securities and Exchange Commission (BSEC) Rules & Regulations and all other laws & rules applicable in Bangladesh. The financial statements of the Bank as at and for the year ended December 31, 2022 provide financial information that is useful to existing and potential investors, borrowers, depositors, customers, creditors, regulators and other stakeholders to make their decision on banking & financial transactions, non-financial as well as compliance related issues.

**1.2 Principal activities of the Bank**

The Bank has 48 branches and 1 Off-shore Banking Unit as on 31 December 2022. The Bank offers services for all commercial banking needs of the customers, which includes deposit banking, loans and advances, export import financing, inland and international remittance facility, etc. The Bank is being run by a competent 'Management Team', under supervision of a strategic Board of Directors, having long sound background to serve the enterprises ranging from micro, small and medium enterprises and industries to large corporate houses keeping the tagline in mind, "Your Access to Success".

**1.3 Off-shore Banking Unit (OBU)**

The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3)744(124)/2015-2447, dated April 02, 2015. The Off-shore Banking Unit commenced its commercial operation on September 23, 2015. The Bank established its Offshore Banking Unit (OBU) with a view of catering the banking requirement of non-resident customers to increase foreign trade business at Export Processing Zones (EPZs). Over the years, OBU has become an important strategic business unit due to growing demand of cheaper foreign currency loan and Usance Payable at Sight (UPAS) Letter of Credit from the clients. 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. Presently, the Bank has one Off-shore Banking Unit in operation in Bangladesh. The Unit is governed under the rules and guidelines of Bangladesh Bank.

**2. Basis of preparation of Financial Statements**

**2.1 Statement of compliance**

The financial statements of the Bank have been made for the year ended 31 December 2022 and are prepared under the historical cost basis, except for certain investments which are stated at fair/market value in accordance with the First Schedule (Sec-38) of the Bank Companies Act 1991 (as amended up to the date), BRPD Circular # 14 dated June 25, 2003 and DFIM Circular # 11, dated December 23, 2009, other Bangladesh Bank Circulars, International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS"), the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges' listing regulations and other laws & rules applicable in Bangladesh. In cases where the requirements of Bangladesh Bank differ with those of IAS/IFRS, the requirements of Bangladesh Bank have been applied.

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, there is a Financial Reporting Council (FRC) to adopt & issue financial reporting standards for public interest entities such as Banks. The Bank Companies Act 1991 has been amended to require Banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as issued by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.



Accordingly, the financial statements of the Bank continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, Securities and Exchange Rules 1987. In case, any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IAS/IFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail.

#### **2.1.2 Use of estimates and judgments**

In preparation of the financial statements management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a going concern basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

#### **2.1.3 Foreign currency transaction**

Foreign currency transactions are converted into equivalent BDT using the prevailing exchange rates on the dates of respective transactions as per IAS-21, "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into BDT at weighted average rate of inter-bank market as 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 equivalent BDT.

Assets and liabilities & income and expenses of Off-shore Banking Units have been converted into BDT currency @ US\$1 = Taka 103.2927 (closing rate as at 31st December 2022) & Taka 93.8767 (average rate at year-end).

#### **Commitments**

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at rates mentioned in contracts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in BDT terms at the rates of exchange prevailing on the balance sheet date.

#### **Translation gains and losses**

The resulting exchange transaction gains and losses are included in the profit and loss account.

#### **2.1.4 Statement of cash flows**

Statement of cash flows have been prepared in accordance with the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

#### **2.1.5 Liquidity statement**

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following basis:

- i) Balance with other Banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term;
- ii) Investments are on the basis of their respective maturity;
- iii) Loans and advances / investments are on the basis of their repayment schedule;
- iv) Fixed assets are on the basis of their useful lives;
- v) Other assets are on the basis of their realization / amortization;
- vi) Borrowing from other Banks, financial institutions and agents, etc. are as per their maturity / repayment terms;
- vii) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors;
- viii) Provisions and other liabilities are on the basis of their payment / adjustments schedule.

## 2.1.6 Reporting period

These financial statements cover one calendar year from 1st January to 31st December 2022.

## 2.1.7 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

## 2.2 Assets and basis of their valuation

### 2.2.1 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.

### 2.2.2 Loans, advances and lease / investments

a) Loans and advances 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 on classified loans and advances is kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realised from borrowers. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

c) Commission and discounts on bills purchased and discounted are recognized at the time of realization.

d) Provision for loans and advances is made on the basis of year-end review by the management following instructions contained in Bangladesh Bank BCD Circular no. 34, dated November 16, 1989, BCD Circular no. 20, dated December 27, 1994, BCD Circular no. 12, dated September 4, 1995, BRPD Circular no. 16, dated December 6, 1998, BRPD Circular no. 9, dated May 14, 2001, BRPD Circular no.02, February 2005, BRPD Circular no. 09, August 2005, BRPD Circular no. 17, dated December 06, 2005, BRPD circular no.32, dated October 27, 2010, BRPD Circular no.14, dated September 23, 2012, BRPD Circular no19, dated December 27, 2012, BRPD Circular no 05, dated May 29, 2013, BRPD Circular no 16, dated November 18, 2014, BRPD Circular no12, dated August 20,2017, BRPD Circular no 15, dated September 27, 2017, BRPD Circular No. 07, dated June 21, 2018, BRPD Circular No. 13 dated October 18, 2018, BRPD Circular No. 52 dated October 20, 2020, BRPD Circular No. 16 dated July 21, 2020, BRPD Circular No. 56 dated December 10, 2020, BRPD Circular No. 3 dated January 31, 2021, BRPD Circular No. 5 dated March 24, 2021, BRPD Circular No. 19 dated August 26, 2021, BRPD Circular No. 50 dated December 14, 2021, BRPD Circular No. 53 dated December 30, 2021 and BRPD Circular Letter No. 53 dated December 22, 2022. The rates of provision for loans and advances are given below:

Particulars	Rate
General provision on unclassified general loans and advances / investments	1%
General provision on unclassified small enterprise financing	0.25%
General provision on interest receivable on loans / investments	1%
General provision on unclassified loans / investments for housing finance, loans for professionals to set-up business and loans to share business	1%-2%
General provision on unclassified consumer financing other than housing finance, loan for professionals and loans for BGs/MBs/SDs	2%
General provision on Special Mention Account (SMA) except Short Term Agriculture Loans	0.25% - 5%
Specific provision on substandard loans and advances / investments	20%
Specific provision on doubtful loans and advances / investments	50%
Specific provision on bad / loss loans and advances / investments	100%

e) Loans and advances / investments are written-off to the extent that (i) there is no realistic prospect of recovery, and (ii) against which legal cases are pending for more than five years as per guidelines of Bangladesh Bank. These write-off however will not undermine / affect the claim amount against the borrower. During the year no loan account has been written off from the loan book of the Bank.

f) Amounts receivable on credit cards are included in advances to customers at the amounts expected to be recovered.



g) General Provision has been calculated against all unclassified Credit Card loans under Consumer Financing as per Bangladesh Bank guideline (ref: BRPD Circular No. 12 dated August 20, 2017).

h) Provision for Short-term Agricultural and Micro-Credits: BRPD Circular No- 15 dated 27 September, 2017.

### 2.2.3 Investments

All investment securities are initially recognised 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 to discount income. The valuation method of investments used are:

#### Held to maturity (HTM)

Investments which have 'fixed or determinable payments', and are intended to be 'held to maturity', other than those that meet the definition of 'held at amortized cost-others' are classified as held to maturity.

#### 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 recognised in the statement of income for the period in which it arises. These investments are subsequently revalued at current market value on weekly basis as per Bangladesh Bank Guideline. Revaluation gain has been shown in revaluation reserve account & revaluation loss has been shown in Profit & Loss account.

Value of investments has been enumerated as follows :

Items	Applicable accounting value
Government treasury bills-HTM	Amortized value
Government treasury bills-HFT	Market value
Government treasury bonds-HTM	Amortized value
Government treasury bonds-HFT	Market value
Prize bond	At cost

### 2.2.4 Property, plant and equipment

Property, plant & equipments are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be reliably measured.

a) All fixed assets are stated at cost less accumulated depreciation as per IAS-16 " Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

b) The Bank recognises, in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally charged off as revenue expenditure in the period in which it is incurred.

c) Depreciation is charged for the year at the following rates on straight line depreciation method on all fixed assets is followed and no depreciation is charged on land:

Category of fixed assets	Rate of depreciation
Land	Nil
Buildings	2.50%
Furniture and fixtures	10%
Office equipments	20%
Library books	30%
Electrical equipments	20%
Computer equipments	20%
Motor Vehicles	20%

d) For additions during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.

e) On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sale proceeds.

f) Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset have been capitalized as part of the cost of the asset as per IAS-23.

g) Leasehold properties are recorded at present value of minimum lease payments or fair market value, whichever is lower as per the provisions of IAS-17. The carrying value of leasehold properties is amortized over the remaining lease term or useful life of leasehold property, whichever is lower.

#### **2.2.5 Intangible assets**

a) An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.

b) Software represents the value of computer application software licensed for use of the Bank, other than software applied to the operation software system of computers. Intangible assets are carried at its cost, less accumulated amortization and any impairment losses.

Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditure that are incurred in customizing the software for its intended use.

c) Expenditure incurred on software is capitalized only when it enhances and extends the economic benefits of computer software beyond their original specifications and lives and such cost is recognized as capital improvement and added to the original cost of software.

d) Software is amortized using the straight line method over the estimated useful life of 10 (ten) years commencing from the date of the application. Software is available for use over the best estimate of its useful economic life.

#### **2.2.6 Impairment of Assets:**

The policy for all assets or cash-generating units for the purpose of assessing such assets for impairment is as follows:

The Bank assesses at the end of each reporting period or more frequently if events or changes in circumstances indicate that the carrying value of an asset may be impaired, whether there is any indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the bank makes an estimate of the asset's recoverable amount. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered as impaired and is written down to its recoverable amount by debiting to profit & loss account.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired.

#### **2.2.7 Other assets**

Other assets include all balance sheet accounts 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.

#### **2.2.8 Securities purchased under re-sale agreement**

Securities purchased under re-sale agreements are treated as collateralized lending and recorded at the consideration paid and interest accrued thereon. The amount lent is shown as an asset either as loans and advances to customers or loans to other banks.

The difference between purchase price and re-sale price is treated as interest received and accrued evenly over the life of Repo agreement.



### 2.2.9 Receivables

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

### 2.2.10 Inventories

Inventories are measured at the lower of cost and net realizable value.

### 2.2.11 Leases

IFRS 16 defines that a contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 significantly changes how a lessee accounts for the transactions under operating leases.

#### **Recognition & Measurement of Leases as a Lessee (detail accounting policy in Note 9)**

Under IFRS 16, an entity shall be recognizing a Right-of-Use (ROU) Asset (i.e. the right to use the office building, branches, service center, call center, warehouse, etc.) and a corresponding lease liability. The asset and the liability are initially measured at the present value of unavoidable lease payments. The Depreciation on the ROU Assets and the Interest Expense on the lease liability is recognized in the Profit or Loss account over the lease term replacing the previous treatment as per IAS 17 i.e. charging 'lease rent expenses' under Operating Lease.

Accordingly, the Bank assesses whether a contract is a lease, in accordance with the guidance stated in the IFRS 16: Leases, by determining whether the contract gives it the right to use a specified underlying physical asset for a lease term greater than 12 months, unless the underlying asset is of low value. Office premises for which monthly lease rental is the amount not exceeding Taka 25,000, ATM Booths and other installations are considered as low value asset.

### 2.2.12 Non-banking assets:

Non-banking assets are acquired on account of the failure of a borrower to repay the loan on time after receiving the decree from the Court regarding the right and title of the mortgage property. The Banks are awarded ownership of the mortgage properties according to the verdict of the Honorable Court in accordance with the section 33 (7) of "Artharin Adalat-2003". The value of Non-Banking Assets are determined and reported in the financial statements on the basis of valuation report of an Independent valuer. The Modhumoti Bank Limited is yet to acquire any non-banking asset till to the date of December 31, 2022.

### 2.2.13 Reconciliation of inter-bank and inter-branch account

Accounts with regard to inter-bank 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.

## 2.3 basis for valuation of liabilities and provisions

### 2.3.1 Borrowings from other banks, financial institutions and agents:

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from banks, financial institutions and agents. These are stated in the balance sheet at amounts payable. Interest paid / payable on these borrowings is charged to the profit & loss account.

Disclosures of borrowings against Repo are shown in notes - 7.

### 2.3.2 Deposits and other accounts

Deposits by customers and banks are recognised when the Bank enters into contractual provisions of the arrangements with the counterparties, which is generally on trade date, and initially measured at the consideration received.

### 2.3.3 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, the Income Tax Ordinance 1984 and internal policy of the Bank. Details are shown in Notes 13.

#### **2.3.4 Provision for liabilities**

A provision is recognised in the balance sheet when the Bank has 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 IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Provision for loans and advances have been accounted for in the financial statements following the Bangladesh Bank circulars & guidelines.

#### **2.3.5 Provision for Off-balance sheet exposures**

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. As per BRPD Circular # 14, dated September 23, 2012, banks are advised to maintain provision @1% against off-balance sheet exposures. The instructions mentioned in the BRPD Circular # 07, dated June 21, 2018 and BRPD Circular # 13, dated October 18, 2018 have also been followed for calculating provision against off-balance sheet exposures.

#### **2.3.6 Provision for nostro accounts**

As per instructions contained in the circular letter no. FEPD (FEMO) / 01 / 2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, provision is to be maintained for the unreconciled debit balance of nostro account more than 3 months as on the reporting date of these financials. Since there is no unreconciled entries which are outstanding more than 3 months, no provision is required to be maintained.

#### **2.3.7 Provision for rebate to good borrowers**

Previously commercial banks were required to maintain provision @10.0% of interest charged against loans to good borrowers, identified on the basis of prescribed guidelines stated in BRPD Circular no. 06 (19 March 2015) and BRPD Circular Letter no 03 (16 February 2016) for onward rebate to the recognized good borrowers. However, Bangladesh Bank during 2020 issued another circular (BRPD Circular No. 14 dated 18 June 2020), wherein it is mentioned that from 2020 banks need not to provide any rebate to good borrowers. Hence, during 2022, no further good borrowers' provision was accounted for in the financials.

#### **2.3.8 Provision for climate risk fund**

As per GBCSRD Circular No 04 (9 July 2015) issued by Bangladesh Bank, Banks are required to maintain a climate risk fund of 10% of the CSR budget. To comply with this requirement the Bank has kept provision in the financial statements for the year ended 31 December 2022.

#### **2.3.9 Provision for current taxation**

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2022 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with IAS-12, "Income Taxes".

#### **2.3.10 Deferred taxation**

Deferred tax is accounted for in accordance with IAS 12, "Income Taxes". Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

#### **2.3.11 Benefits to the employees**

The retirement benefits accrued for the employees of the Bank as on reporting date have been accounted for in accordance with the provisions of International 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, National Board of Revenue, 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 June 04, 2013. The Fund is operated by a Board of Trustees consisting six members (03 members from the Management and other 03 members from the Board of Directors) of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the Fund. The Bank also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.

#### **b) Gratuity fund**

The Bank operates a funded gratuity scheme on "Continuing Fund basis", in respect of which provision will be made annually according to the recommendation based on Actuarial valuation covering all of its permanent eligible employees in accordance with Bank's Service Rules. The Fund will be operating by a Board of Trustees consisting members from the Board of Directors and Management of the Bank. Actuarial valuation of gratuity scheme will be made to assess the adequacy of the liabilities provided for the scheme as per IAS-19 "Employees Benefit". Contributions to the fund shall be made on the basis of actuarial recommendations.

Recognition of Gratuity fund has been done by the National Board of Revenue vide their letter number 08.01.0000.035.02.264.19/603 dated January 16, 2020 and actuarial valuation for assessing the adequacy of liabilities of the fund is under process which will be completed within a short time.

#### **c) Incentive bonus**

Incentive bonus is given to the employees every year considering the overall performance of the Bank as well as individual's performance. This bonus amount is distributed among the employees based on their performance. The bonus amount is paid annually, normally in first quarter of every following year and the costs is accounted for in the period to which it relates. Generally, a certain percentage of disclosed net profit is disbursed among the employees. The aforesaid percentage is approved in the Board meeting so that adequate provision can be made for Incentive Bonus as per IAS-37.

#### **2.3.12 Start-up Fund**

In compliance with Bangladesh Bank SMESPD Circular no.-04, dated 29 March, 2021; Modhumoti Bank Limited has formed start-up fund in order to facilitate innovations for marketing new products, services and technologies, and such enterprises would create employment and assets in the country.

#### **2.4 Share Capital**

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

##### **2.4.1 Authorised Capital**

Authorised capital is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association. Details are shown in note 14.1.

##### **2.4.2 Paid up Capital**

Paid up capital represents total amount of shareholders' 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 winding-up of the Bank, ordinary shareholders are ranked after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Details are shown in note 14.2.

##### **2.4.3 Statutory Reserve**

As per Bank Companies Act, the Bank requires to transfer 20% of its current year's profit before tax to statutory reserve until such reserve equals to its paid up capital. The Bank does comply with this requirement of law every year.



#### 2.4.4 Revaluation reserve on government securities

When an asset's carrying amount is increased as a result of revaluation, the increased amount is credited directly to equity under the Head of Revaluation Surplus. Revaluation reserve arises from the revaluation of land and buildings as well as the revaluation of Treasury bills and bonds (HFT & HTM) in accordance with the DOS circular no. 5 dated 26 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010. The Bank has not yet recognized any revaluation surplus against any kind of its fixed assets till to the balance sheet date. The tax effect on revaluation gain is measured and recognised in the financial statements as per IAS 12: Income Taxes.

#### 2.5 Contingent liabilities

A contingent liability is -

A 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 events not wholly within the control of the Bank; or

A present obligation that arises from past events but is not recognised because:

- a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

#### 2.6 Revenue recognition

##### 2.6.1 Interest income

In terms of the provisions of the IAS-18 "Revenue", the interest income is recognised on accrual basis. Interest on unclassified loans and advances are calculated at the prescribed rates to be taken into income. Interest is ceased to be taken into income when such loans and advances are marked as classified as per criteria prescribed by the Bangladesh Bank. It is then kept in interest suspense account. Interest on classified advances is accounted for on a cash receipt basis.

##### 2.6.2 Investment income

Interest income on investments is recognised on accrual basis. Capital gain on investments in shares is also included in investment income. Capital gain is recognised when it is realised.

##### 2.6.3 Fees and commission income

Fees and commission income arising on services provided by the Bank are recognised when those are realized. Commission charged to customers on letters of credit and letters of guarantee is credited to income at the time of transactions being recorded in the books of accounts.

##### 2.6.4 Income on Bills Purchased and Discounted

Income on Bills Purchased and Discounted is recognised upon realisation since there is no uncertainty as to its realisation and accrued on a monthly basis

##### 2.6.5 Interest and fees receivable on credit cards

Interest and fees receivable on credit cards are recognised on an accrual basis. Interest and fees cease to be taken into income when the recovery of interest and fees is in arrear for three months. Thereafter, interest and fees are accounted for on realisation basis.

##### 2.6.6 Dividend income on shares

Dividend income on shares is recognised during the period when right to receive is established.

##### 2.6.7 Interest paid and other expenses

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

##### 2.6.8 Dividend payments

Interim dividend is recognised when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders.

The proposed dividend for the year 2022 has not been recognized as a liability in the balance sheet in accordance with the IAS-10 : Events After the Reporting Period.

Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

## 2.7 Risk management

Risk and return are inversely related. Making perfect balance between these two aspects is a classical predicament to successful growth of a business. The role of risk management started from this point which actually is the process of identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realization of opportunities.

The MANCOM, All Risk Committee (Management Level), Credit Evaluation Committee (CEC), Asset Liability Management Committee (ALCO), Supervisory Review Process (SRP) Team and IASel Unit (Supervisory Committee) comprising Executive and Senior Management, are high level management committees responsible for the overall management of the risk profile of the Bank. In view of core risk guidelines, the bank has established various divisions/units to address specific risk, e.g. credit risk management, credit administration, internal control & compliance, anti- money laundering, ICT, treasury division etc. Further to manage the overall risks of the Bank in line with Basel accords, the Bank has formed a dedicated a Risk Management Division (RMD).

The Bank faces a number of risks stemming from credit risk, liquidity risk, market risk, foreign exchange risk, interest rate risk, equity price risk, operational risk, legal risk and also reputation risk. The risk management systems in place at the Bank are discussed below:

### 2.7.1 Credit risk

Credit risk is the risk of loss that may occur from the default of any counterparty to repay in accordance with agreed terms and conditions and/or deterioration of creditworthiness. The failure may result from unwillingness of the counter party or decline in his / her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues.

A methodical assessment & due diligence are done before sanction of any credit facility at Credit Risk Management Division of the Bank. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facilities and various critical risk factors. The assessment process starts at Branch Credit department by the Officer and ends at Credit Risk Management Division in Head Office where it is approved / declined by the competent authority. Credit approval authority has been partially delegated to the individual executives. Proposal beyond their delegation are approved / declined by the Board / Executive Committee (EC) of the Board.

Credit Administration (CAD) monitors the documentation aspects of approved credits and also manages the deteriorating accounts as there is no Legal & Recovery Unit yet in the Bank.

All other remaining risk in regards to credit portfolio are addressed by the Risk Management Division (RMD), the primary responsibility of this Division is to identify and assess the severity of risks and highlight the same to the management for strategic decision making in regard to Residual Risk (documentation risk, valuation error etc.) and concentration risk etc.

### 2.7.2 Foreign Exchange Risk

Foreign exchange risk is the exposure of an institution to the potential impact of movements in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a loss in earnings. As per the guidelines of Bangladesh Bank, Modhumoti Bank Limited has developed a detailed Foreign Exchange Risk Management policies to minimize different types of risks associated with foreign exchange transactions. The Bank has also developed different strategies to handle foreign exchange risk by setting different types of limits and risk parameters to measure and monitor foreign exchange risk exposure of the Bank.

The foreign exchange desk of treasury division is involved in foreign exchange dealing activities with different counterparts; the treasury back office is engaged in transfer of funds and passing of the transaction entries in the books of accounts, and the mid office is responsible for verification of the deals. All foreign exchange transactions are revalued at market rate as per the directive of Bangladesh Bank. All Nostro Accounts are reconciled on a monthly basis and outstanding entries beyond 30 days are reviewed by the management for its settlement.



### 2.7.3 Asset Liability Management

Responsibility of managing and controlling liquidity of the bank lies with Asset Liability Committee (ALCO) that meets at least once in a month. Asset Liability Management (ALM) desk being primarily responsible for management of liquidity risk closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities. A monthly projection of fund flows is reviewed in ALCO meeting regularly. On monthly basis, ALCO monitors liquidity management by examining key ratios, maximum cumulative outflow, upcoming funding requirement from all business units, asset-liability mismatch etc.

Asset-Liability Committee (ALCO) reviews country's overall economic position, the Bank's liquidity position, key performance ratios, interest rate risk, deposit and advance growth, cost of deposit & yield on advances, deposit & lending pricing strategy and different forecasted balance sheet risks of the Bank.

By strongly monitoring the maturity GAP of assets and liabilities and interest rates movement, Bank is able to maintain optimum liquidity with required regulatory compliances. A policy guideline on Assets Liability Management is formulated and approved by the Board of Directors of the Bank and revise it from time to time.

### 2.7.4 Money Laundering Risk

The bank has board approved 'Money Laundering and Terrorist Financing Risk Management Guidelines' to prevent the money laundering and terrorist financing risk of the Bank. For mitigating the risks, the Bank has a designated Chief Anti Money Laundering Compliance Officer (CAMLCO) and Deputy Anti Money Laundering Compliance Officer (De-CAMLCO) at Head Office and Branch Anti Money Laundering Compliance Officer (BAMLCO) in the Branches, who independently review the transactions of the accounts to verify suspicious transactions. Training is continuously given to all category of Officers and Executives for developing awareness and skill for identifying suspicious activities / transactions.

The CAMLCO, De-CMALCO and BAMLCO ensures the reporting of Suspicious Transactions Reports (STR), and ensure AML & CFT compliance culture throughout the bank.

### 2.7.5 Internal Control & Compliance Risk

Internal control is the process, effected by the Board of Directors, Management & other personnel designed to provide reasonable assurance regarding the achievement of objectives with effectiveness & efficiency of operations. It encompasses all controls incorporated into the strategic, governance and management processes, covering the bank's entire range of activities and operations, and not just those directly related to financial operations and reporting. Its scope is not confined to those aspects of a business that could broadly be defined as compliance matters, but extends also to the performance aspects of a business.

Modhumoti Bank Ltd has established a System of Internal Control, which is designed to manage all the risks of failure to a reasonable level, achieve aims and objectives/goals of the Bank and this System provides reasonable assurance of effective & efficient operations covering all controls including financial & operational controls, reliability of the financial information, compliance with applicable laws & regulations, adherence to management policies, safeguarding of Bank's Assets, prevention & detection of fraud & errors, and accuracy & completeness of the accounting records.

### 2.7.6 Information and communication technology

With the increasing use of Information and Communication Technology in the activities of the Banks, risk management for Information and Communication Technology has become important. ICT Division is aimed to provide uninterrupted & efficient operations of all products, services and deliverables – Banks already offered or intends to do in future. In banking institutions, all risks should be recognized, addressed and managed in a prudent manner according to the fundamental characteristics and challenges. ICT risk is the risk associated with the use, ownership, operation, involvement, influence and adoption of ICT within an organization. Risks surrounding Information Technology, such as unauthorized access to a system, network failure, software failure, lack of skills, hacking, viruses attack and poor system integration poses threat for the organization. ICT risk of the Bank is addressed by finding out the weakness in a particular operation and initiating appropriate/ suitable strategy within the approved policies and procedures. To assist Risk Management Committee of Board of Directors, ICT Risk Management committee has been formed from Management team on 07th Sep. 2016 vide Office Order# HO/HRD/2016/1072 as per guideline of Bangladesh Bank.

MABL has a comprehensive ICT Security Policy and procedures which are formally documented and approved by the Board of Directors of the Bank. The Bank follows the bottom-up approach that has been proven helpful in developing a set of relevant and important risk scenarios as followings:

#### **2.7.7 Liquidity risk**

The objective of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding balance comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Treasury Department under approved policy guidelines. Treasury front office is supported by a very structured Mid office and Back office. The Liquidity management is monitored by the Asset Liability Committee (ALCO) on a regular basis. A written contingency plan is in place to manage extreme situation.

#### **2.7.8 Market risk**

The exposure of market risk of the Bank is restricted to foreign exchange risk, interest rate risk and equity risk.

##### **Foreign exchange risk**

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. No foreign exchange dealing on Bank's account was conducted during the year.

Treasury Department independently conducts the transactions and the back office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by Bangladesh Bank at the month-end. All Nostro accounts are reconciled on a monthly basis and outstanding entry beyond 30 days is reviewed by the management for its settlement. The position maintained by the bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

##### **Interest rate risk**

Interest rate risk may arise either from trading portfolio or non-trading portfolio. The trading portfolio of the Bank consists of Government treasury bills held for trading. The short-term movement in interest rate is negligible or nil. Interest rate risk of non-trading business arises from mismatches between the future yield of an asset and its funding cost. The Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

##### **Equity risk**

Equity risk arises from movement in market value of equities held. The risks are monitored by the Investment Committee under a well designed policy framework.

#### **2.7.9 Reputation risk arising from money laundering incidents**

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has a designated Chief Compliance Officer at Head Office and Compliance Officers at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been established and transaction profile has been introduced. Training is continuously given to all category of Officers and Executives for developing awareness and skill for identifying suspicious activities / transactions.

#### **2.7.10 Operational risk**

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Bank. Internal Control and Compliance Division undertakes periodical and special audit of the Branches and Divisions at the Head Office for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.



## **RISK MITIGATION PROCESS**

Risk mitigation involves prioritizing, evaluating, and implementing the appropriate risk-reducing controls recommended from the risk assessment process. Risk mitigation is a systematic methodology used by senior management to reduce mission risk. Risk mitigation can be achieved through any of the following risk mitigation options:

**Risk Assumption:** To accept the potential risk and continue operating the IT system or to implement controls to lower the risk to an acceptable level.

**Risk Avoidance:** To avoid the risk by eliminating the risk cause and/or consequence (e.g., forgo certain functions of the system or shut down the system when risks are identified)

**Risk Limitation:** To limit the risk by implementing controls that minimize the adverse impact of a threat's exercising vulnerability (e.g., use of supporting, preventive, detective controls)

**Risk Planning:** To manage risk by developing risk mitigation plan that prioritizes, implements, and maintains controls

**Research and Acknowledgment:** To lower the risk of loss by acknowledging the vulnerability or flaw and researching controls to correct the vulnerability

**Risk Transference:** To transfer the risk by using other options to compensate for the loss, such as purchasing insurance.

**Risk mitigation strategy was articulated in the following rules-**

**Option-1:** When vulnerability (or flaw, weakness) exists, implement assurance techniques to reduce the likelihood of vulnerability's being exercised.

**Option-2:** When vulnerability can be exercised, apply layered protections, architectural designs, and administrative controls to minimize the risk of or prevent this occurrence.

**Option-3:** When the attacker's cost is less than the potential gain, apply protections to decrease an attacker's motivation by increasing the attacker's cost (e.g., use of system controls such as limiting what a system user can access and do can significantly reduce an attacker's gain).

**Option-4:** When loss is too great, apply design principles, architectural designs, and technical and non-technical protections to limit the extent of the attack, thereby reducing the potential for loss.

## **2.8 Earnings per share**

### **Basic earnings per share**

Basic earnings per share is calculated in accordance with IAS 33 "Earnings per Share" and is shown on the face of the profit and loss account. This has been calculated by dividing the IAS earnings by the weighted average number of ordinary shares outstanding during the year.

### **Diluted earnings per share**

Diluted earnings per share is not required to be calculated for the year as there was no scope for dilution during the year under review.

## **2.9 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.

## **2.10 Memorandum items**

Memorandum items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Bills for collection, savings certificates, wage earners bonds etc. fall under the memorandum items. However, Bills for Collection is shown under contingent liabilities as per Bangladesh Bank's format of reporting.

## **2.11 Related party transaction**

Related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged. Detail of related parties transaction are given in note- 37.



## 2.12 IFRS 16 Leases

IFRS 16, issued in January 2016 replaces existing guidance related to lease transactions and effective for reporting period beginning on or after 1 January 2019. IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. Interest expense on lease liability and depreciation on ROU assets are charged in the Profit and Loss Account. Detail accounting policy is stated in note no. 9.

## 3. Compliance report on International Financial Reporting Standards (IFRS/IFRS) and International Accounting Standards (IAS):

Name of the standards	Ref.	Status
First-time Adoption of International Financial Reporting Standards	IFRS-1	Not applicable
Share-based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Not applicable
Insurance Contracts	IFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied
Operating Segments	IFRS-8	Applied
Financial Instruments	IFRS-9	Not applied
Consolidated Financial Statements	IFRS-10	Applied
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interests in other Entities	IFRS-12	Not applicable
Fair Value Measurement	IFRS-13	Applied
Regulatory deferral accounts	IFRS-14	Not applicable
Revenue from contractors with customers	IFRS-15	Applied
Leases	IFRS-16	Applied
Insurance Contracts	IFRS-17	Not applicable
Presentation of Financial Statements	IAS-1	Applied *
Inventories	IAS-2	Not Applicable
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Construction Contracts	IAS-11	Not Applicable
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Leases	IAS-17	Applied
Revenue	IAS-18	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government	IAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable **
Separate Financial Statements	IAS-27	Not Applicable
Interests in Joint Ventures	IAS-31	Not Applicable
Financial Instruments: Presentation	IAS-32	Applied *
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied ***
Impairment of Assets	IAS-36	Not Applicable
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied

Financial Instruments: Recognition and Measurement	IAS-39	Applied *
Investment property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

\* In order to comply with certain specific rules and regulations of the local Central Bank (Bangladesh Bank) which are different to IAS/IFRS, some of the requirements specified in these IAS/IFRSs are not applied. Refer below (note - 3.2) for such recognition and measurement differences that are most relevant and material to the Bank.

\*\* This Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. Therefore, it is not applicable for the Bank's annual report as it is the employer and not the retirement benefit plan itself.

\*\*\* The objective of IAS 34 is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period and hence it is not applicable for annual financial statements.

### 3.1 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Bank has not early adopted the new or amended standards in preparing these financial statements.

Effective date	New standards or amendments
1 January 2023	• Amendments to IAS 1 (Classification of Liabilities as Current or Non Current).
	• IFRS 17 "Insurance Contracts"
	• Amendments to IAS 8 (Definition of Accounting Estimate).
	• Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies).
Effective date deferred indefinitely/ available for optional adoption	• Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" on sale or contribution of assets between an investor and its associate or joint venture.

There are no other standards that are yet to be effective and that would be expected to have a material impact on the Bank's financial statements in the current or future reporting periods and on foreseeable future transactions.

### 3.2 Departures from IAS/IFRS

The financial statements of the Bank as at and for the year ended 31 December 2022 have been prepared under the historical cost convention except investments and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, as amended by Bangladesh Bank (the Central Bank of Bangladesh) through BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and Dhaka & Chittagong Stock Exchange's listing regulations. In case, any requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities, the provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of IFRS/IFRS are stated as under:

#### i) Investment in shares and Securities

IFRS: As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in fair value (as measured in accordance with IFRS 13) at the year end is taken to profit and loss account or other comprehensive income respectively.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, investments in quoted 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 investment; otherwise investments are recognized at costs.

**ii) Revaluation gain/loss on Government securities**

**IFRS:** As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

T-bills and T-bonds designated as 'held to maturity' are measured at amortized cost method and interest income is recognized through the profit & loss account.

**Bangladesh Bank:** HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

**iii) Provision on loans and advances**

**IFRS:** As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 June 2012, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loan, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

**iv) Recognition of interest in suspense**

**IFRS:** Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently becomes credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as 'liability' in the Balance Sheet.

**v) Other comprehensive income**

**IFRS:** As per IAS 1, Other Comprehensive Income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Other Comprehensive Income (OCI) Statement.



**Bangladesh Bank:** Bangladesh Bank has issued templates for financial statements which will strictly be followed by all Banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income or the elements of Other Comprehensive Income allowed to include in a Single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity.

**vi) Financial instruments – presentation and disclosure**

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

**vii) Repo and Reverse Repo transactions**

**IFRS:** As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

**Bangladesh Bank:** As per DOS Circular letter no. 6 dated 15 July 2010 and subsequent clarification in DOS circular no.2 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book. However, as per DMD circular letter no.7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.

**viii) Financial guarantees**

**IFRS:** As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per BRPD circular no: 14 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.

**ix) Cash and cash equivalent**

**IFRS:** Cash and cash equivalent items should be reported as cash item as per IAS 7.

**Bangladesh Bank:** Some cash and cash equivalent items such as 'money at call and on short notice', Treasury bills, Prize bond are not shown as cash and cash equivalent. Money at call and on short notice is shown as a face item in balance sheet, and Treasury bills, Prize bonds are shown in Investment.

**x) Non-banking asset**

**IFRS:** No indication of Non-banking asset is found in any IFRS.

**Bangladesh Bank:** As per BRPD circular no: 14 dated 25 June 2003, there must exist a face item named Non-banking asset.

**xi) Cash flow statement**

IFRS: 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 as per IAS 7.

**Bangladesh Bank:** As per BRPD circular no: 14 dated: 25 June 2003, cash flow is the mixture of direct and indirect method.

**xii) Balance with Bangladesh Bank: (CRR)**

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day-to-day operations as per IAS 7.

**Bangladesh Bank:** Balance with Bangladesh Bank is treated as cash and cash equivalents.

**xiii) Presentation of intangible asset**

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

**Bangladesh Bank:** There is no requirement for regulation of intangible assets in BRPD circular no: 14.

**xiv) Off-balance sheet items**

IFRS: There is no concept of off-balance sheet items in any IFRS; hence there is no requirement of disclosure of off-balance sheet items.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of balance sheet.

**xv) Disclosure of appropriation of profit**

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

**Bangladesh Bank:** As per BRPD circular no: 14 dated: 25 June 2003, an appropriation of profit should be disclosed in the face of Profit and Loss Account.

**xvi) Loans and advance net of provision**

IFRS: 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 are presented separately as liability and cannot be netted off against loans and advances.

**3.3 Disclosure of FRC Policy on Use of Audited Financial Statements in Processing Loans**

Audited Financial Statements are mandatory documents for any existing company applying for new loan facility for the first from bank. The bank uses the Audited Financial Statements while assessing any new credit / Loan facilities to any new customers. In compliance with BRPD Circular Letter No. 04, dated January 04, 2021, the bank obtained audited financial statements while approving any new loan. It is also mandatory to the client of the bank to submit annual audited financial statements of the company to the bank on an annual basis. Audited Financial Statements are preserved with the loan file by the bank. However, in some special circumstances where latest Audited Financial Statements may not be available, the bank uses interim Management Accounts for the Borrower Risk Rating (BRR) or ICRR for the purpose of renewal of any loan facilities. Such BRR or ICRR is approved by the Management only for Interim use with an instruction to update the same with the Audited Financial Statements. Regarding the BRPD Circular Letter 35 dated July 06, 2021, and FRC Letter No. 178/FRC/APR/2021/27(28) dated December 8, 2021, From September 2021 the Bank verifying the Financial Statements using the Document Verification System (DVS).

**3.4 The Bank's compliance with related pronouncements by Bangladesh Bank:**

**i) Internal Control**

Main objective of internal control is to ensure that management has reasonable assurance on some issues such as (i) operations are effective, efficient and aligned with strategy, (ii) financial reporting and management information is reliable, complete and timely accessible, (iii) the entity is in compliance with applicable laws and regulations as well as its internal policies and ethical values including sustainability, and (iv) assets of the company are safeguarded and frauds & errors are prevented or detected.

Modhumoti Bank Limited has established an effective internal control system to ensure the overall control of risks and provide reasonable assurance that the objectives set by the Bank will be met. It has designed to develop a high level risk culture among the Bank officials, establish efficient and qualified operating model of the Bank, ensure reliability of internal and external information including accounting and financial information, secure the Bank's operations and assets, and comply with laws, regulatory requirements and internal policies.

The Board of Directors of Modhumoti Bank Limited, through its Audit Committee, periodically reviews the effectiveness of Bank's internal control system covering all the material controls, including financial, operational and compliance controls, risk management systems, the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, training programs, budget, etc. Audit Committee of the Board reviews the actions taken on internal control issues identified by the Internal & External Auditors and Regulatory Authorities. It has active oversight on the internal audit's independence, scope of work and resources and it also reviews the functions of Internal Control & Compliance Division (ICCD) of Head Office, particularly the scope of the annual audit plan and frequency of the internal audit activities.

**ii) Internal Audit**

Internal Audit Mechanism is used as an important element to ensure good governance of Modhumoti Bank Limited. Internal Audit is the continuous and systematic process of examining and reporting on the activities of an organization undertaken by the specially assigned staff(s). They assure the Bank management that the Internal Controls are adequate and in operations, the policies and systems laid down are being adhered to and accounting records provided by the lower level are correct. Bank's internal audit Activities are effective and provide senior management with a number of important services. These include detecting and preventing fraud, testing internal control, and monitoring compliance with own policies & procedures, applicable rules & regulations, instructions/ guidelines of regulatory authority etc.

During the year 2022, ICCD conducted inspection on many of the Branches and Divisions of Head Office of the Bank and submitted reports presenting the findings of the audits/ inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports. The reports or key points of the Reports have also been discussed in the meetings of the Audit Committee of the Board and necessary steps have been taken according to the decision of the said Committee for correct functioning of Internal Controls & Compliance.

**iii) Fraud and Forgeries**

The term 'fraud' commonly includes activities such as theft, corruption, conspiracy, embezzlement, money laundering, bribery and extortion. The increasing wave of fraud and forgery cases in the banking sector of Bangladesh in recent time calls for concerted steps in identifying ways for reducing or preventing frauds and forgeries by analyzing the causes and effect of frauds and forgeries, and prescribing effective control strategies for salvaging frauds. Modhumoti Bank Limited does always pay due attention on anti-fraud internal controls for prevention of fraud and forgery. The Bank has already implemented some strategies like Financial Control Strategy, Personnel Control Strategy, Credit Control Strategy, Administrative Control strategy, Process Control Strategy etc. in order to strengthening the control system further. Pre-employment screening process has been adopted for verifying the qualification, experience, credit check, criminal history search etc. in case of recruitment of officials. Although it is not possible to eliminate all frauds because of the inherent limitations of Internal Control System, the Board of Directors and Bank Management have taken all the measures to keep the operational risk in a very minimum level. Internal Control and Compliance Division (ICCD) assesses and evaluates the effectiveness of Bank's anti-fraud internal control measures, recommends for further improvement in implementation of aforesaid strategies and reports to the Bangladesh Bank on effectiveness of controls at the end of each quarter following their prescribed format.



### 3.5 Operating segments

The Bank have no identified operating segment and as such presentation of segmental reporting is not made in the financial statements as per IFRS 8.

### 3.6 Approval of financial statements

The Bank in its 70th Board Meeting held on April 25, 2023 approved the Financial Statements for the year ended 31 December 2022.

### 3.7 General

- a) These financial statements are presented in BDT (Taka), which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest BDT (Taka).
- 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's presentation.



	Amount in BDT	
	2022	2021
<b>4. Cash of the Bank</b>		
<b>In hand:</b>		
Local currency	453,692,655	369,662,994
Foreign currencies	7,531,850	4,310,490
	<b>461,224,505</b>	<b>373,973,484</b>
<b>Balance with Bangladesh Bank:</b>		
Local currency	2,642,938,166	2,514,509,094
Foreign currencies	342,969,677	113,671,725
	<b>2,985,907,842</b>	<b>2,628,180,819</b>
<b>Balance with Sonali Bank Limited (as agent of Bangladesh Bank):</b>		
Local currency	383,952	903,677
	<b>2,986,291,795</b>	<b>2,629,084,496</b>
	<b>3,447,516,299</b>	<b>3,003,057,981</b>

**4.1** Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of Bank Company Act 1991, DOS circular no. 01 dated 19 January 2014, MPD circular no. 01 dated 23 June 2014, MPD circular no. 01 dated 03 April 2018 and MPD circular no. 03 dated 09 April 2020.

The Cash Reserve Requirement (CRR) on the Bank's time and demand liabilities is calculated at the rate of 3.5% on daily basis and 4.0% on bi-weekly basis and has been maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio (SLR), is calculated on the same liabilities and has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank. Both reserves are maintained by the Bank, detail of which is presented below:

**4.1.1 Cash Reserve Requirement (CRR)**

As per Bangladesh Bank DOS Circular No. 01 dated January 01, 2014, MPD circular no. 01 dated 23 June 2014, MPD circular no. 01 dated 03 April 2018 and MPD circular no. 03 dated 09 April 2020, Bank has to maintain CRR @ 4.00% on bi-weekly average basis and minimum @ 3.50% on daily basis.

**i) Daily basis**

**3.5% of average Demand and Time Liabilities**

Required reserve	2,265,574,000	1,937,104,000
Actual reserve held (Average daily on bi-weekly basis)	2,808,633,997	2,290,158,576
Surplus	<b>543,059,997</b>	<b>353,054,576</b>

**ii) Bi-weekly average basis**

**4.0% of average Demand and Time Liabilities**

Required reserve	2,589,244,000	2,213,945,000
Actual reserve held (Average daily on bi-weekly basis)	2,808,633,997	2,290,158,576
Surplus	<b>219,389,997</b>	<b>76,213,576</b>

**4.1.2 Statutory Liquidity Ratio (SLR)**

**13% of required Average Demand and Time Liabilities:**

Required reserve	8,415,431,000	7,197,876,000
Actual reserve held	22,246,178,940	25,990,164,800
Surplus	<b>13,830,747,940</b>	<b>18,792,288,800</b>

**Held for Statutory Liquidity Ratio**

Cash in hand	461,224,500	373,973,484
Balance with agent bank (Sonali Bank Ltd.) as per statement	-	-
Prize Bond	-	-
Excess of CRR	219,390,000	76,213,577
Bangladesh Bank Bills	-	112,165,806
Government treasury bonds	21,565,564,440	25,427,811,933
	<b>22,246,178,940</b>	<b>25,990,164,800</b>

**5 Balance with other banks and financial institutions**

In Bangladesh (Note -5.1)

Outside Bangladesh (Note -5.2)

6,160,354,602	3,526,596,326
917,726,002	442,993,162
<b>7,078,080,604</b>	<b>3,969,589,487</b>

Also refer to Note -5.3 for maturity wise grouping.

**5.1 In Bangladesh**

**Current account:**

Prime Bank Limited

Jamuna Bank Limited

Trust Bank Limited

Sonali Bank Limited

46,527	44,818
4,545,855	3,463,507
26,120,218	15,223,342
3,962	-
<b>30,716,562</b>	<b>18,731,667</b>

**Short term deposits account:**

Prime Bank Limited

Eastern Bank Limited

Janata Bank Limited

The City Bank Limited

Sonali Bank Limited

Bank Asia Limited

Agrani Bank Limited

Habib Bank Limited

50,211	60,093
25,642	3,080,135
142,780,925	34,479,864
54,337	28,746
22,448,849	64,652,097
3,578,418	4,054,607
7,198,861	5,709,115
796	-
<b>176,138,040</b>	<b>112,064,658</b>

**Fixed deposits:**

**In Banks**

Bank Al Falah Ltd.

Community Bank Bangladesh Limited

South Bangla Agricultural Bank Limited

NRB Bank Limited

National Credit and Commerce Bank Ltd.

NRB Commercial Bank Limited

450,000,000	-
780,000,000	-
900,000,000	750,000,000
900,000,000	-
450,000,000	-
500,000,000	-
<b>3,980,000,000</b>	<b>750,000,000</b>

**In Financial Institutions**

Prime Finance & Investment Limited

Phoenix Finance and Investment Company Ltd.

Union Capital Ltd.

Bangladesh Finance and Investment Co. Ltd.

Premier Leasing International Ltd.

GSP Finance Company (Bangladesh) Limited

CVC Finance Limited

IDLC Finance Limited

-	-
120,000,000	140,000,000
430,000,000	430,000,000
348,500,000	388,000,000
375,000,000	285,000,000
-	10,000,000
-	20,000,000
700,000,000	-
<b>1,973,500,000</b>	<b>1,273,000,000</b>

**In Foreign Currency**

South Bangla Agricultural Bank Limited

Trust Bank Limited

Meghna Bank Limited

-	85,800,000
-	1,201,200,000
-	85,800,000
-	<b>1,372,800,000</b>
<b>6,160,354,602</b>	<b>3,526,596,326</b>



## 5.2 Outside Bangladesh (NOSTRO Accounts)

Name of the Foreign Bank / Correspondent	2022			2021	
	Currency	Amount In	Conversion	Amount in	
		F.C	Rate	Taka	
AB Bank Ltd. (MUMBI)	ACU	2,017,828.38	103.29	208,426,942	1,068,028
Sonali Bank (Kolikata)	ACU	3,007.25	103.29	310,627	192,553
Masherq Bank, PSC, NY (OBU)	USD	140,111.02	103.29	14,472,446	13,426,652
Masherq Bank, PSC, NY	USD	5,598,738.18	103.29	578,308,783	321,647,668
Habib American Bank	USD	305,796.34	103.29	31,586,530	32,980,342
Sonali Bangladesh (UK)-USD	USD	10,020.41	103.29	1,035,035	-
Banca Popolare DI Sondrio	GBP	1,754.84	124.27	218,076	211,465
United Bank of India (KOLIKATA)	ACU	21,042.70	103.29	2,173,557	8,352,265
State Bank of India (Sydney)	AUD	54,003.90	69.71	3,764,455	27,930
MCB Bank Ltd. (Karachi)	ACU	6,499.17	103.29	671,317	585,355
HDFC BANK (ACU)	ACU	229,122.14	103.29	23,666,644	319,080
Institute Centrale Delle Banche Popolari Italiane	EURO	76,009.57	109.71	8,338,797	51,135,235
Bank of Huzhou Co. Ltd. (CNY)	CNY	22,447.40	14.81	332,491	14,590
National Bank of Pakistan (TOKYO)	YEN	251,037.69	0.77	193,826	282,223
Axis Bank Ltd. Mumbai (ACU)	ACU	41,673.34	103.29	4,304,552	9,179,909
Kookmin Bank, Seoul (USD)	ACU	201,331.15	103.29	20,796,038	2,645,358
Kookmin Bank, (GBP)	GBP	28.30	124.27	3,517	5,302
Kookmin Bank, (AUSD)	AUD	10,026.21	69.71	698,898	275,122
Kookmin Bank, (CAD)	CAD	2,485.07	76.03	188,930	92,777
Masherq Bank Mumbai, (ACU)	ACU	176,532.72	103.29	18,234,541	551,306
<b>Total</b>				<b>917,726,002</b>	<b>442,993,162</b>



		Amount in BDT	
		2022	2021
<b>5.3</b>	<b>Maturity grouping of balance with other banks and financial institutions</b>		
	On demand	681,138,040	731,724,829
	Not more than three months	6,396,942,564	3,007,864,658
	More than three months but not more than six months	-	230,000,000
	More than six months but not more than one year	-	-
	More than one year but less than five years	-	-
	Above five years	-	-
		<b>7,078,080,604</b>	<b>3,969,589,487</b>
<b>6</b>	<b>Money at call and on short notice</b>	<b>27,850,000</b>	<b>192,400,000</b>
<b>7</b>	<b>Investments</b>		
	Government securities (Note-7.1)	21,554,747,058	25,540,793,238
	Others (Note-7.2)	142,067,040	218,659,060
		<b>21,696,814,098</b>	<b>25,759,452,298</b>
<b>7.1</b>	<b>Government Securities</b>		
	91 days Treasury Bills	-	-
	182 days Treasury Bills	-	-
	364 days Treasury Bills	-	112,165,806
	2 years BGTB Bond	5,436,250	154,437,752
	5 years BGTB Bond	424,432,640	1,188,397,801
	10 years BGTB Bond	8,168,299,836	9,951,505,858
	15 years BGTB Bond	8,217,561,156	7,906,332,583
	20 years BGTB Bond	4,712,538,877	6,201,247,939
	5 years Sukuk Bond	25,890,000	25,890,000
	Prize Bonds	588,300	815,500
		<b>21,554,747,058</b>	<b>25,540,793,238</b>
	Add: Reverse repo with other banks	-	-
		<b>21,554,747,058</b>	<b>25,540,793,238</b>
<b>7.2</b>	<b>Other Investment</b>		
	Investment in Preference Shares (Note-7.2.1)	49,360,000	126,040,000
	Investment in Shares (Note-7.2.2)	92,707,040	92,619,060
		<b>142,067,040</b>	<b>218,659,060</b>
<b>7.2.1</b>	<b>Investment in Preference Shares</b>	<b>2022</b>	<b>2021</b>
		Market Price (BDT)	Cost Price (BDT)
	Summit Narayangonj Power Limited	-	18,000,000
	Summit LNG Terminal Co.(Pvt) Ltd.	49,360,000	74,040,000
	Summit Barisal Power Limited	-	34,000,000
		<b>49,360,000</b>	<b>126,040,000</b>
<b>7.2.2</b>	<b>Investment in Shares</b>	<b>2022</b>	<b>2021</b>
		Market Price (BDT)	Cost Price (BDT)
	<b>Quoted:</b>		
	Coppertech	-	-
	NewLine	-	-
	RINGSHINE	-	-
	Grameen Phone	48,007,793	54,551,610
	CRYSTALINE	-	-
	ROBI	-	-
	Islami Commercial Insurance Co. Ltd	247,224	87,980
	Runner Auto	366,194	567,450
	AND Telecom	-	-
	Genexil	-	-
		<b>48,621,211</b>	<b>55,207,040</b>
	<b>Unquoted:</b>		
	Investment in CCBL	37,500,000	37,500,000
		<b>86,121,211</b>	<b>92,707,040</b>

		<b>Amount in BDT</b>	
		<b>2022</b>	<b>2021</b>
<b>7.3</b>	<b>Investments classified as per Bangladesh Bank Circular</b>		
	Held for trading (HFT)	8,634,309,598	14,264,476,380
	Held to maturity (HTM)	12,919,849,160	11,275,501,359
	Other securities	588,300	815,500
		<b>21,554,747,058</b>	<b>25,540,793,238</b>
<b>7.4</b>	<b>Maturity-wise grouping</b>		
	On demand	588,300	815,500
	Not more than three months	-	-
	More than three months but not more than one year	362,123,146	294,392,936
	More than one year but not more than five years	1,616,572,698	2,726,099,823
	Above five years	19,717,529,954	22,738,144,039
		<b>21,696,814,098</b>	<b>25,759,452,298</b>
<b>7.5</b>	<b>Repo and Reverse-repo</b>		
<b>7.5.1</b>	<b>Repo as on 31 December 2022</b>		
	<u>Counter party name</u>	<u>Reversal date</u>	<u>Amount</u>
	Bank Alfalah Limited	1/3/2023	155,958,702
	Bangladesh Bank	1/2/2023	971,001,547
	Bank Alfalah Limited	1/4/2023	205,803,522
	Bangladesh Bank	1/4/2023	728,483,767
			<b>2,061,247,538</b>
<b>7.5.2</b>	<b>Transactions of Repo and Reverse-repo during the year</b>		
		<u>Minimum outstanding</u>	<u>Maximum outstanding</u>
	<b>Securities sold under repo</b>		<u>Maximum outstanding</u>
	i) With Bangladesh Bank	154,923,000	1,633,477,500
	ii) With Other Bank & FIs	105,658,680	1,727,049,750
	<b>Securities purchase under reverse repo</b>		
	i) With Bangladesh Bank	-	-
	ii) With Other Bank & FIs	19,456,560	1,002,404,749
<b>8</b>	<b>Loans and advances</b>		
	Loans, cash credit, overdrafts etc. (Note 8.1)	53,235,440,113	39,436,257,826
	Bills purchased and discounted (Note 8.13)	2,614,365,864	2,401,704,450
		<b>55,849,805,977</b>	<b>41,837,962,276</b>
<b>8.1</b>	<b>Loans, cash credit, overdrafts etc.</b>		
	<b>In Bangladesh</b>		
	Cash credit and overdrafts	22,409,769,870	16,202,811,926
	Loans (General)	25,145,507,319	17,976,209,357
	House building loan	1,619,460,728	1,175,941,053
	Loan against trust receipt	1,421,910,733	678,459,623
	Other Loans	2,638,791,464	3,402,835,868
		<b>53,235,440,113</b>	<b>39,436,257,826</b>
	<b>Outside Bangladesh</b>	-	-
		<b>53,235,440,113</b>	<b>39,436,257,826</b>
<b>8.2</b>	<b>Performing loans and advances</b>		
	Gross loans and advances	54,899,729,060	40,648,478,745
	Non-performing loans and advances	950,076,917	1,189,483,532
		<b>55,849,805,977</b>	<b>41,837,962,276</b>
<b>8.3</b>	<b>Maturity-wise grouping</b>		
	On demand	6,348,682,349	4,623,066,803
	Less than three months	11,971,866,064	9,517,790,772
	More than three months but less than one year	15,913,369,830	10,866,119,183
	More than one year but less than five years	8,769,493,619	10,333,020,976
	More than five years	12,846,394,115	6,497,964,541
		<b>55,849,805,977</b>	<b>41,837,962,276</b>

	Amount in BDT	
	2022	2021
<b>8.4 Loans and Advances on the basis of significant concentration</b>		
Advances to allied concerns of directors	134,962,135	-
Advances to chief executive and other senior executives	21,844,015	38,268,224
<b>Advances to customers' group:</b>		
Advances to large and medium industries	37,647,494,045	31,833,556,253
Advances to small and cottage industries	3,774,212,931	2,775,704,294
Commercial Lending	5,840,577,196	2,266,032,481
House Building Loan	1,617,906,264	1,172,723,470
Consumer Credit Scheme	753,022,935	773,937,537
Other Loans and Advances	6,059,786,456	2,977,740,019
	<b>55,849,805,977</b>	<b>41,837,962,276</b>

	% of total loan	Amount in BDT	
		2022	2021
<b>8.5 Sector-wise allocation of loans and advances</b>			
Agriculture, fishing, forestry and dairy firm	0.20%	113,316,764	90,070,149
Industry (Other than working capital)	15.58%	8,699,400,038	7,218,821,742
Working capital financing	20.84%	11,641,538,546	9,410,258,393
Export credit	10.13%	5,656,827,626	2,631,449,130
Import credit	4.31%	2,405,229,542	2,278,208,739
Commercial credit	10.46%	5,840,577,196	2,266,032,481
Constructions	24.53%	13,702,580,017	8,186,837,654
Transport and Communication	0.41%	229,587,683	613,410,188
Consumer Credit	1.35%	753,022,935	773,937,537
Others	12.19%	6,807,725,630	8,368,936,264
	<b>100.00%</b>	<b>55,849,805,977</b>	<b>41,837,962,276</b>

#### 8.6 Details of large loans and advances

Number of clients with outstanding amount and classified loans exceeding 10% of total capital of the Bank. Total capital of the Bank was Taka 952.84 crore as at 31 December 2022 (Taka 933.91 crore in 2021).

Number of clients	86	58
Amount of outstanding loans and advances (BDT in crore)	4,245.09	2,818.96
Amount of classified loans and advances	-	-
Measures taken for recovery	-	-

Name of clients	Outstanding (BDT in crore)		Total BDT in crore	Total BDT in crore
	Funded	Non-Funded		
IFAD Autos Limited	52.68	3.57	56.25	-
IFAD Motors Limited	11.86	-	11.86	-
Hashem Foods Limited	106.87	-	106.87	102.68
A.K.M. Knit Wear Limited	70.50	143.07	213.57	388.07
Al Muslim Washing Limited	17.58	6.80	24.38	18.73
Al Muslim Garments Accessories	19.96	1.18	21.14	23.01
Mir Akhter Hossain Limited	134.31	184.35	318.66	122.81
Gazi Pipes	19.71	1.47	21.18	-
Gazi Tanks	17.86	-	17.86	-
Gazi International	63.58	39.94	103.52	-
Toma Construction & Co. Limited	121.90	216.60	338.50	398.54
Drug International Limited	-	96.75	96.75	97.42
ATI Ceramics Limited	-	10.94	10.94	18.02
Khwaja Yunus Ali Medical College and Hospital	-	22.73	22.73	-
Harnest Label Industries Limited	1.75	1.10	2.85	8.50
Taj Printers	-	10.06	10.06	-
M.M Tea States Ltd.	-	-	-	1.71
Smart Technologies [BD] Limited	30.33	7.29	37.62	67.34
Pesco Steel Ltd.	7.52	-	7.52	-

Name of clients	Amount in BDT			
	2022		2021	
	Outstanding (BDT in crore)		Total	Total
	Funded	Non-Funded	BDT in crore	BDT in crore
Poton Traders	78.84	28.23	107.07	90.52
Abdul Monem Limited	51.42	5.16	56.58	87.72
Pran Dairy Limited	33.69	42.62	76.31	23.41
Sylvan Technologies Limited	29.18	27.77	56.95	45.90
Advance Personal Care Limited	54.10	18.92	73.02	86.80
Energypac Engineering Limited	23.34	-	23.34	32.67
EPV Chitagong Ltd.	-	0.05	0.05	71.94
EPV Thakurgaon Ltd.	-	-	-	82.08
Patriot Spinning Mills Ltd.	27.53	1.48	29.01	110.55
Envoy Textile Ltd.	131.49	42.00	173.49	24.73
ENERGYPAC POWER VENTURE LTD.	67.24	-	67.24	-
Winter Dress Ltd.	1.87	-	1.87	22.92
A & A Fashion Sweater Industries Ltd.	11.00	0.08	11.08	12.50
Md. Abdul Wadud and Monowara Begum	6.29	-	6.29	6.03
Kint Valley Fashion Ltd.	6.96	14.98	21.94	20.65
NITOL MOTORS LIMITED	21.49	-	21.49	-
Knit City Ltd.	17.76	3.64	21.40	22.40
Riviera Composite Industries Ltd.	68.00	11.66	79.66	77.69
Baraka Engineers Ltd.	131.93	47.55	179.48	143.09
Business Information Technology Ltd.	-	3.69	3.69	3.28
Baraka Renewable Energy	-	1.93	1.93	1.93
CMECC-BEL JV	-	17.83	17.83	17.83
Career Travel International Ltd.	-	1.52	1.52	1.04
CLAMOON GARMENTS LIMITED	5.27	6.94	12.21	-
CROSSLINE WOVEN APPARELS LTD	4.44	31.53	35.97	-
CROSSLINE WOVEN GARMENTS LIMITED	3.74	15.94	19.68	-
Al-Mostofa Agro Industrial Complex Ltd.	42.72	21.63	64.35	-
Al-Mostafa Printing & Packging Ind. Ltd, Al-Mostafa Print	38.57	34.79	73.36	-
Abul Khair Tobacco Co. Limited	6.06	3.90	9.96	0.11
ABUL KHAIR MATCH FACTORY LTD.	-	0.67	0.67	-
KSRM STEEL PLANT LIMITED	53.54	-	53.54	-
KSRM POWER PLANT LIMITED	29.28	-	29.28	-
Sonali Paper & Board Mills Limited	20.12	0.72	20.84	2.39
GOGREEN GARDEN LIMITED	0.13	-	0.13	-
Sonali Dredger Ltd	1.92	8.49	10.41	7.13
LABAID CANCER HOSPITAL & SUPER SPECIALITY CENTRE	145.05	6.44	151.49	130.10
Castle Construction Co. Ltd, Charka SPC Poles Ltd, GEMC	63.43	11.29	74.72	29.60
Younus Paper Mills Limited	27.00	-	27.00	30.87
Younus Offset Paper Mills	16.20	-	16.20	18.48
Younus Spinning Mills Limited	6.44	10.15	16.59	9.67
YSR Logistics Ltd	4.30	-	4.30	1.84
Perfume Chemical Industry Ltd.	5.00	-	5.00	-
Five Star Ice & Cold Stroge (Pvt) Ltd	-	-	-	8.13
Fly Glaxy Tours Travels	-	0.12	0.12	0.07
Galaxy Flying Academy Ltd.	8.74	-	8.74	9.44
Srinagar Ice & Cold Stroge Ltd	7.98	-	7.98	8.99
Western Engineering (Pvt.) Ltd.	49.37	71.46	120.83	96.54
Bera Trade Tech	54.00	6.24	60.24	54.79
SSRI-Bera JV	7.61	-	7.61	6.21
Eurozone Fashion Ltd	3.41	30.62	34.03	-
ARS Washing Ltd	0.42	0.11	0.53	-
Ethical Garments Ltd.	37.80	63.60	101.40	-
Ambient Steel (BD) Ltd	27.84	147.30	175.14	89.68
Disney Sweater Ltd.	1.37	45.40	46.77	53.27
A. K. Oxygen Ltd.	4.93	5.70	10.63	13.09
VINCEN CONSULTANCY PVT. LTD.	0.17	15.08	15.25	-
WESTERN BUILDING AND CONSTRUCTION PRODUCTS LT	0.25	-	0.25	-
S.S. Engineering & Construction Ltd.	39.86	18.32	58.18	-
SSECL-HB JV	15.35	-	15.35	-
BBL & SSECL JV	7.71	-	7.71	-
M. M. BUILDERS AND ENGINEERS LTD.	-	0.54	0.54	-
Overseas Marketing Corporation (Pvt.) Ltd	71.18	13.33	84.51	-
Global Instruments Supply Co.	-	0.19	0.19	-
OMC Healthcare Pvt. Ltd.	0.56	1.52	2.08	-



Name of clients	Amount in BDT			
	2022		2021	
	Outstanding (BDT in crore)		Total	Total
	Funded	Non-Funded	BDT in crore	BDT in crore
OMC Footwear Ltd	-	0.80	0.80	-
BSRM WIRES LIMITED	38.42	-	38.42	-
BSRM STEELS LIMITED	19.94	-	19.94	-
Mahabub Brothers (Pvt.) Limited	126.02	20.22	146.24	-
S.N.Buliders(PVT) Limited	70.49	30.90	101.39	-
ADEX CORPORATION LIMITED	69.62	31.41	101.03	-
Mittal Ispat Ltd	-	-	-	16.05
	<b>2,574.79</b>	<b>1,670.30</b>	<b>4,245.09</b>	<b>2,818.96</b>

#### 8.7 Category-wise Small Medium Enterprise Loans and Advances (SME)

Service Sector	6,142,087,920	6,240,804,322
Trading Sector	2,493,124,084	1,046,674,890
Industrial Sector	4,542,728,434	3,087,729,484
	<b>13,177,940,438</b>	<b>10,375,208,696</b>

#### 8.8 Geographical location-wise allocations of loans and advances

	% of total loan	2022	2021
Dhaka region	82.55%	46,104,345,584	34,710,679,745
Chittagong region	9.41%	5,254,043,827	4,519,414,005
Rajshahi region	1.60%	894,183,638	524,891,600
Sylhet region	0.22%	120,158,183	117,693,143
Khulna region	5.02%	2,804,092,355	1,555,263,925
Mymensing Region	0.16%	91,800,000	56,283,519
Rangpur region	0.97%	541,494,205	327,586,160
Barisal region	0.07%	39,688,185	26,150,180
	<b>100.00%</b>	<b>55,849,805,977</b>	<b>41,837,962,276</b>

#### 8.9 Classification of loans and advances

	2022		2021	
	%	Amount	%	Amount
<b>Unclassified:</b>				
Standard including staff loan	96.89%	54,112,414,292	96.69%	40,455,187,980
Special Mention Account (SMA)	1.41%	787,314,768	0.46%	193,290,764
	<b>98.30%</b>	<b>54,899,729,060</b>	<b>97.16%</b>	<b>40,648,478,745</b>
<b>Classified:</b>				
Sub-standard	0.10%	55,253,130	0.90%	375,523,225
Doubtful	0.11%	61,786,784	0.12%	48,439,637
Bad and loss	1.49%	833,037,002	1.83%	765,520,670
	<b>1.70%</b>	<b>950,076,917</b>	<b>2.84%</b>	<b>1,189,483,532</b>
	<b>100%</b>	<b>55,849,805,977</b>	<b>100%</b>	<b>41,837,962,276</b>

#### 8.10 Particulars of loans and advances

i) Debts considered good in respect of which the bank is fully secured;	46,643,250,548	38,920,613,386
Debts considered good for which the bank holds no other security than the debtors' personal guarantee;	3,892,968,039	450,808,403
ii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal guarantee of the debtors;	5,154,588,002	2,309,507,595
iii) Debts adversely classified; provision not maintained thereagainst		
iv) Debts due by directors or officers of the bank or any of them either severally or jointly with any other persons;	158,999,389	157,032,892
v) Debts due by companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or, in case of private companies, as members;		
Maximum total amount of advances, including temporary advances made 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 persons;	158,999,389	157,032,892
vii) Maximum total amount of advances, including temporary advances made 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 persons; advances granted during the year to companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in case of private companies, as members;		
viii) Maximum total amount of advances, including temporary advances made 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 persons; advances granted during the year to companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in case of private companies, as members;		

	Amount in BDT	
	2022	2021
ix) Due from banking companies;	-	-
x) Classified loans/investments for which interest has not been charged:		
(a) Increase/decrease of provision (specific)		
Amount of debts written off	-	-
Amount realized against the debts previously written off	-	-
(b) Provision against the debt classified as bad/loss at the date of balance sheet	560,514,088	510,161,163
(c) Amount of interest charged in suspense account	385,072,658	310,580,093
xi) Loans written off:		
- Current year	25,701,264	3,000,885
- Cumulative to-date	28,704,149	3,000,885
- The amount of written off loans for which lawsuit filed	46,913,055	2,950,125

#### 8.11 Particulars of required provision for loans and advances/investments

	Outstanding Loans	Base for Provision	% of required provision	2022	2021
				Required provision	Required provision
<b>For loans and advances:</b>					
<b>Unclassified - General provision</b>					
All unclassified loans (other than small enterprises, housing finance, Loan to MBs ,loans for professional, consumer financing and special mention account)	39,460,049,435	39,460,049,435	1%	504,477,561	495,166,152
Small and medium enterprise financing	12,212,981,000	12,212,981,000	0.25%	30,532,453	53,846,735
Loan to BHs/MBs/SDs against shares	1,011,967,359	1,011,967,359	2%	20,239,347	18,211,192
Housing	670,914,317	670,914,317	1%	6,709,143	3,100,515
Loan for professional			2%	-	-
Consumer finance	643,185,417	643,185,417	2%	12,863,708	12,554,671
Agriculture finance	113,316,764	113,316,764	1.00%	1,133,168	900,701
Special Mention Account (SMA)	787,314,768	787,314,768	0.25%-5%	6,355,317	1,152,607
	<b>54,899,729,060</b>	<b>54,899,729,060</b>		<b>582,310,696</b>	<b>584,932,573</b>

	2022			2021
	Outstanding Loans	Base for Provision	% of required provision	Required provision
<b>Classified - Specific provision:</b>				
Sub-standard	55,253,130	13,407,939	5% & 20%	1,293,379
Doubtful	61,786,784	16,372,477	20% & 50%	3,280,496
Bad and loss	833,037,002	554,144,088	100%	560,514,088
	<b>950,076,917</b>	<b>583,924,504</b>		<b>565,087,963</b>
Required provision for loans and advances				<b>1,147,398,659</b>
Total provision maintained				<b>1,148,599,082</b>
Excess provision at 31 December				<b>1,200,423</b>

#### 8.12 Listing of assets pledged as security/collaterals

##### Nature of the secured assets

Gold & Gold Ornaments	-	-
Shares & Securities	158,542,060	156,477,205
Merchandise	2,639,143,688	2,290,101,995
Machinery with other Fixed Asset and Financial obligation	1,046,281,706	1,105,903,355
Real Estate with Financial obligation	29,337,063,755	20,324,925,556
Financial Obligation only (Insurance policies, Savings certificates, Bank deposit etc)	4,806,652,541	2,486,473,701
Miscellaneous;		
i) Crops/stock of crops hypothecations	3,177,611	870,526
ii) Guarantee of individuals/ Institutions	5,154,588,002	2,309,507,595
ii) Others	12,704,356,615	13,163,702,344
	<b>55,849,805,977</b>	<b>41,837,962,276</b>

#### 8.13 Bills purchased and discounted

In Bangladesh	2,580,234,518	2,054,525,931
Outside Bangladesh	34,131,347	347,178,519
	<b>2,614,365,864</b>	<b>2,401,704,450</b>

		Amount in BDT	
		2022	2021
<b>8.13.1 Maturity-wise grouping</b>			
	On demand	22,500,155	24,003,518
	Less than three months	264,827,702	216,514,675
	More than three months but less than one year	2,327,038,007	2,161,186,257
	More than one year but less than five years	-	-
	More than five years	-	-
		<b>2,614,365,864</b>	<b>2,401,704,450</b>
<b>9</b>	<b>Fixed assets including premises, furniture and fixtures</b>		
	<b>Cost Price:</b>		
	Land	-	-
	Building	-	-
	Furniture and fixture	211,613,617	208,741,830
	Computer and Computer peripheral	90,435,092	79,565,157
	Electrical Equipments	194,257,180	186,049,236
	Motor vehicles	31,600,001	31,600,001
	Capital work in progress (CWIP)	160,000	2,168,500
		<b>528,065,890</b>	<b>508,124,724</b>
	<b>Less: Accumulated depreciation:</b>		
	Land	-	-
	Building	-	-
	Furniture and fixture	101,591,446	87,095,888
	Computer and Computer peripheral	70,827,027	62,143,260
	Electrical Equipments	152,232,401	133,452,094
	Motor vehicles	24,726,069	20,906,049
		<b>349,376,943</b>	<b>303,597,291</b>
		<b>178,688,947</b>	<b>204,527,433</b>
	<b>Leased Assets:</b>		
	Right-of-Use (ROU) Assets	690,833,226	676,458,998
	Less: Accumulated depreciation on ROU Assets	382,038,065	308,365,700
		<b>308,795,161</b>	<b>368,093,298</b>
	<b>Software:</b>		
	Computer Software	96,804,474	95,634,474
	SWIFT Software	4,221,235	4,221,235
	Capital work in progress (CWIP)	4,452,000	4,452,000
		<b>105,477,709</b>	<b>104,307,709</b>
	<b>Less: Amortization during the year</b>	79,137,199	67,719,165
		<b>26,340,510</b>	<b>36,588,544</b>
	<b>Written down value at the end of the year</b>	<b>513,824,618</b>	<b>609,209,275</b>

Detail of fixed assets is presented in Annexure-A

**Leased Assets:**

**Accounting Policy:**

The Bank assesses whether a contract is a lease, in accordance with the guidance stated in the IFRS 16: Leases, by determining whether the contract gives it the right to use a specified underlying physical asset for a lease term greater than 12 months, unless the underlying asset is of low value. Office premises for which monthly lease rental is the amount not exceeding Taka 25,000, ATM Booths and other installations are considered as low value asset.

Where the Bank is a lessee and the lease is deemed in scope, it recognizes a liability equal to the present value of lease payments over the lease term, discounted using the incremental borrowing rate applicable in the economic environment of the lease. It is considered as 5%. The liability is recognized in 'Other liabilities'. A corresponding right-of-use (ROU) Asset equal to the liability, adjusted for any lease payments made at or before the commencement date, is recognized in 'Property, plant and equipment'. The lease term includes any extension options contained in the contract that the Bank is reasonably certain, it will exercise.

The Bank subsequently depreciates the right-of-use (ROU) asset using the straight-line method over the lease term and measures the lease liability using the effective interest method. Depreciation of the asset is recognized in 'Depreciation and amortization', and interest on the lease liability is recognized in 'Interest expense'.

The judgements in determining lease balances are the determination of whether the Bank is reasonably certain that it will exercise extension options present in lease contracts. On initial recognition, the Bank considers a range of characteristics such as premises function, conditions mentioned in the lease contracts and the term remaining on the lease to determine whether it is reasonably certain that a contractual right to extend a lease will be exercised.



Amount in BDT  
2022      2021

Existing lease liabilities may change in future periods due to changes in assumptions or decisions to exercise lease renewal or termination options, changes in payments due to renegotiations of market rental rates as permitted by those contracts and changes to payments due to rent being contractually linked to an inflation index. In general, the remeasurement of a lease liability under these circumstances leads to an equal change to the right-of-use asset balance, with no immediate effect on the income statement.

Prior period information is not restated, i.e. it is presented, as previously reported, under IAS 17 and related interpretations in which the Bank as lessee recognized lease payments in operating expenses on a straight-line basis.

The total rental expense during the year 2022 for premises leases was Taka 173,967,913 out of which Taka 159,939,668 has been presented in accordance with the IFRS 16: Leases and remaining Taka 14,028,245 is presented as stated above as per IAS 17. Reconciliation of rental expense has been presented in Note 26.1 for detail.

The right-of-use asset balances and depreciation charges are disclosed in Note 9 & Note 31 respectively. The lease liability balance is disclosed in Note 13 and the interest expense on lease liabilities is disclosed in Note 21.



	2022	2021
<b>10 Other assets</b>	<b>2,010,983,510</b>	<b>4,185,283,694</b>
<b>10.1 Classification of other assets</b>		
Interest Receivable (Accrued Interest Income)	456,230,464	546,932,281
Other receivable-Bangladesh Industrial Finance Company Ltd.	130,000,000	130,000,000
Stationery, stamps, printing materials, etc.	2,574,998	1,401,327
Advance rent	52,810,031	84,937,183
Preliminary, renovation, development and prepaid expenses	2,794,367	2,325,499
Branch adjustment (Note 10.3)	251,775	207,247
Off-shore Banking Unit	2,082,380,832	1,657,227,000
Advance income tax (Note 10.2)	1,250,682,512	3,279,266,522
Protested bills	89,500,000	89,500,000
Others	26,139,363	50,713,636
	<b>4,093,364,342</b>	<b>5,842,510,694</b>
Less: Off-shore Banking Unit	2,082,380,832	1,657,227,000
	<b>2,010,983,510</b>	<b>4,185,283,694</b>
<b>10.2 Advance income tax</b>		
Opening balance	3,279,266,522	2,650,275,461
Add: Paid during the year	450,574,645	628,991,060
	<b>3,729,841,167</b>	<b>3,279,266,522</b>
Less: Settlement/ Adjustment of previous year's tax liability	2,479,158,655	-
<b>Closing balance</b>	<b>1,250,682,512</b>	<b>3,279,266,522</b>
<b>10.3 Branches' adjustment</b>		
General accounts debit	251,775	207,247
	<b>251,775</b>	<b>207,247</b>
<b>11 Borrowing from other banks, financial institutions and agents</b>		
In Bangladesh (Note 11.1)	5,339,084,162	6,114,905,514
Outside Bangladesh (Note 11.2)	-	19,799,791
	<b>5,339,084,162</b>	<b>6,134,705,304</b>
<b>11.1 In Bangladesh</b>		
<b>A) Re-Finance from Bangladesh Bank:</b>		
Re-finance for women entrepreneurs	1,875,000	3,125,000
Re-Finance for UBSP JICA FUND	246,033,266	262,435,484
Re-Finance for Agri.	10,250,000	24,300,000
Re-Finance scheme for small / micro enterprise holding 10 Taka Account	-	-
Re-Finance scheme for Working Capital for Large industry	164,294,695	567,265,430
Re-Finance scheme for Working Capital for CMSME	286,875,000	247,575,000
	<b>709,327,962</b>	<b>1,104,700,914</b>
<b>B) Borrowing from Banks (In Local Currency):</b>		
Trust Bank Limited	2,150,000,000	-
United Commercial Bank Limited	-	250,000,000
Uttara Bank Limited	200,000,000	400,000,000
Sonali Bank Limited	-	150,000,000
IFIC Bank Limited	-	450,000,000
Commercial Bank of Ceylon PLC.	500,000,000	-
Meghna Bank Limited	710,000,000	-
Bangladesh Development Bank Ltd.	-	150,000,000
Bank Al Falah Ltd.	450,000,000	-
Basic Bank Limited	-	100,000,000
South Bangla Agriculture and Commerce Bank Ltd.	-	-
	<b>4,010,000,000</b>	<b>1,500,000,000</b>

	2022	2021
<b>C) Borrowing from Banks (In Foreign Currency):</b>		
Commercial Bank of Ceylon PLC.	206,585,400	-
National Credit and Commerce Bank Limited	-	900,900,000
NRB Bank Ltd.	-	171,600,000
Bank Asia Ltd	413,170,800	343,200,000
Off-shore Banking Unit	2,082,380,832	1,657,227,000
Dhaka Bank Limited	-	42,900,000
Southeast Bank Limited	-	257,400,000
Bank Alfah Ltd	-	429,000,000
Trust Bank Limited	-	1,279,404,600
Jamuna Bank Limited	-	85,800,000
	<b>2,702,137,032</b>	<b>5,167,431,600</b>
Less: Off-shore Banking Unit	2,082,380,832	1,657,227,000
	<b>619,756,200</b>	<b>3,510,204,600</b>
<b>(A+B+C) In Bangladesh</b>	<b>5,339,084,162</b>	<b>6,114,905,514</b>
<b>11.2 Outside Bangladesh</b>		
Value Port Ltd.	-	19,799,791
	-	<b>19,799,791</b>
	<b>5,339,084,162</b>	<b>6,134,705,304</b>
<b>11.3 Maturity grouping of borrowings</b>		
Repayable on demand	1,060,000,000	1,500,000,000
Repayable within one month	3,016,463,500	1,460,484,600
Over one month but within six months	103,292,700	2,049,720,000
Over six months but within one year	450,000,000	-
Over one year	709,327,962	1,124,500,704
	<b>5,339,084,162</b>	<b>6,134,705,304</b>
<b>12 Deposits and other accounts</b>		
<b>Current and other accounts</b>		
Current deposits	2,356,796,213	2,312,986,840
Foreign currency deposits	1,124,627,780	356,931,483
Sundry deposits (Note 12.1)	8,148,780,839	4,140,405,962
	<b>11,630,204,832</b>	<b>6,810,324,286</b>
<b>Bills payable</b>		
Payment order issued	651,013,341	521,940,507
Demand draft	-	-
	<b>651,013,341</b>	<b>521,940,507</b>
<b>Savings bank deposits</b>	<b>4,173,242,392</b>	<b>3,672,116,739</b>
<b>Term/Fixed deposits</b>		
Fixed deposits Receipts (FDR)	38,007,625,612	30,850,232,600
Special notice deposits (SND)	6,907,124,237	6,029,443,042
Scheme deposits	9,991,311,109	10,256,574,646
Interest Payable on FDR/Scheme	513,878,969	488,389,827
	<b>55,419,939,926</b>	<b>47,624,640,115</b>
	<b>71,874,400,492</b>	<b>58,629,021,648</b>
<b>12.1 Sundry deposits</b>		
Margin deposits	2,677,597,562	1,655,053,746
Withholding Tax, VAT and Excise duty etc.	280,761,408	188,295,346
FC held against Export Development Fund (EDF)	3,098,142,504	1,257,606,497
Cover Fund against Term Loan (Salary from BB)	56,245,982	393,721,871
BLO account -USD	1,852,162,611	478,747,559
Others	183,870,773	166,980,944
	<b>8,148,780,839</b>	<b>4,140,405,962</b>

	2022	2021
<b>12.2 Deposits and Other Accounts</b>		
Deposits from Banks	100,000,000	1,480,000,000
Deposits from Customers	71,774,400,492	57,149,021,648
	<b>71,874,400,492</b>	<b>58,629,021,648</b>
<b>12.3 Sector-wise break-up of Deposits and Others account</b>		
Government	5,568,317,770	5,185,845,365
Deposit money banks	100,000,000	1,480,000,000
Other public	8,760,580,832	8,721,594,460
Foreign currency	1,124,627,780	356,931,483
Private	56,320,874,109	42,884,650,339
	<b>71,874,400,492</b>	<b>58,629,021,648</b>
<b>12.4 Analysis of residual maturity grouping of deposits</b>		
<b>Inter-bank deposits</b>		
Repayable on demand	-	-
Repayable within 1 month	50,000,000	350,000,000
Over 1 month but within 6 months	50,000,000	1,130,000,000
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years but within 10 years	-	-
	100,000,000	1,480,000,000
<b>Other Deposits</b>		
Repayable on demand	1,357,901,683	685,466,533
Repayable within 1 month	2,819,558,785	2,549,241,584
Over 1 month but within 6 months	29,553,169,914	22,797,130,481
Over 6 months but within 1 year	9,304,431,344	6,846,175,344
Over 1 year but within 5 years	17,970,398,341	12,267,101,853
Over 5 years but within 10 years	10,768,940,425	12,003,905,852
	<b>71,774,400,492</b>	<b>57,149,021,648</b>
	<b>71,874,400,492</b>	<b>58,629,021,648</b>
<b>12.5 Unclaimed Deposits and valuables</b>	-	-
	-	-
<b>13.00 Other liabilities</b>		
Provision for loans and advances (Note 13.1)	1,148,599,082	1,147,642,482
Provision for diminution in value of investments (Note 13.1 (a))	6,750,000	950,000
Provision for other assets (Note 13.1 (a))	10,700,000	6,900,000
Provision for protested bills (Note 13.1 (a))	89,500,000	89,500,000
Provision for other assets (BIFCL) (Note 13.1 (a))	133,100,000	133,100,000
Provision for Risk Coverage Fund (Note 13.1 (a))	2,000,000	2,000,000
Special General provision for COVID-19 (Note 13.1 (b))	214,300,000	214,300,000
Lease Liability	345,084,711	406,442,927
Provision for off-balance sheet exposures (Note 13.2)	301,200,000	289,400,000
Provision for taxation (Note 13.3)	1,904,652,214	3,689,522,771
Provision for incentive bonus	63,232,974	55,524,433
Interest Suspense Account (Note 13.4)	464,651,453	338,092,869
Accrued expenses	17,917,076	9,756,015
Interest payable on borrowings	37,526,871	35,859,243
Branch adjustment (Note-13.5)	-	-
Start-Up Fund	37,767,995	27,720,059
Provision for audit fee	300,000	250,000
Others	81,598,226	62,001,707
	<b>4,858,880,603</b>	<b>6,508,962,506</b>
<b>13.1 Provision for loans and advances</b>		
<b>A. General</b>		
Provision held as on 1 January	563,690,000	427,240,000
Add: Provision made during the year	15,300,000	136,450,000
Less: Transferred to provision for diminution in value of investments	(5,800,000)	-
Less: Transferred to provision for off-balance sheet exposures	(11,800,000)	-
Less: Transferred to provision for Off-shore Banking Unit (OBU)	(1,800,000)	-
<b>Provision held as on 31 December</b>	<b>559,590,000</b>	<b>563,690,000</b>

	2022	2021
<b>B. Specific</b>		
<b>Movement in specific provision on classified loans</b>		
Provision held as on 1 January	562,502,482	300,700,000
Add: Specific provision made during the year	28,100,000	263,700,000
Less: Written off during the year	(24,843,400)	(1,897,518)
Less: Transferred to provision for Off-shore Banking Unit (OBU)	-	-
Less: Transferred to provision for other assets (BIFCL)	-	-
<b>Provision held as on 31 December</b>	<b>565,759,082</b>	<b>562,502,482</b>
<b>C. Provision for Off-shore Banking Unit (OBU)</b>		
Provision held as on 1 January	21,450,000	15,000,000
Add: Provision made during the year	-	6,450,000
Add: Transferred from General Provision	1,800,000	-
<b>Provision held as on 31 December</b>	<b>23,250,000</b>	<b>21,450,000</b>
<b>Total provision on loans and advances (A+B+C)</b>	<b>1,148,599,082</b>	<b>1,147,642,482</b>
<b>13.1 (a) Provision for others</b>		
<b>(a-1) Provision for diminution in value of investments</b>		
Provision held as on 1 January	950,000	950,000
Add: Transferred from General Provision	5,800,000	-
Less: Transferred to provision for other assets (BIFCL)	-	-
	<b>6,750,000</b>	<b>950,000</b>
<b>(a-2) Provision for other assets</b>		
Provision held as on 1 January	6,900,000	400,000
Add: Provision made during the year	3,800,000	6,500,000
Less: Transferred to provision for diminution in value of investments	-	-
	<b>10,700,000</b>	<b>6,900,000</b>
<b>(a-3) Provision for protested bills</b>		
Provision held as on 1 January	89,500,000	89,500,000
Add: Transferred from Specific Provision	-	-
	<b>89,500,000</b>	<b>89,500,000</b>
<b>(a-4) Provision for other assets (BIFCL)</b>		
Provision held as on 1 January	133,100,000	133,100,000
Add: Transferred from provision for diminution in value of investments	-	-
Add: Transferred from Specific Provision	-	-
	<b>133,100,000</b>	<b>133,100,000</b>
<b>(a-5) Provision for Risk Coverage Fund</b>		
Provision held as on 31 December	2,000,000	2,000,000
	<b>2,000,000</b>	<b>2,000,000</b>
	<b>242,050,000</b>	<b>232,450,000</b>
<b>13.1 (b) Special General provision for COVID-19</b>		
Provision held as on 1 January	214,300,000	150,400,000
Add: Provision made during the year (Net)	-	63,900,000
	<b>214,300,000</b>	<b>214,300,000</b>
<b>13.2 Provision for off-balance sheet exposures</b>		
Provision held as on 1 January	289,400,000	246,400,000
Add: Provision made during the year	-	43,000,000
Add: Transferred from General Provision	11,800,000	-
	<b>301,200,000</b>	<b>289,400,000</b>
Less: Adjustments made during the year	-	-
<b>Provision held as on 31 December</b>	<b>301,200,000</b>	<b>289,400,000</b>
<b>13.3 Provision for taxation</b>		
Current tax ( Note 13.3.1)	1,793,764,646	3,547,679,875
Deferred tax ( Note 13.3.2)	110,887,568	141,842,896
	<b>1,904,652,214</b>	<b>3,689,522,771</b>

	2022	2021		
<b>13.3.1 Provision for current tax</b>				
<b>Provision</b>				
Balance at the beginning of the year	3,547,679,875	3,106,283,637		
Add: Provision made during the year	770,289,835	441,396,238		
	4,317,969,710	3,547,679,875		
Less: Settlement/ Adjustment of previous year's tax liability	2,524,205,064	-		
<b>Balance at the end of the year</b>	<b>1,793,764,646</b>	<b>3,547,679,875</b>		
Provision for current tax of Taka 770,289,835/- has been kept following 40.00% Tax rate as prescribed by Finance Act 2022 based on the accounting profit made by the Bank after considering some add-backs to income and disallowances of expenditure as per "Income Tax Ordinance 1984".				
<b>13.3.2 Provision for deferred tax</b>				
Balance at the beginning of the year	141,842,896	145,030,284		
Add : Provision made for deferred tax liabilities:				
Charged/(credited) to profit and loss account	(30,955,328)	(3,187,388)		
	110,887,568	141,842,896		
Adjustment made during the year	-	-		
	110,887,568	141,842,896		
Less: Provision made for deferred tax assets	-	-		
<b>Balance at the end of the year</b>	<b>110,887,568</b>	<b>141,842,896</b>		
<b>13.4 Interest Suspenses Account</b>				
Balance at the beginning of the year	338,092,869	235,929,817		
Add: Amount transferred during the year	662,184,357	440,247,334		
Less: Amount recovered during the year	(535,085,842)	(338,084,283)		
Less: Amount written off during the year	(539,931)	-		
<b>Balance at the end of the year</b>	<b>464,651,453</b>	<b>338,092,869</b>		
<b>13.5 Branches' adjustment</b>				
General accounts debit	-	-		
General accounts credit	-	-		
	-	-		
<b>14 Share capital</b>				
<b>14.1 Authorised capital:</b>				
2,000,000,000 ordinary shares of BDT 10 each	20,000,000,000	20,000,000,000		
<b>14.2 Issued, subscribed and paid up capital:</b>				
452,000,000 ordinary shares of BDT 10 each issued for cash	4,520,000,000	4,520,000,000		
22,600,000 ordinary shares of BDT 10 each issued for bonus share	226,000,000	226,000,000		
26,103,000 ordinary shares of BDT 10 each issued for bonus share	261,030,000	261,030,000		
25,035,145 ordinary shares of BDT 10 each issued for bonus share	250,351,450	250,351,450		
	<b>5,257,381,450</b>	<b>5,257,381,450</b>		
<b>14.3 Share capital at a glance from inception</b>				
<u>Year</u>	<u>Particulars</u>	<u>Number of shares</u>	<u>Capital amount</u>	<u>Capital amount</u>
2013	Opening Capital	452,000,000	4,520,000,000	4,520,000,000
2018	Bonus share Issued	22,600,000	226,000,000	226,000,000
2019	Bonus share Issued	26,103,000	261,030,000	261,030,000
2020	Bonus share Issued	25,035,145	250,351,450	250,351,450
		<b>525,738,145</b>	<b>5,257,381,450</b>	<b>5,257,381,450</b>

2022

2021

## 14.4 Name of the Directors and their shareholdings in the year 2022

Sl	Name of the directors	Status	Number of Shares	
			At 31 December 2022	At 31 December 2021
1	Mr. Humayun Kabir	Chairman	13,957,650	13,957,650
2	Mr. Shaikh Salahuddin	Vice- Chairman	20,936,475	20,936,475
3	Mr. Sheikh Fazle Noor Taposh	Director	46,525,500	46,525,500
4	Sharmin Apparels Limited Represented by Mr. Mohammad Ismail Hossain	Director	23,262,750	23,262,750
5	Sandhani Life Insurance Company Limited Represented by Mr. Nemai Kumer Saha	Director	34,894,125	34,894,125
6	Mr. Salahuddin Alamgir	Director	23,262,750	23,262,750
7	Tanveer Oils Limited Represented by Mr. Mostafa Kamal	Director	23,262,750	23,262,750
8	Everest Power Generation Company Limited Represented by Mrs. Tanjima Binthe Mostafa	Director	23,262,750	23,262,750
9	Mr. Humayun Kabir Bablu	Director	23,262,750	23,262,750
10	Mrs. Shahana Yasmin	Director	23,262,750	23,262,750
11	Mrs. Sultana Jahan	Director	23,262,750	23,262,750
12	Mango Teleservices Limited Represented by Mr. A. Mannan Khan	Director	23,262,750	23,262,750
13	Azbal International Limited Represented by Mrs. Ferdousi Islam	Director	23,262,750	23,262,750
14	Anwar Jute Spinning Mills Limited Represented by Mr. Manwar Hossain	Director	11,631,375	11,631,375
15	Meghna Flour & Dal Mills Limited Represented by Mr. Tanveer Ahmed Mostafa	Director	13,957,650	13,957,650
16	Mona Financial Consultancy & Securities Limited Represented by Mr. Md. Mahbubur Rahman	Director	11,631,375	11,631,375
17	Mr. Didarul Alam	Director	9,305,100	9,305,100
18	Sharmin Fashions Limited Represented by Mrs. Syeda Sharmin Hossain	Director	9,305,100	9,305,100
19	Advocate Yusuf Hussain Humayun	Independent Director	-	-
20	Mr. Shaheduzzaman Choudhury, FCA	Independent Director	-	-
			<b>381,509,100</b>	<b>381,509,100</b>

## 14.5 Classification of shareholders by holding

	Number of holders		% of total holding	
	2022	2021	2022	2021
Less than 500 shares	-	-	-	-
500 to 5,000 shares	-	-	-	-
5,001 to 10,000 shares	-	-	-	-
10,001 to 20,000 shares	-	-	-	-
20,001 to 30,000 shares	-	-	-	-
30,001 to 40,000 shares	-	-	-	-
40,001 to 50,000 shares	-	-	-	-
50,001 to 100,000 shares	-	-	-	-
100,001 to 1,000,000 shares	-	-	-	-
Over 1,000,000 shares	41	41	100.00	100.00
	<b>41</b>	<b>41</b>	<b>100.00</b>	<b>100.00</b>



**14.6 Capital to Risk weighted Asset Ratio (CRAR):**

In terms of Section 13 (2) of the Bank Company Act 1991, the Guideline on Risk Based Capital Adequacy (RBCA) under Basel-III issued vide BRPD Circular No. 18 dated December 21, 2014 (effective from January 01, 2015), BRPD Circular No. 2 dated March 04, 2015, and BRPD Circular No. 5 dated May 31, 2016, the calculation of Capital to Risk Weighted Asset Ratio (CRAR) is done at the end of every quarter in a year. Calculation of minimum total capital plus capital conservation buffer of the Bank at the end of December 2022 against the regulatory requirement of 12.50% is presented as under:

**1) Tier-1 -Core capital (Going Concern Capital)**

**a) Common Equity - Tier-1 (CET 1) Capital**

	2022	2021
Paid up capital	5,257,381,450	5,257,381,450
Share premium	-	-
Statutory reserve (Note 15)	2,516,440,135	2,167,614,506
General reserve	-	-
Surplus in Profit and Loss account/ Retained earnings (Note 17)	682,555,385	825,242,531
	<b>8,456,376,970</b>	<b>8,250,238,487</b>

b) Additional Tier-1 Capital

	-	-
<b>Total Tier-1 Capital</b>	<b>8,456,376,970</b>	<b>8,250,238,487</b>

**Less: Regulatory Adjustment**

Goodwill and all other intangible assets	26,340,510	-
	<b>8,430,036,460</b>	<b>8,250,238,487</b>

**2) Tier-2 Capital (Gone-concern Capital)**

General provision maintained against unclassified loan	797,140,000	799,440,000
General provision on off-balance sheet items	301,200,000	289,400,000
Asset revaluation reserve	-	-
Revaluation reserve (50% of Fixed Assets & Securities and 10% of Equities)	-	-
	<b>1,098,340,000</b>	<b>1,088,840,000</b>

**Less: Regulatory Adjustment**

Revaluation Reserve for Fixed Assets, Securities & Equity Securities (deduction of 100% in 2019 as per Basel-III Guidelines)	-	-
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<b>Total Tier-2 Capital</b>	<b>1,098,340,000</b>	<b>1,088,840,000</b>
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<b>A) Regulatory Capital (1+2)</b>	<b>9,528,376,460</b>	<b>9,339,078,487</b>
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**B) Risk weighted assets (RWA)**

Credit Risk		
On-Balance Sheet	40,135,479,898	31,461,542,857
Off-Balance Sheet	11,562,425,558	10,133,386,932
	<b>51,697,905,456</b>	<b>41,594,929,789</b>
Market Risk Weighted Assets	4,399,674,284	6,830,461,850
Operational Risk Weighted Assets	3,211,906,342	3,317,903,069
<b>Total RWA</b>	<b>59,309,486,083</b>	<b>51,743,294,708</b>

<b>C) Required capital (Required Capital Tk.400.00 crore or actual whichever is higher)</b>	<b>5,930,948,608</b>	<b>5,174,329,471</b>
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<b>D) Surplus (A-C)</b>	<b>3,597,427,852</b>	<b>4,164,749,016</b>
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**Capital to Risk weighted Asset Ratio (CRAR):**

On Core Capital, i.e. CET 1 - (against standard of minimum 6%)	<b>14.26%</b>	<b>15.94%</b>
On Total Capital to Risk Weighted Asset Ratio (CRAR)- [against standard of minimum 10% plus Capital Conservation Buffer 2.50% (total 12.50%)]	<b>16.07%</b>	<b>18.05%</b>

Any Bank with a Common Equity Tier 1 (CET 1) Capital ratio below 7% is required to conserve a certain percentage of its earnings in the subsequent year. In that case, a restriction is imposed on dividend payout as stated in the Basel III guideline. Above Calculation reveals that CET 1 ratio of Modhumoti Bank Limited (14.26%) is well above the required level.

<b>Leverage Ratio (against standard of 3%):</b>	<b>7.77%</b>	<b>8.74%</b>
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**15 Statutory reserve**

Balance as at 1 January	2,167,614,506	1,854,552,297
Addition during the year ( 20% of pre-tax profit)	348,825,629	313,062,209
Balance as at 31 December	<b>2,516,440,135</b>	<b>2,167,614,506</b>



	2022	2021
<b>16 Revaluation gain/(loss) on investment</b>		
<b>Revaluation reserve on HTM securities</b>		
Balance as at 1 January	477,632	7,541,958
Addition during the year	1,493,003	477,632
	1,970,634	8,019,590
Adjustment of amortization/ revaluation gain against sale/maturity	-	7,541,958
Balance as at 31 December	<b>1,970,634</b>	<b>477,632</b>
<b>Revaluation reserve on HFT securities</b>		
Balance as at 1 January	33,347,714	524,900,272
Addition during the year	1,475,671,021	2,235,182,235
	1,509,018,735	2,760,082,508
Adjustment of amortization/ revaluation gain against sale/maturity	1,416,957,727	2,726,734,794
Balance as at 31 December	<b>92,061,007</b>	<b>33,347,714</b>
	<b>94,031,641</b>	<b>33,825,345</b>
<b>16(a) Foreign currency translation gain/(loss)</b>		
Balance as at 1 January	201,721	-
Addition during the year	2,101,238	201,721
Disposal during the year	(201,721)	-
Balance as on 31 December	<b>2,101,238</b>	<b>201,721</b>
<b>17 Surplus in profit and loss account/Retained earnings</b>		
Balance as at 1 January	825,242,531	1,165,504,304
Less: Prior year adjustment (Start-Up Fund)	-	16,449,037
	<b>825,242,531</b>	<b>1,149,055,267</b>
Add: Addition during the year	1,004,793,637	1,127,102,195
	1,830,036,168	2,276,157,462
Less:		
Transfer to Statutory reserve	348,825,629	313,062,209
Transfer to Start-Up Fund	10,047,936	11,271,022
Issue of bonus shares	-	250,351,450
Cash dividend paid	788,607,218	876,230,250
	<b>1,147,480,783</b>	<b>1,450,914,931</b>
Balance as on 31 December	<b>682,555,385</b>	<b>825,242,531</b>
<b>18 Contingent liabilities</b>		
<b>18.1 Acceptances and endorsements</b>		
Acceptance under Letters of Credit -Cash (Foreign) Deferred	3,421,363,342	3,432,111,733
Acceptance under Letters of Credit -BTB (Foreign) Usance	519,368,223	409,484,892
Acceptance under Letters of Credit -BTB EPZ (Foreign) Usance	56,976,759	129,102,738
Acceptance under Letters of Credit -BTB (Local) Usance	1,912,417,326	1,580,182,567
Acceptance under Letters of Credit -BTB (Foreign) EDF	-	-
Acceptance under Letters of Credit -Others	3,937,075	5,838,877
	<b>5,914,062,725</b>	<b>5,556,720,807</b>
Less: Margin	-	-
	<b>5,914,062,725</b>	<b>5,556,720,807</b>
<b>18.2 Letters of guarantee</b>		
Letters of guarantee (Local)	15,077,375,435	12,659,850,021
Letters of guarantee (Foreign)	314,402,437	1,207,994,910
	<b>15,391,777,872</b>	<b>13,867,844,931</b>
Less: Margin	980,726,736	829,128,896
	<b>14,411,051,135</b>	<b>13,038,716,035</b>
<b>Money for which the Bank is contingently liable in respect of guarantee issued favouring:</b>		
Directors or officers	80,117,135	25,770,435
Government	-	-
Banks and other financial institutions	-	-
Others	15,311,660,736	13,842,074,495
	<b>15,391,777,872</b>	<b>13,867,844,931</b>
Less: Margin	980,726,736	871,652,224
	<b>14,411,051,135</b>	<b>12,996,192,707</b>

	2022	2021
<b>18.3 Irrevocable letters of credit</b>		
Letter of Credit - Foreign	5,802,415,421	4,988,613,686
Letter of Credit - BTB Foreign	738,642,554	1,542,497,688
Letter of Credit - BTB - EPZ	82,411,465	105,415,051
Letter of Credit - BTB (Local)	2,165,989,151	2,843,972,642
Letter of Credit - EDF & Others	168,985,298	628,621,906
	<b>8,958,443,889</b>	<b>10,109,120,972</b>
Less: Margin	1,696,870,826	783,401,522
	<b>7,261,573,063</b>	<b>9,325,719,450</b>
<b>18.4 Bills for collection</b>		
Foreign bills for collection	2,192,213,420	1,045,332,306
Local bills for collection	4,413,669,879	2,573,775,895
	<b>6,605,883,300</b>	<b>3,619,108,201</b>
<b>18.5 Other contingent liabilities</b>		
Other contingent liabilities	-	668,657,520
	-	<b>668,657,520</b>
<b>19 Income statement</b>		
<b>Income:</b>		
Interest, discount and similar income	5,637,981,442	4,735,121,229
Dividend income	13,499,479	39,469,279
Fees, commission and brokerage	378,214,027	362,480,796
Gains less losses arising from dealing securities	-	-
Gains less losses arising from investment securities	(9,085,481)	702,893,303
Gains less losses arising from dealing in foreign currencies	846,339,639	202,359,120
Income from non-banking assets	-	-
Other operating income	159,418,386	108,612,356
Profit less losses on interest rate changes	-	-
	<b>7,026,367,491</b>	<b>6,150,936,084</b>
<b>Expenses:</b>		
Interest, fees and commission	3,861,332,371	2,818,305,893
Losses on loans and advances	-	-
Administrative expenses	987,166,081	892,575,528
Other operating expenses	183,508,907	157,481,965
Depreciation on banking assets	203,031,989	197,261,654
	<b>5,235,039,347</b>	<b>4,065,625,039</b>
Income over expenditure	<b>1,791,328,144</b>	<b>2,085,311,045</b>
<b>20 Interest income</b>		
Interest on loans and advances	4,042,485,678	3,258,480,648
Interest on placement with other banks and financial institutions	188,020,402	200,846,548
Interest income from OBU	128,902,763	26,190,420
Interest on foreign currency balances	34,461,765	22,870,171
	<b>4,393,870,609</b>	<b>3,508,387,787</b>
Less: Interest income from OBU	128,902,763	26,190,420
	<b>4,264,967,845</b>	<b>3,482,197,367</b>
<b>21 Interest paid on deposits and borrowings etc.</b>		
Interest on deposits	3,199,190,458	2,617,061,817
Interest on borrowings	641,580,817	177,766,281
Interest expense on lease liability	20,561,096	23,477,795
Interest paid on borrowings (OBU)	128,902,763	26,190,420
	<b>3,990,235,134</b>	<b>2,844,496,313</b>
Less: Interest paid on borrowings (OBU)	128,902,763	26,190,420
	<b>3,861,332,371</b>	<b>2,818,305,893</b>

	2022	2021
<b>22 Investment income</b>		
Interest income from Government Securities	1,371,867,859	1,201,567,600
Gain on sale of Government Securities (Note-22.1)	(9,085,481)	702,893,303
Dividend on shares	13,499,479	39,469,279
Other Investment Income	-	-
Gain on sale of shares	1,145,738	51,356,262
	<b>1,377,427,594</b>	<b>1,995,286,444</b>
<b>22.1 Capital Gain on Government Securities</b>		
Capital Gain on treasury bills	(4,053,599)	-
Capital Gain on treasury bonds	(5,031,882)	702,893,303
	<b>(9,085,481)</b>	<b>702,893,303</b>
<b>23 Commission, exchange and brokerage</b>		
Commission on L/Cs	108,932,912	120,224,656
Commission on L/Cs - EPZ	2,988,607	2,705,973
Commission on Inland L/Cs	161,937	937,513
Commission on L/Cs-back to back	62,097,976	46,788,727
Commission on L/Gs	195,023,194	182,304,436
Commission on Export L/C	2,083,286	3,297,620
Commission on remittance	266,843	206,243
Commission on collection on FDBP/ FDBC/ FDD	3,552,792	4,457,266
Commission on ACS	506,925	-
Others Commission	2,599,555	1,558,364
Exchange gain (Note-23.1)	846,339,639	202,359,120
	<b>1,224,553,666</b>	<b>564,839,917</b>
<b>23.1 Exchange gain</b>		
Exchange gain from revaluation/trade of foreign currency	846,339,639	202,359,120
	<b>846,339,639</b>	<b>202,359,120</b>
<b>24 Other operating income</b>		
Account Maintenance Charges	10,434,478	6,438,903
Postage / SWIFT/ fax recoveries from Import L/Cs	17,550,056	18,507,350
Postage / SWIFT/ fax recoveries from Export related L/Cs	9,351,081	9,916,485
Recovery from written-off Advances	278,815	-
Cards Fees and Charges (Note 24.1)	2,367,473	4,586,905
Other Fees and Charges	87,701,347	51,789,896
Fees and Charges on Export related L/Cs	31,735,135	17,372,817
	<b>159,418,386</b>	<b>108,612,356</b>
<b>24.1 Cards Fees and Charges:</b>		
Fees and Charges (debit and prepaid card)	1,392,993	3,705,225
<b>Credit Cards:</b>		
Annual Fees	3,376,554	1,119,637
VISA POS Reimbursement charges	899,583	447,595
Cash Advance Fees	938,693	685,454
Late payment and overlimit fees	1,905,887	991,773
Card Cheque Fees (Processing and Issues)	982,806	826,284
Replacement Fees and Others	854,162	1,887,136
	<b>10,350,678</b>	<b>9,663,105</b>
<b>Cards Direct Expenses:</b>		
VISA POS Reimbursement Charges	127,264	564,589
VISA Associated Membership Sponsor Charges	437,340	404,340
Fees and Charges of Card	7,256,913	3,981,762
ATM Expenses NPSB	161,688	125,508
	<b>7,983,205</b>	<b>5,076,199</b>
<b>Cards Fees and Charges (Net)</b>	<b>2,367,473</b>	<b>4,586,905</b>

	2022	2021
<b>25 Salaries and Allowances</b>		
Basic salary	266,237,273	234,954,335
Bonus	78,706,007	71,255,263
Other Salary & Allowances	414,523,520	373,147,401
Bank Contribution to Provident Fund	26,778,805	23,470,013
	<b>786,245,605</b>	<b>702,827,011</b>
<b>26 Rent, taxes, insurance, Electricity etc.</b>		
Rent, rates and taxes (26.1)	21,028,515	29,464,194
Insurance	39,141,965	32,920,568
Utilities (except telecommunication)	22,142,999	20,937,163
	<b>82,313,478</b>	<b>83,321,925</b>
<b>26.1 Rent, rates and taxes</b>		
Office Rent	14,028,245	21,686,126
Rent for ATM Booth	3,831,187	2,753,756
Rates and Taxes	3,169,082	5,024,312
	<b>21,028,515</b>	<b>29,464,194</b>
<p>Since 'IFRS 16: Leases' has already been implemented in Bangladesh, The Bank started to comply with the reporting requirements as prescribed in IFRS 16 from the year 2019. To comply with the accounting treatment prescribed in this IFRS, out of total rental expense of Taka 173,967,913, an amount of rental expenses (office premises for head office &amp; twenty seven branches) of Taka 159,939,668 is converted into the Interest expense on lease liability and Depreciation expense on ROU Assets. The changes have been adopted only for disclosure purpose which are not affecting the payments of actual rental expense (there is no impact on cash outflow).</p>		
<b>Reconciliation of rental expense is presented as under:</b>		
A) Total Rent expense incurred for office premises paid during 2022:		
Rent Expenses	151,881,672	146,244,387
VAT on Rent	22,086,241	21,274,247
Total Rent expense incurred in 2022	<b>173,967,913</b>	<b>167,518,634</b>
B) Rental expense converted into the Interest expense on lease liability & depreciation expense on ROU Assets:		
Rent Expenses	139,077,971	126,810,875
VAT on Rent Expenses	20,861,697	19,021,633
Rent expense considered for IFRS 16- Leases	159,939,668	145,832,508
C)= (A-B), Rent Expenses presented in Note 26.1:		
Rent Expenses	<b>14,028,245</b>	<b>21,686,126</b>
D) Expenses charged during 2022 for IFRS 16- Leases:		
Interest Expenses on lease liability (Note 21)	20,561,096	23,477,795
Depreciation Expenses on ROU Assets (Note 31)	137,318,493	130,280,561
Total expenses charged for ROU Assets during the year	<b>157,879,589</b>	<b>153,758,356</b>
E) = (D-B), Additional expense incurred for leases during 2022		
	<b>(2,060,079)</b>	<b>7,925,848</b>
<b>27 Postage, stamp, telecommunication etc.</b>		
Postage	5,033,991	3,960,086
Telephone / Mobile	6,566,478	5,782,447
Networklink, Internet, SWIFT, Reuters etc.	25,732,361	26,133,716
	<b>37,332,830</b>	<b>35,876,249</b>
<b>28 Stationery, printing, advertisements etc.</b>		
Printing & security stationery	5,807,259	9,642,986
Petty stationery	5,970,099	4,983,849
Computer consumable stationery	1,448,846	3,807,135
Publicity and advertisement	28,138,417	27,157,605
	<b>41,364,621</b>	<b>45,591,575</b>
<b>29 Managing Director's salary and fees</b>		
Basic Salary	6,954,838	6,000,000
Bonus	1,500,000	2,000,000
Other Salary & Allowance	4,351,264	4,363,837
Bank Contribution to Provident Fund	695,484	600,000
	<b>13,501,586</b>	<b>12,963,837</b>

	2022	2021
<b>30 Directors' fees and expenses</b>		
Meeting attendance fees	1,696,000	1,512,000
	<b>1,696,000</b>	<b>1,512,000</b>
As per BRPD circular letter no. 11 dated 04 October 2015, Taka 8,000/- has been paid as Honorarium to the Directors, for attending per Board Meeting, EC Meeting, Board Audit Committee Meeting and Risk Management Committee Meeting held during the year 2022.		
<b>31 Depreciation and repairs of Bank's assets</b>		
<b>A) Depreciation on Fixed Assets:</b>		
Furniture and fixtures	21,139,325	21,312,439
Machinery & Equipment	20,370,068	22,975,625
Computer and Computer peripherals	8,966,049	8,174,416
Motor Vehicles	3,820,020	3,820,020
Software	11,418,034	10,698,593
	<b>65,713,496</b>	<b>66,981,093</b>
<b>B) Depreciation on Right-of-Use Assets:</b>	137,318,493	130,280,561
<b>Depreciation Expense for the year</b>	<b>203,031,989</b>	<b>197,261,654</b>
<b>C) Repairs/ Replacements of the Bank's assets:</b>		
Furniture & Fixtures	2,186,345	1,401,155
Machinery & Equipment	4,898,510	3,071,485
Motor Vehicles	1,200,745	306,387
Software maintenance	16,426,361	5,703,904
	<b>24,711,961</b>	<b>10,482,930</b>
<b>D) = (A+B+C), See Annexure - A for detail of Depreciation expense</b>	<b>227,743,950</b>	<b>207,744,584</b>
As stated in note 26.1, in accordance with IFRS 16, lease rental are now capitalized and related depreciation on ROU Assets is shown above.		
<b>32 Other expenses</b>		
Security and cleaning	43,434,445	41,745,192
Entertainment	7,878,534	5,866,048
Other Professional Service charges	2,179,775	2,215,634
Books and periodicals	142,360	196,619
Subscription	1,419,792	1,140,600
Donation	55,360,000	34,820,849
Travelling expenses	3,023,715	2,435,612
Conveyance	3,486,800	4,229,543
Gratuity expenses	35,000,000	40,500,000
Fuel	1,775,446	1,484,286
Leverage & Uniform	639,021	-
Training/seminar	5,208,196	1,283,230
Annual General Meeting (AGM)	594,829	188,160
Cash carrying charges	5,052,079	4,454,340
NID verification charge	42,388	4,749
Exchange loss	2,107,565	94,383
Office maintenance	4,950,238	4,333,616
Office maintenance (MMBL Lounge)	-	7,500
Honorarium for Banking Diploma	1,485,000	375,000
Business development expense	29,990	10,000
Washing and cleaning	63,215	71,879
Croceries	63,577	115,490
Stamp charges	-	685
Expenses regrading Agent Banking	1,167,204	276,661
Papers	-	25,985
Cartridge	3,385,218	4,075,272
Miscellaneous Expenses	4,111,870	6,785,633
	<b>182,601,257</b>	<b>156,736,965</b>
<b>33 Tax expense</b>		
Current tax	770,289,835	441,396,238
Deferred tax	(30,955,328)	(3,187,388)
	<b>739,334,507</b>	<b>438,208,850</b>

	<u>2022</u>	<u>2021</u>
<b>34 Cash received from other operating activities</b>		
Account Maintenance Charges	10,434,478	6,438,903
Postage / SWIFT/ fax recoveries from Import L/Cs	17,550,056	18,507,350
Postage / SWIFT/ fax recoveries from Export related L/Cs	9,351,081	9,916,485
Gain on sale of shares	1,145,738	51,356,262
Fees on Share Transfer	-	-
Cards Fees and Charges	2,367,473	4,586,905
Other Fees and Charges	87,701,347	51,789,896
Fees and Charges on Export related L/Cs	31,735,135	17,372,817
	<b><u>160,285,308</u></b>	<b><u>159,968,618</u></b>
<b>35 Payments for other operating activities</b>		
Rent, rates and taxes	180,968,183	144,387,274
Postage	37,332,830	35,876,249
Directors fees	1,696,000	1,512,000
Repairs	24,711,961	10,482,930
Legal expenses	607,650	495,000
Audit fees	250,000	250,000
Others expenses (Note 32)	147,601,257	116,236,965
	<b><u>393,167,880</u></b>	<b><u>309,240,419</u></b>
<b>36 Earnings per share (EPS)</b>		
Net profit after tax for the year ended 31 December (BDT)	<b><u>1,004,793,637</u></b>	<b><u>1,127,102,195</u></b>
Number of ordinary shares outstanding	<b><u>525,738,145</u></b>	<b><u>525,738,145</u></b>
Weighted average number of ordinary shares	<b><u>525,738,145</u></b>	<b><u>525,738,145</u></b>
Earnings per share (EPS) on closing number of share	<b><u>1.91</u></b>	<b><u>2.14</u></b>
Earnings per share (EPS) - (Weighted Average)	<b><u>1.91</u></b>	<b><u>2.14</u></b>

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

### 37 General

#### 37.1 Audit Committee

Audit Committee of the Board of Directors of the Bank has been reformed by the Board of Directors in their meeting held on 14 November 2020 comprising the following members as per provisions contained in Bangladesh Bank's BRPD Circular No. 11 dated 27 October 2013.

Sl. no.	Name	Status with the committee	Educational qualification
1)	Mr. Shaikh Salahuddin	Chairman	H. S .C
2)	Mr. A. Mannan Khan	Member	B. Sc. in Engineering Specialization in Tele-Communications
3)	Mr. Md. Mahbubur Rahman	Member	MBA
4)	Advocate Yusuf Hussain Humayun	Member	M. A, LLB
5)	Mr. Shaheduzzaman Choudhury, FCA	Member	Masters in Finance, MBA, CA

#### Role of the Bank's Audit Committee:

To oversee financial reporting process, the Audit Committee does the following tasks:

- i) Monitor, choice of accounting policies and principles
- ii) Review the financial statements
- iii) Review the appropriateness of the Bank's accounting policy
- iv) Oversee the Bank's relationship with external auditors
- v) Review the Bank's existing system and upgradation of systems
- vi) Review the adequacy of internal audit functions
- vii) Review all reports of internal auditors
- viii) Review Management's report on risk management
- ix) Review the internal control weakness as submitted by statutory auditors
- x) Review Audit Committee's own terms of reference within the purview of BRPD Circular No. 11 dated 27 October 2013 of Bangladesh Bank.

During the year 2022, the audit committee held 4 (four) meetings. In these meetings, the Committee reviewed the Audited Financial Statements for the year 2021 in presence of external auditors and also Inspection Reports by ICCD of the Bank from time to time and also of Bangladesh Bank in purview with Bangladesh Bank's Circular and advised the Management to take necessary compliance and also for establishing a unique and up-to-the-mark Internal Control and Audit System in the Bank with adequate facilities complying policy guidelines by Bangladesh Bank.

#### 37.2 Related party/(ies) disclosure

##### 37.2.1 Related party transactions

During the year 2022, the Bank conducted business deals with the following organizations in which the directors has interest:

##### i) Loans and advances to directors and their related concern

Name of party	Name of Directors	Related by	Nature of Facilities	Outstanding as on 31.12.2022	Status
Sonargaon Seeds Crushing Mills Limited	Mr. Mostafa Kamal	Director	BG	2,440,635	Regular
Tanveer Foods Ltd.	Mr. Mostafa Kamal	Director	LC	-	Regular
Meghna Container Terminal Ltd.	Mr. Mostafa Kamal	Director	BG	2,500,000	Regular
Meghna Edible Oils Refinery Ltd.	Mr. Mostafa Kamal	Director	LC	899,000	Regular
Meghna Edible Oils Refinery Ltd.	Mr. Mostafa Kamal	Director	BG	58,622,700	Regular
Meghna Beverage	Mr. Mostafa Kamal	Director	LC	149,000	Regular
Meghna Bulk Bag	Mr. Mostafa Kamal	Director	LC	2,952,000	Regular
Meghna Noodles	Mr. Mostafa Kamal	Director	LC	7,200,000	Regular
Meghna Ship Building Ltd.	Mr. Mostafa Kamal	Director	LC	23,155,000	Regular
Meghna Sugar Refinery Ltd.	Mr. Mostafa Kamal	Director	LC	-	Regular
Tasnim Chemical Complex Ltd.	Mr. Mostafa Kamal	Director	BG	-	Regular
Meghna Pulp and Papers Mills Ltd.	Mr. Mostafa Kamal	Director	LC	20,490,000	Regular
Meghna Pulp and Papers Mills Ltd.	Mr. Mostafa Kamal	Director	BG	2,981,800	Regular
Everest CNG Re-Fuelling and Conversion Ltd.	Mr. Mostafa Kamal	Director	BG	6,288,600	Regular
United Sugar Mills Limited	Mr. Mostafa Kamal	Director	BG	1,983,400	Regular
United Shipping Lines	Mr. Mostafa Kamal	Director	BG	300,000	Regular
Sonargaon Seeds Crushing Mills Limited	Mr. Mostafa Kamal	Director	LC	-	Regular
M.S.A Services	Mr. Md. Didarul Alam	Director	BG	5,000,000	Expired



ii) Significant contracts where Bank is a party and wherein Directors have interest during the year 2022

a)

(BDT in Taka)

Name of Directors	Relationship with the Bank	Nature of transaction	Limit	Security Value	Outstanding as on 31.12.2022
Mr. Sheikh Fazle Noor Taposh	Director	Credit Card	2,000,000	Lien on FDR for Tk. 20,00,000/-	BDT 149.76 USD 0.10 Cr
		Credit Card	-	Prepaid in Nature	USD 4,871.47 Cr
Mr. Mohammad Ismail Hossain	Director	Credit Card	500,000	Lien on FDR for Tk. 5,00,000/-	BDT 29.54 USD 0.96 Cr
		Credit Card	USD 50,000	Lien on ERQ A/c for USD 50,000	USD 8,354.25
Mr. Salahuddin Alamgir	Director	Credit Card	2,000,000	Lien on FDR for Tk. 20,00,000/-	BDT 2,093.00
Mr. Manwar Hossain	Director	Credit Card	500,000	Lien on FDR for Tk. 5,00,000/-	BDT 5,865.94 Cr
Mr. Humayun Kabir Bablu	Director	Credit Card	1,540,000	Lien on DBSR for Tk. 25,00,000/-	BDT 3,350.00
			USD 12000		USD 52.14
Mr. Shaikh Salahuddin	Director	Credit Card	100,000	Lien on FDR for Tk. 5,00,000/-	BDT 150.00
		Credit Card	USD 5000		USD 66.35

b) The Bank has rented a portion of 10,150 square feet of Bengal House located at House No.12/A, Road No.63 Gulshan-2, Dhaka-1212 at a monthly rent of BDT 1,691,235.00. The Bank has paid BDT 50,400,000.00 as advance against Office Rent. During the year, the Bank has paid total rent of BDT 20,294,820.00 and outstanding balance of advance is Zero as on 31 December 2022.

c) Related party transactions

Nature of Party/ Contract	Relationship	Amount
Information Technology Consultants Limited (ITCL)	Common Director	10,473,688
Banglar Bani Films, Media & Publication Limited	Common Director	920,000
Bengal Media Corporation Ltd.	Common Director	5,990,000

37.3 Number of employees of the Bank

The number of regular employees engaged for the whole year or part thereof who received a total yearly remuneration of BDT 144,000 or above were 646 at the end of December 2022.

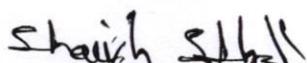
37.4 Highlights on the overall activities of the Bank

Highlights on the overall activities of the Bank have been furnished in Annexure - C.

37.5 Coverage of External Audit

The external auditor of the Bank, Howladar Yunus & Co., Chartered Accountants worked about in excess of 1246 person hours. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance.

  
Chairman

  
Vice Chairman

  
Director

  
Managing Director & CEO

**Modhumoti Bank Limited**  
Schedule of Fixed Assets  
As at 31 December 2022

Particulars	Cost				Rate of Dep.	Depreciation				Written down value as at 31.12.2022
	Opening balance as on 01.01.2022	Addition during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2022		Opening balance as on 01.01.2022	Charged during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2022	
Land	-	-	-	-		-	-	-	-	-
Building	-	-	-	-		-	-	-	-	-
Furniture and fixtures	208,741,830	12,186,430	9,314,643	211,613,617	10%	87,095,889	21,139,325	6,643,768	101,591,446	110,022,171
Computer and Computer peripheral	79,565,157	11,154,775	284,840	90,435,092	20%	62,143,260	8,966,049	282,282	70,827,027	19,608,065
Electrical Equipments	186,049,236	10,293,494	2,085,550	194,257,180	20%	133,452,093	20,370,068	1,589,760	152,232,401	42,024,779
Motor vehicles	31,600,001	-	-	31,600,001	20%	20,906,049	3,820,020	-	24,726,069	6,873,932
Right-of-Use (ROU) Assets	676,458,999	78,020,356	63,646,128	690,833,227	**	308,365,701	137,318,493	63,646,128	382,038,066	308,795,161
Capital work in progress (CWIP)	2,168,500	160,000	2,168,500	160,000		-	-	-	-	160,000
<b>Sub-total</b>	<b>1,184,583,723</b>	<b>111,815,055</b>	<b>77,499,661</b>	<b>1,218,899,116</b>		<b>611,962,992</b>	<b>191,613,955</b>	<b>72,161,938</b>	<b>731,415,009</b>	<b>487,484,108</b>
Software	99,855,709	1,170,000	-	101,025,709	20%	67,719,165	11,418,034	-	79,137,199	21,888,510
Capital work in progress (CWIP)	4,452,000	2,100,000	2,100,000	4,452,000		-	-	-	-	4,452,000
<b>Sub-total</b>	<b>104,307,709</b>	<b>3,270,000</b>	<b>2,100,000</b>	<b>105,477,709</b>		<b>67,719,165</b>	<b>11,418,034</b>	<b>-</b>	<b>79,137,199</b>	<b>26,340,510</b>
<b>Total as at 31st December 2022</b>	<b>1,288,891,432</b>	<b>115,085,055</b>	<b>79,599,661</b>	<b>1,324,376,825</b>		<b>679,682,157</b>	<b>203,031,989</b>	<b>72,161,938</b>	<b>810,552,208</b>	<b>513,824,618</b>
<b>Total as at 31st December 2021</b>	<b>1,292,528,858</b>	<b>58,366,952</b>	<b>62,004,378</b>	<b>1,288,891,432</b>		<b>526,074,955</b>	<b>197,261,654</b>	<b>43,654,452</b>	<b>679,682,157</b>	<b>609,209,275</b>

\*\* Straight line method of depreciation is followed throughout the lease period as mentioned in the contracts.



Name of the Directors of the Bank and their interest in different entities

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
1	Mr. Humayun Kabir	Chairman	Dhaka Ice Cream Industries Limited (POLAR)	Chairman
			Zest Agro Food Processing Limited	Managing Director
			Northern Hatcheries Limited (Deshi Meat)	Managing Director
			Northern Agri Science Limited	Managing Director
2	Mr. Shaikh Salahuddin	Vice Chairman	Islami Commercial Insurance Company Limited	Shareholder
			Ajmeer Navigation	Proprietor
			Fardin Fish (Deep Sea Fishing)	Proprietor
			Khulna Shipping Lines	Proprietor
3	Mr. Sheikh Fazle Noor Taposh	Director	Sheikh & Chowdhury	Partner
			Banglar Bani Films, Media and Publications Limited	Chairman
4	Mr. Mohammad Ismail Hossain Representing Sharmin Apparels Limited	Director	Sharmin Group	Managing Director
			Sharmin Apparels Limited	Managing Director
			Sharmin Fashions Limited	Managing Director
			Sharaf Apparels Limited	Managing Director
			Ishayat Apparels Limited	Managing Director
			Sharaf Washing & Dyeing Industries Limited	Managing Director
			Sharaf Embroidery & Printing Limited	Managing Director
			A.M. Design Ltd.	Managing Director
			A.M. Fashions Limited	Managing Director
			limeeyat Apparels Limited	Managing Director
			limeeyat Washing & Dyeing Industries Limited	Managing Director
			Ishayat Fashions Limited	Managing Director
			Jaflong Valley Boarding School	Director
5	Mr. Nema Kumar Saha Representing Sandhani Life Insurance Company Limited	Director	Sandhani Life Insurance Company Limited	Chief Executive Officer
6	Mr. Salahuddin Alamgir	Director	Labib Group	Chairman
			Matrix Sweaters Limited	Managing Director
			Starlight Sweaters Limited	Managing Director
			Raidha Collections Limited	Managing Director
			Sultana Sweaters Limited	
			Juthi Packaging Industries Limited	Managing Director
			Labib Dyeing Mills Limited	Managing Director
			Nice Cotton Limited	Managing Director
			Excel Telecom (Pvt) Limited	Managing Director
			R & R Agro Complex Limited	Managing Director
			Labib Poultry & Fisheries Limited	Managing Director
			Information Technology Consultants Limited (ITCL)	Director
			X- Telecom (pvt) Limited	Director
			Unique Power Plant Limited	Managing Director
			Unique Cement Industries Limited	Managing Director
			Unique Hatchery & Feeds Limited	Managing Director
			Tanveer Oil's Limited	Managing Director
			Tanveer Food Limited	Managing Director
			Tanveer Polymer Industries Limited	Managing Director
			Tanveer Steel Mills Limited	Managing Director
			Tanveer Paper Mills Limited	Managing Director
			Everest CNG Refueling & Conversion Limited	Managing Director
			Everest Power Generation Co. Limited	Managing Director
			G.Shipping Lines Limited	Managing Director
			Meghna Shipbuilders & Dockyard Limited	Managing Director
			Meghna Aviation Limited	Managing Director
			Global Ad Star Bag Industries Limited	Managing Director



Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
7	Mr. Mostafa Kamal Representing Tanveer Oils Limited	Director	Surma Mustard Oil Mills Limited	Managing Director
			Tasnim Chemical Complex Limited	Managing Director
			Sonargaon Steel Fabricate Limited	Managing Director
			Sonargaon Printing & Packaging Industries Limited	Managing Director
			Sonargaon Salt Industries Limited	Managing Director
			Tasnim Condensed Milk Limited	Managing Director
			Cumilla Economic Zone Limited	Managing Director
			Dhaka Securities Limited	Managing Director
			Meghna Seeds Crushing Mills Limited	Managing Director
			Meghna Edible Oils Refinery Limited	Managing Director
			Meghna Pulp & Paper Mills Limited	Managing Director
			Meghna Sugar Refinery Limited	Managing Director
			Meghna Fresh LPG Limited	Managing Director
			Meghna Noodles & Biscuit Factory Limited	Managing Director
			Meghna Ballpen & Accessories MFG Limited	Managing Director
			Meghna Bulk Bag Industries Limited	Managing Director
			Meghna Economic Zone Limited	Managing Director
			Meghna Industrial Economic Zone Limited	Managing Director
			A Class Builders Limited	Managing Director
			USB International Lines Limited	Managing Director
			Meghna Tea Company Limited	Managing Director
			Titanic Shipping Lines Limited	Managing Director
			Talelink Bangladesh Limited	Managing Director
			IMEX Shipping Bangladesh Limited	Managing Director
			Meghna PVC Limited	Managing Director
			MPP Power Plant Limited	Managing Director
			Sonargaon Flour & Dal Mills Limited	Managing Director
			Meghna Beverage Limited	Managing Director
8	Ms. Tanjima Binthe Mostafa Representing Everest Power Generation Company Limited	Director	Unique Power Plant Limited	Director
			Unique Cement Industries Limited	Director
			Unique Hatchery & Feeds Limited	Director
			Tanveer Oil's Limited	Director
			Tanveer Food Limited	Director
			Tanveer Polymer Industries Limited	Director
			Tanveer Steel Mills Limited	Director
			Tanveer Paper Mills Limited	Director
			Everest CNG Refueling & Conversion Limited	Director
			Everest Power Generation Co. Limited	Director
			G.Shipping Lines Limited	Director
			Meghna Shipbuilders & Dockyard Limited	Director
			Meghna Aviation Limited	Director
			Global Ad Star Bag Industries Limited	Director
			Surma Mustard Oil Mills Limited	Director
			Tasnim Chemical Complex Limited	Director
			Sonargaon Steel Fabricate Limited	Director
			Sonargaon Printing & Packaging Industries Limited	Director
			Sonargaon Salt Industries Limited	Director
			Tasnim Condensed Milk Limited	Director
			Cumilla Economic Zone Limited	Director
			Dhaka Securities Limited	Director
			Meghna Seeds Crushing Mills Limited	Director
			Meghna Edible Oils Refinery Limited	Director
			Meghna Pulp & Paper Mills Limited	Director
			Meghna Sugar Refinery Limited	Director
			Meghna Fresh LPG Limited	Director
			Meghna Noodles & Biscuit Factory Limited	Director
Meghna Ballpen & Accessories MFG Limited	Director			
Meghna Bulk Bag Industries Limited	Director			

Sl. No	Name	Status with the Bank	Interest in other concerns				
			Name of Concerns	Position			
			Meghna Economic Zone Limited	Director			
			Meghna Industrial Economic Zone Limited	Director			
			A Class Builders Limited	Director			
			USB International Lines Limited	Director			
			Meghna Tea Company Limited	Director			
			Titanic Shipping Lines Limited	Director			
			Talelink Bangladesh Limited	Director			
			IMEX Shipping Bangladesh Limited	Director			
			Meghna PVC Limited	Director			
			MPP Power Plant Limited	Director			
			Sonargaon Flour and Dal Mills Limited	Director			
			Meghna Beverage Limited	Director			
			9	Mr. Humayun Kabir Bablu	Director	Bengal Media Corporation Limited (RTV)	Managing Director
						Euphoria Apparels Ltd.	Managing Director
Romania Food & Beverage Limited	Managing Director						
Linnex Electronics Bangladesh Limited	Managing Director						
Bengal Windsor Thermoplastics Limited	Managing Director						
Bengal Hotels and Resorts Ltd.	Managing Director						
Bengal Plastics Limited	Director						
Bengal Polymer Wares Limited	Director						
Bengal Plastic Pipes Limited	Director						
Bengal Poly and Paper Sack Limited	Director						
Bengal Flexipak Limited	Director						
Bengal Adhesive & Chemical Products Limited	Director						
Bengal Cement Limited	Director						
Bengal Concept & Holdings Limited	Director						
Bengal Feed and Fisheries Limited	Director						
Bengal Renewable Energy Limited	Director						
Power Utility BD Limited	Director						
Hamilton Metal Corporation Limited	Director						
Hamilton Mold and Engineering Limited	Director						
Bengal Retails Limited	Director						
Linnex Technologies Limited	Managing Director						
Bengal Melamine Limited	Director						
10	Mrs. Shahana Yasmin	Director	Farzan Fising	Proprietor			
			Farzan Navigation	Proprietor			
11	Mrs. Sultana Jahan	Director	Labib Group	Vice Chairman			
			X- Telecom (pvt) Limited	Managing Director			
			Matrix Sweaters Limited	Director			
			Starlight Sweaters Limited	Director			
			Raidha Collections Limited	Director			
			Sultana Sweaters Limited	Director			
			Juthi Packaging Industries Limited	Director			
			Labib Dyeing Mills Limited	Director			
			Nice Cotton Limited	Director			
			Excel Telecom (Pvt) Limited	Director			
			Labib Poultry & Fisheries Limited	Director			
			Alamgir Ranch	Director			
12	Mr. A Mannan Khan Representing Mango Teleservices Limited	Director	Mango Teleservices Limited	Chairman			
			Bangladesh Auto Industries Limited	Chairman			
			Mango Technologies Limited	Chairman			
			Bangladesh Lithium Battery Limited	Chairman			
			HKGE Consortium Limited	Chairman			
			Playpen Centre	Managing Partner			
			Purple Telecom Limited	Chairman			
			Platinum Communication Limited	Chairman			
			Mango Electronics Limited	Chairman			
			Mango Holding Limited	Managing Director			

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
			Clix Limited	Chairman
			Telefort Limited	Chairman
			CSL Distribution Limited	Chairman
13	Mrs. Ferdousi Islam Representing Azbal International Limited	Director	China Bangla Ceramic Industries Ltd	Chairman
			Bajnabo Textile Mills Ltd	Chairman
			China Bangla Engineering & Technology Services Ltd	Chairman
			Azbal International Limited	Chairman
			Trustee Securities Ltd	Managing Director
			Northern General Insurance Co. Ltd	Director
			Total Merchandising & Trims Ltd	Director
			United Shipping Lines Ltd	Director
			Bengal Tiger Cement Industries Ltd	Director
14	Mr. Manwar Hossain Representing Anwar Jute Spinning Mills Limited	Director	Anwar Group of Industries	Chairman
			Bangladesh Finance Limited	Chairman
			Anwar Landmark Limited	Chairman
			Anwar Ispat Limited	Chairman
			Anwar Integrated Steel Plant Limited	Chairman
			Anwar Galvanizing Limited	Chairman
			Anwar Cement Limited	Chairman
			Anwar Cement Sheet Limited	Chairman
			A-One Polymer Limited	Chairman
			Anwar Silk Mills Limited	Chairman
			Mehmud Industries (Pvt.) Limited	Chairman
			Hossain Dyeing and Printing Mills Limited	Chairman
			Anwar Printex Limited	Chairman
			A-One Printex Limited	Chairman
			Anwar Denim Limited	Chairman
			Anwar Jute Spinning Mills Limited	Chairman
			AG Automobiles Limited	Chairman
AG Motors Limited	Chairman			
Toledo Motors Limited	Chairman			
15	Mr. Tanveer Ahmed Mostafa Representing Meghna Flour & Dal Mills Limited	Director	Meghna Flour & Dal Mills Limited	Managing Director
			Unique Power Plant Limited	Director
			Unique Cement Industries Limited	Director
			Unique Hatchery & Feeds Limited	Director
			Tanveer Oil's Limited	Director
			Tanveer Food Limited	Director
			Tanveer Polymer Industries Limited	Director
			Tanveer Steel Mills Limited	Director
			Tanveer Paper Mills Limited	Director
			Everest CNG Refueling & Conversion Limited	Director
			Everest Power Generation Co. Limited	Director
			G.Shipping Lines Limited	Director
			Meghna Shipbuilders & Dockyard Limited	Director
			Meghna Aviation Limited	Director
			Global Ad Star Bag Industries Limited	Director
			Surma Mustard Oil Mills Limited	Director
			Tasnim Chemical Complex Limited	Director
			Sonargaon Steel Fabricate Limited	Director
			Sonargaon Printing & Packaging Industries Limited	Director
			Sonargaon Salt Industries Limited	Director
			Tasnim Condensed Milk Limited	Director
			Cumilla Economic Zone Limited	Director
			Dhaka Securities Limited	Director
			Meghna Seeds Crushing Mills Limited	Director
			Meghna Edible Oils Refinery Limited	Director
			Meghna Pulp & Paper Mills Limited	Director
			Meghna Sugar Refinery Limited	Director

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
			Meghna Fresh LPG Limited	Director
			Meghna Noodles & Biscuit Factory Limited	Director
			Meghna Ballpen & Accessories MFG Limited	Director
			Meghna Bulk Bag Industries Limited	Director
			Meghna Economic Zone Limited	Director
			Meghna Industrial Economic Zone Limited	Director
			A Class Builders Limited	Director
			USB International Lines Limited	Director
			Meghna Tea Company Limited	Director
			Titanic Shipping Lines Limited	Director
			Talelink Bangladesh Limited	Director
			IMEX Shipping Bangladesh Limited	Director
			Meghna PVC Limited	Director
			MPP Power Plant Limited	Director
			Sonargaon Flour and Dal Mills Limited	Director
		Meghna Beverage Limited	Director	
16	Mr. Md. Mahbubur Rahman Representing Mona Financial Consultancy & Securities Limited	Director	Mona Financial Consultancy & Securities Limited	Company Secretary
17	Mr. Didarul Alam	Director	Amena Fishing Limited	Managing Director
			Taseen Steels Limited	Managing Director
			TR Ship Breakers Limited	Managing Director
			Taher Ship Recycling Industries Limited	Managing Director
			Golden Bricks Works Limited	Managing Director
			Kadam Rasul Steel Ship Breaking Limited	Managing Director
			Taher & Company Limited	Director
			Mostafa Hakim Cement Industries Limited	Director
			Mostafa Hakim Housing & Real Estate Limited	Director
			Golden Steel Re-rolling Mills Limited	Director
			Golden Oxygen Limited	Director
			Golden Ispat Limited	Director
			Bangladesh Finance & Investment Co. Limited	Director
			S.B Corporation	Proprietor
			DAB Filling Station	Proprietor
Didarul Alam & Brothers	Proprietor			
Silkline Travels (AC Bus)	Proprietor			
		Bhatiary Filling Station	Managing Partner	
18	Mrs. Syeda Sharmin Hossain Representing Sharmin Fashions Limited	Director	Sharmin Apparels Limited	Director
			Sharmin Fashions Limited	Director
			Sharaf Apparels Limited	Director
			Ishayat Apparels Limited	Director
			Sharaf Washing & Dyeing Industries Limited	Director
			Sharaf Embroidery & Printing Limited	Director
			A.M. Design Ltd	Director
			A.M. Fashions Limited	Director
			limeeyat Apparels Limited	Director
			limeeyat Washing & Dyeing Industries Limited	Director
		Ishayat Fashions Limited	Director	
19	Mr. Yusuf Hussain Humayun	Independent Director	Law & Lawyers	Lawyer
20	Mr. Shaheduzzaman Choudhury	Independent Director	Innovative Minds Consulting Limited	Director
			Sandhani Life Insurance Co. Ltd.	Independent Director
			Sandhani Asset Management Co. Ltd.	Chairman
21	Mr. Md. Shafiul Azam	Managing Director & CEO	-	-



**Modhumoti Bank Limited**  
**Highlights on the overall activities**  
**As at and for the year ended 31 December 2022**

Sl. No.	Particulars		2022	2021
1	Paid-up capital	Taka	5,257,381,450	5,257,381,450
2	Total capital	Taka	9,528,376,460	9,339,078,487
3	Capital surplus	Taka	3,597,427,852	4,164,749,016
4	Total assets	Taka	90,624,875,106	79,556,955,011
5	Total deposits	Taka	71,874,400,492	58,629,021,648
6	Total loans and advances	Taka	55,849,805,977	41,837,962,276
7	Total contingent liabilities and commitments	Taka	36,870,167,786	33,821,452,431
8	Advance Deposit Ratio (ADR)	%	70.38%	62.92%
9	Percentage of classified loans against total loans and advances (NPL Ratio)	%	1.70%	2.84%
10	Net Profit after tax and provision (NPAT)	Taka	1,004,793,637	1,127,102,195
11	Amount of classified loans (NPL)	Taka	950,076,917	1,189,483,532
12	Provisions kept against Classified Loans	Taka	565,759,082	562,502,482
13	Provision surplus/(deficit) against classified loans	Taka	1,200,423	417,544
14	Cost of fund	%	6.45%	6.42%
15	Interest earning assets	Taka	84,652,550,679	71,759,404,062
16	Non-interest earning assets	Taka	5,972,324,427	7,797,550,949
17	Return on investment (ROI) [PAT/{Average Equity+Long Term Borrowings+Deposits-Non Cash Fund}]	%	1.39%	1.76%
18	Return on assets (ROA) [PAT/ Average assets]	%	1.18%	1.48%
19	Income from investment	Taka	1,377,427,594	1,995,286,444
20	Capital to Risk weighted Asset Ratio (CRAR)	%	16.07%	18.05%
21	Stock dividend		-	0.00%
22	Earnings per share (EPS)	Taka	1.91	2.14
23	Net income per share	Taka	1.91	2.14
24	Price Earning Ratio (PE Ratio)	Times	-	-



**Segment Reporting**

IFRS 8 Operating Segments, requires particular classes of entities (essentially those with publicly traded securities) to disclose information about their operating segments, products and services, the geographical areas in which they operate, and their major customers.

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), or whose operating results are reviewed regularly by the entity's chief decision maker to make decisions about resources to be allocated to the segment and assess its performance, and, for which discrete financial information is available. IFRS 8 requires an entity to report financial and descriptive information about its reportable segments who have earned at least 10% revenue compared to the entity's total revenue, or, earned at least 10% profit/ (loss) compared to cumulative profit/ (loss), or, have at least 10% assets compared to total assets of all operating segments.

The Bank has not yet assessed its Operating Segments in terms of the criteria stated above as it is too early to identify. But, operating profit, assets & liabilities of main two operating segments i.e. on-shore banking business (main operation) and off-shore banking unit (OBU) are presented below:

Amount in BDT

Particular	Main Operation	OBU	Total
<b>External Revenue</b>			
Interest Income	5,397,440,879	239,394,825	5,636,835,704
Less: Interest Expense	3,641,125,243	220,207,128	3,861,332,371
<b>Net Interest Income</b>	<b>1,756,315,636</b>	<b>19,187,697</b>	<b>1,775,503,333</b>
Commission, exchange and brokerage	1,221,055,385	3,498,281	1,224,553,666
Capital gain	(9,085,481)	-	(9,085,481)
Other Income	174,063,602	-	174,063,602
<b>Operating Income</b>	<b>3,142,349,142</b>	<b>22,685,979</b>	<b>3,165,035,120</b>
Less: Administrative Expense	1,371,970,156	1,736,820	1,373,706,976
<b>Profit</b>	<b>1,770,378,986</b>	<b>20,949,158</b>	<b>1,791,328,144</b>
<b>Inter-Segment Revenue</b>	-	-	-
<b>Total Segment profit before provision</b>	<b>1,770,378,986</b>	<b>20,949,158</b>	<b>1,791,328,144</b>
<b>Segment Assets</b>	<b>88,296,318,992</b>	<b>2,328,556,114</b>	<b>90,624,875,106</b>
<b>Segment Liabilities</b>	<b>79,766,859,539</b>	<b>2,305,505,718</b>	<b>82,072,365,257</b>



**Statement of Tax Position of the Bank**  
As at December 31, 2022

Sl. No.	Income Year	Assessment year	Provision made for tax expense as per financial statements	Assessment Status
1	2013	2014-2015	46,223,473	Complete
2	2014	2015-2016	132,091,071	Complete
3	2015	2016-2017	204,508,433	Complete
4	2016	2017-2018	308,347,484	Complete
5	2017	2018-2019	545,866,968	Under process
6	2018	2019-2020	704,174,341	Complete
7	2019	2020-2021	716,297,467	Complete
8	2020	2021-2022	715,565,343	Complete
9	2021	2022-2023	441,396,238	Under process
10	2022	2023-2024	770,289,835	Submission of Tax Return is not due



**Modhumoti Bank Limited**

**Off-shore Banking Unit  
Balance Sheet**

As at 31 December 2022

Note	31-12-2022		31-12-2021	
	USD	BDT	USD	BDT
<b>PROPERTY AND ASSETS</b>				
<b>Cash</b>				
	-	-	-	-
Cash in hand (including foreign currency)	-	-	-	-
Balance with Bangladesh Bank and its Agents Bank (including foreign currency)	-	-	-	-
<b>Balance with other Banks and financial institutions</b>	<b>140,111</b>	<b>14,472,446</b>	<b>14,156,488</b>	<b>1,214,626,652</b>
In Bangladesh	-	-	-	-
Outside Bangladesh	140,111	14,472,446	14,156,488	1,214,626,652
<b>Money at call on short notice</b>	-	-	-	-
<b>Investments</b>	-	-	-	-
Government securities	-	-	-	-
Other investments	-	-	-	-
Outside Bangladesh	-	-	-	-
<b>Loans and advances</b>	<b>22,403,168</b>	<b>2,314,083,669</b>	<b>24,880,445</b>	<b>2,134,742,162</b>
Loans, cash credits, overdrafts, etc.	-	-	-	-
Bills purchased and discounted	22,403,168	2,314,083,669	24,880,445	2,134,742,162
<b>Fixed assets including premises, furniture and fixtures</b>	-	-	<b>3,219</b>	<b>276,204</b>
<b>Other assets</b>	-	-	<b>68,354</b>	<b>5,864,787</b>
Non Banking Assets	-	-	-	-
<b>Total assets</b>	<b>22,543,279</b>	<b>2,328,556,114</b>	<b>39,108,506</b>	<b>3,355,509,805</b>
<b>LIABILITIES AND CAPITAL</b>				
<b>Liabilities</b>				
<b>Borrowing from other banks, financial Institutions and agents</b>	<b>22,160,000</b>	<b>2,288,966,232</b>	<b>38,545,767</b>	<b>3,307,226,791</b>
In Bangladesh	22,160,000	2,288,966,232	38,315,000	3,287,427,000
Outside Bangladesh	-	-	230,767	19,799,791
<b>Deposit and other accounts</b>	<b>58,235</b>	<b>6,015,246</b>	<b>58,235</b>	<b>4,996,560</b>
Current deposits and other accounts	58,235	6,015,246	58,235	4,996,560
Bills payable	-	-	-	-
Savings bank deposits	-	-	-	-
Term deposits	-	-	-	-
<b>Other liabilities</b>	<b>101,888</b>	<b>10,524,240</b>	<b>144,288</b>	<b>12,379,918</b>
<b>Total liabilities</b>	<b>22,320,123</b>	<b>2,305,505,718</b>	<b>38,748,290</b>	<b>3,324,603,268</b>
<b>Capital / Shareholders' equity</b>				
Paid up capital	-	-	-	-
Statutory reserve	-	-	-	-
Other reserve	-	-	-	-
Foreign currency translation gain	-	2,101,238	-	201,721
Surplus in Profit and Loss Account	223,156	20,949,158	360,216	30,704,816
<b>Total shareholders' equity</b>	<b>223,156</b>	<b>23,050,396</b>	<b>360,216</b>	<b>30,906,537</b>
<b>Total liabilities and shareholders' equity</b>	<b>22,543,279</b>	<b>2,328,556,114</b>	<b>39,108,506</b>	<b>3,355,509,805</b>





## Modhumoti Bank Limited

Off-shore Banking Unit

Profit and Loss Account

For the year ended 31 December 2022

Particulars	Note	2022		2021	
		USD	BDT	USD	BDT
Interest income	13	2,550,098	239,394,825	901,065	76,806,819
Less: Interest paid on deposits, borrowings, etc	14	2,345,706	220,207,128	564,925	48,154,193
<b>Net Interest income</b>		<b>204,393</b>	<b>19,187,697</b>	<b>336,141</b>	<b>28,652,626</b>
Income from investment		-	-	-	-
Commission, exchange and brokerage	15	37,265	3,498,281	38,658	3,295,170
Other operating income	16	-	-	-	-
<b>Total operating income</b>		<b>241,657</b>	<b>22,685,979</b>	<b>374,798</b>	<b>31,947,797</b>
Salaries and allowances	17	18,501	1,736,820	14,582	1,242,981
Rent, taxes, insurance, lighting and travelling	18	-	-	-	-
Legal expenses		-	-	-	-
Postage, stamp, telegram and telephone	19	-	-	-	-
Auditors' fee		-	-	-	-
Stationery, printing and advertisement	20	-	-	-	-
Charges on loan loss		-	-	-	-
Managing Director's salary		-	-	-	-
Directors' meeting fee		-	-	-	-
Repair, maintenance and depreciation of assets	21	-	-	-	-
Other expenses	22	-	-	-	-
<b>Total operating expenses</b>		<b>18,501</b>	<b>1,736,820</b>	<b>14,582</b>	<b>1,242,981</b>
<b>Profit before provision</b>		<b>223,156</b>	<b>20,949,158</b>	<b>360,216</b>	<b>30,704,816</b>
Provision for loans & advance, other assets & off BS items		-	-	-	-
<b>Profit before taxation</b>		<b>223,156</b>	<b>20,949,158</b>	<b>360,216</b>	<b>30,704,816</b>



**Modhumoti Bank Limited**  
Off-shore Banking Unit  
**Cash Flow Statement**  
For the year ended 31 December 2022

Particulars	Note	2022		2021	
		USD	BDT	USD	BDT
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Interest received in cash		2,550,098	239,394,825	901,065	76,806,819
Interest payments		(2,345,706)	(220,207,128)	(564,925)	(48,154,193)
Dividend received		-	-	-	-
Fees and commission received in cash		37,265	3,498,281	38,658	3,295,170
Recovery of loans and advances in cash previously written-off		-	-	-	-
Cash paid to employees		(18,501)	(1,736,820)	(14,582)	(1,242,981)
Income tax paid		-	-	-	-
Cash received from other operating activities		-	-	-	-
Cash paid for other operating activities		-	-	-	-
<b>Cash flows before charges in operating assets and liabilities</b>		<b>223,156</b>	<b>20,949,158</b>	<b>360,216</b>	<b>30,704,816</b>
<b>Increase / Decrease in operating assets and liabilities</b>					
Loans and advances to customers		2,477,277	(179,341,507)	(7,307,368)	(641,909,300)
Other assets		68,354	5,864,787	(67,229)	(5,769,226)
Borrowing from Banks		-	1,018,687	-	49,500
Deposits from other Banks		-	-	-	-
Deposit from customers		-	-	-	-
Other Liabilities		(42,401)	(1,579,474)	103,226	8,888,927
		<b>2,503,231</b>	<b>(174,037,507)</b>	<b>(7,271,372)</b>	<b>(638,740,099)</b>
<b>Net cash from operating activities</b>		<b>2,726,387</b>	<b>(153,088,349)</b>	<b>(6,911,156)</b>	<b>(608,035,283)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of securities		-	-	-	-
Cash payments for purchase of securities		-	-	-	-
Purchase/ Sale of property, Plant & equipment of fixed assets		3,219	-	-	-
Sales of fixed assets		-	-	-	-
<b>Net cash from investing activities</b>		<b>3,219</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Borrowing from other banks, financial institutions and agents		(16,385,767)	(1,018,260,559)	21,494,943	1,858,759,338
Net profit transferred to main operations		(360,216)	(30,704,816)	(564,222)	(47,930,631)
<b>Net Cash from Financing activities</b>		<b>(16,745,983)</b>	<b>(1,048,965,375)</b>	<b>20,930,722</b>	<b>1,810,828,707</b>
<b>Net increase/(decrease) in cash and cash equivalent</b>		<b>(14,016,377)</b>	<b>(1,202,053,724)</b>	<b>14,019,566</b>	<b>1,202,793,424</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<b>-</b>	<b>1,899,517</b>	<b>-</b>	<b>201,721</b>
<b>Opening cash and cash equivalent</b>		<b>14,156,488</b>	<b>1,214,626,652</b>	<b>136,922</b>	<b>11,631,508</b>
<b>Closing cash and cash equivalent</b>		<b>140,111</b>	<b>14,472,446</b>	<b>14,156,488</b>	<b>1,214,626,652</b>



**Off-shore Banking Unit**  
**Notes to the Financial Statements**  
**As at and for the year ended 31 December 2022**

**1. Reporting entity**

**1.1 Status of the units**

The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3)744(124)/2015-2447, dated 02 April 2015. The Off-shore Banking Unit commenced its commercial operation on 23 September 2015. The Bank established its Offshore Banking Unit (OBU) with a view of catering the banking requirement of non-resident customers to increase foreign trade business at Export Processing Zones (EPZs). Over the years, OBU has become an important strategic business unit due to growing demand of cheaper foreign currency loan and Usance Payable at Sight (UPAS) Letter of Credit (L/C) from the clients.

**1.1.1 Principal activities**

Presently, the Bank has one Off-shore Banking Unit operating in Bangladesh. 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. The Unit is governed under the rules and guidelines of Bangladesh Bank.

**1.2 Significant accounting policies and basis of preparation of financial statements**

**1.2.1 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 (as amended in 2013), International Financial Reporting Standards and other applicable directives issued by Bangladesh Bank.

**1.2.2 Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, 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 recognized in the period in which the estimate is revised and in any future periods affected.

**1.2.3 Foreign currency transaction**

**a) Foreign currencies translation**

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per IAS-21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into 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.

**b) Commitments**

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

**c) Translation gains and losses**

The resulting exchange transaction gains and losses are included in the profit and loss account.



#### 1.2.4 Cash flow statement

Cash flow statement has been prepared in accordance with the International Accounting Standard-7 "Cash Flow Statement" under direct method as recommended in the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation & Policy Department (BRPD) of Bangladesh Bank.

#### 1.2.5 Reporting period

These financial statements cover one calendar year from 1st January to 31st December 2022.

### 1.3 Assets and basis of their valuation

#### 1.3.1 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 unit management for its short-term commitments.

#### 1.3.2 Loans, advances and lease / investments

a) Loans and advances 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 Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

#### 1.3.3 Fixed assets and depreciation

a) All fixed assets are stated at cost less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

b) Depreciation is charged for the year at the following rates on reducing balance method on all fixed assets.

Category of fixed assets	Rate of
Furniture and fixtures	10%
Office equipments	20%

c) For additions during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.

### 1.4 Basis for valuation of liabilities and provisions

#### 1.4.1 Benefits to the employees

The retirement benefits accrued for the employees of the Unit as on reporting date have been accounted for in accordance with the provisions of International 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 OBU under the provident fund rule of the Bank. The Commissioner of Income Tax, National Board of Revenue, 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 June 04, 2013. The Fund is operated by a Board of Trustees consisting six members (03 members from management and other 03 members from the Board of Directors) of the Bank. All confirmed employees of the Unit are contributing 10% of their basic salary as subscription to the Fund. The Unit also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.



#### **b) Gratuity fund**

The Bank operates a funded gratuity scheme on "Continuing Fund Basis", in respect of which provision will be made annually according to the recommendation based on Actuarial valuation covering all its permanent eligible employees in accordance with Bank's Service Rules. The Fund will be operating by a Board of Trustees consisting members from the Board of Directors and Management of the Bank. Actuarial valuation of gratuity scheme will be made to assess the adequacy of the liabilities provided for the scheme as per IAS-19 "Employees Benefit". Contributions to the fund shall be made by the Unit on the basis of actuarial recommendations.

#### **c) Incentive bonus**

Incentive bonus is given to the employees every year considering the overall performance of the Bank as well as individual's performance. This bonus amount is distributed among the employees based on their performance. The bonus amount is paid annually, normally first quarter of every following year and the costs is accounted for in the period to which it relates. Generally, a certain percentage of disclosed net profit is disbursed among the employees. The aforesaid percentage is approved in the Board meeting so that adequate provision can be made for Incentive Bonus as per IAS-37.

#### **1.4.2 Provision for liabilities**

A provision is recognized 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 IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

#### **1.5 Revenue recognition**

##### **1.5.1 Interest income**

In terms of the provisions of the IAS-18 "Revenue", the interest income is recognised on accrual basis.

##### **1.5.2 Fees and commission income**

Fees and commission income arising on services provided by the Bank are recognised when those are realized. Commission charged to customers on letters of credit and letters of guarantee is credited to income at the time of transactions being recorded in the books of accounts.

##### **1.5.3 Interest paid and other expenses**

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

#### **2.00 General**

- a) These financial statements are presented in BDT (Taka), which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest BDT (Taka).
- b) Assets and liabilities & income and expenses have been converted into Taka currency @ US\$1 = Taka 103.2927 (closing rate as at 31st December 2022) & Taka 93.8767 (average rate which represents the year end).
- c) Figures of previous year have been rearranged whenever necessary to conform to current year's presentation.

	31-Dec-2022		31-Dec-2021	
	USD	BDT	USD	BDT
<b>3.00 Balance with other Banks and Financial Institutions</b>				
In Bangladesh (Note -3.01)	-	-	14,000,000	1,201,200,000
Outside Bangladesh (Note -3.02)	140,111	14,472,446	156,488	13,426,652
	<b>140,111</b>	<b>14,472,446</b>	<b>14,156,488</b>	<b>1,214,626,652</b>
<b>3.01 In Bangladesh</b>	-	-	14,000,000	1,201,200,000
	-	-	<b>14,000,000</b>	<b>1,201,200,000</b>
<b>3.02 Outside Bangladesh</b>				
Current Account	140,111	14,472,446	156,488	13,426,652
	<b>140,111</b>	<b>14,472,446</b>	<b>156,488</b>	<b>13,426,652</b>
<b>4.00 Loans and advances</b>				
<b>i) Loans, cash credits, overdrafts, etc</b>				
Term Loan				
Lease Finance				
T.R. Loan				
	-	-	-	-
<b>ii) Bills purchased and discounted (note-5)</b>				
<b>Inside Bangladesh</b>				
Inland bills purchased and discounted	22,403,168	2,314,083,669	23,204,208	1,990,921,013
<b>Outside Bangladesh</b>				
Foreign bills purchased and discounted	-	-	1,676,237	143,821,149
	<b>22,403,168</b>	<b>2,314,083,669</b>	<b>24,880,445</b>	<b>2,134,742,162</b>
	<b>22,403,168</b>	<b>2,314,083,669</b>	<b>24,880,445</b>	<b>2,134,742,162</b>
<b>4.01 Geographical location-wise Loans and Advances</b>				
Dhaka	22,403,168	2,314,083,669	24,880,445	2,134,742,162
Chittagong Division	-	-	-	-
Sylhet	-	-	-	-
Rajshahi Division	-	-	-	-
Khulna	-	-	-	-
Barisal	-	-	-	-
	<b>22,403,168</b>	<b>2,314,083,669</b>	<b>24,880,445</b>	<b>2,134,742,162</b>
<b>4.02 Classification of Loans and Advances</b>				
<b>Unclassified :</b>				
(i) Standard	22,403,168	2,314,083,669	24,727,965	2,121,659,433
(ii) Special mention account	-	-	152,479	13,082,729
<b>Classified :</b>				
(i) Substandard	-	-	-	-
(ii) Doubtful	-	-	-	-
(iii) Bad / Loss	-	-	-	-
	<b>22,403,168</b>	<b>2,314,083,669</b>	<b>24,880,445</b>	<b>2,134,742,162</b>

	31-Dec-2022		31-Dec-2021	
	USD	BDT	USD	BDT
<b>5.00 Bills purchased and discounted</b>				
In Bangladesh	22,403,168	2,314,083,669	23,204,208	1,990,921,013
Outside Bangladesh	-	-	1,676,237	143,821,149
	<b>22,403,168</b>	<b>2,314,083,669</b>	<b>24,880,445</b>	<b>2,134,742,162</b>
<b>6.00 Fixed assets including premises, furniture and fixtures</b>				
<b>Cost</b>				
Furniture and fixtures	-	-	4,196	360,058
Electrical Equipments	-	-	1,452	124,601
	-	-	<b>5,649</b>	<b>484,659</b>
<b>Less: Accumulated depreciation</b>				
Furniture and fixture	-	-	1,436	123,191
Electrical Equipments	-	-	994	85,265
	-	-	<b>2,430</b>	<b>208,455</b>
	-	-	<b>3,219</b>	<b>276,204</b>
<b>7.00 Other assets</b>				
Advance deposits and advance rent	-	-	-	-
Other prepaid expense	-	-	-	-
Interest receivable on Bills discount	-	-	68,354	5,864,787
	-	-	<b>68,354</b>	<b>5,864,787</b>
<b>8.00 Borrowing from other banks, financial Institutions and its agents</b>				
<b>In Bangladesh:</b>				
Modhumoti Bank Limited	20,160,000	2,082,380,832	19,315,000	1,657,227,000
Jamuna Bank Limited	-	-	1,000,000	85,800,000
Bank of Ceylon	2,000,000	206,585,400	-	-
Trust Bank Ltd.	-	-	1,000,000	85,800,000
National Credit and Commerce Bank Limited	-	-	7,500,000	643,500,000
Bank Asia Limited	-	-	2,000,000	171,600,000
United Commercial Bank Limited	-	-	-	-
Southeast Bank Ltd.	-	-	3,000,000	257,400,000
Dhaka Bank Ltd.	-	-	500,000	42,900,000
Bank Alfalah	-	-	4,000,000	343,200,000
NRB Global Bank Ltd.	-	-	-	-
NRB Bank Ltd.	-	-	-	-
	<b>22,160,000</b>	<b>2,288,966,232</b>	<b>38,315,000</b>	<b>3,287,427,000</b>
<b>Outside Bangladesh</b>	-	-	230,767	19,799,791
	<b>22,160,000</b>	<b>2,288,966,232</b>	<b>38,545,767</b>	<b>3,307,226,791</b>
<b>9.00 Deposit and other accounts</b>				
Current deposits and other accounts	58,235	6,015,246	58,235	4,996,560
Modhumoti Bank Limited	-	-	-	-
Bangladesh Bank	-	-	-	-
	<b>58,235</b>	<b>6,015,246</b>	<b>58,235</b>	<b>4,996,560</b>
<b>10.00 Other liabilities</b>				
Interest payable on borrowings	10,000	1,032,927	77,951	6,688,227
Due to Head Office	91,888	9,491,313	65,251	5,598,493
Others	-	-	1,086	93,199
	<b>101,888</b>	<b>10,524,240</b>	<b>144,288</b>	<b>12,379,918</b>
<b>11.00 Surplus in Profit and Loss Account</b>				
Opening balance	360,216	30,704,816	564,222	47,930,631
Less: Adjustment/ payment for the year	(360,216)	(30,704,816)	(564,222)	(47,930,631)
Add: Addition during the year	223,156	20,949,158	360,216	30,704,816
	<b>223,156</b>	<b>20,949,158</b>	<b>360,216</b>	<b>30,704,816</b>

	31-Dec-2022		31-Dec-2021	
	USD	BDT	USD	BDT
<b>12.00 Contingent liabilities</b>				
<b>12.01 Acceptance &amp; endorsement</b>				
Back to Back bills	-	-	-	-
Less: Margin	-	-	-	-
<b>12.02 Letters of credits</b>				
Letters of credits	-	-	-	-
Back to Back letter of credit	-	-	-	-
Less: Margin	-	-	-	-
<b>12.03 Letter of guarantee</b>				
Letters of guarantee (Local)	-	-	-	-
Letters of guarantee (Foreign)	-	-	-	-
Foreign counter guarantees	-	-	-	-
Less: Margin	-	-	-	-
<b>12.04 Bills for collection</b>				
Outward local bills for collection	-	-	-	-
Inward foreign bills for collection	-	-	-	-
Less: Margin	-	-	-	-
<b>13.00 Interest income</b>				
Term Loan				
LTR loan				
Bills discount	2,262,592	212,404,673	797,183	67,951,873
Others	-	-	-	-
<b>Interest on loans and advances</b>	<b>2,262,592</b>	<b>212,404,673</b>	<b>797,183</b>	<b>67,951,873</b>
Interest on balance with other banks and financial institutions	287,506	26,990,152	103,883	8,854,946
Interest received from foreign banks	-	-	-	-
	287,506	26,990,152	103,883	8,854,946
<b>Total Interest income</b>	<b>2,550,098</b>	<b>239,394,825</b>	<b>901,065</b>	<b>76,806,819</b>
<b>14.00 Interest paid on deposits, borrowings, etc.</b>				
Interest paid on borrowings, etc.	2,345,706	220,207,128	564,925	48,154,193
Interest paid on Bangladesh Bank				
	<b>2,345,706</b>	<b>220,207,128</b>	<b>564,925</b>	<b>48,154,193</b>
<b>15.00 Commission, exchange and brokerage</b>				
Commission, exchange and brokerage	37,265	3,498,281	38,658	3,295,170
	<b>37,265</b>	<b>3,498,281</b>	<b>38,658</b>	<b>3,295,170</b>
<b>16.00 Other operating income</b>				
Postage / SWIFT/ fax recoveries from Others Business	-	-	-	-
	-	-	-	-

	31-Dec-2022		31-Dec-2021	
	USD	BDT	USD	BDT
<b>17.00 Salaries and Allowances</b>				
Basic salary	7,346	689,636	5,634	480,237
Other Salary & Allowances	10,429	979,067	8,385	714,719
Provident Fund	726	68,117	563	48,025
	<b>18,501</b>	<b>1,736,820</b>	<b>14,582</b>	<b>1,242,981</b>
<b>18.00 Rent, taxes, insurance, electricity etc.</b>				
Rent, rates and taxes	-	-	-	-
Insurance	-	-	-	-
Electricity and lighting	-	-	-	-
	-	-	-	-
<b>19.00 Postage, stamp, telecommunication etc.</b>				
Postage	-	-	-	-
Telephone	-	-	-	-
	-	-	-	-
<b>20.00 Stationery, printing, advertisements etc.</b>				
Petty stationery	-	-	-	-
Publicity and advertisement	-	-	-	-
	-	-	-	-
<b>21.00 Depreciation and repairs of Bank's assets</b>				
Furniture and fixtures	-	-	-	-
Electrical appliance	-	-	-	-
Repairs of assets	-	-	-	-
	-	-	-	-
<b>22.00 Other expenses</b>				
Security and cleaning	-	-	-	-
Entertainment	-	-	-	-
Travelling expenses	-	-	-	-
Conveyance	-	-	-	-
Other expense	-	-	-	-
	-	-	-	-