

# ANNUAL REPORT

## 2 0 1 6



**SERVICE ABOVE & BEYOND**  
TODAY | TOMORROW | ALWAYS

**MEGHNA BANK LTD.**  
together we sail





# ANNUAL REPORT 2016





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Expand our hands  
to serve the people



# Expand our hands for Hope & Happiness

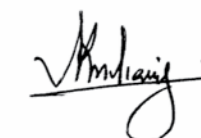
## NOTICE OF THE 4<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given to all Members of Meghna Bank Limited (the Company) that the 4<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Thursday, March 23, 2017 at 11:30 a.m. at Hotel Le Meridian Dhaka, located at 79/A Commercial Area, Airport Road, Nikunja-2, Khilkhet, Dhaka-1229, to transact the following agenda:

### Agenda:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on December 31, 2016 together with the reports of the Auditors and the Directors thereon;
2. To declare dividend for the year ended on December 31, 2016 as recommended by the Board of Directors;
3. To re-appoint Directors in place of those who shall retire in accordance with the provisions of the laws and the Articles of Association of the company;
4. To appoint Auditors of the Company for the term until conclusion of the next Annual General Meeting and to fix their remuneration; and
5. To transact any other business with the permission of the Chair.

By order of the Board



Khalid Mohammad Sharif FCS  
Board Secretary

March 08, 2017

### Notes:

1. The Board of Directors recommended for payment of 10% Cash Dividend for the year 2016.
2. The "Record Date" is March 12, 2017 as approved by the Board of Directors of the Company.
3. Shareholders whose name appeared in the Members Register of the Company at the close of business on 12<sup>th</sup> March, 2017 (Record Date) will be eligible to attend and vote in the 4<sup>th</sup> Annual General Meeting and will be entitled to Cash Dividend as mentioned above.
4. Members entitled to attend the Annual General Meeting are entitled to appoint a Proxy to attend and vote on his/her behalf. The Proxy Form, affixed with requisite revenue stamp, duly filled-in and signed, must be deposited at the Registered Office of the Company at least 72 hours before the time fixed for holding the Annual General Meeting.





## VISION AND MISSION

### VISION

To be recognized as an essential Institution for the unbanked through zealous participation in the financial inclusion process.

### MISSION

To be among the best service provider in the industry by ensuring complete customer satisfaction through the application of technology, professionalism & nursing.





## CORE VALUES



### CORE VALUES

- To remain, at all times, a completely compliant financial institution and a responsible corporate citizen.
- To ensure a sustained growth of the Institution and meet the desired tangible as well as intangible expectations of the Shareholders.
- Customer needs customer care and customer satisfaction to be central to all our operating activities.
- To foster a healthy work-environment and a pleasant in-house culture in order that Meghna Bank is considered an ideal Institution to be associated with.





## CORPORATE INFORMATION

<b>Name of the Company</b>	<b>Meghna Bank Limited</b>
Legal Status	Public Limited Company
Date of Incorporation	20 March 2013
Certificate of Commencement of Business	20 March 2013
Authorized Capital	Tk. 2000 Core
Paid-up Capital	Tk. 443.30 Core
License issued by Bangladesh Bank	28 March 2013
Enlistment as a Scheduled Bank	03 April 2013
Commencement of Business	09 May 2013
<b>Registered Office</b>	<b>Suvastu Imam Square (Level 06) 65 Gulshan Avenue Gulshan-1, Dhaka 1212 Bangladesh</b>
<b>Auditor</b>	<b>MABS &amp; J Partners Chartered Accountants SMC Tower (7th Floor) 33 Banani C/A, Road-17, Dhaka 1213, Bangladesh</b>

Telephone	Fax	SWIFT	E-mail	Website
880 2 9857251	880 2 9857124 880 2 9857128	MGBLBDDH	info@meghnabank.com.bd	www.meghnabank.com.bd





## BOARD OF DIRECTORS



**H.N. Ashequr Rahman M.P.**  
Chairman



**Md. Yasin Ali**  
Vice Chairman  
Nominated by  
Legacy Fashion Ltd.



**Abdul Alim Khan Selim**  
Director



**Md. Kamal Uddin**  
Director



**Shakhawat Hossain**  
Director



**Tanveer Ahmed**  
Director  
Nominated by  
Cassiopea Fashion Ltd.



**Farah Ahsan**  
Director



**Alock Kumar Das**  
Director



**Md. Ali Azim Khan**  
Director



**Alhaj Md. Lokman Hakim**  
Director



**Ashiqur Rahman Lasker**  
Director



**Rehana Ashequr Rahman**  
Director



**Md. Mazibur Rahman Khan**  
Director



**Mohammed Mamun Salam**  
Director  
Nominated by  
Selim & Brothers Ltd.



**M.A Maleque M.P.**  
Director



**Nuran Fatema**  
Director



**S.M. Jahangir Alam (Manik)**  
Director



**Md. Saidur Raman Sarker**  
Director  
Nominated by  
Lusaka Fashion Ltd.



**Md. Nazrul Islam**  
Director



**Uzma Chowdhury**  
Director



**Mohammed Nurul Amin**  
Managing Director & CEO







## SPONSOR MEMBER



**H.N. Ashequr Rahman M.P.**



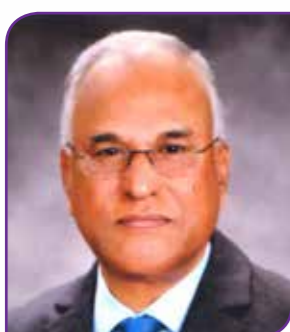
**Farah Ahsan**



Legacy Fashion Ltd.  
Represented by  
**Md. Yasin Ali**



**Md. Kamal Uddin**



**Abdul Alim Khan Selim**



Cassiopea Fashion Ltd.  
Represented by  
**Tanveer Ahmed**



**Maj Gen Amjad Khan  
Chowdhury (Retd.)**



**Shakhawat Hossain**



**Alock Kumar Das**



**Md. Ali Azim Khan**



**Alhaj Md. Lokman Hakim**



**Ashiqur Rahman Lasker**



**Rehana Ashequr Rahman**



**Md. Mazibur Rahman Khan**



Selim & Brothers Ltd.  
Represented by  
**Mohammed Mamun Salam**



**M.A Maleque M.P.**



**Nuran Fatema**



**S.M. Jahangir Alam (Manik)**





Lusaka Fashion Ltd.  
Represented by  
**Md. Saidur Raman Sarker**



**Ziaul Haque**



**Ishmam Raidah Rahman**



**Bimal Kumar Chanda**



**Md. Nazrul Islam**



**Shahidul Ahsan**



**Shahriar Imtiaj Rahman**



**Hafizur Rahman Sarker**



Dishari Industries (Pvt.) Ltd.  
Represented by  
**Md. Rezaul Hossain**



**Md. Saiful Islam**



**Gazi A.Z.M Shamim**



Anowara Fashion Ltd.  
Represented by  
**Md. Yasin Ali**



**Md. Jashim Uddin**



**AKM Mustafijur Rahman**



**Rasheq Rahman**



**Taslima Islam**



**Sajibe Kumar Singha**



Paramount Textile Ltd.  
Represented by  
**Anita Haque**



**Shareq Rahman**



Popular Life Insurance Com. Ltd.  
Represented by  
**Hasan Ahmed**





## CORE COMMITTEES OF THE BOARD OF DIRECTORS

### Executive Committee

<b>Md. Kamal Uddin</b>	<b>Chairman</b>
<b>Md. Yasin Ali</b>	<b>Member</b>
<b>Tanveer Ahmed</b>	<b>Member</b>
<b>Ashiqur Rahman Lasker</b>	<b>Member</b>
<b>Rehana Ashequr Rahman</b>	<b>Member</b>
<b>Md. Mazibur Rahman Khan</b>	<b>Member</b>
<b>Md. Nazrul Islam</b>	<b>Member</b>

### Risk Management Committee

<b>Abdul Alim Khan Selim</b>	<b>Chairman</b>
<b>Md. Kamal Uddin</b>	<b>Member</b>
<b>Mohammed Mamun Salam</b>	<b>Member</b>
<b>S.M. Jahangir Alam (Manik)</b>	<b>Member</b>
<b>Nuran Fatema</b>	<b>Member</b>

### Audit Committee

<b>Shakhawat Hossain</b>	<b>Chairman</b>
<b>Md. Ali Azim Khan</b>	<b>Member</b>
<b>Uzma Chowdhury</b>	<b>Member</b>
<b>Alock Kumar Das</b>	<b>Member</b>
<b>Farah Ahsan</b>	<b>Member</b>



## SENIOR EXECUTIVES

Mohammed Nurul Amin	Managing Director & Chief Executive Officer
Protik Karim	Deputy Managing Director
A.F. Shabbir Ahmad	Senior Executive Vice President
Mohammad Imdadul Islam	Senior Executive Vice President
Maruf Mohammed Ahsan	Senior Executive Vice President
Md. Abdul Haque	Senior Executive Vice President
Md. Alauddin	Executive Vice President
Md. Mojibar Rahman Khan	Executive Vice President
Zahedul Islam	Executive Vice President
Md. Abdul Ahad Miah	Senior Vice President
Kazi Farhana Zabin	Senior Vice President
Syed Fazle Imam	Senior Vice President
Md. Sadiqur Rahman	Senior Vice President
Md. Rabiul Hoque Bhuiyan	Vice President
Aziz Fatema	Vice President
M. A. Wadud	Senior Assistant Vice President
Hasanat Mahmud	Senior Assistant Vice President
Kazi Mohidur Rahman	Senior Assistant Vice President
Kazi Mamunur Rahman	Senior Assistant Vice President
Md. Shah Alam	Senior Assistant Vice President
Abul Kashem Mohammad Nazmul Karim	Senior Assistant Vice President
Md. Salah Uddin Khan	Senior Assistant Vice President
Kazi Moeenur Rahman Chowdhury	Senior Assistant Vice President
K.M. Shafiqur Rahman	Senior Assistant Vice President
Mustafa Tayab	Senior Assistant Vice President

Tanvir Shams	Senior Assistant Vice President
Mohammad Kaiser	Senior Assistant Vice President
A.S.M Iqbal Hossain	Senior Assistant Vice President
Mohammad Mahfuzur Rahman	Assistant Vice President
Md. Habibullah Sharifi	Assistant Vice President
Md. Kawsar Ali Molla	Assistant Vice President
Mohammed Mofazzal Kabir	Assistant Vice President
Md. Kawsaruzzaman Chowdhury	Assistant Vice President
Md. Akhlaquzzaman	Assistant Vice President
Mohammad Sohel Miah	Assistant Vice President
Muhammad Pavel Akhter	Assistant Vice President
Mir Md. Abbas Ali	Assistant Vice President
Md. Tawhid Hasan Juberi	Assistant Vice President
Dipan Hasnat Biplob	Assistant Vice President
Sajib Kumar Saha	Assistant Vice President
Rajib Kumar Chakraborty	Assistant Vice President
Mohammad Ramjan Ali	Assistant Vice President
Upama Barua	Assistant Vice President
Md. Sadekul Islam	Assistant Vice President
Shakh Anwar Hossain	Assistant Vice President



## CODE OF CONDUCT

Meghna Bank emphasize the importance of an effective Code of Conduct to the promotion of fair and ethical practices by all individuals involved within the banking institution as the Code of Conduct is a fundamental basis to support the bank's mission and its business operations. Our employee Code of Conduct applies to everyone who works at Meghna Bank Limited.

The Code of Conduct of Meghna Bank Limited furnished below:

### 1. Abidance of Laws

All the Employees of the Bank should undertake at all times to comply with or observe all applicable laws and regulations of the country and the Bank, everywhere they operate.

### 2. Integrity of Records; Customer Privacy and Employer Information

All the Employees of the Bank should maintain books and records with integrity, reflecting in an accurate and timely manner in all transactions. They should uphold the privacy of the customers' affairs. Similar Employees must not share the Bank's plans, methods and activities is considered by the employer to be proprietary and confidential and members must not disclose such information without proper authorization.

### 3. Free Competition (sharing of policy & procedures)

Bank is facing competition from the similar banks operating in the market. It is expected that its employee should avoid collusive, anti-competitive discussions and/or agreements with the competitors.

### 4. Misappropriation and Bribery

Any employee of the Bank shall not convert to their own use and benefit any funds or property which are not rightfully theirs, nor knowingly assist another person (whether employee or not) in such misappropriation. No employee should give or accept bribes or involved in any form of corruption.

### 5. Conflict of Interest – Self and Citizenship duties

Employees must not use their position in the bank for personal gain or to obtain benefits for themselves and members of their families or friends. Employees who discharge citizenship responsibility through membership of public decision making bodies (school boards, society, recreational bodies etc.) should be alert to possible conflicts of interest and declare any such conflict.

### 6. Use of Corporate Name and Letterhead

Employee should not use Meghna Bank Limited's name, logo or corporate letterhead for any purpose other than in the normal course of banking business.

### 7. Outside Employment

Employees are not allowed to take any outside employment while they are with the Bank as full time employee.

### 8. Speculation in Stocks

Employees and their dependent shall not speculate/trade in stocks, shares, securities or commodities of any description nor be connected with the formation or management of a joint-stock company.

### 9. Prevent Money Laundering and Transaction Structuring

All employees must comply with local laws, regulations on money laundering and fraud prevention.

### 10. Honesty and integrity

An employee must act honestly and with integrity at all times. An employee must act fairly and equitably when dealing with the public and other members of the Service.

### 11. Borrowings

No employee shall borrow money from any customer or employee of the Bank or from person(s) likely to have dealings with the Bank and or from the money lenders.

### 12. Disclosure of Relationship; Employment of Relatives / Conflict of Responsibilities

If an employee of the Bank having loan sanctioning and/or recommending authority has any direct relationship with any borrower of the Bank or the employee is otherwise interested in any loan/advance and other facility etc. given by the Bank, the employee must disclose the same. Family members (father, mother, brother, sister, son or daughter) with whom an employee has close personal relationships (blood related) should not be employed in the bank at a time. If two employees become relatives (e.g. through matrimony) after joining in the Meghna Bank Limited they should not be working in same department/branch or one cannot be the reporting officer of the other. New joiner should declare if they have any relative(s) working in Meghna Bank.

### 13. Acceptance of Gift

An employee must not accept a gift or benefit if it could be seen by a reasonable member of the public as intended or likely to cause the member to do his or her job in a particular way or to deviate from the proper course of duty. An employee must disclose the receipt of any gift or benefit to the Management. An employee must not engage in any other conduct that may result in his or her position being compromised or appearing to be compromised. Token gifts or benefits may be accepted where refusal to accept may offend, provided that there is no possibility that member might be, or might appear to be, compromised in the process. If in doubt, the member should seek advice from his or her Reporting Officer or other senior officer or his or her supervisor. The value of such gift should not be more than Tk. 2,000.00. Employees are not allowed to receive gifts in the form of cash.

### 14. Use of Service Facilities

An employee must ensure that Service facilities, equipment and vehicles are used efficiently and economically in the course of performing his or her duties. Unless authorized, a member must not use Service facilities, equipment or vehicles for private or improper purposes except where such use is authorized by the Management. No employee shall borrow money from any customer or employee of the Bank or from person(s) likely to have dealings with the Bank and or from the employees.

### 15. Alcoholism

An employee must not take any alcoholic drinks during the office hour. It is also suggested that employee should not create any nuisance outside the bank after having alcoholic drinks which will damage the bank's image/ reputation.

### 16. Drug Addiction

An employee must not even take the fantasy to taste drug substance of any kind. Any employee found drug addicted will be prosecuted accordingly.

### 17. Respect for others

An employee must acknowledge and respect the rights of other employees of the Bank. An employee must treat other employee of the Service and other members of the public with courtesy and respect. An employee must not discriminate against or harass any other employee of the Bank or members of the public on the ground of sex, race, religion, age, disability, marital status, sexual preference or political



opinion. An employee must not behave in a manner that is likely to cause offence or embarrassment to other employees of the Bank or members of the public. An employee must understand and follow the Bank's Equal Employment Opportunity Service Standard.

#### 18. Representation to Directors

An employee shall not make any personal representation to Directors of the Bank. All representations must be addressed to the Managing Director & CEO through proper channel.

#### 19. Participation in political activities

An employee shall not directly or indirectly participate in or subscribe to or in any way assist any political activity or movement during employment.

#### 20. Harassment

All employees should avoid harassment (Racial, Sexual and Bullying) as defined below:

"Any conduct based on age, sex, sexual orientation, gender assignment, disability, HIV status, race, color, language, religion, political or other opinion or belief, national or social origin, association with a minority group, domestic circumstances, property, birth or other status, which is not reciprocated or wanted and which affects the dignity of men and women at work".

##### a. Racial Harassment

"Unwanted, unwelcome and offensive conduct of a racial nature, or other conduct based on race, which affects the dignity of men and women at work".

##### b. Sexual Harassment

"Unwanted conduct of a sexual nature or other conduct based on sex affecting the dignity of women and men at work. This can include unwelcome physical, verbal or non-verbal conduct".

##### c. Bullying

"Offensive, abusive, intimidating, malicious or insulting behavior, abuse of power or unfair penal sanction, which makes the recipient feel threatened, humiliated or vulnerable, which undermines their self-confidence, and which may cause them to suffer stress".

#### 21. Customer complain

All employees should give priority in resolving customer complains quickly, fairly and record those accordingly. Employee must thank them for bringing the problem to them.

#### 22. Speak up

All employees are encouraged to speak out to raise concerns with confidence about any malpractice and misconduct. They should speak up or raise it to the appropriate authority if they suspect any actual, planned or potential behavior that is illegal or unethical and it is going to breach of laws, regulations of the Bank.

#### 23. Misrepresenting and Mis-selling the Bank's product and Services

All employees should be aware about the products and services the Bank provides and they should be careful in selling these to customers. Employees should comply with the rules and regulations on mis-selling and misrepresenting including advertising.

#### 24. Be open and honest with our Regulators

Employees communicating with the Regulators or stakeholders should demonstrate exemplary standard, governance and ethics at all times to show our compliant attitude.

## Risk Management Framework

Effective risk management is must for sustainable growth of a Bank. A bank is susceptible to various elements of credit risk, market risk, operational risk, liquidity risk, reputation risk and some other risks involving business strategy, concentration and compliance of rules and regulations. The Risk Management Committee of the Board is always focused on disciplined risk assessment and measurement procedures and continuous monitoring.

#### Risk Management Committee Composition:

In compliance with Section 15 Kha (3) of the Bank Companies Act 1991 (amended up to 2013), BRPD Circular No. 11 dated 27 October- 2013 the Board of Directors of MGBL constituted the Risk Management Committee with 5 (five) members.

#### Objective:

- To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently.
- After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, Information and communication risks, management risks, interest risks, liquidity risks etc. the risk management committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.

#### Meeting of the RMC:

The committee is entitled to conduct at least four meetings in a year and call meeting at any time as per requirement. The committee may call the CEO, Head of RMD or any executive to attend the committee meeting. The RMC of MGBL held 5(Five) meetings during 2016 having detailed discussions and review session with the Head of RMD regarding their findings, observations and recommendations on issue of bank affairs that need improvement.

Risk Management Committee of the board of Directors are given below;

SL	Name	Status
1	Mr. Abdul Alim Khan Selim	Chairman
2	Mr. Md. Kamal Uddin	Member
3	Mr. S. M. Jahangir Alam ( Manik)	Member
4	Mr. Mohammad Mamun Salam	Member
5	Mrs. Nuran Fatema	Member

#### Roles and Responsibilities of the Risk Management Committee:

**Risk identification & control policy:** Formulation and Implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. The committee will review the risk management process to ensure effective prevention and control measures.

**Construction of organizational structure:** The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk. Foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.



**Storage of data & Reporting system:** Adequate record keeping & reporting system developed by the bank management Will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions summary in a specific format & inform the Board of Directors.

**Bank's Risk Management Committee (RMC):**

The Bank has realized the significance of risk Management covering both internal and risk factors. Risk Management Committee has been appointed by the Board of Directors with relevant roles, duties & responsibilities defined and operations of which assessed to ensure conformity with the Risk management plan in place. Risk Management group is in charge of formulating risk Management policy and procedures of the Bank. RMC consists of:

Sl.	Name	Designation
1	Mr. Pratik Karim	DMD & CRO
2	Mr. Mohammad Imdadul Islam	SEVP & Head of Retail
3	Mr. A. F. Shabbir Ahmad	SEVP & Head of Operations
4	Mr. Md. Mojibar Rahman Khan	EVP & Head of AML
5	Mr. Md. Sadiqur Rahman	SVP & Head of Treasury
6	Mr. Md. Rabiul Hoque Bhuiyan	VP, CRM
7	Mr. A.K.M. Nazmul Karim	SAVP & In-charge IT
8	Mr. Mohammad Kaiser	SAVP & In-charge ICCD
9	Mr. Sajib Kumar Saha	AVP & In-charge FAD
10	Mr. Mohammad Shibly Shohel	FAVP & Member Secretary

**Powers, Duties and Responsibilities:**

- Allocation of risk capital and determination of global risk limits. Allocation of Capital-at-risk (CAR) for different lines of businesses and for different categories of risks. In the process of allocating capital, the Committee seeks to ensure adequate diversification of risk and that the Bank has sufficient capital to cushion against stress scenarios.
- Enhancing shareholder value through evaluation of risk-return profiles of business activities and ensuring that they are within the parameters set by the Board of Directors.
- Risk Management Policies.
- Review and recommend to the Executive Committee and Board of Directors for approval of appropriate risk policies so that the risk management framework is in line with corporate plans, best practices, and conforms to legal and regulatory requirements.
- Recommendations on appointment of members to the various risk committees for Board's approval.
- Evaluate and review proposals on new products, investments, businesses and product variations, and subsequently grant the approval in principle prior to operational readiness or recommendation to the Board of Directors for approval.

- Establish and revise guidelines on operational risk management and to approve tools and methodologies for risk assessment and risk controls also to review the adequacy of resources to manage operational risk.
- Enforce compliance with all risk policies and limits allocated by the various risk committees.
- Risk Identification and Measurement.
- Deployment of proper methodologies to identify and measure risks for all positions.
- Set strategies to evaluate, monitor and control risks to be within a reasonable level.
- Approve methodologies and tools for the measurement of credit risk, market risk and operational risk.
- Maintenance of Asset Quality ensure to maintain asset quality through close monitoring of the processing and approval of new loans and the prompt recovery of Non-Performing Loans.
- Review contingency plans/business continuity management plans including business continuity plans of various departments of the Bank and its subsidiaries for implementation whenever necessary and to propose to the Board of Directors for approval.
- Review and recommend the risk-related delegated authorities for the Bank to the Board for approval.
- Review and recommend investment policies related to investment in equity, debt or other securities, to the Board for approval.

**Supervisory Review Committee (SRC):**

Supervisory Review Committee consists of the following members. The Committee is exclusively be assigned for reviewing the nature and level of risk relates to banking assets and planning for adequate capital framework. For this, the unit has developed their own review process document. A sound risk management process is the foundation for an effective assessment of the adequacy or a bank's capital position. Supervisory Review Committee consists of:

Sl.	Name	Designation
1	Mohammed Nurul Amin, Head of SRP	MD & CEO
2	Pratik Karim	DMD & CRO
3	Mohammad Imdadul Islam	SEVP & Head of Retail, SME & Other Finance
4	A.F. Shabbir Ahmad	SEVP & Head of Operations
5	Md. Sadiqur Rahman	SVP & Head of Treasury
6	Md. Mojibar Rahman Khan	EVP & Head of AML
7	Md. Rabiul Hoque Bhuiyan	VP, CRM
8	Mohammad Kaiser	SAVP & In-Charge ICCD
9	A.K.M. Nazmul Karim	SAVP & In-Charge IT
10	Sajib Kumar Saha	AVP & In-Charge FAD
11	Mohammad Shibly Shohel	FAVP & In-Charge RMD



#### Supervisory Review Committee (SRP) IS performing the following factors:

- Review the nature and level of risk being taken by the bank and how this risk relates to adequate capital levels.
- Liable for ensuring that the formality and sophistication of the risk management processes are appropriate in light of the risk profile and business plan.
- Analyze bank's current and future capital requirements in relation to its strategic objectives.
- Adopt strategic planning process for bank's capital needs, anticipated capital expenditures, desirable capital level and external capital sources.
- The Board and senior management reviews the capital planning to achieve its desired strategic objectives.
- Responsible for setting the bank's tolerance for risks, establishes a framework for assessing the various risks.
- Develops a system to relate risk to the bank's capital level, and establishes a method for monitoring compliance with internal policies.

#### Major areas focused by RMC in 2016

The major areas focused and perused by the RMC during 2016 are highlighted below:

- Review the Capital Adequacy Ratio of the Bank from time to time against minimum requirement.
- Reviewed and approved Bank's ICAAP (Internal Capital Adequacy Assessment Process) document and SRP (Supervisory Review Process) return for onward submission to Bangladesh Bank.
- Reviewed Risk Management Papers, Discussed on tile minutes of Management Risk Committee and with certain directions endorsed the same for onward submission to Bangladesh Bank.
- Reviewed the quarterly Stress Testing Reports and endorsed the same.
- Followed up and monitored classified, rescheduled and written-off accounts and recovery status from those accounts.
- Reviewed Bangladesh Bank's report on Comprehensive Risk Management Rating.
- Periodically reviewed the duration gaps of Bank's assets and liabilities and advised the management for their prudent management.

The Minutes of the RMC Meetings containing various suggestions and recommendations to the management were placed to the Board subsequently for review and the Board closely reviewed them.

# LEADERSHIP

## Our Inspiration







## CHAIRMAN'S MESSAGE

### Dear Everybody,

I am happy to meet you all. Ours is an extended family. We all are pursuing the same goal of upward journey and excellence. To succeed in the mission, we have to have unstopping commitment and consistence.

I am happy to note- our cherished Bank- Meghna has steadily progressed in a short time over the years. Without trepidation, I can say our Bank is today strong and anchored on stable foundation.

This has been possible for a very good Board of Directors and the Sponsor Shareholders. Their cooperation was unstinted. Officers and employees of the Bank – all of them have been working hard with dedication to serve the Bank and render quality service to the customers and constantly trying to reach out to those who are yet not with us.

I have noted with satisfaction that our branches are gradually coming to profit and I believe this momentum will continue. All said done, we must remember that in the Banking system, Credit Risk and Money Laundering are the primary financial risk. We must maintain non-performing loan at zero level and stand alert against Money Laundering and loan abuse. A culture must be instilled in our Bank that demands timely recognition of risk and has little tolerance for rating inaccuracy. I congratulate Mr. Mohammed Nurul Amin, MD & CEO of our Bank who with his skill and vast banking experiences has enthused his team to inculcate a disciplined Credit culture in the Bank.

Gradually we are adding multiple service products. You will be happy to learn only a few days back on the 20<sup>th</sup> March 2017, we launched Meghna Tap 'n Pay – an upgraded mobile financial service – and at the moment only service of its kind with added features.

Everyone must reckon that Bank is not a conventional trading business of merchandise or supplies or a conventional industry for manufacturing goods and cannot be reduced to a conventional undertaking for instant profit-making or savings. Bank is an institution. Meghna grew out of a commitment with promise for innovation and inclusive Banking for all. That was a long loved passion and a subterranean current of caring for others from Bangabandhu, our Founding Father and nurtured at present by her daughter Sheikh Hasina, our present Prime Minister. We are carrying the vision and age-old legacy of a noble urge and tradition. We must carry it forward. Bank does not only look inward but as well caters for lubrication and oil for the economy of the country. Unfailingly, Meghna must stay in the mainstream of Country's Banking system and prove itself, in course of time, first among the equals.

We shall treat the customer with dignity, meet them intimately. The customer must feel that Meghna knows him, understands him, will help him and reward him. Meghna will have a human and compassionate face.

As your chairman, I profess continued dedication to the well being of the Bank and its transparency. The trust will not be breached. With you all, we shall surge forward to higher and newer heights, to a better future and better return. Surely, Our Bank will travel further - above and beyond.

Meghna will belong to ages.

Thank you all.

A handwritten signature in black ink, appearing to be 'H.N. Ashequr Rahman'.

**H.N. Ashequr Rahman, M.P.**  
Chairman

## THE MANAGING DIRECTOR AND CEO'S MESSAGE

Dear Sponsors and Members of the Board of Directors,

By the grace of Almighty Allah, Meghna Bank Limited has completed 4<sup>th</sup> year of its operation successfully. I would like to express my heartfelt gratitude to our honorable shareholders, valued clients, distinguished patrons, regulators and well-wishers whose co-operation and continuous support has helped us to move forward.

We have achieved significant growth in the year 2016 attaining the business target almost in full with wider range of financial products and carefully managing the operations from head office. The year-end loans and advance portfolio of the Bank stood at 2,099 crore, an increase by 46% and total deposit stood at 2,551 crore, an increase by 59% compared to previous year.

As you know, the vision of Meghna Bank is to be recognized as a preferred institution for the unbanked population through enthusiastic participation in the financial inclusion process. As our vision suggest, we achieved satisfactory growth in the SME & RETAIL business segment consisting of 38.66% of the total portfolio of the Bank at the end of 2016. We have wider range of financial products for our customers available in the market. Moreover, during the year 2016, we launched several financial products, which are usually run by the non-banking financial institutions i.e. factoring, bill discounting etc.

During the year, we added 10 branches to our network across the country and another 11 branches will be added in the year 2017 reaching the branch network to 47. A good number of ATMs is also being set up to





reach the doorstep of the people. In order to cater financial services to the untapped outreach customers, we have introduced “Outreached Customer Finance Program”. Our Mobile Banking services, namely: “Meghna Bank Tap ‘n Pay” is all set to be launched with unique security features compared to other available mobile banking products in the market, by which we are able to provide much secured service to the mass people.

Meghna Bank Securities Limited, the fully owned subsidiary Company of the Bank, has achieved significant growth in the very first year and declared an interim cash dividend of 3% for the year 2016, which has been reflected in the financial statements of the Bank.

Year 2016 was the year of achieving business targets and progressive advancement. With the experience gained and evaluating our strengths & weaknesses in the previous years, Meghna Bank is looking forward to the year 2017 to achieve more excellence. In continuation of previous years, we have been able to maintain minimum NPL position at the close of business of 2016 which is less than 1% of total portfolio. This proves that the quality of our assets is at par with international standard.

Meghna Bank is committed to its responsibilities to attain highest level of Corporate Governance and committed to adopt best Practices in terms of disclosure, transparency, and business ethics.

By overcoming the challenges, Meghna Bank now has been maintaining sustainable growth strategy concentrating on service quality and delivery. We are committed to our work for faster growth of the Bank ensuring all regulatory compliances by upholding our slogan “Service above and beyond”.

**Mohammed Nurul Amin**  
Managing Director & CEO

## SPEECH BY THE CHAIRMAN

**Dear All,**

(Esteemed Directors, Shareholders, CEO of Meghna Bank Limited, Management and Officers of the Bank)

I am delighted to welcome you all in the 4<sup>th</sup> Annual General Meeting of the Bank. After a year, we have gathered here again to review the yearly performance, achievements and set future goals of our Bank. At present we have been observing a stable and better political environment. From now on, we can also hope for peaceful political activities of the parties heading towards the next national election which will obviously boost up the trade and commerce.

Last year, we achieved 7.1% GDP growth, highest ever since independence. The projected GDP for 2017 estimated by World Bank is 6.8%. However, the government set a 7.2% percent growth target for 2016-17 fiscal. The global economy is also expected to gain a moderate pick up in 2017 forecasting 2.7% compared with the 2.3% seen last year. On our past, we have progressed significantly. The gross profit of the Bank steadily grown from 12.23 Crore in 2014, to 63.41 Crore in 2015, to 96.53 Crore in 2016. You would be happy to learn that the subsidiary company of the Bank, Meghna Bank Securities Limited has earned profit last year and the Bank received cash dividend of 3% amounting Tk.1 Crore from its subsidiary. Hope we shall do better this year and in the years to come. Within this year we expect to expand our branches to 50 and more financial services including newly launched Meghna Tap ‘n Pay. We shall effectively continue to stay in the Mainstream of Banking in the country.

Bangladesh is now the 47<sup>th</sup> largest economy in the world in terms of GDP, according to World Bank ranking. According to UNDP report 2016, out of Bangladesh’s 16 crore population, 10.5 crore (which is more than 65 percent) are aged between 15 to 64 years. With more youth entering the working age population, Bangladesh is poised to benefit from a demographic dividend in next 10 years, according to World Bank. This positive demographic trend will boost economic activity. All economic indicators suggest that Bangladesh will become a ‘growth performer’ within ten years. The question is, are we ready for catering this huge workforce?

The people who united to establish a new Bank in 2013, dreamed to promote a bank with difference. The Bank will comply with prevailing laws and regulations and as well be nearer to the common people. With wide range of products for children to aged, student to farmers and small entrepreneurs to workers, Meghna Bank has been able to make its footings to serve all class of peoples at every segment of the financial sector of Bangladesh.

We must remember that Bank is a lubrication and oil for the economy of the country. Pursuant to the goal of the Government, Meghna Bank is committed to expand its service to the unbanked population.

All of us know that Money laundering is a pressing issue in front of us. Meghna Bank has taken adequate precautionary measures to prevent money laundering from its end.





For successful banking customer relation, humane treatment, sustainability of investment, knowledgeability and commitment of employees are vital and I would urge the Management and the Board to address these issues with utmost care and incentives and scrutiny.

As Chairman, I pledge continued strong commitment for myself, for all shareholders and for the officers. The trust will not be breached. In our Bank, we will always try to make complex thing simple rather than making simple things complex. Transaction will be transparent with no hidden issue involved.

Bank is not a family business, it is an institution - it is about Government, it is about what is appropriate and it is about the needs and what must be done.

I am sure that beloved institution of ours will overcome the time. Far beyond us what we have created will grow, grow huge and huge into an iconic image to be beholden. Meghna Bank will belong to ages.

Thank you for listening.

জয় বাংলা।

**H.N. Ashequr Rahman, M.P.**  
Chairman





## DIRECTORS REPORT

The Board of Directors of Meghna Bank Limited is pleased to present its report to the Shareholders of the company in the 4<sup>th</sup> Annual General Meeting along with the Audited Financial Statements for the year 2016 and the Report of the Auditors' thereon. We have also provided a brief description of the performance and affairs of the Bank for the same year as well as global economic trend with highlights of Bangladesh economy.

### Global Economy:

Stagnant global trade, subdued investment, and heightened policy uncertainty marked another difficult year for the world economy. Global growth in 2016 is estimated at a post-crisis low of 2.3 percent. However, a moderate recovery is expected for 2017 and projected to rise to 2.7 percent.

Growth in emerging markets and developing economies (EMDEs) is expected to pick up in 2017, which will contribute towards moderate recovery of the global economy as a whole. Acceleration of growth in EMDEs is expected partly due to higher commodity prices, such as oil and metals, which many of them export. World Bank predicts the slowdown in two large emerging economies, Brazil and Russia, to come to an end.

For the developed economies, continued weak growth of around 1.8% forecasted. That would be slightly better than 2016, but still slow compared to the period before the crisis. Uncertainty about future policies has increased following the British referendum on the European Union and, there is heightened uncertainty after the US Presidential election. China has maintained 6.7% growth in FY 2016. The World Bank forecasted China's economic growth rate for 2017 at 6.5 %. New forecasts suggest we can expect the unconvincing global economic revival following the financial crisis to continue.

### Bangladesh Economy:

Bangladesh economy achieved 7.10% growth in FY 2016, as compared to 6.50% in FY 2015. According to the World Bank and Bangladesh Bank, the projected growth for FY 2017 is 6.80% and 7.00% plus respectively. The Government has also set a growth target of 7.2% for the year 2017.

CPI inflation has been steadily coming down to 5.03 percent in December 2016, pulling down annual average to 5.5 percent, benefitting from both favorable food and non-food inflation dynamics. Non-food inflation has eased to 4.5 percent in December 2016, down from 7.1 percent a year ago, reflecting favorable domestic production and global commodity prices. According to Bangladesh Bank average inflation is projected to be within 5.3-5.6 percent in the middle of the year 2017. As per Bangladesh Bank's policy statement, policy rates will be kept unchanged at the current level for the first half of FY 2017, with repo rate at 6.75 percent and reverse repo rate at 4.75 percent.

The low-interest-rate option of foreign borrowing by industrial undertakings exerted downward pressure on domestic lending rates throughout the year. The average deposit rate, lending rate and spread have also been

dropped. The decline in interest rates reflects favorable inflation performance, ample liquidity and increased competition in the banking system.

Positive indicators point to forceful economic activity in the year 2017, aided by microeconomic and political stability, and strong domestic demand. Last year, the demand from trade, construction and SME sector contributed to the private sector growth at around 15-16 percent is at a three year high. Private sector credit grew by 15% in November last year. However, credit to public sector has declined by 1.3 percent in November 2016. During the year the Government did not borrow from the banking system to finance budget deficit. Rather, shifted non-bank budget financing from market-based tools non-market instruments, e.g., National Savings Certificates. During the first half of FY 2017, Bangladesh Bank will withdraw excess liquidity from banking system through various monetary operations in order to managing liquidity market and to keep reserve money growth in line with program path.

Export growth was 4.40% in December 2016 compared to 3.30% of the year 2015. It was due to high growth of 10.20% in the export of RMG sector in FY 2016, which contributes to 82% of total exports. Import is projected to remain buoyant, reflecting higher domestic demand, driven by both investment and consumption.

## MEGHNA BANK LIMITED

### Principal Activities

The principal activities of the bank are to do banking business by providing services as a scheduled commercial Bank and other activities related to banking business. Scope of business include accepting deposits, allowing withdrawal, extending credit to borrowers, trade financing, project financing, lease and hire purchase financing, credit cards, remittance services etc.

The bank added 10 new Branches into network in year 2016 and is currently providing services to its customers through 36 Branches. In addition to building own ATM network by installing more ATMs gradually, Bank has already joined the largest shared ATM network of the country to cater customer demand. Introduction of Internet Banking, Mobile Banking, Credit Card etc. are ongoing.

### Human Resources

Transforming human resources into human capital through enhancement of knowledge level, development of skills, abilities and personal attribution is the vision of the Bank. The Bank is maintaining a good working environment and motivating the workforce with contemporary benefits.

### Corporate Governance

The Board is committed to adhere strictly to the statutory obligations and regulatory guidelines. The Bank Directors are responsible for the governance of the Bank. Thus preparation of Annual Report and Financial Statements lies to the Board in accordance with the Companies Act 1994, Bank Company (Amendment) Act, 2013, Bangladesh Financial Reporting Standards (BFRS), Bangladesh Accounting Standards (BAS) and stipulations of Bangladesh Securities and Exchange Commission (BSEC).

To discharge the duties and responsibilities of the Board, three Committees i.e. Executive Committee, Audit





Committee and Risk Management Committee remained functional with defined responsibilities. Each Committee adheres to a set of terms of reference approved by the Board. Their roles, operating procedures and authorities are clearly defined in the terms of reference which are reviewed by the Board from time to time. During the year 2016, fourteen meetings of Board of Directors, thirteen meetings of Executive Committee, five meetings of Audit Committee and five meetings of Risk Management Committee were held.

### Financial position and performance of the bank

Performance of the Bank during Year 2016 was satisfactory. Various parameters reflect that the Bank maintained to grow in all respect. Some of the key indicators reflecting growth of the Bank are summarized below as ready reference of the shareholders. Bank's total asset and liability increased by Tk.9.05 billion showing growth of 40% over year 2015. Details of the items which resulted the overall growth are available in the Audited Financials of the Bank:

#### Total Assets:

Major contribution in the overall 40% growth in assets of the Bank was from increase in loans and advances by Tk. 6.61 billion. The growth was 46% as compared to previous year. The table below depicts increase in amount and corresponding growth in major heads of the Bank's asset:

Assets	Year 2016		Year 2015		Growth in 2016	
	Taka	%	Taka	%	Taka	%
Cash	2,848,747,017	8.95%	1,743,937,326	7.65%	1,104,809,690	63.35%
Balance with Other Banks & FIs	216,517,715	0.68%	2,408,307,729	10.57%	(2,191,790,014)	-91.01%
Money at Call & Short Notice	-	0.00%	-	0.00%	-	0.00%
Investments	6,744,943,899	21.18%	3,301,431,696	14.49%	3,443,512,203	104.30%
Loans and Advances	20,990,140,891	65.92%	14,385,092,012	63.12%	6,605,048,879	45.92%
Fixed Assets	296,311,196	0.93%	259,306,173	1.14%	37,005,023	14.27%
Other Assets	744,466,027	2.34%	692,506,773	3.04%	51,959,254	7.50%
<b>Total Assets</b>	<b>31,841,126,745</b>	<b>100.00%</b>	<b>22,790,581,709</b>	<b>100.00%</b>	<b>9,050,545,035</b>	<b>39.71%</b>

In continuation of previous years, proper monitoring, adherence to right evaluation process and strong commitment to guiding principles of lending contributed to maintain minimum NPL, which is less than 1% of total portfolio.

#### Total Liabilities:

Liability under Deposits & Other Accounts increased by Tk.9.44 billion resulting 59% growth over year 2016. Shareholders' Equity increased by Tk.0.21 billion to Tk.5.23 billion in year 2016 from Tk.5.03 billion in year

2015. Segment wise position of year 2016 compared with year 2015 is below:

Particulars	Year 2016		Year 2015		Growth in 2016	
	Taka	%	Taka	%	Taka	%
Borrowings from other Banks, Financial Institutions and Agents	208,317,699	0.65%	1,150,000,000	5.05%	-941,682,301	-81.89%
Deposits & Other Accounts	25,508,759,763	80.11%	16,073,037,373	70.52%	9,435,722,390	58.71%
Other Liabilities	890,132,324	2.80%	540,212,096	2.37%	349,920,228	64.77%
Equity	5,233,916,959	16.44%	5,027,332,240	22.06%	206,584,719	4.11%
<b>Total Liability</b>	<b>31,841,126,745</b>	<b>100.00%</b>	<b>22,790,581,709</b>	<b>100.00%</b>	<b>9,050,545,036</b>	<b>39.71%</b>

#### Contingent Liabilities:

There was significant increase in Non-funded business of the Bank as reflected in the table below. Business volume increased significantly in year 2016 as compared to year 2015. Amount of non-funded business handled by the bank in year 2016 was Tk. 5.075 billion as compared to Tk.4.207 billion in year 2015 with overall growth of 20.64%. Following table more contains more details of non-funded business in year 2016 and comparison with year 2015.

Particulars	Year 2016		Year 2015		Growth in 2016	
	Taka	%	Taka	%	Taka	%
Acceptance and Endorsement	558,527,283	11.01%	554,885,389	13.19%	3,641,894	0.66%
Letters of Guarantee	2,321,738,999	45.75%	2,430,591,621	57.78%	-108,852,622	-4.48%
Irrevocable Letters of Credit	1,547,273,561	30.49%	803,646,694	19.10%	743,626,867	92.53%
Bills for Collection	647,660,395	12.76%	417,672,010	9.93%	229,988,385	55.06%
<b>Total Contingent Liabilities</b>	<b>5,075,200,238</b>	<b>100.00%</b>	<b>4,206,795,714</b>	<b>100.00%</b>	<b>868,404,524</b>	<b>20.64%</b>

#### Operating Income:

Total operating income of the Bank increased 37.85% in year 2016 as compared with year 2015. In year 2016, Bank recorded Tk. 1.84 billion as operative income against Tk.1.33 billion in year 2015. An increase of 27.73% in Investment income and 30.93% increase in Commission Exchange and Brokerage earning played vital role in





the growth of income as growth in Net Interest Income was 51.68%. Below is the comparative position of Bank's total operating income for the year 2016 and Year 2015:

Particulars	Year 2016		Year 2015		Growth in 2016	
	Taka	%	Taka	%	Taka	%
Net Interest Income	767,717,821	41.73%	506,131,096	37.92%	261,586,725	51.68%
Investment Income	884,084,646	48.05%	692,126,597	51.86%	191,958,049	27.73%
Commission, Exchange & Brokerage	139,466,189	7.58%	106,523,383	7.98%	32,942,806	30.93%
Other Operating Income	48,591,481	2.64%	29,924,384	2.24%	18,667,097	62.38%
<b>Total Operating Income</b>	<b>1,839,860,137</b>	<b>100.00%</b>	<b>1,334,705,460</b>	<b>100.00%</b>	<b>505,154,677</b>	<b>37.85%</b>

#### Operating Expense:

Expansion of Branch network, putting in place required infrastructure and increase in business resulted in rise in operating expenses. Ten new branches inaugurated in FY 2016 and thereby increase the number of branches to 36 from 26 over the year. Number of employees has also been increased from 392 to 537 during the year 2016 compared to last year. As a result, overall operating expense increased 34.11% in year 2016 as compared to year 2015. Below is the comparative position of Bank's operating expenses for the year 2016 and Year 2015:

Particulars	Year 2016		Year 2015		Growth in 2016	
	Taka	%	Taka	%	Taka	%
Salaries and Allowances	331,169,340	37.87%	255,051,039	39.11%	76,118,301	29.84%
Rent, Taxes, Insurances, Electricity etc.	156,643,638	17.91%	125,896,411	19.31%	30,747,227	24.42%
Legal Expenses	161,275	0.02%	78,822	0.01%	82,453	104.61%
Postage, Stamps, Telecommunications	16,010,776	1.83%	10,018,066	1.54%	5,992,710	59.82%
Stationery, Printings, Advertisements etc.	17,419,937	1.99%	15,094,053	2.31%	2,325,884	15.41%
Chief Executive's Salary & Fees	9,240,000	1.06%	8,820,000	1.35%	420,000	4.76%
Directors Fee	2,312,000	0.26%	1,156,000	0.18%	1,156,000	100.00%
Auditors Fee	150,000	0.02%	115,000	0.02%	35,000	30.43%
Depreciation & Repairs	74,796,321	8.55%	57,691,641	8.85%	17,104,680	29.65%
Other Expenses	266,614,836	30.49%	178,158,271	27.32%	88,456,565	49.65%
<b>Total Operating Expenses</b>	<b>874,518,123</b>	<b>100.00%</b>	<b>652,079,303</b>	<b>100.00%</b>	<b>222,438,820</b>	<b>34.11%</b>

#### Industrial Loans and Advances:

Total industrial loans and advances of the Bank Tk.9.036 billion at the end of year 2016 as compared to Tk. 7.302 billion at the end of year 2015. Industrial credit growth in year 2016 was 23.73%. Bank was in line with the national priorities to maintain 27.57% credit growth in Agricultural Industries sector. Changes in position of sector wise credit is summarized in the table below:

Particulars	Year 2016		Year 2015		Growth in 2016	
	Taka	%	Taka	%	Taka	%
Agricultural Industries	786,803,476	8.71%	616,774,320	8.45%	170,029,156	27.57%
Textile Industries	136,358,414	1.51%	107,192,198	1.47%	29,166,216	27.21%
Food & allied Industries	279,443,698	3.09%	136,852,042	1.87%	142,591,656	104.19%
Pharmaceutical Industries	411,809,443	4.56%	439,100,243	6.01%	-27,290,799	-6.22%
Tobacco Industries	741,698,692	8.21%	481,068,862	6.59%	260,629,830	54.18%
Cement & Ceramic Industries	-	0.00%	119,367,508	1.63%	-119,367,508	-100.00%
Service Industries	2,245,938,193	24.85%	1,973,943,965	27.03%	271,994,228	13.78%
Transport & Communication Industries	26,457,299	0.29%	3,247,874	0.04%	23,209,425	714.60%
Other Industries	4,407,663,816	48.78%	3,425,389,118	46.90%	982,274,698	28.68%
<b>Total</b>	<b>9,036,173,032</b>	<b>100.00%</b>	<b>7,302,936,129</b>	<b>100.00%</b>	<b>1,733,236,903</b>	<b>23.73%</b>

#### Shareholders' Equity

Consolidated shareholders' equity of the Bank and its subsidiary increased by 4.10 % at the end of year 2016 and Bank's shareholders' equity increased by 4.11%. Paid-up capital of Meghna Bank was Tk.4.433 billion, statutory reserve increased by Tk.177.97 million during the year and stood at Tk.309.42 million at the end of year 2016. Distributable profit stood at Tk.445.51 million at the end of the year.

#### Provision as per regulatory requirement:

Adequate General Provision has been made against unclassified loans and advances and off -balance sheet exposures as per regulatory guideline. Bank made general provision of Tk.251.10 million against year-end position of loans, advances and contingents and Tk.13.68 million for provision for classified loans and advance. The Bank has also made provision of Tk.315 million for current year income tax.



## MEGHNA BANK SECURITIES LIMITED

After commencement of operation on November 19, 2015, Meghna Bank Securities Limited, a subsidiary company of the Bank achieved significant growth in the very first year of its operation. Earning a net profit of Tk.1.00 crore after tax, the company declared an interim cash dividend of 3% to its parent company Meghna Bank Limited.

### APPOINTMENT OF AUDITORS

The existing auditors of the Company, M/s. MABS & J Partners, Chartered Accountants have completed statutory audit for the financial year 2016. Being eligible, they have offered themselves for re-appointment for the next year. The Board also recommended for appointing M/s. MABS & J Partners, Chartered Accountants as the statutory auditor of the Bank for the year 2017 to continue up to the conclusion of next Annual General Meeting.

### ANNUAL GENERAL MEETING

Annual General Meeting will be held on 23rd March 2017 at Hotel Le Meridian Dhaka, located at 79/A Commercial Area, Airport Road, Nikunja-2, Khilkhet, Dhaka-1229, at 11.30 a.m. Financial Statements for the year ended on December 31, 2016 and the Directors' Report were approved in the 53rd Meeting of the Board of Directors for presentation to the shareholders in their annual general meeting.

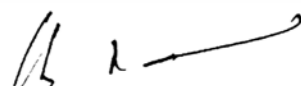
### RECOMMENDATION OF DIVIDEND

After all provisions and appropriations, fund available for distribution to shareholders is Tk.445.51 million (including Tk. 48.63 million from retained earnings of previous year). Board of Directors in its 53rd meeting held on March 08, 2017 decided to recommend 10% cash dividend for the year 2016.

### ACKNOWLEDGEMENTS

The Board would like to thank the valued Shareholders and all other Stakeholders of the Bank for their continuous support and guidance which led to its cumulative achievements.

On behalf of the Board of Directors,

  
**H.N. Ashequr Rahman M.P.**  
Chairman

## LIST OF BRANCHES AND CATEGORY

Sl No	NAME OF BRANCH	ADDRESS OF BRANCH	DATE OF OPERATION	TYPE OF BRANCH
0	Head Office	Suvastu Imam Square(level-06),65 Gulshan Avenue (Gulshan-01), Dhaka-1212		
1	Principal Branch, Dhaka	Suvastu Imam Square(ground floor), 65 gulshan avenue (Gulshan-01), Dhaka-1212	9-May-13	Urban
2	Shathibari Branch, Rangpur	Highway Shopping Center (Ground & 1st Floor), Sathibari Bazar, Mithapukur, Rangpur	2-Oct-13	Rural
3	ChawkBazar Branch, Dhaka	Hazi Matiur RahmanBhaban,Holding No: 189,Water Works Road, Ward No: 29,Dhaka South City Corporation,Thana: Chawkbazar,District: Dhaka	22-Oct-13	Urban
4	Motijheel Branch, Dhaka	Central Insurance Bhaban (Ground Floor), 7-8 Motijheel C/A, Dhaka-1000	23-Oct-13	Urban
5	Dhaka EPZ Branch, Savar	Swapnil Tower (1st Floor), Bipail (Near Ashulia Police Station), Ashulia, Dhaka	8-Dec-13	Rural
6	Kalampur Branch, Dhamrai	Jahanara Super Market (1st Floor), Kalampur Bazar, Dhamrai, Dhaka	15-Dec-13	Rural
7	Agrabad Branch, Chittagong	Delowar Bhaban,Holding No: 104,Ward No: 28 Chittagong City Corporation,Thana: Doublemuring, District: Chittagong	20-Apr-14	Urban
8	Bormi Bazar, Gazipur	"Paul Market", Pathantek, Barmi Bazar, Sreepur, Gazipur	10-Aug-14	Rural
9	Narayanganj Branch, Narayanganj	"Hazi Hashem Trade Center", Holding#55/A, Ward# 15, S.M. Maleh Road, Tanbazar, Narayanganj.	14-Aug-14	Urban
10	Bandura Branch, Nawabgonj	"SD Shopping Complex", Bandura, Nawabgonj, Dhaka.	24-Aug-14	Rural
11	Madambibirhat Branch, Chittagong	"M A Trade Center", Madambibirhat, Near Sheuli Petrol Pump, Bhatiary, Chittagong.	21-Aug-14	Rural
12	Hatikumrul Branch, Sirajgonj	Haji Iman Ali Complex", Hatikumrul, Sirajgonj Road, Salonga, Sirajgonj.	28-Aug-14	Rural
13	Gazipur Chowrasta Branch, Gazipur	"Chandona Plaza", Dhaka Road, Chandona Chorasta, Gazipur.	15-Sep-14	Urban
14	Choyani Bazar Branch, Noakhali	"Sobhan Market", School Road, Choyani Uttar Bazar, Begumgonj, Noakhali	21-Sep-14	Rural
15	Madhabdi Branch, Narsinghdi	"Haji Siraj Tower", College Road, Madhabdi Bazar, Madhabdi, Narsinghdi.	24-Sep-14	Urban
16	Dhanmondi Branch, Dhaka	48/8 (New) Vasha Shainik Towaha Sarak (Satmashjid Road), Dhanmondi, Dhaka	30-Oct-14	Urban
17	Jubilee Road Branch, Chittagong	Haque Tower (2nd Floor),610/11 (old), 923/A/1103 (New) Jubilee Road, Chittagong	25-Aug-15	Urban
18	Munshirhat Branch, Comilla	Amir Hossain Dealer Market (1st Floor), Munshirhat Bazar, Chauddagam, Comilla	31-Aug-15	Rural
19	Uttara Branch, Dhaka	Shafina Center (1st & 2nd Floor) 14 Garibe Newaz Avenue, Sector # 11, Uttara, Dhaka	5-Oct-15	Urban
20	Mohipal Branch	Mir Hossain Chowdhury Complex (1st Floor), Holding # 169, Mohipal, Feni-3900	8-Nov-15	Urban





## MEGHNA BANK LIMITED

### Value Added Statement

As on 31st December 2016

SI No	NAME OF BRANCH	ADDRESS OF BRANCH	DATE OF OPERATION	TYPE OF BRANCH
21	Zamindarhat Branch	Oman Market (1st Floor) Zamindarhat, Begumgonj, Noakhali-3825	30-Nov-15	Rural
22	Bogra Branch, Bogra	Jamil Building (1st & 2nd Floor) 51 & 52 (old), 67 & 68 (New) Borogola, Bogra-5800	9-Dec-15	Urban
23	Laldighir Par Branch, Sylhet	Bakht Center (1st Floor) 2837-00, Laldighir Par, Sylhet-3100	13-Dec-15	Urban
24	South Surma Branch, Syhet	Niamah Tower (1st Floor) Chondipul Point, South Surma, Sylhet-3100	13-Dec-15	Rural
25	Patherhat Branch, Chittagong	Noapara School Market (1st Floor), Patherhat, Noapara, Raozan, Chittagong	27-Dec-15	Rural
26	Takerhat Branch, Madaripur	Shahabuddin Molla Complex (1st Floor), Takerhat, Dhaka-Barisal Highway, Rajoir, Madaripur	29-Dec-15	Rural
27	Rangpur Branch	Khan Bahadur Abdur Rauf Plaza, House# 1, Road # 1, Station Road, Rangpur	5-Jun-16	Urban
28	Khulna Branch	19 KDA Avenue, Tetultolar Mor, Sheikhpara, Khulna	7-Aug-16	Urban
29	Barisal Branch	"Barisal Islamia Urban Shomobaya Samity Ltd. Building", 116 Sadar Road (old), 559 Birshreshtha Captain Mohiuddin Jahangir Road (New), Barisal	18-Aug-16	Urban
30	Chehelgazi Branch	Hajee Mohammad Danesh Science and Technology University Academic Building # 2 (Near Gate # 1) Chehelgazi, Dinajpur Sadar, Dinajpur	24-Aug-16	Rural
31	Mirpur Branch	"Islam Plaza", Plot#7, Main Road # 3 (Harun Mollah Road), Section- 7, Pallabi, Dhaka-1216	30-Aug-16	Urban
32	Zirabo Branch	Jalil Complex, Vill: Zirabo, Union: Yearpur, Thana: Ashulia, District: Dhaka	21-Sep-16	Rural
33	Rampal Branch	Sufia Plaza, Shipahi Para, Rampal, Munshigonj	1-Nov-16	Rural
34	Aman Bazar Branch	"Sanowara Convention Hall" Aman Bazar, Chickondondi Union, Thana: Hathazari, District: Chittagong	14-Nov-16	Rural
35	Ananda Bazar Branch	Area: Ananda Bazar, Vill: Ramdaspur, Mouza: Ramdaspur, Union: Farajikandi, Thana: Matlab Uttar, District: Chandpur	8-Dec-16	Rural
36	Rajshahi Branch	"Prince Tower" 25 Rani Bazar, Batar Mor, Shaheb Bazar, Rajshahi.	20-Dec-16	Urban

Particulars	2016 Taka	%
<b>Value Created</b>		
Income from Banking Service	3,408,038,039	
Interest Income	2,335,895,723	
Non-Interest Income	1,072,142,316	
Less : cost of service & Supplier	(2,030,633,535)	
Interest Paid on deposit & Borrowing	1,568,177,902	
Total Operating Expenses	874,518,123	
Less : Salary and Allowance	(331,169,340)	
Less : Chief Executive Salary & Allowance	(9,240,000)	
Less : Depreciation	(71,653,150)	
Value Added by Banking Service	1,377,404,504	
Non-Banking Income	-	
Provision for Loan & other Asset	(75,500,000)	
	<b>1,301,904,504</b>	
<b>Value Distributed</b>		
To Employees as Salaries & Allowances	340,409,340	26%
To Shareholders as Dividend	443,300,000	34%
To Government as Income Tax	315,000,000	24%
	1,098,709,340	84%
<b>Value Retained</b>		
(to maintain and develop operation)		
Statutory Reserve	177,968,403	14%
Depreciation	71,653,150	6%
Retained Earnings	(46,426,389)	-4%
	<b>203,195,164</b>	<b>16%</b>
	<b>1,301,904,504</b>	<b>100%</b>





## CREDIT RATING

Credit Rating Information and Services Limited (CRISL) has affirmed “A-” (pronounced as single A Minus) rating in the Long Term and “ST-3” rating in the Short Term with Stable Outlook to Meghna Bank Limited through an in-depth analysis of the operational and financial performance of the bank along with all its relevant qualitative and quantitative factors. The basis of its evaluation was financials of the bank up to December 31, 2015 and other prevailing factors up to date rating.

Particulars	Entity Rating	Definition
<b>Long Term</b>	<b>A-</b>	Bank rated in this category is adjusted to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in higher categories.
<b>Short Term</b>	<b>ST-3</b>	<b>Good Grade</b> Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
<b>Outlook</b>	<b>Stable</b>	
<b>Date of Rating</b>		June 26, 2016

## DISCLOSURE PER BASEL III GUIDELINES

As on December 31, 2016

### BACKGROUND:

These Disclosures on the position of the bank’s risk profiles, capital adequacy & risk management system Under pillar-III of Basel-III are made following revised “Guidelines on Risk Based capital Adequacy” for banks issued by Bangladesh Bank in December 2014. These quantitative & qualitative disclosures are intended to complement the Minimum Capital Requirement (MCR) under pillar-I & Supervisory Review Process (SRP) under pillar –II of Basel –III.

The Purpose of these disclosures is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of the bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets.

### SCOPE OF APPLICATION:

The Risk Based Capital Adequacy framework applies to Meghna Bank Limited on ‘Solo’ basis as well as ‘Consolidated’ basis as there were one subsidiaries of the bank as on the reporting date i.e. 31<sup>st</sup> December 2016. The name of the subsidiary company is “Meghna Bank Securities Limited.”

### CONSISTENCY AND VALIDATION:

The quantitative disclosures are made on the basis of consolidated audited financial statements of MGBL and its subsidiary as at and for the year ended 31<sup>st</sup> December 2016 prepared under relevant international accounting and financial reporting standards as adopted by the institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/ instructions issued by Bangladesh Bank from time to time. The assets, liabilities, revenues and expenses of the subsidiaries are combined with those of the parent company (MGBL), eliminating inter-company transactions. So assets of the subsidiaries were risk weighted and equities of subsidiaries were crossed out with the investment of MGBL while consolidating.

### CAPITAL STRUCTURE:

Capital Structure of MGBL:

Regulatory capital as stipulated by the revised RBCA guidelines by BB is categorized into two tiers. The total regulatory capital will consist of sum of the following categories:

- 1) Tier 1 Capital (going-concern capital)
  - a) Common Equity Tier 1
  - a) Additional Tier 1
- 2) Tier 2 Capital (gone-concern capital)





Tier 1 capital (going-concern capital) is the capital which can absorb losses without triggering bankruptcy of the bank.

Tier 2 capital (gone-concern capital) is the capital which will absorb losses only in a situation of liquidation of the bank.

### Conditions for Maintaining Regulatory Capital:

The Bank complied with all the required conditions for maintaining regulatory capital as stipulated in the revised RBCA guidelines by Bangladesh Bank as per following details:

- Common Equity Tier 1 of at least 4.5% of the total RWA.

**Status of Compliance: Complied.**

- Tier-1 Capital will be at least 5.50% of the total RWA.

**Status of Compliance: Complied.**

- Minimum Capital to Risk weighted Asset Ratio (CRAR) of 10% of the RWA.

**Status of Compliance: Complied.**

- Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1 whichever is higher

Status of Compliance: As on the reporting date there was no Additional Tier 1 capital in the capital structure of Meghna Bank Limited.

### Quantitative Disclosures:

<b>Quantitative Disclosures</b>	<b>The amount of Tier 1 capital</b>	<b>5,187,925,901.00</b>
	Paid up capital	4,433,000,000.00
	Non-repayable share premium account	-
	Statutory reserve	309,419,626.00
	General reserve	-
	Retained earnings	445,506,275.00
	Minority interest in subsidiaries	101.00
	Non-cumulative irredeemable preference shares	-
	Dividend equalization account	-
	The total amount of Tier 2 capital	251,456,248.00
	Other deductions from capital.	-
	<b>Total eligible capital</b>	<b>5,441,429,763.00</b>

### CAPITAL ADEQUACY:

**Bank's Approach to Assessing Capital Adequacy:** As banks in Bangladesh are now in a stage of developing risk management models, BB suggested the banks for using Standardized Approach for credit risk capital requirement for banking book and Standardized (rule based) Approach for market risk capital charge in their trading book. MGBL used the Basic Indicator Approach (BIA), as prescribed by Bangladesh Bank in determining capital charge against operational risk. Under the Basic Indicator Approach (BIA), the capital charge for operational risk is a fixed percentage (denoted by alpha) of average annual gross income of the bank over the past three years.

Meghna Bank Limited focuses on strengthening and enhancing its risk management culture and internal control environment rather than increasing capital to cover up weak risk management and control practices. MGBL has been generating most of its incremental capital from retained profit (statutory reserve, transfer etc.) to support incremental growth of Risk Weighted Assets (RWA). Therefore, the Bank's Capital to Risk weighted Asset Ratio (CRAR) remains consistently within the comfort zone after implementation of Basel-III from 1 January, 2015. During the year 2016, the CRAR ranges from 23.55 to 25.13% on consolidated & Solo basis and against minimum requirement of 10% of RWA. Assessing regulatory capital in relation to overall risk exposure of a bank is an integrated and comprehensive process. Meghna Bank Limited through its Supervisory Review Committee and Management Risk Committee is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to. Assessment of capital adequacy will be in alignment with the findings of these exercises.

### Quantitative Disclosures:

Following table shows component wise allocation of capital to meet three risks and an amount of additional capital maintained over MCR i.e. 10% of RWA. As on the reporting date Meghna Bank Limited maintained a Capital to Risk weighted Asset Ratio (CRAR) of 23.55% on Consolidated & Solo Basis against required minimum of 10%. We had an excess capital of BDT 144.14 crore (Consolidated) after meeting all three risks as on the reporting date as shown in the following table:

(Fig in crore)

Capital Adequacy	Consolidated	Solo
Capital requirement for Credit Risk	215.71	215.71
Capital requirement for Market Risk	3.99	3.91
Capital requirement for Operational Risk	11.34	11.38
Minimum Capital requirement (MCR)	400.00	400.00
Total Capital Maintained	544.14	543.93
Total Risk Weighted Asset	2310.48	2310.09
Capital to Risk Weighted Asset Ratio	23.55%	23.55%



## CREDIT RISK:

### Qualitative Disclosures:

**Definition of Credit Risk:** Credit risk is the possibility that a borrower will fail to meet its obligation in accordance with agreed terms and conditions. That is credit risk is the risk of loss that may occur from the failure of any counterparty to make required payments in accordance with agreed terms and conditions and/or deterioration of credit worthiness. Credit risk is managed through a framework set by policies and procedures approved by the Board. The responsibility is clearly segregated between originator of business transaction and approver in the risk function.

### Quantitative Disclosures:

#### Total gross credit risk exposures broken down by major types of credit exposure:

Particulars	Amount
Cash Credit	3,763,100,505.12
Secured overdraft	1,971,512,600.06
General overdraft	3,162,982,696.82
Import finance	1,275,478,275.61
Other Demand Loans	5,202,401,560.33
Consortium/Syndicate Finance	308,914,289.75
House Building Loan	751,329,363.89
General Term Loans	3,612,800,715.70
Agricultural and Rural Credit Scheme	519,339,752.86
Personal/Professionals Loan Scheme	106,504,444.98
Inland bills purchased and discounted	315,776,686.41
<b>Total</b>	<b>20,990,140,891.53</b>

#### Geographical distribution of exposures, broken down in significant areas by major types of credit exposure:

Name of Area	Amount of Loan
Dhaka	15,243,773,325.15
Barisal	59,044,604.22
Khulna	35,191,644.02
Sylhet	104,136,634.26
Chittagong	4,870,551,228.76
Rajshahi	355,940,549.45
Rangpur	321,502,905.67
<b>Total</b>	<b>20,990,140,891.53</b>

#### Industry or counterparty type distribution of exposures, broken down by major types of credit exposure:

Particulars	Amount
Commercial Lending	2,522,876,020.36
Export Financing	15,516,882.66
House Building Loan	747,420,077.83
Retail Loan	389,278,067.26
Small and Medium Enterprises	4,921,306,119.69
Special Program Loan	-
Industrial Loans Details :	-
Agricultural industries	866,424,205.11
Textile industries	134,732,245.60
Food and allied industries	199,822,557.58
Pharmaceutical industries	411,809,443.52
Leather, Chemical, Cosmetics etc.	-
Tobacco industries	741,698,692.04
Cement and Ceramic industries	-
Service industries	2,245,938,193.02
Transport and Communication Industries	21,276,916.89
Other industries including bills purchased and discounted	4,398,414,015.54
Others Loan	1,279,261,552.35
Staff Loan	120,460,162.47
Other Loans and Advances (SOD)	1,973,905,739.61
<b>Total</b>	<b>20,990,140,891.53</b>

#### Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure:

	(Fig in crore)
Re-payable on Demand	269.97
Not more than 3 months	471.92
Over 3 months but not more than 1 year	878.90
Over 1 year but not more than 5 years	359.72
Over 5 years	118.50
<b>Total</b>	<b>2,099.01</b>

**Provision:**

(Fig in crore)

Amount of impaired loans and if available, past due loans, provided separately	NIL
Specific and general provisions	1.25
General Provision for Unclassified Loans and Advances	20.03
General Provision for Off-Balance Sheet Exposures	5.08
Gross Non Performing Assets (NPAs)	20.77
Non Performing Assets (NPAs) to Outstanding Loans and advances	0.99%
Amount of impaired loans and if available, past due loans, provided separately	NIL

**Movement of Non-Performing Assets:**

Opening balance	-
Additions	1,856,987,602.51
Reductions	1,649,312,198.39
Closing balance	2,07,675,404.12
<b>Movement of specific provisions for NPAs</b>	
Opening balance	-
Provisions made during the period	13,676,000.00
Write - off	-
Write- back of excess provisions	-
Closing balance	13,676,000.00

**EQUITIES:****Disclosures for Banking Book Positions:**

**Equity Risk:** Equity risk is the risk that one's investments will depreciate because of stock market dynamics causing one to lose money. Investment of MGBL in equity securities is broadly categorized into two parts: Securities (Shares-common or preference, Mutual Fund) that are traded in the secondary market (trading book assets) and Un-quoted securities that are categorized as banking book assets.

The capital charge for equities would apply on their current market value in bank's trading book. This capital charge for both specific risk and the general market risk will be at the rate of the required minimum capital adequacy ratio. This is applied to all instruments that exhibit market behavior similar to equities. The instruments covered include equity shares, whether voting or non-voting, convertible securities that behave like equities, for example: units of mutual funds, and commitments to buy or sell equity.

**Quantitative Disclosure:****Total Investment in Capital Market (Consolidated Basis):**

Name of Stock	Cost Price	Market Price	Profit / Loss	Total Capital as per BCA 1991	% of investment in capital market to total prescribed capital components		
<b>Portfolio: Bank</b>							
<b>Shares</b>	8.96	8.91	-0.05	487.90	13.28%		
Less Equity investment in subsidiaries other than merchant bank and brokerage subsidiaries							
Mutual Fund/Fund	0.00	0.00	0.00				
Bond/Debentures	0.00	0.00	0.00				
Loans to others for merchant banking and brokerage activities	0.00	0.00	0.00				
Loan to stock dealer	0.00	54.00	0.00				
Placement/others	0.00	0.00	0.00				
Less placement in subsidiaries	0.00	0.00	0.00				
<b>Portfolio: Subsidiaries</b>							
<b>Shares</b>	0.40	0.40	0.00				
Mutual Fund/Fund	0.00	0.00	0.00				
Bond/Debentures	0.00	0.00	0.00				
<b>Loans:</b>							
Margin loans	0.00	1.48	0.00				
Bridge loans	0.00	0.00	0.00				
<b>Placement/others</b>	0.00	0.00	0.00				
<b>Total Capital Market Exposure</b>	12.12%						

**Capital Requirement for Equity Position Risk:**

Capital charge for	Market Value	Risk Weight	Required Capital Charge
1	2	3	4=(2*3)
a) Specific Risk:	93,152,277.00	10%	9,315,228
b) General Market Risk:	93,152,277.00	10%	9,315,228
<b>Total</b>	<b>186,304,554</b>		<b>18,630,455</b>



## INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

### Qualitative Disclosures:

Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's Financial condition. Changes in interest rates affect both the current earnings (earnings perspective) as well as the net worth of the bank (economic value perspective). Re-pricing risk is often the most apparent source of interest rate risk for a bank and is often gauged by comparing the volume of a bank's assets that mature or re-price within a given time period with the volume of liabilities that do so.

The short term impact of changes in interest rates is on the bank's Net Interest Income (NII). In a longer term changes in interest rates impact the cash flows on the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the bank arising out of all re-pricing mismatches and other interest rate sensitive position.

### Quantitative Disclosures:

The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant)

Weighted Average Duration of Asset	2.36
Weighted Average Duration of Liability	0.66
Duration GAP	1.81
CRAR After different level of Shock	
Minor Level	21.48%
Moderate Level	19.21%
Major Level	16.94%

## MARKET RISK:

### Qualitative Disclosure:

Market risk is the possibility of losses in balance sheet and off-balance sheet positions arising out of volatility in market variables i.e., interest rate, exchange rate and price. Allocation of capital is required in respect of the exposure to risks deriving from changes in interest rates and equity prices in the bank's trading book, in respect of exposure to risks deriving from changes in foreign exchange rates and commodity price in the overall banking activity. The total capital requirement for banks against their market risk shall be the sum of capital charges against:

- i. Interest rate risk
- ii. Equity position risk
- iii. Foreign exchange position risk throughout the bank's balance sheet and off balance sheet exposure.
- iv. Commodity risk

### Method used to measure market risk:

As banks in Bangladesh are now in a stage of developing risk measurement models, Bangladesh Bank suggested the banks for using Standardized Approach for credit risk capital requirement for banking book and Standardized (rule based) Approach for market risk capital charge in their trading book. Maturity Method has been prescribed by Bangladesh Bank in determining capital against market risk. In the maturity method, long or short positions in debt securities and other sources of interest rate exposures, including derivative instruments, are slotted into a maturity ladder comprising 13 time-bands (or 15 time-bands in case of low coupon instruments). Fixed-rate instruments are allocated according to the residual term to maturity and floating-rate instruments according to the residual term to the next reprising date. In Standardized (rule based) Approach the capital requirement for various market risks (interest rate risk, price, and foreign exchange risk) are determined separately. The total capital requirement in respect of market risk is the sum of capital requirement calculated for each of these market risk sub-categories. e.g.

- a) Capital Charge for Interest Rate Risk = Capital Charge for Specific Risk+ Capital Charge for General Market Risk.
- b) Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk.
- c) Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk.
- d) Capital Charge for Commodity Position Risk = Capital charge for General Market risk.

### Market Risk Management System:

Treasury Division has been assigned with the job of Market risk management as per regulatory and internal framework. For market risk management purpose, Bank has implemented Foreign Exchange Risk Management guidelines and Asset Liability management guidelines duly approved by the Board. Different market risk related issues are discussed in the Asset Liability Management Committee (ALCO) meeting and decisions are taken accordingly.

### Policies and processes for mitigating market risk:

ALCO is primarily responsible for establishing the market risk management and asset liability management of the Bank procedures thereof, implementing core risk management framework issued by the regulator best risk management practices followed by globally and ensuring that internal parameters, procedures, practices/ polices and risk management prudential limits are adhere to.

For Market risk management purpose Bank has established internal limit duly approved by the Board besides the regulatory limit. For Foreign Exchange Risk management Bank has regulatory net open position (NOP) limit as well as internal limit like Intra- day limit, individual dealer's limit, stop loss limit, individual currency limit etc. For interest and other market risk management bank has established wholesale borrowing guideline, LD ratio, Medium Term Funding ratio, maximum cumulative outflow, and SWAP Fund Guideline, VAR and MAT level. Bank also maintains Gap limit for maturity profile mismatch. Moreover Bank has policy for interest rate sensitivity analysis on monthly basis.





## Quantitative Disclosure:

### The capital requirements for Market Risk:

SL	Market Risk	Total capital charge
A.	Interest Rate Related instruments	9,173,803
B.	Equities	17,821,318
C.	Foreign Exchange Position	12,124,386
D.	Commodities	-
<b>Total</b>		<b>39,119,507</b>

## OPERATIONAL RISK:

### Qualitative Disclosures:

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. MGBL has established an effective, integrated operational risk management framework to mitigate the operational risk. The focus of operational risk is on low probability/high loss vs. high probability/low loss events.

#### Operational risk includes:

- i) Transaction processing
- ii) Operation control
- iii) Technology and systems
- iv) Risks of physical and logical security
- v) Unique risk arises due to outsourcing

The Bank's approach to operational risk is not designed to eliminate risk altogether but rather to contain risks within levels deemed acceptable by senior management. All functions whether business control or logistics functions must manage the operational risks that arise from their activities. Operational risks are pervasive as a failure in one area may have a potential impact on several other areas. The Bank has therefore established a cross-functional Risk Management Committee headed by a senior management performed as Chief Risk Officer to actively manage operational risk as part of its governance structure. The foundation of the operational risk framework is that all functions have adequately defined their roles and responsibilities. The functions can then collectively ensure that there is adequate segregation of duties, complete coverage of risks and clear accountability.

### Performance gap of executives and staffs:

The bank offers a competitive compensation package to the employees based on performance and merit. The bank has developed one of the finest teams of efficient and responsible officers with high ethical standards who are working in a congenial atmosphere. The BOD of the Bank is always keen to provide a competitive, attractive and handsome remuneration package

for its employees. Besides, the recruitment policy of the Bank always emphasize on sorting out fresh graduate from the reputed universities and nurture them until transformation to a Human Capital of highest quality. An accommodating welcoming cooperative and congenial work atmosphere motivates its employees to act as a family towards achievement of goal. As such, there exists no performance gap in the Bank.

### Potential external events:

No potential external events occurred during the reporting period ended 31<sup>st</sup> December 2016.

### Policies and processes for mitigating Operation Risk:

Bank has established an effective integrated operational risk management framework to mitigate the operational risk Internal Control and Compliance Division of the bank with other departments have been performing the supervisory and monitoring works to manage this risk.

### Approach for calculating capital charge for operational risk:

The Bank has adopted Basic Indicator Approach (BIA) to compute capital charge against operational risk under Basel-III as per the Bangladesh Bank Guidelines.

### Quantitative Disclosures:

The capital requirements for operational risk: 11.38 crore.

## LIQUIDITY RATIO:

### Qualitative Disclosures:

**Views of BOD on system to reduce liquidity Risk:** Bank has Board Approved policy & limit structure for liquidity risk Management.

**Methods used to measure Liquidity risk:** We maintain maturity profile mismatch strictly & maintain prudential limit for each buckets gap.

**Liquidity risk management system:** We strictly maintain maximum cumulative outflow (MCO) Medium Term Funding Ratio (MTFR) & conduct cash flow forecasting for liquidity risk management.

**Policies and processes for mitigating liquidity risk:** We have laid down liquidity contingency plan, Funding products & Wholesale borrowing guideline.

### Quantitative Disclosures:

Liquidity Coverage Ratio	176.80%
Net Stable Funding Ratio	116.35%
Stock of high Quality Liquid Asset	9,01,9750.05
Total net cash outflows over the next 30 calendar days	24,717,000.00
Available amount of stable funding	27,916,685.00
Required amount of stable funding	23,994,372.84





## LEVERAGE RATIO:

### Qualitative Disclosures:

**Views of BOD on system to reduce excessive leverage:** High leverage levels can lead to an excessive expansion of bank asset size. In the short to medium term banks return on equity. At the same time leverage- fuelled bank capital structures increase bankruptcy risk, since they are an important cause of bank failures. Therefore to reduce excessive leverage and to manage the overall asset- liability position management has implemented BOD approved ALM framework within the bank.

**Policies & processes for managing excessive On & Off -balance sheet leverage:** Bank has clearly laid down policy & procedure to manage its exposure level (both on & off- balance sheet) enumerated in its Asset Liability Management Policy. Leverage parameter of the policy acts as a credible supplementary measure to the risk based capital requirement to control the leverage of the bank. This reflects bank's tier 1 capital over total exposure of the bank. Reference level of ratio is currently 3% (minimum) and it is expected to be reviewed in 2017 in line with the BB directive.

**Approach for calculating exposure:** Leverage ratio of the bank is calculated in line with the RBCA guideline of BB as at 31<sup>st</sup> December 2016 bank's leverage ratio was 14.97% and it was calculated as follows:

	Measured Used	Description
Numerator	Tier 1 Capital	Tier 1 capital constitutes the components specified in the RBCA guideline December 2014
Denominator	Exposure	This is an approximation to the credit risk exposure used for regulatory capital purposes. It consists of the sum of the balance sheet assets as specified in the RBCA Guidelines December 2014

### Quantitative Disclosures:

Leverage Ratio	: 14.97%
On balance sheet exposure	: 3,182.23
Off balance sheet exposure	: 285.11
Total exposure	: 3,467.35

## MAIN DISCLOSURES ON REMUNERATION

### Qualitative Disclosures

#### A. Information relating to the bodies that oversee remuneration.

In Meghna Bank Limited (MGBL) the management holds the responsibilities relating Remuneration. The Management is responsible for farsightedness, future effects thus Build up the frame work, monitor, and if necessary review and implement Bank's overall compensation structure. The Management proposes any change with proper justification. Management also reviews polices on remuneration packages payable to other employees and the Directors/MD/any other Bank appointed/engaged person(s)/Material Risk Takers of the Bank. Another prime responsibility of the body is to maintain competitive incentives, perquisites, other financial options etc. with a view to attract, motivate and retain employees. And if situation requires review compensation package to be at par with the market to maintain its competitive edge.

One of the major factors of remuneration management is to cover all type of risk. To maintain the effective alignment Management works in close coordination with the Risk Management Committee of the Bank MGBL also conducts annual review of the Compensation Policy. The cost Management also ensures that the cost/ income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.

Meghna Bank so far has not sought advice from any external consultants to date.

MGBL always does environmental scanning. Gathering Market intelligence, analyze and if required propose for modification in compliance with relevant laws and rules and compliance issues. MGBL follows the principles and rules regarding remuneration being paid/to be paid to Directors and all employees of the Bank including the Management.

The Managers or Divisional Heads are considered to be Material Risk Taker since he/she is the Head of a significant business line, or any individuals within their control who have a material impact on the Bank's risk profile.

#### B. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

The substantive pay and other allowances including perquisites, where applicable, to the employees including all subordinates, officers and executives up to the rank of SEVP are designed/structured in line with the competitive remuneration structure prevailing in the industry. In respect of executives above the rank of SEVP i.e. AMD, DMD & MD, the individual remuneration is fixed by the Board of Directors. Pay Structure and perquisites payable to the employees have been approved by the Board of Directors of the Bank. While determining the remuneration package, the Management and the Board take into consideration the following factors.

1. Experience
2. Qualification
3. Level of Risk involved
4. Leadership
5. Criticality of the job
6. Creativity required in the job
7. Problem solving ability
8. Salesmanship
9. Corporate Rank etc.







The remuneration structure for the Managing Director (MD) of the Bank is subject to approval of the Central Bank i.e. Bangladesh Bank.

MGBL did not Review the remuneration policy in 2016.

**C. Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.**

The people who are involved in risk factors are regularly monitored. The Management time to time reviews the remuneration package/structure of such employees for compliance as well as part of motivation. The functions that mainly deal with the risk factors of the Bank include: Cash Management, Credit Risk Management, Operational Risk, Trade Finance etc. It has been observed that employees working in these particular fields are more in demand in the market. Naturally, their remuneration goes up. On the other hand employees working in the cash department are often paid Cash Risk Allowance.

The Board of Directors through the Management exercises oversight and effective governance over the framing and implementation of the remuneration policy. Human Resource Management under the guidance of MD administers the compensation and Benefit structure in line with the best suited practices and statutory requirements as applicable. The trend has changed as the job responsibility also has gone up and the efficiency of the employees has also improved a lot.

**D. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.**

It is a competitive world. In the Banking sector also performance plays a very vital role on determining someone's remuneration. Right from the entry into the job performance is evaluated and salary is fixed accordingly. Yearly increment, Performance bonus all had now been linked up with performance. In the yearly performance review there are different.

Ratings and bonus is paid accordingly. The factors taken into account for the annual review and revision in the variable pay and performance bonus are: the performance of the Bank, the performance of the business unit, Individual performance of an employee, other risk perceptions and economic considerations and Future Business Outlook. There is also option of alerting the poor performers as they may have to exit if performance is not improved after certain observation time.

**E. Description of the ways in which the bank seek to adjust remuneration to take account longer-terms performance.**

The Bank has various schemes in regards to deferred and vested variable remuneration which are as under:

- PF (Vesting or entitlement to employer's contribution happens on completion of 03 (three) years of regular service and the Bank contributes equal amount of contribution as contributed by the employee) @ 10% of substantive pay
- Gratuity (Vesting or entitlement to employer's contribution happens on completion of 10 (ten) years of regular service in the Bank) @ one basic pay for each completed year of service and for the fraction of 6 months and above. This increases depending on years of service i.e. @1.5 if completed 15 years
- Employee Group Insurance (provides benefits to the employees of the Bank on their death, disability, retirement/or being incapacitated at any time or for any other cause that may be deemed fit as per approved policy.

**F. Description of the different forms of variable remuneration (i.e. cash, shares, and share-linked instruments and other forms) that the bank utilizes and the rationale for using these different forms.**

Variable pay, as the term denotes usually does not defer between the employees of the same rank. Depending on experience, jobs performed and other traits new hire in the same rank the individuals are offered remuneration that varies from each other. While in the service on recommendation and according to performance extra increment or bonus may be awarded to the employees. Other than this, ex-gratia payment for other employees who are not eligible for performance linked incentives, difference awards on extra-ordinary performance and Leave Fare Assistance (LFA) are paid to the employees according to their rank. The difference that is made in these kinds of payments that is only for their rank in the hierarchy.

**Quantitative disclosures**

(g)	Number of meetings held by the main body overseeing remuneration during the financial year	00
	Remuneration paid to its members.	00
(h)	Number of employees having received a variable remuneration award during the financial year.	00
	Number and total amount of guaranteed bonuses awarded during financial year.	02
	Number and total amount of sign-on awards made during the financial year.	00
	Number and total amount of severance payments made during the financial year.	00
(i)	Total amount of outstanding deferred remuneration, split into cash, share and share-linked instruments and other forms.	00
	Total Amount of deferred remuneration paid out in the financial year.	00
(j)	Breakdown of amount of remuneration awards for the financial year to show:	
	- Fixed and variable	00
	- Deferred and no-deferred	00
	- Different forms used (cash, shares and share linked instruments, other forms).	00
(k)	Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:	00
	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and /or implicit adjustments.	00
	Total amount of reductions during the financial year due to ex post explicit adjustments.	00
	Total amount of reductions during the financial year due to ex post implicit adjustments.	00





# Auditors' Report & Financial Statements



## AUDITOR'S REPORT

### To the Shareholders of Meghna Bank Limited

We have audited the accompanying consolidated financial statements of Meghna Bank Limited and its subsidiary, ("the Group") as well as the separate financial statements of Meghna Bank Limited ("the Bank") which comprise the consolidated and the separate Balance Sheets as at 31 December 2016 and the consolidated and the separate Profit & Loss Accounts, Statements of Changes in Equity and Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated and the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and the separate financial statements of the Bank in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Bank Company Act 1991, the policies, guidelines, rules and regulations issued by Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and the separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and the separate financial statements of the Bank. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements of the Group and the separate financial statements of the Bank in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and the separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements referred to above which have been prepared in the format prescribed by Bangladesh Bank to give a true and fair view of the financial positions of the Group and the Bank as at 31 December 2016 and their financial performances and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Bank Company Act 1991, the policies, guidelines, rules and regulations issued by Bangladesh Bank, the Companies Act 1994.

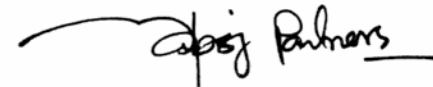


#### Report on Other Legal and Regulatory Requirements

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

- i. we have obtained all the information and explanation 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 consolidated financial statements of the Group and the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
  - a. internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in note # 2 of 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. financial statements of the subsidiary, namely, Meghna Bank Securities Limited has been audited by other auditor and properly reflected in the consolidated financial statements;
- iv. in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
- v. the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank 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;
- vii. the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as 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 records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- x. the information and explanations required by us have been received and found satisfactory;
- xi. we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 1,608 person hours during the audit; and
- xii. Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Dhaka  
08 March 2017



MABS & J Partners  
CHARTERED ACCOUNTANTS

**MEGHNA BANK LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER, 2016**

	Notes	2016 Taka	2015 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>		<b>2,848,749,439</b>	<b>1,743,937,326</b>
Cash in hand (Including Foreign Currencies)	3	318,840,489	211,938,097
Balance with Bangladesh Bank and Its agent Bank (s) (Including Foreign Currencies)	4	2,529,908,950	1,531,999,229
<b>Balance with other Banks and Financial Institutions</b>	5	<b>244,046,640</b>	<b>2,411,632,831</b>
In Bangladesh		135,118,896	2,263,646,259
Outside Bangladesh		108,927,744	147,986,572
<b>Money at Call on Short Notice</b>	6	-	-
<b>Investments</b>	7	<b>7,062,443,899</b>	<b>3,618,931,696</b>
Government		6,171,477,499	2,686,969,297
Others		890,966,400	931,962,399
<b>Loans and Advances</b>	8	<b>20,990,140,891</b>	<b>14,385,092,012</b>
Loans, Cash credits, Overdrafts, etc.		20,673,824,713	14,251,233,126
Bills Purchased and Discounted		316,316,178	133,858,886
<b>Fixed Assets Including Premises, Furniture and Fixtures</b>	9	<b>300,639,963</b>	<b>259,401,689</b>
<b>Other Assets</b>	10	<b>388,805,729</b>	<b>342,721,704</b>
<b>Non Banking Assets</b>		-	-
<b>Total Assets</b>		<b>31,834,826,561</b>	<b>22,761,717,258</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other Banks, Financial Institutions and Agents</b>	11	<b>208,317,699</b>	<b>1,150,000,000</b>
<b>Deposits and Other Accounts</b>	12	<b>25,490,384,462</b>	<b>16,034,711,798</b>
Current Accounts & Other Accounts		1,652,296,975	867,360,084
Bills Payable		356,089,857	174,048,030
Savings Bank Deposits		782,682,079	427,638,875
Fixed Deposits		22,699,315,551	14,565,664,809
Bearer Certificate of Deposit		-	-
Other Deposits		-	-
<b>Other Liabilities</b>	13	<b>900,159,827</b>	<b>547,084,506</b>
<b>Total Liabilities</b>		<b>26,598,861,988</b>	<b>17,731,796,304</b>
<b>Capital/Shareholders' Equity</b>			
Paid-up Capital	15a.2	4,433,000,000	4,433,000,000
Statutory Reserve	16	309,419,626	131,451,223
Other Reserve (Revaluation of HFT & HTM Securities)	17	45,991,058	148,268,353
Surplus in Profit and Loss Account/Retained Earnings	18	447,553,788	317,201,277
<b>Total Shareholders' Equity</b>		<b>5,235,964,472</b>	<b>5,029,920,853</b>
Non-controlling Interest	19	101	101
<b>Total Shareholders' Equity with Non-Controlling Interest</b>		<b>5,235,964,573</b>	<b>5,029,920,954</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>31,834,826,561</b>	<b>22,761,717,258</b>

**MEGHNA BANK LIMITED**  
**CONSOLIDATED OFF- BALANCE SHEET ITEMS**  
**AS AT 31 DECEMBER, 2016**


	Notes	2016 Taka	2015 Taka
<b>CONTINGENT LIABILITIES</b>			
Acceptances and Endorsements	20	558,527,283	554,885,389
Letters of Guarantee	21	2,321,738,999	2,430,591,621
Irrevocable Letters of Credit	22	1,547,273,561	803,646,694
Bills for Collection		647,660,395	417,672,010
Other Contingent Liabilities		-	-
<b>Total</b>		<b>5,075,200,238</b>	<b>4,206,795,714</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</b>		-	-
<b>TOTAL OFF BALANCE SHEET ITEMS INCLUDING CONTINGENT LIABILITIES</b>		<b>5,075,200,238</b>	<b>4,206,795,714</b>

Accompanying (1 - 48) notes form an integral part of these financial statements

 Chairman  
 Director  
 Director  
 Managing Director & CEO

Signed in terms of our report of even date

Dhaka, 08 March 2017

  
 MABS & J Partners  
 Chartered Accountants

**MEGHNA BANK LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 31 DECEMBER, 2016**

	Notes	2016 Taka	2015 Taka
Interest Income	24	2,337,606,940	1,664,042,075
Interest paid on Deposits and borrowings etc	25	1,566,357,416	1,149,784,585
<b>Net Interest Income</b>		<b>771,249,524</b>	<b>514,257,490</b>
Investment Income	26	891,879,584	692,126,597
Commission, Exchange and Brokerage	27	152,878,311	106,610,269
Other Operating Income	28	49,310,945	29,939,178
		<b>1,094,068,840</b>	<b>828,676,044</b>
<b>Total Operating Income</b>		<b>1,865,318,364</b>	<b>1,342,933,534</b>
Salaries and Allowances	29	337,968,371	255,433,007
Rent, Taxes, Insurances, Electricity etc.	30	157,285,428	125,981,370
Legal Expenses	31	161,275	78,822
Postage, Stamps, Telecommunication etc.	32	16,083,173	10,020,835
Stationery, Printings, Advertisements etc.	33	17,828,329	15,193,875
Chief Executive's Salary & Fees	34	9,240,000	8,820,000
Directors' Fees	35	2,360,000	1,185,750
Auditors' Fees	36	165,000	126,500
Charges on loan losses		-	-
Depreciation & Repairs of Bank's Assets	37	75,415,254	59,107,435
Other Expenses	38	269,210,620	180,571,169
<b>Total Operating Expenses</b>		<b>885,717,450</b>	<b>656,518,763</b>
<b>Profit/(Loss) before amortization of Pre-Incorporation Amortization of Pre-Incorporation expenses</b>		<b>979,600,914</b>	<b>686,414,771</b>
<b>Amortization of Pre-Incorporation expenses</b>		<b>-</b>	<b>48,531,469</b>
<b>Profit/(Loss) before Provision</b>	23	<b>979,600,914</b>	<b>637,883,302</b>
Specific Provision for Classified Loans and Advances		(12,500,000)	-
General Provision for Unclassified Loans and Advances		(54,300,000)	(66,602,748)
General Provision for Off-Balance Sheet Exposures		(8,700,000)	(20,532,000)
Provision for Diminution in value of Investments		-	(4,261,702)
Other Provisions		-	-
<b>Total Provision</b>	39	<b>(75,500,000)</b>	<b>(91,396,450)</b>
<b>Total Profit/(Loss) before Taxes</b>		<b>904,100,914</b>	<b>546,486,852</b>
<b>Provision for Taxation</b>			
Deferred Tax	14	8,318,233	(11,409,906)
Current Tax	13.2	(327,618,233)	(129,790,094)
		<b>(319,300,000)</b>	<b>(141,200,000)</b>
<b>Net Profit after Taxation</b>		<b>584,800,914</b>	<b>405,286,852</b>
Retained earnings brought forward from previous years		51,221,277	20,454,074
		<b>636,022,191</b>	<b>425,740,926</b>
<b>Appropriations</b>			
Statutory Reserve	16	177,968,403	108,539,648
Non-controlling Interest	18.1	3	1
General Reserve		-	-
		<b>177,968,406</b>	<b>108,539,649</b>
<b>Retained Surplus</b>		<b>458,053,785</b>	<b>317,201,277</b>
<b>Earnings Per Share (EPS)</b>	40	<b>1.32</b>	<b>0.91</b>

Accompanying notes (1 - 48) form an integral part of these financial statements

Chairman  
 Director  
 Director  
 Managing Director & CEO

Signed in terms of our report of even date

MABS & J Partners  
 Chartered Accountants

Dhaka, 08 March 2017

**MEGHNA BANK LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 DECEMBER, 2016**

	Notes	2016 Taka	2015 Taka
<b>Cash Flows from Operating Activities</b>			
Interest receipts in cash	41	2,792,187,377	2,079,887,481
Interest Payments	42	(1,517,541,765)	(1,099,182,289)
Dividends Receipts		19,722,769	877,885
Fee & Commission receipts in cash		152,878,311	106,610,269
Recoveries on loans previously written off		-	-
Cash Payments to Employees		(347,208,371)	(264,253,007)
Cash Payments to Suppliers		(17,828,329)	(15,193,875)
Income Taxes Paid		(132,301,684)	(14,534,666)
Receipts from other Operating activities	43	442,282,038	316,598,794
Payments for other Operating activities	44	(451,338,985)	(368,962,468)
<b>Operating Profit before changes in Operating Assets and Liabilities</b>		<b>940,851,361</b>	<b>741,848,125</b>
<b>Increase/Decrease in Operating Assets and Liabilities</b>			
Statutory Deposits		-	-
Purchase/Sale of Trading Securities (Treasury bills)		694,715,730	(394,176,799)
Loans and Advances to Other Banks		-	-
Loans and Advances to Customers		(6,605,048,879)	(7,193,059,801)
Other Assets	45	(18,585,455)	69,106,366
Deposits from other Banks		1,725,509	3,528,286
Deposits from Customers		9,453,947,155	7,078,480,240
Other liabilities on account of customers		-	-
Trading Liabilities		-	-
Other Liabilities	46	41,761,354	51,635,501
<b>Sub Total</b>		<b>3,568,515,414</b>	<b>(384,486,206)</b>
<b>A) Net Cash from Operating Activities</b>		<b>4,509,366,775</b>	<b>357,361,919</b>
<b>Cash flows from Investing Activities</b>			
Proceeds from sale of Securities		3,446,621,204	2,102,797,100
Payment for purchases of securities		(7,687,040,631)	(2,191,861,077)
Purchase/Sale of Property, Plant & Equipment		(113,473,325)	(126,561,409)
Purchase/Sale of Trec & Shares		-	(317,500,000)
<b>B) Net Cash Used in Investing Activities</b>		<b>(4,353,892,752)</b>	<b>(533,125,386)</b>
<b>Cash flows from Financing Activities</b>			
Borrowing from other banks		(941,682,301)	1,150,000,000
Receipts from issue of ordinary share		-	100
Dividends Paid		(276,480,000)	-
<b>C) Net Cash from Financing Activities</b>		<b>(1,218,162,301)</b>	<b>1,150,000,100</b>
<b>D) Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(1,062,688,278)</b>	<b>974,236,633</b>
<b>E) Effect of Exchange rate changes on cash &amp; cash equivalents</b>		<b>-</b>	<b>-</b>
<b>F) Cash and cash equivalents at the beginning of the year</b>		<b>4,155,946,357</b>	<b>3,181,709,723</b>
<b>G) Cash and cash equivalents at the end of the year (D+E+F)</b>	47	<b>3,093,258,079</b>	<b>4,155,946,357</b>

Accompanying notes (1 - 48) form an integral part of these financial statements

Chairman  
 Director  
 Director  
 Managing Director & CEO

**MEGHNA BANK LIMITED**  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER, 2016

Particulars	Paid-up Capital (Taka)	Statutory Reserve (Taka)	Other Reserve (Taka)	Retained Earnings (Taka)	Total (Taka)	Non-controlling Interest (Taka)	Total Equity (Taka)
Balance as at 01 January, 2016	4,433,000,000	131,451,223	148,268,353	317,201,277	5,029,920,853	101	5,029,920,954
Changes in accounting policy	-	-	-	-	-	-	-
<b>Restated Balance</b>	<b>4,433,000,000</b>	<b>131,451,223</b>	<b>148,268,353</b>	<b>317,201,277</b>	<b>5,029,920,853</b>	<b>101</b>	<b>5,029,920,954</b>
Surplus/deficit on account of revaluation of properties	-	-	(102,277,295)	-	(102,277,295)	-	(102,277,295)
Net Surplus/deficit on account of revaluation of investments	-	-	-	-	(102,277,295)	-	(102,277,295)
Currency translation differences	-	-	-	-	-	-	-
<b>Net gains and losses recognized in the income statement</b>	<b>-</b>	<b>-</b>	<b>(102,277,295)</b>	<b>-</b>	<b>(102,277,295)</b>	<b>-</b>	<b>(102,277,295)</b>
Net profit for the year	-	177,968,403	-	406,832,508	584,800,911	3	584,800,914
Dividends	-	-	-	(265,980,000)	(265,980,000)	-	(265,980,000)
Interim Dividend	-	-	-	(10,499,997)	(10,499,997)	(3)	(10,500,000)
<b>Balance as at 31 December 2016</b>	<b>4,433,000,000</b>	<b>309,419,626</b>	<b>45,991,058</b>	<b>447,553,788</b>	<b>5,235,964,472</b>	<b>101</b>	<b>5,235,964,573</b>

Accompanying notes (1 - 48) form an integral part of these financial statements

  
Chairman

  
Director

  
Managing Director & CEO

**MEGHNA BANK LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER, 2016**

	Notes	2016 Taka	2015 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>		<b>2,848,747,017</b>	<b>1,743,937,326</b>
Cash in hand (Including Foreign Currencies)	3a	318,838,067	211,938,097
Balance with Bangladesh Bank and Its agent Bank (s) (Including Foreign Currencies)	4a	2,529,908,950	1,531,999,229
<b>Balance with other Banks and Financial Institutions</b>	5a	<b>216,517,715</b>	<b>2,408,307,729</b>
In Bangladesh		107,589,971	2,260,321,157
Outside Bangladesh		108,927,744	147,986,572
<b>Money at Call on Short Notice</b>	6a	-	-
<b>Investments</b>	7a	<b>6,744,943,899</b>	<b>3,301,431,696</b>
Government		6,171,477,499	2,686,969,297
Others		573,466,400	614,462,399
<b>Loans and Advances</b>	8a	<b>20,990,140,891</b>	<b>14,385,092,012</b>
Loans, Cash credits, Overdrafts, etc.		20,673,824,713	14,251,233,126
Bills Purchased and Discounted		316,316,178	133,858,886
<b>Fixed Assets Including Premises, Furniture and Fixtures</b>	9a	<b>296,311,196</b>	<b>259,306,173</b>
<b>Other Assets</b>	10a	<b>744,466,027</b>	<b>692,506,773</b>
<b>Non Banking Assets</b>		-	-
<b>Total Assets</b>		<b>31,841,126,745</b>	<b>22,790,581,709</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other Banks, Financial Institutions and Agents</b>	11a	<b>208,317,699</b>	<b>1,150,000,000</b>
<b>Deposits and Other Accounts</b>	12a	<b>25,508,759,763</b>	<b>16,073,037,373</b>
Current Accounts & Other Accounts		1,653,086,538	867,360,084
Bills Payable		356,089,857	174,048,030
Savings Bank Deposits		782,682,079	427,638,875
Fixed Deposits		22,716,901,289	14,603,990,384
Bearer Certificate of Deposit		-	-
Other Deposits		-	-
<b>Other Liabilities</b>	13a	<b>890,132,324</b>	<b>540,212,096</b>
<b>Total Liabilities</b>		<b>26,607,209,786</b>	<b>17,763,249,469</b>
<b>Capital/Shareholders' Equity</b>			
Paid-up Capital	15a.2	4,433,000,000	4,433,000,000
Statutory Reserve	16	309,419,626	131,451,223
Other Reserve (Revaluation of HFT & HTM Securities)	17	45,991,058	148,268,353
Surplus in Profit and Loss Account/Retained Earnings	18a	445,506,275	314,612,664
<b>Total Shareholders' Equity</b>		<b>5,233,916,959</b>	<b>5,027,332,240</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>31,841,126,745</b>	<b>22,790,581,709</b>

## MEGHNA BANK LIMITED

### OFF- BALANCE SHEET ITEMS AS AT 31 DECEMBER, 2016

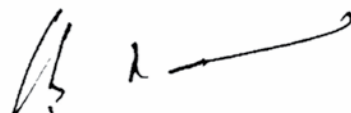


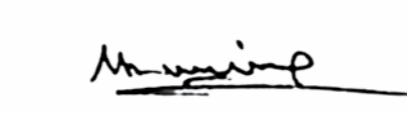
#### CONTINGENT LIABILITIES

	Notes	2016 Taka	2015 Taka
Acceptances and Endorsements	20	558,527,283	554,885,389
Letters of Guarantee	21	2,321,738,999	2,430,591,621
Irrevocable Letters of Credit	22	1,547,273,561	803,646,694
Bills for Collection		647,660,395	417,672,010
Other Contingent Liabilities		-	-
<b>Total</b>		<b>5,075,200,238</b>	<b>4,206,795,714</b>

#### OTHER COMMITMENTS

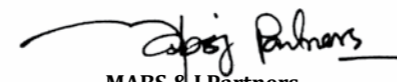
	Notes	2016 Taka	2015 Taka
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ITEMS INCLUDING CONTINGENT LIABILITIES</b>		<b>5,075,200,238</b>	<b>4,206,795,714</b>

Accompanying (1 - 48) notes form an integral part of these financial statements

 Chairman  
 Director  
 Director  
 Managing Director & CEO

Signed in terms of our report of even date

Dhaka, 08 March 2017

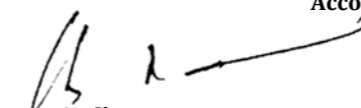
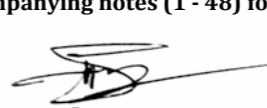
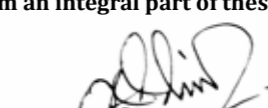
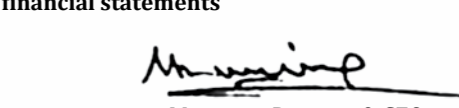
  
 MABS & J Partners  
 Chartered Accountants

## MEGHNA BANK LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER, 2016


	Notes	2016 Taka	2015 Taka
Interest Income	24a	2,335,895,723	1,664,036,290
Interest paid on Deposits and borrowings etc	25a	1,568,177,902	1,157,905,194
<b>Net Interest Income</b>		<b>767,717,821</b>	<b>506,131,096</b>
Investment Income	26a	884,084,646	692,126,597
Commission, Exchange and Brokerage	27a	139,466,189	106,523,383
Other Operating Income	28a	48,591,481	29,924,384
		<b>1,072,142,316</b>	<b>828,574,364</b>
<b>Total Operating Income</b>		<b>1,839,860,137</b>	<b>1,334,705,460</b>
Salaries and Allowances	29a	331,169,340	255,051,039
Rent, Taxes, Insurances, Electricity etc.	30a	156,643,638	125,896,411
Legal Expenses	31a	161,275	78,822
Postage, Stamps, Telecommunication etc.	32a	16,010,776	10,018,066
Stationery, Printings, Advertisements etc.	33a	17,419,937	15,094,053
Chief Executive's Salary & Fees	34	9,240,000	8,820,000
Directors' Fees	35a	2,312,000	1,156,000
Auditors' Fees	36a	150,000	115,000
Charges on loan losses		-	-
Depreciation & Repairs of Bank's Assets	37a	74,796,321	57,691,641
Other Expenses	38a	266,614,836	178,158,271
<b>Total Operating Expenses</b>		<b>874,518,123</b>	<b>652,079,303</b>
<b>Profit/(Loss) before amortization of Pre-Incorporation Amortization of Pre-Incorporation expenses</b>		<b>965,342,014</b>	<b>682,626,157</b>
<b>Profit/(Loss) before Provision</b>	23a	<b>965,342,014</b>	<b>634,094,688</b>
Specific Provision for Classified Loans and Advances		(12,500,000)	-
General Provision for Unclassified Loans and Advances		(54,300,000)	(66,602,748)
General Provision for Off-Balance Sheet Exposures		(8,700,000)	(20,532,000)
Provision for Diminution in value of Investments		-	(4,261,702)
Other Provisions		-	-
<b>Total Provision</b>	39a	<b>(75,500,000)</b>	<b>(91,396,450)</b>
<b>Total Profit/(Loss) before Taxes</b>		<b>889,842,014</b>	<b>542,698,238</b>
<b>Provision for Taxation</b>			
Deferred Tax	14a	8,318,233	(11,409,906)
Current Tax	13a.2	(323,318,233)	(128,590,094)
		<b>(315,000,000)</b>	<b>(140,000,000)</b>
<b>Net Profit after Taxation</b>		<b>574,842,014</b>	<b>402,698,238</b>
Retained earnings brought forward from previous years		48,632,664	20,454,074
		<b>623,474,678</b>	<b>423,152,312</b>
<b>Appropriations</b>			
Statutory Reserve	16	177,968,403	108,539,648
General Reserve		-	-
		<b>177,968,403</b>	<b>108,539,648</b>
<b>Retained Surplus</b>	18a	<b>445,506,275</b>	<b>314,612,664</b>
<b>Earnings Per Share (EPS)</b>	40a	<b>1.30</b>	<b>0.91</b>

Accompanying notes (1 - 48) form an integral part of these financial statements

 Chairman  
 Director  
 Director  
 Managing Director & CEO

Signed in terms of our report of even date

Dhaka, 08 March 2017

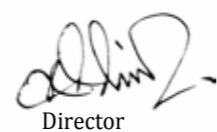
  
 MABS & J Partners  
 Chartered Accountants

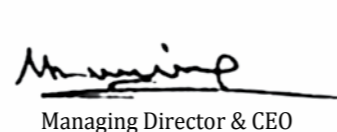
**MEGHNA BANK LIMITED**  
CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER, 2016

	Notes	2016 Taka	2015 Taka
<b>Cash Flows from Operating Activities</b>			
Interest receipts in cash	41a	2,790,476,159	2,079,881,696
Interest Payments	42a	(1,519,362,251)	(1,107,302,898)
Dividends Receipts		12,453,038	877,885
Fee & Commission receipts in cash		139,466,189	106,523,383
Recoveries on loans previously written off		-	-
Cash Payments to Employees		(340,409,340)	(263,871,039)
Cash Payments to Suppliers		(17,419,937)	(15,094,053)
Income Taxes Paid		(128,350,333)	(13,639,942)
Receipts from other Operating activities	43a	438,095,366	316,584,000
Payments for other Operating activities	44a	(445,015,833)	(365,005,582)
<b>Operating Profit before changes in Operating Assets and Liabilities</b>		<b>929,933,058</b>	<b>738,953,451</b>
<b>Increase/Decrease in Operating Assets and Liabilities</b>			
Statutory Deposits		-	-
Purchase/Sale of Trading Securities (Treasury bills)		694,715,730	(394,176,799)
Loans and Advances to Other Banks		-	-
Loans and Advances to Customers		(6,605,048,879)	(7,193,059,801)
Other Assets	45a	(24,460,684)	(280,678,703)
Deposits from other Banks		1,725,508	3,528,286
Deposits from Customers		9,433,996,881	7,116,805,815
Other liabilities on account of customers		-	-
Trading Liabilities		-	-
Other Liabilities	46a	38,954,909	45,068,368
<b>Sub Total</b>		<b>3,539,883,465</b>	<b>(702,512,834)</b>
<b>A) Net Cash from Operating Activities</b>		<b>4,469,816,523</b>	<b>36,440,617</b>
<b>Cash flows from Investing Activities</b>			
Proceeds from sale of Securities		3,446,621,204	2,102,797,100
Payment for purchases of securities		(7,687,040,630)	(2,191,861,077)
Purchase/Sale of Property, Plant & Equipment		(108,629,319)	(126,465,109)
<b>B) Net Cash Used in Investing Activities</b>		<b>(4,349,048,745)</b>	<b>(215,529,086)</b>
<b>Cash flows from Financing Activities</b>			
Borrowing from other banks		(941,682,301)	1,150,000,000
Receipts from issue of ordinary share		-	-
Dividends Paid		(265,980,000)	-
<b>C) Net Cash from Financing Activities</b>		<b>(1,207,662,301)</b>	<b>1,150,000,000</b>
<b>D) Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(1,086,894,523)</b>	<b>970,911,532</b>
<b>E) Effect of Exchange rate changes on cash &amp; cash equivalents</b>		<b>-</b>	<b>-</b>
<b>F) Cash and cash equivalents at the beginning of the year</b>		<b>4,152,621,255</b>	<b>3,181,709,723</b>
<b>G) Cash and cash equivalents at the end of the period (D+E+F)</b>	47a	<b>3,065,726,732</b>	<b>4,152,621,255</b>

Accompanying notes (1 - 48) form an integral part of these financial statements

 Chairman  
 Director

 Director

 Managing Director & CEO

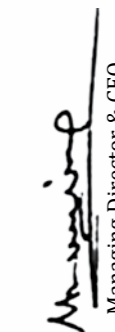
**MEGHNA BANK LIMITED**  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER, 2016

Particulars	Paid-up Capital (Taka)	Statutory Reserve (Taka)	Other Reserve (Taka)	Retained Earnings (Taka)	Total (Taka)
Balance as at 01 January, 2016	4,433,000,000	131,451,223	148,268,353	314,612,664	5,027,332,240
Changes in accounting policy	-	-	-	-	-
<b>Restated Balance</b>	<b>4,433,000,000</b>	<b>131,451,223</b>	<b>148,268,353</b>	<b>314,612,664</b>	<b>5,027,332,240</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Net Surplus/deficit on account of revaluation of Investments	-	-	(102,277,295)	-	(102,277,295)
Currency translation differences	-	-	-	-	-
<b>Net gains and losses recognized in the income statement</b>	<b>-</b>	<b>-</b>	<b>(102,277,295)</b>	<b>-</b>	<b>(102,277,295)</b>
Net profit for the Period	-	177,968,403	-	396,873,611	574,842,014
Dividends	-	-	-	(265,980,000)	(265,980,000)
Issue of share capital	-	-	-	-	-
<b>Balance as at 31 December 2016</b>	<b>4,433,000,000</b>	<b>309,419,626</b>	<b>45,991,058</b>	<b>445,506,275</b>	<b>5,233,916,959</b>

Accompanying notes (1 - 48) form an integral part of these financial statements

 Chairman

 Director

 Managing Director & CEO



## MEGHNA BANK LIMITED

LIQUIDITY STATEMENT  
ASSETS AND LIABILITIES MATURITY ANALYSIS  
AS AT 31 DECEMBER, 2016

Particulars	Upto 01 Month (Taka)	01-03 Months (Taka)	03-12 Months (Taka)	01-05 Years (Taka)	More than 05 years (Taka)	Total (Taka)
<b>Assets</b>						
Cash in hand	318,838,067	-	-	-	-	318,838,067
Balance with other Banks and Financial Institutions	999,823,130	-	-	14,690,000	1,731,913,535	2,746,426,665
Money at Call on Short Notice	-	-	-	-	-	-
Investment	90,928,400	30,246,330	-	613,664,179	6,010,104,990	6,744,943,899
Loans and Advances	2,699,667,520	4,719,173,601	8,789,008,764	3,597,244,762	1,185,046,244	20,990,140,891
Fixed Assets including Premises, Furniture & Fixtures	-	-	-	-	296,311,196	296,311,196
Other Assets	49,208,128	75,600,519	113,125,325	156,435,230	350,096,825	744,466,027
Non-banking Assets	-	-	-	-	-	-
<b>Total Assets (i)</b>	<b>4,158,465,245</b>	<b>4,825,020,450</b>	<b>8,902,134,089</b>	<b>4,382,034,171</b>	<b>9,573,472,790</b>	<b>31,841,126,745</b>
<b>Liabilities</b>						
Borrowing from Other Banks, Financial Institutions & Agents	200,000,000	-	8,317,699	-	-	208,317,699
Deposits and Other Accounts	3,805,714,571	4,630,813,007	8,696,753,665	3,138,109,183	5,237,369,337	25,508,759,763
Provision and Other Liabilities	52,880,478	170,614,874	145,800,883	38,302,155	482,533,934	890,132,324
<b>Total Liabilities (ii)</b>	<b>4,058,595,049</b>	<b>4,801,427,881</b>	<b>8,850,872,247</b>	<b>3,176,411,338</b>	<b>5,719,903,271</b>	<b>26,607,209,786</b>
<b>Net Liquidity Gap (i-ii)</b>	<b>99,870,196</b>	<b>23,592,569</b>	<b>51,261,842</b>	<b>1,205,622,833</b>	<b>3,853,569,519</b>	<b>5,233,916,959</b>

Accompanying notes (1 - 48) form an integral part of these financial statements

  
Chairman

  
Director

  
Director

  
Managing Director & CEO

## MEGHNA BANK LIMITED & ITS SUBSIDIARY

Notes to the Financial Statements

AS AT & FOR THE YEAR ENDED 31 DECEMBER, 2016

### 1.0 Background of the Bank

#### 1.1 Legal Status of the Bank

Meghna Bank Ltd. (MGBL) is a private commercial bank incorporated with the Registrar of Joint Stock Companies under the Companies Act 1994 vides Reg. no. C-108068/13 dated 20 March, 2013 in Bangladesh. The Bank commenced banking operation on May 09, 2013 by obtaining license from Bangladesh Bank under section 32(1) of the Bank Companies Act 1991 (Amendment 2013). At present the bank has thirty six (36) branches and 13 own ATM booths. All the branches of the Bank run on commercial conventional basis.

The principal place of business and registered office of the bank is located at Suvastu Imam Square (Level-06), 65 Gulshan Avenue, Gulshan 01, Dhaka 1212.

#### 1.2 Nature of business

The Bank offers all kinds of conventional commercial banking services to its customers, which includes deposit banking, loans and advances, export import financing and inland and international remittance facility etc.

#### 1.3 Subsidiary Company

A subsidiary is an entity in which the bank has control as per as shareholding and voting rights is concerned. Control exist when the bank has substantial shareholding (more than 50 percent) in the company or the power, directly or indirectly, to govern the financial and operating policies of an enterprise as on the date of the reporting. Separate financial statements and consolidated financial statements are being prepared for subsidiary investment as per Bangladesh Accounting Standard BAS-27, "separate financial statements" and BFRS-10, "Consolidated Financial Statements". Interest of the minority is shown as the minority interest which includes share capital of the minority portion as well as profit earned that goes to the non-controlling interest. However, inter group transactions, balances and the resulting unrealized profit/Loss is eliminated on the consolidation.

##### 1.3.1 Meghna Bank Securities Ltd.

Meghna Bank Securities Limited was incorporated in Bangladesh on February 18, 2015 under the Companies Act, 1994 as a private Company vides registration no. C-121270/15. The registered office of the company is located at Suvastu Imam Square, 65 Gulshan Avenue C/A, Gulshan-1, Dhaka. The main objective of the company is to act as a full fledge stock broker and stock dealer to execute buy and sell order and to maintain own portfolio as well as customer portfolio under the discretion of customers. Financial Statements of the company is enclosed herewith.

Meghna Bank Ltd. holds 34,99,999 no of Shares of Meghna Bank Securities Ltd. with face value of Tk. 100 each which equivalent to 99.99% of total shares of the company.

#### 1.4 Treasury

The principal responsibilities of the Treasury Department includes management of liquidity and exposure to market risks, mobilization of resources from domestic as well as international institutions and banks. Further, it leveraged strong relationships with financial sector players to provide a wide range of banking services in addition to Bank's liability products.



The focuses of Treasury Department are to be active in Placement, Inter- Bank Call Money Market, Government securities and Foreign exchange market. There are a contribution in the volumes and profits from Placements and Inter-Bank Call Money Market.

### 1.5 Capital adequacy

Capital Adequacy symbolizes the financial strength and stability of a bank. It limits the extent up to which banks can expand their business in terms of risk-weighted assets. Like all commercial institutions, banks too constantly look at ways of expanding their operations by opening branches, mobilizing deposits, providing loans and investing in other assets. Regulatory capital requirements are therefore necessary to prevent banks from expanding beyond their ability to manage (over trading), to improve the quality of bank's assets, to control the ability of the banks to leverage their growth and to lead to higher earnings to assets, leading to peace of mind of all the stakeholders. MGBL has currently sound capital adequacy ratio suggest prudent lending to good number of Entrepreneurs. The bank keeps a careful check on its Capital Adequacy Ratio.

### 1.6 Strategic Direction

The strategic direction of the Bank is currently conferred and reviewed periodically by the Management Committee at MANCOM meeting. On preparing the Budget, priority is given on top down information sharing process. The Board of Directors approves the Budget at the Board Meeting and evaluates monthly performance in the Board Meeting for ensuring proper budgetary control and provides guidelines to the Management for overcoming lapses identified.

### 1.7 Staff Training

The Bank always keeps in mind the development of staff skill and knowledge through training. The staff training is presently limited to participation in trainings conducted by Bangladesh Bank and inside trainings are organized for specific purposes only.

### 1.8 Resource Efficiency

Deposits and Shareholders' Equity represented the two biggest resources of funds for the Bank. As at 31st December 2016, the deposit to third parties liability ratio is 95.87% and Equity to third parties liability ratio is 19.67%. The Bank tries to mobilize deposits from low cost sources and prudently invest the fund for raising the profitability of the Bank. Through careful planning, a prudent dividend policy and expenditure on capital items and investments, the Bank will try to optimize the Shareholders' Equity.

### 1.9 Corporate Governance

#### 1.9.1 Board of Directors

##### a) Members of the Board

All of the Directors are Non-Executive independent Directors. Only the Managing Director is on the Board as an ex-officio Director.

##### b) Board Meeting

The Chairman conducts the Board Meetings and ensures effective participation of all Directors, heeding to their concerns and maintaining the balance of power. The Board is in full control of its affairs.

##### c) Information sharing system

A well-streamlined Management Information System is in place. Accurate and relevant information relating to matters referred to the Members of the Board are made available to them well in advance. Whenever the Board finds that the information sent to them is insufficient, they call for additional information and the Chairman ensures that all Directors are properly briefed on the matters deliberated on at the meetings.

#### d) Board performance

The Board has implemented a self-assessment exercise covering key functions under the following activities to assess the performance of the Board and carries out the evaluations annually.

- Discharge of Statutory /Regulatory duties and Board responsibilities
- Corporate Governance and Risk Management monitoring
- Seeking and contributing views and opinions on strategic decision making
- Leveraging the skills, expertise, contacts of individual Board Members in furtherance of business
- Understanding and formulating the succession plans to ensure talent availability and address expectations of high potential and high quality staff

#### 1.9.2 Appointment of Directors and Managing Director

##### a) Director

The Members of the Board of Directors are appointed in accordance with the provisions of the Companies Act 1994, the Memorandum and the Articles of Association of the Company, provisions of Bank Companies Act 1991 (Amendment-2013) and Bangladesh Bank's Circulars issued from time to time. The Board of Directors believes that the combined knowledge and experience of the Board matches the strategic demands required for the Bank.

##### b) Managing Director

The Managing Director is appointed by the Board of Directors on contractual basis according to the guidelines provided by the Bangladesh Bank and the provisions of the Bank Companies Act. The Board of Directors sets financial and non-financial goals and objectives for the Managing Director & CEO in line with the short, medium and long-term goals of the Bank. The Managing Director & CEO is entrusted with the management of the Bank's operations and he is ultimately accountable to the Board of Directors.

### 2.0 Significant Accounting Policies and Basis of Preparation of Financial Statements

#### 2.1 Basis of Accounting

Financial Statements of the Bank have been prepared as at 31 December 2016 in accordance with "First Schedule"(Sec.38) of the Bank Companies Act 1991 (Amendment-2013), in compliance with the provisions of Bangladesh Bank Circulars, Bangladesh Accounting Standards and other rules & regulations applicable in Bangladesh. The Bank also followed the concept of Accrual basis, Going concern basis under historical cost convention.

As such Bank has departed from those contradictory requirements of BFRS in order to comply with rules and regulations of Bangladesh Bank which are disclosed below:

##### a) Investment in shares and securities

**BFRS:** As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve 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 cost.





#### b) Revaluation gains/losses on Government securities

**BFRS:** As per requirement of BAS 39, T-bills and T-bonds fall under the category of “Held for Trading (HFT)”. Any change in the fair value of held for trading assets is recognized through profit and loss account. Securities designated as “Held to Maturity (HTM)” are measured at amortized cost method and interest income is recognized through the profit and 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 recognized 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 amortization of discount are recognized in the profit and loss account.

#### c) Provisions on loans and advances

**BFRS:** As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

**Bangladesh bank:** As per BRPD circular no. 14 dated 23 September, 2012, BRPD circular no. 19 dated 27 December, 2012 and BRPD circular no. 05 dated 29 May, 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (goods/standard) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, 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. 10 dated 18 September 2007 and 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 BAS 39.

#### d) Other comprehensive income

**BFRS:** As per BAS 1 other comprehensive income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income Statement.

**Bangladesh bank:** Bangladesh has issued templates for financial statements which are strictly to be followed by all Banks. The templates of financial statements issued by Bangladesh bank do not include Other Comprehensive Income nor are the elements of other Comprehensive Income allowed to be included in a single Other Comprehensive Income 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.

#### e) Financial guarantees

**BFRS:** As per BAS 39, financial guarantees are contracts those require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, financial guarantees such as letter of credit, letter of guarantee are to be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin.

#### f) Cash and cash equivalents

**BFRS:** Cash and cash equivalent items should be reported as cash item as per BAS 7.

**Bangladesh Bank:** Some cash and cash equivalent items such as ‘Money at call and on short notice’, treasury bills, Bangladesh Bank bills and prize bond are not prescribed to be shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments. However, in the cash flow statement, money at call and on short notice and prize bonds are shown as cash and cash equivalents beside cash in hand, Balance with BB and other banks.

#### g) Cash flow statement

**BFRS:** The cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is appropriate for the business or industry. The method selected is ‘applied consistently’.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June, 2003, cash flow is the mixture of Direct and Indirect methods.

#### h) Balance with Bangladesh bank

**BFRS:** Balance with Bangladesh bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

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

#### i) Presentation of Intangible assets

**BFRS:** An intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.

**Bangladesh Bank:** There is no regulation for intangible assets as per BRPD circular no. 14 dated 25 June, 2003.

#### j) Off-Balance sheet items

**BFRS:** There is no concept of off balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June, 2003, off-balance sheet items must be disclosed separately on the face of the balance sheet.

#### k) Disclosure of appropriation of profit

**BFRS:** There is no requirement to show appropriation of profit on 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 on the face of profit and loss account.

#### l) Loans and advances net of provision

**BFRS:** Loans and advances should be presented net of provision.

**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.

Also refer to the Note 2.34 Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs).





## 2.2 Presentation of Financial Statements

The financial statements are presented in compliance with the provisions of the Bangladesh Accounting Standards (BAS) - 1 "Presentation of Financial Statements", BAS - 7 "Cash Flow Statements", BAS - 12 "Income Taxes", BAS - 16 "Property, Plant and Equipment" BAS - 18 "Revenue", along with the guidelines, forms and formats provided by the Bangladesh Bank through BRPD circular No. 14 dated 25 June 2003.

## 2.3 Use of estimates and judgments

The preparation of financial statements requires management's judgments, estimates and assumptions for which the application of accounting policies and the reported amounts of assets, liabilities, income and expenses may vary and actual results may differ from those 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.

## 2.4 Consolidation of Financial Statements

The consolidated financial statements includes the financial statements of Meghna Bank Ltd. and its subsidiary Meghna Bank Securities Ltd. made up to the end of the 31st December 2016. The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard 27 - "Consolidated and Separate Financial Statements". The Consolidated financial statements are prepared to common financial year ended 31st December 2016.

### Subsidiary:

Subsidiary is that enterprise which is control by the bank. Control exist when the bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise from the date that control commences until the date that control ceases. The financial statement of subsidiary is included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases. Subsidiary company is consolidated are using purchase method of accounting.

All intra group transaction, balances, income and expenses are eliminated on consolidation. Profit and loss resulting from transactions between group are also eliminated on consolidation.

## 2.5 Consistency

In accordance with BFRS framework for the preparation of financial statements together BAS - 1 and BAS - 8, Meghna Bank Ltd. discloses its information consistency from one period to the next. Where selecting and applying a new accounting policies, changes in accounting policies, correction of errors, and the amount involved are accounted for and disclosed transparency in accordance with the requirement of BAS - 8. However, for changes in accounting estimate the related amount is recognized prospectively in the current period and in the next period or periods.

## 2.6 Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments should the Bank be unable to continue as a going concern.

## 2.7 Foreign Currency Transaction

### 2.7.1 Foreign Currency

Items included in the financial statements of each entity in the group are measured using the currency of the primary economy environment in which the entity operates, i.e. the functional currency. The financial

statements of the group and the bank are presented in taka which is the bank's functional and presentation currency.

### 2.7.2 Foreign Currencies Translation

Foreign currency transaction are converted into equivalent taka using the ruling exchange rates on the dates of respective transaction as per BAS - 21 " the effects of changes in foreign exchange rates". Foreign currencies balances held in US dollar are converted into taka at weighted average rate of interbank 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 dollar at buying rates of New York closing of the previous day and converted into taka equivalent.

### 2.7.3 Commitments

Commitments for outstanding forward foreign exchange contractors disclosed in this financial statement are translated at contracted rates. Contingent Liabilities/ Commitments for letter of credit and letters of guarantee denominated in foreign currencies are expressed in taka terms at the rates of exchanges ruling on the balance sheet dates.

### 2.7.4 Translation Gains and Losses:

The resulting exchange transactions gain and losses are included in the profit and loss account.

## 2.8 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

## 2.9 Revenue Recognition

The revenue of the year is recognized in compliance with the provisions of BAS-18 "Revenue ".

### a) Interest Income

Interest on unclassified loans and advances is accounted for as income on accrual basis, interest on classified loans and advances is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD 14 dated 23 September 2012, BRPD 19 dated 27 December 2012 and BRPD 16 dated 18 November 2014 of Bangladesh Bank.

### b) Investment Income

Income on investment is recognized on accrual basis. The current provision for income tax and the taxable income of the year is calculated on the basis of interest receivable on the securities i.e. after deduction of accrued interest related to the Treasury Bills and other securities. Investment income has been constituted by income from Treasury Bills & Bonds, interest on Securities and interest income from placements made to Banks and NBFIs.

### c) Dividend Income on shares

Dividend income on shares is recognized during the period in which it is declared and ascertained.

### d) Fees and Commission

Fees and Commission income arises from services provided by the Bank for DD, TT, and LBP etc. and recognized on receipt basis. Commission charged on Letters of Credit (LC) and Letters of Guarantee (LG) are credited to income at the time of effecting the transactions. The advance payment of tax on LC commission is duly deposited to the Tax Authority. Similarly, Income Tax and VAT are deducted at source



and deposited to the Govt. Exchequer within the time stipulated as per their circulars.

#### e) Interest and other expenses

In terms of the provision of the Bangladesh Accounting Standard (BAS) –1 “Presentation of Financial Statements”, accrual basis is followed for interest payment and other expenses. The necessary disclosures are given in the notes in compliance with the provisions of BRPD Circular No. 14 dated 25 June 2003.

#### 2.10 Dividend

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

The proposed dividend for the year 2016 has not been recognized as a liability in the balance sheet in accordance with the BAS-10 “Events after the Reporting Period”.

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

#### 2.11 Assets and the basis of their valuation

##### 2.11.1 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.

##### 2.11.2 Loans and Advances

- Loans and Advances are stated at gross amount and before off setting general provisions against them.
- Interest on Loans and Advances is calculated on a daily product basis but charged and accounted for quarterly on an accrual basis.
- Provision for Loans and Advances is made on the basis of year-end review by the Management and of instructions contained in Bangladesh Bank circular as amended time to time. The classification rates are given below:

Category/status of loans and advances	Rates	
	Bangladesh Bank’s Requirement	Maintained by the Bank
General provisions for unclassified loans and advances:		
All unclassified loans (Other than loans under small and medium enterprise and consumer financing, special mention account and staff loans)	1%	1%
Small and medium enterprise financing	0.25%	0.25%
Consumer financing (Other than housing finance and loans for professionals under consumer financing scheme)	5%	5%
Consumer financing (For Housing Finance & Loans for professionals set up)	2%	2%
Short term agri. Credit	2.50%	2.50%
Special mention account	0.25% - 5%	0.25% - 5%

- Commission and discount on bill purchase and discounted are recognized at the time of realization.

#### 2.11.3 Investments

Investments have been initially recognized at cost, including acquisition charges associated with the investment. Government Treasury Bills and Bonds (categorized as HFT or/and HTM) are accounted for as per Bangladesh Bank DOS circular letter no. 05 dated 26 May 2008 and DOS circular no. 05 dated 28 January, 2009.

The valuation methods of investment used are:

##### a) Held to Maturity (HTM)

Investments which are intended to be held to maturity are classified as “Held to Maturity”. These are measured at amortized cost at each year end by taking into account any discount or premium in acquisition. Amortized amount of such premium are booked into profit and loss statement or discount is booked to reserve until maturity or disposal.

##### b) Held for Trading (HFT)

Investments primarily held for selling or trading is classified in this category. After initial recognition, investments are mark to market weekly. Decrease in the book value is recognized in the profit and loss statement and any increase is transferred to revaluation reserve account.

Value of investments has been enumerated as follows:

Investment class	Initial Recognition	Measurement after initial recognition	Recording of changes
Treasury Bill/Bond (HFT)	Cost	Market value	Loss to P & L, gain to revaluation reserve
Treasury Bill/Bond (HTM)	Cost	Amortized value	Increase in value to equity and decrease in value to P & L
Prize Bond	Cost	None	None

##### c) Investment in Listed Securities

These securities are bought and held primarily for the purpose of selling them in future or hold for dividend income. These are reported at cost. Unrealized gains are not recognized in the profit loss account. But provision for diminution in value of investment is provided in the financial statements which market price is below the cost price of investment as per Bangladesh bank guidelines.

##### d) Investment in unquoted Securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

##### e) Investment in Subsidiary

Investment in subsidiary is accounted for under the cost method of accounting in bank’s financial statements in accordance with the Bangladesh Accounting Standard (BAS) – 28. Accordingly investment in subsidiary is stated in the bank balance sheet at cost, less impairment losses if any.

#### 2.11.4 Property, Plant and Equipment

##### Recognition and Measurement

All fixed assets are stated at historical cost as per BAS-16 “Property, Plant and Equipment”. The cost of



acquisition of asset comprises its purchase price and any directly attributable cost of bringing the assets to its working contribution for its intended use inclusive of inward freight, duties and non-refundable taxes.

**Subsequent Cost**

The cost of replacing part of such an item of fixed assets is recognized in the carrying amount of an item of property, plant and equipment if it is probable that the future economic benefits embodied with the part will flow to the company and the cost of the item can be measured reliably. The cost of day to day servicing of fixed asset is recognized in profit and loss as incurred.

**Depreciation**

Depreciation is charged for the year at the following rates on straight line method on all fixed assets:

Category of fixed assets	Rate of depreciation
Furniture and fixtures	10%
Machinery and Office Equipment	20%
Motor Vehicles	20%
Computer and Computer Peripherals	33%
Office Tools and Accessories	20%

- a) For additions during the year, depreciation is charged for the remaining days of the period and for disposal depreciation is charged up to the date of disposal.
- b) 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 profit and loss account which is determined with reference to the net book value of the assets and net sale proceeds.

**2.11.5 Intangible Assets**

- i. An Intangible asset is 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.
- ii. Software (especially Core Banking Software) is amortized using the straight line method over the estimated useful life of 05 (Five) years commencing from the date of the application software is available for use over the best estimate of its useful economic life.

**2.11.6 Other Assets**

Other asset include mainly advance office rent all other financial asset fees and other unrealized income receivable, advance for operating and capital expenditure and stocks of stationery and stamps etc.

**2.11.7 Receivables**

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

**2.11.8 Non-banking Assets**

There are no assets acquired in exchange for loan during the period of financial statements.

**2.12 Capital / Shareholder’s Equity**

**a) Authorized Capital**

Authorized capital is the maximum amount of share capital that the bank is authorized by its memorandum

and article of associations to issue to shareholders.

**b) Paid Up Capital:**

Paid up capital represent total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary share are entitle to receive dividends as declared from time to time and are entitled to vote at shareholders’ meetings. In the event of a winding up of the company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

**2.13 Statutory Reserve**

As per Section 24 of Banking Companies Act, 1991, 20% of profit before tax (PBT) of the current year of the Bank is required to be transferred to statutory reserve until such reserve together with share premium account equal to its paid up capital.

**2.14 Minority Interest in Subsidiary**

Minority Interest in business is an account concept that refers to the portion of a subsidiary, corporation, stock that is not owned by the parent corporation. The magnitude of the minority interest in the subsidiary company is allows less than 50% of outstanding shares, else the corporation would cease to be a subsidiary of the parent. Minority interest belongs to the other investors and is reported on the consolidated balance sheet of the owning company to reflect the claim on assets belonging to other, non-controlling shareholders also minority interest is reported on the consolidated income statement as a share of profit belonging to minority shareholders.

**2.15 Deposits and other accounts**

Deposits are recognized when the Bank enters into contractual arrangements with the counterparties, which are generally on trade date and initially measured at the amount of consideration received.

**2.16 Borrowings from other banks, financial institutions and agents**

Borrowed funds include call money deposits, borrowings, refinance borrowing and other term borrowing from banks. These are stated in the balance sheet at amounts payable. Interest paid / payable on these borrowings is charged to the profit and loss account.

**2.17 Provision for liabilities**

Provision in respect of liability is recognized in the financial statements when the Bank 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 obligation, in accordance with the BAS 37 “Provision, Contingent Liabilities and Contingent Assets”.

**2.18 Retirement Benefits**

As part of compensation package every permanent employee will entitle Provident & Gratuity Fund as per covenants mentioned in the relevant deed and rules.

**a) Provident fund**

Provident fund benefits are given to the permanent employees of the bank in accordance with the Bank’s service rules, and accordingly a Trust deed and Provident fund rules were prepared. The Commissioner of taxes, LTU, 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 31 May, 2014. The fund is operated by a Board of Trustees consisting five members (all members from management) 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**

Gratuity benefits are given to the employees of the bank in accordance with the approved gratuity fund rules. National Board of Revenue has approved gratuity fund as a recognized gratuity fund on 29<sup>th</sup> June, 2014. The fund is operated by a Board of Trustees consisting five members of the bank. The gratuity is calculated on the basis of last basic pay. Obligation for Gratuity Fund is determined on the basis of actuary valuation.

#### **2.19 Taxation**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences relating to the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

#### **2.20 Contingent Asset & Contingent Liability**

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and on the other hand a contingent liability is a possible obligation that arises from past events and whose existence will also be confirmed only by the occurrence or non-occurrence of one or more uncertain future events. Contingent asset and liability is not recognized rather disclosed in the financial statements.

#### **2.21 Off Balance Sheet items & Provision**

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 required to maintain provision @ 1.00% against Off Balance Sheet exposure, (L/C, Guarantee and Bills for Collection).

#### **2.22 Cash Flow Statement**

The Cash Flow Statement is presented by using the "Direct Method" for preparing cash flows in compliance with the provisions of the Bangladesh Accounting Standard (BAS) - 7 and format provided by the Bangladesh Bank vide BRPD Circular No. 14 dated 25 June 2003 as applicable for preparation of Cash Flow Statements. To make the Cash Flow Statement more understandable and user friendly about the constitution of figures inserted into the Cash Flow Statement, a number of notes have been given in the notes to the accounts.

#### **2.23 Statement of Changes in Equity**

The Statement of changes in Equity reflects information about the increase or decrease in net assets or wealth.

The Statement also shows item-wise movement along with the description of Charges from the end of last year to the end of current year.

#### **2.24 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 bases:

- a) Balance with other Banks and financial institutions, money at call and short notice etc. are on the basis of their maturity term.
- b) Investments are on the basis of their maturity.
- c) Loans and advances are on the basis of their repayment/maturity schedule.
- d) Fixed assets are on the basis of their useful life.
- e) Other assets are on the basis of their realization/adjustment.
- f) Borrowing from other banks, financial institutions and agents as per their maturity/repayment term.
- g) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.
- h) Provisions and other liabilities are on the basis of their payment/adjustment schedule.

#### **2.25 Events after the Balance Sheet Date**

All known material events after the Balance Sheet date have been considered and appropriate adjustments/disclosures have been made in the Financial Statements, wherever necessary up to the date of preparation of Financial Statements as per BAS-10.

#### **2.26 Earnings per Share**

The company calculates Earnings Per Share (EPS) in accordance with BAS 33 "Earnings Per Share (EPS)" which has been shown on the face of Profit and Loss Account. Earnings Per Share (EPS) has been calculated by dividing the net profit after tax by the total number of ordinary shares outstanding at the end of the year. Details are shown in note 38 to the financial statements.

##### **Basic Earnings Per Share**

This represents earning for the year attributable to ordinary shareholders. Net profit after tax has been considered as fully attributable to the ordinary shareholders.

##### **Diluted Earnings Per Share**

No diluted earnings per share are required to be calculated for the period, as there was no element or scope for dilution during the period under review. However, EPS is restated for the comparative years if it requires as per BAS: 33

#### **2.27 Reconciliation of Books of Account**

Books of account with regard to Inter-bank (in Bangladesh and outside Bangladesh) are reconciled and found no material differences, which may affect the Financial Statements significantly.

#### **2.28 Directors responsibility on statement**

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.





## 2.29 Materiality and aggregation

Each material item as considered significant by the Management has been presented separately in the financial statements. No amount has been set off unless the Bank has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis when permitted by the relevant accounting standards.

## 2.30 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, Stock of savings certificates and all other fall under the memorandum items. However, Bills for collection is shown under contingent liabilities as per Bangladesh Bank's format.

## 2.31 Credit Rating

As per BRPD Circular no. 6 dated 5th July 2006, the Bank has done its credit rating by Credit Rating Information and Services Limited (CRISL) based on the financial statements as at and for the year ended 31 December 2015. The following ratings have been awarded:

Particulars	Periods	Date of Rating	Long Term	Short Term
Entity Rating	January to December 2015	26 <sup>th</sup> June 2016	A-	ST - 3
Entity Rating	January to December 2014	29 <sup>th</sup> June 2015	BBB+	ST - 3

## 2.32 Risk Management

Meghna Bank aims at the delivery of superior shareholder value by achieving the optimum trade-off between risk and return. Our risk management strategy is based on a clear understanding of various risks taken, well-developed risk-assessment and measurement procedures, effective risk-preventing/ minimizing, measures and continuous monitoring of the entire process at the very top level. The policies and procedures established for this purpose are being continuously improved to be in line with international best practices. As per Bangladesh Bank circular, Meghna Bank has formed a Risk Management Committee headed by a Chief Risk Officer in the rank of Deputy Managing Director to monitor the risk management procedures in line with Risk Management Guidelines conferring the way out to address the lapses identified by the Risk Management Unit.

The risks are defined as the possibility of losses, financial or otherwise. The Risk Management of the Bank covers 6 (six) Core Risk Areas of banking as defined by the Bangladesh Bank. The Areas are as follows:

- 1) Credit Risk Management
- 2) Foreign Exchange Risk Management
- 3) Asset Liability Management
- 4) Prevention of Money Laundering
- 5) Internal Control & Compliance
- 6) Information Technology Risk

In light of the Risk Management, Bank takes well calculative business risks for safeguarding its capital,

financial resources, and profitability. In this context, the Bank took steps to implement the guidelines of Bangladesh Bank as under:

### 2.32.1 Credit Risk Management

Credit Risk is most simply defined as the potential that a bank's borrower or counter party will fail to meet its obligations in accordance with agreed terms. This includes non-repayment of capital and/or interest within the agreed time frame, at the agreed rate of interest and in the agreed currency. The goal of credit risk management at the Meghna Bank Ltd. is to maximize the bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters.

The Bank has designed Credit Risk Management activities by addressing major risks. Credit Risk is of the major risks, which can be assumed as potential loss arising from the failure of a counter party to perform contractual responsibility. This may happen due to unwillingness of the counter party or declining his / her financial abilities for adverse environment.

The officers/ executives involved in credit related activities have been segregated. A separate CRM Division has been established at Head office, which is entrusted with the responsibilities of maintaining effective relationship with customers, making of credit products, exploring new business opportunities.

An effective assessment is made before sanction of any credit facility at Credit Risk Management Division, which includes borrower risk analysis, historical performance of the customer, security of the proposed credit facility etc. The process starts by a Relationship Manager and approved/discharged by the competent authority. Credit approval authority has been delegated to the individual executives. Proposal beyond their delegation are approved /declined by the Executive Committee and the Board of Directors.

In determining Single Borrower/Large Loan limit, the instructions of Bangladesh Bank are strictly followed.

### 2.32.2 Foreign Exchange Risk Management

Foreign Exchange Risk is defined as the potential change in earnings arising due to change in market prices. The front office of the Treasury Department of the Bank independently conducts the transactions and the back office is responsible for recording of the transactions and passing of their entries in books of accounts. All foreign exchange transactions are revalued periodically at Market rate as determined by Bangladesh Bank. The reconciliation of Nostro accounts are done regularly and outstanding entries reviewed by the Management for its settlement.

### 2.32.3 Asset Liability Risk Management

The Bank formed an Asset Liability Committee (ALCO) for monitoring Balance Sheet risk and Liquidity risk of the Bank. The Balance Sheet risk is defined as potential change in earnings due to change in rate of interest, foreign exchange rates which are not in trading nature. ALCO reviews Liquidity requirement of the bank, the maturity of assets and liabilities, deposit and lending pricing strategy and the liquidity contingency plan.

### 2.32.4 Prevention of Money Laundering

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 CAMALCO at Head office and BAMALCO at branches, who independently review the transactions of the accounts to verify suspicious transactions.

The Bank developed a manual for prevention of money laundering activities in 2013 and introduced KYC program since its inception. Training has been continuously given to all the category of officers and executives for developing awareness and skill for identifying suspicious activities.





### 2.32.5 Internal Control System

The Management established a professional and efficient working environment within the Bank by creating and maintaining adequate and effective internal control systems. Internal audit have been conducted on periodical interval to ensure compliance of Bank's and Regulatory policies. The Audit Committee has been formed for reviewing the performances reporting and apprising the Board as and when necessary.

The Management fully recognizes and appreciates the value and significance of internal controls and ensures the presence of an efficient and effective control system by identifying control objectives, devising pertinent policies/ procedures and establishing relevant control procedures covering all areas of activities, after approval of the competent authority.

### 2.32.6 Information Technology

The Bank has established an appropriate Information Technology Department (ITD) by placing officials with adequate knowledge and skills to play a major role in the Bank for smooth running of online Banking System and delivery of its service to all the units of the Bank for operations of necessary hardware and software. The branch network is up graded to high speed, which provides better information sharing management at the branch as well as at the Head Office.

### 2.32.7 Market risk

Market risk is the risk of loss resulting from changes in interest rates, foreign currency exchange rates, equity prices and commodity prices. Meghna Bank's exposure to market risk is a function of its trading and asset and liability management activities and its role as a financial intermediary in customer related transactions. The objective of market risk management is to minimize the impact of losses due to market risks on earnings and equity.

### 2.32.8 Operation Risk

Business Volume risk is defined as the volatility in revenue and profitability arising from adverse fluctuations from business volume. Business volumes may adversely fluctuate due to competitor activities, new entrants, competition from substitute financial products and services, changes in banking preferences of the customers resulting in the importance of the process of financial intermediation being reduced, natural disasters, etc.

### 2.32.9 Reputation Risk

This is the potential damage to the reputation and image of the Bank, emanating from events such as drop in performance levels or service quality, compliance, corporate governance and management failures and deviations from business ethics, etc.

### 2.33 Fraud and Forgeries

Adequate control system is in place to detect and prevent fraud and forgeries in the operations. IT has been gradually emphasizing in the modernization of operating system and making auto preventive in the detection of Fraud and forgeries. However, Management is proactive in establishing sound operating system and its preventive measure.

### 2.34 Compliance report on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

Name of BAS/BFRS	No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	Applied
Separate Financial Statements	27	Applied
Investment in Associates & Joint Ventures	28	N/A
Interest in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instrument: Recognition and Measurement	39	Applied
Investment Property	40	N/A
Agriculture	41	N/A
First-time Adoption of Bangladesh Financial Reporting Standards	1	N/A
Share Based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	Applied



Name of BAS/BFRS	No.	Status
Operating Segments	8	Applied
Financial Instruments	9	N/A
Consolidated Financial Statements	10	Applied
Joint Agreements	11	N/A
Disclosure of Interest in other Entities	12	N/A
Fair Value Measurement	13	Applied
Regulatory Deferral Accounts	14	N/A
Revenue from Contracts with Customers	15	N/A

### 2.35 Regulatory Compliance

The Bank complied with the requirements of the following regulatory and legal authorities:

- The Bank Companies Act, 1991(Amendment 2013)
- The Companies Act, 1994.
- Rules and Regulations issued by Bangladesh Bank.
- The Securities and Exchange Commission Act 1993.
- The Income Tax Ordinance, 1984.
- The VAT Act, 1991.

### 2.36 Audit Committee

The Audit Committee of the Board was duly constituted by the Board of Directors of the Bank as per Bangladesh Bank's BRPD Circular No 11 of 27 October 2013. The Board of Directors at its 38<sup>th</sup> Board Meeting held on March 27, 2016 constituted the committee as under:

Sl No.	Committee Members	Status with the Bank	Position in the Committee	Educational Qualification
1	Mr. Shakhawat Hossain	Director	Chairman	MBS (Marketing)
2	Mr. Md. Ali Azim Khan	Director	Member	Graduate
3	Ms. Farah Ahsan	Director	Member	M.A
4	Mr. Alok Kumar Das	Director	Member	B.A
5	Ms. Uzma Chowdhury	Director	Member	CPA

As per the above Circular of Bangladesh Bank, the Board Secretary of the Bank is the Secretary of the Audit Committee. The Committee has been formed with a vision to review the inspection reports of Bangladesh Bank, Internal Audit Reports of the Bank conducted by Internal auditors, Draft Financial Statements of the Bank audited by the External Auditors and other compliance issues of the Bank.

### 2.37 Related Party Disclosures

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operating decisions. Related party information is given below:

SL No	Name of the Director	Status with the Bank	Name of the Firms/Companies in which they are interested as proprietor, partner, Director, Managing Agent, Guarantor, Employee etc.	Percentage (%) holding in the company	Remarks
1	<b>Mr. H. N. Ashequr Rahman</b>	<b>Chairman</b>	1. Meghna Bank Ltd.	2.41%	Chairman
			2. Diesel Motors & Services (BD) Limited	22.22%	Managing Director
			3. Bangladesh Consortium Ltd.	7.50%	Director
			4. Newzan Corporation Ltd.		
			5. Jamuna Sugar Mills Ltd.	12.50%	Director
2	<b>Mr. Md. Yasin Ali Representative of Legacy Fashion Ltd.</b>	<b>Vice Chairman</b>	1. Ali Fashion Ltd.	23.81%	Managing Director
			2. Anowara Apparels Ltd.	22.22%	Managing Director
			3. Anowara Fashions Ltd.	21.83%	Managing Director
			4. Anowara Paper Mills Ltd.	32.50%	Managing Director
			5. ANZ Properties Ltd.	33.33%	Chairman
			6. Bangladesh Fertilizer & Agro Chemicals Ltd.	18.36%	Managing Director
			7. Continental Insurance Co. Ltd.	4.55%	Director
			8. Diamond Cement Ltd.	14.06%	Managing Director
			9. Diamond Pack Ltd.	11.11%	Managing Director
			10. Habib Printers and Publisher Ltd.	33.30%	Managing Director
			11. Habib Share & Securities Ltd.	16.67%	Director
			12. Habib Sons	1:3	Managing Partner
			13. Habib Steels Ltd.	33.33%	Managing Director
			14. HG Aviation Ltd.	8.33%	Chairman
			15. Legacy Fashion Ware Ltd.	10.60%	Managing Director
			16. Maam Textile Mills Ltd.	16.67%	Managing Director
			17. MTS Re-Rolling Mills Ltd.	23.33%	Managing Director
			18. Mudys Navigation Ltd.	33.33%	Managing Director
			19. Noor Garments Ltd.	25.00%	Managing Director
			20. Regent Energy and Power Ltd.	0.02%	Managing Director
			21. Regent Fabrics Ltd.	17.00%	Managing Director
			22. Regent Power Ltd.	13.33%	Managing Director
			23. Regent Spinning Mills Ltd.	3.94%	Managing Director
			24. Regent Textile Mills Ltd.	22.22%	Managing Director
			25. Regent Weaving Ltd.	25.00%	Managing Director





SL No	Name of the Director	Status with the Bank	Name of the Firms/Companies in which they are interested as proprietor, partner, Director, Managing Agent, Guarantor, Employee etc.	Percentage (%) holding in the company	Remarks
			26.Saims Superior Ltd. 27.Southern Medical College & Hospital 28.Union Cement Mills Ltd. 29.Union Fertilizer Complex Ltd. 30.Valiant Fashion Ware Ltd. 31.Valiant Garments Ltd.	10.00% 30.00% 11.11% 11.11% 16.67% 16.84%	Managing Director Chairman Managing Director Managing Director Managing Director Managing Director
3	<b>Mr. Abdul Alim Khan Selim</b>	Director	1. Meghna Bank Ltd. 2. Capital Homes & Development Ltd. 3. Dhaka Impex Co.	2.26% 70.00% 100%	Director Managing Director Proprietor
4	<b>Ms. Farah Ahsan</b>	Director	1. Meghna Bank Ltd. 2. AG Property Developments Ltd. 3. AG Agro Industries Ltd. 4. AG Hi-Tech Ltd. 5. AG Ceramic Industries Ltd. 6. AG Ltd. 7. AG Green Property Development Ltd. 8. Swadesh Life Insurance Co. Ltd.	4.51% 20.00% 30.00% 10.00% 30.00% 30.00% 30.00% 8.33%	Director Director Director Director Managing Director Director Managing Director Director
5	<b>Mr. Md. Kamal Uddin</b>	Director	1. Meghna Bank Ltd. 2. Diganta Sweaters Ltd. 3. Cosmos Sweaters Ltd. 4. Tricotex Sweaters Ltd. 5. Tricotex Machinery Ltd. 6. Sweaters Zone Ltd. 7. Temacos Fashion Wear Ltd. 8. Diganta Packaging & Accessories Ltd.	9.02% 80.00% 50.00% 40.00% 3.00% 60.00% 3.00% 60.00%	Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director

SL No	Name of the Director	Status with the Bank	Name of the Firms/Companies in which they are interested as proprietor, partner, Director, Managing Agent, Guarantor, Employee etc.	Percentage (%) holding in the company	Remarks
6	<b>Mr. Tanveer Ahmed Representative of Cassiopea Fashion Ltd.</b>	Director	1. Cassiopea Apparels Ltd. 2. Cassiopea Fashion Ltd. 3. Elegant Washing Plant Ltd. 4. Cassiopea Clothing Ltd. 5. Cassiopea Garments Ltd. 6. Elegant Accessories Ltd. 7. Lavender Convenience Store Ltd.	52.63% 3.83% 90.00% 50.00% 50.00% 50.00% 20.00%	Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director
7	<b>Mr. Shakhawat Hossain</b>	Director	1. Meghna Bank Ltd. 2. Paramount Textile Mills Ltd 3. Paramount Insurance Com. Ltd 4. Paramount Holdings Limited 5. Sunrise Chemical Industries Ltd 6. Paramount Spinning Ltd 7. Foodex International Ltd 8. Mount International 9. Foodex International 10. Paramount Agro 11. Paramount International	4.06% 8.79% 6.67% 50.00% 50.00% 45.45% 50.00% 50.00% 50.00% 50.00% 50.00%	Director Managing Director Sponsor Shareholder Managing Director Managing Director Managing Director Managing Director Partner Partner Partner Partner
8	<b>Mr. Alock Kumar Das</b>	Director	1. Meghna Bank Ltd. 2. Paramount Textile Mills Ltd. 3. Paramount Insurance Co. Ltd. 4. Paramount Holdings Limited 5. Sunrise Chemical Industries Ltd. 6. Paramount Spinning Ltd. 7. Foodex International Ltd. 8. Paramount International	4.51% 8.79% 6.67% 50.00% 50.00% 45.45% 50.00% 50.00%	Director Director Sponsor Shareholder Director Director Director Director Partner





SL No	Name of the Director	Status with the Bank	Name of the Firms/Companies in which they are interested as proprietor, partner, Director, Managing Agent, Guarantor, Employee etc.	Percentage (%) holding in the company	Remarks
			9. Mount International 10. Foodex International 11. Sarbon International 12. Foreign Food Traders 13. Ratul Money Changer 14. S.R. Brother 15. Paramount Agro 16. Arihazar Fisheries 17. Emponum Duty Fee	33.33% 50.00% 50.00% 100.00% 100.00% 100.00% 50.00% 100.00% 100.00%	Partner Director Partner Proprietor Proprietor Proprietor Partner Proprietor Proprietor
09	<b>Mr. Md. Ali Azim Khan</b>	Director	1. Meghna Bank Ltd. 2. IL Kwang Textiles Co. Ltd. 3. Young-A Textiles Co. Ltd. 4. Tamim International Traders Ltd 5. Silver Packaging Ltd. 6. Trust Trouser Ltd 7. Nipun Pvt. Ltd. 8. Shiness Apparels Ltd. 9. Nasrin Garments 10. Four Brothers Fashion 11. Ashraf Plastic & Label 12. Shiness Washing 13. Shiness Button 14. Shiness Embroidery, Printing & Accessories	4.51% 78.99% 79.00% 28.57% 50.00% 25.00% 60.00% 80.00% 80.00% 100.00% 100.00% 100.00% 100.00%	Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Proprietor Proprietor Proprietor Proprietor
10	<b>Alhaj Md. Lokman Hakim</b>	Director	1. Meghna Bank Ltd. 2. Ziri Subader Steel Re-Rolling Mills (Unit, Re-Rolling Mills) 3. Ziri Subader Steel Re-Rolling Mills (Unit, Ship Breaking) 4. Ferdous Steel Corporation. 5. Subader Oxygen.	4.51% 100.00% 100.00% 100.00% 100.00%	Director Proprietor Proprietor Proprietor Proprietor

SL No	Name of the Director	Status with the Bank	Name of the Firms/Companies in which they are interested as proprietor, partner, Director, Managing Agent, Guarantor, Employee etc.	Percentage (%) holding in the company	Remarks
11	<b>Mr. Ashiqur Rahman Lasker</b>	Director	1. Meghna Bank Ltd. 2. Maheen Enterprise Ltd. 3. ARL Ship Breakings Ltd. 4. Mihran Ship Recycling Ind. Ltd. 5. ARL Maritime Services Ltd. 6. M & M Corporation Ltd. 7. ARL Apparels Ltd. 8. ARL Dresses Ltd 9. Agarpur Navigation & Co. Ltd. 10. MM Green Ship Recycling Yard Ltd. 11. Maheen Enterprise	4.51% 60.00% 20.00% 50.00% 40.00% 60.00% 50.00% 30.00% 80.00% 40.00% 100.00%	Director Managing Director Director Managing Director Director Director Director Director Managing Director Managing Director Proprietor
12	<b>Mrs. Rehana Ashequr Rahman</b>	Director	1. Meghna Bank Ltd. 2. Buraq International Ltd. 3. Diesel Motors & Services (BD) Ltd. 4. Buraq Express (BD) Ltd.	1.42% 15.00% 16.66% 19.50%	Director Chairman Director Director
13	<b>Mr. Md. Mazibur Rahman Khan</b>	Director	1. Meghna Bank Ltd. 2. Olympic Cement Ltd. 3. Olympic Fibre Ltd. 4. Olympic Spinning Ltd. 5. Olympic Properties Ltd. 6. Olympic Agro Ltd. 7. Rahman Traders 8. M. Rahman & Co. 9. Olympic Shipping Lines 10. R. K. Transport 11. Khan Enterprise	4.51% 89.00% 17.00% 3.00% 0.62% 1.00% 100.00% 100.00% 100.00% 100.00% 5.00%	Director Managing Director Managing Director Managing Director Managing Director Managing Director Proprietor Proprietor Proprietor Proprietor Partner





SL No	Name of the Director	Status with the Bank	Name of the Firms/Companies in which they are interested as proprietor, partner, Director, Managing Agent, Guarantor, Employee etc.	Percentage (%) holding in the company	Remarks
14	<b>Mr. Mohammed Mamun Salam</b> Representative of Salim & Brothers Ltd.	Director	1. Salim & Brothers Ltd. 2. Salam Apparel Ltd. 3. Fashion Craft Ltd. 4. Reliance Apparel Ltd. 5. Reliance Denim Ind. Ltd. 6. Reliance Box Ind. Ltd. 7. Reliance Washing Ind. Ltd. 8. Bengal Synthetic Fibres Ltd. 9. Four Seasons Resorts Limited.	99.40% 85.00% 60.00% 50.00% 50.00% 50.00% 50.00% 53.64% 50.00%	Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Executive Director Managing Director
15	<b>Mr. M. A. Maleque M.P.</b>	Director	1. Meghna Bank Ltd. 2. M/s. Joy Omar Construction	2.26% 100.00%	Director Proprietor
16	<b>Ms. Nuran Fatema</b>	Director	1. Meghna Bank Ltd. 2. The Bismillah Marine Services 3. The Bismillah International Shipping & Trading Co. Ltd. 4. Bismillah Marine Service 5. The Bismillah Marine Service	1.85% 50.00% 50.00% 100.00% 100.00%	Director Partnership Chairperson Proprietor Proprietor
17	<b>Mr. S.M. Jahangir Alam (Manik)</b>	Director	1. Meghna Bank Ltd. 2. Sanji Automobiles Ltd. 3. Sanji Property Development Ltd. 4. Sanji Industrial Gases Ltd. 5. Sanji SS Tube Industries 6. Panama CNG Conversion 7. Sanji Filling & Conversion Center	4.51% 60.00% 60.00% 80.00% 100.00% 100.00% 100.00%	Director Managing Director Managing Director Managing Director Proprietor Proprietor Proprietor
18	<b>Mr. Md. Saidur Rahman Sarker</b> Representative of Lusaka Fashion Ltd.	Director	1. Lusaka Fashion Ltd 2. Tammam Design Ltd	8.37% 25.00%	Managing Director Managing Director

SL No	Name of the Director	Status with the Bank	Name of the Firms/Companies in which they are interested as proprietor, partner, Director, Managing Agent, Guarantor, Employee etc.	Percentage (%) holding in the company	Remarks
19	<b>Mr. Nazrul Islam</b>	Director	1. Meghna Bank Ltd. 2. Fareast Islami Life Ins. Co. Ltd 3. Fareast Islami Securities Ltd. Represented by Fareast Islami Life Insurance Co. Ltd. 4. Fareast Islami Properties Ltd. 5. Surmi Cold Storage Ltd. 6. Punot Cold Storage Ltd. 7. Fareast Cold Storage Ltd. 8. Ramisha Enterprise 9. Rimsha Enterprise 10. Ramisha BD Ltd 11. Rimsha BD Ltd. 12. Primeasia University	2.26% 2.00% 92.00% 7.00% 50.00% 50.00% 50.00% 100.00% 100.00% 25.00% 25.00%	Director Chairman Chairman Chairman Managing Director Managing Director Managing Director Proprietor Proprietor Managing Director Managing Director Member Board of Trusty
20	<b>Ms. Uzma Chowdhury</b>	Director	1. Meghna Bank Ltd. 2. Agricultural Marketing Co Ltd (AMCL) 3. Allplast Bangladesh Ltd. 4. Bangladesh Lift Industries Ltd. 5. Banga Plustic Int'l Ltd. 6. Banga Bakers Ltd. 7. Banga Millers Ltd. 8. Banga Building Materials Ltd. 9. Chorka Textile Ltd. 10. Drurable Plastic Ltd. 11. Get Well Ltd. 12. Habiganj Agro Ltd. 13. Habiganj Textiles Ltd. 14. Mymensingh Agro Ltd. 15. Natore Agro Ltd.	4.51% 0.41% 0.04% 3.57% 0.04% 4.00% 4.00% 1.82% 1.67% 0.19% 0.01% 0.025% 0.004% 0.002% 1.56%	Director Shareholder Director Director Director Director Director Director Director Director Director Director Director Director Director



SL No	Name of the Director	Status with the Bank	Name of the Firms/Companies in which they are interested as proprietor, partner, Director, Managing Agent, Guarantor, Employee etc.	Percentage (%) holding in the company	Remarks
			16. Property Development Ltd.	0.25%	Director
			17. PRAN Foods Ltd.	2.00%	Director
			18. PRAN Agro Ltd.	0.005%	Director
			19. PRAN Exports Ltd.	0.004%	Director
			20. PRAN Beverage Ltd.	0.0029%	Director
			21. Packmat Industries Ltd.	4.00%	Director
			22. Rangpur Foundry Ltd.	0.037%	Shareholder
			23. Rangpur Metal Industries Ltd.	0.006%	Director
			24. Sylvan Agriculture Ltd.	0.20%	Director
			25. Sylvan Technologies Ltd.	0.20%	Director
			26. Sun Basic Chemicals Ltd.	4.17%	Director

### 2.38 Approval of Financial Statements

The Board of Directors of the Bank in its meeting held on 08th March, 2017 approved the Financial Statements and authorized the same for issue.

### 2.39 Reporting Period

These financial statements cover the period from 1 January 2016 to 31 December 2016.

### 2.40 General

- These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.
- The expenses, irrespective of capital or revenue nature, accrued/due not paid have been provided for in the books of the Bank.
- Figures of previous year have been re-arranged whenever necessary to conform to the current year's presentation.

	2016 Taka	2015 Taka
<b>3 Consolidated Cash in hand (Including foreign currencies)</b>		
Meghna Bank Limited (Note-3a)	318,838,067	211,938,097
Meghna Bank Securities Ltd	2,422	-
	<b>318,840,489</b>	<b>211,938,097</b>
<b>3a Cash in hand (Including foreign currencies)</b>		
In local currency	317,974,104	211,417,645
In foreign currencies	863,963	520,452
	<b>318,838,067</b>	<b>211,938,097</b>
<b>4 Consolidated Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)</b>		
Meghna Bank Limited (Note-4a)	2,529,908,950	1,531,999,229
Meghna Bank Securities Ltd	-	-
	<b>2,529,908,950</b>	<b>1,531,999,229</b>
<b>4a Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)</b>		
In local currency	2,318,188,069	1,348,464,077
In foreign currencies	211,686,981	181,533,653
	<b>2,529,875,050</b>	<b>1,529,997,729</b>
<b>Balance with Sonali Bank Ltd as agent of Bangladesh Bank</b>		
In local currency	33,900	2,001,500
In foreign currencies	-	-
	<b>33,900</b>	<b>2,001,500</b>
	<b>2,529,908,950</b>	<b>1,531,999,229</b>
<b>4a.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)</b>		
Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 33 of the Bank Company Act, 1991 and MPD Circular No. 01 & 02 dated June 23, 2014 and December 10, 2013 & DOS Circular No.01 dated January 19, 2014,		
The Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 6.5% has been calculated and maintained with Bangladesh Bank and 13% Statutory Liquidity Ratio excluding CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:		
<b>4a.2 Cash Reserve Requirement (CRR): 6.5% of Average Demand and Time Liabilities</b>		
Required Reserve	1,731,913,535	959,310,173
Actual Reserve held with Bangladesh Bank (In local currency)	2,318,188,069	1,348,464,077
<b>CRR Surplus</b>	<b>586,274,534</b>	<b>389,153,903</b>
<b>4a.3 Statutory Liquidity Ratio (SLR): 13.00% of Average Demand and Time Liabilities</b>		
Required Reserve	3,463,827,070	1,918,620,346
Actual Reserve held	6,702,036,447	3,082,442,547
<b>SLR Surplus</b>	<b>3,238,209,377</b>	<b>1,163,822,201</b>
<b>4a.4 Total Required Reserve ( CRR &amp; SLR)</b>		
Actual Reserve held (Note-4a.5)	5,195,740,605	2,877,930,520
	9,020,224,515	4,430,906,624
	<b>3,824,483,910</b>	<b>1,552,976,104</b>
<b>4a.5 Held for Statutory Liquidity Ratio</b>		
Cash in hand (Note-3a)	318,838,067	211,938,097
Balance with Bangladesh Bank and its agent Bank (s) (Note-4a)	2,529,908,950	1,531,999,229
Government Securities (Note-7a)	6,171,477,499	2,686,969,297
	<b>9,020,224,516</b>	<b>4,430,906,624</b>
<b>5 Consolidated Balance with Other Banks and Financial Institutions In Bangladesh</b>		
Meghna Bank Limited (Note-5a)	107,589,971	2,260,321,157
Meghna Bank Securities Ltd	45,904,225	41,650,676
	153,494,196	2,301,971,833
Less: Inter Company Transaction	18,375,300	38,325,575
	<b>135,118,896</b>	<b>2,263,646,259</b>
<b>Outside Bangladesh</b>		
Meghna Bank Limited (Note-5a)	108,927,744	147,986,572
Meghna Bank Securities Ltd	-	-
	<b>108,927,744</b>	<b>147,986,572</b>
	<b>244,046,640</b>	<b>2,411,632,831</b>





**5a Balance with Other Banks and Financial Institutions**  
In Bangladesh (Note-5a.1)  
Outside Bangladesh (Note-5a.2)

2016 Taka	2015 Taka
107,589,971	2,260,321,157
108,927,744	147,986,572
<b>216,517,715</b>	<b>2,408,307,729</b>

**5a.1 In Bangladesh**

**5a.1a Current Account**

Trust Bank Limited, Gulshan Branch	4,493,207	2,198,401
Trust Bank Limited, Shathibari Branch	739,047	9,056
Mercantile Bank Ltd, Banglabazar Branch	1,590	2,280
AL-Arafah Islami Bank Ltd, Bormi Bazar Branch	7,534,337	43,505
Southeast Bank Limited, Bandura Branch	500,984	3,342
Eastern Bank Limited,	1,186,498	-
Social Islami Bank Ltd, Sirajgonj Branch	5,050	7,550
Bank Asia Limited, Rangpur Branch	269,058	-
Jamuna Bank Limited, Kalampur Branch	1,000	-
Agrani Bank Limited, Munshirhat Branch	710,000	-
Sonali Bank Limited, Chehelgazi Branch	1,104,750	-
	<b>16,545,521</b>	<b>2,264,134</b>

**5a.1b Special Notice Deposits**

Eastern Bank Limited, Principal Branch	1,464,909	1,464,909
Southeast Bank Limited, Mohakhali Branch	468,549	468,549
Premier Bank Limited, Gulshan Circle-2 Branch	6,146,718	6,146,718
Mercantile Bank Ltd, Agrabad Branch	19,333,047	3,022,474
BRAC Bank Limited,	383,195	383,195
NCC Bank Limited, Laldighirpar Branch	28,478,233	-
Bank Asia Limited, Bogra Branch	8,991	-
Sonali Bank Limited, Mithapukur Branch	20,070,809	11,881,179
	<b>76,354,450</b>	<b>23,367,023</b>

**5a.1c FDR with Other Banks & Financial Institutions**

FDR with Other Banks	-	-
FDR with Financial Institutions (Note-5a.1c.i)	14,690,000	2,234,690,000
	<b>14,690,000</b>	<b>2,234,690,000</b>

**5a.1c.i FDR with Financial Institutions**

Peoples Leasing & Financial Services Ltd	-	200,000,000
Phoenix Finance and Investment Ltd	14,690,000	164,690,000
IDLC Finance Limited	-	490,000,000
Delta Brac Housing Finance Corporation Ltd	-	150,000,000
Premier Leasing & Finance Limited	-	50,000,000
International Leasing & Financial Services Ltd	-	100,000,000
First Lease Finance & Investment Ltd	-	200,000,000
FAS Finance & Investment Ltd	-	100,000,000
GSP Finance Limited	-	100,000,000
National Finance Ltd	-	100,000,000
Lanka Bangla Finance Limited	-	480,000,000
Union Capital Limited	-	100,000,000
	<b>14,690,000</b>	<b>2,234,690,000</b>
	<b>107,589,971</b>	<b>2,260,321,157</b>

**5a.2 Outside Bangladesh (NOSTRO Account)**

	Currency	F.C. Amount	Rate	Taka
AB Bank Ltd, Mumbai	ACU	569,199.94	79.3500	45,166,015.24
AB Bank Limited, OBU-USD	USD	2,022.72	79.3500	160,502.83
Mashreq Bank p.s.c. New York, U.S.A	USD	431,007.75	79.3500	34,200,464.96
Habib American Bank, New York, U.S.A	USD	91,064.30	79.3500	7,225,952.21
NIB Bank Limited, Karachi, Pakistan	ACU	94.21	79.3500	7,475.56
Mashreq Bank London, UK	GBP	9,566.25	97.1482	929,343.97
Mashreq Bank London, UK	EUR	73,923.43	82.8097	6,121,577.06
Kookmin Bank, Seoul Korea	USD	52,623.00	79.3500	4,175,635.05
National Bank of Pakistan, Tokoyo, Japan.	JYP	1,317,410.00	0.6795	895,180.10
Mizuho Bank Ltd, Tokyo, Japan.	JYP	612,601.00	0.6795	416,262.38
Bank Al Jazira, KSA	SAR	187,000.00	21.1487	3,954,806.90
Bank of New Zealand	NZD	103,312.04	54.9261	5,674,527.44
				<b>108,927,743.70</b>

**Currency wise Distribution:**

**Foreign Currency**

USD/ACU	90,936,046	83.48%
GBP	929,344	0.85%
EUR	6,121,577	5.62%
JYP	1,311,442	1.20%
SAR	3,954,807	3.63%
NZD	5,674,527	5.21%
	<b>108,927,744</b>	<b>100%</b>

2016 Taka	2015 Taka
<b>BDT</b>	<b>Composition</b>
90,936,046	83.48%
929,344	0.85%
6,121,577	5.62%
1,311,442	1.20%
3,954,807	3.63%
5,674,527	5.21%
<b>108,927,744</b>	<b>100%</b>

**5a.3** In accordance with Bangladesh Bank Foreign Exchange Policy Department, Circular FEPD (DEMO/01/2005-677) dated 13 September 2005, the quarterly review of NOSTRO Accounts for the quarter ended 31 December 2016 reflect the true state of the NOSTRO Account entries which are correctly recorded. A separate audit certificate after review have also been given by the External auditor. At the year end, no outstanding unmatched entries were found.

	As per Bank's Book		As per Correspondents' Book	
	Debit entries	Credit entries	Debit entries	Credit entries
	No. Amount	No. Amount	No. Amount	No. Amount
Up to 3 months	0 0	26 568,660.62	6 248,116.38	21 291,156.14
From 03 months to 06 months	- -	1 14,600.00	- -	- -
From 06 months to 09 months	- -	- -	- -	- -
From 09 months to 12 months	- -	- -	- -	- -
More than 12 months	- -	- -	- -	- -
	<b>0 0</b>	<b>27 583,260.62</b>	<b>6 248,116.38</b>	<b>21 291,156.14</b>

**5a.4 Maturity-wise groupings of balance with other Banks and Financial Institutions**

On Demand	201,827,715	173,617,729
Not more than 3 months	-	1,390,000,000
More than 3 months but less than 1 year	-	830,000,000
More than 1 year but less than 5 years	14,690,000	-
More than 5 years	-	14,690,000
	<b>216,517,715</b>	<b>2,408,307,729</b>

**6 Consolidated Money at Call and Short Notice**

Meghna Bank Limited	-	-
Meghna Bank Securities Ltd	-	-
	<b>-</b>	<b>-</b>

**7 Consolidated Investment:**

**Government**

Meghna Bank Limited (Note-7a)	6,171,477,499	2,686,969,297
Meghna Bank Securities Ltd	-	-
	<b>6,171,477,499</b>	<b>2,686,969,297</b>

**Others**

Meghna Bank Limited (Note-7a)	573,466,400	614,462,399
Meghna Bank Securities Ltd	317,500,000	317,500,000
	<b>890,966,400</b>	<b>931,962,399</b>
	<b>7,062,443,899</b>	<b>3,618,931,696</b>

**7a Investment:**

**i) Investment Classified as per Bangladesh Bank Circular:**

Held for Trading (HFT)	2,632,220,877	749,444,718
Held to Maturity (HTM)	3,538,794,622	1,270,653,548
Other Investment	573,928,400	614,838,599
	<b>6,744,943,899</b>	<b>2,634,936,865</b>

**ii) Investment Classified as per Nature:**

**a) Government Securities:**

**1) Treasury Bills (HFT)**

91 Days Treasury Bills	-	29,887,564
182 Days Treasury Bills	-	149,525,988
364 Days Treasury Bills	-	522,388,124
	<b>-</b>	<b>701,801,676</b>





## 2) Government Bond (HTM & HFT)

2,5,10,15 & 20 Years Bonds (Note-7a.2)  
Prize Bond in Hand

### Total (1+2)

#### b) Other Investment

- 1) Commercial Paper of Anwara Mannan Textile Mills Ltd
- 2) Trust Bank Limited Subordinate Bond-II
- 3) City Bank Limited Subordinate Bond
- 4) Investment in MAXCAP DPA-IDLC (Note - 7a.3)
- 5) Investment in Shares at cost (Note - 7a.4)

2016 Taka	2015 Taka
6,171,015,499	1,984,791,422
462,000	376,200
<b>6,171,477,499</b>	<b>1,985,167,622</b>
<b>6,171,477,499</b>	<b>2,686,969,297</b>
-	150,000,000
100,000,000	100,000,000
313,000,000	313,000,000
7,688,648	22,209,141
152,777,752	29,253,258
<b>573,466,400</b>	<b>614,462,399</b>
<b>6,744,943,899</b>	<b>3,301,431,696</b>

#### 7a.1 Maturity-wise Grouping of Investment in Securities:

- On demand
- Not more than 3 months
- More than 3 months but less than 1 year
- More than 1 year but less than 5 years
- More than 5 years

90,928,400	51,838,599
30,246,330	179,413,552
-	692,391,400
613,664,179	385,452,638
6,010,104,990	1,992,335,508
<b>6,744,943,899</b>	<b>3,301,431,696</b>

#### 7a.2 Government Bond

##### HTM

- 2 Years Bangladesh Government Treasury Bonds
- 5 Years Bangladesh Government Treasury Bonds
- 10 Years Bangladesh Government Treasury Bonds
- 15 Years Bangladesh Government Treasury Bonds
- 20 Years Bangladesh Government Treasury Bonds

##### HFT

- 2 Years Bangladesh Government Treasury Bonds
- 5 Years Bangladesh Government Treasury Bonds
- 10 Years Bangladesh Government Treasury Bonds
- 15 Years Bangladesh Government Treasury Bonds
- 20 Years Bangladesh Government Treasury Bonds

##### Total

-	20,003,276
19,985,103	19,980,949
670,271,322	560,442,147
1,135,228,620	359,486,404
1,713,309,577	310,740,773
81,201,680	31,055,074
59,723,726	21,416,616
1,757,180,711	635,439,758
524,242,459	26,226,426
209,872,300	-
<b>6,171,015,499</b>	<b>1,984,791,422</b>

#### 7a.3 Investment in MAXCAP DPA-IDLC

##### Ordinary Share

- Active Fine Chemicals Limited
- AIMS First Guaranteed Mutual Fund
- Bata Shoe Company (Bangladesh) Limited
- Fortune Shoes Limited
- Marico Bangladesh Limited
- Renata Limited
- Square Pharmaceuticals Limited
- Yeakin Polymer Limited
- Balance in Hand

3,102,607	3,046,737
-	3,175,992
3,312,535	3,343,493
60	-
161,372	161,372
-	3,790,887
282,336	8,151,854
6	-
829,731	538,805
<b>7,688,648</b>	<b>22,209,141</b>

#### 7a.4 Investment in Shares at cost

- Active Fine Chemical Company Limited
- Export Import (Exim) Bank of Bangladesh Limited
- Agricultural Marketing Company Ltd. (Pran)
- LankaBangla Finance Limited
- National Credit and Commerce Bank Limited
- City Bank Limited
- Baraka Power Limited
- Grameenphone Limited
- Square Pharmaceuticals Limited
- Square Textile Limited
- Central Pharmaceuticals Limited
- Uttara Finance and Investments Limited
- IDLC Finance Limited
- IFAD Autos Limited
- Khulna Power Company Limited
- Heidelberg Cement Bangladesh Limited
- Standard Bank Limited
- RAK Ceramics (Bangladesh) Limited
- Mercantile Bank Limited
- Titas Gas Transmission & Dist. Co. Limited
- United Commercial Bank Limited
- Preference Share**
- Star Ceramics Limited

2016 Taka	2015 Taka
2,183,700	411,025
3,724,767	-
4,357,331	-
1,601,380	583,956
2,103,078	-
3,594,839	1,241,739
69,660	-
22,955,732	11,260,801
3,589,575	1,176,434
5,965,530	4,167,042
-	264,517
-	1,740,520
-	4,588,501
95,247	-
4,782,043	-
5,475,462	-
3,187,214	-
4,618,275	-
5,726,410	-
8,747,508	3,316,872
-	501,852
70,000,000	-
<b>152,777,752</b>	<b>29,253,258</b>

#### 8 Consolidated Loans and Advances

- Meghna Bank Limited (Note-8a)
- Meghna Bank Securities Ltd

20,673,824,713	14,251,233,126
-	-
20,673,824,713	14,251,233,126
-	-
<b>20,673,824,713</b>	<b>14,251,233,126</b>

Less: Inter Company Transaction

##### Bills purchased and discounted

- Meghna Bank Limited (Note-8a)
- Meghna Bank Securities Ltd

316,316,178	133,858,886
-	-
316,316,178	133,858,886
<b>20,990,140,891</b>	<b>14,385,092,012</b>

#### 8a Loans and Advances

##### i) Loans, Cash Credits, Overdraft, etc.

##### Inside Bangladesh

- Cash Credit
- Secured overdraft
- General overdraft
- Import finance
- Export Finance
- Other Demand Loans
- Hire Purchase Finance
- Demand Loan (Forced Loan)
- Consortium/Syndicate Finance
- House Building Loan
- Credit Card A/C
- General Term Loans
- Agricultural and Rural Credit Scheme
- Personal/Professionals Loan Scheme

3,763,100,505	2,300,958,389
1,973,905,739	1,515,103,684
4,276,901,032	3,231,649,190
2,002,988,105	1,508,918,062
9,250,212	4,370,018
3,051,185,455	1,212,795,840
4,488,374	-
151,022,727	104,217,012
308,914,290	476,750,858
978,565,476	508,531,347
28,313,903	-
3,380,119,376	2,987,794,005
531,021,919	219,757,433
214,047,600	180,387,288
<b>20,673,824,713</b>	<b>14,251,233,126</b>

##### Outside Bangladesh

-	-
<b>20,673,824,713</b>	<b>14,251,233,126</b>







**ii) Bills purchased and discounted**  
**Payable Inside Bangladesh**

Inland bills purchased and discounted

**Payable outside Bangladesh**

Foreign bills purchased and discounted

	2016 Taka	2015 Taka
Inland bills purchased and discounted	315,776,686	133,858,886
Foreign bills purchased and discounted	539,492	-
<b>Total</b>	<b>316,316,178</b>	<b>133,858,886</b>
<b>Total</b>	<b>20,990,140,891</b>	<b>14,385,092,012</b>

**8a.1 Net Loans and Advances**

Gross performing loans and advances

**Less:**

Non-performing loans and advances

Interest Suspense's

Provision for loans and advances (Note-8a.10)

Gross performing loans and advances	20,990,140,891	14,385,092,012
Non-performing loans and advances	207,675,404	-
Interest Suspense's	8,064,034	-
Provision for loans and advances (Note-8a.10)	213,975,000	144,200,000
	429,714,438	144,200,000
<b>Total</b>	<b>20,560,426,453</b>	<b>14,240,892,012</b>

**8a.2 Maturity wise Classification of Loans and Advances**

with a residual maturity of:

Re-payable on Demand

Not more than 3 months

Over 3 months but not more than 1 year

Over 1 year but not more than 5 years

Over 5 years

Re-payable on Demand	2,698,050,890	631,857,929
Not more than 3 months	4,654,137,617	3,602,100,329
Over 3 months but not more than 1 year	8,539,345,200	5,572,912,502
Over 1 year but not more than 5 years	3,597,244,762	3,058,624,896
Over 5 years	1,185,046,244	1,385,737,470
<b>Total</b>	<b>20,673,824,713</b>	<b>14,251,233,126</b>

**8a.3 Maturity wise Classification of Bills Purchased and Discounted:**

Re-payable:-

Within 1 month

Over 1 month but less than 3 months

Over 3 months but less than 6 months

6 months or more

Within 1 month	1,616,630	45,316,433
Over 1 month but less than 3 months	65,035,984	40,209,739
Over 3 months but less than 6 months	249,663,564	48,332,714
6 months or more	-	-
<b>Total</b>	<b>316,316,178</b>	<b>133,858,886</b>

**8a.4 Loans and Advances on the Basis of Significant Concentration:**

(a) Advances to allied concern of Directors

(b) Advances to Chief Executives and Other Senior Officers

(c) Advances to Customer Groups:

i) Commercial Lending

ii) Export Financing

iii) House Building Loan

iv) Retail Loan

v) Small and Medium Enterprises

vi) Special Program Loan

vii) Industrial Loans Details {Note-8a.4 (d)}

viii) Others Loan

ix) Other Loans and Advances (SOD)

(a) Advances to allied concern of Directors	-	-
(b) Advances to Chief Executives and Other Senior Officers	120,460,162	89,580,092
(c) Advances to Customer Groups:		
i) Commercial Lending	2,414,526,698	1,399,956,351
ii) Export Financing	198,194,548	23,989,490
iii) House Building Loan	930,431,042	495,452,256
iv) Retail Loan	170,035,774	111,125,744
v) Small and Medium Enterprises	4,906,136,659	2,374,386,604
vi) Special Program Loan	-	-
vii) Industrial Loans Details {Note-8a.4 (d)}	9,036,173,031	7,302,936,129
viii) Others Loan	1,240,277,237	1,072,561,662
ix) Other Loans and Advances (SOD)	1,973,905,740	1,515,103,684
	20,869,680,729	14,295,511,920
<b>Total</b>	<b>20,990,140,891</b>	<b>14,385,092,012</b>

**(d) Details of Industrial Loans and Advances**

i) Agricultural industries

ii) Textile industries

iii) Food and allied industries

iv) Pharmaceutical industries

v) Leather, Chemical, Cosmetics etc

vi) Tobacco industries

vii) Cement and Ceramic industries

viii) Service industries

ix) Transport and Communication Industries

x) Other industries including bills purchased and discounted

i) Agricultural industries	786,803,476	616,774,320
ii) Textile industries	136,358,414	107,192,198
iii) Food and allied industries	279,443,698	136,852,042
iv) Pharmaceutical industries	411,809,443	439,100,243
v) Leather, Chemical, Cosmetics etc	-	-
vi) Tobacco industries	741,698,692	481,068,862
vii) Cement and Ceramic industries	-	119,367,508
viii) Service industries	2,245,938,193	1,973,943,965
ix) Transport and Communication Industries	26,457,299	3,247,874
x) Other industries including bills purchased and discounted	4,407,663,816	3,425,389,118
<b>Total</b>	<b>9,036,173,031</b>	<b>7,302,936,129</b>

	2016 Taka	2015 Taka
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**8a.5 Details of Large Loans and Advances**

Advances allowed to individual customer exceeding 10% of Bank's total capital:

Total outstanding amount to customers at end of the year	660.63 crore	270.48 crore
Number of such types of customers	20	5
Amount of Classified Advances thereon	Nil	Nil
Measures taken for recovery	Not applicable	Not applicable

Each of the twenty customers exceeds the limit of 10% of Bank's total capital. 10% of Bank's total capital stood as at 31 December, 2016 Tk. 54.39 crore.

**8a.6 Sector-wise Classification of Loans and Advances Including Bills Purchased and Discounted:**

Public Sector	27,263,087	61,283,302
Co-Operative Sector	-	-
Private Sector	20,962,877,804	14,323,808,710
<b>Total</b>	<b>20,990,140,891</b>	<b>14,385,092,012</b>

**8a.7 Geographical Location-wise Loans and Advances:**

Area	As at 31 December 2016		As at 31 December 2015	
	Amount	Composition	Amount	Composition
i) Inside Bangladesh (Note-8a.8)				
a) In Rural Areas	2,192,980,860	10.45%	1,109,887,535	7.72%
b) In Urban Areas	18,797,160,031	89.55%	13,275,204,477	92.28%
<b>Sub-total</b>	<b>20,990,140,891</b>	<b>100.00%</b>	<b>14,385,092,012</b>	<b>100.00%</b>
ii) Outside Bangladesh	-	-	-	-
<b>Total</b>	<b>20,990,140,891</b>	<b>100.00%</b>	<b>14,385,092,012</b>	<b>100.00%</b>

**8a.8 Inside Bangladesh**

Division	As at 31 December 2016		As at 31 December 2015	
	Amount	Composition	Amount	Composition
Dhaka	15,243,773,325	72.62%	12,223,950,524	84.98%
Chittagong	4,870,551,229	23.20%	1,981,721,853	13.78%
Sylhet	104,136,634	0.50%	3,754,570	0.03%
Rajshahi	355,940,549	1.70%	75,581,571	0.53%
Rangpur	321,502,906	1.53%	100,083,494	0.70%
Khulna	35,191,644	0.17%	-	0.00%
Barisal	59,044,604	0.28%	-	0.00%
<b>Total</b>	<b>20,990,140,891</b>	<b>100.00%</b>	<b>14,385,092,012</b>	<b>100.00%</b>

**8a.9 Grouping of Loans and Advances as per Classification Rules of Bangladesh Bank:**

Status	As at 31 December 2016		As at 31 December 2015	
	Amount	Composition	Amount	Composition
Unclassified (including staff Loans)	20,372,735,251	97.06%	14,050,973,953	97.68%
Special Mention Account (SMA)	409,730,236	1.95%	334,118,059	2.32%
Substandard	118,294,973	0.56%	-	0.00%
Doubtful	62,022,540	0.30%	-	0.00%
Bad or loss	27,357,891	0.13%	-	0.00%
<b>Total</b>	<b>20,990,140,891</b>	<b>100.00%</b>	<b>14,385,092,012</b>	<b>100.00%</b>





**8a.10 Particulars of provision for Loans and Advances:**

Status	Rate	Basis for Provision	2016	2015
			Taka	Taka
Unclassified (Excluding staff Loans)	1%	14,037,375,070	140,470,170	104,948,465
Staff Loans	0%	120,460,162	1,799,000	-
Consumer Financing (Other than HF & LP)	5%	169,237,856	8,461,893	5,350,649
Small & Medium Enterprise	0.25%	4,718,572,013	11,796,430	5,874,556
Housing Finance	2%	821,889,881	16,437,798	12,503,567
Loan for professionals	2%	29,333,643	586,673	271,965
Share Business	2%	366,257,109	7,325,142	9,705,924
Short Term Agri. Credit	2.50%	519,339,753	12,983,494	5,493,936
Special Mention Account	Applicable Rate	-	-	-
			199,860,600	144,149,061
Substandard	20%	20,571,131	4,114,226	-
Doubtful	50%	9,473,793	4,736,896	-
Bad or loss	100%	4,811,765	4,811,765	-
			13,662,888	-
Required provision for Loans and Advances			213,523,488	144,149,061
Total provision maintained {Note-13a.1(b)}			213,975,000	144,200,000
<b>Surplus Provision</b>			<b>451,512</b>	<b>50,939</b>

The Bank has maintained provision on loans and advances amounting to Tk. 213,975,000 (note - 13.1.b). There exists surplus of Tk. 451,512 in loans and advances.

**8a.11 Particulars of provision for Off-Balance Sheet**

Status	Basis for Provision	Rate	Rate
		1%	1%
Acceptances and Endorsements	558,527,283	5,585,273	5,548,854
Bills	647,660,395	6,476,604	4,176,720
Letters of Guarantee	2,321,738,999	23,217,390	24,305,916
Irrevocable Letters of Credit	1,547,273,561	15,472,735	8,036,467
Required provision for Off Balance Sheet Items	5,075,200,237	50,752,002	42,067,957
Provision maintained {Note-13a.1(c)}		50,800,000	42,100,000
<b>Surplus Provision</b>		<b>47,998</b>	<b>32,043</b>

**8a.12 Particulars of Loans and Advances:**

(i) Loans considered good in respect of which the banking company is fully secured.	16,209,531,818	8,058,014,093
(ii) Loans considered good for which the banking company holds no other security than the debtor's personal guarantee.	3,533,680,489	1,572,705,795
(iii) Loans considered good and secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtors.	1,246,928,584	4,754,372,125
(iv) Loans adversely classified; provided not maintained there against.	-	-
	<b>20,990,140,891</b>	<b>14,385,092,012</b>
(v) Loans due by directors or officers of the banking company or any of them either separately or jointly with any other persons.	120,460,162	89,580,092
(vi) Loans due from companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in the case of private companies as members.	-	-

(vii) Maximum total amount of advances, including temporary advance made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.

2016	2015
Taka	Taka
7,990,343	7,831,249

(viii) Maximum total amount of advances including temporary advances granted during the period to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in the case of private companies as members.

-	-
---	---

(ix) Due from Banking Companies

-	-
---	---

(x) Classified loans and advances

207,675,404	-
-------------	---

a) Classified loans and advances on which interest has not been charged

6,529,681	-
-----------	---

b) Provision on Classified loans and advances

13,676,000	-
------------	---

c) Provision kept against loans classified as bad debts

4,811,765	-
-----------	---

d) Interest credited to Interest suspense Account

8,064,034	-
-----------	---

(xi) Cumulative amount of written off Loans & Advances

-	-
---	---

**9 Consolidated Fixed Assets including Premises, Furniture's & Fixtures Cost:**

Meghna Bank Limited (Note-9a)

466,232,163	357,877,843
-------------	-------------

Meghna Bank Securities Ltd

4,940,304	96,300
-----------	--------

471,172,467	357,974,143
-------------	-------------

**Accumulated Depreciation:**

Meghna Bank Limited (Note-9a)

169,920,967	98,571,670
-------------	------------

Meghna Bank Securities Ltd

611,537	784
---------	-----

170,532,504	98,572,454
-------------	------------

<b>300,639,963</b>	<b>259,401,689</b>
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**Carrying value**

**9a Fixed Assets including Premises, Furniture's & Fixtures**

**A. Cost:**

Opening balance

357,877,843	234,215,957
-------------	-------------

Add: Addition during the year

108,704,320	132,139,923
-------------	-------------

Less: Disposal during the year

350,000	8,478,037
---------	-----------

**Closing balance at cost**

<b>466,232,163</b>	<b>357,877,843</b>
--------------------	--------------------

**B. Depreciation:**

Opening balance

98,591,533	45,015,521
------------	------------

Add: Addition during the year

71,653,150	56,640,099
------------	------------

Less: Adjustment / disposal during the year

323,716	3,083,950
---------	-----------

**Accumulated Depreciation**

<b>169,920,967</b>	<b>98,571,670</b>
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**Carrying value**

<b>296,311,196</b>	<b>259,306,173</b>
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For details please refer to Annexure-B

**10 Consolidated Other Assets**

Meghna Bank Limited (Note-10a)

744,466,027	692,506,773
-------------	-------------

Meghna Bank Securities Ltd

15,984,895	214,831
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760,450,921	692,721,604
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Less: Inter Company Transaction

371,645,192	349,999,900
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<b>388,805,729</b>	<b>342,721,704</b>
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**10a Other Assets**

Stock of Stationery, Stamps and Printing Materials etc. (valued at cost)  
 Advance Rent  
 Suspense Account (Note-10a.1)  
 Interest receivable (Note-10a.2)  
 Security Deposit  
 Advance against proposed Branch  
 Cash Remittance  
 Interest on Sanchaypatra  
 Stock of Capex  
 NCCB Securities & Financial Services Ltd  
 Receivable from MGBL Securities  
 Meghna Bank Securities Ltd  
 Prepaid Expenses  
 Investment in Subsidiary  
 BEFTN Adjustment Account  
 S/D RFA SEBL - Western Union  
 MGBL General Account

	2016 Taka	2015 Taka
	3,263,051	2,303,475
	224,479,606	214,131,212
	5,544,853	5,546,500
	121,084,415	93,585,845
	96,925	92,525
	6,159,773	21,400,292
	5,500,000	-
	3,976,438	695,003
	-	826,000
	1,468	4,853
	1,233,263	-
	20,412,029	-
	2,401,134	3,920,658
	349,999,900	349,999,900
	108,508	-
	204,664	-
	-	510
	<b>744,466,027</b>	<b>692,506,773</b>
<b>10a.1 Suspense Account:</b>		
Sundry Debtors	3,020,738	4,198,500
Advance against TA/DA	54,000	95,000
Advance against Petty Cash	25,000	25,000
Premature Encashment of Sanchaypatra	2,445,115	1,228,000
	<b>5,544,853</b>	<b>5,546,500</b>

The detail breakup of unadjusted suspense accounts are given below:

Sl	Breakup	Amount in Taka				
		Less than 03 months	03 months to less than 06 months	06 months to less than 09 months	09 months to less than 12 months	12 months and more
1	Sundry Debtors	1,070,551	1,920,187	-	30,000	-
2	Advance against TA/DA	54,000	-	-	-	-
3	Advance against Petty Cash	25,000	-	-	-	-
4	Cash Remittance	-	-	-	-	-
5	Legal expenses	-	-	-	-	-
6	Others	2,445,115	-	-	-	-
	<b>Grand Total</b>	<b>3,594,666</b>	<b>1,920,187</b>	-	<b>30,000</b>	-

**10a.2 Interest Receivable:**

Receivable from Other Banks and NBFIs  
 Accrued Income on SND  
 Accrued Income on Bonds & Commercial Paper

	6,673,341	47,632,576
	237,000	215,000
	114,174,074	45,738,269
	<b>121,084,415</b>	<b>93,585,845</b>

**10a.3 MGBL General Account** represents outstanding Inter-Branch and Head Office transactions (Net) originated but yet to be responded by the Balance Sheet date. The break-up of MGBL general account are given below:

	Debit		Credit	
	No. of entry	Amount	No. of entry	Amount
Up to 3 months	-	-	-	-
Over 3 Months but within 6 months	-	-	-	-
Over 6 Months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
<b>Net unreconciled amount</b>				<b>-</b>

**11 Consolidated Borrowings from other Banks & Financial Institutions and Agents**

Meghna Bank Limited (Note-11a)  
 Meghna Bank Securities Ltd

2016 Taka	2015 Taka
208,317,699	1,150,000,000
-	-
<b>208,317,699</b>	<b>1,150,000,000</b>

**11a Borrowings from other Banks & Financial Institutions and Agents**

In Bangladesh  
 Outside Bangladesh

208,317,699	1,150,000,000
-	-
<b>208,317,699</b>	<b>1,150,000,000</b>

**12 Consolidated Deposits and Other Accounts**

**Current Deposit & Other Accounts:**

Meghna Bank Limited (Note-12a)  
 Meghna Bank Securities Ltd

1,653,086,537	867,360,084
-	-
1,653,086,537	867,360,084
789,562	-
<b>1,652,296,975</b>	<b>867,360,084</b>

Less: Inter Company Transaction

**Bills Payable:**

Meghna Bank Limited (Note-12a)  
 Meghna Bank Securities Ltd

356,089,857	174,048,030
-	-
<b>356,089,857</b>	<b>174,048,030</b>

**Savings Bank Deposits:**

Meghna Bank Limited (Note-12a)  
 Meghna Bank Securities Ltd

782,682,079	427,638,875
-	-
<b>782,682,079</b>	<b>427,638,875</b>

**Fixed Deposits:**

Meghna Bank Limited (Note-12a)  
 Meghna Bank Securities Ltd

22,716,901,289	14,603,990,384
-	-
22,716,901,289	14,603,990,384
17,585,738	38,325,575
<b>22,699,315,551</b>	<b>14,565,664,809</b>
<b>25,490,384,462</b>	<b>16,034,711,798</b>

Less: Inter Company Transaction

**12a Deposits and Other Accounts**

1) Deposits from banks  
 2) Deposits from customers

7,093,658	5,368,149
25,501,666,105	16,067,669,224
<b>25,508,759,763</b>	<b>16,073,037,373</b>

**1) Deposits from banks**

**i) Current Deposit & Other Accounts/SND:**

BRAC Bank Limited  
 Jamuna Bank Limited  
 Southeast Bank Limited

5,242,940	2,240,390
165,495	538,274
1,685,223	2,589,485
<b>7,093,658</b>	<b>5,368,149</b>

**2) Deposits from customer**

**i) Current Deposit & Other Accounts:**

Current Deposit  
 Foreign Currency Deposits  
 Sundry Deposits [Note Y]

1,051,600,480	512,539,807
20,460,104	9,433,839
579,175,236	345,386,439
<b>1,651,235,820</b>	<b>867,360,084</b>

**ii) Bills Payable:**

Payable inside Bangladesh  
 Payment Order Issued

355,808,958	174,048,030
<b>355,808,958</b>	<b>174,048,030</b>
280,899	-
<b>356,089,857</b>	<b>174,048,030</b>

Payable outside Bangladesh

**iii) Savings Bank Deposits:**

Savings Deposits

782,682,079	427,638,875
<b>782,682,079</b>	<b>427,638,875</b>

**iv) Fixed Deposits:**

Fixed Deposits  
 Short Notice Deposits  
 Scheme Deposit [Note-X]

17,215,872,294	12,156,790,147
1,730,782,225	296,103,320
3,765,003,830	2,151,096,916
<b>22,711,658,349</b>	<b>14,603,990,384</b>
<b>25,501,666,105</b>	<b>16,073,037,373</b>





**X Scheme Deposits:**

Deposit Pension Scheme  
Meghna Child Education Plan  
Monthly Income Scheme Deposit  
Meghna Multiplier Scheme

	2016 Taka	2015 Taka
	524,165,861	201,926,231
	13,667,913	6,519,031
	2,034,976,465	972,445,680
	1,192,193,591	970,205,973
	<b>3,765,003,830</b>	<b>2,151,096,916</b>

**12a.1 Deposits and Other Accounts:**

**Current Deposit & Other Accounts:**

a) Deposits from banks  
b) Deposits from customers

	1,850,717	3,127,759
	1,651,235,820	864,232,325
	<b>1,653,086,538</b>	<b>867,360,084</b>

**Bills Payable**

a) Deposits from banks  
b) Deposits from customers

	-	-
	356,089,857	174,048,030
	<b>356,089,857</b>	<b>174,048,030</b>

**Savings Bank Deposits:**

a) Deposits from banks  
b) Deposits from customers

	-	-
	782,682,079	427,638,875
	<b>782,682,079</b>	<b>427,638,875</b>

**Fixed Deposits:**

a) Deposits from banks  
b) Deposits from customers

	5,242,940	2,240,390
	22,711,658,349	14,601,749,994
	<b>22,716,901,289</b>	<b>14,603,990,384</b>

**Y. Sundry Deposits**

Margin on letter of guarantee  
Margin on letter of credit  
Withholding VAT/Tax/Excise duty payable to Government Authority  
Others

	152,078,792	129,399,042
	179,347,687	124,885,873
	54,986,720	39,507,022
	192,762,037	51,594,501
	<b>579,175,236</b>	<b>345,386,439</b>

**12a.2 Maturity wise classification of Deposits are as under with a residual maturity of:**

Repayable on demand  
Within 1 month  
Over 1 month but not more than 6 months  
Over 6 months but not more than 1 year  
Over 1 year but not more than 5 years  
Over 5 years

	433,158,027	210,885,115
	3,372,556,545	843,540,460
	7,529,730,895	7,521,103,626
	5,797,835,777	4,512,019,112
	3,138,109,183	2,352,108,440
	5,237,369,336	633,380,620
	<b>25,508,759,763</b>	<b>16,073,037,373</b>

**13 Consolidated Other Liabilities**

Meghna Bank Limited (Note-13a)  
Meghna Bank Securities Ltd

	890,132,324	540,212,096
	31,672,795	6,872,409
	921,805,119	547,084,506
	21,645,292	-
	<b>900,159,827</b>	<b>547,084,506</b>

Less: Inter Company Transaction

**13a Other Liabilities**

Interest Payable on Deposits & Borrowings  
Provision for Loans and Advances {Note-13a.1 (a) & (b)}  
Provision for Off-Balance Sheet items {Note-13a.1 (c)}  
Provision for Investment in Securities {Note-13a.1 (e)}  
Non-Resident Accounts  
Interest Suspense A/C {Note-13a.1 (f)}  
Settlement with NPSB  
Provision for Taxation (Note-13a.2)  
Deferred Tax Liability (Note-14a)  
BEFT Settlement Account  
Adjusting Account Credit

	319,184,627	270,368,976
	213,975,000	144,200,000
	50,800,000	42,100,000
	2,060,000	5,035,000
	5,027,621	4,449,616
	8,064,034	-
	50,445	240,055
	196,648,029	1,680,129
	3,091,672	11,409,906
	6,391,303	13,547,848
	84,839,592	47,180,566
	<b>890,132,324</b>	<b>540,212,096</b>

**13a.1 Provision for Loans and Advances:**

**(a) Provision on Classified Loans and Advances:**

Provision held at the beginning of the year  
**Less:** Fully provided debt written off  
**Add:** Recoveries of amounts previously written off  
**Add:** Specific Provision for the year  
**Less:** Recoveries and provisions no longer required  
**Add:** Provision transferred from Provision for Investment in Securities  
**Provision held at the end of the year**

	2016 Taka	2015 Taka
	-	-
	-	-
	-	-
	12,500,000	-
	-	-
	1,176,000	-
	<b>13,676,000</b>	<b>-</b>

**(b) General Provision on Unclassified Loans and Advances**

Provision held at the beginning of the year  
Provision transferred to provision on Classified Loans and Advances  
Provision transferred from Provision for Investment in Securities  
Addition during the year

	144,200,000	77,597,252
	-	-
	1,799,000	-
	54,300,000	66,602,748
	<b>200,299,000</b>	<b>144,200,000</b>
	<b>213,975,000</b>	<b>144,200,000</b>

**Balance at the end of the year**

**Total Provision for Loans and Advances (a+b)**

**(c) General Provision on Off-Balance Sheet items:**

Provision held at the beginning of the year  
Provision transferred from provision on Unclassified Loans and Advances  
Addition during the year

	42,100,000	21,568,000
	-	-
	8,700,000	20,532,000
	<b>50,800,000</b>	<b>42,100,000</b>
	<b>264,775,000</b>	<b>186,300,000</b>

**Balance at the end of the year**

**Total Provision for Loans and Advances & Off-Balance Sheet (a+b+c)**

**(d) Provision for other Assets:**

Provision held at the beginning of the year  
Addition during the year

	-	-
	-	-
	<b>-</b>	<b>-</b>

**Balance at the end of the year**

**(e) Provision for Investment in Securities:**

Provision held at the beginning of the year  
Provision transferred to provision on Unclassified Loans and Advances  
Provision transferred to provision on Classified Loans and Advances  
Addition during the year

	5,035,000	773,298
	1,799,000	-
	1,176,000	-
	-	4,261,702
	<b>2,060,000</b>	<b>5,035,000</b>

**Balance at the end of the year**

**(f) Interest Suspense Account:**

Balance at the beginning of the year  
Amount transferred to interest suspense account during the year  
Amount recovered from interest suspense account during the year  
Amount written off/ waived during the year

	-	-
	8,064,034	-
	-	-
	-	-
	<b>8,064,034</b>	<b>-</b>

**Balance at the end of the year**

**13.2 Consolidated Provision for Taxation**

**Provision for Current tax**

Meghna Bank Limited (Note-13a.2)  
Meghna Bank Securities Ltd

	342,896,490	165,209,805
	5,280,626	1,200,000
	<b>348,177,116</b>	<b>166,409,805</b>

**Advance tax**

Meghna Bank Limited (Note-13a.2)  
Meghna Bank Securities Ltd

	146,248,460	163,529,677
	4,626,702	894,724
	150,875,162	164,424,401
	<b>197,301,954</b>	<b>1,985,404</b>

**Balance at the end of the year**

**13a.2 Provision for Taxation**

**Provision for Current tax**

Balance at the beginning of the year  
**Less:** Settlement of Income tax for the Income year 2015  
**Add:** Transferred from Deferred Tax Liability  
**Add:** Provision made during the year

	165,209,805	39,636,361
	145,631,549	3,016,650
	8,318,233	-
	315,000,000	128,590,094
	<b>342,896,490</b>	<b>165,209,805</b>

**Advance tax**

Balance at the beginning of the year  
Paid during the year  
**Less:** Settlement of Income tax for the Income year 2015

	163,529,677	152,906,384
	128,350,333	13,639,942
	145,631,549	3,016,650
	<b>146,248,460</b>	<b>163,529,677</b>
	<b>196,648,029</b>	<b>1,680,129</b>

**Balance at the end of the year**



	2016 Taka	2015 Taka
<b>13a.3 Provision against entries of NOSTRO Account</b>		
No provision is required as per Circular Letter No. FEPD(FEMO)/01/2005-677 dated 13 September 2005 for unreconciled NOSTRO debit entries as there is no outstanding entry over 3 months (note: 5.3).		
<b>14 Consolidated Deferred Tax Liability</b>		
Meghna Bank Limited (Note-14a)	3,091,672	11,409,906
Meghna Bank Securities Ltd	-	-
	<b>3,091,672</b>	<b>11,409,906</b>
<b>14a Deferred Tax Liability</b>		
Balance at the beginning of the year	11,409,906	-
Add: Provision made during the year	-	11,409,906
Less: Transfer to Current Tax Liability	8,318,233	-
<b>Balance at the end of the year</b>	<b>3,091,672</b>	<b>11,409,906</b>
<b>15a Capital</b>		
<b>15a.1 Authorized Capital:</b>		
200,00,00,000 ordinary shares of Tk. 10 each	<b>20,000,000,000</b>	<b>20,000,000,000</b>
<b>15a.2 Issued, Subscribed and Paid up Capital:</b>		
The Paid-up Capital of the Bank is Tk. 4,433,000,000 divided into 443,300,000 Ordinary Shares of Tk 10 each	<b>4,433,000,000</b>	<b>4,433,000,000</b>
Issued for cash: shares of Tk. 10 each	4,433,000,000	4,433,000,000
Issued other than cash: bonus shares of Tk 10 each	-	-
	<b>4,433,000,000</b>	<b>4,433,000,000</b>
<b>Holding</b>		
Sponsor Shareholders Group-A	4,433,000,000	4,433,000,000
In year 2016: 100%	<b>4,433,000,000</b>	<b>4,433,000,000</b>

	2016 Taka	2015 Taka
<b>15.3 Consolidated Capital Adequacy:</b>		
Position of capital adequacy are given below:-		
<b>a) Core Capital (Tier-I):</b>		
i) Paid-up Capital	4,433,000,000	4,433,000,000
ii) Statutory Reserve (Note-16)	309,419,625	131,451,223
iii) Retained Earnings (Note-18)	447,553,788	317,201,277
iv) Non-Controlling Interest (Note-19)	101	101
	<b>5,189,973,514</b>	<b>4,881,652,601</b>
<b>b) Supplementary Capital (Tier-II):</b>		
i) General Provision (Note 13a.1(b+c))	251,099,000	186,300,000
ii) Revaluation of Securities	357,248	476,331
	<b>251,456,248</b>	<b>186,776,331</b>
<b>c) Total Equity (a +b)</b>	<b>5,441,429,763</b>	<b>5,068,428,932</b>
d) Total Risk Weighted Assets (Note-15.4)	23,104,849,274	18,610,048,823
e) Required Capital	4,000,000,000	4,000,000,000
<b>f) Total Capital Surplus (c-e)</b>	<b>1,441,429,763</b>	<b>1,068,428,932</b>

Particulars	2016 (Under Basel III)		2015 (Under Basel III)	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Core Capital	5.50%	22.46%	5.50%	26.23%
Supplementary Capital		1.09%		1.00%
<b>Total</b>	<b>10.625%</b>	<b>23.55%</b>	<b>10.00%</b>	<b>27.23%</b>

	2016 Taka	2015 Taka
<b>15.4 Consolidated Risk Weighted Assets (RWA) for</b>		
1. Credit Risk		
On-Balance Sheet	18,897,787,768	14,242,305,759
Off-Balance Sheet	2,673,374,772	2,913,883,660
2. Market Risk	399,286,445	315,345,078
3. Operational Risk	1,134,400,290	1,138,514,326
<b>Total Consolidated Risk Weighted Assets (1+2+3)</b>	<b>23,104,849,274</b>	<b>18,610,048,823</b>

#### 15a.5 Capital Adequacy:

Position of capital adequacy are given below:-

##### a) Core Capital (Tier-I):

- i) Paid-up Capital
- ii) Statutory Reserve (Note-16)
- iii) Retained Earnings (Note-18a)

	2016 Taka	2015 Taka
4,433,000,000	4,433,000,000	
309,419,625	131,451,223	
445,506,275	314,612,664	
<b>5,187,925,900</b>	<b>4,879,063,887</b>	

##### b) Supplementary Capital (Tier-II):

- i) General Provision (Note 13a.1(b+c))
- ii) Revaluation of Securities

	2016 Taka	2015 Taka
251,099,000	186,300,000	
357,248	476,331	
<b>251,456,248</b>	<b>186,776,331</b>	
<b>5,439,382,149</b>	<b>5,065,840,218</b>	

##### c) Total Equity (a +b)

- d) Total Risk Weighted Assets (Note-15a.6)
- e) Required Capital

- f) Total Capital Surplus (c-e)

	2016 Taka	2015 Taka
23,100,871,935	18,605,934,786	
4,000,000,000	4,000,000,000	
<b>1,439,382,149</b>	<b>1,065,840,218</b>	

##### Capital Adequacy Ratio:

Particulars	2016 (Under Basel III)		2015 (Under Basel III)	
	Requirement	Capital	Requirement	Capital Maintained
Core Capital	5.50%	22.46%	5.50%	26.22%
Supplementary Capital		1.09%		1.00%
<b>Total</b>	<b>10.625%</b>	<b>23.55%</b>	<b>10.00%</b>	<b>27.23%</b>

#### 15a.6 Risk Weighted Assets (RWA) for

- 1. Credit Risk
- On-Balance Sheet
- Off-Balance Sheet
- 2. Market Risk
- 3. Operational Risk
- Total Risk Weighted Assets (1+2+3)**

	2016 Taka	2015 Taka
18,897,787,768	14,242,305,759	
2,673,374,772	2,913,883,660	
391,195,069	315,345,078	
1,138,514,326	1,134,400,289	
<b>23,100,871,935</b>	<b>18,605,934,786</b>	

#### 16 Statutory Reserve

- Opening balance
- Add: Addition during the year (20% of Pre-tax profit)

	2016 Taka	2015 Taka
131,451,223	22,911,575	
177,968,403	108,539,648	
<b>309,419,626</b>	<b>131,451,223</b>	

#### 17 Other Reserve (Revaluation of HFT & HTM Securities)

- HTM Securities (Note 17.1)
- HFT Securities (Note 17.2)

	2016 Taka	2015 Taka
79,204	11,602	
45,911,854	148,256,752	
<b>45,991,058</b>	<b>148,268,354</b>	

#### 17.1 HTM Securities

- Opening balance
- Add: Gain from revaluation on investment
- Less: Adjustment for sale/maturity of securities

	2016 Taka	2015 Taka
11,602	2,457	
135,204	9,145	
67,602	-	
<b>79,204</b>	<b>11,602</b>	

#### 17.2 HFT Securities

- Opening balance
- Add: Gain from revaluation on investment
- Less: Adjustment for sale/maturity of securities

	2016 Taka	2015 Taka
148,256,752	1,188,371	
247,808,140	418,088,912	
350,153,037	271,020,531	
<b>45,911,854</b>	<b>148,256,752</b>	

#### 18 Consolidated Retained Earnings

- Meghna Bank Ltd (Note-18a)
- Meghna Bank Securities Ltd

	2016 Taka	2015 Taka
445,506,275	314,612,664	
2,047,514	2,588,614	
447,553,789	317,201,278	
1	1	
<b>447,553,788</b>	<b>317,201,277</b>	

#### 18.1 Consolidated Current year retained Earnings

##### Current Year

- Meghna Bank Ltd (Note-18a)
- Meghna Bank Securities Ltd

	2016 Taka	2015 Taka
396,873,611	294,158,590	
9,958,900	2,588,614	
406,832,511	296,747,205	
3	1	
<b>406,832,508</b>	<b>296,747,204</b>	





### 18a Retained Earnings of the Bank

Opening balance  
**Less:** Cash Dividend Paid  
**Add:** Transfer from Profit & Loss Account

2016 Taka	2015 Taka
314,612,664	20,454,074
(265,980,000)	-
396,873,611	294,158,590
<b>445,506,275</b>	<b>314,612,664</b>

### Consolidated Retained Earnings brought forward from previous year

Balance of 01 January  
 Cash dividend paid for the year 2015

317,201,277	20,454,074
(265,980,000)	-
<b>51,221,277</b>	<b>20,454,074</b>

### Retained Earnings brought forward from previous year

Balance of 01 January  
 Cash dividend paid  
**Balance at 31 December**

314,612,664	20,454,074
(265,980,000)	-
<b>48,632,664</b>	<b>20,454,074</b>

### 19 Non-Controlling Interest

Share Capital  
 Retained Earnings

100	100
1	1
<b>101</b>	<b>101</b>

### 20 Acceptance and Endorsements

Accepted Bills (Foreign)  
 Accepted Bills (Inland)  
 Endorsements (Shipping Guarantee)

237,867,594	237,895,702
296,208,620	311,284,021
24,451,070	5,705,666
<b>558,527,283</b>	<b>554,885,389</b>

**Less:** Margin

-	-
<b>558,527,283</b>	<b>554,885,389</b>

### 21 Letters of Guarantees

Letters of Guarantee  
**Less:** Margin {Note-12.a(i) Y}

2,321,738,999	2,430,591,621
152,078,792	129,399,042
<b>2,169,660,206</b>	<b>2,301,192,579</b>

a) Claims against the Bank not acknowledged as debts  
 b) Money for which the Bank is contingently liable in respect of guarantees given favoring: Directors or Officers  
     Government  
     Banks and other financial institutions  
     Others

-	-
1,615,007,890	1,394,713,449
22,532,689	-
684,198,419	1,035,878,172
<b>2,321,738,999</b>	<b>2,430,591,621</b>

**Less:** Margin {Note-12.a(i) Y}

152,078,792	129,399,042
<b>2,169,660,206</b>	<b>2,301,192,579</b>

### 22 Irrevocable Letters of Credit

Letters of credit  
**Less:** Margin {Note-12.a(i) Y}

1,547,273,561	803,646,694
179,347,687	124,885,873
<b>1,367,925,874</b>	<b>678,760,820</b>

### 23 Consolidated Income Statement

Income:  
 Interest, discount and similar income (Note-24 & 26)

Dividend income (Note-26)  
 Fees, Commission and Brokerage (Note-27)  
 Gains less losses arising from dealing securities  
 Gains less losses arising from investment securities  
 Gains less losses arising from dealing in foreign currencies (Note-27)  
 Income from non-banking assets  
 Other operating income (Note-28)  
 Profit less losses on interest rate changes  
 Nominal value of bonus share received

2,827,480,885	2,068,350,444
12,453,038	877,885
95,272,016	67,278,265
5,033,339	1,500,786
384,519,262	285,439,557
57,606,295	39,332,004
-	-
49,310,945	29,939,178
-	-
-	-
<b>3,431,675,780</b>	<b>2,492,718,120</b>

### Expenses:

Interest paid on Deposits, borrowings etc. (Note-25)  
 Losses on Loans and Advances  
 Administrative expenses  
 Other operating expenses  
 Depreciation on banking assets (Annexure-B)

2016 Taka	2015 Taka
1,566,357,416	1,149,784,585
-	-
544,214,885	452,262,953
269,210,620	194,731,386
72,291,946	58,055,893
<b>2,452,074,867</b>	<b>1,854,834,817</b>
<b>979,600,914</b>	<b>637,883,302</b>

### Income over expenditure

### 23a Income Statement of the Bank

Income:  
 Interest, discount and similar income (Note-24a & 26a)  
 Dividend income (Note-26a)  
 Fees, Commission and Brokerage (Note-27a)  
 Gains less losses arising from dealing securities  
 Gains less losses arising from investment securities  
 Gains less losses arising from dealing in foreign currencies (Note-27a)  
 Income from non-banking assets  
 Other operating income (Note-28a)  
 Profit less losses on interest rate changes  
 Nominal value of bonus share received

2,817,974,730	2,068,344,659
12,453,038	877,885
81,859,894	67,191,378
5,033,339	1,500,786
384,519,262	285,439,557
57,606,295	39,332,004
-	-
48,591,481	29,924,384
-	-
-	-
<b>3,408,038,039</b>	<b>2,492,610,654</b>

### Expenses:

Interest paid on Deposits, borrowings etc. (Note-25a)  
 Losses on Loans and Advances  
 Administrative expenses  
 Other operating expenses  
 Depreciation on banking assets (Annexure-B)

1,568,177,902	1,157,905,194
-	-
536,230,274	417,280,933
266,614,836	226,689,740
71,673,013	56,640,099
<b>2,442,696,025</b>	<b>1,858,515,967</b>
<b>965,342,014</b>	<b>634,094,688</b>

### Income over expenditure

### 24 Consolidated Interest Income:

Meghna Bank Ltd (Note-24a)  
 Meghna Bank Securities Ltd

2,335,895,723	1,664,036,290
3,531,704	8,126,394
2,339,427,426	1,672,162,683
1,820,486	8,120,609
<b>2,337,606,940</b>	<b>1,664,042,075</b>

**Less:** Inter Company Transaction

### 24a Interest Income:

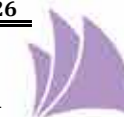
Interest on Loans and Advances: (Note-24a.1)  
 Interest on balance with other Banks & Financial Institutions

2,170,611,837	1,524,217,726
165,283,885	139,818,564
<b>2,335,895,723</b>	<b>1,664,036,290</b>

### 24a.1 Interest on Loans and Advances:

Interest Income on Cash Credit  
 Interest Income on Secured Over Draft  
 Interest Income on General Over Draft Loan  
 Interest Income on Inland Bill Purchased/Discount  
 Interest Income on Import Finance  
 Interest Income on Export Finance  
 Interest Income on Demand Loan (General)  
 Interest Income on Demand Loan (Forced Loan)  
 Interest Income on Consortium/Syndicate Finance  
 Interest Income on Hire Purchase Finance  
 Interest Income on House Building Loan  
 Interest Income on General Term Loan  
 Interest Income on SME Loan & Advance  
 Interest Income on Personal Loan Scheme  
 Interest Income on Meghna Bank Student Loan  
 Interest Income on Credit Card  
 Interest Income on Agricultural and Rural Loan

388,536,283	191,706,752
142,054,541	132,114,070
515,743,864	354,700,380
30,225,163	21,179,550
262,323,417	160,766,331
2,643,057	201,640
229,334,529	175,038,261
10,635,862	1,364,001
48,025,071	74,760,794
556,274	-
94,248,904	61,284,326
373,128,466	306,910,929
144,760	80,128
21,927,728	17,981,048
1,742	-
1,421,049	-
49,661,126	26,129,516
<b>2,170,611,837</b>	<b>1,524,217,726</b>





	2016 Taka	2015 Taka
<b>25 Consolidated Interest Paid on Deposits, Borrowing, etc:</b>		
Meghna Bank Ltd (Note-25a)	1,568,177,902	1,157,905,194
Meghna Bank Securities Ltd	-	-
	1,568,177,902	1,157,905,194
Less: Inter Company Transaction	1,820,486	8,120,609
	<b>1,566,357,416</b>	<b>1,149,784,585</b>
<b>25a Interest Paid on Deposits, Borrowing, etc:</b>		
a) Interest on Deposits		
Interest Paid on Savings Deposits	19,086,751	16,358,860
Interest Paid on Short Notice Deposits	117,178,296	14,845,753
Interest Paid on Fixed Deposit Receipts	1,046,938,841	939,321,727
Interest Paid on Deposit Pension Scheme	36,716,904	11,960,453
Interest Paid on Meghna Child Education Plan	1,119,744	459,458
Interest Paid on Monthly Income Scheme	182,487,646	70,412,206
Interest Paid on Meghna Multiplier Scheme	127,770,344	83,712,904
	<b>1,531,298,528</b>	<b>1,137,071,361</b>
b) Interest Paid on Borrowings	36,879,374	20,833,833
	<b>1,568,177,902</b>	<b>1,157,905,194</b>
<b>26 Consolidated Investment Income:</b>		
Meghna Bank Ltd (Note-26a)	884,084,646	692,126,597
Meghna Bank Securities Ltd	7,794,938	-
	<b>891,879,584</b>	<b>692,126,597</b>
<b>26a Investment Income:</b>		
Interest Income from Treasury Bills	21,484,270	24,875,975
Interest Income from Treasury Bonds	400,328,995	316,532,601
Interest Income from Bangladesh Bank Bills	967,600	-
Gain on Sale of Treasury Bonds	384,519,262	285,439,557
Income from Investment in Commercial Paper	58,710,434	62,899,793
Income from Investment in Preference Share	587,708	-
Dividend Income	12,453,038	877,885
Gain on Sale of Shares	5,033,339	1,500,786
	<b>884,084,646</b>	<b>692,126,597</b>
<b>27 Consolidated Commission, Exchange &amp; Brokerage:</b>		
Meghna Bank Ltd (Note-27a)	139,466,189	106,523,383
Meghna Bank Securities Ltd	13,412,122	86,887
	<b>152,878,311</b>	<b>106,610,269</b>
<b>27a Commission, Exchange &amp; Brokerage:</b>		
Brokerage Commission	-	-
Income from Commission	81,859,894	67,191,378
Exchange earnings	57,606,295	39,332,004
	<b>139,466,189</b>	<b>106,523,383</b>
<b>28 Consolidated Other Operating Income:</b>		
Meghna Bank Ltd (Note-28a)	48,591,481	29,924,384
Meghna Bank Securities Ltd	3,661,464	14,794
	<b>52,252,945</b>	<b>29,939,178</b>
Less: Inter Company Transaction	2,942,000	-
	<b>49,310,945</b>	<b>29,939,178</b>
<b>28a Other Operating Income:</b>		
Income From Fees & Charges	8,719,254	6,242,861
Income From Services	21,169,366	9,585,970
Postage, Telex, Swift etc.	5,273,989	2,832,144
Gain on Sale of Bank's Property	48,716	280,727
Other charges (Note-28a.1)	13,380,156	10,982,681
	<b>48,591,481</b>	<b>29,924,384</b>
<b>28a.1 Other Charges</b>		
Rent of Lockers	67,000	46,750
Rent on Property/ Rental Income	2,942,000	-
Notice pay earnings	813,220	1,254,044
Rebate Received	4,518,645	1,766,973
Miscellaneous income	5,039,291	7,914,915
	<b>13,380,156</b>	<b>10,982,681</b>

	2016 Taka	2015 Taka
<b>29 Consolidated Salary &amp; Allowances:</b>		
Meghna Bank Ltd (Note-29a)	331,169,340	255,051,039
Meghna Bank Securities Ltd	6,799,031	381,968
	<b>337,968,371</b>	<b>255,433,007</b>
<b>29a Salary &amp; Allowances:</b>		
Basic Salary	142,569,152	111,416,392
Allowances	70,532,145	57,479,857
Consolidated Pay	24,744,193	18,680,924
Bonus	69,436,788	56,945,225
Gratuity	10,000,000	-
Bank's Contribution to Provident fund	13,887,062	10,528,641
	<b>331,169,340</b>	<b>255,051,039</b>
<b>30 Consolidated Rent, Taxes, Insurance, Electricity etc.:</b>		
Meghna Bank Ltd (Note-30a)	156,643,638	125,896,411
Meghna Bank Securities Ltd	3,583,790	84,959
	<b>160,227,428</b>	<b>125,981,370</b>
Less: Inter Company Transaction	2,942,000	-
	<b>157,285,428</b>	<b>125,981,370</b>
<b>30a Rent, Taxes, Insurance, Electricity etc.:</b>		
Rent, Rates & Taxes	125,796,380	105,891,656
Insurance, Electricity & Lighting	30,847,258	20,004,755
	<b>156,643,638</b>	<b>125,896,411</b>
<b>31 Consolidated Legal Expenses:</b>		
Meghna Bank Ltd (Note-31a)	161,275	78,822
Meghna Bank Securities Ltd	-	-
	<b>161,275</b>	<b>78,822</b>
<b>31a Legal Expenses:</b>		
Legal Fees & Charge	-	-
Legal Charges	161,275	78,822
	<b>161,275</b>	<b>78,822</b>
<b>32 Consolidated Postage, Stamps, Telecommunication etc:</b>		
Meghna Bank Ltd (Note-32a)	16,010,776	10,018,066
Meghna Bank Securities Ltd	72,397	2,769
	<b>16,083,173</b>	<b>10,020,835</b>
<b>32a Postage, Stamps, Telecommunication etc:</b>		
Postage	1,092,065	608,190
Swift & Internet charge	10,571,762	7,137,442
Telephone charges	642,634	640,136
Mobile phone charges	1,703,339	1,333,216
Bloomberg Charges	2,000,976	299,082
	<b>16,010,776</b>	<b>10,018,066</b>
<b>33 Consolidated Stationery, Printing &amp; Advertisements etc:</b>		
Meghna Bank Ltd (Note-33a)	17,419,937	15,094,053
Meghna Bank Securities Ltd	408,393	99,822
	<b>17,828,329</b>	<b>15,193,875</b>
<b>33a Stationery, Printing &amp; Advertisements etc:</b>		
Petty Stationery	2,704,920	1,695,798
Printing Stationery	3,929,656	3,241,449
Security Stationery	1,131,311	728,939
Computer Stationery	3,104,346	2,284,624
Publicity and Advertisement	6,549,704	7,143,243
	<b>17,419,937</b>	<b>15,094,053</b>
<b>34 Chief Executive's Salary &amp; Fees:</b>		
Basic Salary	5,040,000	5,040,000
Allowances	2,520,000	2,520,000
Bonus	1,680,000	1,260,000
	<b>9,240,000</b>	<b>8,820,000</b>
<b>35 Consolidated Directors' Fees:</b>		
Meghna Bank Ltd (Note-35a)	2,312,000	1,156,000
Meghna Bank Securities Ltd	48,000	29,750
	<b>2,360,000</b>	<b>1,185,750</b>





	2016 Taka	2015 Taka
<b>35a Directors' Fees:</b>		
Directors Fees	2,312,000	1,156,000
Other Benefits	-	-
	<b>2,312,000</b>	<b>1,156,000</b>
<b>36 Consolidated auditors' Fees:</b>		
Meghna Bank Ltd (Note-36a)	150,000	115,000
Meghna Bank Securities Ltd	15,000	11,500
	<b>165,000</b>	<b>126,500</b>
<b>36a Auditors' Fees:</b>		
Auditors Fees	150,000	115,000
	<b>150,000</b>	<b>115,000</b>
<b>35 Charges on Loan Losses</b>		
Loan - Written Off	-	-
Interest Waived	-	-
	<b>-</b>	<b>-</b>
<b>37 Consolidated Depreciation, Amortization and Repair on Bank's Assets:</b>		
Meghna Bank Ltd (Note-37a)	74,796,321	57,691,641
Meghna Bank Securities Ltd	618,933	1,415,794
	<b>75,415,254</b>	<b>59,107,435</b>
<b>37a Depreciation, Amortization and Repair on Bank's Assets:</b>		
<b>a) Depreciation on Bank's Assets (Annexure-B):</b>		
Land & Building	-	-
Vehicles	5,228,939	6,150,768
Machinery & Equipment	18,336,461	12,084,670
Furniture & Fixtures	15,586,734	7,715,293
Computer and Peripherals	17,211,556	17,367,480
Office Tools & Accessories	2,372,847	1,368,888
	<b>58,736,537</b>	<b>44,687,099</b>
<b>b) Amortization</b>		
Software	12,936,476	11,953,000
<b>c) Repair on Bank's Assets:</b>		
Land & Building	-	-
Vehicles	25,685	196,430
Machinery & Equipment	1,220,828	483,208
Furniture & Fixtures	1,146,291	344,144
Computer and Peripherals	730,504	27,760
Office Tools & Accessories	-	-
	<b>3,123,308</b>	<b>1,051,542</b>
	<b>74,796,321</b>	<b>57,691,641</b>
<b>38 Consolidated Other Expenses:</b>		
Meghna Bank Ltd (Note-38a)	266,614,836	178,158,271
Meghna Bank Securities Ltd	2,595,784	2,412,898
	<b>269,210,620</b>	<b>180,571,169</b>
<b>38a Other Expenses:</b>		
Gas Bills	31,200	18,100
Wasa Bill	393,322	371,087
Drinking water Expenses	549,378	418,749
Car Expenses	38,158,051	36,469,939
Software Maintenance Expenses	15,723,922	16,031,921
Entertainment	5,164,901	3,619,359
Training, Seminar, Workshop Expenses	1,114,828	1,306,121
Travelling and Conveyance	6,911,073	4,504,052
Subscription	2,644,738	3,100,976
Corporate Social Responsibility	2,152,000	4,000,000
Written Off- Fixed Assets	-	3,563,760
Loss on Sale of Fixed Assets	-	2,494,814
Loss on Revaluation of Investments	122,262,435	50,831,278
Loss on Foreign Currency Revaluation	4,006,947	4,917,748
Office Maintenance and Service Charge expenses	6,418,910	6,573,693
Bank Charges	1,443,451	1,031,707
Complain Box	45,255	16,000
NPSB Charges	32,035	-
Charges From VISA	2,362,950	-

Credit Card CIB Charge	18,750	-
Board and EC Meeting Expenses	1,831,340	1,487,965
Professional & Consultancy Fees	943,609	554,250
Business development & Promotion	5,601,592	3,936,255
Cash Carrying Charges	1,475,825	725,700
Leverage and Uniform	298,678	38,130
Washing & Cleaning	5,072,347	3,202,761
Security Service-Outsourcing	14,939,884	8,250,923
Crockeries Expenses	120,857	130,309
Newspaper & Magazine Expenses (Office)	294,673	190,237
Branch Inauguration Expenses	2,031,590	346,438
AGM Expenses	415,163	381,360
Miscellaneous Expenses	24,155,131	19,644,640
	<b>266,614,836</b>	<b>178,158,271</b>

	2016 Taka	2015 Taka
<b>39 Consolidated Provision for Loans, Investments, Off-Balance Sheet &amp; Others Assets</b>		
Meghna Bank Ltd (Note-39a)	75,500,000	91,396,450
Meghna Bank Securities Ltd	-	-
	<b>75,500,000</b>	<b>91,396,450</b>
<b>39a Provision for Loans, Investments, Off-Balance Sheet &amp; Others Assets</b>		
Provision for Unclassified Loans and Advances	54,300,000	66,602,748
Provision for Classified Loans and Advances	12,500,000	-
Provision for Off-Balance Sheet Exposure	8,700,000	20,532,000
Provisions for Diminution in Value of Investments	-	4,261,702
Provision for Other Assets	-	-
	<b>75,500,000</b>	<b>91,396,450</b>
<b>40 Consolidated Earning Per Share (EPS)</b>		
Net Profit after Tax	584,800,911	405,286,851
Number of Ordinary Shares outstanding (Denominator)	443,300,000	443,300,000
	<b>1.32</b>	<b>0.91</b>
<b>40a Earning Per Share (EPS)</b>		
Net Profit after Tax	574,842,014	402,698,238
Number of Ordinary Shares outstanding (Denominator)	443,300,000	443,300,000
	<b>1.30</b>	<b>0.91</b>
Earning per share has been calculated in accordance with BAS - 33: "Earnings Per Share (EPS)".		
<b>41 Consolidated Interest Receipts in Cash</b>		
Meghna Bank Ltd (Note-41a)	2,790,476,159	2,079,881,696
Meghna Bank Securities Ltd	3,531,704	8,126,394
	2,794,007,863	2,088,008,089
Less: Inter Company Transaction	1,820,486	8,120,609
	<b>2,792,187,377</b>	<b>2,079,887,481</b>
<b>41a Interest Receipts in Cash</b>		
Interest income receipt (Note-24a & 26a)	2,817,974,730	2,068,344,659
Add: Opening Interest Receivable (Note-10a.2)	93,585,845	105,122,881
Less: Closing Interest Receivable (Note-10a.2)	121,084,415	93,585,845
	<b>2,790,476,159</b>	<b>2,079,881,696</b>
<b>42 Consolidated Interest Payments</b>		
Meghna Bank Ltd (Note-42a)	1,519,362,251	1,107,302,898
Meghna Bank Securities Ltd	-	-
	1,519,362,251	1,107,302,898
Less: Inter Company Transaction	1,820,486	8,120,609
	<b>1,517,541,765</b>	<b>1,099,182,289</b>
<b>42a Interest Payments</b>		
Interest Paid on Deposits & Borrowings (Note-23a)	1,568,177,902	1,157,905,194
Add: Opening Interest Payable on Deposit (Note-13a)	270,368,976	219,766,680
Less: Closing Interest Payable on Deposit (Note-13a)	319,184,627	270,368,976
	<b>1,519,362,251</b>	<b>1,107,302,898</b>
<b>43 Consolidated Cash Receipts from other Operating activities (Note-28)</b>		
Meghna Bank Ltd (Note-43a)	438,095,366	316,584,000
Meghna Bank Securities Ltd	4,186,672	14,794
	<b>442,282,038</b>	<b>316,598,794</b>







**43a Cash Receipts from other Operating activities (Note-28a)**

Income From Fees & Charges  
Income From Services  
Postage, Telex, Swift etc.  
Gain on Sale of Treasury Bonds and Shares  
Other charges ( Except income from sale of fixed assets)

2016 Taka	2015 Taka
8,719,254	6,242,861
21,169,366	9,585,970
5,273,989	2,832,144
389,552,601	286,940,343
13,380,156	10,982,681
<b>438,095,366</b>	<b>316,584,000</b>

**44 Consolidated Cash Payments for other Operating activities**

Meghna Bank Ltd (Note-44a)  
Meghna Bank Securities Ltd

445,015,833	365,005,582
6,323,152	3,956,886
<b>451,338,985</b>	<b>368,962,468</b>

**44a Cash Payments for other Operating activities**

Rent, Taxes, Insurance, Lighting etc. (Note-30a)  
Legal Expenses (Note-31a)  
Postage, Stamp, Telegram & Telephone (Note-32a)  
Directors' Fees (Note-35a)  
Auditors' Fees (Note-36a)  
Repair & Maintenance of Bank's Assets (Note-37a.c)  
Other Expenses

156,643,638	125,896,411
161,275	78,822
16,010,776	10,018,066
2,312,000	1,156,000
150,000	115,000
3,123,308	1,051,542
266,614,836	226,689,740
<b>445,015,833</b>	<b>365,005,582</b>

**45 Consolidated Cash Increase/ Decrease in Other Assets (Note-10)**

Meghna Bank Ltd (Note-45a)  
Meghna Bank Securities Ltd

623,381,611	598,920,928
15,984,895	214,831
639,366,506	599,135,759
371,645,192	349,999,900
<b>267,721,314</b>	<b>249,135,859</b>

Less: Inter Company Transaction

**Consolidated Cash (Increase)/ Decrease in Other Assets**

<b>(18,585,455)</b>	<b>69,645,171</b>
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**45a Cash Increase/ Decrease in Other Assets (Note-10a)**

Stock of Stationery and Stamps  
Advance Rent  
Suspense Account  
Security Deposits  
Advance against proposed Branch  
Cash Remittance  
Interest on Sanchaypatra  
Stock of Capex  
NCCB Securities & Financial Services Ltd  
Receivable from MGBL Securities  
Meghna Bank Securities Ltd  
Prepaid Expenses  
Investment in Subsidiary  
BEFTN Adjustment Account  
S/D RFA SEBL - Western Union  
MGBL General Account

3,263,051	2,303,475
224,479,606	214,131,212
5,544,853	5,546,500
96,925	92,525
6,159,773	21,400,292
5,500,000	-
3,976,438	695,003
-	826,000
1,468	4,853
1,233,263	-
20,412,029	-
2,401,134	3,920,658
349,999,900	349,999,900
108,508	-
204,664	-
-	510
<b>623,381,611</b>	<b>598,920,928</b>

**Cash (Increase)/ Decrease in Other Assets**

<b>(24,460,684)</b>	<b>(280,139,898)</b>
---------------------	----------------------

**46 Consolidated Cash Increase/ Decrease in Other Liabilities (Note-13)**

Meghna Bank Ltd (Note- 46a)  
Meghna Bank Securities Ltd

104,372,995	65,418,085
31,018,871	6,567,133
135,391,865	71,985,219
21,645,292	-
<b>113,746,573</b>	<b>71,985,219</b>

Less: Inter Company Transaction

**Cash Increase/ (Decrease) in Other Liabilities**

<b>41,761,354</b>	<b>51,635,501</b>
-------------------	-------------------

**46a Cash Increase/ Decrease in Other Liabilities (Note-13a)**

Non-Resident Accounts  
Interest Suspense A/C  
Settlement with NPSB  
BEFT Settlement Account  
Adjusting account credit

5,027,621	4,449,616
8,064,034	-
50,445	240,055
6,391,303	13,547,848
84,839,592	47,180,566
<b>104,372,995</b>	<b>65,418,085</b>

**Consolidated Cash Increase/ (Decrease) in Other Liabilities**

<b>38,954,909</b>	<b>45,068,368</b>
-------------------	-------------------

**47 Consolidated Cash and Cash Equivalent**

Meghna Bank Ltd (Note-47a)  
Meghna Bank Securities Ltd

2016 Taka	2015 Taka
3,065,726,732	4,152,621,255
45,906,647	41,650,676
3,111,633,379	4,194,271,932
18,375,300	38,325,575
<b>3,093,258,079</b>	<b>4,155,946,357</b>

Less: Inter Company Transaction

**47a Cash and Cash Equivalent**

Cash in Hand  
Balance with Bangladesh Bank & Sonali Bank Ltd (as agent of Bangladesh Bank)  
Balance with Other Banks & Financial Institutions  
Prize Bond in Hand

318,838,067	211,938,097
2,529,908,950	1,531,999,229
216,517,715	2,408,307,729
462,000	376,200
<b>3,065,726,732</b>	<b>4,152,621,255</b>

**48 Number of Employees**

The number of employees engaged for the whole period or part thereof who received a total remuneration of Tk.36,000 p. a. or above were 508.

Chairman

Director

Director

Managing Director & CEO





**MEGHNA BANK LIMITED**  
AS ON 31 DECEMBER, 2016

## Direct Investment in quoted Shares &amp; Securities:

Annexure-A

Sl No	Name of the Company	No. of Shares/ Securities	Market price per share	Market value December 31, 2016	Cost price December 31, 2016	Unrealized Gain/(loss)
1	Active Fine Chemical Company Ltd	115,000	43.30	4,979,500	5,286,307	(306,807)
2	Agricultural Marketing Company Ltd. (Pran)	20,000	207.60	4,152,000	4,357,331	(205,331)
3	Baraka Power Limited	2,500	30.70	76,750	69,660	7,090
4	Bata Shoe Company (Bangladesh) Limited	2,675	1,142.00	3,054,850	3,312,535	(257,685)
5	City Bank Limited	150,000	27.20	4,080,000	3,594,839	485,161
6	Export Import (Exim) Bank of Bangladesh Limited	350,000	11.70	4,095,000	3,724,767	370,233
7	Grameenphone Limited	80,000	284.10	22,728,000	22,955,732	(227,732)
8	Fortune Shoes Limited	6	50.80	305	60	245
9	Heidelberg Cement Bangladesh Limited	10,000	552.30	5,523,000	5,475,462	47,538
10	IFAD Autos Limited	1,200	100.20	120,240	95,247	24,993
11	Khulna Power Company Limited	75,000	62.50	4,687,500	4,782,043	(94,543)
12	LankaBangla Finance Limited	50,000	34.80	1,740,000	1,601,380	138,620
13	Marico Bangladesh Limited	100	923.20	92,320	161,372	(69,052)
14	Mercantile Bank Limited	400,000	15.10	6,040,000	5,726,410	313,590
15	National Credit and Commerce Bank Limited	200,000	12.60	2,520,000	2,103,078	416,922
16	RAK Ceramics (Bangladesh) Limited	72,630	61.90	4,495,797	4,618,275	(122,478)
17	Square Textile Limited	82,500	69.20	5,709,000	5,965,530	(256,530)
18	Square Pharmaceuticals Limited	16,188	249.10	4,032,306	3,871,911	160,395
19	Standard Bank Limited	300,000	11.90	3,570,000	3,187,214	382,786
20	Titas Gas Transmission & Dist. Co. Limited	150,000	49.40	7,410,000	8,747,508	(1,337,508)
21	Yeakin Polymer Limited	1	30.40	21	6	15
<b>Total</b>				<b>89,106,589</b>	<b>89,636,669</b>	<b>(530,080)</b>

Taka

Provision requirement

Provision maintained as on 31 December 2016

**Provision Surplus at the end of the year**

530,080
2,060,000
1,529,920

## A) Tangible Assets :

Annexure-B

**MEGHNA BANK LIMITED**  
FOR THE YEAR ENDED 31 December 2016  
SCHEDULE OF FIXED ASSETS

Particulars	C O S T			D E P R E C I A T I O N			WDV as on 31 December 2015
	Balance as on 1 January 2016	Additions during the year	Disposal/ Transfer during the year	Balance as on 1 January 2016	Charge for the year	Balance as on 31 December 2016	
Vehicles	26,073,266	-	-	10,704,142	5,228,939	15,933,081	15,369,124
Machinery and Equipment	73,637,627	35,656,861	-	17,954,490	18,336,461	36,290,951	55,683,137
Furniture & Fixtures	127,769,384	50,821,267	-	10,278,101	15,586,734	25,864,835	117,491,283
Computer & Computer Peripherals	61,028,739	11,559,835	350,000	35,257,025	17,191,693	52,125,002	25,771,714
Office Tools & Accessories	9,603,827	4,402,141	-	2,122,672	2,372,847	4,495,519	7,481,155
<b>Total (A)</b>	<b>298,112,843</b>	<b>102,440,104</b>	<b>350,000</b>	<b>76,316,430</b>	<b>58,716,674</b>	<b>134,709,388</b>	<b>221,796,413</b>

## B) Intangible Assets :

Particulars	C O S T			A M O R T I Z A T I O N			WDV as on 31 December 2015
	Balance as on 1 January 2016	Additions during the year	Disposal/ Transfer during the year	Balance as on 1 January 2016	Charge for the year	Balance as on 31 December 2016	
Software	59,765,000	6,264,216	-	22,275,103	12,936,476	35,211,579	37,509,760
<b>Total (B)</b>	<b>59,765,000</b>	<b>6,264,216</b>	<b>-</b>	<b>22,275,103</b>	<b>12,936,476</b>	<b>35,211,579</b>	<b>37,509,760</b>
<b>Total (A + B)</b>	<b>357,877,843</b>	<b>108,704,320</b>	<b>350,000</b>	<b>98,591,533</b>	<b>71,653,150</b>	<b>169,920,967</b>	<b>259,306,173</b>





### MEGHNA BANK LIMITED

Balance with other banks in foreign currency

#### Annexure-C

[Referred to Note 5a.2 of these financial statements]

Sl. No.	Name of the Banks	Currency Name	2016			2015		
			Amount in Foreign Currency	Conversion rate per unit F.C.	Amount in BDT	Amount in Foreign Currency	Conversion rate per unit F.C.	Amount in BDT
1	AB Bank Ltd, Mumbai	ACU	569,199.94	79.3500	45,166,015.24	842,381.13	79.0000	66,548,109.27
2	AB Bank Limited, OBU-USD	USD	2,022.72	79.3500	160,502.83	2,022.72	79.0000	159,794.88
3	Mashreq Bank p.s.c. New York, U.S.A	USD	431,007.75	79.3500	34,200,464.96	655,047.96	79.0000	51,748,788.84
4	Habib American Bank, New York, U.S.A	USD	91,064.30	79.3500	7,225,952.21	139,099.34	79.0000	10,988,847.86
5	NIB Bank Limited, Karachi, Pakistan	ACU	94.21	79.3500	7,475.56	304.21	79.0000	24,032.59
6	Mashreq Bank London, UK	GBP	9,566.25	97.1482	929,343.97	61,269.57	117.0780	7,173,318.72
7	Mashreq Bank London, UK	EUR	73,923.43	82.8097	6,121,577.06	48,303.70	86.2996	4,168,589.99
8	Commerzbank AG, Frankfurt, Germany	USD	-	-	-	917.16	86.2996	79,150.54
9	Kookmin Bank, Seoul Korea	USD	52,623.00	79.3500	4,175,635.05	-	-	-
10	National Bank of Pakistan, Tokoyo, Japan.	JYP	1,317,410.00	0.6795	895,180.10	1,317,410.00	0.6559	864,089.22
11	Mizuho Bank Ltd, Tokyo, Japan.	JYP	612,601.00	0.6795	416,262.38	716,851.00	0.6559	470,182.57
12	Bank Al Jazira, KSA	SAR	187,000.00	21.1487	3,954,806.90	-	-	-
13	National Australia Bank Ltd.	AUD	-	-	-	25,555.81	57.6700	1,473,803.56
14	Bank of New Zealand	NZD	103,312.04	54.9261	5,674,527.44	79,282.44	54.0834	4,287,863.92
	<b>Total</b>				<b>108,927,744</b>			<b>147,986,572</b>



### MEGHNA BANK LIMITED

Details information of Loans & Advances more than 10% of Bank's total capital (funded & non-funded)

#### Annexure - D

(Tk. In Crore)

Sl. No.	Name of client	Outstanding		% of Loans to Total Capital	
		Funded	Non-funded	Funded	Non-funded
1	SM STEEL RE-ROLLING MILLS LTD	79.90	11.02	90.93	
	MADINA TRADERS	-	-	-	
	REX MOTORS	-	4.13	4.13	
	<b>Group-total</b>	<b>79.90</b>	<b>15.15</b>	<b>95.06</b>	<b>2.79%</b>
2	ABUL KHAIR TOBACCO CO. LTD.	74.17	-	74.17	17.48%
	ABUL KHAIR STEEL PRODUCT LTD	-	2.96	-	
	ABUL KHAIR CONDENCED MILK IND. LTD	-	0.48	-	
	ABUL KHAIR STRIP PROCESSING LTD	-	1.08	-	
	ABUL KHAIR LTD.	-	0.19	-	
	<b>Group-total</b>	<b>74.17</b>	<b>4.71</b>	<b>74.17</b>	<b>13.64%</b>
3	NAVANA CONSTRUCTION LTD	9.01	10.16	19.17	
	SIMPLEX - NAVANA JV	-	14.89	14.89	
	NAVANA REAL ESTATE LTD.	10.11	-	10.11	
	NCL-NREL JV	-	-	-	
	NAVANA JONEY JV	-	0.60	0.60	
	<b>Group-total</b>	<b>19.12</b>	<b>35.65</b>	<b>54.77</b>	<b>6.55%</b>
	<b>Total</b>	<b>173.19</b>	<b>55.51</b>	<b>224.00</b>	<b>10.07%</b>

Bank's total Capital as on 31 December 2016 is Tk. 543.94 Crore

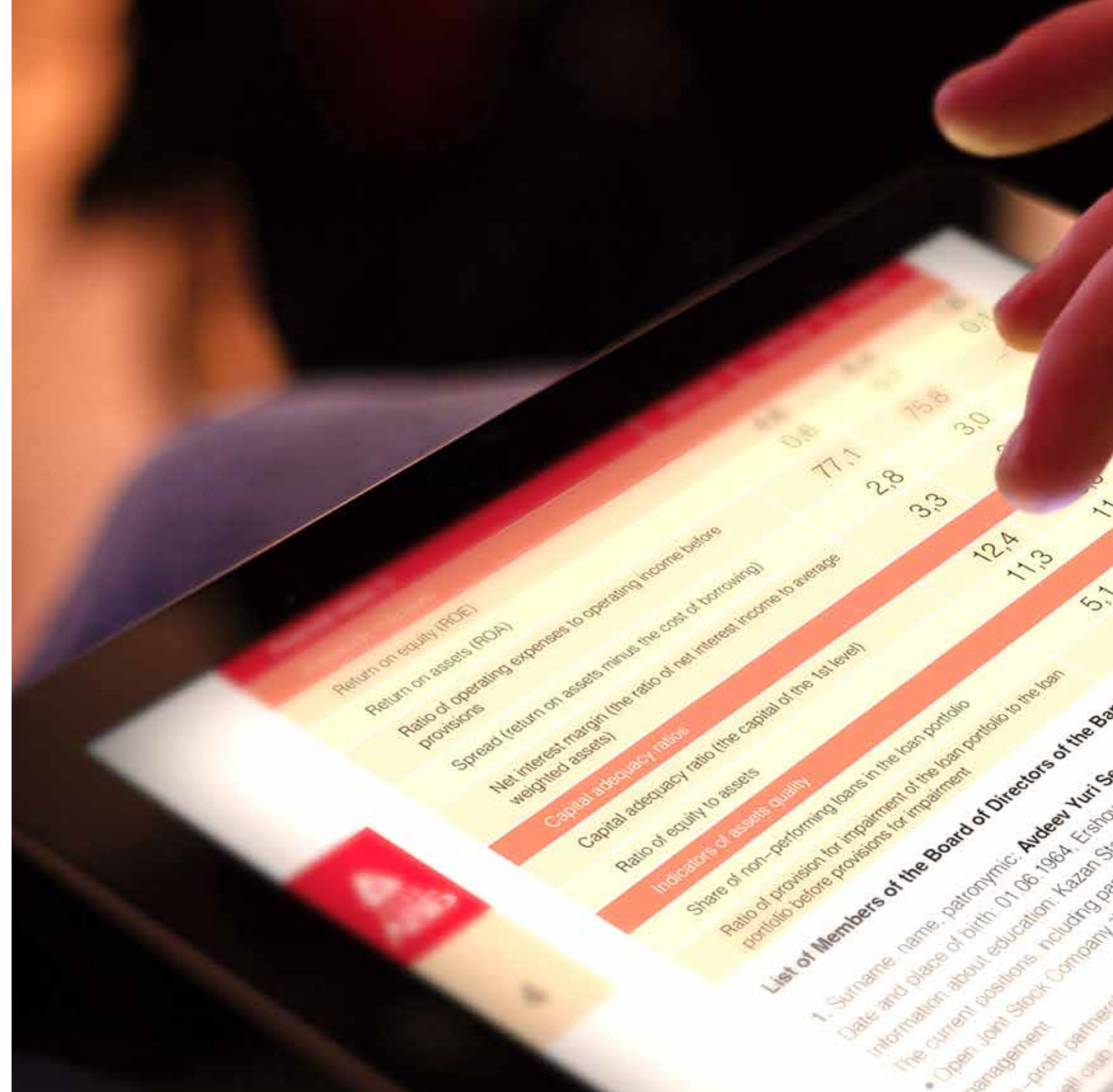




## FINANCIAL HIGHLIGHTS

(Amount in Taka)

SL	PARTICULARS	2016	2015
1	Paid up Capital	4,433,000,000	4,433,000,000
2	Total Capital ( Core + Supplementary)	5,439,382,149	5,065,840,218
3	Capital Surplus	1,439,382,149	1,065,840,218
4	Total Assets	31,841,126,745	22,790,581,709
5	Total Deposit	25,508,759,763	16,073,037,373
6	Total Loans & Advances	20,990,140,891	14,385,092,012
7	Total Contingent Liabilities and Commitments	5,075,200,238	4,206,795,714
8	Advance Deposit Ratio ( % )	82.29%	89.50%
9	Percentage of Classified Loans against total Loans and Advances	0.99%	0.00%
10	Profit after Tax and Provision	574,842,014	402,698,238
11	Amount of Classified Loans During Current Year	207,675,404	-
12	Provisions kept against classified Loans	13,676,000	-
13	Provisions surplus	451,512	50,939
14	Cost of Fund	10.25%	13.39%
15	Weighted Average Return	12.28%	14.37%
16	Interest Earning Assets	27,951,602,505	19,427,797,801
17	Non-Interest Earning Assets	3,889,524,239	3,362,783,908
18	Return on Investment (ROI)	17.60%	23.18%
19	Return on Assets (ROA)	2.10%	2.20%
20	Income from Investment	884,084,646	692,126,597
21	Earning Per Share	1.30	0.91
22	Net Income Per Share	1.30	0.91



## Directors Report MEGHNA BANK SECURITIES LIMITED





## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED DECEMBER 31, 2016

BISMILLAHIR RAHMANIR RAHIM

DEAR SHAREHOLDERS,

Assaalmu Alaikum Wa Rahmatullah

On behalf of the Board of Directors, I welcome you all to the 2nd Annual General Meeting of Meghna Bank Securities Limited. We have the pleasure to place herewith the Directors' Report and the Auditors' Report together with the Audited Financial Statements of the Company for the year ended 31st December, 2016.

### SHORT PROFILE OF THE COMPANY:

Meghna Bank Securities Limited (MGBSL), the only subsidiary company of Meghna Bank Limited; engaged as stock brokerage company in Bangladesh Capital Market. MGBSL was incorporated in Bangladesh on February 18, 2015 under the Companies Act, 1994 as a private Company vide Registration No. C-121270/15. The Registered Office of the company is located at Suvastu Imam Square, 65 Gulshan Avenue C/A, Gulshan-1, Dhaka. The Company obtained permission from Bangladesh Securities and Exchange Commission on September 16, 2015 to operate as a full-fledged Stock-Broker and Stock-Dealer bearing Registration No. Reg-3.1/DSE-124/2015/537 and Reg-3.1/DSE-124/2015/536 respectively and started commercial operation on November 19, 2015.

After commencement of operation, MGBSL has achieved significant growth in its business and profitability within short span of time. Operating revenue of MGBSL stood at Tk.26.66 million as on 31 December 2016. Number of total client reached at 1322 and client's equity stood at Tk.964.36 million at the end of 2016.

Major products and services for the customers of MGBSL are Brokerage Service, CDBL service, Margin Loan, Low commission for Cash Account with wide Branch Network, Research Service, One-stop service for NRB Investors. MGBSL provides Margin Loan Facilities to its portfolio customers for purchase of shares and Securities. Loans are fully secured by way of lien on shares purchased under margin loan account. We have plan for launching Internet based Trading, SMS service & Mobile Apps soon.

### BOARD MEETING:

As per provision of the Companies Act, 1994 during the year 2016, 04 (four) meetings of the Board of Directors were held.

### PROPERTY, PLANT AND EQUIPMENT:

Details of the movement during the period in the property, plant and equipment of the company set out in note 03 (three) to the company's financial statements.

### SHARE CAPITAL REPORT:

Details of the movement in the share capital of the company during the period is set out in note 09 (nine) to the company's financial statements. The directors confirm that the Directors Report and the financial statements have been prepared in compliance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the companies' act 1994, and other applicable laws and regulations.

### ELECTION OF DIRECTORS:

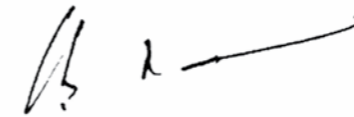
According to Section 79, Schedule-1 of the Companies Act 1994, at the 2nd Annual General Meeting, one third the directors are to retire from the Board and are eligible for reappointment.

### APPOINTMENT OF AUDITORS:

As per requirements of Law & Regulations, M/s. Basu Banerjee Nath & Co. was appointed Auditors for the year, 2016. They are eligible for re-appointment as the Auditor of the Company for the year 2017 to continue up to the conclusion of next Annual General Meeting. They have expressed their intention to be re-appointed.

### RECOMMENDATION OF DIVIDEND:

The Board of Directors recommended for declaring 3% cash dividend for the financial year 2016. As per approval of the Board, the amount has already been paid to the shareholders as interim dividend.



H. N. Ashequr Rahman M.P.

Chairman



12.0914	98.03	↑	3.00	12.00%
79.0276	37.28	↑	7.03	77.40%
26.2081	10.54	↓	0.67	91.62%
68.1843	19.72	↑	9.83	34.01%
34.7659	24.87	↓	4.16	53.96%
17.0733	52.01	↑	2.00	43.57%
41.1760	26.22	↑	6.19	49.02%
54.2985	41.62	↑	1.44	19.93%
11.0754	34.15	↑	4.21	13.37%
38.4577	6.2	↑	3.1	18.04%

**Auditors' Report  
& Financial Statements**

**OF MEGHNA BANK SECURITIES LIMITED**

# INDEPENDENT AUDITOR'S REPORT

To The Shareholders of Meghna Bank Securities Limited

## Introduction

We have audited the accompanying financial statements of Meghna Bank Securities Limited, which comprise the Statement of Financial Position as at December 31, 2016 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Meghna Bank Securities Limited as at December 31, 2016 and its financial performance and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), comply with the Companies Act 1994 and Securities and Exchange Rules 1987 and other applicable laws and regulations.

## We also report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- The Statement of Financial Position and the Statement of Comprehensive Income dealt with the report are in agreement with the books of accounts and returns; and
- The expenditure incurred and payments made were for the purpose of the Company's business;



**(BASU BANERJEE NATH & CO.)**  
CHARTERED ACCOUNTANTS

27 February 2017, Dhaka.

## MEGHNA BANK SECURITIES LIMITED

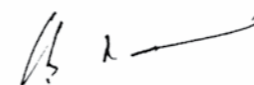
### STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

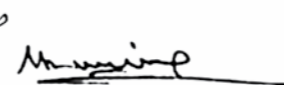
Notes	2016 Taka	2015 Taka
<b>PROPERTY AND ASSETS</b>		
<b>Non Current Assets</b>		
	<b>321,828,767</b>	<b>317,595,516</b>
03	4,112,034	95,516
04	216,733	-
05	317,500,000	317,500,000
<b>Current Assets</b>		
	<b>61,891,542</b>	<b>41,865,507</b>
06	10,289,643	100,000
07	5,695,252	114,831
08	45,906,647	41,650,676
	<b>383,720,309</b>	<b>359,461,023</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
09	350,000,000	350,000,000
10	2,047,514	2,588,614
	<b>352,047,514</b>	<b>352,588,614</b>
<b>Shareholders' Equity</b>		
	-	-
<b>Non Current Liabilities</b>		
<b>Current Liabilities</b>		
11	27,819,097	6,173,665
12	3,199,774	393,468
13	653,924	305,276
	<b>31,672,795</b>	<b>6,872,409</b>
	<b>31,672,795</b>	<b>6,872,409</b>
	<b>383,720,309</b>	<b>359,461,023</b>

(The annexed notes form an integral part of these financial statements)

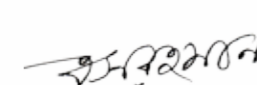
For Meghna Bank Securities Limited



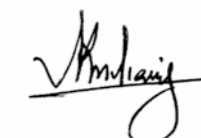
Chairman



Director




Director



Company Secretary

Signed in terms of our report of even date annexed

Dhaka, Bangladesh  
Date: 27 February 2017



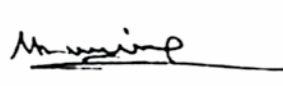
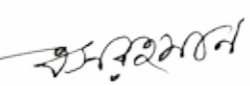

Basu Banerjee Nath & Co.  
Chartered Accountants

**MEGHNA BANK SECURITIES LIMITED**  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
For the year ended on December 31, 2016

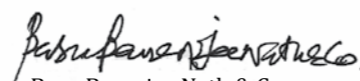
Notes	2016 Taka	2015 Taka
<b>Operating Revenue</b>		
Brokerage Commission	14 13,412,122	86,887
Interest on Margin Loan	15 575,470	-
Other Operating Income	16 861,464	14,794
	<b>14,849,056</b>	<b>101,681</b>
<b>Less: Direct expenses</b>	17 1,740,803	9,040
<b>Net Revenue from Operation</b>	<b>13,108,253</b>	<b>92,640</b>
<b>Add: Other Income</b>	18 13,551,172	8,126,394
<b>Total Revenue</b>	<b>26,659,425</b>	<b>8,219,034</b>
<b>General &amp; Administrative Expenses</b>		
Salaries & Allowance	19 6,799,031	381,968
Rent, Taxes, Insurance, Electricity etc.	20 3,583,790	84,959
Postage, Stamp & Telecommunication	21 72,397	2,769
Stationery, Printing and Advertisement	22 408,393	99,822
Director Fees	23 48,000	29,750
Audit Fees	24 15,000	11,500
Depreciation, Amortization and Repair & Maintenance	25 618,933	1,415,794
Other Expenses	26 854,981	2,403,858
	<b>12,400,525</b>	<b>4,430,420</b>
<b>Pro it/(Loss) before provisions</b>	<b>14,258,900</b>	<b>3,788,614</b>
Provision for Investment Fluctuation in Shares	-	-
Provision for Unrealized Loss in Margin Loan	-	-
<b>Total Provision</b>	-	-
<b>Pro it/(Loss) before Tax</b>	<b>14,258,900</b>	<b>3,788,614</b>
<b>Less: Provision for income Tax</b>	4,300,000	1,200,000
<b>Net Pro it after Tax</b>	<b>9,958,900</b>	<b>2,588,614</b>
Other Comprehensive Income	-	-
<b>Total Comprehensive Income</b>	<b>9,958,900</b>	<b>2,588,614</b>
<b>Earning Per Share (EPS)</b>	27 <b>2.85</b>	<b>0.74</b>

(The annexed notes form an integral part of these financial statements)

For Meghna Bank Securities Limited

 Chairman  
 Director  
 Director  
 Company Secretary

Signed in terms of our report of even date annexed

  
 Basu Banerjee Nath & Co.  
 Chartered Accountants

Dhaka, Bangladesh  
Date: 27 February 2017

**MEGHNA BANK SECURITIES LIMITED**  
STATEMENT OF CASH FLOWS  
For the year ended on December 31, 2016

	2016 Taka	2015 Taka
<b>Cash Flows from Operating Activities:</b>		
Brokerage commission received	13,412,122	86,887
Interest received on margin loan	575,470	-
Received from operating & other income	6,617,698	8,141,188
Payment for operating & other expenses	(13,530,575)	(4,438,676)
Income taxes paid	(3,951,351)	(894,724)
	3,123,364	2,894,674
<b>Changes in Operating Assets and Liabilities :</b>		
Other Assets	(15,770,064)	(214,831)
Other Liabilities	24,451,737	6,567,133
	8,681,673	6,352,302
	<b>11,805,037</b>	<b>9,246,976</b>
<b>A) Net cash from operating activities:</b>		
<b>Cash flows from Investing Activities:</b>		
(Purchases)/Sale of Property, Plant & Equipments	(4,608,004)	(96,300)
(Purchases)/Sale of Intangible Assets	(236,000)	-
Payment for purchases of DSE TREC & Shares	-	(317,500,000)
Capital Gain on sale of shares	525,207	-
Dividend received	7,269,731	-
	<b>2,950,934</b>	<b>(317,596,300)</b>
<b>B) Net Cash from Investing Activities</b>		
<b>Cash flows from Financing Activities:</b>		
Receipts against short term Loans	-	-
Receipts from issue of shares capital	-	350,000,000
Interim Dividend Paid in cash	(10,500,000)	-
	<b>(10,500,000)</b>	<b>350,000,000</b>
<b>C) Net Cash from Financing Activities</b>		
<b>D) Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>4,255,971</b>	<b>41,650,676</b>
<b>E) Cash and cash equivalents at the beginning of the year</b>	41,650,676	-
<b>F) Cash and cash equivalents at the end of the year (D+E)</b>	<b>45,906,647</b>	<b>41,650,676</b>
<b>Closing cash and cash equivalents represents:</b>		
Cash in hand	2,422	-
Cash at Banks	45,904,225	41,650,676
	<b>45,906,647</b>	<b>41,650,676</b>

For Meghna Bank Securities Limited

 Chairman  
 Director  
 Director  
 Company Secretary

Dhaka, Bangladesh  
Date: 27 February 2017



## MEGHNA BANK SECURITIES LIMITED

### STATEMENT OF CHANGES IN EQUITY

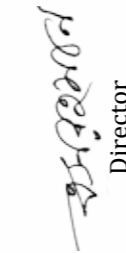
For the year ended on December 31, 2016

Particulars	Paid up Capital Taka	Retained Earnings Taka	Total Taka
Balance as at 01 January 2016	350,000,000	2,588,614	352,588,614
Issue of shares	-	-	-
Net profit after tax for the year ended on December 31, 2016	-	9,958,900	9,958,900
Interim cash dividend	-	(10,500,000)	(10,500,000)
<b>Total Shareholders' Equity as at December 31, 2016</b>	<b>350,000,000</b>	<b>2,047,514</b>	<b>352,047,514</b>

For Meghna Bank Securities Limited

  
Chairman

  
Director

  
Director

  
Company Secretary

Dhaka, Bangladesh

Date: 27 February 2017

## MEGHNA BANK SECURITIES LTD.

Notes to the Financial Statements  
For the year ended on December 31, 2016

### 1. Background Information and Principal Activities

#### 1.1 Legal form of the Company

Meghna Bank Securities Limited was incorporated in Bangladesh on February 18, 2015 under the Companies Act, 1994 as a Private Limited Company vide registration no. C-121270/15. The registered office of the company is located at Suvastu Imam Square, 65 Gulshan Avenue C/A, Gulshan-1, Dhaka. The Authorized Capital of the Company is BDT 2,000,000,000 divided into 200,000,000 nos. ordinary shares of Tk. 100 each out of which the Issued, Subscribed & Paid-up capital is BDT 350,000,000 divided into 3,500,000 nos. ordinary shares of Tk. 100 each fully paid up in cash. The Meghna Bank Limited holds all shares except 1 share.

The Company has obtained permission from Bangladesh Securities and Exchange Commission on September 16, 2015 to operate as a full-fledged Stock-Broker and Stock-Dealer bearing registration nos. Reg-3.1/DSE-124/2015/537 and Reg-3.1/DSE-124/2015/536 respectively.

#### 1.2 Nature of the business activities

The main objective of the Company is to act as a full-fledged stock broker and stock dealer to execute buy and sell orders and to maintain own portfolio as well as customer's portfolio under the discretion of customers. The Company also performs the other activities relates to capital market as and when regulators permits the company to carry out activities as per their guidelines.

### 2. Significant Accounting Policies

#### 2.1 Basis of the Presentation of Financial Statements

The Financial Statements (except the Statement of Cash Flows) have been prepared on a going concern basis following the system of accrual basis of accounting in accordance with the Company's Act 1994, Securities & Exchange Rules 1987, the listing Rules of Dhaka Stock Exchange Ltd. and International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Financial Reporting Standards (BFRSs) and other applicable laws and regulations. The Statement of Cash Flows has been prepared following the principles related to the movements of the cash as well as Bangladesh Accounting Standard-7 and Direct Method.

#### 2.2 Components of the Financial Statements

**The Financial Statements referred to here comprise of:**

- a) Statement of Financial Position;
- b) Statement of Profit or Loss and other Comprehensive Income;
- c) Statement of Changes in Equity;
- d) Statement of Cash Flows; and
- e) Summary of significant Accounting Policies and Other Explanatory Information.

#### 2.3 Basis of Measurement

The Financial Statements have been prepared based on historical cost convention basis. No adjustment has been made for inflationary factors affecting the financial statement. The accounting policies, unless otherwise stated, have been consistently applied by the Company.

#### 2.4 Functional and Presentational Currency

These Financial Statements are prepared in Bangladeshi Taka which has been using as the Company's

functional currency. All the financial figures have been rounded to the nearest integer.

## 2.5 Use of Estimates and Judgments

The preparation of financial statements in conformity with BFRS 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 where revisions to accounting estimates are recognized in the periods in which the estimate is revised and that may be affected for any future periods.

### Revenue Recognition

Income from brokerage commission is recognized on daily basis in the Statement of Profit or Loss and Other Comprehensive Income after receiving the trading note of securities transacted from Dhaka Stock Exchange Limited, at which point performance is assured to be completed.

## 2.6 Property, Plant and Equipment

### Recognition and Measurement

Items of Property, Plant and Equipment are measured at cost less accumulated depreciation where cost includes expenditures that are directly attributable to the acquisition of the asset.

### Subsequent Costs

The cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of Property, Plant and Equipment are recognized in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

### Depreciation

#### Assets other than intangible Assets

Depreciation is charged to Computer & Peripherals, Office Equipment and Furniture & Fixtures on the Straight Line Method. The rates of depreciation are as follows:

Items	Methods	Rate
Computer & Peripherals	Straight Line Method	33%
Office Equipment	Straight Line Method	20%
Furniture & Fixtures	Straight Line Method	10%

#### Assets other than tangible Assets

This includes only software for which straight line basis of amortizing for five years i.e., @ 20% per annum.

## 2.7 Provision for Current Tax

The provision for Income Tax is made following the norms of section 82BB of the Income Tax Ordinance (ITO) income from company's normal course of business and 35% on company's income from other sources.

## 2.8 Related Party Transactions

As per Bangladesh Accounting Standards (BAS)-24 "Related Party Disclosures" parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial deals with related parties.

## 2.9 Directors' Responsibility toward Financial Statements

The Board of Directors takes the responsibility for the preparation and presentation of these Financial Statements.

	2016 Taka	2015 Taka
<b>03 Property, Plant &amp; Equipment</b>		
Property, Plant & Equipment at Cost	4,704,304	96,300
<b>Less:</b> Accumulated Depreciation	592,270	784
Written Down Value (WDV)	<b>4,112,034</b>	<b>95,516</b>
For details please refer to <b>Annexure-A</b>		
<b>04 Intangible Assets</b>		
Software <b>(4.01)</b>	216,733	-
Preliminary Expenses <b>(4.02)</b>	-	-
	<b>216,733</b>	-
<b>04.01 Software</b>		
Software	236,000	-
<b>Less:</b> Amortization during the year	19,267	-
	<b>216,733</b>	-
<b>04.02 Preliminary Expenses</b>		
Application Fee to BSEC	-	5,000
Consent Fee for raising Capital to BSEC	-	110,000
Registration Fees to RJSC	-	1,000,000
Trade License Fee	-	24,650
Audit Fees	-	11,500
Legal Fees	-	230,000
	-	1,381,150
<b>Less:</b> Amortized during the year	-	1,381,150
	-	-
	<b>317,500,000</b>	<b>317,500,000</b>
<b>05 DSE TREC &amp; Shares at Cost</b>	<b>317,500,000</b>	<b>317,500,000</b>
<b>06 Accounts Receivable</b>		
DSE Investor's Protection Fund	100,000	100,000
Receivable from Dhaka Stock Exchange Limited <b>(6.01)</b>	10,189,643	-
	<b>10,289,643</b>	<b>100,000</b>
<b>06.01</b> Receivable from Dhaka Stock Exchange Limited is the balance amount of the transactions of selling and buying of share.		
<b>07 Advances, Deposits and Prepayments</b>		
CDBL Security Deposit	100,000	100,000
Telephone Security Deposit	2,000	-
Stock Dealer <b>(7.01)</b>	5,593,252	-
Petty Cash	-	14,831
	<b>5,695,252</b>	<b>114,831</b>
<b>07.01</b> The amount represents as Stock Dealer is the investment in purchase of shares for Meghna Bank Securities Ltd.		
<b>08 Cash and Cash Equivalents</b>		
Cash in hand	2,422	-
Cash at bank <b>(Note 8.01)</b>	45,904,225	41,650,676
	<b>45,906,647</b>	<b>41,650,676</b>



	2016 Taka	2015 Taka
<b>08.01 Cash at Banks:</b>		
<b>SND/GCD Account with:</b>		
The City Bank Limited.	27,528,925	3,325,102
Meghna Bank Limited.	13,375,300	2,825,575
	<b>40,904,225</b>	<b>6,150,676</b>
<b>FDR Account with:</b>		
Meghna Bank Limited (8.02)	5,000,000	35,500,000
	<b>5,000,000</b>	<b>35,500,000</b>
	<b>45,904,225</b>	<b>41,650,676</b>
<b>08.02</b> The company had open 6 FDR for 35,500,000 in the year 2015 out of which 5 FDR has been encashed during the current year. As a result the balance of FDR has come down to Tk.5,000,000. The entire interest on encashed FDRs has been recognized in the books of accounts of 2016 under the head of "Other Income"		
<b>09 Share capital</b>		
<b>Authorized Capital</b>		
2,00,00,000 Ordinary shares of Tk. 100 each	<b>2,000,000,000</b>	<b>2,000,000,000</b>
<b>Issued, Subscribed &amp; Paid-up capital</b>		
35,00,000 Ordinary shares of Tk. 100 each fully paid up in cash	<b>350,000,000</b>	<b>350,000,000</b>
<b>The Shareholding position as on 31 December, 2016 are as follows:</b>		
<b>Sl. No. Name of Shareholders No. of Shares</b>		
1 Meghna Bank Limited 3,499,999	349,999,900	349,999,900
2 Md. Sadiqur Rahman 1	100	100
<b>Total</b>	<b>3,500,000</b>	<b>350,000,000</b>
<b>10 Retained Earnings</b>		
Balance at the beginning of the year	2,588,614	-
<b>Add:</b> Net Profit during the year	9,958,900	2,588,614
<b>Less:</b> Interim Dividend for 2016 (10.01)	(10,500,000)	-
	<b>2,047,514</b>	<b>2,588,614</b>
<b>10.01</b> The Board of Directors has declared 3% Interim dividend and approved the same in their meeting held on 28.12.2016 and the said dividend has already been paid in cash.		
<b>11 Accounts Payable</b>		
Payable to Clients	15,741,048	2,349,379
Payable to Meghna Bank Ltd.	1,233,263	-
Payable to Dhaka Stock Exchange Ltd.	-	862,937
IPO Application Account (11.01)	10,820,000	-
Suspense Account	23,894	23,894
Sundry Payable	892	2,937,456
	<b>27,819,097</b>	<b>6,173,665</b>
<b>11.01</b> The above balance of IPO Application Account is payable to 165 person out of 2,164 lots of shares.		
<b>12 Other liabilities</b>		
Accrued expenses	772,626	381,968
VAT payable	-	1,500
Dividend Tax payable (12.01)	2,100,000	-
Provision for expenditure	312,148	-
Auditors' fee	15,000	10,000
	<b>3,199,774</b>	<b>393,468</b>

	2016 Taka	2015 Taka
<b>12.01</b> The amount of Tax on dividend was paid subsequently on 13.01.2017.		
<b>13 Provision for Income Tax</b>		
Balance at the beginning of the year	1,200,000	-
<b>Add:</b> Provision made during the year	4,300,000	1,200,000
<b>Less:</b> Adjusted during the year	(219,374)	-
Balance at the end of the year (A)	<b>5,280,626</b>	<b>1,200,000</b>
<b>Advance tax</b>		
Balance at the beginning of the year	894,724	-
<b>Add:</b> Paid during the year	3,731,978	894,724
Balance at the end of the year (B)	<b>4,626,702</b>	<b>894,724</b>
Balance at the end of the year (C)=(A-B)	<b>653,924</b>	<b>305,276</b>
<b>14 Brokerage Commission Income</b>		
Commission income through DSE	13,412,122	86,887
	<b>13,412,122</b>	<b>86,887</b>
<b>15 Interest on Margin Loan</b>		
	575,470	-
	<b>575,470</b>	<b>-</b>
<b>16 Other operating Revenue</b>		
Yearly BO Account Fee	368,050	6,500
BO Account Opening Fees	192,500	4,500
CDBL Charge	243,443	3,734
Cheque Dishonor Charge	7,000	-
IPO Application Fee	8,480	-
BO Closing Charge	41,921	-
IPO Refund Charge	70	60
	<b>861,464</b>	<b>14,794</b>
<b>17 Direct Expenses</b>		
Howla Charges-DSE	1,200	-
Laga Charges-DSE	891,104	5,313
CDBL Expenses	848,499	3,727
	<b>1,740,803</b>	<b>9,040</b>
<b>18 Other Income</b>		
Interest on Bank Balances (18.01)	1,246,499	8,126,394
Other Income (18.02)	2,800,000	-
Interest Income on FDR (18.03)	1,709,735	-
Capital Gain on Sale of Shares	525,207	-
Dividend on Shares	7,269,731	-
	<b>13,551,172</b>	<b>8,126,394</b>
<b>18.01</b> The interest on FDR encashed in 2015 and SND account was included in the interest on Bank balances of Tk.8,126,394 but the interest on FDR received during the year and other accounts has been shown separately in 2016.		
<b>18.02</b> At the time of purchase of the DSE TREC No. 124 from ABS Safder & Company Ltd.(Vendor), we have an agreement with the Vendor to pay Tk. 317,500,000 but at the time of Final settlement we have paid Tk. 314,700,000 and balance of Tk. 2,800,000 which was shown as "Sundry Payable" in the last year's accounts. Since balance of Tk. 2,800,000 is no longer required to pay the Vendor which have confirmed us by ABS Safder & Company Ltd., Tk. 2,800,000 is considered and approved by the Board as other income for the accounting year Dec 31,2016.		





	2016 Taka	2015 Taka
<b>18.03</b> We had a FDR bearing A/C no :110125300001387, opening date: 23/11/2015 with Meghna Bank Ltd but we have not considered the interest generated from the mentioned FDR for the accounting year ended Dec 31,2016 the entire interest on this FDR will be treated as income when it will be encashed.		
<b>19 Salary and Allowance</b>		
Basic Salary	2,908,814	-
Houe Rent Allowance	944,223	-
Utility Allowance	236,052	-
Medical Allowance	236,052	-
LFA	356,961	-
PF Company Contribution	289,917	-
Consolidated Pay	649,814	-
Bonus	1,177,198	381,968
	<b>6,799,031</b>	<b>381,968</b>
<b>20 Rent, Taxes, Insurance, Electricity etc.:</b>		
Office Rent	3,488,862	62,568
Electricity & generator	94,928	22,391
	<b>3,583,790</b>	<b>84,959</b>
<b>21 Postage, Stamps, Telecommunication etc:</b>		
Postage & Courier Charge	160	-
Internet Connectivity Charge	16,400	1,400
Telecommunication Expenses	36,452	1,069
Non-Judicial Stamps	15,485	-
Cable TV Charge	3,900	300
	<b>72,397</b>	<b>2,769</b>
<b>22 Stationery, Printing &amp; Advertisements etc:</b>		
Stationery, Printing & Advertisements	381,032	77,287
Computer accessories	24,325	22,425
Newspaper, Journal & Periodicals	3,036	110
	<b>408,393</b>	<b>99,822</b>
<b>23 Director's Fees</b>	48,000	29,750
	<b>48,000</b>	<b>29,750</b>
<b>24 Audit Fees</b>	15,000	11,500
	<b>15,000</b>	<b>11,500</b>
<b>25 Depreciation, Amortization, Repair &amp; Maintenance</b>		
Depreciation on Tangible assets (Annexure A)	591,486	784
Amortization on Intangible assets	19,267	1,381,150
Repair & maintenance	8,180	33,860
	<b>618,933</b>	<b>1,415,794</b>

## 26 Other Expenses

Bank Charge	76,960	83,936
Entertainment	74,313	734
Sewerage Charge	658	1,006
Wasa Charge	7,863	-
Travelling & Conveyance	16,060	1,010
Drinking Water	10,530	400
Cleaning Expenses	7,600	500
Cutleries & Crockeries	7,047	920
Stock Broker & Stock Dealer license	-	40,000

## Other Expenses(Contd.)

Application Fee for DP	-	12,500
DSE Charges	10,000	-
DSE Entrance Fee	-	1,105,000
RJSC Fee & Expenses	21,682	497,032
TWS Application Fee	30,000	10,000
Registration & Renewal Fees	102,100	50,000
Trade license Fee	-	33,000
Generator Charges	10,924	-
Training Program Fee	4,000	-
Web Hosting & Domain	29,000	-
Legal & Professional Fee	34,500	-
Software Maintenance	104,500	-
Anti Virus Charges	17,243	13,000
Broker Association Fee	25,000	500,000
Investors Protection Fund	1,993	-
WAN Connectivity	165,450	-
Authorized Representative Expenses	43,000	3,000
Business Promotion Expenses	33,760	22,006
Miscellaneous Expenses	20,800	29,814
	<b>854,981</b>	<b>2,403,858</b>

## 27 Earning Per Share (EPS)

Net Profit after Tax	9,958,900	2,588,614
Number of Ordinary Shares outstanding (Denominator)	3,500,000	3,500,000
Earning Per Share (EPS)	<b>2.85</b>	<b>0.74</b>

Chairman

Director

Director

Company Secretary





**MEGHNA BANK SECURITIES LIMITED**

For the year ended on December 31, 2016

**SCHEDULE OF FIXED ASSETS**

Annexure-A

**Tangible Assets :**

Particulars	C O S T			Rate of Depreciation	D E P R E C I A T I O N			WDV as on December 31, 2015
	Balance as on 1st January 2016	Additions during the year	Disposal/ Transfer during the year		Balance as on 1st January 2016	Transfer/ Adjustment during the year	Charge for the year	
Furniture & Fixtures	89,300	2,572,599	-	10%	631	-	235,703	88,669
Office Equipment	-	893,400	-	20%	-	-	123,634	-
Computer & Server	7,000	1,142,005	-	33%	153	-	232,933	6,847
<b>Total (A)</b>	<b>96,300</b>	<b>4,608,004</b>	<b>-</b>		<b>784</b>	<b>-</b>	<b>592,270</b>	<b>95,516</b>

**Intangible Assets :**

Particulars	C O S T			Rate of Amortization	A M O R T I Z A T I O N			WDV as on December 31, 2015
	Balance as on 1st January 2016	Additions during the year	Disposal/ Transfer during the year		Balance as on 1st January 2016	Transfer/ Adjustment during the year	Charge for the year	
Software	-	236,000	-	20%	-	-	19,267	-
<b>Total (B)</b>	<b>-</b>	<b>236,000</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>19,267</b>	<b>-</b>
<b>Total (A + B)</b>	<b>96,300</b>	<b>4,844,004</b>	<b>-</b>		<b>784</b>	<b>-</b>	<b>611,537</b>	<b>95,516</b>



ROUND THE YEAR





The 3rd Annual General Meeting of Meghna Bank Limited was held on 28 March, 2016 at The Westin, Dhaka. Chairman of the Bank Mr. H. N. Ashequr Rahman MP presided over the meeting. Vice Chairman, Mr. Abdul Alim Khan Selim, Managing Director & CEO, Mr. Mohammed Nurul Amin along with other Directors and Sponsors attended the meeting.

Annual Conference of Managers & Executives-2017 of Meghna Bank Limited was held on January 22, 2017. Chairman of the Bank Mr. H. N. Ashequr Rahman MP inaugurated the conference as Chief Guest. The Managing Director & CEO of the Bank Mr. Mohammed Nurul Amin, Director & Chairman, Risk Management committee of the Bank Mr. Abdul Alim Khan Selim, Director Ms. Rehana Ashequr Rahman, Director & Chairman, Executive committee of the Bank Mr. Md. Kamal Uddin, Director Tanveer Ahmed, Director Alhaz M A Maleque MP were present at the Conference.



Half-yearly Conference of Executives & Managers-2016 of Meghna Bank Limited was held on Sunday, July 24, 2016 in a City Hotel, Dhaka. The Conference was presided over by the Managing Director of Meghna Bank Limited Mr. Mohammed Nurul Amin. Chairman of The Meghna Bank Ltd. Mr. H. N. Ashequr Rahman MP has inaugurated the Conference. At inaugural session, Director Mr. Md. Kamal Uddin, Director Mr. Md. Ali Azim Khan, Director Ms. Rehana Ashequr Rahman, Director Ms. Uzma Chowdhury were present.

Mirpur branch of Meghna Bank Limited was inaugurated at Islam Plaza, Plot #7, Rd#3, Sec#7, Pallabi, Dhaka. Honorable Chairman of the Bank Mr. H. N. Ashequr Rahman MP inaugurated the Branch as Chief guest. Honorable Directors Mrs. Rehana Ashequr Rahman, Mr. Abdul Alim Khan Selim, Mr. Md. Kamal Uddin, Mr. Md. Ali Azim Khan and Mr. S.M. Jahangir Alam Manik attended the program.



The 35th branch of Meghna Bank Limited was inaugurated at Ananda Bazar, Motlab Uttar, Chandpur. Honorable Minister of the Disaster Management & Relief, Mr. Mofazzal Hossain Chowdhury Maya, Birbikram, MP, inaugurated the Ananda Bazar Branch as Chief guest. Honorable Chairman of the Bank Mr. H. N. Ashequr Rahman MP, Managing Director & CEO of the Bank Mr. Mohammed Nurul Amin, Honorable Directors of the Bank Mr. Md. Kamal Uddin, Mrs. Rehana Ashequr Rahman, Mr. Abdul Alim Khan Selim, Mr. S.M. Jahangir Alam Manik attended the program.

Aman Bazar branch of Meghna Bank Limited was inaugurated at Aman Bazar, Hathazai, Chittagong. Honorable Chairman of the Bank Mr. H. N. Ashequr Rahman MP inaugurated the Aman Bazar Branch as Chief guest, Honorable Vice Chairman Mr. Md. Yasin Ali attended the program as Special Guest and Honorable Directors Mrs. Rehana Ashequr Rahman, Mr. Abdul Alim Khan Selim, Mr. Md. Kamal Uddin, Mr. Ashiqur Rahman Lasker, Mr. Md. Mamun Salam, Mr. S.M. Jahangir Alam Manik attended the program.





Honorable Chairman of the Meghna Bank Mr. H. N. Ashequr Rahman MP Inaugurated the Meghna Bank ATM Booth “Meghna Bank AnyTime” as chief guest at Dhanmondi Stamford University Campus in Dhaka on March 9, 2017. Managing Director & CEO of the Bank Mr. Mohammed Nurul Amin, President, Trusty Board of the Stamford University, Mr. M A Hannan Firoz, Senior Executives of the Bank and Business Personalities also attended the program.



Training program on ‘Basic Course on Banking’ was recently held at Meghna Bank Training Centre at Gulshan, Dhaka. Honorable Chairman of the Bank Mr. H. N. Ashequr Rahman MP attended the Closing the program as Chief Guest. The training was organized to enhance the skill of the employees on Banking related issues. Assistant Officers from different branches of the bank participated in the program.

Honorable Chairman of the Meghna Bank Mr. H.N. Ashequr Rahman MP inaugurated Meghna Bank ATM Booth “Meghna Bank AnyTime” in Rangpur City. Managing Director & CEO of the Bank Mr. Mohammed Nurul Amin, Honorable Director Mr. Ali Azim Khan, Honorable Director Mrs. Rehana Ashequr Rahman attended the ceremony as Special Guest. Senior Executives of the Bank and Business Personalities also attended the program.



Induction program for the 2nd batch of Management Trainee Officers (MTO) was held at Meghna Bank Training Institute.



Meghna Bank Limited organized a training program on “Prevention of Money Laundering & Terrorist Financing-2016”, at the premise of BIBM, Mirpur, Dhaka on November 19, 2016. The training program was inaugurated by CAMLCO & SEVP of the Meghna Bank Mr. Mohammad Imdadul Islam as Chief guest. The Program was presided over by the Deputy CAMLCO & Head of Anti-Money Laundering Division Mr. Md. Mojibar Rahman Khan.

Meghna Bank Limited has signed an agreement with Transcom Electronics in its Head Office at Gulshan, Dhaka. Mr. Mohammed Nurul Amin, Managing Director & CEO of the Meghna Bank is exchanging the MOU with Mr. Shihab Pada Dey, AGM Finance & Accounts of Transcom Electronics. By this agreement Meghna Bank Credit Card holders can avail 0% Insta-Pay EMI Facilities.





Meghna Bank Limited has signed an agreement with Nokkhotrobari. Mr. Mohammed Nurul Amin, Managing Director & CEO of the Meghna Bank is handing over the agreement to Mr. Tauquir Ahmed, Managing Director of Nokkhotrobari. Under this agreement Meghna Bank Card Holder can avail discount in the resort.



Solar Panel for irrigation at Moulvibazar installed by Electro Solar Power Ltd. a client of Meghna Bank Limited.

Meghna Bank Limited has signed Agreement with Hajj Agencies Association of Bangladesh. Mr. Protik Karim, Deputy Managing Director of the Meghna Bank is exchanging the MOU with his counterpart Mr. Ibrahim Bahar, President, HAAB. By this agreement Meghna Bank will collect Money from Pilgrim through it's Branches. High Officials from both organizations were present at the Ceremony.



A view of Agro Financing Project of the bank through Costal Livelihoods Adoption Project (CLAP).



Mr. Mohammed Nurul Amin, Managing Director & CEO of Meghna Bank Ltd. received a cheque of Tk.4 Lac from Chief Executive Officer of Zenith Islami life Insurance Ltd., Mr. S M Nuruzzaman. The cheque was handed over for settlement of Group Insurance claim against death of Md. Asduzzaman Khan, a Tea Boy of the Bank. At the ceremony, Senior Executives of the both Company were present.

Finance to rural women by Meghna Bank Limited through Costal Livelihoods Adoption Project (CLAP).







Meghna Bank Limited has distributed blankets among the underprivileged cold stricken at Barisal. Minister of Industries Amir Hossain Amu & Director of Meghna Bank Ltd. Mr. Md. Ali Azim Khan distributed the blankets among cold stricken people.



Meghna Bank Limited has distributed blankets among the under privileged cold stricken people of Uttor Motlob, Chandpur. Director & Chairman, Executive committee of Meghna Bank Mr. Md. Kamal Uddin, distributed the blankets among cold stricken people.



Meghna Bank Limited has distributed blankets among the under privileged cold stricken people of Dhamrai, Dhaka. Director & Chairman, Risk Management committee of Meghna Bank Mr. Abdul Alim Khan Selim, distributed the blankets among cold stricken people.



Registered Office: Suvastu Imam Square (Level-06)  
65 North Avenue C/A, Gulshan-1, Dhaka-1212

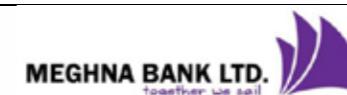
### PROXY FORM

I..... of .....  
being a Member(s) of Meghna Bank Limited do hereby appoint.....  
..... of ..... or failing him/her  
..... of .....  
as my proxy in my absence to attend and vote for me, and on my behalf, at the **4<sup>th</sup> Annual General Meeting** of the Company, to be held on the **23<sup>rd</sup> day of March 2017, Thursday, at 11:30 a.m.** at **Hotel Le Meridian Dhaka, located at 79/A Commercial Area, Airport Road, Nikunja-2, Khilkhet, Dhaka-1229** and at any adjournment thereof.

Signature of Proxy: .....  
Signature of Member: .....  
Folio Number:.....  
No. of Shares held .....

Affix Revenue Stamp  
of Tk.20.00

N.B: This Proxy Form, duly completed and signed, must be deposited at the Registered Office of the Company at least 72 hours before the Meeting. Proxy is invalid if not signed and stamped as explained above.



Registered Office: Suvastu Imam Square (Level-06)  
65 North Avenue C/A, Gulshan-1, Dhaka-1212

### ATTENDANCE SLIP

I hereby record my attendance at the 4<sup>th</sup> Annual General Meeting of the Company being held on Monday, 23<sup>rd</sup> March 2017 at 11:30 a.m. at Hotel Le Meridian Dhaka, located at 79/A Commercial Area, Airport Road, Nikunja-2, Khilkhet, Dhaka-1229.

Name of Member/ Proxy.....

Signature of the Member/ Proxy .....

Date:





Head Office:  
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