



INDEPENDENT AUDITOR'S REPORT

AND

AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED ON
DECEMBER 31, 2013**



Auditor's Report

To the Shareholders of Meghna Bank Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Meghna Bank Limited**, which comprise the balance sheet as at 31.12.2013, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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. Those standards require that we comply with 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 give a true and fair view of the financial position of the Bank as at 31.12.2013, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.

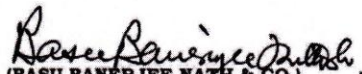




Report on Other Legal and Regulatory Requirements

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

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
 - i) internal audit, internal control and risk management arrangements of the Bank appeared to be materially adequate;
 - ii) Nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities.
- (c) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (d) the balance sheet and the profit and loss account dealt with by the report are in agreement with the books of account;
- (e) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- (f) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (g) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (h) the information and explanation required by us have been received and found satisfactory; and
- (i) We have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 620 person hours for the audit of the books and accounts of the Bank.


(BASU BANERJEE NATH & CO.)
CHARTERED ACCOUNTANTS



Dated: 31st March, 2014



MEGHNA BANK LIMITED
BALANCE SHEET
AS AT 31st DECEMBER, 2013

	Note	2013 Taka	2012 Taka
PROPERTY AND ASSETS			
Cash		319,240,453	-
Cash in hand (Including Foreign Currencies)	3	86,755,298	-
Balance with Bangladesh Bank and Its agent Bank (s) (Including Foreign Currencies)	4	232,485,155	-
Balance with other Banks and Financial Institutions	5	4,493,022,481	-
In Bangladesh		4,485,946,303	-
Outside Bangladesh		7,076,178	-
Money at Call on Short Notice	6	10,000,000	-
Investments	7	476,723,320	-
Government		476,723,320	-
Others		-	-
Loans and Advances	8	1,494,856,337	-
Loans, Cash credits, Overdrafts, etc.		1,482,001,190	-
Bills Purchased and Discounted		12,855,147	-
Fixed Assets Including Premises, Furniture and Fixtures	9	83,288,385	-
Other Assets	10	330,962,955	-
Non Banking Assets		-	-
Total Assets		7,208,093,931	-
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, Financial Institutions and Agents	11	-	-
Deposits and Other Accounts	12	2,670,468,329	-
Current Accounts & Other Accounts		166,187,988	-
Bills Payable		83,831,142	-
Savings Bank Deposits		34,646,700	-
Fixed Deposits		2,385,802,499	-
Bearer Certificate of Deposit		-	-
Other Deposits		-	-
Other Liabilities	13	72,114,173	-
Total Liabilities		2,742,582,502	-
Capital/Shareholders' Equity			
Paid-up Capital	14.2	4,433,000,000	-
Statutory Reserve	15	14,234,001	-
Other Reserve (Revaluation of HFT & HTM Securities)	16	533,651	-
Surplus in Profit and Loss Account/Retained Earnings	17	17,743,777	-
Total Shareholders' Equity		4,465,511,429	-
Total Liabilities & Shareholders' Equity		7,208,093,931	-





Basu Banerjee Nath & Co.
Chartered Accountants

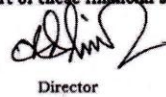
MEGHNA BANK LIMITED
OFF- BALANCE SHEET ITEMS
AS AT 31st DECEMBER, 2013

	Note	2013 Taka	2012 Taka
CONTINGENT LIABILITIES			
Acceptances and Endorsements	18	100,012,500	-
Letters of Guarantee	19	350,537,085	-
Irrevocable Letters of Credit	20	157,405,300	-
Bills for Collection		49,875,720	-
Other Contingent Liabilities		-	-
Total		657,830,605	-
OTHER COMMITMENTS			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		-	-
TOTAL OFF BALANCE SHEET ITEMS INCLUDING		657,830,605	-
CONTINGENT LIABILITIES			

Accompanying (1 - 46) notes form an integral part of these financial statements

 Chairman


 Director

 Director

 Managing Director & CEO

Signed in terms of our report of even date

Dated: 31 MAR 2014
Dhaka Trade Centre (11th Floor)
99, Kazi Nazrul Islam Avenue
Kawranbazar, Dhaka


Basu Banerjee Nath & Co.
Chartered Accountants





MEGHNA BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31st DECEMBER, 2013

	Note	2013 Taka	2012 Taka
Interest Income	22	388,926,449	-
Interest paid on Deposits and borrowings etc	23	97,097,410	-
Net Interest Income		291,829,039	-
Investment Income	24	16,727,873	-
Commission, Exchange and Brokerage	25	9,093,706	-
Other Operating Income	26	5,684,205	-
		31,505,784	-
Total Operating Income		323,334,823	-
Salaries and Allowances	27	113,291,162	-
Rent, Taxes, Insurances, Electricity etc.	28	62,290,330	-
Legal Expenses	29	222,528	-
Postage, Stamps, Telecommunication etc.	30	987,092	-
Stationery, Printing, Advertisements etc.	31	11,382,802	-
Chief Executive's Salary & Fees	32	6,120,000	-
Directors' Fees	33	799,250	-
Auditors' Fees	34	207,000	-
Charges on loan losses		-	-
Depreciation & Repairs of Bank's Assets	35	8,744,033	-
Other Expenses	36	27,073,622	-
Total Operating Expenses		231,117,818	-
Profit/(Loss) before Provision	21	92,217,005	-
Specific provision for Classified Loans and Advances		-	-
General Provision for Unclassified Loans and Advances		(14,400,000)	-
General Provision for Off-Balance Sheet Exposures		(6,647,000)	-
Provision for diminution in value of Investments		-	-
Other Provisions		-	-
Total Provision	37	(21,047,000)	-
Total Profit/(Loss) before Taxes		71,170,005	-
Provision for Taxation			
Current Tax	13.2	(39,192,227)	-
Net Profit after Taxation		31,977,778	-
Retained earnings brought forward from previous years		-	-
		31,977,778	-
Appropriations			
Statutory Reserve	15	14,234,001	-
General Reserve		-	-
Dividends		-	-
		14,234,001	-
Retained Surplus	17	17,743,777	-
Earnings Per Share (EPS)	38	0.07	-

Accompanying notes (1-46) form an integral part of these financial statements

[Signature]
Chairman

[Signature]
Director

[Signature]
Director

[Signature]
Managing Director & CEO

Dated: 31 MAR 2014
Dhaka Trade Centre (11th Floor)
99, Kazi Nazrul Islam Avenue
Kawranbazar, Dhaka

Signed in terms of our report of even date

[Signature]
Basu Banerjee Nath & Co.
Chartered Accountants





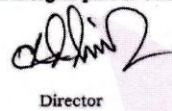
MEGHNA BANK LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31st DECEMBER, 2013

	Note	2013 Taka	2012 Taka
Cash Flows from Operating Activities			
Interest receipts in cash	39	318,805,352	-
Interest Payments	40	(62,464,247)	-
Dividends Receipts		-	-
Fee & Commission receipts in cash		9,093,706	-
Recoveries on loans previously written off		-	-
Cash Payments to Employees		(119,411,162)	-
Cash Payments to Suppliers		(11,382,802)	-
Income Taxes Paid		(23,447,151)	-
Receipts from other Operating activities	41	5,684,205	-
Payments for other Operating activities	42	(91,678,011)	-
Operating Profit before changes in Operating Assets and Liabilities		25,199,890	-
Increase/Decrease in Operating Assets and Liabilities			
Statutory Deposits		-	-
Purchase/Sale of Trading Securities (Treasury bills)		(306,242,038)	-
Loans and Advances to Other Banks		-	-
Loans and Advances to Customers		(1,494,856,337)	-
Other Assets	43	(244,113,984)	-
Deposits from other Banks		50,000,000	-
Deposits from Customers		2,620,468,329	-
Other liabilities on account of customers		-	-
Trading Liabilities		-	-
Other Liabilities	44	688,934	-
Sub Total		625,944,904	-
A) Net Cash from Operating Activities		651,144,793	-
Cash flows from Investing Activities			
Proceeds from sale of Securities		-	-
Payment for purchases of securities		(19,931,031)	-
Purchase/Sale of Property, Plant & Equipments		(91,934,228)	-
Purchase/Sale of subsidiaries		-	-
B) Net Cash Used in Investing Activities		(111,865,259)	-
Cash flows from Financing Activities			
Receipts from issue of Loan Capital and Debt Security		-	-
Payments for redemption of Loan Capital and Debt Security		-	-
Receipts from issue of ordinary share		4,433,000,000	-
Dividends Paid		-	-
C) Net Cash from Financing Activities		4,433,000,000	-
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		4,972,279,534	-
E) Effect of Exchange rate changes on cash & cash equivalents		-	-
F) Cash and cash equivalents at the beginning of the year		-	-
G) Cash and cash equivalents at the end of the year (D+E)	45	4,972,279,534	-

Accompanying notes (1 - 46) form an integral part of these financial statements


Chairman


Director


Director


Managing Director & CEO



Basu Banerjee Nath & Co.
Chartered Accountants

MEGHNA BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31st DECEMBER, 2013

Particulars	Paid-up Capital (Taka)	Statutory Reserve (Taka)	Other Reserve (Taka)	Retained Earnings (Taka)	Total (Taka)
Balance as at 01 January, 2013	-	-	-	-	-
Changes in accounting policy	-	-	-	-	-
Restated Balance	-	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	533,651	-	533,651
Surplus/deficit on account of revaluation of investments	-	-	-	-	-
Currency translation differences	-	-	533,651	-	533,651
Net gains and losses not recognized in the income statement	-	-	-	-	-
Net profit for the year period	-	14,234,001	-	17,743,777	31,977,778
Dividends	-	-	-	-	-
Issue of share capital	4,433,000,000	-	-	-	4,433,000,000
Balance as at 31 December 2013	4,433,000,000	14,234,001	533,651	17,743,777	4,465,511,429

Accompanying notes (1 - 46) form an integral part of these financial statements

K.A.
Chairman

Shri
Director

Shri
Managing Director & CEO

MEGHNA BANK LTD.
together we sail



Basu Banerjee Nath & Co.
Chartered Accountants

MEGHNA BANK LIMITED
LIQUIDITY STATEMENT
ASSETS AND LIABILITIES MATURITY ANALYSIS
AS AT 31st DECEMBER, 2013

Particulars	Upto 01 Month (Taka)	01-03 Months (Taka)	03-12 Months (Taka)	01-05 Years (Taka)	More than 05 years (Taka)	Total (Taka)
Assets						
Cash in hand	86,755,298	-	-	-	-	86,755,298
Balance with other Banks and Financial Institutions	242,371,836	1,750,000,000	2,600,000,000	-	133,135,800	4,725,507,636
Money at Call on Short Notice	10,000,000	-	-	-	-	10,000,000
Investment	150,016,600	306,775,730	-	-	19,930,990	476,723,320
Loans and Advances	96,075,394	23,656,212	740,892,802	505,380,490	128,851,438	1,494,856,337
Fixed Assets including premises, Furniture and Fixtures	720,487	1,440,974	6,484,382	32,421,911	42,220,631	83,288,385
Other Assets	39,814,378	48,004,000	186,752,671	50,983,145	5,348,761	330,962,955
Non-banking Assets						
Total assets (i)	625,753,993	2,129,936,916	3,534,129,855	588,785,546	329,487,620	7,208,093,931
Liabilities						
Borrowing from Other Banks, Financial Institutions and Agents	-	-	-	-	-	-
Deposits and Other Accounts	302,866,748	1,326,376,720	1,025,288,093	3,824,988	12,111,778	2,670,468,329
Provision and Other Liabilities	4,326,850	18,749,685	37,499,370	7,932,559	3,605,709	72,114,173
Total Liabilities (ii)	307,193,598	1,345,126,405	1,062,787,463	11,757,547	15,717,487	2,742,582,502
Net Liquidity Gap (i-ii)	318,560,395	784,810,510	2,471,342,393	577,027,999	313,770,133	4,465,511,429

Accompanying notes (1 - 46) form an integral part of these financial statements

[Signature]
Chairman

[Signature]
Director

[Signature]
Director

[Signature]
Managing Director & CEO





Meghna Bank Limited
Notes to the Financial Statements
As at & for the period ended 31st December, 2013

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 20th March, 2013 in Dhaka. 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). The number of branches of the Bank was six (06) located in Gulshan, Motijheel, Chawkbazar, Saver, DEPZ at Dhaka and Shathibari at Rangpur as on 31 December, 2013.

1.2 Nature of business

The Bank carries on, undertakes and transacts all kinds of banking activities with its customers in Bangladesh and abroad.

1.3 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 focus of Treasury Department was to be active in Placement, Inter- Bank Call Money Market, Government securities and Foreign exchange markets. There was a contribution in the volumes and profits from Placements and Inter-Bank Call Money Market

1.4 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.

1.5 Strategic Direction

The strategic direction of the Bank is currently conferred and reviewed periodically by the Management Committee at MANCOM meeting. At the time of preparing the Budget, priority is given on bottom up 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.

1.6 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 the outside Organizations. Bangladesh Bank and inside trainings are organized for specific purposes only.





1.7 Resource Efficiency

Deposits and Shareholders' Equity represented the two biggest resources of funds for the Bank. As at December 31, 2013, the deposit to third parties liability ratio is 97.37% and Equity to third parties liability ratio is 162.82%. 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.

1.8 Corporate Governance

1.8.1 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

1.8.2 Appointment of Directors and Managing Director

a) Director

The Members of the Board 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 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 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 2013 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.

2.2 Presentation of Financial Statement

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 consolidation of financial statements of the Bank includes combined Statement of affairs of Head office and Statement of Affairs of the branches including Profit & Loss Account. In this regard separate statement of Affairs and Profit and Loss Account of the branches are prepared and at maintained the Head office of the Bank based on which segregated information is always available. The individual statements and notes related to the Balance Sheet, Profit & Loss Account and required for stakeholders are presented separately.

2.5 Revenue Recognition

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

a) Interest Income

In compliance to the provisions of the Bangladesh Accounting Standards (BAS) - 18 "Revenue", the interest is recognized on accrual basis, but necessary information of cash movement related to those accruals are reported separately in the notes. Interest is calculated on daily product basis on Loans and advances but charged on a quarterly basis. Noted that no Loans & advances were classified during the year 2013 and interest income arising from transactions of Loans & advances were credited to income.

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.

(a) Income on Investments is accounted for on an accrual basis

(b) The value of investments has been enumerated as per following basis:

Investment Items

- i) Government Treasury Bills (HTM)
- ii) Government Treasury Bills (HFT)
- iii) Prize Bond

Application of Accounting

- At Amortized cost
- Marked to market basis
- At cost price





c) 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.

d) 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 25th June 2003.

2.6 Assets and the basis of their valuation

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.

Loans and Advances

- (a) Loans and Advances are stated at gross amount and before off setting general provisions against them.
- (b) Interest on Loans and Advances is calculated on a daily product basis but charged and accounted for quarterly on an accrual basis.
- (c) 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%
Special mention account	5%	5%

2.7 Fixed Assets

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

For additions during the year, depreciation is charged for the remaining days of the year and no fixed assets were disposed off during the year under audit 2013.

Depreciation

Depreciation on fixed assets is charged for the year at the following annual rates on a Straight Line Method on all fixed assets.





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

Basis of accounting for provisions

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".

2.8 Foreign currency transactions / translations

- Foreign currency transactions are converted into equivalent Taka currency using the exchange rates on the date of such transactions.
- Assets and liabilities in foreign currencies are converted into Taka currency by marking to market rate as of 31 December 2013.

2.9 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.

2.10 Taxation

2.10 (a) Current Tax

As per Income Tax Ordinance 1984, provision for income tax has been made at the rate of 42.50% on profit. In the calculation of provision for income tax, reliable estimate has been made but without considering the disallowances.

2.11 Cash Flow Statement

The Cash Flow Statement is presented by using the "Direct Method" of 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.

2.12 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:

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





2.13 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, where necessary up to the date of preparation of Financial Statements as per BAS-10.

2.14 Earnings per Share

Earnings per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as on 31 December, 2013 as per BAS - 33 "Earnings Per Share". Diluted earning per share was not required to calculate, as there is no dilution possibilities occurred during the year.

2.15 Reconciliation of Books of Account

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

2.16 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.

2.17 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:

2.17.1 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 Management.

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

2.17.2 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.

2.17.3 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.

2.17.4 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.

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.

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.

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.



2.17.5 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.

2.17.6 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.

2.18 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.

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

Name of BAS	BAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Cash Flow Statements	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Segment Reporting	14	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 for Investments	25	Applied
Accounting and Reporting by Retirement Benefit Plans	26	Applied
Consolidated and Separate Financial Statements	27	N/A
Investment in Associates	28	N/A
Interest in Joint Ventures	31	N/A
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	N/A
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A



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Name of BFRS	BFRS No.	Status
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	N/A
Operating Segments	8	N/A

2.20 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.

2.21 Off-balance sheet exposures

In compliance with the instruction of BRPD Circular No. 10 dated September 18, 2007 issued by the Bangladesh Bank, provision against the off-balance sheet exposures of the Bank as at reporting date has been made as follows:

Category/status of Off-balance sheet exposures	Rates	
	Bangladesh Bank's Requirement	Maintained by the Bank
General provisions for off-balance sheet exposures		
All types of Off-balance sheet exposures	1%	1%

2.22 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 3rd Board Meeting held on May 16, 2013 constituted the committee as under:

Sl No	Committee Members	Status with the Bank	Position in the Committee	Educational Qualification
1	Mr. Md. Yasin Ali	Director	Chairman	M.Com
2	Maj Gen Amjad Khan Chowdhury (Retd.)	Director	Member	Graduate
3	Mr. Alock Kumar Das	Director	Member	B.A
4	Mr. Md. Ali Azim Khan	Director	Member	Graduate
5	Mr. M.A.Maleque	Director	Member	M.A

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.





2.23 Name of the Directors and the entities in which they have interest as on 31 December, 2013

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	Mr. H. N. Ashequr Rahman	Chairman	1. Meghna Bank Ltd. 2. Diesel Motors & Services (BD) Limited 3. Bangladesh Consortium Ltd. 4. Newzan Corporation Ltd. 5. Jamuna Sugar Mills Ltd.	2.41% 22.22% 7.50% 12.50%	Chairman Managing Director Director Director
2	Mr. Abdul Alim Khan Selim	Vice Chairman	1. Meghna Bank Ltd. 2. Capital Homes & Development Ltd. 3. Dhaka Impex Co.	2.26% 40.00% 100%	Vice Chairman Managing Director Proprietor
3	Maj. Gen Amjad Khan Chowdhury (Retd.)	Director	1. Meghna Bank Ltd. 2. Agricultural Marketing Co Ltd (AMCL) 3. Rangpur Foundry Ltd (RFL) 4. Property Development Ltd (PDL) 5. PRAN Foods Ltd (PFL) 6. Banga Trading House Ltd (BTHL) 7. Bangladesh Lift Industries Ltd (BLIL) 8. PRAN Agro Ltd (PAL) 9. Banga Agro Processing Ltd (BAPL) 10. PRAN AgrobusinessLtd (PABL) 11. RFL Plastics Ltd (RPL) 12. PRAN Dairy Ltd (P Dairy) 13. PRAN Confectionery	4.51% 11.25% 14.60% 58.50% 52.82% 55.00% 41.67% 45.89% 50.04% 50.04% 49.98% 22.40%	Director CEO Director CEO CEO CEO CEO CEO CEO CEO Director Director



			Ltd (PCL)	50.02%	Director
			14. PRAN Export Ltd (PEL)	63.26%	CEO
			15. PRAN Beverage Ltd (PBL)	63.26%	Director
			16. Banga Plastic International Ltd (BPIL)	33.70%	Director
			17. Mymensingh Agro Ltd (MAL)	68.20%	Director
			18. Natore Dairy Ltd (NDL)	62.00%	Director
			19. Banga Building Materials Ltd (BBML)	62.00%	Director
			20. Accessories World Ltd (AWL)	9.00%	Director
			21. Career Builders Ltd (CBL)	12.00%	Shareholder
			22. Chorka Textile Ltd (CTL)	62.00%	Director
			23. Packmat Industries Ltd (PMIL)	62.00%	Director
			24. Sun Basic Chemicals Ltd (SBCL)	62.00%	Director
			25. Rangpur Metal IndustrisLtd (RMIL)	52.50%	Director
			26. Ghorashal Filling Station Ltd (GFSL)	62.00%	Director
			27. Durable Plastic Ltd (DPL)	62.00%	CEO
			28. AllPlast Bangladesh Ltd (APBL)	62.00%	Director
			29. Banga Millers Ltd (BML)	62.00%	Director
			30. Banga Bakers Ltd (BBL)	62.00%	Director
			31. RFL Exports Ltd (REL)	9.00%	Director
			32. RFL Construction Ltd (RCL)	9.00%	Director
			33. Habiganj Agro Ltd (HAL)	41.67%	CEO
			34. Habiganj Plastic Ltd (HPL)	33.00%	Director
4	Mr. Md. Yasin Ali Representative of Legacy Fashion Ltd.	Director	1. Ali Fashion Limited	23.81%	Managing Director
			2. Anowara Apparels Limited	22.22%	Managing Director
			3. Anowara Fashions Limited	21.83%	Managing Director
			4. Anowara Paper Mills Limited	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





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			8. Diamond Cement Limited	14.06%	Managing Director
			9. Diamond Pack Ltd.	11.11%	Managing Director
			10. Habib Printers and Publisher Limited	33.30%	Managing Director
			11. Habib Share & Securities Ltd.	16.67%	Director
			12. Habib Sons	1:3	Managing Partner
			13. Habib Steels Limited	33.33%	Managing Director
			14. HG Aviation Limited	8.33%	Chairman
			15. Legacy Fashion Ware Ltd.	10.60%	Managing Director
			16. Maam Textile Mills Limited	16.67%	Managing Director
			17. MTS Re-Rolling Mills Limited	23.33%	Managing Director
			18. Mudys Navigation Limited	33.33%	Managing Director
			19. Noor Garments Limited	25.00%	Managing Director
			20. Regent Energy and Power Limited	2.00%	Managing Director
			21. Regent Fabrics Limited	17.00%	Managing Director
			22. Regent Power Limited	13.33%	Managing Director
			23. Regent Spinning Mills Limited	4.00%	Managing Director
			24. Regent Textile Mills Limited	22.00%	Managing Director
			25. Regent Weaving Limited	25.00%	Managing Director
			26. Saims Superior Limited	10.00%	Managing Director
			27. Southern Medical College & Hospital	30.00%	Chairman
			28. Union Cement Mills Ltd.	11.11%	Managing Director
			29. Union Fertilizer Complex Ltd.	11.11%	Managing Director
			30. Valiant Fashion Ware Limited	16.67%	Managing Director
			31. Valiant Garments Limited	16.84%	Managing Director
5	Mrs. Farah Ahsan	Director	1. Meghna Bank Ltd.	4.51%	Director
			2. AG Property Development Ltd.	20.00%	Director
			3. AG Agro Industries Ltd.	30.00%	Managing Director
			4. AG Hi-Tech Ltd.	10.00%	Director
			5. AG Ceramic Industries Ltd.	30.00%	Managing Director



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			6. AG Ltd.	30.00%	Director
			7. AG Green Property Development Ltd.	30.00%	Managing Director
			8. Swadesh Life Insurance Co. Ltd.	8.33%	Director
6	Mr. Md. Kamal Uddin	Director	1. Meghna Bank Ltd.	9.02%	Director
			2. Diganta Sweaters Ltd.	80.00%	Managing Director
			3. Cosmos Sweaters Ltd.	50.00%	Managing Director
			4. Tricotex Sweaters Ltd.	45.00%	Managing Director
			5. Tricotex Machinery Ltd.	5.00%	Managing Director
			6. Sweaters Zone Ltd.	60.00%	Managing Director
			7. Temacos Fashion Wear Ltd.	3.00%	Managing Director
			8. Diganta Packaging & Accessories Ltd.	60.00%	Managing Director
7	Mr. Tanveer Ahmed Representative of Cassiopea Fashion Ltd.	Director	1. Cassiopea Apparels Ltd.	52.63%	Managing Director
			2. Cassiopea Fashion Ltd.	3.83%	Managing Director
			3. Elegant Washing Plant Ltd.	90.00%	Managing Director
			4. Cassiopea Clothing Ltd.	50.00%	Managing Director
			5. Cassiopea Garments Ltd.	50.00%	Managing Director
			6. Elegant Accessories Ltd.	50.00%	Managing Director
			7. Lavender Convenience Store Ltd.	20.00%	Managing Director
8	Mr. Shakhawat Hossain	Director	1. Meghna Bank Ltd.	4.06%	Director
			2. Paramount Textile Ltd	8.79%	Managing Director
			3. Paramount Insurance Company Ltd	6.67%	Sponsor Shareholder
			4. Paramount Holdings Limited	50.00%	Managing Director
			5. Sunrise Chemical Industries Ltd	50.00%	Managing Director



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			6. Paramount Spinning Ltd	45.45%	Managing Director
			7. Foodex International Ltd	50.00%	Managing Director
			8. Mount International	33.33%	Partner
			9. Foodex International	50.00%	Partner
			10. Paramount Agro	50.00%	Partner
9	Mr. Alock Kumar Das	Director	1. Meghna Bank Ltd.	4.51%	Director
			2. Paramount Textile Ltd	8.79%	Director
			3. Paramount Insurance Company Ltd	6.67%	Sponsor Shareholder
			4. Paramount Holdings Limited	50.00%	Director
			5. Sunrise Chemical Industries Ltd	50.00%	Director
			6. Paramount Spinning Ltd	45.45%	Director
			7. Foodex International Ltd	50.00%	Director
			8. Mount International	33.33%	Partner
			9. Foodex International	50.00%	Partner
			10. Paramount Agro	50.00%	Partner
10	Mr. Md. Ali Azim Khan	Director	1. Meghna Bank Ltd.	4.51%	Director
			2. IL Kwang Textiles Co. Ltd.	78.99%	Managing Director
			3. Young-A Textiles Co. Ltd.	79.00%	Managing Director
			4. Tamim International Traders Ltd	28.57%	Managing Director
			5. Silver Packaging Ltd.	50%	Managing Director
			6. Trust Trouser Ltd.	25%	Managing Director
			7. Nipun Pvt. Ltd.	60%	Managing Director
			8. Shiness Apparels Ltd.	80%	Managing Director
			9. Nasrin Garments	80%	Managing Director
11	Alhaj Md. Lokman Hakim	Director	1. Meghna Bank Ltd.	4.51%	Director
			2. ZiriSubader Steel Re-Rolling Mills/Unit,		





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			Re-Rolling Mills)	100%	Proprietor
			3. ZiriSubader Steel Re-Rolling Mills(Unit, Ship Breaking)	100%	Proprietor
			4. Ferdous Steel Corporation.	100%	Proprietor
			5. Subader Oxygen.	100%	Proprietor
12	Mr. Ashiqur Rahman Lasker	Director	1. Meghna Bank Ltd.	4.51%	Director
			2. Maheen Enterprise Ltd.	60.00%	Managing Director
			3. ARL Ship Breakings Ltd.	20.00%	Director
			4. Mihran Ship Recycling Ind. Ltd.	50.00%	Managing Director
			5. ARL Maritime Services Ltd.	40.00%	Director
			6. M & M Corporation Ltd.	60.00%	Director
			7. ARL Apparels Ltd.	50.00%	Director
			8. ARL Dresses Ltd	30.00%	Director
13	Mrs. Rehana Ashequr Rahman	Director	1. Meghna Bank Ltd.	1.42%	Director
			2. Buraq International Ltd.	15%	Chairman
			3. Diesel Motors & Services (BD) Ltd.	16.66%	Director
			4. Buraq Express (BD) Ltd.	19.50%	Director
14	Mr. Md. Mazibur Rahman Khan	Director	1. Meghna Bank Ltd.	4.51%	Director
			2. Olympic Cement Ltd.	89%	Managing Director
			3. Olympic Fibre Ltd.	17%	Managing Director
			4. Olympic Spinning Ltd.	3%	Managing Director
			5. Olympic Properties Ltd.	0.62%	Managing Director
			6. Olympic Agro Ltd.	1%	Managing Director
			7. Rahman Traders	100%	Proprietor
			8. M. Rahman & Co.	100%	Proprietor
			9. Olympic Shipping Lines	100%	Proprietor
			10. R. K. Transport	100%	Proprietor





			11. Khan Enterprise	50.00%	Partner
15	Mr. Mohammed Mamun Salam 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.	99.40% 85.00% 60.00% 50.00% 50.00% 50.00% 50.00% 53.64%	Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Executive Director
16	Mr. M. A. Maleque	Director	1. Meghna Bank Ltd. 2. M/s. Joy Omar Construction	2.26% 100%	Director Proprietor
17	Mrs. Nuran Fatema	Director	1. Meghna Bank Ltd. 2. The Bismillah Marine Services 3. The Bismillah International Shipping & Trading Co. Ltd.	1.85% 50.00% 50.00%	Director Partnership Chairperson
18	Mr. S.M. Jahangir Alam (Manik)	Director	1. Meghna Bank Ltd. 2. Sanji Filling & Conversation Center 3. Sanji Automobiles Ltd. 4. Panama CNG Conversion 5. Sanji SS Tube Industries	4.51% 100% 60% 100% 100%	Director Proprietor Chairman & MD Proprietor Proprietor
19	Mr. Md. Saidur Rahman Sarker Representative of Lusaka Fashion Ltd.	Director	1. Lusaka Fashion Ltd 2. Tammam Design Ltd	25.00% 25.00%	Managing Director Managing Director
20	Mrs. Taslima Islam	Director	1. Meghna Bank Ltd. 2. Prime Islami Securities Ltd. 3. Punot Cold Storage Ltd 4. Fareast Cold Storage	2.26% 5.00% 75.00%	Director Director Chairperson





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			Ltd.		
			5. Surmi Cold Storage Ltd.	51.00%	Chairperson
			6. Momo Auto Bricks Ltd.	40.00%	Director
			7. Momo Enterprise	100%	Proprietor





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	2013 Taka	2012 Taka
3 Cash in hand (Including foreign currencies)		
In local currency	86,755,298	-
In foreign currencies	-	-
	86,755,298	-
4 Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)		
In local currency	222,751,674	-
In foreign currencies	9,733,481	-
	232,485,155	-
Balance with Sonali Bank Ltd as agent of Bangladesh Bank		
In local currency	-	-
In foreign currencies	-	-
	232,485,155	-
4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)		
Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 33 of the Bank Company Act, 1991 and subsequent BCD Circular No.13 dated May 24, 1992; BRPD Circular No. 12 dated September 20, 1999; BRPD Circular No. 22 dated November 6, 2003; BRPD Circular No. 12 dated August 25, 2005; DOS Circular No.01 dated March 03, 2009 and MPD Circular No. 04 & 05 dated December 01, 2010.		
4.2 Cash Reserve Requirement (CRR): 6% of Average Demand and Time Liabilities		
Required Reserve	118,445,800	-
Actual Reserve held with Bangladesh Bank (In local currency)	222,751,674	-
CRR Surplus	104,305,874	-
4.3 Statutory Liquidity Ratio (SLR): 19.00% (including 6% CRR) of Average Demand and Time Liabilities		
Required Reserve	375,078,360	-
Actual Reserve held (Note-4.4)	795,963,773	-
SLR Surplus	420,885,413	-
4.4 Held for Statutory Liquidity Ratio		
Cash in hand (Note-3)	86,755,298	-
Balance with Bangladesh Bank and its agent Bank (s) (Note-4)	232,485,155	-
Government Securities (Note-7)	476,723,320	-
	795,963,773	-
5 Balance with Other Banks and Financial Institutions		
In Bangladesh (Note-5.1)	4,485,946,303	-
Outside Bangladesh (Note-5.2)	7,076,178	-
	4,493,022,481	-
5.1 In Bangladesh		
5.1a Current Account		
Janata Bank Limited, Shathibari Branch	10,000	-
	10,000	-
5.1b Special Notice Deposits		
Eastern Bank Limited, Principal Branch	61,695	-
Southeast Bank Limited, Mohakhali Branch	224,425	-
Premier Bank Limited, Gulshan Circle-2 Branch	120,960,183	-
	121,246,303	-





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5.1c FDR with Other Banks & Financial Institutions

FDR with Other Banks

	2013 Taka	2012 Taka
National Bank Ltd	300,000,000	-
NRB Global Bank Limited	250,000,000	-
Modhumoti Bank Ltd	100,000,000	-
Jamuna Bank Limited	500,000,000	-
Farmers Bank Limited	200,000,000	-
Southeast Bank Ltd	100,000,000	-
	1,450,000,000	-

FDR with Financial Institutions

Prime Finance & Investment Ltd.	50,000,000	-
Peoples Leasing & Financial Services Ltd	300,000,000	-
Bangladesh Industrial Finance Company Ltd	100,000,000	-
Premier Leasing Int'l Ltd.	400,000,000	-
Phoenix Finance and Investment Ltd	14,690,000	-
International Leasing & Financial Services Ltd	100,000,000	-
Uttara Finance & Investment Ltd	200,000,000	-
First Lease Finance & Investment Ltd	100,000,000	-
FAS Finance & Investment Ltd	100,000,000	-
GSP Finance Limited	100,000,000	-
National Finance Ltd	100,000,000	-
United Leasing Company Limited	150,000,000	-
Lanka Bangla Finance Limited	200,000,000	-
BD Finance and Investment Ltd	300,000,000	-
Investment Corporation of Bangladesh (ICB)	500,000,000	-
Union Capital Limited	200,000,000	-
	2,914,690,000	-
	4,485,946,303	-

5.2 Outside Bangladesh (NOSTRO Account)

<u>Current Account</u>	<u>Currency</u>	<u>F.C. Amount</u>	<u>Rate</u>	<u>Taka</u>
AB Bank Ltd, Mumbai	ACU	11,094.00	77.7500	862,558.50
AB Bank Limited, OBU-USD	USD	44,162.72	77.7500	3,433,651.48
Mashreq Bank p.s.c. New York, U.S.A	USD	35,755.21	77.7500	2,779,967.58
				7,076,178

Currency wise Distribution:

<u>Foreign Currency</u>	<u>BDT</u>	<u>Composition</u>
USD/ACU	7,076,178	100.00%
	7,076,178	100%

5.3 In accordance with Bangladesh Bank Foreign Exchange Policy Department, Circular FEPD (DEMO/01/2005-677) dated 13-09-2005, the quarterly review of NOSTRO Accounts for the quarter ended 31 December 2013 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.

Amount in US\$

	<u>As per Bank's Book</u>				<u>As per Correspondents' Book</u>			
	<u>Debit entries</u>		<u>Credit entries</u>		<u>Debit entries</u>		<u>Credit entries</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
Up to 3 months	0	0	0	0	0	0	0	0
From 03 months to 06 months	-	-	-	-	-	-	-	-
From 06 months to 09 months	-	-	-	-	-	-	-	-
From 09 months to 12 months	-	-	-	-	-	-	-	-
More than 12 months	-	-	-	-	-	-	-	-
	0	0	0	0	0	0	0	0





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	2013 Taka	2012 Taka
5.4 Maturity-wise groupings of balance with other		
Banks and Financial Institutions		
On Demand	128,332,481	-
Not more than 3 months	1,750,000,000	-
More than 3 months but less than 1 year	2,600,000,000	-
More than 1 year but less than 5 years	-	-
More than 5 years	14,690,000	-
	4,493,022,481	-
6 Money at Call and Short Notice		
Modumoti Bank Ltd	10,000,000	-
	10,000,000	-
7 Investment:		
i) Investment Classified as per Bangladesh Bank Circular:		
Held for Trading (HFT)	306,775,730	-
Held to Maturity (HTM)	19,930,990	-
Reverse Repo	150,000,000	-
Other Securities	16,600	-
	476,723,320	-
ii) Investment Classified as per Nature:		
Government Securities:		
a) Treasury Bills (HFT)		
Treasury Bills	306,775,730	-
	306,775,730	-
b) Government Bond (HTM)		
10 & 20 Years Bonds	19,930,990	-
Prize Bond in Hand	16,600	-
	19,947,590	-
c) Reverse Repo with Bangladesh Bank	150,000,000	-
	476,723,320	-
7.1 Maturity-wise Grouping of Investment in Securities:		
On demand	150,016,600	-
Not more than 3 months	306,775,730	-
More than 3 months but less than 1 year	-	-
More than 1 year but less than 5 years	-	-
More than 5 years	19,930,990	-
	476,723,320	-
8 Loans and Advances		
i) Loans, Cash Credits, Overdraft, etc.		
Inside Bangladesh		
Secured overdraft	25,278,922	-
General overdraft	508,019,246	-
Import finance	155,905,104	-
Other Demand Loans	161,486,305	-
Consortium/Syndicate Finance	14,226,732	-
House Building Loan	33,803,088	-
General Term Loans	477,388,637	-
Personal Loan Scheme	105,893,156	-
	1,482,001,190	-
Outside Bangladesh	-	-
	1,482,001,190	-





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ii) Bills purchased and discounted
Payable inside Bangladesh
Inland bills purchased and discounted
Payable outside Bangladesh
Foreign bills purchased and discounted

2013 Taka	2012 Taka
12,855,147	-
-	-
12,855,147	
1,494,856,337	

8.1 Net Loans and Advances

Gross performing loans and advances
Less:
Non-performing loans and advances
Interest Suspenses
Provision for loans and advances

1,494,856,337	-
-	-
-	-
14,400,000	-
14,400,000	-
1,480,456,337	

8.2 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

93,888,455	-
25,843,152	-
740,892,802	-
505,380,490	-
128,851,438	-
1,494,856,337	

8.3 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

2,186,940	-
6,674,394	-
3,993,813	-
-	-
12,855,147	

8.4 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) House Building Loan
iii) Retail Loan
iv) Industrial Loans Details (Note-8.4 (d))
v) Others Loan

500,380,691	-
3,074,750	-
40,146,940	-
829,568,891	-
121,685,065	-
1,494,856,337	-
1,494,856,337	

(d) Details of Industrial Loans and Advances

i) Textile industries
ii) Food and allied industries
iii) Cement and Ceramic industries
iv) Service industries
v) Transport and Communication Industries
vi) Other industries including bills purchased and discounted

9,998,979	-
216,865,915	-
14,226,732	-
10,437,746	-
101,565,961	-
476,473,558	-
829,568,891	





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8.5 Details of Large Loans and Advances

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

Total outstanding amount to such customers at end of the year	626.95 million	0 million
Number of such types of customers	1	0
Amount of Classified Advances thereon	Nil	Nil
Measures taken for recovery	Not applicable	Not applicable

The amount represents the sum of total Loans and Advances (Both Funded and Non-Funded) to single customer exceeding Tk. 448.63 million which is computed @ 10% of total capital of the bank i.e. Tk. 4,486.29 million (Note-14.3.c) as at 31 December 2013.

For details please refer to Annexure-A

2013	2012
Taka	Taka

8.6 Sector-wise Classification of Loans and Advances Including Bills Purchased and Discounted:

Public Sector	-	-
Co-Operative Sector	-	-
Private Sector	1,494,856,337	-
Total	1,494,856,337	-

8.7 Geographical Location-wise Loans and Advances:

Area	As at 31 December 2013		As at 31 December 2012	
	Amount	Composition	Amount	Composition
i) Inside Bangladesh (Note-8.8)				
a) In Rural Areas	5,569,515	0.37%	-	0.00%
b) In Urban Areas	1,489,286,822	99.63%	-	0.00%
Sub-total	1,494,856,337	100.00%	-	0.00%
ii) Outside Bangladesh	-	-	-	-
Total	1,494,856,337	100.00%	0	0.00%

8.8 Inside Bangladesh

Division	As at 31 December 2013		As at 31 December 2012	
	Amount	Composition	Amount	Composition
Dhaka	1,492,354,034	99.83%	-	0.00%
Rangpur	2,502,303	0.17%	-	0.00%
Total	1,494,856,337	100.00%	0	0.00%

8.9 Grouping of Loans and Advances as per Classification Rules of Bangladesh Bank:

Status	As at 31 December 2013		As at 31 December 2012	
	Amount	Composition	Amount	Composition
Unclassified (including staff Loans)	1,494,856,337	100.00%	-	0.00%
Special Mention Account (SMA)	-	0.00%	-	0.00%
Substandard	-	0.00%	-	0.00%
Doubtful	-	0.00%	-	0.00%
Bad or loss	-	0.00%	-	0.00%
Total	1,494,856,337	100.00%	0	0.00%





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2013	2012
Taka	Taka

8.10 Particulars of provision for Loans and Advances:

Status	Rate	Basis for Provision	2013	2012
Unclassified (Excluding staff Loans)	1%	1,355,160,093	13,551,601	-
Staff Loans	0%	121,685,065	-	-
Consumer Financing (Other than HP & LP)	5%	14,936,429	746,821	-
Small & Medium Enterprise	0.25%	-	-	-
Housing Finance	2%	3,074,750	61,495	-
Loan for professionals	2%	-	-	-
Share Business	2%	-	-	-
Special Mention Account	Applicable Rate	-	-	-
			14,359,917	-
Substandard	20%	-	-	-
Doubtful	50%	-	-	-
Bad or loss	100%	-	-	-
Required provision for Loans and Advances			14,359,917	-
Total provision maintained (Note-13.1(b))			14,400,000	-
Surplus Provision			40,083	-

The Bank has maintained provision on unclassified loans and advances amounting to Tk. 14,400,000 (note - 13.1.b). There exists surplus of Tk. 40,083 in unclassified loans and advances.

8.11 Particulars of provision for Off-Balance Sheet

Status	Basis for Provision	Rate	Rate
		1%	1%
Acceptances and Endorsements	100,012,500	1,000,125	-
Letters of Guarantee	350,537,085	3,505,371	-
Irrevocable Letters of Credit	157,405,300	1,574,053	-
Required provision for Off Balance Sheet Items	607,954,885	6,079,549	-
Provision maintained (Note-13.1(c))		6,647,000	-
Surplus Provision		567,451	-

8.12 Particulars of Loans and Advances:

(i) Loans considered good in respect of which the banking company is fully secured.	25,278,922	-
(ii) Loans considered good for which the banking company holds no other security than the debtor's personal guarantee.	105,893,156	-
(iii) Loans considered good and secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtors.	1,363,684,259	-
(iv) Loans adversely classified; provided not maintained there against.	-	-
	1,494,856,337	-
(v) Loans due by directors or officers of the banking company or any of them either separately or jointly with any other persons.	-	-
(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.	-	-





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	2013 Taka	2012 Taka
(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.	-	-
(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	-	-
a) Classified loans and advances on which interest has not been charged	-	-
b) Provision on Classified loans and advances	-	-
c) Provision kept against loans classified as bad debts	-	-
d) Interest credited to interest suspense Account	-	-
(xi) Cumulative amount of written off Loans & Advances	-	-
9 Fixed Assets including Premises, Furnitures & Fixtures		
A. Cost:		
Opening balance	-	-
Addition during the year	91,934,228	-
Less: Disposal during the year	-	-
Closing balance at cost	91,934,228	-
B. Depreciation:		
Opening balance	-	-
Addition during the year	8,645,843	-
Less: Adjustment on disposal during the year	-	-
Accumulated Depreciation	8,645,843	-
Carrying value	83,288,385	-
For details please refer to Annexure-B		
10 Others Assets		
Stock of Stationery, Stamps and printing materials etc. (valued at cost)	350,581	-
Advance Rent	68,128,460	-
Suspense Account (Note-10.1)	83,074,474	-
Interest receivable (Note-10.2)	86,848,971	-
Security Deposit	29,000	-
Preliminary Expenses	10,282,075	-
Pre Incorporation Expenses	82,249,394	-
	330,962,955	-
10.1 Suspense Account:		
Sundry Debtors	65,864,235	-
Advance against TA/DA	50,000	-
Advance against Petty Cash	25,000	-
Advance against proposed Branch	17,075,239	-
Others	60,000	-
	83,074,474	-





The detail breakup of unadjusted suspense accounts are given below:

Sl	Breakup	Amount in '000				
		Less than 03 months	03 months to less than 06	06 months to less than 09	09 months to less than 12 months	12 months and more
1	Sundry Debtors	5,665.26	2,804.70	57,394.27	-	-
2	Advance against TA/DA	50.00	-	-	-	-
3	Advance against Petty Cash	25.00	-	-	-	-
4	Cash Remittance	-	-	-	-	-
5	Legal expenses	-	-	-	-	-
6	Others	10,650.24	6,485.00	-	-	-
	Grand Total	16,390.50	9,289.70	57,394.27	-	-

10.2 Interest Receivable:

Receivable from Other Banks and NBFIs
Accrued Income on SND
Accrued Income on Call Loan
Accrued Income on Bonds
On Loans and Advances

	2013 Taka	2012 Taka
	55,375,268	-
	30,557,346	-
	47,639	-
	153,482	-
	715,236	-
	86,848,971	-

11 Borrowings from other Banks & Financial Institutions and Agents in Bangladesh
Outside Bangladesh

	2013 Taka	2012 Taka
	-	-
	-	-
	-	-

12 Deposits and Other Accounts

a) Deposits from banks
b) Deposits from customers

	2013 Taka	2012 Taka
	50,000,000	-
	2,620,468,329	-
	2,670,468,329	-

a) Deposits from banks
Banladesh Development Bank Ltd

	2013 Taka	2012 Taka
	50,000,000	-
	50,000,000	-

b) Deposits from customer
i) Current Deposit & Other Accounts:
Current Deposit
Foreign Currency Deposits
Sundry Deposits

	2013 Taka	2012 Taka
	105,384,886	-
	789,781	-
	60,013,320	-
	166,187,988	-

ii) Bills Payable:

Payable inside Bangladesh
Payment Order Issued

	2013 Taka	2012 Taka
	83,831,142	-
	83,831,142	-

Payable outside Bangladesh

	2013 Taka	2012 Taka
	83,831,142	-
	83,831,142	-

iii) Savings Bank Deposits:
General Deposits

	2013 Taka	2012 Taka
	34,646,700	-
	34,646,700	-





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	2013 Taka	2012 Taka
iv) Fixed Deposits:		
Fixed Deposits	2,246,889,117	-
Short Notice Deposits	122,876,349	-
Scheme Deposit (Note-12b(iv))	16,037,033	-
	2,385,802,499	-
	2,670,468,329	-
12b(iv) Scheme Deposits:		
Deposit Pension Scheme	4,454,210	-
Meghna Child Education Plan	17,632	-
Monthly Income Scheme Deposit	100,267	-
Meghna Multiplier Scheme-Double Benefit 06 Years	11,464,924	-
	16,037,033	-
12.1 Deposits and Other Accounts:		
Current Deposit & Other Accounts:		
a) Deposits from banks	-	-
b) Deposits from customers	166,187,988	-
	166,187,988	-
Bills Payable		
a) Deposits from banks	-	-
b) Deposits from customers	83,831,142	-
	83,831,142	-
Savings Bank Deposits:		
a) Deposits from banks	-	-
b) Deposits from customers	34,646,700	-
	34,646,700	-
Fixed Deposits:		
a) Deposits from banks	50,000,000	-
b) Deposits from customers	2,335,802,499	-
	2,385,802,499	-
12b(i) Sundry Deposits		
Margin on letter of guarantee	17,583,076	-
Margin on letter of credit	35,233,008	-
Withholding VAT/Tax/Excise duty payable to Government Authority	7,128,157	-
Others	69,079	-
	60,013,320	-
12.2 Maturity wise classification of Deposits are as under with a residual maturity of:		
Repayable on demand	257,895,282	-
Within 1 month	44,971,468	-
Over 1 month but not more than 6 months	1,641,669,089	-
Over 6 months but not more than 1 year	709,995,724	-
Over 1 year but not more than 5 years	3,824,988	-
Over 5 years	12,111,778	-
	2,670,468,329	-
13 Other Liabilities		
Interest Payable on Deposits	34,633,163	-
Provision for Loans and Advances (Note-13.1 (a) & (b))	14,400,000	-
Provision for Off-Balance Sheet items (Note-13.1 (c))	6,647,000	-
Provision for Taxation (Note-13.2)	15,745,076	-
Adjusting Account Credit	688,934	-
	72,114,173	-





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	2013 Taka	2012 Taka
13.1 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: Net charge to Profit & Loss Account	-	-
Provision held at the end of the year	-	-
(b) General Provision on Unclassified Loans and Advances		
Provision held at the beginning of the year	-	-
Addition during the year	14,400,000	-
Balance at the end of the year	14,400,000	-
Total Provision for Loans and Advances (a+b)	14,400,000	-
(c) General Provision on Off-Balance Sheet Items:		
Provision held at the beginning of the year	-	-
Addition during the year	6,647,000	-
Balance at the end of the year	6,647,000	-
Total Provision for Loans and Advances & Off-Balance Sheet (a+b+c)	21,047,000	-
(d) Provision for other Assets:		
Provision held at the beginning of the year	-	-
Addition during the year	-	-
Balance at the end of the year	-	-
(e) Provision for Investment in Securities:		
Provision held at the beginning of the year	-	-
Addition during the year	-	-
Balance at the end of the year	-	-
(f) Interest Suspense & Compensation 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	-	-
Balance at the end of the year	-	-
13.2 Provision for Taxation		
Provision for Current tax		
Balance at the beginning of the year	-	-
Add: Provision made during the year	39,192,227	-
	39,192,227	-
Advance tax		
Balance at the beginning of the year	-	-
Paid during the year	23,447,151	-
	23,447,151	-
Balance at the end of the year	15,745,076	-





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	2013 Taka	2012 Taka
13.2(i) Provision for Current Tax made during the year		
Income tax @ 42.50% on estimated taxable Business Income	39,192,227	-
Income tax @ 20.00% on Dividend Income	-	-
Income tax @ 10% on Capital gain on sale of shares	-	-
Estimated total provision required	39,192,227	-
Computation of Taxable Business Income		
Profit before Tax	71,170,005	-
Add: Inadmissible expenditures	21,047,000	-
Less: Allowable Expenditure & Separate consideration	-	-
Estimated Taxable Business Profit for the year	92,217,005	-

13.3 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	-	-	-	-
	-	-	-	-
Net unreconcile amount				-

There is no outstanding unreconciled entries on Balance Sheet date.

13.4 **Provision against entries of NOSTRO Account**

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).

14 **Capital**

14.1 **Authorized Capital:**

200,00,00,000 ordinary shares of Tk. 10 each **20,000,000,000**

14.2 **Issued, Subscribed and Paid up Capital:**

The Paid-up Capital of the Bank is Tk. 4,433,000,000 divided into 443,300,000 Ordinary Shares of Tk 10 each **4,433,000,000**

Issued for cash: shares of Tk. 10 each **4,433,000,000**

Holding

Sponsor Shareholders Group-A In year 2013: 100% **4,433,000,000**

14.3 **Capital Adequacy:**

Position of capital adequacy are given below:-

a) **Core Capital (Tier -II):**

i) Paid-up Capital	4,433,000,000	-
ii) Statutory Reserve (Note-15)	14,234,001	-
iii) Retained Earnings (Note-17)	17,743,777	-
	4,464,977,778	-





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	2013 Taka	2012 Taka
b) Supplementary Capital (Tier-II):		
i) General Provision (Note 13.1(b+c))	21,047,000	-
ii) Revaluation of Securities (Note-16) (50%)	266,825	-
	21,313,825	-
c) Total Equity (a +b)	4,486,291,603	-
d) Total Risk Weighted Assets	5,330,617,156	-
e) Required Capital	4,000,000,000	-
f) Total Capital Surplus (c-e)	486,291,603	-

Particulars	2013 (Under Basel II)		2012 (Under Basel II)	
	Requirement	Capital	Requirement	Capital
Core Capital	5.00%	83.76%	5.00%	0.00%
Supplementary Capital		0.40%		0.00%
Total	5.00%	84.16%	5.00%	0.00%

14.4 Risk Weighted Assets (RWA) for

1. Investment (Credit) Risk		
On-Balance Sheet	4,768,073,906	-
Off-Balance Sheet	383,452,628	-
2. Market Risk	17,423,210	-
3. Operational Risk	161,667,412	-
Total Risk Weighted Assets (1+2+3)	5,330,617,156	-

15 Statutory Reserve

Opening balance	-	-
Add: Addition during the year (20% of Pre-tax profit)	14,234,001	-
	14,234,001	-

16 Other Reserve (Revaluation of HFT & HTM Securities)

Opening balance	-	-
Add: Addition during the year	533,651	-
	533,651	-

17 Retained Earnings

Opening balance	-	-
Less: Issue of Bonus shares	-	-
Add: Transfer from Profit & Loss Account	17,743,777	-
	17,743,777	-

18 Acceptance and Endorsements

Back to Back Bills (Foreign)	100,012,500	-
Back to Back Bills (Local)	100,012,500	-
Less: Margin	-	-
	100,012,500	-

19 Letters of Guarantees

Letters of guarantee	350,537,085	-
Less: Margin	17,583,076	-
	332,954,009	-

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	350,537,085	-
	350,537,085	-
Less: Margin	17,583,076	-
	332,954,009	-





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	2013 Taka	2012 Taka
20 Irrevocable Letters of Credit		
Letter of credit	157,405,300	-
Less: Margin	35,233,008	-
	122,172,292	-
21 Income Statement		
Income:		
Interest, discount and similar income (Note-22 & 24)	405,654,322	-
Dividend income (Note-24)	-	-
Fees, Commission and Brokerage (Note-25)	7,743,951	-
Gains less losses arising from dealing securities	-	-
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing in foreign currencies (Note-25)	1,349,755	-
Income from non-banking assets	-	-
Other operating income (Note-26)	5,684,205	-
Profit less losses on interest rate changes	-	-
Nominal value of bonus share received	-	-
	420,432,233	-
Expenses:		
Interest paid on Deposits, borrowings etc. (Note-23)	97,097,410	-
Losses on Loans and Advances	-	-
Administrative expenses	195,398,353	-
Other operating expenses	27,073,622	-
Depreciation on banking assets	8,645,843	-
	328,215,228	-
Income over expenditure	92,217,005	-
22 Interest Income:		
Interest on Loans and Advances: (Note-22.1)	56,578,471	-
Interest on balance with other Banks & Financial Institutions	332,347,978	-
	388,926,449	-
22.1 Interest on Loans and Advances:		
Interest Income on Secured Over Draft	1,858,562	-
Interest Income on General Over Draft Loan	24,949,027	-
Interest Income on Inland Bill Purchased/Discount	307,113	-
Interest Income on Import Finance	2,652,994	-
Interest Income on Demand Loan (General)	14,318,160	-
Interest Income on Consortium/Syndicate Finance	193,871	-
Interest Income on House Building Loan	788,986	-
Interest Income on General Term Loan	11,149,108	-
Interest Income on Personal Loan Scheme	360,651	-
	56,578,471	-
23 Interest Paid on Deposits, Borrowing, etc:		
a) Interest on Deposits		
Interest Paid on Savings Deposits	370,121	-
Interest Paid on Short Notice Deposits	7,101,363	-
Interest Paid on Fixed Deposit Receipts	88,861,229	-
Interest Paid on Deposit Pension Scheme	99,457	-
Interest Paid on Meghna Child Education Plan	147	-
Interest Paid on Monthly Income Scheme	267	-
Interest Paid on Meghna Multiplier Scheme	307,854	-
	96,740,438	-
b) Interest Paid on Borrowings	356,972	-
	97,097,410	-





Basu Banerjee Nath & Co.
Chartered Accountants

	2013 Taka	2012 Taka
24 Investment Income		
Income from Treasury Bills	16,667,673	-
Income from Treasury Bonds	60,200	-
Dividend Income	-	-
	16,727,873	-
25 Commission, Exchange & Brokerage:		
Income from Commission	7,743,951	-
Exchange earnings	1,349,755	-
	9,093,706	-
26 Other Operating Income:		
Income From Fees & Charges	665,473	-
Income From Services	606,839	-
Postage, Telex, Swift etc.	105,650	-
Other charges (Note - 26.1)	4,306,243	-
	5,684,205	-
26.1 Other Charges		
Rent of Lockers	3,000	-
Notice pay earnings	270,000	-
Rebate on Trade Finance	5,443	-
Miscellaneous income	4,027,800	-
	4,306,243	-
27 Salary & Allowances:		
Basic Salary	39,608,758	-
Allowances	50,423,196	-
Consolidated Pay	8,666,052	-
Bonus	10,637,513	-
Bank's Contribution to Provident fund	3,955,643	-
	113,291,162	-
28 Rent, Taxes, Insurance, Electricity etc.:		
Rent, Rates & Taxes	54,770,789	-
Insurance, Electricity & Lighting	7,519,541	-
	62,290,330	-
29 Legal Expenses:		
Legal Charges	222,528	-
	222,528	-
30 Postage, Stamps, Telecommunication etc:		
Postage	67,642	-
Swift & Internet charge	510,480	-
Telephone charges	120,607	-
Mobile phone charges	288,363	-
	987,092	-
31 Stationery, Printing, Advertisements etc:		
Table Stationery	705,501	-
Printing Stationery	1,093,967	-
Security Stationery	23,575	-
Computer Stationery	325,364	-
Advertisement	9,234,395	-
	11,382,802	-





Basu Banerjee Nath & Co.
Chartered Accountants

	2013 Taka	2012 Taka
32 Chief Executive's Salary & Fees		
Basic Salary	3,240,000	-
Allowances	2,160,000	-
Bonus	720,000	-
	6,120,000	-
33 Directors' Fees:		
Directors Fees	799,250	-
	799,250	-
34 Auditors' Fees		
Auditors Fees	207,000	-
	207,000	-
35 Depreciation and Repair of Bank's Assets:		
a) Depreciation of Bank's Assets (Annexure - A):		
Land & Building	-	-
Vehicles	2,100,191	-
Machinery & Equipments	718,807	-
Furniture & Fixtures	93,060	-
Computer and Peripherals	5,688,114	-
Office Tools & Accessories	45,671	-
	8,645,843	-
b) Repair on Bank's Assets:		
Land & Building	-	-
Vehicles	-	-
Machinery & Equipments	14,480	-
Furniture & Fixtures	-	-
Computer and Peripherals	83,710	-
Office Tools & Accessories	-	-
	98,190	-
	8,744,033	-
36 Other Expenses:		
Petrol, Oil and Lubricants	698,449	-
Entertainment	1,544,534	-
Subscription	822,040	-
Corporate Social Responsibility	10,000,000	-
Travelling and Conveyance	1,608,617	-
Training Expenses	428,879	-
Car Maintenance expenses	140,546	-
Office Maintenance expenses	8,225,303	-
Newspaper & Magazine Expenses (Office)	8,655	-
Software Maintenance Expenses	370,518	-
Professional & Consultancy Fees	250,000	-
Bank Charges	177,839	-
Business development & Promotion	162,787	-
Washing & Cleaning	4,964	-
Security Service-Outsourcing	1,443,141	-
Cash Carrying Charges	11,500	-
Board and EC Meeting Expenses	369,129	-
Drinking water Expenses	93,745	-
Wasa Bill	75,037	-
Gas Bills	57,664	-
Crockeries expenses	243,433	-
Miscellaneous Expenses	336,843	-
	27,073,622	-





Basu Banerjee Nath & Co.
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	2013 Taka	2012 Taka
37 Provision for Loans, Investments, Off-Balance Sheet & Others Assets		
Provision for Unclassified Loans and Advances	14,400,000	-
Provision for Classified Loans and Advances	6,647,000	-
Provision for Off-Balance Sheet Exposure	-	-
Provisions for Diminution in Value of Investments	-	-
Provision for Other Assets	-	-
	21,047,000	-
38 Earning Per Share (EPS)		
Net Profit after Tax	31,977,778	-
Number of Ordinary Shares outstanding (Denominator)	443,300,900	-
Earning Per Share (EPS)	0.07	-
Earning per share has been calculated in accordance with BAS - 33: "Earnings Per Share (EPS)".		
39 Interest Receipts in Cash		
Interest income receipt (Note-22 & 24)	405,654,322	-
Add: Opening Interest Receivable (Note-10.2)	-	-
Less: Closing Interest Receivable (Note-10.2)	86,848,971	-
	318,805,352	-
40 Interest Payments		
Interest Paid on Deposits (Note-23)	97,097,410	-
Add: Opening Interest Payable on Deposit (Note-13)	-	-
Less: Closing Interest Payable on Deposit (Note-13)	34,633,163	-
	62,464,247	-
41 Cash Receipts from other Operating activities (Note - 26)		
Postage & Telex Charge Recovery	105,650	-
Other charges (Except income from sale of fixed assets)	5,578,555	-
	5,684,205	-
42 Cash Payments for other Operating activities		
Rent, Taxes, Insurance, Lighting etc. (Note-28)	62,290,330	-
Legal Expenses (Note-29)	222,528	-
Postage, Stamp, Telegram & Telephone (Note-30)	987,092	-
Directors' Fees (Note-33)	799,250	-
Auditors' Fees (Note-34)	207,000	-
Repair, Maintenance of Bank's Assets (Note-35.b)	98,100	-
Other Expenses (Note-36)	27,073,622	-
	91,678,011	-
43 Cash Increase/ Decrease in Other Assets (Note-10)		
Stock of Stationery and Stamps	350,581	-
Advance Rent	68,128,460	-
Suspense Account	83,074,474	-
Security Deposits	29,000	-
Preliminary Expenses	10,282,075	-
Pre Incorporation Expenses	82,249,394	-
	244,113,984	-
Cash (Increase)/ Decrease in Other Assets	(244,113,984)	-
44 Cash Increase/ Decrease in Other Liabilities (Note-13)		
Adjusting account credit	688,934	-
	688,934	-
Cash Increase/ (Decrease) in Other Liabilities	688,934	-





Basu Banerjee Nath & Co.
Chartered Accountants

45 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
Money at Call and Short Notice
Reverse Repo with Bangladesh Bank
Prize Bond in Hand

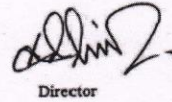
2013 Taka	2012 Taka
86,755,298	-
232,485,155	-
4,493,022,481	-
10,000,000	-
150,000,000	-
16,600	-
4,972,279,534	-

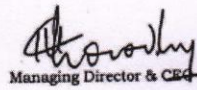
46 Number of Employees

The number of employees engaged for the whole period or part thereof who received a total remuneration of Tk.36,000 or above were 174.


Chairman


Director


Director


Managing Director & CEO





Basu Banerjee Nath & Co.
Chartered Accountants

Meghna Bank Limited

Annexure - A

Details of information on Loans & Advances more than 10% of Banks total capital (funded & non-funded)

(Tk. In lac)

SL. No.	Name of client	Outstanding			% of Loans to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
1	SM Steel Re-Rolling Mills Ltd	4,889.87	1,379.67	6,269.54	10.90%	3.08%	13.97%
	Total	4,889.87	1,379.67	6,269.54			

Bank's total Capital as on 31 December 2013 is Tk. 44,862.92 lac





MEGHNA BANK LIMITED
FOR THE PERIOD ENDED 31st DECEMBER, 2013
SCHEDULE OF FIXED ASSETS

Basu Banerjee Nath & Co.
Chartered Accountants

Annexure-B

Particulars	C O S T				D E P R E C I A T I O N				WDV at 31 December 2013	WDV at 31 December 2012	
	Balance as on 1 January 2013	Additions during the year	Disposal / Transfer during the year	Balance at 31 December 2013	Rate of Depreciation	Balance as on 1 January 2013	Transfer/ Adjustments during the year	Charge for the year			Balance at 31 December 2013
Vehicles	-	21,265,046	-	21,265,046	20%	-	-	2,100,191	2,100,191	19,164,855	-
Machine and Equipments	-	14,673,997	-	14,673,997	20%	-	-	718,807	718,807	13,955,190	-
Furniture & Fixtures	-	2,990,412	-	2,990,412	10%	-	-	93,060	93,060	2,897,352	-
Computer and Computer Peripher	-	51,706,611	-	51,706,611	33%	-	-	5,688,114	5,688,114	46,018,497	-
Office Tools & Accessories	-	1,298,162	-	1,298,162	20%	-	-	45,671	45,671	1,252,491	-
Total	-	91,934,228	-	91,934,228		-	-	8,645,843	8,645,843	83,288,385	-





Basu Banerjee Nath & Co.
Chartered Accountants

FINANCIAL HIGHLIGHTS

(Amount in Taka)

SL	PARTICULARS	2013	2012
1	Paid up Capital	4,433,000,000	-
2	Total Capital (Core + Supplementary)	4,486,291,603	-
3	Capital Surplus	486,291,603	-
4	Total Assets	7,208,093,931	-
5	Total Deposit	2,670,468,329	-
6	Total Loans & Advances	1,494,856,337	-
7	Total Contingent Liabilities and Commitments	657,830,605	-
8	Advance Deposit Ratio (%)	55.98%	-
9	Percentage of Classified Loans against total Loans and Adv	0.00%	-
10	Profit after Tax and Provision	31,977,778	-
11	Amount of Classified Loans During Current Year	-	-
12	Provisions kept against classified Loans	-	-
13	Provisions surplus	40,083	-
14	Cost of Fund	15.36%	-
15	Net Cost of Fund	13.41%	-
16	Weighted Average Return	14.77%	-
17	Interest Earning Assets	6,474,602,138	-
18	Non-Interest Earning Assets	733,491,794	-
19	Return on Investment (ROI)	3.51%	-
20	Return on Assets (ROA)	0.44%	-
21	Income from Investment	16,727,873	-
22	Earning Per Share	0.07	-
23	Net Income Per Share	0.07	-

