



AUDITORS' REPORT TO THE SHAREHOLDERS OF MUTUAL TRUST BANK LIMITED

We have audited the accompanying Balance Sheet of the "MUTUAL TRUST BANK LIMITED" as at December 31, 2000 and the related Profit & Loss Account for the year ended December 31, 2000. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.


We conducted our audit in accordance with Bangladesh Standard on Auditing (BSA). Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the affairs as of December 31, 2000 and of the results of its operations for the year ended December 31, 2000 and comply with the Bank Company Act, 1991, the rules and regulations issued by the Bangladesh Bank, The Company's Act, 1994, The Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We also report that :

- (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) 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 and proper return adequate for the purposes of our audit have been received from branch visited by us;
- (iii) the company's Balance Sheet and Profit and Loss account dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditure incurred was for the purposes of the company's business;
- (v) the financial position of the company at December 31, 2000 and the Profit for the year ended have been properly reflected in the financial statement; the financial statement have been prepared in accordance with the generally accepted accounting principles;
- (vi) the financial statements have been drawn up in conformity with the Bank Company Act, 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- (vii) general provisions have been made for advance as its business operated from January 1, 2000 to December 31, 2000;
- (viii) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (ix) the records and statements submitted by the branch have been properly maintained and consolidated in their financial statements;
- (x) the information and explanations required by us have been received and found satisfactory.

Place : Dhaka
Date : March 13, 2001



M.A. MALEK SIDDIQUI WALL & CO.
Chartered Accountants

**BALANCE SHEET AS AT DECEMBER 31, 2000**


	Notes	2000 Taka	1999 Taka
PROPERTY AND ASSETS			
Cash		81,852,020	28,158,068
In hand (including foreign currencies)	3	19,214,052	9,301,111
With Bangladesh Bank & Sonali Bank (including foreign currencies)	4	62,637,968	18,856,957
Balance with other Banks & Financial Institutions		1,045,960,208	668,427,781
In Bangladesh	5	1,014,967,754	662,932,115
Outside Bangladesh		30,992,454	5,495,666
Money at call and Short Notice		—	—
Investment	6	125,101,300	20,000,000
Government		125,101,300	20,000,000
Others		—	—
Loans & Advances		602,320,070	5,795,944
Loans, Cash Credit, Overdraft etc.	7A & 7B	566,215,824	1,468,421
Bills purchased and discounted	7C	36,104,246	4,327,523
Premises and Fixed Assets	8	29,252,032	15,481,442
Other Assets	9	560,298,905	9,904,214
Non-Banking Assets		—	—
Total Property and Assets		2,444,784,535	747,767,449
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other Banks and Agents		—	—
Deposit and other accounts :		1,673,626,810	544,814,800
Current deposit & contingency accounts	10	240,813,693	258,073,857
Bills payable		10,374,050	928,845
Savings deposits		105,717,297	18,389,098
Bearer certificate of deposit		—	—
Fixed deposits	11	1,316,721,770	267,423,000
Other liabilities	12	562,674,161	2,865,559
Total liabilities		2,236,300,971	547,680,359
Capital / Shareholders' Equity		208,483,564	200,087,090
Paid up capital	13	200,000,000	200,000,000
Statutory reserve	14	2,827,855	29,030
General reserve	15	5,655,709	58,060
Retained earnings		—	—
Total Liabilities and Shareholders' Equity		2,444,784,535	747,767,449



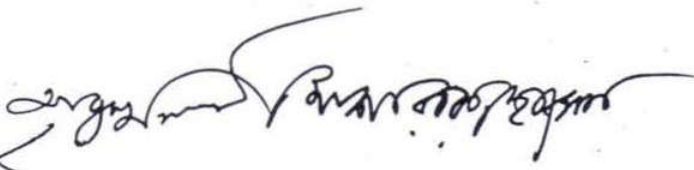
	2000 Taka	1999 Taka
CONTRA ENTRIES		
Off Balance Sheet items		
Contingent Liabilities :		
Letter of guarantee	127,328,398	4,961,071
Irrevocable Letter of Credit	208,906,300	34,940,000
Bills for collection	10,463,981	—
Other contingent liabilities	100,022,320	—
Total Off Balance Sheet items	446,720,999	39,901,071



Syed Manzur Elahi
Chairman



Samson H Chowdhury
Vice Chairman



Abu Sufian
Director

Mosharraf Hossain
Managing Director

Annexed notes form part of these accounts.

Dhaka
March 13, 2001

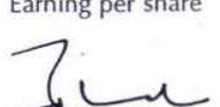


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**PROFIT AND LOSS ACCOUNT**

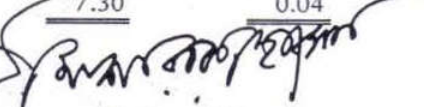
FOR THE YEAR ENDED DECEMBER 31, 2000

	Notes	2000 Taka	1999 Taka
Interest income	16	149,680,254	5,694,751
Interest paid on deposits & borrowing etc.	17	125,824,359	3,213,011
Net Interest Income		23,855,895	2,481,740
Operating Income :		28,521,621	241,643
Income from investment		11,755,362	—
Income from commission, exchange & brokerage		14,434,497	170,246
Other operating income		2,331,762	71,397
Total Income		52,377,516	2,723,383
Operating Expenditure :		32,193,292	2,578,234
Remuneration of Managing Director		1,200,000	300,000
Directors fees		206,000	30,000
Salary & allowances		12,112,152	1,020,260
Rent, tax, insurance, electricity etc.	18	4,029,661	580,918
Legal fees & charges		107,588	—
Postage, stamps, telegram & telephone		663,032	13,932
Auditor's fee		25,000	10,000
Printing, stationery & advertisement etc.		3,520,727	42,521
Other expenses	19	10,329,132	580,603
Profit before Provision		20,184,224	145,149
Provisions :		6,190,101	—
Provision against loans and advances	20	6,190,101	—
Provision for loss on revaluation of investment		—	—
Other provision		—	—
Profit before Income Tax		13,994,123	145,149
Provision for Income Tax		5,597,649	58,059
Net Profit after Tax & Provision		8,396,474	87,090
Appropriations			
Statutory Reserve		2,798,825	29,030
General Reserve		5,597,649	58,060
Retained Earnings		—	—
Earning per share		7.30	0.04


Syed Manzur Elahi
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Annexed notes form part of these accounts.

Dhaka
March 13, 2001


M.A. MALEK SIDDIQUI WALL & CO.
Chartered Accountants

**CASH FLOW STATEMENT**

as at December 31, 2000

	2000 Taka	1999 Taka
A) Cash flow from operating activities		
Interest and commission received	164,114,751	5,864,997
Interest paid	(125,824,359)	(3,213,011)
Received from other operating activities	14,087,124	71,397
Cash paid to employees	(12,112,152)	(1,020,260)
Cash paid for other operating activities	(16,349,361)	(1,557,974)
Operating profit before changes in current assets and liabilities	23,916,003	145,149
Increase/(decrease) in current assets :		
Loans and advances	(596,524,126)	(5,795,944)
Other current assets	(550,394,691)	(9,904,214)
Increase/(decrease) in current Liabilities :		
Current liabilities	557,466,057	3,736,345
Customers deposits	539,366,805	383,885,955
Bank deposits	580,000,000	160,000,000
Cash received from operating activities before income tax	553,830,048	532,067,291
Income tax paid	—	—
Net cash received from operating activities	553,830,048	532,067,291
B) Cash flow from investment activities		
Dividend received	—	—
Interest received	—	—
Investment in other financial instruments	—	—
Securities purchased	(105,101,300)	(20,000,000)
Assets, establishment and machinery purchased	(17,502,369)	(15,481,442)
Net Cash received from Investments	(122,603,669)	(35,481,442)
C) Cash flow from financial activities		
Increase in paid up capital	—	200,000,000
Share money deposit	—	—
Increase/(decrease) in long term loans	—	—
Net cash received from financial activities	—	200,000,000
D) Net increase in cash and cash equivalent (A+B+C)	431,226,379	696,585,849
E) Opening cash and cash equivalent	696,585,849	—
F) Closing cash and cash equivalent (D+E)	1,127,812,228	696,585,849



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2000

1. INTRODUCTION :

The **Mutual Trust Bank Limited** was incorporated in Bangladesh in the year 1999 as a banking company under the Companies Act, 1994. All types of commercial banking services are provided by the Bank within the stipulations laid down by Banking Companies Act, 1991 and directives as received from Bangladesh Bank from time to time.

- 1.1 The Bank has started its commercial business from October 24, 1999.

2. ACCOUNTING POLICIES :

2.1 Basis of preparation of the Financial Statements :

These financial statements have been prepared according to the Banking Companies Act, 1991 on going concern basis under the historical cost convention (without considering the effect of inflation) on the generally accepted accounting principles. The Balance Sheet and the Profit & Loss Account have been prepared as per pro-forma given in 1st schedule of Banking Companies Act, 1991. The policies whenever appropriate are explained in the succeeding notes.

2.2 Interest income and interest on deposit :

Interest on loans and deposits are recognized strictly in the line with related approved policy of the Board. Interest is calculated on daily product basis.

2.3 Investment :

Investment in treasury bills have been shown at market price.

2.4 Depreciation :

Depreciation have been charged on reducing balance method on all fixed assets except Motor vehicles. Motor vehicles have been charged on straight line method.

2.5 Taxation :

Taxation provision have been made as per Finance Act, 2000

2.6 Advances :

- a) Advances are shown in the Balance Sheet at full figures.
- b) Provision have been made on loans & advances as per BRPD Circular No. 12 of 1995, 16 of 1998 and 3 of 2000

2.7 Foreign Currencies :

Foreign currency transactions are converted into equivalent taka currency at the ruling exchange rates on the date of such transactions. Gains and losses from transaction are dealt with through exchange account.

- 2.8 The statutory reserve created under section 24 of Banking Companies Act, 1991.

- 2.9 Figures have been rounded off to the nearest taka.



	2000 Taka	1999 Taka
3. Cash in hand	19,214,052	9,301,111
Local currency	16,676,300	9,301,111
Foreign currency	2,537,752	—
4. Balance with Bangladesh Bank & Sonali Bank		
Bangladesh Bank	62,637,968	18,856,957
Local currency	45,643,239	18,805,857
Foreign currency	16,994,729	51,100
5. Balance with other Banks & Financial Institutions		
Local Banks :	1,014,967,754	662,932,115
Eastern Bank Ltd.	250,000,000	150,000,000
The City Bank Ltd.	—	110,000,000
Agrani Bank	10,914,422	156,932,115
Prime Bank Ltd.	—	46,000,000
EXIM Bank Ltd.	—	50,000,000
Uttara Bank Ltd.	—	100,000,000
Bangladesh Krishi Bank	—	50,000,000
Janata Bank	101,000,000	—
Mercantile Bank Ltd.	150,000,000	—
Social Investment Bank Ltd.	350,000,000	—
Premier Bank Ltd.	100,000,000	—
Dutch Bangla Bank Ltd.	53,053,332	—
Foreign Banks	30,992,454	5,495,666
6. Investment		
Government :	125,101,300	20,000,000
Treasury Bills	125,000,000	20,000,000
Prize Bonds	101,300	—
Others	—	—
7. Loans & Advances (7A+7B+7C)	602,320,070	5,795,944
7A Loans, Cash Credit, Overdrafts etc. (General)	562,719,033	1,468,421
Term Loan (Industrial)	4,806,557	—
House Building Loan	451,889	—
Secured Overdraft	21,815,528	92,500
Cash Credit	91,459,482	1,170,841
PAD (Cash)	59,364,432	—
LIM	1,015,985	—
Loan Against Trust Receipt	369,872,763	—
MTB Consumer Credit Scheme	4,172,519	205,080
Loan General & Others	9,759,878	—



	2000 Taka	1999 Taka
7B. Loans, Cash Credit, Overdrafts etc. (Companies related with Directors)	3,496,791	—
House Building Loan	517,125	—
Secured Overdraft	493,087	—
Cash Credit (Hyp)	2,281,297	—
Loan Against Trust Receipt	205,282	—
7C. Bills Purchased and Discounted	36,104,246	4,327,523
Particulars of Advances :		
i) Debts considered good in respect of which the Bank is fully secured	602,320,070	5,795,944
ii) Debts considered good for which the bank holds no other security than the debtors personal security	—	—
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	—	—
iv) Debts considered doubtful or bad, not provided for	—	—
v) Debts due by Directors or Officers of the Bank or any of them either severally or jointly with any other person and debts due by companies or firms in which the Directors or officers of the Bank are interested as Directors, Partners or Managing agents or in the case of Private Companies as Members		
a) Companies related with Directors	3,496,791	—
b) Officers	380,950	—
vi) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Officers of the bank or any of them either severally or jointly with any other persons		
a) Companies related with Directors	10,917,014	—
b) Officers	410,999	—
vii) Total amount of advances, including temporary advance granted during the year to the Companies or Firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or in case of Private Companies as Members		
-Companies related with Directors	21,000,000	—
viii) Due from other Banking companies	—	—



	2000 Taka	1999 Taka
8. Premises and Fixed Assets (Cost after depreciation) : As per Schedule	29,252,032	15,481,442
9. Other Assets	560,298,905	9,904,214
Advance Rent	2,149,158	1,322,600
Stamps in hand	13,150	9,888
Suspense A/c	3,150,000	—
Advance Deposit	509,725	51,325
Advance Income Tax	5,948,645	12,252
Preliminary Expenses	1,700,000	3,603,062
Stock of Stationery	835,022	93,500
Interest Receivable	16,025,424	4,811,587
MTB General A/c	529,717,741	—
Clearing Adjustment A/c	250,040	—
10. Current Deposit and other Deposits	240,813,693	258,073,857
- Current Deposit	88,334,816	20,777,284
- Short Term Deposit	70,435,616	233,537,674
- Sundry Deposit	73,565,151	3,753,399
- Deposit in Foreign Currency	5,041,085	—
- Monthly Savings Scheme	2,235,579	5,500
- Save Everyday Deposit	1,201,446	—
11. Fixed Deposits	1,316,721,770	267,423,000
Deposit from clients	576,721,770	107,423,000
Deposit from Bank	740,000,000	160,000,000
12. Other Liabilities	562,674,161	2,865,559
Exchange Equalization Fund	244,416	97,500
Provision for Taxation	5,655,708	58,059
Provision for Loans & Advances	6,190,101	—
Interest Payable	27,400,933	2,700,000
Audit fee	15,000	10,000
Employees Provident Fund	489,710	—
MTB General A/c	522,678,293	—
12.A Provision For Taxation	5,655,708	58,059
Last Year's Balance	58,059	—
Add : Current Year's Provision	5,597,649	58,059
13. ISSUED AND PAID UP CAPITAL :		
Fully paid up shares issued @ Tk. 100.00	No. of Shares	
Sponsors/Promoters	2,000,000	200,000,000
Total	2,000,000	200,000,000



	2000 Taka	1999 Taka
14. Statutory Reserve	2,827,855	29,030
Opening Balance	29,030	—
Current Year	2,798,825	29,030
15. General Reserve	5,655,709	58,060
Opening Balance	58,060	—
Current Year	5,597,649	58,060
16. Interest Income	149,680,254	5,694,751
Interest on Loans & Advances	36,165,434	5,694,751
Interest on investment with other Banks	68,435,541	—
Interest on foreign currency account	1,266,261	—
Interest on MTB General A/c	43,813,018	—
17. Interest paid on Deposit & Borrowings etc.	125,824,359	3,213,011
Interest on Deposit	80,755,087	3,213,011
Interest on Borrowing	1,256,255	—
Interest on MTB General A/c	43,813,017	—
18. Rent, Tax, Insurance, Electricity etc.	4,029,661	580,918
Insurance Premium	510,176	233,118
Rate & Taxes	378,125	142,200
Rent - Office	3,141,360	205,600
19. Other Expenses	10,329,132	580,603
Depreciation	3,731,779	—
Preliminary expenses (written off)	1,787,921	400,340
Travelling	88,290	5,912
Electricity	927,881	—
Security Service & other Assistance	1,223,053	26,630
AGM expenses	24,914	—
Training expenses	500	—
Entertainment	207,552	11,668
Foreign Bank charges	80,244	—
Newspaper & periodicals	36,175	3,585
Fuel	364,250	31,779
Subscription & Donation	165,310	—
Repairs, renovation & maintenance	27,493	—
Uniform & leverage	1,322	—
Business development expenses	303,195	7,250
Car maintenance	226,716	51,650
Cash carrying expenses	141,340	—
Clg. House expenses	4,948	—
Office maintenance & upkeep	273,536	19,850
Branch opening expenses	523,086	—
Miscellaneous	189,627	21,939



	2000 Taka	1999 Taka
20. Provision against Loans & Advances :	6,190,101	—
Loans, Cash Credit, Overdrafts etc. @ 1%	5,585,465	—
Loans, Cash Credit, Overdrafts etc, (Companies related with Director) @ 1%	34,968	—
Bills purchased and discounted @ 1%	361,042	—
Consumer Credit Scheme @ 5%	208,626	—
21. Number of Employees : Total number of employees who have drawn salary of Tk. 36,000 & above per annum was 68.		
22. Meetings : 9 Nos. Board Meetings and 6 Nos. Executive Committee Meetings were held in 2000.		

M.A. MALEK SIDDIQUI WALI & CO.
Chartered Accountants

**SCHEDULE OF FIXED ASSETS**

As at December 31, 2000

(Figures in Taka)

Particulars	Cost			Rate of Dep.	Depreciation			Written down value	
	As at 01.01.2000	Addition	Total 31.12.2000		As at 01.01.2000	Addition	Total 31.12.2000	As at 31.12.2000	As at 31.12.1999
Furniture	5,928,764	5,809,875	11,738,639	10%	—	945,465	945,465	10,793,174	5,928,764
Office Equipments	6,387,678	10,789,819	17,177,497	20%	—	2,060,302	2,060,302	15,117,195	6,387,678
Motor Vehicles	3,165,000	900,000	4,065,000	20%	—	725,795	725,795	3,339,205	3,165,000
Books & Periodicals	—	2,675	2,675	10%	—	217	217	2,458	—
Total	15,481,442	17,502,369	32,983,811		—	3,731,779	3,731,779	29,252,032	15,481,442



STATEMENT OF CHANGES IN EQUITY

As at December 31, 2000

(Figures in Taka)

Particulars	Paid up Capital	Share Money Deposit	Statutory Reserve	General Reserve	Retained Earnings	Total
Balance at 1 January, 2000	200,000,000	—	29,030	58,060	—	200,087,090
Addition during the year	—	—	2,798,825	5,597,649	—	8,396,474
Dividend	—	—	—	—	—	—
Balance at 31, December 2000	200,000,000	—	2,827,855	5,655,709	—	208,483,564