



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, 2001 and the related Profit & Loss Account for the year ended December 31, 2001. 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 Standards 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 on December 31, 2001 and of the results of its operations for the year ended December 31, 2001 and comply with the Bank Companies Act, 1991, the rules and regulations issued by the Bangladesh Bank, The Companies 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 Bank so far as it appeared from our examination of those books and proper return adequate for the purpose of our audit have been received from branch visited by us;
- (iii) the Bank's Balance Sheet and Profit & 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 Bank's business;
- (v) the financial position of the Bank at December 31, 2001 and the Profit for the year ended have been properly reflected in the financial statements and the financial statements have been prepared in accordance with the generally accepted accounting principles;
- (vi) the financial statements have been drawn up in conformity with the Bank Companies 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 01, 2001 to December 31, 2001;
- (viii) the financial statements conform to the prescribed standard 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 statement;
- (x) the information and explanations required by us have been received and found satisfactory.

Place : Dhaka

Date : February 20, 2002

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



BALANCE SHEET as at December 31, 2001

	Notes	2001 Taka	2000 Taka
PROPERTY AND ASSETS			
Cash		162,585,268	81,852,020
In hand (including foreign currencies)	3	33,430,263	19,214,052
With Bangladesh Bank & Sonali Bank (including foreign currencies)	4	129,155,005	62,637,968
Balance with other Banks & Financial Institutions		1,212,887,109	1,045,960,208
In Bangladesh	5	1,202,359,729	1,014,967,754
Outside Bangladesh		10,527,380	30,992,454
Money at call and Short Notice		40,000,000	—
Investment	6	315,472,100	125,101,300
Government		305,472,100	125,101,300
Others		10,000,000	—
Loans & Advances		1,909,804,888	602,320,070
Loans, Cash Credit, Overdrafts etc.	7A & B	1,704,706,868	566,215,824
Bills purchased and discounted	7C	205,098,020	36,104,246
Premises and Fixed Assets	8	41,529,619	29,252,032
Other Assets	9	705,440,617	560,298,905
Non-Banking Assets		—	—
Total Property and Assets		4,387,719,601	2,444,784,535
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other Banks and Agents		20,000,000	—
<i>Deposit and other Accounts :</i>		3,357,823,281	1,673,626,810
Current deposit & contingency accounts	10	473,030,563	240,813,693
Bills payable		64,502,906	10,374,050
Savings deposit		112,923,788	105,717,297
Fixed deposit	11	2,707,366,024	1,316,721,770
Other Liabilities	12	752,402,431	562,674,161
Total Liabilities		4,130,225,712	2,236,300,971
Capital / Shareholders' Equity		257,493,889	208,483,564
Paid - up capital	13	200,000,000	200,000,000
Statutory reserve	14	19,164,630	2,827,855
General reserve	15	5,655,709	5,655,709
Retained earnings		32,673,550	—
Total Liabilities and Shareholders' Equity		4,387,719,601	2,444,784,535


**CONTRA ITEMS****Off-Balance Sheet items**

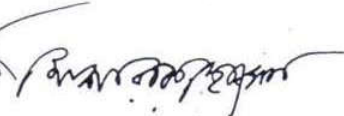
	2001 Taka	2000 Taka
Contingent Liabilities :		
Letter of Guarantee	155,202,664	127,328,398
Irrevocable Letter of Credit	544,956,200	208,906,300
Bills for collection	213,098,905	10,463,981
Other contingent liabilities	—	100,022,320
Total Off - Balance Sheet items	913,257,769	446,720,999

Annexed notes form part of these accounts.


Syed Manzur Elahi
Chairman



Samson H Chowdhury
Vice Chairman


Abu Sufian
Director


Mosharraf Hossain
Managing Director

Signed in term of our audit report of even date

Dhaka
February 20, 2002


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


**PROFIT AND LOSS ACCOUNT** for the year ended December 31, 2001

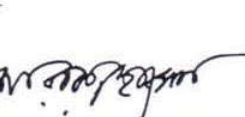
	Notes	2001 Taka	2000 Taka
Interest Income	16	354,357,217	149,680,254
Interest paid on Deposits & Borrowings etc.	17	270,886,608	125,824,359
Net Interest Income		83,470,609	23,855,895
Operating Income :		61,715,068	28,521,621
Income from Investment		10,387,460	11,755,362
Income from Commission, Exchange & Brokerage		46,165,384	14,434,497
Other operating Income		5,162,224	2,331,762
Total Operating Income		145,185,677	52,377,516
Operating Expenditure :		50,408,260	32,193,292
Remuneration of Managing Director		1,200,000	1,200,000
Directors' Fees		335,000	206,000
Salary & Allowances		21,325,277	12,112,152
Rent, Tax Insurance, Electricity etc.	18	5,767,602	4,029,661
Legal Fees & Charges		140,091	107,588
Postage, Stamps, Telegram & Telephone		1,963,334	663,032
Auditor's Fee		20,000	25,000
Printing, Stationery & Advertisement etc.		3,644,992	3,520,727
Other Expenses	19	16,011,964	10,329,132
Profit before Provision		94,777,417	20,184,224
Provisions :		13,093,542	6,190,101
Provision against loans and Advances	20	13,093,542	6,190,101
Provision for loss on revaluation of Investment		—	—
Other Provision		—	—
Profit before Income Tax		81,683,875	13,994,123
Provision for Income Tax		32,673,550	5,597,649
Net Profit after Tax & Provision		49,010,325	8,396,474
Appropriations :			
Statutory Reserve		16,336,775	2,798,825
General Reserve		—	5,597,649
Retained Earnings		32,673,550	—
Earning per share		24.51	7.30

Annexed notes form part of these accounts.


Syed Manzur Elahi
 Chairman


Samson H Chowdhury
 Vice Chairman


Abu Sufian
 Director


Mosharraf Hossain
 Managing Director

Signed in term of our audit report of even date

Dhaka
 February 20, 2002


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


**CASH FLOW STATEMENT** for the year ended December 31, 2001

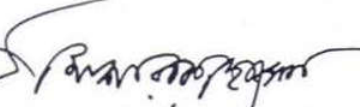
	2001 Taka	2000 Taka
A) Cash flow from operating activities		
Interest and commission received	400,522,601	164,114,751
Interest paid	(270,886,608)	(125,824,359)
Received from other operating activities	15,549,684	14,087,124
Cash paid to employees	(21,325,277)	(12,112,152)
Cash paid for other operating activities	(23,075,798)	(16,349,361)
<i>Operating profit before changes in current assets and liabilities</i>	<i>100,784,602</i>	<i>23,916,003</i>
Increase/(decrease) in current assets :		
Loans and advances	(1,307,484,818)	(596,524,126)
Other current assets	(127,141,712)	(550,394,691)
Increase/(decrease) in current liabilities :		
Current liabilities	143,961,178	557,466,057
Customers deposits	1,324,196,471	539,366,805
Bank deposits	380,000,000	580,000,000
<i>Cash receive from operating activities before income tax</i>	<i>514,315,721</i>	<i>553,830,048</i>
Income tax paid	(18,000,000)	
<i>Net cash received from operating activities</i>	<i>496,315,721</i>	<i>553,830,048</i>
B) Cash flow from investment activities		
Dividend received	—	—
Interest received	—	—
Investment in other financial instruments	—	—
Securities purchased	(190,370,800)	(105,101,300)
Assets, establishment and machinery purchased	(18,284,772)	(17,502,369)
<i>Net cash received from Investment</i>	<i>(208,655,572)</i>	<i>(122,603,669)</i>
C) Cash flow from financial activities		
Increase of Paid up capital	—	—
Share money deposit	—	—
Increase/(decrease) in long term loans	—	—
<i>Net cash received from financial activities</i>	<i>—</i>	<i>—</i>
D) Net increase in cash and cash equivalent (A+B+C)	287,660,149	431,226,379
E) Opening cash and cash equivalent	1,127,812,228	696,585,849
F) Closing cash and cash equivalent (D+E)	1,415,472,377	1,127,812,228

Annexed notes form part of these accounts.


Syed Manzur Elahi
 Chairman

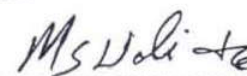

Samson H Chowdhury
 Vice Chairman


Abu Sufian
 Director


Mosharraf Hossain
 Managing Director

Signed in term of our audit report of even date

Dhaka
 February 20, 2002


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



STATEMENT OF CHANGES IN EQUITY

As at December 31, 2001


Particulars	Paid up Capital	Share Money Deposit	Statutory Reserve	General Reserve	Retained Earnings	Total
Balance at 1 January, 2001	200,000,000	—	2,827,855	5,655,709	—	208,483,564
Addition during the year	—	—	16,336,775	—	32,673,550	49,010,325
Dividend	—	—	—	—	—	—
Balance at 31 December, 2001	200,000,000	—	19,164,630	5,655,709	32,673,550	257,493,889

Annexed notes form part of these accounts.


Syed Manzur Elahi
 Chairman


Samson H Chowdhury
 Vice Chairman


Abu Sufian
 Director


Mosharraf Hossain
 Managing Director

Signed in term of our audit report of even date



Dhaka
 February 20, 2002

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



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2001

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 the Bank Companies Act, 1991 and directives as received from Bangladesh Bank from time to time.

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

2. ACCOUNTING POLICIES :

2.1 *2.1 Basis of preparation of the Financial Statements :*

These financial statements have been prepared according to the Bank 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, Profit & Loss Account and other Financial Statements have been prepared as per pro-forma given in 1st schedule of Bank Companies Act, 1991 as revised vide Bangladesh Bank BRPD Circular No. 03 dated 18th April 2000. The policies whenever appropriate are explained in the succeeding notes.

2.2 *2.2 Interest income and interest on deposit :*

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

2.3 *2.3 Investment :*

Investment has been shown at face value.

2.4 *2.4 Depreciation :*

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

2.5 *2.5 Taxation :*

Provision for taxation has been made for the year at the rate of 40%.

2.6 *2.6 Advances :*

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

2.7 *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 Bank Companies Act, 1991.

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



	2001 Taka	2000 Taka
3. Cash in hand	33,430,263	19,214,052
Local Currency	31,580,380	16,676,300
Foreign Currency	1,849,883	2,537,752
4. Balance with Bangladesh Bank & Sonali Bank		
Bangladesh Bank	129,155,005	62,637,968
Local Currency	43,696,658	45,643,239
Foreign Currency	85,458,347	16,994,729
5. Balance with other Banks & Financial Institutions		
Local Banks	1,202,359,729	1,014,967,754
Social Investment Bank Ltd.	750,000,000	350,000,000
EXIM Bank Ltd.	50,000,000	—
Southeast Bank Ltd.	100,000,000	—
Standard Bank Ltd.	200,000,000	—
Agrani Bank	1,193,967	10,914,422
Janata Bank	1,150,106	101,000,000
Dutch Bangla Bank	15,656	53,053,332
Eastern Bank	—	250,000,000
Mercentile Bank	—	150,000,000
Premier Bank	—	100,000,000
Int'l Leasing & Fin. Ser. Ltd.	50,000,000	—
Phoenix Leasing Co. Ltd.	50,000,000	—
Foreign Banks	10,527,380	30,992,454
6. Investment :		
Government :	305,472,100	125,101,300
Treasury Bills	305,000,000	125,000,000
Prize Bonds	472,100	101,300
Others	10,000,000	—
Share- Industrial & Infrastructure Development Financial Co. Ltd.		
7. Loans & Advances (7A+7B+7C)	1,909,804,888	602,320,070
7A. Loans, Cash Credit, Overdrafts etc.	1,697,882,513	562,719,033
Term Loan (Industrial)	177,984,638	4,806,557
Term Loan (Other)	65,011,394	—
House Building Loan	10,054,567	451,889
Secured Overdraft	169,179,337	21,815,528
Cash Credit	445,361,436	91,459,482
PAD (Cash)	173,936,534	59,364,432
LIM	—	1,015,985
Loan Against Trust Receipt	596,616,544	369,872,763
Lease Finance	5,396,820	—
MTB Consumer Credit Scheme	4,639,865	4,172,519
Loan General & Others	49,701,378	9,759,878



	2001 Taka	2000 Taka
7B. Loans, Cash Credit, Overdrafts etc. (Companies related with Directors)	6,824,355	3,496,791
House Building Loan	1,222,168	517,125
Secured Overdraft	3,314,475	493,087
Cash Credit (Hyp)	2,287,712	2,281,297
Loan Against Trust Receipt	—	205,282
7C. Bills Purchased and Discounted	205,098,020	36,104,246
Inland Bills	65,284,869	—
Inland Doc. Bills	111,255,991	36,104,246
FDBP	28,557,160	—
Particulars of advances :		
i) Debts considered good in respect of which the Bank is fully secured	1,909,805,000	602,320,000
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:		
- Companies related with Directors	6,824,000	3,878,000
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		
- Companies related with Directors	30,097,000	11,328,000
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	47,800,000	21,000,000
viii) Due from other Banking companies	—	—
8. Premises and Fixed Assts (Cost after depreciation) : As per Schedule	41,529,619	29,252,032



	2001 Taka	2000 Taka
9. Other Assets	705,440,617	560,298,905
Advance Rent	5,974,766	2,149,158
Stamps in hand	13,103	13,150
Suspense A/C	15,000	3,150,000
Advance Deposit	644,845	509,725
Sundry Assets Account	5,970,447	—
Advance Income Tax	36,582,761	5,948,645
Preliminary Expenses	—	1,700,000
Stock of Stationery	919,828	835,022
Interest Receivable	20,900,381	16,025,424
MTB General A/c	634,419,486	529,717,741
Clearing Adjustment A/c	—	250,040
10. Current Deposit and other Deposits	473,030,563	240,813,693
Current Deposit	216,237,119	88,334,816
Short Term Deposit	64,519,804	70,435,616
Sundry Deposit	160,539,620	73,565,151
Deposit in Foreign Currency	5,428,262	5,041,085
Monthly Savings Scheme	12,942,922	2,235,579
Uthshab Sanchaya Prokalpa	1,134,069	—
NFCD	9,514,931	—
Save Everyday Deposit	2,713,836	1,201,446
11. Fixed Deposits	2,707,366,024	1,316,721,770
Deposit from clients	1,607,366,024	576,721,770
Deposit from Bank	1,100,000,000	740,000,000
12. Other Liabilities	752,402,431	562,674,161
Exchange Equalization Fund	237,720	244,416
Provision for Taxation	38,329,258	5,655,708
Provision for Loans & Advances	19,283,643	6,190,101
Interest Payable	42,530,546	27,400,933
Audit fee	20,000	15,000
Employees Provident Fund	—	489,710
MTB General A/c	638,104,068	522,678,293
Provision for Bonus	1,150,946	—
Advance Intt. on Treasury bill	12,746,250	—
12A Provision for Taxation	38,329,258	5,655,708
Last Year's Balance	5,655,708	58,059
Add : Current Year's Provision	32,673,550	5,597,649
13. Capital		
Authorized :		
10,000,000 ordinary shares of Tk.100 each	1,000,000,000	1,000,000,000
Issued, Subscribed and Paid-up:		
2,000,000 ordinary shares of Tk. 100 each	200,000,000	200,000,000
14. Statutory Reserve	19,164,630	2,827,855
Opening Balance	2,827,855	29,030
Current Year	16,336,775	2,798,825



	2001 Taka	2000 Taka
15. General Reserve	5,655,709	5,655,709
Opening Balance	5,655,709	58,060
Current Year	—	5,597,649
16. Interest Income	354,357,217	149,680,254
Interest on Loans & Advances	151,687,341	36,165,434
Interest on investment with other Banks	110,199,175	68,435,541
Interest on foreign currency account	3,041,600	1,266,261
Interest on MTB General A/c	89,429,101	43,813,018
17. Interest paid on Deposits & Borrowings etc.	270,886,608	125,824,359
Interest on Deposit	178,963,399	80,755,087
Interest on Borrowing	2,494,108	1,256,255
Interest on MTB General A/c	89,429,101	43,813,017
18. Rent, Tax, Insurance, Electricity etc.	5,767,602	4,029,661
Insurance Premium	1,280,752	510,176
Rates & Taxes	218,840	378,125
Office Rent	4,268,010	3,141,360
19. Other Expenses	16,011,964	10,329,132
AGM Expenses	28,957	24,914
Training Expenses	37,900	500
Depreciation	6,007,185	3,731,779
Preliminary Expenses (written off)	1,700,000	1,787,921
Travelling	235,499	88,290
Electricity	1,142,980	927,881
Security Service & other Assistance	2,527,497	1,223,053
Entertainment	406,934	207,552
Foreign Bank Charges	481,164	80,244
Newspaper & Periodicals	67,676	36,175
Fuel	509,331	364,250
Subscription & Donation	164,310	165,310
Repairs Renovation & Maintenance	146,504	27,493
Uniform & Leverage	3,550	1,322
Business Development Expenses	662,681	303,195
Car Maintenance	292,258	226,716
Cash Carrying Expenses	234,005	141,340
Clg. House Expenses	5,200	4,948
Office Maintenance & Upkeep	599,344	273,536
Branch Opening Expenses	566,457	523,086
Miscellaneous	192,532	189,627

**20. Provision against Loans & Advances :**

Current Year

Loans, Cash Credit, Overdraft etc. @ 1%	17,000,670	5,620,433
Bills purchased and discounted @1%	2,050,980	361,042
Consumer Credit Scheme @5%	231,993	208,626
	<u>19,283,643</u>	<u>6,190,101</u>
Provision upto last year	6,190,101	—
Provision to be made	<u>13,093,542</u>	<u>6,190,101</u>

21. Number of Employees : Total number of employees who have drawn salary of Tk. 36,000 & above per annum was 101.

22. Meetings : 10 Nos. Board Meetings and 4 Nos. Executive Committee Meetings were held in 2001.

(M. A. MALEK SIDDIQUI WALI & CO.)

Chartered Accountants

**SCHEDULE OF FIXED ASSETS**

As at December 31, 2001

Figures in Taka

Particulars	Cost		Rate of Dep.	Depreciation		Written down value	
	As at 01.01.2001	Addition 31.12.2001		As at 01.01.2001	Total 31.12.2001	As at 31.12.2001	As at 31.12.2000
Furniture	3,343,718	2,335,876	10%	281,025	729,618	4,949,976	3,062,693
Interior Decoration	8,394,921	7,389,356	10%	664,440	1,865,343	13,918,934	7,730,481
Office Equipments	17,177,497	7,132,602	20%	2,060,302	5,484,559	18,825,540	15,117,195
Motor Vehicles	4,065,000	1,423,322	20%	725,795	1,658,795	3,829,527	3,339,205
Books & Periodicals	2,675	3,616	10%	217	649	5,642	2,458
Total	32,983,811	18,284,772		3,731,779	9,738,964	41,529,619	29,252,032