

BRAC Bank Limited

Auditors' Report and Audited Accounts For the year ended 31 December 2002



ACNABIN & CO. *Chartered Accountants*

National Scout Bhaban (13th floor), 70/1 Inner Circular Road, Kakrail, Dhaka-1000
Tel : 880 (2) 8315101 & 2, 9338061 & 2 Facsimile : 880 (2) 8315826, 9338063
Email : <acnabin@bangla.net>, web : www.acnabin.com



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web : www.acnabin.com

Auditors' Report

To the Shareholders of BRAC Bank Limited

We have audited the accompanying Balance Sheet of BRAC Bank Limited as of 31 December 2002 and the related Profit & Loss Account and Cash Flow Statement together with the notes 1 to 26 for the year then ended. These financial statements are the responsibility of Bank'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. Those standards require 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 disclosure in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards including Bangladesh Accounting Standard-30, and the forms of financial statements as prescribed and notified by Bangladesh Bank vide its BRPD Circular no. 3 dated 18 April, 2000 in their official gazette, give a true and fair view of the state of the Bank's affairs as of 31 December 2002 and of the results of its operations and its cash flows for the year then ended and comply with the Bank Company 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 further report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books and returns adequate for the purposes of our audit have been received from branches;
- iii) the Bank's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts and returns;





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- iv) the expenditure incurred was for the purposes of the Bank's business;
- v) the financial position of the Bank at 31 December 2002 and the loss for the year then 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 Company Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- vii) adequate provisions have been made for advances which are in our opinion, doubtful of recovery;
- 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 branches have been properly maintained and consolidated in the financial statements; and
- x) the information and explanations required by us have been received and found satisfactory.

Dhaka,
09 June 2003

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BRAC BANK LIMITED
Balance Sheet
As of 31 December 2002

(Amount in Taka)

	Note	31.12.2002	31.12.2001
PROPERTY AND ASSETS			
Cash	3		
Cash in Hand (Including foreign currencies)		21,657,024	725,636
Balance with Bangladesh Bank and Sonali Bank (Including foreign currencies).		76,988,659	7,290,226
		98,645,683	8,015,862
Balance with other bank and financial institutions	4		
In Bangladesh		199,216,214	161,752,801
Outside Bangladesh		47,922	-
		199,264,136	161,752,801
Money at call and short notice	5	445,000,000	50,000,000
Investments	6		
Government		195,002,900	10,000,000
Others		55,000,000	30,000,000
		250,002,900	40,000,000
Loans and advances	7		
Loans, cash credit, overdrafts, etc. (Including bills purchased & discounted)		1,030,884,850	69,891,865
Fixed assets (Attachment-A)		6,224,080	-
Other assets	8	40,178,233	31,162,204
Total assets		<u>2,070,199,882</u>	<u>360,822,732</u>
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from other banks and agents	9	370,000,000	-
Deposits and other accounts	10		
Fixed deposits		906,185,100	51,611,093
Short term deposits		86,898,775	17,462,004
Savings bank deposits		253,911,343	17,271,810
Current deposits		110,312,138	24,029,238
Bills payable		6,373,767	3,805
		1,363,681,123	110,377,950
Other liabilities	11	125,895,381	1,951,840
Total liabilities		<u>1,859,576,504</u>	<u>112,329,790</u>
Capital and shareholders' equity			
Paid-up capital	12	250,000,000	250,000,000
Surplus of profit and loss account	13	(39,376,622)	(1,507,058)
Total shareholders' equity		<u>210,623,378</u>	<u>248,492,942</u>
Total liabilities and shareholders' equity		<u>2,070,199,882</u>	<u>360,822,732</u>

The annexed notes form an integral part of the Balance Sheet.

Managing Director

Director

Director

This is the Balance Sheet referred to in our report of same date.

Dhaka,
09 June 2003

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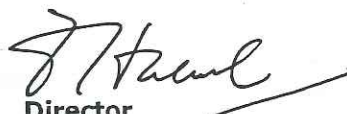


BRAC BANK LIMITED
Profit and Loss Account
For the year ended 31 December 2002

INCOME AND EXPENDITURE	Note	2002 Taka	2001 Taka
Interest income	14	58,488,338	235,262
Interest paid on deposits and borrowing, etc.	15	61,741,335	7,491,976
Net interest income/(expense)		(3,252,997)	(7,256,714)
Investment income	16	47,724,219	19,642,805
Commission, exchange and brokerage	17	16,139,564	157,249
Other income		223,341	7,605
Total operating income		60,834,127	12,550,945
Salaries and allowances	18	36,178,118	5,895,284
Rent, taxes, insurance, lighting, etc.	19	17,294,061	1,528,052
Legal expenses		245,130	40,000
Postage, stamps, telegram, telephone, etc.		4,411,951	254,194
Auditors' fee		100,000	50,000
Stationery, printing, advertisement, etc.		6,762,584	437,884
Preliminary expenses written off		201,072	100,536
Pre-operating expenses written off		6,026,168	2,459,036
Managing Director's salary		1,591,452	540,000
Directors' fees		84,525	38,550
Depreciation		228,185	-
Repairs and maintenance	20	8,822,632	951,028
Other expenses	21	7,149,223	1,063,439
Total operating expenses		89,095,101	13,358,003
Profit/(loss) before provisions		(28,260,974)	(807,058)
Provisions for loans and advances	22	9,608,590	700,000
Other provisions		-	-
Total provisions		9,608,590	700,000
Total profit/(loss) before income taxes		(37,869,564)	(1,507,058)
Provision for income taxes		-	-
Net profit/(loss) after taxation		(37,869,564)	(1,507,058)
Earning Per Share (EPS)		(15.15)	(0.60)

The annexed notes form an integral part of the Profit and Loss Account.


Managing Director


Director


Director

This is the Profit and Loss Account referred to in our report of same date.

Dhaka,
09 June 2003


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BRAC BANK LIMITED
Cash Flow Statement
For the year ended 31 December 2002

	Note	2002 Taka	2001 Taka
A. Cash flows from operating activities			
Interest and commission received		74,627,902	392,511
Interest paid		(61,741,335)	(7,491,976)
Receipts from other operating activities		223,341	7,605
Cash paid to employees		(37,769,570)	(6,435,284)
Cash paid to suppliers		(11,174,535)	(692,078)
Payments for other activities		(39,922,811)	(6,230,641)
Adjusted operating profit before changes in current assets and liabilities.	23	(75,757,008)	(20,449,863)
(Increase)/decrease in current assets:			
Treasury bills		(185,000,000)	(10,000,000)
Loans and advances		(960,992,985)	(69,891,865)
Other current assets		(7,896,589)	(30,126,376)
Increase/(decrease) in current liabilities:			
Deposits from customers		1,253,303,173	110,377,950
Call money receipt		370,000,000	-
Other current liabilities		114,334,951	1,251,840
Net cash from operating activities before income tax		507,991,542	(18,838,314)
Income tax paid		(1,119,440)	(1,035,828)
Net cash flows from operating activities		506,872,102	(19,874,142)
B. Cash flows from investing activities			
Dividends received		3,500,000	-
Interest received		44,224,219	19,642,805
Investment in shares		-	(30,000,000)
Investment in debentures		(25,000,000)	-
Investment in prize bond		(2,900)	-
Purchase of fixed asset		(6,452,265)	-
Net cash flows from investing activities		16,269,054	(10,357,195)
C. Cash flows from financing activities:			
Proceeds from issue of share capital		-	49,940,000
Net cash flows from financing activities		-	49,940,000
Net increase in cash and cash equivalents (A+B+C)		523,141,156	19,708,663
Cash and cash equivalents at beginning of the year		219,768,663	200,060,000
Cash and cash equivalents at end of the year	24	742,909,819	219,768,663





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BRAC BANK LIMITED
Statement of Changes in Equity
For the year ended 31 December 2002

(Amount in Taka)

Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Profit/ (Loss)	Total
Balance at 1 January 2002	250,000,000	-	700,000	(1,507,058)	249,192,942
Addition during the year	-	-	9,608,590	(37,869,564)	(28,260,974)
Balance at 31 December 2002	250,000,000	-	10,308,590	(39,376,622)	220,931,968





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BRAC BANK LIMITED
Contra Items
As of 31 December 2002

Off-Balance Sheet Items	31.12.2002 Taka	31.12.2001 Taka
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Contingent Liabilities:

Acceptances and Endorsements	-	-
Letter of Guarantees	3,980,000	3,200,000
Irrevocable Letter of Credits	72,676,000	-
Bills for Collection	(4,000)	-
Other Contingent Liabilities	-	-
Total Contingent Liabilities	76,652,000	3,200,000

Other Commitments:

Undrawn notes issuance and revolving underwriting	-	-
Total Off-Balance Sheet Items	76,652,000	3,200,000





BRAC BANK LIMITED
Notes to the Accounts
For the year ended 31 December 2002

1.0 Formation and status of the bank

BRAC Bank Limited is a scheduled commercial bank established under the Bank Company Act 1991 and incorporated as a public company limited by shares on 20 May 1999 under the Companies Act 1994 in Bangladesh. The primary objective of the Bank is to carry on all kinds of banking businesses. The Bank could not start its operations till 3 June 2001 since the activity of the Bank was suspended by the High Court of Bangladesh. Subsequently, the judgment of the High Court was set aside and dismissed by the Appellate Division of the Supreme Court on 4 June 2001 and accordingly, the Bank has started operations from 04 July 2001. At present the Bank has 7 (seven) branches, four in Dhaka, one in Chittagong and two in Sylhet.

2.0 Significant accounting policies

2.1 Basis of accounts

The accounts of the bank have been prepared on a going concern basis under the historical cost convention in accordance with Bangladesh Accounting Standards and the forms of financial statements as prescribed Bangladesh Bank.

2.2 Loans and advances

- a) Interest on loans and advances is calculated on daily product basis, but charged and accounted for monthly and quarterly on accrual basis.
- b) Provision for loans and advances is made based on the period and review by the management and instruction contained in Bangladesh Bank BRPD Circulars # 16 and 09 dated 06 December 1998 and 14 May 2001 respectively.
- c) Interest is calculated on classified loans and advances as per BRPD Circular # 16 of 1998 and recognized as income on realization.

2.3 Preliminary expenses

Preliminary expenses represent expenses incurred prior to incorporation of the Bank and be written off over a period of three years upon start of operations. Accordingly one-third of these expenses has been written off in the accounts of this year.

2.4 Pre-operating expenses

These represent expenses incurred in between incorporation and start of operations and be amortized within 3 (three) years after commencement of the operations of the Bank. Accordingly one-third of these expenses has been written off in the accounts of this year.

2.5 Fixed Assets & depreciation

- a) Fixed assets have been shown at cost less accumulated depreciation.
- b) Depreciation is charged only on Furniture & Fixture of Small & Medium Enterprise (SME) unit offices @10% on reducing balance method. Full year's depreciation is charged on fixed assets irrespective of the date of purchase.
- c) Leasehold premises would be written-off over the term of lease agreement and as such amortization has begun from this year.

2.5 Investments

Value of investments has been shown as under:

Government Treasury Bill	At Face Value
Prize Bond and Other Bond	At Cost Price
Shares and Debentures	At Cost Price

2.6 Lease rental

Lease hold assets has been accounted for as operating lease and accordingly lease rentals have been charged to revenue.





2.7 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into taka at mid rates prevailing on the balance sheet date, except "bills for collection", stock of travelers cheque and import bills for which the buying rate is used. Gains or losses arising from normal fluctuation of exchange rates are charged to revenue.

2.8 Off balance sheet items

Under general banking transactions, liabilities against acceptance, endorsements, and other obligations and bills against which acceptance has been given and claims exists there against, have been shown as off Balance Sheet items.

2.9 General

- Figures appearing in these accounts have been rounded off to the nearest Taka.
- Previous year's figures have been rearranged where ever considered necessary to conform to current year's presentation.

3.0 Cash: Tk. 98,645,683

Cash in Hand:

Local Currency

Foreign Currency

Balance with Bangladesh Bank and Sonali Bank:

Local Currency

Foreign Currency

31.12.2002 Taka	31.12.2001 Taka
20,745,454	725,636
911,570	-
21,657,024	725,636
70,240,199	7,290,226
6,748,460	-
76,988,659	7,290,226
98,645,683	8,015,862

4.0 Balance with other banks and financial institutions: Tk. 199,264,136

In Bangladesh

(Note: 4.1)

199,216,214

161,752,801

Outside Bangladesh

(Note: 4.2)

47,922

199,264,136

161,752,801

4.1 Balance with other banks and financial institutions (In Bangladesh) : Tk. 199,216,214

On demand and short term deposit accounts

South East Bank Ltd- Current Account

3,052

3,352

South East Bank Ltd- STD Account

9,786,405

1,689,449

One Bank Limited

12,082,229

-

Jamuna Bank Limited

6,040,833

-

Uttara Bank Limited

11,248,152

-

Bank Asia Limited

2,811,500

-

Pubali Bank Limited

7,184,043

-

49,156,214

1,692,801

On fixed deposit accounts

South East Bank Limited

60,000

30,060,000

One Bank Limited

40,000,000

-

Jamuna Bank Limited

10,000,000

-

Industrial and Infrastructure Development Finance Company Limited

50,000,000

-

Uttara Finance and Investment Limited

50,000,000

-

The City Bank Limited

-

80,000,000

Phoenix Leasing Company Limited

-

50,000,000

150,060,000

160,060,000

199,216,214

161,752,801





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4.2 Balance with other banks and financial institutions, (Outside Bangladesh) : Tk.47,922

On demand deposit accounts (Non-interest bearing) with:

Mashreq Bank psc-Karachi
Standard Chartered Bank-UK
Arab Bangladesh Bank Limited-Mumbai
Hypo Vereinsbank-Germany

31.12.2002 Taka	31.12.2001 Taka
272,709	-
(1,878,418)	-
583,560	-
982,529	-
<u>(39,620)</u>	<u>-</u>

On demand deposit accounts (Interest bearing) with:

Mashreq Bank psc-NY
The Bank of Nova Scotia-USA
Standard Chartered Bank-NY

3,295,155	-
3,748,877	-
(6,956,490)	-
<u>87,542</u>	<u>-</u>
<u>47,922</u>	<u>-</u>

5.0 Money at call and short notice: Tk. 445,000,000

	Intt. Rate	Tenor		
Industrial Promotion & Development Co. (BD) Limited	7.60%	Overnight	200,000,000	40,000,000
Investment Corporation of Bangladesh	7.75%	Overnight	100,000,000	-
Delta Brac Housing Finance Corporation Limited	7.75%	Overnight	90,000,000	-
Phoenix Leasing Company Limited	8.25%	Overnight	15,000,000	-
United Leasing Company Limited	7.75%	Overnight	40,000,000	-
Industrial Development Leasing Company of Bangladesh	-	Overnight	-	10,000,000
			<u>445,000,000</u>	<u>50,000,000</u>

6.0 Investments: Tk. 250,002,900

Government securities:

Treasury Bills
Prize Bond

195,000,000	10,000,000
2,900	-
<u>195,002,900</u>	<u>10,000,000</u>

Other investments:

Shares and debentures

Industrial and Infrastructure Development Finance Company Limited
(100,000 ordinary shares of Tk. 100 each)
United Cement Company Limited
(200 preference shares of Tk.100 each at a premium of Tk.999,900 per share at a fixed dividend of Tk.120,000 per share redeemable after 5 years).
GSP Finance Company (Bangladesh) Limited (14% Debenture Loan)

10,000,000	10,000,000
20,000,000	20,000,000
25,000,000	-
<u>55,000,000</u>	<u>30,000,000</u>
<u>250,002,900</u>	<u>40,000,000</u>

7.0 Loans and advances: Tk. 1,030,884,850

Secured Overdrafts
Demand Loans
Term Loans
Loan to SME
Staff Loans

251,563,498	46,293,416
19,555,703	-
460,605,199	20,520,435
296,529,196	506,208
2,631,254	2,571,806
<u>1,030,884,850</u>	<u>69,891,865</u>

7.1 Maturity-wise grouping

On demand
Up to 3 months
More than 3 months to 12 months
More than 1 year to 5 years

-	46,293,416
204,267,084	-
122,083,120	20,044,943
704,534,646	3,553,506
<u>1,030,884,850</u>	<u>69,891,865</u>





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7.2 Geographical location-wise grouping

Inside Bangladesh:

Loans

Overdrafts

Outside Bangladesh

31.12.2002 Taka	31.12.2001 Taka
779,338,660	23,598,449
251,546,190	46,293,416
1,030,884,850	69,891,865
1,030,884,850	69,891,865

7.3 Significant concentration-wise grouping

Customers

Other advances

1,028,253,596	67,320,059
2,631,254	2,571,806
1,030,884,850	69,891,865

7.4 Grouping as per classification rules

Unclassified

Sub Standard

Doubtful

Bad

1,030,521,245	69,891,865
-	-
363,605	-
-	-
1,030,884,850	69,891,865

7.5 Particulars of loans and advances

- i) Debts considered good in respect of which Bank is fully secured.
- ii) Debts considered good for which Bank holds no other security than the debtor's personal security.
- iii) Debts considered good secured by the personal liabilities 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 banking company either severally or jointly with any other persons.
- vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in case of private companies, as members.
- vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other person.
- viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the bank company are interested as directors, partners or managing agents or in case of private companies, as members.
- ix) Due from bank companies
- x) Classified debts on which interest are not accounted for.

1,024,831,780	69,373,631
5,689,465	518,234
363,605	-
-	-
1,030,884,850	69,891,865
2,631,254	2,571,806
-	-
3,643,132	2,578,281
-	-
-	-
-	-

7.6 The directors of the Bank have not taken any loan from the Bank during the year or there is no outstanding loan balances with any director of the Bank.





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8.0 Other assets : Tk. 40,178,233

	31.12.2002 Taka	31.12.2001 Taka
Preliminary expenses (Note-8.1)	301,609	502,681
Pre-operating expenses (Note-8.2)	9,039,252	12,295,179
Stock of stamps	84,910	8,526
Interest receivables	6,430,415	1,471,957
Other receivables	1,583,957	44,900
Stock of petty stationery	81,603	59,312
Stock of security stationery	788,849	1,423,342
Stock of printing stationery	298,843	-
Prepaid expenses	115,883	683,368
Advance income tax	2,155,268	1,035,828
Advance against salary	-	150,000
Advance against fixed assets	-	8,449,840
Advance against branches	7,035,880	-
Advance against rent (office)	7,632,386	5,017,271
Advance security deposit	26,000	20,000
Prepaid expenses SWIFT	1,875,000	-
Sanchayapatra encashment	2,706,668	-
Travelers cheque purchased	21,710	-
	40,178,233	31,162,204

8.1 Preliminary expenses : Tk. 301,609

Opening balance	502,681	603,217
Less: Written off during the year	201,072	100,536
	301,609	502,681

8.2 Pre-operating expenses : Tk. 9,039,252

Opening Balance	12,295,179	9,071,832
Add: Prior year adjustment	2,770,241	5,682,383
	15,065,420	14,754,215
Less: Written off during the year	6,026,168	2,459,036
	9,039,252	12,295,179

9.0 Borrowing from other banking companies and agents : Tk. 370,000,000

	Intt. Rate	Tenor		
Uttara Bank Limited	7.25%	Overnight	110,000,000	-
Mercantile Bank Limited	7.75%	Overnight	40,000,000	-
The City Bank Limited	7.10%	Overnight	100,000,000	-
Dutch - Bangla Bank Limited	7.10%	Overnight	120,000,000	-
			370,000,000	-

10.0 Deposit and other accounts: Tk. 1,363,681,123

On demand:

From Banking Companies	-	-
Other than Banking Companies	142,077,039	43,222,228
	142,077,039	43,222,228

Other deposit :

From Banking Companies	-	-
Other than Banking Companies	1,221,604,084	67,155,722
	1,221,604,084	67,155,722
	1,363,681,123	110,377,950





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11.0 Other liabilities : Tk. 125,895,381

Withholding tax payable
Interest payable
Accrued expenses
Excise duty
Interest Suspense
Un-earned interest on treasury bill
Inter branch account
Margin on L/C
Margin on L/G
Exchange equalization account
VAT payable
Retention Quota Account
Sundry Creditors
General provision for loan and advances

31.12.2002 Taka	31.12.2001 Taka
1,577,202	38,016
23,683,938	68,029
6,131,791	258,177
1,275,981	52,760
19,320	-
56,060,606	-
2,946,146	354,858
22,904,700	-
300,000	480,000
45,000	-
362,674	-
231,600	-
47,833	-
10,308,590	700,000
<u>125,895,381</u>	<u>1,951,840</u>

12.0 Share capital

12.1 Authorized capital : Tk. 1,000,000,000

10,000,000 Ordinary shares of Tk. 100/- each

<u>1,000,000,000</u>	<u>1,000,000,000</u>
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12.2 Issued, subscribed and paid-up capital : Tk. 250,000,000

2,500,000 Ordinary shares of Tk. 100/- each fully paid

<u>250,000,000</u>	<u>250,000,000</u>
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12.3 Shareholder-wise grouping

	No. of Shares.
BRAC	2,499,400
Others	600
	<u>2,500,000</u>

249,940,000	249,940,000
60,000	60,000
<u>250,000,000</u>	<u>250,000,000</u>

13.0 Surplus of profit and loss account : Tk. (39,376,622)

Opening balance
Add: Surplus during the period

(1,507,058)	-
(37,869,564)	(1,507,058)
<u>(39,376,622)</u>	<u>(1,507,058)</u>

14.0 Interest income : Tk. 58,488,338

Interest on loans and advances- General
Interest on loans and advances- Car purchase
Interest on loans and advances- SME
Interest on loans and advances- Staff

2002 Taka	2001 Taka
44,947,047	194,747
-	13,836
13,406,701	5,958
134,590	20,721
<u>58,488,338</u>	<u>235,262</u>

15.0 Interest paid on deposits and borrowing, etc. : Tk. 61,741,335

Interest on savings deposits
Interest on Short Term Deposits (STD)
Interest on fixed deposits
Interest on money at call and short notice

9,293,080	265,385
4,376,458	118,534
36,122,265	80,355
11,949,532	7,027,702
<u>61,741,335</u>	<u>7,491,976</u>





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16.0 Investment income : Tk. 47,724,219

Interest on treasury bills
Interest on money at call and short notice
Interest/Dividend on Shares/Debentures
Interest on fixed deposits with other banks
Interest on STD accounts with other banks
Interest on the balance with central banks

2002 Taka	2001 Taka
5,594,459	120,755
25,835,619	7,348,033
4,209,722	-
10,351,723	11,857,017
1,726,931	317,000
5,765	-
47,724,219	19,642,805

17.0 Commission, exchange and brokerage : Tk. 16,139,564

Commission from sale of Sanchayapatra
Commission from issue of Payment Orders
Commission from issue of Letter of Guarantee
Commission from issue of Letters of Credit & Export
Commission from remittances
Account activity fees
Import and export related fees
Other fees
Foreign exchange earnings
Cancellation fees
Cheque return fees
Cheque collection fees
Loan processing fees

1,058,072	103,759
36,830	100
89,667	32,000
1,311,380	-
46,086	-
130,314	-
512,428	-
861,224	-
3,301,185	-
3,125	-
-	500
22,509	315
8,766,744	20,575
16,139,564	157,249

18.0 Salary and allowances : Tk. 36,178,118

Executives and Officers
Casual-Staff

36,178,118	5,721,467
-	173,817
36,178,118	5,895,284

19.0 Rents, taxes, insurance, lighting, etc. : Tk. 17,294,061

Rents (Office)
Rents (Residence)
Lease rental
Rates and taxes
Insurance: Cash
Insurance: Office motor vehicles
Deposit insurance premium
Lighting
WASA & Swearage

7,414,285	829,844
-	240,000
7,375,140	-
144,318	117,958
284,356	29,040
67,888	84,311
278,674	-
1,324,531	201,669
404,869	25,230
17,294,061	1,528,052

20.0 Repairs & maintenance of leasehold assets: Tk. 8,822,632

Maintenance of equipments
Maintenance of machinery
Maintenance of transport
Maintenance of computer
Maintenance of premises
Fuel Expenses-Car
Fuel Expenses- Generator
Outsource expenses

563,139	7,341
93,330	40,291
279,667	39,247
2,174,441	634,515
1,123,663	35,777
557,566	69,024
61,720	15,224
3,969,106	109,609
8,822,632	951,028





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21.0 Other expenses : Tk. 7,149,223

	2002 Taka	2001 Taka
Transportation and conveyance expenses	1,238,862	25,982
Traveling expenses	974,423	-
Consultancy fees	242,940	788,500
Entertainment	940,965	153,534
SWIFT related expenses	1,309,736	-
Branch development expense	1,188,619	34,935
Medical expenses	364,356	-
Miscellaneous	232,076	10,758
Books, Newspapers and Periodicals	116,515	-
Donation and subscription	323,800	-
VAT & Excise duty	25,710	48,530
Bank charges	191,221	1,200
	7,149,223	1,063,439

22.0 Provision for loans and advances: Tk. 9,608,590

This represents 1% general provision for loans and advances at 31 December 2002 as required by BRPD Circulars issued by Bangladesh Bank.

23.0 Operating profit/(loss) before changes in current assets and liabilities : Tk. (75,739,700)

Profit/(Loss) for the year	(37,869,564)	(1,507,058)
Less: Income from investment	47,706,911	(19,642,805)
	(85,576,475)	(21,149,863)
Add: Depreciation	228,185	-
Provision for loans and advances	9,608,590	700,000
	(75,739,700)	(20,449,863)

24.0 Cash and cash equivalent at the end of the period : Tk. 742,909,819

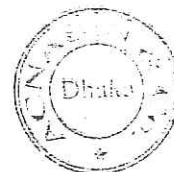
Cash	21,657,024	725,636
Balance with Bangladesh Bank and Sonali Bank	76,988,659	7,290,226
Balance with other banks	199,264,136	161,752,801
Money at call and short notice	445,000,000	50,000,000
	742,909,819	219,768,663

25.0 Income tax provision

As the bank incurred loss during the year, so no provision for income tax has been made in the accounts. Tax returns for the years ended 31 December 1999, 2000 and 2001 have been filed on 28 November, 2002 with the tax authorities. The assessment is in progress.

26.0 Capital adequacy requirement

As per directives of Bangladesh Bank the capital adequacy requirement is fulfilled.





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Attachment-A

BRAC Bank Limited
Schedule of Fixed Asset
As of 31 December 2002

Particulars	C O S T				Rate of dep. %	DEPRECIATION			Written down value 31.12.2002
	Balance as on 01.01.2002	Addition during the year	Adjustment during the year	Balance as on 31.12.2002		Balance as on 01.01.2002	Charged during the year	Balance as on 31.12.2002	
Furniture & fixture	-	1,813,265	-	1,813,265	10	-	181,326	181,326	1,631,939
Leasehold premises	-	4,639,000	-	4,639,000	*	-	46,859	46,859	4,592,141
Total	-	6,452,265	-	6,452,265		-	228,185	228,185	6,224,080

* Leasehold premises has been written-off over the life of leasehold.

