

BRAC Bank Limited

Auditors' Report and Financial Statements
for the year ended 31 December 2003

S. F. Ahmed & Co.

Chartered Accountants

House 25, Road 13/A, Block- D

Banani, Dhaka 1213

AUDITORS' REPORT
To the Shareholders of BRAC Bank Limited

We have audited the accompanying Balance Sheet of BRAC Bank Limited as of 31 December 2003 and the related Profit and Loss Account and Statement of Changes in Equity, Cash Flow Statements and liquidity Statement for the year then ended. The preparation of these Financial Statements is the responsibility of the 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 (BSA). These 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 disclosures in the Financial Statements. An audit also includes assessing the accounting principles and 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 (BAS) give a true and fair view of the state of the Bank's affairs as on 31 December 2003 and of the result of its operations for the year then ended.

We also report that :

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof ;
- (b) 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 proper returns adequate for the purpose of audit have been received from the branches not visited us ;
- (c) 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;
- (d) the expenditure incurred were for the purpose of the Bank's business;
- (e) the financial position of the Bank at 31 December 2003 and the profit for the year then ended has been properly reflected in the Financial Statements and the Financial Statements have been prepared in accordance with the generally accepted accounting principles;
- (f) the Financial Statements have been drawn up in conformity with the Banking Companies Act, 1991, in accordance with the rules and regulations issued by the Bangladesh Bank;



- (g) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (h) 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;
- (i) the records and statements submitted by the branches have been properly maintained and consolidated in the Financial Statements; and
- (j) the information and explanations required by us have been received and found satisfactory.



Dated, Dhaka
05 April 2004

S. F. Ahmed & Co.
Chartered Accountants

BRAC Bank Limited
Balance Sheet
as on 31 December 2003

	Note	31.12.2003	Amount in Taka 31.12.2002
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currency)		37,307,812	21,657,024
Balance with Bangladesh Bank and its agent banks (including foreign currency)		299,089,891	76,988,659
		336,397,703	98,645,683
Balance with other banks and financial institutions	4		
In Bangladesh		402,452,661	199,216,214
Outside Bangladesh		12,949,991	47,922
		415,402,652	199,264,136
Money at call and on short notice	5	290,000,000	445,000,000
Investments	6		
Government		420,035,100	195,002,900
Others		109,500,000	55,000,000
		529,535,100	250,002,900
Loans and advances			
Loans, cash credit, overdrafts etc	7	2,870,107,543	1,030,884,850
Bills purchased & discounted		-	-
Fixed assets including premises, furniture & fixtures (Annex -1)		7,448,211	6,224,080
Other assets	8	93,152,060	40,178,233
Total Property and Assets		4,542,043,269	2,070,199,882
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	9	415,650,000	370,000,000
Deposits and other accounts	10		
Current accounts & other accounts		421,306,403	197,210,913
Bills payable		27,592,808	6,373,767
Savings bank deposits		607,001,719	253,911,343
Fixed deposits		2,415,628,575	906,185,100
Other deposits		25,773,111	-
		3,497,302,616	1,363,681,123
Other Liabilities	11	233,166,593	125,895,381
Total Liabilities		4,146,119,209	1,859,576,504
Capital and shareholders' equity			
Paid up capital	12	405,020,000	250,000,000
Statutory reserves		-	-
Other reserves		-	-
Surplus in profit and loss account	13	(9,095,940)	(39,376,622)
Total shareholders' equity		395,924,060	210,623,378
Total Liabilities and Shareholders' Equity		4,542,043,269	2,070,199,882

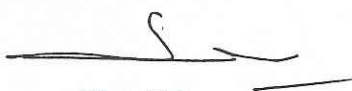


BRAC Bank Limited
Off Balance Sheet Items
as on 31 December 2003

		Amount in Taka	
	Note	31.12.2003	31.12.2002
Contingent Liabilities			
Acceptances and endorsements		-	-
Letter of guarantees		5,548,500	3,980,000
Irrevocable letter of credits		11,367,000	72,676,000
Bills for collection		(4,000)	(4,000)
Tax liability	20.2	3,367,206	956,739
Other contingent liabilities		14,073,127	-
Total Contingent Liabilities		34,351,833	77,608,739
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 contingent liabilities		34,351,833	77,608,739

The financial statements should be read in conjunction with the annexed notes


Managing Director


Director


Director


Chairman



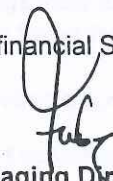
Dated, Dhaka
05 April 2004

S. F. Ahmed & Co.
Chartered Accountants

BRAC Bank Limited
Profit and Loss Account
For the year ended 31 December 2003

PARTICULARS	Note	Amount in Taka	
		31.12.2003	31.12.2002
Interest income	14	306,886,623	58,488,338
Interest paid on deposits and borrowing etc.	15	228,947,102	61,741,335
Net interest income		77,939,521	(3,252,997)
Investment income	16	94,790,051	47,724,219
Commission, exchange and brokerage	17	60,393,937	16,139,564
Other operating income		179,639	223,341
Total operating income		233,303,148	60,834,127
Salaries and allowances		83,209,963	36,178,118
Rent taxes, insurance, electricity etc		42,984,755	17,294,061
Legal expenses		592,210	245,130
Postage, Stamps, telecommunication etc.		10,181,688	4,411,951
Stationery, printing, advertisement etc		9,093,791	6,762,584
Chief Executive's salary & fees		2,016,452	1,591,452
Directors' fees	18	138,000	84,525
Auditors' fee		100,000	100,000
Depreciation		342,620	228,185
Repairs & maintenance of fixed assets		9,353,903	8,822,632
Other expenses		12,504,051	7,149,223
Preliminary expenses written off	8.2	201,073	201,072
Pre-operating expenses written off	8.3	6,026,168	6,026,168
Total operating expenses		176,744,674	89,095,101
Profit/(loss) before provisions		56,558,474	(28,260,974)
Provisions for loans and advances	19	26,277,792	9,608,590
Total provisions		26,277,792	9,608,590
Total profit/(loss) before taxes		30,280,682	(37,869,564)
Provision for taxes	20.1	-	-
Total profit/(loss) after taxes		30,280,682	(37,869,564)
Appropriations :			
Statutory reserve		-	-
General reserve		-	-
Dividends etc.		-	-
Retained surpluses	13	30,280,682	(37,869,564)
Weighted average earning per share (EPS)	22	12.09	(15.15)

The financial Statement should be read in conjunction with the annexed notes.


Managing Director


Director


Director


Chairman

Dated, Dhaka
05 April 2004


S. F. Ahmed & Co.
Chartered Accountants



ALFA BANK LIMITED
Cash Flow Statement
For the year ended 31 December 2003

	31.12.2003	Amount in Taka 31.12.2002
A. Cash flows from operating activities		
Interest receipts in cash	394,854,093	102,002,835
Interest payment	(228,947,102)	(61,741,335)
Dividends received	6,822,580	4,209,722
Fees & commissions receipts in cash	60,393,937	16,139,564
Cash payments to employees	(85,226,415)	(37,769,570)
Cash payments to suppliers	(19,275,480)	(11,174,535)
Income tax paid	(1,041,164)	(1,119,440)
Receipts from other operating activities	179,639	223,341
Payment for other activities	-	-
Rent, rates taxes etc.	(42,984,755)	(17,294,061)
Audit fees	(100,000)	(100,000)
Directors fees	(138,000)	(84,525)
Repair & maintenance	(9,353,903)	(8,822,632)
Other expenses	(12,504,051)	(7,149,223)
Preliminary exp. Written off	(201,073)	(201,072)
Pre-operating exp. Written off	(6,026,168)	(6,026,168)
Legal expenses	(592,210)	(245,130)
Crokeries	-	-
Operating profit/(loss) before changes in operating assets and liabilities	55,859,928	(29,152,229)
(Increase)/decrease in operating assets & liabilities		
Treasury bills	(225,000,000)	(185,000,000)
Loans and advances	(1,839,222,693)	(960,992,985)
Other assets	(51,932,663)	(7,896,589)
Deposits from customers	2,133,621,493	1,253,303,173
Other liabilities	80,993,420	114,334,951
Net cash flows from operating activities	154,319,487	184,596,321
B. Cash flows from investing activities		
Investment in shares	(4,500,000)	-
Investment in debentures	(50,000,000)	(25,000,000)
Investment in prize bond	(32,200)	(2,900)
Purchase in fixed assets	(1,566,751)	(6,452,265)
Net cash used in investing activities	(56,098,951)	(31,455,165)
C. Cash flows from financing activities		
Proceeds from issue of ordinary shares	155,020,000	-
Borrowings from other banks	(70,000,000)	370,000,000
Borrowings from Bangladesh Banks	115,650,000	-
Net cash flows from financing activities	200,670,000	370,000,000
Net increase/decrease in cash	298,890,536	523,141,156
Cash and cash equivalents at beginning period	742,909,819	219,768,663
Cash and cash equivalents at end of period	1,041,800,355	742,909,819

Managing Director

Director

Director

Chairman



BRAC Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2003

Amount in Taka

	Paid-up Capital	Stationery Reserve	General Provision	Profit (loss)	Total
Balance at 01 January 2003	250,000,000	-	10,308,590	(39,376,622)	220,931,968
Currency transaction differences	-	-	-	-	-
Net profit for the period	-	-	-	30,280,682	30,280,682
Dividends	-	-	-	-	-
General provision for the year	-	-	18,094,615	-	18,094,615
Issue of share capital	155,020,000	-	-	-	155,020,000
Balance at 31 December 2003	405,020,000		28,403,205	(9,095,940)	424,327,265
Notes	12	-	11.1	13	


Managing Director


Director


Director


Chairman



BRAC Bank Limited
Liquidity Statement
(Assets & Liability Maturity Analysis)
as on 31 December 2003

	Amount in Taka										
	0-1	Month	1-3	Month	3-12	Month	1-5	Years	Above	5 Years	Total
Assets											
Cash in hand		37,307,812		-		-		-		-	37,307,8
Balance with Bangladesh Bank, other banks and financial institutions (Including foreign currencies)		12,953,043		102,449,609		300,000,000		-		299,089,891	714,492,5
Money at call and on short notice											
Investment		290,000,000		-		-		-		-	290,000,0
Loans and advances		35,100		-		-		515,000,000		14,500,000	529,535,1
Fixed Assets including premises, furniture & fixtures				51,821,198		525,957,579		2,282,735,925		9,592,841	2,870,107,5
Other Assets				-		-		-		7,448,211	7,448,2
Non Banking Assets		6,978,429		36,134,904		26,517,040		23,521,687		-	93,152,0
Total Assets		347,274,384		190,405,711		852,474,619		2,821,257,612		330,630,943	4,542,043,2
Liabilities											
Borrowings from Bangladesh bank, other banks, financial institutions and agents		300,000,000		-		-		115,650,000		-	415,650,0
Deposits		1,358,819,342		479,237,907		1,648,095,367		11,150,000		-	3,497,302,6
Other Liabilities		20,001,700		79,532,166		133,632,727		-		-	233,166,5
Total Liabilities		1,678,821,042		558,770,073		1,781,728,094		126,800,000		-	4,146,119,2
Net Liquidity Gap		(1,331,546,658)		(368,364,362)		(929,253,475)		2,694,457,612		330,630,943	395,924,0


Managing Director


Director


Chairman





BRAC Bank Limited
Highlights on the Overall Activities
for the year ended 31 December 2003

Sl. No.	Particulars	Amount in Taka	
		31.12.2003	31.12.2002
01	Paid up capital	405,020,000	250,000,000
02	Total capital including general provisions	424,327,265	220,931,968
03	Capital surplus/deficit	-	-
04	Total assets	4,542,043,269	2,070,199,882
05	Total deposits	3,497,302,616	1,363,681,123
06	Total loans & advances	2,870,107,543	1,030,884,850
07	Total contingent liabilities & commitments	30,984,624	76,652,000
08	Credit deposit ratio	82.07%	75.60%
09	Percentage of classified loans against total loans & advances	1.06%	-
10	Profit after taxes & provisions	30,280,683	(37,869,564)
11	Amount of classified loans during current year	30,542,097	-
12	Provisions kept against classified loans	8,183,177	-
13	Provisions surplus/deficit	173,382	-
14	Cost of fund	7.50%	8.41%
15	Interest earning assets	4,483,035,418	2,039,158,732
16	Return on assets (ROA)	0.67%	-1.83%
17	Incomes from investments	94,790,051	47,724,219
18	Weighted average earning per share	12.09	(15.15)


Managing Director


Director


Director


Chairman



BRAC Bank Limited
Notes to the Financial Statements
for the year ended 31 December 2003

1.0 Formation and status of the Bank

BRAC Bank Limited is a scheduled commercial bank established under the Banking Companies 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 03 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 04 June 2001 and accordingly, the Bank has started operations from 04 July 2001. At present the Bank has 9 (nine) branches, six in Dhaka one in Chittagong and two in Sylhet.

2.0 Significant Accounting Policies

2.1 Basis of Accounting

The financial statements has 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 by Bangladesh Bank vide BRPD circular No. 14 dt. 25 June 2003.

2.2 Loans and Advances

- a) Interest on loans and advances is calculated on daily product basis, but charged and accounted for on monthly 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 No. 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 No 16 of 1998 and 09 of 2001 and recognized as income on realization.

2.3 Preliminary Expenses

Preliminary expenses represent expenses incurred prior to incorporation of the bank and will 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 will 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 depreciations
- b) Depreciation is charged only on Furniture & Fixture of Small & Medium Enterprise (SME) unit offices @ 10% on straight-line method. Full year's depreciation is charged on fixed assets irrespective of the date of purchases.
- c) Leasehold premises would be written-off over the term of lease agreement and as such amortization has been accounted for accordingly.

2.6 Investment

Value of Investments has been shown as under:

Government Treasury bills	At Face Value
Prize Bond & Other Bond	At Cost Price
Shares & Debentures – Unlisted	At Cost Price

2.7 Lease Rental

Leasehold assets have been accounted for as operating lease and accordingly lease rentals have been charged to revenue.

2.8 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 rate are charged to revenue.

2.9 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 exist there against, have been shown as Off Balance Sheet Items

2.10 Audit Committee

An audit committee was constituted by the Board of Directors of BRAC Bank in its 27th meeting held on June 18, 2003 as under:

Sl. No.	Name of Director	Status with the Bank	Status with the Committee	Educational Qualification
01	Mr. Syed Humayun Kabir	Director	Chairman	B.Sc
02	Mr. Fazle Hasan Abed	Chairman	Member	Cost and Management Accountant
03	Mr. Aminul Alam	Director	Member	M.Sc



During the year 2003, the audit Committee of the Board conducted 2 (two) meetings in which among others the following issues were discussed:

- Reviewing the terms of reference of the Committee as stated in BRPD Circular 12 dated 23.12.2002
- Reviewing the comprehensive inspection report of Bangladesh Bank for the year 2002 and status of compliance thereof.
- Reviewing the inspection reports of different BRAC Bank branches conducted by the Bank's internal audit team from time to time.

2.11 Name of the Directors and the entities in which they have interest as on 31 December, 2003

Sl. No.	Name	Status with the Bank	Name of the firms/ companies in which they have interests	Percentage (%)
01	Mr. Fazle Hasan Abed	Chairman	Nil	Nil
02	Mr. Syed Humayun Kabir	Director	Nil	Nil
03	Mr. Faruq A Choudhury	Director	Nil	Nil
04	Dr. Salehuddin Ahmed	Director	Nil	Nil
05	Mr. Aminul Alam	Director	Nil	Nil
06	Mr. M. Ehsanul Haque	Managing Director	Nil	Nil



2.12 General

- a) Figures appearing in the accounts have been rounded off to the nearest Taka.
b) Figures of previous year have been rearranged wherever felt necessary to conform the current year's presentation.

Particulars	Amount in Taka	
	31.12.2003	31.12.2002

3.0 Cash

A. Cash in hand:

Local Currency
Foreign Currency

35,432,287	20,745,454
1,875,525	911,570
37,307,812	21,657,024

B. Balance with Bangladesh Bank and its agent banks:

Local Currency:
Statutory Deposit
Other Deposit
Foreign Currency

299,089,891	70,240,199
-	-
-	6,748,460
299,089,891	76,988,659
336,397,703	98,645,683

4.0 Balance with other banks and financial institutions

A. In Bangladesh (Note: 4.1)

B Outside Bangladesh (Note: 4.2)

402,452,661	199,216,214
12,949,991	47,922
415,402,652	199,264,136

4.1 Balance with other banks and financial institutions (in Bangladesh)

On Demand Deposit Accounts

South East Bank Ltd- Current Account

3,052	3,052
3,052	3,052

On Short Term Deposit Accounts

South East Bank Ltd- STD Account

ONE Bank Limited

Jamuna Bank Limited

Uttara Bank Limited

Bank Asia Limited

Pubali Bank Limited

Janata Bank

Bangladesh Krishi Bank

The City Bank Limited

10,401,290	9,786,405
26,979,031	12,082,229
8,180,851	6,040,833
258,059	11,248,152
157,361	2,811,500
36,565,028	7,184,043
6,492,139	-
8,895,501	-
4,520,349	-
102,449,609	49,153,162

On Fixed Deposit Accounts

South East Bank Ltd

ONE Bank Limited

Jamuna Bank Limited

Industrial and Infrastructure Development Finance Co. Ltd.

Uttara Finance & Investment Co. Ltd.

Prime Finance & Investment Leasing Co. Ltd.

Industrial Promotion & Development Co. Ltd.

International Leasing & Financial Services Ltd.

-	60,000
-	40,000,000
-	10,000,000
-	50,000,000
-	50,000,000
100,000,000	-
100,000,000	-
100,000,000	-
300,000,000	150,060,000
402,452,661	199,216,214



Amount in Taka

Particulars	31.12.2003	31.12.2002
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4.2 Balance with other banks and financial institutions (Outside Bangladesh)
On Demand Deposit Accounts

	Exchange Rate		
Standard Chartered Bank -NY(USD)	58.48	7,132,342	(6,956,490)
Mashreq Bank PSCNY (USD)	58.48	800,427	3,295,155
The Bank of Nova Scotia- USA (USD)	58.48	1,487,479	3,748,877
AB Bank Mumbai (USD)	58.48	745,860	583,560
Mashreq Bank PSC Karachi (USD)	58.48	299,985	272,709
Standard Chartered Bank-UK (GBP)	103.74	942,927	(1,878,418)
Hypo Veriens Bank Germany (EUR)	73.07	1,540,971	982,529
		<u>12,949,991</u>	<u>47,922</u>

5.0 Money at call and on short notice

Industrial Promotion and Development Co.of Bangladesh Ltd.	100,000,000	200,000,000
International Leasing & Financial Services Ltd.	50,000,000	-
Investment Corporation of Bangladesh	50,000,000	100,000,000
Delta Brac Housing Finance Corporation Limited	-	90,000,000
Phoenix Leasing Company Ltd	-	15,000,000
United Leasing Company Ltd.	90,000,000	40,000,000
	<u>290,000,000</u>	<u>445,000,000</u>

6.0 Investments

Government Securities (Note: 6.1)	420,035,100	195,002,900
Other Investments (Note: 6.2)	109,500,000	55,000,000
	<u>529,535,100</u>	<u>250,002,900</u>

6.1 Government Securities

Treasury Bills	420,000,000	195,000,000
Prize Bond	35,100	2,900
	<u>420,035,100</u>	<u>195,002,900</u>

6.2 Other Investments

Ordinary Shares

Industrial & Infrastructure Development Finance Co. (IIDFCL)
 (100,000 ordinary shares of Tk. 100 each fully paid)
 Bank Asia Limited
 (2,300 ordinary shares of Tk. 100 each fully paid)
 Mercantile Bank Limited
 (2,700 ordinary shares of Tk. 100 each fully paid)
 Central Depository Bangladesh Limited (CDBL)
 (40,000 ordinary shares of Tk. 100 each fully paid)

Preference Shares

United Cement Company Ltd.
 (200 preference shares of Tk. 100 each at a premium of Tk.
 99,900 per share at a fixed dividend of Tk. 120,000 per share
 redeemable after 5 years)

Debenture

GSP Finance Company (BD.) Limited (14% Debenture Loan)

Bonds

DBBL Bonds
 Zero Coupon Bonds

10,000,000	10,000,000
230,000	-
270,000	-
4,000,000	-
20,000,000	20,000,000
25,000,000	25,000,000
30,000,000	-
20,000,000	-
<u>109,500,000</u>	<u>55,000,000</u>

6.3 Maturity wise Grouping

Upto 1 Months	35,100	2,900
From 1 - 3 Months	-	-
From 3 - 12 Months	-	-
From 1 - 5 years	515,000,000	240,000,000
More than 5 years	14,500,000	10,000,000
	<u>529,535,100</u>	<u>250,002,900</u>



Particulars	Amount in Taka	
	31.12.2003	31.12.2002
7.0 Loans and Advances		
Secured Overdrafts	485,902,917	251,563,498
Demand Loan	51,821,198	19,555,703
Term Loans	647,905,254	460,605,199
Loan to Small & Medium Enterprise	1,667,851,119	296,529,196
Staff Loans	16,627,055	2,631,254
	<u>2,870,107,543</u>	<u>1,030,884,850</u>
7.1 Maturity wise Grouping		
On Demand	-	-
Up to 3 months	51,821,198	204,267,084
More than 3 months but not more than 1 Year	525,957,579	122,083,120
More than 1 year but not more than 5 years	2,282,735,925	704,534,646
More than 5 years	9,592,841	-
	<u>2,870,107,543</u>	<u>1,030,884,850</u>
7.2 Geographical Location Wise Grouping		
Inside Bangladesh		
Loans	2,384,204,626	779,338,660
Overdrafts	485,902,917	251,546,190
	<u>2,870,107,543</u>	<u>1,030,884,850</u>
Outside Bangladesh		
Loans	-	-
Cash Credits	-	-
Overdrafts	-	-
	<u>2,870,107,543</u>	<u>1,030,884,850</u>
7.3 Significant Concentration wise Grouping		
Directors & Others	-	-
Managing Director	-	-
Customers	2,853,480,488	1,028,253,596
Industries	-	-
Other Advances	16,627,055	2,631,254
	<u>2,870,107,543</u>	<u>1,030,884,850</u>
7.4 Grouping as per classification rules		
Unclassified	2,839,565,446	1,030,521,245
Sub Standard	13,217,545	-
Doubtful	13,570,776	363,605
Bad Loss	3,753,776	-
	<u>2,870,107,543</u>	<u>1,030,884,850</u>
7.5 Particulars of loans and advances		
i) Loans considered good in respect of which Bank is fully secured	2,842,617,000	1,024,831,780
ii) Loans considered good for which Bank holds no other security than the debtor's personal guarantee	27,158,679	5,689,465
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors.	331,864	363,605
iv) Loans adversely classified, provision not maintained thereagainst	-	-
	<u>2,870,107,543</u>	<u>1,030,884,850</u>
v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons.	16,627,055	2,631,254



Particulars	Amount in Taka	
	31.12.2003	31.12.2002
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 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 companies or any of them either separately or jointly with any other person.	18,840,221	3,643,132
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in case of private companies, as members.	-	-
ix) Due from banking companies	-	-
x) Amount of Classified loans on which interest has not been charged should be mentioned as follows:		
a. Decrease/increase in provision , amount of loan written off and amount realized against loan previously written off.	-	-
b. Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	1,784,616	-
c. Interest creditable to the Interest Suspense a/c.	1,978,027	19,320
xi) Cumulative amount of the written off loan and the amount written off during the current year should be shown separately. The amount of written off loan for which lawsuit has been filed should also be mentioned.	-	-

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.

8.0 Other Assets

Stock of stamps	32,688	84,910
Interest receivables	16,996,360	6,430,415
Other receivables	15,701	1,583,957
Stock of petty stationery	254,389	81,603
Stock of security stationery	2,439,737	788,849
Stock of printing stationery	444,707	298,843
Prepaid expenses	610,477	115,883
Prepaid Expenses for Amortization	2,500	-
Advance income tax	3,196,432	2,155,268
Advance to staff for mobile phone purchase	753,454	-
Advance to staff for motor cycle purchase	6,788,114	-
Advance against branches	9,504,980	7,035,880
Advance against office rent	10,398,515	7,632,386
Advance security deposit	68,090	26,000
Advance Against Fixed Assets - SWIFT	2,397,394	1,875,000
Sanchayapatra	9,606,281	2,706,668
Travelers cheque	48,751	21,710
Preliminary expenses (Note-8.2)	100,536	301,609
Pre-operating expenses (Note-8.3)	3,013,084	9,039,252
Interbranch Account	26,479,870	-
	<u>93,152,060</u>	<u>40,178,233</u>



Amount in Taka

Particulars	31.12.2003	31.12.2002
8.1 Non Income generating Other Assets		
Stock of stamps	32,688	84,910
Other receivables	15,701	1,583,957
Stock of petty stationery	254,389	81,603
Stock of security stationery	2,439,737	788,849
Stock of printing stationery	444,707	298,843
Prepaid expenses	610,477	115,883
Prepaid Expenses for Amortization	2,500	-
Advance income tax	3,196,432	2,155,268
Advance against branches	9,504,980	7,035,880
Advance against rent (office)	10,398,515	7,632,386
Advance security deposit	68,090	26,000
Advance Against Fixed Assets - SWIFT	2,397,394	1,875,000
Travelers cheque	48,751	21,710
Preliminary expenses (Note-8.2)	100,536	301,609
Pre-operating expenses (Note-8.3)	3,013,084	9,039,252
Interbranch Account	26,479,870	-
	59,007,851	31,041,150
8.2 Preliminary Expenses		
Opening Balance	301,609	502,681
Less: Written off during the year	201,073	201,072
	100,536	301,609
8.3 Pre-operating Expenses		
Opening Balance	9,039,252	12,295,179
Add: Addition during the year	-	2,770,241
	9,039,252	15,065,420
Less: Written off during the year	6,026,168	6,026,168
	3,013,084	9,039,252
9.0 Borrowings from other banks, financial institutions and agents		
In Bangladesh, secured and on demand		
Bangladesh Bank	115,650,000	-
Uttara Bank Limited	100,000,000	110,000,000
Merchantile Bank Limited	80,000,000	40,000,000
The City Bank Limited	50,000,000	100,000,000
Dutch Bangla Bank Limited	50,000,000	120,000,000
Premier Bank Limited	20,000,000	-
	415,650,000	370,000,000
10.0 Deposit and other accounts		
Current accounts & other accounts	421,306,403	197,210,913
Bills Payable	27,592,808	6,373,767
Saving Bank Deposits	607,001,719	253,911,343
Fixed Deposits	2,415,628,575	906,185,100
Other Deposits (Note - 10.2)	25,773,111	-
	3,497,302,616	1,363,681,123



		Amount in Taka	
Particulars	31.12.2003	31.12.2002	
10.1 Maturity wise grouping			
Repayable on Demand	1,151,533,504	-	
Repayable within 1 month	207,285,837	110,312,138	
Over 1 month but within 6 months	838,876,662	93,272,542	
Over 6 month but within 1 year	1,288,456,613	253,911,343	
Over 1 year but within 5 years	11,150,000	906,185,100	
Over 5 years but within 10 years	-	-	
	3,497,302,616	1,363,681,123	
10.2 Other Deposits			
Foreign Currency Deposit	1,522,039	-	
Sundry Deposit	24,251,072	-	
	25,773,111	-	
11.0 Other liabilities			
Provision for loans and advances (Note-1 1.1)	36,586,382	10,308,590	
Interest Suspense	1,978,027	19,320	
Withholding tax payable	2,813,092	1,577,202	
Interest payable	79,524,857	23,683,938	
Accrued expenses	12,882,180	6,131,791	
Excise duty	4,189,733	1,275,981	
VAT payable	116,695	362,674	
Un-earned interest on treasury bill	89,708,943	56,060,606	
Un-earned interest on Zero Coupon Bond	4,688,085	-	
Others	626,290	-	
Exchange equalization account	45,000	45,000	
Sundry Creditors	7,309	47,833	
Interbranch account	-	2,946,146	
Retention Quota Account	-	231,600	
Mragin on L/C	-	22,904,700	
Mragin on L/G	-	300,000	
	233,166,593	125,895,381	
11.1 Provision for loans and advances			
A Specific			
Provisions held at the beginning of the year			
Add: Specific provision for the year	8,183,177	-	
Net charge to profit & loss a/c	-	-	
Provision held at the end of the year	8,183,177	-	
B General			
Provisions held at the beginning of the year	10,308,590	700,000	
Add: General provision for the year			
Net charge to profit & loss a/c	18,094,615	9,608,590	
Provision held at the end of the year	28,403,205	10,308,590	
Net Actual provision at the end of year (A+B)	36,586,382	10,308,590	
12.0 Share Capital			
12.1 Authorised Capital			
10,000,000 Ordinary shares of Tk. 100 each	1,000,000,000	1,000,000,000	
12.2 Issued, Subscribed and Paid up Capital			
4,050,200 Ordinary Share of Tk. 100/- each fully pai.	405,020,000	250,000,000	
12.3 Shareholder wise Grouping			
	<u>No. of Shares.</u>		
BRAC	3,173,900	317,390,000	249,940,000
ShoreCap International Limited	875,700	87,570,000	-
Others	600	60,000	60,000
	4,050,200	405,020,000	250,000,000



Particulars	Amount in Taka	
	31.12.2003	31.12.2002
13.0 Surplus of profit and loss account		
Opening Balance	(39,376,622)	(1,507,058)
Add : Surplus during the period	30,280,682	(37,869,564)
	<u>(9,095,940)</u>	<u>(39,376,622)</u>
14.0 Interest Income		
Interest on loans and advances-Retail	95,724,472	44,947,047
Interest on loans and advances-SME	210,450,792	13,406,701
Interest on loans and advances-Staff	711,359	134,590
	<u>306,886,623</u>	<u>58,488,338</u>
15.0 Interest paid on deposit and borrowings etc.		
Interest on deposits	201,595,018	49,791,803
Interest on money at call and on short notice	26,055,555	11,949,532
Interest on borrowings from Central Bank	1,296,529	-
	<u>228,947,102</u>	<u>61,741,335</u>
16.0 Investment income		
Interest on treasury bills	22,697,297	5,594,459
Interest on money at call and short notice	35,396,158	25,835,619
Dividend on share	6,822,580	4,209,722
Interest on fixed deposits with other banks	26,633,247	10,351,723
Interest on STD accounts with other banks	2,909,682	1,726,931
Interest on the balance with central banks	45,172	5,765
interest on Zero Coupon Bond	285,915	-
	<u>94,790,051</u>	<u>47,724,219</u>
17.0 Commission, exchange and brokerage etc.		
Commission from sale of sanchaya patra	221,450	1,058,072
Commission from issue of payment orders	175,035	36,830
Commission from issue of letter of guarantee	60,415	89,667
Commission from issue of letters of credit (Import & Export)	852,208	1,311,380
Commission from remittances	400	46,086
Account Activity fees	662,018	130,314
Import & Export related fees	420,312	512,428
Other fees	5,023,970	861,224
Foreign Exchange earnings	15,801,877	3,301,185
Cancellation fees	31,000	3,125
Cheque collection fees	74,392	22,509
Loan processing fees	37,070,860	8,766,744
	<u>60,393,937</u>	<u>16,139,564</u>
18.0 Director's fees		
Director's fees represent fees paid for attending board meeting @ Tk. 2,500 per director per board meeting.		
19.0 Provision for loan		
For Classified loans & advances	8,183,177	-
For unclassified loans & advances	18,094,615	9,608,590
	<u>26,277,792</u>	<u>9,608,590</u>



Particulars	Amount in Taka	
	31.12.2003	31.12.2002

20.0 Income Tax

20.1 Provision for Income Tax

As the bank incurred accumulated loss during the year, so no provision for income tax was made for the year ended 31 December, 2003. Return of assessment for the year ended 31 December 2002, submitted to the tax authority is under process.

20.2 Contingent Liabilities (Taxation)


Pre-operating expenses were shown as allowable expenses in the return for the income year 2001 (assessment year 2002-2003). After filing of the relevant return, the Tax Authority disallowed these expenses. BRAC Bank Ltd. filed an appeal against order of the Tax Authority to the Additional Commissioner of Taxes (Appeal) who allowed these expenses. In response, the Tax Authority filed a further appeal against the order of the Additional Commissioner of Taxes (Appeal) to the Taxes Appellate Tribunal who again disallowed these expenses. BRAC Bank Ltd. intends to file an appeal to The Honorable Supreme Court of Bangladesh, High Court Division for revision in this matter.

21.0 Capital Adequacy Requirement

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

22.0 Weighted Average Earnings Per Share

Profit after Taxation	30,280,682	(37,869,564)
Weighted Average Number of Shares	2,503,696	2,500,000
Weighted Average Earnings per Share	12.09	(15.15)


Managing Director


Director


Director


Chairman



BRAC Bank Limited
Schedule of Fixed Asset

Particulars	COST			Rate of Dep. %	DEPRECIATION			Amount in Taka	
	Balance as on 01.01.03	Addition during the year	Adjustment during the year		Balance as on 01.01.03	Charged during the year	Adjustment during the year	Balance as on 31.12.03	Written down value 31.12.2003
Furniture & fixture	1,813,265	1,566,751	-	10	181,326	295,761	-	477,087	2,902,929
Leasehold premises	4,639,000	-	-		46,859	46,859	-	93,718	4,545,282
Total :	6,452,265	1,566,751	-		228,185	342,620	-	570,805	7,448,211
As on 31 December 2002	-	6,452,265	-		-	228,185	-	228,185	6,224,080

