

**AUDITORS' REPORT
TO THE SHAREHOLDERS
OF
PRIME BANK LIMITED**

We have audited the accompanying Balance Sheet of Prime Bank Limited as of 31 December 2003 and the related Profit and Loss Account, Cash Flow Statement, Statement of changes in equity and Statement of Liquidity together with the notes 1 to 39 for the year ended 31 December 2003. The preparation of these financial statements is the responsibility of the Bank management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standard on Auditing (BSA). 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 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), give a true and fair view of the state of the Bank's affairs as of 31 December 2003 and of the results of its operations and its cash flows for the year ended 31 December 2003 and comply with the Bank Companies Act, 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act, 1994 and other applicable laws and regulations.

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 purposes of our audit and made due verification thereof;
- b) 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 returns adequate for the purpose of our audit have been received from branches not visited by us;
- c) the Bank's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 39 dealt with by the report are in agreement with the books of account and returns;
- d) the expenditure incurred was 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 have been properly reflected in the financial statements, 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 Bank Companies Act, 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;

- g) adequate provisions have been made for advances and other assets 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;
- j) the information and explanations required by us have been received and found satisfactory.



Hoda Vasi Chowdhury & Co
Chartered Accountants



Howladar Yunus & Co
Chartered Accountants

Dhaka, 04 April 2004

BALANCE SHEET
AS AT 31 DECEMBER 2003

	Notes	2003 Taka	2002 Taka
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)	3	160,262,434	237,570,319
Balance with Bangladesh Bank and Sonali Bank (including foreign currencies)	4	973,255,546	1,129,174,257
		1,133,517,980	1,366,744,576
Balance with other Banks and Financial Institutions			
In Bangladesh	5	2,417,688,341	2,078,658,497
Outside Bangladesh		109,593,042	110,850,904
		2,527,281,383	2,189,509,401
Money at Call and Short Notice			
	6	420,000,000	630,000,000
Investments			
	7		
Government		2,633,114,400	1,931,233,000
Others		116,595,000	65,000,000
		2,749,709,400	1,996,233,000
Loans and advances			
Loans, Cash Credits, Overdrafts etc.	8	14,565,946,311	11,247,294,785
Bills Purchased and discounted	9	1,926,278,094	1,439,550,545
		16,492,224,405	12,686,845,330
Fixed assets including premises, furniture and fixtures			
	10	265,168,372	218,496,496
Other Assets			
	11	644,452,990	271,096,821
Non - Banking assets			
		-	-
Total Assets		<u>24,232,354,530</u>	<u>19,358,925,624</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	566,763,000	730,000,000
Deposits and other accounts			
	13		
Current accounts and other accounts		4,021,408,673	3,589,527,490
Bills payable		413,647,384	391,242,267
Savings bank deposits		2,631,112,661	1,964,390,309
Bearer certificate of deposits		3,519,456	43,922,357
Term deposits		14,022,661,187	10,492,515,566
		21,092,349,361	16,481,597,989
Other liabilities	14	791,378,601	620,919,514
Total liabilities		<u>22,450,490,962</u>	<u>17,832,517,503</u>
Capital/Shareholders' equity			
Paid up Capital	15	700,000,000	600,000,000
Share premium account	15.4	-	256,464,400
Statutory reserve	16	602,907,103	448,925,103
Proposed issue of bonus share 3:7 (2002: 1:6)		300,000,000	100,000,000
Proposed cash dividend @ 20% including dividend distribution tax		154,000,000	120,000,000
Unappropriated Profit as per Profit and Loss Account		24,956,465	1,018,618
Total shareholders' equity		<u>1,781,863,568</u>	<u>1,526,408,121</u>
Total liabilities and shareholders' equity		<u>24,232,354,530</u>	<u>19,358,925,624</u>

OFF BALANCE SHEET ITEMS		2003 Taka	2002 Taka
Contingent liabilities	17		
Acceptances and Endorsements		-	-
Letter of Guarantees	17.1	7,422,175,239	6,261,386,181
Irrevocable Letter of Credits		6,675,291,270	6,540,740,073
Bills for Collection		398,023,748	255,800,173
Other liabilities (Bad & Loss)		68,496,975	24,316,003
		14,563,987,232	13,082,242,430
Other contingent liabilities			
Value of travellers' cheques on hand		7,680,628	28,332,315
Value of Bangladesh Sanchay Patra on hand		63,397,000	153,202,500
		71,077,628	181,534,815
Other Commitments			
Documentary Credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debt		-	-
		-	-
Total Off - Balance Sheet Items		<u>14,635,064,860</u>	<u>13,263,777,245</u>

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



Chairman



Director



Director



Managing Director

Auditors' Report to the Shareholders
See annexed report of date



Hoda Vasi Chowdhury & Co
Chartered Accountants



Howladar Yunus & Co.
Chartered Accountants

Dhaka, 04 April 2004

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 Taka	2002 Taka
Interest income	18	2,158,664,973	1,619,809,988
Interest paid on deposits and borrowings etc.	19	(1,407,521,835)	(1,054,759,548)
Net interest income		751,143,138	565,050,440
Income from investments	20	167,770,402	130,745,548
Commission, exchange and brokerage	21	498,006,267	356,949,830
Other operating income	22	175,295,184	143,455,172
Total operating income		1,592,214,991	1,196,200,990
Less : Total operating expenses			
Salaries and allowances	23	302,360,444	233,220,288
Rent, taxes, insurance, electricity etc.	24	71,522,140	54,771,489
Legal and professional expenses	25	3,662,218	2,329,386
Postage, stamps, telecommunication etc.	26	26,125,847	18,883,613
Auditors' fees		360,000	360,000
Stationery, printing, , advertisement etc.	27	39,020,931	30,007,372
Managing Directors' salary and allowances	28	4,880,000	4,026,822
Directors' fee	29	1,790,000	1,727,500
Repairs, maintenance & depreciation of assets	30	38,333,829	32,672,593
Other expenses	31	102,749,135	70,357,301
Total operating expenses		590,804,544	448,356,364
Profit before provision		1,001,410,447	747,844,626
<i>Provision against loans and advances</i>			
Specific provision	14.2	(190,000,000)	(15,000,000)
General provision	14.2	(40,000,000)	(35,000,000)
		(230,000,000)	(50,000,000)
<i>Provision for other classified assets</i>		(1,500,000)	(1,000,000)
Total provision		(231,500,000)	(51,000,000)
Total Profit before taxation for the year		769,910,447	696,844,626
Provision for taxation for the year	14.1	394,455,000	278,700,000
Net Profit after taxation for the year		375,455,447	418,144,626
Retained earning brought forward from previous year		1,018,618	23,685,692
		376,474,065	441,830,318
Amount transferred from share premium account		256,464,400	-
		632,938,465	441,830,318
Appropriations			
Statutory reserve(20% on net profit)		153,982,000	86,000,000
Proposed			
Cash dividend @ 20% for 2003 (2002: 20%)		140,000,000	120,000,000
Dividend Distribution Tax @ 10%		14,000,000	-
Bonus shares 2003: 3:7 (2002: 1:6)		300,000,000	100,000,000
Share Premium account		-	134,811,700
		607,982,000	440,811,700
Retained earnings carried forward		24,956,465	1,018,618
Earning per share (EPS)	36	53.64	59.73

These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Director



Managing Director

Auditors' report to the Shareholders
See Annexed report of date



Hoda Vasi Chowdhury & Co
Chartered Accountants



Howladar Yunus & Co.
Chartered Accountants

Dhaka, 04 April 2004

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003**

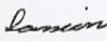
	Notes	2003 Taka	2002 Taka
A) CASH FLOW FROM OPERATING ACTIVITIES			
Interest received		2,326,277,450	1,749,244,966
Interest paid		(1,407,521,834)	(1,054,759,548)
Dividend received in cash		157,927	1,310,570
Fees & commission received in cash		510,688,485	366,335,990
Cash received for bad debts previously writtin off		-	-
Cash paid to employees		(307,240,444)	(237,247,110)
Cash paid to supplier		(105,323,243)	(79,865,400)
Income tax paid		(370,868,605)	(297,316,485)
Cash received from other operating activities	32	175,195,194	143,455,172
Cash paid for other operating activities	33	(146,140,903)	(104,228,269)
Cash received from operating activities		675,224,027	486,929,886
Increase/(decrease) in operating assets			
Purchase of trading securities (Treasury bills)		(370,000,000)	(680,000,000)
Loan and advances to other banks (money at call)		-	-
Loans and advances to the customers		(3,805,379,075)	(3,611,903,854)
Other short term assets	34	(434,402,170)	401,877,376
Deposits from other banks		(163,237,000)	580,000,000
Deposits from customers		4,628,749,157	2,855,396,458
Changes in other deposits on behalf of customers		(17,997,785)	207,018,020
Other liabilities	35	(84,627,308)	70,167,739
		<u>(246,894,181)</u>	<u>(177,444,261)</u>
Net cash received from operating activities		428,329,846	309,485,625
B) Cash flows from investing activities			
Debentures		5,000,000	5,000,000
Proceeds from sale of securities		-	59,307,391
Payments for purchases of securities		(27,595,000)	-
Purchase of property, plant & equipment		(79,148,928)	(71,243,704)
Proceeds from sale of property, plant & equipment		477,087	334,167
Net cash from investing activities		(101,266,841)	(6,602,146)
C) Cash flows from financing activities			
Dividend paid		(120,000,000)	(150,000,000)
Net Cash flow from financing activities		(120,000,000)	(150,000,000)
D) Net increase in cash and cash equivalents (A+ B + C)		207,063,005	152,883,479
E) Effects of exchange rate changes on cash and cash equivalents		(12,682,219)	(9,386,160)
F) Opening cash and cash equivalents		4,187,486,977	4,043,989,658
G) Closing cash and cash equivalents (D+E+F)		<u>4,381,867,763</u>	<u>4,187,486,977</u>
Cash and cash equivalents at the end of period			
Cash in Hand (including Foreign Currencies)		160,262,434	237570319.3
Balance with Bangladesh Bank& Sonali Bank (including Foreign Currencies)		973,255,546	1129174257
Balance with other Banks and Financial Institutions		2,527,281,383	2189509401
Money at Call and Short Notice		420,000,000	630,000,000
Treasury bills - 90 days Reverse REPO		300,000,000	-
Prize Bonds		1,068,400	1,233,000
		<u>4,381,867,763</u>	<u>4,187,486,977</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2003**

Particulars	Paid up Capital Taka	Share Premium Taka	Statutory Reserve Taka	Proposed		Profit and Loss account Taka	Total Taka
				Bonus Share Taka	Cash Dividend Taka		
Balance at 1 January 2003	600,000,000	256,464,400	448,925,103	100,000,000	120,000,000	1,018,618	1,526,408,121
Net profit for the year after tax	-	-	-	-	-	375,455,447	375,455,447
Dividend Paid during the year	-	-	-	-	(120,000,000)	-	(120,000,000)
Transfer of Share Premium	100,000,000	(256,464,400)	-	(100,000,000)	-	256,464,400	-
Appropriation during the year	-	-	153,982,000	300,000,000	154,000,000	(607,982,000)	-
Balance at 31 December 2003	700,000,000	-	602,907,103	300,000,000	154,000,000	24,956,465	1,781,863,568

These financial statements should be read in conjunction with the annexed notes.


Chairman


Director


Director


Managing Director

Statement of Liquidity
(Analysis of maturity of assets & liabilities)
As at 31 December 2003

Particulars	Up to 1 month	1-3 month	3-12 month	1-5 years	above 5 years	Total
Assets						
Cash in hand	1,133,517,980	-	-	-	-	1,133,517,980
Balance with other Bank & Financial institution	251,221,601	2,225,000,000	51,059,782	-	-	2,527,281,383
Money at call & short notice	420,000,000	-	-	-	-	420,000,000
Investments	328,663,400	-	175,000,000	2,211,046,000	35,000,000	2,749,709,400
Loans & advances	2,545,525,529	2,272,508,876	6,100,368,000	4,504,709,000	1,069,113,000	16,492,224,405
Fixed assets including premises, furniture and fixtures	2,569,050	5,138,100	23,121,450	229,434,392	4,905,380	265,168,372
Other assets	163,050,518	273,494,015	11,986,970	189,077,034	6,844,453	644,452,990
Non banking assets	-	-	-	-	-	-
Total assets (A):	4,844,548,078	4,776,140,991	6,361,536,202	7,134,266,426	1,115,862,833	24,232,354,530
Liability						
Borrowings from other banks, financial institutions and agents	200,000,000	-	-	366,763,000	-	566,763,000
Deposits and other accounts	6,826,359,225	3,040,791,000	5,147,599,000	3,860,298,136	2,217,302,000	21,092,349,361
Provisions & other liabilities	69,157,957.00	20,357,821	94,481,852	435,647,971	171,733,000	791,378,601
Total Liabilities (B):	7,095,517,182	3,061,148,821	5,242,080,852	4,662,709,107	2,389,035,000	22,450,490,962
Net Liquidity Gap (A - B):	(2,250,969,104)	1,714,992,170	1,119,455,350	2,471,557,319	(1,273,172,167)	1,781,863,568

These financial statements should be read in conjunction with the annexed notes.


Chairman


Director


Director


Managing Director

HIGHLIGHTS

(Taka in million)

Sl. #	Particulars	2003	2002
1	Paid-up Capital	700.00	600.00
2	Total Capital	1,962.12	1,665.10
3	Capital surplus/deficit	480.85	594.00
4	Total Assets	24,232.35	19,358.93
5	Total Deposits	21,092.35	16,481.60
6	Total Loans and Advances	16,492.22	12,686.85
7	Total Contingent Liabilities and Commitments	14,635.06	13,263.78
8	Credit Deposit Ratio	78%	77%
9	Percentage of Classified Loans against Total Loans & Advances	1.98%	1.48%
10	Profit after tax & provision	375.46	418.14
11	Amount of classified loans during current year	214.45	86.96
12	Provisions kept against classified loan	249.44	122.81
13	Provision surplus/deficit against classified loan	85.98	25.27
14	Cost of fund	7.32%	7.27%
15	Interest earning Assets	21,936.70	17,178.17
16	Non-interest earning Assets	2,295.65	2,180.76
17	Return on investment (ROI)	6.58%	6.55%
18	Return on Assets (ROA)	4.13%	3.86%
19	Income from Investment	167.77	130.75
20	Earnings per Share	53.64	59.73
21	Net Income per Share	53.64	69.69
22	Price Earning Ratio	6.98	5.15

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

1 Status of the bank

The bank was incorporated as a public limited company in Bangladesh as a Banking Company under Companies Act 1994 and Commenced its banking business with one branch from 1995 . Now it has 30 branches and a booth located at Dhaka club Dhaka all over Bangladesh. It carries out all the banking activities through its branches in Bangladesh. Out of the above, four branches of the bank are run under Islamic Shariah, the modus operandi of which is substantially different from other branches run on commercial conventional basis. The bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a Publicly Quoted company for its general class of shares.

2 Significant accounting policies and basis of presentation of financial statements

2.1 Basis of accounting

Conventional Banking

The financial statement of the Bank are made upto 31 December 2003 and are prepared under the historical cost convention and in accordance with the "First Schedule (Sec-38) of the Bank Companies Act, 1991 as amended by BRPD Circular 14 dated 25 June, 2003, other Bangladesh Bank Circulars, International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Bangladesh , Companies Act 1994, the Securities and Exchange Rules 1987 and other laws and rules applicable in Bangladesh on a going concern basis.

Islamic Banking

The Bank operates Islamic Banking in four branches designated for the purpose in complying with the rules of Islamic shariah. In addition to foregoing directives and standards , the operation of these branches are accounted for in accordance with Financial Accounting Standards issued by the Accountancy and Auditing organisation for Islamic Financial Institutions for which a separate set of books and records are being maintained the financial statements of these branches have also been prepared as per Bank Companies Act 1991.

2.2 Investments

Value of Investment has been enumerated as follows :

<u>Items</u>	<u>Applicable Accounting</u>
Government Treasury Bills	At face value (including unearned interest)
T & T Bonds & Bangladesh Treasury Bonds	At cost
Prize Bond	Cost price
Bangladesh House Building Finance Corporation-Debenture	At redeemable value
Investments in shares	At the lower of cost and market value at the Balance Sheet date on an aggregate portfolio basis

2.3 Advances

a) Interest is calculated on a daily product basis but charged and accounted for quarterly on accrual basis. Interest on classified loans and advances is kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realised from borrowers.

b) Provision for loans and advances is made on the basis of year end review by the management and of instructions contained in Bangladesh Bank BCD Circular no. 34 dated 16 November 1989, BCD Circular no. 20 dated 27 December 1994, BCD Circular no. 12 dated 4 September 1995, BRPD Circular no. 16 dated 6 December 1998 and BRPD Circular no. 9 dated 14 May 2001.

2.4 Fixed assets and depreciation

a) All fixed assets are stated at cost less accumulated depreciation.

b) Depreciation is charged for the year at the following rates on reducing balance method on all material fixed assets other than land:

Category of fixed assets	Rate of depreciation
Furniture and fixtures	10%
Office equipment	20%
Library books	20%
Bank's Vehicles	20%

2.5 Foreign currencies transactions/Translation

Foreign Currencies transactions are converted into equivalent Taka currency using the ruling exchange rates on the dates of such transactions. Assets and liabilities as at 31 December 2003 in foreign currencies are translated into Taka currency at the prevailing selling and buying rates of the concerned foreign currencies of that day. All differences arising from this conversion is charged/credited to the Profit and Loss Account.

2.6 Retirement benefits of the employees

Provident fund benefits are given to the staff of the bank in accordance with the locally registered Provident fund rules.

Consistent with the past practice of the Prime Bank Limited no provision for the liabilities for gratuity, (the quantum of which at 31 December 2003 has not been ascertained) has been made in these financial statements which would have been payable to the employees on their separation from the Prime Bank Limited's service on that date as the payments for gratuity are charged in the books for the year in which these are disbursed.

2.7 Provision for taxation

Provision for income tax has been made @ 45% as prescribed in Finance Act 2003 of the accounting profit made by the Bank after considering some taxable add backs of income and disallowances of expenditures.

2.8 Post Balance Sheet events

No material events occurring after Balance Sheet date came to our notice which could affect the values reported in the financial statements.

2.9 General

a) Figures appearing in these financial statements have been rounded off to the nearest Taka.

b) The expenses, irrespective of capital or revenue nature, accrued/ due but not paid have been provided for in the books of the Bank.

c) Figures of previous year have been rearranged wherever necessary to conform to current year's presentation.

	2003	2002
	Taka	Taka
3 Cash In hand (Including foreign currencies)		
Local Currency	149,203,845	143,557,440
Foreign Currencies	<u>11,058,589</u>	<u>94,012,879</u>
	<u>160,262,434</u>	<u>237,570,319</u>
4 Balance with Bangladesh Bank and Sonali Bank(Including foreign currencies)		
Bangladesh Bank		
In local currency*	<u>722,851,452</u>	<u>758,891,299</u>
In foreign currencies	<u>218,291,689</u>	<u>325,874,784</u>
	941,143,141	1,084,766,083
Sonali Bank in local currency as agent of Bangladesh Bank	<u>32,112,405</u>	<u>44,408,174</u>
	<u>973,255,546</u>	<u>1,129,174,257</u>

*Tk 854,441,000 has been kept deposited with Bangladesh Bank as at 31 December 2003 as Cash Reserve Requirement in Local Currency. However, ledger shows Tk 722,851,452 in local currency as at 31 December 2003 being the amount credited in bank statement of Bangladesh Bank account but not debited in Bank's ledger account.

5 Balance with other Banks and Financial Institutions		
In side Bangladesh - Note 5.1	2,417,688,341	2,078,658,497
Outside Bangladesh - Note 5.2	<u>109,593,042</u>	<u>110,850,904</u>
	<u>2,527,281,383</u>	<u>2,189,509,401</u>

5.1 In Side Bangladesh

<u>Current Account</u>		
Agrani Bank	<u>1,129,523</u>	<u>33,372,755</u>
Arab Bangladesh Bank Ltd.	1,087,287	308,984,818
Islami Bank BD Ltd.	1,145,897	488,950
Janata Bank	691,478	4,675,981
Rupali Bank Ltd	357,458	-
Sonali Bank	2,167,106	3,674,836
Standard Chartered Bank	20,360	25,000
Uttara Bank Ltd	<u>491,740</u>	<u>-</u>
	7,090,849	351,222,340
<u>Short Term Deposit Accounts</u>		
Agrani Bank	<u>231,549</u>	<u>-</u>
Janata Bank	3,882,378	-
The Oriental Bank Ltd	<u>31,062</u>	<u>30,226</u>
	4,144,989	30,226
<u>Savings accounts</u>		
Shamil Bank of Bahrain E.C.	<u>415,915</u>	<u>388,799</u>
Social Investment Bank Ltd.	248,455	50,236,453
Al Arafah Islami Bank Ltd.	<u>512,841</u>	<u>380,679</u>
	1,177,211	51,005,931
<i>Balance carried forward</i>	<i>12,413,049</i>	<i>402,258,497</i>

	2003 Taka	2002 Taka
<i>Balance brought forward</i>	<i>12,413,049</i>	<i>402,258,497</i>
Fixed Deposit Received		
Bank Asia Ltd.	-	50,000,000
Dhaka Bank Ltd.	250,000,000	-
Dutch Bangla Bank Ltd.	250,000,000	100,000,000
Eastern Bank Ltd.	550,000,000	100,000,000
EXIM Bank Ltd	150,000,000	-
Far East Finance & Investment Ltd.	20,000,000	60,000,000
First Security Bank Ltd.	-	100,000,000
IFIC Bank Ltd	200,000,000	-
International Finance & Leasing Co. Ltd.	-	50,000,000
Jamuna Bank Ltd.	-	150,000,000
Mutual Trust Bank Ltd.	-	100,000,000
National Bank Ltd.	505,000,000	300,000,000
Prime Finance & Investment Ltd.	50,000,000	150,000,000
Southeast Bank Ltd.	200,000,000	400,000,000
Standard Chartered Bank	14,475,292	-
The Trust Bank Ltd	50,000,000	-
Woori (Hanvit) Bank	115,800,000	116,400,000
Standard Bank Ltd	50,000,000	-
	<u>2,405,275,292</u>	<u>1,676,400,000</u>
	<u>2,417,688,341</u>	<u>2,078,658,497</u>

5.2 Outside Bangladesh (Nostro Accounts)

Current account

Unicredito Italiano ,Spain	65,821	-
ICICI Bank, India	14,855,645	-
American Express Bank Ltd., Frankfurt, Germany	131,015	-
Habib American Bank , New York, USA	300,416	-
American Express Bank Ltd., New York, USA	346,571	4,108,305
Mashreq, Bank New York, USA	6,095,824	4,638,321
HSBC, New York, USA	196,800	724,462
Standard Chartered Bank, New York, USA	6,367,467	4,226,994
Citibank N.A., New York, USA	136,825	32,260,552
Citibank N.A., India	18,172,516	2,707,614
Standard Chartered Bank, Kolkata	14,247,120	8,073,578
American Express Bank Ltd., Kolkata	(3,412,425)	5,741,516
Rupali Bank Ltd, Karachi	15,274,268	1,428,072
Peoples Bank, Sri Lanka	15,523	4,661,414
Nepal Bangladesh Bank Ltd., Nepal	99,341	102,242
Sonali Bank, Kolkata	525,499	112,906
State Bank of India, Kolkata	4,059,620	13,335,112
Arab Bangladesh Bank Ltd., Mumbai, India	6,155,542	4,392,185
Bank of Tokyo Mitsubishi Ltd., Japan	1,748,597	530,928
National Westminster Bank Plc, London, UK	1,345,342	2,393,888
Commerzbank AG, Frankfurt, Germany	3,133,968	12,542,216
Banca Nazionale del Lavoro, Rome	1,565,218	304,374
Wachovia Bank N.A	43,886	494,026
Citibank N.A., London	14,681,348	1,807,131
Bank of Nova Scotia, Canada	554,861	661,406
Commonwealth Bank of Australia	184,853	489,113
Skandinaviska Enskilda, Banken, Sweden	421,388	1,977,183
Bank of Bhutan, Bhutan	800,496	368,345
Credit Suisse (First Boston), Switzerland	1,479,697	2,769,021
	<u>109,593,042</u>	<u>110,850,904</u>

(Annexure -A may kindly be seen for details)

	2003	2002
	Taka	Taka
5.3 Maturity grouping of balance with other banks and financial institutions		
On demand	116,801,612	467,173,837
Upto 1 month	134,419,989	45,935,564
Over 1 month but not more than 3 months	2,225,000,000	1,676,400,000
Over 3 months but not more than 1 Year	51,059,782	-
Over 1 Year but not more than 5 Years	-	-
Over 5 Years	-	-
	<u>2,527,281,383</u>	<u>2,189,509,401</u>
6 Money at Call and Short Notice		
Banking Company		
EXIM Bank Ltd.	-	140,000,000
Bank Asia Limited	30,000,000	40,000,000
HSBC	-	40,000,000
Mercantile Bank Limited	-	20,000,000
American Express Bank Limited	30,000,000	-
Jamuna Bank Ltd.	-	50,000,000
Standard Chartered Bank	300,000,000	100,000,000
Citibank, N.A.	20,000,000	-
	380,000,000	390,000,000
Financial Institutions		
GSP Finance	10,000,000	-
Industrial Promotion and Development Company of Bangladesh Limited.	-	200,000,000
United Leasing Company Ltd.	-	40,000,000
International Leasing and Financial Services Ltd	30,000,000	-
	40,000,000	240,000,000
	<u>420,000,000</u>	<u>630,000,000</u>
7 Investments		
Government Securities		
Treasury Bills (at face value) Note - 7.1		
182 days Treasure Bills	20,000,000	-
364 days Treasure Bills	150,000,000	200,000,000
2 Years Treasury Bills	430,000,000	380,000,000
5 Years Treasury Bills	1,650,000,000	1,300,000,000
90 days Reverse REPO	300,000,000	-
	2,550,000,000	1,880,000,000
Bonds		
Prize bonds	1,068,400	1,233,000
Other bonds - (Note 7.3)	82,046,000	50,000,000
	83,114,400	51,233,000
	<u>2,633,114,400</u>	<u>1,931,233,000</u>
Other Investments		
Debentures of HBFC (bearing interest rate @10%)-Note 7.4	60,000,000	65,000,000
DBBL Bond (bearing interest rate @10%)	29,000,000	-
Shares (Annexure -B may kindly be seen for details)	27,595,000	-
	116,595,000	65,000,000
	<u>2,749,709,400</u>	<u>1,996,233,000</u>

7.1 Treasury bills include unearned interest thereon and corresponding credit is shown in sundry deposits.

	2003	2002
	Taka	Taka
7.2 Maturity grouping of Investments		
On demand	328,663,400	1,233,000
Upto 1 month	-	-
Over 1 month but not more than 3 months	-	-
Over 3 months but not more than 1 Year	175,000,000	200,000,000
Over 1 Year but not more than 5 Years	2,211,046,000	1,755,000,000
Over 5 Years	35,000,000	40,000,000
	<u>2,749,709,400</u>	<u>1,996,233,000</u>

7.3 Other bonds

Name of the bond	Rate of interest		
Biman bond	9.00%	-	50,000,000
T & T bond	8.40%	10,000,000	-
T & T bond	8.45%	10,000,000	-
T & T bond	8.50%	10,000,000	-
T & T bond	8.48%	10,000,000	-
T & T bond	8.53%	10,000,000	-
T & T bond	8.55%	10,000,000	-
T & T bond	8.58%	10,000,000	-
T & T bond	8.61%	10,000,000	-
Bangladesh Treasury Bond	5.00%	2,046,000	-
		<u>82,046,000</u>	<u>50,000,000</u>

7.4 Debentures of Bangladesh House Building Finance Corporation - at cost

Principal	100,000,000	100,000,000
Redeemed up to 31 December 2003	40,000,000	35,000,000
Book value	<u>60,000,000</u>	<u>65,000,000</u>

8 Loans and Advances

Loans, Cash Credit & Overdrafts etc

Inside Bangladesh

Secured overdraft	2,545,525,529	1,683,808,660
Cash credit	3,416,440,340	2,763,541,630
Loans (General)	1,996,452,999	1,463,032,118
House building loans	548,127,264	392,124,354
Loans against trust receipt	1,826,571,111	1,837,713,941
Payment against document	631,489,521	482,382,567
Consumer credit scheme	519,466,392	473,569,591
Lease finance	1,215,916,624	929,389,879
Other loans and advances	1,865,956,531	1,221,732,045
	<u>14,565,946,311</u>	<u>11,247,294,785</u>

Outside Bangladesh

14,565,946,311 **11,247,294,785**

Bills purchased and Discounted

Payable Inside Bangladesh

Inland bills purchased	294,724,880	200,553,787
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Payable Outside Bangladesh

Foreign bills purchased and discounted	1,631,553,214	1,238,996,758
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1,926,278,094 **1,439,550,545**

16,492,224,405 **12,686,845,330**

	2003	2002
	Taka	Taka
8.1 Residual maturity grouping of loans and advances including bills purchased and discounted		
Repayable on demand	2,545,525,529	1,921,929,120
Upto 1 month	-	-
Over 1 month but not more than 3 months	2,272,508,876	2,416,086,210
Over 3 months but not more than 1 Year	6,100,368,000	4,529,328,000
Over 1 Year but not more than 5 Years	4,504,709,000	3,322,082,000
Over 5 Years	1,069,113,000	497,420,000
	<u>16,492,224,405</u>	<u>12,686,845,330</u>

8.2 Loans and Advances under the following broad categories

Loans	8,603,980,442	6,799,944,495
Cash Credit	3,416,440,340	2,763,541,630
Overdraft	2,545,525,529	1,683,808,660
	14,565,946,311	11,247,294,785
Bills Purchased & Discounted (Note 9)	<u>1,926,278,094</u>	<u>1,439,550,545</u>
	<u>16,492,224,405</u>	<u>12,686,845,330</u>

8.3 Geographical location -wise

Inside Bangladesh		
Dhaka Division	11,785,612,205	8,252,815,300
Chittagong Division	2,640,606,000	2,747,810,130
Khulna Divison	875,403,500	797,115,800
Syhlhet Division	460,900,900	364,402,500
Barisal Division	216,300,900	208,900,800
Rafshahi Division	513,400,900	315,800,800
	16,492,224,405	12,686,845,330
Outside Bangladesh	-	-
	<u>16,492,224,405</u>	<u>12,686,845,330</u>

8.4 Loans and advances on the basis of significant concentration including bills purchased and discounted

a) Loans and advances to directors of the bank	-	-
b) Loans and advances to chief executive and other senior executives	34,330,000	34,521,000
c) Loans and advances to customers group:		
I) Commercial lending	4,448,402,345	4,107,700,349
ii) Export financing	2,398,980,000	1,675,552,000
iii) House building loan	548,127,264	467,474,000
iv) Consumers credit scheme	519,466,391	473,569,591
v) Small & medium enterprises	141,438,000	114,696,000
vi) Special program loan	2,261,566,000	1,741,063,000
vii) Staff loan	167,166,000	115,759,060
vii) Other loan & advances	141,129,405	158,319,330
	10,626,275,405	8,854,133,330

	2003	2002
	Taka	Taka
d) Industrial Loan		
Agricultural industries	214,226,000	58,992,000
Textile industries	1,905,389,000	1,414,982,000
Food & allied industries	546,661,000	227,980,000
Pharmaceuticals industries	406,852,000	110,990,000
Leather, chemical, cosmetics etc	343,749,000	290,973,000
Tabacco industries	297,120,000	328,501,000
Cement & ceramic industries	275,956,000	70,543,000
Service industries	131,748,000	217,105,000
Transport & communication industries	505,043,000	441,891,000
Other industries	1,204,875,000	636,234,000
	5,831,619,000	3,798,191,000
Total loans and advances	16,492,224,405	12,686,845,330

Loans and advances allowed to each customer exceeding 15% of Bank total capital

*Total Loans and advances (Outstanding at Balance sheet date)	2,026,300,000	1,434,300,000
No of Customers	5	3
Classified amount thereon	Nil	Nil
Measures taken for recovery	Not Applicable	Not Applicable

*The amount represents the sum of total loans and advances to each customers exceeding Tk 29.43 core which is computed @ 15% of total capital of the bank (i.e. Tk. 196.21 core) as at 31 December 2003.

Number of the clients	Outstandings		Total (TK In Crore)	Status
	Funded	Non-funded		
1.Rahmat Textiles Ltd (Group)	50.38	-	50.38	Unclassified
2.Abul KhairTobaco Co. Ltd	37.05	-	37.05	Unclassified
3.Nasa Group	43.20		43.20	Unclassified
4.Legend Group	31.54		31.54	Unclassified
5.Noman Group	40.46		40.46	Unclassified
	202.63		202.63	

8.5 Classification of loans and advances

Unclassified loans and advances (including staff loan)	16,165,692,405	12,498,628,330
Sub-standard	76,181,000	31,863,000
Doubtful	40,282,000	21,692,000
Bad/Loss	210,069,000	134,662,000
	16,492,224,405	12,686,845,330

8.6 Particulars of required provision for loans and advances

Status	Base for provision	Rate (%)		
Unclassified-specific provision	15,964,196,000	1	159,641,960	123,484,000
Classified- specific provision				
Sub-standard	58,638,000	20	11,727,600	5,247,000
Doubtful	28,319,000	50	14,159,000	6,156,000
Bad/Loss	137,571,000	100	137,571,000	86,136,000
			163,457,600	97,539,000
Required provision for loans and advances			323,099,560	221,023,000
Total provision maintained			421,176,700	254,541,820
Excess/(Short) provision at 31 December 2003			98,077,140	33,518,820

The Bank has outstanding balance of provision on unclassified loan amounting to Tk. 171,733,000 and Tk. 249,443,700 against classified loans. There exist surplus of Tk. 12,091,040 under unclassified loans and advance and Tk. 85,986,100 against classified loans and advances.

	2003	2002
	Taka	Taka
8.7 Particulars of loans and advances		
i) Debts considered good in respect of which the bank is fully secured.	15,764,997,944	10,474,230,785
ii) Debts considered good for which the bank holds no other security than the debtors' personal security.	207,760,070	1,659,576,545
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	519,466,391	553,038,000
* iv) Debts considered doubtful or bad not provided for	-	-
	<u>16,492,224,405</u>	<u>12,686,845,330</u>
v) Debts due by directors or officers of the banking company or anyone of them either severally or jointly with any other persons.	<u>201,496,000</u>	<u>150,280,060</u>
vi) Debts due by companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies, as members.	-	<u>6,623,000</u>
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 persons.	<u>201,505,000</u>	<u>150,280,060</u>
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 are interested as directors, partners or managing agents or in case of private companies, as members	-	<u>6,623,000</u>
ix) Due from banking companies	-	-
x) Classified loans and advances		
a) Classified loans and advances on which no interest is credited to income	<u>326,532,000</u>	<u>188,217,000</u>
b) Provision on classified loans and advances (for movement see note-14.2)	<u>249,443,700</u>	<u>122,808,820</u>
c) Provision kept against loan classified as bad debts	<u>137,571,000</u>	<u>86,136,000</u>
d) Interest credited to interest Suspense Account	<u>27,081,802</u>	<u>24,610,178</u>
xi) Cumulative amount of written off loan		
Opening Balance	-	-
Amount written of during the year	<u>76,036,000</u>	<u>-</u>
	<u>76,036,000</u>	<u>-</u>
The amount of written off loan for which law suit has been filed	<u>76,036,000</u>	<u>-</u>
* This should be read in conjunction with notes 8.5 and 8.6		

9 Bills purchased and discounted

Payable in Bangladesh	294,724,880	200,553,787
Payable outside Bangladesh	<u>1,631,553,214</u>	<u>1,238,996,758</u>
	<u>1,926,278,094</u>	<u>1,439,550,545</u>

9.1 Maturity grouping of bills purchased and discounted

Payable within one month	514,644,044	384,604,962
Over one month but less than three month	568,878,000	425,135,206
Over three month but less than six month	756,008,050	564,981,663
Six month or more	<u>86,748,000</u>	<u>64,828,714</u>
	<u>1,926,278,094</u>	<u>1,439,550,545</u>

	2003	2002
	Taka	Taka
10 Fixed assets including premises, furniture and fixtures		
Cost		
Land	49,058,380	49,136,699
Furniture & fixtures	141,033,597	92,987,852
Office equipment & machinery	174,293,757	144,504,660
Bank's vehicles	29,253,588	30,234,532
Library books	529,411	358,497
Total Cost	394,168,733	268,085,541
Less: Accumulated depreciation	129,000,361	98,725,744
Net book value at 31 December 2003	265,168,372	218,496,496

(Annexure - C may kindly be seen for details)

11 Other assets

Stationery and stamps	14,568,795	15,964,221
Adjusting account debits (Note - 11.1)	213,925,249	169,223,785
Advance deposits & advance rent	48,396,733	37,394,944
Branch adjustments accounts (Note-11.2)	231,176,987	-
Suspense account (Note -11.3)	105,015,597	38,889,162
Sundry assets (Note -11.4)	31,369,629	9,624,709
	644,452,990	271,096,821

11.1 Adjusting account debits: Amount represents interest receivable on deposits with other banks, Interest receivable on Treasury bills, Interest receivable on TOD, Commission receivables, foreign currency gain receivables etc.

11.2 Branch adjustments account represents outstanding Interbranch and Headoffice transactions (Net) originated but yet to be responded by the balance sheet date. However, the balance of unreconciled items out of that balance has been negligible on the date of issue of financial statement being adjusted/reconciled subsequently.

11.3 Suspense account : Amount represents encashment of PSP/ BSP, amounts paid against opening of proposed branches, TA/ DA, suspense others etc.

11.4 Sundry assets include bills purchased for Credit Card, Demand Draft paid without advice etc.

12 Borrowings from other banks, financial institutions and agents

From Sonali Bank (REPO of Treasury Bill)	200,000,000	-
Refinance against export credit	366,763,000	-
Call loan inside Bangladesh		
Agrani Bank	-	150,000,000
Sonali Bank	-	280,000,000
Pubali Bank Ltd.	-	20,000,000
Rupali Bank	-	280,000,000
	-	730,000,000
	566,763,000	730,000,000

12.1 Maturity grouping of Borrowings from other banks, financial institutions and agents

Payable		
On demand	-	730,000,000
Upto 1 month	200,000,000	-
Over 1 month but within 3 months	-	-
Over 3 month but within 1 Year	-	-
Over 1 Year but within 5 Years	366,763,000	-
Over 5 Years	-	-
	566,763,000	730,000,000

	2003 Taka	2002 Taka
13 Deposits and other accounts		
Current deposits and other accounts		
Current account	1,156,523,013	1,011,280,913
Foreign currency deposits	402,197,567	486,983,226
Sundry deposits (Note 13.1)	2,462,688,093	2,091,263,351
	4,021,408,673	3,589,527,490
Bills payable		
Pay order & pay slip (issued)	362,765,314	358,229,535
Demand draft & T.T Payable	50,629,400	32,823,122
Traveller's cheques issued	252,670	189,610
	413,647,384	391,242,267
Saving deposits	2,631,112,661	1,964,390,309
Bearer certificate of deposits *	3,519,456	43,922,357
	2,634,632,117	2,008,312,666
Term deposits		
Fixed deposits	8,049,030,240	5,674,502,368
Short term deposits	1,855,330,361	1,173,439,387
Non resident taka deposits	2,391,701	171,846
Scheme deposits	4,115,908,885	3,644,401,965
	14,022,661,187	10,492,515,566
	21,092,349,361	16,481,597,989

*Note: Bearer certificates of deposits are not issued since 23 October 2002 as per guidance of Bangladesh Bank.

13.1 Sundry deposits

Security deposit receipts	109,014,836	128,974,362
Security deposits	47,537,589	17,268,229
Sundry creditors (including unearned interest on Treasury bills)	707,593,009	516,802,342
Risk fund & service charge (CCS & lease finance)	17,585,264	17,357,115
Sale proceeds of PSP/BSP	43,892,150	44,811,325
Margin on letters of guarantee	169,097,959	124,592,122
Margin on letters of credit	462,760,009	526,920,072
Margin on FDBP/ IBP	54,856,006	22,344,703
Lease deposits	101,061,083	76,653,465
Cash benefit fund for exporters	3,900,993	46,218,972
Interest/ profit payable on deposits	463,819,069	178,660,639
Others	281,570,126	390,660,005
	2,462,688,093	2,091,263,351

			2003	2002
			Taka	Taka
13.2 Deposits and other accounts				
(according to maturity grouping)				
	<u>From banks</u>	<u>Other than banks</u>		
Payable				
On demand	23,938,300	4,640,116,700	4,664,055,000	5,318,986,220
Upto 1 month	336,098,700	1,826,205,525	2,162,304,225	1,875,733,348
Over 1 month but within 3 months	-	4,890,173,136	4,890,173,136	992,151,909
Over 3 month but within 1 Year	112,736,000	3,185,481,000	3,298,217,000	3,298,771,332
Over 1 Year but within 5 Years	-	3,860,298,000	3,860,298,000	3,216,068,000
Over 5 Years	-	2,217,302,000	2,217,302,000	1,779,887,180
	<u>472,773,000</u>	<u>20,619,576,361</u>	<u>21,092,349,361</u>	<u>16,481,597,989</u>

**13.3 Particulars of required amount of CRR and SLR
CRR (Cash Reserve Requirement)**

Required	Amount	854,441,000	619,150,000
	%	4%	4%
Maintained	Amount	953,048,000	761,990,000
	%	4.46%	4.92%

SLR (Statutory Liquidity Ratio)

Required	Amount	2,563,324,000	2,476,601,000
	%	12%	16%
Maintained	Amount	2,969,361,000	2,605,178,000
	%	13.90%	16.83%

14 Other Liabilities

Foreign currency held against L/Cs	78,043,852	67,802,966
Exchange equalisation account (Note 14.4)	4,523,326	4,462,949
Adjusting account - Credit	20,333,955	16,582,106
Provision for bonus	74,400,000	54,590,294
Exeagency fund	5,659,475	6,225,563
Liability for income tax (Note 14.1)	156,023,801	132,437,406
Credit Card	-	35,692,399
Unearned profit receivable - Islamic Banking Branch	135,690	845,021
Branch adjustment account (net)	-	20,628,813
Provision against loans & advances (Note - 14.2)	421,176,700	254,541,820
Interest suspense account (Note - 14.3)	27,081,802	24,610,178
Provision for other classified assets (Note 14.5)	4,000,000	2,500,000
Total	<u>791,378,601</u>	<u>620,919,515</u>

14.1 Liability for Income Tax

Provision		
Balance of provision on 1 January	821,215,294	542,515,294
Provision made during the year (Note 14.1.1)	394,455,000	278,700,000
Settlement for previous years	(24,832,787)	-
	<u>1,190,837,507</u>	<u>821,215,294</u>
Advance Tax		
Balance of advance Income Tax on 1 January	688,777,888	391,461,402
Paid during the year	370,868,605	297,316,486
Settlement for previous years	(24,832,787)	-
	<u>1,034,813,706</u>	<u>688,777,888</u>
Net Balances at 31 December	<u>156,023,801</u>	<u>132,437,406</u>

14.1.1 Provision for income Tax

There exists a shortfall in provision for income tax for the period upto the year ended 31 December 2001 aggregating to Tk 65,534,173 against which appeals are made by the bank and are now pending income tax authorities. While the outcome of such appeals cannot be ascertained with reasonable certainty, bank considered that no provision would be necessary for such appeal and therefore no provision has been made in these financial statements.

Provision for taxation has been made on accounting profit considering taxable allowances / disallowances as per IT ordinance- 1984 amounting to Tk. 394,455,000 for the year 2003 and to cover expected short fall for earlier years.

The shortfall of provision for tax of Tk 65,534,173 has been arrived at as follows:

Acc- ting Year	Assessment Year	Tax Provision as per accounts	Tax as per assessment order	Excess / (Short) Provision	Present status
1995	1996-1997	-	-	-	Final
1996	1997-1998	11,835,000	1,584,924	10,250,076	Final
1997	1998-1999	25,000,000	23,247,863	1,752,137	Final
1998	1999-2000	6,954,644	7,857,330	(902,686)	Referred to High Court by tax department
1999	2000-2001	110,868,000	103,312,905	7,555,095	Subject to rectificati- on prayer filed before the tribunal
2000	2001-2002	165,755,000	181,232,073	(15,477,073)	Tribunal order not yet revised
2001	2002-2003	222,102,650	290,814,372	(68,711,722)	Do
2002	2003-2004	278,700,000	-	-	Return submitted on 23.09.03 not yet assessed
		821,215,294	608,049,467	65,534,173	

14.2 Movement in specific provision

Provision held at the beginning of the year
Specific provision made during the year (+)

Fully provided debts written off during the year (-)
Recoveries of amounts previously written off
Recoveries and provision no longer required
Provision held at the end of the year

Movement in General Provision

Provision held at the beginning of the year
Specific provision made during the year
Provision held at the end of the year

	2003 Taka	2002 Taka
Provision held at the beginning of the year	122,808,820	109,445,927
Specific provision made during the year (+)	190,000,000	15,000,000
Fully provided debts written off during the year (-)	312,808,820	124,445,927
Recoveries of amounts previously written off	(63,365,120)	-1,637,107
Recoveries and provision no longer required	-	-
Provision held at the end of the year	249,443,700	122,808,820
Provision held at the beginning of the year	131,733,000	96,733,000
Specific provision made during the year	40,000,000	35,000,000
Provision held at the end of the year	171,733,000	131,733,000
	421,176,700	254,541,820

14.3 Interest Suspense Account

Balance at the beginning of the year
Amount transferred during the year
Amount recovered during the year
Amount written-off during the year
Balance at the end of the year

Balance at the beginning of the year	24,610,178	21,384,738
Amount transferred during the year	21,242,624	6,355,529
Amount recovered during the year	(4,016,000)	(1,338,194)
Amount written-off during the year	(14,755,000)	(1,791,895)
Balance at the end of the year	27,081,802	24,610,178

	2003	2002		
	Taka	Taka		
14.4 Exchange equalisation account				
Balance as on 1 January	4,462,949	3,169,738		
Addition during the year	<u>60,377</u>	<u>1,293,211</u>		
	<u>4,523,326</u>	<u>4,462,949</u>		
14.5 Provision for other classified assets				
Balance as on 1 January	2,500,000	1,500,000		
Addition during the year	<u>1,500,000</u>	<u>1,000,000</u>		
	<u>4,000,000</u>	<u>2,500,000</u>		
15 Share Capital				
15.1 Authorized:	<u>1,000,000,000</u>	<u>1,000,000,000</u>		
10,000,000 Ordinary shares of Tk. 100.00 each				
15.2 Issued, subscribed and fully paid up:				
3,000,000 Ordinary shares of Tk.100.00 each issued for cash	300,000,000	300,000,000		
4,000,000 Ordinary shares of Tk. 100.00 each issued as bonus shares	<u>400,000,000</u>	<u>300,000,000</u>		
	<u>700,000,000</u>	<u>600,000,000</u>		
15.3 Initial public offer (IPO)				
Out of the total issued, subscribed and fully paid up capital of the bank 2,000,000 ordinary shares of Tk. 100.00 each amounting to Taka 200,000,000.00 was raised through public offering of shares held in 1999.				
15.4 Share premium account				
Opening Balance as at 1 January 03	256,464,400	121,652,700		
Add: Received during the year	-	134,811,700		
Less: Transferred during the year	<u>256,464,400</u>	<u>-</u>		
	<u>-</u>	<u>256,464,400</u>		
The balance of share premium account has been transferred to retained earning as per gazette notification issued by the Security and Exchange Commission with regard to the issuance of bonus shares.				
15.5 Capital Adequacy Ratio				
Tier – I (Core Capital)				
Paid up Capital	700,000,000	600,000,000		
Proposed issue of bonus share	300,000,000.00	100,000,000		
Proposed cash dividend	154,000,000.00	120,000,000		
Share premium account	-	256,464,400		
Statutory reserve	602,907,103	448,925,103		
Surplus of Profit and Loss Account	<u>24,956,465</u>	<u>1,018,618</u>		
	<u>1,781,863,568</u>	<u>1,526,408,121</u>		
Tier –II (Supplementary Capital)				
1% General Provision (Note 14.2)	171,733,000	131,733,000		
Exchange Equalisation (Note 14.4)	4,523,326	4,462,949		
General reserve	<u>4,000,000</u>	<u>2,500,000</u>		
	<u>180,256,326</u>	<u>138,695,949</u>		
A.Total Capital	<u>1,962,119,894</u>	<u>1,665,104,070</u>		
B. Total Risk Weighted Assets	<u>16,458,561,000</u>	<u>13,388,810,000</u>		
C. Required Capital based on Risk Weighted Assets(9%on B)	1,481,270,490	1,071,104,800		
D. Surplus/(Deficiency)...(A - C)	<u>480,849,404</u>	<u>593,999,270</u>		
Capital Adequacy Ratio	<u>11.92%</u>	<u>12.44%</u>		
Capital Requirement				
	<u>Required</u>	<u>Held</u>		
Tier - I	4.50%	10.83%	4.00%	11.40
Tier - II	4.50%	1.09%	4.00%	1.04
Total	9.00%	11.92%	8.00%	12.44%

15.6 Percentage of shareholdings at 31 December 2003

Particulars	Amount		Percentage of holdings	
	2003	2002	2003	2002
Sponsors	313,110,000	278,700,000	44.73%	46.45%
Financial institutions	91,770,000	71,220,000	13.11%	11.87%
Foreign investors	12,810,000	18,360,000	1.83%	3.06%
Non- resident Bangladeshis	560,000	480,000	0.08%	0.08%
General public	281,750,000	231,240,000	40.25%	38.54%
	700,000,000	600,000,000	100.00%	100.00%

15.7 On the basis of shareholdings at 31 December 2003

Shareholding range	No. of share holders	Shares	Percentage
01 - 499	1,439	196,350	2.81
500 - 5,000	446	530,450	7.58
5,001 - 10,000	23	158,200	2.26
10,001 - 20,000	21	288,200	4.12
20,001 - 30,000	9	229,450	3.28
30,001 - 40,000	5	173,000	2.47
40,001 - 50,000	9	402,400	5.75
50,001 - 100,000	18	1,322,450	18.89
100,001 - 1,000,000	23	3,699,500	52.85
1,000,000 and over	-	-	-
	1,993	7,000,000	100.00

16 Statutory reserve

Balance on 1 January	448,925,103	362,925,103
Add: Addition during the year	153,982,000	86,000,000
Balance at 31 December	602,907,103	448,925,103

17 Contingent liabilities

Letters of guarantee (Note 17.1)

Letters of guarantee (Local)	3,024,763,011	2,483,586,959
Letters of guarantee (Foreign)	1,769,010,202	1,025,146,750
Foreign counter guarantees	2,747,558,544	2,873,922,323
	7,541,331,757	6,382,656,032
Less margins	119,156,518	121,269,851
	7,422,175,239	6,261,386,181

Letters of Credit

Letters of credit (Inland)	144,142,000	170,020,785
Letters of credit (General)	3,054,319,872	3,533,346,759
Back to back L/C	987,711,500	781,297,000
Back to back bills	1,669,918,900	1,581,432,900
Back to back bills (EDF)	31,778,000	62,431,000
Bank's liabilities PAD (DEF)	787,420,998	412,211,629
	6,675,291,270	6,540,740,073
Outward bills for collection	35,592,425	35,881,943
Outward foreign bills for collection	361,483,640	219,349,230
Inward bills for collection	150,683	-
Inward foreign bills for collection	797,000	569,000
	398,023,748	255,800,173
Balance carried forward	14,495,490,257	13,057,926,427

	2003	2002
	Taka	Taka
<i>Balance brought forward</i>	<i>14,495,490,257</i>	<i>13,057,926,427</i>

Other liabilities

Bankers' liability written off	23,173,714	-
Interest on bad/loss loans and advances not debited to customers' accounts	34,828,568	24,316,003
Litigation pending against bank (Note - 17.2)	10,494,693	-
	<u>68,496,975</u>	<u>24,316,003</u>
	<u>14,563,987,232</u>	<u>13,082,242,430</u>

17.1 Letters of guarantee

Money for which the bank is contingently liable in respect of guarantees given favoring:

Directors or officers	-	-
Government	4,565,168,308	6,143,140,278
Banks and other financial institutions	20,297,000	43,462,460
Others	2,955,866,449	196,053,294
	<u>7,541,331,757</u>	<u>6,382,656,032</u>
Less: Margins	<u>(119,156,518)</u>	<u>(121,269,854)</u>
	<u>7,422,175,239</u>	<u>6,261,386,178</u>

17.2 Litigation pending against bank -

Branch/Division

	Amount of Claim in Taka
Motijheel Branch	1,845,436,589
Elephant road	400,000
Mohakhali	100,001
IBB , Dhaka	9,774,932
Head Office	219,760
	<u>10,494,693</u>

18 Interest income

Loans (General)	239,207,391	113,295,674
Loans against imported merchandise	54,023,914	44,683,229
Loans against trust receipts	295,976,590	145,912,994
Packing credit	9,547,023	7,105,321
Int. on EDF	7,828,264	4,871,823
House building loan	66,978,488	55,724,360
Lease finance	156,366,409	124,021,140
Hire purchase	114,559,692	56,240,296
Payment against documents	98,188,563	58,016,364
Cash credit	388,872,052	307,226,716
Secured overdraft	304,031,549	206,424,741
Consumer credit scheme	71,675,582	55,897,397
Staff loan	7,947,683	6,912,841
Documentary bills purchased	191,342,849	190,166,584
Other loans and advances	304,882	38,031
Total interest on loans & advances	<u>2,006,850,931</u>	<u>1,376,537,511</u>
Interest on investments with banks	142,436,312	231,054,551
Interest on Nostro account	9,377,730	12,217,926
	<u>2,158,664,973</u>	<u>1,619,809,988</u>

	2003	2002
	Taka	Taka
19 Interest paid on deposits and borrowings etc		
Savings account	136,360,786	84,198,524
Short term deposits	83,069,333	58,461,659
Fixed deposits	681,288,264	508,758,600
Bearer certificate of deposits	1,868,312	4,461,963
Deposits under scheme	435,313,362	366,213,189
Call deposits	45,675,812	25,611,698
Repurchase Agreement (REPO)	2,613,842	-
Others (Note-19.1)	21,332,124	7,053,915
	<u>1,407,521,835</u>	<u>1,054,759,548</u>
19.1 Others		
Interest paid on F.C	1,234,368	373,300
Interest paid on N.F.C.D	2,512,162	2,591,392
Interest paid on R. F.C.D	654,076	1,054,250
Interest paid on borrowing from Bangladesh Bank	16,478,888	2,917,877
Interest paid on Overseas A/C	452,630	117,096
	<u>21,332,124</u>	<u>7,053,915</u>
20 Income from investments		
Interest on treasury bills/bonds	164,724,976	126,547,478
Interest on debentures	2,887,500	2,887,500
Dividend on shares	157,926	1,310,570
	<u>167,770,402</u>	<u>130,745,548</u>
21 Commission, exchange and brokerage		
Commission on L/C	132,274,670	109,388,976
Commission on L/G	46,204,079	42,471,607
Commission on export bills	4,491,718	2,024,057
Commission on bills purchased	959,437	828,259
Commission on accepted bills	9,348,882	4,658,187
Commission on OBC, IBC etc.	2,086,567	1,342,989
Commission on PO, DD, TT, TC etc.	9,354,736	9,653,065
Commission on banker to the issue	8,019,089	787,959
Other commission	12,296,980	9,668,078
	225,036,158	180,823,177
Exchange gain including gain from foreign currency dealings	272,923,446	176,118,053
Brokerage	46,663	8,600
	<u>498,006,267</u>	<u>356,949,830</u>
22 Other operating income		
Rent recovered	761,318	447,300
Capital gain on sale of shares (Note 22.1)	-	1,572,744
Misc. earnings (Note- 22.2)	55,393,097	39,332,389
Services and other charges	7,934,315	13,166,628
Credit card income (Note 22.3)	60,383,793	50,668,860
Postage / telex / fax recoveries	26,800,102	19,462,920
Incidental charges	22,525,980	16,817,289
Foreign correspondent charges	1,203,589	1,987,042
Gain from sale of Treasury Bond	193,000	-
Gain from sale of Fixed Assets	99,990	-
	<u>175,295,184</u>	<u>143,455,172</u>

	2003	2002
	Taka	Taka
22.1 Capital gain on sale of shares		
Sale proceeds of shares	-	60,880,135
Less: Cost of shares	-	(59,307,391)
	<u>-</u>	<u>1,572,744</u>
22.2 Misc. earnings include foreign correspondent charges,, recovery of bank charges etc.		
22.3 Credit Card Income		
Annual fees	14,624,380	15,602,392
Interest income	29,274,302	21,199,595
Late payment fees	3,851,114	5,251,871
Interchange,mark-up,excess limit, cash advance fees etc.	8,612,099	5,599,725
Others	4,021,898	3,015,277
	<u>60,383,793</u>	<u>50,668,860</u>
23 Salaries and allowances		
Basic pay	106,444,453	84,903,013
Allowances	95,678,178	71,677,155
Bonus	89,838,962	67,198,492
Bank's contribution to provident fund	9,293,511	6,902,108
Gratuity	1,105,340	2,539,520
	<u>302,360,444</u>	<u>233,220,288</u>
24 Rent, taxes, insurance, electricity etc.		
Rent, rate & taxes	45,020,519	34,015,851
Insurance	12,781,927	10,626,763
Power and electricity	13,719,694	10,128,875
	<u>71,522,140</u>	<u>54,771,489</u>
25 Legal & professional expenses		
Legal expenses	1,678,621	1,378,586
Other professional charges	1,983,597	950,800
	<u>3,662,218</u>	<u>2,329,386</u>
26 Postage, stamps, telecommunication etc.		
Postage	3,199,790	2,623,748
Telegram, telex, fax and e-mail	11,526,163	7,590,987
Telephone - Office	10,597,799	7,975,162
Telephone - Residence	802,095	693,716
	<u>26,125,847</u>	<u>18,883,613</u>
27 Stationery, printing & advertisement etc.		
Office and security stationery	10,448,882	8,254,461
Computer consumable stationery	6,389,891	4,936,954
Publicity and advertisement	22,182,158	16,815,957
	<u>39,020,931</u>	<u>30,007,372</u>
28 Managing Director's Salary and allowances		
Basic Salary	1,920,000	1,605,645
Bonus	1,280,000	1,280,000
House rent allowance	840,000	395,782
Utility allowance	336,000	285,726
House maintainance allowance	504,000	459,669
	<u>4,880,000</u>	<u>4,026,822</u>

	2003	2002
	Taka	Taka
29 Directors' fee		
Meeting fees	1,790,000	1,727,500
Other benefits	-	-
	<u>1,790,000</u>	<u>1,727,500</u>
Each Director is paid for Tk.2,500/- per meeting per attendance.		
30 Repairs, maintenance and depreciation of fixed assets		
Depreciation-(annexure C may kindly be seen for details)	32,099,954	27,015,585
Repairs		
Furniture & fixtures	492,756	1,515,856
Office equipment	3,627,090	2,254,864
Bank's vehicles	1,166,756	1,087,215
Maintenance	947,273	799,073
	<u>6,233,875</u>	<u>5,657,008</u>
	<u>38,333,829</u>	<u>32,672,593</u>
31 Other expenses		
Security and cleaning	13,356,990	8,242,314
Entertainment	10,712,821	7,408,213
Car expenses	20,277,547	17,964,131
Books, magazines & newspapers etc.	521,922	474,183
Subscription to the institutions	7,755,928	4,429,135
Donations	5,712,900	758,900
Travelling expenses	6,673,983	5,839,425
Conveyance & freight	2,606,361	1,785,556
Business development	1,769,716	3,599,101
Training and internship	1,982,600	1,846,576
Liveries & uniforms	86,210	63,801
Medical expenses	501,669	86,030
Welfare	1,600,000	1,405,000
Loss on sale of fixed assets	-	150,216
Credit Card expenses	12,413,348	5,309,552
Remittance charges	1,139,435	1,019,065
Laundry, cleaning & photographs etc.	1,026,427	686,006
Transfer to Prime Bank Foundation Fund	7,700,000	7,000,000
Miscellaneous expenses	6,911,278	2,290,097
	<u>102,749,135</u>	<u>70,357,301</u>
32 Cash received from other operating activities		
Rent recovered	761,318	447,300
Capital gain on sale of shares	-	1,572,744
Services and other charges	7,934,315	13,166,628
Credit Card Income	60,383,793	50,668,861
Postage/Telex/Fax/Swift charge recoveries	26,800,102	19,462,920
Incidental Charges	22,525,980	16,817,289
Foreign Correspondent Charges	1,203,589	1,987,042
Gain from sale of Treasury Bond	193,000	-
Miscellaneous Earnings	55,393,097	39,332,389
	<u>175,195,194</u>	<u>143,455,173</u>

	2003	2002
	Taka	Taka
33 Cash paid for other operating activities		
Rent, Rates & Taxes	45,020,519	34,015,852
Insurance Expenses	12,781,927	10,626,763
Electricity, Gas & WASA	13,719,694	10,128,875
Legal expenses & other professional charges	4,022,218	2,689,386
Postage & Communication charges etc	26,125,847	18,883,613
Directors Fee	1,790,000	1,727,500
Donations & Subscriptions	13,468,828	5,188,035
Conveyance & Travelling expenses etc	9,280,344	7,624,981
Business development expenses	1,769,716	3,599,101
Training, Internship expenses	1,982,600	1,846,576
Remittance charges	1,139,435	1,019,065
Miscellaneous expenses	15,039,775	6,878,523
	<u>146,140,903</u>	<u>104,228,270</u>
34 Other short term assets		
T & T Bonds & DBBL Bond	111,046,000	50,000,000
Stationary & Stamps	14,568,795	15,964,221
Adjustment A/C Dr	213,925,249	169,223,785
Advance Deposits & advance rent	48,396,733	36,269,023
Branch Adjustment A/C	231,176,987	-
Suspense A/C	105,015,597	38,889,162
Sundry Assets	31,369,629	10,750,629
	<u>755,498,990</u>	<u>321,096,820</u>
Increase /(decrease) during the year	<u>(434,402,170)</u>	<u>401,877,376</u>
35 Other Liabilities		
F.C. held against EDF L/C	78,043,852	67,802,966
Exchange Equalization Fund	4,523,326	4,462,949
Adjusting A/C Credit	20,333,956	16,582,106
Provision for Bonus	74,400,000	54,590,294
Exicency Fund	5,659,475	6,225,563
Branch Adjustment Account	-	20,628,813
Interest Suspense A/C	27,081,802	24,610,178
Others	191,312,390	291,079,240
	<u>401,354,801</u>	<u>485,982,109</u>
Increase /(decrease) during the year	<u>(84,627,308)</u>	<u>70,167,739</u>
36 Earning Per Share (EPS)		
Net Profit after tax (Numerator)	375,455,447	418,144,626
Number of ordinary shares outstanding (Denominator)	<u>7,000,000</u>	<u>7,000,000</u>
Earning Per Share (EPS)	<u>53.64</u>	<u>59.73</u>

Earning per share has been calculated in accordance with IAS 33: Earning Per Share (EPS). Previous year's figures have been adjusted for the issue of Bonus shares during the year.

37 Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk. 36,000 or above were 777

38 Audit Committee

a. Particulars of Audit Committee

Persuant to the BRPD Circular # 12 dated 23.12.2002, the Board of Directors of the Bank formed a 03 (three) member Audit Committee called "Board Audit Committee" constituted by the following members of the Board:

<i>Name</i>	<i>Status with bank</i>	<i>Status with committee</i>	<i>Educational Qualification</i>
Mr. Mafiz Ahmed Bhuiyan	Director	Chairman	H.S.C.
Mr. Masud Reza Bhuiyan	Director	Member	MBA (Major in Finance) Institute of Business Administration (IBA) University of Dhaka
Mr. Nafis Sikder	Director	Member	BSBA (Bachelor of Science in Business Administration) (Major in Finance and Major in management) Washington University St. Louis, Missouri, U.S.A.

b. Meeting held with Audit Committee and Senior Management to consider and review the Bank's Financial Statements:

During the year under review the committee held 09 (nine) meetings to undertake various functions as outlined in the BRPD Circular # 12 with regard to objects for forming the committee and to perform the duties and responsibilities as specified in the same.

- 1st Audit Committee Meeting held on 09.06.2003
- 2nd Audit Committee Meeting held on 12.07.2003
- 3rd Audit Committee Meeting held on 24.08.2003
- 4th Audit Committee Meeting held on 13.10.2003
- 5th Audit Committee Meeting held on 28.10.2003
- 6th Audit Committee Meeting held on 11.11.2003
- 7th Audit Committee Meeting held on 19.11.2003
- 8th Audit Committee Meeting held on 06.12.2003
- 9th Audit Committee Meeting held on 20.12.2003
- 10th Audit Committee Meeting held on 3.04.2004

c. The following steps have been taken for implementation of an effective Internal Control Procedure of the Bank :

As per circular the committee is placing their report regularly to the Board of Directors of the Bank mentioning their activities & recommendations of internal control system, compliance of rules and regulations and establishment of good governance within the organization.

Balance with other banks- Outside Bangladesh (Nostro Account) as at 31 December 2003

Name of the Bank	A/C Type	2003			2002		
		FC Amount	Ex. Rate	Equivalent Taka	FC Amount	Ex. Rate	Equivalent Taka
AMEX, Kolkata, India	CD	(\$58,456.96)	58.3750	(3,412,425)	\$97,811.17	58.7000	5,741,516
AMEX, Frankfurt, Germany	CD	\$1,798.60	72.8428	131,015	\$0.00	-	-
AMEX, New York, USA	CD	\$5,936.97	58.3750	346,571	\$69,988.17	58.7000	4,108,306
Arab Bangladesh Bank Ltd. Mumbai	CD	\$105,448.26	58.3750	6,155,542	\$74,824.27	58.7000	4,392,185
Bank Nazionale del Lavoro, Rome	CD	\$21,487.61	72.8428	1,565,218	€ 4,968.59	61.2596	304,374
Bank of Bhutan, Bhutan	CD	\$13,713.00	58.3750	800,496	\$6,275.05	58.7000	368,345
Bank of Tokyo Mitsubishi, Japan	CD	¥3,207,258.00	0.5452	1,748,597	- Y1,079,780.00	0.4917	530,928
Citibank N.A., India	CD	\$311,306.49	58.3750	18,172,516	\$46,126.30	58.7000	2,707,614
Citibank N.A., London	CD	\$201,548.37	72.8428	14,681,348	€ 29,499.56	61.2596	1,807,131
Citibank N.A., New York, USA	CD	\$2,343.89	58.3750	136,825	\$549,583.51	58.7000	32,260,552
Commerzbank, Frankfurt	CD	\$43,023.72	72.8428	3,133,968	€ 204,738.78	61.2596	12,542,216
Commonwealth Bank of Australia	CD	AS 4,255.95	43.4340	184,853	AS 14,796.00	33.0579	489,113
Credit Suisse (First Boston), Switzerland	CD	\$31,572.25	46.8670	1,479,697	CHF 69,093.86	40.0762	2,769,021
Habib American Bank, New York	CD	\$5,146.31	58.3750	300,416	-	-	-
HSBC, New York, USA	CD	\$3,371.30	58.3751	196,800	\$12,341.77	58.7000	724,462
ICICI Bank, India	CD	\$254,486.43	58.3750	14,855,645	-	-	-
Mashreq, Bank New York, USA	CD	\$104,425.25	58.3750	6,095,824	\$79,017.39	58.7000	4,638,321
National Westminster Bank, London	CD	\$12,979.05	103.6549	1,345,342	£25,390.64	94.2823	2,393,888
Nepal Bangladesh Bank, Nepal	CD	\$1,701.78	58.3750	99,341	\$1,741.78	58.7000	102,242
Peoples Bank, Sri Lanka	CD	\$265.91	58.3750	15,523	\$79,410.80	58.7000	4,661,414
Rupali Bank, Karachi	CD	\$261,657.70	58.3750	15,274,268	\$24,328.32	58.7000	1,428,072
Skandinaviska Enskilda, Banken, Sweden	CD	Kr. 52,538.90	8.0205	421,388	Kr. 296,220.57	6.6747	1,977,183
Sonali Bank, Calcutta	CD	\$9,002.12	58.3750	525,499	\$1,923.45	58.7000	112,907
Standard Chartered Bank, India	CD	\$244,062.01	58.3750	14,247,120	\$137,539.66	58.7000	8,073,578
Standard Chartered Bank, New York	CD	\$109,078.67	58.3750	6,367,467	\$72,010.12	58.7000	4,226,994
State Bank of India, Calcutta	CD	\$69,543.81	58.3750	4,059,620	\$227,173.97	58.7000	13,335,112
The Bank of Nova Scotia, Canada	CD	CS12,397.31	44.7566	554,861	CS17,637.72	37.4995	661,406
Unicredito Italiano, Spain	CD	\$903.60	72.8428	65,821	-	-	-
WACHOVIA Bank N.A	CD	\$751.79	58.3753	43,886	\$8,416.11	58.7000	494,026
				109,593,042			110,850,904

Investment in shares as at 31 December, 2003

Sl	Name of the company	Type of share	Face value	No. of share	Cost of Holding	Average cost	Quoted rate per share as on	Total market value at
							31.12.03	31.12.03
Quoted								
1	Mutual Trust Bank Ltd.	A	100	50,000	6,250,000	125	222.62	11,131,000
2	One Bank Ltd.	A	100	17,050	1,705,000	100	189.1	3,224,155
				67,050	7,955,000			14,355,155
Unquoted up to 31.12.2003								
3	Bank Asia Ltd.	A	100	32,450	3,245,000	100	-	-
4	Mercantile Bank Ltd.	A	100	63,950	6,395,000	100	-	-
5	*Central Depository Bangladesh Limited	-	1000000	10	10,000,000	1,000,000	-	-
				96,410	19,640,000			
				163,460	27,595,000	1,000,425		

Total market value /book value on investment higher than cost , therefore, no provision has been made in the Financial Statement.

*CDBL has yet to issue share certificate.

Schedule of Fixed Assets as at 31 December, 2003

Particulars	Balance at 1 January 2003 Taka	Cost			Depreciation			
		Additions during the year Taka	Disposals/ adjustments during the year Taka	Balance at 31 December 2003 Taka	Balance at 1 January 2003 Taka	Charge for the year Taka	On disposals/ adjustments during the year Taka	Balance at 31 December 2003 Taka
Land	49,058,380	-	-	49,058,380	-	-	-	-
Furniture and fixtures	93,066,171	48,304,860	(337,434)	141,033,597	21,373,454	9,595,706	(79,773)	30,889,387
Office equipment and machinery	144,504,660	30,429,097	(640,000)	174,293,757	64,384,158	18,671,949	(520,565)	82,535,542
Bank's vehicles	30,234,532	244,056	(1,225,000)	29,253,588	12,821,448	3,763,368	(1,224,999)	15,359,817
Liabary books	358,497	170,914	-	529,411	146,684	68,931	-	215,615
At 31 December 2003	317,222,240	79,148,927	(2,202,434)	394,168,733	98,725,744	32,099,954	(1,825,337)	129,000,361
At 31 December 2002	245,978,536	69,115,189	2,128,515	317,222,240	71,710,159	25,371,453	1,644,132	98,725,744

39 Related Party Disclosures

i) Name of the Directors and their interest in different entities

Name	Designation	% of interest in bank	
		2003	2002
Mr. Mizanur Rahman Bhuiyan	Chairman	2.60%	2.58%
Ms. Firoja Amin	Vice- Chairperson	2.21%	3.72%
Mr. Md. Abul Quasem	Vice- Chairman	2.59%	2.58%
Dr. R. A. Ghani D. Sc.	Director	1.04%	1.00%
Mr. Mohammad Aminul Haque	Director	2.68%	2.67%
Mr. Quazi Sirazul Islam	Director	2.05%	2.03%
Mr. K. M. Khaled	Director	2.68%	2.67%
Mr. M. A. Khaleque	Director	2.15%	2.14%
Mr. Md. Shahadat Hossain	Director	2.64%	2.63%
Mr. Md. Nader Khan	Director	3.79%	3.78%
Mr. Md. Nurul Haque Sikder	Director	-	2.22%
Mr. Nafiz Sikder	Director	0.73%	-
Ms. Nasim Anwar Hossain	Director	2.68%	2.67%
Mr. M. A. Wahhab	Director	1.65%	-
Ms. Muslima Shireen	Director	-	2.07%
Mr. Md. Shirajul Islam Mollah	Director	2.56%	2.54%
Mr. Mafiz Ahmed Bhuiyan	Director	1.53%	2.14%
Ms. Salma Huq	Director	2.64%	2.63%
Ms. Marina Yasmin Chowdhury	Director	2.68%	2.67%
Mr. Syed Sadullah Ahmed	Director	1.26%	1.25%
East Coast Shipping Lines Ltd., represented by Md. Delwar Hossain	Director	2.08%	2.30%
G. Q. Ball Pen Industries Ltd., represented by Mr. Masud Reza Bhuiyan	Director	1.88%	1.88%

For Directors interest in different entities please refer to Annexure - D

ii) Significant contracts where Bank is the party and wherein Directors have interest:

<u>Nature of contract</u>	<u>Purpose</u>	<u>Name of the Director and Related by</u>	<u>Remarks</u>
Lease agreement	For relocation of Bank's Jubilee Road Branch	Md. Nader Khan the Director of the bank, is the owner of the office premises leased	Bangladesh Bank Letter ref. # BRPD (P) 745(21) 2003 - 2640 dated 02.07.2003

iii) Shares issued to Directors and Executives without consideration or exercisable at discount: Nil

iv) Related party Transactions:

<u>Name of party</u>	<u>Related by</u>	<u>Nature of transaction</u>	<u>(Taka in lac)</u> <u>Amount</u>
East Coast Trading Pvt. Ltd.	Ms. Marina Yasmin Chowdhury	Bank Guarantee	3.92
M/s. EC Distributions Ltd.	Ms. Marina Yasmin Chowdhury	Bank Guarantee	2.74

v) Lending Policies to related Parties

Lending to Related Parties is effected as per requirements of Section 27 (1) of Banking Companies Act - 1991.

vi) Loan and advances to Directors and their related concern : Nil

vii) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act - 1991 : Nil

viii) Investments in the Securities of Directors and their related concern : Nil



Chairman



Director



Director



Managing Director

Directors' interest in different entities as on 31 December, 2003

Sl. No.	Name	Designation with PBL	Entities where they have interest	% of interest
1	2	3	4	5
01	Mr. Mizanur Rahman Bhiyan	Chairman	Meghna Bangladesh Ltd. Siam Bangla Industries Ltd. Executive Motors Ltd. Meghna Automobiles Ltd. Meghna Poly Propylene Ltd. Meghna Components Ltd. Meghna Wheels Ltd. Meghna Innova Rubber Co. Ltd.	50% 26.92% 33.33% 40% 25% 33.33% 33.33% 20%
02	Ms. Firoja Amin	Vice Chairperson	Smart Group Smart Apparels (Pvt.) Ltd. Smart Fashion International Ltd. Smart Dress Ltd. Smartex Ltd. Textiles Processing Ltd.	36.70% 38.40% 51.18% 51.18% 25.20%
03	Mr. Md. Abul Quasem	Vice Chairman	Ambia Ship Breakers Pvt. Ltd. Ambia Accessories Ltd. Ambia Steel & Re-rolling Mills Ltd. Ambia Apparels Ltd. Ambia Sweaters Ltd.	15% 20% 40% 20% 20%
04	Quazi Sirazul Islam	Director	Amin Jewelers Ltd.	50%
05	Mr. Md. Shahadat Hossain	Director	Prime Insurance Co. Ltd. Shahadat Poultry & Hatchery Shahadat Cold Storage Ltd.	3.33% 100% 100%
06	Mrs. Salma Huq	Director	GQ Ball Pen Industries Ltd. GQ Industries Ltd. GQ Foods Ltd. Maladesh Intl. (Pvt.) Ltd. GQ Enterprises Ltd. GQ Properties Ltd.	9.92% 20% 13.33% 0.125% 25% 28.57%
07	Mr. Mohammad Aminul Haque	Director	Greenland Engineers & Tractors Co. Ltd. Machinery & Equipment Trading Co. Ltd. GETCO Ltd. Asian Gate Ltd. Arcoon Ltd.	22.50% 22.50% 33.33% 30% 25%
08	Mr. M A Khaleque	Director	MAKSONS Bangladesh Ltd. Prime properties & Holding Prime Finance & Investment Ltd.	100% 60% 8.33%
09	Mrs. Marina Yasmin Chowdhury	Director	East Coast Shipping Lines Ltd. East Coast Trading (Pvt.) Ltd. EC Securities Ltd. EC Distributions Ltd. EC Engineering Co. Ltd. Surma Summit Tanks Terminal Ltd. Green Delta Insurance Co. Ltd.	25% 20% 3.60% 40% 20% 10% 2.43%
10	Mr. K. M. Khaled	Director	Greenland Engineers & Tractors Co. Ltd. Machinery & Equipment Trading Co. Ltd. Khaled Textile Mills Ltd. GETCO Ltd. Eurasia Gate Ltd. Acorn Trading Company Ltd. K.S. Engineering & Technology Ltd. K.S. Consultants Ltd. Shahata Enterprise Ltd.	22.50% 22.50% 50% 33.33% 50% 75% 25% 23% 24%
11	Syed Sadullah Ahmed	Director	GQ Ball Pen Industries Ltd. GQ Food Products Ltd. GQ Textile Mills Ltd.	1.17% 20% 14.29%
12	Dr. R A Ghani, D. Sc.	Director	Gani Bangla Ltd. Gani Bangla Electronics & Computer Ltd.	50% 98%
13	Mr. Md. Nader Khan	Director	Pedrollo NK Ltd. Polyxprint Ltd. Polyx Laminate Ltd. Pedrollo Dairy & Horticulture Ltd.	60% 54% 35% 30%
14	Mrs. Nasim Anwar Hossain	Director	Benlloyed Liners Ltd. Rajani Gandha Tankers Ltd.	20% 20%

Sl. No.	Name	Designation with PBL	Entities where they have interest	% of interest
1	2	3	4	5
15	Mr. Md. Shirajul Islam Mollah	Director	Bengal Tiger Cement Industries Ltd. Trusty Associates Ltd. Preema Construction Ltd. Rajani Gandha Tankers Ltd. Preema Enterprises Pvt. Ltd. Prime Sanctuary Ltd. Cosmopolitan Textiles Ltd.	8.44% 75% 75% 40% 50% 75% 69%
16	Mr. Mafiz Ahmed Bhuiyan	Director	Shepherd Textile (BD.) Ltd. Shepherd Industries Ltd. Shepherd World Trade Ltd. Prime Insurance Co. Ltd. Newscorp Publication Ltd. International Holdings Ltd.	14% 17% 17% 1.66% 20% 3.33%
17	Mr. Masud Reza Bhuiyan	Director (Nominated)	GO Ball Pen Industries Ltd.	-
18	Mr. M. A. Wahhab	Director	MAWSONS Ltd.	7%
19	Mr. Nafis Sikder	Director	Palmal Group Marina Apparels Ltd. Palmal Packaging Ltd. The Dacca Dying Garments Ltd.	50% 10% 2.94%
20	Mr. Md. Delwar Hossain	Director (Nominated)	East Coast Shipping Lines Ltd.	-
21	Shah Md. Nurul Alam	Managing Director	-	-