

We also report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) In our opinion, proper books of account 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 purposes of our audit have been received from branches not visited by us;
- iii) the Bank's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 30 dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purpose of the Bank's business;
- v) 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;
- vi) the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- vii) adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;
- viii) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- x) the information and explanations required by us have been received and found satisfactory;

Hoda Vasi Chowdhury
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 22 January 2004

Financial statements

THE PREMIER BANK LIMITED
Balance Sheet
As at 31 December 2003

	Notes	2003 Taka	2002 Taka
PROPERTY & ASSETS			
Cash in Hand (including Foreign Currencies)	3	120,489,194	69,835,602
Balance with Bangladesh Bank & Sonali Bank (including Foreign Currencies)	4	433,659,461	303,899,492
Inside Bangladesh		59,203,889	155,460,594
Outside Bangladesh		37,223,399	49,336,919
Money at Call and Short Notice	6	770,000,000	315,000,000
Investments at cost	7	1,330,197,900	680,092,300
Government Securities		1,342,817,900	680,092,300
Others		12,620,000	-
Loans and Advances	8	2,023,734,590	3,633,345,845
Loans, cash credit and overdraft		1,071,830,851	1,647,375,227
Bills discounted and purchased	8.07	8,095,565,441	4,280,725,072
Land, Building, Furniture and Fixtures etc	9	107,898,470	73,292,288
Other Assets	10	129,437,701	61,736,228
Non-banking Assets		-	-
TOTAL ASSETS		11,096,295,455	5,989,578,292
LIABILITIES & CAPITAL			
Borrowings from other Banks, Financial Institutions and Agents	12	-	30,000,000
Deposits and other Accounts:	13		
Current and other Accounts		2,631,100,595	1,502,511,900
Bills Payable	13.04	232,375,759	137,039,156
Savings Deposits		1,098,808,684	650,458,572
Fixed Deposits		6,067,143,838	2,939,510,979
Bearer Certificate of Deposits		1,089,099	64,226,154
Other Liabilities	14	10,030,517,975	5,373,745,941
Total Liabilities		37,839,746	247,831,325
Total Capital / Shareholders' Equity		10,408,837,721	5,651,577,266
Paid-up-Capital	15	408,910,680	239,760,000
Statutory Reserve	16	129,905,188	51,779,474
Share Premium Account	17	148,641,866	42,611,184
Profit and Loss Account balance		667,275,887	385,500,000
Total Shareholders' Equity		11,096,295,455	5,989,578,292
TOTAL LIABILITIES AND CAPITAL		11,096,295,455	5,989,578,292

THE PREMIER BANK LIMITED
BALANCE SHEET
As at 31 December 2003

	Notes	2003 Taka	2002 Taka
OFF BALANCE SHEET ITEMS			
CONTINGENT LIABILITIES			
Acceptances and Endorsements	18	1,007,760,049	310,184,627
Letter of Guarantees		3,401,048,720	2,735,679,618
Irrevocable Letter of Credits		1,516,143,838	118,533,121
Bills for Collection		5,925,185,006	3,164,937,366
Total		11,950,737,613	6,329,335,532
Other contingent liabilities		5,526,000	6,406,480
Value of travellers' cheques		8,262,000	7,497,000
Value of Bangladesh Sancharay Patra		-	17,900,000
Value of Protrikaha Sancharay Patra		13,788,000	32,003,480
Claims against the Bank not acknowledged as debt		-	-
Other Commitments		-	-
TOTAL OFF-BALANCE SHEET ITEMS		5,938,373,806	3,196,400,846

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

[Signatures]
Chairman Director Director Director Managing Director

Auditors' Report to the shareholders
See annexed report of date

Hoda Vasi Chowdhury
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 22 January 2004

THE PREMIER BANK LIMITED PROFIT AND LOSS ACCOUNT For the year ended 31 December 2003

	Notes	2003 Taka	2002 Taka
Interest Income	19	852,706,461	404,860,877
Interest paid on Deposits & Borrowings	20	(643,887,283)	(275,112,578)
Net Interest Income	21	208,819,178	129,748,299
Income from Investments	21	89,543,758	25,422,058
Commission, Exchange & Brokerage	22	248,271,743	121,870,519
Other Operating Income	23	61,236,575	24,628,553
Total Operating Income		607,871,254	301,669,229
Less: Operating Expenses		1,004,185,845	41,431,145
Salaries and Allowances		38,406,179	25,134,706
Rent, Taxes, Insurance, Lighting etc.		436,406	104,292
Postage, Telegram, Telephone, Stamps etc		10,245,844	6,415,745
Printing, Stationery, Advertisement, etc		14,350,431	7,185,599
Managing Director's Remuneration		2,520,000	2,143,800
Audit Fees	24	1,525,000	1,325,500
Other Expenses		75,000	60,000
Repairs, maintenance and depreciation	25	16,623,260	10,821,184
Total Operating Expenses	26	22,547,032	10,808,265
Profit before Provision		207,144,222	105,430,236
Provision for Bad Debt		400,726,957	196,238,993
Specific Provision	14	(10,097,690)	(42,113,000)
Provision for Contingent Liabilities		(30,628,567)	(31,273,903)
Total Profit before Income Tax		109,628,567	132,372,993
Income tax		(177,475,419)	(64,508,155)
Net Profit after Tax for the year		213,153,148	67,864,838
Retained earnings brought forward from previous year		4,261,184	35,042,833
Share Premium transferred from previous year		3,850,368	-
Profit available for appropriation		219,614,700	102,907,671
Appropriations:			
Statutory Reserve @ 20% on Profit before tax		(78,125,714)	(26,474,911)
Issue of Bonus for the year 2001		-	(12,210,000)
Issue of Dividend for the year 2002/2001		(32,847,120)	(17,760,000)
Share Premium		(110,972,834)	(60,294,787)
Retained earnings carried forward		148,641,866	42,611,184
Earning Per Share (EPS)	27	67.02	24.89

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Chairman Director Director Director Managing Director

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Hoda Vasi Chowdhury
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 22 January 2004

THE PREMIER BANK LIMITED CASH FLOW STATEMENT For the year ended 31 December 2003

	Notes	2003 Taka	2002 Taka
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		886,081,297	552,152,248
Interest paid		(643,887,283)	(275,112,578)
Fee and Commission received		102,096,934	56,183,434
Payments for Salaries and Allowances		(100,415,845)	(43,574,945)
Rent, Taxes, Insurance, Lighting etc.		(66,881,528)	(23,134,706)
Legal Expenses		(436,406)	(104,292)
Postage, Telegram, Telephone, Stamps etc		(10,245,844)	(6,415,745)
Printing, Stationery, Advertisement, etc		(14,350,431)	(7,185,599)
Managing Director's Remuneration		(2,520,000)	(2,143,800)
Salaries and Allowances		(38,406,179)	(25,134,706)
Audit Fees		(1,525,000)	(1,325,500)
Repairs, maintenance and depreciation	25	16,623,260	10,821,184
Other Expense	26	(22,547,032)	(10,808,265)
Total Operating Expenses		(207,144,222)	(105,430,236)
Profit before Provision		400,726,957	196,238,993
Provision for Bad Debt		(114,566,141)	(6,937,352)
Cash flow before changes in net current Assets and Liabilities		113,241,467	252,702,087
(Increase)/decrease in operating assets:			
Loans and Advances to customers		(3,814,840,369)	(2,222,767,141)
Other Assets		(39,626,124)	(79,893,864)
Deposits from Customers		4,656,772,034	3,167,358,708
Borrowings from other banks		(30,000,000)	(810,000,000)
Other Liabilities		70,525,375	(23,478,093)
Cash flow from Operating Activities		956,072,383	283,921,695
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in shares		(12,620,000)	-
Acquisition of Property and equipment		(48,981,816)	(35,100,494)
Disposal of Property and equipment		-	1,041,541
Cash flow from Investing Activities		(61,601,816)	(34,058,955)
CASH RECEIVED FROM FINANCING ACTIVITIES			
Issue of right shares		136,303,560	-
Dividend paid		-	(12,210,000)
Net cash from financing activities		136,303,560	(12,210,000)
Net Increase/(Decrease) in Cash		1,030,774,127	237,652,740
Effect of exchange rate changes on cash and cash equivalents		146,174,809	65,686,879
Cash and cash equivalents at the beginning of period		1,573,824,907	1,270,485,288
Cash and cash equivalents at the end of period		2,750,773,843	1,573,824,907

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

[Signatures]
Chairman Director Director Director Managing Director

Auditors' Report to the shareholders
See annexed report of date

Hoda Vasi Chowdhury
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 22 January 2004

THE PREMIER BANK LIMITED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2003

Particulars	Paid up Capital		Share Premium		Statutory Reserve		Profit & Loss Account	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 01 January 2003	239,760,000	3,850,368	51,779,474	42,611,184	338,001,026	338,001,026	338,001,026	338,001,026
Share premium transferred to PL Account	-	(3,850,368)	-	213,153,148	213,153,148	213,153,148	213,153,148	213,153,148
Net profit for the year	32,847,120	-	-	(32,847,120)	67,864,838	67,864,838	67,864,838	67,864,838
Issue of Right shares	136,303,560	-	-	-	136,303,560	136,303,560	136,303,560	136,303,560
Transfer to Statutory reserve	-	-	78,125,714	(78,125,714)	-	-	-	-
Balance as at 31 December 2003	408,910,680	-	129,905,188	148,641,866	687,457,734	687,457,734	687,457,734	687,457,734

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

[Signatures]
Chairman Director Director Director Managing Director

Auditors' Report to the shareholders
See annexed report of date

Hoda Vasi Chowdhury
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 22 January 2004

THE PREMIER BANK LIMITED NOTES TO THE ACCOUNTS For the year ended 31 December 2003

1.00 STATUS OF THE BANK

1.01 Legal Form of the Bank

The Bank was incorporated in Bangladesh as a banking company under Companies Act 1994 as a public limited company. The Bank started its operation as on 26 October 1999. Now it has 17 (seventeen) branches.

1.02 Nature of Business

The Bank offers services for all Banking needs of the customers, which include deposit taking, loans and advances, export and import financing, inland and international remittances facilities etc.

2.00 Significant Accounting Policies

2.01 Basis of preparation of the financial statements

The financial statement of the Bank are made up to 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, Bangladesh Accounting Standards 30, (Disclosures in Financial Statements of Banks and Similar Institutions), Companies Act 1994, the Securities and Exchange Rules 1987 and other laws and rules applicable in Bangladesh on a going concern basis.

2.02 Revenue Recognition

The Accounting policies adopted for the recognition of revenue are as follows:

- (i) interest is calculated on daily product basis on unclassified loans and advances but charged on quarterly basis.
- (ii) Interest is charged on classified loans, advances as per BCD and BRPD Circulars and such interests were not taken into income.
- (iii) Commission and discounts on bills purchased and discounted are recognized at the time of realization.

2.03 Basic Earning per Share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year as per IAS 33 Earning Per Share. Diluted Earning per Share is not calculated for the year as there exists no dilution possibilities during the period.

2.04 Cash Flow Statement

Cash flow statement is prepared principally in accordance with IAS 7 "Cash Flow Statement" and as prescribed by BRPD Circular No. 14 dated 25 June, 2003.

2.05 Foreign Currencies

- (i) Foreign currency transactions are converted into equivalent Bangladesh Taka currency and recorded at the ruling exchange rates applicable on the date of transactions and any gains or losses thereon, are adjusted to revenue through foreign exchange trading account.
- (ii) Assets and liabilities as on 31 December 2003 in foreign currencies under regular accounts are converted into equivalent Taka currency at the rates prevailing on the Balance Sheet date.

2.06 Investments

Value of Investment has been shown as under:

- Government Treasury Bills Face value
- Prize Bond Cost price

2.07 Advances and Provision

Advances are stated at gross value. Provision against bad and doubtful debts is made on the basis of year ended review by the management as per instructions contained in Bangladesh Bank BCD Circular No. 34 dated 16 November 1999, BCD Circular No 20 dated 27 December 1994, BCD Circular No 12 dated 04 September 1995 and BRPD Circular No.16 dated 06 December 1998 and BRPD Circular No. 09 dated 14 May, 2001.

2.08 Fixed Assets and Depreciation

- (i) Fixed assets have been shown at cost less accumulated depreciation.
- (ii) Depreciation is charged at the following rates on reducing balance method on all fixed assets other than vehicles, which are depreciated on straight line basis. Depreciation on additions to fixed assets has been calculated from the date of acquisition to the year end. No depreciation is charged in the year of disposal.

Name of the Assets	Rate of depreciation
Furniture & Fixtures	10% p.a.
Vehicles	20% p.a.
Equipment	20% p.a.

2.09 Off Balance Sheet Item

Under general banking transactions, liabilities against acceptance, endorsements and other obligations and bills against which acceptances have been given and claims exist there against, have been shown as Off Balance Sheet Item.

2.10 Retirement benefits

Provident fund benefits are given to the eligible staff of the Bank in accordance with the rules of the Provident Fund constituted under an irrevocable trust.

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

2.11 Provision for taxation

Provision for taxation has been made on accounting profit without considering taxable allowances / disallowances.

2.12 Consolidation

Statement of affairs and Income and expenditure statements of all branches and Head Office are consolidated together to prepare Financial Statements of the bank.

2.13 General

- (i) Figures of previous period have been rearranged whenever considered necessary to conform to current year's presentation.

	2003 Taka	2002 Taka
3.00 CASH IN HAND		
Local currencies	117,465,709	68,904,358
Foreign currencies	3,023,485	931,244
	<u>120,489,194</u>	<u>69,835,602</u>
4.00 BALANCE WITH BANGLADESH BANK		
Local currency	419,945,581	204,962,066
Foreign currencies	13,713,880	98,937,426
	<u>433,659,461</u>	<u>303,899,492</</u>

