

AUDITORS' REPORT
TO THE SHAREHOLDERS
OF
THE PREMIER BANK LIMITED

We have audited the accompanying Balance Sheet of The Premier Bank Limited as of 31 December 2004 and the related Profit and Loss Account, Statement of Changes in Equity, Statement of Cash Flows and Statement of Liquidity, together with the Notes 1 to 30 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 independent opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards 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 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 the management, as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Subject to the facts that:

- i) No provision against the gratuity payable to the employees as of 31 December 2004 on the basis of consistent practice of the bank to the effect that payments therefor are charged out as & when made, the quantum of which could not be ascertained by us in the absence of required information from Bank management, has been set up in the accounts as required under Bangladesh Accounting Standard -19: Employee Benefits;
- ii) No provision has been made in these accounts for Deferred Tax Liability, as required by Bangladesh Accounting Standards -12, the quantum of which also could not be ascertained in the absence of information from Bank management;
- iii) There was an un-reconciled difference of Tk. 1 07,568,282 on account of "Inter-Branch Account" and included under "Other Liabilities" in the Financial Statements; which are being reconciled by the Bank management;
- iv) Notwithstanding apparently no provision for tax implication (@45%), if any at all arising at tax assessment stage, on General provision (@1%) made against aggregate unclassified loans & advances, pursuant to Bangladesh Bank's requirements, at Tk 72,379,000 has been made on the Bank's understanding that the Tax regulations allowing admissibility of such provision for tax assessment purpose, hitherto been allowable till the year 2003: Corresponding to IT assessment year 2004-05, will be (hopefully) duly considered by the Authority Concerned to have been continued and that in case such continuity is not at all allowed; yet the terminal tax obligation thereof at Tk 32,570,550 is well covered by the "free" reserve sum of Tk 93,891,372 appearing at the credit of Dividend Equalisation Reserve A/c – held at the instance of Bangladesh Bank.

It is, however, pertinent to note that the amount of specific provision at Tk 2,661,000, made against classified loans & advances, is capable of being claimed as admissible for tax purpose u/s 29(1)(xv),(xvi) & (xvii) of ITO 1984.

- v) Our test check of files and field visits to a few borrowers reveal that there were some irregularities in the process of sanctioning loans in case of four borrowers. However, subsequent to balance sheet date those were shown as fully repaid by the borrowers;
- vi) Our test check of relevant records subsequent to balance sheet date revealed that 1,664 numbers of deposit accounts were opened without complying any formalities as required by Bangladesh Bank.

We report that, 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 2004 and of the results of its operations and its cash flows for the year then ended and comply with the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We also report that:

- i) we have obtained all the information and 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 and considered by us as correct;
- 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) read in conjunction with notes to the Financial Statements, the financial position of the Bank at 31 December 2004 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 and as disclosed by the Bank Management;

- 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 on the basis of Statements certified by the Branch managers and considered by us as correct ;
- x) the information and explanations required by us have been received and found satisfactory;
- xi) the Capital Adequacy Ratio (CAR), as required by law, has been maintained adequately during the year; and
- xii) we have spent 2750 hours on the audit of the books and accounts of the bank.



Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 09 April 2005

THE PREMIER BANK LIMITED
BALANCE SHEET
As at 31 December 2004

PROPERTY & ASSETS	<u>Note</u>	<u>2004</u> <u>Taka</u>	<u>2003</u> <u>Taka</u>
Cash in Hand (including Foreign Currencies)	3	187,739,664	120,489,194
Balance with Bangladesh Bank & Sonali Bank (including Foreign Currencies)	4	908,834,296	433,659,461
Balance with other Banks and Financial Institutions	5		
Inside Bangladesh		14,766,027	59,203,889
Outside Bangladesh		45,341,659	37,223,399
		60,107,686	96,427,288
Money at Call and Short Notice	6	540,000,000	770,000,000
Investments at cost	7		
Government Securities		2,750,616,400	1,330,197,900
Others - Annexure B		2,000,000	12,620,000
		2,752,616,400	1,342,817,900
Loans and Advances	8		
Loans, cash credit and overdraft		14,242,463,511	7,023,734,590

Bills discounted and purchased	8.07	1,141,463,151	1,071,830,851
		15,383,926,662	8,095,565,441
Land, Building, Furniture and Fixtures etc	9	149,569,777	107,898,470
Other Assets	10	117,460,132	129,437,701
Non-banking Assets		-	-
TOTAL ASSETS		20,100,254,617	11,096,295,455
LIABILITIES & CAPITAL			
Borrowings from other Banks, Financial Institutions and Agents	12	38,100,000	-
Deposits and other Accounts:	13		
Current and other Accounts		4,034,211,740	2,631,100,595
Bills Payable	13.04	294,547,391	232,375,759
Savings Deposits		1,320,059,895	1,098,808,684
Fixed Deposits		12,356,377,366	6,067,143,838
Bearer Certificate of Deposits		-	1,089,099
		18,005,196,392	10,030,517,975
Other Liabilities	14	898,955,818	378,319,746
Total Liabilities		18,942,252,210	10,408,837,721
Share Capital / Shareholders' Equity			
Paid-up-Capital	15		

Statutory Reserve	16	557,549,712	408,910,680
Share Premium Account	17	301,084,567	129,905,188
Dividend Equalisation Reserve		-	-
Proposed cash Dividend for the year 2004		93,891,372	
Profit and Loss Account balance		205,401,314	
		75,442	148,641,866
Total Shareholders' Equity		1,158,002,407	687,457,734
TOTAL LIABILITIES AND CAPITAL		20,100,254,617	11,096,295,455

THE PREMIER BANK LIMITED
BALANCE SHEET
As at 31 December 2004

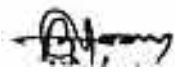
OFF BALANCE SHEET ITEMS

	<u>Note</u>	<u>2004</u> <u>Taka</u>	<u>2003</u> <u>Taka</u>
CONTINGENT LIABILITIES			
Acceptances and Endorsements			
Letter of Guarantees	18	1,264,595,225	1,007,760,049
Irrevocable Letter of Credits		3,158,201,977	3,401,048,720
Bills for Collection		2,462,244,259	1,516,377,037
Total		6,885,041,461	5,925,185,806
Other contingent liabilities			
Value of travellers' cheques		9,295,437	5,526,000
Value of Bangladesh Sanchay Patra		67,042,000	8,262,000
		76,337,437	13,788,000
Claims against the Bank not acknowledged as debt		-	-
Other Commitments		-	-
TOTAL OFF-BALANCE SHEET ITEMS		6,961,378,898	5,938,973,806

These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



Director



Director



Managing Director

Auditors' Report to the shareholders

See annexed report of date



Dhaka, 09 April 2005

**Hoda Vasi Chowdhury & Co
Chartered Accountants**

**THE PREMIER BANK LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2004**

	<u>Note</u>	<u>2004</u> <u>Taka</u>	<u>2003</u> <u>Taka</u>
Interest Income	19	1,615,063,257	852,706,461
Interest paid on Deposits & Borrowings	20	<hr/>	<hr/>

		<u>(1,135,229,107)</u>	<u>(643,887,283)</u>
Net Interest Income		479,834,150	208,819,178
Income from Investments	21	138,135,977	89,543,758
Commission, Exchange & Brokerage	22	414,552,949	248,271,743
Other Operating Income	23	<u>227,700,163</u>	<u>61,236,575</u>
Total Operating Income		<u>1,260,223,239</u>	<u>607,871,254</u>
Less: Operating Expenses			
Salaries and Allowances		149,175,987	100,415,845
Rent, Taxes, Insurance, Lighting etc.		58,005,463	38,406,179
Legal Expenses		934,637	436,406
Postage, Telegram, Telephone, Stamps etc		18,417,634	10,245,844
Printing, Stationery, Advertisement, etc		28,199,956	14,350,431
Managing Director's Remuneration		4,103,400	2,520,000
Directors' Fees	24	1,249,500	1,525,000
Audit Fees		110,000	75,000
Repairs, maintenance and depreciation	25	26,338,882	16,623,260
Other Expenditure	26	<u>42,750,885</u>	<u>22,547,032</u>
Total Operating Expenses		<u>329,286,344</u>	<u>207,144,997</u>
Profit before Provision			

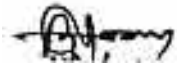
		930,936,895	400,726,257
Provision for Bad Debt			
Specific Provision		(2,661,000)	-
General Provision	14.03	(72,379,000)	(10,097,690)
Total Provision		(75,040,000)	(10,097,690)
Total Profit before Income Tax		855,896,895	390,628,567
Provision for Income Tax		(385,352,222)	(177,475,419)
Net Profit after Income Tax for the year		470,544,673	213,153,148
Retained earning brought forward from previous year		148,641,866	42,611,184
Share Premium transferred from previous year		-	3,850,368
Profit available for appropriation		619,186,539	259,614,700
Appropriations			
Statutory Reserve @ 20% on Profit before tax		(171,179,379)	(78,125,714)
Proposed cash dividend @36.84% on Paid up Capital for 2004		(205,401,314)	-
Transfer to Dividend Equalisation Reserve being excess of 20% of cash dividend		(93,891,372)	-
Issue of Bonus Share for the year 2003/2002		(148,639,032)	(32,847,120)
		(619,111,097)	(110,972,834)
Retained earning carried forward		75,442	148,641,866
Earning Per Share (EPS)	27		67.02

84.40

These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



Director



Director



Managing Director

Auditors' Report to the shareholders

See annexed report of date



Dhaka, 09 April 2005

**Hoda Vasi Chowdhury & Co
Chartered Accountants**

THE PREMIER BANK LIMITED
CASH FLOW STATEMENT
For the Year ended 31 December 2004

	<u>Note</u>	<u>2004</u> <u>Taka</u>	<u>2003</u> <u>Taka</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		1,753,199,234	886,081,297
Interest paid		(1,135,229,107)	(643,887,283)
Fee and Commission received		164,485,984	102,096,934
Payments for Salaries and Allowances		(149,175,987)	(100,415,845)
Rent, Taxes, Insurance, Lighting etc.		(58,005,463)	(66,481,528)
Legal Expenses		(934,637)	(436,406)
Postage, Telegram, Telephone, Stamps etc		(18,417,634)	(10,245,844)
Printing, Stationery, Advertisement, etc		(28,199,956)	(14,350,431)
Managing Director's Remuneration		(4,103,400)	(2,520,000)
Directors' Fees		(1,249,500)	(1,525,000)
Audit Fees		(115,000)	(60,000)
Repairs and maintenance	24	(4,465,471)	(2,247,829)
Amount received from other operating activities	22	227,700,163	61,236,575
Other Expenditure	25		

		(42,750,885)	(22,547,032)
Income Tax paid	14.02	(233,108,374)	(71,456,141)
Cash Flow before changes in net current Assets and Liabilities (Increase)/ decrease in operating assets:		469,629,967	113,241,467
Loans and Advances to customers		(7,288,361,221)	(3,814,840,369)
Other Assets(Decreased)		11,977,569	(39,626,124)
Deposits from Customers		7,974,678,417	4,656,772,034
Borrowings from other banks		38,100,000	(30,000,000)
Other Liabilities (increased)		293,357,224	70,525,375
Cash Inflow from Operating Activities		1,499,381,956	956,072,383
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in shares		10,620,000	(12,620,000)
Acquisition of Property and equipment		(63,544,718)	(48,981,816)
Disposal of Property and equipment			
Cash Outflow from Investing Activities		(52,924,718)	(61,601,816)
CASH RECEIVED FROM FINANCING ACTIVITIES			
Issue of right shares		-	136,303,560
Net cash from financing activities		-	136,303,560
Net Increase/(Decrease) in Cash		1,446,457,238	1,030,774,127
Effect of exchange rate changes on cash and cash equivalents		250,066,965	146,174,809
Cash and cash equivalents at the beginning of period		2,750,773,843	1,573,824,907
Cash and cash equivalents at the end of period		4,447,298,046	2,750,773,843

Represented by

Cash in Hand (including Foreign Currencies)	187,739,664	120,489,194
Balance with Bangladesh Bank& Sonali Bank (including Foreign Currencies)	908,834,296	433,659,461
Balance with other Banks and Financial Institutions	60,107,686	96,427,288
Money at Call and Short Notice	540,000,000	770,000,000
Investments in Government Securities	2,750,616,400	1,330,197,900
Cash and cash equivalents at the end of period	<u>4,447,298,046</u>	<u>2,750,773,843</u>

These Financial Statements should be read in conjunction with the annexed notes

Chairman

Director

Director

Director

Managing Director

The Premier Bank Limited
Statement of Liquidity
(Maturity Analysis of Assets and Liabilities)
As at 31st December 2004

Particulars	Not more than 01 month	01-03 months	03-12 months	01-05 years	More than 05 years	Total
<u>Assets :</u>						
Cash	187,739,664	-	-	-	-	187,739,664
Balance with Other Banks and Financial Institutions	964,126,983	4,814,999	-	-	-	968,941,982
Money at Call and Short Notice	540,000,000	-	-	-	-	540,000,000
Investments	2,616,400	-	970,000,000	1,780,000,000	-	2,752,616,400
Loans and Advances	5,360,631,451	1,607,311,200	5,112,579,193	3,093,981,271	209,423,547	15,383,926,662
Land, Building, Furniture & Fixtures	-	-	-	13,694,156	135,875,621	149,569,777
Other Assets	38,972,926	-	6,447,820	71,358,366	681,020	117,460,132
Non-Banking Assets	-	-	-	-	-	-
Total Assets	7,094,087,424	1,612,126,199	6,089,027,013	4,959,033,793	345,980,188	20,100,254,617
<u>Liabilities :</u>						
Borrowing from Other Banks,						

Financial Institutions and Agents	38,100,000	-	-	-	-	38,100,000
Deposits and other Accounts	4,160,872,702	1,677,411,687	7,187,855,909	4,124,939,674	854,116,419	18,005,196,392
Provision and Other Liabilities	423,792,642	-	302,902,505	19,665,671	152,595,000	898,955,818
Total Liabilities	4,622,765,344	1,677,411,687	7,490,758,414	4,144,605,345	1,006,711,419	18,942,252,210
Net difference in Equity	2,471,322,080	(65,285,488)	(1,401,731,401)	814,428,448	(660,731,231)	1,158,002,407

These Financial Statements should be read in conjunction with the annexed notes

Chairman

Director

Director

Director

Managing Director

THE PREMIER BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2004 to 31 December 2004

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 from 26 October 1999. Now it has 21 (twenty one) 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 upto 31 December 2004 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, IAS 7, IAS 25, IAS 33 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 of Bangladesh Bank and such interests were not taken into income.
- (iii) Commission and discounts on bills purchased and discounted are recognised at the time of realisation.

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 required to be 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 June 25, 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 2004 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 1989, 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 year end.

<u>Name of the Assets</u>	<u>Rate of depreciation</u>
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 acceptances, 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 2004, 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 as per Income Tax Law without considering taxable allowances / disallowances. Therefore the provision for taxation is under stated of net disallowable items.

**2.12 Consolidati
on**

Statement of affairs and Income 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 year have been rearranged whenever considered necessary to conform to current period's presentation.

(ii) Figures appearing in these financial accounts have been rounded off to the nearest Taka.

3.00 CASH IN HAND	2004	2003
	<u>Taka</u>	<u>Taka</u>
Local currencie	175,767,043	117,465,709
Foreign currencie	<u>11,972,621</u>	<u>3,023,485</u>
	<u><u>187,739,664</u></u>	<u><u>120,489,194</u></u>

4.00 BALANCE WITH BANGLADESH BANK AND SONALI BANK (including foreighn currency)

Bangladesh Bank -

Local currency	823,128,273	419,945,581
Foreign currencies	<u>69,854,064</u>	<u>13,713,880</u>
	892,982,337	433,659,461
SONALIBANK - Local currency	<u>15,851,959</u>	<u>-</u>
	<u>908,834,296</u>	<u>433,659,461</u>

Balance with Bangladesh Bank in local currency includes an amount of Tk.675,089,000 as statutory deposit as on 31 December 2004.

a) Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 33 of the Bank Companies Act 1991 and subsequent BCD Circular No. 13 dated 24 May 1992 ; BRPD Circular No. 12 dated 20 September 1999 and BRPD Circular No.22 dated 06 November 2003.

i) Cash Reserve Ratio (CRR): 4% of Average Demand and Time Liabilities :

	<u>2004</u> <u>Taka</u>	<u>2003</u> <u>Taka</u>
Required reserve	675,089,000	347,960,000
Actual reserve held with Bangladesh Bank (only in local currency)	<u>707,751,000</u>	<u>381,477,000</u>
Surplus	<u>32,662,000</u>	<u>33,517,000</u>

32,662,000	
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ii) Statutory Liquidity Ratio (SLR) : 16% of average Demand and Time

Liabilities :

Required reserve	2,700,354,000	1,391,839,000
Actual reserve held with Bangladesh Bank (all liquid assets held)	3,296,827,000	1,813,732,000
Surplus	596,473,000	421,893,000

5.00

BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

*Inside
Bangladesh*

*:
Current
Account*

Islami Bank Bangladesh Ltd	6,950,495	2,101,481
Standard Chartered Bank Al-Arafah	3,000,000	-
Islami Bank	533	1,873,480

STD 9,951,028 3,974,961

<i><u>Account</u></i>		
National Bank Ltd	4,752,023	704,629
Uttara Bank Ltd.	62,976	4,524,299

Fixed 4,814,999 5,228,928

<i><u>Deposits</u></i>		
National Bank of Pakistan		50,000,000

	-	
	-	50,000,000
<i>Outside</i>	14,766,027	59,203,889
<i>Bangladesh</i>		
<u>Current</u>		
<u>Account</u>		
Mashreq Bank PSC - New York	14,944,023	3,598,929
American Express Bank Ltd.- New York	961,102	828,818
Bank of Tokyo Mitsubishi Ltd.- Tokyo	1,576,634	1,621,181
Commerz Bank AG- Frankfurt AM.Main (EURO)	1,626,676	8,004,893
American Express Bank Ltd.- Kolkata	-	1,440,256
Standard Chartered Bank - New York	7,855,764	7,547,801
Commerz Bank AG - Frankfurt AM.Main (US \$)	-	4,882,526
The Royal Bank Of Scotland-London	69,465	2,754,415
Mashreque Bank PSC - London	-	1,180,390
Standard Chartered Bank - Kolkata	649,679	3,941,571
NDLC IFIC Bank Ltd. - Karachi	340,214	55,708
Citi Bank NA - New York	9,225,122	232,122
The Bank of Nova Scotis- Canada	1,063,663	1,134,789

State Bank of India	4,095,092	-
Banca Nazionale Del Lavoro SpA	413,766	-
Australia & New Zealand Banking Group	<u>2,520,459</u>	<u>-</u>
	<u>45,341,659</u>	<u>37,223,399</u>
(For details see Annexure- A)	<u>60,107,686</u>	<u>96,427,288</u>

2004	2003
<u>Taka</u>	<u>Taka</u>

5.01 Maturity Grouping of Balance with Other Banks and Financial Institutions

Repayable on Demand	55,292,687	46,427,288
Not more than 3 months	4,814,999	50,000,000
More than 3 months but not more than 1 year	<u>-</u>	<u>-</u>
	<u>60,107,686</u>	<u>96,427,288</u>

**6.00 MONEY AT CALL &
SHORT NOTICE**

Mercantile Bank Ltd	-	80,000,000
Jamuna Bank Ltd	50,000,000	100,000,000
Export Import Bank of Bangladesh Ltd	-	70,000,000

Southeast Bank Ltd	50,000,000	50,000,000
BRAC Bank Ltd	-	20,000,000
The Trust Bank Ltd	100,000,000	100,000,000
Rupali Bank Ltd.	-	150,000,000
Bangladesh Krishi Bank Dhaka Bank Ltd.	100,000,000	50,000,000
Mutual Trust Bank Ltd	140,000,000	-
One Bank Ltd	100,000,000	-
	<u>540,000,000</u>	<u>770,000,000</u>

7.00

**INVESTMENTS AT
COST**

**Government
securities**

28 Days Treasury bills	-	-
182 Days Treasury bills	-	40,000,000
1 year Treasury bills	970,000,000	610,000,000

2 years Treasury bills	790,000,000	240,000,000
3 years Treasury bills	-	-
5 years Treasury bills	440,000,000	440,000,000
3 years T & T Bonds	410,000,000	-
5 years Bangladesh Govt. Treasury Bonds	140,000,000	-
Prize Bond	616,400	197,900
	<u>2,750,616,400</u>	<u>1,330,197,900</u>
Other Investment s		
Unquoted: Central Depository Bangladesh Ltd (2 Shares of Tk.1,000,000 each)	2,000,000	2,000,000
Quoted:		
One Bank Limited (55,850 shares of Tk.100 each)	-	5,585,000
Bank Asia Limited (19,100 shares of Tk.100 each)	-	1,910,000
Mercantile Bank Limited (31,250 shares of Tk.100 each)	-	3,125,000
	<u>2,000,000</u>	<u>12,620,000</u>
(For details please see Annexure-B)	<u><u>2,752,616,400</u></u>	<u><u>1,342,817,900</u></u>

**7.01 Investment
s Maturity**

On demand	2,616,400	12,817,900
Upto 3 months	-	40,000,000
Over 3 months but not more than 1 Year	970,000,000	710,000,000
Over 1 Year but not more than 5 Years	1,780,000,000	580,000,000
Over 5 Years	-	-
	<u>2,752,616,400</u>	<u>1,342,817,900</u>

**2004
Taka**

**2003
Taka**

8.00

**LOANS AND
ADVANCES
Loans and
Advances**

Inside
Bangladesh
Outside
Bangladesh

14,242,463,511	7,023,734,590
-	-

14,242,463,511

7,023,734,590

**Bills Discounted and
Purchased**

Inside Bangladesh	853,891,927	871,411,360
Outside Bangladesh	287,571,224	200,419,491
	<u>1,141,463,151</u>	<u>1,071,830,851</u>
	<u>15,383,926,662</u>	<u>8,095,565,441</u>

8.01 Loans and Advances under the following broad categories

Loans	8,460,257,041	3,758,595,831
Cash credit	2,734,875,341	1,343,103,417
Overdraft	3,047,331,129	1,922,035,342
	14,242,463,511	7,023,734,590
Bills Discounted and Purchased	<u>1,141,463,151</u>	<u>1,071,830,851</u>
	<u>15,383,926,662</u>	<u>8,095,565,441</u>

8.02 Maturity Grouping of Loans and Advances

Maturity of loans and advances is as follows:

Repayable on Demand	5,360,631,451	1,808,749,087
<u>With a residual value of:</u>		

Not more than three months	1,607,311,200	710,818,090
Over three months but not more than one year	5,112,579,193	4,624,162,252
Over one year but not more than five years	3,093,981,271	757,381,012
Over five years	209,423,547	194,455,000
	<u>15,383,926,662</u>	<u>8,095,565,441</u>

8.03 Nature wise Loans and Advances

Continuous Demand Loan	6,631,777,662	3,467,652,441
Term Loans up to 5 years	5,581,057,000	3,176,560,000
Term loans over 5 years	2,987,482,000	1,256,900,000
Staff Loan	126,025,000	149,556,000
	57,585,000	44,897,000
	<u>15,383,926,662</u>	<u>8,095,565,441</u>

8.04 Classification of Loans and Advances including Bills Discounted and Purchased

Un Classified Sub-Standard	15,316,590,662	8,066,090,441
Doubtful	39,442,000	99,000
	759,000	3,892,000

Bad/Loss	27,135,000	25,484,000
	<u>15,383,926,662</u>	<u>8,095,565,441</u>

8.05 Advances to Directors and Others

Advances to the Directors and their allied concern	-	-
Advances to CEO and Senior Executives	32,928,000	9,321,667
Advances to Customers (Group wise)	7,481,648,311	2,042,812,000
Industrial Advances (Project finance)	1,108,762,525	334,785,364
Other Staff		
Loan	24,657,000	35,575,333
Other customers	<u>6,735,930,826</u>	<u>5,673,071,077</u>
	<u>15,383,926,662</u>	<u>8,095,565,441</u>

***Loans and Advances allowed to each customer exceeding 15% of Bank's total capital:**

Total Loans and Advances (Taka)	1,775,400,000	948,300,000
No. of Customers	7	6
Classified amount thereon	Nil	Nil

Measures taken for recovery

Not Applicable

Not Applicable

The amount represents the sum of total loan allowed to each customer exceeding 15 crore which is computed @15% of closing total Capital Fund

* Statement of Loans and advances allowed to each customer exceeding 15% of Bank's total capital as on 31.12.2004 are as follows :

	<u>Taka</u>	
1. PHP Group	245,100,000.00	
2. Abul Khair Group	220,000,000.00	
3. T.K. Group	213,800,000.00	
4. Panna Spining Mills	202,300,000.00	
5. SMAH	259,300,000.00	
6. Rupsha Fish	282,300,000.00	
7. Asia Pacific	<u>352,600,000.00</u>	
	<u>1,775,400,000.00</u>	
	2004	2003
	<u>Taka</u>	<u>Taka</u>

8.06

**Particulars
of
Advances**

(i) Debts considered good in respect of which the Bank is fully secured.	11,590,601,910	7,986,391,551
(ii) Debt considered good for which the Bank hold no other security than the debtor's personal guarantee.	-	-
(iii) Debts considered good secured by the personal undertakings of one or more parties in addition to the personal gurantee of the debtor.	3,793,324,752	109,173,890
(iv) Debts considered bad or doubtful not provided for.	-	-
	<u>15,383,926,662</u>	<u>8,095,565,441</u>
(v) Debts due by directors or officers of the bank or any of them either separately or jointly with any other person.	<u>57,585,000</u>	<u>44,897,000</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>-</u>	<u>-</u>
(vii) Maximum total amount of advances including temporary advances granted during the year to the Directors or Managers or Officers of the Bank or any of them either separately or jointly with any other person.	<u>57,585,000</u>	<u>44,897,000</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 have interest as directors, partners or managing agents or in the case of private companies as members.

	-	-
(ix) Due from Banking Companies.	-	-
(x) Classified loans and advances :		
a) Movement of Classified Loans and Advances		
Opening Balance	29,475,000	49,654,000
Increase/(decrease) during the year	37,861,000	(20,179,000)
	<u>67,336,000</u>	<u>29,475,000</u>
	2004	2003
	<u>Taka</u>	<u>Taka</u>
b) Provision kept against loans classified as Bad/Loss	<u>15,559,000</u>	<u>14,843,000</u>
c) Interest credited to Suspense A/C	<u>3,868,421</u>	<u>2,448,905</u>
d) Classified Loans and advances on which no interest is credited to income	<u>67,336,000</u>	<u>29,475,000</u>

	xi) The cumulative amount of Loans and Advances written off		
	Opening		
	balance	-	-
	Written off during the		
	year	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
8.07	Bills Discounted and Purchased		
	Inside		
	Bangladesh	853,891,927	871,411,360
	Outside		
	Bangladesh	<u>287,571,224</u>	<u>200,419,491</u>
		<u>1,141,463,151</u>	<u>1,071,830,851</u>
8.08	Maturity wise Bills Purchased and Discounted		
	Payable		
	within 01		
	month	361,301,909	387,835,515
	Payable over 1 month but		
	within 03 months	594,617,137	493,829,184
	Payable over 3 months but		
	within 6 months	185,544,105	190,166,152
	Payable		
	over 6		
	months	-	-
		<u>-</u>	<u>-</u>
		<u>1,141,463,151</u>	<u>1,071,830,851</u>
9.00	LAND, BUILDING, FURNITURE, FIXTURES ETC		

	Vehicles	13,694,156	5,483,446
	Furniture & Fixtures	76,771,476	55,990,578
	Office Equipment	59,104,145	46,424,446
	(For details refer to Annexure-C)	149,569,777	107,898,470
10.00	OTHER ASSETS		
	Advance Deposits	681,020	657,020
	Stock of Stationery	6,447,820	4,380,847
	Suspense Account:		
	Advance against expenses for Interior Decoration of branches/H.O	18,475,352	6,746,747
	Encashment of PSP/BSP awaiting realisation from Bangladesh Bank	4,762,356	2,954,187
	Sundry Debtors	9,472,864	12,883,390
	Others	1,785,377	778,564
		34,495,949	23,362,888
	Stamps in hand	333,853	212,711
	Sundry Assets:		
	Advance against office rent and maintenance	71,358,366	66,068,615

DD paid without advice	4,143,124	-
Clearing Adjustment A/C	-	-
	75,501,490	66,068,615
Head Office General Account	-	34,755,620
	117,460,132	129,437,701

11.00 Head Office General Account Reconciliation

Head Office General Account represents outstanding Interbranch and Headoffice transactions originated but yet to be responded.

<u>Aging of outstanding balances</u>	DR	CR	Net DR (CR)
Upto 3 months	2,072,680,012	2,179,685,753	(107,005,741)
Over 3 months but not more than 6 month	611,012	457,566	153,446
Over 6 months	2,796,192	3,512,179	(715,987)
Total	2,076,087,216	2,183,655,498	(107,568,282)

12.00 Borrowings from other Banks, Financial Institutions and Agents

2004 Taka **2003 Taka**

Borrowings from other Banks, Financial Institutions and Agents	38,100,000	-
	<u>38,100,000</u>	<u>-</u>

The amount represents amount received from Bangladesh Bank for Refinancing against Small and Medium Enterprises (SME) bearing interest @ 5% per annum.

13.00

DEPOSITS AND OTHER ACCOUNTS

Current and Contingency account:

Current Account	537,001,963	474,236,499
Short Term Deposits	510,926,257	307,562,442
Staff Security Deposits	610,000	500,000
Deposit in Foreign Currency	114,963,401	32,409,848
Monthly Savings Scheme	365,003,201	212,238,046
Monthly Income Account	1,125,769,050	644,523,578
Education Savings Scheme	23,297,453	11,819,349
Sundry Deposits (Note-13.01)	1,296,367,869	905,184,282
Special Deposit Scheme	<u>60,272,546</u>	<u>42,626,551</u>
	4,034,211,740	2,631,100,595

<i>Savings</i>		
<i>Bank</i>		
<i>Deposits</i>	1,320,059,895	1,098,808,684
Bearer Certificate of		
Deposits	-	1,089,099
<i>Fixed</i>		
<i>Deposits:</i>		
One month	-	1,241,189
Three		
months	1,731,178,852	1,490,186,589
Six months	1,657,374,220	700,606,896
One year	8,115,631,434	3,531,222,004
Two years	363,557,184	72,437,362
Three years but not more		
than five years	488,635,676	271,449,798
	<u>12,356,377,366</u>	<u>6,067,143,838</u>
	17,710,649,001	9,798,142,216
Bills Payable (Note-13.04)	<u>294,547,391</u>	<u>232,375,759</u>
	<u>18,005,196,392</u>	<u>10,030,517,975</u>
13.01		
Sundry		
Deposits		
Sundry		
Creditors	55,394,047	79,811,248
Margin on		
L/C	296,081,812	282,510,009
Margin on		
L/G	102,595,303	83,818,139

Sanchyapatr		
a	1,410,000	8,676,625
Back to Back L/C		
Obligation	192,181,514	167,456,621
Income Tax deducted at		
source	7,873,353	11,884,701
VAT payable to		
Government	3,350,242	3,714,475
Interest and Discount on Treasury Bills/Bonds	301,433,867	230,260,967
Margin on		
FDBP(Loca		
l)	13,151,297	2,478,455
Advance deposits against Consumer Credit Scheme	6,423,950	6,244,646
Other		
sundry		
deposits	316,472,484	28,328,396
	<u>1,296,367,869</u>	<u>905,184,282</u>

13.02

**Naturewise Deposits and
Other Accounts:
Demand
Deposits**

Deposits from other Banks
Deposits from other than
Banks

-	-
2,374,886,617	1,754,087,256

**Time
Deposits**

Deposits from other Banks
Deposits from other than
Banks

2,374,886,617	1,754,087,256
15,630,309,775	-
	8,276,430,719
	8,276,430,719

		15,630,309,775	
		<u>18,005,196,392</u>	<u>10,030,517,975</u>
		2004	2003
		<u>Taka</u>	<u>Taka</u>
13.03	Maturity wise Grouping of Deposits		
	Deposits from Banks	-	-
	Other than Banks		
	Repayable on Demand	3,195,506,765	891,441,390
	Repayable within 1 month	965,365,938	544,255,472
	Repayable over 1 month but not more than 03 months	1,677,411,687	385,742,732
	Repayable over 3 months but not more than 01 year	7,187,855,909	3,235,154,948
	Repayable over 1 year but not more than 5 years	4,124,939,674	4,973,923,433
	Repayable over 05 years	854,116,419	-
		<u>18,005,196,392</u>	<u>10,030,517,975</u>
		<u>18,005,196,392</u>	<u>10,030,517,975</u>
13.04	Bills Payable		
	Payable - Inside Bangladesh	294,547,391	232,375,759
	Payable - Outside		-

	Bangladesh	-	
		294,547,391	232,375,759
14.00	OTHER LIABILITIES		
	Credit Card	2,416,476	-
	Exchange Equalisation Fund (Note-14.01)	465,671	465,671
	Provision for Income Tax (Note-14.02)	297,080,503	144,836,655
	Provision for Loans and Advances (Note-14.03)	171,795,000	96,755,000
	Interest Suspense Account (Note-14.04)	3,868,421	2,448,905
	Advance Installment - Lease Finance	1,953,581	1,272,423
	Head Office General Account (Note - 11.00)	107,568,282	-
	Adjusting Account	313,807,884	132,541,092
		898,955,818	378,319,746
14.01	Exchange Equalisation Fund		
	Opening balance	465,671	465,671
	Movement during the period	-	-
	Closing balance	465,671	465,671
14.02	Provision for Taxation		
	Balance of provision on 1		114,162,955

	January	144,836,655	
	Add: Provision made for the year (Note 14.02.01)	<u>385,352,222</u>	<u>177,475,419</u>
		530,188,877	291,638,374
	Balance of Advance Income Tax	<u>(233,108,374)</u>	<u>(146,801,719)</u>
		<u>297,080,503</u>	<u>144,836,655</u>
14.02.01	Provision for Tax made for the year		
	Income tax @ 45% on accounting profit before tax Tk 806,332,842	362,849,779	175,782,855
	Excess Profit Tax @ 15% on Tk. 253501960 (A below)	<u>22,502,443</u>	<u>983,830</u>
		<u>385,352,222</u>	<u>176,766,685</u>
	Provision for income tax has been made @45% on profit before tax.Dividend distribution tax will be accounted for on payment basis.		
A	Excess Profit		
	Accounting profit before tax but after deducting gain on sale of shares of Tk.49,564,054	806,332,842	390,628,566
	50% of Capital Fund including reserve	<u>656,316,557</u>	<u>384,069,703</u>
		<u>150,016,285</u>	<u>6,558,863</u>
B	Capital fund for the purpose of computation of excess Profit Tax		
	Share Capital	557,549,712	408,910,680
	Statutory Reserve	301,084,567	129,905,188

Retained Earnings	1,645,478	148,641,866
1 %		
General Provision	152,595,000	80,216,000
Dividend Equalisation Reserve	93,891,372	
Proposed Cash Dividend	205,401,314	
Exchange Equilisation	465,671	465,671
	<u>1,312,633,114</u>	<u>768,139,405</u>

14.03

Provision for Loans and Advances
(I) Specific provision

Opening balance

Written off during the period

Recoveries of advances previously written off

Specific provision for the year

Excess provision transferred to General provision

	2004	2003
	<u>Taka</u>	<u>Taka</u>
Opening balance	16,539,000	44,509,000
Written off during the period	-	-
Recoveries of advances previously written off	-	-
Specific provision for the year	2,661,000	-
Excess provision transferred to General provision	-	(27,970,000)

		<u>2,661,000</u>	<u>(27,970,000)</u>
		<u>19,200,000</u>	<u>16,539,000</u>
	<i>(II) General</i>		
	<i>Provision</i>		
	Opening balance	80,216,000	42,148,310
	Provision made for the period/net charge		
	in profit and loss account	72,379,000	10,097,690
	Transfer from Specific Provision	-	27,970,000
		<u>152,595,000</u>	<u>80,216,000</u>
		<u>171,795,000</u>	<u>96,755,000</u>
14.04	Interest Suspense Account		
	Opening balance	2,448,905	4,334,959
	Amount transferred to Interest Suspense during the year	1,419,516	-
	Amount transferred to Interest Income	-	(1,886,054)
	Closing balance	<u>3,868,421</u>	<u>2,448,905</u>

**15.00 CAPITAL
Authorized
Capital:**

10,000,000 ordinary shares of Tk 100 each(Subsequent to 30 June 2004 the Authorised ShareCapital of the Bank has been enhanced from Tk 1,000,000,000 divided into 10,000,000

Ordinary Shares of Tk 100 each to Tk 2,000,000,000 divided into 20,000,000 Ordinary Shares of Tk 100 each subject to approval of Bangladesh Bank)

2,000,000,000	2,000,000,000
---------------	---------------

Issued, Subscribed & fully

Paid up Capital:

Issued for

cash :

Local Sponsors: 3,383,035.58 Ordinary shares of Tk.100 each

338,303,558

338,303,560

Foreign Sponsors: 200,000 Ordinary Shares of Tk.100 each

20,000,000

20,000,000

358,303,558

358,303,560

Issued for other than cash

: Bonus shares

Local Sponsors: 1,857,597.54 Bonus shares of Tk.100 each

185,759,754

46,047,920

Foreign Sponsors: 134,864 Bonus shares of Tk.100 each

13,486,400

4,559,200

199,246,154

50,607,120

557,549,712

408,910,680

	2004	2003
	<u>Taka</u>	<u>Taka</u>
15.01		
<u>Capital Adequacy Ratio Tier – I (Core Capital)</u>		
Paid up Capital	557,549,712	408,910,680
Statutory Reserve	301,084,567	129,905,188
Proposed Cash Dividend Retained Earning Dividend Reserve	205,401,314	-
Equalisation Reserve	75,442	148,641,866
	<u>93,891,372</u>	-
	<u>1,158,002,407</u>	<u>687,457,734</u>
<u>Tier – II (Supplementary Capital)</u>		
1% General Provision	152,595,000	80,216,000
Exchange Equalisation	465,671	465,671
n	<u>153,060,671</u>	<u>80,681,671</u>
A.Total Capital	<u>1,311,063,078</u>	<u>768,139,405</u>
B. Total Risk Weighted Assets	<u>12,260,042,09</u>	<u>6,530,393,189</u>

	4	
C. Required Capital based on Risk Weighted Assets(9% on B)	1,103,403,788	587,735,387
D. Surplus/(Defficiency) (A - C)	207,659,289	180,404,018
Capital Adequacy Ratio	10.69%	11.76%
Capital Requirement	Required Held	Required Held
Tier - I	4.50% 9.44%	4.50% 10.53%
Tier - II	1.25%	1.23%
Total	9% 10.69%	9% 11.76%

16.00

STATUTORY RESERVE

Opening Balance	129,905,188	51,779,474
Provision made during the period	171,179,379	78,125,714
	301,084,567	129,905,188

Statutory Reserve are made according to Sec. 24 of The Bank Companies Act,1991 and shall be maintained until it equals to Paid up Capital.

17.00

SHARE PREMIUM

Opening Balance	-	3,850,368
-----------------	---	-----------

	Addition during the half year	-	-
	Transfer to Retained Earnings during the half year	-	(3,850,368)
		<u>-</u>	<u>-</u>
18.00	LETTER OF GUARANTEES		
	Money for which the Bank is contingently liable in respect of guarantees given favoring:		
	Directors	-	-
	Government Bank and other financial Institutions	810,504,153	675,814,929
		1,260,000	-
	Others	452,831,072	331,945,120
		<u>1,264,595,225</u>	<u>1,007,760,049</u>
19.00	INTEREST INCOME		
	Interest on Call Loans	65,212,235	55,929,458
	Interest received from other Banks & Financial Institutions	8,796,497	5,095,384
	Interest received from Foreign Banks & Bangladesh Bank F/C accounts	4,602,914	1,909,628
	Interest received from Customers other than Banks	1,536,451,611	789,771,991
		<u>1,615,063,257</u>	<u>852,706,461</u>
20.00	INTEREST PAID ON DEPOSITS & BORROWINGS		

	Interest paid on Deposits	1,121,365,375	624,168,351
	Interest paid on Borrowings	<u>13,863,732</u>	<u>19,718,932</u>
		<u>1,135,229,107</u>	<u>643,887,283</u>
		<u>2004</u>	<u>2003</u>
		<u>Taka</u>	<u>Taka</u>
21.00	INVESTMENT INCOME		
	Interest on Treasury bills	126,083,230	89,543,758
	Interest on Bonds	<u>12,052,747</u>	<u>-</u>
		<u>138,135,977</u>	<u>89,543,758</u>
22.00	COMMISSION, EXCHANGE & BROKERAGE		
	Commission	164,485,984	102,558,491
	Exchange earnings	250,066,965	146,174,809
	FC Dealing Loss	<u>-</u>	<u>(461,557)</u>
		<u>414,552,949</u>	<u>248,271,743</u>
23.00	OTHER OPERATING INCOME		
	Services & Other Charges	58,033,441	11,855,410
	Income from rent of Lockers	226,600	155,100
	Other receipts :		

	Postage recovers	13,878,632	9,945,541
	Telex/Fax/E-mail charges received	13,218,917	6,825,809
	Incidental charges	10,434,169	2,805,185
	Prize money on Prize Bond	44,162	104,183
	Dividend on shares	2,077,404	29,545,347
	Gain on sale of shares	49,564,054	-
	Miscellaneous Earnings	80,222,784	-
		<u>169,440,122</u>	<u>49,226,065</u>
		<u>227,700,163</u>	<u>61,236,575</u>
24.00	DIRECTORS' FEES		
	Fees for EC/Board Meetings/Audit Committee	1,249,500	1,525,000
	Other Financial benefit	-	-
		<u>1,249,500</u>	<u>1,525,000</u>
	Each Director is paid for Tk.2,500/- per meeting per attendance.		
25.00	DEPRECIATION & REPAIRS OF BANKING PROPERTY		
	Depreciation on Fixed Assets (Annexure-C)	21,873,411	14,375,431

	Repairs & Maintenance	4,465,471	2,247,829
		<u>26,338,882</u>	<u>16,623,260</u>
26.00	OTHER EXPENSES		
	Training Expenses	12,180	8,100
	Car Expenses	6,466,190	5,344,560
	Washing & Cleaning	484,907	323,744
	Subscription, (Newspaper, Institution)	2,905,635	3,685,153
	Entertainment Expenses	6,217,877	3,644,663
	Travelling Expenses	3,295,731	2,149,301
	Conveyance	1,097,721	761,373
	Cartage & Freight	8,401	67,678
	Leverage & Uniform	242,085	186,030
	Cash		
	Carrying Charges	1,544,705	1,201,340
	Sundry Expenses	16,737,945	5,014,970
	Credit Card Fees	3,615,635	-
	Remittance Charges	121,873	160,120
		<u>42,750,885</u>	<u>22,547,032</u>

27.00	EARNING PER SHARE (EPS)		
	Net Profit after tax (Numerator)	470,544,673	213,153,148
	Number of ordinary shares outstanding (Denominator) (Note - 27.01)	5,575,497.12	3,180,416.40
	Earning Per Share (EPS)	84.40	67.02

27.01 Computation of Weighted Average Number of Shares :

<u>Particulars</u>	<u>No. of Shares</u>	<u>Time-weighted Factor</u>	<u>Weighted average number of shares</u>
Shares outstanding as on 01.01.2004	4,089,106.8	12/12	4,089,106.8
Issue of Bonus Shares	1,486,390.32	12/12	1,486,390.32
	<u>5,575,497.12</u>		<u>5,575,497.12</u>

Earning per share (EPS) has been calculated in accordance with IAS 33.

**28.00 Audit
Committee**

**a. Particulars of Audit
Committee**

The Bank has constituted an Audit Committee of the Board of Directors with a view to act as a bridge among the Board of Directors, Executive Authority, Depositors, Shareholders etc so that the Committee can play an effective role in establishing an efficient, strong and secured banking system. Our Audit Committee comprises of three members of the Board of Directors as follows :

Name	Designation	Educational Qualification
Mr. B.H. Haroon	Chairman	B.A.(Hons.), M.A. Dhaka University, M.M.(Double) Madrasa-e- Alia, Dhaka.
Mr. Nurul Amin	Member	Graduate in Science, MBA (Harriot Watt University, UK)
Mr. Abdus Salam Murshedy	Member	Graduate, University of Dhaka

b. Meeting of the Audit Committee held during 2004:

4th Audit Committee Meeting held on 05.01.2004
5th Audit Committee Meeting held on 20.01.2004
6th Audit Committee Meeting held on 01.03.2004
7th Audit Committee Meeting held on 06.03.2004
8th Audit Committee Meeting held on 25.04.2004
9th Audit Committee Meeting held on 06.05.2004
10th Audit Committee Meeting held on 24.05.2004
11th Audit Committee Meeting held on 14.06.2004
12th Audit Committee Meeting held on 11.07.2004
13th Audit Committee Meeting held on 04.08.2004
14th Audit Committee Meeting held on 18.08.2004
15th Audit Committee Meeting held on 25.08.2004
16th Audit Committee Meeting held on 08.09.2004
17th Audit Committee Meeting held on 22.09.2004

18th Audit Committee Meeting held on 20.10.2004

19th Audit Committee Meeting held on 23.11.2004

20th Audit Committee Meeting held on 08.12.2004

21st Audit Committee Meeting held on 11.12.2004

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

- A strong division of the Bank has been formed for Internal Audit with a view to establishing compliance culture in the Bank.

- Regular monitoring has been done for the effectiveness of the quality control policies and procedures with the effect to evaluate the application of Internal Control System, Internal Audit Policy, Policy for Financial Risk, existing rules and regulations (internal and external), other obligations from controlling Authority, disclosure process of Financial Statements of the Bank.

- Regular review of the Internal and External(including Bangladesh Bank) Audit Report with a view to implementing the suggestion of Internal and External Auditors in respect of Internal Control techniques and structure.

- Review the Accounting procedure with a view to ascertaining whether the International Financial Reporting Standard (IFRS) has been applied in maintaining books and records of the Bank.

29.00 Related Party Disclosures

I) Name of Directors and their interest in different Entities

Name

1. Dr. H.B.M.Iqbal
2. Mr. B.H. Haroon
3. Mr. Abdus Salam Murshedy
4. Mr. Nurul Amin
5. Mr. Kutubuddin Ahmed
6. Mr. Shafiqur Rahman
7. Al haj Abul Kashem
8. Mr. Yeh Cheng Min
9. Dr. Arifur Rahman
10. Mr. Mohammad Mazharul Islam
11. Mrs. Nawrin Iqbal
12. Mrs. Shaila Shelly Khan
13. Mrs. Faiza Rahman

Designation

- Chairman
Vice Chairman
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director

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

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

- a) NSS - Cash Counting Machines and Cheque Book Dispenser Machines. Also purchased computer accessories.
- b) The Bank has rented office spaces from the Chairman of the Board of Directors.

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

iv) Related Party Transactions :

Nature of

Amount

<u>Name of the party</u>	<u>Related by</u>	<u>Transaction</u>	<u>in Taka</u>
1. Dr. H.B.M.Iqbal	Proprietor of Iqbal Centre is the Chairman of the Bank	Office Rent	2,415,000
2. Beacon Travels	Dr. H.B.M. Iqbal, the Chairman of Beacon Travels is the Chairman of the Bank	Bank Guarantee	1,600,000
3. National System Solutions(Pvt) Ltd.	Mr. Kutubuddin Ahmed and Mr. Abdus Salam Murshedy, the Directors of the Bank are the Chairman and Managing Director of National System Solutions (Pvt) Ltd respectively.	Acquisition of Computers and Accessories	78,851

v) Lending Policies to related Parties :

Related parties are allowed House Building Loans as per Bank Companies Act 1991 and Bangladesh Bank guidelines.

vi) Loans and Advances to Directors and their related concern :

Nil

vii) Business other than Banking business with any related concern of the Directors as per Section18(2) of the Bank Companies Act : Nil

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

Nil

30.00 EVENTS AFTER BALANCE SHEET DATE

30.01 Initial Public Offer

The bank has been approved by SEC to make Initial Public Offer (IPO) to raise Capital of Tk.557,549,700 to the market, which will raise the Paid up Capital to Tk.1,115,099,412. The IPO was scheduled in February 2005 but presently it was suspended.

Chairman

Director

Director

Director

Managing Director

Annexure-A

The Premier Bank Limited
Balance with Banks Outside Bangladesh as at 31 December 2004

[Referred to Note 5 of these financial statements]

Sl. No.	Name of Banks	Type of Account	Amount in Foreign Currency	Conversion Rate	Amount in Taka
1	Mashreq Bank PSC - New York	US\$	246,093.42	60.7250	14,944,023
2	American Express Bank Ltd. - New York	US\$	15,827.13	60.7250	961,102
3	Bank of Tokyo Mitsubishi Ltd. - Tokyo	YEN	2,695,561.00	0.5849	1,576,634
4	Commerz Bank AG - Frankfurt AM.Main (EURO)	EURO	19,656.95	82.7532	1,626,676
5	American Express Bank Ltd. - kolkata	ACU\$	-	-	-
6	Standard Chartered Bank - New York	US\$	129,366.23	60.7250	7,855,764
7	Commerz Bank AG - Frankfurt AM Main (US \$)	US\$	-	-	-
8	The Royal Bank of Scotland-London	GBP	595.13	116.7228	69,465
9	Mashreque Bank PSC - London	EURO	-	-	-
10	Standard Chartered Bank - Kolkata	ACU\$	10,698.70	60.7250	649,679
11	NDLC IFIC Bank Ltd. - Karachi	ACU\$	5,602.53	60.7250	340,214
12	Citi Bank NA - New York	US\$	151,916.38	60.7250	9,225,122
13	State Bank of India	ACU\$	67,436.68	60.7250	4,095,092
14	Banca Nazionale Del Lavoro SpA	EURO	5,000.00	82.7532	413,766
15	Australia & New Zealand Banking Group	AUD	53,531.92	47.0833	2,520,459
16	The Bank of Nova Scotis-Canada	CAD	21,188.26	50.2006	1,063,663
Total					45,341,659

Annexure-B

The Premier Bank Limited
Statement of other Investments
As at 31.12.2004

Particulars	No. of Shares	Face Value		Cost	Market/Book Value		Provision for Diminuation in Value
		per share	Total		Per share	Total	
<i>Investment in Ordinary Shares</i>							
Unquoted							
a) Central Depository Bangladesh Limited	2	1,000,000	2,000,000	2,000,000	1,000,000	2,000,000	-
Total	2		2,000,000	2,000,000		2,000,000	-

As at 31.12.2003

Particulars	No. of Shares	Face Value		Cost	Market/Book Value		Provision for Diminuation in Value
		per share	Total		Per share	Total	
<i>Investment in Ordinary Shares</i>							
Quoted							
a) One Bank							

Limited	55,850	100	5,585,000	5,585,000	185	10,332,250	
<u>Unquoted</u>							
a) Bank Asia Limited	19,100	100	1,910,000	1,910,000	100	1,910,000	
b) Mercantile Bank Limited	31,250	100	3,125,000	3,125,000	100	3,125,000	
c) Central Depository Bangladesh Limited	2	1,000,000	2,000,000	2,000,000	1,000,000	2,000,000	-
Total	106,202		12,620,000	12,620,000		17,367,250	-

Quoted shares are valued as per Market Price in the stock exchange(s) whereas unquoted shares are taken at Book Value.

THE PREMIER BANK LIMITED
Schedule of Fixed Assets
As at 31 December 2004

Particulars	Cost			Depreciation			Writtendown Value at 31 Dec 2004 Taka	Rate of Depreciation per annum
	Balance on 1 January 2004	Additions during the year	Balance at 31 Dec 2004	Balance on 1 January 2004	Charge for the year	Balance at 31 Dec 2004		
	Taka	Taka	Taka	Taka	Taka	Taka		
Vehicles	12,098,315	10,771,173	22,869,488	6,614,869	2,560,463	9,175,332	13,694,156	20%
Furniture and Fixtures	71,615,921	28,463,303	100,079,224	15,625,343	7,682,405	23,307,748	76,771,476	10%
Office Equipment	62,811,559	24,310,242	87,121,801	16,387,113	11,630,543	28,017,656	59,104,145	20%
2004	146,525,795	63,544,718	210,070,513	38,627,325	21,873,411	60,500,736	149,569,777	
2003	97,543,979	48,981,816	146,525,795	24,251,894	14,375,431	38,627,325	107,898,470	

Annexure-D

**The Premier Bank Limited
Accounts for the year ended 31 December 2004**

Directors Interest in Different Entities

<u>Name</u>	<u>Designation</u>	<u>Entities where they have Interest</u>	<u>Position</u>	<u>% of Interest</u>
1. Dr. H.B.M.Iqbal	Chairman	Benlub(Pte) Ltd.	Chairman	
		Bengal Tiger Cement Industries Ltd.	Do	
		Nawrin Electronics	Do	
		Aero Bengal Ltd	Do	
		Gulf Medical Centre Ltd.	Do	
		Air Concern International	Do	
		Bukhara Restaurant(Pvt) Ltd.	Do	
		Peoples Leasing Co. Ltd.	Founder Chairman	
		Beacon Travels Ltd.	Managing Director	
		Purabi General Insurance Co. Ltd.	Director	
		Iqbal Centre Concern International	Proprietor Do	
2. Mr. B.H. Haroon	Vice Chairman	Benlub(Pte) Ltd.	Managing Director	30
		Al Humayra Development Ltd.	Do	75
		Rajbithi Travels Ltd.	Do	70
		Al Arab Enterprise International	Proprietor	
3. Mr. Abdus Salam Murshedy	Director	Envoy Garments Ltd.	Managing Director	50
		National System Solutions (Pvt) Ltd.	do	50

Chingri Bangla Ltd.	do	33
Pinata Air International Ltd.	do	33
Envoy Shipping Ltd.	do	50
Niloy Apartment Ltd.	do	50
Envoy LPG Products Ltd.	do	50
Nadia Garments Ltd.	do	50
Pastel Garments Ltd.	do	50
Astras Garments Ltd.	do	50
Regal Garments Ltd.	do	50
Epoch Garments Ltd.	do	50
Supreme Apparels Ltd.	do	50
Dornick Apparels Ltd.	do	50
Fontina Fashions Ltd	do	50
Laundry Industries Ltd.	do	25
Envoy Textiles Ltd.	do	40
Orex Net Work Ltd.	do	50
Information Technology Consultants Ltd.	do	27
Emerald Trading Ltd.	do	33
Geocentric Ltd.	do	20
Peridot International Ltd.	do	50
KSM Preserves Ltd.	do	33
Machinery Products Ltd.	do	50
Armour Garments Ltd	do	50
OIA Global Logistics (BD) Ltd	do	50
Advanced Comtech Machinery Ltd	do	50
Lunar International Ltd	do	50
Sheltech Suit (Pvt) Ltd	do	50
Sheltech Cond. (Pvt) Ltd	do	50
Square Hospitals Ltd	Director	33

<u>Name</u>	<u>Designation</u>	<u>Entities where they have Interest</u>	<u>Position</u>	<u>% of Interest</u>
		New Energy Solutions Ltd.	Director	40
		Envoy Air Services Ltd.	do	30
		Envoy Products Ltd.	do	50
		Envoy Packages Ltd.	do	50
		Envoy Towers Ltd.	do	50
		Olio Apparels Ltd	do	50
		Building Products Ltd.	do	50
		Sharmin Holdings Ltd.	do	80
		Sports Media Ltd.	do	25
4. Mr. Nurul Amin	Director	City Designer International Ltd.	Chairman	84
		City Export & Import Ltd.	Managing Director	60
		B.K. Knit Fashion Ltd.	Chairman	60
		Parsha Tex Ltd.	Do	60
		Parsha Knitting Industries	Do	60
		O.S. Kahatex (BD) Ltd.	Do	50
		Omar Sultan Knitting Mills Ltd.	Do	40
		Omar Sultan Dyeing & Spinning Mills Ltd.	Do	40
		City Shipping Lines Ltd	Do	40
5. Mr. Kutubuddin Ahmed	Director	Envoy Garments Ltd.	Chairman	50
		Pinata Air International Ltd.	do	34
		National System Solutions (Pvt) Ltd.	do	50
		KTS Syndicate Ltd.	do	50
		Sheltech	Director	43

(Pvt) Ltd.		
Square Hospitals Ltd	do	33
People's Construction Ltd.	do	33
	Chairm	
Chingri Bangla Ltd.	an	29
Armour Garments Ltd.	do	50
Nadia Garments Ltd.	do	50
Pastal Apparels Ltd	do	50
Astras Garments Ltd.	do	50
Regal Garments Ltd	do	50
Epoch Garments Ltd.	do	50
Supreme Apparels Ltd.	do	50
Dornick Apparels Ltd.	do	50
Fontina Fashions Ltd	do	50
Laundry Industries Ltd.	do	25
Envoy Textiles Ltd.	do	40
Orex Network Ltd	do	50
Information Technology Consultants Ltd.	do	27
OIA Global Logistics (BD) Ltd	do	38
Advanced Comtech Machines Ltd.	do	50
Lunar Internatoinal Ltd.	do	34
Emerald Trading Ltd.	do	33
Geocentric Ltd.	do	20
Peridot International Ltd.	do	50
KSM Preserves Ltd	do	50
KTM Media Ltd	do	50
Trade Tech International Ltd	do	50
Envoy Services Ltd	do	50

<u>Name</u>	<u>Designation</u>	<u>Entities where they have</u>		<u>% of Interest</u>
		<u>Interest</u>	<u>Position</u>	
		Sheltech Tower & Apprt. (Pvt) Ltd.	Director	10
		Sheltech Suit Pvt Ltd.	do	29
		Sheltech Cond. (Pvt) Ltd.	do	14
		Superior Traders Ltd.	do	25
		Splender Apts. Ltd	do	25
		Sparkle Apts Ltd.	do	33
		Starlit Apts Pvt. Ltd	do	33
		Building Products Ltd.	do	50
			Chairman	
		Niloy Apartment Ltd	an	50
		Envoy Shipping Ltd	do	50
		Machinery Products Ltd	do	50
		Envoy LPG Products Ltd	do	50
		New Energy Solutions Ltd	do	40
		Envoy Products Ltd.	do	50
		Envoy Packages Ltd.	do	50
		Envoy Towers Ltd.	do	50
		Olio Apparels Ltd	do	50
		Sports Media Ltd	do	25
		Food Mart International Ltd	do	33
6. Mr. Shafiqur Rahman	Director	Rupsha Tyres & Chemical Ltd.	Managing Director	40
		Rupsha Rubber Industries Ltd.	Proprietor	
7. Alhaj Abul Kashem	Director	Baly Yarn Dyeing Ltd.	Chairman	55
		Baly Artificial Leather	Do	55

		Industries Ltd.			
		Baly Plastic Industries Ltd.	Do	55	
8. Mr. Yeh Cheng Min	Director	Alita (BD) Ltd.		Chairman & MD	70
		Ace Bicycle (BD) Ltd.	Do	70	
9. Dr. Arifur Rahman	Director				
10. Mr. Mohammad Mazharul Islam	Director				
11. Mrs. Nawrin Iqbal	Director	Bentley Sweater Ltd.		Vice Chairman	15
		Bukhara Restaurant (Pvt) Ltd.	Director	10	
		Nawrin Electronics Ltd.	Managing Director	12.5	
12. Mrs. Shaila Shelly Khan	Director				
13. Mrs. Faiza Rahman	Director				