

Auditors' Report to the Shareholders

We have audited the accompanying Balance Sheet of MUTUAL TRUST BANK LIMITED as at December 31, 2003 and the related Profit & Loss Account, Cash flow statement, Statement of Changes in Equity and Notes to the Financial Statements for the year ended on that date. The preparation of these Financial Statements is the responsibility of the bank's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.


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

In our opinion, the Financial Statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Bank's affairs as at December 31, 2003 and of the results of its operations and its cash flow 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 purpose 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 returns adequate for the purpose of our audit have been received from branches not visited by us;
- iii) the Bank's Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purposes of the Bank's operations;
- v) the financial position of the Bank at December 31, 2003 and profit for the year then ended have been properly reflected in the Financial Statements and the Financial Statements have been prepared in accordance with the generally accepted accounting principles;
- vi) the Financial Statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- vii) adequate provisions have been made on loans and advances as per Bangladesh Bank's circular;
- viii) the Financial Statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements; and
- x) the information and explanations required by us have been received and found satisfactory.

Dated: Dhaka
April 04, 2004


(M. AHMED & CO.)
Chartered Accountants

BALANCE SHEET

as on December 31, 2003

Property and Assets**Cash:**

In hand (Including Foreign Currency)
With Bangladesh Bank (Including Foreign Currency)

Balance with other Banks & Financial Institutions :

In Bangladesh
Outside Bangladesh

Money at Call and Short Notice**Investments:**

Government
Others

Loans and Advances:

Loans, Cash Credit, Overdrafts etc.
Bills Discounted and Purchased

Premises & Fixed Assets**Other Assets****Non-banking assets****Total Property and Assets****Liabilities and Capital****Borrowings from other Banks, Financial Institutions & agents****Deposits and other accounts:**

Current Deposits & Other Accounts
Bills Payable
Savings Deposits
Fixed Deposits
Deposits under Schemes

Other Liabilities**Total Liabilities****Capital/Shareholders' Equity:**

Paid up Capital
Share Premium
Statutory reserve
General reserve
Proposed cash dividend
Proposed bonus share

Total Shareholders' Equity**Total Liabilities and Shareholders' Equity**

Notes	2003 Taka	2002 Taka
3	86,976,591	43,794,203
4	298,917,999	224,925,079
	385,894,590	268,719,282
5		
	1,204,913,868	1,220,160,168
	46,518,119	7,323,502
	1,251,431,987	1,227,483,670
6	150,000,000	75,000,000
7		
	906,062,900	596,338,200
	90,000,000	35,000,000
	996,062,900	631,338,200
8		
	5,404,664,542	3,134,581,094
	499,519,238	302,547,810
	5,904,183,780	3,437,128,904
9	104,926,706	45,633,321
10	245,025,517	146,797,523
	-	-
	9,037,525,480	5,832,100,900
11	120,000,000	-
12		
	1,142,247,280	862,507,926
	76,889,757	55,170,157
	365,388,714	228,599,912
	5,133,891,600	3,910,609,666
	445,257,348	101,218,890
	7,163,674,699	5,158,106,551
13	783,497,914	353,978,035
	8,067,172,613	5,512,084,586
14	600,000,000	200,000,000
15	100,000,000	-
16	121,473,026	52,259,734
17	28,879,841	27,756,580
	-	40,000,000
	120,000,000	-
	970,352,867	320,016,314
	9,037,525,480	5,832,100,900

BALANCE SHEET

as on December 31, 2003

CONTRA ITEMS

Off-Balance Sheet items

Contingent Liabilities:

Letter of Guarantee
Irrevocable Letter of Credit
Bills for Collection
Other Contingent Liabilities

Total off Balance Sheet Items

Notes	2003	2002
	Taka	Taka
18	663,978,469	215,210,270
	1,988,900,586	753,791,380
	146,888,384	47,555,930
	1,088,136,697	298,851,700
	3,887,904,136	1,315,409,280

Annexed notes form an integral part of these accounts



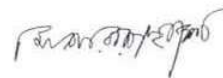
Syed Manzur Elahi
Chairman



Samson H Chowdhury
Vice Chairman



Abu Sufian
Director



Mosharraf Hossain
Managing Director

Signed in term of our audit report of even date



M. Ahmed & Co.
Chartered Accountants

Dhaka
April 04, 2004

PROFIT AND LOSS ACCOUNT

for the year ended December 31, 2003

	Notes	2003 Taka	2002 Taka
Interest Income	19	723,090,315	457,849,039
Less: Interest Paid on Deposits & Borrowings etc.	20	477,708,627	330,720,906
Net Interest Income		245,381,688	127,128,133
Income from Investments	21	56,136,569	27,757,024
Commission, Exchange & Brokerage	22	173,531,553	89,662,823
Other operating Income	23	14,104,131	8,231,406
		243,772,253	125,651,253
Total Operating Income		489,153,941	252,779,386
Less: Operating Expenditure:			
Salary & Allowances	24	46,119,032	29,999,228
Rent, Tax, Insurance, Electricity etc.	25	17,609,612	10,074,449
Legal Expenses		169,244	87,744
Postage, Stamps, Telegram & Telephone	26	3,832,210	3,424,344
Audit Fee		25,000	20,000
Printing, Stationery, Advertisement etc.	27	10,236,793	5,053,583
Managing Director's Remuneration		1,800,000	1,600,000
Directors' fees		472,500	362,500
Depreciation on & repairs to Bank's property	28	11,694,547	8,406,152
Other Expenditures	29	26,128,543	12,559,508
Total Operating Expenditure		118,087,481	71,587,508
Profit Before Provision		371,066,460	181,191,878
Less: Provision against Loans & Advances	30	25,000,000	15,716,357
Profit Before Tax		346,066,460	165,475,521
Less: Provision for Tax	31	155,729,907	66,953,096
Net Profit After Tax		190,336,553	98,522,425
Retained Surplus, brought forward		190,336,553	98,522,425

PROFIT AND LOSS ACCOUNT

for the year ended December 31, 2003

Appropriations:

Statutory Reserve
General Reserve
Proposed Cash Dividend
Proposed Bonus Shares @ 20%

Retained Surplus, Carried forward

Earnings per Share

Notes	2003	2002
	Taka	Taka
	69,213,292	33,095,104
	1,123,261	25,427,321
	-	40,000,000
	120,000,000	-
	190,336,553	98,522,425
	-	-
	43.37	49.26

Annexed notes form an integral part of these accounts




Syed Manzur Elahi
Chairman



Samson H Chowdhury
Vice Chairman



Abu Sufian
Director



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Dhaka
April 04, 2004

CASH FLOW STATEMENT

for the year ended December 31, 2003

A) Cash flow from operating activities:

Interest received
Interest paid on deposits & borrowings etc.
Dividend income
Fees & commission income
Cash paid to employees as salaries and allowances
Advance income tax paid
Cash received from other operational income
Cash paid for other operational expenses

Cash flow from operating activities before changes in net current assets

Changes in net current assets :

Investments in Treasury bills
Loans & Advances
Other Assets
Customers' Deposits
Bank Deposits
Borrowings from other banks, financial institutions & agents
Other liabilities

Net Cash flow from operating activities

B) Cash flow from investing activities:

Investments in Shares & bonds
Purchase of Premises & Fixed assets (net)

Net cash flow from investing activities

C) Cash flow from financing activities:

Paid up Capital
Share premium
Dividend paid

Net cash flow from financing activities

D) Net increase in cash and cash equivalents (A+B+C)

E) Opening cash and cash equivalents

F) Closing cash and cash equivalents (D+E)

The above closing cash and cash equivalents include:

Cash in hand
Balance with Bangladesh Bank
Balance with other Banks & Financial Institutions
Money at Call and Short Notice
Prize bonds

Annexed notes form an integral part of these accounts

2003	2002
Taka	Taka
778,226,884	485,606,063
(477,708,627)	(330,720,906)
1,000,000	-
77,028,432	42,960,490
(46,119,032)	(29,999,228)
(103,713,245)	(40,328,233)
110,607,252	54,933,739
(61,374,214)	(33,570,939)
277,947,450	148,880,986
(310,000,000)	(290,000,000)
(2,467,054,876)	(1,527,324,016)
5,485,251	598,971,327
2,305,568,148	1,730,283,270
(300,000,000)	70,000,000
120,000,000	(20,000,000)
248,789,972	(481,093,849)
(397,211,505)	80,836,732
(119,264,055)	229,717,718
(55,000,000)	(25,000,000)
(69,887,620)	(12,121,043)
(124,887,620)	(37,121,043)
400,000,000	-
100,000,000	-
(40,000,000)	(36,000,000)
460,000,000	(36,000,000)
215,848,325	156,596,675
1,572,541,152	1,415,944,477
1,788,389,477	1,572,541,152
86,976,591	43,794,203
298,917,999	224,925,079
1,251,431,987	1,227,483,670
150,000,000	75,000,000
1,062,900	1,338,200
1,788,389,477	1,572,541,152

Syed Manzur Elahi
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Samson H Chowdhury
Vice Chairman

Abu Sufian
Director

Mosharraf Hossain
Managing Director

Dhaka
April 04, 2004

Signed in term of our audit report of even date

M. Ahmed & Co.
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2003

Particulars	Paid up Capital	Share premium	Statutory Reserve	General Reserve	Proposed cash dividend	Proposed bonus share	Profit & Loss Account	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on January 1, 2003	200,000,000	-	52,259,734	27,756,580	40,000,000	-	-	320,016,314
Addition during the year	400,000,000	100,000,000	-	-	-	-	-	500,000,000
Net profit for the year after tax	-	-	-	-	-	-	190,336,553	190,336,553
Dividend paid during the year	-	-	-	-	(40,000,000)	-	-	(40,000,000)
Appropriations made during the yr	-	-	69,213,292	1,123,261	-	120,000,000	(190,336,553)	-
Balance as on December 31, 2003	600,000,000	100,000,000	121,473,026	28,879,841	-	120,000,000	-	970,352,867

Annexed notes form an integral part of these accounts

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Dhaka
April 04, 2004

M. Ahmed & Co.
Chartered Accountants

Liquidity Statement

Maturity Analysis of Assets & Liabilities
As on December 31, 2003

	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
ASSETS :						
Cash	385,894,590	-	-	-	-	385,894,590
Balance with other Banks and financial Institutions	81,431,987	920,000,000	250,000,000	-	-	1,251,431,987
Money at Call & Short notice	150,000,000	-	-	-	-	150,000,000
Investments	1,062,900	-	15,000,000	953,000,000	27,000,000	996,062,900
Loans and advances	891,791,509	1,552,767,532	2,603,110,310	733,113,604	123,400,825	5,904,183,780
Premises and fixed assets	-	-	-	7,116,181	97,810,525	104,926,706
Other assets	11,037,243	38,950,212	4,050,000	9,413,676	181,574,386	245,025,517
Non-banking assets	-	-	-	-	-	-
Total assets	1,521,218,229	2,511,717,744	2,872,160,310	1,702,643,461	429,785,736	9,037,525,480
LIABILITIES :						
Borrowings from other banks, financial institutions & agents	120,000,000	-	-	-	-	120,000,000
Deposits and other accounts	1,259,975,530	2,497,565,090	2,291,880,272	952,133,188	162,120,619	7,163,674,699
Provision & other liabilities	135,653,017	3,893,656	236,108,348	176,796,948	231,045,945	783,497,914
Total Liabilities	1,515,628,547	2,501,458,746	2,527,988,620	1,128,930,136	393,166,564	8,067,172,613
Net Liquidity	5,589,682	10,258,998	344,171,690	573,713,325	36,619,172	970,352,867

Annexed notes form an integral part of these accounts


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Samson H Chowdhury
Vice Chairman


Abu Sufian
Director


Mosharraf Hossain
Managing Director

Signed in term of our audit report of even date

Dhaka
April 04, 2004


M. Ahmed & Co.
Chartered Accountants

Notes to the Financial Statements

for the year ended December 31, 2003

1. Legal status and nature of the bank:

Mutual Trust Bank Limited was incorporated in Bangladesh in the year 1999 as a banking Company under the Companies Act, 1994. All types of commercial banking services are provided by the bank within the stipulations laid down by the Bank Companies Act 1991 and directive as received from Bangladesh Bank from time to time.

1.1 The bank started its commercial business from October 24, 1999.

1.2 The shares of the bank are listed with the Dhaka and Chittagong Stock Exchanges as a publicly quoted company for its general class of shares. The bank has 13 branches, with no overseas branch as on December 31, 2003.

2. ACCOUNTING POLICIES:

2.1 Basis of preparation of the Financial Statements :

These financial statements have been prepared under the historical cost convention (without considering the effect of inflation) on generally accepted accounting principles and according to the First schedule of the Bank Companies Act 1991 as revised vide BRPD Circular No.14 dated 25 June 2003, Bangladesh Accounting Standards, the Companies Act 1994, the listing regulations of the Stock Exchanges, the Securities and Exchange rules 1987 and other laws and rules applicable in Bangladesh on going concern basis. The policies, whenever appropriate, are explained in the succeeding notes.

2.2 Revenue Recognition

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

- i) Interest is calculated on daily product on unclassified loans and advances.
- ii) Dividend income is recognized at the time when it is realized.
- iii) Commission and discounts on bills discounted and purchased are recognized at the time of realization.

2.3 Investments :

Investments have been shown at face value.

2.4 Basic Earnings per Share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Notes to the Financial Statements

for the year ended December 31, 2003

2.5 Fixed Assets & Depreciation:

- i) Fixed assets have been shown at written down value.
- ii) Depreciation is charged at the following rates on reducing balance method on all fixed assets other than motor vehicles, which are depreciated on straight line basis :

Name of Assets	Rate of Depreciation
Immovable Property	2.50%
Furniture	10%
Interior Decoration	10%
Office Equipments	20%
Motor Vehicles	20%
Books & Periodicals	10%

2.6 Advances:

- i) Advances are shown in the Balance Sheet at full figures.
- ii) Provision for loans & advances is made on the basis of period 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.

2.7 Foreign Currency Translation

- i) Assets and liabilities denominated in foreign currency are translated into Taka at the closing rates at the balance sheet date.
- ii) Foreign currency transactions are converted into equivalent taka currency at the ruling exchange rates on the date of such transactions. Gains and losses from transactions are dealt with through exchange account.

2.8 Post Balance Sheet events

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

2.9 General

Figures have been rounded off to the nearest taka. Previous year's figures have been rearranged , where necessary, to conform to current year's presentation.

Notes to the Financial Statements

for the year ended December 31, 2003

3. Cash in hand

Local Currency
Foreign Currency

4. Balance with Bangladesh Bank

Local Currency
Foreign Currency

4.1 CRR & SLR

CRR (Cash Reserve Requirement) :

Required Amount (Taka in crore)
%
Maintained Amount (Taka in crore)
%

SLR (Statutory Liquidity Ratio) :

Required Amount (Taka in crore)
%
Maintained Amount (Taka in crore)
%

5. Balance with other Banks & Financial Institutions:

In Bangladesh :

Social Investment Bank Ltd.
First Security Bank Ltd.
Standard Bank Ltd.
Mercantile Bank Ltd.
Citibank NA
Agrani Bank
Janata Bank
Jamuna Bank Ltd.
Dhaka Bank Ltd.
Dutch Bangla Bank Ltd.
Prime Finance & Investment Ltd.
International Leasing & Financial Service Ltd.
Phoenix Leasing Co. Ltd.

Accounts

FDR 450,000,000
FDR 150,000,000
FDR 50,000,000
FDR -
FDR 120,000,000
STD 34,587,140
STD 268,160
FDR 100,000,000
FDR -
STD 58,568
FDR 50,000,000
FDR 50,000,000
FDR 200,000,000

Outside Bangladesh :

Citibank NA, New York
Mashreqbank, New York
Standard Chartered Bank, NY
AMEX, New York
Mashreqbank, London
Mashreqbank, London
Mashreqbank, London
AMEX, Germany
AMEX, Tokyo
AMEX, Calcutta
Rupali, Pakistan
AB Bank, Mumbai
HSBC, New York
Hypo Vereins Bank

2003	2002
Taka	Taka
83,398,629	40,805,242
3,577,962	2,988,961
86,976,591	43,794,203
289,086,663	154,878,130
9,831,336	70,046,949
298,917,999	224,925,079
23.23	13.36
4%	4%
24.54	14.7
4.23%	4.41%
92.92	53.45
16%	16%
97.36	63.32
16.76%	18.95%
450,000,000	450,000,000
150,000,000	-
50,000,000	200,000,000
-	100,000,000
120,000,000	14,736,531
34,587,140	2,151,157
268,160	1,227,387
100,000,000	100,000,000
-	100,000,000
58,568	2,045,093
50,000,000	-
50,000,000	100,000,000
200,000,000	150,000,000
1,204,913,868	1,220,160,168
11,357,037	2,361,562
9,644,735	1,112,225
579,564	486,967
1,921,788	742,343
25,117	50,868
-	397,282
1,574,049	66,014
15,966,151	53,494
125,349	220,396
4,698,650	740,573
17,450	53,743
-	1,038,035
583,422	-
24,807	-
46,518,119	7,323,502
1,251,431,987	1,227,483,670

Notes to the Financial Statements

for the year ended December 31, 2003

5.1 Maturity grouping of Balance with other Banks and Financial Institutions

On Demand	
Less than three months	
More than three months but less than one year	
More than one year but less than five years	
More than five years	

6. Money at Call and Short Notice

Mercantile Bank Ltd.	
Jamuna Bank Ltd.	
International Leasing & Financial Service Ltd.	

7. Investments :

Government Securities:

Treasury Bills (at face value)	
Prize Bonds (at face value)	

Other Investments:

Shares in unquoted companies (at face value) :

Industrial & Infrastructure Dev. Finance Co. Ltd.	
Central Depository (BD) Ltd.	

Bonds (at face value) :

Agrani Bank Industrial Development Bond	
Industrial & Infrastructure Dev. Finance Co. Ltd. Zero Coupon bond	

7.1 Maturity grouping of Investments as follows:

On Demand	
Less than three months	
More than three months but less than one year	
More than one year but less than five years	
More than five years	

2003	2002
Taka	Taka
81,431,987	7,323,502
920,000,000	970,160,168
250,000,000	250,000,000
-	-
-	-
1,251,431,987	1,227,483,670
-	50,000,000
-	25,000,000
150,000,000	-
150,000,000	75,000,000
905,000,000	595,000,000
1,062,900	1,338,200
906,062,900	596,338,200
10,000,000	10,000,000
10,000,000	5,000,000
20,000,000	15,000,000
20,000,000	20,000,000
50,000,000	-
70,000,000	20,000,000
996,062,900	631,338,200
1,062,900	1,338,200
-	85,000,000
15,000,000	55,000,000
953,000,000	455,000,000
27,000,000	35,000,000
996,062,900	631,338,200

Notes to the Financial Statements

for the year ended December 31, 2003

8. Loans and Advances

Loans, Cash Credit, Overdrafts etc.:

In Bangladesh:

Loans:

Term Loan
General Loan
House Building Loan
PAD (Cash)
Trust Receipts
Lease Finance
Consumer Credit Scheme
Export Development Fund

Cash Credit:

Cash Credit (Hypo)

Overdrafts:

Secured Overdraft

Outside Bangladesh

Bills Discounted and Purchased (excluding Treasury bills):

Payable in Bangladesh

Payable outside Bangladesh

Total Loans and Advances

8.1 Maturity grouping of Loans and Advances

On Demand
Less than three months
More than three months but less than one year
More than one year but less than five years
More than five years

8.2 Concentration of Loans and Advances:

Loans and Advances to Institutions in which the Directors of the Bank have interest
Advances to Managing Director & other Senior Executives
Advances to Customers (group wise)*
Advances to Industries

*No. of borrowers to whom credit facilities of more than 15% of the capital of the bank have been given is 17.
Outstanding credit facilities of these borrowers as on December 31, 2003 is Taka 2,768,360,000.

8.3 Classification of Loans and Advances:

Unclassified
Substandard
Doubtful
Bad & Loss

	2003	2002
	Taka	Taka
Term Loan	560,442,495	404,331,641
General Loan	153,644,613	61,020,573
House Building Loan	155,620,792	52,925,841
PAD (Cash)	587,175,176	629,278,097
Trust Receipts	2,067,779,709	925,888,492
Lease Finance	80,321,440	70,723,929
Consumer Credit Scheme	9,135,430	6,083,401
Export Development Fund	4,209,862	-
	3,618,329,517	2,150,251,974
Cash Credit (Hypo)	1,146,837,602	691,070,093
Secured Overdraft	639,497,423	293,259,027
	5,404,664,542	3,134,581,094
Outside Bangladesh	-	-
	5,404,664,542	3,134,581,094
Bills Discounted and Purchased (excluding Treasury bills):		
Payable in Bangladesh	316,883,206	228,425,956
Payable outside Bangladesh	182,636,032	74,121,854
	499,519,238	302,547,810
Total Loans and Advances	5,904,183,780	3,437,128,904
8.1 Maturity grouping of Loans and Advances		
On Demand	891,791,509	640,181,186
Less than three months	1,552,767,532	337,360,819
More than three months but less than one year	2,603,110,310	1,929,908,365
More than one year but less than five years	733,113,604	506,049,122
More than five years	123,400,825	23,629,412
	5,904,183,780	3,437,128,904
8.2 Concentration of Loans and Advances:		
Loans and Advances to Institutions in which the Directors of the Bank have interest	5,332,000	6,443,812
Advances to Managing Director & other Senior Executives	2,808,000	725,328
Advances to Customers (group wise)*	3,505,343,780	2,862,405,765
Advances to Industries	2,390,700,000	567,553,999
	5,904,183,780	3,437,128,904
8.3 Classification of Loans and Advances:		
Unclassified	5,904,183,780	3,437,128,904
Substandard	-	-
Doubtful	-	-
Bad & Loss	-	-
	5,904,183,780	3,437,128,904

Notes to the Financial Statements

for the year ended December 31, 2003

8.4 Particulars of Loans and Advances:

- I) Debts considered good in respect of which the bank company is fully secured.
 II) Debts considered good for which the bank holds no other security than the debtor's personal security.
 III) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors.
 IV) Debts considered doubtful or bad, not provided for.

- V) Debts due by directors or officers of the bank or any of them either severally or jointly with any other person.
 VI) Debts due by companies or firms in which the Directors of the bank are interested as partners or managing agents or in case of private companies, as members.
 VII) Maximum total amount of advances, including temporary advances, made at any time during the year to Directors or Managers or Officers of the bank or any of them either severally or jointly with any other person.
 VIII) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors of the bank are interested as partners or managing agents or in case of private companies, as member.
 IX) Due from other banking companies
 X) Classified loans on which no interest/profit charged
 XI) Amount of Loans written off

8.5 Maturity grouping of Bills discounted and purchased

- Less than one month
 More than one month but less than three months
 More than three months but less than six months
 More than or equal to six months

9. Premises & Fixed Assets

- Immovable Property
 Furniture & fixtures
 Interior decoration
 Office equipments
 Motor vehicles
 Books & Periodicals

2003	2002
Taka	Taka
5,874,739,010	3,426,221,628
7,762,414	-
21,682,356	10,907,276
-	-
5,904,183,780	3,437,128,904
8,139,995	5,165,162
4,111,995	5,104,040
15,705,448	7,594,878
7,748,529	9,332,652
-	-
-	-
-	-
192,761,104	39,954,240
141,614,028	3,968,194
165,144,106	258,625,376
-	-
499,519,238	302,547,810
11,370,243	-
14,252,136	5,801,564
32,443,976	14,982,164
39,686,993	20,129,331
7,116,181	4,665,527
57,177	54,735
104,926,706	45,633,321

Details are shown in Annexure-A.

Notes to the Financial Statements

for the year ended December 31, 2003

10. Other Assets

Stamps on hand
Stock of stationery
Advance Office Rent
Advance Deposit
Suspense Account *
Advance Income Tax
Interest Receivables
Adjusting A/C Debit
Branch Adjustment (net)
Sundry Assets

2003	2002
Taka	Taka
63,179	47,144
2,311,348	897,145
15,263,676	10,835,706
950,147	656,745
4,394,812	3,332,698
180,624,239	76,910,994
29,380,852	26,551,944
10,524,064	2,272,036
-	14,730,384
1,513,200	10,562,727
245,025,517	146,797,523

*This includes DD paid without advice, advance against interior decoration, furniture & fixtures, purchase of vehicle etc.

11. Borrowings from other Banks, Financial Institutions & Agents

In Bangladesh :
Pubali Bank Ltd.
Uttara Bank Ltd.

80,000,000	-
40,000,000	-
120,000,000	-
-	-
120,000,000	-

Outside Bangladesh

All the above borrowings are payable on demand.

12. Deposits and other accounts:

Current Deposits & Other Accounts :

Current Deposits
Short Term Deposits
Foreign Currency Deposits
FC A/C Exporter Retention Quota
Sundry Deposits

358,155,722	225,349,913
200,342,988	185,238,023
16,259,347	11,643,742
1,263,773	6,471,422
566,225,450	433,804,826
1,142,247,280	862,507,926

Bills Payable :

PO Issued
PS Issued
DD Payable

73,245,375	53,962,613
191,041	32,447
3,453,341	1,175,097
76,889,757	55,170,157
365,388,714	228,599,912

Savings Deposits

Fixed Deposits :

From Banks
From other than Banks

870,000,000	1,170,000,000
4,263,891,600	2,740,609,666
5,133,891,600	3,910,609,666

Deposits under Schemes

Brick by Brick
Save Everyday Deposits
Uthshab Sanchay Prokalpa
Monthly Profit Basis FD

94,908,636	38,720,746
6,551,670	3,550,416
13,312,932	2,556,338
330,484,110	56,391,390
445,257,348	101,218,890
7,163,674,699	5,158,106,551

Notes to the Financial Statements

for the year ended December 31, 2003

14. Capital

14.1 Authorized:

10,000,000 ordinary shares of Tk.100 each

2003	2002
Taka	Taka
1,000,000,000	1,000,000,000

14.2 Issued, subscribed and paid-up:

During the year 2003 the bank has increased its paid up capital by 4,000,000 Ordinary shares of Taka 100 each amounting to Taka 400,000,000 through Pre-IPO placement arrangements and initial public offerings. The shares have been issued at Taka 125 per share including premium of Taka 25 each.

The issued, subscribed and paid-up capital of the Bank amounts to Taka 600,000,000(2002: Taka 200,000,000) divided into 6,000,000 Ordinary shares(2002: 2,000,000 Ordinary shares) of Taka 100 each as follows:

6,000,000 Ordinary shares (2002: 2,000,000 Ordinary shares) of Tk 100 each issued for cash.

600,000,000	200,000,000
-------------	-------------

The break-up of issued, subscribed and paid-up capital is as follows:

	2003	
	No. of shares	Value of shares in Taka
Sponsors	3,000,000	300,000,000
Investment Corporation of Bangladesh (ICB)	599,250	59,925,000
Investment Corporation of Bangladesh (Investors A/C)	41,400	4,140,000
Financial Institutions	1,487,950	148,795,000
Non-resident Bangladeshi	73,350	7,335,000
General Public	798,050	79,805,000
	6,000,000	600,000,000
		100%

14.3 Name of Directors and their shareholdings as on December 31, 2003

	2003	
	No. of Shares held	Amount in Taka
Mr. Syed Manzur Elahi	225,000	22,500,000
Astras Limited represented by Mr. Samson H. Chowdhury	150,000	15,000,000
Advanced Chemical Industries Ltd. represented by Mrs. Najma Dowla	200,000	20,000,000
East West Properties Development Ltd. represented by Mr. Abu Sufian	200,000	20,000,000
Al-haj Syed Abul Hossain	200,000	20,000,000
Mr. M. A. Rouf	100,000	10,000,000
Mr. Md. Abdul Malek	100,000	10,000,000
Associated Builders Corporation Ltd. represented by Mr. Saif-uddin Ahmed Chowdhury	300,000	30,000,000
Mr. Hedayetullah	100,000	10,000,000
Mrs. Yasmeen Haque	50,000	5,000,000
Mr. A.F.M. Mahfuzul Hasan	25,000	2,500,000
Mrs. Munize Manzur Khasru	75,000	7,500,000
Mrs. Fahama Khan	75,000	7,500,000
Ms. Mansura Rahmatullah	50,000	5,000,000
Mrs. Niloufer Manzur	62,500	6,250,000
Mr. Anjan Chowdhury	87,500	8,750,000
Mr. Md. Wakiluddin	125,000	12,500,000
Mr. Saidur Rahman Ratan	75,000	7,500,000
	2,200,000	220,000,000

Name of the companies in which the directors of the bank have interest are given in Annexure-B.

Notes to the Financial Statements

for the year ended December 31, 2003

14.4 Capital adequacy requirements

There is a surplus of Taka 495.38 million in the capital fund of the Bank computed in accordance with BRPD Circular # 10 dated November 25, 2002. Details of such surplus capital fund are given below (figure in million Taka) :

- a) Total risk weighted assets as on 31 December
 b) Required Capital : 9% (2002:8%) of total risk weighted assets
 c) Actual capital maintained
 Core Capital
 Supplementary Capital

Surplus

2003	2002
Taka	Taka
5,944.42	3,283.44
535.00	262.68
970.35	320.02
60.03	35.03
1,030.38	355.05
495.38	92.37

14.5 Classification of shareholders by holdings as on December 31, 2003

Holdings

- Less than 500 shares
 500 to 5,000 shares
 5,001 to 10,000 shares
 10,001 to 20,000 shares
 20,001 to 30,000 shares
 30,001 to 40,000 shares
 40,001 to 50,000 shares
 50,001 to 100,000 shares
 100,001 to 1,000,000 shares
 Over 1,000,000 shares

No. of Share holders	2003 Value of shares in Taka	Total Holdings %
2,147	25,470,000	4.25%
409	48,145,000	8.02%
31	24,735,000	4.12%
12	17,375,000	2.90%
8	19,360,000	3.22%
4	15,250,000	2.54%
8	40,000,000	6.67%
17	151,000,000	25.17%
12	258,665,000	43.11%
-	-	-
2,648	600,000,000	100%

15. Share Premium

The amount shown under the above head represents the amount of share premium received from Pre-IPO placement arrangements and initial public offerings

2003	2002
Taka	Taka
100,000,000	-

16. Statutory Reserve

Balance as per last balance sheet
 Add: Addition during the year (20% of pretax profit)

52,259,734	19,164,630
69,213,292	33,095,104
121,473,026	52,259,734

17. General Reserve

Balance as per last balance sheet
 Add: Transferred from Profit and Loss account
 Less: Dividend paid

27,756,580	5,655,709
1,123,261	25,427,321
-	(3,326,450)
28,879,841	27,756,580

Notes to the Financial Statements

for the year ended December 31, 2003

18. Contingent Liabilities & Commitments

Letter of Guarantee (Note-18.1)

Letter of Credit :

Letter of Credit (Cash)
Letter of Credit (Back to Back)
Letter of Credit (Inland)

Bills for collection :

Inland
Foreign
FDBC

Other Contingent Liabilities :

IFDBC (Back to Back)
IFDBC (Cash)
Shipping Guarantee
LDBC

18.1 Letter of Guarantee

- i) Claims against the Bank not acknowledged as debts -
- ii) Money for which the bank is contingently liable in respect of guarantees given favouring :
- Directors -
 - Government 587,786,729
 - Bank and other Financial Institutions 2,618,550
 - Others 73,573,190
- Less: Margin 663,978,469
- 607,166,770
- iii) Liability on account of bills re-discounted -
- iv) Liability on account of outstanding forward exchange contract -

19. Interest Income

Interest on :

Loans and Advances (Note-19.1) 586,156,640
Money at call and short notice 13,329,115
Balance with other Banks and Financial institutions (Note-19.2) 122,660,329
Bangladesh Bank Foreign currency clearing accounts 944,231

2003	2002
Taka	Taka
663,978,469	215,210,270
1,646,135,586	642,211,380
247,957,000	93,714,000
94,808,000	17,866,000
1,988,900,586	753,791,380
4,823,667	5,367,213
-	1,913,000
142,064,717	40,275,717
146,888,384	47,555,930
669,484,997	219,549,000
401,845,000	61,648,000
-	584,000
16,806,700	17,070,700
1,088,136,697	298,851,700
3,887,904,136	1,315,409,280
-	-
-	-
587,786,729	-
2,618,550	-
73,573,190	-
663,978,469	-
56,811,699	-
607,166,770	-
-	-
607,166,770	-
586,156,640	327,160,697
13,329,115	11,753,011
122,660,329	118,322,752
944,231	612,579
723,090,315	457,849,039

Notes to the Financial Statements

for the year ended December 31, 2003

19.1 Interest on Loans and Advances

Interest income on :

	2003 Taka	2002 Taka
Term Loans	45,488,161	32,988,713
General Loans	36,331,791	21,165,823
House Building Loans	16,970,600	3,601,259
PAD	48,006,633	30,626,181
Trust Receipts	198,886,428	89,626,600
Lease Finance	11,743,588	5,008,077
CCS	1,025,858	711,965
Cash Credit	130,337,277	82,592,338
EDF	53,043	556,906
Overdraft	57,764,247	34,196,015
IBP	1,131,500	7,633,481
IDBP	37,747,325	18,296,207
FDBP	670,189	157,132
	586,156,640	327,160,697

19.2 Interest on Balance with other Banks and Financial Institutions

Interest on Balance with other Banks in Bangladesh	120,708,571	116,510,812
Interest on Balance with Foreign Banks	1,951,758	1,811,940
	122,660,329	118,322,752

20. Interest paid on Deposits & Borrowings etc.

Interest on Deposits and other accounts (Note-20.1)	473,557,656	328,242,369
Interest on Borrowings from other Banks and Financial Institutions	4,150,971	2,478,537
	477,708,627	330,720,906

20.1 Interest on Deposits and other accounts

Interest on :		
Savings Deposits	19,454,311	12,098,852
Short Term Deposits	18,101,634	5,011,509
Fixed Deposits	414,239,457	305,457,652
Deposits under Schemes	21,762,254	5,674,356
	473,557,656	328,242,369

21. Income from Investments

Interest on Treasury Bills	51,192,802	25,787,133
Interest on Bonds	3,943,767	1,969,891
Dividend on Investment in Shares	1,000,000	-
	56,136,569	27,757,024

22. Commission, Exchange & Brokerage

Commission (Note-22.1)	77,028,432	42,960,490
Exchange	96,503,121	46,702,333
	173,531,553	89,662,823

22.1 Commission on

Letter of Guarantee	5,528,640	2,857,795
Letter of Credit	46,861,890	26,877,273
Acceptance of Bills	10,499,141	6,972,809
LC Advising	608,369	476,737
Export Bills	2,511,697	1,693,684
PO, DD & TT	1,968,552	1,462,932
Foreign Remittance	164,306	105,839
IBP	1,144,931	117,355
FDBC/IFDBC	7,093,945	643,703
OBC	250,622	197,715
Others	396,339	1,554,648
	77,028,432	42,960,490

Notes to the Financial Statements

for the year ended December 31, 2003

23. Other operating Income

Postage charge recoveries	
Telex, TP & Telegram charge recoveries	
Service Charge	
Locker Rent	
Miscellaneous Earnings	

24. Salary & Allowances

Basic Pay	
Allowances	
Bonus	
Daily Wages	
Provident Fund	

25. Rent, Tax, Insurance, Electricity etc.

Rent	
Rates & taxes	
Insurance	
Power and electricity	

26. Postage, Stamps, Telegram & Telephone

Postage/Courier Service	
Telegram, Telex, Fax & e-mail	
Telephone	

27. Printing, Stationery, Advertisement etc.

Printing & Security Stationery	
Computer Stationery	
Petty & Table Stationery	
Publicity & Advertisement	

28. Depreciation on & repairs to Bank's property

Depreciation	
Repair	

2003	2002
Taka	Taka
6,490,663	4,435,599
3,162,767	2,062,607
1,680,043	841,068
115,000	66,500
2,655,658	825,632
14,104,131	8,231,406
23,552,502	16,148,942
10,503,732	6,504,324
9,549,540	5,479,600
616,761	518,113
1,896,497	1,348,249
46,119,032	29,999,228
11,963,797	6,266,800
288,435	138,125
2,824,697	1,941,548
2,532,683	1,727,976
17,609,612	10,074,449
1,506,019	1,054,383
923,623	1,219,338
1,402,568	1,150,623
3,832,210	3,424,344
1,465,204	1,194,140
716,401	474,011
591,186	278,531
7,464,002	3,106,901
10,236,793	5,053,583
10,594,235	8,017,341
1,100,312	388,811
11,694,547	8,406,152

Notes to the Financial Statements

for the year ended December 31, 2003

29. Other Expenditures

Security & Auxiliary Service
Office Cleaning & maintenance
Car expenses
Entertainment
Newspaper & Periodicals
Clearing House Expenses
Travelling & Conveyance
Foreign Bank Charges
Training/ Seminar participation
AGM Expenses
Wasa & Gas
Subscription & Donation
Fees & Registration
Business Development
Liveries & uniforms
Branch Opening Expenses
Leave encashment
House Maintenance
Utility Charges
IPO Related Expenses
Honorarium
Miscellaneous Expenses

2003	2002
Taka	Taka
6,410,054	4,441,491
1,195,595	889,355
1,511,649	1,217,309
1,557,450	590,599
143,545	93,134
10,639	5,654
706,131	505,317
189,069	200,681
36,500	301,165
149,840	50,031
211,848	109,011
457,310	804,310
249,272	50,815
1,995,473	1,929,963
4,200	3,950
1,022,951	209,570
1,338,691	886,976
2,774,899	-
1,772,725	-
3,499,694	-
87,000	-
804,008	270,177
26,128,543	12,559,508
30. Provision against loans and advances	
Provision for Classified Loans & Advances	-
Provision for Unclassified Loans and Advances	15,716,357
Total amount of provision made during the year	15,716,357

30. Provision against loans and advances

Provision for Classified Loans & Advances
Provision for Unclassified Loans and Advances
Total amount of provision made during the year

31. Provision for Tax

Provision for corporate tax in respect of the year 2003 (assessment year 2004-05) has been made as per rule.

Assessments upto the year 2001 (upto assessment year 2002-03) have been completed. The hearing of the year 2002 (Assessment year 2003-04) is going on.

32. Number of Employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Taka 36,000 or above were 215.

33. No. of Branches

13	8
----	---

34. No. of meetings

Board meetings	11	10
Executive Committee meetings	5	3

Schedule Of Premises & Fixed Assets

as on December 31, 2003

Annexure-A

Particulars	Cost				Depreciation			Written down Value as on 31.12.2003
	Balance as on 01.01.2003	Addition during the year	Disposal during the year	Balance as on 31.12.2003	Balance as on 01.01.2003	Charged for the year	Adjustment made during the year	Balance as on 31.12.2003
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Immovable property	-	11,393,980	-	11,393,980	-	23,737	-	23,737
Furniture & Fixtures	6,949,646	9,237,825	-	16,187,471	1,148,082	787,253	-	1,935,335
Interior Decoration	18,009,071	19,487,829	-	37,496,900	3,026,907	2,026,017	-	5,052,924
Office Equipments	29,106,314	25,599,786	-	54,706,100	8,976,983	6,042,124	-	15,019,107
Motor Vehicles	7,373,322	4,380,000	600,000	11,153,322	2,707,795	1,709,346	380,000	4,037,141
Books & Periodicals	59,386	8,200	-	67,586	4,651	5,758	-	10,409
Total 2003	61,497,739	70,107,620	600,000	131,005,359	15,864,418	10,594,235	380,000	26,078,653
Total 2002	49,795,695	13,067,044	1,365,000	61,497,739	8,266,077	8,017,341	419,000	15,864,418
								45,633,321

Name of Companies in which the Directors of the Bank have interest

SL #	Name of Directors of the Bank	Name of Companies in which the directors have interest
01.	Mr. Syed Manzur Elahi Chairman	Chairman <ul style="list-style-type: none"> - Apex Tannery Ltd. - Apex Footwear Ltd. - Apex Pharma Ltd. - Apex Enterprise Ltd. - Grey Advertising (BD) Ltd. Director <ul style="list-style-type: none"> - Advanced Chemical Industries Ltd.
02.	Mr. Samson H. Chowdhury Vice Chairman Representing Astras Limited	Chairman <ul style="list-style-type: none"> - Astras Limited - Square Pharmaceuticals Ltd. - Square Textiles Limited. - Square Spinning Ltd. - Square Toiletries Ltd. - Square Knit Fabrics Ltd. - Square Fashions Ltd. - Square Informatix Ltd. - Square Hospitals Ltd. - Pharma Packages Ltd. - Health Product Ltd. - Square Consumer Products Ltd.
03.	Mrs. Najma Dowla Director Representing Advanced Chemical Industries Ltd.	Director <ul style="list-style-type: none"> - Advanced Chemical Industries Ltd. - ACI Trading Ltd. - ACI Formulations Ltd. - ACI Foundation. - Consolidated Chemicals Ltd. - Apex Leather Craft Ltd.
04.	Mr. Abu Sufian Director Representing East West Properties Development Ltd.	Director <ul style="list-style-type: none"> - East West Properties Development Ltd.
05.	Al-haj Syed Abul Hossain Director	Managing Director <ul style="list-style-type: none"> - SAHCO International Ltd. - SAHCO Development Ltd. Chairman <ul style="list-style-type: none"> - China-Fuzian-SAHCO Wooden Pencil Factory Ltd.

Name of Companies in which the Directors of the Bank have interest

SL #	Name of Directors of the Bank	Name of Companies in which the directors have interest
06.	Mr. M.A. Rouf Director	Proprietor - Balaka Bangladeshi Restaurant, UK - Diamond Properties (BD) Ltd. - Diamond Properties, UK - Dilse Restaurant Ltd. UK
07.	Mr. Md. Abdul Malek Director	Chairman - Business Solutions (Pvt.) Ltd. - Sheltech Consultant (Pvt.) Ltd. - Jebel-E-Noor General Hospital Ltd. Managing Director - Orion Communication Ltd. - Business & Business Ltd.
08.	Mr. Saif-uddin Ahmed Chowdhury Director Representing Associated Builders Corporation Ltd.	Chairman - Associated Builders Corporation Ltd.
09.	Mr. Hedayetullah Director	Director - Apex Tannery Ltd. - Hedayetullah Securities Ltd. - R & R Hides & Skin Agency
10.	Mrs. Yasmeen Haque Director	None
11.	Mr. A.F.M. Mahfuzul Hasan Director	Proprietor - Joy Trading House
12.	Mrs. Munize Manzur Khasru Director	Director - Apex Footwear Ltd. - Information Solutions Ltd. - Genesis Systems Ltd. - X-Net Ltd.
13.	Mrs. Fahama Khan Director	Director - R & R Hides & Skin Agency - Mansura Securities Ltd. - Brain Ware Online Ltd. - Apex Leather Craft Ltd.

Name of Companies in which the Directors of the Bank have interest

SL #	Name of Directors of the Bank	Name of Companies in which the directors have interest
14.	Ms. Mansura Rahmatullah Director	Director - Mansura Securities Ltd. - Brain Ware Online Ltd.
15.	Mrs. Niloufer Manzur Director	Director - Apex Enterprise Ltd. - SNM Securities Ltd. - Sunbeam School
16.	Mr. Anjan Chowdhury Director	Managing Director - Square Spinning Ltd. - Square Toiletries Ltd. - Square Consumer Products Ltd. Director - Square Pharmaceuticals Ltd. - Square Textiles Limited. - Square Knit Fabrics Ltd. - Square Fashions Ltd. - Square Agro Ltd. - Square Astras Ltd. - Square Informatix Ltd. - Square Hospitals Ltd. - Pharma Packages Ltd. - Health Product Ltd.
17.	Mr. Md. Wakiluddin Director	Proprietor Baridhara Enterprise Director - Pioneer Insurance Co. Ltd.
18.	Mr. Saidur Rahman Ratan Director	Proprietor - Ratan Enterprise - Mamtaj Jewellers Director - Pioneer Insurance Co. Ltd.