

Auditors' report to the shareholders of Arab Bangladesh Bank Limited

We have audited the accompanying financial statements of Arab Bangladesh Bank Limited, ("the Bank"), namely, Balance Sheet as of 31 December 2004 and the related Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity, Statement of Liquidity Analysis and notes thereon for the year ended on that date. Preparation of these financial statements and notes thereto is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

Accordingly, in our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards and read in conjunction with the annexed notes in due cognizance of their consequential financial, accounting and reporting implications and effects, give a true and fair view of the state of affairs of the Bank as of 31 December 2004 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Banking Companies Act 1991, the rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations.

We further report that:

- (i) we have obtained all 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 and found them satisfactory;
- (ii) in our opinion, proper books of account as required by law were 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;
- (iii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (iv) the Balance Sheet, Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity and Statement of Liquidity Analysis of the Bank dealt with by this report are in agreement with the books of account maintained by the Bank;
- (v) the financial statements have been drawn up in conformity with the Banking Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank and the financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (vi) 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, and the financial statements have been prepared in accordance with generally accepted accounting principles;
- (vii) adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery; and
- (viii) the expenditures incurred during the year were for the purposes of the business of the Bank.

House 25, Road 13A, Block D
Banani, Dhaka 1213, Bangladesh
Dated, 23 June 2005

S. F. AHMED & CO
Chartered Accountants

Arab Bangladesh Bank Limited
Balance Sheet at 31 December 2004

		Amounts in Taka	
		At	At
		31 Dec 2004	31 Dec 2003
PROPERTY AND ASSETS	Notes		
Cash	3	2,910,258,213	3,419,624,970
In hand (including foreign currencies)	3.1	424,564,899	351,819,229
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	2,485,693,314	3,067,805,741
Balance with other banks and financial institutions	4	980,323,555	805,618,999
In Bangladesh		6,850,333	75,155
Outside Bangladesh	4.2	973,473,222	805,543,844
Money at call and on short notice	5	446,461,838	795,225,125
Investments	6	6,738,151,765	3,335,867,314
Government	6.1	6,379,123,400	2,903,035,300
Others	6.7	359,028,365	432,832,014
Loans and advances		17,008,497,469	20,435,241,117
Loans, cash credits, overdrafts, etc	7	16,567,561,650	20,043,778,534
Bills purchased and discounted	8	440,935,819	391,462,583
Fixed assets including premises, furniture and fixtures	9	276,665,125	285,196,670
Other assets	10	4,148,268,828	3,892,676,480
Non-banking assets		-	-
Total Assets		32,508,626,793	32,969,450,675
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions, and ag	11	756,610,786	681,035,992
Deposits and other accounts	12	28,299,226,744	27,260,164,472
Current deposits and other accounts		5,156,991,200	4,912,352,947
Bills payable		-	-
Savings bank deposits		8,452,261,290	8,061,968,010
Fixed deposits		14,607,642,919	14,174,386,782
Bearer certificates of deposit		82,331,335	111,456,733
Other deposits		-	-
Other liabilities	13	2,209,212,488	3,892,272,631
Total Liabilities		31,265,050,018	31,833,473,095
Capital/ Shareholders' Equity			
Paid-up capital	14	495,012,900	471,440,800
Statutory reserve	15	556,311,769	503,323,439
Other reserve	16	67,678,720	88,693,234
Retained earnings	17	124,573,386	72,520,107
Total Shareholders' Equity		1,243,576,775	1,135,977,580
Total Liabilities and Shareholders' Equity		32,508,626,793	32,969,450,675

The accompanying notes form an integral part of these financial statements.

for Arab Bangladesh Bank Limited

Faisal M Khan
Chairman

Sajedur Seraj
Vice Chairman

Syed Golam Kibria
Director

Kaiser A. Chowdhury
Managing Director

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D
 Banani, Dhaka 1213, Bangladesh
 Dated, 23 June 2005

S. F. AHMED & CO
 Chartered Accountants

Arab Bangladesh Bank Limited
Off-Balance Sheet items at 31 December 2004

		Amounts in Taka	
Notes	At 31 Dec 2004	At 31 Dec 2003	
Contingent liabilities	18		
Acceptances and endorsements	1,729,246,591	517,149,030	
Letters of guarantee	1,532,033,328	2,612,592,429	
Irrevocable letters of credit	4,494,497,273	4,021,005,861	
Bills for collection	1,290,538,229	1,137,678,751	
Other contingent liabilities	4,221,697,194	2,004,555,602	
	13,268,012,615	10,292,981,673	
Other commitments	19		
Documentary credits and short term trade-related transactions	-	-	
Forward assets purchase and forward deposits placed	-	-	
Spot and forward foreign exchange contracts	358,986,993	1,251,215,997	
Undrawn note issuance and revolving underwriting facilities	-	-	
Undrawn formal standby facilities, credit lines and other commitments	-	-	
	358,986,993	1,251,215,997	
Total off-Balance Sheet items including contingent liabilities	13,626,999,608	11,544,197,670	

Arab Bangladesh Bank Limited

Profit and Loss Statement for the year ended 31 December 2004

		Amounts in Taka	
		Year ended	Year ended
		31 Dec 2004	31 Dec 2003
	Notes		
OPERATING INCOME			
Interest income	20	2,051,741,482	2,198,910,933
Interest paid on deposits, borrowings, etc	21	(1,540,836,908)	(1,691,929,956)
Net interest income		510,904,574	506,980,977
Investment income	22	408,397,598	228,996,156
Commission, exchange and brokerage	23	436,425,432	492,853,654
Other income	24	104,629,887	64,385,152
		949,452,917	786,234,962
Total operating income (a)		1,460,357,491	1,293,215,939
OPERATING EXPENSES			
Salary and allowances	25	417,050,639	397,474,975
Rent, taxes, insurance, electricity, etc	26	158,053,602	132,778,361
Legal expenses	27	646,267	546,486
Postage, stamps, telecommunication, etc	28	30,048,192	26,986,860
Stationery, printing, advertisement, etc	29	29,883,493	27,251,324
Chief executive's salary and fees	30	2,900,000	2,800,000
Directors' fees	31	1,154,382	601,675
Auditors' fee		255,000	225,000
Charges on loan losses		307,655,000	-
Depreciation and repair of Bank's assets	32	51,837,050	58,689,985
Other expenses	33	100,807,267	482,514,458
Total operating expenses (b)		1,100,290,892	1,129,869,124
Profit before provision (c = a-b)		360,066,599	163,346,815
Provision against loans and advances	34	170,000,000	105,000,000
Provision for diminution in value of investments	35	-	5,000,000
Other provision	36	-	6,230,360
Total provision (d)		170,000,000	116,230,360
Profit before taxation (c-d)		190,066,599	47,116,455
Provision for taxation	2.13	100,000,000	30,000,000
Profit after taxation		90,066,599	17,116,455
Appropriations			
Statutory reserve	37	38,013,320	9,423,291
General reserve		-	-
Dividends, etc		-	-
		38,013,320	9,423,291
Retained surplus		52,053,279	7,693,164
Earnings per share (EPS)	38	18.19	3.63

The accompanying notes form an integral part of these financial statements.

for Arab Bangladesh Bank Limited

Faisal M Khan
Chairman

Sajedur Seraj
Vice Chairman

Syed Golam Kibria
Director

Kaiser A. Chowdhury
Managing Director

Signed in terms of our report of even date annexed

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Dated, 23 June 2005

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Chartered Accountants

Arab Bangladesh Bank Limited

Cash Flow Statement for the year ended 31 December 2004

		Amounts in Taka	
		Year ended 31 Dec 2004	Year ended 31 Dec 2004
	Notes		
Cash Flows from Operating Activities			
Interest receipts		2,051,741,482	2,198,910,933
Interest payments		(1,540,836,908)	(1,691,929,956)
Dividend received		12,019,183	28,137,048
Fee and commission receipts		360,567,648	358,779,124
Payments to employees		(397,950,639)	(400,274,975)
Payments to suppliers		(64,968,218)	(31,107,107)
Income taxes paid		(24,855,509)	(68,913,981)
Receipts from other operating activities	39	536,644,185	408,788,735
Payments for other operating activities	40	(619,150,134)	(578,833,382)
Operating profit before changes in operating assets and liabilities		313,211,090	223,556,439
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		3,426,743,642	(957,920,553)
Other assets	41	(305,874,818)	(352,595,620)
Deposits from other banks		(688,251,987)	(1,737,218,000)
Deposits from customers		1,727,314,258	3,472,798,453
Other liabilities	42	(1,813,829,783)	(1,351,152,540)
		2,346,101,312	(926,088,260)
Net cash from / (used in) operating activities (a)		2,659,312,402	(702,531,821)
Cash Flows from Investing Activities			
Purchase/sale of government securities		(3,476,088,100)	(118,490,611)
Purchase/sale of trading securities, shares, bonds, etc		73,803,649	1,255,000
Purchase/sale of property, plant and equipment		(14,940,133)	(13,579,528)
Net cash used in investing activities (b)		(3,417,224,584)	(130,815,139)
Cash Flows from Financing Activities			
Increase/(decrease) of long term borrowings		75,574,794	557,823,430
Dividend paid		-	-
Net cash from financing activities (c)		75,574,794	557,823,430
Net decrease in cash (a+b+c)		(682,337,388)	(275,523,530)
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		5,023,209,394	5,298,732,924
Cash and cash equivalents at end of year (*)		4,340,872,006	5,023,209,394
(*) Cash and cash equivalents:			
Cash		424,564,899	351,819,229
Prize bonds		3,828,400	2,740,300
Money at call and on short notice		446,461,838	795,225,125
Balance with Bangladesh Bank and its agent bank(s)		2,485,693,314	3,067,805,741
Balance with other banks and financial institutions		980,323,555	805,618,999
		4,340,872,006	5,023,209,394

The accompanying notes form an integral part of these financial statements.

for Arab Bangladesh Bank Limited

Faisal M Khan
Chairman

Sajedur Seraj
Vice Chairman

Syed Golam Ki
Director

Kaiser A. Chowdhury
Managing Director

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D
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Dated, 23 June 2005

S. F. AHMED & CO
Chartered Accountants

Arab Bangladesh Bank Limited

Statement of Changes in Equity for the year ended 31 December 2004

Amounts in Taka

Particulars	Paid-up capital	Statutory reserve	Other reserve	Retained earnings	Total
Balance at 01 January 2004	471,440,800	503,323,439	88,693,234	72,520,107	1,135,977,580
Effects of changes in accounting policy	-	-	-	-	-
Restated balance	471,440,800	503,323,439	88,693,234	72,520,107	1,135,977,580
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-
Currency translation differences	-	-	-	-	-
Net gains and losses not recognised in the Profit and Loss Statement	-	-	-	-	-
Net profit for the year	-	-	-	52,053,279	52,053,279
Transfer to statutory reserve					
In Bangladesh	-	38,013,320	-	-	38,013,320
Outside Bangladesh	-	14,975,010	-	-	14,975,010
Transfer to general and other reserve					
In Bangladesh	-	-	-	-	-
Outside Bangladesh	-	-	2,557,586	-	2,557,586
Dividends (5% bonus share 2003)	-	-	(23,572,100)	-	(23,572,100)
Issue of share capital	23,572,100	-	-	-	23,572,100
Balance at 31 December 2004	495,012,900	556,311,769	67,678,720	124,573,386	1,243,576,775

for Arab Bangladesh Bank Limited

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Arab Bangladesh Bank Limited

Statement of Liquidity Analysis (Maturity of Assets and Liabilities) at 31 December 2004

Amounts in Taka

Particulars	Up to 1 month maturity	1-3 months maturity	3-12 months maturity	1-5 years maturity	More than 5 years maturity	Total
Assets						
Cash in hand with Banks	924,564,900	1,985,693,313	-	-	-	2,910,258,213
Balance with other banks and financial institutions	980,323,555	-	-	-	-	980,323,555
Money at call and on short notice	446,461,838	-	-	-	-	446,461,838
Investments	203,828,400	568,974,781	2,410,053,584	3,500,295,000	55,000,000	6,738,151,765
Loans and advances	649,724,603	3,183,990,726	11,428,009,449	1,699,148,897	47,623,794	17,008,497,469
Fixed assets including premises, furniture and fixtures	3,651,980	9,600,280	41,278,437	94,647,139	127,487,289	276,665,125
Other assets	381,225,904	652,937,514	2,337,534,335	776,571,075	-	4,148,268,828
Non-banking assets	-	-	-	-	-	-
Total Assets	3,589,781,180	6,401,196,614	16,216,875,805	6,070,662,111	230,111,083	32,508,626,793
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions, and agents	310,000,000	-	-	59,610,786	387,000,000	756,610,786
Deposits and other accounts	2,312,093,423	7,003,558,324	15,327,038,982	3,626,896,262	29,639,753	28,299,226,744
Provision and other liabilities	147,623,431	324,866,331	777,688,767	959,033,959	-	2,209,212,488
Total Liabilities	2,769,716,854	7,328,424,655	16,104,727,749	4,645,541,007	416,639,753	31,265,050,018
Net Liquidity Excess/(shortage)	820,064,326	(927,228,041)	112,148,056	1,425,121,104	(186,528,670)	1,243,576,775

for Arab Bangladesh Bank Limited

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Chairman

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Dated, 23 June 2005

S. F. AHMED & CO
Chartered Accountants

Arab Bangladesh Bank Limited

Notes to financial statements for the year ended 31 December 2004

1. The Bank and its activities

Arab-Bangladesh Bank Limited (hereinafter referred to as ABBL, or the Bank) is one of the first generation private commercial banks (PCBs), incorporated in Bangladesh on 31 December 1981 as a public limited company under Companies Act 1913, subsequently replaced by Companies Act 1994, and governed by the Banking Companies Act 1991. The Bank went for public issue of its shares on 28 December 1983 and its shares are listed with the Dhaka Stock Exchange and Chittagong Stock Exchange for trading. ABBL has 68 branches all over Bangladesh with 1 overseas branch at Mumbai, India and 2 representative offices each in London and Myanmar. The Bank has a subsidiary company, AB International Finance Ltd, incorporated in Hong Kong. It carries out all kinds of commercial banking activities/services through its branches and has expanded its investment oriented service horizon to its customers through Merchant Banking Wing. The Bank obtained permission to embark upon Merchant Banking from Securities and Exchange Commission vide its certificate no. MB-1.02/2001-30 dated 15 May 2001 under SEC Act 1993.

ABBL started Islami banking through its Dilkusha branch, Dhaka from 21 December 2004 with the permission of Bangladesh Bank (central bank) vide letter no. BRPD (P) 745 (12)/2004-2702 dated 08 July 2004.

2. Significant Accounting Policies

2.1 Basis of preparation of the financial statements

The financial statements, namely, Balance Sheet, Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity, Statement of Liquidity Analysis and relevant notes and disclosures thereto, of the Bank are prepared on a going concern basis under historical cost convention and in accordance with First Schedule of Banking Companies Act 1991, Bangladesh Bank circulars, International Accounting Standards, including those that have been so far adopted by the Institute of Chartered Accountants of Bangladesh, Companies Act 1994, Securities and Exchange Ordinance 1969, Securities and Exchange Rules 1987 and other laws and rules applicable thereto. Wherever appropriate, such principles are explained in succeeding notes.

2.2 Consolidation

A separate set of records for consolidating the statements of affairs and income and expenditure statements of the branches including Mumbai branch, India are maintained at the Head Office of the Bank in Dhaka, based on which these financial statements have been prepared.

Expenditures incurred at representative offices at Myanmar and London are incorporated as branch expenditures. The assets and liabilities of Mumbai Branch, India have been incorporated in the accounts at yearend exchange rate. Income accrued and expenditures incurred by the Mumbai branch are not incorporated in the accounts; instead, net profit earned has been shown as retained revenue under other liabilities. Such earnings are recognised as income of the Bank as and when remittance of profit is received from the branch and than grouped under the head other income.

Merchant Banking Wing

Financial statements of Merchant Banking Wing have been separately audited by other independent auditors. Assets-liabilities and income-expenditures of that wing are incorporated in similar heads of account of the Bank's financial statements.

2.3 Foreign currency transactions

- (a) Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective dates of such transactions.
- (b) Assets and liabilities in foreign currencies as at 31 December 2004 have been converted into Taka currency at the average of the prevailing buying and selling rates of the concerned foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no BRPD (R) 717/2004-959 dated 21 November 2004.
- (c) Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting /crediting exchange gain or loss account.

Arab Bangladesh Bank Limited

Notes to financial statements for the year ended 31 December 2004

2.4 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation on fixed assets are charged using reducing balance method except motor vehicles, computers and photocopiers for which straight line method is used. The rates of depreciation are as follows:

<u>Category of assets</u>	<u>Rate of depreciation</u>
Building	2.5%
Furniture and fixtures	10%
Office appliances	20%
Electrical appliances	20%
Motor vehicles	20%

2.5 Investment

The Bank's investment in treasury bills is stated at face value added with unearned interest accrued thereon. Unearned interest is recognised as income on accrual basis and taken to Profit and Loss Statement in proportion of time elapsed.

Value of investments in Bangladesh Telegraph & Telephone Board (T&T) bonds and prize bonds has been stated at face value while investment in unquoted shares has been stated at cost price.

2.6 Loans and advances

- Loans and advances have been shown at gross amounts at 31 December 2004.
- Interest is not charged on classified loans and advances from the date of filing money suits against the borrowers.
- Interest charged on loans and advances classified by Bangladesh Bank Inspection Team and by the Bank management as sub-standard, doubtful and bad are kept in interest suspense account as per Bangladesh Bank BCD circular nos. 34 dated 16 November 1989, 20 of 27 December 1994 and 12 of 04 September 1995 as amended by BRPD circular no. 16 dated 06 December 1998 and 09 of 14 May 2001 and such interest is not accounted for as income until realised from borrowers.
- In making provision for bad and doubtful loans, wherever required, the requirements of the said BCD/BRPD circulars of Bangladesh Bank have been complied with.

2.7 Stock of stationery

Stock of stationery has been shown under other assets and is valued at cost.

2.8 Deposits

Deposits include various types like current deposits, savings deposits, short-term deposits, fixed deposits, etc.

2.9 Revenue and expenditures

Income and expenditures are recognised on accrual basis. Interest income is recognised only if its realisation is reasonably certain. Investment income is recognised on accrual basis. Income from wholly owned subsidiary company, AB International Finance Limited, is recognised on accrual basis.

2.10 Provident fund

The Bank's employees provident fund is administered by a board of trustees and is funded by contributions of both the Bank and employees at 10% of basic pay each. These contributions are invested separately.

Arab Bangladesh Bank Limited

Notes to financial statements for the year ended 31 December 2004

2.11 Staff gratuity

Gratuity to staff is being accounted for in the books of the Bank on the basis of payment at the time of severance. Amount accrued against gratuity to the end of the year under reporting has neither been accrued nor provided in the accounts.

2.12 Superannuation fund

The Bank operates a Superannuation Fund for which provision is made annually covering all its eligible employees. The Fund is operated by a separate board of trustees of the Bank.

2.13 Provision for taxation

Provision for income tax is made on accounting income considering taxable allowances and disallowances at 45%.

2.14 Reconciliation of books of account

Books of account in regard to inter-bank (in Bangladesh and outside Bangladesh) and inter-branch transactions are reconciled and no material difference was found which may affect the financial statements significantly. There exist no unreconciled revenue items in Nostro accounts as of 31 December 2004.

2.15 Reporting period

These financial statements cover one calendar year from 01 January to 31 December 2004.

2.16 Lease rentals

Leasehold assets have been accounted for on the basis of operating leases and accordingly lease rentals have been charged to revenue.

2.17 Off-balance sheet items

Off-Balance Sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank's guidelines.

2.18 Related party transactions

- a) As on the Balance Sheet date the Bank has no transaction with the related parties in respect of banking business like loans and advances, guarantees and commitments.
- b) The bank enter into related party transactions other than banking business in respect to receiving cell phone service and rented branch premises.

2.19 Audit committee

Audit committee of the Bank constituted the following members:

Sl	Name and status with the Bank	Status with the committee	Duration	Educational qualification
1.	Mr. Asghar Karim, Director	Chairman	Upto 10 November 2004	B. Sc. (Hons)
2.	Mr. Faisal M Khan, Chairman	Chairman	With effect from 12 December 2004	Graduation in Economics and International Relationship - Boston University, USA
3.	Mr. Sajedur Seraj, Vice Chairman	Member	Upto 25 July 2004	ACIB, UK
4.	Mr. Syed Golam Kibria, Director	Member	Upto 11 December 2004	MS, UK
5.	Mr. Mohd. Tipu Sultan, Director	Member	With effect from 25 July 2004	Chartered Accountant
6.	Mr. D. S. Faisal Hyder, Director	Member	With effect from 12 December 2004	MBA

Arab Bangladesh Bank Ltd**Notes to financial statements for the year ended 31 December 2004**

During the year 2004, the audit committee conducted nine (09) meetings in which, among others, the following issues were reviewed and discussed :

- Comprehensive inspection report of Bangladesh Bank including status of compliance thereof
- Inspection report of branches/Head office conducted by internal inspection team and special audit team of the Bank
- Status of compliance of different rules and regulations.

2.20 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 was 1,726.

2.21 Name of Directors and the entities in which they had interest as at 31 December 2004

Sl	Name	Status	Name of the firms/companies in which the director had interest as proprietor/partner/director/managing agent/guarantor, etc
1.	Mr. Faisal M Khan	Chairman	i) Pacific Industries Ltd ii) Pacific Motors Ltd iii) Pacific Traders Ltd iv) Pacific Equities Ltd v) Pacific Technologies Ltd vi) Therapeutics (BD) Ltd vii) Asia Telecom Ltd viii) Pacific Radio Ltd
2.	Mr. Sajedur Seraj	Vice Chairman	i) Elite Chemical Industries Ltd ii) Elite International Ltd iii) Elite Garment Industries Ltd iv) Hexagon Chemical Complex Ltd v) Bangladesh General Insurance Co. Ltd vi) Elite Iron and Steel Industries Ltd vii) Elite Oil Refinery Ltd viii) Octagon Fibers and Chemicals Ltd
3.	Mr. Syed Golam Kibria	Government-nominated Director	-
4.	Mr. Golam Sarwar	Director	i) Pacific Industries Ltd ii) Pacific Motors Ltd iii) Pacific Traders Ltd
5.	Mr. S. M. Salahuddin	Director	-
6.	Mr. Mohd. Tipu Sultan, FCA	Director	-
7.	Mr. D. S. Faisal Hyder	Director	-
8.	Mr. M A Awal	Ex-officio Director (acting)	-

Arab Bangladesh Bank Limited

Notes to financial statements for the year ended 31 December 2004

Balance Sheet

Amounts in Taka

	At 31 Dec 2004	At 31 Dec 2003
3. Cash		
3.1 Cash in hand		
In local currency	413,024,803	335,127,286
In foreign currency	11,540,096	16,691,943
	424,564,899	351,819,229
3.2 Balance with Bangladesh Bank and its agent bank(s)		
Balance with Bangladesh Bank:		
In local currency	1,554,245,334	1,156,597,809
In foreign currency	774,258,108	1,788,194,830
	2,328,503,442	2,944,792,639
Sonali Bank (as an agent bank of Bangladesh Bank) - local currency	157,189,872	123,013,102
	2,485,693,314	3,067,805,741
	2,910,258,213	3,419,624,970
3.3 Statutory deposits		
3.3.1 Cash reserve ratio (CRR) and statutory liquidity ratio (SLR)		
Cash reserve ratio and statutory reserve ratio have been calculated and maintained in accordance with section 33 of Banking Companies Act 1991 and subsequent Bangladesh Bank 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 and circular no. 05 dated 21 July 2004.		
The statutory cash reserve ratio required on the Bank's time and demand liabilities at the rate of 4% has been calculated and maintained with Bangladesh Bank in current account and 16% statutory liquidity ratio, including CRR, on the same liabilities is also maintained in the form of treasury bills, bonds and debentures including balance with Bangladesh Bank. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below :		
(a) Cash reserve ratio		
Required reserve	1,078,600,000	1,052,194,000
Actual reserve maintained	1,489,900,000	1,096,777,000
Surplus	411,300,000	44,583,000
(b) Statutory liquid reserve		
Required reserve	3,235,800,000	3,156,581,000
Actual reserve maintained	6,307,970,000	3,373,696,000
Surplus	3,072,170,000	217,115,000
Total required reserve	4,314,400,000	4,208,775,000
Total actual reserve held with Bangladesh Bank	7,797,870,000	4,470,473,000
Total surplus	3,483,470,000	261,698,000
4. Balance with other banks and financial institutions		
In Bangladesh	6,850,333	75,155
Outside Bangladesh (note 4.2)	973,473,222	805,543,844
	980,323,555	805,618,999
4.1 Account type wise		
Current accounts	980,323,555	805,618,999
Savings accounts	-	-
	980,323,555	805,618,999

Arab Bangladesh Bank Ltd

Notes to financial statements for the year ended 31 December 2004

4.2 Balance with other banks and financial institutions - outside Bangladesh

Name of the bank	Location	Currency	At 31 December 2004			At 31 December 2003		
			Amounts in foreign currency	Conversion rate	Amounts in Taka	Amounts in foreign currency	Conversion rate	Amounts in Taka
UFJ Bank Ltd	Tokyo	YEN	77,041	0.5852	45,084	222,041	0.5514	122,433
The Bank of Tokyo Mitsubishi Ltd	Tokyo	YEN	19,461,811	0.5852	11,389,052	5,409,844	0.5514	2,982,988
HSBC Plc	London	UKP	155,875	116.5645	18,169,528	7,791	104.6867	815,632
Lloyds TSB Bank Plc	London	UKP	49,731	116.5645	5,796,838	35,955	104.6867	3,763,985
HSBC	Mumbai	ACUD	148,811	60.7423	9,039,098	66,461	59.0150	3,922,172
JP Morgan Chase Bank	New York	USD	6,343,781	60.7423	385,335,877	5,487,918	59.0150	323,869,470
Sonali Bank	Calcutta	ACUD	22,878	60.7423	1,389,678	49,978	59.0150	2,949,466
Myanmar Economic Bank	Yangon	USD	410	60.7423	24,904	100,410	59.0150	5,925,696
Citibank NA	New York	USD	9,051	60.7423	549,774	10,624	59.0150	626,951
Hatton National Bank Ltd	Colombo	ACUD	29,198	60.7423	1,773,546	31,588	59.0150	1,864,182
Commerz Bank AG	Frankfurt	USD	7,093	60.7423	430,856	3,362	59.0150	198,437
State Bank of India	Calcutta	ACUD	15,725	60.7423	955,192	15,725	59.0150	928,030
NDLC-IFIC Bank Ltd	Karachi	ACUD	37,981	60.7423	2,307,041	51,091	59.0150	3,015,108
American Express Bank Ltd	Colombo	USD	-	60.7423	-	289	59.0150	17,045
Lloyds TSB Bank Plc	London	USD	5,876	60.7423	356,941	701	59.0150	41,394
Mashreq Bank psc	New York	USD	23,880	60.7423	1,450,533	219,411	59.0150	12,948,532
Arab Bangladesh Bank Ltd	Mumbai	ACUD	211,176	60.7423	12,827,323	538,311	59.0150	31,768,410
Nepal Bangladesh Bank Ltd	Katmandu	ACUD	24,414	60.7423	1,482,963	18,586	59.0150	1,096,853
Bank of Bhutan	Phuentsholing	ACUD	57,343	60.7423	3,483,148	26,134	59.0150	1,542,302
HSBC Plc	London	USD	(37,915)	60.7423	(2,303,029)	(13,244)	59.0150	(781,579)
BCCI	London	USD	6,542	60.7423	397,383	6,542	59.0150	386,083
Wachovia Bank	New York	USD	45,539	60.7423	2,766,139	(559,507)	59.0150	(33,019,285)
American Express Bank Ltd	New York	USD	(41,974)	60.7423	(2,549,604)	(231,918)	59.0150	(13,686,625)
HSBC	New York	USD	235,159	60.7423	14,284,077	759,765	59.0150	44,837,536
Commerz Bank AG	Frankfurt	EURO	51,180	82.6581	4,230,458	391,202	73.7274	28,842,276
Hypovereins Bank	Frankfurt	EURO	3,504	82.6581	289,613	10,525	73.7274	775,986
Reserve Bank of India (RBI)	Mumbai	INR	6,125,950	1.3900	8,515,071	7,212,147	1.2947	9,337,567
Other commercial banks in India	Mumbai	INR	16,918,434	1.3900	23,516,623	21,384,990	1.2947	27,687,147
Balance with Mumbai branch, ABBL	Mumbai	INR	91,627,507	1.3900	127,362,235	86,975,479	1.2947	112,607,153
Balance with AB International Finance Ltd	Hong kong	USD	5,600,000	60.7423	340,156,880	3,900,000	59.0150	230,158,500
					973,473,222			805,543,844

Arab Bangladesh Bank Ltd

Notes to financial statements for the year ended 31 December 2004

	Amounts in Taka	
	At 31 Dec 2004	At 31 Dec 2003
4.3 Maturity grouping of balance with other banks		
Repayable on demand	980,323,555	805,618,999
Below 3 months	-	-
Over 3 months but below 1 year	-	-
Over 1 year but below 5 years	-	-
Over 5 years	-	-
	980,323,555	805,618,999
5. Money at call and on short notice		
<u>Short notice</u>		
Agrani Bank, Principal Branch	49,515	6,440,582
Agrani Bank, Narayanganj Branch	1,000	91,552
Agrani Bank, Modhuban Branch	301,715	296,485
Agrani Bank, Moulvi Bazar Branch	3,909,810	3,451,998
Agrani Bank, Jessore Branch	35,565	34,569
Agrani Bank, Rangpur Branch	5,373	1,606,280
Agrani Bank, Satkhira Branch	3,808	5,006,961
Agrani Bank, Bogra Branch	7,005	7,005
Agrani Bank, Saidpur Branch	3,131,092	5,647,902
Agrani Bank, Naogaon Branch	1,540,939	2,221,494
Agrani Bank, Jhikargachha Branch	28,446	1,106
Southeast Bank Ltd, Principal Branch	40,641	40,641
	9,054,909	24,846,575
<u>Calls and placements</u>		
Industrial Promotion and Development Company of Bangladesh Ltd	-	136,500,000
Industrial and Infrastructure Development Finance Company Ltd	-	50,000,000
National Housing Finance and Investments Ltd	-	150,000,000
Trust Bank Ltd	100,000,000	-
Standard Bank Ltd	-	50,000,000
Calls and placements-Mumbai Branch, ABBL	337,406,929	383,878,550
	437,406,929	770,378,550
	446,461,838	795,225,125
6. Investments		
6.1 Government securities		
Treasury bills (note 6.1.1)	6,260,000,000	2,810,000,000
Treasury bonds (note 6.1.2)	60,295,000	30,295,000
Prize bonds	3,828,400	2,740,300
Debentures- Bangladesh House Building Finance Corporation (Maturity date: 14 March 2015, interest rate 5.50%)	55,000,000	60,000,000
	6,379,123,400	2,903,035,300
6.1.1 Treasury bills (interest rate : 5.99% - 11.45%)		
28 days	-	200,000,000
182 days	200,000,000	-
364 days	2,750,000,000	50,000,000
2 years	1,150,000,000	400,000,000
5 years	2,160,000,000	2,160,000,000
	6,260,000,000	2,810,000,000

Arab Bangladesh Bank Ltd

Notes to financial statements for the year ended 31 December 2004

Amounts in Taka

6.1.2 Treasury bonds

<u>Type</u>	<u>Rate of interest</u>	<u>Maturity date</u>
Treasury	5%	01 March 2008
T & T	7%	02 July 2005
T & T	7%	13 March 2007

<u>At</u>	<u>At</u>
<u>31 Dec 2004</u>	<u>31 Dec 2003</u>
10,295,000	10,295,000
20,000,000	20,000,000
30,000,000	-
<u>60,295,000</u>	<u>30,295,000</u>

6.2 Others

In shares and bonds (quoted and unquoted)

Quoted

Eastern Bank Ltd	32,632,981	32,632,981
Lafarge Surma Cement Ltd	100,000,000	100,000,000
Bank Asia Ltd	480,490	-
JMI Bangla Company Ltd	3,960,000	-
Mercantile Bank Ltd	4,804,352	-
Renata Ltd	136,136	-
Square Pharmaceuticals Ltd	9,664,300	-
Square Textiles Ltd	1,490,252	-
Standard Bank Ltd	235,842	-
Uttara Finance and Investment Company Ltd	697,428	-

32,632,981	32,632,981
100,000,000	100,000,000
480,490	-
3,960,000	-
4,804,352	-
136,136	-
9,664,300	-
1,490,252	-
235,842	-
697,428	-
<u>154,101,781</u>	<u>132,632,981</u>

Unquoted

Continental Hospital Ltd	-	30,000,000
National Housing Finance and Investments Ltd (NHFIL)	20,000,000	20,000,000
Central Depository Bangladesh Ltd (CDBL)	10,000,000	10,000,000
Industrial and Infrastructure Development Finance Company Ltd (IIDFC)	10,000,000	10,000,000
Zero coupon bond - IIDFC	50,000,000	50,000,000

-	30,000,000
20,000,000	20,000,000
10,000,000	10,000,000
10,000,000	10,000,000
50,000,000	50,000,000
<u>90,000,000</u>	<u>120,000,000</u>