Annual Report of Shariah Council, 2004

Bismillahir Rahmanir Rahim

All Praise is for Allah Subhanahu-wa-tayala Who is the one and second to none, salat and salam is on the prophet who is the last and the best.

During the year ended 31st December 2004, the Shariah Council arranged 3 meetings and reviewed different operational issues, including those referred to by the Board of Directors and the Management of the Bank, gave necessary guidelines and counseling. Besides, 2 separate meetings of the Shariah Council, Sub-Committee were held during the period. Respected members of the Shariah Council addressed different seminars, symposia, iftar mahfil and get together of the clients, elite, well-wishers arranged by the 5 Islamic Banking Branches of Prime Bank Ltd. and held formal and informal discussions on Shariah issues and inspired all concerned for compliance of Shariah. Apart from this, the Muraqibs of the Shariah Council inspected all the 5 Islamic Banking Branches of Prime Bank Ltd. during the year and submitted reports thereon.

The Council, after reviewing the Shariah Inspection Reports, Balance Sheet and Profit & Loss Account of the Bank for the year 2004, opined as under:

a) It has been observed from the Inspection Reports of the Muraqibs that compliance of Shariah has improved during the year as compared to the previous year.

b) Shariah Council observes that awareness about compliance of Shariah has increased during the year under report among the officials related to investment and also among the investment clients as compared to the preceding years.

c) Efforts regarding engagement of buying agents at branch level, their eagerness to attain the expected level in discharging their duties and responsibilities regarding compliance of Shariah has been strengthened.

Suggestions:

a) Shariah Council suggests that all manpower of the Bank should be trained up on different aspects of Shariah Principles.

b) To appoint manpower having sufficient knowledge on Islamic Shariah at all the Islamic Banking Branches to ensure proper buying and selling in the investment operations of the bank.

May Allah (SWT) give us tawfiq to achieve His satisfaction through implementation of Shariah in every sphere of our life. Ameen

Ubaidul Haq
Chairman
Shariah Council

Nasiruddin Ahmed
Member Secretary
Shariah Council
Auditors’ Report to the Shareholders of Prime Bank Limited

We have audited the accompanying Balance Sheet of Prime Bank Limited as of 31 December 2004 and the related Profit and Loss Account, Cash Flow Statement, Statement of changes in equity and Statement of Liquidity together with the notes 1 to 42 for the year ended 31 December 2004. These financial statements are 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Bank’s affairs 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 applicable sections of the Bank Company 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:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and (where applicable) proper returns adequate for the purposes of our audit have been received from branches not visited by us;

c) the bank’s balance sheet and profit and loss account together with the annexed notes 1 to 42 dealt with by the report are in agreement with the books of account and returns;

d) the expenditure incurred was for the purposes of the Bank’s business;

e) 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;

f) the financial statements have been drawn up in conformity with the Bank Companies Act, 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;

g) adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;
h) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;

i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

j) the information and explanations required by us have been received and found satisfactory.

Hoda Vasi Chowdhury & Co

Howladar Yunus & Co

Dhaka, 27 February 2005
Chartered Accountants
Chartered Accountants
## Balance Sheet as at 31 December, 2004

### PROPERTY AND ASSETS

<table>
<thead>
<tr>
<th>Notes</th>
<th>Property and Assets</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>3</td>
<td>Cash In hand (including foreign currencies)</td>
<td>203,753,581</td>
<td>160,262,434</td>
</tr>
<tr>
<td>4</td>
<td>Balance with Bangladesh Bank and Sonali Bank (including foreign currencies)</td>
<td>2,043,945,640</td>
<td>973,255,546</td>
</tr>
<tr>
<td>5</td>
<td>Balance with other Banks and Financial Institutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.1</td>
<td>In Bangladesh</td>
<td>1,399,122,567</td>
<td>2,417,688,341</td>
</tr>
<tr>
<td>5.2</td>
<td>Outside Bangladesh</td>
<td>254,672,510</td>
<td>109,593,042</td>
</tr>
<tr>
<td>6</td>
<td>Money at Call and Short Notice</td>
<td>1,180,000,000</td>
<td>420,000,000</td>
</tr>
<tr>
<td>7</td>
<td>Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Loans and advances / Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Bills Purchased and discounted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Fixed assets including premises, furniture and fixtures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Other Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Borrowings from other banks, financial institutions and agents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Deposits and other accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.2</td>
<td>Paid up Capital</td>
<td>1,000,000,000</td>
<td>700,000,000</td>
</tr>
<tr>
<td>15.4</td>
<td>Share premium account</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>16</td>
<td>Statutory reserve</td>
<td>815,811,128</td>
<td>602,907,103</td>
</tr>
<tr>
<td>17</td>
<td>Proposed issue of bonus share 4 : 10 (2003: 3:7)</td>
<td>400,000,000</td>
<td>300,000,000</td>
</tr>
<tr>
<td></td>
<td>Proposed cash dividend including dividend distribution tax</td>
<td>-</td>
<td>154,000,000</td>
</tr>
<tr>
<td></td>
<td>Retained earnings as per Profit and Loss Account</td>
<td>23,990,784</td>
<td>24,956,465</td>
</tr>
</tbody>
</table>

### LIABILITIES AND CAPITAL

<table>
<thead>
<tr>
<th>Notes</th>
<th>Liabilities and other accounts</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Borrowings from other banks, financial institutions and agents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Deposits and other accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.2</td>
<td>Paid up Capital</td>
<td>1,000,000,000</td>
<td>700,000,000</td>
</tr>
<tr>
<td>15.4</td>
<td>Share premium account</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>16</td>
<td>Statutory reserve</td>
<td>815,811,128</td>
<td>602,907,103</td>
</tr>
<tr>
<td>17</td>
<td>Proposed issue of bonus share 4 : 10 (2003: 3:7)</td>
<td>400,000,000</td>
<td>300,000,000</td>
</tr>
<tr>
<td></td>
<td>Proposed cash dividend including dividend distribution tax</td>
<td>-</td>
<td>154,000,000</td>
</tr>
<tr>
<td></td>
<td>Retained earnings as per Profit and Loss Account</td>
<td>23,990,784</td>
<td>24,956,465</td>
</tr>
</tbody>
</table>

### Total liabilities

<table>
<thead>
<tr>
<th>Notes</th>
<th>Total liabilities</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Other liabilities</td>
<td>1,668,838,226</td>
<td>1,417,278,553</td>
</tr>
</tbody>
</table>

### Total liabilities and shareholders' equity

<table>
<thead>
<tr>
<th>Notes</th>
<th>Total liabilities</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total liabilities</td>
<td>32,361,616,788</td>
<td>24,249,130,642</td>
</tr>
</tbody>
</table>

Continued..
Balance Sheet as at 31 December, 2004

<table>
<thead>
<tr>
<th>OFF BALANCE SHEET ITEMS</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Contingent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptances and Endorsements</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td>Letter of Guarantees</td>
<td>18.1</td>
<td>7,181,497,210</td>
</tr>
<tr>
<td>Irrevocable Letter of Credits</td>
<td>12,690,790,907</td>
<td>6,675,291,270</td>
</tr>
<tr>
<td>Bills for Collection</td>
<td>397,604,857</td>
<td>398,023,748</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20,269,892,974</td>
</tr>
<tr>
<td>Other Commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Documentary Credits and short term trade-related transactions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Forward assets purchased and forward deposits placed</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Undrawn note issuance and revolving facilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Undrawn formal standby facilities, credit lines and other commitments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Claims against the Bank not acknowledged as debt</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Litigation pending against Bank</td>
<td>18.2</td>
<td>261,896,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>261,896,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20,531,789,474</td>
</tr>
<tr>
<td>Other memorandum items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value of Travelers' cheque on hand</td>
<td>18,510,258</td>
<td>7,680,628</td>
</tr>
<tr>
<td>Value of Bangladesh Sanchay Patra on hand</td>
<td>179,285,000</td>
<td>63,397,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>197,795,258</td>
</tr>
<tr>
<td>Total Off - Balance Sheet Items</td>
<td></td>
<td>20,729,584,732</td>
</tr>
</tbody>
</table>

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

Chairman                           Vice Chairman                       Director Managing Director
Hoda Vasi Chowdhury & Co Howladar Yunus & Co
Dhaka, 27 February 2005 Chartered Accountants Chartered Accountants

Auditors' Report to the Shareholders
See annexed report of date

Hoda Vasi Chowdhury & Co
Howladar Yunus & Co

Dhaka, 27 February 2005 Chartered Accountants Chartered Accountants
## Profit and Loss Account for the year ended 31 December, 2004

<table>
<thead>
<tr>
<th>Notes</th>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest / investment income</td>
<td>20,364,910,158</td>
<td>21,187,939,275</td>
</tr>
<tr>
<td>Interest / profit paid on deposits and borrowings etc.</td>
<td>(1,161,184,117)</td>
<td>(1,407,521,835)</td>
</tr>
<tr>
<td><strong>Net interest / investment income</strong></td>
<td><strong>1,024,726,040</strong></td>
<td><strong>780,417,440</strong></td>
</tr>
<tr>
<td>Income from investments in securities / shares</td>
<td>196,150,200</td>
<td>167,770,402</td>
</tr>
<tr>
<td>Commission, exchange and brokerage</td>
<td>586,795,488</td>
<td>499,481,309</td>
</tr>
<tr>
<td>Other operating income</td>
<td>162,693,756</td>
<td>146,020,882</td>
</tr>
<tr>
<td><strong>Total operating income</strong></td>
<td><strong>1,970,365,485</strong></td>
<td><strong>1,593,690,033</strong></td>
</tr>
<tr>
<td>Less : Total operating expenses</td>
<td>824,227,141</td>
<td>592,279,586</td>
</tr>
<tr>
<td>Salaries and allowances</td>
<td>344,290,389</td>
<td>302,360,444</td>
</tr>
<tr>
<td>Rent, taxes, insurance, electricity etc.</td>
<td>79,672,340</td>
<td>71,522,140</td>
</tr>
<tr>
<td>Legal and professional expenses</td>
<td>5,304,385</td>
<td>3,662,218</td>
</tr>
<tr>
<td>Postage, stamps, telecommunication etc.</td>
<td>30,887,370</td>
<td>26,125,847</td>
</tr>
<tr>
<td>Auditors' fees</td>
<td>400,000</td>
<td>360,000</td>
</tr>
<tr>
<td>Stationery, printing, advertisement etc.</td>
<td>44,528,648</td>
<td>39,020,931</td>
</tr>
<tr>
<td>Managing Directors' salary and allowances</td>
<td>5,136,936</td>
<td>4,880,000</td>
</tr>
<tr>
<td>Directors' fee</td>
<td>2,520,000</td>
<td>1,790,000</td>
</tr>
<tr>
<td>Charges on loan losses account</td>
<td>109,600,000</td>
<td>-</td>
</tr>
<tr>
<td>Repairs, maintenance &amp; depreciation of assets</td>
<td>52,312,624</td>
<td>38,333,829</td>
</tr>
<tr>
<td>Other expenses</td>
<td>149,574,449</td>
<td>104,224,177</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>824,227,141</strong></td>
<td><strong>592,279,586</strong></td>
</tr>
<tr>
<td><strong>Profit before provision</strong></td>
<td><strong>1,146,138,344</strong></td>
<td><strong>1,001,410,447</strong></td>
</tr>
<tr>
<td>Provision against loans and advances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific provision</td>
<td>(20,400,000)</td>
<td>(190,000,000)</td>
</tr>
<tr>
<td>General provision</td>
<td>(60,000,000)</td>
<td>(40,000,000)</td>
</tr>
<tr>
<td><strong>Total provision</strong></td>
<td><strong>81,900,000</strong></td>
<td><strong>231,500,000</strong></td>
</tr>
<tr>
<td><strong>Total Profit before taxation for the year</strong></td>
<td><strong>1,064,238,344</strong></td>
<td><strong>769,910,447</strong></td>
</tr>
<tr>
<td>Provision for taxation for the year</td>
<td>452,300,000</td>
<td>394,455,000</td>
</tr>
<tr>
<td><strong>Net Profit after taxation for the year</strong></td>
<td><strong>611,938,344</strong></td>
<td><strong>375,455,447</strong></td>
</tr>
<tr>
<td>Retained earning brought forward from previous year</td>
<td>24,956,809</td>
<td>376,474,065</td>
</tr>
<tr>
<td><strong>Total Profit before taxation for the year</strong></td>
<td><strong>636,894,809</strong></td>
<td><strong>632,938,465</strong></td>
</tr>
<tr>
<td>Appropriations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statutory reserve (20% on pre-tax profit)</td>
<td>212,904,025</td>
<td>153,982,000</td>
</tr>
<tr>
<td>Proposed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash dividend (2003: 20%)</td>
<td>-</td>
<td>140,000,000</td>
</tr>
<tr>
<td>Dividend Distribution Tax @ 10%</td>
<td>-</td>
<td>14,000,000</td>
</tr>
<tr>
<td>Bonus shares 2004: 4 :10 (2003: 3:7)</td>
<td>400,000,000</td>
<td>300,000,000</td>
</tr>
<tr>
<td><strong>Total Profit before taxation for the year</strong></td>
<td><strong>612,904,025</strong></td>
<td><strong>607,982,000</strong></td>
</tr>
<tr>
<td>Retained earnings carried forward</td>
<td>23,990,784</td>
<td>24,956,809</td>
</tr>
<tr>
<td>Earning per share (EPS)</td>
<td>61.19</td>
<td>37.55</td>
</tr>
</tbody>
</table>

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

Chairman

Vice Chairman

Director

Managing Director

Auditors' report to the Shareholders

See Annexed report of date

Hoda Vasi Chowdhury & Co

Howladar Yunus & Co.

Chartered Accountants

Chartered Accountants

Dhaka, 27 February 2005
Cash Flows Statement for the year ended 31 December, 2004

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>2,837,010,916</td>
<td>2,355,551,752</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(1,616,184,117)</td>
<td>(1,407,521,834)</td>
</tr>
<tr>
<td>Dividend received in cash</td>
<td>49,441</td>
<td>157,927</td>
</tr>
<tr>
<td>Fees &amp; commission received in cash</td>
<td>605,102,816</td>
<td>510,688,485</td>
</tr>
<tr>
<td>Cash received for bad debts previously written off</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash paid to employees</td>
<td>(349,427,325)</td>
<td>(307,240,444)</td>
</tr>
<tr>
<td>Cash paid to supplier</td>
<td>(150,965,991)</td>
<td>(105,323,243)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(319,754,341)</td>
<td>(370,868,605)</td>
</tr>
<tr>
<td>Cash received from other operating activities</td>
<td>162,693,757</td>
<td>145,920,892</td>
</tr>
<tr>
<td>Cash paid for other operating activities</td>
<td>168,873,015</td>
<td>(146,140,903)</td>
</tr>
<tr>
<td><strong>Cash generated from operating activities</strong></td>
<td><strong>999,652,141</strong></td>
<td><strong>675,224,027</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Changes in operating assets and liabilities</th>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory deposits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of trading securities (Treasury bills)</td>
<td>(340,000,000)</td>
<td>(370,000,000)</td>
</tr>
<tr>
<td>Loan and advances to other banks &amp; financial institutions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans and advances to the customers</td>
<td>(6,727,448,900)</td>
<td>(3,805,379,075)</td>
</tr>
<tr>
<td>Other short term assets</td>
<td>(296,081,266)</td>
<td>(434,402,170)</td>
</tr>
<tr>
<td>Deposits from other banks</td>
<td>(183,029,000)</td>
<td>(163,237,000)</td>
</tr>
<tr>
<td>Deposits from customers</td>
<td>7,549,543,936</td>
<td>4,628,749,157</td>
</tr>
<tr>
<td>Changes in other deposits on behalf of customers</td>
<td>36,473,193</td>
<td>(17,997,785)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(69,412,545)</td>
<td>(84,627,308)</td>
</tr>
<tr>
<td><strong>Net cash received from operating activities</strong></td>
<td><strong>969,697,559</strong></td>
<td><strong>428,329,846</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities</th>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debentures</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Proceeds from sale of securities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payments for purchases of securities</td>
<td>(6,500)</td>
<td>(27,595,000)</td>
</tr>
<tr>
<td>Purchase of property, plant &amp; equipment</td>
<td>(102,923,838)</td>
<td>(79,148,928)</td>
</tr>
<tr>
<td>Payment against lease obligation</td>
<td>(3,073,440)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant &amp; equipment</td>
<td>4,404,982</td>
<td>477,087</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td><strong>(96,598,796)</strong></td>
<td><strong>(101,266,841)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from financing activities</th>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend paid including dividend distribution tax</td>
<td>(154,000,000)</td>
<td>(120,000,000)</td>
</tr>
<tr>
<td><strong>Net Cash used in financing activities</strong></td>
<td><strong>(154,000,000)</strong></td>
<td><strong>(120,000,000)</strong></td>
</tr>
</tbody>
</table>

| Net increase in cash and cash equivalents ( A+ B + C) | 719,098,763 | 207,063,000 |
| Effects of exchange rate changes on cash and cash equivalents | (18,307,328) | (12,682,210) |
| Cash and cash equivalents at beginning of the period | 4,381,867,763 | 4,187,486,977 |
| **Cash and cash equivalents at end of the period (D+E+F)** | **5,082,659,198** | **4,381,867,763** |

<table>
<thead>
<tr>
<th>Cash and cash equivalents at the end of period</th>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in Hand (including Foreign Currencies)</td>
<td>203,753,581</td>
<td>160,262,434</td>
</tr>
<tr>
<td>Balance with Bangladesh Bank &amp; Sonali Bank (including Foreign Currencies)</td>
<td>2,043,945,640</td>
<td>973,255,546</td>
</tr>
<tr>
<td>Balance with other Banks and Financial Institutions</td>
<td>1,653,795,077</td>
<td>2,527,281,383</td>
</tr>
<tr>
<td>Money at Call and Short Notice</td>
<td>1,180,000,000</td>
<td>420,000,000</td>
</tr>
<tr>
<td>Treasury bills - 90 days Reverse REPO</td>
<td>-</td>
<td>300,000,000</td>
</tr>
<tr>
<td>Prize Bonds</td>
<td>1,164,900</td>
<td>1,068,400</td>
</tr>
<tr>
<td><strong>5,082,659,198</strong></td>
<td><strong>4,381,867,763</strong></td>
<td></td>
</tr>
</tbody>
</table>

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

Chairman
Vice Chairman
Director
Managing Director
## Statement of Changes in Equity for the year ended 31 December, 2004

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Paid up Capital</th>
<th>Share Premium</th>
<th>Statutory Reserve</th>
<th>Proposed</th>
<th>Retained Earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Balance at 1 January 2004</td>
<td>700,000,000</td>
<td>-</td>
<td>602,907,103</td>
<td>300,000,000</td>
<td>154,000,000</td>
<td>24,956,465</td>
</tr>
<tr>
<td>Net profit for the year after tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>611,938,344</td>
</tr>
<tr>
<td>Dividend Paid during the year</td>
<td>300,000,000</td>
<td>-</td>
<td>-</td>
<td>(300,000,000)</td>
<td>(154,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>Transfer of Share Premium</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation during the year</td>
<td>-</td>
<td>-</td>
<td>212,904,025</td>
<td>400,000,000</td>
<td>-</td>
<td>(612,904,025)</td>
</tr>
<tr>
<td>Balance at 31 December 2004</td>
<td>1,000,000,000</td>
<td>-</td>
<td>815,811,128</td>
<td>400,000,000</td>
<td>-</td>
<td>23,990,784</td>
</tr>
</tbody>
</table>

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

Chairman        Vice Chairman             Director                    Managing Director
**Statement of Liquidity (Analysis of maturity of assets & liabilities) as at 31 December, 2004**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Up to 1 month</th>
<th>1-3 month</th>
<th>3-12 month</th>
<th>1-5 years</th>
<th>above 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td>2,247,699,221</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,247,699,221</td>
</tr>
<tr>
<td>Balance with other Bank &amp; Financial institution</td>
<td>953,669,791</td>
<td>650,125,286</td>
<td>50,000,000</td>
<td>-</td>
<td>-</td>
<td>1,653,795,077</td>
</tr>
<tr>
<td>Money at call &amp; short notice</td>
<td>1,180,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,180,000,000</td>
</tr>
<tr>
<td>Investments</td>
<td>28,766,400</td>
<td>-</td>
<td>250,000,000</td>
<td>2,750,046,000</td>
<td>55,000,000</td>
<td>3,083,812,400</td>
</tr>
<tr>
<td>Loans &amp; advances</td>
<td>5,491,344,461</td>
<td>2,918,452,000</td>
<td>7,324,764,000</td>
<td>6,476,338,844</td>
<td>1,008,774,000</td>
<td>23,219,673,305</td>
</tr>
<tr>
<td>Fixed assets including premises, furniture and fixtures</td>
<td>3,257,717</td>
<td>6,515,434</td>
<td>29,319,453</td>
<td>156,370,413</td>
<td>126,218,623</td>
<td>321,681,640</td>
</tr>
<tr>
<td>Other assets</td>
<td>90,254,456</td>
<td>206,456,130</td>
<td>21,163,354</td>
<td>337,081,205</td>
<td>-</td>
<td>654,955,145</td>
</tr>
<tr>
<td>Non banking assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets (A):</strong></td>
<td>9,994,992,045</td>
<td>3,781,548,850</td>
<td>7,675,246,807</td>
<td>9,719,836,463</td>
<td>1,189,992,623</td>
<td>32,361,616,788</td>
</tr>
<tr>
<td><strong>Liability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings from other banks, financial institutions and agents</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>383,734,000</td>
<td>-</td>
<td>383,734,000</td>
</tr>
<tr>
<td>Deposits and other accounts</td>
<td>9,942,535,650</td>
<td>5,665,335,000</td>
<td>6,900,321,000</td>
<td>3,229,234,000</td>
<td>2,331,817,000</td>
<td>28,069,242,650</td>
</tr>
<tr>
<td>Provisions &amp; other liabilities</td>
<td>2,370,113.45</td>
<td>108,432,635</td>
<td>131,848,568</td>
<td>1,426,186,909</td>
<td>-</td>
<td>1,668,838,226</td>
</tr>
<tr>
<td><strong>Total Liabilities (B):</strong></td>
<td>9,944,905,763</td>
<td>5,773,767,635</td>
<td>7,032,169,568</td>
<td>5,039,154,909</td>
<td>2,331,817,000</td>
<td>30,121,814,876</td>
</tr>
<tr>
<td><strong>Net Liquidity Gap (A - B):</strong></td>
<td>50,086,282</td>
<td>(1,992,218,785)</td>
<td>643,077,238</td>
<td>4,680,681,553</td>
<td>(1,141,824,377)</td>
<td>2,239,801,912</td>
</tr>
</tbody>
</table>

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

(Taka in million)

<table>
<thead>
<tr>
<th>Sl. #</th>
<th>Particulars</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Paid-up Capital</td>
<td>1,000.00</td>
<td>700.00</td>
</tr>
<tr>
<td>2</td>
<td>Total Capital</td>
<td>2,476.34</td>
<td>1,958.12</td>
</tr>
<tr>
<td>3</td>
<td>Capital surplus/deficit</td>
<td>401.53</td>
<td>477.21</td>
</tr>
<tr>
<td>4</td>
<td>Total Assets</td>
<td>32,361.62</td>
<td>24,249.13</td>
</tr>
<tr>
<td>5</td>
<td>Total Deposits</td>
<td>28,069.24</td>
<td>20,483.23</td>
</tr>
<tr>
<td>6</td>
<td>Total Loans and Advances</td>
<td>23,219.67</td>
<td>16,492.22</td>
</tr>
<tr>
<td>7</td>
<td>Total Contingent Liabilities and Commitments</td>
<td>20,531.79</td>
<td>16,351.42</td>
</tr>
<tr>
<td>8</td>
<td>Credit Deposit Ratio</td>
<td>83%</td>
<td>81%</td>
</tr>
<tr>
<td>9</td>
<td>Percentage of Classified Loans against Total Loans &amp; Advances</td>
<td>1.52%</td>
<td>1.98%</td>
</tr>
<tr>
<td>10</td>
<td>Profit after tax &amp; provision</td>
<td>611.94</td>
<td>375.46</td>
</tr>
<tr>
<td>11</td>
<td>Amount of classified loans during current year</td>
<td>246.23</td>
<td>214.45</td>
</tr>
<tr>
<td>12</td>
<td>Provisions kept against classified loan</td>
<td>174.00</td>
<td>249.44</td>
</tr>
<tr>
<td>13</td>
<td>Provision surplus/(deficit) against classified loan</td>
<td>52.66</td>
<td>85.98</td>
</tr>
<tr>
<td>14</td>
<td>Cost of fund</td>
<td>6.62%</td>
<td>7.32%</td>
</tr>
<tr>
<td>15</td>
<td>Interest earning Assets</td>
<td>29,137.28</td>
<td>21,936.70</td>
</tr>
<tr>
<td>16</td>
<td>Non-interest earning Assets</td>
<td>3,224.34</td>
<td>2,295.65</td>
</tr>
<tr>
<td>17</td>
<td>Return on investment (ROI)</td>
<td>6.36%</td>
<td>6.58%</td>
</tr>
<tr>
<td>18</td>
<td>Return on Assets (ROA)</td>
<td>2.16%</td>
<td>1.72%</td>
</tr>
<tr>
<td>19</td>
<td>Income from Investment</td>
<td>196.15</td>
<td>167.77</td>
</tr>
<tr>
<td>20</td>
<td>Earning per Share</td>
<td>61.19</td>
<td>37.55</td>
</tr>
<tr>
<td>21</td>
<td>Net Income per Share</td>
<td>61.19</td>
<td>37.55</td>
</tr>
<tr>
<td>22</td>
<td>Price Earning Ratio</td>
<td>14.37</td>
<td>6.98</td>
</tr>
</tbody>
</table>
1.1 Status of the Bank
The Bank was incorporated as a public limited company in Bangladesh under Companies Act 1994. It commenced its banking business with one branch from 1995 under the license issued by Bangladesh Bank. Now it has 36 branches all over Bangladesh and a booth located at Dhaka club, Dhaka. Out of the above 36 branches, 05 (five) branches are designated Islamic Branch complying with the rules of Islamic Shariah the modus operandi of which is substantially different from other branches run on commercial conventional basis. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a Publicly Quoted company for its general class of shares.

1.1.1 Principal activities
The principal activities of the Bank are to provide all kinds of commercial banking services to its customers through its branches in Bangladesh.

1.1.2 Merchant banking activities
It also carries out Merchant Banking activities under the license issued by the Securities & Exchange Commission (SEC), Dhaka, Bangladesh.

1.2 Significant accounting policies and basis of preparation of financial statements

1.2.1 Basis of accounting
The financial statements of the Bank are made upto 31 December 2004 and are prepared under the historical cost convention, on a going concern basis and in accordance with the “First Schedule (Sec-38) of the Bank Companies Act, 1991 as amended by BRPD Circular # 14 dated 25 June, 2003, other Bangladesh Bank Circulars, International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Bangladesh, Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchange's Listing Regulations and other laws and rules applicable in Bangladesh.

In addition to foregoing directives and standards, the operation of Islamic branches are accounted for in accordance with Financial Accounting Standards issued by the Accountancy and Auditing organisation for Islamic Financial Institutions for which a separate set of books and records are being maintained. A separate balance sheet, income statements and a statement of profit paid on deposits are shown in Annexure - E and the figures appearing in the annexure have been incorporated in the respective heads of these financial statements as recommended by Central Shariah Board for Islamic Banks in Bangladesh.

1.2.2 Basis of consolidation
A separate set of records for consolidation of the statement of affairs and income & expenditure account of the branches are maintained at the Head Office of the Bank based on which these financial statements have been prepared.

1.2.3 Foreign currencies translation
Foreign Currencies transactions are converted into equivalent Taka using the ruling exchange rates on the date of respective transactions. Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of interbank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day.

1.2.4 Provision for taxation
Provision for income tax has been made @ 45% as prescribed in Finance Act 2004 of the accounting profit made by the Bank after considering some of the taxable add backs of income and disallowances of expenditures. No deferred tax is currently maintained by the Bank. However, the Bank is considering changes in accounting policies for implementation of the same.
1.3 Assets and basis of their valuation

1.3.1 Advances to customers

a) Interest is calculated on a daily product basis but charged and accounted for quarterly on accrual basis. Interest on classified loans and advances is kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realised from borrowers [please refer Note - 8.8 (x)]. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Total interest against such accounts is amounting to Tk. 174.20 million as at 31 December 2004 (Tk. 68.50 million in 2003). Records of such interest amounts are kept in separate memorandum books.

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

<table>
<thead>
<tr>
<th>Category of Loans and Advances</th>
<th>Provision Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>General provision on unclassified loans &amp; advances</td>
<td>@ 1%</td>
</tr>
<tr>
<td>Specific provision on substandard loans &amp; advances</td>
<td>@ 20%</td>
</tr>
<tr>
<td>Specific provision on doubtful loans &amp; advances</td>
<td>@ 50%</td>
</tr>
<tr>
<td>Specific provision on bad/loss loans &amp; advances</td>
<td>@ 100%</td>
</tr>
</tbody>
</table>

c) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are pending for more than five years as per guidelines of Bangladesh Bank. However, the write off will not reduce the claim against the borrower. Detailed memorandum records for all such write off accounts are maintained.

1.3.2 Investments

Value of Investment has been enumerated as follows:

<table>
<thead>
<tr>
<th>Items</th>
<th>Applicable Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Treasury Bills</td>
<td>At face value (including unearned interest)</td>
</tr>
<tr>
<td>T &amp; T Bonds &amp; Bangladesh Treasury Bonds</td>
<td>At cost</td>
</tr>
<tr>
<td>Prize Bond</td>
<td>Cost price</td>
</tr>
<tr>
<td>Bangladesh House Building Finance Corporation-Debenture</td>
<td>At redeemable value</td>
</tr>
<tr>
<td>Investments in shares</td>
<td>At cost or market value at the Balance Sheet date whichever is lower</td>
</tr>
</tbody>
</table>

1.3.3 Fixed assets and depreciation

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

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

<table>
<thead>
<tr>
<th>Category of fixed assets</th>
<th>Rate of depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>Nil</td>
</tr>
<tr>
<td>Building</td>
<td>2.50%</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>10%</td>
</tr>
<tr>
<td>Office equipment</td>
<td>20%</td>
</tr>
<tr>
<td>Library books</td>
<td>20%</td>
</tr>
<tr>
<td>Bank’s Vehicles</td>
<td>20%</td>
</tr>
</tbody>
</table>

1.3.4 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The bank as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the bank’s net investment in the leases (note-8.2). Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the bank’s net investment outstanding in respect of the leases.
The bank as lessee
Assets held under finance leases are recognized as assets of the bank at their fair value at the date of acquisition or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation (Note - 14.6). Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as fixed assets.

1.4 Liabilities and provisions

1.4.1 Retirement benefits to the employees

Provident fund
Provident fund benefits are given to the staff of the bank in accordance with the locally registered Provident fund rules. The commissioner of Income Tax, Taxes Zone - 5, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from 07 July, 1997. The Fund is operated by a Board of Trustees consisting of six members (03 members from management and other 03 members from the Board of Directors) of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the Fund. The Bank also contributes equal amount of the employees' contribution to the fund. Interest earned from the investments is credited to the members' account on half yearly basis.

Gratuity
Consistent with the past practice of the Prime Bank Limited no provision for the liabilities for gratuity, (the quantum of which at 31 December 2004 has not been ascertained) has been made in these financial statements which would have been payable to the employees on their separation from the Prime Bank Limited's service on that date as the payments for gratuity are charged in the books for the year in which these are disbursed.

Welfare fund
Prime Bank’s Employees’ Welfare Fund subscribed by monthly contribution of the employees. The Bank also contributes to the fund from time to time. The fund is established to cover the accidental coverage in the event of death or permanent disabilities of the employees.

1.5 Revenue recognition

1.5.1 Interest income
In terms of the provision of the Bangladesh Accounting Standards (BAS - 18) on Revenue and disclosures in the financial statements of the Bank, the interest receivable is recognized on accrual basis. Interest on loans and advances ceases to be taken into income when such advances are classified, kept in interest suspense account and in memorandum account. Interest on classified advances is accounted for on a cash receipt basis.

1.5.2 Fees and commission income
Fees and commission income arises on services provided by the Bank and recognized on a cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

1.5.3 Dividend income on shares
Dividend income from shares is recognized during the period in which they are declared and actually received.

1.5.4 Interest paid and other expenses
In terms of the provision of the International Financial Reporting Standards (IAS - 1) Presentation of Financial Statements, the interest paid and other expenses are recognized on accrual basis.
Notes to the Financial Statements for the year ended 31 December, 2004

1.6 Reconciliation of interbank/books of accounts

Books of account with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled and there are no material differences which may affect the financial statements significantly.

Un-reconciled entries in case of inter-branch transactions as on the reporting date are not mentionable due to the time-gap before finalizing the same.

1.7 Risk management

The Risk of Prime Bank Limited is defined as the possibility of losses, financial or otherwise. The Risk Management of the Bank covers 5(five) Core Risk Areas of banking i.e. Credit Risk Management, Foreign Exchange Risk Management, Asset Liability Management, Prevention of Money Laundering and establishment of Internal Control and Compliance.

The prime objective of the risk management is that the Bank takes well calculative business risks while safeguarding the Bank’s capital, its financial resources and profitability from various risks. In this context, the Bank took steps to implement the guidelines of Bangladesh Bank as under:

1.7.1 Credit risk management

Credit risk is one of the major risks faced by the Bank. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counter party or decline in his/her financial condition. Therefore, Bank’s credit risk management activities have been designed to address all these issues.

The Bank has segregated duties of the officers/executives involved in credit related activities. A separate Corporate Division has been formed at Head Office which is entrusted with the duties of maintaining effective relationship with the customer, marketing of credit products, exploring new business opportunities etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, three separate units have been formed within Credit Division. These are (a) Credit Risk Management Unit, (b) Credit Administration Unit, (c) Credit Monitoring & Recovery Unit. Credit Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy/strategy for lending operation etc.

A thorough assessment is done before sanction of any credit facility at Credit Risk Management Unit. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility etc. The assessment process starts at Corporate Division by the Relationship Manager/Officer and ends at Credit Risk Management Unit when it is approved/declined by the competent authority. Credit approval authority has been delegated to the individual executives. Proposal beyond their delegation are approved/declined by the Executive Committee and management.

In determining Single borrower/Large Loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted on periodical interval to ensure compliance of Bank’s and Regulatory polices. Loans are classified as per Bangladesh Bank’s guidelines.

1.7.2 Foreign exchange risk management

Foreign exchange risk is defined as the potential change in earnings arising due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. No dealing on Banks account was conducted during the year.

Treasury Department independently conducts the transactions and the Back Office of Treasury is responsible for verification of the deals and passing of their entries in books of accounts. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by Bangladesh Bank at the month-end. All Nostro accounts are reconciled on monthly basis and outstanding entry beyond 30 days is reviewed by the Management for its settlement.
Notes to the Financial Statements for the year ended 31 December, 2004

1.7.3 Asset liability management
The Asset Liability Committee (ALCO) of the Bank monitors Balance Sheet risk and Liquidity risks of the Bank. The Balance Sheet risk is defined as potential change in earnings due to change in rate of interest, foreign exchange rates which are not of trading nature. Asset Liability Committee (ALCO) reviews Liquidity requirement of the bank, the maturity of assets and liabilities, deposit and lending pricing strategy and the liquidity contingency plan. The primary objective of the ALCO is to monitor and avert significant volatility in net interest income, investment value and exchange earnings.

1.7.4 Prevention of money laundering
Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks the Bank has a designated Chief Compliance Officer at Head Office and compliance officers at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been established and Transaction profile has been introduced. Training has been continuously given to all the category of officers and executives for developing awareness and skill for identifying suspicious activities.

1.7.5 Internal control and compliance
Operational loss may arise from error and fraud due to lack of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Bank. Internal Control and Compliance Division undertakes periodical and special audit of the branches and departments at Head Office for review of the operation and compliance of statutory requirement. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.

1.8 Earning per share
Earning per share has been calculated in accordance with BAS 33: Earning Per Share (EPS) which has been shown on the face of profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year. Previous year's figures have been adjusted for the issue of 3,000,000 Bonus shares (for 2003).

1.9 Post Balance Sheet events
The Bank increased it's authorized capital from Tk. 1000.00 million to Tk. 4000.00 million by passing a special resolution in the Bank's 5th Extra Ordinary General Meeting held on 07th February, 2005 at Hotel Purbani International, Dhaka, Bangladesh (see note 15.1).

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

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

c) Figures of previous year have been rearranged wherever necessary to conform to current year's presentation.
### Notes to the Financial Statements for the year ended 31 December, 2004

<table>
<thead>
<tr>
<th>3 Cash In hand (Including foreign currencies)</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Currency</td>
<td>188,023,553</td>
<td>149,203,845</td>
</tr>
<tr>
<td>Foreign Currencies</td>
<td>15,730,028</td>
<td>11,058,589</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>203,753,581</strong></td>
<td><strong>160,262,434</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4 Balance with Bangladesh Bank and Sonali Bank (Including foreign currencies)</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh Bank In local currency</td>
<td>1,180,482,455</td>
<td>722,851,452</td>
</tr>
<tr>
<td>Bangladesh Bank In foreign currencies</td>
<td>835,418,261</td>
<td>218,291,689</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,015,900,716</strong></td>
<td><strong>941,143,141</strong></td>
</tr>
<tr>
<td>Sonali Bank in local currency as agent of Bangladesh Bank</td>
<td>28,044,924</td>
<td>32,112,405</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,043,945,640</strong></td>
<td><strong>973,255,546</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5 Balance with other Banks and Financial Institutions</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>In side Bangladesh - <strong>Note 5.1</strong></td>
<td>1,399,122,567</td>
<td>2,417,688,341</td>
</tr>
<tr>
<td>Outside Bangladesh - <strong>Note 5.2</strong></td>
<td>254,672,510</td>
<td>109,593,042</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,653,795,077</strong></td>
<td><strong>2,527,281,383</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5.1 In Side Bangladesh</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Account</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agrani Bank</td>
<td>965,863</td>
<td>1,129,523</td>
</tr>
<tr>
<td>Arab Bangladesh Bank Ltd.</td>
<td>5,815,182</td>
<td>1,087,287</td>
</tr>
<tr>
<td>Islami Bank BD Ltd.</td>
<td>713,062</td>
<td>1,145,897</td>
</tr>
<tr>
<td>Janata Bank</td>
<td>1,198,520</td>
<td>691,478</td>
</tr>
<tr>
<td>Pubali Bank Ltd.</td>
<td>11,134,932</td>
<td>-</td>
</tr>
<tr>
<td>Rupali Bank Ltd</td>
<td>951,759</td>
<td>357,458</td>
</tr>
<tr>
<td>Sonali Bank</td>
<td>1,128,179</td>
<td>2,167,106</td>
</tr>
<tr>
<td>Standard Chartered Bank</td>
<td>6,819,609</td>
<td>20,360</td>
</tr>
<tr>
<td>Uttara Bank Ltd</td>
<td>845,573</td>
<td>491,740</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,572,679</strong></td>
<td><strong>7,090,849</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Short Term Deposit Accounts</strong></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agrani Bank</td>
<td>237,980</td>
<td>231,549</td>
</tr>
<tr>
<td>Janata Bank</td>
<td>3,970,035</td>
<td>3,882,378</td>
</tr>
<tr>
<td>The Oriental Bank Ltd</td>
<td>17,091</td>
<td>31,062</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,225,105</strong></td>
<td><strong>4,144,989</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Savings accounts</strong></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shamil Bank of Bahrain E.C.</td>
<td>27,269</td>
<td>415,915</td>
</tr>
<tr>
<td>Social Investment Bank Ltd.</td>
<td>55,695</td>
<td>248,455</td>
</tr>
<tr>
<td>The Oriental Bank Ltd</td>
<td>14,370</td>
<td>-</td>
</tr>
<tr>
<td>Al Arafah Islami Bank Ltd.</td>
<td>41,873</td>
<td>512,841</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>139,207</strong></td>
<td><strong>1,177,211</strong></td>
</tr>
</tbody>
</table>
### Fixed Deposit Received

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dhaka Bank Ltd.</td>
<td>250,000,000</td>
<td>250,000,000</td>
</tr>
<tr>
<td>Dutch Bangla Bank Ltd.</td>
<td>200,000,000</td>
<td>250,000,000</td>
</tr>
<tr>
<td>Eastern Bank Ltd.</td>
<td>-</td>
<td>550,000,000</td>
</tr>
<tr>
<td>EXIM Bank Ltd.</td>
<td>-</td>
<td>150,000,000</td>
</tr>
<tr>
<td>Far East Finance &amp; Investment Ltd.</td>
<td>-</td>
<td>20,000,000</td>
</tr>
<tr>
<td>IFIC Bank Ltd</td>
<td>-</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Jamuna Bank Ltd.</td>
<td>100,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Mutual Trust Bank Ltd.</td>
<td>100,000,000</td>
<td>-</td>
</tr>
<tr>
<td>National Bank Ltd.</td>
<td>-</td>
<td>505,000,000</td>
</tr>
<tr>
<td>National Bank of Pakistan</td>
<td>250,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Prime Finance &amp; Investment Ltd.</td>
<td>-</td>
<td>50,000,000</td>
</tr>
<tr>
<td>Southeast Bank Ltd.</td>
<td>350,000,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Standard Chartered Bank</td>
<td>15,185,575</td>
<td>14,475,292</td>
</tr>
<tr>
<td>The Trust Bank Ltd</td>
<td>50,000,000</td>
<td>50,000,000</td>
</tr>
<tr>
<td>Woori (Hanvit) Bank</td>
<td>115,800,000</td>
<td>115,800,000</td>
</tr>
<tr>
<td>Standard Bank Ltd</td>
<td>50,000,000</td>
<td>50,000,000</td>
</tr>
</tbody>
</table>

### Outside Bangladesh (Nostro Accounts)

#### Current account

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Express Bank Ltd., Frankfurt, Germany</td>
<td>327,838</td>
<td>131,015</td>
</tr>
<tr>
<td>American Express Bank Ltd., Kolkata</td>
<td>33,238,772</td>
<td>(3,412,425)</td>
</tr>
<tr>
<td>American Express Bank Ltd., New York, USA</td>
<td>14,003,776</td>
<td>346,571</td>
</tr>
<tr>
<td>Arab Bangladesh Bank Ltd., Mumbai, India</td>
<td>1,609,306</td>
<td>6,155,542</td>
</tr>
<tr>
<td>Banca Nazional del Lavoro, Rome</td>
<td>152,260</td>
<td>1,565,218</td>
</tr>
<tr>
<td>Bank of Bhutan, Bhutan</td>
<td>2,268,555</td>
<td>800,496</td>
</tr>
<tr>
<td>Bank of Tokyo Mitsubishi Ltd., Japan</td>
<td>2,717,126</td>
<td>1,748,597</td>
</tr>
<tr>
<td>Citibank N.A., India</td>
<td>4,696,437</td>
<td>18,172,516</td>
</tr>
<tr>
<td>Citibank N.A., London, UK</td>
<td>3,082,250</td>
<td>14,681,348</td>
</tr>
<tr>
<td>Citibank N.A., New York, USA</td>
<td>11,372,617</td>
<td>136,825</td>
</tr>
<tr>
<td>Commerzbank AG, Frankfurt, Germany</td>
<td>2,588,398</td>
<td>3,133,968</td>
</tr>
<tr>
<td>Commonwealth Bank of Australia</td>
<td>769,637</td>
<td>184,853</td>
</tr>
<tr>
<td>Credit Suisse (First Boston), Switzerland</td>
<td>795,352</td>
<td>1,479,697</td>
</tr>
<tr>
<td>Habib American Bank , New York, USA</td>
<td>1,777,964</td>
<td>300,416</td>
</tr>
<tr>
<td>HSBC, New York, USA</td>
<td>284,758</td>
<td>196,800</td>
</tr>
<tr>
<td>ICICI Bank, India</td>
<td>76,261,644</td>
<td>14,855,645</td>
</tr>
<tr>
<td>Musheru, Bank New York, USA</td>
<td>14,390,938</td>
<td>6,095,824</td>
</tr>
<tr>
<td>National Westminster Bank Plc, London, UK</td>
<td>498,955</td>
<td>1,345,342</td>
</tr>
<tr>
<td>Nepal Bangladesh Bank Ltd., Nepal</td>
<td>64,216</td>
<td>99,341</td>
</tr>
<tr>
<td>Peoples Bank, Sri Lanka</td>
<td>850,300</td>
<td>15,523</td>
</tr>
<tr>
<td>Rupali Bank Ltd, Karachi</td>
<td>11,886,896</td>
<td>15,274,268</td>
</tr>
<tr>
<td>Skandinaviska Enskilda, Banken, Sweden</td>
<td>28,545</td>
<td>421,388</td>
</tr>
<tr>
<td>Sonali Bank, Kolkata</td>
<td>114,311</td>
<td>525,499</td>
</tr>
<tr>
<td>Standard Chartered Bank, Kolkata</td>
<td>36,818,276</td>
<td>14,247,120</td>
</tr>
<tr>
<td>Standard Chartered Bank, New York, USA</td>
<td>33,673,327</td>
<td>6,367,467</td>
</tr>
<tr>
<td>State Bank of India, Kolkata</td>
<td>11,317</td>
<td>4,059,620</td>
</tr>
<tr>
<td>The Bank of Nova Scotia, Canada</td>
<td>250,612</td>
<td>554,861</td>
</tr>
<tr>
<td>Unicreditto Italiano ,Spain</td>
<td>59,602</td>
<td>65,821</td>
</tr>
<tr>
<td>Wachovia Bank N.A</td>
<td>78,528</td>
<td>43,886</td>
</tr>
</tbody>
</table>

(Annexure -A may kindly be seen for details)

<table>
<thead>
<tr>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>254,672,510</td>
<td>109,593,042</td>
</tr>
</tbody>
</table>
### Notes to the Financial Statements for the year ended 31 December, 2004

#### 5.3 Maturity grouping of balance with other banks and financial institutions

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>On demand</td>
<td>284,259,111</td>
<td>116,801,612</td>
</tr>
<tr>
<td>Up to 1 month</td>
<td>669,410,680</td>
<td>134,419,989</td>
</tr>
<tr>
<td>Over 1 month but not more than 3 months</td>
<td>650,125,286</td>
<td>2,225,000,000</td>
</tr>
<tr>
<td>Over 3 months but not more than 1 Year</td>
<td>50,000,000</td>
<td>51,059,782</td>
</tr>
<tr>
<td>Over 1 Year but not more than 5 Years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over 5 Years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,653,795,077</td>
<td>2,527,281,383</td>
</tr>
</tbody>
</table>

#### 6 Money at Call and Short Notice

**Banking Company**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia Limited</td>
<td>-</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Dhaka Bank Limited</td>
<td>70,000,000</td>
<td>-</td>
</tr>
<tr>
<td>American Express Bank Limited</td>
<td>-</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Standard Chartered Bank</td>
<td>-</td>
<td>300,000,000</td>
</tr>
<tr>
<td>Citibank, N.A.</td>
<td>-</td>
<td>20,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>70,000,000</td>
<td>380,000,000</td>
</tr>
</tbody>
</table>

**Financial Institutions**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSP Finance</td>
<td>-</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Industrial Promotion and Development Company of Bangladesh Ltd.</td>
<td>200,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Bangladesh Industrial &amp; Finance Co. Ltd.</td>
<td>200,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Industrial and Infrastructure Development Finance Co. Ltd.</td>
<td>40,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Industrial Development &amp; Leasing Co.</td>
<td>50,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Phoenix Leasing Co. Ltd.</td>
<td>100,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Premier Leasing Co. Ltd.</td>
<td>190,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Delta Brac Housing Ltd.</td>
<td>130,000,000</td>
<td>30,000,000</td>
</tr>
<tr>
<td>International Leasing and Financial Services Ltd</td>
<td>1,110,000,000</td>
<td>40,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,180,000,000</td>
<td>420,000,000</td>
</tr>
</tbody>
</table>

#### 7 Investments

**Government Securities**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>182 days Treasure Bills</td>
<td>-</td>
<td>20,000,000</td>
</tr>
<tr>
<td>364 days Treasure Bills</td>
<td>-</td>
<td>150,000,000</td>
</tr>
<tr>
<td>2 Years Treasury Bills</td>
<td>820,000,000</td>
<td>430,000,000</td>
</tr>
<tr>
<td>5 Years Treasury Bills</td>
<td>1,770,000,000</td>
<td>1,650,000,000</td>
</tr>
<tr>
<td>90 days Reverse REPO</td>
<td>-</td>
<td>300,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,590,000,000</td>
<td>2,550,000,000</td>
</tr>
</tbody>
</table>

**Bonds**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prize bonds</td>
<td>1,164,900</td>
<td>1,068,400</td>
</tr>
<tr>
<td>Other bonds - (Note 7.3)</td>
<td>381,046,000</td>
<td>82,046,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>382,210,900</td>
<td>83,114,400</td>
</tr>
</tbody>
</table>

**Other Investments**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>DBBL Bond (bearing interest rate @10%)</td>
<td>55,000,000</td>
<td>60,000,000</td>
</tr>
<tr>
<td>Shares (Annexure -B may kindly be seen for details)</td>
<td>27,601,500</td>
<td>27,595,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>111,601,500</td>
<td>116,595,000</td>
</tr>
</tbody>
</table>

**Total** | 3,083,812,400 | 2,749,709,400 |

7.1 Treasury bills include unearned interest thereon and corresponding credit is shown in other liabilities.
# Notes to the Financial Statements for the year ended 31 December, 2004

## 7.2 Maturity grouping of Investments

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>On demand</td>
<td>28,766,400</td>
<td>328,663,400</td>
</tr>
<tr>
<td>Up to 1 month</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over 1 month but not more than 3 months</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over 3 months but not more than 1 Year</td>
<td>250,000,000</td>
<td>175,000,000</td>
</tr>
<tr>
<td>Over 1 Year but not more than 5 Years</td>
<td>2,750,046,000</td>
<td>2,211,046,000</td>
</tr>
<tr>
<td>Over 5 Years</td>
<td>55,000,000</td>
<td>35,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,083,812,400</strong></td>
<td><strong>2,749,709,400</strong></td>
</tr>
</tbody>
</table>

## 7.3 Other bonds

<table>
<thead>
<tr>
<th>Name of the bond</th>
<th>Rate of interest</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Years T &amp; T bond</td>
<td>8.40%</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>3 Years T &amp; T bond</td>
<td>8.45%</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>3 Years T &amp; T bond</td>
<td>8.50%</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>3 Years T &amp; T bond</td>
<td>8.48%</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>3 Years T &amp; T bond</td>
<td>8.53%</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>3 Years T &amp; T bond</td>
<td>8.55%</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>3 Years T &amp; T bond</td>
<td>8.58%</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>3 Years T &amp; T bond</td>
<td>8.61%</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>5 Years Bangladesh Treasury Bond</td>
<td>7.50%</td>
<td>299,000,000</td>
<td>-</td>
</tr>
<tr>
<td>5 Years Bangladesh Treasury Bond (RMG)</td>
<td>5.00%</td>
<td>2,046,000</td>
<td>2,046,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>381,046,000</strong></td>
<td><strong>82,046,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

## 7.4 Debentures of Bangladesh House Building Finance Corporation - at cost

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>100,000,000</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Redeemed up to 31 December 2004</td>
<td>45,000,000</td>
<td>40,000,000</td>
</tr>
<tr>
<td>Book value</td>
<td>55,000,000</td>
<td>60,000,000</td>
</tr>
</tbody>
</table>

## 8 Loans and Advances (Loans, Cash Credit & Overdrafts etc)

### Inside Bangladesh


### Outside Bangladesh


### Bills purchased and Discounted

#### Payable Inside Bangladesh


#### Payable Outside Bangladesh

### Notes to the Financial Statements for the year ended 31 December, 2004

#### 8.1 Residual maturity grouping of loans and advances including bills purchased and discounted

<table>
<thead>
<tr>
<th>Segment</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayable on demand</td>
<td>3,793,676,461</td>
<td>2,545,525,529</td>
</tr>
<tr>
<td>Up to 1 month</td>
<td>1,697,668,000</td>
<td></td>
</tr>
<tr>
<td>Over 1 month but not more than 3 months</td>
<td>2,918,452,000</td>
<td>2,272,508,876</td>
</tr>
<tr>
<td>Over 3 months but not more than 1 Year</td>
<td>7,324,764,000</td>
<td>6,100,368,000</td>
</tr>
<tr>
<td>Over 1 Year but not more than 5 Years</td>
<td>6,476,338,844</td>
<td>4,504,709,000</td>
</tr>
<tr>
<td>Over 5 Years</td>
<td>1,008,774,000</td>
<td>1,060,113,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23,219,673,305</td>
<td>16,492,224,405</td>
</tr>
</tbody>
</table>

#### 8.2 Investment in lease/Izara finance

<table>
<thead>
<tr>
<th>Segment</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease rental receivables within 1 year</td>
<td>545,306,974</td>
<td>596,371,125</td>
</tr>
<tr>
<td>Lease rental receivables within 5 years</td>
<td>929,745,988</td>
<td>990,185,735</td>
</tr>
<tr>
<td><strong>Total lease/Izara rental receivable</strong></td>
<td>1,475,052,962</td>
<td>1,586,556,860</td>
</tr>
<tr>
<td>Less: Unearned interest receivable</td>
<td>295,053,478</td>
<td>370,640,236</td>
</tr>
<tr>
<td><strong>Net investment in lease/Izara finance</strong></td>
<td>1,179,999,484</td>
<td>1,215,916,624</td>
</tr>
</tbody>
</table>

#### 8.3 Loans and Advances under the following broad categories

<table>
<thead>
<tr>
<th>Segment</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>12,865,959,405</td>
<td>8,603,980,442</td>
</tr>
<tr>
<td>Cash Credit</td>
<td>4,627,608,384</td>
<td>3,416,440,340</td>
</tr>
<tr>
<td>Overdraft</td>
<td>3,793,676,461</td>
<td>2,545,525,529</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21,287,244,251</td>
<td>14,565,946,311</td>
</tr>
<tr>
<td>Bills Purchased &amp; Discounted (Note - 9)</td>
<td>1,932,429,054</td>
<td>1,926,278,094</td>
</tr>
<tr>
<td><strong>Total loans and advances</strong></td>
<td>23,219,673,305</td>
<td>16,492,224,405</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Segment</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Loans and advances to directors of the bank</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>b) Loans and advances to chief executive and other senior executives</td>
<td>42,915,000</td>
<td>34,330,000</td>
</tr>
<tr>
<td>c) Loans and advances to customers group:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Commercial lending</td>
<td>7,345,711,125</td>
<td>4,448,402,345</td>
</tr>
<tr>
<td>ii) Export financing</td>
<td>1,960,243,075</td>
<td>2,398,980,000</td>
</tr>
<tr>
<td>iii) House building loan</td>
<td>352,598,000</td>
<td>548,127,264</td>
</tr>
<tr>
<td>iv) Consumers credit scheme</td>
<td>646,850,000</td>
<td>519,466,391</td>
</tr>
<tr>
<td>v) Small &amp; medium enterprises</td>
<td>491,353,000</td>
<td>141,438,000</td>
</tr>
<tr>
<td>vi) Special program loan</td>
<td>91,641,000</td>
<td>2,261,566,000</td>
</tr>
<tr>
<td>vii) Staff loan</td>
<td>220,092,000</td>
<td>167,166,000</td>
</tr>
<tr>
<td>viii) Other loan &amp; advances</td>
<td>3,811,469,065</td>
<td>141,129,405</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14,919,957,265</td>
<td>10,626,275,405</td>
</tr>
<tr>
<td>d) Industrial Loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Agricultural industries</td>
<td>1,098,591,000</td>
<td>214,226,000</td>
</tr>
<tr>
<td>ii) Textile industries</td>
<td>2,258,543,035</td>
<td>1,905,389,000</td>
</tr>
<tr>
<td>iii) Food &amp; allied industries</td>
<td>35,009,000</td>
<td>546,661,000</td>
</tr>
<tr>
<td>iv) Pharmaceuticals industries</td>
<td>751,473,000</td>
<td>406,852,000</td>
</tr>
<tr>
<td>v) Leather, chemical, cosmetics etc</td>
<td>315,849,000</td>
<td>343,749,000</td>
</tr>
<tr>
<td>vi) Tobacco industries</td>
<td>358,417,000</td>
<td>297,120,000</td>
</tr>
<tr>
<td>vii) Cement &amp; ceramic industries</td>
<td>397,424,000</td>
<td>275,956,000</td>
</tr>
<tr>
<td>viii) Service industries</td>
<td>225,309,000</td>
<td>131,748,000</td>
</tr>
<tr>
<td>ix) Transport &amp; communication industries</td>
<td>1,018,603,000</td>
<td>505,043,000</td>
</tr>
<tr>
<td>x) Other industries</td>
<td>1,817,583,005</td>
<td>1,204,875,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,256,801,040</td>
<td>5,831,619,000</td>
</tr>
<tr>
<td><strong>Total loans and advances</strong></td>
<td>23,219,673,305</td>
<td>16,492,224,405</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements for the year ended 31 December, 2004

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

*Total outstanding (funded and non-funded) Loans and advances (at Balance sheet date)*

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total outstanding (funded and non-funded) Loans and advances</td>
<td>11,831,857,000</td>
<td>2,026,300,000</td>
</tr>
<tr>
<td>No of Customers</td>
<td>22</td>
<td>5</td>
</tr>
<tr>
<td>Classified amount thereon</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Measures taken for recovery</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

*The amount represents the sum of total loans and advances to each customers exceeding Tk 3714.09 lac which is computed at 15% of total capital fund of the bank (i.e. Tk. 24760.58 lac) as at 31 December 2004 (Note - 15.5).*

<table>
<thead>
<tr>
<th>Name of the clients</th>
<th>Outstanding (Tk. in lac)</th>
<th>Total (Tk. in lac)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Funded</td>
<td>Non-funded</td>
</tr>
<tr>
<td>Popular Group</td>
<td>1,783.83</td>
<td>6,115.53</td>
</tr>
<tr>
<td>Bov Fisheine Corporation</td>
<td>4,995.78</td>
<td>2,487.38</td>
</tr>
<tr>
<td>A. R. Group</td>
<td>4,087.68</td>
<td>2,009.25</td>
</tr>
<tr>
<td>M/s. Anwar Tradine</td>
<td>2,355.17</td>
<td>4,525.49</td>
</tr>
<tr>
<td>Leenend Group</td>
<td>4,688.04</td>
<td>1,876.48</td>
</tr>
<tr>
<td>Nassa Group</td>
<td>4,489.72</td>
<td>2,009.25</td>
</tr>
<tr>
<td>TM International</td>
<td>77.51</td>
<td>5,904.06</td>
</tr>
<tr>
<td>Pacific Telecom &amp; Pacific Motors</td>
<td>2,507.37</td>
<td>3,499.60</td>
</tr>
<tr>
<td>Purbani Yeam Dyeing &amp; Fabrics Ltd.</td>
<td>4,316.67</td>
<td>5,616.06</td>
</tr>
<tr>
<td>Talha Spinning Mills Ltd.</td>
<td>4,778.54</td>
<td>485.33</td>
</tr>
<tr>
<td>DAF Ctg. Accessories Ltd.</td>
<td>4,134.82</td>
<td>980.65</td>
</tr>
<tr>
<td>Masud &amp; Brothers</td>
<td>3,211.63</td>
<td>1,898.59</td>
</tr>
<tr>
<td>Abul Khair Tobacco Co. Ltd.</td>
<td>4,075.00</td>
<td>4,915.00</td>
</tr>
<tr>
<td>Purbani Group</td>
<td>3,479.83</td>
<td>1,267.78</td>
</tr>
<tr>
<td>Noman Group</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Namnam Group</td>
<td>1,229.32</td>
<td>3,295.44</td>
</tr>
<tr>
<td>PHP NOF Continuous Galv. Ltd.</td>
<td>4,293.00</td>
<td>-</td>
</tr>
<tr>
<td>Abdul Monem Ltd.</td>
<td>1,604.89</td>
<td>2,631.24</td>
</tr>
<tr>
<td>Rahmat Textiles Ltd (Group)</td>
<td>3,945.69</td>
<td>383.05</td>
</tr>
<tr>
<td>The Asia Pacific Refineries Ltd.</td>
<td>2,765.71</td>
<td>1,348.60</td>
</tr>
<tr>
<td>Project Builders Ltd.</td>
<td>2,205.92</td>
<td>1,794.63</td>
</tr>
<tr>
<td>Square Group</td>
<td>2,847.74</td>
<td>979.51</td>
</tr>
<tr>
<td>Babylon Group</td>
<td>1,194.82</td>
<td>2,611.15</td>
</tr>
<tr>
<td></td>
<td>60,048.63</td>
<td>49,269.94</td>
</tr>
</tbody>
</table>

8.5 Geographical location - wise

**Inside Bangladesh**

<table>
<thead>
<tr>
<th>Division</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dhaka Division</td>
<td>15,996,450,000</td>
<td>11,785,612,205</td>
</tr>
<tr>
<td>Chittagong Division</td>
<td>4,590,325,000</td>
<td>2,640,606,000</td>
</tr>
<tr>
<td>Khulna Division</td>
<td>988,697,500</td>
<td>875,403,500</td>
</tr>
<tr>
<td>Sylhet Division</td>
<td>500,601,300</td>
<td>460,900,900</td>
</tr>
<tr>
<td>Barisal Division</td>
<td>246,299,505</td>
<td>216,300,900</td>
</tr>
<tr>
<td>Rajshahi Division</td>
<td>897,300,000</td>
<td>513,400,900</td>
</tr>
<tr>
<td></td>
<td>23,219,673,305</td>
<td>16,492,224,405</td>
</tr>
<tr>
<td><strong>Outside Bangladesh</strong></td>
<td>23,219,673,305</td>
<td>16,492,224,405</td>
</tr>
</tbody>
</table>

8.6 Classification of loans and advances

<table>
<thead>
<tr>
<th>Classification of loans and advances</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unclassified loans and advances (including staff loan)</td>
<td>22,866,943,305</td>
<td>16,165,692,405</td>
</tr>
<tr>
<td>Sub-standard</td>
<td>231,306,000</td>
<td>76,181,000</td>
</tr>
<tr>
<td>Doubtful</td>
<td>33,693,000</td>
<td>40,282,000</td>
</tr>
<tr>
<td>Bad/Loss</td>
<td>87,731,000</td>
<td>210,069,000</td>
</tr>
<tr>
<td></td>
<td>23,219,673,305</td>
<td>16,492,224,405</td>
</tr>
</tbody>
</table>
### Notes to the Financial Statements for the year ended 31 December, 2004

#### 8.7 Particulars of required provision for loans and advances

<table>
<thead>
<tr>
<th>Status</th>
<th>Base for provision</th>
<th>Rate (%)</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unclassified-General provision</td>
<td>22,603,936,305</td>
<td>1</td>
<td>226,039,363</td>
<td>159,641,960</td>
</tr>
<tr>
<td><strong>Classified- specific provision</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-standard</td>
<td>205,129,000</td>
<td>20</td>
<td>41,025,800</td>
<td>11,727,600</td>
</tr>
<tr>
<td>Doubtful</td>
<td>25,533,000</td>
<td>50</td>
<td>12,766,500</td>
<td>14,159,000</td>
</tr>
<tr>
<td>Bad/Loss</td>
<td>67,546,000</td>
<td>100</td>
<td>67,546,000</td>
<td>137,571,000</td>
</tr>
</tbody>
</table>

**Required provision for loans and advances**  
121,338,300  
163,457,600

**Total provision maintained (Note - 14.2)**  
405,731,919  
421,176,700

**Excess/(Short) provision at 31 December**  
58,354,256  
98,077,140

#### 8.8 Particulars of loans and advances

i) Debts considered good in respect of which the bank is fully secured.  
20,026,655,105  
15,764,997,944

ii) Debts considered good for which the bank holds no other security than the debtors' personal security.  
2,283,926,125  
207,760,070

iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.  
909,093,075  
519,466,391

* iv) Debts considered doubtful or bad not provided for  
23,219,674,305  
16,492,224,405

v) Debts due by directors or officers of the banking company or anyone of them either severally or jointly with any other persons.  
263,007,000  
201,496,000

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.  
-  
-

vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons.  
263,007,000  
201,496,000

viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in case of private companies, as members.  
-  
-

ix) Due from banking companies  
-  
-
### Notes to the Financial Statements for the year ended 31 December, 2004

#### x) Classified loans and advances

a) Classified loans and advances on which no interest is credited to income  
\[
\begin{array}{lrr}
 & 2004 & 2003 \\
\hline
\text{Taka} & \text{Taka} & \\
352,730,000 & 326,532,000 & \\
\hline
b) Provision on classified loans and advances & 173,998,919 & 249,443,700 \\
(\text{for movement see note-14.2}) & & \\
c) Provision kept against loan classified as bad debts & 67,546,000 & 137,571,000 \\
d) Interest credited to interest Suspense Account (\text{Note - 14.3}) & 23,081,425 & 27,081,802 \\
x) Cumulative amount of written off loan & & \\
 Opening Balance & 76,036,000 & - \\
 Amount written off during the year & 220,027,692 & 76,036,000 \\
 The amount of written off loan for which law suit has been filed & 296,063,692 & 76,036,000 \\
\hline
\end{array}
\]

* This should be read in conjunction with notes 8.6 and 8.7

#### 9 Bills purchased and discounted

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable in Bangladesh</td>
<td>296,301,020</td>
<td>294,724,880</td>
</tr>
<tr>
<td>Payable outside Bangladesh</td>
<td>1,636,128,054</td>
<td>1,631,553,214</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,932,429,054</strong></td>
<td><strong>1,926,278,094</strong></td>
</tr>
</tbody>
</table>

#### 9.1 Maturity grouping of bills purchased and discounted

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable within one month</td>
<td>493,197,406</td>
<td>514,644,044</td>
</tr>
<tr>
<td>Over one month but less than three months</td>
<td>847,460,749</td>
<td>568,878,000</td>
</tr>
<tr>
<td>Over three months but less than six months</td>
<td>586,177,899</td>
<td>756,008,050</td>
</tr>
<tr>
<td>Six months or more</td>
<td>5,593,000</td>
<td>86,748,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,932,429,054</strong></td>
<td><strong>1,926,278,094</strong></td>
</tr>
</tbody>
</table>

#### 10 Fixed assets including premises, furniture and fixtures

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>49,058,380</td>
<td>49,058,380</td>
</tr>
<tr>
<td>Building</td>
<td>9,794,524</td>
<td>-</td>
</tr>
<tr>
<td>Furniture &amp; fixtures</td>
<td>179,555,873</td>
<td>141,033,597</td>
</tr>
<tr>
<td>Office equipment &amp; machinery</td>
<td>208,278,132</td>
<td>174,293,757</td>
</tr>
<tr>
<td>Bank’s vehicles</td>
<td>33,925,571</td>
<td>29,253,588</td>
</tr>
<tr>
<td>Library books</td>
<td>688,565</td>
<td>529,411</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>481,301,045</strong></td>
<td><strong>394,168,733</strong></td>
</tr>
</tbody>
</table>

Less: Accumulated depreciation  
|                  | 159,619,405 | 129,000,361 |

Net book value at end of the year  
|                  | **321,681,640** | **265,168,372** |

(Annexure - C may kindly be seen for details)
### Notes to the Financial Statements for the year ended 31 December, 2004

#### 11 Other assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stationery and stamps</td>
<td>13,229,391</td>
<td>14,568,795</td>
</tr>
<tr>
<td>Income receivable (Note - 11.1)</td>
<td>45,742,452</td>
<td>47,568,371</td>
</tr>
<tr>
<td>Advance deposits &amp; advance rent</td>
<td>52,573,923</td>
<td>48,396,733</td>
</tr>
<tr>
<td>Branch adjustments accounts (Note-11.2)</td>
<td>159,822,581</td>
<td>231,176,987</td>
</tr>
<tr>
<td>Suspense account (Note -11.3)</td>
<td>10,410,282</td>
<td>81,019,113</td>
</tr>
<tr>
<td>Encashment of PSP/BSP</td>
<td>49,779,373</td>
<td>23,996,484</td>
</tr>
<tr>
<td>Interest accrued on treasury bills, bond etc.</td>
<td>286,074,807</td>
<td>166,356,878</td>
</tr>
<tr>
<td>Credit card</td>
<td>18,100,845</td>
<td>15,032,503</td>
</tr>
<tr>
<td>Sundry assets ( Note -11.4)</td>
<td>5,800,601</td>
<td>16,337,126</td>
</tr>
<tr>
<td>Leased assets -net off accumulated depreciation (see Annexure -C)</td>
<td>13,420,890</td>
<td>16,726,112</td>
</tr>
</tbody>
</table>

| Total Other assets                                                        | 654,955,145    | 661,229,102    |

#### 11.1 Income receivable

Amount represents interest receivable on deposits with other banks, call loans, Interest receivable on TOD, Commission receivables, foreign currency gain receivables, other receivables etc.

#### 11.2 Branch adjustments account

Represents outstanding Interbranch and Head Office transactions (Net) originated but yet to be responded by the balance sheet date. However, the unrespondent entries of 31.12.2004 (position as of 21.01.2005) are given below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Dr</th>
<th>Cr</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 3 months</td>
<td>51</td>
<td>39</td>
<td>6,539,684</td>
</tr>
<tr>
<td>Over 3 months but within 6 months</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over 6 months but within 1 year</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over 1 year but within 5 years</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

| Total                  | 51  | 39  | 6,539,684 |

#### 11.3 Suspense account

Includes amounts paid against opening of proposed branches, advance against TA/ DA, suspense others etc.

#### 11.4 Sundry assets

Include sundry prepaid payments, demand draft paid without advice, clearing adjustments account etc.

#### 12 Borrowings from other banks, financial institutions and agents

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Sonali Bank (REPO of Treasury Bill)</td>
<td>-</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Refinance against export credit from Bangladesh Bank</td>
<td>383,734,000</td>
<td>366,763,000</td>
</tr>
</tbody>
</table>

| Total Borrowings                                                          | 383,734,000    | 566,763,000    |

#### 12.1 Maturity grouping of Borrowings from other banks,

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable on demand</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Up to 1 month</td>
<td>-</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Over 1 month but within 3 months</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over 3 months but within 1 Year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over 1 Year but within 5 Years</td>
<td>383,734,000</td>
<td>366,763,000</td>
</tr>
<tr>
<td>Over 5 Years</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

| Total Borrowings                                                          | 383,734,000    | 566,763,000    |

#### 13 Deposits and other accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current / Al-wadeeah current deposits</td>
<td>1,831,572,648</td>
<td>1,156,523,013</td>
</tr>
<tr>
<td>Foreign currency deposits</td>
<td>499,180,599</td>
<td>402,197,567</td>
</tr>
<tr>
<td>Security deposits receipts</td>
<td>123,621,946</td>
<td>156,552,425</td>
</tr>
<tr>
<td>Sundry deposits (Note - 13.1)</td>
<td>2,454,607,542</td>
<td>1,697,011,828</td>
</tr>
</tbody>
</table>

| Total Deposits and other accounts                                         | 4,908,982,735  | 3,412,284,833  |
Notes to the Financial Statements for the year ended 31 December, 2004

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Bills payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay order &amp; pay slip (issued)</td>
<td>427,276,488</td>
<td>362,765,314</td>
</tr>
<tr>
<td>Demand draft &amp; T.T Payable</td>
<td>26,362,623</td>
<td>50,629,400</td>
</tr>
<tr>
<td>Traveler's cheque issued</td>
<td>923</td>
<td>252,670</td>
</tr>
<tr>
<td></td>
<td>453,640,033</td>
<td>413,647,384</td>
</tr>
<tr>
<td>Savings bank /Mudaraba savings deposits</td>
<td>3,578,930,185</td>
<td>2,631,112,661</td>
</tr>
<tr>
<td>Bearer certificate of deposits *</td>
<td>-</td>
<td>3,519,456</td>
</tr>
<tr>
<td>Term deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed deposits / Mudaraba term deposits</td>
<td>12,835,861,435</td>
<td>8,049,030,240</td>
</tr>
<tr>
<td>Short term deposits</td>
<td>1,966,040,464</td>
<td>1,855,330,361</td>
</tr>
<tr>
<td>Non resident taka deposits</td>
<td>2,391,701</td>
<td>2,391,701</td>
</tr>
<tr>
<td>Scheme deposits</td>
<td>4,373,396,096</td>
<td>4,115,908,885</td>
</tr>
<tr>
<td></td>
<td>19,127,689,696</td>
<td>14,022,661,187</td>
</tr>
<tr>
<td></td>
<td>28,069,242,650</td>
<td>20,483,225,521</td>
</tr>
</tbody>
</table>

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

13.1 Sundry deposits

|                      |       |       |
|                      | 2004  | 2003  |
|                      | Taka  | Taka  |
| F.C. held against back to back L/C | 737,357,773  | 403,914,933  |
| Sundry creditors     | 174,270,645  | 95,814,660  |
| Risk fund & service charge (CCS & lease finance) | 16,277,319  | 17,585,263  |
| Sale proceeds of PSP/BSP | 56,273,263  | 43,892,150  |
| Margin on letters of guarantee | 261,596,045  | 169,097,959  |
| Margin on letters of credit | 588,405,832  | 462,760,008  |
| Margin on FDBP/IBP, export bills etc | 55,746,478  | 54,856,006  |
| Lease deposits        | 70,669,864  | 101,061,083  |
| Interest on EDF loan  | 24,465,946  | 21,392,087  |
| Interest/ profit payable on deposits | 338,106,103  | 231,909,535  |
| Dues to Government agencies | 34,418,464  | 43,295,338  |
| Others                | 97,017,810  | 51,432,806  |
|                      | 2,454,607,542 | 1,697,011,828 |

13.2 Deposits and other accounts (according to maturity grouping)

<table>
<thead>
<tr>
<th></th>
<th>From banks</th>
<th>Other than banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable on demand</td>
<td>-</td>
<td>5,697,146,000</td>
</tr>
<tr>
<td>Up to 1 month</td>
<td>803,576,000</td>
<td>3,441,813,650</td>
</tr>
<tr>
<td>Over 1 month but within 3 months</td>
<td>700,000,000</td>
<td>4,965,335,000</td>
</tr>
<tr>
<td>Over 3 months but within 1 Year</td>
<td>-</td>
<td>6,900,321,000</td>
</tr>
<tr>
<td>Over 1 Year but within 5 Years</td>
<td>-</td>
<td>3,229,234,000</td>
</tr>
<tr>
<td>Over 5 Years</td>
<td>-</td>
<td>2,331,817,000</td>
</tr>
<tr>
<td></td>
<td>1,503,576,000</td>
<td>26,565,666,650</td>
</tr>
</tbody>
</table>
### 13.3 Particulars of required amount of CRR and SLR

**Cash Reserve Requirement (CRR)**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required</td>
<td>970,600,000</td>
<td>854,441,000</td>
</tr>
<tr>
<td>%</td>
<td>4.00%</td>
<td>4.00%</td>
</tr>
<tr>
<td>Maintained</td>
<td>1,251,752,000</td>
<td>953,048,000</td>
</tr>
<tr>
<td>%</td>
<td>5.16%</td>
<td>4.46%</td>
</tr>
</tbody>
</table>

**Statutory Liquidity Ratio (SLR)**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required</td>
<td>3,882,389,000</td>
<td>3,417,765,000</td>
</tr>
<tr>
<td>%</td>
<td>16.00%</td>
<td>16.00%</td>
</tr>
<tr>
<td>Maintained</td>
<td>4,964,022,000</td>
<td>3,922,409,000</td>
</tr>
<tr>
<td>%</td>
<td>20.46%</td>
<td>18.36%</td>
</tr>
</tbody>
</table>

### 14 Other Liabilities

<table>
<thead>
<tr>
<th>Category</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency held against L/Cs</td>
<td>128,422,900</td>
<td>78,043,852</td>
</tr>
<tr>
<td>Exchange equalization account</td>
<td>4,523,326</td>
<td>4,523,326</td>
</tr>
<tr>
<td>Expenditure and other payables</td>
<td>22,931,908</td>
<td>20,333,955</td>
</tr>
<tr>
<td>Provision for bonus</td>
<td>84,739,467</td>
<td>74,400,000</td>
</tr>
<tr>
<td>Exigency fund</td>
<td>5,645,100</td>
<td>5,659,475</td>
</tr>
<tr>
<td>Liabilities for income tax (Note - 14.1)</td>
<td>288,569,460</td>
<td>156,023,801</td>
</tr>
<tr>
<td>Credit Card</td>
<td>1,989,484</td>
<td></td>
</tr>
<tr>
<td>Unearned interest on Treasury Bills / Bond</td>
<td>684,000,565</td>
<td>609,123,840</td>
</tr>
<tr>
<td>Unearned profit receivable - Islamic Banking Branch</td>
<td>-</td>
<td>135,690</td>
</tr>
<tr>
<td>Provision against loans &amp; advances (Note - 14.2)</td>
<td>405,731,919</td>
<td>421,176,700</td>
</tr>
<tr>
<td>Interest suspense account (Note - 14.3)</td>
<td>23,081,425</td>
<td>27,081,802</td>
</tr>
<tr>
<td>Provision for other classified assets (Note - 14.5)</td>
<td>5,500,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Obligation under finance lease (Note - 14.6)</td>
<td>13,702,672</td>
<td>16,776,112</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,668,838,226</td>
<td>1,417,278,553</td>
</tr>
</tbody>
</table>

### 14.1 Liability for Income Tax

**Advance Tax**

<table>
<thead>
<tr>
<th>Category</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of Advance Income Tax on 1 January</td>
<td>1,034,813,706</td>
<td>688,777,888</td>
</tr>
<tr>
<td>Paid during the year</td>
<td>319,754,341</td>
<td>370,868,605</td>
</tr>
<tr>
<td>Settlement for previous years</td>
<td>(103,312,905)</td>
<td>(24,832,787)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,251,255,142</td>
<td>1,034,813,706</td>
</tr>
</tbody>
</table>

**Provision**

<table>
<thead>
<tr>
<th>Category</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of provision on 1 January</td>
<td>1,190,837,507</td>
<td>821,215,294</td>
</tr>
<tr>
<td>Provision made during the year *</td>
<td>452,300,000</td>
<td>394,455,000</td>
</tr>
<tr>
<td>Settlement for previous years</td>
<td>(103,312,905)</td>
<td>(24,832,787)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,539,824,602</td>
<td>1,190,837,507</td>
</tr>
</tbody>
</table>

**Net Balances at 31 December**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>288,569,460</td>
<td>156,023,801</td>
</tr>
</tbody>
</table>

*Note:* Adequate provision for taxation has been made after considering the fact that the exemption allowed on specific provision up to Assessment Year 2004 - 2005 has not yet been renewed.
## Notes to the Financial Statements for the year ended 31 December, 2004

### 14.2 Provision against loans & advances

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td><strong>Movement in specific provision</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision held at the beginning of the year</td>
<td>249,443,700</td>
<td>122,808,820</td>
</tr>
<tr>
<td><strong>Add:</strong> Specific provision made during the year for other accounts (+)</td>
<td>20,400,000</td>
<td>190,000,000</td>
</tr>
<tr>
<td><strong>Less:</strong> Fully provided debts written off during the year</td>
<td>(95,844,781)</td>
<td>(63,365,120)</td>
</tr>
<tr>
<td>Recoveries of amounts previously written off</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Recoveries and provision no longer required</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Provision held at the end of the year</strong></td>
<td>173,998,919</td>
<td>249,443,700</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td><strong>Movement in General Provision</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision held at the beginning of the year</td>
<td>171,733,000</td>
<td>131,733,000</td>
</tr>
<tr>
<td>General provision made during the year</td>
<td>60,000,000</td>
<td>40,000,000</td>
</tr>
<tr>
<td><strong>Provision held at the end of the year</strong></td>
<td>231,733,000</td>
<td>171,733,000</td>
</tr>
</tbody>
</table>

### 14.3 Interest Suspense Account

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Balance at the beginning of the year</td>
<td>27,081,802</td>
<td>24,610,178</td>
</tr>
<tr>
<td>Amount transferred during the year</td>
<td>20,208,623</td>
<td>21,242,624</td>
</tr>
<tr>
<td>Amount recovered during the year</td>
<td>(7,503,000)</td>
<td>(4,016,000)</td>
</tr>
<tr>
<td>Amount written-off during the year</td>
<td>(16,706,000)</td>
<td>(14,755,000)</td>
</tr>
<tr>
<td><strong>Balance at the end of the year</strong></td>
<td>23,081,425</td>
<td>27,081,802</td>
</tr>
</tbody>
</table>

### 14.4 Exchange equalization account

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Balance as on 1 January</td>
<td>4,523,326</td>
<td>4,462,949</td>
</tr>
<tr>
<td>Addition during the year</td>
<td>60,377</td>
<td></td>
</tr>
<tr>
<td><strong>Balance at the end of the year</strong></td>
<td>4,523,326</td>
<td>4,523,326</td>
</tr>
</tbody>
</table>

### 14.5 Provision for other classified assets

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Balance as on 1 January</td>
<td>4,000,000</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Addition during the year</td>
<td>1,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td><strong>Balance at the end of the year</strong></td>
<td>5,500,000</td>
<td>4,000,000</td>
</tr>
</tbody>
</table>

### 14.6 Obligation under finance lease

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Minimum lease rental payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>within 1 year</td>
<td>5,962,359</td>
<td>5,503,716</td>
</tr>
<tr>
<td>Above 1 year but within 5 years</td>
<td>11,007,432</td>
<td>16,511,148</td>
</tr>
<tr>
<td><strong>Obligation under finance lease</strong></td>
<td>16,969,791</td>
<td>22,014,864</td>
</tr>
<tr>
<td>Less: Finance charge payable</td>
<td>3,267,119</td>
<td>5,238,752</td>
</tr>
<tr>
<td><strong>Obligation under finance lease</strong></td>
<td>13,702,672</td>
<td>16,776,112</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements for the year ended 31 December, 2004

15 Share Capital

15.1 Authorized:
10,000,000 Ordinary shares of Tk. 100.00 each

<table>
<thead>
<tr>
<th></th>
<th>2004 (Taka)</th>
<th>2003 (Taka)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized</td>
<td>1,000,000,000</td>
<td>1,000,000,000</td>
</tr>
</tbody>
</table>

The Bank increased its authorized capital from Tk. 1,000.00 million to Tk. 4,000.00 million by passing a special resolution in the Bank’s 5th Extra Ordinary General Meeting held on 07th February, 2005 at Hotel Purbani International, Dhaka, Bangladesh.

15.2 Issued, subscribed and fully paid up:
3,000,000 Ordinary shares of Tk. 100.00 each issued for cash
7,000,000 Ordinary shares of Tk. 100.00 each issued as bonus shares

<table>
<thead>
<tr>
<th></th>
<th>2003 (Taka)</th>
<th>2004 (Taka)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued, subscribed and fully paid up</td>
<td>300,000,000</td>
<td>700,000,000</td>
</tr>
</tbody>
</table>

15.3 Initial public offer (IPO)
Out of the total issued, subscribed and fully paid up capital of the bank 2,000,000 ordinary shares of Tk. 100.00 each amounting to Taka 200,000,000.00 was raised through public offering of shares held in 1999.

15.4 Share premium account
Opening Balance as at 1 January - 256,464,400
Less: Transferred during the year - 256,464,400

15.5 Capital Adequacy Ratio

<table>
<thead>
<tr>
<th></th>
<th>2003 (Taka)</th>
<th>2004 (Taka)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier - I (Core Capital)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid up Capital</td>
<td>700,000,000</td>
<td>1,000,000,000</td>
</tr>
<tr>
<td>Proposed issue of bonus share</td>
<td>300,000,000</td>
<td>400,000,000</td>
</tr>
<tr>
<td>Proposed cash dividend</td>
<td>154,000,000</td>
<td>171,733,000</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>602,907,103</td>
<td>815,811,128</td>
</tr>
<tr>
<td>Surplus Retained Earnings</td>
<td>24,956,465</td>
<td>23,990,784</td>
</tr>
<tr>
<td></td>
<td>1,781,863,568</td>
<td>2,239,801,912</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2003 (Taka)</th>
<th>2004 (Taka)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier - II (Supplementary Capital)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1% General Provision</td>
<td>231,733,000</td>
<td>171,733,000</td>
</tr>
<tr>
<td>Exchange Equalization</td>
<td>4,523,326</td>
<td>4,523,326</td>
</tr>
<tr>
<td></td>
<td>236,256,326</td>
<td>176,256,326</td>
</tr>
<tr>
<td>A. Total Capital</td>
<td>1,958,119,894</td>
<td>2,476,058,338</td>
</tr>
<tr>
<td>B. Total Risk Weighted Assets</td>
<td>16,454,561,000</td>
<td>23,050,344,000</td>
</tr>
<tr>
<td>C. Required Capital based on Risk Weighted Assets (9% on B)</td>
<td>1,480,910,490</td>
<td>2,074,530,960</td>
</tr>
<tr>
<td>D. Surplus/(Deficiency)...(A - C)</td>
<td>477,209,404</td>
<td>401,527,278</td>
</tr>
<tr>
<td>Capital Adequacy Ratio</td>
<td>11.90%</td>
<td>10.74%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital Requirement</th>
<th>Required (%)</th>
<th>Held (%)</th>
<th>Required (%)</th>
<th>Held (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier - I</td>
<td>4.50%</td>
<td>9.72%</td>
<td>4.50%</td>
<td>10.83%</td>
</tr>
<tr>
<td>Tier - II</td>
<td>4.50%</td>
<td>1.02%</td>
<td>4.50%</td>
<td>1.07%</td>
</tr>
<tr>
<td>Total</td>
<td>9.00%</td>
<td>10.74%</td>
<td>9.00%</td>
<td>11.90%</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements for the year ended 31 December, 2004

15.6 Percentage of shareholdings at 31 December

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2004</th>
<th>Percentage of holdings</th>
<th>2003</th>
<th>Percentage of holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td></td>
<td>Amount</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Taka</td>
<td></td>
<td>Taka</td>
<td></td>
</tr>
<tr>
<td>Sponsors</td>
<td>434,406,700</td>
<td>43.44%</td>
<td>313,110,000</td>
<td>44.73%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>150,497,000</td>
<td>15.05%</td>
<td>91,770,000</td>
<td>13.11%</td>
</tr>
<tr>
<td>Foreign investors</td>
<td>12,715,000</td>
<td>1.27%</td>
<td>12,810,000</td>
<td>1.83%</td>
</tr>
<tr>
<td>Non-resident Bangladeshians</td>
<td>537,100</td>
<td>0.05%</td>
<td>560,000</td>
<td>0.08%</td>
</tr>
<tr>
<td>General public</td>
<td>401,644,200</td>
<td>40.18%</td>
<td>281,750,000</td>
<td>40.25%</td>
</tr>
<tr>
<td></td>
<td>1,000,000,000</td>
<td>100.00%</td>
<td>700,000,000</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

15.7 On the basis of shareholdings at 31 December 2004

<table>
<thead>
<tr>
<th>Shareholding range</th>
<th>No. of share holders</th>
<th>Shares</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 - 499</td>
<td>2,052</td>
<td>235,988</td>
<td>2.36%</td>
</tr>
<tr>
<td>500 - 5,000</td>
<td>413</td>
<td>540,711</td>
<td>5.41%</td>
</tr>
<tr>
<td>5,001 - 10,000</td>
<td>33</td>
<td>252,775</td>
<td>2.53%</td>
</tr>
<tr>
<td>10,001 - 20,000</td>
<td>44</td>
<td>614,174</td>
<td>6.14%</td>
</tr>
<tr>
<td>20,001 - 30,000</td>
<td>16</td>
<td>406,147</td>
<td>4.06%</td>
</tr>
<tr>
<td>30,001 - 40,000</td>
<td>5</td>
<td>167,759</td>
<td>1.68%</td>
</tr>
<tr>
<td>40,001 - 50,000</td>
<td>5</td>
<td>219,069</td>
<td>2.19%</td>
</tr>
<tr>
<td>50,001 - 100,000</td>
<td>20</td>
<td>1,513,024</td>
<td>15.13%</td>
</tr>
<tr>
<td>100,001 - 1,000,000</td>
<td>32</td>
<td>6,050,353</td>
<td>60.50%</td>
</tr>
<tr>
<td>1,000,000 and over</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2,620</td>
<td>10,000,000</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

16 Statutory reserve

Balance on 1 January                             602,907,103 | 448,925,103
Add: Addition during the year                    212,904,025 | 153,982,000
Balance at 31 December                           815,811,128 | 602,907,103

17 Retained Earnings

Balance on 1 January                             24,956,465  | 1,018,618
Add: Addition during the year                    611,938,344 | 375,455,447
Add: Amount transferred from share premium account -                  | 256,464,400
Less: Appropriation made during the year          612,904,025 | 607,982,000
Balance at 31 December                           23,990,784  | 24,956,465

18 Contingent liabilities

Letters of guarantee (Note - 18.1)
- Letters of guarantee (Local)                    3,811,210,946 | 3,024,763,011
- Letters of guarantee (Foreign)                  880,041,302  | 1,769,010,202
Foreign counter guarantees                         2,723,865,368 | 2,747,558,544
Less: margins                                      7,415,117,616 | 7,541,331,757
                                                (233,620,406) | (119,156,518)
Balance at 31 December                            7,181,497,210 | 7,422,175,239
Notes to the Financial Statements for the year ended 31 December, 2004

### Letters of Credit

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of Credit (Inland)</td>
<td>265,318,500</td>
<td>144,142,000</td>
</tr>
<tr>
<td>Letters of credit (General)</td>
<td>8,205,865,566</td>
<td>3,054,319,872</td>
</tr>
<tr>
<td>Back to back L/C</td>
<td>929,850,041</td>
<td>987,711,500</td>
</tr>
<tr>
<td>Back to back bills</td>
<td>2,152,139,500</td>
<td>1,669,918,900</td>
</tr>
<tr>
<td>Back to back bills (EDF)</td>
<td>95,166,000</td>
<td>31,778,000</td>
</tr>
<tr>
<td>Bank's liabilities PAD (DEF)</td>
<td>1,042,451,300</td>
<td>787,420,998</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,690,790,907</strong></td>
<td><strong>6,675,291,270</strong></td>
</tr>
</tbody>
</table>

### Bills for collection

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outward bills for collection</td>
<td>26,339,995</td>
<td>35,592,425</td>
</tr>
<tr>
<td>Outward foreign bills for collection</td>
<td>321,390,000</td>
<td>361,483,640</td>
</tr>
<tr>
<td>Inward bills for collection</td>
<td>49,276,862</td>
<td>150,683</td>
</tr>
<tr>
<td>Inward foreign bills for collection</td>
<td>598,000</td>
<td>797,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>397,604,857</strong></td>
<td><strong>398,023,748</strong></td>
</tr>
</tbody>
</table>

### Litigation pending against bank (Note - 18.2)

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Litigation pending against bank</td>
<td>261,896,500</td>
<td>1,855,931,282</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>261,896,500</strong></td>
<td><strong>1,855,931,282</strong></td>
</tr>
</tbody>
</table>

### 18.1 Letters of guarantee

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

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors or officers</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Government</td>
<td>4,215,080,216</td>
<td>4,565,168,308</td>
</tr>
<tr>
<td>Banks and other financial institutions</td>
<td>-</td>
<td>20,297,000</td>
</tr>
<tr>
<td>Others</td>
<td>3,200,037,400</td>
<td>2,955,866,449</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,415,117,616</strong></td>
<td><strong>7,541,331,757</strong></td>
</tr>
</tbody>
</table>

Less: Margins

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>(233,620,406)</td>
<td>-</td>
<td>(119,156,518)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,181,497,210</strong></td>
<td><strong>7,422,175,239</strong></td>
</tr>
</tbody>
</table>

### 18.2 Litigation pending against bank - Branch/Division

<table>
<thead>
<tr>
<th>Branch/Division</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Office</td>
<td>2,316,272</td>
<td>219,760</td>
</tr>
<tr>
<td>Motijheel Branch</td>
<td>84,281,902</td>
<td>1,845,436,589</td>
</tr>
<tr>
<td>Elephant road</td>
<td>1,281,986</td>
<td>400,000</td>
</tr>
<tr>
<td>Agrabad Branch</td>
<td>1,272,290</td>
<td>-</td>
</tr>
<tr>
<td>Khulna Branch</td>
<td>13,617,609</td>
<td>-</td>
</tr>
<tr>
<td>IBB , Dhaka</td>
<td>22,510,687</td>
<td>9,774,932</td>
</tr>
<tr>
<td>Mohakhali</td>
<td>4,964,813</td>
<td>100,001</td>
</tr>
<tr>
<td>Kawran Bazar Branch</td>
<td>36,647,142</td>
<td>-</td>
</tr>
<tr>
<td>Uttara Branch</td>
<td>3,714,388</td>
<td>-</td>
</tr>
<tr>
<td>Jubilee Road Branch</td>
<td>897,000</td>
<td>-</td>
</tr>
<tr>
<td>Sylhet Branch</td>
<td>296,263</td>
<td>-</td>
</tr>
<tr>
<td>Gulshan Branch</td>
<td>89,978,000</td>
<td>-</td>
</tr>
<tr>
<td>Narayanganj Branch</td>
<td>118,148</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>261,896,500</strong></td>
<td><strong>1,855,931,282</strong></td>
</tr>
</tbody>
</table>
### Notes to the Financial Statements for the year ended 31 December, 2004

#### 19 Income statement

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income:</strong></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Interest, discount and similar income</td>
<td>2,837,010,916</td>
<td>2,355,551,751</td>
</tr>
<tr>
<td>Dividend income</td>
<td>49,441</td>
<td>157,926</td>
</tr>
<tr>
<td>Fees, commission and brokerage</td>
<td>270,771,163</td>
<td>226,557,863</td>
</tr>
<tr>
<td>Gains less losses arising from dealing securities</td>
<td>1,114,751</td>
<td>-</td>
</tr>
<tr>
<td>Gains less losses arising from investment securities</td>
<td>-</td>
<td>193,000</td>
</tr>
<tr>
<td>Gains less losses arising from dealing in foreign currencies</td>
<td>316,024,325</td>
<td>272,923,446</td>
</tr>
<tr>
<td>Income from non-banking assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other operating income</td>
<td>161,579,005</td>
<td>145,827,882</td>
</tr>
<tr>
<td><strong>Profit less losses on interest rate changes</strong></td>
<td>3,586,549,602</td>
<td>3,001,211,868</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest, fees and commission</td>
<td>1,616,184,117</td>
<td>1,407,521,835</td>
</tr>
<tr>
<td>Losses on loans and advances</td>
<td>109,600,000</td>
<td>-</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>524,591,812</td>
<td>455,955,455</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>149,574,449</td>
<td>104,224,177</td>
</tr>
<tr>
<td>Depreciation on banking assets</td>
<td>40,460,880</td>
<td>32,099,954</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>2,440,411,258</td>
<td>1,999,801,447</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td><strong>1,146,138,344</strong></td>
<td><strong>1,001,410,447</strong></td>
</tr>
</tbody>
</table>

#### 20 Interest / investment income

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans (General) / Musharaka</td>
<td>286,986,606</td>
<td>239,207,391</td>
</tr>
<tr>
<td>Loans against imported merchandise / Murabaha</td>
<td>69,248,208</td>
<td>54,023,914</td>
</tr>
<tr>
<td>Loans against trust receipts</td>
<td>393,768,304</td>
<td>295,976,590</td>
</tr>
<tr>
<td>Packing credit</td>
<td>13,924,865</td>
<td>9,547,023</td>
</tr>
<tr>
<td>Int. on EDF</td>
<td>5,753,031</td>
<td>7,828,264</td>
</tr>
<tr>
<td>House building loan</td>
<td>65,493,844</td>
<td>66,978,488</td>
</tr>
<tr>
<td>Lease finance /Izara</td>
<td>195,861,418</td>
<td>156,366,409</td>
</tr>
<tr>
<td>Hire purchase</td>
<td>143,477,671</td>
<td>114,559,692</td>
</tr>
<tr>
<td>Payment against documents</td>
<td>118,747,004</td>
<td>98,188,563</td>
</tr>
<tr>
<td>Cash credit / Bai-Muajjal</td>
<td>443,507,915</td>
<td>388,872,052</td>
</tr>
<tr>
<td>Secured overdraft</td>
<td>400,147,316</td>
<td>304,031,549</td>
</tr>
<tr>
<td>Consumer credit scheme / Hire purchase</td>
<td>78,981,325</td>
<td>71,675,582</td>
</tr>
<tr>
<td>Staff loan</td>
<td>9,432,103</td>
<td>7,947,683</td>
</tr>
<tr>
<td>Documentary bills purchased</td>
<td>232,980,809</td>
<td>191,342,849</td>
</tr>
<tr>
<td>Interest income from credit card</td>
<td>31,941,885</td>
<td>29,274,302</td>
</tr>
<tr>
<td>Other loans and advances / Investments</td>
<td>-</td>
<td>304,882</td>
</tr>
<tr>
<td><strong>Total interest on loans &amp; advances</strong></td>
<td><strong>2,490,252,349</strong></td>
<td><strong>2,036,125,233</strong></td>
</tr>
<tr>
<td>Interest / profit on investments with banks</td>
<td>139,408,505</td>
<td>142,436,312</td>
</tr>
<tr>
<td>Interest / profit on Nostro account</td>
<td>11,249,303</td>
<td>9,377,730</td>
</tr>
<tr>
<td><strong>Total interest income</strong></td>
<td><strong>2,640,910,158</strong></td>
<td><strong>2,187,939,275</strong></td>
</tr>
</tbody>
</table>

#### 21 Interest / profit paid on deposits and borrowings etc

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings bank / Mudaraba savings deposits</td>
<td>156,195,947</td>
<td>136,360,786</td>
</tr>
<tr>
<td>Short term deposits</td>
<td>81,804,147</td>
<td>83,069,333</td>
</tr>
<tr>
<td>Fixed deposits / Mudaraba term deposits</td>
<td>857,811,721</td>
<td>681,288,264</td>
</tr>
<tr>
<td>Bearer certificate of deposits</td>
<td>43,699</td>
<td>1,868,312</td>
</tr>
<tr>
<td>Deposits under scheme</td>
<td>473,761,942</td>
<td>435,313,362</td>
</tr>
<tr>
<td>Call deposits</td>
<td>9,423,569</td>
<td>45,675,812</td>
</tr>
<tr>
<td>Repurchase Agreement (REPO)</td>
<td>5,123,599</td>
<td>2,613,842</td>
</tr>
<tr>
<td>Others (Note-21.1)</td>
<td>32,019,493</td>
<td>21,332,124</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,616,184,117</strong></td>
<td><strong>1,407,521,835</strong></td>
</tr>
</tbody>
</table>
## Notes to the Financial Statements for the year ended 31 December, 2004

### 21.1 Others

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest paid on F.C.</td>
<td>501,599</td>
<td>1,234,368</td>
</tr>
<tr>
<td>Interest paid on N.F.C.D</td>
<td>831,387</td>
<td>2,512,162</td>
</tr>
<tr>
<td>Interest / profit paid on R. F.C.D</td>
<td>334,108</td>
<td>654,076</td>
</tr>
<tr>
<td>Interest paid on borrowing from Bangladesh Bank</td>
<td>29,817,198</td>
<td>16,478,888</td>
</tr>
<tr>
<td>Interest paid on Overseas A/C</td>
<td>535,201</td>
<td>457,630</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32,019,493</strong></td>
<td><strong>21,332,124</strong></td>
</tr>
</tbody>
</table>

### 22 Income from investments

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on treasury bills/Reverse REPO/bonds</td>
<td>193,214,307</td>
<td>164,724,976</td>
</tr>
<tr>
<td>Interest on debentures</td>
<td>2,886,452</td>
<td>2,887,500</td>
</tr>
<tr>
<td>Dividend on shares</td>
<td>49,441</td>
<td>157,926</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>196,150,200</strong></td>
<td><strong>167,770,402</strong></td>
</tr>
</tbody>
</table>

### 23 Commission, exchange and brokerage

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission on L/C</td>
<td>175,510,004</td>
<td>132,274,670</td>
</tr>
<tr>
<td>Commission on L/G</td>
<td>50,564,330</td>
<td>46,204,079</td>
</tr>
<tr>
<td>Commission on export bills</td>
<td>6,172,935</td>
<td>4,491,718</td>
</tr>
<tr>
<td>Commission on bills purchased</td>
<td>1,279,057</td>
<td>959,437</td>
</tr>
<tr>
<td>Commission on accepted bills</td>
<td>10,096,131</td>
<td>9,348,882</td>
</tr>
<tr>
<td>Commission on OBC, IBC etc.</td>
<td>2,369,390</td>
<td>2,086,567</td>
</tr>
<tr>
<td>Commission on PO, DD, TT, TC etc.</td>
<td>8,776,186</td>
<td>9,354,736</td>
</tr>
<tr>
<td>Commission on banker to the issue</td>
<td>1,097,658</td>
<td>8,019,089</td>
</tr>
<tr>
<td>Other commission</td>
<td>14,887,004</td>
<td>13,772,022</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>270,752,695</strong></td>
<td><strong>226,511,200</strong></td>
</tr>
<tr>
<td>Exchange gain <strong>(Note - 23.1)</strong> - including gain from FC dealings</td>
<td>316,024,325</td>
<td>272,923,446</td>
</tr>
<tr>
<td>Brokerage</td>
<td>18,469</td>
<td>46,663</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>586,795,488</strong></td>
<td><strong>499,481,309</strong></td>
</tr>
</tbody>
</table>

#### 23.1 Exchange gain

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange gain</td>
<td>317,968,410</td>
<td>273,009,699</td>
</tr>
<tr>
<td><strong>Less:</strong> Exchange loss thereon</td>
<td>1,944,085</td>
<td>86,253</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>316,024,325</strong></td>
<td><strong>272,923,446</strong></td>
</tr>
</tbody>
</table>

### 24 Other operating income

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from merchant banking</td>
<td>357,074</td>
<td>-</td>
</tr>
<tr>
<td>Rent recovered</td>
<td>696,270</td>
<td>761,318</td>
</tr>
<tr>
<td>Services and other charges</td>
<td>8,644,280</td>
<td>7,934,315</td>
</tr>
<tr>
<td>Credit card income <strong>(Note - 24.2)</strong></td>
<td>33,660,981</td>
<td>31,109,491</td>
</tr>
<tr>
<td>Postage / telex /SWIFT/ fax recoveries</td>
<td>34,024,410</td>
<td>26,800,102</td>
</tr>
<tr>
<td>Incidental charges</td>
<td>21,806,122</td>
<td>22,525,980</td>
</tr>
<tr>
<td>Foreign correspondent charges</td>
<td>581,040</td>
<td>1,203,589</td>
</tr>
<tr>
<td>Gain from sale of Treasury Bond</td>
<td>1,114,751</td>
<td>193,000</td>
</tr>
<tr>
<td>Gain from sale of Fixed Assets</td>
<td>99,990</td>
<td>-</td>
</tr>
<tr>
<td>Misc. earnings <strong>(Note - 24.1)</strong></td>
<td>61,808,829</td>
<td>55,393,097</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>162,693,756</strong></td>
<td><strong>146,020,882</strong></td>
</tr>
</tbody>
</table>

#### 24.1 Misc. earnings include foreign correspondent charges, recovery of bank charges etc.
### Notes to the Financial Statements for the year ended 31 December, 2004

<table>
<thead>
<tr>
<th>24.2 Credit Card Income</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual fees</td>
<td>11,984,599</td>
<td>14,624,380</td>
</tr>
<tr>
<td>Late payment fees</td>
<td>4,415,793</td>
<td>3,851,114</td>
</tr>
<tr>
<td>Inter-change, mark-up, excess limit, cash advance fees etc.</td>
<td>7,991,503</td>
<td>8,612,099</td>
</tr>
<tr>
<td>Others</td>
<td>9,769,085</td>
<td>4,021,898</td>
</tr>
<tr>
<td><strong>Total Credit Card Income</strong></td>
<td><strong>33,660,981</strong></td>
<td><strong>31,109,491</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>25 Salaries and allowances</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic pay</td>
<td>116,796,644</td>
<td>106,444,453</td>
</tr>
<tr>
<td>Allowances</td>
<td>116,197,787</td>
<td>95,678,178</td>
</tr>
<tr>
<td>Bonus</td>
<td>97,195,000</td>
<td>89,838,962</td>
</tr>
<tr>
<td>Bank's contribution to provident fund</td>
<td>10,859,183</td>
<td>9,293,511</td>
</tr>
<tr>
<td>Retirement benefits/Gratuity</td>
<td>3,241,775</td>
<td>1,105,340</td>
</tr>
<tr>
<td><strong>Total Salaries and allowances</strong></td>
<td><strong>344,290,389</strong></td>
<td><strong>302,360,444</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>26 Rent, taxes, insurance, electricity etc.</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent, rates &amp; taxes</td>
<td>46,886,700</td>
<td>45,020,519</td>
</tr>
<tr>
<td>Insurance</td>
<td>16,427,220</td>
<td>12,781,927</td>
</tr>
<tr>
<td>Power and electricity</td>
<td>16,358,420</td>
<td>13,719,694</td>
</tr>
<tr>
<td><strong>Total Rent, taxes, insurance, electricity etc.</strong></td>
<td><strong>79,672,340</strong></td>
<td><strong>71,522,140</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>27 Legal &amp; professional expenses</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal expenses</td>
<td>2,576,945</td>
<td>1,678,621</td>
</tr>
<tr>
<td>Other professional charges</td>
<td>2,727,440</td>
<td>1,983,597</td>
</tr>
<tr>
<td><strong>Total Legal &amp; professional expenses</strong></td>
<td><strong>5,304,385</strong></td>
<td><strong>3,662,218</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>28 Postage, stamps, telecommunication etc.</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postage</td>
<td>4,567,686</td>
<td>3,199,790</td>
</tr>
<tr>
<td>Telegram, telex, fax &amp; e-mail</td>
<td>12,052,411</td>
<td>11,526,163</td>
</tr>
<tr>
<td>Telephone - Office</td>
<td>13,336,128</td>
<td>10,597,799</td>
</tr>
<tr>
<td>Telephone - Residence</td>
<td>931,145</td>
<td>802,095</td>
</tr>
<tr>
<td><strong>Total Postage, stamps, telecommunication etc.</strong></td>
<td><strong>30,887,370</strong></td>
<td><strong>26,125,847</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>29 Stationery, printing &amp; advertisement etc.</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office and security stationery</td>
<td>12,861,667</td>
<td>10,448,882</td>
</tr>
<tr>
<td>Computer consumable stationery</td>
<td>8,528,785</td>
<td>6,389,891</td>
</tr>
<tr>
<td>Publicity and advertisement</td>
<td>23,138,196</td>
<td>22,182,158</td>
</tr>
<tr>
<td><strong>Total Stationery, printing &amp; advertisement etc.</strong></td>
<td><strong>44,528,648</strong></td>
<td><strong>39,020,931</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>30 Managing Director's Salary and allowances</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Salary</td>
<td>1,904,516</td>
<td>1,920,000</td>
</tr>
<tr>
<td>Bonus</td>
<td>1,600,000</td>
<td>1,280,000</td>
</tr>
<tr>
<td>House rent allowance</td>
<td>833,226</td>
<td>840,000</td>
</tr>
<tr>
<td>Utility allowance</td>
<td>298,387</td>
<td>336,000</td>
</tr>
<tr>
<td>House maintenance allowance</td>
<td>500,807</td>
<td>504,000</td>
</tr>
<tr>
<td><strong>Total Managing Director's Salary and allowances</strong></td>
<td><strong>5,136,936</strong></td>
<td><strong>4,880,000</strong></td>
</tr>
</tbody>
</table>
# Notes to the Financial Statements for the year ended 31 December, 2004

## 31 Directors' fee

<table>
<thead>
<tr>
<th></th>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting fees</td>
<td>2,520,000</td>
<td>1,790,000</td>
</tr>
<tr>
<td>Other benefits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,520,000</td>
<td>1,790,000</td>
</tr>
</tbody>
</table>

Each Director is paid Tk.2,500/- per meeting per attendance.

## 32 Repairs, maintenance and depreciation of fixed assets

### Depreciation

<table>
<thead>
<tr>
<th></th>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>40,460,880</td>
<td>32,099,954</td>
</tr>
<tr>
<td>Leased assets</td>
<td>3,355,222</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>43,816,102</td>
<td>32,099,954</td>
</tr>
</tbody>
</table>

### Repairs

<table>
<thead>
<tr>
<th></th>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>552,402</td>
<td>-</td>
</tr>
<tr>
<td>Furniture &amp; fixtures</td>
<td>2,291,565</td>
<td>492,756</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3,179,357</td>
<td>3,627,090</td>
</tr>
<tr>
<td>Bank's vehicles</td>
<td>1,502,369</td>
<td>1,166,756</td>
</tr>
<tr>
<td>Maintenance</td>
<td>970,829</td>
<td>947,273</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,496,522</td>
<td>6,233,875</td>
</tr>
</tbody>
</table>

## 33 Other expenses

<table>
<thead>
<tr>
<th></th>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security and cleaning</td>
<td>20,856,078</td>
<td>13,356,990</td>
</tr>
<tr>
<td>Entertainment</td>
<td>14,646,652</td>
<td>10,712,821</td>
</tr>
<tr>
<td>Car expenses</td>
<td>25,721,999</td>
<td>20,277,547</td>
</tr>
<tr>
<td>Books, magazines &amp; newspapers etc.</td>
<td>638,159</td>
<td>521,922</td>
</tr>
<tr>
<td>Liverys &amp; uniforms</td>
<td>67,629</td>
<td>86,210</td>
</tr>
<tr>
<td>Medical expenses</td>
<td>1,449,359</td>
<td>501,669</td>
</tr>
<tr>
<td>Bank charges &amp; commission paid</td>
<td>996,697</td>
<td>1,475,042</td>
</tr>
<tr>
<td>Loss on sale of fixed assets</td>
<td>1,544,708</td>
<td>-</td>
</tr>
<tr>
<td>Finance charge for lease assets</td>
<td>1,971,633</td>
<td>-</td>
</tr>
<tr>
<td>Subscription to the institutions</td>
<td>8,435,571</td>
<td>7,555,928</td>
</tr>
<tr>
<td>Donations</td>
<td>7,223,156</td>
<td>5,712,900</td>
</tr>
<tr>
<td>Traveling expenses</td>
<td>8,818,105</td>
<td>6,673,983</td>
</tr>
<tr>
<td>Expenses for merchant banking</td>
<td>166,611</td>
<td>-</td>
</tr>
<tr>
<td>Local conveyance, labor etc.</td>
<td>3,188,972</td>
<td>2,606,361</td>
</tr>
<tr>
<td>Business development</td>
<td>1,950,329</td>
<td>1,769,716</td>
</tr>
<tr>
<td>Training and internship</td>
<td>3,083,902</td>
<td>1,982,600</td>
</tr>
<tr>
<td>Remittance charges</td>
<td>1,184,712</td>
<td>1,139,435</td>
</tr>
<tr>
<td>Laundry, cleaning &amp; photographs etc.</td>
<td>1,701,158</td>
<td>1,026,427</td>
</tr>
<tr>
<td>Credit Card expenses</td>
<td>10,867,651</td>
<td>12,413,348</td>
</tr>
<tr>
<td>Welfare fund</td>
<td>2,196,000</td>
<td>1,600,000</td>
</tr>
<tr>
<td>Transfer to Prime Bank Foundation Fund</td>
<td>27,300,000</td>
<td>7,700,000</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>5,565,367</td>
<td>6,911,278</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>149,574,449</td>
<td>104,224,177</td>
</tr>
</tbody>
</table>

## 34 Cash received from other operating activities

<table>
<thead>
<tr>
<th></th>
<th>2004 Taka</th>
<th>2003 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from merchant banking operation</td>
<td>357,074</td>
<td>-</td>
</tr>
<tr>
<td>Rent recovered</td>
<td>696,270</td>
<td>761,318</td>
</tr>
<tr>
<td>Services and other charges</td>
<td>8,644,280</td>
<td>7,934,315</td>
</tr>
<tr>
<td>Credit Card Income</td>
<td>33,660,981</td>
<td>31,109,491</td>
</tr>
<tr>
<td>Postage/Telex/Fax/Swift charge recoveries</td>
<td>34,024,410</td>
<td>26,800,102</td>
</tr>
<tr>
<td>Incidental Charges</td>
<td>21,806,122</td>
<td>22,525,980</td>
</tr>
<tr>
<td>Foreign Correspondent Charges</td>
<td>581,040</td>
<td>1,203,589</td>
</tr>
<tr>
<td>Gain from sale of Treasury Bond</td>
<td>1,114,751</td>
<td>193,000</td>
</tr>
<tr>
<td>Miscellaneous Earnings</td>
<td>61,808,829</td>
<td>55,393,097</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>162,693,757</td>
<td>145,920,892</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements for the year ended 31 December, 2004

35 Cash paid for other operating activities

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Rent, Rates &amp; Taxes</td>
<td>79,672,340</td>
<td>71,522,140</td>
</tr>
<tr>
<td>Legal expenses &amp; other professional charges</td>
<td>5,704,385</td>
<td>4,022,218</td>
</tr>
<tr>
<td>Postage &amp; Communication charges etc</td>
<td>30,887,370</td>
<td>26,125,847</td>
</tr>
<tr>
<td>Directors Fee</td>
<td>2,520,000</td>
<td>1,790,000</td>
</tr>
<tr>
<td>Finance charge for lease assets</td>
<td>1,971,633</td>
<td>-</td>
</tr>
<tr>
<td>Donations &amp; Subscriptions</td>
<td>15,658,727</td>
<td>13,468,828</td>
</tr>
<tr>
<td>Conveyance &amp; Traveling expenses etc</td>
<td>12,007,077</td>
<td>9,280,344</td>
</tr>
<tr>
<td>Business development expenses</td>
<td>1,950,329</td>
<td>1,769,716</td>
</tr>
<tr>
<td>Training, Internship expenses</td>
<td>5,083,902</td>
<td>1,982,600</td>
</tr>
<tr>
<td>Remittance charges</td>
<td>1,184,712</td>
<td>1,139,435</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>14,732,540</td>
<td>15,039,775</td>
</tr>
<tr>
<td></td>
<td><strong>168,873,015</strong></td>
<td><strong>146,140,903</strong></td>
</tr>
</tbody>
</table>

36 Increase / (decrease) of other short term assets

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>T &amp; T Bonds &amp; DBBL Bond</td>
<td>410,046,000</td>
<td>111,046,000</td>
</tr>
<tr>
<td>Stationary &amp; Stamps</td>
<td>13,229,391</td>
<td>14,568,795</td>
</tr>
<tr>
<td>Income receivable</td>
<td>45,742,452</td>
<td>47,568,371</td>
</tr>
<tr>
<td>Advance Deposits &amp; advance rent</td>
<td>52,573,923</td>
<td>48,396,733</td>
</tr>
<tr>
<td>Branch Adjustment A/C</td>
<td>159,822,581</td>
<td>231,176,987</td>
</tr>
<tr>
<td>Suspense A/C</td>
<td>10,410,282</td>
<td>81,019,113</td>
</tr>
<tr>
<td>Encashment of PSP/BSP</td>
<td>49,779,373</td>
<td>23,996,484</td>
</tr>
<tr>
<td>Accrued interest on investment</td>
<td>286,074,807</td>
<td>166,356,878</td>
</tr>
<tr>
<td>Credit card</td>
<td>18,100,845</td>
<td>15,032,503</td>
</tr>
<tr>
<td>Sundry Assets</td>
<td>5,800,602</td>
<td>16,337,126</td>
</tr>
<tr>
<td></td>
<td><strong>1,051,580,256</strong></td>
<td><strong>755,498,990</strong></td>
</tr>
<tr>
<td>Increase /(decrease) during the year</td>
<td>(296,081,266)</td>
<td>(434,402,170)</td>
</tr>
</tbody>
</table>

37 Increase / (decrease) of other liabilities

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>F.C. held against EDF L/C</td>
<td>128,422,900</td>
<td>78,043,852</td>
</tr>
<tr>
<td>Exchange Equalization Fund</td>
<td>4,523,326</td>
<td>4,523,326</td>
</tr>
<tr>
<td>Expenditure and other payables</td>
<td>22,931,908</td>
<td>20,333,955</td>
</tr>
<tr>
<td>Provision for Bonus</td>
<td>84,739,467</td>
<td>74,400,000</td>
</tr>
<tr>
<td>Exigency Fund</td>
<td>5,645,100</td>
<td>6,595,475</td>
</tr>
<tr>
<td>Credit card</td>
<td>1,989,484</td>
<td>-</td>
</tr>
<tr>
<td>Unearned interest receivable on treasury bills &amp; bonds</td>
<td>684,000,566</td>
<td>609,123,840</td>
</tr>
<tr>
<td>Unearned profit receivable - Islamic banking branch</td>
<td>-</td>
<td>135,690</td>
</tr>
<tr>
<td>Interest Suspense A/C</td>
<td>23,081,425</td>
<td>27,081,802</td>
</tr>
<tr>
<td>Others</td>
<td>215,231,919</td>
<td>421,176,700</td>
</tr>
<tr>
<td></td>
<td><strong>1,171,066,995</strong></td>
<td><strong>1,240,478,640</strong></td>
</tr>
<tr>
<td>Increase /(decrease) during the year</td>
<td>(69,412,545)</td>
<td>(84,627,308)</td>
</tr>
</tbody>
</table>

38 Earning Per Share (EPS)

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Net Profit after tax (Numerator)</td>
<td>611,938,344</td>
<td>375,455,447</td>
</tr>
<tr>
<td>Number of ordinary shares outstanding (Denominator)</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Earning Per Share (EPS)</td>
<td>61.19</td>
<td>37.55</td>
</tr>
</tbody>
</table>

Earning per share has been calculated in accordance with BAS - 33: Earning Per Share (EPS). Previous year's figures have been adjusted for the issue of 3,000,000 Bonus shares (for 2003) during the year.
39 Number of employees
The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk. 36,000 or above were 894.

40 Audit Committee

a. Particulars of Audit Committee
Pursuant to the BRPD Circular # 12 dated 23.12.2002, the Audit Committee of the Board of Directors consisted of the following 03 (three) members of the Board:

<table>
<thead>
<tr>
<th>Name</th>
<th>Status with bank</th>
<th>Status with committee</th>
<th>Educational Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Masud Reza Bhuiya</td>
<td>Director</td>
<td>Chairman</td>
<td>MBA (Major in Finance)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Institute of Business Administration (IBA)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>University of Dhaka</td>
</tr>
<tr>
<td>Mr. Nafis Sikder</td>
<td>Director</td>
<td>Member</td>
<td>BSBA (Bachelor of Science in Business Administration)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Major in Finance as well as in Management)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Washington University</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>St. Louice, Missouri, U.S.A.</td>
</tr>
<tr>
<td>Mr. Md. Delwar Hossain</td>
<td>Director</td>
<td>Member</td>
<td>BSS (Hons) M.S.S</td>
</tr>
</tbody>
</table>

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

During the year under review the committee held several meetings to undertake various functions including reviewing Annual Financial Statements in compliance with the Bangladesh Bank Circular.

No. of Meetings held by the Committee during the year:

- 10th Committee Meeting held on 24.01.2004
- 11th Committee Meeting held on 22.02.2004
- 12th Committee Meeting held on 17.03.2004
- 13th Committee Meeting held on 03.04.2004
- 14th Committee Meeting held on 30.05.2004
- 15th Committee Meeting held on 08.08.2004
- 16th Committee Meeting held on 18.09.2004

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

As per circular the committee is placing their report regularly to the Board of Director of the Bank mentioning their activities & recommendations of internal control system, compliance of rules and regulations and establishment of good governance within the organization.
### Notes to the Financial Statements for the year ended 31 December, 2004

#### 41. Related Party Disclosures

**i) Particulars of Directors of the Bank as on 31-12-2004**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name</th>
<th>Designation</th>
<th>Present Address</th>
<th>% of shares as on 31.12.2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.</td>
<td>Mr. Azam J. Chowdhury</td>
<td>Chairman</td>
<td>East Coast Centre SW(G)-8 Gulshan Avenue Dhaka -1212</td>
<td>0.05</td>
</tr>
<tr>
<td>02.</td>
<td>Capt. Imam Anwar Hossain</td>
<td>Vice Chairman</td>
<td>House # 83, Road # 3 Banani, Dhaka - 1213</td>
<td>0.12</td>
</tr>
<tr>
<td>03.</td>
<td>Mr. Nafis Sikder</td>
<td>Vice Chairman</td>
<td>Managing Director Palmal Group House # 2/B, Road # 29 Gulshan -1, Dhaka - 1212</td>
<td>0.74</td>
</tr>
<tr>
<td>04.</td>
<td>Quazi Saleemul Huq</td>
<td>Director</td>
<td>GQ Building 331/2 Tajuddin Ahmed Road, Moghbazar, Dhaka</td>
<td>0.10</td>
</tr>
<tr>
<td>05.</td>
<td>Mrs. Ferdousi Islam</td>
<td>Director</td>
<td>299 New DOHS Road # 19/B Mohakhali, Dhaka</td>
<td>0.84</td>
</tr>
<tr>
<td>06.</td>
<td>Mrs. Nazma Haque</td>
<td>Director</td>
<td>House # CEN (F)-13 Road # 104 Gulshan, Dhaka</td>
<td>0.12</td>
</tr>
<tr>
<td>07.</td>
<td>Mr. Kazi Ariful Islam</td>
<td>Director</td>
<td>House # 29/E, Road # 13 Banani, Dhaka - 1213</td>
<td>0.12</td>
</tr>
<tr>
<td>08.</td>
<td>Mrs. Hasina Khan</td>
<td>Director</td>
<td>“Shahana” 1042 Zakir Hossain Road Chittagong</td>
<td>0.10</td>
</tr>
<tr>
<td>09.</td>
<td>Mrs. Razia Rahman</td>
<td>Director</td>
<td>52, Park Road Block – K Baridhara, Dhaka.</td>
<td>0.12</td>
</tr>
<tr>
<td>10.</td>
<td>Mrs. Gol-E-Afroz Banu</td>
<td>Director</td>
<td>South Breeze Apartment # W 2 8, Gulshan Avenue gulshan, Dhaka - 1212</td>
<td>0.12</td>
</tr>
<tr>
<td>11.</td>
<td>Mrs. Shahnaz Quashem</td>
<td>Director</td>
<td>House # 14/3, Road # 3 Nasirabad Housing Society Chittagong.</td>
<td>0.12</td>
</tr>
<tr>
<td>12.</td>
<td>Mrs. Mahanur Ummel Ara (Representative of East Coast Shipping Lines Ltd.)</td>
<td>Director</td>
<td>East Coast Centre SW (G) – 8 Gulshan Avenue Dhaka - 1212</td>
<td>1.73 Shareholding of East Coast Shipping Lines Ltd.</td>
</tr>
<tr>
<td>13.</td>
<td>Ms. Saheda Pervin Trisha (Representative of GQ Ball Pen Industries Ltd.)</td>
<td>Director</td>
<td>GQ Building 331/2 Tajuddin Ahmed Road Bara Moghbazar, Dhaka.</td>
<td>1.52 Shareholding of GQ Ball Pen Industries Ltd.</td>
</tr>
<tr>
<td>14.</td>
<td>Mr. M. Shahjahan Bhuiyan</td>
<td>Managing Director</td>
<td>Prime Bank Limited 119-120, Motijheel C/A, Dhaka</td>
<td>-</td>
</tr>
</tbody>
</table>

For Directors interests in different entities please refer to Annexure – D.
Notes to the Financial Statements for the year ended 31 December, 2004

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

<table>
<thead>
<tr>
<th>Nature of contract</th>
<th>Purpose</th>
<th>Name of Director and Related by</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease agreement with Mr. Md. Nader Khan (Ex-Director of the Bank)</td>
<td>Jubilee Road Branch</td>
<td>Mrs. Hasina Khan (wife of Mr. Md. Nader Khan) Director of the Bank</td>
<td>The lease agreement was approved by Bangladesh Bank vide their Letter ref. # BRPD(P)745 (21) 2003 – 2640 dated 02.07.2003</td>
</tr>
</tbody>
</table>

iii) Related party Transactions:

<table>
<thead>
<tr>
<th>Name of party</th>
<th>Related by</th>
<th>Nature of transaction</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>M/s. EC Distributions Ltd.</td>
<td>Ms. Marina Yasmin Chowdhury</td>
<td>Bank Guarantee</td>
<td>2.75</td>
</tr>
</tbody>
</table>

(Taka in lac)

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

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

vi) Lending Policies to related Parties:

Lending to Related Parties is effected as per requirements of Section 27 (1) of the Bank Companies Act – 1991.

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

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

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

42. Coverage of external Audit:

The external auditors have covered 80% of the risk-weighted assets and have spent around 6,000 hours to complete the audit as per Bangladesh Standards on Auditing. They have audited 17 branches and Head office of the Bank.

Chairman
Vice Chairman
Director
Managing Director
### Annexure-A

#### Balance with other Banks - outside Bangladesh (Nostro Account) as at 31 December, 2004

<table>
<thead>
<tr>
<th>Name of the Bank</th>
<th>A/C Type</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FC Amount</td>
<td>Ex. Rate</td>
<td>Equivalent Taka</td>
</tr>
<tr>
<td>American Express Bank Ltd., Kolkata</td>
<td>$547,209.64</td>
<td>60.7423</td>
<td>$33,238,772.12</td>
</tr>
<tr>
<td>American Express Bank Ltd., Frankfurt, Germany</td>
<td>€ 3,966.77</td>
<td>82.6460</td>
<td>€327,837.67</td>
</tr>
<tr>
<td>American Express Bank Ltd., New York, USA</td>
<td>$230,544.05</td>
<td>60.7423</td>
<td>$14,003,775.85</td>
</tr>
<tr>
<td>Arab Bangladesh Bank Ltd. Mumbai</td>
<td>$26,493.99</td>
<td>60.7423</td>
<td>$1,609,305.89</td>
</tr>
<tr>
<td>Bank Nazional del Lavoro, Rome</td>
<td>€ 1,842.31</td>
<td>82.6460</td>
<td>€1,525,955.56</td>
</tr>
<tr>
<td>Bank of Bhutan, Bhutan</td>
<td>$37,347.20</td>
<td>60.7423</td>
<td>$2,268,554.83</td>
</tr>
<tr>
<td>Bank of Tokyo Mitsubishi, Japan</td>
<td>¥ 6,664,560.00</td>
<td>0.5850</td>
<td>¥2,717,126.10</td>
</tr>
<tr>
<td>Citibank N.A., India</td>
<td>¥ 77,317.40</td>
<td>60.7423</td>
<td>¥4,696,436.71</td>
</tr>
<tr>
<td>Citibank N.A., London</td>
<td>€ 37,294.60</td>
<td>82.6460</td>
<td>€2,582,249.51</td>
</tr>
<tr>
<td>Citibank N.A., New York, USA</td>
<td>$187,227.31</td>
<td>60.7423</td>
<td>$11,372,617.43</td>
</tr>
<tr>
<td>Commerzbank, Frankfurt</td>
<td>€ 31,319.10</td>
<td>82.6460</td>
<td>€2,588,398.34</td>
</tr>
<tr>
<td>Credit Suisse (First Boston), Switzerland</td>
<td>CHF 14,848.46</td>
<td>53.5646</td>
<td>CHF 795,351.82</td>
</tr>
<tr>
<td>Habib American Bank, New York</td>
<td>$29,270.61</td>
<td>60.7423</td>
<td>$1,777,964.17</td>
</tr>
<tr>
<td>HSBC, New York, USA</td>
<td>$4,687.97</td>
<td>60.7423</td>
<td>$284,758.08</td>
</tr>
<tr>
<td>ICICI Bank, India</td>
<td>¥ 1,255,494.83</td>
<td>76.2463</td>
<td>¥76,216,436.13</td>
</tr>
<tr>
<td>Mashreq, Bank New York, USA</td>
<td>$236,917.90</td>
<td>60.7423</td>
<td>$14,003,775.85</td>
</tr>
<tr>
<td>National Westminster Bank, London</td>
<td>£ 4,280.95</td>
<td>116.552</td>
<td>£498,954.57</td>
</tr>
<tr>
<td>Nepal Bangladesh Bank, Nepal</td>
<td>$1,057.18</td>
<td>60.7423</td>
<td>$64,215.54</td>
</tr>
<tr>
<td>Peoples Bank, Sri Lanka</td>
<td>$13,998.48</td>
<td>60.7423</td>
<td>$850,299.87</td>
</tr>
<tr>
<td>Rupali Bank, Karachi</td>
<td>$195,693.87</td>
<td>60.7423</td>
<td>$11,886,895.76</td>
</tr>
<tr>
<td>Skandinaviska Enskilda, Banken, Sweden</td>
<td>3,111.25 kr</td>
<td>9.1749</td>
<td>28,545.41</td>
</tr>
<tr>
<td>Sonali Bank, Calcutta</td>
<td>$1,881.90</td>
<td>60.7423</td>
<td>$114,310.93</td>
</tr>
<tr>
<td>Standard Chartered Bank, Kolkata, India</td>
<td>$606,138.98</td>
<td>60.7423</td>
<td>$36,818,275.76</td>
</tr>
<tr>
<td>Standard Chartered Bank, New York</td>
<td>$554,363.72</td>
<td>60.7423</td>
<td>$33,673,327.39</td>
</tr>
<tr>
<td>State Bank of India, Kolkata</td>
<td>$186.31</td>
<td>60.7423</td>
<td>$11,310.93</td>
</tr>
<tr>
<td>The Bank of Nova Scotia, Canada</td>
<td>CAD 4,998.43</td>
<td>50.1381</td>
<td>CAD 250,611.78</td>
</tr>
<tr>
<td>Unicredit Italiano, Spain</td>
<td>€ 721.17</td>
<td>82.6460</td>
<td>€59,601.82</td>
</tr>
<tr>
<td>WACHOVIA Bank N.A</td>
<td>$1,292.80</td>
<td>60.7423</td>
<td>$85,272.65</td>
</tr>
</tbody>
</table>

Total Balance: $254,672,510.48

Total Equivalent Taka: 109,593,042
## Investment in Shares as at 31 December, 2004

<table>
<thead>
<tr>
<th>Sl. #</th>
<th>Name of the company</th>
<th>Type of shares</th>
<th>Face value</th>
<th>No. of shares</th>
<th>Cost of holding</th>
<th>Average cost</th>
<th>Quoted rate per share as on 31.12.04</th>
<th>Total market value at 31.12.04</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Quoted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Mutual Trust Bank Ltd.</td>
<td>A</td>
<td>100</td>
<td>60,000</td>
<td>6,250,000</td>
<td>104.17</td>
<td>555.00</td>
<td>33,300,000</td>
</tr>
<tr>
<td>2</td>
<td>One Bank Ltd.</td>
<td>A</td>
<td>100</td>
<td>19,607</td>
<td>1,705,000</td>
<td>86.96</td>
<td>437.75</td>
<td>8,582,964</td>
</tr>
<tr>
<td>3</td>
<td>Bank Asia Ltd.</td>
<td>A</td>
<td>100</td>
<td>40,238</td>
<td>3,245,000</td>
<td>80.65</td>
<td>709.00</td>
<td>28,528,742</td>
</tr>
<tr>
<td>4</td>
<td>Mercantile Bank Ltd.</td>
<td>A</td>
<td>100</td>
<td>79,937</td>
<td>6,395,000</td>
<td>80.00</td>
<td>516.50</td>
<td>41,287,461</td>
</tr>
<tr>
<td>5</td>
<td>EXIM Bank</td>
<td>A</td>
<td>100</td>
<td>50</td>
<td>6,500</td>
<td>130.00</td>
<td>752.25</td>
<td>37,613</td>
</tr>
<tr>
<td><strong>Unquoted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Central Depository Bangladesh Limited</td>
<td>-</td>
<td>1000000</td>
<td>10</td>
<td>10,000,000</td>
<td>1,000,000.00</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total:** 199,842 27,601,500 1,000,481.77 111,736,779.25

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

*CDBL is yet to issue share certificate.*
Schedule of Fixed Assets and Leased Assets as at 31 December 2004

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Balance at 01 January 2004</th>
<th>Additions during the year</th>
<th>Disposals / adjustments during the year</th>
<th>Balance at 31 December 2004</th>
<th>Charge for the year</th>
<th>On disposals / adjustments during the year</th>
<th>Balance at 31 December 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td>-</td>
<td>9,794,524</td>
<td>-</td>
<td>9,794,524</td>
<td>-</td>
<td>248,202</td>
<td>9,546,322</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>141,033,597</td>
<td>42,366,230</td>
<td>(3,843,954)</td>
<td>179,555,873</td>
<td>12,905,847</td>
<td>(1,853,784)</td>
<td>137,614,423</td>
</tr>
<tr>
<td>Office equipment and machinery</td>
<td>174,293,757</td>
<td>35,497,414</td>
<td>(1,513,039)</td>
<td>208,278,132</td>
<td>22,724,019</td>
<td>(1,012,698)</td>
<td>104,031,269</td>
</tr>
<tr>
<td>Bank's vehicles</td>
<td>29,253,588</td>
<td>15,106,516</td>
<td>(10,434,533)</td>
<td>33,925,571</td>
<td>4,496,224</td>
<td>(6,975,354)</td>
<td>21,044,884</td>
</tr>
<tr>
<td>Library books</td>
<td>529,411</td>
<td>159,154</td>
<td>-</td>
<td>688,565</td>
<td>215,615</td>
<td>86,588</td>
<td>302,203</td>
</tr>
<tr>
<td><strong>At 31 December 2004</strong></td>
<td>394,168,733</td>
<td>102,923,838</td>
<td>(15,791,526)</td>
<td>481,301,045</td>
<td>129,000,361</td>
<td>(9,841,836)</td>
<td>159,619,405</td>
</tr>
<tr>
<td><strong>At 31 December 2003</strong></td>
<td>317,222,240</td>
<td>79,148,927</td>
<td>(2,202,434)</td>
<td>394,168,733</td>
<td>98,725,744</td>
<td>(1,825,337)</td>
<td>129,000,361</td>
</tr>
<tr>
<td><strong>Leased assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicles</td>
<td>16,776,112</td>
<td>-</td>
<td>-</td>
<td>16,776,112</td>
<td>-</td>
<td>3,355,222</td>
<td>13,420,890</td>
</tr>
<tr>
<td><strong>At 31 December 2004</strong></td>
<td>16,776,112</td>
<td>-</td>
<td>-</td>
<td>16,776,112</td>
<td>-</td>
<td>3,355,222</td>
<td>13,420,890</td>
</tr>
<tr>
<td><strong>At 31 December 2003</strong></td>
<td>-</td>
<td>16,776,112</td>
<td>-</td>
<td>16,776,112</td>
<td>-</td>
<td>-</td>
<td>16,776,112</td>
</tr>
</tbody>
</table>
## Name of the Directors and their interest in different entities

**Annexure - D**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name</th>
<th>Status with PBL</th>
<th>Entities where they have Interest</th>
<th>% of Interest</th>
</tr>
</thead>
</table>
| 01     | Mr. Azam J. Chowdhury         | Chairman                         | East Coast Shipping Lines Ltd.  
East Coast Trading (Pvt.) Ltd.  
EC Securities Limited  
EC Distribution Limited  
EC Engineering Co. Ltd.  
Surma Summit Tanks Terminal Limited  
EC Powertech Ltd.  
Delta Soft Limited  
Green Delta Insurance Co. Ltd.  | 25.00%  
20.00%  
89.20%  
40.00%  
20.00%  
10.00%  
24.50%  
0.83%  |
| 02     | Capt. Imam Anwar Hossain      | Vice Chairman                    | Pragati Insurance Ltd.  
Ben Ocean Lines Ltd.  
Ben Marine Lines  
Bengal Tiger Cement Industries Ltd.  
Ben Lloyd Lines Ltd.  
Benlub Pte Ltd.  
Ocean Wave Shipping Ltd.  
Commodity & Carriage  
Jamuna Resort Ltd.  | 5.00%  
25.00%  
40.00%  
10.00%  
10.00%  
15.00%  
50.00%  
100.00%  
2.50%  |
| 03     | Mr. Nafis Sikder              | Vice Chairman                    | Marina Apparels Limited  
Nafa Apparels Limited  
Palmal Packaging Limited  
The Dacca Dyeing Garments Limited  | 50.00%  
50.00%  
10.00%  
2.94%  |
| 04     | Qazi Saleemul Huq             | Director                         | GQ Ball Pen Industries Ltd.  
GQ Industries Ltd.  
Maladesh International Pvt. Ltd.  
GQ Properties Ltd.  
GQ Foods Ltd.  
GQ Enterprise Ltd.  
Delta Soft Ltd.  
Newscorp Ltd.  | 26.25%  
20.00%  
0.125%  
28.57%  
13.34%  
25.00%  
24.77%  
25.00%  |
| 05     | Quazi Ariful Islam            | Director                         | New Amin Jewelers  
Ducati Apparels Limited  | 100.00%  
33.33%  |
| 06     | Mrs. Hasina Khan              | Director                         | Khan Traders  
Polyexpprint Ltd.  
Pedrollo nk Ltd.  
Polyexlamine Ltd.  
Polytape Ltd.  
Pedrollo Dairy & Horticulture Ltd.  
Prime Insurance Co. Ltd.  
Halda Valley Tea Co. Ltd.  | 100.00%  
15.00%  
20.00%  
20.00%  
20.00%  
30.00%  
2.67%  
10.00%  |
| 07     | Mrs. Shahnaz Quashem         | Director                         | Associated Oxygen Limited  | 12.50%  |
| 08     | Mrs. Nazma Haque             | Director                         | Prime Insurance Company Limited  
Acorn Limited  
Asian Gate Limited  | 2.67%  
25.00%  
30.00%  |
## Name of the Directors and their interest in different entities

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name</th>
<th>Status with PBL</th>
<th>Entities where they have Interest</th>
<th>% of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>09</td>
<td>Mrs. Gol-E-Afroz Banu</td>
<td>Director</td>
<td>Khaled Textile Mills Limited</td>
<td>50.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Eurosia Gate Limited</td>
<td>50.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Prime Insurance Company Limited</td>
<td>2.67%</td>
</tr>
<tr>
<td>10</td>
<td>Mrs. Razia Rahman</td>
<td>Director</td>
<td>Transworld Bicycle Co. Ltd.</td>
<td>36.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Uniglory Home Appliance Ltd.</td>
<td>25.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Uniglory Steel Products Ltd.</td>
<td>35.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Concept Cycling</td>
<td>100.00%</td>
</tr>
<tr>
<td>11</td>
<td>Mrs. Ferdousi Islam</td>
<td>Director</td>
<td>Trustry Associates Company Limited</td>
<td>25.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Preema Construction Ltd.</td>
<td>25.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Prime Century Ltd.</td>
<td>25.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Northern General Insurance Company Ltd</td>
<td>7.30%</td>
</tr>
<tr>
<td>12</td>
<td>Mrs. Mahanur Ummel Ara (Representative of East Coast Shipping Lines Ltd.)</td>
<td>Director</td>
<td>Surma Summit Tanks Terminal Ltd.</td>
<td>10.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Prime Insurance &amp; Investment Ltd.</td>
<td>12.62%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Shareholding of East Coast Shipping Lines Ltd.)</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Mrs. Saheda Pervin Trisha (Representative of GQ Ball Pen Industries Ltd.)</td>
<td>Director</td>
<td>Prime Insurance Company Ltd.</td>
<td>3.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>GQ Formosa Industries Ltd.</td>
<td>52.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cello – GQ Industries Ltd.</td>
<td>50.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>GQ Marketing Ltd.</td>
<td>96.77%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Maladesh International Pvt. Ltd.</td>
<td>99.75%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>GQ Foods Ltd.</td>
<td>13.32%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>GQ Industries Ltd.</td>
<td>32.86%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>GQ BPL Ltd.</td>
<td>50.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>GEP Telecom Ltd.</td>
<td>33.33%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Green Land Pharmaceuticals Ltd.</td>
<td>16.67%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Shareholding of GQ Ball Pen Industries Ltd.)</td>
<td></td>
</tr>
</tbody>
</table>
Prime Bank is operating 05 (five) Islamic Banking branches based on Islamic Shariah, which absolutely prohibits receipts and payments of interest in any form. The operation of these 05 (five) branches are totally different from other conventional banking branches as they operate on the basis of profit sharing arrangement.

Fixation of final profit rate for the year 2004 and provisional profit rate for the year 2005

Normally profit and loss is calculated annually as on 31 December in every year. For the year ended 31 December 2004 60% of total investment income shall be distributed to the different types of Mudaraba depositors (except no cost fund) according to the weightage. The remaining 40% of the investment income will be retained by the Bank to meet establishment, administrative expenses and investment loss off setting reserve.

Provisional profit are applied to the different types of depositors at the rates to be decided by the Bank from time to time taking into consideration of the industry trend and that of the rates of other Islamic banks in Bangladesh. Final rates of profit are declared annually on the basis of income earned from different investments and other business by individual branches and distributed as per weightage of the different deposit products.

Profit to the depositors for the year 2004 has been paid as per following weightage and rates:

<table>
<thead>
<tr>
<th>Deposit types</th>
<th>Weightage</th>
<th>Final rate of profit for 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mudaraba saving Deposits</td>
<td>0.75</td>
<td>6.25% to 7.25%</td>
</tr>
<tr>
<td>Mudaraba short term deposits</td>
<td>0.52</td>
<td>4.25%</td>
</tr>
<tr>
<td>Mudaraba term deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36 Months</td>
<td>1.00</td>
<td>8.75% to 9.25%</td>
</tr>
<tr>
<td>24 Months</td>
<td>0.98</td>
<td>8.75% to 9.25%</td>
</tr>
<tr>
<td>12 Months</td>
<td>0.96</td>
<td>8.50% to 9.00%</td>
</tr>
<tr>
<td>06 Months</td>
<td>0.92</td>
<td>8.00% to 8.50%</td>
</tr>
<tr>
<td>03 Months</td>
<td>0.88</td>
<td>7.75% to 8.25%</td>
</tr>
<tr>
<td>Mudaraba contributory savings scheme</td>
<td>1.05</td>
<td>9.75%</td>
</tr>
<tr>
<td>Mudaraba monthly profit deposits scheme</td>
<td>1.02</td>
<td>10.00%</td>
</tr>
<tr>
<td>Mudaraba education savings scheme</td>
<td>1.20</td>
<td>11.25%</td>
</tr>
<tr>
<td>Mudaraba Haji savings scheme</td>
<td>1.20</td>
<td>11.25%</td>
</tr>
</tbody>
</table>
## Balance Sheet of Islamic Banking Branches

### Balance Sheet items as at December 31, 2004

#### PROPERTY AND ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in hand (including Foreign Currencies)</td>
<td>16,073,602</td>
<td>8,435,946</td>
</tr>
<tr>
<td>Balance with Bangladesh Bank and Sonali Bank (Including Foreign Currencies)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance with other Banks and Financial Institutions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Bangladesh</td>
<td>156,298</td>
<td>1,208,273</td>
</tr>
<tr>
<td>Outside Bangladesh</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Money at Call and Short Notice</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Investments (Including Bills):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General investments etc.</td>
<td>1,846,521,748</td>
<td>1,115,762,934</td>
</tr>
<tr>
<td>Bills purchased and discounted</td>
<td>112,796,920</td>
<td>79,956,426</td>
</tr>
<tr>
<td><strong>Premises and Fixed Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td>1,349,707,592</td>
<td>1,074,144,015</td>
</tr>
<tr>
<td><strong>Total Assets:</strong></td>
<td>3,356,870,621</td>
<td>2,287,351,778</td>
</tr>
</tbody>
</table>

#### LIABILITIES AND CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings from other Banks and Agents</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Deposits and other Accounts:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current deposits and other accounts, etc.</td>
<td>376,324,541</td>
<td>350,581,065</td>
</tr>
<tr>
<td>Bills payable</td>
<td>40,048,719</td>
<td>9,887,790</td>
</tr>
<tr>
<td>Mudaraba Savings deposits</td>
<td>1,163,605,354</td>
<td>731,651,744</td>
</tr>
<tr>
<td>Mudaraba Term deposits</td>
<td>1,775,223,093</td>
<td>1,192,629,594</td>
</tr>
<tr>
<td><strong>Total Liabilities:</strong></td>
<td>3,355,201,707</td>
<td>2,284,750,193</td>
</tr>
</tbody>
</table>

#### CONTINGENT LIABILITIES:

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptances, Endorsements:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Letters of Guarantee</td>
<td>64,850,132</td>
<td>14,490,288</td>
</tr>
<tr>
<td>Irrevocable Letters of Credit</td>
<td>1,041,818,420</td>
<td>392,313,200</td>
</tr>
<tr>
<td>Bills for Collection</td>
<td>16,836,047</td>
<td>16,143,506</td>
</tr>
<tr>
<td>Other liabilities:</td>
<td>33,655,474</td>
<td>5,212,981</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,157,160,074</td>
<td>428,159,975</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other commitments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,157,160,074</td>
<td>428,159,975</td>
</tr>
</tbody>
</table>
## Profit & Loss Account of Islamic Banking Branches

### Annexure - E(ii)

**Profit and Loss items for the period ended on December 31, 2004**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Income</td>
<td>318,036,658</td>
<td>239,282,813</td>
</tr>
<tr>
<td>Profit paid on deposits and borrowings etc.</td>
<td>(187,344,828)</td>
<td>(147,347,364)</td>
</tr>
<tr>
<td><strong>Net investment income</strong></td>
<td><strong>130,691,830</strong></td>
<td><strong>91,935,448</strong></td>
</tr>
<tr>
<td>Commission, exchange and brokerage</td>
<td>21,813,183</td>
<td>9,814,517</td>
</tr>
<tr>
<td>Other operating income</td>
<td>11,412,318</td>
<td>5,591,219</td>
</tr>
<tr>
<td><strong>Total operating income</strong></td>
<td><strong>163,917,331</strong></td>
<td><strong>107,341,185</strong></td>
</tr>
<tr>
<td>Salaries &amp; allowances</td>
<td>18,105,658</td>
<td>11,088,813</td>
</tr>
<tr>
<td>Rent, taxes, insurance, lighting etc.</td>
<td>3,713,885</td>
<td>2,272,689</td>
</tr>
<tr>
<td>Legal and professional expenses</td>
<td>77,472</td>
<td>75,830</td>
</tr>
<tr>
<td>Postage, stamp, telegram and telephone</td>
<td>1,970,899</td>
<td>1,318,388</td>
</tr>
<tr>
<td>Printing, stationery, advertisement etc.</td>
<td>973,901</td>
<td>682,250</td>
</tr>
<tr>
<td>Repairs, maintenance &amp; depreciatiation of assets</td>
<td>3,271,302</td>
<td>1,019,006</td>
</tr>
<tr>
<td>Other expenses</td>
<td>6,093,861</td>
<td>1,760,171</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>34,206,978</strong></td>
<td><strong>18,217,147</strong></td>
</tr>
<tr>
<td><strong>Total operating profit</strong></td>
<td><strong>129,710,352</strong></td>
<td><strong>89,124,038</strong></td>
</tr>
</tbody>
</table>