

Southeast Bank Limited

Report and financial statements
for the year ended 31 December 2005

Auditors' report to the shareholders of
Southeast Bank Limited

We have audited the accompanying balance sheet of Southeast Bank Limited as of 31 December 2005 and the related profit and loss account, statement of cash flow and statement of changes in equity for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) give a true and fair view of the state of the Bank's affairs as of 31 December 2005 and of the results of its operations and its cash flow for the year then ended and comply with 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:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- iii) the Bank's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purposes of the Bank's business;
- v) the financial position of the Bank at 31 December 2005 and the profit for the year then ended have been properly reflected in the financial statements, and the financial statements have been prepared in accordance with the generally accepted accounting principles;
- vi) the financial statements have been drawn up in conformity with the Bank Company Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- vii) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;

- viii) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements; and
- x) the information and explanations required by us have been received and found satisfactory.

Dhaka, 30 April 2006

Southeast Bank Limited

Balance Sheet at 31 December 2005

<u>PROPERTY AND ASSETS</u>	<u>Notes</u>	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Cash:	3		
In hand (including foreign currencies)		266,465,255	181,544,343
With Bangladesh Bank and Sonali Bank (including foreign currencies)		2,020,035,309	1,018,377,902
		2,286,500,564	1,199,922,245
Balance with other banks and financial institutions:	4		
In Bangladesh		276,383,561	1,064,420,587
Outside Bangladesh		64,795,311	35,525,384
		341,178,872	1,099,945,971
Money at call and short notice	5	800,000,000	4,590,000,000
Investment:	6		
Government securities		4,574,811,000	2,897,922,900
Others		538,327,504	292,225,875
		5,113,138,504	3,190,148,775
Loans and advances:	7		
Loans, cash credits, overdrafts, etc.		29,543,246,628	20,247,814,481
Bills discounted and purchased	8	3,007,843,164	1,753,889,421
		32,551,089,792	22,001,703,902
Fixed assets	9	790,621,005	313,730,021
Other assets	10	1,412,281,896	1,349,510,951
Non-banking assets		-	-
Total assets		<u>43,294,810,633</u>	<u>33,744,961,865</u>

LIABILITIES AND CAPITAL

Liabilities:			
Borrowing from other banks, financial institutions and agents	11	70,112,500	2,197,500,000
Deposits and other accounts:	12		
Current deposits and other accounts		3,113,194,702	1,863,190,464
Bills payable		389,877,506	337,997,352
Savings bank deposits		2,270,879,046	1,667,515,143
Term deposits		32,484,201,434	24,062,132,610
		38,258,152,688	27,930,835,569
Other liabilities	13	2,929,870,791	2,187,188,616
Total liabilities		<u>41,258,135,979</u>	<u>32,315,524,185</u>

	<u>Notes</u>	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Capital/shareholders' equity:			
Paid up capital	14	880,308,000	677,160,000
Proposed issue of bonus shares	15	176,061,600	203,148,000
Statutory reserve	16	697,215,000	513,936,000
Other reserves	17	263,516,506	31,854,046
Retained earnings	18	19,573,548	3,339,634
Total shareholders' equity		<u>2,036,674,654</u>	<u>1,429,437,680</u>
Total liabilities and shareholders' equity		<u>43,294,810,633</u>	<u>33,744,961,865</u>

OFF BALANCE SHEET ITEMS

Contingent liabilities:

Acceptances and endorsements		5,820,869,371	2,465,188,100
Letters of credit		7,370,640,825	4,781,588,738
Letters of guarantee	19	3,928,932,164	2,141,716,419
		17,120,442,360	9,388,493,257

Bills for collection:

Payable in Bangladesh		32,817,448	329,376,334
Payable outside Bangladesh		1,633,778,562	1,111,214,911
		1,666,596,010	1,440,591,245

Other contingent liabilities:

Value of travellers' cheques on hand		14,679,095	5,332,425
Value of Bangladesh Sanchaya Patra on hand		308,685,500	355,473,000
		323,364,595	360,805,425

Other commitments:

Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving facilities		-	-
Undrawn formal standby facilities credit lines and other commitments		-	-
Claims against the bank not acknowledged as debt		-	-
		-	-
Total off balance sheet items including contingent liabilities		<u>19,110,402,965</u>	<u>11,189,889,927</u>

The annexed notes 1 to 34 form an integral part of these financial statements.

President & Managing Director

Vice Chairman

Chairman

As per our annexed report of same date.

Dhaka, 30 April 2006

Auditors

Southeast Bank Limited
Profit and Loss Account
for the year ended 31 December 2005

	<u>Notes</u>	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Interest income	21	3,568,209,635	2,310,934,983
Interest paid on deposits, borrowings, etc.	22	<u>(2,642,644,440)</u>	<u>(1,749,949,937)</u>
Net interest income		925,565,195	560,985,046
Income from investment	23	289,330,007	253,501,261
Commission, exchange and brokerage	24	733,558,932	420,148,973
Other operating income	25	<u>98,450,143</u>	<u>58,909,635</u>
Total operating income		<u>2,046,904,277</u>	<u>1,293,544,915</u>
Salaries and allowances	26	261,946,701	174,962,607
Rent, taxes, insurance, lighting, etc.	27	69,472,542	122,525,561
Postage, stamp, telegram and telephone	28	39,665,019	27,342,836
Audit fees		250,000	200,000
Legal expenses		188,798	226,002
Stationery, printing, advertisement, etc.	29	24,811,813	20,848,270
Directors' fees and expenses	30	839,611	1,121,300
Managing Director's remuneration	31	2,280,000	3,833,872
Depreciation on and repairs to Bank's property	32	46,457,952	38,935,342
Other expenses	33	<u>127,555,589</u>	<u>94,886,255</u>
Total operating expense		<u>573,468,025</u>	<u>484,882,045</u>
Profit before provisions		1,473,436,252	808,662,870
Provisions:			
For loans and advances		542,440,000	264,600,000
For diminution in value of investment		10,800,000	88,000
Other provisions		3,800,000	1,769,807
Total provisions		<u>557,040,000</u>	<u>266,457,807</u>
Profit before tax		916,396,252	542,205,063
Provision for corporate tax:	13.4		
Current		543,275,000	247,514,000
Deferred		(1,082,600)	-
		<u>542,192,400</u>	<u>247,514,000</u>
Profit after tax		374,203,852	294,691,063
Retained surplus:			
Brought forward from previous year		3,339,634	30,237,571
Adjustment in respect of earlier years		1,370,662	-
		<u>4,710,296</u>	<u>30,237,571</u>
Retained surplus before appropriation		378,914,148	324,928,634
Appropriations:			
Statutory reserve		183,279,000	108,441,000
Proposed issue of bonus shares		176,061,600	203,148,000
Amount transferred to SBL Foundation		-	10,000,000
		<u>359,340,600</u>	<u>321,589,000</u>
Unappropriated profit for the year		<u>19,573,548</u>	<u>3,339,634</u>
Earnings per ordinary share		<u>42.51</u>	<u>43.52</u>

The annexed notes 1 to 34 form an integral part of these financial statements.

President & Managing Director

Vice Chairman

Chairman

As per our annexed report of same date.

Dhaka, 30 April 2006

Auditors

Southeast Bank Limited

Statement of Cash Flow for the year ended 31 December 2005

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
A) Cash flows from operating activities:		
Interest receipts	3,531,463,708	2,330,054,902
Interest payment	(2,642,644,440)	(1,749,949,937)
Dividend receipts	23,551,714	13,721,616
Income from Investment in approved securities	243,171,507	163,846,993
Fee and commission receipts	733,558,932	420,148,973
Payment to employees	(230,904,925)	(172,481,669)
Payment to suppliers	(26,855,647)	(20,318,445)
Income taxes paid	(297,843,317)	(292,075,349)
Receipts from other operating activities	97,125,522	58,909,635
Payments for other operating activities	(246,488,965)	(254,259,411)
<i>Operating profit before changes in operating assets and liabilities (i)</i>	1,184,134,089	497,597,308
 Increase/decrease in operating assets and liabilities:		
Sale of trading securities	134,656,520	147,815,797
Purchase of trading securities	(402,671,640)	(76,630,750)
Loans and advances to customers	(10,549,385,890)	(6,460,206,979)
Other assets	(334,681,784)	(52,704,310)
Deposits from other banks	(2,127,387,500)	1,697,500,000
Deposits from customers	10,309,485,119	8,312,010,708
Other liabilities	40,454,111	3,464,218
<i>Cash received from operating assets and liabilities (ii)</i>	(2,929,531,064)	3,571,248,684
<i>Net cash inflow from operating activities (i+ii)</i>	<u>(1,745,396,975)</u>	<u>4,068,845,992</u>
 B) Cash flows from investing activities:		
Proceeds from sale of securities	9,778,608,379	1,755,555,000
Payment for purchase of securities	(11,420,000,000)	(2,359,434,842)
Purchase of fixed assets	(148,119,660)	(147,111,475)
Sale of fixed assets	72,719,476	90,052,045
<i>Net cash inflow from investing activities</i>	<u>(1,716,791,805)</u>	<u>(660,939,272)</u>
 C) Cash flows from financing activities:		
Payment of dividend	-	(112,860,000)
<i>Net cash flow from financing activities</i>	<u>-</u>	<u>(112,860,000)</u>
 D) Net increase in cash and cash equivalents (A+B+C)	(3,462,188,780)	3,295,046,720
E) Cash and cash equivalents at beginning of the year	6,889,868,216	3,594,821,496
F) Cash and cash equivalents at end of the year (D+E)	<u><u>3,427,679,436</u></u>	<u><u>6,889,868,216</u></u>
 Cash and cash equivalents:		
Cash in hand and balance with Bangladesh Bank	2,286,500,564	1,199,922,245
Balance with other banks and financial institutions	341,178,872	1,099,945,971
Money at call and short notice	800,000,000	4,590,000,000
	<u><u>3,427,679,436</u></u>	<u><u>6,889,868,216</u></u>

Southeast Bank Limited

Statement of Changes in Equity for the year ended 31 December 2005

	<u>Paid up capital</u> <u>Taka</u>	<u>Proposed issue of bonus shares</u> <u>Taka</u>	<u>Statutory reserve</u> <u>Taka</u>	<u>Other reserves</u> <u>Taka</u>	<u>Retained earnings</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Balance at 1 January 2005	677,160,000	203,148,000	513,936,000	31,854,046	3,339,634	1,429,437,680
Prior years adjustment	-	-	-	-	1,370,662	1,370,662
Profit for the year	-	-	-	-	374,203,852	374,203,852
Movement during the period:						
Revaluation reserve	-	-	-	231,662,460	-	231,662,460
Bonus shares issued for 2004	203,148,000	(203,148,000)	-	-	-	-
Proposed issue of bonus shares for 2005	-	176,061,600	-	-	(176,061,600)	-
Transfer to statutory reserve	-	-	183,279,000	-	(183,279,000)	-
Balance at 31 December 2005	<u>880,308,000</u>	<u>176,061,600</u>	<u>697,215,000</u>	<u>263,516,506</u>	<u>19,573,548</u>	<u>2,036,674,654</u>

Southeast Bank Limited

Notes to the Financial Statements for the year ended 31 December 2005

1. The Bank and its activities

Southeast Bank Limited is a scheduled commercial bank in the private sector established under the Bank Companies Act 1991 and incorporated in Bangladesh as a public limited company in the Companies Act 1994 to carry out banking business in Bangladesh.

The bank has 31 branches, with no overseas branch as on 31 December 2005. Out of the above 31 branches, 5 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. Southeast Bank Limited offers services for all commercial banking needs of the customers, which includes deposit banking, loans and advances, export import financing, inland and international remittance facility, etc.

2. Significant accounting policies

2.1 Basis of preparation of the financial statements

2.1.1 Conventional banking

The financial statements of the bank are made upto 31 December each year and are prepared under the historical cost convention and in accordance with the First Schedule (Sec. 38) of the Bank Companies Act 1991, Bangladesh Bank Circulars, Bangladesh Accounting Standard (BAS) 30, the Companies Act 1994, the Securities and Exchange Rules 1987 and other laws and regulations applicable in Bangladesh on a going concern basis.

2.1.2 Islamic banking

The bank operates Islamic banking in five branches designated for the purpose in complying with the rules of Islamic Shariah. The financial statements of the branches have also been prepared as per Bank Companies Act 1991, Bangladesh Accounting Standards (BAS), Financial Accounting Standard issued by the Accountancy and Auditing Organisation for Islamic Financial Institutions for which a separate set of books and records are being maintained.

2.2 Consolidation

A separate set of records for consolidating the statement of affairs and income and expenditure statements of the branches were maintained at the Head Office of the Bank in Dhaka based on which these financial statements have been prepared.

2.3 Fixed assets and their depreciation

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

<u>Category of the assets</u>	<u>Rate of depreciation</u>
Land	Nil
Building	10%
Furniture and fixtures	10%
Electrical installation including computer	20%
Typewriter, adding and calculating machine	20%
Vehicles	20%

Depreciation has been charged from the month of purchase and in case of sale upto the month of sale.

2.4 Leasehold assets

As per BAS-17 "Lease", all fixed assets taken on lease has been accounted for as finance lease from this year whereas those were being recognised as operating lease in the earlier years. Details of leased assets have been shown in note 9 to the financial statements.

2.5 Foreign currency conversion

Transactions in foreign currencies are translated into Bangladeshi Taka and recorded at the ruling exchange rates applicable on the date of transaction.

- i) Assets and liabilities denominated in foreign currency are translated into Taka at the weighted average rates at the balance sheet date.
- ii) Transactions in foreign currencies are converted into Taka currency at the rate of exchange prevailing on the dates of such transactions and any gains or losses thereon are adjusted to revenue through foreign exchange trading account.

2.6 Advances and provisions

Advances are stated at gross value.

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, BRPD Circular no. 9 dated 14 May 2001, BRPD Circular no. 02 dated 15 February 2005, BRPD Circular no. 09 dated 20 August 2005 and BRPD Circular no. 17 dated 6 December 2005. The classification rates are given below:

<u>Particulars</u>	<u>Rate</u>
General provision on unclassified loans and advances	1%
General provision on special mention account	5%
General provision on small enterprise	2%
General provision on consumer financing	2%
Specific provision on substandard loans and advances	20%
Specific provision on doubtful loans and advances	50%
Specific provision on bad/loss loans and advances	100%

2.7 Retirement benefit schemes

The Bank operates a contributory provident fund, a superannuation and a gratuity scheme. Gratuity in respect of all eligible employees at the end of each year is determined on the basis of existing rules and regulations of the Bank and provided for in the accounts.

2.8 Taxation

Provision for income tax has been made in the accounts as per Finance Act 2005.

2.9 Deferred taxation

The Bank has adopted deferred tax accounting policy as per Bangladesh Accounting Standard. Accordingly deferred tax liability/asset is accounted for all temporary timing differences arising between the tax base of the assets and liabilities and their carrying value for financial reporting purposes.

2.10 Changes in accounting policy and estimate

2.10.1 Change in accounting policy for land and building

- (a) Land and building were previously shown together in one account as "land and buildings". In the year 2005, separate account has been maintained for land and building. For the purpose value of land and buildings acquired upto 31 December 2004 has been segregated and shown under the respective account.
- (b) Land and building shown together was previously depreciated @ 10%. Land being not a depreciable asset the bank has adopted the policy not to charge depreciation on land. This change in accounting policy in 2005 is applied retrospectively and adjustments relating to prior periods regarding depreciation aggregating to Tk 19,202,658 charged earlier on land are made to opening balance of retained earnings.

2.10.2 Change in accounting estimate

The Bank has previously charged depreciation @ 10% on the value of land and buildings. During the year 2005 the value of land and buildings has been shown and accounted for separately and adopted the policy to charge depreciation on buildings @ 5% instead of 10% charged earlier. Net effect due to the change of the estimate works out at Tk 4,871,681 resulting increase of profit for the year 2005 to the extent of this amount.

2.11 Investments

Value of investment has been enumerated as follows:

<u>Items</u>	<u>Applicable accounting value</u>
- Government treasury bill	- At face value (including unearned interest)
- T&T treasury bond	- At face value
- Prize bond	- At cost
- Bangladesh Government treasury bond	- At face value
- Zero coupon bond	- At face value
- Investment in shares (quoted)	- At cost or market value at the balance sheet date whichever is lower.

2.12 Revenue recognition

2.12.1 Interest income

The interest receivable is recognized on accrual basis. Interest on loans and advances ceases to be taken into income when such advances are classified. It is then kept in interest suspense account. Interest on classified advances is accounted for on a cash receipt basis.

2.12.2 Profit on investment (Islamic banking)

Mark-up on investment is taken into income account proportionately from profit receivable account. Overdue charge/compensation on classified investments transferred to profit suspense account instead of income account.

2.12.3 Investment income

Income on investments is recognized on accrual basis.

2.12.4 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.

2.12.5 Dividend income on shares

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

2.12.6 Interest paid and other expenses (conventional banking)

Interest paid and other expenses are recognized on accrual basis.

2.12.7 Profit paid on deposits (Islamic banking)

Profit paid to mudaraba deposits are recognised on accrual basis as per provisional rate.

3. Cash

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
In hand:		
Local currency	252,378,383	179,960,285
Foreign currencies	14,086,872	1,584,058
	<u>266,465,255</u>	<u>181,544,343</u>
Balance with Bangladesh Bank:		
Local currency	1,893,542,971	911,996,705
Foreign currencies	107,483,344	95,463,610
	<u>2,001,026,315</u>	<u>1,007,460,315</u>
Balance with Sonali Bank (as agent of Bangladesh Bank):		
Local currency	19,008,994	10,917,587
	<u>2,286,500,564</u>	<u>1,199,922,245</u>

3.1 The Cash Reserve Requirement (CRR) and the Statutory Liquidity Requirement (SLR) and deposits thereagainst with Bangladesh Bank and Sonali Bank at 31 December 2005 are as follows:

3.1.1 Cash Reserve Requirement (CRR):

5% of required Average Demand and Time Liabilities:

Required reserve	1,674,111,300	792,817,120
Actual reserve held	<u>1,893,542,971</u>	<u>911,996,705</u>
Surplus	<u>219,431,671</u>	<u>119,179,585</u>

3.1.2 Statutory Liquidity Requirement (SLR):

13% of required Average Demand and Time Liabilities:

Required reserve	4,352,689,380	2,378,451,360
Actual reserve held	<u>4,967,768,593</u>	<u>3,185,848,440</u>
Surplus	<u>615,079,213</u>	<u>807,397,080</u>
Total surplus	<u>834,510,884</u>	<u>926,576,665</u>

4. Balance with other banks and financial institutions

Inside Bangladesh (Note 4.1)	276,383,561	1,064,420,587
Outside Bangladesh (Note 4.2)	64,795,311	35,525,384
	<u>341,178,872</u>	<u>1,099,945,971</u>

4.1 Inside Bangladesh

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Current account with:		
Sonali Bank	2,231,672	6,411,197
Agrani Bank	6,991,179	155,952
Arab Bangladesh Bank Limited	546,457	21,384
The Commercial Bank of Ceylon Limited	22,497	531,743
National Bank Limited	983,380	397
Janata Bank	2,189,879	-
Pubali Bank Limited	3,217,448	-
Rupali Bank Limited	3,464,453	-
United Commercial Bank Limited	2,308,457	-
Bangladesh Krishi Bank	346,784	-
Al-Arafah Islami Bank Limited	724,414	-
The Oriental Bank Limited	318,482	-
Islami Bank Bangladesh Limited	1,993,491	-
Bank Asia Limited	6,029,529	-
	<u>31,368,122</u>	<u>7,120,673</u>
Short term deposits account with:		
The City Bank Limited	1,245,004	31,093
Arab Bangladesh Bank Limited	32,708	4,995
Eastern Bank Limited	164,103	165,378
Uttara Bank Limited	(59,911)	7,504,449
EXIM Bank Limited	131,360	123,014
Pubali Bank Limited	1,244,549	37,611
National Bank Limited	544	1,368
Sonali Bank	9,496,307	12,385,756
Standard Chartered Bank	1,665,640	1,000,000
Social Investment Bank Limited	1,095,135	1,046,250
	<u>15,015,439</u>	<u>22,299,914</u>
Fixed deposits with other banks:		
First Security Bank Limited	-	50,000,000
National Bank of Pakistan	-	70,000,000
Bangladesh Krishi Bank	-	10,000,000
The City Bank Limited	-	50,000,000
Prime Bank Limited	-	100,000,000
	-	<u>280,000,000</u>
Fixed deposits with financial institutions:		
Bay Leasing and Investment Limited	130,000,000	30,000,000
International Leasing and Financial Services Limited	100,000,000	150,000,000
Phoenix Leasing Company Limited	-	150,000,000
Bangladesh Industrial Finance Company Limited	-	25,000,000
International Development Leasing Company Ltd.	-	200,000,000
United Leasing Company Limited	-	200,000,000
	<u>230,000,000</u>	<u>755,000,000</u>
	<u><u>276,383,561</u></u>	<u><u>1,064,420,587</u></u>

4.2 Outside Bangladesh

	Currency	2005			2004		
		Amount in foreign currency	Conversion rate per unit F.C.	Amount Taka	Amount in foreign currency	Conversion rate per unit F.C.	Amount Taka
In demand deposit accounts (interest bearing) with:							
American Express Bank, New York	USD	88,997	66.2125	5,892,714	547,970	60.7423	33,284,951
Standard Chartered Bank, New York	USD	(1,217,790)	66.2125	(80,632,920)	65,330	60.7423	3,968,267
Citibank, New York	USD	(969,937)	66.2125	(64,221,954)	(409,222)	60.7423	(24,857,095)
HSBC, New York	USD	1,378,558	66.2125	91,277,772	(65,177)	60.7423	(3,959,002)
Mashreq Bank PLC, New York	USD	(216,574)	66.2125	(14,339,906)	-	-	-
* Wachovia Bank, New York	USD	64,059	66.2125	4,241,507	-	-	-
* Citibank AG, Frankfurt, Germany	EUR	(36,182)	78.4088	(2,836,987)	-	-	-
* Standard Chartered Bank, London	GBP	417,421	113.9054	47,546,506	-	-	-
American Express Bank, Kolkata	ACUD	-	-	-	(15,426)	60.7423	(937,019)
Standard Chartered Bank, Kolkata	ACUD	10,369	66.2125	686,557	48,249	60.7423	2,930,753
Arab Bangladesh Bank Ltd., Mumbai	ACUD	364,227	66.2125	24,116,340	49,555	60.7423	3,010,086
ICICI Bank, Mumbai	ACUD	315,097	66.2125	20,863,360	(258,050)	60.7423	(15,674,541)
				<u>32,592,989</u>			<u>(2,233,600)</u>
In demand deposit accounts (non interest bearing) with:							
Bank of Nova Scotia, Toronto, Canada	CAD	3,090	56.7665	175,408	-	-	-
Bank of Tokyo Mitsubishi, Tokyo	JPY	-	-	-	2,401,949	0.5850	1,405,181
Sonali Bank, Kolkata	ACUD	82,425	66.2125	5,457,565	29,890	60.7423	1,815,567
Standard Chartered Bank, Karachi	ACUD	144,837	66.2125	9,590,020	82,376	60.7423	5,003,678
Standard Chartered Bank, Sri Lanka	ACUD	1,561	66.2125	103,358	708	60.7423	43,024
Nepal Bangladesh Bank Ltd., Nepal	ACUD	12,915	66.2125	855,134	12,915	60.7423	784,487
Citibank, N.A., Mumbai	ACUD	12,219	66.2125	809,051	7,938	60.7423	482,157
Bank of Bhutan, Pheunthsholing	ACUD	4,945	66.2125	327,419	29,025	60.7423	1,763,045
Bank of Tokyo Mitsubishi, Kolkata	ACUD	29,136	66.2125	1,929,167	29,136	60.7423	1,769,807
United Bank of India, Kolkata	ACUD	-	-	-	45,267	60.7423	2,749,597
American Express Bank Ltd., Kolkata	ACUD	88,500	66.2125	5,859,806	-	-	-
Sumitomo Mitsui Banking Corp.	JPY	985,941	0.5613	553,409	-	-	-
Dresdner Bank, Frankfurt	EUR	65,027	78.4088	5,098,689	93,466	82.6460	7,724,616
UBS, Zurich	CHF	27,730	50.3100	1,395,096	7,874	53.5646	421,744
National Australia Bank Ltd., Melbourne	AUD	1,000	48.2000	48,200	-	-	-
Standard Chartered Bank, London	GBP	-	-	-	47,452	116.5523	5,530,619
Citibank AG, Frankfurt, Germany	EUR	-	-	-	78,264	82.6460	6,468,164
Wachovia Bank, New York	USD	-	-	-	29,589	60.7423	1,797,298
				<u>32,202,323</u>			<u>37,758,984</u>
				<u>64,795,311</u>			<u>35,525,384</u>

* Deposits with these banks from the year 2005 bear interest while previously these were non-interest bearing.

4.3 Maturity grouping of balance with other banks and financial institutions

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
On demand	210,083,737	64,945,971
Not more than three months	101,095,135	270,000,000
More than three months but not more than six months	-	25,000,000
More than six months but not more than one year	30,000,000	740,000,000
More than one year but less than five years	-	-
Above five years	-	-
	<u>341,178,872</u>	<u>1,099,945,971</u>

5. Money at call and short notice

In bank:

The Oriental Bank Limited	30,000,000	200,000,000
Sonali Bank	50,000,000	-
	<u>80,000,000</u>	<u>200,000,000</u>

In non-banking financial institutions (public and private):

Oman Bangladesh Leasing and Finance Limited	-	200,000,000
Phoenix Leasing Company Limited	-	50,000,000
Bangladesh Finance and Investment Company Limited	-	500,000,000
Industrial Promotion and Development Co. of Bangladesh Ltd.	-	1,000,000,000
Industrial and Infrastructure Development Finance Co. Ltd.	-	300,000,000
Delta Brac Housing Finance Corporation Limited	-	800,000,000
Fidelity Assets	-	300,000,000
International Leasing and Financial Services Limited	50,000,000	350,000,000
Bay Leasing and Investment Limited	230,000,000	390,000,000
Bangladesh Industrial Finance Company Limited	10,000,000	100,000,000
Premier Leasing	-	100,000,000
Investment Corporation of Bangladesh	350,000,000	-
Lanka - Bangla Finance Company Ltd. (formerly Vanik)	40,000,000	300,000,000
Fareast Leasing Company Limited	40,000,000	-
	<u>720,000,000</u>	<u>4,390,000,000</u>
	<u>800,000,000</u>	<u>4,590,000,000</u>

6. Investment

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Government securities:		
Treasury bills - at face value		
28 days Treasury Bills	500,000,000	-
91 days Treasury Bills	600,000,000	-
182 days Treasury Bills	200,000,000	-
364 days Treasury Bills	-	320,000,000
2 Years Treasury Bills	860,000,000	1,110,000,000
5 Years Treasury Bills	720,000,000	720,000,000
	<u>2,880,000,000</u>	<u>2,150,000,000</u>
Add: Reverse repo with other banks	320,000,000	-
	<u>3,200,000,000</u>	<u>2,150,000,000</u>
Prize Bonds	3,811,000	2,922,900
T & T Treasury Bond	350,000,000	150,000,000
Bangladesh Government Treasury Bond	1,021,000,000	595,000,000
	<u>4,574,811,000</u>	<u>2,897,922,900</u>
Others:		
Shares in quoted companies	377,416,327	93,730,698
Shares in unquoted companies	123,500,000	123,500,000
Zero Coupon Bond	50,113,000	76,897,000
Less: Provision for diminution in the market value of shares	(12,701,823)	(1,901,823)
	<u>538,327,504</u>	<u>292,225,875</u>
	<u>5,113,138,504</u>	<u>3,190,148,775</u>

6.1 Maturity grouping of investment as follows:

On demand	368,525,504	94,751,775
Not more than three months	1,782,855,000	-
More than three months but not more than one year	882,489,000	320,000,000
More than one year but not more than five years	1,408,269,000	2,378,897,000
Above five years	671,000,000	396,500,000
	<u>5,113,138,504</u>	<u>3,190,148,775</u>

6.2 Cost and market value of investment as at 31 December 2005

	<u>No. of</u> <u>shares</u>	<u>Cost price</u> <u>Taka</u>	<u>Market price</u> <u>Taka</u>
Government :			
Treasury Bills		3,200,000,000	3,200,000,000
T & T Treasury Bond		350,000,000	350,000,000
Bangladesh Government Treasury Bond		1,021,000,000	1,021,000,000
Prize Bonds		3,811,000	3,811,000
		<u>4,574,811,000</u>	<u>4,574,811,000</u>
Un-quoted shares and bond:			
Industrial & Infrastructure Development Finance Co. Ltd.	100,000	11,500,000	11,500,000
Shares in Karmasangsthan Bank	100,000	10,000,000	10,000,000
United Cement Industries Ltd. (HOLCIM)	100	100,000,000	100,000,000
Central Depository Bangladesh Ltd.	2	2,000,000	2,000,000
Zero Coupon Bond (IIDFCL)		20,000,000	20,000,000
Zero Coupon Bond (IPDC)		30,113,000	30,113,000
		<u>173,613,000</u>	<u>173,613,000</u>

Quoted shares:

	Type of market category	No. of shares	Cost price	Market price
			Taka	Taka
National Tea Co. Ltd.	A	64,568	51,262,660	44,874,760
Dhaka Bank Ltd.	A	1,200	528,881	562,500
NCC Bank Ltd.	A	11,650	3,620,663	3,640,625
Prime Bank Ltd.	A	57,756	38,184,195	39,216,324
National Bank Ltd.	A	8,502	5,818,510	6,319,112
Lafarge Surma Cement Company Ltd.	G	35,000	14,633,256	14,560,000
Exim Bank Limited	A	356,200	180,493,096	181,483,900
Arab Bangladesh Bank Limited	B	12,930	5,129,118	4,716,218
Eastland Insurance Company Ltd.	A	7,500	3,515,568	1,800,000
Reliance Insurance Company Ltd.	A	260	160,800	98,800
Rupali Insurance Company Ltd.	A	800	347,353	152,000
United Insurance Company Ltd.	A	890	681,591	574,273
Beximco Pharmaceutical Ltd.	A	148,341	8,473,465	8,574,110
Square Pharmaceutical Ltd.	A	4,500	10,770,285	10,990,125
Olympic Industries Ltd.	A	7,110	1,725,468	888,750
Qashem Drycell Ltd.	A	30,000	698,375	357,000
The City Bank Ltd.	A	2,000	1,046,482	1,532,500
ICB Islamic Mutual Fund	A	27,500	3,623,767	3,327,500
IDLC of Bangladesh Ltd.	A	1,660	1,607,472	1,676,185
Mercantile Bank Ltd.	A	28,800	10,892,606	11,347,200
Midas Finance Ltd.	A	14,000	3,579,420	3,654,000
Mutual Trust Bank Ltd.	A	1,500	565,403	660,000
Standard Bank Ltd.	A	12,500	4,078,936	4,268,750
Uttara Finance and Investment Ltd.	A	1,100	941,128	756,800
Mercantile Insurance Co. Ltd.	A	1,000	178,739	91,500
Eastern Cables Company Ltd.	A	12,070	3,203,651	2,516,595
H. R. Textile Ltd.	B	2,078	207,800	116,368
Orion Infusion Industries Limited	Z	5,180	848,200	789,950
Padma Textile Ltd.	A	43,750	1,293,194	958,125
Singer Bangladesh Ltd.	A	100	592,655	100,100
STD Ceramic Industries Ltd.	A	263	39,450	23,802
ICB AMCL	A	2,000	483,908	488,000
Bank Asia Ltd.	A	40,000	1,917,129	19,440,000
One Bank Ltd.	A	11,700	3,375,224	3,425,175
Premier Leasing International Ltd.	A	2,000	638,175	573,000
Summit Power Company Ltd.	A	15,000	6,563,690	6,390,000
Popular Life Insurance Ltd.	B	5,550	4,023,455	4,137,525
Meghna Life Insurance Ltd.	A	1,000	430,153	440,000
Islamic Finance & Investment Ltd.	A	40,000	1,242,406	12,270,000
			<u>377,416,327</u>	<u>397,791,572</u>
Less: Provision for diminution in the market value of shares			12,701,823	-
			<u>364,714,504</u>	<u>397,791,572</u>
			<u>5,113,138,504</u>	<u>5,146,215,572</u>

7. Loans and advances/investment

	<u>2005</u>	<u>2004</u>
	<u>Taka</u>	<u>Taka</u>
Loans, cash credits and overdrafts, etc.:		
Inside Bangladesh:		
Cash credit and overdrafts	8,616,917,797	6,028,724,346
Demand loan	278,427,739	-
Time loan	4,236,896,222	3,643,256,352
Term loan	9,553,595,048	5,806,803,323
Consumer credit scheme	164,440,590	141,676,242
Bills against letter of credit (BLC)	483,179,678	444,744,880
Loan against Imported Merchandise (LIM)	344,476	-
Loan against trust receipt (LTR)	4,715,890,654	3,638,994,156
Advances - Packing credit (PC)	153,792,269	140,126,080
Car loan - Staff	1,265,137	3,328,298
House building loan - Staff	121,347,446	101,066,886
Loan - Credit card	59,850,999	-
Loan against foreign bills	75,467,843	12,018,233
	<u>28,461,415,898</u>	<u>19,960,738,796</u>
Investment - IBBs:		
Bai-Muajjal - Investment	366,759,643	166,861,807
Murabaha - Investment	181,415,577	38,441,026
Hire purchase - Investment	480,288,757	76,863,739
Quard against MTDR	53,366,753	4,909,113
	<u>1,081,830,730</u>	<u>287,075,685</u>
	29,543,246,628	20,247,814,481
Outside Bangladesh	-	-
	<u>29,543,246,628</u>	<u>20,247,814,481</u>
Bills discounted and purchased (excluding treasury bills):		
Payable in Bangladesh	2,477,895,164	1,588,507,645
Payable outside Bangladesh	529,948,000	165,381,776
	<u>3,007,843,164</u>	<u>1,753,889,421</u>
	<u>32,551,089,792</u>	<u>22,001,703,902</u>
7.1 As per the remaining maturity grouping in the following order:		
On demand	3,187,608,792	1,703,395,902
Less than three months	10,082,075,000	5,375,182,000
More than three months but less than one year	9,921,887,000	9,723,436,000
More than one year but less than five years	8,449,613,000	4,487,021,000
More than five years	909,906,000	712,669,000
	<u>32,551,089,792</u>	<u>22,001,703,902</u>

7.2 Concentration of loans and advances

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Advances to allied concerns of directors	33,278,000	29,649,570
Advances to chief executive and other senior executives	88,665,000	34,823,000
Advances to large and medium industries	5,847,923,000	4,037,100,000
Advances to small and cottage industries	62,089,000	119,800,000
Advances to customers' group	26,519,134,792	17,780,331,332
	<u>32,551,089,792</u>	<u>22,001,703,902</u>

Number of clients, with amount of outstanding and classified loans, to whom loans and advances sanctioned more than 10% of total capital of the bank:

Number of the clients	56	37
Amount of outstanding advances (Tk)	17,067,422,000	10,513,900,000
Amount of classified advances (Tk)	-	-
Amount of recovery/rescheduling thereon (Tk)	-	-

7.3 Sector-wise allocation of loans and advances

	<u>2005</u>		<u>2004</u>	
	% of <u>Total loan</u>	<u>Taka</u>	% of <u>Total loan</u>	<u>Taka</u>
Agriculture, fishing, forestry and dairy firm	0.00%	-	0.00%	-
Industry (jute, textiles, garments, chemicals, cements, etc.)	16.30%	5,307,000,000	10.97%	2,413,100,000
Working capital financing	12.29%	4,001,800,000	7.45%	1,638,200,000
Export credit	8.51%	2,770,500,000	3.29%	724,100,000
Commercial credit	51.76%	16,847,700,000	72.32%	15,911,803,902
Small and cottage industries	0.21%	66,800,000	0.48%	105,600,000
Miscellaneous	10.93%	3,557,289,792	5.49%	1,208,900,000
	<u>100.00%</u>	<u>32,551,089,792</u>	<u>100.00%</u>	<u>22,001,703,902</u>

7.4 Geographical location-wise allocations of loans and advances

Urban:

Dhaka region	68.30%	22,230,945,972	61.16%	13,456,495,054
Chittagong region	23.53%	7,657,043,602	30.16%	6,635,095,277
Sylhet region	6.11%	1,990,389,138	7.16%	1,577,662,266
Khulna region	0.82%	266,575,375	1.00%	218,968,211
	<u>98.76%</u>	<u>32,144,954,087</u>	<u>99.48%</u>	<u>21,888,220,808</u>

Rural:

Dhaka region	0.02%	7,274,470	0.00%	-
Chittagong region	0.91%	297,441,927	0.32%	70,086,729
Sylhet region	0.31%	101,419,308	0.20%	43,396,365
Khulna region	0.00%	-	0.00%	-
	<u>1.24%</u>	<u>406,135,705</u>	<u>0.52%</u>	<u>113,483,094</u>
	<u>100.00%</u>	<u>32,551,089,792</u>	<u>100.00%</u>	<u>22,001,703,902</u>

7.5 Classification of loans and advances

	2005		2004	
	% of total loan	Taka	% of total loan	Taka
Unclassified	95.48%	31,079,799,481	95.04%	20,910,296,784
Special mention account (SMA)	0.15%	49,048,043	0.00%	-
Substandard	0.19%	63,288,087	2.06%	452,806,475
Doubtful	1.33%	431,208,046	1.70%	373,573,914
Bad/loss	2.85%	927,746,135	1.20%	265,026,729
	100.00%	32,551,089,792	100.00%	22,001,703,902

7.6 Particulars of loans and advances

	2005 Taka	2004 Taka
i) Debts considered good in respect of which the bank is fully secured;	26,599,454,792	18,196,456,471
ii) Debts considered good for which the bank holds no other security than the debtors' personal security;	2,107,866,000	970,530,381
iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors;	3,843,769,000	2,834,717,050
iv) Debts considered doubtful or bad, not provided for	-	-
	<u>32,551,089,792</u>	<u>22,001,703,902</u>
v) Debts due by directors or officers of the bank or any of them either severally or jointly with any other persons;	115,496,000	97,176,943
vi) Debts due by companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or, in case of private companies, as members;	33,278,000	29,649,570
vii) Maximum total amount of advances, including temporary advances made any time during the year to directors or managers or officers of the bank or any of them either severally or jointly with any other persons;	122,312,000	169,221,720
viii) Maximum total amount of advances, including temporary advances granted during the year to companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in case of private companies, as members;	33,278,000	30,321,570
ix) Due from banking companies;	-	-
x) Classified loan for which interest/profit not charged		
(a) Increase/decrease of provision (specific)	427,740,000	123,146,914
Amount of debts written off	18,700,000	76,853,086
Amount realised against the debts previously written off	-	-

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
(b) Provision against the debt classified as bad/loss at the date of balance sheet	629,529,000	131,000,000
(c) Amount of interest charged in suspense account	116,814,416	13,170,607
xi) Loans written off:		
- Current year	18,700,000	76,853,086
- Cumulative to-date	106,188,619	87,488,619
- The amount of written off loans for which lawsuit filed	1,336,266,319	993,301,771

7.7 Listing of assets pledged as security/collaterals

Nature of the secured assets

Fixed assets	18,821,103,000	12,132,900,000
Cash and quasi-cash	3,410,353,000	4,102,300,000
Others	8,906,395,000	2,019,000,000
	<u>31,137,851,000</u>	<u>18,254,200,000</u>

8. Bills discounted and purchased

Bills discounted and purchased excluding treasury bills:

Inside Bangladesh	2,477,895,164	1,588,507,645
Outside Bangladesh	529,948,000	165,381,776
	<u>3,007,843,164</u>	<u>1,753,889,421</u>

8.1 Maturity grouping of bills discounted and purchased

Within one month	1,395,111,164	35,855,421
More than one month but less than three months	1,230,351,000	1,344,297,000
More than three months but less than six months	357,515,000	359,634,000
More than six months	24,866,000	14,103,000
	<u>3,007,843,164</u>	<u>1,753,889,421</u>

9. Fixed assets

Category of assets	Cost					Rate of dep.	Depreciation				Written down value at 31 December 2005
	Balance at 1 January 2005	Additions during the year	Revalued during the year	Disposals during the year	Balance at 31 December 2005		Balance at 1 January 2005	Charged for the year	Adjustments for disposals etc.	Balance at 31 December 2005	
	Taka	Taka	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka	Taka
Own assets											
Office:											
Land	159,306,540	17,226,250	231,662,460	-	408,195,250	-	19,202,658	-	(19,202,658)	-	408,195,250
Buildings	109,212,527	34,006,312	-	-	143,218,839	10	11,778,925	4,871,681	-	16,650,606	126,568,233
Furniture and fixtures	53,265,671	65,406,700	-	(53,223,771)	65,448,600	10	2,643,595	1,792,825	(2,642,516)	1,793,904	63,654,696
Office appliances	1,593,217	16,800	-	(312,625)	1,297,392	20	1,187,357	95,267	(270,679)	1,011,945	285,447
Electrical appliances	21,891,336	29,516,598	-	(21,804,579)	29,603,355	20	2,152,654	2,559,250	(2,143,067)	2,568,837	27,034,518
Motor vehicles	2,549,065	27,000	-	(1,098,298)	1,477,767	20	2,071,515	-	(607,916)	1,463,599	14,168
	<u>347,818,356</u>	<u>146,199,660</u>	<u>231,662,460</u>	<u>(76,439,273)</u>	<u>649,241,203</u>		<u>39,036,704</u>	<u>9,319,023</u>	<u>(24,866,836)</u>	<u>23,488,891</u>	<u>625,752,312</u>
Residence of executives:											
Furniture and fixtures	780,290	325,000	-	(85,000)	1,020,290	10	282,762	85,163	(53,070)	314,855	705,435
Electrical appliances	7,807,834	1,595,000	-	(1,544,140)	7,858,694	20	3,356,993	925,884	(956,310)	3,326,567	4,532,127
	<u>8,588,124</u>	<u>1,920,000</u>	<u>-</u>	<u>(1,629,140)</u>	<u>8,878,984</u>		<u>3,639,755</u>	<u>1,011,047</u>	<u>(1,009,380)</u>	<u>3,641,422</u>	<u>5,237,562</u>
	<u>356,406,480</u>	<u>148,119,660</u>	<u>231,662,460</u>	<u>(78,068,413)</u>	<u>658,120,187</u>		<u>42,676,459</u>	<u>10,330,070</u>	<u>(25,876,216)</u>	<u>27,130,313</u>	<u>630,989,874</u>
Leased assets											
Furniture and fixtures	-	106,051,227	-	-	106,051,227	10	-	10,605,123	-	10,605,123	95,446,104
Electrical appliances	-	58,886,808	-	-	58,886,808	20	-	11,777,362	-	11,777,362	47,109,446
Motor vehicles	-	21,344,476	-	-	21,344,476	20	-	4,268,895	-	4,268,895	17,075,581
	<u>-</u>	<u>186,282,511</u>	<u>-</u>	<u>-</u>	<u>186,282,511</u>		<u>-</u>	<u>26,651,380</u>	<u>-</u>	<u>26,651,380</u>	<u>159,631,131</u>
Total 2005	<u>356,406,480</u>	<u>334,402,171</u>	<u>231,662,460</u>	<u>(78,068,413)</u>	<u>844,402,698</u>		<u>42,676,459</u>	<u>36,981,450</u>	<u>(25,876,216)</u>	<u>53,781,693</u>	<u>790,621,005</u>
Total 2004	<u>310,309,960</u>	<u>147,111,475</u>	<u>-</u>	<u>(101,014,955)</u>	<u>356,406,480</u>		<u>22,290,679</u>	<u>31,348,690</u>	<u>(10,962,910)</u>	<u>42,676,459</u>	<u>313,730,021</u>

Land acquired upto 30 November 2005 has been revalued on 21 December 2005 by a firm of professional valuers on the basis of open market value.

	Taka
Revalued amount of the land	408,195,250
Cost of the land acquired:	
Upto 31 December 2004	159,306,540
From 1 January to 30 November 2005	<u>17,226,250</u>
	<u>176,532,790</u>
Revaluation surplus	<u>231,662,460</u>

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
10. Other assets	<u>1,412,281,896</u>	<u>1,349,510,951</u>
10.1 Classification of other assets		
a) Income generating other assets	-	-
b) Non-income generating other assets:		
i) Investment in shares of subsidiary companies:		
- Inside Bangladesh	-	-
- Outside Bangladesh	-	-
ii) Stationery, stamps, printing materials, etc.	13,982,540	11,938,706
iii) Advance rent and advertisement	42,152,032	22,670,398
iv) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables	92,418,341	55,672,414
v) Security deposits	1,188,613	947,983
vi) Preliminary, formation and organisational expenses, renovation, development and prepaid expenses	2,479,352	48,999,681
vii) Branch adjustment (Note 10.2)	202,453,657	-
viii) Suspense account	18,273,122	15,132,997
ix) Silver	-	-
x) Others (Note 10.3)	1,039,334,239	1,194,148,772
	<u>1,412,281,896</u>	<u>1,349,510,951</u>

10.2 Branch adjustment

General accounts debit	5,739,817,101	-
General accounts credit	(5,537,363,444)	-
	<u>202,453,657</u>	<u>-</u>

Branch adjustments account represents outstanding interbranch and head office transactions (net) originated but yet to be responded by balance sheet date. However, the unrespondent entries of 31 December 2005 are given below:

	<u>No. of unrespondent entries</u>		<u>Unrespondent entries (Taka)</u>	
	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>
Upto 3 months	232	296	264,904,199	96,558,561
Over 3 months but within 6 months	24	28	40,358,912	6,250,894
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	<u>256</u>	<u>324</u>	<u>305,263,111</u>	<u>102,809,455</u>

10.3 Breakup of others

Advance tax paid	934,054,202	1,130,361,802
Accounts receivable - others	97,783,612	61,902,088
ATM teller account	5,774,100	1,411,000
DD paid without advice	639,725	473,882
Deferred tax	1,082,600	-
	<u>1,039,334,239</u>	<u>1,194,148,772</u>

11. Borrowing from other banks, financial institutions and agents

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Inside Bangladesh:		
Secured -		
Refinance from Bangladesh Bank	70,112,500	27,500,000
Unsecured -		
United Commercial Bank Ltd.	-	50,000,000
The City Bank Limited	-	150,000,000
Bangladesh Commerce Bank Ltd.	-	220,000,000
Premier Bank Ltd.	-	50,000,000
Agrani Bank	-	600,000,000
Sonal Bank	-	400,000,000
Janata Bank	-	250,000,000
Rupali Bank Ltd.	-	300,000,000
IFIC Bank Limited	-	120,000,000
Citibank N. A	-	30,000,000
	<u>70,112,500</u>	<u>2,197,500,000</u>
Outside Bangladesh	-	-
	<u>70,112,500</u>	<u>2,197,500,000</u>

11.1 Maturity grouping of borrowings

Repayable on demand	-	2,170,000,000
Repayable within one month	-	-
Over one month but within 6 months	-	-
Over six months but within one year	-	-
Over one year	70,112,500	27,500,000
	<u>70,112,500</u>	<u>2,197,500,000</u>

12. Deposits and other accounts

Inter-bank deposits (Note 12.1)	2,713,113,112	1,913,726,000
Other deposits (Note 12.2)	35,545,039,576	26,017,109,569
	<u>38,258,152,688</u>	<u>27,930,835,569</u>

12.1 Inter-bank deposits

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Pubali Bank Limited	150,000,000	-
Rupali Bank Limited	300,000,000	-
Uttara Bank Limited	200,000,000	200,000,000
Basic Bank Limited	300,000,000	50,000,000
Exim Bank Limited	4,461,000	2,255,000
IFIC Bank Limited	200,000	195,000
BRAC Bank Limited	2,148,000	17,274,000
Mercantile Bank Limited	69,000	53,000
Arab Bangladesh Bank Limited	48,000	49,000
Bank Asia Limited	282,000	283,000
Social Investment Bank Limited	150,422,000	-
National Bank Limited	350,000,000	100,000,000
Agrani Bank	800,000,000	300,000,000
Sonali Bank	-	200,000,000
Habib Bank Limited	-	90,000,000
Bangladesh Shilpa Rin Sangstha	30,100,000	81,006,000
Dhaka Bank Limited	8,015,000	9,519,000
The City Bank Limited	-	150,000,000
Bangladesh Shilpa Bank	50,000,000	-
Shahjalal Islami Bank Limited	200,514,000	-
Al-Arafah Islami Bank Limited	19,390,000	-
Islami Bank Bangladesh Limited	116,658,000	-
Prime Bank Limited	-	350,000,000
United Commercial Bank Limited	-	350,000,000
Accrued interest	30,806,112	13,092,000
	<u>2,713,113,112</u>	<u>1,913,726,000</u>

Analysis of residual maturity grouping of inter-bank deposits:

Payable on demand	8,015,000	9,519,000
Within one month	618,588,193	250,000,000
More than one month but less than six months	2,086,509,919	1,654,207,000
More than six months but less than one year	-	-
More than one year but less than five years	-	-
More than five years but less than ten years	-	-
	<u>2,713,113,112</u>	<u>1,913,726,000</u>

12.2 Other deposits

Analysis of residual maturity grouping of other deposits:

Payable on demand	3,768,292,688	2,358,419,569
Within one month	6,157,331,807	4,666,582,000
More than one month but less than six months	8,342,347,081	7,991,919,000
More than six months but less than one year	8,537,361,000	6,853,964,000
More than one year but less than five years	8,076,207,000	3,940,127,000
More than five years but less than ten years	663,500,000	206,098,000
	<u>35,545,039,576</u>	<u>26,017,109,569</u>

13. Other liabilities

	<u>Notes</u>	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Provision for classified advances	13.1	812,601,381	384,861,381
Provision for unclassified advances	13.2	316,000,000	220,000,000
Interest suspense	13.3	101,885,897	23,686,481
Provision for taxation	13.4	1,169,277,272	1,120,153,189
Amount transferred to SBL Foundation		-	10,000,000
Obligation under finance lease	13.5	149,312,722	-
Accrued expenses		3,402,469	2,493,373
Interest payable on borrowings		2,140,875	4,182,084
Accounts payable - Bangladesh Bank (local currency)		2,550,000	39,930,391
Accounts payable - Others		106,054,504	68,983,814
Provision for bonus		65,287,151	36,965,375
Provision for gratuity		49,085,550	39,343,000
Provision for others		5,569,807	1,769,807
Advance interest on treasury bills		107,285,931	197,604,139
Withholding tax on interest on deposits		39,167,232	7,202,876
Branch adjustment		-	29,812,706
Provision for audit fees		250,000	200,000
		<u>2,929,870,791</u>	<u>2,187,188,616</u>

13.1 Provision for classified loans and advances

Opening balance	384,861,381	261,714,467
Fully provided advances written off during the year	(18,700,000)	(76,853,086)
Specific provision for the year	<u>446,440,000</u>	<u>200,000,000</u>
Closing balance	<u>812,601,381</u>	<u>384,861,381</u>

13.2 Provision for unclassified loans and advances

Opening balance	220,000,000	155,400,000
1% General provision for the year	<u>96,000,000</u>	<u>64,600,000</u>
Closing balance	<u>316,000,000</u>	<u>220,000,000</u>

13.3 Interest suspense account

Opening balance	23,686,481	24,978,874
Interest suspense for the year	116,814,416	13,170,607
Interest suspense recovered during the year	(37,391,000)	(4,930,000)
Interest suspense written off during the year	<u>(1,224,000)</u>	<u>(9,533,000)</u>
Closing balance	<u>101,885,897</u>	<u>23,686,481</u>

13.4 Provision for taxation

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Balance, brought forward	1,120,153,189	872,639,189
Adjustment of tax provision in respect of assessment years 2001-2002 to 2003-2004 for which assessments have been completed and finalised	(494,150,917)	-
Provision for the year	<u>543,275,000</u>	<u>247,514,000</u>
Balance, carry forward	<u><u>1,169,277,272</u></u>	<u><u>1,120,153,189</u></u>

Provision for tax for the year 2005 (assessment year 2006-2007) has been made as per best estimate of the Tax Adviser of the company.

Assessment for the year 2004 (assessment year 2005-2006) is yet to be completed by the assessing officer.

Assessment for the year 2003 (assessment year 2004-2005) is under appeal preferred by the bank against tax department's demand for additional tax of Tk 15,419,589. Provision made in the accounts for the year is, however, adequate to cover the tax assessed by the DCT.

Assessments for the years 1999 to 2002 (assessment years 2000-2001 to 2003-2004) have been completed and finalised.

Assessments for the years 1997 and 1998 (assessment years 1998-1999 and 1999-2000) are under appeal with the High Court preferred by the bank against tax department's demand for additional tax of Tk 22,222,416 and Tk 28,781,692. Revised assessed tax exceeded the provision made in the accounts for these assessment years by Tk 37,486,223.

13.5 Obligation under finance lease

This represents obligation in respect of lease of:

Furniture and fixtures	91,869,713	-
Electrical appliances	49,496,098	-
Motor vehicles	7,946,911	-
	<u><u>149,312,722</u></u>	<u><u>-</u></u>

14. Share capital

14.1 Authorised:

<u>25,000,000</u> ordinary shares of Tk 100 each	<u><u>2,500,000,000</u></u>	<u><u>2,500,000,000</u></u>
--	-----------------------------	-----------------------------

14.2 Issued, subscribed and paid up:

4,150,000 ordinary shares of Tk 100 each issued for cash	415,000,000	415,000,000
<u>4,653,080</u> ordinary shares of Tk 100 each issued as bonus shares	<u>465,308,000</u>	<u>262,160,000</u>
<u>8,803,080</u>	<u><u>880,308,000</u></u>	<u><u>677,160,000</u></u>

Shareholding position was as follows:

	Number	Percentage	Face value/Taka	
			At 31 Dec. 2005	At 31 Dec. 2004
Sponsors	3,280,776	37%	328,077,600	256,303,900
Investment Corporation of Bangladesh	71,384	1%	7,138,400	8,272,000
ICB Investors A/c	846,054	9%	84,605,400	17,946,000
Financial institutions	977,954	11%	97,795,400	124,535,700
General public	3,560,144	41%	356,014,400	264,966,400
Foreign investors	66,768	1%	6,676,800	5,136,000
	<u>8,803,080</u>	<u>100%</u>	<u>880,308,000</u>	<u>677,160,000</u>

Classification of shareholders by holding:

	Number of holders		% of total holding	
	At 31 Dec. 2005	At 31 Dec. 2004	At 31 Dec. 2005	At 31 Dec. 2004
Less than 500 shares	4,842	3,834	6.66	6.80
501 to 5,000 shares	743	718	12.75	15.10
5,001 to 10,000 shares	45	46	4.24	5.10
10,001 to 20,000 shares	50	36	9.26	7.00
20,001 to 30,000 shares	14	18	5.30	6.50
30,001 to 40,000 shares	10	9	5.96	4.85
40,001 to 50,000 shares	9	13	5.59	8.51
50,001 to 100,000 shares	21	19	20.15	18.84
100,001 to 1,000,000 shares	16	11	30.09	27.30
Over 1,000,000 shares	-	-	-	-
	<u>5,750</u>	<u>4,704</u>	<u>100.00</u>	<u>100.00</u>

14.3 Name of directors and their shareholdings as on 31 December 2005

Name of directors	Status	Position as on 31.12.05	Position as on 31.12.04
Mr. Alamgir Kabir, FCA	Chairman	39,000 shares of Tk 100 each total Tk 3,900,000	30,000 shares of Tk 100 each total Tk 3,000,000
Tillaghar Holdings Limited Represented by Mr. Abdul Hye	Vice Chairman	39,000 shares of Tk 100 each total Tk 3,900,000	30,000 shares of Tk 100 each total Tk 3,000,000
MK Holdings Limited Represented by Mrs. Sultana Kashem	Director	39,000 shares of Tk 100 each total Tk 3,900,000	30,000 shares of Tk 100 each total Tk 3,000,000
AD Holdings Limited Represented by Mrs. Farzana Azim	Director	39,000 shares of Tk 100 each total Tk 3,900,000	30,000 shares of Tk 100 each total Tk 3,000,000
Bangla Capital Limited Represented by Mr. Tanveer Harun	Director	13,000 shares of Tk 100 each total Tk 1,300,000	12,000 shares of Tk 100 each total Tk 1,200,000
Mrs. Rehana Rahman	Director	108,176 shares of Tk 100 each total Tk 10,817,600	80,136 shares of Tk 100 each total Tk 8,013,600
National Securities & Consultants Ltd. Represented by Dr. Humayun Kabir	Director	17,004 shares of Tk 100 each total Tk 1,700,400	13,080 shares of Tk 100 each total Tk 1,308,000
Karnafuli Tea Co. Ltd. Represented by Mr. Md. Dewan Mustaq Majid	Director	1,560 shares of Tk 100 each total Tk 156,000	1,200 shares of Tk 100 each total Tk 120,000

14.4 Capital adequacy

Calculated as per BRPD Circular no. 10 issued by Bangladesh Bank on 25 November 2002 and subsequent amended Circular no. 3 dated 9 May 2004.

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Total assets of the bank including off-balance sheet items	<u>62,404,130,998</u>	<u>44,934,851,792</u>
Total risk weighted assets	<u>32,428,978,000</u>	<u>21,056,409,000</u>
Required capital @ 9% of risk weighted assets	<u>2,918,608,020</u>	<u>1,895,076,810</u>
Capital held:		
Core capital	<u>1,800,808,148</u>	<u>1,425,233,634</u>
Supplementary capital	<u>436,035,276</u>	<u>224,204,000</u>
	<u>2,236,843,424</u>	<u>1,649,437,634</u>
Surplus/(deficit)	<u>(681,764,596)</u>	<u>(245,639,176)</u>
Percentage of capital held against risk weighted assets	<u>6.90%</u>	<u>7.83%</u>

15. Proposed issue of bonus shares

8,803,080 ordinary shares of Tk 100 each proposed to be issued
@ 1 share per 5 shares held (2004: @ 3 shares per 10 shares held)

<u>176,061,600</u>	<u>203,148,000</u>
--------------------	--------------------

16. Statutory reserve

Balance brought forward	513,936,000	405,495,000
Addition during the year	<u>183,279,000</u>	<u>108,441,000</u>
Balance carried forward	<u>697,215,000</u>	<u>513,936,000</u>

17. Other reserves

General reserve:		
Opening balance	<u>27,650,000</u>	<u>27,650,000</u>
Addition during the year	<u>-</u>	<u>-</u>
Closing balance	27,650,000	27,650,000
Revaluation reserve (refer to note 9):		
Opening balance	<u>-</u>	<u>-</u>
Addition during the year	<u>231,662,460</u>	<u>-</u>
Closing balance	231,662,460	-
Exchange equalisation fund:		
Opening balance	<u>4,204,046</u>	<u>4,204,046</u>
Addition during the year	<u>-</u>	<u>-</u>
Closing balance	<u>4,204,046</u>	<u>4,204,046</u>
	<u>263,516,506</u>	<u>31,854,046</u>

18. Retained earnings

	<u>2005</u> Taka	<u>2004</u> Taka
Balance brought forward	3,339,634	30,237,571
Adjustment in respect of prior years	1,370,662	-
Profit for the year	374,203,852	294,691,063
Transfer to statutory reserve	(183,279,000)	(108,441,000)
Proposed issue of bonus shares	(176,061,600)	(203,148,000)
Amount transferred to SBL Foundation	-	(10,000,000)
Balance carried forward	<u>19,573,548</u>	<u>3,339,634</u>

Adjustment in respect of prior years represent the following:

Depreciation on land charged earlier	19,202,658
Underprovision for expenses	(17,831,996)
	<u>1,370,662</u>

19. Contingent liabilities and commitments

- a) Claims against the Bank not acknowledged as debts - -

Money for which the Bank is contingently liable in respect of guarantee given favouring:

Directors	9,081,000	9,081,000
Government	-	-
Banks and other financial institutions	-	-
Others	3,919,851,164	2,132,635,419
	<u>3,928,932,164</u>	<u>2,141,716,419</u>

- b) Commitments:

i) Documentary credit and short term business transactions	13,191,510,196	7,246,776,838
ii) Forward assets purchased and forward deposits	-	-
iii) Existing facilities, loan facilities and other commitments not accounted for:		
Less than one year	-	-
More than one year	-	-
iv) Spot and forward foreign exchange rate contracts	-	-
v) Other exchange contracts	-	-
	<u>13,191,510,196</u>	<u>7,246,776,838</u>

20. Income statement

	<u>2005</u> Taka	<u>2004</u> Taka
Income:		
Interest, discount and similar income	3,827,051,649	2,546,000,370
Dividend income	23,551,714	13,721,616
Fees, commission and brokerage	445,592,998	269,533,208
Gains less losses arising from dealing securities	6,936,279	1,695,658
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing in foreign currencies	287,965,934	150,615,765
Income from non-banking assets	-	-
Other operating income	98,450,143	58,909,635
Profit less losses on interest rate changes	-	-
Nominal value of bonus share received	-	3,018,600
	<u>4,689,548,717</u>	<u>3,043,494,852</u>
Expenses:		
Interest, fees and commission	2,642,644,440	1,749,949,937
Losses on loans and advances	-	-
Administrative expenses	408,930,986	358,647,100
Other operating expenses	127,555,589	94,886,255
Depreciation on banking assets	36,981,450	31,348,690
	<u>3,216,112,465</u>	<u>2,234,831,982</u>
Income over expenditure	<u>1,473,436,252</u>	<u>808,662,870</u>

21. Interest income

Interest on loans and advances	3,327,372,362	2,099,176,131
Interest on placement with other banks and financial institutions	146,891,438	190,739,341
Interest on foreign currency balances	5,212,567	1,724,627
	<u>3,479,476,367</u>	<u>2,291,640,099</u>
Profit on investment (Islamic Banking Branch):		
Profit on Bai-Muajjal	31,741,546	13,575,614
Profit on Murabaha	15,714,441	2,848,579
Profit on hire purchase	39,202,316	2,306,850
Profit on Quard against MTDR	2,074,965	563,841
	<u>88,733,268</u>	<u>19,294,884</u>
	<u>3,568,209,635</u>	<u>2,310,934,983</u>

22. Interest paid on deposits, borrowings, etc.

Interest paid on:		
Interest on deposits	2,376,790,433	1,685,758,086
Interest on borrowings	154,020,516	45,138,761
Interest on foreign bank accounts	319,292	80,437
	<u>2,531,130,241</u>	<u>1,730,977,284</u>
Profit paid on deposits (Islamic Banking Branch):		
Mudaraba Savings Deposits (MSB)	26,744,158	3,546,118
Mudaraba Short Term Deposits (MSTD)	23,281,032	5,625,443
Mudaraba Fixed Term Deposits (MFDR)	61,489,009	9,801,092
	<u>111,514,199</u>	<u>18,972,653</u>
	<u>2,642,644,440</u>	<u>1,749,949,937</u>

23. Income from investment	<u>2005</u>	<u>2004</u>
	<u>Taka</u>	<u>Taka</u>
Interest on treasury bills/bonds	243,171,507	189,613,493
Dividend on investment in shares	23,551,714	13,721,616
Capital gain - Treasury bill/bonds	6,936,279	1,695,658
Gain on sale of investment in shares	15,670,507	45,451,894
Nominal value of bonus share received	-	3,018,600
	<u>289,330,007</u>	<u>253,501,261</u>
24. Commission, exchange and brokerage		
Commission and brokerage	445,592,998	269,533,208
Exchange gain (Note 24.1)	287,965,934	150,615,765
	<u>733,558,932</u>	<u>420,148,973</u>
24.1 Exchange gain		
Exchange gain	287,965,934	168,027,195
Less: Exchange loss thereon	-	17,411,430
	<u>287,965,934</u>	<u>150,615,765</u>
25. Other operating income		
Remittance fees	3,053,933	3,231,958
Service and incidental charges	42,159,822	28,901,851
Other fees -Telephone/telex/postage	9,376,235	8,771,715
Income from ATM services	371,340	440,420
Income from credit card	9,523,379	300,950
On-line services	8,590,083	5,410,791
Other fees - SWIFT	20,745,918	8,528,041
Demat and custody fees	856,012	958,435
Gain on sale of fixed assets (Note 25.1)	1,324,621	-
Miscellaneous income	2,448,800	2,365,474
	<u>98,450,143</u>	<u>58,909,635</u>
25.1 Gain on sale of fixed assets		
Cost:		
Motor vehicle	1,098,298	-
Furniture and fixtures	53,308,771	-
Office appliances	312,625	-
Electrical appliances	23,348,719	-
	<u>78,068,413</u>	<u>-</u>
Accumulated depreciation:		
Motor vehicle	607,916	-
Furniture and fixtures	2,695,586	-
Office appliances	270,679	-
Electrical appliances	3,099,377	-
	<u>6,673,558</u>	<u>-</u>
Written down value	71,394,855	-
Sale proceeds of the above fixed assets	72,719,476	-
Gain on sale of fixed assets	<u>1,324,621</u>	<u>-</u>

26. Salaries and allowances

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Basic salary	109,121,963	80,547,900
Allowances	61,824,387	39,097,247
Bonus	81,678,175	48,563,500
Provident fund	9,322,176	6,753,960
	<u>261,946,701</u>	<u>174,962,607</u>

27. Rent, taxes, insurance, lighting, etc.

Rent, rates and taxes	43,564,655	44,220,500
Rental of leased items	-	59,583,964
Insurance	16,070,855	11,303,801
Electricity and lighting	9,837,032	7,417,296
	<u>69,472,542</u>	<u>122,525,561</u>

28. Postage, stamp, telegram and telephone

Postage	5,489,025	3,559,678
Telephone	7,530,805	6,826,896
Telex	218,751	956,332
Electronic banking service	3,911,421	4,100,627
FC Charge (Nostro)	685,962	544,370
VSAT on-line	8,115,483	7,169,913
Reuters services	2,650,007	938,325
SWIFT services	11,063,565	3,246,695
	<u>39,665,019</u>	<u>27,342,836</u>

29. Stationery, printing, advertisement, etc.

Table stationery	3,119,535	2,301,009
Printing stationery	2,998,222	2,502,889
Security stationery	917,498	774,099
Computer stationery	3,836,484	2,569,248
Publicity and advertisement	13,940,074	12,701,025
	<u>24,811,813</u>	<u>20,848,270</u>

30. Directors' fees and expenses

Directors' fees	583,000	1,087,750
Directors' haltage and travelling	256,611	33,550
	<u>839,611</u>	<u>1,121,300</u>

31. Managing Director's remuneration

Basic salary	1,800,000	2,153,226
Bonus	300,000	1,250,000
Provident fund	180,000	430,646
	<u>2,280,000</u>	<u>3,833,872</u>

32. Depreciation on and repairs to Bank's property

	<u>2005</u> Taka	<u>2004</u> Taka
Depreciation on own assets:		
Building	4,871,681	25,148,184
Furniture and fixtures	1,877,988	2,763,898
Office appliance	95,267	101,817
Electrical appliance	3,485,134	3,139,400
Motor vehicles	-	195,391
	<u>10,330,070</u>	<u>31,348,690</u>
Depreciation on leased assets:		
Furniture and fixtures	10,605,123	-
Electrical appliance	11,777,362	-
Motor vehicles	4,268,895	-
	<u>26,651,380</u>	<u>-</u>
Repairs:		
Furniture and fixtures	1,001,011	595,642
Office and electrical appliance	4,018,314	3,357,350
Motor vehicles	2,298,180	1,596,665
Repair, maintenance and utilities	2,158,997	2,036,995
	<u>9,476,502</u>	<u>7,586,652</u>
	<u>46,457,952</u>	<u>38,935,342</u>

33. Other expenses

Security and cleaning	11,742,488	10,480,431
Entertainment - Office and AGM	7,250,034	5,336,298
Business promotion expenses	3,936,569	1,689,228
Car expenses	20,536,407	19,700,710
Books and periodicals	420,295	294,179
Subscription and donation	5,093,079	15,027,208
Travelling expenses	2,020,116	1,851,681
Finance charge on leased assets	19,336,815	-
Conveyance	1,695,298	1,211,195
Petrol, oil and lubricant	3,120,565	3,081,128
Training/seminar	1,408,221	610,675
Uniforms and apparels	668,576	645,393
Medical expenses	491,902	226,379
Gratuity	14,547,467	12,000,000
Superannuation fund	1,001,000	1,000,000
Professional expenses	3,895,057	1,228,216
Expenses for CIB report	63,650	-
Expenses regarding credit card	6,459,429	-
Miscellaneous	23,868,621	20,503,534
	<u>127,555,589</u>	<u>94,886,255</u>

34. General

34.1 Audit Committee

The Audit Committee of the Board of Directors of the bank has been constituted by the Board of Directors in its 171st meeting held on 25 February 2003. The audit committee currently consists of the following members:

<u>Sl. no.</u>	<u>Name</u>	<u>Status with the committee</u>	<u>Educational qualification</u>
1)	Mr. Alamgir Kabir, FCA	Chairman	FCA
2)	M/s AD Holdings Ltd. (represented by Mrs. Farzana Azim)	Member	M.A. (English)
3)	M/s MK Holdings Ltd. (represented by Mrs. Sultana Kashem)	Member	BBA

During the year 2005, the audit committee held 3 meetings on 17 December, 20 December and 22 December 2005. In those meetings, internal inspection report on bank's branches, and accounts of branches audited at the instructions of the audit committee were reviewed and suitable decisions were given. The audit committee also prescribed guidelines and gave directives for audit and inspection of branches, routinely in order that rules and norms of banking are always complied and deviations, if any, are ratified.

34.2 Names of the directors and the entities in which they had interest as at 30 September 2005

Sl. No.	Name of Directors	Status with the bank	Entities where they had interest	Position
01.	Mr. Alamgir Kabir, FCA	Chairman	-	-
02	Tillaghar Holdings Limited represented by Mr. Abdul Hye	Vice Chairman	The Sylhet Tea Co. Limited Rajnagar Tea Co. Limited Union Syndicate Limited TMR Knit Fabrics Limited Star Tea Estate Limited	Director Director Director Director
03	MK Holdings Limited represented by Mrs. Sultana Kashem	Director	MK Sweaters Limited Rose Corner (Pvt) Limited	Director Director
04	AD Holdings Limited represented by Mrs. Farzana Azim	Director	Mutual Food Products Ltd. Mutual Milk Product Ltd. Mutual Trading Co. Ltd.	Director Director Director
05	Bangla Capital Limited represented by Mr. Tanveer Harun	Director	Foremost Securities Ltd. Megatrend Limited	Managing Director Managing Director
06	Mrs. Rehana Rahman	Director	Bengal Tradeways Limited Knitex Dyeing & Printing Ltd.	Managing Director Managing Director
07	National Securities & Consultants Ltd. represented by Dr. Humayun Kabir	Director	National Life Insurance Co. Ltd.	Director
08	Karnafuli Tea Co. Ltd. represented by Mr. Md. Dewan Mustaq Majid	Director		

34.2.1 Loans and advances to directors and their related concern

<u>Name of party</u>	<u>Name of the director</u>	<u>Related by</u>	<u>Nature of transaction</u>	<u>Amount in million Taka</u>	<u>Status</u>
Bangla German Latex Co. Ltd.	Mr. Tanveer Harun	Director	Syndicate term loan	33.28	Regular
-do-	-do-	Director	Bank guarantee	2.00	Regular
Monorom Traders	Mrs. Farzana Azim	Director	Bank guarantee	7.08	Regular

34.3 Related party/(ies) transaction

As of the date of these financial statements the bank had no transactions with the related party/(ies) as defined in the BRPD Circular No. 14 issued by the Bangladesh Bank on 25 June 2003.

34.4 Post balance sheet events

No material events had occurred after the balance sheet date to the date of issue of these financial statements, which could affect the values stated in the financial statements.

34.5 Reconciliation of books of accounts

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

34.6 Auditors' work-hour

The external auditor of the Bank, M/s Rahman Rahman Huq, Chartered Accountants worked more than 1,500 man-hour at the Bank's head office and different branches. During their audit, they audited above 80% of the Bank's risk weighted assets as on the reporting date.

34.7 a) Figures have been rounded off to the nearest taka.

b) Figures of previous year have been rearranged wherever necessary to conform to current year's presentation.

Southeast Bank Limited

Statement of Liquidity (Maturity Analysis of Assets and Liabilities) for the year ended 31 December 2005

	<u>Within one month Taka</u>	<u>Within one to three months Taka</u>	<u>Within three to twelve months Taka</u>	<u>Within one to five years Taka</u>	<u>More than five years Taka</u>	<u>Total Taka</u>
ASSETS:						
Cash in hand	2,286,500,564	-	-	-	-	2,286,500,564
Balance with other banks and financial institutions	210,083,737	101,095,135	30,000,000	-	-	341,178,872
Money at call and short notice	800,000,000	-	-	-	-	800,000,000
Investments	368,525,504	1,782,855,000	882,489,000	1,408,269,000	671,000,000	5,113,138,504
Loans and advances	3,187,608,792	10,082,075,000	9,921,887,000	8,449,613,000	909,906,000	32,551,089,792
Fixed assets including leased assets	-	-	-	255,857,521	534,763,484	790,621,005
Other assets	333,538,660	35,620,983	89,101,822	934,054,202	19,966,229	1,412,281,896
Non-banking assets	-	-	-	-	-	-
Total assets	<u>7,186,257,257</u>	<u>12,001,646,118</u>	<u>10,923,477,822</u>	<u>11,047,793,723</u>	<u>2,135,635,713</u>	<u>43,294,810,633</u>
LIABILITIES:						
Borrowing from other banks, financial institutions and agents	-	-	-	70,112,500	-	70,112,500
Deposits	10,552,227,688	6,836,287,000	12,129,931,000	8,076,207,000	663,500,000	38,258,152,688
Provisions and other liabilities	47,260,576	106,054,504	102,506,940	2,308,963,221	365,085,550	2,929,870,791
Total liabilities	<u>10,599,488,264</u>	<u>6,942,341,504</u>	<u>12,232,437,940</u>	<u>10,455,282,721</u>	<u>1,028,585,550</u>	<u>41,258,135,979</u>
Amount of net liquidity difference	<u>(3,413,231,007)</u>	<u>5,059,304,614</u>	<u>(1,308,960,118)</u>	<u>592,511,002</u>	<u>1,107,050,163</u>	<u>2,036,674,654</u>

Southeast Bank Limited**Highlights on the overall activities
as at 31 December 2005**

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
1 Paid up capital	880,308,000	677,160,000
2 Total capital (core + supplementary)	2,236,843,424	1,649,437,634
3 Capital surplus/(deficit)	(681,764,596)	(245,639,176)
4 Total assets	43,294,810,633	33,744,961,865
5 Total deposits	38,258,152,688	27,930,835,569
6 Total loans and advances	32,551,089,792	22,001,703,902
7 Total contingent liabilities and commitments	19,110,402,965	11,189,889,927
8 Credit deposit ratio (%)	85.08%	78.77%
9 Percentage of classified loans against total loans and advances	4.37%	4.96%
10 Profit after tax and provisions	374,203,852	294,691,063
11 Amount of classified loans during the year	1,422,242,268	1,091,407,118
12 Provisions kept against classified loans	812,601,381	384,861,381
13 Provision surplus/(deficit)	7,381	10,446,000
14 Cost of fund	7.95%	8.01%
15 Interest earning assets	36,935,052,231	29,900,028,826
16 Non-interest earning assets	6,358,675,802	3,844,933,039
17 Return on investment (ROI)	16.69%	17.95%
18 Return on assets (ROA)	0.86%	1.00%
19 Income from investment	289,330,007	253,501,261
20 Earning per share	42.51	43.52
21 Net income per share	42.51	43.52
22 Price earning ratio	13.18	15.22