

# Statement of Directors' Responsibilities in Respect of the Financial Statements

 13

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Bank and of the profit and loss of the Bank for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and irregularities.

## Independent Auditors' Report

To members of ABC International Bank plc

We have audited the Bank's financial statements for the year ended 31st December 2003 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 36. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Bank's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the Bank's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Bank has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if any information specified by law regarding Directors' remuneration and transactions with the Bank is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Bank's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Bank as at 31st December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP  
Registered Auditor  
London  
28th January 2004

## 14 Profit and Loss Account

For the Year ended 31st December 2003

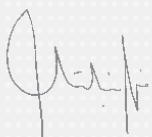
	Note	2003 £000	2002 £000
Interest receivable and similar income arising from debt securities and certificates of deposit purchased		7,017	10,082
Other interest receivable and similar income	2	41,077	49,532
		<b>48,094</b>	59,614
Interest payable	3	28,198	37,768
<b>Net Interest Income</b>		<b>19,896</b>	21,846
Fees and commissions receivable		10,219	10,151
Fees and commissions payable		(1,574)	(929)
Dealing (losses)		-	(179)
Other operating income	4	3,814	2,214
		<b>12,459</b>	11,257
Total operating income		<b>32,355</b>	33,103
Administrative expenses	5	(26,630)	(24,400)
Depreciation and amortisation		(996)	(638)
Provision release/(charge)	6	3,371	(22,672)
		<b>(24,255)</b>	(47,710)
<b>Profit / (Loss) on Ordinary Activities before Tax</b>	7	<b>8,100</b>	(14,607)
Tax credit/(charge) on ordinary activities	8	523	(204)
<b>Profit / (Loss) for the Financial Year</b>		<b>8,623</b>	(14,811)

A statement of total recognised gains and losses has not been included as there were no recognised gains or losses for the current or previous financial year other than those already dealt with in the profit and loss account.

# Balance Sheet 15

As at 31st December 2003

	Note	2003 £000	2002 £000
<b>Assets</b>			
Cash and balances at central banks		8,098	4,373
Certificates of deposit purchased	9	239,441	233,188
Loans and advances to banks	10	287,482	260,024
Loans and advances to customers	11	664,224	725,905
Debt securities	14	18,341	24,258
Interest in associated undertakings	15	923	-
Shares in Group undertakings	16	1,165	1,295
Tangible fixed assets	17	2,931	2,132
Other assets		1,340	2,341
Prepayments and accrued income	18	13,112	14,214
<b>Total Assets</b>		<b>1,237,057</b>	<b>1,267,730</b>
<b>Liabilities</b>			
Deposits from banks and other financial institutions	19	585,381	345,270
Deposits from customers	20	132,750	229,822
Certificates of deposit issued	21	40,112	43,039
Other liabilities	22	13,058	7,539
Accruals and deferred income	23	12,182	10,737
Term borrowing	24	196,289	378,063
		<b>979,772</b>	<b>1,014,470</b>
Subordinated liability	25	47,175	51,773
Called up share capital	27	150,000	150,000
Profit and loss account		60,110	51,487
Equity shareholders' funds	28	210,110	201,487
Capital resources		<b>257,285</b>	<b>253,260</b>
<b>Total Liabilities and Shareholders' Funds</b>		<b>1,237,057</b>	<b>1,267,730</b>
<b>MEMORANDUM ITEMS</b>			
<b>Contingent Liabilities</b>			
Acceptances and endorsements		3,387	7,039
Guarantees and letters of credit		334,205	380,089
		<b>337,592</b>	<b>387,128</b>
<b>Commitments</b>			
Other commitments	31	121,421	140,322
		<b>121,421</b>	<b>140,322</b>



FARHAT O. EKDARA  
Chairman  
28th January 2004

## 16 Notes to the Accounts

### 1. Accounting policies

#### a. Basis of preparation

The accounts are prepared under the historical cost convention. They are prepared in accordance with the special provisions of part VII of the companies Act 1985 relating to banking companies, and applicable accounting standards.

The Bank is not required to prepare group accounts since it qualifies for the exemptions available under Section 228 of the Companies Act 1985. In addition there is no requirement to prepare a statement of cash flows in accordance with Financial Reporting Standard number 1.

#### b. Interest and fees

Interest receivable and payable is recognised on a time proportion basis taking account of the principal outstanding and rate applicable. If the collection of interest is considered to be doubtful it is suspended and excluded from the profit and loss account until received. Fee income is accounted for on an accrual basis and recognised over the duration of the transaction. Fee expense is recognised when incurred.

#### c. Fixed assets and depreciation

Fixed assets are depreciated on a straight line basis so as to write off the cost of all asset categories over the following periods:

Leasehold improvements	- lower of lease term or 10 years
Motor vehicles, office equipment including computer hardware and software	- 3-5 years
Office furniture	- 5 years

#### d. Debt securities and equity shares

Debt securities and equity shares are held for investment purposes, as fixed assets, where intended for use on a continuing basis in the activities of the Bank.

Debt securities acquired for the long term at a premium or discount are stated in the balance sheet at amortised cost with provision for any permanent decline in value. Premiums and discounts are amortised on a straight line basis from date of purchase to date of maturity. Other securities which are held as fixed assets are shown at cost, less any provision for impairment.

Trading securities are stated at market value for listed securities and Directors' estimate of market value for unlisted securities. Gains and losses on trading and market value adjustments are taken to the profit and loss account.

#### e. Foreign currency translation

Assets and liabilities in foreign currencies have been translated at market rates of exchange ruling at the balance sheet date. Gains and losses on forward exchange contracts, arising from the difference between spot and forward rates, which are entered into in connection with loans and deposits, are amortised over the periods of the related contracts. Other forward exchange contracts are valued at market rates applicable to their respective maturities at the balance sheet date and the resulting gain or loss taken to the profit and loss account.

#### f. Provisions

Specific provisions are made when required in respect of potential losses on the collection of certain exposures. In addition, general provisions are raised in respect of losses which, not specifically identified, are inherently present in any portfolio of loans and advances. A description of the Bank's credit policy including provisioning is included in the Business Review for the year on page 10.

#### g. Term borrowing

The discount on the zero coupon bond is amortised on a yield to maturity basis.

#### h. Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less tax, with the following exceptions:

## Notes to the Accounts 17

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**i. Off-balance sheet instruments**

Off-balance sheet instruments are valued at market prices and resultant profits and losses are included in profit on ordinary activities before tax, except those in respect of specifically designated hedging transactions which are taken to the profit and loss account in accordance with the accounting treatment of the risk being hedged.

**j. Segmental reporting**

The Directors consider that the Bank does not have more than one class of business and regard Europe as a single geographic segment. This is based on the location of office where transactions are recorded rather than location of customer, as the directors believe this more fairly reflects the nature of the business.

**k. Leases**

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Income from operating leases is credited to the profit and loss account on a straight-line basis over the lease term. Equipment on an operating lease is capitalised as a fixed asset and is stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis to write off the cost less residual over the primary lease term.

**l. Pension benefits**

The Bank participates in a defined benefit pension scheme. The pension cost is assessed in accordance with the advice of qualified actuaries so as to recognise the cost of pensions on a systematic basis over employees' service lives.

**2. Interest receivable**

	2003 £000	2002 £000
Interest receivable includes:		
Interest suspended in previous years recognised as income this year	-	992

**3. Interest payable**

Interest payable includes £1,370,803 in respect of interest on the subordinated liability (2002 - £1,479,027).

**4. Other operating income**

	2003 £000	2002 £000
Rental income	909	977
Profit on sale of lease portfolios	1,785	356
Operating lease income	411	-
Profit on disposal of certificates of deposit	-	640
Other	709	241
	<u>3,814</u>	<u>2,214</u>

## 18 Notes to the Accounts

## 5. Administrative expenses

	2003 £000	2002 £000
Staff costs:		
Salaries	9,255	8,616
Social security costs	1,747	1,439
Pension costs	1,298	1,362
Redundancy costs	3,457	1,836
	<u>15,757</u>	<u>13,253</u>
Other administrative expenses	<u>10,873</u>	<u>11,147</u>
	<u>26,630</u>	<u>24,400</u>

	2003 Number	2002 Number
The average number of employees (excluding Directors) during the year	147	156

The aggregate emoluments of the Directors of ABC International Bank plc are:

	2003 £000	2002 £000
Emoluments	311	499
	<u>311</u>	<u>499</u>
Bank contributions to defined benefit pension scheme	-	47

	2003 Number	2002 Number
Members of pension scheme	-	2

## 6. Provisions

	2003 £000	2002 £000
The credit/(charge) for the year in respect of provisions is made up as follows:		
Loans and advances to customers	2,776	(22,746)
Loans and advances to banks	-	(241)
Recoveries in respect of advances previously written off	595	315
	<u>3,371</u>	<u>(22,672)</u>

## 7. Profit / (Loss) on ordinary activities before tax

	2003 £000	2002 £000
Profit / (Loss) is stated after (charging)/crediting :		
Foreign currency gains	1	101
Auditors' remuneration:		
audit services	(130)	(124)
non-audit services	(244)	(196)
Operating lease rentals:		
hire of equipment	(475)	(248)
land and buildings	(2,765)	(2,699)
Income from listed securities	<u>260</u>	<u>876</u>

## Notes to the Accounts 19

8. **Taxation**

	2003 £000	2003 £000	2002 £000	2002 £000
Tax on Profit/(Loss) on ordinary activities				
UK Corporation Tax				
UK Corporation tax on profits of the year	-		100	
Adjustment in respect of previous years	<u>498</u>		<u>116</u>	
		<b>498</b>		216
Foreign Tax				
Current tax	-		-	
Adjustments in respect of previous years	<u>25</u>		<u>(420)</u>	
		<b>25</b>		(420)
Tax credit/(charge)		<u>523</u>		<u>(204)</u>

Factors affecting tax charge for the year.

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £000	2002 £000
Profit / (Loss) on ordinary activities before tax	<u>8,623</u>	<u>(14,607)</u>
Profit / (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 -30%)	<b>(2,587)</b>	4,382
Effect of:		
Disallowed expenses and non-taxable income	<b>(45)</b>	(83)
Depreciation in excess of capital allowances	<b>(28)</b>	42
Adjustments in respect of previous years	<b>523</b>	(304)
Tax losses utilised	<b>2,537</b>	-
Tax losses carried forward	-	(4,332)
Group relief	<b>273</b>	-
Others	<b>(150)</b>	91
Tax credit / (charge)	<u>523</u>	<u>(204)</u>

**Factors that may affect future tax charges**

At the year end, the bank has considerable tax losses available. No deferred tax is recognised on these tax losses accrued due to uncertainty surrounding the availability of taxable profits against which these could be offset.

The total deferred tax asset unrecognised at the year end is £31.4m (2002 - £32.5m).

9. **Certificates of deposit purchased**

	2003 £000	2002 £000
Analysed by maturity:		
within three months	<b>33,220</b>	172,000
between three months and one year	<u>206,221</u>	<u>61,188</u>
	<b>239,441</b>	<b>233,188</b>

## 20 Notes to the Accounts

## 10. Loans and advances to banks

	2003 £000	2002 £000
Repayable:		
on demand	11,118	18,807
within three months	211,267	148,056
between three months and one year	15,001	66,004
between one and five years	26,637	34,458
after five years	37,401	7,148
	<hr/> 301,424	<hr/> 274,473
Provision for loans to banks (note 12)	(13,942)	(14,449)
	<hr/> 287,482	<hr/> 260,024
Included in the above are balances due from ABC Group undertakings of	11,777	49,168

## 11. Loans and advances to customers

	2003 £000	2002 £000
Repayable:		
on demand	3,540	6,093
within three months	204,978	233,959
between three months and one year	115,750	79,607
between one and five years	220,427	246,961
after five years	139,298	193,857
	<hr/> 683,993	<hr/> 760,477
Provision for loans to customers (note 12)	(19,769)	(34,572)
	<hr/> 664,224	<hr/> 725,905
Included in the above are balances due from ABC Group undertakings of	82,593	76,393

## 12. Movements in provision for loans and advances

	Banks £000	Customers £000	Total £000
Brought forward 1st January 2003	14,449	34,572	49,021
Provision for the year	-	5,391	5,391
Amounts written back in the year	-	(8,167)	(8,167)
Amounts written off in the year	-	(11,246)	(11,246)
Foreign currency translation adjustment	(507)	(781)	(1,288)
<b>Carried forward 31st December 2003</b>	<hr/> 13,942	<hr/> 19,769	<hr/> 33,711

Of the £33,711,000 (2002- £49,021,000) provision held at the end of the year, £4,000,000 (2002 - £3,500,000) represents a general provision. Provision for loans and advances to banks and customers includes provision for country risk.

## Notes to the Accounts 21

13. **Movements in provision for suspended interest**

	2003	2002
	£000	£000
Brought forward 1st January 2003	12,506	12,371
Interest suspended during the year	1,177	1,946
Interest recovery recognised during the year	-	(992)
Foreign currency translation adjustment	(453)	(819)
<b>Carried forward 31st December 2003</b>	<b>13,230</b>	<b>12,506</b>
<b>Loans and advances where interest is suspended at year end</b>		
Before debt provisions	27,272	28,888
After debt provisions	2,588	4,417

14. **Debt securities**

	2003	2002
	£000	£000
Listed	8,396	12,633
Unlisted	9,945	11,625
	<b>18,341</b>	<b>24,258</b>
Due within one year	8,396	3,341
Due after more than one year	9,945	20,917
	<b>18,341</b>	<b>24,258</b>
Issued by public bodies	-	3,341
Issued by other issuers	18,341	20,917
<b>Net Book Value</b>	<b>18,341</b>	<b>24,258</b>

All debt securities were held for investment purposes. The market value of all listed debt securities was £8,460,000 (2002 - £12,671,000). Unlisted debt securities are valued at £10,115,000 (2002 - £11,797,000).

The movement on debt securities held for investment purposes is as follows:

	£000
At 1st January 2003	24,258
Repayments and disposals	(4,060)
Amortisation of premiums and discounts	40
Exchange adjustments	(1,897)
<b>At 31st December 2003</b>	<b>18,341</b>

The net unamortised premium at 31st December 2003 was £18,978 (2002 - £65,064).

15. **Interest in associated undertakings**

The movement on unlisted associates held for investment purposes is as follows:

	Total
	£000
At 1st January 2003	-
Additions	923
<b>At 31st December 2003</b>	<b>923</b>

The directors valuation of unlisted associates held for investment purposes is £0.9m (2002 - £nil). The Bank owns the following investment in associated companies:

	Nature of business	Country of registration	Ownership %
The General Leasing Company (Cayman Islands) Limited	Leasing	Cayman Is.	20%

## 22 Notes to the Accounts

### 16. Shares in group undertakings

The movement on unlisted subsidiaries is as follows:

	Subsidiaries £000	Equity Investment £000	Total £000
At 1st January 2003	-	1,295	1,295
Transfer from equity investment	1,295	(1,295)	-
Foreign exchange adjustment	(130)	-	(130)
<b>At 31st December 2003</b>	<b>1,165</b>	<b>-</b>	<b>1,165</b>

During the year, the investment in MFAD Galleria companies was reclassified from equity investment held exclusively for subsequent disposal to investment in subsidiaries.

The Bank owns the following investments in subsidiaries:

	Nature of business	Country of registration	Ownership %
Alphabet Nominees Limited	Nominee company	England	100%
Abcint Nominees Limited	Nominee company	England	100%
ABCIB Islamic Asset Management Limited	Advisory services	England	100%
MFAD Galleria Inc.	Property investment	USA	100%
MFAD Galleria I Limited	Property investment	Jersey	100%
MFAD Galleria II Limited	Property investment	Jersey	100%
MFAD Galleria III Limited	Property investment	Jersey	100%
MFAD Galleria IV Limited	Property investment	Jersey	100%
MFAD Galleria V Limited	Property investment	Jersey	100%

### 17. Tangible fixed assets

	Leasehold improvements £000	Furniture and fittings £000	Office equipment £000	Motor vehicles £000	Total £000
Cost					
At 1st January 2003	1,149	698	3,583	118	5,548
Additions	40	33	3,967	-	4,040
Disposals	(78)	(40)	(2,815)	-	(2,933)
Exchange & other adjustments	117	41	184	3	345
<b>At 31st December 2003</b>	<b>1,228</b>	<b>732</b>	<b>4,919</b>	<b>121</b>	<b>7,000</b>
Depreciation					
At 1st January 2003	808	436	2,054	118	3,416
Charge for the year	53	57	886	-	996
Disposals	(78)	(40)	(480)	-	(598)
Exchange & other adjustments	95	38	119	3	255
<b>At 31st December 2003</b>	<b>878</b>	<b>491</b>	<b>2,579</b>	<b>121</b>	<b>4,069</b>
Net book value					
<b>At 31st December 2003</b>	<b>350</b>	<b>241</b>	<b>2,340</b>	<b>-</b>	<b>2,931</b>
At 31st December 2002	341	262	1,529	-	2,132

### 18. Prepayments and accrued income

	2003 £000	2002 £000
Prepayments and accrued income	2,159	2,972
Interest receivable	10,953	11,242
	<b>13,112</b>	<b>14,214</b>

## Notes to the Accounts 23

## 19. Deposits from banks and other financial institutions

	2003 £000	2002 £000
Repayable:		
on demand	12,937	13,181
within three months	554,460	324,039
between three months and one year	17,984	8,050
	585,381	345,270
Included in the above are balances due to ABC Group undertakings of	193,007	22,064

## 20. Deposits from customers

	2003 £000	2002 £000
Repayable:		
on demand	44,409	6,119
within three months	78,427	206,010
between three months and one year	-	17,693
between one and five years	9,914	-
	132,750	229,822
Included in the above are balances due to ABC Group undertakings of	87	93

## 21. Certificates of deposit issued

	2003 £000	2002 £000
Repayable:		
within three months	40,112	43,039
	40,112	43,039

## 22. Other liabilities

	2003 £000	2002 £000
Foreign exchange and interest rate contracts (note 32a)	8,273	2,238
Other liabilities	4,785	5,301
	13,058	7,539

## 23. Accruals and deferred income

	2003 £000	2002 £000
Interest payable	2,437	4,252
Accruals and deferred income	9,745	6,485
	12,182	10,737

24 **Notes to the Accounts**24. **Term borrowing**

	2003 £000	2002 £000
Repayable:		
within one year	93,906	159,750
between two and five years	102,383	218,313
	196,289	378,063
Included in the above are balances due to ABC Group undertakings of	35,000	159,750

25. **Subordinated liability**

The following loans are unsecured and are subordinated in right of payment to the ordinary creditors, including depositors:

	2003 £000	2002 £000
US\$58 million Floating Rate Note	32,539	36,179
US\$25 million Zero Coupon Bond	14,636	15,594
	47,175	51,773

In March 1998 the Bank issued a Subordinated Floating Rate Note of US\$100 million due in 2013. Interest is charged at a rate of LIBOR +5/8% per annum. In April 2002 the Bank repaid US\$42 million. This issue is quoted on the Luxembourg Stock Exchange. On 31st December 2002 the Bank issued a Subordinated Zero Coupon Bond for US\$25 million, repayable at par of US\$33.8 million on 4th January 2010.

26. **Deferred taxation**

No deferred taxation has been recognised in the accounts (see note 8).

27. **Called up share capital**

	2003 & 2002 Authorised	2003 & 2002 Issued
Ordinary shares of £1 each	300,000,000	150,000,000

28. **Shareholders' funds**

	Ordinary Share Capital £000	Profit & Loss Account £000	Total £000
Brought forward at 1st January 2003	150,000	51,487	201,487
Profit for the year	-	8,623	8,623
<b>Carried forward at 31st December 2003</b>	<b>150,000</b>	<b>60,110</b>	<b>210,110</b>
Brought forward at 1st January 2002	150,000	66,298	216,298
Loss for the year	-	(14,811)	(14,811)
<b>Carried forward at 31st December 2002</b>	<b>150,000</b>	<b>51,487</b>	<b>201,487</b>

Shareholders' funds are all attributable to equity interests for 2002 and 2003.

## Notes to the Accounts 25

29. **Ultimate parent undertaking and parent undertakings**

The ultimate parent undertaking is the Arab Banking Corporation (BSC) incorporated in the Kingdom of Bahrain. The Bank is a subsidiary undertaking of ABC Investment Holdings Ltd which is registered in England. Copies of the group accounts of ABC Investment Holdings Ltd and Arab Banking Corporation (BSC) may be obtained from Arab Banking Corporation House, 1-5 Moorgate, London EC2R 6AB.

30. **Transactions with Directors and officers**

The aggregate amounts outstanding at 31st December under transactions, arrangements and agreements made by the Bank for Directors and for officers, within the meaning of Schedule 9 to the Companies Act 1985, of the Bank were:

	Number of persons	2003 £000	Number of persons	2002 £000
Loans to officers:	1	8	2	8

31. **Commitments**

Contract or underlying principal amount:

	2003 £000	2002 £000
Formal standby facilities, credit lines and other commitments to lend:		
One year and over	102,702	127,138
Other financial commitments	18,719	13,184
	121,421	140,322

	2003 £000	2002 £000
There are contracted capital commitments of	64	33

At 31st December the Bank was committed to making the following annual payments in respect of operating leases:

	2003 Land and buildings £000	Other £000	2002 Land and buildings £000	Other £000
Leases which expire:				
within two years	188	-	-	-
within two to five years	231	668	551	356
between five and ten years	2,200	-	2,200	-

## 26 Notes to the Accounts

## 32. Financial instrument contracts

## a) Derivative Contracts

Derivative contracts are financial instruments that derive their value from an underlying rate or price. The Bank has entered into various derivative contracts as principal, either as trading or non-trading transactions. Trading transactions include all customer and proprietary transactions and related hedges. Non-trading transactions comprise derivatives used to hedge specific interest rate mismatches and foreign exchange exposures. A description of the Bank's use of derivative instruments and an outline of its approach to risk management have been included in the Business Review for the year on page 10.

Netting has not been taken into consideration in the figures given below. None of these amounts are intended to give an indication of possible future gains or losses.

Fair values are the amounts at which an asset or liability could be exchanged in an arm's length transaction between informed parties, other than in a forced sale.

## I) Derivatives held for trading purposes

	2003			2002		Total £m
	One year or less £m	One to two years £m	Total £m	One year or less £m	One to two years £m	
<b>Notional principal amounts</b>						
Exchange rate related contracts						
Spot and forwards	210	-	210	219	-	219
	210	-	210	219	-	219
Interest rate related contracts						
Interest rate swaps	-	-	-	50	-	50
	-	-	-	50	-	50
<b>Total at 31st December</b>	<b>210</b>	<b>-</b>	<b>210</b>	<b>269</b>	<b>-</b>	<b>269</b>

## Notional principal amounts of trading contracts by currency

	2003				2002 Total
	Sterling	US Dollar	Euro	Other	
Exchange rate related contracts					
Spot and forwards	1	200	9	-	210
	1	200	9	-	210
Interest rate related contracts					
Interest rate swaps	-	-	-	-	-
	-	-	-	-	-
<b>Total at 31st December</b>	<b>1</b>	<b>200</b>	<b>9</b>	<b>-</b>	<b>210</b>

	2002				2002 Total
	Sterling	US Dollar	Euro	Other	
Exchange rate related contracts					
Spot and forwards	1	141	57	20	219
	1	141	57	20	219
Interest rate related contracts					
Interest rate swaps	-	50	-	-	50
	-	50	-	-	50
<b>Total at 31st December</b>	<b>1</b>	<b>191</b>	<b>57</b>	<b>20</b>	<b>269</b>

## Notes to the Accounts 27

Positive fair values			2003			2002
	One year or less £000	One to five years £000	Total £000	One year or less £000	One to five years £000	Total £000
Exchange rate related contracts						
Spot and forwards	38	-	38	865	-	865
	38	-	38	865	-	865
Interest rate related contracts						
Interest rate swaps	-	-	-	504	-	504
	-	-	-	504	-	504
<b>Total at 31st December</b>	<b>38</b>	<b>-</b>	<b>38</b>	<b>1,369</b>	<b>-</b>	<b>1,369</b>

## Negative fair values

	Total 2003 £000	Total 2002 £000
Exchange rate related contracts		
Spot and forwards	8,311	3,104
	8,311	3,104
Interest rate related contracts		
Interest rate swaps	-	503
	-	503
<b>Total at 31st December</b>	<b>8,311</b>	<b>3,607</b>

## II) Derivatives held for non trading purposes

Notional principal amounts			2003			2002
	One year or less £m	One to five years £m	Total £m	One year or less £m	One to five years £m	Total £m
Interest rate related contracts						
Interest rate swaps	-	7	7	36	2	38
	-	7	7	36	2	38
<b>Total at 31st December</b>	<b>-</b>	<b>7</b>	<b>7</b>	<b>36</b>	<b>2</b>	<b>38</b>

## 28 Notes to the Accounts

32. **Financial instrument contracts** continued**Fair and book values**

	Fair value positive £000	Fair value negative £000	Book value positive £000	2003 Book value negative £000
Interest rate related contracts				
Interest rate swaps	-	199	-	67
	-	199	-	67
<b>Total at 31st December</b>	-	199	-	67

	Fair value positive £000	Fair value negative £000	Book value positive £000	2002 Book value negative £000
Interest rate related contracts				
Interest rate swaps	198	259	168	49
	198	259	168	49
<b>Total at 31st December</b>	198	259	168	49

	Gains £000	Losses £000	Total net (losses) £000
Unrecognised gains and losses on hedges			
At 1st January 2003	30	(279)	(249)
Gains and losses on hedges arising in previous years that were recognised in the current year	30	(147)	(117)
Gains and losses on hedges arising in previous years that were not recognised in the current year	-	(132)	(132)
Gains and losses on hedges arising in the current year that have not been recognised	-	-	-
<b>At 31st December 2003</b>	-	(132)	(132)
Of which:			
Gains and losses on hedges expected to be recognised next year	-	-	-
Gains and losses on hedges expected to be recognised in more than one year	-	(132)	(132)

## Notes to the Accounts 29

**b) Other financial instruments****I) Fair values**

The Bank's trading book comprises solely foreign currency and interest rate derivatives, which have been included in the balance sheet at fair value and disclosed in part a) of this note.

The fair value of listed and publicly traded securities held for non-trading purposes is disclosed under the relevant balance sheet note.

**II) Interest rate repricing**

The table below summarises the non-trading book mismatches of the dates in which interest receivable on assets and interest payable on liabilities are next reset to market rates or, if earlier, the dates on which the instrument matures. Short-term debtors and creditors are included in the table below.

	2003						
	Not more than 3 months £m	More than 3 months but not more than 6 months £m	More than 6 months but not more than 1 year £m	More than 1 year but not more than 5 years £m	More than 5 years £m	Non interest bearing £m	Total £m
<b>Assets</b>							
Cash and balances at central banks	8.1	-	-	-	-	-	8.1
Certificates of deposit purchased	33.2	11.2	195.0	-	-	-	239.4
Loans and advances to banks	249.5	43.9	2.8	4.6	-	(13.3)	287.5
Loans and advances to customers	520.5	110.7	15.1	38.3	-	(20.3)	664.3
Debt securities	14.0	2.8	-	1.5	-	-	18.3
Equity shares	-	-	-	-	-	2.1	2.1
Other assets	-	-	-	-	-	14.5	14.5
Fixed assets	-	-	-	-	-	2.9	2.9
<b>Total assets</b>	<b>825.3</b>	<b>168.6</b>	<b>212.9</b>	<b>44.4</b>	<b>-</b>	<b>(14.1)</b>	<b>1,237.1</b>
<b>Liabilities</b>							
Deposits from banks	568.2	2.1	15.1	-	-	-	585.4
Deposits from customers	122.9	-	-	9.9	-	-	132.8
Certificates of deposits issued	40.1	-	-	-	-	-	40.1
Other liabilities	-	-	-	-	-	25.2	25.2
Term borrowing	228.8	-	-	-	14.7	-	243.5
Shareholders' funds	-	-	-	-	-	210.1	210.1
<b>Total liabilities</b>	<b>960.0</b>	<b>2.1</b>	<b>15.1</b>	<b>9.9</b>	<b>14.7</b>	<b>235.3</b>	<b>1,237.1</b>
Net position	(134.7)	166.5	197.8	34.5	(14.7)	(249.4)	
Off balance sheet	(6.5)	-	-	2.6	3.9	-	
Interest rate sensitivity gap	(141.2)	166.5	197.8	37.1	(10.8)	(249.4)	
Cumulative gap	(141.2)	25.3	223.1	260.2	249.4	-	

## 30 Notes to the Accounts

## 32. Financial instrument contracts continued

## II) Interest rate repricing

							2002
	Not more than 3 months £m	More than 3 months but not more than 6 months £m	More than 6 months but not more than 1 year £m	More than 1 year but not more than 5 years £m	More than 5 years £m	Non interest bearing £m	Total £m
<b>Assets</b>							
Cash and balances at central banks	-	-	-	-	-	4.3	4.3
Certificates of deposit purchased	172.0	61.2	-	-	-	-	233.2
Loans and advances to banks	198.5	62.9	11.2	0.9	-	(13.5)	260.0
Loans and advances to customers	623.5	92.6	1.8	42.7	0.1	(34.8)	725.9
Debt securities	18.9	3.2	-	2.2	-	-	24.3
Equity shares	-	-	-	-	-	1.3	1.3
Other assets	-	-	-	-	-	16.6	16.6
Fixed assets	-	-	-	-	-	2.2	2.2
<b>Total assets</b>	<b>1,012.9</b>	<b>219.9</b>	<b>13.0</b>	<b>45.8</b>	<b>0.1</b>	<b>(23.9)</b>	<b>1,267.8</b>
<b>Liabilities</b>							
Deposits from banks	321.0	7.9	-	16.4	-	-	345.3
Deposits from customers	228.5	-	1.3	-	-	-	229.8
Certificates of deposits issued	43.0	-	-	-	-	-	43.0
Other liabilities	2.3	-	-	-	-	16.1	18.4
Term borrowing	414.2	-	-	-	15.6	-	429.8
Shareholders' funds	-	-	-	-	-	201.5	201.5
<b>Total liabilities</b>	<b>1,009.0</b>	<b>7.9</b>	<b>1.3</b>	<b>16.4</b>	<b>15.6</b>	<b>217.6</b>	<b>1,267.8</b>
Net position	3.9	212.0	11.7	29.4	(15.5)	(241.5)	
Off balance sheet	(2.3)	-	-	2.3	-	-	
Interest rate sensitivity gap	1.6	212.0	11.7	31.7	(15.5)	(241.5)	
Cumulative gap	1.6	213.6	225.3	257.0	241.5	-	

**Currency risk**

Derivative Instruments are used by the Bank against the risk of treasury losses arising out of mismatches in currencies of its asset and liability base. Any open positions are relatively small and are re-valued on a regular basis. Trading on the spot and forward foreign exchange markets is primarily client driven.

	2003 £000	2002 £000
<b>Dealing (losses)</b>		
Dealing (losses) are analysed as follows:		
Foreign exchange	2	101
Interest rate products	(2)	(280)
	-	(179)

## Notes to the Accounts 31

33. **Assets and liabilities in foreign currencies**

	2003 £000	2002 £000
Denominated in sterling	387,816	448,472
Denominated in US Dollar	679,163	690,192
Denominated in other currencies	170,078	129,066
<b>Total assets</b>	<b>1,237,057</b>	<b>1,267,730</b>
Denominated in sterling	387,816	450,507
Denominated in US Dollar	679,133	696,562
Denominated in other currencies	170,108	120,661
<b>Total liabilities</b>	<b>1,237,057</b>	<b>1,267,730</b>

The Bank's balance sheet consists entirely of monetary items, except for fixed assets totalling £2.9million, which have been included as part of assets denominated in Sterling.

The above summary should not be considered as an indication of the Bank's exposure to foreign exchange risk due to the existence of compensating forward contracts held for hedging purposes as disclosed in note 32.

34. **Related party transactions**

A Director, Mr S. Yassukovich, has a controlling interest in S. M. Yassukovich & Co Limited which received professional fees of £19,170 (2002 - £26,838) in relation to administration services provided to the Bank during the year. There were no outstanding balance owed to S. M. Yassukovich & Co Limited at 31st December 2003.

As the Bank is a 100% subsidiary undertaking, and consolidated financial statements for the Group are publicly available, Group transactions have not been disclosed pursuant to the exemptions permitted in Financial Reporting Standard number 8.

35. **Post balance sheet events**

Effective the 1st January 2004 ABCIB acquired through its Milan Branch the assets and undertakings of the Milan branch of Arab Banking Corporation (BSC). The consideration amounted to £32.3 million and was met through the issue at par of 32,296,000 fully paid ordinary shares in ABCIB.

Also with effect from the 1st January 2004 ABCIB acquired through its new Frankfurt branch substantially all the assets and undertakings of ABC-Daus & Co GmbH, a wholly-owned subsidiary of Arab Banking Corporation (BSC). The cash consideration amounted to £21.4 million. Both acquisitions were transacted at an arm's length valuation.

The effect of these transactions has been to increase the total assets of ABCIB by £411.3 million to £1,648.4 million and loans and advances to customers by £185.5 million to £849.8 million. Through the issue of the fully-paid ordinary shares, shareholders funds have increased by £32.5 million to £242.6 million. The profiles of the businesses acquired are of a wholesale commercial banking nature with an emphasis on trade and project finance and are therefore similar to the existing business profile of ABCIB. The acquisitions therefore permit ABCIB to extend the geographic footprint of its existing businesses in an effective manner.

32 **Notes to the Accounts****36. Pensions**

The bank participates in a non-contributory defined benefit pension scheme operated by ABCIB for its UK permanent employees, providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the Bank and are administered by the fund's Trustees who include employees of the Bank.

An actuarial valuation of the scheme was carried out as at 1st October 2002, using the projected unit method of valuation.

The liabilities were assessed on an ongoing basis. The market value of the assets as at 1st October 2002 amounted to £5,096,000. The results of the valuation indicate that the market value of the assets as at 1st October 2002 was sufficient to cover 43% of the current value of the benefits accrued to that date with provision for future salary increases.

The current contribution rate is 37% of total pensionable salaries which includes provision for restoring the funding level to 100%, over the expected average future working lifetime of current employees, on the basis of the assumptions made.

The valuation used for FRS17 disclosure has been based on the most recent interim actuarial valuation updated to take account of the requirements of FRS17 in order to assess the liabilities of the scheme at 31st December 2003. The update was performed by an independent actuary. Scheme assets are stated at their market values at 31st December 2003.

	<b>2003</b>	2002
	<b>% per annum</b>	% per annum
The major assumptions used by the actuary were:		
Inflation	<b>2.75</b>	2.50
Rate of increase in salaries	<b>4.75</b>	4.50
Rate of increase of pensions in payment	<b>5.00</b>	5.00
Rate of increase for deferred pensions	<b>2.50</b>	2.50
Discount rates	<b>5.30</b>	5.50
Investment return	<b>6.90</b>	6.50

The fair value of assets and expected rate of return on assets were:

	<b>2003</b>	<b>2003</b>
	<b>Fair value</b>	<b>Long term</b>
	<b>£m</b>	<b>rate of return</b>
		<b>expected</b>
		<b>%</b>
Equities	<b>6.5</b>	<b>8.3</b>
Bonds	<b>1.2</b>	<b>4.5</b>
Property	<b>0.1</b>	<b>6.5</b>
Other	<b>0.3</b>	<b>3.5</b>
<b>Total value of assets</b>	<b>8.1</b>	<b>7.5</b>
	<b>2002</b>	<b>2002</b>
	<b>Fair value</b>	<b>Expected rate</b>
	<b>£m</b>	<b>of return</b>
		<b>%</b>
Equities	4.2	8.4
Bonds	0.8	4.5
Property	0.1	6.5
Other	0.3	4.0
<b>Total value of assets</b>	<b>5.4</b>	<b>7.6</b>

## Notes to the Accounts 33

	2003 £m
Movement in scheme deficit	
(Deficit) in the plan before tax at 1st January 2003	(5.1)
Contribution paid	1.2
Current service cost	(1.4)
Other finance charge	(0.2)
Actuarial loss	-
Related deferred tax asset	0.2
<b>Net pension liability at 31st December 2003</b>	<b>(5.3)</b>

**FRS17 additional disclosure requirements**

The following information is provided to comply with FRS17 additional disclosure requirements. This is not reflected in the Bank's profit and loss account and balance sheet. Had all the disclosure requirements of FRS17 been fully implemented at year end, the impact would be as outlined below.

	2003 £m
Retained earnings excluding pension liability	60.1
Pension deficit	(5.3)
Retained earnings	54.8

**Amount charged to the profit and loss account**

	2003 £000	2002 £000
Current service cost	1,366	1,105

**Amount credited to other financial income**

	2003 £000	2002 £000
Expected return on pension scheme assets	459	437
Interest on pension scheme liabilities	(696)	(581)
	(237)	(144)

**Amount recognised in the statement of recognised gains and losses**

	2003 £000	2002 £000
Actual less expected return on assets	917	(1,325)
Experience gains and losses on liabilities	369	-
Changes in assumptions underlying present value of liabilities	(1,307)	(891)
<b>Actuarial (loss) recognised in the statement of recognised gains and losses</b>	<b>(21)</b>	<b>(2,216)</b>

**% of asset value at balance sheet date represented by:**

	2003 %	2002 %
Actual less expected return on assets	11.4	24.2

**% of liability value at balance sheet date represented by:**

	2003 %	2002 %
Experience gains and losses on liabilities	2.4	-
Changes in assumptions underlying present value of liabilities	(8.4)	(7.0)
Actuarial (loss) recognised in the statement of recognised gains and losses	(0.1)	(17.5)

34 **Arab Banking Corporation (BSC)**

Head Office, ABC Tower, Diplomatic Area, Kingdom of Bahrain, Tel: (973) 17543000 Fax: (973) 17533062  
Telex: 9432 ABCBAH BN

**Branches****Grand Cayman**

c/o ABC New York Branch  
32nd Floor, 277 Park Avenue  
New York, NY 10172-3299, USA  
Tel: (1)(212) 5834720  
Fax: (1)(212) 5830921

Robert Ivosevich  
General Manager

**New York**

32nd Floor, 277 Park Avenue  
New York, NY 10172-3299, USA  
Tel: (1)(212) 5834720  
Fax: (1)(212) 5830921  
Tlx: 661978/427531 ABCNY

Robert Ivosevich  
General Manager

**Tunis (OBU)**

ABC Building  
Rue du Lac d'Annecy  
Les Berges du Lac  
1053 Tunis, Tunisia  
Tel: (216)(71) 861861  
Fax: (216)(71) 860921  
Tlx: 12505 ABCTU TN  
E-mail: abc.tunis@arabbanking.com

Saddek El Kaber  
Country Manager & General Manager

**Affiliate****Manama,  
Kingdom of Bahrain**

Arab Financial Services Company (EC)  
PO Box 2152, Manama  
Kingdom of Bahrain  
Tel: (973) 17290333  
Fax: (973) 17291323/17290050  
Tlx: 7212 AFS BN

Mahmood Al Koofi  
Chief Executive Officer

**Representative Offices****Abu Dhabi**

10th Floor, East Tower  
Second Street, Abu Dhabi Mall  
PO Box 6689, Abu Dhabi, UAE  
Tel: (971)(2) 6447666  
Fax: (971)(2) 6444429

E-mail: abcprep@emirates.net.ae

Ahmed Ebrahim Al Moataz  
Chief Representative

**Tehran**

No. 114, 1st Floor  
(opposite 35th St.)  
Khaled Eslamboli Avenue  
Tehran 15167  
Islamic Republic of Iran  
Tel: (98)(21) 8798452/3  
Fax: (98)(21) 8774561  
Tlx: 216860 ABC IR  
E-mail: arabbanking.teh@vessal.net

Mohammad Nasser Yousefi  
Chief Representative

**Tripoli**

That Emad Administrative Centre  
Tower 5, 16th Floor  
PO Box 3578, Tripoli, Libya  
Tel: (218)(21) 3350226/  
3350227/3350228  
Fax: (218)(21) 3350229  
E-mail: abc\_rep\_ly@ltnet.net

Mansour Abouen  
Chief Representative

**Singapore**

Arab Banking Corporation (BSC)  
9 Raffles Place, #10-01 Republic  
Plaza, Singapore 048619  
Tel: (65) 6535 9339  
Fax: (65) 6532 6288

John P Meads  
Chief Representative

**Subsidiaries****Algiers**

Arab Banking Corporation - Algeria  
PO Box 367  
54 Avenue des Trois Frères  
Bouaddou, Bir Mourad Rais  
Algiers, Algeria  
Tel: (213)(21) 541503/  
541515/541534  
Fax: (213)(21) 541604/541222  
Tlx: 62509 / 62510 ABC DZ  
E-mail: abcbank@wissal.dz

Redha Slimane Taleb  
General Manager

**Amman**

Arab Banking Corporation (Jordan)  
(16 Branches)  
PO Box 926691, Amman 11190  
Jordan  
Tel: (962)(6) 5664183-5/  
5621801-7  
Fax: (962)(6) 5686291  
E-mail: info@arabbanking.com.jo

Dr Ziad Fariz  
Chief Executive Officer

**Cairo**

Arab Banking Corporation –  
Egypt (SAE)  
1, El Saleh Ayoub St.  
Zamalek, Cairo, Egypt  
Tel: (202) 7362684 (10 lines)  
Fax: (202) 7363643  
E-mail:  
abcegypt@arabbanking.com.eg

Tarek Helmy  
Chief Executive Officer

**London**

ABC (IT) Services Ltd  
Arab Banking Corporation House  
1-5 Moorgate, London EC2R 6AB,  
UK  
Tel: (44)(20) 7776 4050  
Fax: (44)(20) 7606 2708  
Tlx: 915687 ABC G  
E-mail: abcits@arabbanking.com

Sael Al Waary  
Director

**Madrid**

Banco Atlantico SA  
(288 Branches)  
Gran Via 48, 28013 Madrid, Spain  
Tel: (34)(91) 5389000  
Fax: (34)(91) 5415474

Manuel Montecelos  
Chief Executive Officer

**Manama,  
Kingdom of Bahrain**

ABC Islamic Bank (EC)  
ABC Tower, Diplomatic Area  
PO Box 2808, Manama  
Kingdom of Bahrain  
Tel: (973) 17543000  
Fax: (973) 17536399/17533163  
Tlx: 9432/9433 ABC BAH BN

Mohamed A BuQais  
General Manager

**São Paulo**

Banco ABC Brasil SA  
Avenida Paulista 37  
14th/15th Floors  
CEP 01311-902, São Paulo  
SP, Brazil  
Tel: (55)(11) 31702000  
Fax: (55)(11) 31702001

Tito Enrique da Silva Neto  
President

**Tunis**

ABC Tunisie  
ABC Building, Rue du Lac d'Annecy  
Les Berges du Lac  
1053 Tunis, Tunisia  
Tel: (216)(71) 861861  
Fax: (216)(71) 860921  
Tlx: 12505 ABCTU TN  
E-mail: abc.tunis@arabbanking.com

Slim Chekili  
Acting General Manager

# Management Structure 35

## ABCIB Group Head Office

Michael Duval	<i>Chief Executive Officer</i>
Prasad Abraham	<i>Deputy Chief Executive Officer</i>
Richard Neasham	<i>Head of Treasury</i>
William Playle	<i>Head of Risk Management</i>
Peter Moore	<i>Chief Operating Officer</i>
Robert Large	<i>Head of Internal Audit</i>
Yvonne Sadowski	<i>Head of Human Resources</i>
David Bowen-Jones	<i>Corporate Secretary and Compliance</i>
Carolyn Kidman	<i>Public Relations Manager</i>

## ABCIB Group Product Heads

### TRADE & COMMODITY FINANCE AND FINANCIAL INSTITUTIONS

Paul Jennings	<i>European Head of Trade &amp; Commodity Finance and Financial Institutions</i>
---------------	--

### PROJECT AND STRUCTURED FINANCE

Keith Louch	<i>European Head of Project and Structured Finance</i>
-------------	--

### ISLAMIC ASSET MANAGEMENT

Duncan Smith	<i>Head of Islamic Asset Management</i>
--------------	---

## ABCIB Group European Branch Managers

### ABCIB PARIS BRANCH

Alexander Ashton	<i>General Manager</i>
------------------	------------------------

### ABCIB FRANKFURT BRANCH

Jürgen Blumschein	<i>General Manager</i>
-------------------	------------------------

### ABCIB MILAN BRANCH

Marco Simonelli	<i>General Manager</i>
-----------------	------------------------

36 **ABCIB Group European Branch Network****Head Office****(and Registered Office)**

ABC INTERNATIONAL BANK PLC  
 Arab Banking Corporation House  
 1-5 Moorgate  
 London EC2R 6AB

*Telephone:* (44)(20) 7776 4000

*Telefax:* (44)(20) 7606 9987

**London Branch**

ABC INTERNATIONAL BANK PLC  
 Arab Banking Corporation House  
 1-5 Moorgate  
 London EC2R 6AB

*Telephone:* (44)(20) 7776 4000

*Telefax:* (44)(20) 7606 9987

Treasury

*Telephone:* (44)(20) 7726 4091

*Telefax:* (44)(20) 7606 1710

*Reuters:* ABCL

**Paris Branch**

ABC INTERNATIONAL BANK PLC  
 49/51 Avenue George V  
 75008 Paris  
 France

*Telephone:* (33)(1) 49 52 54 00

*Telefax:* (33)(1) 47 20 74 69

*Reuters:* ABCP

In April 2004 ABC International Bank plc's

Paris Branch will be moving to:

4 rue Auber

75009 Paris

*Telephone:* (33)(1) 49 52 54 00 (unchanged)

*Telefax:* (33)(1) 47 20 74 69 (unchanged)

**Frankfurt Branch**

ABC INTERNATIONAL BANK PLC  
 Niedenu 13-19  
 D-60325 Frankfurt am Main  
 Germany

Postal address:

PO Box 170218

D-60076 Frankfurt am Main  
 Germany

*Telephone:* (49)(69) 71403-0

*Telefax:* (49)(69) 71403-240

Treasury

*Telephone:* (49)(69) 71403-246 (Money Markets)

(49)(69) 71403-239 (Foreign Exchange)

*Telefax:* (49)(69) 71403-350

*Reuters:* ABDF

**Milan Branch**

ABC INTERNATIONAL BANK PLC  
 Via Turati 16/18  
 20121 Milan  
 Italy

*Telephone:* (39)(02) 863331

*Telefax:* (39)(02) 8645 0117

Treasury

*Telephone:* (39)(02) 86333 215

*Telefax:* (39)(02) 8645 0117

*Reuters:* ABCX