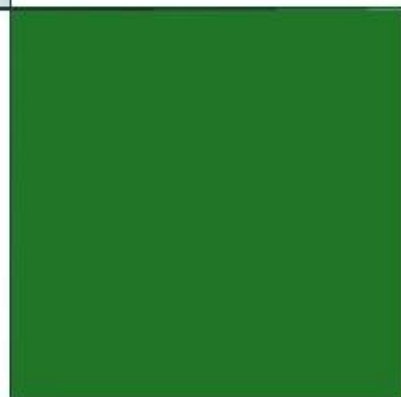


ANNUAL REPORT



2016



পুবালী ব্যাংক লিমিটেড
PUBALI BANK LIMITED

Annual Report 2016



পূবালী ব্যাংক লিমিটেড
PUBALI BANK LIMITED

Head Office

Pubali Bank Bhaban
26, Dilkusha Commercial Area
Dhaka-1000, Bangladesh
Post Box No. 853
Fax: 880-2-9564009
PABX: 9551614
E-mail: mailbox@pubalibankbd.com
Website: www.pubalibangla.com
SWIFT: PUBABDDH



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Letter of Transmittal

All respected shareholders of Pubali Bank Limited
Bangladesh Bank
Bangladesh Securities and Exchange Commission (BSEC)
Registrar of Joint Stock Companies & Firms (RJSC&F)
Dhaka Stock Exchange Limited (DSE)
Chittagong Stock Exchange Limited (CSE)

Dear Sir (s),

Annual Report of Pubali Bank Limited for the year ended December 31, 2016.

It is my pleasure to transmit the Annual Report 2016 of Pubali Bank Limited along with the consolidated Balance Sheet of its subsidiary company Pubali Bank Securities Limited for all concerned.

The Annual Report 2016 covers the period from 1 January 2016 to 31 December 2016 and includes message from the Chairman of the Board of Directors, Report of the Managing Director & CEO, Directors' Report and audited Financial Statement with relevant notes along with the consolidated statements of subsidiary company. Non-Financial information deemed material is also included. Our Annual Report aims to present a balanced and concise analysis of our strategy, performance, governance and prospects.

Management of the Bank and the business units and related divisions approved the relevant content in the Annual Report. The Annual Report 2016 is testimonial of strength, soundness and capability of moving forward through consistent progress in all parameters of the Bank in the year 2016. At last, I would like to convey my thanks and gratitude to all concerned.

Sincerely yours,



Zahid Ahsan
Company Secretary



Vision

Providing customer centric life long banking services.



Mission

- To be the most respected and preferred brand among all financial services providers in Bangladesh.
- Providing a superior value proposition to the customers by fulfilling their financial needs in the fastest and most appropriate way.
- To provide world class finance, capital and risk management products bundled with diversity and differentiation, delivered economically through the client's choice of distribution channel recognizing the unique lifetime financial needs of clients.
- To build an empowering organization with the structure, career development, training and rewards to ensure the vision is achieved.
- Using flexible technology, scale and risk management to ensure our services are of superior value.

Forward Looking Statement

This announcement constitutes forward looking statements about the bank, including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations or forecasts.

These statements include statements regarding our intent, belief or current expectations regarding our customer base, estimates regarding future growth in our different business lines and our overall business, market share, financial results and other aspects of our activity and situation relating to the bank. The forward-looking statements in this document can be identified, in some instances, by the use of words such as expects, anticipates, intends, believes and similar language or the negative thereof or by the forward-looking nature of discussions of strategy, plans or intentions.

Such forward-looking statements, by their nature, are not guarantees of future performance and involve risks and uncertainties and actual results may differ materially from those in the forward-looking statements as a result of various factors.

Neither this presentation nor any of the information contained herein constitutes an offer of purchase, sale or exchange, nor a request for an offer of purchase, sale or exchange of securities, or any advice or recommendation with respect to Pubali Bank Ltd. Moreover, be informed that this document may contain summarized information or information that has not been audited. In this sense, this information is subject to, and must be read in conjunction with, all other publicly available information, including if it is necessary, any disclosure documents published by the bank.

Finally, we caution that the foregoing list of important factors that may affect future result is not exhaustive. When relying on our future oriented statement, to make any decision with respect to the bank, investors and other should carefully consider the foregoing factors and other uncertainties and potential events. We do not undertake to update any future oriented statement, whether written or oral that may be made from time to time by us on our behalf.

STRATEGIC PRIORITY

Providing appropriate long term returns to our shareholders and to become the number one bank of all private commercial banks.

Serve institutions, corporate, businesses and individuals through Customer Relationship Management (CRM).

Develop innovative and new products recognizing the unique lifetime financial needs of customers

Delivery of services through all delivery channels like internet banking, IVR and telephone banking, ATM and POS, mobile banking etc.

Enhancing Corporate Governance for effective interaction between various participants i.e. Shareholders, board of directors, bank's management and taking effective decision to ensure corporate success and economic growth.

Streamlining risk and compliance for shareholder confidence, better operating performance and optimal risk-reward outcomes.

Continuous enrichment of its human assets so that they deliver value to the business.

Strengthening brand image for creating higher customer satisfaction and loyalty.

Adapting latest technologies and responding quickly in fast changing market scenario for providing uninterrupted services and business continuity, minimizing risks and moving towards MIS and DSS.

Enhancing financial inclusion efforts for sustained high economic growth and development

Institutionalize CSR

CORPORATE PROFILE

Registered Name	Pubali Bank Limited
Legal Status	Public Limited Company
Date of Incorporation	30 June 1983
Date of Commencement of Business	11 August 1983
Chairman	Mr. Habibur Rahman
Vice Chairman	Mr. Fahim Ahmed Faruk Chowdhury Mr. Azizur Rahman
Managing Director & CEO	Mr. Md. Abdul Halim Chowdhury
Company Secretary	Mr. Zahid Ahsan
Chief Financial Officer	Mr. Mohammad Liton Miah FCA
Date of Listing with DSE	25 September 1984
Date of Listing with CSE	31 December 1995
Authorized Capital	BDT 2000,00,00,000
Paid up Capital	BDT 880,37,38,120
Total Manpower	7,204
Number of Branches	453
Number of AD Branches	29
Number of SME/Krishi Branches	05
Number of ATM Booths	104
Auditors	M/s. S. F. Ahmed & Co. , Chartered Accountants House No.25, Road No.13A, Block-D, Banani, Dhaka-1213 Hoda Vasi Chowdhury & Co. , Chartered Accountants BTMC Bhaban (8th Level) 7-9, Kazi Nazrul Islam Avenue Kawran bazar Commercial Area, Dhaka-1217
Tax Consultant	M/s. S. F. Ahmed & Co. , Chartered Accountants, House No.25, Road No.13A, Block-D, Banani, Dhaka-1213
Rating Agency	National Credit Ratings Ltd. 3 Bijoy Nagar (2nd and 3rd Floor), Dhaka.
Registered office	26, Dilkusha Commercial Area, Dhaka-1000, Bangladesh.
Post Box	853
Fax	+880-2-9564009
Telephone	+880-2-9551614
E-mail	mailbox@pubalibankbd.com
Website	www.pubalibangla.com
SWIFT	PUBABDDH



কে. এম. হাসান এন্ড কোং
K. M. HASAN & CO.
Chartered Accountants

Hometown Apartment (7th, 8th & 9th Floor)
87, New Eskaton Road, Dhaka-1000
Phone : 9351457, 9351564, 8358817
Fax : 88-02-9345792
E-mail : kmh_co@yahoo.com
website: www.kmhasan.com



McMillan Woods
International
Professionalism at the forefront

Compliance Certificate
On
Corporate Governance Guidelines
To the Shareholders of
Pubali Bank Limited

We have reviewed the compliance of conditions of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by Pubali Bank Limited (The bank) as stipulated in clause 7(i) of the BSEC notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August, 2012.

The compliance of conditions of the Corporate Governance Guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the management of the bank. Our review for the purpose of issuing this certificate was limited to the verification of procedures and implementations thereof adopted by the bank for ensuring the compliance of conditions of Corporate Governance Guidelines and proper reporting of compliance status on the compliance statement on the basis of evidences obtained and representation received thereon from the management of the bank. It is neither an audit nor expression of opinion on the financial statements of the bank.

Based on information and explanations given to us, we certify that the bank has complied with the conditions of the Corporate Governance Guidelines as stipulated in the above mentioned notification of Bangladesh Securities and Exchange Commission and applicable to the bank for the year ended 31 December, 2016.

Md. Amirul Islam FCS, FCA
Senior Partner

Place: Dhaka

Date: March 21, 2017



CREDIT RATING

The Bank completed its credit rating by National Credit Ratings Limited (NCR) based on the Audited Financial Statements of 31 December 2015 and was awarded "AA" (Double A) in the Long Term and "ST-1" in the Short Term.

Persistent Stable outlook for consecutive 4 (four) years

Particulars	Current Rating	Previous Rating		
	2016	2015	2014	2013
Long Term	AA (Double A)	AA (Double A)	AA (Double A)	AA (Double A)
Short Term	ST-1	ST-1	ST-1	ST-1
Based on Financials	31 December 2015	31 December 2014	31 December 2013	31 December 2012
Date of Rating	30 June 2016	30 June 2015	13 July 2014	12 June 2013
Validity	1 (one) year from the date of declaration			
Outlook	Stable	Stable	Stable	Stable

Definitions used by NCR for entity (Bank) rating

AA	Very strong capacity for timely servicing of financial obligations offering high safety. Such institutions carry very low risk.
ST-1	Strongest capacity for timely payment of financial commitments and carry lowest credit risk.

NCR assigned AA (Pronounced Double A) rating of Pubali Bank Limited in the Long Term and ST-1 in the Short Term. The ratings reflect bank's prolonged track record, outspread business network and sound financial profile exemplified by increase in NIM & spread, decline in non-performing loan along with surplus provision maintained against required provision. The ratings also draw strength from improved risk absorption capacity with sound equity base, adequate liquidity in terms of CRR & SLR and reasonable maturity gap. NCR performed the present rating assignment based on the Audited Financial Statements of 31 December 2015 and other relevant information. The present rating takes into account, among others, bank's comfortable capital adequacy, improved asset quality, continued profitability, adequate liquidity and reduction in non-performing assets (NPA) levels to single digit.

BAPLC CERTIFICATE





PUBALI BANK LIMITED

Registered Office

26, Dilkusha Commercial Area, Dhaka-1000, Bangladesh

NOTICE OF THE 34TH (THIRTY FOURTH) ANNUAL GENERAL MEETING

Notice is hereby given that the 34th (Thirty Fourth) Annual General Meeting (AGM) of Pubali Bank Limited will be held on 27th April, 2017 at 10.30 AM at Pubali Bank Auditorium, Head Office, 26 Dilkusha C/A, Dhaka for transacting the following businesses:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements for the year ended on 31st December 2016 and Reports of the Directors and Auditors thereon.
2. To declare Dividend for the year ended 31st December 2016 as recommended by the Board of Directors.
3. To elect Directors in place of retiring Directors subject to receiving direction from the appropriate Court of Law.
4. To re-appoint Auditors of the Company for the year 2017 and to fix their remuneration.

All the honourable Shareholders of the Bank are requested to kindly make it convenient to attend the Meeting in time.

By order of the Board of Directors

Sd/-

Zahid Ahsan

Company Secretary

Dated: Dhaka
12 March 2017

Notes:

- a) The "Record Date" of the 34th Annual General Meeting (AGM) will be on Wednesday, 05 April 2017.
- b) The Shareholders whose name would appear in the CDS/Register of Members of the Company on the Record Date shall be entitled to the dividend and attend the AGM.
- c) A member eligible to attend at the Annual General Meeting may appoint a proxy to attend on his/her behalf. Power of Attorney/Proxy forms must be submitted to the Share Department (26, Dilkusha C/A, 3rd floor), Head Office, Dhaka of the Company at least 48 (forty eight) hours before the Meeting i.e. 10.30 AM on 25 April, 2017. Revenue Stamp of Tk.20/- (Taka Twenty) only shall have to be affixed on the Proxy Form.
- d) Shareholders and proxies are requested to record their entry well in time.
- e) The honourable Shareholders may collect Proxy Form from the Share Department of the Company and also download from Bank's website (www.pubalibangla.com). Attendance Slip may be collected from the Bank's Head Office or from the meeting venue.
- f) Annual Report and Balance sheet alongwith Directors' Report and Audited Financial Statements of the Bank for the year ended 31st December 2016 will be available at the Bank's website (www.pubalibangla.com) from 12 April, 2017 to till next AGM.
- g) Entry is reserved only for the honourable Shareholders and Proxies/Attorneys. Attendance slip (duly signed) must be submitted to the Registration Counter at the time of entrance. Registration Counter shall be opened at 7.00 AM and remain open up to 10.30 AM.
- h) Honorable Shareholders are requested to update their Mailing Address, Bank Account no., Branch Routing no., Signature and other related information through Depository Participant (DP) of their BO Account before record date.
- i) Hon'ble Shareholders under BO are requested to update their respective BO Accounts with 12 Digits Taxpayer's Identification Number (e-TIN) through Depository Participant (DP) and Hon'ble Shareholders under Folio are requested to provide their e-TIN Certificate to Share Department of the Registered Office before 05 April 2017, failing which Income Tax at Source will be deducted from payable Dividend @ 15% (Fifteen Percent) instead of @ 10% (Ten Percent) as per amended section 54 of IT Ordinance 1984.

Payment of Dividend:

- Stock Dividend will be credited through CDBL and fraction amount will be credited to the respective account of the shareholder through BEFTN.
- Cash Dividend amount will be credited to the respective bank account of the shareholder through BEFTN.

N.B.: No gift or benefit in cash or kind shall be paid/offered to the Shareholders in the 34th AGM as per BSEC Circular No. SEC/CMRRCD/2009-193/154 dated 24.10.2013 and Regulation 24(2) of the Listing Regulations, 2015 of both the Stock Exchanges (DSE & CSE).

BOARD OF DIRECTORS

Chairman	Mr. Habibur Rahman
Vice-Chairman	Mr. Fahim Ahmed Faruk Chowdhury Mr. Azizur Rahman
Director	Mr. Moniruddin Ahmed Mr. Syed Moazzem Hussain Mr. Monzurur Rahman Mr. Ahmed Shafi Choudhury Ms. Rumana Sharif Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA Mr. Musa Ahmed Mr. Md. Abdur Razzak Mondal Ms. Rana Laila Hafiz
Independent Director	Mr. Khurshid-ul-Alam Dr. Shahdeen Malik
Managing Director & CEO	Mr. Md. Abdul Halim Chowdhury
Company Secretary	Mr. Zahid Ahsan
Chief Financial Officer	Mr. Mohammad Liton Miah FCA

Committees of the Board of Directors

Executive Committee

Name	Status in the Committee
Mr. Moniruddin Ahmed	Chairman
Ms. Rumana Sharif	Member
Mr. Musa Ahmed	Member
Ms. Rana Laila Hafiz	Member
Mr. Md. Abdul Halim Chowdhury (Managing Director & CEO)	Member
Mr. Zahid Ahsan	Company Secretary

Audit Committee

Name	Status in the Committee
Mr. Khurshid-ul-Alam	Chairman
Mr. Monzurur Rahman	Member
Mr. Ahmed Shafi Choudhury	Member
Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Member
Dr. Shahdeen Malik	Member
Mr. Zahid Ahsan	Company Secretary

Risk Management Committee

Name	Status in the Committee
Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Chairman
Mr. Fahim Ahmed Faruk Chowdhury	Member
Mr. Azizur Rahman	Member
Mr. Md. Abdur Razzak Mondal	Member
Mr. Khurshid-ul-Alam	Member
Mr. Zahid Ahsan	Company Secretary

Shari'ah Supervisory Committee

Name	Status in the Committee
Janab M. Azizul Huq	Chairman
Professor M. Mansurur Rahman	Faqih Member
Professor M. Muzahidul Islam	Islamic Economist
Janab Md. Mukhlesur Rahman	Faqih Member
Moulana Abdullah bin Sayeed Jalalabadi	Faqih Member
Janab Habibur Rahman	Ex-Officio Member
Janab Moniruddin Ahmed	Ex-Officio Member
Janab Ahmed Shafi Choudhury	Ex-Officio Member
Janab M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Ex-Officio Member
Janab Md. Abdur Razzak Mondal	Ex-Officio Member
Janab Md. Abdul Halim Chowdhury	Ex-Officio Member
Janab A.N.M. Nurunnobi	Member Secretary

**PROFILE OF
THE BOARD OF
DIRECTORS**



Profile of the Board of Directors



Mr. Habibur Rahman
Chairman

Chairman : Mr. Habibur Rahman
 Father's Name : Late Md. Mostafa Mia
 Mother's Name : Late Azirunnessa
 Spouse Name : Mrs. Dilara Begum
 Present Address : 8, U.N. Road, (1st floor) B-2,
 Baridhara, Dhaka.
 Permanent Address : 8, U.N. Road, (1st floor) B-2,
 Baridhara, Dhaka.

Educational Qualification : IA

Experience & Involved with :

Long 59 years' experience in Banking and other business. Mr. Rahman is serving as the Chairman of the Board of Directors of Pubali Bank Limited. He is a member of the Shari'ah Supervisory Committee of Pubali Bank Limited. He is also presently serving as Director of Delta Medical College and Hospital, Pubali Bank Securities Ltd. and Global Pharmaceuticals Company Limited.

Profile of the Board of Directors



Mr. Fahim Ahmed Faruk Chowdhury
Vice-Chairman

Vice-Chairman	: Mr. Fahim Ahmed Faruk Chowdhury
Father's Name	: Late Faruk Ahmed Chowdhury
Mother's Name	: Mrs. Shamsun Nahar Begum Chowdhury
Spouse Name	: Mrs. Ayesha Farah Chowdhury
Present Address	: Faruk Chamber (2nd floor), 1403, Sk. Mujib Road, Chittagong.
Permanent Address	: House No.6, Road No.3, Khulshi R/A, Chittagong.
Educational Qualification	: M.Sc in Business Economics, UK

Experience & Involved with:

Long 26 years' experience in Banking & other business. For long time he has been serving as member of Board of Directors of Pubali Bank Limited. At present, he is the Vice-Chairman of the Board of Directors of the bank. He is a member of Risk Management Committee of the Board of Directors of the bank. In addition, he is the Director of Globex Pharmaceuticals Ltd., Surjisphere Hospital Pvt. Limited as well as Euro Petro Product Ltd. and also the Managing Director of Ranks FC Properties Ltd., CEM Readymix Concrete Ltd., CEM UPVC Ltd., Chittagong Electric Manufacturing Co. Ltd., F.A.C. Eastern Enterprise Ltd. and FC Holdings Ltd. He was former Director of Chittagong Chamber of Commerce & Industries. He is involved in many social activities and also a widely travelled person across the globe on business purposes.

Profile of the Board of Directors



Mr. Azizur Rahman
Vice-Chairman

Vice-Chairman : Mr. Azizur Rahman
 Father's Name : Late Sk. Wahidur Rahman
 Mother's Name : Mrs. Halima Rahman
 Present Address : 105-109, Tongi Industrial Area, Gazipur.
 Permanent Address : Beani Bazar Bhaban (1st floor), SEB-6, Road No.135, Gulshan, Dhaka.
 Educational Qualification : Studied: Political Science SUNY at Stony Brook, NY, USA. Law at University of Wolverhampton, UK.

Experience & Involved with :

Long 19 years' experience in his career. Mr. Rahman is a Director of Pubali Bank Limited since November, 2012 and currently serving as a Vice-Chairman of the Bank. He is also a member of the Risk Management Committee of the Board of Directors of the Bank.

Mr. Rahman is a very prominent business entrepreneur in the country. He is one of the Director of Pubali Bank Securities Ltd., National Ceramic Industries Ltd. and Dressmen Fashionwear Ltd. He is an industrialist and dealing with export oriented garment business.

Profile of the Board of Directors



Mr. Moniruddin Ahmed
Director

Director : Mr. Moniruddin Ahmed
 Father's Name : Late Kurban Ali
 Mother's Name : Late Haricha Khatun
 Spouse Name : Mrs. Jahanara Khanam Ahmed
 Present Address : 35, Sagordighirpar, Subid bazar, Sylhet.
 Permanent Address : 18 Green Street, STEVENAGE
 HERTS SG1 3 DS, England.
 Educational Qualification : Matriculation

Experience & Involved with :

Long 59 years' experience in business. He is serving as a Director of Pubali Bank Limited since long. Currently, he is the Chairman of the Executive Committee of the Board of Directors and also a member of Shari'ah Supervisory Committee of the Bank. He is also the Chairman of Pubali Bank Securities Ltd.

He is involved with the upliftment of education. He runs a renowned residential school. He is the founder Chairman of Monir Ahmed Academy, Sylhet. He is involved in many Social and Philanthropic activities.

Profile of the Board of Directors



Mr. Syed Moazzem Hussain
Director

Director : Mr. Syed Moazzem Hussain
 Father's Name : Late Syed Wareez Ali
 Mother's Name : Late Wajamun Nessa
 Spouse Name : Syeda Halima Hussain
 Present Address : Prince Corporation Ltd.,
 117, Kazi Nazrul Islam Avenue,
 Bangla Motor, Dhaka.
 Permanent Address : House No.35, Road No.06,
 Dhanmondi R/A, Dhaka.
 Educational Qualification : Graduate (Punjab University,
 Lahore)

Experience & Involved with :

Long 44 years' experience in banking business & other activities. He is serving as a Director of Pubali Bank Limited since long. He is former Chairman of the Board of Directors of Delta Life Insurance Company Limited. He is a renowned business man. He is the Chairman of Prince Corporation Ltd. and Moazzem Knit & Dyeing Industry Ltd. He is involved with numerous philanthropic and social activities. He has donated a big sum for the extension & renovation of a Red Crescent Hospital of Barisal, which is run by Red Crescent Society of Bangladesh and many other institutions.

Profile of the Board of Directors



Mr. Monzurur Rahman
Director

Director : Mr. Monzurur Rahman
 Father's Name : Late Khan Bahadur Mukhlesur Rahman
 Mother's Name : Late Syeda Kadira Khatoon
 Spouse Name : Mrs. Suraiya Rahman
 Present Address : NE(E) 3A, Road # 74, Gulshan-2, Dhaka-1212.
 Permanent Address : 5A Circuit House Road, Shantinagar, Dhaka-1217.
 Educational Qualification : Bachelor of Arts, Calcutta University

Experience & Involved with :

He has long 50 years' experience in banking, insurance and tea business. He was the youngest Director of erstwhile Eastern Mercantile Bank Limited, which eventually was converted into Pubali Bank Limited. Currently, he is a member of Board of Directors and is a member of the Audit Committee of the Board of Directors of the Bank. Mr. Monzurur Rahman is also an Independent Director of Lafarge Holcim Bangladesh Limited.

He is involved with many other businesses. He is the Chairman of Delta Life Insurance Company Limited and Rema Tea Company Ltd. He is also an elected member of the Executive Committee of Bangladesh Association of Publicly Listed Companies (BAPLC). He is involved with many philanthropic and social activities.

Profile of the Board of Directors



Mr. Ahmed Shafi Choudhury
Director

Director : Mr. Ahmed Shafi Choudhury
 Father's Name : Late Khan Bahadur Dewan
 Abdur Rahim Chowdhury
 Mother's Name : Late Zubeda Khatoon
 Chowdhury
 Present Address : House No.138 (6th Floor),
 Lane 4, New DOHS, Mohakhali,
 Dhaka-1206.
 Permanent Address : 66, Park Road, 1st floor,
 Baridhara, Gulshan, Dhaka.
 Educational Qualification : BA (Dhaka University)

Experience & Involved with :

Long 49 years' experience in tea plantation and production business and in commercial banking. He is a Director in the Board of Directors of Pubali Bank Limited. He is a member of the Audit Committee of the Board of Directors and member of Shari'ah Supervisory Committee of the Bank. He is holding Director position in Pubali Bank Securities Ltd. (a subsidiary organization of Pubali Bank Limited). He is an Independent Director of Bangladesh Lamps Ltd. and Eskayef Pharmaceuticals Limited. He was also Director of United Insurance Co. Ltd. and Reliance Insurance Co. Ltd. for a quite long time. He is also actively involved with number of philanthropic and charitable activities.

Profile of the Board of Directors



Ms. Rumana Sharif
Director

Director : Ms. Rumana Sharif
 Father's Name : E.A. Chaudhury
 Mother's Name : Kaniz Momena Choudhury
 Spouse Name : Mr. Q.M. Shariful Ala
 Present Address : House No.37, Road No.07,
 Block-G, Banani, Dhaka.
 Permanent Address : House No.37, Road No.07,
 Block-G, Banani, Dhaka.
 Educational Qualification : M.Sc (Biochemistry),
 Dhaka University

Experience & Involved with :

Long 25 years' experience in her career. She is serving as a Director of Pubali Bank Limited since long. She is currently a member of the Executive Committee of the Board of Directors of the Bank.

She is also involved with other business. She takes keen interest in different benevolent and philanthropic activities.

Profile of the Board of Directors



Mr. M. Kabiruzzaman Yaqub
FCMA (UK), CGMA
Director

Director	: Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA
Father's Name	: Mohammed Yaqub
Mother's Name	: Mrs. Rajia Yaqub
Spouse Name	: Mrs. Afifa S. T. Yaqub
Present Address	: Flat-D2, House-20, Road-66, Gulshan-2, Dhaka-1212.
Permanent Address	: House-6, Road-30, Sector-7, Uttara, Dhaka.
Educational Qualification	: B. Eng (Civil), UK, FCMA (UK), CGMA

Experience & Involved with :

He completed his graduation in Civil Engineering from United Kingdom. He is also the fellow of the Institute of Chartered Management Accountants in United Kingdom. He has 28 years multifarious experience on different parameters. It ranges from banking business to many other sectors i.e. textile and spinning business, real estate business etc. He is the Chairman of Imagine Properties Ltd. and also a Director of Pubali Bank Securities Limited. He also served in multinational companies in UK. He is an active member and past President of Gulshan Rotary Club, Bangladesh. He takes part in various philanthropic and social activities.

He has been serving in Pubali Bank Limited since long as a Director. At present, he is the Chairman of Risk Management Committee and member of the Audit Committee of the Board of Directors of the Bank. He is a member of Shari'ah Supervisory Committee of the Bank. He serves on the Middle East, South Asia, North Africa (MESANA) Regional Board of Chartered Institute of Management Accountants.

Profile of the Board of Directors



Mr. Musa Ahmed
Director

Director : Mr. Musa Ahmed
 Father's Name : Late Giashuddin Ahamed
 Mother's Name : Mrs. Monjura Ahmed
 Spouse Name : Mrs. Taposhi Rabeya
 Present Address : Room No. 802, 8th floor,
 28, Dilkusha C/A, Dhaka.
 Permanent Address : 174, B. B. Road, Narayanganj.
 Educational Qualification : B.Sc (USA), MBA (USA)

Experience & Involved with :

Long 18 years' experience in his career. Mr. Musa Ahmed joined the Board of Pubali Bank Limited as a Director in 2010 and currently a member of Executive Committee as well.

Mr. Ahmed is successfully running a business conglomerate with diverse interests holding the position of directors in Popular Jute Exchange Ltd., Popular Jute Mills Ltd., Comilla Food and Allied Ind. Ltd., Popular Food and Allied Ind. Co. Ltd. and Tejgaon Engineering and Construction Co. Ltd. He is an active social worker and takes keen interest in different benevolent and philanthropic activities.

Profile of the Board of Directors



Mr. Md. Abdur Razzak Mondal
Director

Director : Mr. Md. Abdur Razzak Mondal
 Father's Name : Late Rashid Ahmed Mondal
 Mother's Name : Late Rahatunnessa
 Spouse Name : Mrs. Roushan Ara Begum
 Present Address : House # 05, Road # 33,
 Sector # 7, Uttara, Dhaka.
 Permanent Address : Mulatole, Kotwali, Rangpur.
 Educational Qualification : MBA (IBA, DU)

Experience & Involved with :

Long 42 years' experience in his career. He is a very experienced & qualified person. He held high post in Export Promotion Bureau (EPB), Ministry of Commerce, Dhaka. He is also a high profile business executive of Ha-Meem Group, leading Garments & Textile group of the country. He is a Director in the Board of Directors of Pubali Bank Limited. At present, he is a member of Risk Management Committee of the Board of Directors and also a member of Shari'ah Supervisory Committee of the Bank.

Profile of the Board of Directors



Ms. Rana Laila Hafiz
Director

Director : Ms. Rana Laila Hafiz
 Father's Name : Mr. Hafiz Ahmed Mazumder
 Mother's Name : Mrs. Hafsa Mazumdar
 Spouse Name : Mr. Riad Rouf
 Present Address : House # 311 (2nd floor),
 Road # 4, DOHS, Baridhara,
 Dhaka.
 Permanent Address : 153, Gulshan Avenue, Dhaka.
 Educational Qualification : MA (English)

Experience & Involved with :

Ms. Rana Laila Hafiz joined the Board of Pubali Bank Ltd. on April 28, 2016. Long 12 years' experience in her career. She is a successful business personality and holds Director position in Pubali Bank Securities Limited (subsidiary of Pubali Bank Ltd.). At present, she is a member of the Executive Committee of the Board of Directors of the Bank. She is a post graduate (MA) in English.

Profile of the Board of Directors



Mr. Khurshid-ul-Alam
Independent Director

Independent Director : Mr. Khurshid-ul-Alam
 Father's Name : Late Md. Jamal
 Mother's Name : Late Jahanara Begum
 Spouse Name : Mrs. Masuma Pervin
 Present Address : Flat No.2C, Plot No.71, Road No.11/A, Dhanmondi R/A, Dhaka-1209.
 Permanent Address : Vill-Dhalai, P.O.-Katirhat, P.S.-Hathazari, Dist.-Chittagong.
 Educational Qualification : BA (Hon's), MA (Eco), DU, MA (Eco), University of New England, Australia.

Experience & Involved with :

Long 36 years' experience in his career. At present, he is an Independent Director of Pubali Bank Limited. Prior to that, he was an Executive Director of Bangladesh Bank (Central Bank of Bangladesh). After retirement from the service of Central Bank, he served as Deputy Managing Director of Pubali Bank Limited. He is the Chairman of the Audit Committee and member of the Risk Management Committee of the Board of Directors of the Bank. In addition, he is a faculty member of East West University, Bangladesh; the leading private university of the country. He is also involved with philanthropic & social activities. He is also a life member of Bangladesh Economic Association and Bangladesh Bank Colony Scout Group, Chittagong.

Profile of the Board of Directors



Dr. Shahdeen Malik
Independent Director

Independent Director : Dr. Shahdeen Malik
 Father's Name : (Late) Abdul Malik Chowdhury
 Mother's Name : (Late) Syeda Bulbul Chowdhury
 Spouse Name : Mrs. Rezia Sultana Malik
 Present Address : House # 27, Road # 13A,
 Dhanmondi, Dhaka-1209.
 Permanent Address : House # 27, Road # 13A,
 Dhanmondi, Dhaka-1209.
 Educational Qualification : PhD in Law, London, UK,
 Obtained LLM degrees from
 Universities at Moscow &
 Philadelphia.

Experience & Involved with :

Long 29 years' experience in his career. He is an Independent Director in the Board of Directors of Pubali Bank Limited and Pubali Bank Securities Limited. He is also a member of the Audit Committee of the Board of Directors of the Bank. He is a prominent law practitioner by profession. He is practicing in Supreme Court Bangladesh. He is also a constitution expert. He is also a renowned contributor to the national dailies and had taught Law at Dhaka University and BRAC University.

Profile of the Board of Directors



Mr. Md. Abdul Halim Chowdhury
Managing Director & CEO

Managing Director & CEO : Mr. Md. Abdul Halim Chowdhury
 Father's Name : Late Abdul Muquith Chowdhury
 Mother's Name : Wahida Khanom Chowdhury
 Spouse Name : Mrs. Rahima Aqter Chowdhury
 Present Address : Pubali Bank Limited,
 Head Office, Dhaka.
 Permanent Address : Jharna-80, Jharnar Par,
 Kumarpara, Sylhet.
 Educational Qualification : B.Sc (Hon's), M.Sc

Experience & Involved with :

Long 32 years' experience in his career. A visionary leader in banking sector, Md. Abdul Halim Chowdhury started his career in Pubali Bank Limited as a Principal Officer in 1988. As Managing Director and CEO of the Bank, he has been successfully leading the bank to its right direction. He is Ex-Officio member of Executive Committee of the Board of Directors of the bank and member of Shari'ah Supervisory Committee of the bank.

He attended a number of prestigious programs including International Bankers seminar in Langkawi, Malaysia in 2006, INSEAD arranged workshop on value creation in Banking and Strategic Management held in France from October 29 to November 1, 2015 and also took part in Global Banking: Paradigm Shift in Mumbai. He attended a training program title "Citi's Cyber Security and share best practices" on 29-30 September, 2016. He also participated in various training, seminars and courses both at home and abroad on banking, management and leadership conducted by different International Banks, Forums and Training Institutes. He has extensive travelling experience across the globe. He visited Kingdom of Saudi Arabia, United Kingdom, USA, India, Malaysia, Indonesia, Greece, Bahrain, Singapore, Denmark, Canada and France. He is a corporate member of Dhaka Club, one of the most prestigious club in our country.

MANAGEMENT TEAM

Managing Director & CEO

Mr. Md. Abdul Halim Chowdhury

Additional Managing Director

Mr. Safiul Alam Khan Chowdhury

Deputy Managing Director

Mr. Mohammad Ali

Mr. Akhtar Hamid Khan

General Manager

Mr. Syed Aziz Ahmed

Mr. Dewan Ruhul Ahsan

Mr. Md. Sirajul Islam Miah

Mr. Syed Abdul Mazid

Mr. Habibur Rahman

Mr. Mohammad Shahnawaz Chowdhury

Mr. Dewan Jamil Masud

Mr. Abu Habib Khairul Kabir

Mr. Ershadul Haque

Mr. B. M. Shahidul Haque

Mr. Mohammad Humayun Kabir

Mr. Abduhu Ruhul Masih

Mr. A. S. Sirajul Haque Chowdhury

Mosammat Shahida Begum

Mr. Sayed Saiful Islam

Mrs. Rubina Begum

Mr. Md. Sayeed Sikder

Mr. Md. Mohiuddin Ahmed

Pubali Bank Securities Limited

Mr. Md. Mohiuddin Ahmed

Managing Director & CEO

Chief of Board's Audit Cell

Mr. Md. Shah Alam

General Manager

Pubali Bank Training Institute

Mr. Niranjan Chandra Gope

Principal

Head of Islamic Banking Wing

Mr. Md. Mamun Bakht

Deputy General Manager

MANAGEMENT TEAM

Deputy General Manager

Mrs. Rowshon Akhter	Mr. Ahmed Enayet Manjur
Mr. Pradip Kumar Datta	Mr. Hari Bhushan Deb
Ms. Shireen Aktar	Mr. Md. Shahnewaz Khan
Mr. Md. Belayet Hossain	Mr. Md. Shahadat Hossain
Mr. Arunava Chowdhury	Mr. Md. Mohiuddin Ahmed
Mr. Muhammod Ali Khan	Mr. Mohammad Monjurul Islam Mojumder
Mr. Jagot Chandra Saha	Mr. Md. Faizul Hoque Sharif
Mr. Nitish Kumar Roy	Mr. Md. Zahidur Rahman
Mr. Shaikh Abdus Sabur	Mr. Md. Esha
Mr. Shyam Sundar Banik	Mr. A.K.M. Muzammel Hoque
Mr. Md. Shamsuddin Faruque	Ms. Nishat Maisura Rahman
Mr. Parimal Kumar Das	Mr. Md. Anisur Rahman
Mr. Md. Ashraful Alam	Ms. Sultana Sarifun Nahar
Mrs. Shamsun Nahar Akther	Mr. Md. Helal Uddin
Mr. Khondaker Mahbub-E-Rabbani	Mr. Mohammad Liton Miah FCA
Mr. Md. Abdul Hye	Mr. Md. Ehtesham Ul Huq Chowdhury
Mr. Md. Mostafa Kamal Miah	Mr. Sheikh Feazul Wahab
Mr. Md. Khorshed Reza	Mr. Sukanta Chandra Banik
Mr. Zahid Ahsan	Mr. Mohammad Anisuzzaman
Mrs. Halima Khatoon	Mr. Md. Rafiqul Islam
Mr. Md. Imamur Rashid	Mr. Abu Hasan Md. Kamruzzaman
Mr. Iftikher Haider	Mr. Shakti Ranjan Das
Mr. Dilip Kumar Paul	Mr. Md. Kamruzzaman
Mr. Mohammad Saiful Islam	Mr. Naresh Chandra Basak
Mr. A. Jalil	Mr. Faroque Ahmed
Mr. Ziaul Hoque Chowdhury	Mr. Ratan Kumar Shil
Mr. Mahbub Ahmed	Mr. Ashim Kumar Roy
Mr. Mohammed Mashiur Rahman Khan	Mr. Md. Shah Alam

MANAGEMENT TEAM

Assistant General Manager

Mr. Zeauddin Ahmed	Mrs. Shahina Hossain
Mr. Faruq Hasan	Mr. Prodyut Kumar Roy
Mr. Md. Muyeenu Hoque	Mr. Abdullah Al Amin
Mr. A.K.M. Saiful Islam	Mr. Md. Rafiqul Islam
Mrs. Hosne Ara Begum	Ms. Mousumi Rani Saha
Mr. Md. Mizanur Rahman	Mr. Md. Shahin Shahria
Mr. Syed Md. Yahiya	Mr. Md. Zahirul Islam
Mr. Satya Ranjan Chakraborty	Mr. Md. Bellal Hossain
Mrs. Shahnaz Begum	Mr. Md. Abu Nasar
Mr. Md. Shaheen Khan	Mr. Nurul Alam Khan
Mr. Debashis Bhattacharyya	Mr. Md. Abdul Wahab Mollah
Mr. Md. Faisal Ahmed	Mr. Anwar Hossain
Mr. Md. Nanna Sikder	Mr. Md. Abdush Sobhan Miajee
Mr. Mohammad Shahjahan	Mr. Aminul Islam
Mr. Endra Mohan Sutradhar	Mr. S.M. Rakib Miah
Mr. Jibon Kumar Roy	Mr. Asif Iqbal
Mr. Md. Shahidul Islam	Mr. Mohammed Ali Amzad
Mr. Md. Noor-E-Alam Sarker	Mr. A.K.M. Abdur Raqib
Mr. H.M. Omar Faruque	Mr. Md. Shajahan Mahmood
Mr. Khan Md. Javed Jafar	Mr. Md. Shariful Islam
Mr. Md. Nazrul Islam Sarker	Mr. Shahidullah Bhuiyan
Mr. Mohammad Arifur Rahman	Mr. Abul Kalam Azad
Mrs. Ismat Ara Huq	Mr. Md. Abdul Mumith Chowdhury
Mr. Md. Hasan Imam	Mr. Chowdhury Ishfaqur Rahman Qureshi
Mr. Mohammed Nurul Kabir	Mr. S. M. Liaquat Hossain
Mr. Dam Kamal Kumar	Mr. Md. Malequl Islam
Mr. Md. Shamsul Hoque	Mr. Muhammad Tarequl Islam
Mr. Md. Wahid Shams	Ms. Fatema Shaela Hossain
Mr. Md. Bellal Hossain Salim	Ms. Ajuba Khandaker
Mr. Md. Imtiazul Huq	Mr. Md. Saiful Islam
Mr. Md. Muzaffar Ali	Mr. Abu Laich Md. Shamsujjaman
Mr. Md. Rustom Ali Howlader	Ms. Masuma Khatun

MANAGEMENT TEAM

Assistant General Manager

Mr. Mohammad Mohasin Sarker	Mr. Md. Jaminul Islam
Mrs. Kaniz Fatima	Mr. Md. Toufiqur Rahman
Mr. Mohammad Tofazzal Hossain	Mr. Khondoker Rafiqul Islam
Ms. Tahmida Sharmin	Mr. Md. Nazrul Islam
Ms. Fahmida Akter	Mr. Md. Shaheen Momtaz
Mr. Md. Shaiful Islam	Mr. Mohammad Abdul Mannan
Mr. Zubair Islam	Mr. Md. Mahbub Alam
Mr. Chowdhury Md. Shafiul Hasan	Mr. Md. Fazlul Kabir Chowdhury
Mr. Md. Abul Hasan	Mr. Md. Moniruzzaman
Mr. Mohammad Abdur Rahim	Mr. Md. Shahidul Islam
Mrs. Kazi Shaswoti Islam	Mr. Biplob Chandra Saha
Mr. Md. Lotifur Rahman	Mr. Md. Ahoshan Habib
Ms. Kaniz Farhana Yasmin	Mr. Anjan Das
Mr. Mohammad Al Mamun	Mr. Md. Khurshed Alam Khan
Mr. Md. Anisuzzaman	Mr. Mohammed Abdul Khaleque
Mr. K.M. Ishtiaq Hamid	Mr. Sankar Chandra Halder
Mr. Hossain Mohammed Faisal	Mr. Sardar Md. Harunur Rashid
Mr. Alamgir Zahan	Mr. Mohammad Arif Rabbani
Mr. Mirza Emdad Hossain	Mr. Mohammad Hafizur Rahman Sarder
Mr. S.M. Nazrul Islam	Mr. Mohammad Jasim Uddin
Miss Shameema Akhter Sayma	Mr. Chowdhury Abdul Waheed
Mr. Md. Sazidur Rahman	Mr. Sk. Md. Shamsuddoha
Mr. Monirul Islam	Ms. Farhana Hoque
Mr. Mohammad Saiful Islam	Ms. Lifonar Afrin
Mr. Mohammad Zahid Hossain	Ms. Kohinoor Begum
Mr. Abdur Rouf Miah	Mr. Mohammed Waidul Islam
Mr. Mohammad Shahidul Islam	



Message
from the Chairman

Message from the Chairman

Dear Shareholders,

It is my pleasure to welcome you at the 34th Annual General Meeting and to present the Annual Report along with audited Financial Statements for the year 2016 of Pubali Bank Limited. Our Bank showed sustainable growth in 2016, despite different challenging conditions persist. Our commitments to continual play a vital role in the country's economic wellbeing, address economic challenges and overcome them as well as sustainable growth are well reflected in the Annual Report.

Pubali Bank is now a stronger, safer, better balanced and more responsive as well as responsible bank. Our motto and ambition is to help clients better manage their financial lives. Everything we do is focused on providing clients with the ability to make better decisions and better manage their money. In this year our operating profit was BDT 655.65 crore in spite of all the adversities in the banking sector. For us, sustainability is not a choice or something that is nice to have, it is crucial to securing the future of our business by creating shared value for our clients and our shareholders.

Despite facing formidable challenges, the Bank has continued to deliver consistent financial performance in spite of low interest rate. Board has recommended Cash @ 5 percent and Stock @ 8 percent dividend per share (DPS) for the year 2016 which is higher than the previous year.

Continue to our consistent progress we now have 453 branches that are placed in convenient locations, close to key shopping and commuting nodes. We opened nine new branches in this year.

As a responsible corporate citizen, we consider ourselves integral to the fabric of the society. We operate in, generating growth and contributing to economy. In everything we do, we aim not only to create value for our clients, shareholders and employees but also to meet environmental and social challenges. Pubali Bank Limited always pays corporate tax on time. Like previous years our bank continues to contribute to the Government's revenue line by depositing excise duty, withheld tax and VAT to Government exchequer on time. During the calendar year 2016 we contributed BDT 3394.52 million to national exchequer as tax, VAT and excise duty. The bank has also been engaged in a number of CSR and benevolent causes all through the year focusing on the areas of health, education, sports, art and culture.

Finally, I express my sincere gratitude to all our stakeholders, shareholders, customers and also the Government of Bangladesh, the Ministry of Finance and regulators especially Bangladesh Bank and Bangladesh Securities and Exchange Commission, Office of the Registrar of Joint Stock Companies and Firms, the Dhaka Stock Exchange Limited (DSE) and the Chittagong Stock Exchange Limited (CSE) for their continued support and judicious guidance. I am grateful to my fellow Members of the Board of Directors for their invaluable support and constant cooperation. My thanks are also due to the team of Pubali Bank Limited and particularly to Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO for their passion to perform, commitment and initiatives to take on new challenges and handling the same successfully. We believe people are our core brand: they drive our journey to the excellence and new horizon.

Best regards



Habibur Rahman
Chairman



Managing Director
& CEO's Message

Managing Director & CEO's Message

Dear Fellow Shareholders,

It is my pleasure to write to you as we embark on Pubali Bank Limited's 58th year, my second as Managing Director and CEO of your Bank.

2016 was a productive year with sustainable growth for Pubali Bank Limited. Before getting into the details, including our financial performance and the important steps we are taking to become an even better bank, I would like to share a few observations about the past year.

Over the period of 58 years since establishment, Pubali Bank Limited has grown to become the largest bank in private sector in terms of Branch network and as a banker to the manes. We have experienced strong growth in our centralized real time online banking services with all our branches which makes us largest online banking service provider in the country. We have also experienced overwhelming support from public as we have provided direct financial services to the manes nationwide successfully.

Over the past 12 months, I met with many of our shareholders, customers, key stakeholders and employees across the country. This interactions made it clear the Bank is widely viewed as having a strong industry position with excellent opportunities for growth. Our strategy is clear and well understood by all stakeholders and our customers appreciate the knowledge, expertise and commitment of our people and there is a great pride in being Bangladesh's most important bank.

In this year the operating profit of our bank was BDT 655.65 crore despite all the adverse effects in the banking sector. Throughout the year the bank has been able to handle the situations successfully and to maintain substantial progress in its different developmental and performance indicators. The bank's deposit which is the core of banking business has reached to BDT 24,727.85 crore which is 10.00% higher than that of the previous year. Total advances of the bank has experienced an upward trend and reached to BDT 20,301.12 crore which is 17.26% higher than that of the previous year. During the year the bank handled import business and export business worth BDT 12,185.20 crore and BDT 8,676.41 crore respectively.

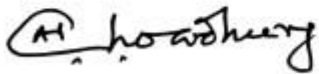
At our bank we give utmost importance to key parameters of corporate governance, such as, board system and its independence, function of board sub-committees, fair financial reporting, disclosure and compliance and consistency of shareholders value enhancement. All our banking activities revolving around the key principles of good governance. As a strong believer of sustainable growth, principles of good corporate governance are embedded in the core values of Pubali Bank Limited.

I would like to inform you that Pubali Bank Limited has been honoured for consecutive two years with a plaque entitled 'Top Ten Remittance Award' from the Centre for Non-Resident Bangladeshis (NRBs) for remarkable support service to increase the flow of inward foreign remittance. Pubali Bank Limited also got 'Letter of Appreciation' from Bangladesh Bank for achieving all the targets set by Bangladesh Bank for Agriculture & Rural Investment for the financial year 2014-2015.

We know the financial service environment is changing and we do not see this changing in the foreseeable future. It is being influenced by ever-changing technology, a competitive marketplace and a more cautious consumer. However, we remain confident that the Bank is well placed to meet the challenges ahead.

I would like to thank all of our stakeholders-board members, staff members, customers, regulators, communities and shareholders for their dedication and contribution to make 2016 an outstanding year. As we look forward, we are confident in our abilities to serve the changing customer needs and contribute to the growth of our beloved country. Special thanks go to the dedication of our employees working together towards our shared vision to transform lives by satisfying all our customers' financial needs.

With best regards



Md. Abdul Halim Chowdhury

Managing Director and CEO

DIRECTORS' REPORT



Directors' Report on Financial Statements and Internal Control

Dear Shareholders,
Assalamualaikum,

To present the Annual Report together with Directors' Report and the Financial Statements in accordance with the Companies Act 1994, Rules and Regulations of Bangladesh Bank, the Securities and Exchange Rules, 1987 and Bangladesh Financial Reporting Standards (BFRSs) and Listing Regulations of the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. is an integral part.

In compliance with the requirements of the BSEC's notification, the Directors are also required to declare the following matters in their report which inter alia includes as under:

- The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the issuer company have been maintained;
- Appropriate accounting policies have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of financial statements with appropriate disclosures;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons there should be disclosed;
- Significant deviations from last year in operating results of the issuer company should be highlighted and reasons thereof should be explained;
- Key operating and financial data of at least preceding three years summarized;
- If the issuer company has not declared dividend (cash or stock) for the year, the reason thereof should be given;

The Directors of the Bank confirm that Annual Report together with the Directors' Report and Financial Statements have been prepared in compliance with law, rules and regulatory guidelines and Compliance of BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013.

Meetings

The Board meets regularly to sanction loans and to review policies, procedures, risk management and business plan of the Bank and appoints MD & CEO and Senior Management etc. During the year 2016, 46 meetings of the Board were held.

On behalf of the Board of Directors



Habibur Rahman
Chairman

Bangladesh Economy

Growth in FY2016 (ended 30 June 2016) exceeded expectations, aided by revived exports and sustained domestic consumption. Inflation was lower than projected, while larger exports and modest imports enlarged the current account surplus.

2016 will be remembered as a tumultuous year for Bangladesh, rocked by major security incidents involving deadly terrorist attacks that negatively affected the country's image both at home and abroad. Despite this, Bangladesh still proved its resilience to such shocking events and continued on with its economic growth trajectory with an upward trend, recording an impressive GDP growth rate of 7.1 percent in 2016.

Bangladesh economy is experiencing upward trends in its almost all indicators over the years. Persistence macroeconomic stability, slow rate of inflation and sometimes a little bit deflation, rising reserves of foreign exchanges, stability of foreign exchange rates and declining interest rates are playing important role for sustainable and sturdy development of the economy. Strong structural and policy reforms, boosting up energy, infrastructure, financial and private sector efficiency may help accelerated and sustainable growth. Bangladesh economy remained strong and resilient despite external and internal challenges. Bangladesh is among the top 12 developing countries with a population of over 160 million. By any standards, Bangladesh economy has done well. Bangladesh needs to focus on a growth agenda centered on sustainable and inclusive growth. The 7th Five Year Plan estimates about US\$ 410 billion financing, twice the size of GDP needed for developing the country's infrastructure.

According to the IMF, Bangladesh's economy is the second fastest growing major economy of 2016, with the GDP growth rate of 7.1%, which is higher than both the 6.6% growth recorded in FY2015 and the ADO 2016 projection of 6.7%. GDP growth is projected to rise gradually towards 7 plus percent.

Almost half of Bangladeshis are employed in the agriculture sector with rice as the single-most-important product. Agriculture grew by 2.6% in FY2016, industry saw growth rise to 10.1% from 9.7% in FY2015 as the export-oriented garment industry and manufacturing for the domestic market both performed well. Services growth was stronger at 6.7%. Bangladesh is currently the second-largest exporter of ready-made garments in the world after China.

Investment rose to 29.4% of GDP in FY2016 from 28.9% in the previous year on higher public investment. Private investment remained at the same level, by and large, despite some easing of infrastructure constraints and improvement in power supply, reflecting continued investor caution. During FY2016, private investment is estimated to be 21.78 percent of GDP, and has decreased by about 0.3 percentage points since FY2015. Despite favorable macroeconomic environment e.g. moderate level of inflation, reasonable balance of payment (BoP) and high foreign reserve, private investment failed to pick up in FY2016. Foreign direct investment rose slightly, mainly from reinvestment of earnings. Unlike 1990s and 2000s, relatively high GDP growth against moderate rise in investment-GDP ratio over last several years alludes to improvements in capital efficiency, as reflected in the falling Incremental Capital Output Ratio

(ICOR). Bangladesh has elevated from the low income status to lower middle income nation last year, meeting the World Bank's requirements comfortably.

Dhaka and Chittagong are the principal financial centers of the country, being home to the Dhaka Stock Exchange and the Chittagong Stock Exchange. The stock market, which normally provides an avenue for common people to invest and participate in the larger economy, has been in shambles since the Bangladesh stock market crash in 2011 that sparked violent protests and left around 3 million small investors penniless. BSEC, the regulatory body of capital market is trying to overcome the situation. The lack of investment opportunity, most of the locally generated savings and foreign remittances are used in buying non-productive assets like agricultural land or government savings bonds.

Bangladesh is strategically important for the economies of Northeast India, Nepal and Bhutan, as Bangladeshi seaports provide maritime access for these landlocked regions and countries. China also views Bangladesh as a potential gateway for its landlocked southwest, including Tibet, Sichuan and Yunnan.

Overall inflation declined from 6.5% in March 2015 to 5.65% in March 2016. Food inflation declined from 6.4% to 3.9%, thanks to a good rice harvest, declining international food prices and a stable exchange rate. However non-food inflation rose from 6.1% to 8.4% as a result of suppressed domestic demand, increase in wages, electricity and gas prices. The balance of payment (BoP) remains comfortable with a large surplus in both current and financial accounts, due to recovery in export, increased Foreign Direct Investment and aid disbursements. Monetary targets are underachieved due to limited growth in domestic credit.

Bangladesh Bank lowered its repo and reverse repo rates by half a percentage point in January 2016. The call money rate dropped to 3.7% in June 2016 from 5.8% a year earlier, reflecting the rate cut and very ample liquidity in the banking system. Treasury bill rates also declined. Banks' average lending rate declined markedly to 10.4% in June 2016 from 11.7% a year earlier. The deposit rate fell by a larger margin, slightly widening the interest rate spread to 4.9 percentage points. The ratio of nonperforming loans to all loans in the banking system improved to 9.9% in March 2016 from 10.5% a year earlier, as banks were allowed to reschedule overdue loans.

Revenue collection rose to 10.3% of GDP from 9.6% in FY2015. Overall spending rose to the equivalent of 15.3% of GDP from 13.5% in FY2015, though current spending was nearly 10% below budgeted one due to revenue shortfalls. Reduced subsidy payments due to lower oil prices helped to keep spending in check. Government spending on subsidies declined to \$2.4 billion (1.1% of GDP) in FY2016 from \$2.8 billion in FY2015, the savings reflecting the sharp fall in oil prices. Bangladesh Petroleum Corporation as well as BPDB also required a lower subsidy-\$700 million in place of the initial budgetary allocation of \$1.0 billion and the previous year's actual subsidy spending of \$1.2 billion-because of lower fuel costs and higher bulk and retail power tariffs. Agriculture continued to be the main subsidy destination, providing fertilizer, diesel, and electric power to farmers. Its allocations declined marginally to \$900 million from \$910 million in FY2015. In addition, a shortfall in annual development program spending helped to limit total spending and contain the fiscal deficit within its target of 5.0% of GDP. Domestic

sources, about evenly split between national saving certificates and banks, financed just over 70% of the deficit.

CONSUMER GOODS: The market-based economy of Bangladesh is the 44th largest in the world in nominal terms, and 32nd largest by purchasing power parity. It is classified among the Next Eleven emerging market economies and a Frontier market. According to the Boston Consultancy Group, Bangladesh is one of the fastest-growing markets worldwide. It projected that each year for the next decade, the annual income of around 2 million additional Bangladeshis will reach \$5,000 or more. This means that they will be earning enough to afford goods that offer convenience and luxury. Although half of Bangladeshis still live at the so-called bottom of the pyramid, economists estimate that another 30 million to 40 million will make the leap from poverty to the entry rungs of the middle class by 2025. The country is expected to reap democratic dividend with a population of 160+m consumers of which 64 percent are between 15-64 years and with a median age- 24.2 years. Rapid urbanization will be another factor that will play an important role. This huge customer base will crave: processed and semi processed food items, electronics, personal vehicle e.g. motorcycle, air-conditioners etc.

Exports rose briskly by 8.9% in FY2016, up from 3.1% in the previous year. After a slow start in the first quarter, export growth accelerated through the remainder of the year. Garment export earnings-accounting for about 82% of total export earnings-grew faster by 10.2% as buyer demand improved partly in response to progress in adopting better safety standards and worker rights in garment factories. Other factors were gradual migration to manufacturing higher-value apparel and the absence of production disruptions like those that lasted for several months a year earlier. Other exports also rebounded, growing by 7.8%. Imports grew by 5.5% in FY2016. While food grain imports declined, growth in imports of consumer items was healthy. Expansion in imports of capital goods and intermediate items was modest.

Remittances declined by 2.5% to reach \$14.9 billion in FY2016, even as the number of workers going abroad increased substantially. Slowing investment and construction in the Middle East in response to low oil prices have reduced wages, made it hard for employers to pay them, and caused layoffs. Weaker currencies were also a factor that limited workers' remittances.

Foreign remittances continue to flow into the country in record amounts of roughly \$14 billion per year from hard-working Bangladeshis residing in the Middle East and other parts of the world.

The Bangladesh taka-US dollar exchange rate was broadly stable in FY2016 reflecting the favorable current account position and the central bank's exchange rate objectives of building reserves and avoiding excessive rate volatility. The taka depreciated by 0.8% against the dollar at the end of June 2016 as remittance inflows declined. The taka appreciated in real effective terms by about 5% in FY2016 and by 25% over the past 3 years, implying lost competitiveness. However, Bangladesh maintains a large labor cost advantage over its competitors in the garment industry.

In 2016, per-capita income was estimated as per IMF data at US\$3,840 (PPP) and US\$1466

(Nominal). The per capita income in Bangladesh will increase by 11.39 percent to \$1,466 this fiscal year, according to the Bangladesh Bureau of Statistics.

Bangladesh's financial sector is dominated by the banking sector. The dominance of the banking sector makes the financial sector vulnerable on the one hand, but highlights the crucial importance of the sector in resource mobilization and economic growth, on the other.

Profitability, measured by return on asset and return on equity, has been negative for the state-owned banks (SCBs). For private commercial banks, though these indicators are positive, but very low. In case of non-performing loans (NPL) similar performance is observed. Though the share of NPL to total loans in SCBs has slightly declined in September 2015 from June 2014, the rate is still as high as 21.82%. On the other hand, NPL in private commercial banks (PCBs) and foreign commercial banks (FCBs) have increased. Because of high NPL, state-owned banks have to make larger provisions. The government has to inject capital into these banks to keep them going. Clearly, implementation of BASEL III requirements that call for capital adequacy ratio to be raised to 12.5% of their risk-weighted assets by 2019 will be challenging for the SCBs. As of September 2015, capital adequacy ratio of SCBs was only 6.2%.

During the April-June period of calendar year 2016, the amount of non-performing loans (NPLs) rose to Tk. 633.65 billion, which is 10.06 percent of the total outstanding loans amounting Tk. 6300.19 billion, according to the latest data from Bangladesh Bank (BB). As such, the share of classified loans also rose to 10.06 percent of the total outstanding loans during the period under review from 8.79 percent six months before. The classified loans cover substandard, doubtful and bad/loss of total outstanding credits. These altogether stood at Tk. 633.65 billion as on June 30 last, the BB data showed. The gross NPL ratio climbed to double digit of 10.06 percent in the second quarter (April-June) of 2016 from the single digit of 9.92 percent in the first quarter (January-March) of 2016 which was also in single digit of 8.79 percent in the final quarter (October-December) of 2015. The overall NPLs in the banking sector rose by Tk. 119.95 billion to Tk. 633.65 billion in the first six months of 2016. Financial Stability Report-2015" stated, "The adverse effect on banks' balance sheets arising from high amounts of nonperforming loans is a major concern for the banking system". According to Wikipedia, Bangladesh is a third world country with an under developed banking system, particularly in terms of the services and customer care provided by the government run banks. The lending interest rates are highly anti-investment and abnormally high in comparison to many economies. In some banks and financial institutions, deposit interest rates have come down to 5.0 to 6.0 percent, whereas the lending interest rates are in double digit. Because of high interest rates on lending from the local banks, some off-shore banks have started lending in the country at lower rates than the local banks. They are not investing in stocks or shares. If the process continues, the local banks will face more problems in investment.

Mobile Banking

Annual mobile banking transaction posted 37 percent growth in the last fiscal year (FY16), according to the latest statistics of Bangladesh Bank. Mobile banking transaction increased in every quarter of the last fiscal year. It showed that value of the financial transaction through the

mobile banking system reached to Tk. 1.96 trillion (Tk. 196061.5 crore) in FY16 while the amount was Tk. 1.42 trillion (Tk. 1422928.2 crore) in FY15. Cash-in is the most popular mobile banking service followed by cash-out. Both the services account around 80 percent of the total transaction while person-to-person accounts around 19 percent. Currently, 28 banks have approval for offering mobile financial service across Bangladesh. bKash, a Brac Bank initiative, is the market leader in this service. Among them, only two banks hold around 90 percent market share. With good growth due to convenience, there is also risk of fraudulence which needs to be minimized. "The service providers and operators have the primary responsibilities to check the risk of fraudulence and misuse of the mobile banking," said a senior official of the central bank. He also stressed on awareness building among the people in this regard. The central bank plans to strengthen security measures this year, Mr. Shovankar Saha, the spokesman of Bangladesh Bank said. "There are about 3.19 crore mobile banking accounts and this figure will increase in the coming days; the total volume of transactions will also rise," he said. Of the total accounts, only 1.25 crore are active users, according to the BB report. People are mainly using this modern banking channel to transfer money domestically. But the opportunities to use this channel to deposit government fees and charges and make purchases are yet limited, he said. Last year, the sector saw Tk. 27,879.56 crore in person-to-person money transfers, and the amount was only 17.67 percent of the total transaction. The figures for business transaction, salary disbursement, and bills payments were also nominal. Mr. Saha said entrepreneurs have to work in these areas.

In a recent Bloomberg interview, Bill Gates shares: "Banking is more fundamental than I realized. There have been attempts (at banking for the poor) by microfinance groups, cooperatives, but the transaction fees were always too high. In Bangladesh, where 95% of the population has access to mobile phones but only 20% have a formal bank account, the significance of such an opportunity for a banking revolution is even more pronounced. Indeed, since 2011, the Bill and Melinda Gates Foundation has made over \$21 million in grants and equity investments in bKash.

Bangladesh has seen one of the world's fastest growing mobile money ecosystems develop in the past two years. This growth has propelled bKash to become the second largest mobile money provider in the world, only behind Kenya's mPesa. Ideally, this growth in digital money is also an opportunity for pro-poor financial service providers such as microfinance institutions to significantly expand financial access.

The World economic Position in 2016

The world economy stumbled in 2015, amid weak aggregate demand, falling commodity prices and increasing financial market volatility in major economies. The world gross product is projected to grow by a mere 2.4 percent in 2015, marking a downward revision from the 2.8 percent forecast in the World Economic Situation and Prospects as of mid-2015 (United Nations, 2015). The growth rates of gross fixed capital formation and aggregate demand continue to remain subdued. The world economy is projected to grow by 2.9 percent in 2016 and 3.2 percent in 2017, supported by generally less restrictive fiscal and still accommodative monetary stances worldwide. The anticipated timing and pace of normalization of the United States monetary policy stance is expected to reduce policy uncertainties, while preventing excessive

volatility in exchange rates and asset prices. While the normalization will eventually lead to higher borrowing costs, rising interest rates should encourage firms to front-load investments in the short run. The improvement in global growth is also predicated on easing of downward pressures on commodity prices, which should encourage new investments and lift growth, particularly in commodity- dependent economies.

Following robust growth in the first half of 2016, the near-term outlook for Asia remains strong. Accommodative policies and a recent easing of financial conditions will underpin domestic demand, offsetting weak export growth. GDP growth is forecast to be broadly stable at 5.4 percent in 2016 and 5.3 percent in 2017. Asia continues to face downside risks amid headwinds that can significantly impact medium-term growth prospects.

Growth in the Asia-Pacific economies is expected to decelerate slightly too about 5.3 percent during 2016 to 2017, according to the latest Regional Economic Outlook for Asia and Pacific, published on May 3, 2016. While Asia remains the engine of the global economy, the moderation in regional growth reflects the sluggish global recovery and slowing global trade. As external demand remains relatively subdued and global financial conditions have started to tighten, domestic demand is expected to be a major driver of activity across most of the region. The report finds that policy settings are appropriate across most of the region, but implementing structural reforms is critical to bolstering potential growth and reducing potential vulnerabilities. The report also covers China spillovers to Asia, implications of China rebalancing for trade, and inequality in the region.

Deepening conflicts, low oil prices, and spillovers from the slowdowns in Russia and China continue to weigh on economic growth in the Middle East, North Africa, Afghanistan, and Pakistan (MENAP) and the Caucasus and Central Asia (CCA) regions.

In 2016, low oil prices and deepening conflicts continue to weigh mightily on the economies of the MENAP region. Oil exporters are facing another year of heavily reduced oil export revenues, and require ongoing fiscal consolidation and reforms to cope with these losses and to diversify their economies away from oil. Oil importers are experiencing uneven and fragile growth, and need to adjust to the challenges of spillovers from their oil-exporting neighbors and the threat from conflicts. In the CCA, growth has hit a two-decade low amid a climate of low commodity prices, especially oil, and the spillovers from the recession in Russia and the slowdown in China.

Economic growth in sub-Saharan Africa this year is set to drop to its lowest level in more than 20 years, reflecting the adverse external environment, and a lackluster policy response in many countries. However, the aggregate picture is one of multispeed growth: while most of non-resource-intensive countries - half of the countries in the region - continue to perform well, as they benefit from lower oil prices, an improved business environment, and continued strong infrastructure investment, most commodity exporters are under severe economic strains. This is particularly the case for oil exporters whose near-term prospects have worsened significantly in recent months. Sub-Saharan Africa remains a region of immense economic potential, but policy adjustment in the hardest-hit countries needs to be enacted promptly to allow for a growth rebound.

After an extended period of strong economic growth, many sub-Saharan African countries have been hit by a multiple of shocks—the sharp decline in commodity prices, tighter financing conditions, and a severe drought in southern and eastern Africa. Growth fell in 2015 to its lowest level in some 15 years and is expected to slow further to 3 percent in 2016. The growth performance, however, differs across countries, with most oil importers faring reasonably well. The region's medium-term prospects remain favorable but many countries urgently need to reset their policies to reinvigorate growth and realize this potential. To this end, countries should adjust fiscal policies, and for those outside monetary unions, exchange rate flexibility, as part of a wider policy package, should also generally be part of the first line of defense. In the medium term, policies targeted at diversification and financial sector development could also strengthen resilience and boost growth.

Before the June 23 vote in the United Kingdom in favor of leaving the European Union, economic data and financial market developments suggested that the global economy was evolving broadly as forecast in the April 2016 World Economic Outlook (WEO). Growth in most advanced economies remained lackluster, with low potential growth and a gradual closing of output gaps. Prospects remained diverse across emerging market and developing economies, with some improvement for a few large emerging markets—in particular Brazil and Russia—pointing to a modest upward revision to 2017 global growth relative to April's forecast.

The outcome of the U.K. vote, which surprised global financial markets, implies the materialization of an important downside risk for the world economy. As a result, the global outlook for 2016-17 has worsened, despite the better-than-expected performance in early 2016. This deterioration reflects the expected macroeconomic consequences of a sizable increase in uncertainty, including on the political front. This uncertainty is projected to take a toll on confidence and investment, including through its repercussions on financial conditions and market sentiment more generally. The initial financial market reaction was severe but generally orderly. As of mid-July, the pound has weakened by about 10 percent; despite some rebound, equity prices are lower in some sectors, especially for European banks; and yields on safe assets have declined.

With "Brexit" still very much unfolding, the extent of uncertainty complicates the already difficult task of macroeconomic forecasting. From a macroeconomic perspective, the Brexit vote implies a substantial increase in economic, political, and institutional uncertainty, which is projected to have negative macroeconomic consequences, especially in advanced European economies. But with the event still unfolding, it is very difficult to quantify its potential repercussions.

Brexit-related revisions are concentrated in advanced European economies, with a relatively muted impact elsewhere, including in the United States and China. Pending further clarity on the exit process, this baseline reflects the benign assumption of a gradual reduction in uncertainty going forward, with arrangements between the European Union and the United Kingdom avoiding a large increase in economic barriers, no major financial market disruption, and limited political fallout from the referendum.

As identified in the Global Financial Stability Report. Protracted financial market turbulence and rising global risk aversion could have severe macroeconomic repercussions, including through the intensification of bank distress, particularly in vulnerable economies. Continued reliance on credit as a growth driver is heightening the risk of an eventual disruptive adjustment in China. Many commodity exporters still confront the need for sizable fiscal adjustments, and emerging market economies more broadly need to be alert to financial stability risks. Risks of noneconomic origin also remain salient. Political divisions within advanced economies may hamper efforts to tackle long-standing structural challenges and the refugee problem; and a shift toward protectionist policies is a distinct threat. Geopolitical tensions, domestic armed strife, and terrorism are also taking a heavy toll on the outlook in several economies, especially in the Middle East, with further cross-border ramifications. Other ongoing concerns include climate-related factors- e.g., the drought in East and Southern Africa-and diseases such as the Zika virus afflicting the Latin America and Caribbean region.

Central banks were prepared for possible effects from the referendum and responded quickly to its outcome. In particular, major central banks stood ready to provide domestic currency liquidity and also to alleviate shortages of foreign exchange liquidity through swap lines. Their preparedness has supported confidence in market resilience. Going forward, policy makers in the United Kingdom and the European Union have a key role to play in helping to reduce uncertainty. Of primary importance is a smooth and predictable transition to a new set of post-exit trading and financial relationships that as much as possible preserves gains from trade between the United Kingdom and the European Union.

Economic activity in Latin America and the Caribbean is expected to bottom out in 2016, before making a modest recovery next year. While weak external demand and persistently low commodity prices continue to weigh on the regional outlook, domestic developments have been the key driver of growth outcomes in some stressed economies. GDP is expected to contract by 0.6 percent in 2016 before recovering to 1.6 percent growth in 2017. Recurrent growth disappointments point to lower potential growth, underscoring the need for structural reforms to boost productive capacity, but these will take time to bear fruit. Exchange rate flexibility has served the region well and, with shifting global trends, should continue to serve as the first line of defense against adverse shocks. In many cases, the need for a contractionary monetary policy stance is no longer evident, with inflation and inflation expectations returning to target levels. With risks still on the downside, countries should use the improved global financial environment to rebuild their fiscal buffers while preserving critical capital expenditures and social outlays. Uncertainty concerning the duration of easy global financial conditions poses risks for the region, while financial and corporate sector vulnerabilities bear closer monitoring.

With the global economy still struggling, many countries in Latin America and the Caribbean are facing a harsher world than they did just a few years ago. The growth outlook is weaker in advanced and emerging economies alike, while the gradual slowdown and rebalancing of economic activity in China is likely to keep commodity prices lower for longer. Meanwhile, favorable external financial conditions over the past several years have become more volatile, and risks of a sudden tightening are on the rise. Against this backdrop, economic activity in Latin America and the Caribbean has been revised downward, compared with our January update and

is likely to contract for a second consecutive year in 2016. But the growth outlook varies substantially within the region. While external conditions have placed a large drag on all commodity exporters, countries expected to post negative growth will do so mainly because of domestic imbalances and rigidities at home, and, in certain cases, temporary impact of policies designed to transition away from earlier distortions. But the news isn't all bad. In the rest of the region and particularly where policy frameworks have been strengthened over the past two decades a relatively smooth adjustment continues. Given these broad contours, growth stories vary between the south and north.

Despite weaker external demand, most of the region outside the Commonwealth of Independent States (CIS) continues to record solid growth, with unemployment rates now approaching precised levels.

Corporate Governance:

Pubali Bank is a 100% indigenously largest private commercial bank in Bangladesh. Meanwhile Pubali Bank Limited has taken effective measures to implement Corporate Governance. Corporate Governance is echoed with the good governance. Pubali Bank has ensured basic four columns of good governance i.e. Accountability, Transparency, Predictability & Balancing the Extreme through utilization of available resources and day to day decision making in conformity with instructions of regulatory bodies.

A. Board Structure

The Board of Directors consists of 15 Members including 02(two) Independent Directors and Managing Director, mainly directs on policy formulation and monitoring of its guidelines. The Board has following Supporting Committees:

Executive Committee: The Executive Committee is comprised of 5 Board Members and they take decision on emergency matters as and when required relating to Bank's business etc. subject to ratification by the full Board. In 2016 the committee conducted 3 (three) Meetings.

Audit Committee: The Audit committee is formed with 5 members of the Board of Directors. The Audit Committee peruses and evaluates all the Audit Reports of all Branches of the Bank (Audit & Inspection reports of internal team & Bangladesh Bank). The committee assists the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and ensuring a congenial working method in the bank as per guidelines of the Regulators. In 2016 the committee conducted 19 (nineteen) Meetings.

Risk Management Committee: The Risk Management Committee is constituted with 5 members of the Board of Directors in comply with the Bangladesh Bank's BRPD circular no.11 dated 27 October 2013. The Risk Management Committee peruses, analyzes, sorts out the risk and formulate the appropriate policy to reduce the risk. Such as Credit risk,

Foreign exchange operation risk, Internal Control & Compliance risk, Money laundering risk, Information & Communication Technology risk, Operational risk, Interest risk, liquidity risk etc. and making necessary capital reservation & provisioning against the above risks. The committee conducted 4 (four) meetings this year.

B. Financial Management

The Annual budget and the statutory financial statements are prepared with the approval of the Board. The Board regularly monitors and reviews bank's liquidity, income, expenditures, non-performing loans, loss provisions and steps taken for recovery of defaulted loans including legal means.

C. Management Structure

The Management headed by Managing Director and CEO is assisted by Additional Managing Director, 2 Deputy Managing Directors, 18 General Managers and Chief of Board's Audit Cell and Head of Islamic Banking Wing to run the business. The workflows are carried out by the relevant divisions/departments/regional offices/branches of the Bank. The following committees also assist the management:



- i) **Management Committee (MANCOM):** The MANCOM is comprised of Senior Management Members headed by the Managing Director & CEO of the bank. The committee meets monthly to discuss relevant agenda and take appropriate decision /

action for running the Bank Smoothly. The Major roles and responsibilities of MANCOM are as under:-

- (1) Set a vision, mission and strategies of the Bank and for business units for effective discharging of Management Responsibilities.
- (2) Analysis of business and financial performance of the Bank.
- (3) Consider and propose innovative products and services as well as Management methodology and business strategies to the Board of Directors (If needed).
- (4) Review and discuss policies and procedures of the Bank related to business; credit, operations, administrations, HR internal and financial control and compliance etc. and make changes, if necessary before taking to the Board (if needed).
- (5) Additional Managing Director can preside over the MANCOM meeting in absence of MD.

ii) **Asset Liability Management Committee (ALCO):** Asset Liability Committee (ALCO), the committee of senior management headed by the Managing Director & CEO meets at least once in a month to set and reviews strategies on ALM. In addition to regular ALCO meeting special ALCO meeting is also arranged when any contingent situation arises. The ALCO conducted 12 (Twelve) regular and 1 (One) special ALCO meetings in 2016 for implementation of ALM in the bank. Country's overall economic position, the bank's liquidity position, key performance ratios, interest rate risk, deposit & advance growth, market interest rate, deposit & lending pricing strategy etc. are placed to ALCO meeting for taking proper decision in order to minimize risk and maximize returns.

iii) **Credit Committee:** Bank's Credit Committee formed consisting of 06 (six) members comprising the Additional Managing Director, Deputy Managing Director, The Division Heads of Credit Division and the Division Head of Law Division and Credit Administration, Monitoring & Recovery Division headed by the Additional Managing Director as its Chairman acts as a Recommending Body for approval of loan proposal for sanction, renewal and enhancement or decline in a rational manner after mutual discussions through arguments about the feasibility, potentiality and profitability of the proposal adhering to the interest of the Bank.

iv) **Task Force Committee:** A Task Force Committee for recovery of classified loans, Write-off accounts is constituted in the Head Office of the Bank with the Chairmanship of Managing Director and CEO. The members are Additional Managing Director, Deputy Managing Directors, Head of Credit Administration, Monitoring & Recovery Division, Law Division, Credit Division, CLS Division, Lease Financing Division and Deputy General Managers of Credit Administration, Monitoring & Recovery Division and

Credit Division. The committee holds meeting at Head Office in every two months to evaluate the recovery position and formulate measures / steps for better recovery and preventing further classification of loans. Stress is given on proper follow up and monitoring of loan A/cs. The committee also extends discussion meetings with the borrowers at field level time to time on quarterly basis to arrive at settlement of Bad loans/Write-off under BRPD guidelines.

- v) **Risk Management Committee at Management Level:** The risk of the Bank may be defined as the possibility of losses, financial or otherwise. The risk management of the Bank covers 06 core risks i.e. Credit Risk, Internal Control & Compliance Risk, Money Laundering Risk, Asset Liability Management Risk (Balance Sheet Risk), Foreign Exchange Risk and Information Technology Risk. Moreover, Residual Risk, Concentration Risk, Liquidity Risk, Reputation Risk, Strategic Risk, Settlement Risk and Environmental & Climate Change Risk are also brought into consideration. A separate Risk Management Committee at Management level was formed headed by a Deputy Managing Director where all Division Heads of Head Office are the members and the Division Head, Risk Management Division is the member secretary. The Committee is responsible to our Honorable Managing Director for compliance and implementation of the decisions. Risk Management papers along with minutes of the monthly meeting are submitted to Bangladesh Bank on monthly and quarterly basis. Moreover half yearly Comprehensive Risk Management Report is also submitted to Bangladesh Bank. As a part of risk management, adequate capital is maintained against Credit Risk, Market Risk and Operational Risk under Risk Based Capital Framework. A Supervisory Review Process (SRP) team was formed to review, monitor and maintain adequate capital considering all relevant risks. Quarterly Stress Testing is conducted to assess the impact of different risks associated with banking business on asset, liability & ultimately on capital.
- vi) **Management Reporting System Committee:** Management Reporting System Committee was formed headed by Deputy Managing Director & CTO. In the meeting of Management Reporting System Committee, Bank's MIS affairs are discussed and decisions are implemented. The Committee is responsible to honorable Managing Director for implementation of the decisions. Our Information Technology Division has already developed MIS for different divisions of Head Office which stimulates the auto generation of information/reports for effective and timely decision making. Pubali Monitoring System has been introduced for monitoring and follow-up. Divisions of Head Office can now monitor different concerned affairs of the branches. Day by day, the system / MIS will be strengthened further to meet all kinds of requirements.
- vii) **Central Compliance Unit:** To prevent money laundering & combat terrorist financing, a Central Compliance Unit headed by a Chief Anti-Money Laundering Compliance Officer (CAMLCO) was formed. The unit is liable for regulatory compliance related to money laundering, terrorist financing, KYC, Cash Transaction Reporting (CTR), Suspicious Transaction Reporting (STR), and Account & Transaction Monitoring. The unit also faces Bangladesh Bank's inspection in this regard at our Head Office and

branch level. Before establishing correspondent banking relationship with any bank/financial institution/exchange company, the unit evaluates the money laundering & terrorist financing prevention status of that institution. Correspondent banking relationship is only established upon receipt of desired information and subject to our satisfaction. Every year Bangladesh Bank instructs our bank to arrange lead bank workshop and regional conference in different districts. The unit arranges workshop and conference accordingly. Every year, Management of our Bank approves an outreach training calendar on prevention of money laundering and combating terrorist financing. The unit imparts training according to the outreach training calendar. All circulars from former Anti-Money Laundering Department and present BFIU of Bangladesh Bank have been disseminated to the branches and regional offices for compliance. More over the unit has issued several circulars/circular letters on this issue. As per Bangladesh Bank's BFIU circular no. 10 dated 28/12/2014, half yearly summary reports based Self-assessment report and Independent Testing Procedure of the branches are prepared and the same is placed before the Management and submitted to Bangladesh Financial Intelligence Unit. Meeting of Central Compliance Unit is arranged regularly and the decisions are gradually implemented. As a part of money laundering prevention and combating terrorist financing, our Bank has already prepared Customer Selection Policy and the same has been disseminated for compliance.

- viii) **Ethical Committee:** In the present stage of globalization, ethical issue in banking sector is assumed of great importance. More over behavioral norms of bank officials and customers are to be brought into consideration since the banks deal with the deposits of countless customers. If the interest of the depositors is in a vulnerable position, it may bring the economy to a halt. Considering the importance of the issue and as per instruction of Bangladesh Bank, an Ethical Committee was formed headed by Deputy Managing Director where all the Division Heads of Head Office are the members and the Division Head, Compliance Division is the Member Secretary and Focal Point Officer. The Committee is responsible to our honorable Managing Director for implementation of the decisions. Monthly meeting of Ethical Committee is arranged on regular basis and decisions are gradually implemented. Compliance Division has already prepared Integrity work plan of the Bank. Report of implementation status of integrity work plan along with minutes of monthly meeting is submitted to Bangladesh Bank on quarterly basis.

D. Code of Ethics/Policy of Business Conduct

The Bank instituted "Service Rules" since the inception of the bank in 1959. The Bank has formulated different policies including Credit Policy, Purchase Policy and Rules, Finance and Accounting Policy, Foreign Exchange Risk Management Policy, Internal Control & Compliance Policy, Anti-money laundering policy and IT Manual/guideline. All these policies are followed and supervised on the basis of own manual & guidelines of each encompassed field/Division.

E. Internal Control System and Appropriate Accounting Policies

The sound system of Internal Control has been designed and has been efficiently practiced, implemented and monitored through continuous reviewing and vigilant monitoring Internal Control & Compliances are ensured. Appropriate Accounting Policies have been consistently applied in preparation of the financial statements. Bangladesh Accounting Standard and International Accounting Standards, as applicable in Bangladesh have been followed and adequately disclosed.

F. Lending to Directors, Controlling Shareholders or Employees

No lending has been made to the Directors/Controlling Shareholders of the Bank. However, the employees of the bank are entitled to House Building Loan, Consumer Loan, Car Loan, Consumer Credit Scheme and Provident Fund Loan at arm's length basis.

G. Key Operating & Financial Information: Ref. to Note No. 45 of Page 231 & Page 143

H. Related party disclosures: Ref. to Note No. 14.7 & Page 218

I. Percentage of Shareholdings: Ref. to Note No. 14.7.1 & Page 218

J. Remuneration to Directors: Ref. to Note No. 32 & Page 225

K. Report on Going Concern: Ref. to Page 123

L. Bangladesh Bank Guidelines for Corporate Governance: Our Compliance Status

To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank (BB) issued three Circulars in 2013 covering three broad areas as follows:

1. BRPD Circular No.11 dated 27 October 2013: Formation and responsibilities of Board of Directors (BoD).
2. BRPD Circular Letter No. 18 dated 27 October 2013: Appointment and responsibilities of Chief Executive Officer (CEO).
3. BRPD Circular Letter No. 19 dated 27 October 2013: Contractual appointment of Advisor and Consultant.

CORPORATE GOVERNANCE



The summary of the Bangladesh Bank guidelines and Pubali Bank Limited's compliance thereto are presented below:

1. Formation and responsibilities of Board of Directors (BoD)

Sl. No.	Particulars	Compliance Status
1	Formation of BoD: Prior approval from BB to be taken before appointment of new Directors, as well as dismissal, termination or removal of any Director from the post. Qualification and competency of Directors, maximum number of Directors of the Board, appointment of Independent Directors, appointment of maximum 02 (two) members from a family as Director.	Complied
1.1	Appointment of New Directors: Every bank company, other than specialized banks, at the time of taking prior approval from BB while appointing Directors should furnish the following information along with the application:	
	a. Personal information of the nominated person	Complied
	b. Declaration of nominated person	Complied
	c. Declaration for confidentiality by the nominated person	Complied
	d. In case of independent director, the approval letter from BSEC	Complied
	e. CIB report of the nominated person	Complied
	f. Updated list of Directors	Complied
1.2	Vacancy of office of a Director	
(a)	The office of a Director shall be vacated as per the provision of Section 108(1) of Companies Act 1994. Besides, provision of Section 17 of Bank Company Act 1991, providing false declaration at the time of appointment or observing shortfall of qualification as a Director.	No such case
(b)	If the office of a Director is vacated as per Section 17 of Bank Company Act 1991, s/he will not be eligible to become Director of that bank company or any other bank company or financial institutions within one year from the date of repayment of the total dues to the bank. The dues can be adjusted with the shares held by the Director in that bank company and he cannot transfer his shares of that bank company until he repays his all the liabilities of that bank company or financial institutions.	No such incident
(c)	BB can remove Directors or Chairman of a bank company other than the state-owned banks for doing any activity that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can also dissolve the Board of a bank company under Section 47 of Bank Company Act 1991.	No such instance as yet

Sl. No.	Particulars	Compliance Status
1.3	Removal of Directors from office: With the prior approval of Bangladesh Bank, any Director of a bank company other than specialized banks can be removed from his office for the reasons specified in its Articles of Association. The reason and grounds of the dismissal/removal and the copy of such decision taken by BoD and a list of Directors shall be submitted to Bangladesh Bank. Such removal shall be effective from the date of BB's approval.	No such instance as yet
1.4	Appointment of Alternate Director: An alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh by fulfilling following instructions:	
(a)	Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director while traveling abroad. If there is any exception, the CEO should immediately inform it to BB.	Complied
(b)	The copy of the decision of the BoD regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to BB within 7 days of taking the decision and the director's arrival date must be intimated to BB immediately after his/her return.	Complied
(c)	Any loan defaulter or any person who is not eligible to become a director as per any relevant guiding rules and regulations will not be appointed as an alternate director.	Complied
(d)	As an alternate director is appointed temporarily; therefore, he/she will not be included in any kind of committee constituted by the BoD.	Complied
(e)	The alternate director or his/her affiliated organization will not get any kind of loan facilities from the bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules and regulations will also be applicable to the alternate director.	Complied
2	Director from Depositors: As per Bank Company Act 1991 (amended in 2013) appointment of Directors from depositors is no longer required. But, in compliance with the provision of section 15(9) of Bank Company Act 1991 (amended up to 2013), bank company may consider the tenure of existing Directors from depositors or may appoint them as the Independent Director of the company.	Complied. No Depositor Director in Pubali Bank Limited
3	Information regarding Directors: Banks are advised to take the following steps regarding directors information:	

Sl. No.	Particulars	Compliance Status
(a)	Every bank should keep an updated list of bank directors.	Complied
(b)	Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director.	Complied
(c)	Banks should display a list of directors on the website and update it on a regular basis.	Complied
4	Responsibilities of the Board of Directors (BoD)	
4.1	Responsibilities and Authorities of the BoD:	
(a)	Work planning and strategic management	
	(i) The BoD shall determine the objectives and goals and to this end shall chalk out strategies and work plans on annual basis. It shall analyze/monitor at quarterly rests the development of implementation of work plans.	Complied
	(ii) The BoD shall have its analytical review presented in the Annual Report as regard to success/failure in achieving the business and other targets as set out in its annual work plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and executives immediate two tiers below the CEO and have it evaluated at times.	Complied
(b)	Loan and Risk Management:	
	(i) The policies, procedures, strategies, etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, re-scheduling and write-off thereof shall be made with the BoD's approval under the purview of the existing laws, rules and regulations. The BoD shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, directly or indirectly, into the process of loan approval.	Complied
	(ii) The board shall frame policies for Risk Management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The BoD shall monitor the compliance of the guidelines of BB regarding key risk management.	Complied

Sl. No.	Particulars	Compliance Status
(c)	<p>Internal Control Management:</p> <p>The Board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory health or grade of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review at quarterly rests the reports submitted by its audit committee regarding the compliance of recommendations made in internal and external audit reports and the BB inspection reports.</p>	Complied
(d)	<p>Human Resources (HR) Management and Development:</p> <p>(i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the BoD. The chairman or the directors shall in no way involve themselves and interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the BoD shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer and punishment of the executives immediate two tiers below the CEO shall, however, rest upon the BoD. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.</p>	Complied
	<p>(ii) The BoD shall place special attention to the development of skills set of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies, and the introduction of effective Management Information System (MIS). The BoD shall get these programs incorporated in its annual work plan.</p>	Complied
	<p>(iii) The BoD will compose Code of Ethics for every tier of employees and they will follow it properly. The BoD will promote healthy code of conducts for developing a compliance culture.</p>	Complied

Sl. No.	Particulars	Compliance Status
(e)	Financial Management: (i) The annual budget and the statutory financial statements will be prepared with the approval of the BoD. It will at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing assets, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.	Complied
	(ii) The BoD will frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be taken with the approval of the BoD.	Complied
	(iii) The BoD will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to BB guidelines.	Complied
(f)	Appointment of Chief Executive Officer (CEO): In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the BoD is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The BoD will appoint a competent CEO for the bank with the approval of BB.	Complied
(g)	Other responsibilities of the BoD: In accordance to BB Guidelines issued from time to time.	Complied
4.2	Meetings of the Board of Directors: Board of Directors may meet once or more than once in a month upon necessity and shall meet at least once in every three months. Excessive meetings are discouraged.	Complied. Usually Pubali Bank Limited holds four Board Meetings in a month.
4.3	Responsibilities of the Chairman of the BoD:	
(a)	As the Chairman of the BoD or Chairman of any committee formed by the BoD or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	Complied

Sl. No.	Particulars	Compliance Status
(b)	The Chairman may conduct on-site inspection of any bank branch or financing activities under the purview of the oversight responsibilities of the BoD. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the BoD or the executive committee and if deemed necessary, with the approval of the BoD, he shall effect necessary action thereon in accordance with the set rules through the CEO. However any complaint against the CEO shall have to be apprised to BB through the BoD along with the statement of the CEO.	Complied
(c)	The Chairman may be offered an office room, a personal secretary/assistant, a peon/MLSS, a telephone at the office, a mobile phone usable inside the country and a vehicle in the business interest of the bank subject to the approval of the BoD.	Complied
5	Formation of Supportive Committees of the Board: The BoD of every Bank Company can form only three supporting committees of the BoD i.e. Executive Committee (EC), Audit Committee (AC) and Risk Management Committee (RMC).	Complied
5.1	<p>Executive Committee (EC): EC is to be formed for taking decision on urgent and day-to-day or routine activities between the intervals of two BoD meetings. The EC will perform according to the terms of reference set by the BoD.</p> <p>The EC will be formed with maximum of 07 (seven) members for a period of 03 (three) years. The Chairman of the BoD can also be the member of the EC. The company secretary of the bank shall act as the secretary of the EC. EC members, besides being honest and sincere, should have reasonable knowledge on banking business, its operations and risk management and be capable of making valuable and effective contributions in the functioning of the Committee. The committee shall discharge responsibilities and take decision on the matters as instructed by the BoD except discharging of those responsibilities and taking decisions that are specifically assigned to the full BoD by the Bank Company Act 1991 or other related laws and regulations. The decisions taken by the Committee shall be ratified in the next BoD meeting. Upon necessity the Committee can call meeting at any time. The Committee may invite CEO, Chief Risk Officer or any executive to attend the committee meeting.</p>	Complied
5.2	Audit Committee (AC): The AC should have maximum five members and two of them shall be Independent Directors. It should be constituted of such members who are not members of the EC of the BoD. The members of the Committee may be nominated for three years and the company secretary of the bank shall act as the secretary of the Committee. Please see 'Report of the Audit Committee' for details.	Complied

Sl. No.	Particulars	Compliance Status
5.3	<p>Risk Management Committee (RMC): The RMC is to be formed to mitigate impending risks which could be arisen during implementation of BoD approved policies, procedures and strategies. This committee is entrusted to examine and review whether management is properly working on identifying and mitigation of credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operation risk, interest rate risk and liquidity risk and keeping adequate capital and provision against the risks identified.</p> <p>The RMC is to be formed with maximum five members who will be appointed for 03 (three) years. Each member should be capable of making valuable and effective contributions in the functioning of the Committee. The company secretary of the bank shall act as the secretary of the Committee. RMC shall review the risk management policy and guidelines of the bank at least once in a year, make necessary modifications as per requirement and submit the same to the BoD for approval. Besides, lending limits and other limits should be reviewed at least once in a year and should be amended, if necessary. Please see 'Report of the Risk Management Committee' for details.</p>	Complied
6	<p>Training of the Directors: The Directors of the Board will acquire appropriate knowledge of the Banking laws and other relevant laws, rules and regulations to effectively discharge the responsibilities as a Director of the bank.</p>	Complied
7	<p>Intimation of the Circular to the Board and related persons by CEO: The CEO will inform about this Circular to the directors and other related persons.</p>	Complied

2. Appointment and responsibilities of Chief Executive Officer (CEO)

Sl. No.	Particulars	Compliance Status
A	Rules and regulations for appointment of the CEO	
1	<p>Moral Integrity: In case of appointment to the post of CEO, satisfaction in respect of the concerned person should be ensured to the effects that:</p> <p>a) He has not been convicted by any Criminal Court of Law.</p> <p>b) He has not been punished for violating any rules, regulations or procedures/ norms set by any regulatory authority.</p> <p>c) He was not associated with any such company/organization; registration or license of which has been cancelled.</p>	Complied

Sl. No.	Particulars	Compliance Status
2	<p>Experience and Suitability:</p> <p>a) For appointment as a CEO, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years' experience in a post immediate below the CEO of a bank.</p> <p>b) He must have a Master's degree at minimum from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person.</p> <p>c) In respect of service, the concerned person should have excellent track record of performance.</p> <p>d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company.</p> <p>e) Any director of any bank or financial institution or any person who has business interest in the concerned bank will not be eligible for appointment to the post of the CEO.</p>	Complied
3	<p>Transparency and financial integrity: Before making appointment as a CEO, satisfaction should be ensured to the effects that:</p> <p>a. The concerned person was not involved in any illegal activity while performing duties in his own or banking profession.</p> <p>b. He has not deferred payment to creditors or has not compromised with his creditors to be relieved from debts or he is not a loan defaulter.</p> <p>c. He is not a tax defaulter.</p> <p>d. He has never been adjudicated a bankrupt by the Court.</p>	Complied
4	<p>Age Limit: No person crossing the age of 65 years shall hold the post of CEO of a bank.</p>	Complied
5	<p>Tenure: The tenure of the CEO shall not be more than 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that shorter period.</p>	Complied
6	<p>Guidelines in fixing the salary and allowances: Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to BB:</p> <p>a. In fixing the salary and allowances of the CEO, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.</p>	Complied

Sl. No.	Particulars	Compliance Status
	<p>b. Total salary shall be comprised of direct salary covering 'Basic Salary' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be converted in the monetary value and thus determining monthly total salary, it shall have to be mentioned in the proposal submitted to BB. In the proposal, Basic Salary, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount.</p> <p>c. Without improving the bank's major financial indicator like- CAMELS, annual salary increment will not be payable.</p> <p>d. Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the work performance of the current CEO.</p> <p>e. The CEO so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.</p> <p>f. The bank shall not pay any income tax for the CEO, i.e., the CEO so appointed shall have to pay it.</p>	
7	<p>Incentive Bonus: The CEO will get incentive bonus subject to paying incentive bonus to all executives/officers/workers of the bank and the said bonus amount will not exceed BDT 1,000,000 in a year.</p>	Complied
8	<p>Honorarium for attending the Board Meeting: Being a salaried executive, CEO will not get any honorarium for attending the Board meeting or Board formed Committee meeting.</p>	Complied
9	<p>Evaluation Report: For reappointment of the CEO, the Chairman of the bank shall have to submit a Board approved evaluation report to BB.</p>	Complied

Sl. No.	Particulars	Compliance Status
10	Prior Approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of Bank Company Act 1991 (amended up to 2013). For processing such approval, along with the proposal signed by the Chairman of the BoD, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of Board's approval must be submitted to BB. The selected person must also submit declarations as per Annexure A & Annexure B to BB.	Complied
11	Decision of Bangladesh Bank is final: The decision of BB for appointment of the CEO will be treated as final and the CEO such appointed cannot be terminated, released or removed from his/her office without prior approval from BB.	Complied
B	Responsibilities and Authorities of the CEO: The CEO of the bank, whatever name called, shall discharge the responsibilities and exercise the authorities as follows:	
	a. In terms of the financial, business and administrative authorities vested upon him by the BoD, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.	Complied
	b. The CEO shall ensure compliance of the Bank Company Act 1991 and other relevant laws and regulations in discharging of routine functions of the bank.	Complied
	c. The CEO shall include clearly any violation from Bank Company Act 1991 and/or other relevant laws and regulations in the "Memo" presented to the meeting of the BoD or any other Committee (s) engaged by the BoD.	Complied
	d. The CEO shall report to Bangladesh Bank of issues in violation of the Bank Company Act 1991 or of other laws/regulations.	Complied
	e. The recruitment and promotion of all staffs of the bank except those in the two tiers below him/her shall rest on the CEO. He/she shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and approved delegation of employees as approved by the BoD.	Complied
	f. The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him/her, which he/she shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the BoD, he/she shall nominate officers for training etc.	Complied

3. Contractual appointment of Advisor and Consultant

Sl. No.	Particulars	Compliance Status
A	Rules and regulations for appointment of an Advisor	No such Advisor in Pubali Bank Limited
1 to 6	Experience and Suitability, Responsibilities of the Advisor, Prior approval from Bangladesh Bank before appointing an Advisor, Remuneration and other facilities of Advisor, Tenure of Advisor: Appointment of Ex-executive as Advisor.	N/A
B	Rules and regulations for appointment of a Consultant	No such Consultant in Pubali Bank Limited
1 to 6	Terms of reference of Consultant, Responsibilities of a Consultant, Appointment of a Consultant, Tenure of a Consultant, Remuneration/honorarium of a Consultant, Appointment of Ex-executive as Consultant.	N/A

M. Compliance with BSEC Conditions:

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance status		Remarks (If any)
		Complied	Not complied	
1.0	Board of Directors:			
1.1	Board Size: Board members shall not be less than 5(five) and more than 20(Twenty)	✓		
1.2	Independent Directors:			
1.2 (i)	Independent Director: At least 1/5th	✓		According to Bank Company Act, 1991 (amended 22 July, 2013) Sec: 15 (9) If the number of Director is less than 20(twenty) then no. of Independent Director(s) shall be 2(two) in case of Bank Company.
1.2 (ii)	For the purpose of this clause "independent director" means a director			
1.2 (ii) a)	Independent Directors do not hold any share or hold less than one percent (1%) shares total paid up capital.	✓		
1.2 (ii) b)	Independent Directors are not connected with the company's Sponsor or Director Or Shareholder who holds 1% or more shares.	✓		
1.2 (ii) c)	Independent Directors do not have any other relationship, whether pecuniary or otherwise, with the company or its Subsidiary/Associated Companies.	✓		
1.2 (ii) d)	Independent Directors are not the Members, Directors or Officers of any Stock Exchange.	✓		

Condition No.	Title	Compliance status		Remarks (If any)
		Complied	Not complied	
1.2 (ii) e)	Independent Directors are not the Shareholders, Directors or Officers of any member of Stock Exchange or an Intermediary of the Capital Market.	✓		
1.2 (ii) f)	Independent Directors are/were not the partners or executives during preceding 3(three) years of concerned company's Statutory Audit Firm.	✓		
1.2 (ii) g)	They are not the Independent Directors in more than 3(three) listed Companies.	✓		
1.2 (ii) h)	They are not convicted by a Court competent jurisdiction as a defaulter in payment of any loan to a Bank or a Non-Bank Financial Institution (NBFI).	✓		
1.2 (ii) i)	They have not been convicted for a criminal offence involving moral turpitude.	✓		
1.2 (iii)	The Independent Directors shall be appointed by the Board of Directors and approved by the Shareholders in the AGM.	✓		
1.2 (iv)	The post of Independent Directors cannot remain vacant for more than 90 days.	✓		
1.2 (v)	The Board shall lay down a Code of Conduct of all Board Members and Annual Compliance of the Code to be recorded.	✓		
1.2 (vi)	The tenure of office of an Independent Director shall be for a period of 3(three) years which may be extended for 1(one) Term only.	✓		

Condition No.	Title	Compliance status		Remarks (If any)
		Complied	Not complied	
1.3	Qualification of Independent Director (ID):			
1.3 (i)	Independent Director shall be knowledgeable individual with integrity	✓		
1.3 (ii)	The Independent directors must have at least 12(twelve) years of corporate management/professional experiences	✓		
1.3 (iii)	In special cases above qualification may be relaxed by the commission;	N/A		
1.4	Separate Chairman and CEO and their clearly defined roles and responsibilities.	✓		
1.5	Directors' Report to Shareholders:			
1.5 (i)	Industry outlook & possible future developments in the industry.	✓		
1.5 (ii)	Segment wise product-wise performance	✓		
1.5 (iii)	Risk and concerns.	✓		
1.5 (iv)	Discussion on Cost of goods sold, gross profit margin and net profit margin.	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.			No such Extra Ordinary gain or loss
1.5 (vi)	Basis for related party transaction-a statement of all related party transactions should be disclosed in the annual report.	✓		
1.5 (vii)	Utilization of proceeds from public issues, right issues and/or through any others instruments.	N/A		

Condition No.	Title	Compliance status		Remarks (If any)
		Complied	Not complied	
1.5 (viii)	An explanation if the financial result deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.	N/A		
1.5 (ix)	If Significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			No such variance occurred
1.5 (x)	Remuneration to directors including independent directors.	✓		
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the results of its operation, cash flows and changes in equity.	✓		
1.5 (xii)	Proper books of account of the issuer company have been maintained.	✓		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		
1.5 (xiv)	International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS) / Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		

Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, that fact along with reasons thereof should be disclosed.	✓		
1.5 (xvii)	Significant deviations from last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	N/A		
1.5 (xviii)	Key operating and financial data of at least preceding 5(five) years shall be summarized.	✓		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.			Dividend declared 5% Cash & 8% Stock
1.5 (xx)	The number of Board Meeting held during the year and attendance by each director shall be disclosed.	✓		
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		

Condition No.	Title	Compliance status		Remarks (If any)
		Complied	Not complied	
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head Of Internal Audit and their spouses and minor children (name wise details).	✓		
1.5 (xxi) c)	Executives (top five salaried employees of the Company other than stated in 1.5(xxii)b);	✓		
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
1.5 (xxii)	In case of appointment /re-appointment of a Director the Company shall disclose the following information to the Shareholders:			
1.5 (xxii) a)	A brief resume of the Director;	✓		
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas.	✓		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2.0	Chief Financial Officer, (CFO), Head of Internal Audit And Company Secretary:			
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and their clearly defined roles, responsibilities and duties.	✓		
2.2	Attendance of CFO and the Company Secretary at Board of Directors.	✓		

Condition No.	Title	Compliance status		Remarks (If any)
		Complied	Not complied	
3.0	Audit Committee:			
3 (i)	Audit committee shall be the sub-committee of the Board of Directors.	✓		
3 (ii)	The Audit committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business.	✓		
3 (iii)	The Audit committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
3.1	Constitution of the Audit Committee:			
3.1 (i)	The Audit committee shall be composed of at least 3 (three) members.	✓		
3.1 (ii)	Constitution of Audit Committee with Board Members including one independent Director.	✓		
3.1 (iii)	All members of the Audit Committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management experience.	✓		
3.1 (iv)	Filling of Casual Vacancy in Committee.	✓		
3.1 (v)	The Company Secretary shall act as the Secretary of the Committee.	✓		

Condition No.	Title	Compliance status		Remarks (If any)
		Complied	Not complied	
3.1 (vi)	The Quorum of the audit committee meeting shall not constitute without at least 1(one) independent director.	✓		
3.2	Chairman of the Audit Committee:			
3.2 (i)	Chairman of the Audit Committee shall be an Independent Director.	✓		
3.2 (ii)	Chairman of Audit Committee shall present in the Annual General Meeting (AGM).	✓		
3.3	Role of the Audit Committee:			
3.3 (i)	Oversee the financial reporting process	✓		
3.3 (ii)	Monitor choice of accounting policies and principles.	✓		
3.3 (iii)	Monitor Internal Control Risk management process.	✓		
3.3 (iv)	Oversee hiring and performance of external auditors.	✓		
3.3 (v)	Review along with the management, the annual financial statements before submission to the Board for approval.	✓		
3.3 (vi)	Review along with the management, the quarterly & half-yearly financial statements before submission to the Board for approval	✓		
3.3 (vii)	Review the adequacy of internal audit function.	✓		
3.3 (viii)	Review the statement of significant related party transaction submitted by the management.	✓		
3.3 (ix)	Review management letters/letter of internal control weakness issued by statutory auditors.	✓		

Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
3.3 (x)	When money is raised through initial public offering (IPO)/repeat public offering (RPO)/rights issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital etc.) on a quarterly basis, as a part of their quarterly declaration of financial results.	N/A		
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors:			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:	✓		
3.4.1 (ii) a)	Report on conflict of interests.	N/A		
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	N/A		
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations;	N/A		
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately;	✓		
3.4.2	Reporting of anything having material financial impact to the Commission.	✓		
3.5	Reporting to the Shareholders and General Investors	✓		

Condition No.	Title	Compliance status		Remarks (If any)
		Complied	Not complied	
4.0	External/Statutory Auditors:			
4 (i)	Appraisal or valuation services or fairness opinions.	✓		
4 (ii)	Financial information systems design and implementation.	✓		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
4 (iv)	Broker-dealer services.	✓		
4 (v)	Actuarial services	✓		
4 (vi)	Internal audit services.	✓		
4 (vii)	Any other service that the Audit Committee determines.			
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that Company;	✓		
4 (ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 7.	✓		
5.0	Subsidiary Company:			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the Composition of Board of Directors of the subsidiary company.	✓		
5 (ii)	At least 1(one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	✓		

Condition No.	Title	Compliance status		Remarks (If any)
		Complied	Not complied	
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	✓		
5 (iv)	The Minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company.	✓		
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investment made by the subsidiary company.	✓		
6.0	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			
6 (i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief;	✓		
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		
6 (i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6 (ii)	There are to the best of knowledge and belief no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		

Condition No.	Title	Compliance status		Remarks (If any)
		Complied	Not complied	
7.0	Reporting and Compliance of Corporate Governance:			
7 (i)	The company shall obtain a certificate from a professional accountant/secretary (CA/CMA/CS) regarding compliance of conditions of corporate governance guidelines of the commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached in the director's report whether the company has complied with these conditions.	✓		

Core risk Management

Risk Management

The risk of the Bank may be defined as the possibility of losses, financial or otherwise. The risk management of the Bank covers 06 core risks i.e. Credit Risk, Internal Control & Compliance Risk, Money Laundering Risk, Asset Liability Management Risk (Balance Sheet Risk), Foreign Exchange Risk and Information Technology Risk. Moreover, Residual Risk, Concentration Risk, Liquidity Risk, Reputation Risk, Strategic Risk, Settlement Risk and Environmental & Climate Change Risk etc. are also brought into consideration. The prime objective of the risk management is that Bank takes well calculative business risks to earn adequate return and to safeguard bank's capital, its financial resources and its profitability. The Bank strictly follows the guidelines of Bangladesh Bank in respect of risk management. As per BRPD Circular No. 11 dated 27 October 2013 a Risk Management Committee of the Board was formed. A separate Risk Management Committee at Management level was also formed headed by a Deputy Managing Director where all the Division Heads of Head Office are the members and the Division Head, Risk Management Division is the Member Secretary. The Committee is responsible to our Honorable Managing Director for compliance and implementation of the decisions. Monthly meeting of Risk Management Committee at Management level is arranged regularly where different risks are discussed and decisions are implemented. Risk Management papers along with minutes of the monthly meeting are submitted to Bangladesh Bank on monthly and quarterly basis.

Moreover half yearly Comprehensive Risk Management Report is also submitted to Bangladesh Bank. Considering the importance of the issue and as per instructions of Bangladesh Bank, a separate Risk Management Division was formed at Head Office. As a part of risk management, adequate capital is maintained against Credit Risk, Market Risk and Operational Risk under Risk Based Capital Framework. A Supervisory Review Process (SRP) team was formed to review, monitor and maintain adequate capital considering all relevant risks. Quarterly Stress Testing is conducted to assess the impact of different risks associated with banking business on asset, liability & ultimately on capital.

Corporate Social Responsibilities (CSR)

Corporate Social Responsibility (CSR) has been a long-standing commitment at our bank. In Pubali Bank Limited, Corporate Social Responsibility (CSR) is taken very seriously. CSR activities are not undertaken purely for public relations, it is a part and parcel of who we are and how we have worked for decades. The Bank's contribution to social sector development includes several pioneering interventions and is implemented through the involvement of stakeholders within the Bank and through the broader community. Corporate Social Responsibility (CSR) of the Bank is oriented with a view to helping the needy segment of the population of the society. Pubali Bank Limited believes in socially equitable development. The Bank is committed to ensure environmentally sustainable development. As a responsive corporate financial organization, the Bank has anchored its CSR activities on health, education, disaster management, sports, arts & cultures and on many other benevolent dimensions. Throughout the year, 2016 the Bank participated in a numbers of CSR activities which encompassed social, environmental, ethical & philanthropic activities. The Bank undertook the voluntary contributions towards building a better society and cleaner environment beyond its financial commitments and regulatory obligations. A detail review of Corporate Social Responsibility of our bank has been presented in **"Corporate Social Responsibility"** of this annual report.

Pubali Bank Limited distributed a huge number of blankets among the poor, shelterless and cold-stricken people of the country through various organizations/societies. The Bank provided medical assistance for the distressed and unprivileged people of the society. It also donated BDT 22.5 million to Honourable Prime Minister's Relief Fund for the disaster affected people. The Bank donated good chunk of money in the following sectors in 2016:-

Disaster Management	BDT 28.560 million
Health	BDT 9.834 million
Education	BDT 7.367 million
Sports	BDT 0.060 million
Arts & Culture	BDT 0.160 million
Others	BDT 4.125 million

Performance of Pubali Bank Limited:*Share capital*

Authorized capital and paid up capital of the bank stood at BDT 2000.00 crore and BDT 880.37 crore respectively in 2016.

Statutory and other Reserve

At the close of 2016, the statutory reserve and other reserves of the bank stood at BDT 16,340.67 million, out of which statutory reserve was BDT 9,300.25 million, other reserve was BDT 7,040.42 million. Total Reserve was BDT 16,071.38 million at the end of 2015.

Deposits

The deposit growth trend was positive in 2016. At the end of 2015, Total deposit was BDT 2,24,808.59 million that came to BDT 2,47,278.50 million at the end of 2016 showing 10.00% increase. Out of the total deposits, Time Deposits BDT 2,18,825.08 million and Demand Deposits were BDT 28,453.43 million i.e. 88.49% and 11.51% respectively.

Borrowing from other Banks and Financial Institutions

In 2016 the bank borrowed BDT 6,305.98 million for business purpose compared to BDT 2,543.55 million during the previous year.

Lending to other Banks and Financial Institutions

In 2016 the bank lent BDT 551.29 million for business purpose compared to BDT 935.29 million during the previous year.

Advances

Total advances of the bank as on 31 December 2016 stood at BDT 2,03,011.23 million showing an increase of BDT 29,885.81 million @ 17.26% growth.

In line with national economic development, the bank made advances mainly as Commercial Loan, Import & Export business, Term loan to large and medium scale industries, House Building loan, Working Capital loan, Consumer's Credit and Syndication loans etc.

Investment

Total investment of the bank was BDT 48,865.75 million in 2016 compared to BDT 57,881.68 million in 2015. The bank mainly invested in Government Bonds, Treasury Bills, Approved Debentures of private institutions and Capital Market through own portfolio.

Foreign Exchange Business

a) Import Business

During the year the Bank handled import business worth BDT 1,21,852.00 million. During the previous year the amount was BDT 1,12,564.30 million. The amount of import business handled by the bank increased by BDT 9,287.70 million during the year which was 8.25% higher than the previous year.

b) Export Business

The bank handled export business worth BDT 86,764.10 million during the year as against BDT 85,740.40 million in the previous year which was 1.19% higher than the previous year.

c) Inward Foreign Remittance

Non resident Bangladeshis sent foreign exchange equivalent to BDT 3,775.32 crore in 2016 whereas the amount was BDT 4,380.70 crore in 2015.

Position of profit & loss

Total operating income & total operating expenditure of the Bank during 2016 were BDT 13,949.05 million and BDT 7,392.57 million respectively resulting a profit of BDT 6,556.47 million before making provision for bad and doubtful debts and income tax.

During the year the Bank made a provision of BDT 2,756.44 million against loans and advances, diminution in value of investments, exposure of Off balance Sheet items, bad debt off setting and other assets and provision of BDT 2,465.08 million against Corporate Income Tax and deferred Tax. As such, net profit on the Bank stood at BDT 1,334.95 million which the Board of Directors propose to appropriate in the following manner.

Net profit	BDT 1,334.95 million
Transferred to General Reserve	BDT 1,334.95 million

Branch Expansion & Modernization

The Bank expanded its operation through opening 09 new branches at different places during the year 2016. As such the total number of Branches of the Bank stood at 453 all over the country. Moreover numbers of branches were shifted to new premises in more suitable places and a large number of branches were furnished and modernized.

Information Technology and Automation

Information Technology has enabled efficient, accurate and timely management of the increased transaction volume of Pubali Bank Limited that comes with a larger

customer base. Adoption of technology has delighted the customers in terms of convenience and satisfaction through new products, new services and efficient delivery channels.

Pubali Bank Limited has been extending customer services at all of our 453 branches using our in-house developed core banking software, Pubali Integrated Banking System (PIBS) under network environment. Real Time Centralized Online Banking System has been developed and deployed in all of 453 branches across the country. The Online Banking Network of Pubali Bank Limited has become the largest one in the banking sector of Bangladesh. The efficient members of the Software and Hardware Support Unit at IT Division are extending quick support to the branches to solve any software/operational problems in banking software. Besides, IT Division is modifying, strengthening and enhancing our core banking solutions, PIBS, according to demand, which is being notified to branches through various circulars.

One Stop Service has been implemented at all of our branches to ensure better and quick customer services. Hardware Engineers have also been posted in each of our Regional Offices for quick solution to the hardware problems of the branches under the Region. Besides, passing power has been incorporated in PIBS to comply business requirements and to ensure higher security in banking operation.

To encourage incoming foreign remittances, all of our branches have been brought under the network of Western Union Money Transfer, MoneyGram, Transfast, Xpress Money Services, Ria, Pravu Money Transfer, Placid Express etc. in addition to receiving Foreign TTs from different Exchange Houses abroad. Moreover, we have also established our own exchange house in U.K. named Pubali Exchange Company (UK) Ltd. using our in-house developed software, Pubali Money Transfer System. Besides, we have developed an online payment module through which branches can pay remittances (Cash/ Account Payee) to customers quickly.

We have launched our Internet Banking System using our in-house developed software and we are extending this services to the customers of our all Online Branches. Security of the transmitted data by encryption/decryption has been ensured through agreement with VeriSign Secured Site Pro. Development of software for Mobile Phone Banking is under process.

We have participated in the Real Time Gross Settlement (RTGS) from its inception as a pioneer bank through our in-house developed software, PIBS.

We have established our Data Center at IT Division, Head Office and Disaster Recovery Center at Uttara, Dhaka. Banking Data of our all the Online Branches are being stored both at our Data Center and Disaster Recovery Center simultaneously to ensure business continuity even in disaster. Moreover, we have recently added Exadata storage solution for enhancing storage capacity of our Data Center and Disaster Recovery Center that assured uninterrupted data availability for end users and proliferated period end data processing speed.

We have successfully implemented Bangladesh Automated Clearing House (BACH) and Bangladesh Electronic Fund Transfer System (BEFTN), Credit Information Bureau (CIB) Reporting as per guidelines of Bangladesh Bank.

We have Islamic Banking Window at our Principal Branch, Dhaka and at Dargagate Branch, Sylhet using our in-house developed software, Pubali Integrated Islamic Banking System (PIIBS). Customers of our Islamic banking windows can get selected services from any of our Online Branches through Online Banking Network.

We have established our website www.pubalibangla.com where from the visitors can get information about our products, charge schedule, career opportunities, procurement notices and present status of our bank. The website is updated periodically and also as and when required. Communication through email among our Branches, Regional Offices and different Divisions of Head Office under our own Mail Server at IT Division, Head Office has become quick and easier.

Information Technology Division, obtaining prior permission of the Management, introduced Offshore Banking Units (OBU) of Pubali Bank Limited. In regard to banking products, OBUs are allowed to offer banking services targeting selected group of clients and non-residents.

Pubali Monitoring System has been developed for different Divisions of Head Office, Regional Offices and Principal Offices to monitor/observe the status of branch operation and performance under their jurisdiction.

To ensure proper training to our officials, Information Technology Division arranged need based hands on training program at our Computer Lab daily in addition to training/workshop arranged at Head Office Auditorium throughout the year. During the year 2016, we conducted 121 training programs at our Computer Lab on 10 (Ten) different Topics/Modules covering 2,614 participants and 02 (Two) Workshops on General Banking Practices and related IT Operations at our Head Office Auditorium covering 242 participants from Branches/Regional Offices across the country.

Pubali Bank Limited is moving towards state of art technology platform and in such a scenario, we are now at a stage of transforming Pubali Bank Limited to a paperless banking. IT Division is working hard for achieving this objective within a short period of time.

Man-power & Training

The Board of Directors and the Management of the Bank put an extra emphasis on Human Capital Development to secure all stakeholders interest. Our people and how we select, manage and develop them. This enables them to use their skills, capabilities, knowledge and experience to improve and develop products and services that meet the needs of our clients across the diverse regions in which we operate. Training is the formal procedure to facilitate employees learning for bringing about the desired changes in the employee behavior. The major areas focused on the issue

of training and development of human resource management during the year 2016 have been presented in "Report on Human Resource Management" section of this annual report.

Audit & Inspection

Risk Based Audit Plan for the year 2016 approved by the Board of Directors. Accordingly, Audit & Inspection Division conducted Comprehensive Audit on 349 Branches (12 High Risk, 152 Medium Risk, 185 Low Risk Branches) In addition to the above, thorough audit on a Subsidiary Company (Pubali Bank Securities Limited), 02 Principal Offices in Chittagong & Sylhet, 17 Regional Offices, 16 Divisions of Head Office, 24 Surprise Inspections on 8 High Risk Branches and Inspection on ICT (Information & Communication Technology) Security of 86 Low Risk Branches were completed in the year 2016.

Furthermore, thorough Investigations conducted into the gross irregularities occurred in the year 2016. Moreover, Principal Offices & Regional Offices conducted Surprise Inspection/Visit on the Branches under their control. Bangladesh Bank from their different offices also conducted Comprehensive Inspections on our different Branches and Head Office.

Overall Branch-wise information and the significant findings & deficiencies identified during the audits and inspections notified to the Management and the Audit Committee of the Board of Directors from time to time. Follow-up of the Audit/Inspection Reports done to ensure regularization. On the basis of the gravity of the irregularities, necessary preventive and disciplinary/administrative measures have taken to protect bank interest.

Audit & Inspection Division of the Bank is working with a view to minimize the operational risk and to motivate its Human Resources to be more ethical on discharging their day to day works.

Dividend

The Board of Directors has recommended 5% Cash Dividend and 8% Stock Dividend for all shareholders of the bank out of profit on the basis of audited accounts for the year 31st December 2016 subject to approval in the 34th Annual General Meeting.

Appointment of Auditors

The Board of Directors recommended to re-appoint HodaVasi Chowdhury & Co., Chartered Accountants and S. F. Ahmed & Co., Chartered Accountants as External Auditor for the year ended December 31, 2017 subject to approval by the shareholders in the 34th AGM of the Bank. This 02 (two) Chartered Accountants firms will audit the statement of accounts with due permission of Bangladesh Bank & Bangladesh Securities and Exchange Commission (BSEC). They are eligible for re-appointment. This 02(two) Chartered Accountants firms expressed their willingness for re-appointment.

Future Plan

The Bank has put stress on the business target fixed up for the year 2017. The Bank put emphasis on retail banking business and to increase the small sized loans portfolio. The target of Deposits and Advances are projected to be increased by 17.40% and 13.29% respectively and Import, Export and Remittance businesses are expected to rise by 23.10%, 15.26% and 32.45% respectively and operating profit target fixed for Tk.1,000.00 crore which is expected to be increased by 38.63%.

Conclusion

The Board of Directors expresses its profound gratitude to all Clients, Shareholders and Patrons for extending support and cooperation in the activities of the bank during the year 2016. The Board thanked Bangladesh Government, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies and Firms and Central Depository of Bangladesh Limited (CDBL) for their cooperation and effective guidance.

The Directors also wish to place on record their sincere appreciation and thanks for the efforts and dedicated services and cooperation extended by the employees towards overall accelerated performance of the bank.

Report of the EXECUTIVE COMMITTEE of the Board

The Executive Committee (EC) of the Board consists of following Members of the Board of Directors:

Sl.	Name	Status with the Bank	Status with the Committee
1	Mr. Moniruddin Ahmed	Director	Chairman
2	Ms. Rumana Sharif	Director	Member
3	Mr. Musa Ahmed	Director	Member
4	Ms. Rana Laila Hafiz	Director	Member
5	Mr. Md. Abdul Halim Chowdhury	Managing Director & CEO	Member

The Company Secretary acts as the Secretary of the Executive Committee of the Board of Directors.

Appointment and Composition

In compliance with Section 15(B) of The Bank Company Act 1991 (amended up to 2013) and BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of Pubali Bank Limited has re-constituted the Executive Committee (EC) of the Board in 2016 with five members (maximum limit is seven members). None of them are the members of Audit Committee of the Board. The Company Secretary acts as the Secretary of the Committee.

Meetings and Major areas focused by EC in 2016

During the year 2016 the Executive Committee of the Board of Directors conducted 3 (three) Meetings. The following issues were discussed/evaluated/reviewed/approved in the meeting:

- Reviewed the Information of 26 Borrowers having loan accounts in different branches of our Bank and the Committee members advised the Management to keep strong follow up on the performances of the loan accounts.
- Reviewed the position of SME Financing for the year 2015 and advised the Management percentage of classified SME loans should be brought down to a satisfactory level and to maintain quality of the loan accounts.
- Reviewed of the application of the employees against whom disciplinary actions were taken by the Management.
- Reviewed the position of classified loans & advances of the Bank & recovery there against ended on April 2016.
- Reviewed the written off position of loans and advances as per BRPD Circular No.02 dated January 13, 2003 and recovery there against upto May 15, 2016.
- Reviewed the Enhancement of Counter Party Limit favoring different borrowers.
- Reviewed overall trend of business and profitability of the Bank. Reviewed and scrutinized proposals of large loan portfolio and forwarded to the Board with findings, comment and recommendations. The Executive Committee recommended guidelines to the Management for close monitoring of the large loan accounts as well as borrowers of the bank.
- Reviewed the position of loans & advances having outstanding of total Taka 1(one) crore & above to the borrower / group ended on June 2016.

The minutes of the Executive Committee meetings were placed to the Board subsequently for ratification on a regular basis. The Committee expressed its gratitude to the Members of the Board and appreciated the Management for their all-out support and co-operation extended to the Committee during the period.

On behalf of the Executive Committee,



Moniruddin Ahmed

Chairman of the Executive Committee of the Board

Report of the **AUDIT COMMITTEE** of the Board

The Audit Committee (AC) of the Board comprising of the following members of the Board of Directors:

Sl.	Name	Status with the Bank	Status with the Committee
1	Mr. Khurshid-ul-Alam	Independent Director	Chairman
2	Mr. Monzurur Rahman	Director	Member
3	Mr. Ahmed Shafi Choudhury	Director	Member
4	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Director	Member
5	Dr. Shahdeen Malik	Independent Director	Member

The Company Secretary acts as the Secretary of the Audit Committee of the Board of Directors.

Appointment and Composition

In compliance with Section 15(B) of The Bank Company Act 1991 (amended up to 2013) and Bangladesh Bank BRPD Circular No.11 dated 27 October 2013 and BSEC's Corporate Governance Guidelines dated 07 August 2012, Audit Committee (AC) of the Board of Pubali Bank Limited has been re-constituted by the Board of Directors from time to time to review and oversee company's financial reporting, Unaudited corporate disclosures, internal control systems and compliance to governing laws, rules and regulations etc. independently. None of them are the members of Executive Committee of the Board. The Audit Committee is accountable to the Board of Directors of the Bank. The Audit Committee comprised of five members including two Independent Directors. The Company Secretary acts as the Secretary of the Committee.

Meetings of the Audit Committee

The Audit Committee of Board of Directors of Pubali Bank Limited conducted 19 (Nineteen) meetings in the year 2016 and had detailed discussions and review session. The Audit Committee instructed management to follow those remedial suggestions and monitored those accordingly. Dates of Audit Committee Meetings held during the year 2016 are as follows:

SL No.	Meetings	Date of Meeting
01.	168 Audit Committee Meeting	10 January 2016
02.	169 Audit Committee Meeting	1 February 2016
03.	170 Audit Committee Meeting	22 February 2016
04.	171 Audit Committee Meeting	10 March 2016
05.	172 Audit Committee Meeting	21 March 2016
06.	173 Audit Committee Meeting	26 April 2016
07.	174 Audit Committee Meeting	11 May 2016
08.	175 Audit Committee Meeting	13 June 2016
09.	176 Audit Committee Meeting	31 July 2016
10.	177 Audit Committee Meeting	16 August 2016
11.	178 Audit Committee Meeting	29 August 2016

Sl No.	Meetings	Date of Meeting
12.	179 Audit Committee Meeting	6 September 2016
13.	180 Audit Committee Meeting	25 September 2016
14.	181 Audit Committee Meeting	10 October 2016
15.	182 Audit Committee Meeting	26 October 2016
16.	183 Audit Committee Meeting	2 November 2016
17.	184 Audit Committee Meeting	17 November 2016
18.	185 Audit Committee Meeting	28 November 2016
19.	186 Audit Committee Meeting	14 December 2016

Major areas focused by AC in 2016

During the year under review, the Committee focused on following activities:

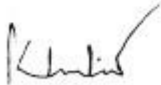
- Reviewed the Implementation status of Internal Control & Compliance ended on September & December, 2015 and March, June & September, 2016.
- Reviewed First Quarter (Q1), Half-yearly (Q2) and Third Quarter (Q3) Financial Statements (Unaudited) of the Bank for the year 2016 before submission to the Board for approval in compliance with the BSEC's Corporate Governance Guidelines 2012.
- Reviewed time Bound Action Plan for Implementation of Non-Complied/partially Complied items as mentioned in Self-assessment of Anti-fraud Internal Control Statement of the Bank.
- Reviewed Management level Risk Management Unit Meeting Minutes from October to December, 2015; January to March, 2016; April to June, 2016; July to September, 2016.
- Selection of External Auditors at the 33rd AGM till the next AGM.
- Examined / evaluated the Audited Financial Statements 2015.
- Reviewed the follow up report of Establishment Division regarding up-to-date facts & real position of the properties/assets as on December 31, 2015 of the Bank.
- Reviewed Stress Testing Report for Q4 2015, Q1 2016, Q2 2016 and Q3 2016.
- Reviewed the comprehensive Inspection Report of Bangladesh Bank received from time to time and status of compliance thereof and issued guidelines/directions and decisions on the basis of report.
- Reviewed the Report on "Risk Based Capital Adequacy", Solo & Consolidated return under Basel III framework as on December 31, 2015 and June 30, 2016.
- Reviewed the Report of "Disclosure on risk based capital adequacy" under Market discipline (Basel III- Pillar 3) as on December 31, 2015.
- Reviewed the Annual Report on the health of the Bank as on December 31, 2015.
- Reviewed the internal Audit report of different Branches of the Bank conducted by Bank's Internal Audit Team received from time to time and gave guidelines/directions and decisions on the basis of the report.
- Reviewed the proposal for approval of Annual Internal Audit & Surprise Inspection plan of different Branches, Regional Offices, Principal Offices and different Divisions of Head Office of our Bank for the year 2017 and recommended the proposal to the Board.
- Reviewed the corrective measures taken by the management with regard to the reports relating

to deficiencies in Internal Audit Division, Bangladesh Bank Inspection Team and External Auditors and subsequently informed the Board of Directors on a regular basis.

- Reviewed External Auditor's Report on Branches.
- Reviewed special inspection / special investigation / visit report of different Branches of the Bank conducted by the Board's Special Audit Cell from time to time and the status of compliance thereof.
- Followed-up the recovery of Loans and Advances of the Bank.

The Minutes of the Audit Committee meetings containing various suggestions and recommendations to the Management and the Board respectively were placed subsequently to the Board for ratification on regular basis. The Audit Committee expresses its sincere thanks to the Members of the Board, Management and the External Auditors for their excellent support to the Committee while discharging their duties and responsibilities in terms of the statutory guidelines.

On behalf of the Audit Committee,



Khurshid-ul-Alam

Chairman of the Audit Committee of the Board

Report of the RISK MANAGEMENT COMMITTEE of the Board

The Risk Management Committee (RMC) of the Board comprising of the following members of the Board of Directors:

Sl.	Name	Status with the Bank	Status with the Committee
1	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Director	Chairman
2	Mr. Fahim Ahmed Faruk Chowdhury	Vice-Chairman	Member
3	Mr. Azizur Rahman	Vice-Chairman	Member
4	Mr. Md. Abdur Razzak Mondal	Director	Member
5	Mr. Khurshid-ul-Alam	Independent Director	Member

The Company Secretary acts as the Secretary of the Risk management Committee of the Board of Directors.

Appointment and Composition

In Compliance with Section 15(B) of The Bank Company Act 1991 (amended up to 2013) and Bangladesh Bank BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of Pubali Bank Limited has reconstituted a five members Risk Management Committee (RMC) of the Board in 2016 (maximum limit is five members). The RMC has been formed to reduce probable risks which could be arisen during implementation of Board approved policies, procedures and strategies. The RMC is entrusted to examine and review whether management is properly working on identification, management and mitigation of credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operation risk, interest rate risk and liquidity risk and keeping adequate provision and capital against the said risks.

Meetings and Major areas focused by RMC in 2016

The Risk Management Committee of the Board of Directors of Pubali Bank Limited conducted 04 (Four) meetings having detailed discussions and review session regarding their findings, observations and recommendations on issues of bank affairs that need improvement. The major areas focused by the RMC are highlighted below:

- Perused the Stress Testing Report Q4 2015, Q3 2015, Q1 2016, Q2 2016.
- Analyzed the report on "Risk Based Capital Adequacy", Solo & Consolidated return under Basel III framework as on December 31, 2015, March 31, 2016 and June 30, 2016.
- Reviewed Money Laundering Risk Management of the Bank.
- Reviewed the ICT Security status of Pubali Bank Limited.
- Reviewed Report of "Disclosure on risk based capital adequacy" under Market discipline (Basel III - Pillar 3) as on December 31, 2015.
- Reviewed Capital Market Exposure Limit Maintenance Plan.
- Reviewed the Minutes of Risk Management Committee at Management level from October, 2015 to February, 2016 and March to June 2016.
- Perused the report on "ICAAP under Supervisory Review process" based on December 31, 2015.

The Minutes of the Risk Management Committee Meetings containing various suggestions and recommendations to the Management were placed to the Board subsequently for ratification on regular basis. The Committee expressed its gratitude to the Members of the Board and appreciated the Management for their all-out support and co-operation extended to the Committee during the period.

On behalf of the Risk Management Committee,


M. Kabiruzzaman Yaqub FCMA (UK), CGMA

Chairman of the Risk Management Committee of the Board

Bismillahir Ra`hmaanir Ra`heem

Report of the Shari`ah Supervisory Committee, 2016

In the name of Allah, the Merciful, the Compassionate. All praises be to Allah, the Lord of the entire universe and peace and blessings of Allah be upon holy prophet Muhammad (SM).

Pubali Bank Limited has been offering Islamic Banking Services through 2 Windows. The Bank has an independent *Shari'ah Supervisory Committee* consisting of preeminent Ulamaa and Islamic Banking Scholars of the country for necessary guidelines in this regard.

The *Shari'ah Supervisory Committee* is entrusted with the responsibility of providing independent opinion based on observations and analysis of Islamic Banking activities of 2 Windows of the Bank. However, the responsibility of the Bank Management is to ensure Islamic Banking Operation of the Bank in accordance with those opinions and suggestions.

During the year ended on 31st December 2016 the *Shari'ah Supervisory Committee* met in 3 meetings and reviewed activities of Islamic Banking Windows of the Bank and *Shari'ah Audit Reports* thereof. After analyzing *Shari'ah Audit Reports* the Committee came to the conclusion that no such Shar'ee irregularity took place in operations of Islamic Banking Windows which could make any profit of the Windows doubtful. At the same time, they identified some minor Shar'ee deviations and suggested remedial measures to prevent the repetition of the same. These are as follows:

- (a) The Islamic Banking Windows must mention ISR (Income Sharing Ratio) in the appropriate Column of the A/C Opening Forms of Mudarabah deposits at the time of A/C opening; because, mention of ISR in the Account Opening Forms is a vital point in the eye of Shari'ah.
- (b) A designated officer of the Window must sign with date on the Account Opening Forms of Al-Wadiah and Mudarabah deposits; because, if a paper is signed by only one party, it becomes an 'Aqd (obligation of the signatory), not an agreement. In a bi-lateral agreement the signature of all concerned is a must.
- (c) The Window must supply a signed copy of A/C Opening Form to its Client; because, it is his/her legitimate right to get a signed copy of agreement in the eye of both Islamic & country laws.
- (d) The Windows may persuade the supplier/producer/ manufacturer to insert, in their Letters/Invoices/Quotations/Indents, both the name of distributor Investment Client and that of the Bank; because, addressing the Bank by the Supplier is most important for happening actual sell-buy between the supplier/producer/ manufacturer and the Bank for onward sale to the Client on credit or on agreed upon profit under Bai-Mechanisms.

During the year the *Shari'ah Supervisory Committee* gave some decisions in the backdrop of Fatwas edicted by CSBIB (Central Shari'ah Board for Islamic Banks of Bangladesh). The decisions are as follows:

- (a) The Windows should not charge rent against any nonexistent or unusable Flat/ House financed by the Bank in the HPSM mode of Islamic Finance; because, Charging rent against any nonexistent or unusable Flat/ House is not lawful in Shari'ah. Albeit, it may be charged on an incomplete-but-usable Flat/ House.
- (b) The Bank Management should translate their *Books & Forms for Islamic Banking* in to Bengali gradually for easy understanding of all concerned. And
- (c) The Bank should have the right to revise the Rate of Rent/ Mark-up Profit following the Bench-Mark of the market whatever it be; because, cost of fund is a vital factor in fixing Rate of Return of Bank-Investment.

May Allah (SWT) bestow us with the best of Tawfique in gaining His satisfaction through implementation of *Shari'ah* in every sphere of our life. Ameen.



(A.N.M. Nurunnobi)
Member Secretary



(M. Azizul Huq)
Chairman

বিসমিল্লাহির রা'হমানির রাহীম

শারী'আহ সুপারভাইজরি কমিটির বার্ষিক প্রতিবেদন ২০১৬

সমস্ত প্রশংসা আল্লাহ তা'আলার জন্য যিনি জগতসমূহের রব। দরদ ও সালাম সর্বশেষ ও সর্বশ্রেষ্ঠ নবী মুহাম্মাদ (স.)-এর প্রতি।

পূর্বাব্দী ব্যাংক লিমিটেড ২টি উইন্ডোর মাধ্যমে ইসলামী ব্যাংকিং কার্যক্রম পরিচালনা করে আসছে। ইসলামী ব্যাংকিং কার্যক্রম পরিচালনার প্রয়োজনীয় দিক নির্দেশনা প্রদানের জন্য দেশ বরেণ্য উলামায়ে কেলাম ও ইসলামী ব্যাংকিং বিশেষজ্ঞগণের সমন্বয়ে ব্যাংকের রয়েছে একটি স্বাধীন শারী'আহ সুপারভাইজরি কমিটি।

পূর্বাব্দী ব্যাংক শারী'আহ সুপারভাইজরি কমিটির দায়িত্ব হলো ইসলামী ব্যাংকিং উইন্ডোগুলোর কার্যাবলী পর্যবেক্ষণ ও পর্যালোচনা পূর্বক স্বাধীন মতামত প্রদান করা। অপরদিকে ব্যাংক কর্তৃপক্ষের দায়িত্ব হলো উক্ত মতামত ও দিক-নির্দেশনা মোতাবেক ইসলামী ব্যাংকিং কার্যক্রম পরিচালনা নিশ্চিত করা।

৩১ শে ডিসেম্বর ২০১৬ তারিখে সমাপ্ত বছরে পূর্বাব্দী ব্যাংক লিমিটেড-এর শারী'আহ সুপারভাইজরি কমিটি ৩টি সভায় মিলিত হয়ে ব্যাংকের ইসলামী উইন্ডোসমূহের কার্যক্রম ও শারী'আহ অডিট প্রতিবেদনসমূহ পর্যালোচনা করেন। শারী'আহ অডিট প্রতিবেদনসমূহ পর্যালোচনা শেষে কমিটি এ সিদ্ধান্তে উপনীত হন যে, ইসলামী ব্যাংকিং উইন্ডোসমূহের ব্যাংকিং কার্যক্রমে এমন কোন শার'ঈ বিচ্যুতি ঘটে নি যাতে ব্যাংকের অর্জিত কোন মুনাফা সন্দেহজনক হিসাবে সাব্যস্ত হতে পারে। একই সাথে তারা কিছু ছোট-খাট শার'ঈ বিচ্যুতি চিহ্নিত করেন। এসব ছোট-খাট শার'ঈ ত্রুটি- বিচ্যুতির পুনরাবৃত্তি রোধ করলে কমিটি কিছু প্রতিকারমূলক ব্যবস্থা সুপারিশ করেছেন। সুপারিশগুলো নিম্নে প্রদত্ত হলো:

- মুদারাবাহ আমানত হিসাব খোলার সময় হিসাব খোলার ফরমের উপযুক্ত স্থানে ইসলামী ব্যাংকিং উইন্ডোসমূহকে অবশ্যই ওঝাজ (ওহপডসব অফথরহম জাধররড) উল্লেখ করতে হবে। কারণ শারী'আহের দৃষ্টিতে হিসাব খোলার ফরমে আয় ভাগাভাগি অনুপাত উল্লেখ করা অতীত জরুরি।
- আল-অদী'আহ ও মুদারাবাহ আমানত হিসাব খোলার ফরমে ইসলামী ব্যাংকিং উইন্ডোর একজন দায়িত্বপ্রাপ্ত কর্মকর্তা অবশ্যই তারিখসহ স্বাক্ষর করবেন। কারণ কোন একটি চুক্তিপত্রে কেবল মাত্র একটি পক্ষ স্বাক্ষর করলে সেটা হবে 'আকুদ (স্বাক্ষরদাতার অস্বীকার বা বাধ্যবাধকতা), চুক্তি নয়। একটি দ্বি-পক্ষীয় চুক্তিপত্রে সংশ্লিষ্ট সকলপক্ষের স্বাক্ষর করা বাধ্যতামূলক।
- ইসলামী ব্যাংকিং উইন্ডো কর্তৃক এক কপি স্বাক্ষরিত হিসাব খোলার ফরম তার গ্রাহককে অবশ্যই সরবরাহ করতে হবে। কেননা দেশীয় ও শারী'আহ উভয় আইনেই চুক্তিপত্রের একটি স্বাক্ষরিত কপি পাওয়া অপর পক্ষের (এখানে হিসাব গ্রাহকের) অধিকার।
- ব্যাংক কর্তৃপক্ষ পণ্য সরবরাহকারি/উৎপাদক/ প্রস্তুতকারককে বোঝাবেন, যাতে তারা তাদের অফার লেটার বা কোটেশনে বিনিয়োগ গ্রাহকের নামের পাশাপাশি ব্যাংকের নামও উল্লেখ করেন। কারণ ইসলামী ব্যাংকিং-এর ক্রয়-বিক্রয় ভিত্তিক বিনিয়োগ পদ্ধতিতে গ্রাহকের নিকট বাকিতে বা লাভে পুনঃবিক্রয়ের পূর্বে সরবরাহকারি/উৎপাদক/ প্রস্তুতকারক ও ব্যাংকের মাঝে সত্যিকার পণ্য ক্রয়-বিক্রয় সাক্ষরিত বাধ্যতামূলক।

CSBIB (Central Shari'ah Board for Islamic Banks of Bangladesh)-এর ফতোয়ার প্রেক্ষিতে এ বছর শারী'আহ সুপারভাইজরি কমিটি কিছু পর্যবেক্ষণ প্রদান করেন। পর্যবেক্ষণসমূহ নিম্নরূপ:

- HPSM পদ্ধতিতে প্রদত্ত বিনিয়োগের বিপরীতে অস্তিত্বহীন অথবা ব্যবহার অনুপযোগী কোন ফ্ল্যাট/বাড়ির ওপর ভাড়া আরোপ করা ইসলামী ব্যাংকিং উইন্ডোসমূহের উচিত নয়। কারণ শরীয়তের দৃষ্টিতে অস্তিত্বহীন অথবা ব্যবহার অনুপযোগী কোন ফ্ল্যাট/বাড়ির ওপর ভাড়া আরোপ করা বৈধ নয়। তবে অসম্পন্ন কিন্তু ব্যবহারযোগ্য ফ্ল্যাট/ বাড়ির ওপর ভাড়া আরোপ করা যেতে পারে।
- ব্যাংক কর্তৃপক্ষের উচিত CSBIB (Central Shari'ah Board for Islamic Banks of Bangladesh)-এর ফতোয়ার আলোকে ইসলামী ব্যাংকিং বিষয়ক দলিল-পত্র (Books & Forms) ক্রমাগত বাহালায় জাযান্তর করে নেয়া। এবং
- বাজার দর (Bench-Mark) যখন যা থাকে সে অনুসারে ভাড়া/মুনাফার হার নির্ধারণ/ পুনঃনির্ধারণ করার অধিকার ব্যাংকের থাকা উচিত। কারণ ব্যাংকিং বিনিয়োগের (Bank-Investment) ওপর মুনাফার হার নির্ধারণে তহবিল ব্যয় (Cost of Fund) একটি মৌলিক উপাদান।

আল্লাহ সুবহানহু ওয়া তা'আলা আমাদের জীবনের সকল ক্ষেত্রে শারী'আহ পরিপালনের মাধ্যমে তাঁর সন্তুষ্টি অর্জনের তাওফীক দান করুন। আমীন!


(এ.এন.এম. নূরুলহাবী)
সদস্য সচিব


(মু: আযীযুল হক)
চেয়ারম্যান

Corporate Social Responsibility (CSR)

Pubali Bank Limited is a bank with a vision of development and rendering social responsibility. Pubali Bank's response to corporate social responsibility is embodied by the concept of responsible banking, which is imbibed in the way we do business and drive the objectives of the Bank to be the best financial institution in Bangladesh. We recognize our obligations to the society, so we are committed to always making informed, reasonable and ethical decision in the manner we carry out business, how we treat our employees, and how we relate to our customers.

Our CSR initiatives over the years have focused on health care, sports, education and youth development, the arts, philanthropy and charitable activities including disaster management. Being a socially responsible corporate, Pubali Bank continued to be engaged in a number of CSR activities throughout the year, including a number of donations towards charitable causes. As a responsible corporate citizen Pubali Bank also donated Tk.25,00,000/- to Army Head Quarter, Adjutant Gen. Branch, Dhaka Cantonment, for the development of Proyash School. To fulfill a continued commitment for ten years, effective from 2009, Pubali Bank contributed Tk.4.8 lac to the Prime Minister's Relief & Welfare Fund every year to one family of a martyred army officer killed in BDR carnage in February 2009.

Health Care:

We believe that good health is a critical condition for rapid socio-economic development of the country; the Bank has donated or funded large volumes to set up state of an art facility to various hospitals across the country to underline its commitment to ensure availability of health services to all at affordable cost and thus saving exodus of foreign currencies.

Pubali Bank Limited donated Tk.2.00 lac to Bangladesh Ship Breakers Association via ABB, Tk.29.50 lac to BIRDEM General Hospital, Tk.20.00 lac to Dhaka Bar Association to establish a Primary Clinic.

Apart from direct donation, Pubali Bank Limited from the very initiation extended credit to all big hospitals at a concessional rate of interest so that valuable foreign currency can be saved and our people can get healthcare services at affordable cost:

1. BIRDEM
2. Ibrahim Cardiac Center
3. Apollo Hospital
4. United Hospital
5. Square Hospital
6. International Medical College and Hospital
7. Bangladesh Medical College and Hospital
8. Lab Aid
9. Green Life Hospital etc.

Pubali Bank Limited, from the very initiation, donated too many big hospitals of the country to take the health services to the door steps of the mass:

1. Holy Family Red Crescent Medical College Hospital, Dhaka.
2. Bangabandhu Sheikh Mujib Medical University, Shahbagh, Dhaka.
3. Sylhet Diabetic Association, Sylhet.
4. Sandhani, MAG Osmani Medical College and Hospital, Sylhet.
5. Ahsania Mission Cancer and General Hospital, Dhaka.
6. National Heart Foundation, Sylhet.
7. Kidney Awareness Monitoring and Prevention Society-KAMPS, Dhaka.
8. Bangladesh Council for Scientific and Industrial Research, Dhaka.
9. Bangladesh Medical Studies and Research Institute, Dhaka.

Education:

To facilitate the research activities, we donated Tk.10.0 lac to Shahjalal University of Science and Technology, Sylhet and Tk.5.0 lac to 7th International Seminar of RENPER (Regional Network for Poverty Eradication) of Bangladesh Agricultural University, Mymensingh. We donated Tk.5.0 lac to Dhaka Bar Association to purchase law books and Tk.9.46 lac to Asia Foundation to purchase books for the program titled "Books for Asia", Tk.25.0 lac to Army Head Quarters, Adjutant General Branch, Dhaka Cantonment for the development of Proyash School, Tk.5.0 lac to Proyash Donation Fund, Tk.3.0 lac to Bangabandhu Sheikh Mujib Medical University to celebrate university day, 10 bicycles to the underprivileged female students of Monir Ahmed Academy, Sylhet and South West Saleh Ahmed School, Sunamgonj and many more.

Our other areas of Corporate Social Responsibility

Pubali Bank Limited is always extending its cooperation and generously coming forward when nation faces any disastrous situation or natural calamity and national tragedy. To help the winter stricken people of the country Pubali Bank Limited donated 20,000 pieces of blankets and Tk.2.25 crore to the Prime Ministers Relief Fund. Pubali Bank also donated significant amount in BDR carnage, Mosque, Temple etc.

Pubali Bank Limited regularly donates in different educational institutions, knowledge based organizations and victim family of various incidents. Every year we are donating at the Research Center of Shahjalal University of Science & Technology (SUST), Asia Foundation for buying books, bereaved family of martyred army officer killed in BDR mutiny.

We also sponsor to organize different sports each year to uphold the culture and tradition as well as uplifting the image of the country.

Since inception i.e. from 1959 this bank has been playing a vital role in socio-economic, industrial and agricultural development as well as in the overall economic development of the country with its ethical business through savings mobilization and investment of funds.

Market Discipline-Pillar-III Disclosures under Basel-III

As on 31 December 2016

Capital Adequacy under Basel-III:

Banks operating in Bangladesh are maintaining capital since 1996 on the basis of risk weighted assets in line with the Basel Committee on Banking Supervision (BCBS) capital framework published in 1988. Considering present complexity and diversity in the banking industry and to make the banks' capital requirement more risk sensitive, Bangladesh Bank, being the central bank of the country has decided to adopt the Risk Based Capital Adequacy for banks in line with capital adequacy framework devised by the BCBS popularly known as 'Basel II'. Bangladesh Bank prepared a guideline to be followed by all scheduled banks from January 2009. Both the existing capital requirement rules on the basis of Risk Weighted Assets and revised Risk Based Capital Adequacy Framework for Banks as per Basel II were followed simultaneously initially for one year. For the purpose of statutory compliance during the period of parallel run i.e. 2009, the computation of capital adequacy requirement under existing rules prevailed. On the other hand, revised Risk Based Capital Adequacy Framework as per Basel II had been practiced by the banks during 2009 so that Basel II recommendation could effectively be adopted from 2010. From January 2010, Risk Based Capital Adequacy Framework as per Basel II have been fully practiced by the banks replacing the previous rules under Basel-I. Bangladesh Bank adopted "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" as per BRPD circular no. 18 dated 21 December 2014 replaced of "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)". This circular shall come into force with effect from January 01, 2015. Pubali Bank Limited is maintaining its capital requirements at adequate level as per "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)"

The guideline is structured around the following three aspects or pillars of Basel-III:

- i. Minimum capital requirements to be maintained by a bank against credit, market and operational risk;
- ii. Supervisory Review i.e., Process for assessing overall capital adequacy in relation to a bank's risk profile and a strategy for maintaining its capital at an adequate level;
- iii. Market Discipline i.e., to make public disclosure of information on the bank's risk profiles, capital adequacy and risk management.

Disclosure framework of Pubali Bank Limited :

Disclosure includes the following as per Bangladesh Bank guidelines:

- Scope of Application
- Assets under Banking Book and Trading Book
- Credit risk
- Equity disclosure for Banking Book positions
- Interest rate risk in Banking Book(IRRBB)
- Market risk
- Operational risk
- Leverage Ratio
- Liquidity Ratio
- Remuneration

Disclosure under Pillar III :

Disclosure given below as specified by RBCA Guideline:

A) Scope of Application :

Qualitative Disclosure :

(a) The name of the top corporate entity in the group to which this guidelines applies.	Pubali Bank Limited
(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk weighted)	<p>The consolidated financial statements of the Bank include the financial statements of (a) Pubali Bank Limited (b) Pubali Bank Securities Limited. A brief description of these are given below:</p> <p><u>Pubali Bank limited</u></p> <p>Pubali Bank limited (the Bank) was incorporated in the year 1959 under the name and style of Eastern Mercantile Bank Limited under Companies Act 1913. After the country's liberation in 1971, the Bank was nationalized as per policy of the Government of Bangladesh under the Bangladesh Bank (Nationalisation) Order 1972 (PO No. 26 of 1972) and was renamed as Pubali Bank. Subsequently, the Bank was denationalized in the year 1983 and was again incorporated in Bangladesh under the name and style of Pubali Bank Limited in that year. The government transferred the entire undertaking of Pubali Bank to Pubali Bank Limited, which took over the same as a going concern.</p> <p><u>Pubali Bank Securities Limited</u></p> <p>Pubali Bank Securities Limited (PBSL) was incorporated on the 21st June 2010 under the Companies Act, 1994 as a public limited company. It is a subsidiary company of Pubali Bank Limited holds all the shares of the company except for thirteen shares being held by thirteen individuals. The company has been established as per Securities & Exchange Commission's (SEC) Letter # SEC/Reg/DSE/MB/2009/444/ dated 20.12.2009. The Registered Office of the company is situated at A-A Bhaban (7th floor), 23 Motijheel C/A, Dhaka-1000, Bangladesh. The company has started its commercial activities from 01 February 2011.</p> <p>The main objects of the company is to carry on the business of a stock broker and stock dealer house and to buy, sell and deal in, shares, stocks, debentures, bonds and other securities and to carry on any business as is permissible for a broker and dealer house duly licensed by the Securities & Exchange Commission of Bangladesh.</p>
(c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not applicable

Quantitative Disclosure :

(a) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.	Not applicable
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B) Capital Structure :

Qualitative Disclosure :

<p>(a) Summary information of the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier-I or Tier-II.</p>	<p>The terms and conditions of the main features of all capital instruments have been segregated in line with of the eligibility criteria set forth vide BRPD Circular No. 35 dated 29 December 2010 and BRPD Circular No. 18 dated 21 December 2014 and other relevant instructions given by Bangladesh Bank from time to time. The main features of the capital instruments are as follows:</p> <p><u>Tier - I Capital instruments :</u></p> <p>Paid-up share capital : Issued, subscribed and fully paid up share capital of the Bank. It represents Paid up Capital, Right Shares as well as Bonus Shares issued from time to time.</p> <p>Statutory Reserve : As per Section 24(1) of the Bank Companies Act, 1991, an amount equivalent to 20% of the profit before taxes for each year of the Bank has been transferred to the Statutory Reserve Fund.</p> <p>Bank is complied in this respect.</p> <p>General reserve : Any reserve created through Profit and Loss Appropriation Account for fulfilling any purpose</p> <p>Bank is complied in this respect.</p> <p>Retained Earnings : Amount of profit retained with the banking company after meeting up all expenses, provisions and appropriations.</p> <p>Bank is complied in this respect.</p> <p><u>Tier - II capital instruments :</u></p> <p>General provision maintained against unclassified loans and off-balance sheet exposures: As per BB directive, amount of provision maintained against unclassified loans and off-balance sheet exposures as of the reporting date has been considered.</p>
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Quantitative Disclosure :

		Taka in million	
		Solo	Consolidated
(a) The amount of Tier I Capital, with separate disclosure of : (as of 31.12.2016)	✓ Paid up Capital	8,803.74	8,803.74
	✓ Non – repayable share premium account	-	-
	✓ Statutory reserve	9,300.25	9,300.25
	✓ General reserve	-	-
	✓ Retained earnings	4,094.18	3,382.63
	✓ Minority Interest in subsidiaries	-	-
	✓ Non-cumulative irredeemable preference share	-	-
		22,198.17	21,486.62
(b) Total amount of Tier - II Capital		4,782.90	4,782.90
(c) Other deduction from Capital		643.63	687.90
(d) Total Regulatory capital		26,337.44	25,581.62

C) Capital Adequacy :

Qualitative Disclosure :

(a) A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.	Capital Adequacy is the cushion required to be maintained for covering the Credit risk, Market risk and Operational risk so as to protect the depositors and general creditors interest against such losses. In line with BRPD Circular No. 35 dated 29 December 2010 and BRPD Circular No. 18 dated 21 December 2014 the Bank has adopted Standardized Approach for Credit Risk, Standardized (Rule Based) Approach for Market Risk and Basic Indicator Approach for Operational Risk for computing Capital Adequacy.
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Quantitative Disclosure :

	Solo	Consolidated
(a) Capital requirement for Credit Risk:	20,174.83	19,438.60
(b) Capital requirement for Market Risk:	1,135.42	2,103.96
(c) Capital requirement for Operational Risk:	2,148.11	2,180.43
(d) Total required Capital	23,458.36	23,722.99
(e) Total Capital available	26,337.44	25,581.50
(f) Total and Tier I Capital Ratio :		
➤ For the Bank alone	Total = 11.22% and Tier I = 9.46%	-
➤ For the consolidated group	-	Total = 10.78% and Tier I = 9.04%

D) Credit Risk :

Qualitative Disclosure :

Basel-III

<p>(a) The general qualitative disclosure requirement with respect to credit risk, including:</p> <p>* Definitions of past due and impaired (for accounting purposes)</p>	<p>Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect.</p> <p>An NPL is defined as a loan or an advance where interest and / or installment of principal remain overdue for more than 90 days in respect of a Continuous credit, Demand loan or a Term Loan etc.</p> <p>Classified loan is categorized under following 03 (three) categories:</p> <ul style="list-style-type: none"> ➤ Sub- Standard ➤ Doubtful ➤ Bad & Loss <p>Any continuous loan will be classified as :</p> <ul style="list-style-type: none"> ➤ "Sub-standard" if it is past due/overdue for 3 months or beyond but less than 6 months. ➤ "Doubtful" if it is past due/overdue for 6 months or beyond but less than 9 months. ➤ "Bad/Loss" if it is past due/overdue for 9 months or beyond. <p>Any demand loan will be classified as :</p> <ul style="list-style-type: none"> ➤ "Sub-standard" if it remains past due/overdue for 3 months or beyond but not over 6 months from the date of claim by the bank or from the date of creation of forced loan. ➤ "Doubtful" if it remains past due/overdue for 6 months or beyond but not over 9 months from the date of claim by the bank or from the date of creation of forced loan. ➤ "Bad/Loss" if it remains past due/overdue for 9 months or beyond from the date of claim by the bank or from the date of creation of forced loan. <p>In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the due date, the amount of unpaid installment(s) will be termed as "past due or overdue installment".</p> <p>i. In case of Fixed Term Loans amounting up-to Tk 10.00 lacs:</p> <ul style="list-style-type: none"> ➤ If the amount of 'past due installment' is equal to or more than the amount of installment(s) due within 6 (six) months, the entire loan will be classified as "Sub-standard".
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	<ul style="list-style-type: none"> ➤ If the amount of 'past due installment' is equal to or more than the amount of installment(s) due within 9 (nine) months, the entire loan will be classified as "Doubtful". ➤ If the amount of 'past due installment' is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loan will be classified as "Bad/Loss". <p>ii. In case of Fixed Term Loans amounting more than Tk. 10.00 lacs:</p> <ul style="list-style-type: none"> ➤ If the amount of 'past due installment' is equal to or more than the amount of installment(s) due within 3 (three) months, the entire loan will be classified as "Sub-standard". ➤ If the amount of 'past due installment' is equal to or more than the amount of installment(s) due within 6 (six) months, the entire loan will be classified as "Doubtful". ➤ If the amount of 'past due installment' is equal to or more than the amount of installment(s) due within 9 (nine) months, the entire loan will be classified as "Bad/Loss". 																																																					
	<p>Rate of Provision are as follows :</p> <table border="1" data-bbox="555 1093 1381 1355"> <thead> <tr> <th rowspan="2">Particulars</th> <th rowspan="2">Short Term Agri. Credit & Micro credit</th> <th colspan="3">Consumer financing</th> <th rowspan="2">SMEF</th> <th rowspan="2">Loans BHs/MBs/S Ds against shares etc.</th> <th rowspan="2">All other credit</th> </tr> <tr> <th>Other than HF, LP</th> <th>HF</th> <th>LP</th> </tr> </thead> <tbody> <tr> <td rowspan="2">UC</td> <td>Standard</td> <td>2.5%</td> <td>5%</td> <td>2%</td> <td>2%</td> <td>0.25%</td> <td>2%</td> <td>1%</td> </tr> <tr> <td>SMA</td> <td>N/A</td> <td>5%</td> <td>2%</td> <td>2%</td> <td>0.25%</td> <td>2%</td> <td>1%</td> </tr> <tr> <td rowspan="3">Classified</td> <td>SS</td> <td>5%</td> <td>20%</td> <td>20%</td> <td>20%</td> <td>20%</td> <td>20%</td> <td>20%</td> </tr> <tr> <td>DF</td> <td>5%</td> <td>50%</td> <td>50%</td> <td>50%</td> <td>50%</td> <td>50%</td> <td>50%</td> </tr> <tr> <td>B/L</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>	Particulars	Short Term Agri. Credit & Micro credit	Consumer financing			SMEF	Loans BHs/MBs/S Ds against shares etc.	All other credit	Other than HF, LP	HF	LP	UC	Standard	2.5%	5%	2%	2%	0.25%	2%	1%	SMA	N/A	5%	2%	2%	0.25%	2%	1%	Classified	SS	5%	20%	20%	20%	20%	20%	20%	DF	5%	50%	50%	50%	50%	50%	50%	B/L	100%	100%	100%	100%	100%	100%	100%
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	B/L	100%	100%	100%	100%	100%	100%	100%																																														
<ul style="list-style-type: none"> • Discussion of the Bank's credit risk management policy 	<p>The Board approves the credit policy keeping in view relevant Bangladesh Bank guidelines to ensure best practice in credit risk management and maintain quality of assets. Authorities are properly delegated in ensuring check and balance in credit operation at every stage i.e. screening, assessing risk, identification, management and mitigation of credit risk as well as monitoring, supervision and recovery of loans with provision for early warning system. There is a separate Credit Risk Management Division for ensuring proper risk management of Loans and Credit Monitoring and Recovery Division for monitoring and recovery of irregular loans. Adequate provision is maintained against classified loans as per Bangladesh Bank guidelines. Status of loans are regularly reported to the Board/Board Audit Committee. Besides, Credit risk management process involves focused on monitoring of Top- 30 Loans, Top- 20 Defaulters, Sectoral exposures viz-a-viz among others limit.</p>																																																					

Quantitative Disclosure :

Amounts in Taka

(a) Total gross credit risk exposures broken down by major types of credit exposure	Loans	59,021,627,542
	Cash credits	42,635,737,741
	Overdrafts	52,175,950,607
	Loan against merchandise	9,228,324
	Packing credits	606,622,395
	Loan against trust receipts	8,850,951,290
	Pubali prochesta	390,912,172
	Non-resident Credit Scheme	653,907
	Pubali Subarna	4,795,100,759
	Pubali Karmo Uddog	153,251,966
	Pubali Sujon	38,080,885
	Pubali Utsob	20,700,012
	Payment against documents	2,627,585,120
	Consumers loan scheme	12,846,153,329
	EDF loan	6,222,200,475
	Lease finance	4,338,566,512
	Bill purchased and discounted	8,271,173,081
Others	6,735,644	
Total	203,011,231,761	
(b) Geographical distribution of exposures broken down in significant areas by major types of credit exposure	Urban	
	Dhaka	117,548,327,203
	Chittagong	36,609,646,896
	Sylhet	7,457,320,361
	Barisal	2,249,486,983
	Khulna	5,127,497,035
	Rajshahi	4,147,025,416
	Rangpur	4,777,239,112
	Mymensingh	3,303,536,414
	181,220,079,420	
	Rural	
	Dhaka	3,204,075,831
	Chittagong	3,348,677,184
	Sylhet	3,017,337,614
	Barisal	538,124,211
	Khulna	1,855,331,324
	Rajshahi	1,467,084,497
	Rangpur	625,278,041
	Mymensingh	685,675,180
	14,741,583,882	
Outside Bangladesh		
Foreign bills/drafts purchase	7,049,568,459	
Total	203,011,231,761	

(c) Industry or counterparty type distribution of exposures broken down by major types of credit exposure	Agriculture	3,873,357,827
	Jute	299,398,487
	Textile	15,533,695,125
	Ready-made garments	13,533,633,501
	Hospitals and other health service	5,016,089,341
	Steel and Engineering	9,458,167,423
	Ship scraping	2,978,599,018
	Edible oil	1,592,613,062
	Cement	2,450,874,375
	Food and allied products	11,904,445,305
	Paper and packing	961,571,170
	Construction	5,721,625,288
	Energy and power	736,869,030
	Transport and communication	1,024,927,440
	Pharmaceuticals	1,662,885,638
	Leather	206,016,737
	Trade & Commerce	57,930,827,127
	Consumer Finance	18,480,841,584
	Housing	9,160,470,786
	NBFI	2,731,135,420
NGO	5,472,748,267	
Others	32,280,439,810	
	203,011,231,761	
(d) Residual contractual maturity break down of the whole portfolio broken down by major types of credit exposure.	Loans and advances	
	Repayable on demand	17,655,076,743
	Up to 3 months	19,166,987,214
	Over 3 months but below 1 year	87,328,483,225
	Over 1 year but below 5 years	56,159,719,492
	Over 5 years	14,429,792,006
		194,740,058,680
	Bills purchased and discounted	
	Receivable on demand	135,217,347
	Below 3 months	1,184,455,430
Over 3 months but below 6 months	6,951,500,304	
	8,271,173,081	
	Total	203,011,231,761
(e) By major industry or counterparty type:		
i. Amount of impaired loans and if available, past due loans,		10,921,455,576
ii. Specific and general provisions		7,679,553,007
iii. Charges for specific allowances and charge-offs during the period		-

(f) Gross Non Performing Assets (NPAs) : Non Performing Assets(NPAs) to Outstanding Loans & advances	Movement of Non Performing Assets(NPAs) :	
	Opening Balance	9,218,417,544
	Additions	1,703,038,032
	Reductions/Recovery	-
	Closing Balance	10,921,455,576
	Movement of Specific Provision for Non Performing Assets(NPAs) :	
	Opening Balance	3,075,945,308
	Provision made during the year	1,731,583,535
	Write-off	(693,625,213)
	Recoveries of amounts -previously write –off	109,840,027
	Provision transferred in	-
	Write-back of excess provision	-
	Other provision	818,822,249
	Closing Balance	5,042,565,906

E) Equities: Disclosures for Banking Book Positions

Qualitative Disclosure :

<p>(a) The general qualitative disclosure requirement with respect to the equity risk, including:</p> <p>*differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and</p> <p>*discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.</p>	<p>Investment in equity mainly for capital gain purpose but Bank has some investment for relationship and strategic reasons.</p> <p>Quoted shares are valued at cost. Necessary provision is maintained if market price fall below the cost price. Unquoted shares are valued at cost.</p>
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Quantitative Disclosure :

(a) Value disclosed in the balance sheet of investment, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	Cost price of quoted share BDT 4,501,467,226 & Market value of quoted share BDT 4,969,257,026
(b) The cumulative realized gains(losses) arising from shares and liquidations in the reporting period.	BDT (6,395,869)
(c) * Total unrealized gains (losses) - quoted shares * Any amounts of the above included in Tier 2 capital	BDT 467,789,800 BDT Nil
(d) Capital requirements broken down by appropriate equity grouping, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.	Nil

F) Interest rate risk in the banking book (IRRBB) :

Qualitative Disclosure :

(a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	Interest rate risk is the potential that the value of the On Balance Sheet and the Off Balance Sheet position of the Bank would be negatively effected with the change in the Interest rate. The vulnerability of an institution towards the advance movement of the interest rate can be gauged by using Duration GAP under Stress Testing Analysis. Pubali Bank Limited has also been exercising the Stress Testing using the Duration GAP for measuring the Interest Rate Risk on its On Balance Sheet exposure for estimating the impact of the net change in the market value of equity on the Capital to Risk weighted Asset Ratio (CRAR) due to change in interest rates only on its On Balance Sheet position (as the Bank holds no interest bearing Off Balance Sheet positions and or Derivatives). Under the assumption of three different interest rate changes i.e. 1%, 2% and 3%.
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Quantitative Disclosure :

(b) The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management method for measuring IRRBB, broken down by currency (as relevant).	Market Value of Assets (Fig. in million)	319,173.20
	Market Value of Liability (Fig. in million)	294,794.60
	Duration GAP in years (times)	0.93

G) Market Risk :

Qualitative Disclosure :

(a) Views of BOD on trading / investment activities	The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost effective funding last year to finance asset growth and trade related transaction.
(b) Methods used to measure Market risk	Standardized approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. For each risk category minimum capital requirement is measured in terms of two separately calculated capital charges for 'specific risk' and 'general market risk'.
(c) Market risk Management system	The Treasury Division manage market risk covering liquidity, Interest rate and foreign exchange risks with oversight from Asset-Liability management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meets at least once in a month.
(d) Policies and process for mitigating market risk	There are approved limits for Market risk related instruments both on-balance sheet and off-balance sheet items. The limits are monitored and enforced on a regular basis to protect against market risks. The exchange rate committee of the Bank meets on a daily basis to review the prevailing market condition, exchange rate, forex position and transactions to mitigate foreign exchange risks.

Quantitative Disclosure :

	<u>Solo</u>	<u>Taka in million</u> <u>Consolidated</u>
(a) The capital requirements for ;		
Interest rate risk	32.10	32.10
Equity position risk	993.80	1,962.40
Foreign exchange risk	109.50	109.50
Commodity risk	-	-

H) Operational Risk :

Qualitative Disclosure :

<ul style="list-style-type: none"> ➤ Views of BOD on system to reduce Operational Risk 	<p>The policy for operational risks including internal control & compliance risk is approved by the board taking into account relevant guidelines of Bangladesh bank. Audit committee of the Board oversees the activities of Audit & Inspection Division, Monitoring Division and Compliance Division under Internal Control & Compliance Wing to protect against all operational risks.</p>
<ul style="list-style-type: none"> ➤ Performance gap of executives and staffs 	<p>Pubali Bank Limited has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. The Bank's strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap.</p>
<ul style="list-style-type: none"> ➤ Potential external events 	<p>No potential external events is expected to expose the Bank to significant operational risk.</p>
<ul style="list-style-type: none"> ➤ Policies and processes for mitigating operational risk 	<p>The policy for operational risks including internal control & compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh Bank. Policy guidelines on Risk Based Internal Audit system is in operation as branches are rated according to their risk status and branches having more risk score are subjected to more frequent audit by Audit & Inspection Division. It is the policy of the bank to put all the branches of the bank</p>

	under any form of audit at least once in a year. Head of ICC Wing reports to Managing Director and Audit Committee of the Board.
➤ Approach for calculating capital charge for operational risk	Basic Indicator Approach is used for calculating capital charge for operational risk as of the reporting date.

Quantitative Disclosure :

Taka in million

	<u>Solo</u>	<u>Consolidated</u>
(b) The capital requirements for Operational Risk	2,148.10	2,180.40

i) Liquidity Ratio :

Qualitative Disclosure :

➤ Views of BOD on system to reduce Liquidity Risk :	Liquidity risk is faced by a bank when it is unable to meet its financial obligations when they fall due. Liquidity risk can arise due to market liquidity or funding liquidity. Report on liquidity risk management is regularly submitted to the Risk Management Committee of the Board and they oversee the liquidity position and suggest corrective action to ensure better liquidity position of the Bank.
➤ Methods used to measure Liquidity Risk :	Various liquidity measurement tools like Loan Deposit (LD) Ratio, Liquid Assets to Total Deposit Ratio, Liquid Assets to Total Assets Ratio, Snap Liquidity Ratio, Maximum Cumulative Outflow (MCO), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Structural Liquidity Profile etc. are used to measure liquidity risk.
➤ Liquidity Risk management system :	To manage the liquidity risk, ALCO regularly monitors various ratios & parameters and find out the risk related issues and also instructs the concern department or section to take corrective measures.

<p>➤ Policies and processes for mitigating Liquidity Risk :</p>	<p>To manage liquidity risk Pubali Bank Limited maintains diversified and stable funding base. Policies and process which incorporated in ALM manual are used for mitigating liquidity risk. ALCO meets periodically to review different aspects of the bank's portfolio with special emphasis on deposits and liquidity position and determines the direction to be taken by the bank. Parameters set by Bangladesh Bank specially in regards to CRR, SLR & LD ratio strictly maintained. A balanced mix of short and long terms deposits to counter maturity gaps is maintained. Annual budget is also formulated with a balance between growth in assets and liabilities.</p>
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Quantitative Disclosure :

Taka in million

Consolidated

<p>Liquidity Coverage Ratio (LCR) :</p> <p>Net Stable Funding Ratio(NSFR) :</p> <p>Stock of High quality liquid assets :</p> <p>Total net cash outflows over the next 30 calendar days :</p> <p>Available amount of stable funding :</p> <p>Required amount of stable funding :</p>	<p>250.14%</p> <p>117.56%</p> <p>58,057.26</p> <p>23,210.28</p> <p>268,910.79</p> <p>228,736.22</p>
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Basel-III

J) Leverage Ratio :

Qualitative Disclosure :

<p>➤ Views of BOD on system to reduce excessive Leverage :</p>	<p>Quarterly report on leverage ratio reviewed by the Risk Management Committee of the Board and they oversee the leverage position and suggest to ensure better position of the Bank.</p>
<p>➤ Policies and processes for managing excessive on and off-balance sheet Leverage :</p>	<p>The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements and is defined as the capital measure (the numerator) divided</p>

	by the exposure measure (the denominator), with this ratio expressed as a percentage. Bangladesh Bank will monitor individual banks against an indicative leverage ratio of 3%.
➤ Approach for calculating exposure :	The Bank's leverage ratio is calculated in accordance with the RBCA guidelines under Basel-III framework of Bangladesh Bank.

Quantitative Disclosure :

Taka in million

	<u>Solo</u>	<u>Consolidated</u>
Leverage Ratio:	6.63%	6.40%
On balance sheet exposure :	320,361.89	320,707.46
Off balance sheet exposure :	73,008.51	73,008.51
Total exposure :	393,370.40	393,715.97

Basel-III

G) Remuneration :

Qualitative Disclosure :

(a) Information relating to the bodies that oversee remuneration :	
Name, composition and mandate of the main body overseeing remuneration :	<p>Salary and related allowances review are done through a committee comprising of senior management headed by the Managing Director & CEO of the Bank. The mandate of the committee includes - 1) gathering data from 8-10 private banks, analyzing compensation, allowances and benefits of those banks and propose a pay scale which is appropriate in terms of attracting, retaining and ensuring its competitiveness in the market; 2) the pay scale should be developed keeping in mind that it gives maximum tax relieve to the employees 3) the report should include financial involvement of the bank.</p> <p>In addition, the CFO also examines the cost benefit impact in the process independently.</p> <p>Approving authority: The Board of Directors.</p>

<p>External consultant whose advise has been sought, the body by which they were commissioned, and in what areas of the remuneration process :</p>	<p>No external consultants are engaged for determining the salary and allowances for the employees of the bank. But Gratuity and Provident Funds are being administered through two separate Trustee Funds under Central Accounts Division (CAD) as per service rule and approval of the Board.</p>
<p>Description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches :</p>	<p>PBL maintain a salary structure uniform throughout the country.</p> <p>PBL and its business We are committed to providing private, institutional and corporate clients, as well as retail clients with superior financial advice and solutions while generating attractive and sustainable returns for shareholders.</p> <p>Performance measures Our Work planning - setting objectives performance related Key assignments focused on key drivers of business and management. Our senior management reviews the performance of the employees on a regular basis by considering prevailing strategy, business conditions and the environment in which we operate.</p>
<p>Description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group :</p>	<p>a) Potential Risk Taker in Business and Management:</p> <ul style="list-style-type: none"> i) Senior Management: MD & CEO, Additional Managing Director, Deputy Managing Directors - 04 Nos. <p>b) Potential Risk Taker in Business:</p> <ul style="list-style-type: none"> i) General Managers/Deputy General Managers as Regional Managers, Corporate Branch Managers and at Principal Office - 29 Nos. ii) General Managers at Head Office (Credit, International Division, Card Division) - 4 Nos <p>c) Potential Risk Taker in Management:</p> <ul style="list-style-type: none"> i) General Managers/Deputy General Managers as Division Heads - 18 Nos
<p>(b) Information relating to the design and structure of remuneration processes :</p>	
<p>Overview of the key features and objectives of remuneration policy :</p>	<p>Stay competitive in the market, retention of employees and creating an environment which is highly competitive, competency based and provide fair remuneration for the achievers.</p>
<p>Whether the remuneration committee reviewed the bank's remuneration policy during the past year, and if so, an overview of any changes that were made :</p>	<p>The committee/Management based on past experience developed a Terms of Reference for the Salary Review Committee to ensure consistency in the review process.</p>

Discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee :	<p>PBL has a policy to provide competitive package and enabling working environment to attract and retain the most talented people available in the market.</p> <p>If salary package inappropriately structured compared to the market then it might have potential to negativity and material impact upon the level of risk considered acceptable to the Bank.</p>
(c) Description of the ways in which current and future risks are taken into account in the remuneration processes :	
Overview of the key risks that the bank takes into account when implementing remuneration measures :	<p>Key risks measurements of implementing remuneration are as follows:</p> <ul style="list-style-type: none"> ❖ Compliance risk ❖ Operational risk ❖ Financial risk
Overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed):	<p>Key measures used for implementing remuneration process are as follows:</p> <ul style="list-style-type: none"> ❖ Branch Performance ❖ Regulatory compliance ❖ Compliance with Board delegated trigger limits
Discussion of the ways in which these measures affect remuneration :	Bank has a strong monitoring system that always trying to minimize all types of risk.
Discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration :	In relation to the goals in the Performance Appraisal Report, they are assessed and determined by the Supervisors each year at the commencement of the performance year under review. There were no material changes from the preceding year to the current year. The measures are considered appropriate for the circumstances of, and environment in which Pubali Bank operates. However, long-term impact to be seen in the future.
(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration :	
Overview of main performance metrics for bank, top-level business lines and individuals :	The bank Management is seeking ways to struck a balance between performance metrics, top-level business lines and individuals.
Discussion of how amounts of individual remuneration are linked to bank-wide and individual performance:	A group of officials perform on their target, which fixed by the top Management. Their group performance score are reflected in their individual performance score.

<p>Discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak :</p>	<p>We have a robust performance indicator applicable across the Bank.</p>
<p>(e) Description of the ways in which the bank seeks to adjust remuneration to take account of longer -term performance :</p>	
<p>Discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, description of the factors that determine the fraction and their relative importance :</p>	<p>Pubali Bank Limited adopted a policy for gratuity fund in the name "Pubali Bank Limited Gratuity Fund Rules" which is administrated by a Board of Trustees.</p> <p>Board of Trustees and its composition: The Trustees, whose number will be 5(five), shall be appointed by the Board of Directors of the Bank. 03 (three) Trustees present shall constitute a quorum for conducting and executing the transaction of business of the Fund.</p> <p>Entitlement of Gratuity: Employees completing 8 years and more service will be paid a Gratuity of two months average basic salary last drawn by him/her for each completed year of service. Employees completing less than 8 (eight) years service will not be entitled to a Gratuity payment.</p> <p><u>No gratuity shall be paid to an employee-</u></p> <ul style="list-style-type: none"> (i) if he/she has been dismissed or removed from the service as a measure of punishment; or (ii) if he/she has not resigned, left or discontinued the service without properly notifying the competent authority. <p><u>Gratuity shall be admissible to an employee (even through he/she has not completed 8 (eight) years of service with the Bank)-</u></p> <ul style="list-style-type: none"> (i) In case of death while in the service of the Bank; (ii) If terminated from service or compulsory retirement or mental infirmity provided this has not been caused by irregular or intemperate habits; (iii) If termination of service or compulsory retirement resulting from the abolition of his/her post or bonafide retirement;

	<p>Normal Retirement Age:</p> <p>59 years of age (age at which Gratuity benefit becomes payable) and for freedom fighter 60 years of age.</p> <p>Gratuity Calculation:</p> <p>the amount of gratuity admissible to an employee shall be a sum equal to 2 (two) months' average basic salary i.e. double of basic salary drawn in last month or earned while on duty during 12 (twelve) months immediately preceding the date of proceeding on <u>retirement</u> or of his ceasing to be an employee of the Bank or of his death whichever is favorable to the employees for each completed year of service in the Bank. In computing years of service, period of 6 (six) months or more shall be taken as a year.</p> <p>Bank's Overriding Lien:</p> <p>The Bank shall be entitled to recover from any employee's account of the Fund any sum which may be due, outstanding or unpaid to the Bank or recoverable from the employee concerned against his obligations and liabilities for any loan(s) / advance(s) extended or to be extended by the Bank to him/her or otherwise, or which may have been lost or the amount of damages which it may have suffered by reason of the employee's acts, whether of commission or omission.</p>
<p>Discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw-back arrangements :</p>	<p>Employees who served in the Bank less than 8 years were not eligible for gratuity and the amount against those are forfeited accordingly.</p>
<p>(f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms :</p>	
<p>Overview of the forms of variable remuneration offered (i.e. cash, share- linked instruments and other forms) :</p>	<p>Fixed Remuneration:</p> <p>All Employees including regular and contractual are paid salary under Fixed remuneration package.</p> <p>Variable Remuneration:</p> <p>03 employees were rewarded in 2016 for Tk. 25,000/- against NPL recovery of 2014.</p>

	A small group of employees of 8 branches also awarded for Tk. 1,79,519/- against recovery of write-off loans in 2016. All amounts are paid to the respective employees through their accounts.
Discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description the factors that determine the mix and their relative importance :	<p>Fixed Remuneration: Salaries of different employees may vary due to rank, service length & promotion etc. under the pay policy.</p> <p>Variable Remuneration: Reward remuneration for NPL & Write-off Loan recovery may vary depending on contribution of the employees to the recovery process, security against the NPL, amount of recovery etc.</p>

Quantitative Disclosure :

(a) Name of the meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member :	<p>Fixed Remuneration: Pay scale revised last in 2016.</p> <p>Variable Remuneration: Decided by the Board of Directors of the Bank.</p>
(b) Number of employees having received a variable remuneration award during the financial year :	Eligible for Incentive Bonus for 2016: 7204 Nos
(c) Number and total amount of guaranteed bonuses awarded during the financial year :	<p>Two festival bonuses plus Bengali New Year Allowance disbursed during the calendar year 2016</p> <p>Number of employees : 7204</p> <p>Total Amount : Tk. 30,51,63,701/-</p>
(d) Number and total amount of sign-on awards made during the financial year :	No such payment was made during the calendar year i.e. in 2016.
(e) Number and total amount of severance payments made during the financial year :	<p>Gratuity Payment*: Number of employees : 335 Total Amount : Tk. 62,82,02,241.20</p> <p>Provident Fund Payment*: Number of employees : 344 Total Amount : Tk. 57,19,03,347.36</p> <p>* All payment made in calendar year 2016</p>

(f) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms :	Deferred Amount: Tk. 233,96,00,000/-
(g) Total amount of deferred remuneration paid out in the financial year :	Total Amount : Tk. 62,82,02,241/-
(h) Breakdown of amount of remuneration awards for the financial year to show:	
- fixed and variable :	Fixed amount: Tk. 377,23,09,846/- Variable amount: Tk. 45,02,04,519/-
- deferred and non-deferred :	Deferred amount: Tk.120,01,05,588.56 Non-deferred amount: Tk. 2,04,519/-
- different forms used (cash, shares and share linked instruments, other forms) :	Paid in Cash through their respective accounts in calendar year 2016.
(i) Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. clawback or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:	
- Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments :	Total amount: Nil
- Total amount of reductions during the financial year due to ex post implicit adjustments :	Total amount: Nil

Report on Risk Management Framework, Mitigation, Methodology and Risk Reporting

Importance of Risk in the Banking Business:

Risk is the effect of uncertainty on objectives. It is the combination of the probability of an event and its consequences. In all types of undertaking, there is the potential for events and consequences that constitute opportunities for benefit (upside) or threats to success (downside). It is also defined as the chance that an investment's actual return will be different as expected earlier.

A fundamental idea in finance is the relationship between risk and return. The greater the amount of risk that an investor is willing to take the greater the potential return. The reason for this is that investors need to be compensated for taking additional risk.

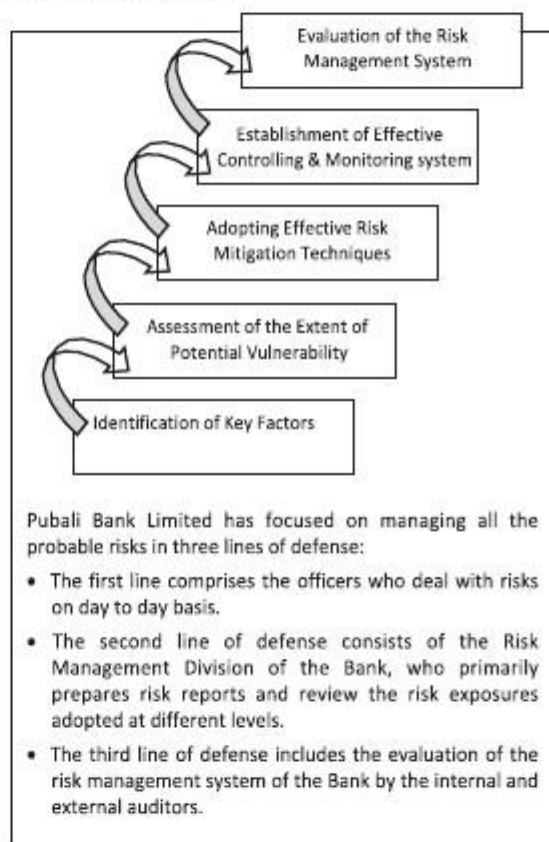
The management has to deal with ideas of risk management on proactive basis rather than on traditional post-facto basis so that it can serve to maximize the shareholders' value efficiently.

Risks and uncertainties form an integral part of banking, which by nature entails risk-taking. Banks are highly leveraged business organizations. Under Basel-III accord, the bank is required to maintain minimum 10.00% capital against risk weighted assets i.e. almost remaining 90.00% risk weighted assets are financed by the funds of depositors. Banks deals with the money of countless depositors and if the depositors' interest is hampered, the economy will face a halt. Thus risk management has become of great importance in the banking sector.

Due to highly regulated environment, banks cannot afford to take redundant risks. But of late, banks are exposed to intense competition and hence are compelled to encounter various types of financial and non-financial risks.

Risk Management- A Continuous Process:

Pubali Bank Limited has a well-established approach in the process of risk management. The process starts with the identification of key risk factors and ends with the evaluation of the system. It may be depicted as below:



Organizational Structure in Pubali Bank Limited:

Addressing the issue with utmost importance, Pubali Bank Limited has designed an integrated framework of risk management by inclusion of personnel from root to the top level of the Bank. The ultimate responsibility lies with the Board of Directors, which formulates the proper risk management



policies and establishes overall control over the implementation process. In this aspect, the Board of Directors has formed a committee named Risk Management Committee which assists the Board in fulfilling its responsibilities relating oversight of Bank's risk management strategies, policies and processes that have the potential to impact significantly on earnings performance, reputation and capital protection. There is also a Risk Management Committee at Management level headed by Deputy Managing Director & Chief Risk Officer. The committee arranges monthly meeting regularly and decisions are implemented. Considering the importance of the issue and as per instruction of Bangladesh Bank, a separate Risk management Division has been formed.

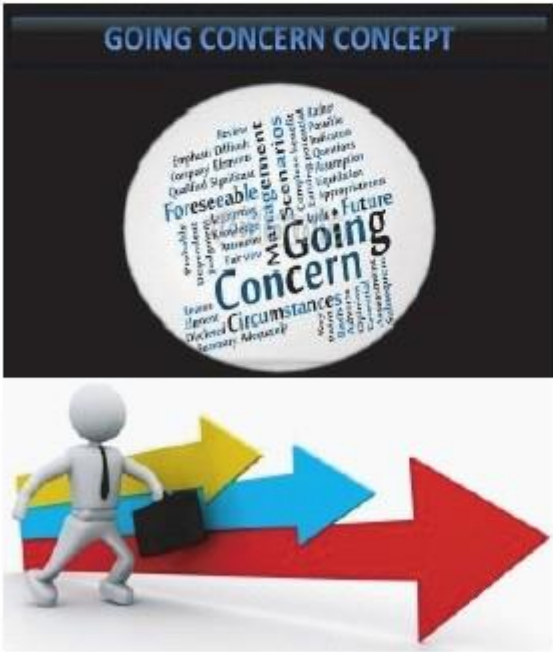
Pubali Bank Limited believes in adopting a strong and integrated Risk Management Approach to ensure the overall financial soundness and stability of the Bank. It will continue to invest extensively to ensure that policies and infrastructure for advanced risk management system are in place in the branches, regional offices and divisions of Head Office for systematic identification, measurement, monitoring, and control of all material risks faced by the Bank. As such, the Bank's agenda for risk management includes, among others, the followings;

- Promotion of a strong and proactive culture, which gives high value to effective risk management.
- Communication of a concise risk management standards through policies, directives, operating procedures and trainings.
- Engagement of dedicated professional workforce with a high degree of expertise in all segments of risk management structure.

Understanding the Risks and its Management:

Every function of the banking business has an element of risk and success of this business lies in prudent identification, measurement, and management of these risks. Although banks have been doing risk management functions for ages, several tools and techniques have been developed recently by different regulators and supervisory bodies to bring uniformity in the approach. Pubali Bank Limited is focusing on the risks from two broad perspectives-Core Risk Management and Basel Framework (Presently Basel III regime is running). Therefore the risks can be described from both these perspectives.

Report on Going Concern



Every Company requires to assess its ability to continue as a going concern. The Board of Directors of Pubali Bank Ltd. has made annual assessment about whether there exists any material uncertainty which may cast significant doubt upon the Company's ability to continue as going concern. The director's assessment of whether the company is a going concern entity involves making appropriate inquiries including review of budget and future outcome of inherent uncertainties in existence.

The Directors are convinced from the following indications, which give reasonable assurance as to company's continuance as a going concern for the foreseeable future.

Financial indications

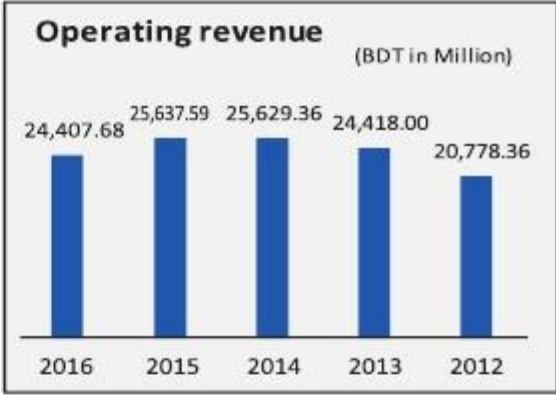
Positive key financial ratios:

During the year 2016 Pubali Bank's earning asset increased by 11.46 percent, deposits by 10.00 percent, shareholders equity by 1.08 percent and operating profit decreased by 10.60 percent. The Company has a very positive financial ratio as evident from

financial highlights and graphical presentation of financial position given separately in this Annual Report. Such positive financial ratios indicate Bank's sound financial strength and good prospects. Moreover, considering the operating profit for the year 2016 Pubali Bank is one of the top performers in the banking industry.

Consistent payment of dividends:

The Bank has been paying consistent dividend to its shareholders over many years which reflects company's long-term vision and firm commitment to its owners.



Credibility in payment of obligations:

The Company has strong credibility in terms of payment of its obligations to the lenders. The Company is very particular in fulfilling the terms of repayment agreement without any exception.

Performance growth:

Pubali Bank has excellent growth in its operating performance. Company's total asset has increased from BDT 285,462.25 million to BDT 320,361.89 million indicating a growth of more than 12.23 percent over last year. Total Operating income has increased by 0.13 percent in 2016. All these indicators support Company's continuance in foreseeable periods.

Cash Flow analysis:

Pubali Bank's cash flow analysis represents its strength about its ability to reply its obligation, ability to adapt in changing circumstances and generate sufficient cash and cash equivalent which will lead the bank to the foreseeable future.

Operating cash flow before adjustment of increase/decrease in operating assets and liabilities; is BDT 4150.85 million as against BDT 5,684.18 million of previous year.

However net operating cash flow after adjustment of increase/decrease in operating assets and liabilities shows net outflow of BDT 9445.82 million as against net outflow of BDT 2,401.13 million of previous year. Such outflow indicates to cautious expansion of loans & advances of the bank.

Expansion of business:

The Company has expanded its segment geographically by opening new branches in different places considering the economic significance. During last five years Pubali Bank opened 47 (forty seven) new branches at different places in Bangladesh, 109 new ATM has also been installed during last five years tenure. Total no. of Branches and ATMs as on 31 December 2016 is 453 branches and 109 ATMs (2015: 444 Branches and 103 ATMs).

Pubali Bank also gives due importance on diversification of various innovative and customer oriented products and services and which is being done in a continuous manner. In addition to that Pubali Bank has one subsidiary as on the date of reporting namely; Pubali Bank Securities Limited. Pubali Bank Securities Limited has already started its full-fledged business operation as a brokerage company under the license of the Dhaka stock Exchange Limited and Chittagong stock Exchange Limited. On the other hand, Pubali Bank Securities Limited has been formed with the vision of carrying merchant banking activities in Bangladesh. Above diversification

also represent Company's intention for perpetuity.

Corporate environment and employees' satisfaction:

There exists a very good corporate environment in the Company. Pubali Bank is an excellent work place with friendly environment Communication among the employees is very excellent. The company endeavors to be honest and practices fair treatment to all employees which ensures good corporate environment. The Company pays a competitive compensation package and there exists a good number of employee benefits like provident fund, gratuity fund, employees welfare fund, incentive bonus, transport facility to the eligible employees. Pay scale are frequently revised to give effect of inflation as well as to align with the industry level. Those all factors are to be considered as instrumental for employee satisfaction.

Maintenance of sufficient capital:

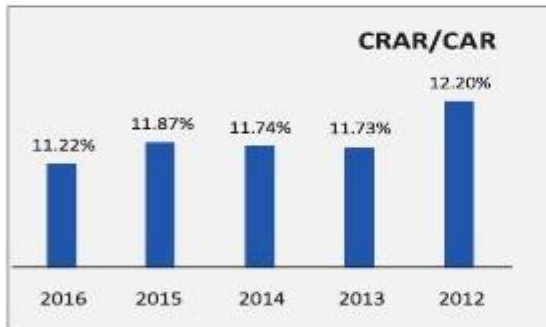
As on 31 December 2016, the Company's total equity stands at BDT 25,144.40 million as against BDT 24,875.11 million of 31 December



2015. On the other hand, as on the date of the reporting the paid up capital of the bank is BDT 8,803.74 million as against Bangladesh Bank requirement of minimum paid up capital BDT 4,000 million.

Moreover, as per BASEL-III, a bank should maintain total capital at least @ 10 percent of

RWA. Pubali Bank maintains above the required level consistently and the level of capital size of Pubali Bank is one of the



highest in the industry. As on 31 December 2016 banks CRAR is 11.22 and maintained total regulatory capital TK. 26,337.23. All the above situation also indicates to its ability and intention to continue for the foreseeable future and long term vision.

Other Indications

Satisfactory credit rating:

Pubali Bank has been rated as AA (pronounced as Double A) the long term credit rating and ST-1 short term based on audited financials as on 31 December 2015 and other available information up to the date of rating declaration. The outlook on the rating is Stable. The ratings are consistent with NCRL's methodology for this type of company. NCRL considered financial

performance, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating. An institution rated AA has a very strong capacity for timely servicing of financial obligations offering high safety. Such institutions carry very low risk. An institution rated ST-1 has a strong capacity for timely payment of financial commitments and carry lowest credit risk.

Changes in Government policy:

Management anticipates no significant change in legislation or government policy, which may materially affect the business of the bank.

Based on the above indications, directors feel it appropriate to adopt going concern assumption and there is no material uncertainty exists in preparing the financial statements. Adequate disclosures have been made in the financial statements and different sections of the annual report to understand the appropriateness of going concern basis in preparing financial statements.

Particulars	Long Term	Short Term
Entity Rating	AA	ST-1
Date of Rating	June 30, 2016	
Based on Financial Statements	December 31, 2015	
Validity Date	June 30, 2017	

Our Products & Services

DEPOSIT PRODUCTS

- Savings Bank Account
- Current Deposit Account
- Special Notice Deposit
- School Banking Savings Account
- Pubali Pension Scheme (PPS)
- Pubali Sanchay Prokolpo (PSP)
- Shikkha Sanchay Prokalpa (SSP)
- Fixed Deposit Receipt (FDR)
- Digun Sanchay Prokalpa (DSP)
- Monthly Profit based Fixed Deposit
- Monthly Profit based Small Deposit (Sadhin Sanchay)
- Target Based Small Deposit (Swapno Purno)
- Pathoshishu Account

LOAN PRODUCTS

Continuous Loans

- Cash Credit
- Secured Over Draft (SOD)
- Pubali Prochesta (Continuous SME)
- Pubali Protiva (Common)

Short Term Finance

- Loan against Term Deposits
- PBL Uttshob (Seasonal Business)
- Agri Credits
- Probash Bondhu (For Foreign Remitter)
- Pubali Green Prantik

Long Term Finances

- Term Loans
- House Building Loan
- Term Loans to FIs
- Pubali Mortgage
- Term Loans for SME
- Pubali Protiva (Term)
- Term Loan under direct Green Finance

Work Order/Construction business finances

- Over Draft (Bid Bond)
- Overdraft (Earnest Money)
- Bank Guarantee/ Performance Guarantee
- Over Draft (Work Order)

Consumer Loans

- Personal Loan
- Pubali Star (Demand Loan for Professionals)
- Car Loan
- Flat Purchase Loan
- House hold Durable Loan
- Medical Equipment Loan
- Govt. Primary School Teacher Loan
- Non-Resident Credit
- House Renovation Loan
- Education Loan

Special SME Loans

- Pubali Suborno
- Pubali Sujon
- Pubali Kormouddug
- Pubali Prochesta (Continuous)

Special Agri Credit Program

- Pubali Integrated Animal Husbandry & Biogas Plant Loan
- Pubali Beef Fattening Loan
- Pubali Bullock Loan
- Pubali Irrigation/Agricultural Equipment Loan
- Pubali Milch Cow/Buffalo Loan
- Pubali Poultry Firm Loan
- Agri Credit under concessional rate

Lease Financing

Loan under Re-Finance Scheme

Our Products & Services

Our Products & Services	
<p>TRADE FINANCE</p> <p>Import Finance Letter of Credit (L/C) Loan Against Trust Receipt (LATR)</p> <p>Export Finance Back to Back L/C Packing Credit (PC)</p> <p>Bills Payment Against Document (PAD) Inland Bill Purchase (IBP) Foreign Bill Purchase (FBP)</p>	<p>Fixed Income & Investment</p> <ul style="list-style-type: none"> • Treasury Bills/Bonds to Inter-bank • Term Placement to NBFIs <p>Foreign Exchange & Corporate Sales</p> <ul style="list-style-type: none"> • Spot/Forward in USD/BDT • Spot/Forward in Major Cross Currencies
<p>PUBALI CARD</p> <p>Pubali Debit Card Pubali Credit Card</p>	<p>OFF-SHORE BANKING UNIT (OBU)</p> <ul style="list-style-type: none"> • Bill Discounting UPAS • Financing to AD for export bill discounting • Term Loan
<p>SERVICES</p> <p>ATM Service Remittance Service Locker Service Online Banking Internet Banking Pubali Cash (Fund Transfer facilities for unbanked people)</p>	<p>ISLAMIC BANKING</p> <p>Deposit Products</p> <ul style="list-style-type: none"> • Al-Wadeeah Current Account • Mudaraba Savings Account • Mudaraba SND Account • Mudaraba Term Deposit • Mudaraba Deposit Pension Account • Mudaraba Hajj Sanchay Account <p>Investment Products</p> <ul style="list-style-type: none"> • Bai Muazzal • Hire Purchase under Shirkatul Melk (Project Finance, Term Finance, House Building Finance, Car Finance, Flat Purchase Finance, House Hold Durable Finance, Medical Equipment Finance) • Bi Istisna • Murabaha Post Import (TR) • Quard
<p>TREASURY OPERATION</p> <p>Money Market</p> <ul style="list-style-type: none"> • Inter Bank Call/Over Night Lending & Borrowing • Term Money lending & Borrowing • SWAP • Repo/Reverse Repo 	

Product & Services of Pubali Bank Securities Limited (A Subsidiary of Pubali Bank Ltd.)

<p>Brokerage Services</p> <ul style="list-style-type: none"> • Trade execution (Buy & Sale) through both DSE and CSE • Automatic process of IPO subscription without client's presence • SMS and e-mail services • Awareness and guidelines for investors <p>Margin Loan</p> <ul style="list-style-type: none"> • Margin Loan facility to the clients with minimum interest rate 	<p>CDBL Services</p> <ul style="list-style-type: none"> • BO Accounts Opening & Maintenance (RB, NRB, Company etc.) • Dematerialization & Re-Materialization of Shares • Pledging, Un-Pledging and Confiscation of Shares • All other services as full service DP <p>Portfolio Investment</p> <ul style="list-style-type: none"> • Maintenance of own portfolio investment through stock dealing a/c
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PUBALI BANK SHARE TRADING STATUS 2016

Month	DSE				CSE				Grand Total	
	Month High	Month Low	Total Turnover (mn)	Total Volume (Number)	Month High	Month Low	Total Turnover (mn)	Total Volume (Number)	Turnover (mn) DSE & CSE	Volume (Number) DSE & CSE
Jan-16	22.10	20.70	52.47	2,457,280	22.10	20.70	6.40	298,445	58.87	2,755,725
Feb-16	21.80	19.00	41.52	1,964,906	21.90	20.00	6.82	318,858	48.34	2,283,764
Mar-16	19.80	17.50	38.82	2,090,816	20.00	17.10	11.42	626,217	50.23	2,717,033
Apr-16	17.80	16.70	27.42	1,608,106	17.80	15.50	4.98	295,473	32.40	1,903,579
May-16	18.70	16.10	25.16	1,442,685	19.80	16.50	3.24	186,365	28.40	1,629,050
Jun-16	20.20	17.40	46.54	2,523,277	19.80	16.70	5.36	295,142	51.90	2,818,419
Jul-16	20.30	18.80	20.84	1,075,715	19.60	17.40	3.23	169,015	24.08	1,244,730
Aug-16	20.90	18.80	56.80	2,885,660	20.40	17.20	2.94	152,643	59.74	3,038,303
Sep-16	24.30	20.00	172.98	7,642,926	24.00	19.50	6.29	280,432	179.28	7,923,358
Oct-16	24.00	20.00	35.06	1,534,134	23.50	20.20	3.74	165,264	38.81	1,699,398
Nov-16	21.50	19.30	42.93	2,103,802	21.20	19.20	2.97	146,145	45.90	2,249,947
Dec-16	25.70	20.70	176.40	7,303,765	25.40	20.80	7.98	344,762	184.38	7,648,527

DSE PRICE VOLUME CHART OF PBL SHARE 2016



Market Category : A

Trading Code : PUBALIBANK

Report on Human Resource Management



PUBALI Bank Ltd. focused on strengthening its resource pool by acquiring the person with right skill and providing them with planned career growth opportunities within the Bank. As part of HR strategy to mix youth with the experienced ones, the management followed a rigorous recruitment system to hire fresh graduates as Probationary Junior Officers, Officers and Senior Officers and experienced senior level officials through a competitive, transparent and fair process under talent acquisition.

Business and Human Capital are intertwined and its progress is dependent upon each other. In this context, the PUBALI Bank Ltd. has witnessed a rapid growth in human resource development for the last few years in terms of fast track and efficient e-recruitment and reduction of turn-around time significantly; development and implementation of a comprehensive orientation/induction process for the newly appointed officials at entry level, use of Performance Appraisal Systems (PAS); computerization of Human Resources Management Systems etc.

Total workforce has been 7204 in 2016. The Board of Directors and the Management of the Bank put an extra emphasis on Human Capital Development to secure all stakeholders interest. Training is the formal procedure to facilitate employees learning for bringing about the desired changes in the employee behavior. Banking technologies are evolving at a rapid pace and competence development is the prime need of the Bank by reinforcing the traditional banking skills with the new technology based skills. Major steps have been initiated by **PUBALI Bank Training Institute (PBTI)** to enhance the capacity of the in-house training system both qualitatively and quantitatively. Foundation Training Course has been redesigned and workshop and skill based training workshops are in place to ensure capacity building and generating future leaders for the Bank.

Learning accomplishment in 2016

a) Pubali Bank Training Institute (PBTI):

Vision: Training Institute aspires to visualize that Officers are self-confident and capable of taking right decision in right time by acquiring desired skills and act as a committed, ethical and well-motivated human resource through training.

Mission: In the broader sense, mission of the Training Institute is to produce active and capable manpower for due support of the Management:

- a) Bring all officers/executives of the bank in training net;
- b) Ensure compulsory job rotation for trained officials within at least one year in post- training period under effective Management plan;
- c) Create solid work-base in different operational areas by competent officers;
- d) Mould man into manpower for making the bank gain fully profitable and turn it as one of the best Bank;
- e) Organize need-based training program to cope with changes for achievement of the Bank's business strategy.

Performance:

- a) Total **22 training programs** having **76 frequencies** were conducted in 2016 at PBTI for **2354** officials of the Bank.
- b) Total **6 outreach workshop** having **28 frequencies** were conducted in 2016 at PBTI for **2916** officials of the Bank.

b) Training at other institute

A total of 516 persons attended in 120 courses at BIBM, IBA (DU), BBTA, BAB and other institutions in 2016.

c) Overseas training

19 persons attended 13 different programs i.e. IT, Foreign Exchange, Trade Service in abroad to acquire international practices to compete with other competitors in the local & international arena of Banking and to set ourselves at international standards as a benchmarks of competence.

Human Resources Division of the bank has a commitment for ensuring the highest standard imparting on-job and formal training programs in its endeavor for development of human resources.

Performing Card Business

To create a high potential in today's market with the plastic Card, Card Division of Pubali Bank Limited has provided efficient, accurate and timely management of the Card transaction and services for our large number of Card users.

ATM Services :

We have established our own **ATM** (Automated Teller Machines) Network across the nationwide for our valuable customers to make transactions on 24/7 for 365 days. Pubali Bank gives free transactions to its customers from Pubali Bank own ATM. Now, we have 104 ATM Booth and our upcoming 04 ATMs are waiting for live operation.

In recent future, we will developing country-wide network of Point of Sales (**POS**) terminals at our Branches to ensure card acceptance.

Connectivity Established with National Payment Switch:

Bangladesh Bank has introduced National Payment Switch Bangladesh (**NPSB**) in order to **facilitate interbank electronic payments** originating from different channels like Automated Teller Machines (ATM), Point of Sales (POS). The main objective of NPSB is to **create a common electronic platform** for the switches in Bangladesh.

Pubali Bank became a Pioneer in NPSB channel for both ATM and POS transaction. **We are the first bank who joined in National Payment Switch Bangladesh (NPSB) channel in 2012 for ATM transaction and in 2015 for Point of Sales (POS) transaction.** Hence, our customers are able to use low cost interbank transaction which is expensive in VISA & MasterCard channel. At present, **51 commercial banks** have joined the National Payment Switch Bangladesh (NPSB) channel for daily interbank ATM transactions and among them **46 banks** are currently joined in NPSB for POS transactions also.

Debit Cards:

We are developing our Card business to make the plastic money popular for our valued customer. We obtained the **Principal Membership** of **VISA** and **MasterCard**.

We have already issued around 27,000 VISA and 43,000 MasterCard Debit Card for our valuable customers. The number of Debit Card is increasing day by day as our customer use the Card very smoothly.

International Credit Cards:

We have launched **Pubali Bank VISA Credit Card on 19 August 2015** and **Pubali Bank MasterCard Credit Card on 05 January 2016** for our valuable customer. We are issuing Credit Cards regularly as per customer request.

Now, we provide only Gold Credit Card to our Customers but shortly we will provide Platinum Credit Card to our Valued customers. This high value Card will be accompanied with Priority Pass through which Card holders would get access to more than 850 VIP lounges in over 400 airports around the world. Also, we are in the process to providing various features for our Credit Card holders in the coming days.

Issuance of EMV Cards:

We are going to introduce **EMV** (Europay, MasterCard and VISA) Card for our customers, which is known as Chip Based or Smart Card. It is more secure than magnetic stripes Card. We will provide this Card to our Debit and Credit Card holder.

Card Facilities:

We have signed Memorandum of Understanding (MoU) with top level **Hotels and Resorts at Cox's Bazar**. Under this MoU, Pubali Bank Card Members and employees are able to avail more discounts from those Hotels.

We are working for provide our best services to deliver excellent benefits to our card members. We will provide different **discount & privilege** for our Card holders. Also, we will start **festive campaign** for our Valued Card holders in coming days.

Our valued Card members are able to use all local and international VISA and MasterCard supported ATM & POS machines.

Call Center:

We have established **24 hours a day, 365 days a year Call Center** as another delivery channel to deliver services & supports to the valued customers.



As per **PCI-DSS** (Payment Card Industry-Data Security Standard) requirement, we are providing our support on Risk & Fraud Management for the Card transaction.

SME Financing at Pubali Bank Limited

SME is thought important and crucial for overall development of the economy of the country. In Bangladesh it has been performing major role while job creation, poverty eradication and GDP growth.

Considering the significance & importance of SMEs on national economy, Pubali Bank Limited introduced SME Financing Policy to boost-up smooth growth of SMEs including Women Enterprises throughout the country.

Pubali Bank Limited distributed and is distributing loans amongst the SMEs giving preferences. Apart from its usual loan products, Pubali Bank Limited has also been disbursing loans through 05 (five) special loan-products introduced only to promote loan distribution amongst small enterprises of this sector.

It is imperative for our bank's practitioners to take due care in handling each and every SME loan proposal with a view to rendering customer-friendly services. Giving importance & priority to this sector, 6 (six) branches already declared as SME/Agri Branches for smooth SME loans operation. In our bank, all sorts of financing facilities are available for the SME customers as required by them. Considering the merits, SME entrepreneurs are facilitated with collateral-free loans upto Tk.10.00-Lac.

As a result of the restless effort & customer friendly initiatives, our SME loan portfolio is increasing day by day. At the end of 2016, our total SME loan portfolio stood at Tk.4821.52-Crore which was 24.70% of total loan & advances.

Apart from organizing Training/Workshop on SMEs at Pubali Bank Training Institute, Pubali Bank Limited is on a track of arranging related Training/ Workshop at Regional/ Corporate Office level for our employees to have in depth understanding on SMEs.

To promote SME financing, Pubali Bank Limited has participated and is participating in various SME Fairs along with Road-Shows organized by different organizations, like Bangladesh Bank, SME Foundation, Bangladesh Women Chamber of Commerce & Industry (BWCCI), FBCCI, DCCI etc.

Off-shore Banking

An Offshore Banking Unit (OBU) of a bank is a deemed foreign branch of the parent bank located (generally) within same country, and shall undertake international banking business involving foreign currency denominated assets and liabilities.

In 1985 the establishment of Offshore Banking Units (OBUs) in Bangladesh has been allowed to serve industrial enterprises operating in EPZ. Later on, Bangladesh Bank has given permission to the commercial banks to serve industrial enterprises operating outside EPZs in Bangladesh by establishing Offshore banking Unit. As such, number of industrial enterprises is increasing steadily in the EPZs and outside EPZs in our country. These industrial units and enterprises require full range of banking services for their operation. The OBUs have a great scope in providing banking services to these industrial units and enterprises to their mutual benefit.

In line with the above, Pubali Bank Limited has introduced 2 (Two) Offshore Banking Units on January 22, 2015. OBU-Principal Branch is located at A-A Bhaban, 23, Motijheel C/A, Dhaka and OBU-Agrabad Branch is at Agrabad Branch, 99 Agrabad C/A, Chittagong. International Division arranges fund for OBUs from internal and external sources and monitors functional operation of both the Units. In the meantime, OBUs of the Bank have achieved a tremendous success in their business and added to the overall profitability of the Bank. It is worth mentioning here that the Bank as the parent company is bound to make payment of any liability created by its OBUs.

At present, OBUs are dealing with the following 3(three) products:

- 1) Bill Discounting UPAS,
- 2) Financing for Export Bill Discounting and
- 3) Term Loan.

Offshore Banking Unit of the Bank has excellent growth in its operating performance. OBUs' total assets have increased from USD 34.30 million (in eqvt BDT 269.95 Crore) to USD 101.82 million (in eqvt. BDT 801.33 crore) indicating a growth of 196.84 percent more than the last year. Operating revenue has increased by 348.75 percent in 2016 compared to the previous year.

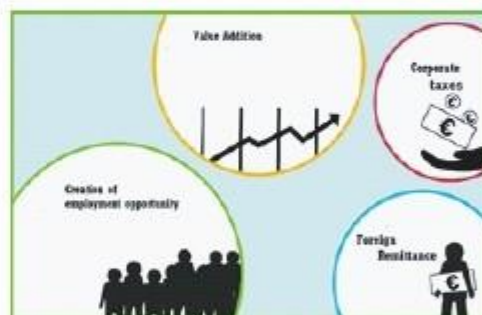
Comparative Position of Offshore Banking Units for two years:

Figure in Million USD

Name of OBU	Assets			Liabilities			Operating Profit		
	2016	2015	Growth	2016	2015	Growth	2016	2015	Growth
Principal Branch	72.82	30.81	136.33%	71.66	30.55	134.58%	1.16	0.26	339.00%
Agrabad Branch	29.00	3.49	731.15%	28.83	3.46	734.09%	0.18	0.03	425.76%
Total	101.82	34.30	196.84%	100.49	34.01	195.51%	1.34	0.29	348.75%

Contribution to National Economy

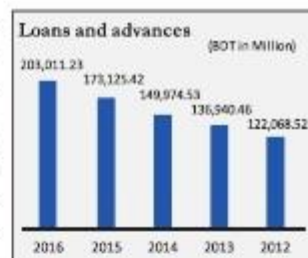
Pubali Bank Ltd. always recognizes that it has certain responsibilities to the development of the society and the country as a whole. We aspire to be known as a bank that builds enduring relationship with and delivers value for our clients, shareholders, employees and the community where we work. Besides direct contribution to the national exchequer by way of payment of corporate income tax, Pubali Bank Ltd. contributes to the economy of the country by generating employment, financing support to almost all the arena; such as corporate, SMEs, RMG sector, Agri and of course to the individuals through various kind of innovative retail product. While financing to a sector we never compromise with the social impact of the business such as environment effect, moral effect etc. Such financing also help to generate employment indirectly. Pubali Bank Ltd. also pays very attractive dividend to its shareholders.



Financing support to industry; SMEs, individuals etc.

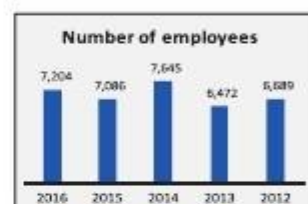


As a banking service provider Pubali Bank Ltd. contributes to the economic prosperity by providing financial products and services to the industrial undertaking including SMEs, RMG, Agro and various organizations and individuals. Based on the financials as on 31 December 2016 the size of total credit exposure of Pubali Bank Ltd. with 76,298 no. of clients is BDT 203,011.23 million (2015:87534 no. of clients, BDT 173,125.42 million).



Employment

We make an economic impact by creating employment and a well-trained workforce. Pubali Bank Ltd. and its subsidiary employed as many as 7,204 employees as on 31 December 2016 (2015: 7,086). During the year 2016 Pubali Bank paid total of BDT 4,232.81 million as salaries and allowances to its employees (2015: BDT 4,065.14 million) and significant amount also being spent for training and HR development each year.



Tax payment

Pubali Bank contributes to the economy by paying due corporate income tax and Value Added Tax (VAT) as per the prevailing laws and regulations. During the year 2016 Pubali Bank Ltd. provided total of BDT 2,759.34 million for payment of corporate income tax (2015:BDT 2,011.83 million). We also pay VAT @15% on the fees and commission income of the Bank. On the other hand, we collect tax and VAT at source while paying various bills and ensure payment of such with holding tax and VAT to the government exchequer.

Payment of dividend

We recognize our fiduciary duty to our shareholders and seek to establish constructive relationships. We are focused on maximizing long-term and sustainable shareholders' value through strong financial performance and returns. Over the past many years, Pubali Bank Ltd. paying a satisfactory return (dividend) to its shareholders. The Board of Directors of the bank proposed 8 percent Bonus and 5 percent cash dividend to its shareholders for the year 2016 (in 2015 the bank paid 12 percent cash dividend). Increased trend in payment of dividend reflects Pubali Bank's commitment to its owner.



Market capitalization

Pubali Bank Ltd. started its journey with a capital of BDT 160 million in the year 1983. At the end of the year 2016 Pubali Bank's total size of capital is BDT 8803.74 million equivalent to market capitalization of BDT 21,128.97 million (2015: capital BDT 8803.74 million, market capitalization BDT 19,016.07 million).

Donation

We always agree in building prosperity by supporting a broad range of socio-economic causes through donation. We believe, in order to reach our potential, we need to earn the respect of our stakeholders. We have learned by last three decade that the best way to do that is to foster creativity, innovation and diversity throughout our ventures, of course aligning business practices with highest values. We dream to crafting a way of social business rather than commercial business objective only. During the year 2016 the bank expended around BDT 51.48 million for donation (2015: BDT 88.59 million).

Development with sustainable growth compromising the needs of future generation

We firmly believe that sustainable economic growth and a healthy environment are inter-linked. We take supportive role in terms of providing financial services by restricting and discouraging projects detrimental to the environment and health. That means our profit motive never get priority over the process/way of earning profit.

Green Banking

Pubali Bank's deployed it's all-out effort to make the slogan 'Green Banking' a success. Various initiatives have already been taken BDT in policy and practically at large. Keeping the environment green, discouraging projects causes green house effects, eco-font in printing to reduce use of ink, use scrap paper as notepads and Installing energy efficient electronic equipment are the glimpse of the bank's initiatives to facilitate Green Banking.

ALBUM OF CSR





1 The Bank donated Tk. 1.5 crore to the Prime Minister's Relief fund as a part of Corporate Social Responsibility. The honorable Chairman of Pubali Bank Limited Mr. Habibur Rahman handed over a donation cheque to Sheikh Hasina, Hon'ble Prime Minister of Peoples Republic of Bangladesh at Ganabhaban. Mr. Fahim Ahmed Faruk Chowdhury, Honorable Vice-Chairman of Board of Directors of the Bank was present at the occasion.

2 Pubali Bank Limited donated blankets to the Prime Minister's Relief fund as a part of Corporate Social Responsibility. Mr. Habibur Rahman, Chairman and Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of Pubali Bank Ltd. handed over a sample of the blankets to Sheikh Hasina, Hon'ble Prime Minister of Peoples Republic of Bangladesh at Ganabhaban.



3 Pubali Bank Limited donated Tk. 75 (Seventy Five) Lac to the Prime Minister's Relief fund for the flood affected people as a part of Corporate Social Responsibility. Hon'ble Chairman of Pubali Bank Limited Mr. Habibur Rahman handed over the cheque to Sheikh Hasina, Hon'ble Prime Minister of Peoples Republic of Bangladesh at Ganabhaban. Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of the Bank was present at the occasion.

4 Pubali Bank Limited has donated Tk. 20 (Twenty) Lac to Dhaka Bor Association for the construction of a four bed primary clinic as a part of Corporate Social Responsibility. Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of the Bank recently handed over the donation cheque. Mr. Mohammad Ali, Deputy Managing Director & Chief Technical Officer of the Bank is also seen in the photograph.

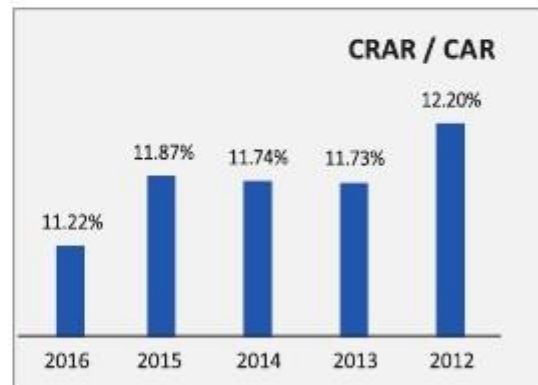
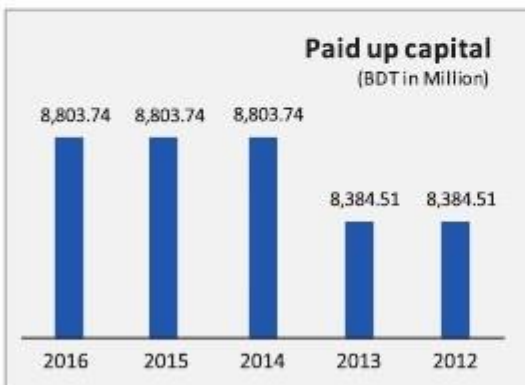
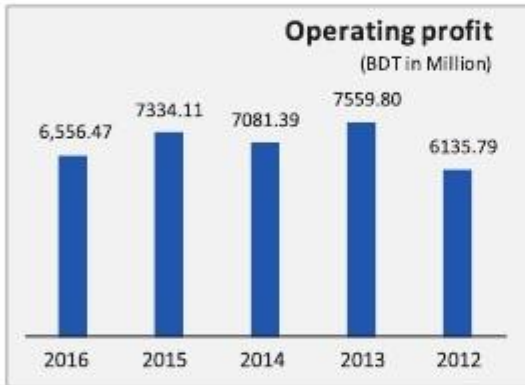
5 Mr. Safiul Alam Khan Chowdhury, Additional Managing Director of Pubali Bank Limited is handing over a key of the micro bus to Mr. Md. Nazrul Islam, Chairman of Bangladesh Council of Scientific and Industrial Research for availing transport facility.

Comparative Financial Highlights

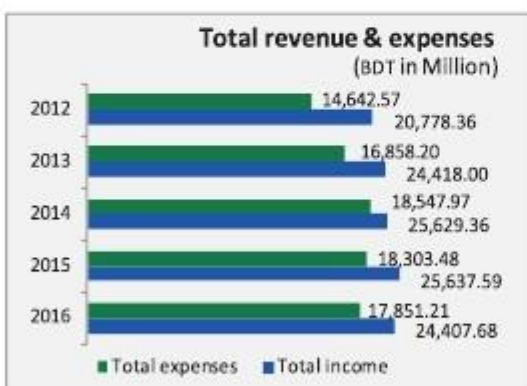
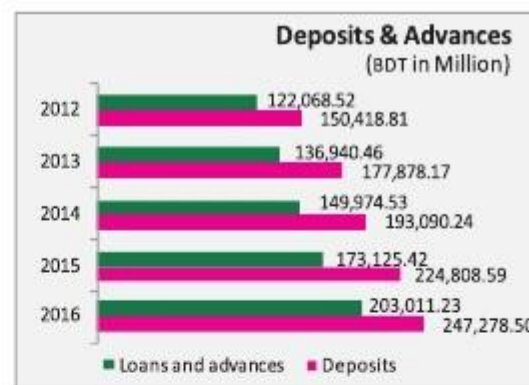
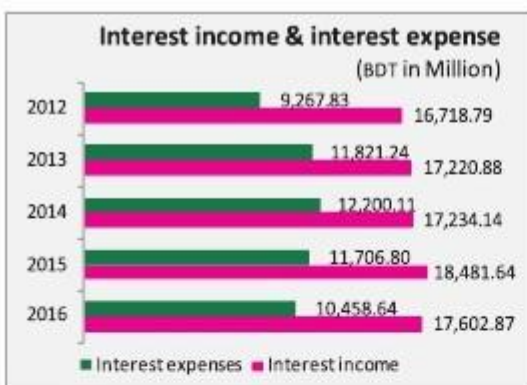
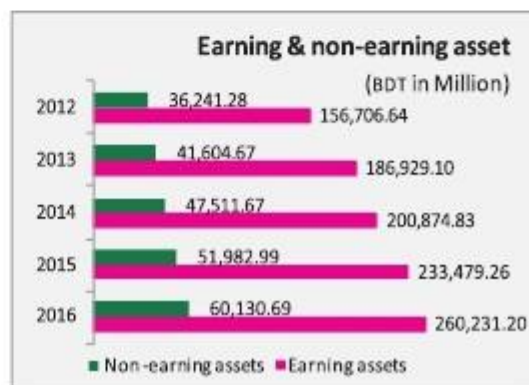
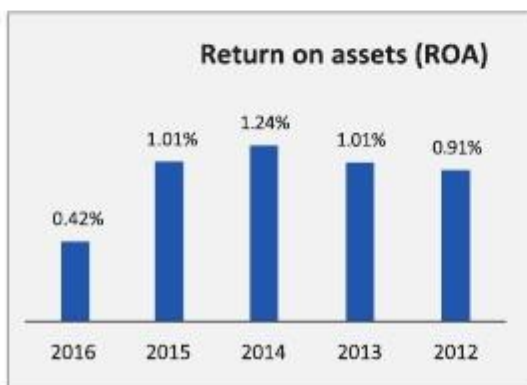
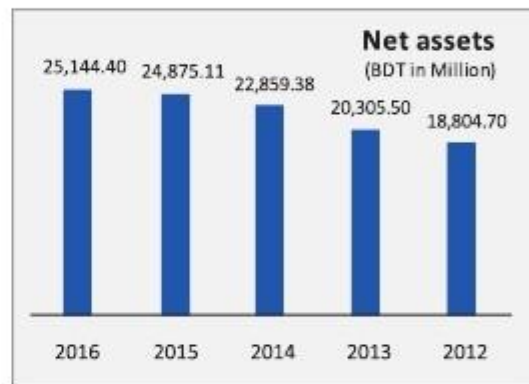
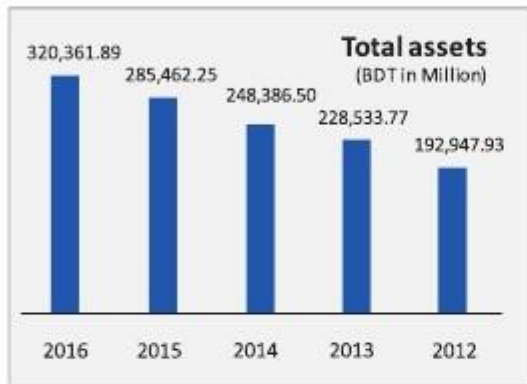
(BDT in million unless stated otherwise)

Particulars	2016	2015	Increase/ (Decrease)	Change (%)
Income Statement				
Total revenue	24,407.68	25,637.59	(1,229.91)	(4.80)%
Total expenses	17,851.21	18,303.48	(452.27)	(2.47)%
Operating profit	6,556.47	7,334.11	(777.64)	(10.60)%
Profit before tax	3,800.03	6,038.46	(2,238.43)	(37.07)%
Profit after tax	1,334.95	2,895.29	(1,560.34)	(53.89)%
Earnings per share	1.52	3.29	(1.77)	(53.89)%
Assets & Liabilities				
Total assets	320,361.89	285,462.25	34,899.64	12.23%
Earning assets	260,231.20	233,479.26	26,751.94	11.46%
Total loans and advances	203,011.23	173,125.42	29,885.81	17.26%
Property, plant and equipment	3,788.44	3,917.77	(129.33)	(3.30)%
Total deposit	247,278.50	224,808.59	22,469.91	10.00%
Shareholders' equity	25,144.40	24,875.11	269.29	1.08%
Capital				
Paid up capital	8,803.74	8,803.74	-	-
Capital maintained	26,337.23	24,948.42	1,388.81	5.57%
Risk weighted assets (RWA)	234,583.60	210,225.10	24,358.50	11.59%
Capital required	23,458.36	21,022.51	2,435.85	11.59%
CRAR	11.22%	11.87%	(0.65)%	(5.48)%
Share Information				
Earnings per share (EPS)	1.52	3.29	(1.77)	(53.89)%
Net assets value per share (NAVPS)	28.56	28.26	0.31	1.08%
Number of shares	880,373,812	880,373,812	-	-
Regulatory Ratio				
Cash reserve requirement (CRR)	6.73%	7.38%	(0.65)%	(8.80)%
Statutory liquidity ratio (SLR)	17.86%	24.30%	(6.44)%	(26.49)%
Capital adequacy ratio (CAR)	11.22%	11.87%	(0.65)%	(5.46)%
Credit deposit Ratio	82.10%	77.01%	5.09%	6.61%
Asset Quality				
Amount of classified loans and advances	10,921.46	9,218.42	1,703.04	18.47%
% of classified loans and advances	5.38%	5.32%	0.06%	1.03%
Required provision for loans and advances	7,179.35	5,554.48	1,624.87	29.25%
Provision maintained for loans and advances	7,679.55	5,574.93	2,104.62	37.75%
Classified other assets	107.09	102.01	5.08	4.98%
Classified investment	9.68	10.76	(1.08)	(10.04)%
Total classified assets	11,038.23	9,331.19	1,707.04	18.29%

Graphical Presentation



Graphical Presentation



Key Financial Information

(BDT in million unless stated otherwise)

Particular	2016	2015	2014	2013	2012
Balance Sheet Matrix					
Authorized capital	20,000	20,000	20,000	20,000	20,000
Paid up capital	8,803.74	8,803.74	8,803.74	8,384.51	8,384.51
Reserve fund & surplus	16,340.67	16,071.38	14,055.64	11,920.99	10,420.19
Total shareholders' equity	25,144.40	24,875.11	22,859.38	20,305.50	18,804.70
Capital employed	173,151.94	142,909.23	117,629.61	107,983.07	88,235.57
Deposits	247,278.50	224,808.59	193,090.24	177,878.17	150,418.81
Loans and advances	203,011.23	173,125.42	149,974.53	136,940.46	122,068.52
Investments	48,865.75	57,881.68	48,970.73	48,678.92	30,691.15
Property, plant & equipment (Fixed Assets)	3,788.44	3,917.77	4,024.58	3,735.99	3,502.81
Total assets	320,361.89	285,462.25	248,386.50	228,533.77	192,947.93
Total off balance sheet exposures	73,008.51	54,502.19	47,538.41	45,738.25	40,151.65
Earning assets	260,231.20	233,479.26	200,874.83	186,929.10	156,706.64
Non-earning assets	60,130.69	51,982.99	47,511.67	41,604.67	36,241.28
Net Assets	25,144.40	24,875.11	22,859.38	20,305.50	18,804.70
Income Statement Matrix					
Interest income	17,602.87	18,481.64	17,234.14	17,220.88	16,718.79
Investment income	4,354.88	4,409.76	5,987.81	4,899.69	2,034.60
Non-interest income	2,449.93	2,746.19	2,407.41	2,297.42	2,024.97
Total income	24,407.68	25,637.59	25,629.36	24,418.00	20,778.36
Interest expenses	10,458.64	11,706.80	12,200.11	11,821.24	9,267.83
Non-interest expenses	7,392.57	6,596.68	6,347.86	5,036.96	5,374.74
Total expenses	17,851.21	18,303.48	18,547.97	16,858.20	14,642.57
Net interest margin (NIM)	7,144.23	6,774.84	5,034.03	5,399.64	7,450.96
Net non-interest margin	(587.76)	559.27	2,047.36	2,160.15	(1,315.17)
Operating profit	6,556.47	7,334.11	7,081.39	7,559.80	6,135.79
Earnings before provision, depreciation and tax	6,910.19	7,696.00	7,327.09	7,805.50	6,331.48
Profit before provision & tax	6,556.47	7,334.11	7,081.39	7,559.80	6,135.79
Profit before tax	3,800.03	6,038.46	6,143.50	5,386.79	4,317.08
Net profit after tax	1,334.95	2,895.29	3,070.13	2,305.54	1,761.98
Capital Matrix					
Risk weighted assets (RWA)	234,583.60	210,225.10	199,636.70	179,692.00	159,674.40
Total required capital	23,458.36	21,022.51	19,964.00	17,969.00	15,967.44
Total regulatory capital maintained	26,337.23	24,948.42	23,434.69	21,083.00	19,483.74
Capital surplus/(shortfall)	2,878.87	3,925.91	3,471.00	3,114.00	3,516.30
CRAR/(CAR)	11.22%	11.87%	11.74%	11.73%	12.20%
Core capital ratio	9.46%	10.22%	9.97%	9.60%	9.88%
Supplementary capital ratio	1.76%	1.65%	1.77%	2.14%	2.32%
Amount of core capital (Tier-1)	22,198.16	21,481.54	19,895.00	17,244.00	15,776.62
Amount of supplementary capital (Tier-2)	4,139.07	3,466.88	3,540.00	3,839.00	3,707.13
Asset Quality					
Classified loans & advances (Non-performing loans)	10,921.46	9,218.42	9,377.59	8,136.10	6,159.62
Percentage of NPLs to total loans and advances	5.38%	5.32%	6.25%	5.94%	5.05%
Required provision for unclassified loans	2,136.79	1,796.78	1,454.20	1,385.50	1,462.43
Required provision for classified loans	5,042.57	3,757.70	3,968.96	4,895.96	2,785.87
Total required provision for loans and advances	7,179.35	5,554.48	5,423.16	6,281.46	4,248.30
Total provision maintained for loans and advances	7,679.55	5,574.93	5,539.66	6,282.91	4,252.73
Provision excess/(shortfall) for loans and advances	500.20	20.45	116.50	1.45	4.43
General provision maintained	2,636.99	1,796.78	1,454.20	1,385.50	1,462.43
Specific provision maintained	5,042.57	3,778.15	4,085.46	4,897.41	2,790.31
Classified investment	9.68	10.76	6.69	6.73	7.24
Provision maintained for classified investment	23.75	23.75	18.75	18.75	18.75
Classified other assets	107.09	102.01	77.68	69.51	118.41
Provision maintained for other assets	255.43	220.24	190.05	162.19	143.97
Total classified assets	11,038.23	9,331.19	9,461.96	8,212.34	6,285.27
Total unclassified assets	309,323.66	276,131.06	238,924.54	220,321.43	186,662.66

Key Financial Information

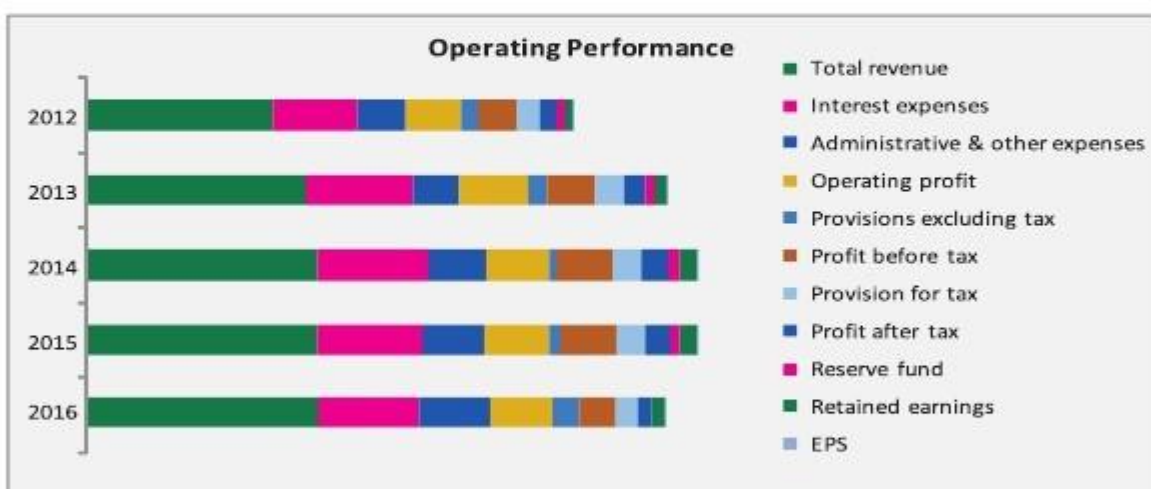
(BDT in million unless stated otherwise)

Particular	2016	2015	2014	2013	2012
Asset Quality					
Required provision for contingent liabilities	730.09	545.02	475.38	457.38	401.52
Provision maintained for contingent liabilities	730.80	546.80	476.80	464.30	414.30
Current assets	166,945.84	162,209.93	145,461.32	139,407.49	118,388.68
Current liabilities	147,209.95	142,553.02	130,756.89	120,550.70	104,712.36
Net current assets	19,735.89	19,656.91	14,704.43	18,856.79	13,676.32
Long term liabilities	148,007.54	118,034.12	94,770.23	87,677.57	69,430.87
Long term liabilities/current liabilities	1.01	0.83	0.72	0.73	0.66
Foreign Exchange Business					
Import	121,852.00	112,564.30	97,516.90	97,380.40	108,120.30
Export	86,764.10	85,740.40	77,071.30	69,484.40	59,004.80
Foreign remittance	37,757.00	43,807.00	43,541.70	38,947.60	41,239.90
Financial Ratios					
Operating profit ratio	26.86%	28.61%	27.63%	30.96%	29.53%
Gross profit ratio	26.86%	28.61%	27.63%	30.96%	29.53%
Operating profit as a percentage of average working fund	33.22%	37.31%	48.16%	40.09%	44.86%
Return on assets (ROA)	0.42%	1.01%	1.24%	1.01%	0.91%
Return on equity (ROE)	5.31%	11.64%	13.43%	11.35%	9.37%
Return on investment (ROI)	5.31%	11.64%	13.43%	11.35%	9.37%
Return on loans & advances	0.66%	1.67%	2.05%	1.68%	1.44%
Return on working fund	6.76%	14.73%	20.88%	12.23%	12.88%
Return on earning assets	0.51%	1.24%	1.53%	1.23%	1.12%
Operating profit per employee	0.91	1.04	0.93	1.17	0.92
Net profit per employee	0.19	0.41	0.40	0.36	0.26
Operating profit per branch	14.47	16.52	16.32	17.87	14.64
Net interest margin as a percentage of working fund	36.20%	34.47%	34.23%	28.63%	54.48%
Net interest margin on earning assets	2.75%	2.90%	2.51%	2.89%	4.75%
Efficiency ratio	0.30	0.26	0.25	0.21	0.26
Burden ratio	1.54%	1.35%	1.59%	1.20%	1.74%
Cost of deposit	4.23%	5.21%	6.32%	6.65%	6.16%
Yield on loans and advances	8.67%	10.68%	11.49%	12.58%	13.70%
Interest spread	4.44%	5.47%	5.17%	5.93%	7.53%
Cost of fund	7.68%	8.75%	9.74%	10.17%	10.77%
Net spread	0.99%	1.93%	1.75%	2.41%	2.93%
Cost to income ratio	73.14%	71.39%	72.37%	69.04%	70.47%
Debt equity ratio (times)	11.74	10.48	9.87	10.25	9.26
Current ratio (times)	1.13	1.14	1.11	1.16	1.13
Net asset value per share (NAPVS) (in BDT)	28.56	28.26	25.97	24.22	22.43
Earnings per share (EPS) (in BDT)	1.52	3.29	3.49	2.62	2.10
CRAR/ CAR	11.22%	11.87%	11.74%	11.73%	12.20%
Credit deposit ratio	82.10%	77.01%	77.67%	76.99%	81.15%
Cash reserve ratio/Liquidity ratio	6.73%	7.38%	6.65%	6.53%	6.20%
Statutory liquidity ratio (SLR)	17.86%	24.30%	22.12%	24.04%	18.38%
Medium term funding ratio (MTFR)	0.96	0.96	0.92	0.98	0.93
Shares Information Matrix					
Number of shares	880,373,812	880,373,812	880,373,812	838,451,250	838,451,250
Earnings per share (EPS) (in BDT)	1.52	3.29	3.49	2.62	2.10
Net asset value per share (NAPVS) (in BDT)	28.56	28.26	25.97	24.22	22.43
Market price per share	24.00	21.60	25.50	32.50	33.00
Dividend:					
Cash	5.00	12.00	10.00	5.00	10.00
Bonus	8.00	-	-	5.00	-
Other Information					
Number of branches	453	444	434	423	419
Number of employees	7,204	7,086	7,645	6,472	6,689
Number of foreign correspondents	31	32	30	30	33

Horizontal & Vertical Analysis Operating performance

(BDT in million unless stated otherwise)

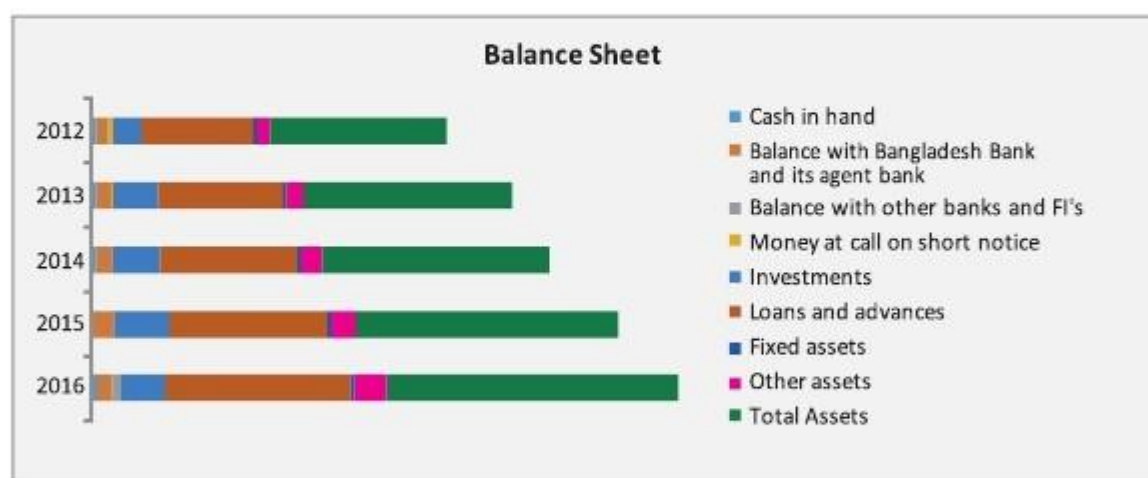
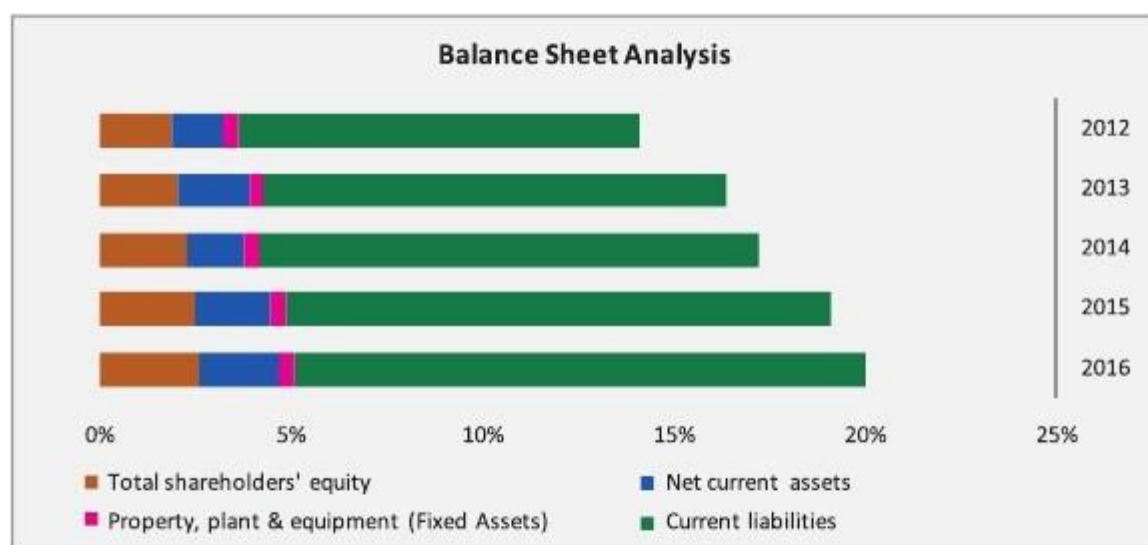
Particular	2016	2015	2014	2013	2012
Total revenue	24,407.68	25,637.59	25,629.36	24,418.00	20,778.36
Interest expenses	10,458.64	11,706.80	12,200.11	11,821.24	9,267.83
Administrative & other expenses	7,392.57	6,596.68	6,347.86	5,036.96	5,374.74
Operating profit	6,556.47	7,334.11	7,081.39	7,559.80	6,135.79
Provisions excluding tax	2,756.44	1,295.65	898.12	2,173.01	1,818.72
Profit before tax	3,800.03	6,038.46	6,143.50	5,386.79	4,317.08
Provision for tax	2,465.08	3,143.17	3,073.37	3,081.25	2,555.10
Profit after tax	1,334.95	2,895.29	3,070.13	2,305.54	1,761.98
Reserve fund	-	900.00	1,228.70	1,077.36	863.42
Retained earnings	1,334.95	1,995.29	1,841.43	1,228.18	898.56
EPS	1.52	3.29	3.49	2.62	2.10



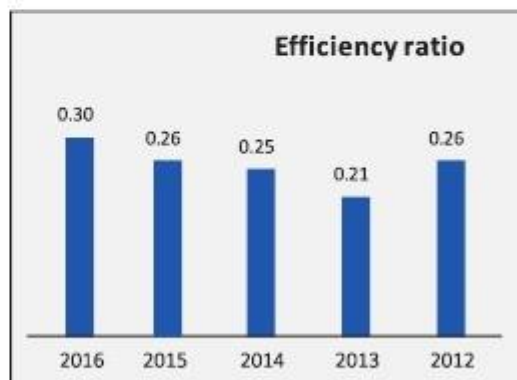
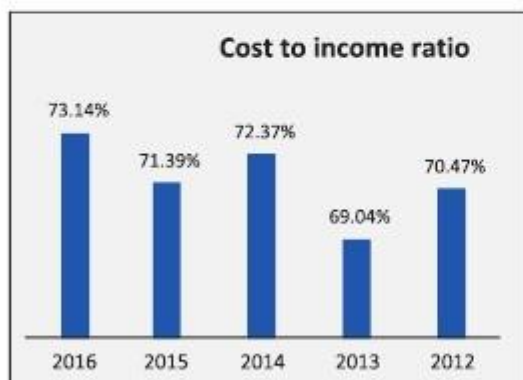
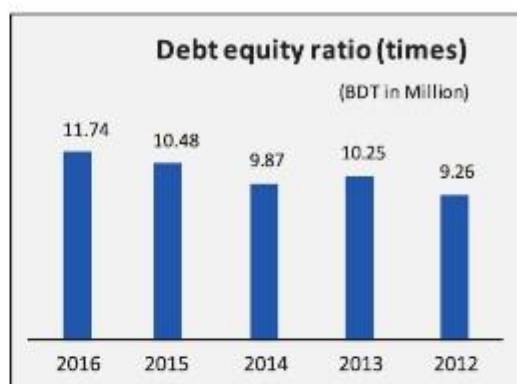
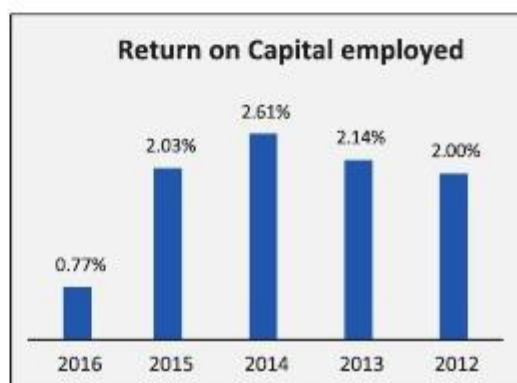
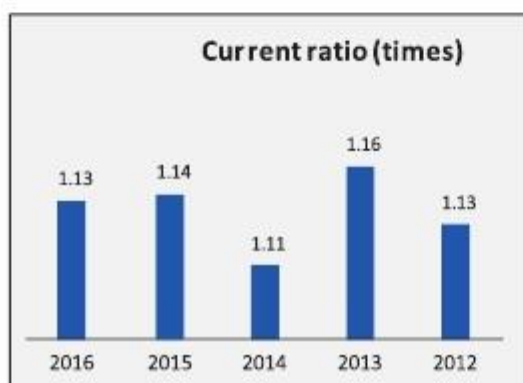
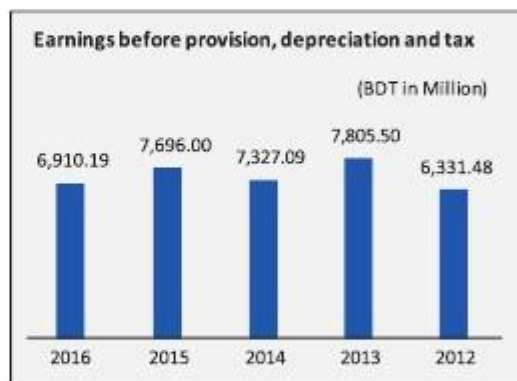
Horizontal & Vertical Analysis Balance Sheet

(BDT in million unless stated otherwise)

Particular	2016	2015	2014	2013	2012
Cash in hand	3,612.83	2,834.88	3,607.70	4,186.60	3,468.65
Balance with Bangladesh Bank and its agent bank	17,501.64	18,542.10	16,345.81	15,312.86	13,648.64
Balance with other banks and FI's	9,033.36	2,222.69	2,329.43	1,566.37	1,621.31
Money at call on short notice	551.29	935.29	988.29	568.89	2,799.09
Investments	48,865.75	57,881.68	48,970.73	48,678.92	30,691.15
Loans and advances	203,011.23	173,125.42	149,974.53	136,940.46	122,068.52
Fixed assets	3,788.44	3,917.77	4,024.58	3,735.99	3,502.80
Other assets	33,996.97	26,002.05	22,145.07	17,543.31	15,147.39
Total Assets	320,361.89	285,462.25	248,386.50	228,533.77	192,947.93

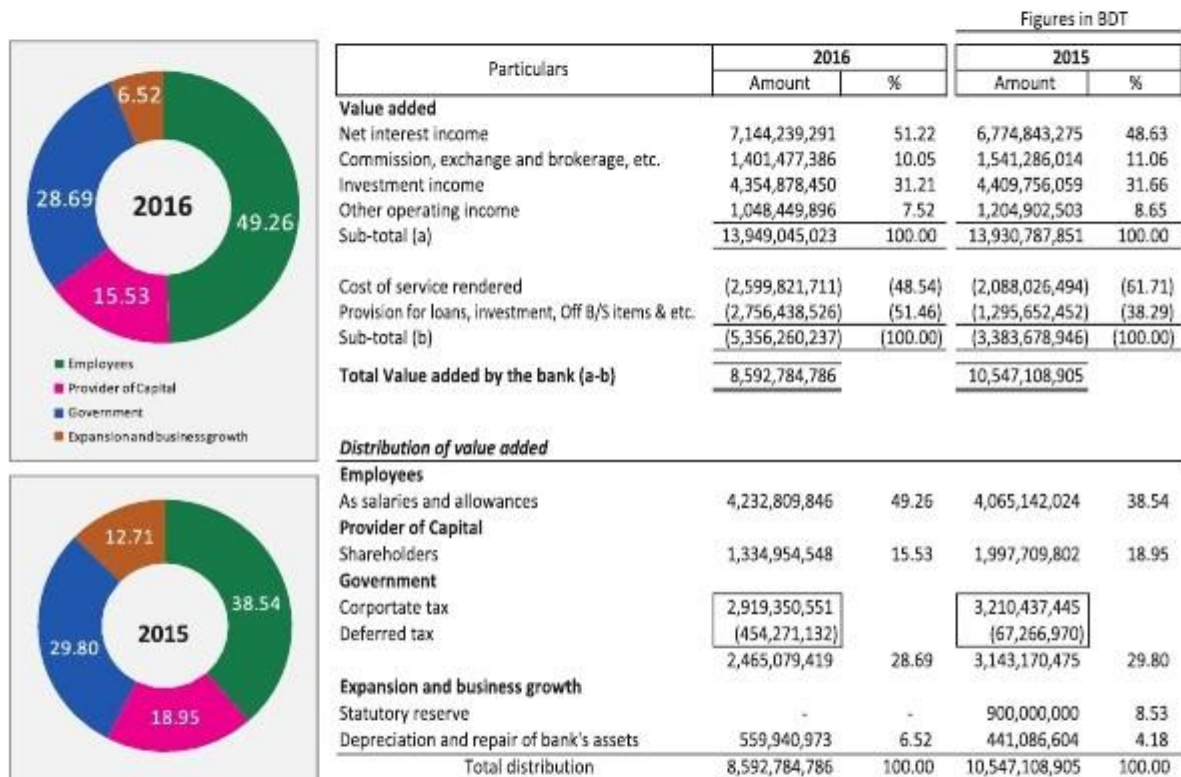


Financial Ratios



Value Added Statement for the year ended 31 December 2016

The value added statement provides a detailed account of total value addition and the distribution of the value created by the organization. Pubali Bank Limited contributes positively to socio-economic development by empowering employees through the payment of salaries and allowances; by paying attractive and consistent dividend to the providers of capital; by assisting the regulatory capacities through paying taxes and of course keeping in mind company's continuous expansion and growth.



Market Value Added Statement

Market Value Added Statement

Unlike EVA, which measures internal performance, market value added (MVA) is a measure of external performance that indicate how the market has evaluated the company's performance in terms of market value of quoted shares compared to book value of this shares. MVA is the difference between the market value of equity of the bank(s) and the book value of equity invested in the bank. A positive MVA indicates that the bank could add value to shareholders wealth. The following statement indicates the MVA at the year ended on 31 December 2016 and 2015 :



Figures in million Taka

Particulars	2016	2015
Market value of shares outstanding	4,969.26	7,460.21
Book value of shares outstanding	4,501.47	7,240.15
Market value added	467.79	220.06

Economic Value Added Statement (EVA) for the year ended 31 December 2016

Economic value added (EVA) is the financial performance measure that attempts to measure the true economic profit of an organization. It provides a measurement of the bank(s) economic success (or failure) over a period of time. Such a metric is useful for investors who wish to determine how well the bank has added value for its investors and it can be compared against bank(s) peers for a quick analysis of how well the bank is operating in its industry. Economic value added is calculated by taking the bank(s) net profit after tax, adding with it, the amount of provision charged against profit to absorb the losses inherent in the investments. EVA is calculated as under :

$$\text{EVA} = (\text{NPAT} - \text{Cost of average equity})$$

NPAT

NPAT is the net profit after tax plus the provision for doubtful losses charged against profit.

Equity

Shareholders' equity is the total amount of equity the year end plus accumulated provision charged against profit for doubtful losses.

Cost of equity

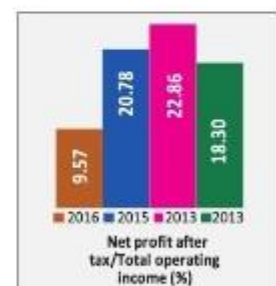
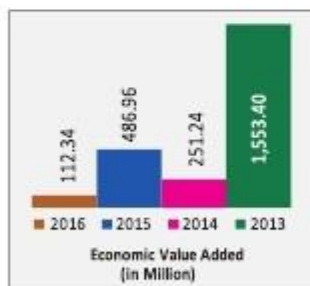
It is the opportunity cost i.e. the expected risk from return on investment, plus a risk premium. Interest on 5 years Bangladesh Government Sanchaya Patra plus 1% risk premium has been assumed to be the cost of equity.

The following table indicates the EVA for the year from 2013 to 2016 :

Economic Value added analysis

Figures in BDT

For the year ended	2016	2015	2014	2013
Shareholders' equity at year end	24,875,113,452	24,875,113,452	22,859,377,335	20,305,498,036
Add : Accumulated provision for loans, investments & Off B/S items etc.	8,689,531,434	6,365,717,523	6,225,258,582	6,928,151,951
Total	33,564,644,886	31,240,830,975	29,084,635,917	27,233,649,987
Average shareholders' equity	32,402,737,931	30,162,733,446	28,159,142,952	25,436,042,142
Cost of equity (%)	12.28%	12.28%	13.20%	11.50%
Economic Value Added	112,336,856	486,955,838	251,243,610	1,553,403,696
Net profit after tax (before provision)	4,091,393,074	4,190,939,505	3,968,250,480	4,478,548,542
Less : Cost of equity	3,979,056,218	3,703,983,667	3,717,006,870	2,925,144,846
Total operating income	13,949,045,023	13,930,787,851	13,429,253,429	12,596,759,600
Net profit after tax	1,334,954,548	2,895,287,053	3,070,130,480	2,305,537,976
Key ratios				
EVA/Total operating income (%)	0.81	3.50	1.87	12.33
EVA/Average shareholders' equity (%)	0.35	1.61	0.89	6.11
Net profit after tax/Total operating income (%)	9.57	20.78	22.86	18.30



FINANCIAL STATEMENTS



12 March 2017

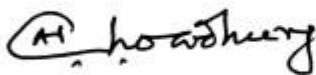
The Board of Directors

Pubali Bank Limited
26, Dilkusha Commercial Area
Dhaka-1000

SUB: CEO and CFO's declaration to the Board

In terms of the notification of Bangladesh Securities and Exchange Commission no. SEC/CMRRCD/2006-158/134/Admin/44 of 7 August 2012 we declare that for the financial year ended 31 December 2016:

- i) We have reviewed financial statements for the year and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii) There are, to the best of knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violation of the Bank's code of conduct.



Md. Abdul Halim Chowdhury
Managing Director & CEO



Mohammad Liton Miah FCA
Deputy General Manager & CFO

Hoda Vasi Chowdhury & Co.
Chartered Accountants
BTMC Bhaban
7-9 Karwan Bazar
Dhaka-1215

S. F. Ahmed & Co.
Chartered Accountants
House No. 51 (2nd & 3rd floor)
Road No. 9, Block-F, Banani
Dhaka-1213

AUDITORS' REPORT

TO THE SHAREHOLDERS OF PUBALI BANK LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Pubali Bank Limited and its subsidiary (the "Group") as well as the separate financial statements of Pubali Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2016, and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in **note 2** and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

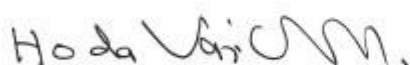
Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in **note 2**.

Report on Other Legal and Regulatory Requirements

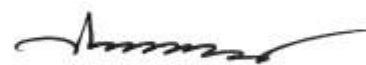
In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Controls:
 - i) internal audit, internal control and risk management arrangements of the Group and the Bank, as disclosed in **note # 2.14** of the financial statements, appeared to be materially adequate;
 - ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities other than matters disclosed in **note # 2.15** of these financial statements;
- (c) financial statements of a subsidiary, Pubali Bank Securities Limited, of the Bank have been audited by ACNABIN, Chartered Accountants and have been properly reflected in the consolidated financial statements;
- (d) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- (f) the expenditure incurred was for the purposes of the Bank's business;
- (g) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- (h) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (j) the information and explanation required by us have been received and found satisfactory; and
- (k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 7,860 person hours for the audit of the books and accounts of the Bank.



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 12 March 2017



S. F. Ahmed & Co.
Chartered Accountants

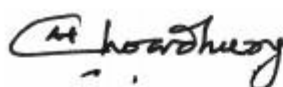
Consolidated Balance Sheet as at 31 December 2016

	Note	2016 Taka	2015 Taka
PROPERTY AND ASSETS			
Cash	3 (a)	21,114,474,598	21,376,981,153
Cash in hand (Including foreign currencies)		3,612,831,120	2,834,884,562
Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currencies)		17,501,643,478	18,542,096,591
Balance with Other Banks and Financial Institutions	4 (a)	9,033,361,643	2,222,692,959
In Bangladesh		7,802,936,535	1,536,876,025
Outside Bangladesh		1,230,425,108	685,816,934
Money at Call on Short Notice	5	551,286,667	935,286,667
Investments	6 (a)	55,103,821,823	61,075,817,975
Government		36,564,053,849	47,153,505,257
Others		18,539,767,974	13,922,312,718
Loans, Advances and Leases	7 (a)	203,610,060,471	171,692,142,940
Loans, cash credits, overdrafts, etc.		195,338,887,390	168,335,701,353
Bills purchased & discounted		8,271,173,081	3,356,441,587
Fixed Assets Including Premises, Furniture & Fixtures	8 (a)	3,790,630,209	3,920,741,861
Other Assets	9 (a)	27,503,453,793	24,211,876,743
Non-Banking Assets	10	375,246	375,246
Total Assets		320,707,464,450	285,435,915,544
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, financial institutions & agents	11	6,305,989,705	2,543,554,248
Deposits and Other Accounts	12 (a)	246,906,170,427	224,249,499,124
Current accounts & other accounts		28,815,286,575	25,546,461,730
Bills payable		12,240,637,725	4,512,456,257
Savings bank deposits		62,201,794,370	51,969,483,909
Term deposits		138,347,967,344	137,567,155,752
Other deposits		5,300,484,413	4,653,941,476
Other Liabilities	13 (a)	42,978,274,619	34,454,192,288
Total Liabilities		296,190,434,751	261,247,245,660
Capital /Shareholders' Equity			
Paid up capital	14.2	8,803,738,120	8,803,738,120
Statutory reserve	15	9,300,249,482	9,300,249,482
Retained earnings (general reserve)	16 (a)	3,382,630,056	3,044,934,155
Other reserves	17 (a)	3,030,411,362	3,039,747,469
Profit and Loss account surplus	18 (a)	-	-
		24,517,029,020	24,188,669,226
Non-controlling interest	19	679	658
Total Shareholders' Equity		24,517,029,699	24,188,669,884
Total Liabilities and Shareholders' Equity		320,707,464,450	285,435,915,544

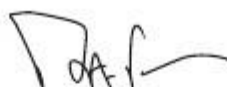
Consolidated Balance Sheet as at 31 December 2016

	Note	2016 Taka	2015 Taka
OFF-BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptances & endorsements			
Letters of guarantee	20	9,039,954,197	7,648,739,240
Irrevocable letters of credit		58,770,791,207	44,054,462,906
Bills for collection		4,125,546,631	1,614,641,134
Other contingent liabilities		1,072,217,186	1,184,343,398
Total		73,008,509,221	54,502,186,678
Other Commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		-	-
Total Off-Balance Sheet Items Including Contingent Liabilities		73,008,509,221	54,502,186,678

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



Md. Abdul Halim Chowdhury
Managing Director



Fahim Ahmed Faruk Chowdhury
Director

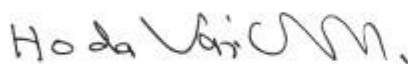


Moniruddin Ahmed
Director




Habibur Rahman
Chairman

Signed as per annexed report on even date



Hoda Vasi Chowdhury & CO.
Chartered Accountants



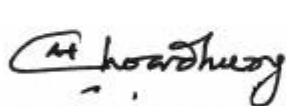
S.F. AHMED & CO.
Chartered Accountants

Dated, Dhaka
March 12, 2017

Consolidated Profit & Loss Account for the year ended 31 December 2016


	Note	2016 Taka	2015 Taka
Operating Income			
Interest income	21 (a)	17,625,672,255	18,527,671,946
Interest paid on deposits, borrowings, etc.	22	(10,458,632,825)	(11,706,798,614)
Net Interest Income		7,167,039,430	6,820,873,332
Investment income	23 (a)	4,506,579,587	4,512,250,388
Commission, exchange and brokerage	24 (a)	1,447,405,594	1,580,947,990
Other operating income	25 (a)	1,054,096,752	1,206,564,224
Total Operating Income		14,175,121,363	14,120,635,934
Operating Expenses			
Salaries and allowances	26 (a)	4,249,573,508	4,078,677,279
Rent, taxes, insurance, electricity, etc.	27 (a)	654,434,348	575,849,695
Legal expenses	28 (a)	16,836,223	16,261,988
Postage, stamp, telecommunication, etc.	29 (a)	76,657,374	72,953,080
Stationery, printing, advertisements, etc.	30 (a)	119,406,187	128,186,175
Managing Director's salary and fees	31	10,500,000	10,137,500
Directors' fees	32 (a)	8,614,616	6,206,413
Auditors' fees	33 (a)	1,463,750	1,973,570
Charges on loan losses		-	2,422,749
Depreciation and repair of bank's assets	34 (a)	561,604,295	442,498,337
Other expenses	35 (a)	1,740,096,001	1,294,483,540
Total Operating Expenses		7,439,186,302	6,629,650,326
Profit/(Loss) before Provision		6,735,935,061	7,490,985,608
Provision for Loans, Advances, Investments and Other Assets			
Provision for classified loans and advances	36 (a)	1,731,583,535	877,422,975
Provision for unclassified loans and advances		840,208,991	342,577,025
Provision for diminution in value of investments		59,349,859	5,000,000
Provision for impairment clients' margin loan		18,463,446	29,024,895
Provision for bad debt offsetting		646,000	652,452
		2,650,251,831	1,254,677,347
Provision for exposure of off-balance sheet items	37	184,000,000	70,000,000
Total Provision		2,834,251,831	1,324,677,347
Total Profit/(Loss) before Taxes		3,901,683,230	6,166,308,261
Provision for current tax	13.5 (a)	2,960,433,315	3,301,063,810
Provision for deferred tax	13.5.1 (a)	(452,774,581)	(72,280,691)
Total Provision for Taxes		2,507,658,734	3,228,783,119
Net Profit after Taxation		1,394,024,496	2,937,525,142
Profit Attributable to:			
Equity holders of parents		1,394,024,475	2,937,525,108
Non-controlling interest		21	34
Appropriations :		1,394,024,496	2,937,525,142
Statutory reserve		-	900,000,000
Retained surplus (general reserve) carried forward		1,394,024,496	2,037,525,142
Earnings Per Share (EPS)			
Basic	44 (a)	1.58	3.34
Diluted		1.58	3.34

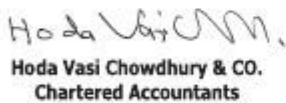
These financial statements should be read in conjunction with the annexed notes.


Md. Abdul Halim Chowdhury
Managing Director


Fahim Ahmed Faruk Chowdhury
Director


Moniruddin Ahmed
Director


Habibur Rahman
Chairman


Hoda Vasi Chowdhury & CO.
Chartered Accountants

Signed as per annexed report on even date

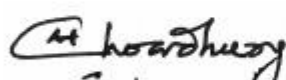

S.F. AHMED & CO.
Chartered Accountants

Dated, Dhaka
March 12, 2017

Consolidated Cash Flow Statement for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
a Cash Flows from Operating Activities			
Interest receipts in cash		21,437,774,583	22,538,309,726
Interest payments		(10,246,411,738)	(11,699,706,089)
Dividend receipts		457,481,437	442,021,965
Fees and commission receipts		971,001,544	955,584,440
Recoveries of loans previously written off		-	226,914,450
Cash payment to employees		(4,260,073,508)	(4,088,814,779)
Cash payment to suppliers		(212,952,010)	(218,409,977)
Current income tax paid		(2,759,337,697)	(2,011,827,165)
Receipts from other operating activities	38 (a)	1,555,275,537	1,657,511,442
Cash payments for other operating activities	39 (a)	(2,612,440,598)	(1,960,530,552)
Operating Profit before Changes in Operating Assets & Liabilities		4,330,317,550	5,841,053,461
Increase/(Decrease) in Operating Assets and Liabilities			
Statutory deposits		10,581,044,308	(7,976,431,681)
Purchase/sale of trading securities		(4,617,455,256)	(975,391,282)
Loans and advances to customers (other than banks)		(29,789,826,935)	(23,099,789,212)
Other assets	40 (a)	(322,565,053)	(1,882,266,291)
Deposits to/from other banks		3,762,435,457	(833,221,738)
Deposits from customers (other than banks)		22,469,913,155	31,718,347,131
Other liabilities account of customers		289,500,087	(374,787,818)
Other liabilities	41 (a)	554,906,783	106,413,097
Total Increase/(Decrease) in Operating Assets and Liabilities		2,927,952,546	(3,317,127,794)
Net Cash from/(Used in) Operating Activities		7,258,270,096	2,523,925,667
b Cash Flows from Investing Activities			
Proceeds from sale of securities		-	-
Purchase/ sale of property, plant & equipment		(223,608,534)	(255,894,181)
Net Cash from/(Used in) Investing Activities		(223,608,534)	(255,894,181)
c Cash Flows from Financing Activities			
Payment for redemption of loan capital and debt security		(9,216,107)	-
Receipts from issue of loan capital and debt security		-	822,876
Issue of Share capital		-	-
Dividend paid		(1,056,448,574)	(880,373,812)
Net Cash from/(Used in) Financing activities		(1,065,664,681)	(879,550,936)
d Net Increase/ (Decrease) in Cash and Cash Equivalents (a+b+c)		5,968,996,881	1,388,480,550
e Cash and cash equivalents at beginning period		25,115,910,784	23,727,430,234
f Cash and cash Equivalents at end of period (d+e)	42 (a)	31,084,907,665	25,115,910,784

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



Md. Abdul Halim Chowdhury
Managing Director



Fahim Ahmed Faruk Chowdhury
Director



Moniruddin Ahmed
Director



Habibur Rahman
Chairman

Signed as per annexed report on even date

Dated, Dhaka
March 12, 2017

Consolidated Statement of Changes in Equity for the year ended 31 December 2016

(Figures in Taka)

Particulars	Paid-up capital	Statutory reserve	Retained earnings (general reserve)	Other reserves	Parent's equity	Non-controlling interest	Total
For the year 2016							
Balance as at 1 January 2016	8,803,738,120	9,300,249,482	3,044,934,155	3,039,747,469	24,188,669,226	658	24,188,669,884
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	8,803,738,120	9,300,249,482	3,044,934,155	3,039,747,469	24,188,669,226	658	24,188,669,884
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Adjustment of last year gain on investment	-	-	-	(34,681,227)	(34,681,227)	-	(34,681,227)
Surplus/deficit on account of revaluation of investments	-	-	-	25,465,120	25,465,120	-	25,465,120
Currency translation differences	-	-	-	-	-	-	-
Net gains and losses not recognised in the Profit and Loss Statement	-	-	-	-	-	-	-
Transfer regarding revaluation reserve on sale of properties	-	-	120,000	(120,000)	-	-	-
Non-controlling capital	-	-	-	-	-	-	-
Net profit for the year	-	-	1,394,024,475	-	1,394,024,475	21	1,394,024,496
Transfer to statutory reserve	-	-	-	-	-	-	-
Issue of bonus shares - 2015	-	-	-	-	-	-	-
Proposed dividend (bonus issue)	-	-	-	-	-	-	-
Dividends (cash) for 2015	-	-	(1,056,448,574)	-	(1,056,448,574)	-	(1,056,448,574)
Balance as at 31 December 2016	8,803,738,120	9,300,249,482	3,382,630,056	3,030,411,362	24,517,029,020	679	24,517,029,699
Balance as at 31 December 2015	8,803,738,120	9,300,249,482	3,044,934,155	3,039,747,469	24,188,669,226	658	24,188,669,884


Md. Abdul Halim Chowdhury
Managing Director


Fahim Ahmed Faruk Chowdhury
Director


Moniruddin Ahmed
Director


Habibur Rahman
Chairman

Signed as per annexed report on even date

Dated, Dhaka
March 12, 2017

Balance Sheet as at 31 December 2016

	Note	2016 Taka	2015 Taka
PROPERTY AND ASSETS			
Cash	3	21,114,474,598	21,376,981,153
Cash in hand (Including foreign currencies)		3,612,831,120	2,834,884,562
Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currencies)		17,501,643,478	18,542,096,591
Balance with Other Banks and Financial Institutions	4	9,033,361,643	2,222,692,959
In Bangladesh		7,802,936,535	1,536,876,025
Outside Bangladesh		1,230,425,108	685,816,934
Money at Call on Short Notice	5	551,286,667	935,286,667
Investments	6	48,865,749,421	57,881,682,992
Government		36,564,053,849	47,153,505,257
Others		12,301,695,572	10,728,177,735
Loans, Advances and Leases	7	203,011,231,761	173,125,419,314
Loans, cash credits, overdrafts, etc.		194,740,058,680	169,768,977,727
Bills purchased and discounted		8,271,173,081	3,356,441,587
Fixed Assets Including Premises, Furniture & Fixtures	8	3,788,444,279	3,917,767,831
Other Assets	9	33,996,968,178	26,002,046,119
Non-Banking Assets	10	375,246	375,246
Total Assets		320,361,891,793	285,462,252,281
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from Other Banks, Financial Institutions & Agents	11	6,305,989,705	2,543,554,248
Deposits and Other Accounts	12	247,278,503,683	224,808,590,528
Current accounts & other accounts		29,016,869,218	26,080,165,638
Bills payable		12,240,637,725	4,512,456,257
Savings bank deposits		62,201,794,370	51,969,483,909
Term deposits		138,518,717,957	137,592,543,248
Other deposits		5,300,484,413	4,653,941,476
Other Liabilities	13	41,632,995,086	33,234,994,053
Total Liabilities		295,217,488,474	260,587,138,829
Capital / Shareholders' Equity			
Paid up capital	14.2	8,803,738,120	8,803,738,120
Statutory reserve	15	9,300,249,482	9,300,249,482
Retained earnings (general reserve)	16	4,094,175,061	3,815,549,087
Other reserves	17	2,946,240,656	2,955,576,763
Profit and Loss account surplus	18	-	-
Total Shareholders' Equity		25,144,403,319	24,875,113,452
Total Liabilities and Shareholders' Equity		320,361,891,793	285,462,252,281

Balance Sheet as at 31 December 2016

OFF-BALANCE SHEET ITEMS

Contingent Liabilities

Acceptances & Endorsements

Letters of guarantee

Irrevocable letters of credit

Bills for collection

Other Contingent Liabilities

Total Contingent Liabilities

Other Commitments

Documentary credits and short term trade-related transactions

Forward assets purchased and forward deposits placed

Undrawn note issuance and revolving underwriting facilities

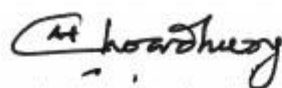
Undrawn formal standby facilities, credit lines and other commitments

Total

Total Off-Balance Sheet Items Including Contingent Liabilities

Note	2016 Taka	2015 Taka
20	9,039,954,197	7,648,739,240
	58,770,791,207	44,054,462,906
	4,125,546,631	1,614,641,134
	1,072,217,186	1,184,343,398
	73,008,509,221	54,502,186,678
	-	-
	-	-
	-	-
	-	-
	-	-
	73,008,509,221	54,502,186,678

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



Md. Abdul Halim Chowdhury
Managing Director



Fahim Ahmed Faruk Chowdhury
Director

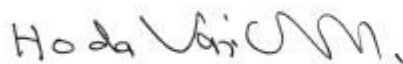


Moniruddin Ahmed
Director



Habibur Rahman
Chairman

Signed as per annexed report on even date



Hoda Vasi Chowdhury & CO.
Chartered Accountants



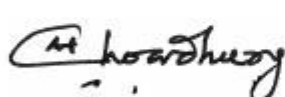
S.F. AHMED & CO.
Chartered Accountants

Dated, Dhaka
March 12, 2017

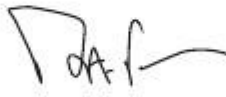
Profit & Loss Account for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
Operating Income			
Interest income	21	17,602,872,116	18,481,641,889
Interest paid on deposits, borrowings, etc.	22	(10,458,632,825)	(11,706,798,614)
Net Interest Income		7,144,239,291	6,774,843,275
Investment income	23	4,354,878,450	4,409,756,059
Commission, exchange and brokerage	24	1,401,477,386	1,541,286,014
Other operating income	25	1,048,449,896	1,204,902,503
Total Operating Income		13,949,045,023	13,930,787,851
Operating Expenses			
Salaries and allowances	26	4,222,309,846	4,055,004,524
Rent, taxes, insurance, electricity, etc.	27	653,826,579	575,321,597
Legal expenses	28	16,117,123	16,045,488
Postage, stamp, telecommunication, etc.	29	76,348,995	72,591,856
Stationery, printing, advertisements, etc.	30	119,165,892	127,942,813
Managing Director's salary and fees	31	10,500,000	10,137,500
Directors' fees	32	7,779,716	5,908,413
Auditors' fees	33	1,320,000	1,829,820
Charges on loan losses		-	2,422,749
Depreciation and repair of bank's assets	34	559,940,973	441,086,604
Other expenses	35	1,725,263,406	1,288,386,507
Total Operating Expenses		7,392,572,530	6,596,677,871
Profit/(Loss) before Provision		6,556,472,493	7,334,109,980
Provision for Loans, Advances, Investments and Other Assets	36		
Provision for classified loans and advances		1,731,583,535	877,422,975
Provision for unclassified loans and advances		840,208,991	342,577,025
Provision for diminution in value of investments		-	5,000,000
Provision for bad debt offsetting		646,000	652,452
		2,572,438,526	1,225,652,452
Provision for exposure of off-balance sheet items	37	184,000,000	70,000,000
Total Provision		2,756,438,526	1,295,652,452
Total Profit/(Loss) before Taxes		3,800,033,967	6,038,457,528
Provision for current tax	13.5.2	2,919,350,551	3,210,437,445
Provision for deferred tax	13.5.2	(454,271,132)	(67,266,970)
Total Provision for Taxes		2,465,079,419	3,143,170,475
Net Profit after Taxes		1,334,954,548	2,895,287,053
Appropriations			
Statutory reserve		-	900,000,000
Retained surplus (general reserve) carried forward		1,334,954,548	1,995,287,053
Earnings Per Share (EPS)	44		
	Basic	1.52	3.29
	Diluted	1.52	3.29

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



Md. Abdul Halim Chowdhury
Managing Director



Fahim Ahmed Faruk Chowdhury
Director



Moniruddin Ahmed
Director



Habibur Rahman
Chairman



Hoda Vasi Chowdhury & CO.
Chartered Accountants

Signed as per annexed report on even date



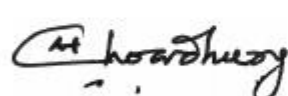
S.F. AHMED & CO.
Chartered Accountants

Dated, Dhaka
March 12, 2017

Cash Flow Statement for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
a Cash Flows from Operating Activities			
Interest receipts in cash		21,414,974,444	22,492,279,669
Interest payments		(10,246,411,738)	(11,699,706,089)
Dividend receipts		330,555,035	392,025,754
Fees and commission receipts		925,073,336	915,922,464
Recoveries of loans previously written off		-	226,914,450
Cash payment to employees		(4,232,809,846)	(4,065,142,024)
Cash payment to suppliers		(212,952,010)	(218,409,977)
Current income tax paid		(2,759,337,697)	(2,011,827,165)
Receipts from other operating activities	38	1,524,853,946	1,603,351,603
Cash payments for other operating activities	39	(2,593,090,488)	(1,951,230,852)
Operating Profit before Changes in Operating Assets & Liabilities		4,150,854,982	5,684,177,833
Increase/(Decrease) in operating assets and liabilities			
Statutory deposits		10,581,044,308	(7,976,431,681)
Purchase/sale of trading securities		(4,573,517,837)	(931,778,584)
Loans and advances to customers (other than banks)		(29,885,812,447)	(23,150,888,647)
Other assets	40	(235,584,362)	(1,845,147,447)
Deposits to/from other banks		3,762,435,457	(833,221,738)
Deposits from customers (other than banks)		22,469,913,155	31,718,347,131
Other liabilities account of customers		2,417,590,683	(374,793,048)
Other liabilities	41	758,892,405	110,863,162
Total Increase / (Decrease) in Operating Assets and Liabilities		5,294,961,362	(3,283,050,852)
Net Cash from / (used in) Operating Activities		9,445,816,344	2,401,126,981
b Cash Flows from Investing Activities			
Proceeds from sale of securities		-	-
Purchase /sale of property, plant & equipment		(224,396,634)	(255,086,681)
Net Cash from/(used in) Investing Activities		(224,396,634)	(255,086,681)
c Cash Flows from Financing Activities			
Payment for redemption of loan capital and debt security		(9,216,107)	-
Receipts from issue of loan capital and debt security		-	822,876
Investment in subsidiary company		(2,000,000,000)	-
Dividend paid		(1,056,448,574)	(880,373,812)
Net Cash from/(used in) Financing Activities		(3,065,664,681)	(879,550,936)
d Net Increase/ (Decrease) in Cash and Cash Equivalents (a+b+c)		6,155,755,029	1,266,489,364
e Cash and cash equivalents at beginning period		24,556,819,380	23,290,330,016
f Cash and cash equivalents at end of period (d+e)	42	30,712,574,409	24,556,819,380

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



Md. Abdul Halim Chowdhury
Managing Director



Fahim Ahmed Faruk Chowdhury
Director



Moniruddin Ahmed
Director



Habibur Rahman
Chairman

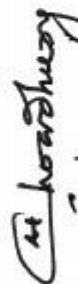
Signed as per annexed report on even date

Dated, Dhaka
March 12, 2017

Statement of Changes in Equity for the year ended 31 December 2016

(Figures in Taka)

Particulars	Paid-up capital	Statutory reserve	Retained earnings (general reserve)	Other reserves	Proposed dividend	Total
For the year 2016						
Balance as at 1 January 2016	8,803,738,120	9,300,249,482	3,815,549,087	2,955,576,763	-	24,875,113,452
Changes in accounting policy	-	-	-	-	-	-
Restated balance	8,803,738,120	9,300,249,482	3,815,549,087	2,955,576,763	-	24,875,113,452
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-
Adjustment of last year gain on investment	-	-	-	(34,681,227)	-	(34,681,227)
Surplus/deficit on account of revaluation of investments	-	-	-	25,465,120	-	25,465,120
Currency translation differences	-	-	-	-	-	-
Net gains and losses not recognised in the Profit and Loss Statement	-	-	-	-	-	-
Transfer regarding revaluation reserve on sale of properties	-	-	120,000	(120,000)	-	-
Net profit for the year	-	-	1,334,954,548	-	-	1,334,954,548
Transfer to statutory reserve	-	-	-	-	-	-
Issue of bonus shares - 2015	-	-	-	-	-	-
Proposed dividend (bonus issue)	-	-	-	-	-	-
Dividends (cash) for 2015	-	-	(1,056,448,574)	-	-	(1,056,448,574)
Balance as at 31 December 2016	8,803,738,120	9,300,249,482	4,094,175,061	2,946,240,656	-	25,144,403,319
Balance as at 31 December 2015	8,803,738,120	9,300,249,482	3,815,549,087	2,955,576,763	-	24,875,113,452


Md. Abdul Halim Chowdhury
Managing Director


Fahim Ahmed Faruk Chowdhury
Director


Moniruddin Ahmed
Director


Habibur Rahman
Chairman

Signed as per annexed report on even date

Dated, Dhaka
March 12, 2017

FINANCIAL STATEMENTS

Liquidity statement (assets and liabilities maturity analysis)
for the year ended 31 December 2016

Particulars	Up to 01 month	01 - 03 months	03 - 12 months	01 - 05 years	More than 5 years	Total
Assets						
Cash in hand	21,114,474,598	-	-	-	-	21,114,474,598
Balances with other banks and financial institutions	2,096,012,763	2,266,345,041	4,466,000,000	205,003,839	-	9,033,361,643
Money at call on short notice	551,286,667	-	-	-	-	551,286,667
Investments	4,908,108,832	1,881,000,000	9,240,889,007	5,929,744,060	26,906,007,522	48,865,749,421
Loans & Advances	17,790,294,090	32,351,442,644	70,279,983,529	63,159,719,492	19,429,792,006	203,011,231,761
Fixed assets including premises, furniture & fixtures	-	-	791,065,308	56,079,267	2,941,299,704	3,788,444,279
Other assets	191,311,930	1,743,481,556	118,102,342	6,894,681,793	25,049,390,557	33,996,968,178
Non-banking assets	-	-	-	-	375,246	375,246
Total Assets	46,651,488,880	38,242,269,241	84,896,040,186	76,245,228,451	74,326,865,035	320,361,891,793
Liabilities						
Borrowings from other banks, financial institutions & agents	903,895,095	5,402,094,610	-	-	-	6,305,989,705
Deposits	38,099,948,232	29,658,106,503	73,145,908,910	40,998,500,503	65,376,039,535	247,278,503,683
Provision & other liabilities	5,485,249,533	-	7,083,939,348	28,874,405,414	189,400,791	41,632,995,086
Total Liabilities	44,489,092,860	35,060,201,113	80,229,848,258	69,872,905,917	65,565,440,326	295,217,488,474
Net Liquidity Gap	2,162,396,020	3,182,068,128	4,666,191,928	6,372,322,534	8,761,424,709	25,144,403,319


Md. Abdul Halim Chowdhury
Managing Director


Fahim Ahmed Faruk Chowdhury
Director


Moniruddin Ahmed
Director


Habibur Rahman
Chairman

Dated, Dhaka
March 12, 2017

Notes to the financial statements for the year ended 31 December 2016

1. The Bank and its activities

1.1 Entity

Pubali Bank Limited (the Bank) was incorporated in the year 1959 under the name and style of Eastern Mercantile Bank Limited under Companies Act 1913. After the country's liberation in 1971, the Bank was nationalised as per policy of the Government of Bangladesh under the Bangladesh Bank (Nationalisation) Order 1972 (PO No. 26 of 1972) and was renamed as Pubali Bank. Subsequently, the Bank was denationalised in the year 1983 and was again incorporated in Bangladesh under the name and style of Pubali Bank Limited in that year. The government transferred the entire undertaking of Pubali Bank to Pubali Bank Limited, which took over the same as a going concern.

1.2 Principal activities

The Bank engages in all types of commercial banking services as laid down in Banking Companies Act 1991 and directives received from Bangladesh Bank from time to time. It has 453 branches all over Bangladesh. It is listed in the stock exchange of Dhaka and Chittagong as a publicly-traded company.

1.3 Capital structure of the Bank

The authorised capital of the Bank is Taka 20,000,000,000 divided into 2,000,000,000 ordinary shares of Taka 10 each which was increased from Taka 10,000,000,000 divided into 1,000,000,000 ordinary shares of Taka 10 each. The face value of each share has also been changed to Taka 10 each from Taka 100 vide special resolution passed in the extra ordinary general meeting held on 6 May 2010 and 15 July 2010 respectively. Details of share capital are given in note no. 14.

2. Significant accounting policies and basis of preparation of financial statements

2.1 Basis of accounting

The financial statements, namely, Balance Sheet, Profit & Loss Accounts, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement and relevant notes and disclosures thereto, of the Bank are prepared on a going concern basis under historical cost convention, and in accordance with First Schedule of the Banking Companies Act 1991, as amended, BRPD circular no. 14 of 25 June 2003, other Bangladesh Bank circulars, International Accounting Standards, and International Financial Reporting Standards adopted in Bangladesh as Bangladesh Accounting Standards (BAS), and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 including those that have been so far adopted by the Institute of Chartered Accountants of Bangladesh. Wherever appropriate, such principles are explained in succeeding notes.

2.2 Basis of consolidation

A separate set of records for consolidating the Balance Sheet and Profit & Loss Statement of the branches are maintained at the Head Office of the Bank based on which these financial statements have been prepared.

Notes to the financial statements for the year ended 31 December 2016

The consolidated financial statements include the financial statements of Pubali Bank Limited and its subsidiary, i.e. Pubali Bank Securities Limited prepared at the end of the financial year. The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS)-27, "separate Financial Statements" and Bangladesh Financial Reporting Standard (BFRS)-10, "Consolidated Financial Statements". The consolidated Financial Statements are prepared for the same financial year ended on 31 December 2016.

2.3 a. Islamic Banking Window

The Islamic Banking Wing of the Bank has been maintaining a separate set of books and records for its operation. All Assets and Liabilities and Income and Expenditure of this Wing are incorporated in similar heads of account of Bank's Financial Statements. Separate Financial Statements, Balance Sheet and Profit & Loss Statement of Islamic Banking Wing are shown separately as per instruction of Bangladesh Bank BRPD Circular No. 15 dated: November 9, 2009. Basis of distribution of profit and fixation of final rate of return of Islamic Banking Operation for the year 2016 are enclosed in the Annexure-D.

b. Off-shore Banking Unit

The Bank obtained the Off-shore Banking Unit ("the Unit") permission vide letter No. BRPD (P-3) 744 (108)/2010-93 dated January 13, 2010. The Bank commenced operation from January 22, 2015. The Off-shore Banking Unit is governed under the rules and guidelines of the Bangladesh Bank. The Bank has two units. One is located at Dhaka and the other unit is located at Chittagong. Separate Financial Statement of Off-shore Banking Units are shown in Annexure-F.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision or future periods, if the revision affects both current and future periods.

2.5 Foreign currency transactions**i. Functional and presentational currency**

Financial statements of the Bank are presented in Taka, which is the Bank's functional and presentational currency.

Notes to the financial statements for the year ended 31 December 2016

ii. Foreign currency translation

Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective dates of such transactions as per BAS-21 "The effects of Changes in Foreign Exchange Rates".

Assets and liabilities in foreign currencies at 31 December 2016 have been converted into Taka currency at the average of the prevailing buying and selling rates of the relevant foreign currencies at that date except "Balances with other Banks and Financial Institutions" which have been converted as per directives of Bangladesh Bank vide its circular no. BRPD(R) 717/2004-959 dated 21 November 2004.

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting/ crediting exchange gain or loss account.

iii. Commitment

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities/commitments for letter of credit, letter of guarantee and acceptance denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the date of balance sheet.

2.6 Taxation

Income tax expense represents the sum of the current tax and deferred tax.

2.6.1 Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the date of Balance Sheet.

Provision for current income tax has been made @ 40% on accounting profit made by the Bank after considering some of the add backs of income and disallowances of expenditure as per Income Tax Ordinance 1984.

2.6.2 Deferred tax

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the date of Balance Sheet. The impact on the account of changes in the deferred tax assets and liabilities has also been recognised in the Profit and Loss Statement as per BAS 12 "Income Taxes" (Note# 13.5.1).

Notes to the financial statements for the year ended 31 December 2016

2.7 Assets and basis of their valuation

2.7.1 Cash and cash equivalents

Cash and cash equivalents include currency notes and coins on hand, balances held with Bangladesh Bank and most liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the Bank to meet its short term obligations.

2.7.2 Investments

Investment in Govt. securities are initially recognized at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Premiums are amortized and discounts accredited, using the effective yield method and are taken to discount income. The valuation methods of investments used are:

2.7.2.1 Held to maturity (HTM)

Investments which have fixed or determinable payments and are intended to be held to maturity, are classified as held to maturity. These investments are subsequently measured at amortized cost, less any provision for impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition. Any gain or loss on such investments is recognized in the Profit and Loss Statement when the investment is derecognized or impaired as per BAS 39 'Financial Instruments: Recognition and Measurement'.

Value of investment has been enumerated as follows:

<u>Item</u>	<u>Applicable accounting value</u>
Government treasury bonds	Amortized value
Prize bonds	At cost price
Approved debentures	At cost price
Shares and debentures	At cost price

Investment in shares and debenture are valued at cost. Adequate provision is made for shortfall in market value of shares and debentures over their cost price.

2.7.2.2 Held for trading (HFT)

The securities under this category include those acquired by the Bank with the intention to trade by taking advantages of short term price/interest movement, and the securities those are classified as HFT by the Bank held in excess of statutory liquidity reserve (SLR) net of cash reserve requirement (CRR), at a minimum level. Investments classified in this category are principally for the purpose of selling or repurchasing on short trading or if designated as such by the management. In this category, investments are measured at their fair value and any change in the fair value i.e., profit or loss on sale of securities in HFT category is recognized in the Profit and Loss Account.

Notes to the financial statements for the year ended 31 December 2016

Value of investment has been enumerated as follows:

<u>Item</u>	<u>Applicable accounting value</u>
Bangladesh Bank Bills	At market value
Government Treasury Bills	At market value

2.7.3 Loans and advances

- (a) Interest on loans and advances is calculated on a daily product basis but charged and accounted for quarterly on accrual basis. Interest on classified loans and advances is kept in interest suspense account as per directives of Bangladesh Bank and such interest is not accounted for as income until realized from borrowers.
- (b) Interest is not charged on bad and doubtful loans and advances from the date of filing money suits against the borrowers.
- (c) Provision for loans and advances is made on the basis of periodical review by the management and of instructions contained in Bangladesh Bank's BCD circular nos. 34 of 16 November 1989, 20 of 27 December 1994 and 12 of 04 September 1995 and BRPD circular nos. 16 of 06 December 1998, 9 of 14 May 2001, 2 of 15 February 2005, 9 of 20 August 2005, 17 of 6 December 2005, 5 of 5 June 2006 and 5 of 5 April 2008, 32 of 27 October 2010, 07 of 14 June 2012, 14 of 23 September 2012, 19 of 27 December 2012, 5 of 29 May 2013, 4 of 29 January 2015, 16 of 18 November 2015 and 8 of 02 August 2016 respectively at the following rates:

<u>(i) General provision on unclassified loans and advances</u>	<u>Rate</u>
Standard general loans and advances	1%
Standard Small and Medium enterprise Financing	0.25%
Standard loans to Merchant Banking/BHs/SDs	2%
Std. Housing Fin. and loans for professional to set up a biz.	2%
Standard Consumers loan Scheme other than HF and LP	5%
Standard Short term Agri and Micro credit	2.50%
Special Mention Account general Loans and advances	1%
Special mention account Small and Medium enterprise Financing	0.25%
Special mention account loans to BHs/MBs/SDs	2%
Special mention account HF and LP	2%
Special mention account Consumer's loan scheme other than HF and LP	5%
<u>(ii) Specific provision on classified loans and advances</u>	
Substandard (Agri and Micro credit)	5%
Doubtful (Agri and Micro credit)	5%
Substandard	20%
Doubtful	50%
Bad or Loss	100%

Notes to the financial statements for the year ended 31 December 2016

- (d) Loans and advances are written off to the extent that there is no realistic prospect of recovery, and against which legal cases are pending for more than five years as per guidelines of Bangladesh Bank. These write offs, however, will not undermine/affect the claim amount against the borrowers. Detailed memorandum records for all such written off accounts are meticulously maintained and followed up.

2.7.4 Fixed assets and depreciation

- (a) Fixed assets other than land are stated at cost/revalued price less accumulated depreciation.
- (b) Depreciation is charged at the rates as per our Bank's policy on diminishing balance method with the exception of Computers and Accessories, Machinery and Equipments and Motor vehicles on which straight-line method is applied.
- (c) Cost of lifts is included in machinery and equipment and depreciated on straight line method.
- (d) Upon sale or disposal of any item of fixed assets, no depreciation is charged in the year of its sale or disposal, original cost, accumulated depreciation and the net book value is eliminated from accounts and any resulting gain or loss is transferred to Profit and Loss Account.
- (e) Depreciation at applicable rates is charged on additions to fixed assets during the period from 21 December of the previous Year to 20 December of the current Year.

<u>Category of asset</u>	<u>Method</u>	<u>Rate of Depreciation</u>
Freehold Land	N/A	-
Leasehold Land	Fixed	-
Buildings	Diminishing Balance	2.50%
Furniture and Fixtures	Diminishing Balance	10%
Machinery and Equipments	Straight Line	20%
Computers and Computer Accessories	Straight Line	30%, 30% & 40%
Motor Vehicles	Straight Line	20%

2.7.5 Other assets

Provision for other assets is made as per BRPD circular no. 14 of 25 June 2001.

2.7.6 Lease finance

Leases are classified as finance leases of the Bank as per BAS 17 "Leases". Amount due from leases under finance leases are recorded as receivables as the amount of the Bank's net investment in the leases (note 7.13). Finance leases income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's investment outstanding in respect of the leases. No depreciation has been charged for such leases in the account.

Notes to the financial statements for the year ended 31 December 2016

2.8 Retirement benefits to the employees

a) Provident fund

The Bank operates a contributory provident fund for its eligible employees. The Commissioner of Income Taxes, Dhaka has approved the provident fund as a recognized provident fund as per section 2(1) of Part B of the First Schedule of Income Tax Ordinance 1984. The Fund is administered by a Board of Trustees consisting 3 (three) members and funded by contributions both from employees and Bank @10% of basic salary. Interest earned from the investment is credited to the members' accounts annually. Provident fund benefits are given to the employees of the Bank in accordance with provident fund rules of the Bank.

b) Gratuity

The Bank has been maintaining an employee gratuity fund in the name of Pubali Bank Limited Gratuity Fund under which benefits are given to the staff of the Bank in accordance with the rules of gratuity fund. National Board of Revenue has approved the gratuity fund as a recognized gratuity fund vide their letter no. 6(16) /2007/822 of 14 November 2007. The Fund is operated by a Board of Trustees consisting 5 (five) members of the Bank.

2.9 Revenue recognition

The revenue during the year is recognized as follows which satisfy all conditions of revenue recognition as prescribed by BAS 18 "Revenue".

- (i) Interest is calculated on daily product basis on unclassified loan and advances but charged on a quarterly basis.
- (ii) Interest is charged on classified loans and advances as per Bangladesh Bank's BRPD circular no. 14 of 23 September 2012 and other related circulars and such interest is not taken into income.
- (iii) Dividend income is recognized when shareholders' right to receive is established.
- (iv) Commission and discount on bills purchased and discounted are recognized at the time of realization.

2.10 Cash flow statement

Cash Flow Statement is prepared principally in accordance with BAS-7 "Cash Flow Statement" under the mixture of direct and indirect method as per guidelines of BRPD circular no. 14 dated 25 June 2003. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the financial year. It reported cash flows during the period classified by operating activities, investing activities and financing activities.

Notes to the financial statements for the year ended 31 December 2016**2.11 Statement of liquidity**

The liquidity statement has been prepared in accordance with the remaining maturity period of the value of the assets and liabilities as on the reporting date as per the guidelines of Bangladesh Bank BRPD Circular No 14 of 25 June 2003.

2.12 Statement of changes in equity

Statement of changes in equity is prepared in accordance with BAS-1" Presentation of Financial Statements" and under the guidelines of BRPD circular no.14 dated 25 June 2003.

2.13 Reconciliation of books of account

Books of account in regard to inter-bank (inside Bangladesh and outside Bangladesh) and inter-branch transactions are being regularly reconciled. The Bank however, formed a task force to take positive steps to eliminate the long outstanding inter-branch entries within the shortest period of time.

2.14 Risk Management

An efficient and healthy banking system is a prerequisite for sustainable economic growth of a country. In this context, effective risk management practices enable the banking industry to build public trust and confidence in the institutions which is necessary for mobilizing private savings for investment to facilitate economic growth. On the flip side, inadequate risk management practices in the banking industry may lead to erosion of public confidence in the industry having adverse implications for the economic growth. Therefore, an effective risk management framework is a prerequisite for banks to achieve their own business objectives. Risks are considered warranted when they are understandable, measurable, controllable and within a banking company's capacity to readily withstand adverse results. Sound risk management systems enable managers of banking companies to take risks knowingly, reduce risks where appropriate and strive to prepare for a future, which by its nature cannot be predicted with absolute certainty.

Risk management is a discipline at the core of every banking company and encompasses all activities that affect its risk profile. Banks should attach considerable importance to improve the ability to identify measure, monitor and control the overall risks assumed. Risk management is very important especially when the banks are dealing with multiple activities, involving huge funds having both local and international currency exposure. Banking companies in Bangladesh, while conducting day-to-day operations, usually face the following major risks: Credit Risk, Internal Control & Compliance Risk, Money Laundering Risk, Asset Liability Management Risk, Foreign Exchange Risk and Information Technology Risk. Moreover Residual Risk, Concentration Risk, Liquidity Risk, Reputation Risk, Strategic Risk, Settlement Risk and Environmental & Climate Change Risk are also brought into consideration. Success or failure of the bank depends to a great extent on proper identification and minimization of these risks. As per BRPD Circular no.11 dated 27 October, 2013 a Risk Management Committee of the Board was formed and the

Notes to the financial statements for the year ended 31 December 2016

Committee is complying with the instructions of Bangladesh Bank. A separate Risk Management Committee at Management level was also formed headed by Deputy Managing Director as Chief Risk Officer (CRO) where all the Division Heads of Head Office are the members and the Division Head, Risk Management Division is the member secretary. The Committee is responsible to our Honorable Managing Director for compliance and implementation of the decisions. Considering the importance of the issue and as per instruction of Bangladesh Bank DOS circular letter no: 13 dated 09.09.2015, a separate Risk Management Division was formed. Monthly meeting of Risk Management Committee at Management level is arranged regularly where different risks are discussed and decisions are gradually implemented and minutes of that meeting along with risk management papers submitted to Bangladesh Bank DOS on monthly, quarterly and half-yearly basis. RMD also prepares Risk Appetite Statement (RAS) on yearly basis mentioning risk limit with tolerance level. As a part of risk management, adequate capital is maintained against Credit Risk, Market Risk and Operational Risk under Risk Based Capital Framework. Under the second pillar of Basel-III, a Supervisory Review Process (SRP) team was formed to review, monitor and maintain adequate capital considering all relevant risks. Quarterly Stress Testing is conducted to assess the impact of different risks associated with banking business on asset, liability & ultimately on capital and the report is submitted before the Board of Directors and Bangladesh Bank regularly.

a) Credit Risk Management

Credit risk is one of the major risk faced by the bank. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the bank. The failure may result from unwillingness of the counter party or decline in his/her financial condition. Therefore, Bank's credit risk management activities have been designed to address all this issue. The bank has segregated duties of the Officers/Executives involved in credit related activities. Credit approval, Credit Administration, Monitoring and recovery function have been segregated in line with Bank's CRM guidelines. For this purpose, separate divisions have been formed at Head Office. These are Credit Division; Credit Administration, Monitoring and Recovery Division (CAM&RD) and Law Division. Similarly Regional Offices and Corporate Branches are also separated their works of sanctioning, disbursement, monitoring and recovery. Credit Division is entrusted with the duties of maintenance asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy/strategy for lending operation etc.

A thorough assessment is done before sanction of any credit facility at credit division, Head Office; Regional Office and Corporate Branch. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility environmental risk etc. All credit proposals have been placed in credit committee (Corporate Branches, Regional Offices, Principal Offices and Head office) for recommendation to sanction or decline. Additional/Deputy Managing Director is the chairman of the credit committee at Head office level. In Corporate Branch, Head of Region and GM of Principal office is Chairman of the credit Committee at Corporate Branch, Region and Principal office

Notes to the financial statements for the year ended 31 December 2016

level respectively. Loans exposure beyond the discretionary power of Managing Director are placed before the Board of Directors of the Bank for approval. Concentration of credit risk management is shown in note 7.5, 7.6, 7.7 and 7.8

In determining single borrower/large loan exposure, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted on periodical interval to ensure compliance of Bank's and Regulatory policies. In addition external audit firms are also engaged in this regard. Loans are classified as per Bangladesh Bank's guidelines. Concentration of large loan borrower shown in note 7.9

b) Foreign Exchange Risk Management

The foreign exchange risk arises from transaction involvement in any other nation currency; it also may be occurred when a bank holds assets or liabilities in foreign currencies and impacts the earnings and capital of bank due to the fluctuations in the exchange rates. Providing major foreign exchange related transactions are carried out on behalf of customer (against underlying L/C commitments and other fund requirements) thus bank has minimal exposure to the captioned risk. Treasury Division reviews the market conditions, exchange rates, exposure and transactions on daily basis in fixation of foreign exchange rates to mitigate Foreign exchange risk. It is mentionable that bank do not involve in any speculative transactions.

Our Treasury Division independently engages in the foreign currency transactions through foreign exchange (Fx) market and back office is responsible for verifying the deal and passes the necessary accounting entries. All foreign exchange transactions are revalued at mark-to-market rate on every month end as advised by Bangladesh Bank. All nostro accounts are reconciled on monthly basis and outstanding entries beyond 30 days are reviewed by management for settlement. The bank maintains the daily exchange position within the stipulated limit prescribed by Bangladesh Bank.

c) Asset Liability Management

Asset Liability Management (ALM) is the most important aspect for the Bank to manage Balance Sheet risks, especially for managing liquidity risk and interest rate risk which is managed by the Asset Liability Committee (ALCO) of the Bank. ALCO is concerned with risk management and provides comprehensive and dynamic framework for measuring, monitoring and managing liquidity risk, interest rate risk and foreign exchange risk in the context of bank's business strategy. ALCO of the bank regularly monitors interest rate risk, foreign exchange risk and other factors that affect the bank's liquidity to maximize earnings and protect the institution from any disastrous financial consequences.

d) Prevention of Money Laundering

Money Laundering Risk arises from non-compliance of money laundering related instructions of the regulatory body. It's consequence are dire & far reaching and may be in the form of financial penalty, reputation loss, legal harassment and even the risk of sustainability. It provides the fuel for drug dealers, terrorists,

Notes to the financial statements for the year ended 31 December 2016

illegal arm traders, corrupt public officials and others to operate and expand their criminal enterprises. Success in money laundering encourages the criminals to continue their illicit schemes which means more fraud, more drugs & drug related crime, more violence, unrest in the society and the economy and a general loss of morale on the part of legitimate business people. Any country or financial institution reputed as a money laundering or terrorist financing haven, alone, could cause significant adverse consequences. Foreign banks may decide to limit their transactions with institutions from money laundering havens, subject these transactions with extra scrutiny, and terminate correspondent or lending relationship. Even legitimate banks from money laundering havens may suffer from reduced access to world market or access at a higher cost due to extra scrutiny of their ownership, organization and control systems. This can result in diminished development and economic growth. Both depositors and borrowers as well as investors may cease doing business with an institution whose reputation has been damaged due to allegation of money laundering and terrorist financing. Large amounts of laundered funds may be withdrawn suddenly by the criminal depositors if the bank is under investigation. Legitimate customers may also begin to withdraw their funds for fear of losing the same, causing potential liquidity problems. Credit concentration risk may jeopardize interest income of a bank. Lack of knowledge about a particular loan customer or group of related borrowers, the customer's business or what the customer's relationship is to other parties can place a bank at risk. If the borrower is involved in money laundering, the status of the loan may be downgraded and recovery of the loan may not be possible. The loss of high quality borrowers reduces profitable loans and increases the risk of overall loan portfolio. Money laundering may lead to legal risk such as law suits, adverse judgments, unenforceable contracts, fines & penalties generating losses etc. For involvement in money laundering & terrorist financing, the regulatory bodies may impose restrictions on business expansion and bank may lose its market share. Banks around the globe may be unwilling to establish banking relationship if money laundering prevention and combating terrorist financing status are not upto the mark.

The following initiatives have been taken by our Bank to comply with the requirements of Bangladesh Bank:

- * Central Compliance Unit (CCU) at Head Office, Regional Compliance Unit (RCU) at Regional Offices and Branch Compliance Unit (BCU) at branch level have been formed headed by Chief Anti-Money Laundering Compliance Officer (CAMLCO), Regional Anti-Money Laundering Compliance Officer (RAMLCO) and Branch Anti-Money Laundering Compliance Officer (BAMLCO) respectively.
- * Guidelines on money laundering prevention and Combating Terrorist Financing Policy have been revised & updated and the same have been disseminated to the branches for compliance.
- * Customer Selection Policy has been prepared and the same has been disseminated for compliance.

Notes to the financial statements for the year ended 31 December 2016

- * Uniform Account Opening Form was introduced where KYC is a must. As per Money Laundering Prevention Act-2012 and as per Bangladesh Bank instruction, branches have been instructed to obtain complete & accurate information of the clients while establishing banking relationship.
- * Branches have been advised to compare actual transactions with transaction Profile to identify abnormal and suspicious transactions.
- * Cash Transaction Reporting (CTR) and Suspicious Transaction Reporting (STR) are made to Bangladesh Bank on regular basis.
- * Customers are graded on the basis of risk. Branches have been advised to closely monitor High Risk Customers and to apply Enhanced Due Diligence in this case.
- * Branches have been advised to follow the instruction of BFIU circular no. 10 dated 28/12/2014 for opening the accounts of Politically Exposed Persons, Influential Persons and Individuals entrusted with prominent function by international organizations.
- * Self-Assessment Statement is prepared by the branches on half yearly basis and a summary report is prepared and submitted to Bangladesh Financial Intelligence Unit. Branches are followed up to remove the weakness detected in the report.
- * Our internal auditors assess the AML & CFT status of the branches through independent Testing Procedure while conducting audit. The same is summarized and placed before the Management and Bangladesh Financial Intelligence Unit on half yearly basis. Branches are followed up to improve their status.
- * Extensive training is being continuously imparted to the officials of the Bank to make them familiar with money laundering prevention & combating terrorist financing and to mitigate the risk arising out therefrom. Every year Management of our Bank approves an outreach training calendar on Money Laundering Prevention, Combating Terrorist Financing and Foreign Remittance. In the year 2016, all workshops were arranged in due time. Pubali Bank Training Institute also arranges training workshop on the issue as per yearly training plan.
- * All circulars of former Anti-Money Laundering Department and present Bangladesh Financial Intelligence Unit (BFIU) of Bangladesh Bank have been disseminated to the branches for compliance.
- * Meeting of Central Compliance Unit (CCU) is arranged at Head Office. Branches and Regional Offices have also been advised to arrange meeting of BCU and RCU respectively.
- * Before establishing correspondent banking relationship, status on money laundering prevention and combating terrorist financing of the respondent banks are obtained through a questionnaire developed by Bangladesh Financial Intelligence Unit. Other information and documents such as license, certificate of incorporation, list of

Notes to the financial statements for the year ended 31 December 2016

directors, compliance status of regulatory instruction etc. are also verified. Correspondent Banking relationship with any bank is only established upon receipt of the desired information and subject to our satisfaction.

- * As a precautionary measure and as per instruction of Central Bank, we do not establish Correspondent Banking relationship with any shell bank or any bank having banking relationship with any shell bank.
- * Pubali Bank has already introduced sanction screening so that no black listed individual/entity can use our banking channel for money laundering, terrorist financing or any other financial crime.
- * To ensure the genuineness of the customers national ID card verification has been introduced. "

e) Internal Control and Compliance

Today's banks are involved in diversified & complex financial activities. The activities are no longer confined to a single geographical boundary. The diversified & complex financial activities and international business of the bank bear significant risk. Thus the issue of effective internal control system, corporate governance, transparency & accountability etc. have become of great importance. Weakness in Internal Control System may lead to significant amount of loss and the loss may be originated from internal & external fraud, employee practices & workplace safety, business practices, damage to physical assets, business disruption & system failure and process management etc. In our Bank, internal control and compliance functions are jointly performed by Audit & Inspection Division, Monitoring Division, Compliance Division and Human Resources Division. Audit & Inspection Division conducts audit as per Risk Based Audit Plan approved by the Board. Synopsis of the audit report is placed before the Audit Committee of the Board of Directors regularly. Monitoring Division is engaged with on-site and off-site monitoring functions. Compliance Division deals with regulatory compliance related activities and also functions as the contact point of the Bank. It ensures regulatory requirements and industry practices. Ethical issue and behavioral norms have assumed of great importance in the banking industry since banks deal with the money of countless depositors and if the interest of the depositors is threatened, it will bring the economy to a halt. Considering the fact and as per directive of our Central Bank, an Ethical Committee was formed headed by Deputy Managing Director where all the Division Heads are the members and the Division Head, Compliance Division is the Member Secretary. The Committee is responsible to Honorable Managing Director for implementation of the decisions. All branches, regional offices and divisions of Head Office have been advised to form Ethical Sub-committee so that ethics in banking can be practiced in all walks of the Bank. The Management Committee (MANCOM) headed by Honorable Managing Director reviews the overall internal control system of the Bank and a certificate is provided to the Board of Directors in this regard. As per instruction of Audit Committee of the Board, Compliance Division places the quarterly position of internal control & compliance of the Bank before the Committee on regular basis and decisions are gradually implemented.

Notes to the financial statements for the year ended 31 December 2016

f) Information technology

Information Technology has enabled efficient, accurate and timely management of the increased transaction volume of Pubali Bank Limited that comes with a larger customer base. Adoption of technology has delighted the customers in terms of convenience and satisfaction through new products, new services and efficient delivery channels.

Pubali Bank Limited has been extending customer services at all of our **453 branches** using our **in-house developed** core banking software, **Pubali Integrated Banking System (PIBS)** under network environment. **Real Time Centralized Online Banking** System has been developed and deployed in all of our 453 branches across the country. The Online Banking Network of Pubali Bank Limited has become the largest one in the banking sector of Bangladesh. The efficient members of the **Software and Hardware Support Unit** at IT Division are extending quick support to the branches to solve any software/operational problems in banking software. Besides, IT Division is **modifying, strengthening and enhancing** our core banking solutions, **PIBS**, according to demand, which is being notified to branches through various circullars.

One Stop Service has been implemented at all of our branches to ensure better and quick customer services. **Hardware Engineers** have also been posted in each of our **Regional Offices** for quick solution to the hardware problems of the branches under the Region. Besides, **passing power** has been incorporated in PIBS to comply business requirements and to ensure higher security in Banking operation.

To encourage incoming **foreign remittances**, all of our branches have been brought under the network of **Western Union Money Transfer, MoneyGram, Transfast, Xpress Money Services, Ria, Pravu Money Transfer, Placid Express etc.** in addition to receiving **Foreign TTs** from different **Exchange Houses** abroad. Besides, we have developed an online payment module through which branches can pay remittances (Cash/Account Payee) to customers quickly.

We have launched our **Internet Banking System** using our in-house developed software and we are extending this services to the customers of our all Online Branches. Security of the transmitted data by encryption/decryption has been ensured through agreement with **VeriSign Secured Site Pro**. Development of software for **Mobile Phone Banking** is under process.

We have participated in the **Real Time Gross Settlement (RTGS)** from its inception as a pioneer bank through our in-house developed software, PIBS.

We have established our **Data Center** at IT Division, Head Office and **Disaster Recovery Center** at Uttara, Dhaka. Banking Data of our all the Online Branches are being stored both at our Data Center and Disaster Recovery Center simultaneously to ensure business continuity even in disaster. Moreover, we have recently added Exadata storage solution for enhancing storage capacity of our Data Center and Disaster Recovery Center that assured uninterrupted data availability for end users and proliferated period end data processing speed.

Notes to the financial statements for the year ended 31 December 2016

We have successfully implemented Bangladesh Automated Clearing House (**BACH**) and Bangladesh Electronic Fund Transfer System (**BEFTN**), Credit Information Bureau (**CIB**) Reporting as per guidelines of Bangladesh Bank.

We have **Islamic Banking Window** at our Principal Branch, Dhaka and at Dargagate Branch, Sylhet using our in-house developed software, Pubali Integrated Islamic Banking System (**PIIBS**). Customers of our Islamic banking windows can get selected services from any of our Online Branches through Online Banking Network.

We have established our **website** www.pubalibangla.com where from the visitors can get information about our products, charge schedule, career opportunities, procurement notices and present status of our bank. The website is updated periodically and also as and when required. Communication through **email** among our Branches, Regional Offices and different Divisions of Head Office under our own **Mail Server** at IT Division, Head Office has become quick and easier.

Information Technology Division, obtaining prior permission of the Management, introduced **Offshore Banking Units (OBU)** of Pubali Bank Limited. In regard to banking products, OBU's are allowed to offer banking services targeting selected group of clients and non-residents.

Pubali Monitoring System has been developed for different Divisions of Head Office, Regional offices and Principal Offices to monitor /observe the status of branch operation and performance under their jurisdiction.

To ensure **proper training** to our officials, Information Technology Division arranged need based hands on training program at our Computer Lab daily in addition to training/workshop arranged at Head Office Auditorium throughout the year. During the year **2016**, we conducted **121** training programs at our **Computer Lab** on **10 (ten)** different Topics/Modules covering **2,614 participants** and **02 (two) Workshops** on General Banking Practices and related IT Operations at our **Head Office Auditorium** covering **242 participants** from Branches/Regional Offices across the country.

Pubali Bank Limited is moving towards state of art technology platform and in such a scenario, we are now at a stage of transforming Pubali Bank Limited to paperless banking. IT Division is working hard for achieving this objective within a short period of time.

2.15 Disclosure on fraud and forgeries committed by bank employees:

During the year 2016, 2 instances of fraud & forgeries were identified. Total amount of money involved against the 2 instances was Tk.8,390/- . Tk.8,390/- has been accounted for against 01 instance.

It is mentionable here that out of the 02 instances, 01 instances was internal fraud wherein no financial lost incurred and another 01 instance was external fraud amounting to Tk.8,390/-.

Administrative and disciplinary action have been initiated against the delinquent officer of the Bank.

Notes to the financial statements for the year ended 31 December 2016

2.16 Off-balance sheet items

Under general banking transactions, liabilities against acceptance, endorsement and other obligations and bills against which acceptances have been given and claims exist there against, have been shown as off-balance sheet items.

2.17 Authorization of financial statements

The financial statements for the year ended 31 December 2016 have been authorized for issue in accordance with a resolution of the Board of Directors on 12 March 2017.

2.18 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability substantially.

2.19 Earnings per share

Earnings per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as on 31 December 2016 as per BAS 33 "Earnings per Share". Diluted earnings per share was not required to calculate as no dilution occurred.

2.20 Interest paid and other expenses

In terms of the provisions of BAS 1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

2.21 Memorandum items

Memorandum items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Stock of travelers' cheques, value of savings certificates (sanchaya patra) etc. fall under the memorandum items.

2.22 Reporting period

These financial statements cover one calendar year from 01 January 2016 to 31 December 2016.

2.23 Number of employees

The number of employees employed in the Bank as on 31 December 2016 was 7,204 of which 6,150 were male and 1,054 were female. The number of employees per branch was 14.03 excluding 848 employees in the head office of the Bank.

During the year 2016, the Bank paid remuneration up to Taka 36,000 per employee to 101 persons and exceeding Taka 36,000 per employee to 7,103 persons.

Notes to the financial statements for the year ended 31 December 2016

2.24 Provision for liability

A provision is recognized in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2.25 Events after reporting period

In terms of provision of BAS 10 "Events after Reporting period" no material event has occurred after balance sheet date which could affect the values reported in the financial statements, except declaration of dividend, if any.

2.26 Capital Adequacy under Basel-III

Banks operating in Bangladesh are maintaining capital since 1996 on the basis of risk weighted assets in line with the Basel Committee on Banking Supervision (BCBS) capital framework published in 1988. Considering present complexity and diversity in the banking industry and to make the banks' capital requirement more risk sensitive, Bangladesh Bank, being the central bank of the country has decided to adopt the Risk Based Capital Adequacy for banks in line with capital adequacy framework devised by the BCBS popularly known as 'Basel II'. Bangladesh Bank prepared a guideline to be followed by all scheduled banks from January 2009. Both the existing capital requirement rules on the basis of Risk Weighted Assets and revised Risk Based Capital Adequacy Framework for Banks as per Basel II were followed simultaneously initially for one year. For the purpose of statutory compliance during the period of parallel run i.e. 2009, the computation of capital adequacy requirement under existing rules prevailed. On the other hand, revised Risk Based Capital Adequacy Framework as per Basel II had been practiced by the banks during 2009 so that Basel II recommendation could effectively be adopted from 2010. From January 2010, Risk Based Capital Adequacy Framework as per Basel II have been fully practiced by the banks replacing the previous rules under Basel-I. Bangladesh Bank adopted "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" as per BRPD circular no. 18 dated 21 December 2014 replaced of "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel II)". This circular shall come into force with effect from January 01, 2015. Pubali Bank Limited is maintaining its capital requirements at adequate level as per "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)"

The guideline is structured around the following three aspects or pillars of Basel-III :

- I. Minimum capital requirements to be maintained by a bank against credit, market and operational risk;
- II. Supervisory Review i.e., Process for assessing overall capital adequacy in relation to a bank's risk profile and a strategy for maintaining its capital at an adequate level;
- III. Market Discipline i.e., to make public disclosure of information on the bank's risk profiles, capital adequacy and risk management.

Notes to the financial statements for the year ended 31 December 2016

2.27 Training

Training involves learning process for bringing about the desired change in the employee behavior. Training aims at changing knowledge, skills and attitudes so that an individual can carry out his present job satisfactorily. Pubali Bank Training Institute is engaged in preparing and implementing Training Plan of the Bank. The Institute imparts training through specific training programs on overall Banking activities and management for the purpose of enhancing professional efficiency for all officers and executives.

In implementation of the human resources development strategy, the Bank has established its own Training Institute with the vision to build up professionals with technical, human and conceptual skills. The Institute is focused to ensure a formal platform where employees can exchange their knowledge base to face complexities of banking world.

During the year 2016, the Training Institute conducted a total of 82 courses/ workshops including outreach workshops with participation of 3176 Officers and Executives. The objectives of designing all training programs are to bridge the gap between present level of competence and the required level of competence.

Sl No	Training courses/workshops/seminars	No. of courses held	Number of participants attended
1	Foundation Training Course for Prob. Officers (Sr. Officers & Officers)	7	179
2	Training On International Trade payment & Finance	5	112
3	Workshop on Marketing & Customers' Service Development in Banking	3	66
4	Foundation Training Course for Junior Officers	4	89
5	Training on General Banking	5	113
6	Workshop on Risk Management in Banks	2	41
7	Training on Credit Management	4	93
8	Training on Branch Management (Manager's Induction)	3	66
9	Workshop on Prevention of Malpractices, Fraud & Forgeries.	1	20
10	Workshop on Leadership, Team Building and Motivation & Ethics in Banking	2	70
11	Workshop on Legal aspect of Securities & Documentation	4	106
12	Workshop on Internal Control & Compliance	2	40
13	Workshop on Integrated Supervisory System (ISS)	12	544
14	Workshop on NPL Management: Legal & non-legal measure for recovery of loans	2	50
15	Foundation Training for JO (C) & Cashier - Cum- Clerk	4	125
16	Workshop on Management Development Program	2	59
17	Orientation training for Junior Officers (Cash) recruited in 2016	1	165
18	Orientation training for Sr. Officers & Officers recruited in 2016	1	283

Notes to the financial statements for the year ended 31 December 2016

Sl No	Training courses/workshops/seminars	No. of courses held	Number of participants attended
19	Business English & Communication Skill	4	82
20	Conducting Inquiry and report writing	2	51
21	Audit & Inspection in Banks	1	100
22	Money laundering Prevention	3	81
23	Basic Accounting and Pubali Bank Accounting Procedures	2	50
	Sub Total	76	2,585
	Workshop on Leadership, Team Building and Motivation & Ethics in Banking (Outreach)	6	591
	Grand Total	82	3,176

2.28 Audit committee

The Audit Committee of the Board comprising of the following members of the Board of Directors:

Name	Status in the Bank	Status in the Committee	Educational Qualification
Mr. Khurshid-ul-Alam	Independent Director	Chairman	B.A (Hon's), M.A (Eco), DU, M.A (Eco), University of New England, Australia.
Mr. Ahmed Shafi Choudhury	Director	Member	B.A (Dhaka University)
Mr. Monzurur Rahman	Director	Member	Bachelor of Arts, Calcutta University
Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Director	Member	B.Eng (Civil), UK, FCMA (UK), CGMA
Dr. Shahdeen Malik	Independent Director	Member	PhD in Law, London, UK, Obtained LLM degrees from University at Moscow & Philadelphia.

2.29 Statement of compliance

The financial statements of the Bank are prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, Securities and Exchange Rules 1987. In case any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of BFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of BFRS are as follows:

i) Investment in shares and securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for

Notes to the financial statements for the year ended 31 December 2016

sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

ii) Revaluation gains/losses on Government securities

BFRS: As per requirement of BAS 39 where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

iii) Provision on loans and advances/investments

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013), BRPD circular No. 4 (29 January 2015) and BRPD circular No.16 (18 November 2015) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 5%, 5% to 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

Notes to the financial statements for the year ended 31 December 2016

iv) Recognition of interest in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

v) Other comprehensive income

BFRS: As per BAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank neither include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

vi) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

vii) Financial guarantees

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.

Notes to the financial statements for the year ended 31 December 2016

viii) Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

ix) Non-banking asset

BFRS: No indication of Non-banking asset is found in any BFRS.

Bangladesh Bank: As per BRPD 14, there must exist a face item named Non-banking asset.

x) Cash flow statement

BFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD 14, cash flow statement is the mixture of direct and indirect methods.

xi) Balance with Bangladesh Bank: (Cash Reserve Requirement)

BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

xii) Presentation of intangible asset

BFRS: An intangible asset must be identified and recognised, and the disclosure must be given as per BAS 38.

Bangladesh Bank: There is no regulation for intangible assets in BRPD 14.

xiii) Off-balance sheet items

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD 14, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

Notes to the financial statements for the year ended 31 December 2016

xiv) Loans and Advances/Investments net of provision

BFRS: Loans and advances/Investments should be presented net of provision.

Bangladesh Bank: As per BRPD 14, provision on loans and advances/investments are presented separately as liability and can not be netted off against loans and advances.

2.30 General

- i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year for the purpose of comparison with current year's presentation, without any impact on.
- ii) Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- iii) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
3 Cash			
Cash in hand (Including foreign currencies)			
In local currency		3,602,781,519	2,807,910,343
In foreign currencies		10,049,601	26,974,219
		3,612,831,120	2,834,884,562
Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currencies)			
Bangladesh Bank			
In local currency		15,422,923,958	15,547,699,954
In foreign currencies		642,508,639	1,054,063,223
		16,065,432,597	16,601,763,177
Sonali Bank as agent of Bangladesh Bank			
In local currency		1,436,210,881	1,940,333,414
		17,501,643,478	18,542,096,591
		21,114,474,598	21,376,981,153

3.1 Cash Reserve Ratio and Statutory Liquidity Requirement

Cash Reserve Ratio and Statutory Liquidity Requirement have been calculated and maintained in accordance with section 33 of Bank Companies Act 1991 MPD circular numbers 1 and 2 of 23 June 2014 and 10 December 2013.

The statutory Cash Reserve Ratio (CRR) required on the Bank's time and demand liabilities at the rate of 6.5% has been calculated and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Requirement (SLR) , on the same liabilities is also maintained in the form of treasury bills and bonds and other eligible securities. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

3.1.1 Cash Reserve Ratio (CRR)			
Required reserve (6.5%)		15,345,722,030	14,375,238,000
Actual reserve maintained		15,889,764,383	16,321,683,751
Surplus		544,042,353	1,946,445,751
3.1.2 Statutory Liquidity Requirement (SLR)			
Required reserve (13%)		30,624,848,319	28,690,187,550
Actual reserve maintained		42,082,326,168	53,627,581,000
Surplus		11,457,477,849	24,937,393,450
3.1.3 Total required amount of CRR and SLR			
Total required reserve (19.5%)		45,970,570,349	43,065,425,550
Total actual reserve maintained		57,428,048,198	68,002,819,000
Total surplus		11,457,477,849	24,937,393,450
3 (a) Consolidated Cash			
Cash in hand (Including foreign currencies)			
Pubali Bank Limited		3,612,831,120	2,834,884,562
Pubali Bank Securities Limited		-	-
		3,612,831,120	2,834,884,562
Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currencies)			
Pubali Bank Limited		17,501,643,478	18,542,096,591
Pubali Bank Securities Limited		-	-
		17,501,643,478	18,542,096,591
		21,114,474,598	21,376,981,153

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
4 Balance with Other Banks and Financial Institutions			
In Bangladesh	4.1	7,802,936,535	1,536,876,025
Outside Bangladesh	4.2	1,230,425,108	685,816,934
		9,033,361,643	2,222,692,959
4.1 In Bangladesh			
In fixed/term deposit account (in local currency)			
Delta Brac Housing and Finance Corporation Ltd.		1,050,000,000	450,000,000
ICB Islamic Bank Ltd, Bangshal Branch, Dhaka		32,462,196	36,462,541
ICB Islamic Bank Ltd, Principal Office, Dhaka		188,541,643	196,542,333
Investment Corporation of Bangladesh		3,000,000,000	-
IPDC Finance Ltd		300,000,000	-
United Finance Ltd		150,000,000	-
Phoenix Finance & Investment Ltd		100,000,000	-
IDLC Finance Limited		500,000,000	-
Brac Bank Ltd		500,000,000	-
EXIM Bank Ltd, Uttara Branch		300,000,000	-
The city Bank Ltd, Islamic Banking Branch		500,000,000	-
Social Islami Bank Limited, Principal Branch, Dhaka		300,000,000	300,000,000
		6,921,003,839	983,004,874
In Savings Deposit account			
Islami Bank Bangladesh Limited, Foreign Exchange Branch, Dhaka		12,337,078	11,934,201
		12,337,078	11,934,201
In Special Notice Deposit account			
Sonali Bank Ltd, Shilpa Bhaban Branch, Dhaka		859,538,739	500,711,550
Bank Al Falah Ltd, Principal Branch, Dhaka		1,120,415	1,092,215
National Bank Ltd, Dilkusha Branch, Dhaka		608,288	592,458
The City Bank Ltd, Foreign Exchange Branch, Dhaka		853,239	827,123
Mutual Trust Bank Ltd, Principal Branch, Dhaka		889,302	866,705
Bangladesh Krishi Bank, Local office, Dhaka		637,276	617,041
The Hongkong and Shanghai Banking Corp Ltd, Main Branch, Dhaka		583,317	583,317
First Security Islami Bank Ltd, Dilkusha Branch, Dhaka		5,365,042	5,246,421
		869,595,618	510,536,830
Total Inside Deposit in BDT		7,802,936,535	1,505,475,905
Fixed deposit receipts (Foreign Currency)			
Commercial Bank of Ceylon, Dhaka		-	31,400,120
		-	31,400,120
		7,802,936,535	1,536,876,025

Notes to the financial statements for the year ended 31 December 2016

4.2 Outside Bangladesh (Nostro Account) In demand deposit account (non interest bearing)

Name of Bank	Foreign currency name	2016			2015		
		Conversion rate per unit FC	Amount in foreign currency	Amount in taka	Conversion rate per unit FC	Amount in foreign currency	Amount in taka
American Express Bank Ltd, Kolkata	ACUD	78.70	30,202.44	2,376,999	78.50	69,605.44	5,464,048
Bank of Bhutan, Thimpu	ACUD	78.70	8,099.83	637,474	78.50	72,167.89	5,665,201
Bank of Tokyo Mitsubishi Ltd, Kolkata	ACUD	78.70	22,770.00	1,792,049	78.50	22,770.00	1,787,452
Bank of Tokyo Mitsubishi Ltd, Tokyo	JPY	0.67	2,927,671.00	1,974,246	0.65	6,419,893.00	4,181,576
Commerz Bank, Germany	USD	78.70	687,232.37	54,086,699	78.50	710,005.51	55,735,646
Habib Metropolitan Bank, Ltd., Karachi	ACUD	78.70	608,122.19	47,860,554	78.50	654,698.91	51,394,061
Habib American Bank, New York	USD	78.70	1,161,785.37	91,435,065	78.50	446,326.51	35,036,765
HDFC Bank Ltd. Mumbai	ACUD	-	-	-	78.50	36,296.40	2,849,278
United Bank of India, Kolkata	ACUD	78.70	266,918.13	21,007,044	78.50	229,755.99	18,035,914
HSBC Bank, Mumbai	ACUD	78.70	64,075.94	5,042,917	78.50	64,075.94	5,029,980
Hypovereins Bank, Munchen	EURO	82.35	20,202.09	1,663,723	85.83	58,987.86	5,063,060
ICICI Bank Ltd., Kolkata, India	ACUD	78.70	17,453.34	1,373,616	78.50	182,659.20	14,338,802
AB Bank, Mumbai	ACUD	-	-	-	78.50	251,641.42	19,753,927
Mashreq Bank PSC, New York	USD	78.70	4,394,097.36	345,825,129	78.50	1,245,645.46	97,783,542
Mashreq Bank PSC, New York (OBU)	USD	78.70	1,504,604.82	118,415,709	78.50	30,311.78	2,379,484
Mashreq Bank Mumbai, India (OBU)	ACUD	78.70	17,331.84	1,364,054	78.50	3,820.16	299,884
NDLC IFIC Bank Ltd. (NIB) Karachi	ACUD	78.70	4,229.74	332,890	78.50	4,229.74	332,036
Peoples Bank, Colombo	ACUD	78.70	74,996.41	5,902,383	78.50	284,310.06	22,318,425
Sonali Bank Ltd, Kolkata	ACUD	78.70	230,718.01	18,158,015	78.50	233,375.64	18,320,058
Sonali Bank,UK(GBP) Ltd	GBP	96.39	34,923.02	3,366,385	116.31	90,642.71	10,542,295
Sonali Bank,UK(USD) Ltd	USD	78.70	227,966.08	17,941,432	78.50	718,540.51	56,405,646
Standard Chartered Bank, Kathmandu	ACUD	78.70	104,962.42	8,260,773	78.50	104,962.42	8,239,581
Standard Chartered Bank, New York	USD	78.70	5,455,899.29	429,391,277	78.50	2,052,227.96	161,100,510
Standard Chartered Bank, Mumbai	ACUD	-	-	-	78.50	815,615.82	64,026,087
Standard Chartered Bank, UK	GBP	96.39	219,550.92	21,163,491	116.31	131,685.92	15,315,869
ICICI Bank, Kolkata, India	EURO	82.35	14,537.17	1,197,194	85.83	4,921.37	422,412
UBS AG, Zurich	CHF	76.69	11,976.41	918,505	79.48	17,500.84	1,390,930
Unicredit S.P.A., Milano, Italy	EURO	82.35	351,379.30	28,937,485	85.83	30,343.68	2,604,465
				1,230,425,108			685,816,934

2016 Taka 2015 Taka

4.3 Maturity grouping of balance with other banks and financial institutions

Payable on demand	2,096,012,763	702,997,556
Up to 3 months	2,266,345,041	936,690,529
Over 3 months but not more than 1 year	4,466,000,000	386,000,000
Above 1 year (Receivable from former The Oriental Bank Ltd.)	205,003,839	197,004,874
	9,033,361,643	2,222,692,959

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
4 (a) Consolidated Balance with other banks and financial institutions			
In Bangladesh			
Pubali Bank Limited		7,802,936,535	1,536,876,025
Pubali Bank Securities Limited		372,333,256	559,091,404
		8,175,269,791	2,095,967,429
Inter company transactions		(372,333,256)	(559,091,404)
		7,802,936,535	1,536,876,025
Outside Bangladesh			
Pubali Bank Limited		1,230,425,108	685,816,934
Pubali Bank Securities Limited		-	-
		1,230,425,108	685,816,934
		9,033,361,643	2,222,692,959
5 Money at Call on Short Notice			
Banking company	5.1	211,286,667	15,286,667
Non-banking financial institution	5.2	340,000,000	920,000,000
		551,286,667	935,286,667
5.1 Banking Company			
Mercantile Bank Limited		100,000,000	-
Midland Bank Limited		100,000,000	-
ICB Islamic Bank Ltd.		11,286,667	15,286,667
		211,286,667	15,286,667
5.2 Non-banking Financial Institution			
Prime Finance & Investment Ltd.		-	40,000,000
Bangladesh Finance & Investment Co. Ltd.		-	40,000,000
Lanka Bangla Finance Ltd.		90,000,000	40,000,000
Industrial & Infrastructure Development Finance Co. Ltd.		140,000,000	150,000,000
Premier Leasing & Finance Ltd.		50,000,000	50,000,000
United Finance Ltd.		60,000,000	-
MIDAS Financing Ltd.		-	40,000,000
Investment Corporation of Bangladesh.		-	200,000,000
Phoenix Finance & Investment Ltd.		-	90,000,000
IDLC Finance Ltd.		-	140,000,000
Fareast Finance & Investment Co. Ltd.		-	40,000,000
Delta Brac Housing Finance Corp. Ltd.		-	90,000,000
		340,000,000	920,000,000

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
6 Investments			
Government investments			
Securities			
Government / Bangladesh Bank bills - at book value	6.1	8,033,929,007	24,283,641,470
Government treasury bonds	6.2	28,516,673,341	22,848,005,186
National prize bonds		13,451,501	21,858,601
Total investment in government securities and bonds		36,564,053,849	47,153,505,257
Other investments			
Shares	6.3	5,474,577,602	8,234,954,765
Debentures	6.4	344,060	469,060
Prime Bank Limited Bond		45,000,000	90,000,000
MTBL Bond		20,000,000	30,000,000
Dhaka Bank Limited Bond		40,000,000	70,000,000
National Bank Limited Bond		40,960,000	51,200,000
One Bank Limited Bond-1		80,000,000	100,000,000
Mercantile Bank Limited Bond		100,000,000	100,000,000
Trust Bank Limited Bond-1		250,000,000	250,000,000
The City Bank Limited Bond		196,000,000	196,000,000
Southeast Bank Limited Bond-1		300,000,000	300,000,000
Bank Asia Limited Bond		250,000,000	250,000,000
EXIM Bank Limited Bond		300,000,000	300,000,000
Social Islami Bank Limited Bond		200,000,000	200,000,000
Southeast Bank Limited Bond - 2		1,000,000,000	-
Trust Bank Limited Bond - 2		1,000,000,000	-
One Bank Limited Bond - 2		1,000,000,000	-
Commercial paper of Computer Source		-	250,000,000
Commercial paper of RFL Plastics		-	300,000,000
Commercial paper of Runner Automobiles		500,000,000	-
Commercial paper of Energypac Engineering Ltd		500,000,000	-
Commercial paper of Shanta Holding Ltd		250,000,000	-
Commercial paper of Matador Ball Pen Industries		150,000,000	-
Commercial paper of Concord Real Estate & Development Ltd		300,000,000	-
Commercial paper of Danish Condensed Milk BD		300,000,000	-
Bridge financing advances	6.5	4,813,910	5,553,910
		12,301,695,572	10,728,177,735
		48,865,749,421	57,881,682,992
6.1 Government / Bangladesh Bank bills			
30 days Bangladesh Bank bills		-	17,881,084,405
91 days treasury bills		-	4,887,258,315
182 days treasury bills		8,033,929,007	-
		8,033,929,007	22,768,342,720
182 days (REVERSE REPO with other bank)		-	247,213,750
1 year (REVERSE REPO with other bank)		-	1,268,085,000
		-	1,515,298,750
		8,033,929,007	24,283,641,470

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
6.2 Government treasury bonds			
25 years treasury bond	5.00%	12,121,000	17,677,000
20 years treasury bond	8.24%-12.98%	11,093,042,415	8,081,477,909
15 years treasury bond	7.79% - 12.42%	6,624,171,552	6,109,282,676
10 years treasury bond	8.75% - 12.22%	6,058,221,692	6,057,818,581
5 years treasury bond	6.25%- 11.82%	4,659,418,253	2,428,344,613
2 years treasury bond	8.50%	20,198,429	101,404,407
		28,467,173,341	22,796,005,186
6 Month Bangladesh Govt. Islami Investment Bond		49,500,000	52,000,000
		28,516,673,341	22,848,005,186

6.3 Shares

Name of company	No of share	Market price	Market value	Book value 2016	Book value 2015
ACI Limited	107,940	385.50	41,610,870	39,543,942	452,793,696
ACI Formulation's Limited	-	-	-	-	151,158,719
Active Fines Chemicals Limited	754,070	43.30	32,651,231	34,071,851	147,644,701
Aftab Automobiles Limited	-	-	-	-	66,380,061
Agricultural Marketing Company Limited (Pran)	-	-	-	-	46,490,852
Aman Feed Limited	424,885	68.80	29,232,088	30,604,972	-
Apollo Ispat Complex Limited	10,372,904	20.50	212,644,532	169,695,922	220,326,635
Aramit Cement Limited	-	-	-	-	2,924,749
Argon Denims Limited	1,224,905	31.10	38,094,546	43,049,101	37,086,374
Asia Insurance Company Limited	-	-	-	-	28,499,523
Bank Asia Limited	-	-	-	-	32,595,097
Bangladesh Shipping Corporation	60,113	470.20	28,265,133	28,920,836	14,460,529
Bangladesh Submarine Cable Company Limited	-	-	-	-	26,639,603
Bata Shoe Company (BD) Limited	3,636	1,142.00	4,152,312	4,558,005	4,544,913
BDCOM Online Ltd	27,766	25.70	713,586	727,607	-
British American Tobacco Bangladesh Limited	-	-	-	-	40,817,526
Beacon Pharma Limited	1,622,000	22.00	35,684,000	41,882,728	41,882,728
Berger Paints Bangladesh Limited	181,913	2,317.80	421,637,951	270,945,120	163,054,150
BRAC Bank Limited	842,481	64.10	54,003,032	53,580,827	-
Bangladesh Steel Re- Rolling Mills Limited	139,105	127.60	17,749,798	24,990,809	-
City Bank Limited	-	-	-	-	13,086,178
CMC Kamal Textile Mills Limited	-	-	-	-	19,344,078

Notes to the financial statements for the year ended 31 December 2016

Name of company	No of share	Market price	Market value	Book value 2016	Book value 2015
Confidence Cement Limited	397,100	109.40	43,442,740	58,851,204	58,851,204
Delta Brac Housing Finance Corporation Limited	24,000	102.20	2,452,800	2,826,341	14,094,763
Delta Life Insurance Company Limited	-	-	-	-	357,449,990
Dhaka Electric Supply Company Ltd.	10,480	46.30	485,224	-	-
Dhaka Bank Limited	-	-	-	-	55,334,148
Eastern Lubricants Blenders Limited	-	-	-	-	17,751,805
Eastern Bank Limited	14,943,466	29.00	433,360,514	53,051,800	101,063,585
Eastern Cables Limited	-	-	-	-	37,069,124
Eastern Housing Limited	-	-	-	-	11,348,319
Envoy Textile Limited	1,030,000	38.80	39,964,000	49,015,648	166,432,142
Export Import Bank of Bangladesh Limited	-	-	-	-	21,280,675
Fareast Life Insurance Company Limited	-	-	-	-	15,192,864
Fortune Shoes Limited	10,063	50.80	511,200	100,630	-
GlaxoSmithKline Bangladesh Limited	45,908	1,532.90	70,372,373	78,624,401	78,624,401
Golden Harvest Agro Industries Limited	1,180,026	53.50	63,131,391	39,959,794	49,536,365
GPH Ispat Limited	-	-	-	-	95,742,983
Grameenphone Limited	87,100	284.10	24,745,110	28,161,367	28,161,367
Heidelberg Cement Bangladesh Limited	24,600	552.30	13,586,580	358,500	23,313,285
The IBN SINA pharmaceutical Industry Ltd	254,513	198.50	50,520,831	56,300,431	-
ICB Islamic Bank Limited	7,998,300	5.10	40,791,330	79,983,000	79,983,000
IDLC Finance Limited	245,259	57.00	13,979,763	14,623,064	-
IFAD Autos Limited	-	-	-	-	125,462
IPDC Finance Limited	3,470,656	42.70	148,197,011	120,191,241	-
Jute Spinners Limited	-	-	-	-	100,000
Karnaphuli Insurance Company Limited	-	-	-	-	14,580,398
Lafarge Surma Cement Limited	9,391,070	82.10	771,006,847	528,849,224	969,766,027
LankaBangla Finance Limited	6,938,369	34.80	241,455,241	301,442,841	316,932,962
Linde Bangladesh Limited	157,616	1,296.00	204,270,336	220,130,973	200,100,110
LR Global Bangladesh Mutual Fund One	5,184,672	7.10	36,811,171	50,000,000	50,000,000
Maksons Spinning Mills Limited	-	-	-	-	30,330,425
Malek Spinning Mills Ltd.	-	-	-	-	69,644,597
Marico Bangladesh Limited	321,138	923.20	296,474,602	466,535,540	466,535,540
M.I. Cement Factory Limited	-	-	-	-	23,578,186
Meghna Petroleum Limited	-	-	-	-	111,680,239
MUL Bangladesh Limited	1,024,829	119.60	122,569,548	124,289,150	-
Navana CNG Limited	-	-	-	-	19,649,901

Notes to the financial statements for the year ended 31 December 2016

Name of company	No of share	Market price	Market value	Book value 2016	Book value 2015
National Bank Limited	-	-	-	-	26,341,707
National Tubes Limited	7,012	126.20	884,914	832,191	34,267,834
Olympic Industries Limited	3,355,417	307.90	1,033,132,894	964,977,708	107,857,272
One Bank Limited	-	-	-	-	24,825,266
Orion Pharma Limited	-	-	-	-	11,083,794
Padma Oil Company Limited	-	-	-	-	32,789,907
Phoenix Finance & Investments Limited	-	-	-	-	33,249,225
Popular Life Insurance Company Limited	-	-	-	-	53,399,303
Premier Cement Mills Limited	-	-	-	-	70,768,711
Prime Bank Limited	-	-	-	-	22,184,550
Prime Finance & Investment Limited	-	-	-	-	21,317,841
Paramount Textile Limited	-	-	-	-	34,657,058
Quasem Drycells Ltd	149,149	94.20	14,049,836	14,472,841	-
Reckitt Benckiser Bangladesh Limited	10,375	1,550.00	16,081,250	16,826,410	16,826,410
Renata Limited	41,170	1,085.50	44,690,035	22,152,844	58,252,138
R.N. Spinning Mills Limited	-	-	-	-	138,136,494
Rupali Life Insurance Co. Limited	-	-	-	-	20,004,029
S. Alam Cold Rolled Steels Limited	-	-	-	-	32,018,186
Shasha Denims Limited	44,741	72.60	3,248,197	2,692,525	-
Summit Alliance Port Limited	-	-	-	-	53,603,897
Shahjalal Islami Bank Limited	-	-	-	-	19,168,109
Singer Bangladesh Limited	-	-	-	-	33,299,852
Southeast Bank Limited	-	-	-	-	128,129,472
Summit Purbanchol Power Company Limited	-	-	-	-	21,131,824
Square Textile Mills Limited	215,584	69.20	14,918,413	14,931,865	59,151,302
Square Pharmaceuticals Limited	18,510	249.10	4,610,841	3,228,043	303,425,863
Summit Power Limited	2,365,480	37.00	87,522,760	105,365,781	113,973,423
Tallu Spinning Mills Limited	-	-	-	-	29,497,441
Titas Gas Transmission and Distribution Co. Ltd.	4,348,303	49.40	214,806,168	339,609,462	587,585,936
United Power Generation & Distribution Co. Ltd.	2,559	141.60	362,354	396,546	-
United Commercial Bank Limited	-	-	-	-	32,879,187

Notes to the financial statements for the year ended 31 December 2016

Name of company	No of share	Market price	Market value	Book value 2016	Book value 2015
Unique Hotel And Resorts Limited	-	-	-	-	102,193,969
United Airways (BD) Limited	-	-	-	-	24,148,210
Yeakin Polymer Limited	12,555	30.40	381,673	114,141	-
Sub-Total (A)			4,969,257,026	4,501,467,226	7,240,152,189
Unquoted (B)					
Saleh Carpet Mills Limited	56,800	10.00		568,000	568,000
Swan Textile Mills Limited	578	100.00		57,800	57,800
Specialised Jute Yarn & Twine Manufacturing Co Ltd	19,880	10.00		198,800	198,800
Paper Converting & Packaging Limited	839	100.00		83,900	83,900
Ashraf Textile Mills Limited	99,165	10.00		1,274,980	1,274,980
Karmasangsthan Bank	100,000	100.00		10,000,000	10,000,000
Preferences Shares of Summit Uttaranchal Power Co Ltd (SUPCL)	86,053	100.00		-	8,605,300
Preferences Shares of Summit Purbanchal Power Co Ltd (SPPCL)	130,869	100.00		-	13,086,900
Central Depository Bangladesh Limited	2,284,721	10.00		6,277,770	6,277,770
LankaBangla Securities Limited	88,935	10.00		5,000,000	5,000,000
Sub-Total (B)				23,461,250	45,153,450
Non Capital Market Investment Element (C)					
Investment Corporation of Bangladesh	47,527,110	10.00		949,649,126	949,649,126
Sub-Total (C)				949,649,126	949,649,126
Total (A+B+C)				5,474,577,602	8,234,954,765

FINANCIAL STATEMENTS

6.3.1 Particulars of required provision for investment

	Market value at 31 Dec 2016	Book value at 31 Dec 2016	Required provision 2016	Required provision 2015
Shares	5,905,556,231	5,424,577,602	-	-
Mutual fund	36,811,171	50,000,000	4,520,057	4,740,406
	5,942,367,402	5,474,577,602	4,520,057	4,740,406
Bridge finance advances	-	4,813,910	4,813,910	5,553,910
Debentures - at cost	-	344,060	344,060	469,060
Grand Total	5,942,367,402	5,479,735,572	9,678,027	10,763,376

No provision is required for shares in current year as per DOS circular no. 04 dated 24 November 2011.

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
6.4	Debentures at cost		
	Gandhara Industries Ltd.	60	60
	Rupan Oil and Feeds Ltd.	30,000	30,000
	Bengal Carpet Ltd.	-	75,000
	Bay Sodium Chemical Industries Ltd.	15,000	15,000
	Monir Chemical Ltd.	85,000	85,000
	Saleh Carpet Industries Ltd.	50,000	50,000
	Ismail Carpet Industries Ltd.	-	50,000
	Ahmed Jutex Mills Ltd.	75,000	75,000
	Mirzaboo Steel Ltd.	89,000	89,000
		344,060	469,060
6.5	Bridge financing advances		
	Bridge financing advances (ICB sponsored)	4,813,910	5,553,910
6.6	Maturity grouping of investments		
	Receivable on demand	4,908,108,832	9,183,951,146
	Not more than 3 months	1,881,000,000	22,768,342,720
	Over 3 months but not more than 1 year	9,240,889,007	918,373,669
	Over 1 year but not more than 5 years	5,929,744,060	6,687,718,943
	Over 5 years	26,906,007,522	18,323,296,514
		48,865,749,421	57,881,682,992
6.7	Investment classified as per Bangladesh Bank Circular		
	Treasury bill - Held for trading (HFT)	8,033,929,007	24,283,641,470
	Treasury bond - Held to maturity (HTM)	28,516,673,341	22,848,005,186
	Approved debenture - Held to maturity (HTM)	344,060	469,060
	Other securities	12,314,803,013	10,749,567,276
		48,865,749,421	57,881,682,992

6.8 Repo and Reverse Repo

A. (I) Disclosure regarding outstanding Repo as on 31 December 2016

Counter Party Name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
Agrani Bank Ltd	29-12-2016	1/1/2017	495,834,000
Janata Bank Ltd	29-12-2016	1/1/2017	1,388,335,200

Notes to the financial statements for the year ended 31 December 2016

A. (II) Disclosure regarding outstanding Reverse Repo as on 31 December 2016

Counter Party Name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
NIL	NIL	NIL	NIL

B. (I) Disclosure regarding overall Transaction of Repo and Reverse Repo

Particulars	Minimum Outstanding During the year	Maximum Outstanding During the year	Daily average Outstanding During the year
Securities sold under Repo			
i) With Bangladesh Bank			
ii) With Other Banks and FIs	148,297,350	3,489,272,000	294,416,603
Securities Purchased under Reverse Repo			
i) From Bangladesh Bank			
ii) From Other Banks and FIs	96,704,200	6,221,444,965	1,060,391,017

FINANCIAL STATEMENTS

	Note	2016 Taka	2015 Taka
6 (a) Consolidated Investments			
i. Government			
Pubali Bank Limited		36,564,053,849	47,153,505,257
Pubali Bank Securities Limited		-	-
		36,564,053,849	47,153,505,257
ii. Other			
Pubali Bank Limited		12,301,695,572	10,728,177,735
Pubali Bank Securities Limited		6,238,072,402	3,194,134,983
		18,539,767,974	13,922,312,718
		55,103,821,823	61,075,817,975
7 Loans, Advances and Leases			
Loans, cash credits and overdrafts, etc.	7.1	194,740,058,680	169,768,977,727
Bills purchased and discounted	7.2	8,271,173,081	3,356,441,587
		203,011,231,761	173,125,419,314

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
7.1 Loans, cash credits, overdrafts, etc.			
Inside Bangladesh:			
Loans		59,021,627,542	53,567,994,006
Cash credits		42,635,737,741	38,364,401,532
Overdrafts		52,175,950,607	41,877,803,809
Loan against merchandise		9,228,324	5,884,823
Packing credits		606,622,395	375,393,270
Loan against trust receipts		8,850,951,290	9,525,815,669
Pubali prochesta		390,912,172	383,451,115
Non-resident credit scheme		653,907	811,295
Pubali subarna		4,795,100,759	4,954,978,645
Pubali karmo uddog		153,251,966	143,071,919
Pubali sujon		38,080,885	46,548,056
Pubali utsob		20,700,012	13,461,122
Payment against documents		2,627,585,120	2,377,945,206
Consumers loan scheme		12,846,153,329	10,916,979,126
EDF loan		6,222,200,475	3,259,847,450
Lease finance	7.13	4,338,566,512	3,944,208,471
Others		6,735,644	10,382,213
		194,740,058,680	169,768,977,727
Outside Bangladesh		-	-
		194,740,058,680	169,768,977,727
7.1.1 Maturity grouping of Loans, Advances and Leases			
Repayable on demand		17,655,076,743	12,769,684,339
Up to 3 months		31,166,987,214	20,653,981,749
Over 3 months but not more than 1 year		63,328,483,225	68,024,197,376
Over 1 year but not more than 5 years		63,159,719,492	48,313,487,507
Over 5 years		19,429,792,006	20,007,626,756
		194,740,058,680	169,768,977,727
7.2 Bills purchased and discounted			
Payable in Bangladesh:			
Loans against accepted bills		1,221,573,057	528,007,110
Loans against demand draft purchased		31,565	31,565
		1,221,604,622	528,038,675
Payable outside Bangladesh:			
Foreign bills purchased		7,049,568,459	2,828,402,912
Foreign draft purchased		-	-
		7,049,568,459	2,828,402,912
		8,271,173,081	3,356,441,587
7.2.1 Maturity grouping of Bills purchased and discounted			
Receivable on demand		135,217,347	244,968,205
Not more than 3 months		1,184,455,430	1,812,532,068
Over 3 months but not more than 6 months		6,951,500,304	1,298,941,314
		8,271,173,081	3,356,441,587

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
7.3			
Loans and advances including bills purchased and discounted analyzed in following broad categories			
Inside Bangladesh			
Loans		101,149,974,954	90,054,811,061
Cash credits		42,635,737,741	38,364,401,532
Overdrafts		52,175,950,607	41,877,803,809
		195,961,663,302	170,297,016,402
Outside Bangladesh			
		7,049,568,459	2,828,402,912
		203,011,231,761	173,125,419,314
7.4			
Loans and advances on the basis of significant customer concentration including bills purchased and discounted			
Advance to directors and others		5,856,628	6,956,254
Advance to officers and employees		2,624,724,617	2,533,433,967
Advance to customers group	7.9	87,785,066,000	60,363,877,000
7.5			
Industry wise distribution of loans and advances			
Agriculture		3,873,357,827	3,437,011,740
Jute		299,398,487	408,702,546
Textile		15,533,695,125	13,643,173,535
Ready-made garments		13,533,633,501	11,315,486,582
Steel and engineering		9,458,167,423	5,178,709,749
Ship scraping		2,978,599,018	2,387,214,266
Edible oil		1,592,613,062	1,154,067,214
Cement		2,450,874,375	2,254,750,494
Pharmaceuticals		1,662,885,638	1,405,819,561
Food and allied		11,904,445,305	6,151,434,590
Paper, paper products and packaging		961,571,170	838,083,458
Leather		206,016,737	165,591,701
Others manufacturing industries		9,816,236,406	10,851,471,284
Hospitals, clinics and other health services		5,016,089,341	4,992,804,318
Construction		5,721,625,288	5,850,111,306
Housing		9,160,470,786	7,601,579,918
Energy and power		736,869,030	515,950,000
Transport and communication		1,024,927,440	1,156,968,857
Trade and commerce		57,930,827,127	44,429,409,894
Others service industries		898,463,081	2,855,986,105
NBFI (Non Bank Financial Institution)		2,731,135,420	2,086,144,597
NGO		5,472,748,267	5,712,190,657
Consumer finance		18,480,841,584	13,609,059,153
Others		21,565,740,323	25,123,697,789
		203,011,231,761	173,125,419,314

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
7.6	Geographical location-wise distribution of loans and advances including bills purchased and discounted		
	Inside Bangladesh - Urban		
	Dhaka	117,548,327,203	103,030,818,066
	Chittagong	36,609,646,896	33,124,926,746
	Sylhet	7,457,320,361	7,199,993,881
	Barisal	2,249,486,983	1,827,481,667
	Khulna	5,127,497,035	3,241,812,625
	Rajshahi	4,147,025,416	3,812,643,671
	Rangpur	4,777,239,112	3,182,863,694
	Mymensingh	3,303,536,414	1,982,485,242
		181,220,079,420	157,403,025,592
	Inside Bangladesh - Rural		
	Dhaka	3,204,075,831	3,395,688,002
	Chittagong	3,348,677,184	2,576,524,363
	Sylhet	3,017,337,614	2,630,128,580
	Barisal	538,124,211	523,520,861
	Khulna	1,855,331,324	1,755,375,325
	Rajshahi	1,467,084,497	1,011,226,172
	Rangpur	625,278,041	463,280,387
	Mymensingh	685,675,180	538,247,120
		14,741,583,882	12,893,990,810
	Outside Bangladesh (Foreign bills/drafts purchased)	7,049,568,459	2,828,402,912
		203,011,231,761	173,125,419,314
7.7	Sector-wise loans and advances including bills purchased and discounted		
	Public sector	451,171,849	13,250,350
	Private sector	202,385,397,238	172,850,142,760
	Co-operative sector	174,662,674	262,026,204
		203,011,231,761	173,125,419,314
7.8	Security base-wise loans and advances including bills purchased and discounted		
	Collateral of movable and immovable properties	110,480,447,686	102,442,599,037
	Guarantee of local banks and financial institutions	3,804,095	42,128,111
	Export documents	3,687,199,520	4,254,144,155
	Fixed deposit receipts (FDR) of own Bank	9,685,231,214	4,652,435,437
	FDR of other banks	2,833,473,806	5,791,430,176
	Government bonds	3,089,784	3,187,353
	Corporate guarantee	23,444,728,847	16,971,611,956
	Personal guarantee	40,841,059,088	25,082,597,953
	Other securities	12,032,197,721	13,885,285,136
		203,011,231,761	173,125,419,314

Notes to the financial statements for the year ended 31 December 2016

Note	2016 Taka	2015 Taka
7.9 Advance to customers group (Details of large loans and advances)		
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. Total capital of the Bank was Tk. 26,337,228,513 as at 31 December 2016.		
Number of clients	21	15
Amount of outstanding loans/advances	87,785,066,000	60,363,877,000
Classified amount thereon	-	-
Measures taken for recovery	-	-
* Details shown in Annexure-C		
Name of borrower		
Ha-Meem Group	6,963,105,000	6,099,500,000
Abul Khair Group	6,564,515,000	4,303,781,000
Keya Group	5,669,035,000	5,141,974,000
City Group	5,642,505,000	3,352,427,000
Meghna Group	5,447,400,000	-
Sheema Group	5,373,720,000	3,163,584,000
Project Builders	5,052,310,000	5,173,285,000
Dird Group	4,827,340,000	3,369,745,000
Sharmin Group	4,464,700,000	4,988,200,000
Pakiza Group	4,068,300,000	3,517,100,000
BSRM Group	3,551,599,000	-
Pran Group	3,543,767,000	-
Envoy Textiles Ltd.	3,510,387,000	-
GPH Group	3,423,137,000	2,900,047,000
Madina Group	3,260,640,000	2,734,478,000
Kushiara Power Company Ltd.	2,847,159,000	-
BRAC	2,786,959,000	5,891,434,000
AA Yarn Mills Ltd.	2,767,500,000	2,951,476,000
S. A. Group	2,701,950,000	-
M.A. Rahman Dying Inds. Ltd.	2,690,738,000	-
Antim Group	2,628,300,000	-
City Seed Crushing Group	-	3,671,565,000
Envoy Group	-	3,105,281,000
	87,785,066,000	60,363,877,000

7.9.1 Large Loan restructuring as per BRPD Circular No. 04 dated 29.01.2015

Total Tk.479.50 crore of Keya group has been restructured obtaining required down payment and keeping classification status as SMA as per guidance of Bangladesh Bank's BRPD Circular No. 04 dated 29.01.2015, break-up of which is as under:

- i) Tk. 165.29 crore for 12 years including 01 year moratorium period and TK.182.67 crore for 06 years including 01 year moratorium period Total Tk.347.96 crore A/c. Keya cosmetics Ltd.
- ii) Tk.46.19 crore for 12 years including 01 years moratorium period and TK.85.35 crore for 06 years including 01 year moratorium period Total Tk.131.54 crore A/c. Keya Yarn Mills Ltd.
- iii) As per order of the Honorable High Court Division of the Supreme Court of Bangladesh on Company Matter no 235 of 2013, Keya Knit Composite Ltd, Keya Cotton Mills Ltd and Keya Spinning Mills (referred together as Transferor) has been amalgamated with Keya Cosmetics Limited (the Transferee) who has taken over all liabilities of the Transferor with Pubali Bank Limited.

Notes to the financial statements for the year ended 31 December 2016

Note	2016 Taka	2015 Taka
7.10 Classification of loans and advances including bills purchased and discounted		
Unclassified:		
Standard	179,101,709,880	158,030,146,370
Special Mention Account (SMA)	10,363,341,688	3,343,421,433
	189,465,051,568	161,373,567,803
Classified:		
Sub-Standard (SS)	1,007,846,999	1,280,271,543
Doubtful (DF)	621,520,577	1,052,600,957
Bad or Loss (B/L)	9,292,088,000	6,885,545,044
	10,921,455,576	9,218,417,544
Staff loan	2,624,724,617	2,533,433,967
	203,011,231,761	173,125,419,314

7.11 Particulars of required provision for loans and advances

Status of Classification	Rate of Provision			
	Base for Provision	(%)		
General provision - unclassified				
Standard	122,922,558,627	1	1,229,225,586	1,092,503,372
Small & Medium Enterprise financing	41,431,485,669	0.25	103,578,714	86,179,459
Loans to BHs/MBs/SDs Against Share etc.	48,863,812	2	977,276	42,570,236
Housing Finance	326,909,404	2	6,538,188	7,405,701
Loan for Professional to setup business	154,462,349	2	3,089,247	491,513
Consumers loan scheme	10,056,404,742	5	502,820,237	417,749,889
Short Term Agri Credit and Micro credit	3,855,457,350	2.50	96,386,434	85,741,383
Special Mention Account (SMEF)	956,057,620	0.25	2,390,144	2,932,487
Special Mention Account (CLS)	1,255,067,757	5	62,753,388	48,187,352
Special Mention Account (LP, HF)	85,398,215	2	1,707,964	1,899,844
Special Mention Account (Others)	7,505,301,054	1, 2	127,319,923	11,116,874
			2,136,787,101	1,796,778,110
Specific provision - Classified				
Substandard (Agri & Micro credit)	6,604,923	5	330,246	17,244
Substandard	651,078,512	20	130,215,702	124,954,381
Doubtful (Agri & Micro credit)	3,037,144	5	151,857	17,960
Doubtful	374,488,001	50	187,244,001	281,190,082
Bad/Loss	4,724,624,100	100	4,724,624,100	3,351,525,370
			5,042,565,906	3,757,705,037
Required provision			7,179,353,007	5,554,483,147
Provision maintained		13.1	7,679,553,007	5,574,928,553
Excess provision			500,200,000	20,445,406

The above excess provision in current year is maintained as general provision for potential impairment of loans which are yet to become classified.

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
7.12 Particulars of loans and advances			
(i)	Loans considered good in respect of which the bank is fully secured.	126,689,442,010	117,143,796,158
(ii)	Loans considered good for which the bank holds no other security than the debtors' personal security.	50,282,292,531	38,686,909,324
(iii)	Loans considered good being secured by the personal security of one or more parties in addition to the personal security of the debtors.	26,039,497,220	17,294,713,832
(iv)	Loans adversely classified; Provision not maintained there against	-	-
		203,011,231,761	173,125,419,314
(v)	Loans due by directors or officers of the bank or any of them either severally or jointly with any other persons.	2,630,581,245	2,540,390,221
(vi)	Loan due from companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies as members.	-	-
(vii)	Maximum total amount of advances, including temporary advances, made at any time during the year to directors or employees of the bank or any of them either severally or jointly with any other persons.	2,630,581,245	2,540,390,221
(viii)	Maximum total amount of advances, including temporary advances, granted during the year to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies as members.	-	-
(ix)	Loans due from banking companies.	2,731,135,420	2,086,144,597
(x)	Amount of classified loan on which interest /profit has not been charged as follows:		
a)	Increase / (decrease) of provision (specific)	854,160,560	71,123,439
b)	Amount written off debt	(788,857,595)	(1,677,413,151)
c)	Amount of debt recovered against the debt which was previously written off	109,840,027	81,246,305
d)	Amount of Provision kept against loans classified as bad or loss	4,724,624,100	3,351,525,370
e)	Amount of interest credited in suspense account	1,622,699,217	830,529,581
(xi)	Cumulative amount of written off Loans		
	Opening Balance	10,328,942,327	8,651,529,176
	Amount of written off during the current year	788,857,595	1,677,413,151
		11,117,799,922	10,328,942,327
(xii)	Amount of written off loans for which law suit has been filed for recovery	11,117,799,922	10,328,942,327

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
7.13 Lease Finance			
Lease rental receivable within 1 year		1,806,830,156	1,802,932,921
Lease rental receivable within 5 years		3,448,973,154	2,956,401,251
Lease rental receivable after 5 years		406,817,121	170,128,740
Total lease rental receivable		5,662,620,431	4,929,462,912
Un-earned interest receivable		(1,324,053,919)	(985,254,441)
Net Lease finance		4,338,566,512	3,944,208,471
7 (a) Consolidated Loans, Advances and Leases			
Loans, cash credits, overdrafts, etc.			
Pubali Bank Limited		194,740,058,680	169,768,977,727
Pubali Bank Securities Limited		598,828,710	694,814,222
		195,338,887,390	170,463,791,949
Inter Company Transactions		-	(2,128,090,596)
		195,338,887,390	168,335,701,353
Bills purchased & discounted			
Pubali Bank Limited		8,271,173,081	3,356,441,587
Pubali Bank Securities Limited		-	-
		8,271,173,081	3,356,441,587
		203,610,060,471	171,692,142,940
8 Fixed Assets Including Premises, Furniture & Fixtures			
Cost			
Land		2,255,213,992	2,255,333,992
Building		908,092,261	908,092,261
Vehicles		231,164,544	200,372,891
Machinery and equipments		689,081,240	634,970,046
Computer & computer accessories		1,200,526,692	1,136,010,513
Furniture and fixtures		560,348,758	509,007,124
		5,844,427,487	5,643,786,827
Accumulated depreciation		(2,055,983,208)	(1,726,018,996)
Net book value at the end of the year		3,788,444,279	3,917,767,831

The above amount includes revaluation surplus of Tk. 8,103,355, Tk. 230,540,953, Tk. 86,361,299, Tk. 800,757,736 and Tk. 189,39,34,000 ascertained by independent values in 1986, 1992, 1996, 2006 and 2010 respectively, on land and buildings of the Bank at different locations. The above stated revaluation surplus amounts have been credited to capital reserve. Further details of above assets are shown in **Annexure- A**.

8 (a) Consolidated Fixed Assets Including Premises, Furniture & Fixtures			
Cost			
Pubali Bank Limited		5,844,427,487	5,643,786,827
Pubali Bank Securities Limited		7,810,870	7,693,130
		5,852,238,357	5,651,479,957
Accumulated depreciation			
Pubali Bank Limited		(2,055,983,208)	(1,726,018,996)
Pubali Bank Securities Limited		(5,624,940)	(4,719,100)
		(2,061,608,148)	(1,730,738,096)
		3,790,630,209	3,920,741,861

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
9 Other Assets			
Interest accrued on investments		1,507,307,903	1,323,187,174
Accrued income on loans & advances		236,173,653	213,509,713
Investment in SWIFT		3,387,591	-
Advance security deposit, advance rent and prepaid expenses		193,835,708	226,091,985
Investment in subsidiary company		6,599,998,700	1,599,998,700
Stock dealing account		40,379,784	277,596,210
Stationery and stamps		64,778,476	66,291,496
Drafts payable		21,273,874	22,571,374
Sanchaypatra		993,725	1,814,382
Suspense account	9.1	215,731,551	193,893,684
Demonetized notes	9.2	1,531,750	1,531,750
Items in transit	9.3	4,811,480,497	4,559,738,481
Advance against income tax	9.4	20,134,772,043	17,375,434,346
Clearing house adjustment		63,886,071	38,747,014
Others	9.5	101,436,852	101,639,810
		33,996,968,178	26,002,046,119
9.1 Suspense Account			
Suspense account general		118,102,342	102,819,334
Suspense law		1,350,713	1,390,417
Protested bills		96,278,496	89,683,933
		215,731,551	193,893,684
9.2 Demonetized Notes: Tk. 1,531,750			
This relates to demonetized notes lying with Bangladesh Bank, after due reimbursement.			
9.3 Items in Transit: Tk. 4,811,480,497			
The above is the net amount representing outstanding Inter-branch and Head Office transactions originated but yet to be responded at the balance sheet date. The above amount includes receivables of Tk. 29,99,670 of Bank's own branches operating in former West Pakistan before Liberation of the country in 1971.			
9.3.1 Subsequent position of non-responded entries as on 12.02.2017			

Period of un-reconciliation	Number of Un-responded entries		Un-responded entries (Amount in Taka)	
	Debit	Credit	Debit	Credit
Up to 3 months	31	266	123,015,013	45,151,425
Over 3 months but within 6 months	4	39	6,335,028	1,416,933
Over 6 months but within 1 year	3	-	471,086	-
Over 1 year but within 5 years	11	7	704,712	443,005
Over 5 years	489	451	7,224,303	4,224,633

Notes to the financial statements for the year ended 31 December 2016

		Note	2016 Taka	2015 Taka
9.4	Advance income Tax			
	Balance at the beginning of the year		17,375,434,346	15,363,607,181
	Paid during the year		2,759,337,697	2,011,827,165
	Settlement of previous years tax liability		-	-
	Balance at the end of the year		20,134,772,043	17,375,434,346
9.5	Others			
	Property account		162,129	162,129
	Accrued interest overdue under CLS		97,813,422	98,056,547
	Delayed charges of lease rental		106,948	66,781
	Interest subsidy		9,000	9,000
	Interest suspense against waiver of 50% BSCIC loan		245,061	245,061
	Waiver of 50% outstanding BSCIC loan		44,176	44,176
	Waiver of 50% interest for flood affected jute borrowers		1,351,812	1,351,812
	Waiver of 70% outstanding agricultural credit & rural credit		1,704,304	1,704,304
			101,436,852	101,639,810
9.6	Classification of Other Assets			
	Unclassified (UC)		33,889,874,187	25,900,035,479
	Sub-standard (SS)		-	-
	Doubtful (DF)		1,599,535	1,627,431
	Bad/Loss (BL)		105,494,456	100,383,209
			33,996,968,178	26,002,046,119
9.7	Particulars of provision for Other Assets			
	Status of Classification	Base for provision	Rate of Provision (%)	
	Doubtful (DF)	1,599,535	50	799,768
	Bad/Loss (BL)	105,494,456	100	105,494,456
	Required provision			106,294,224
	Provision maintained		13	255,427,967
	Excess provision			149,133,743
9 (a)	Consolidated Other Assets			
	Pubali Bank Limited		33,996,968,178	26,002,046,119
	Pubali Bank Securities Limited		146,877,909	87,439,344
			34,143,846,087	26,089,485,463
	Inter-company transactions		(40,393,594)	(277,610,020)
	Pubali Bank Securities Limited		(6,599,998,700)	(1,599,998,700)
			(6,640,392,294)	(1,877,608,720)
			27,503,453,793	24,211,876,743

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
10 Non-Banking Assets			
Assets of United Bank of India Ltd. (Located in Dhaka South, Comilla, Rajshahi)		375,246	375,246
11 Borrowings from Other Banks, Financial Institutions and Agents			
Inside Bangladesh	11.1	-	33,906,140
Outside Bangladesh	11.2	6,305,989,705	2,509,648,108
		6,305,989,705	2,543,554,248
11.1 Inside Bangladesh			
Sonali Bank Limited, Local Office, Dhaka.		-	33,906,140
		-	33,906,140
11.2 Outside Bangladesh			
In demand deposit accounts (non- interest bearing)	11.2.1	667,788,495	939,642,108
Placement/ Borrowing from Outside Bangladesh	11.2.2	5,638,201,210	1,570,006,000
		6,305,989,705	2,509,648,108

11.2.1 In demand deposit accounts (non- interest bearing) with:

Name of Bank	Foreign Currency Name	As at 31 December 2016			As at 31 December 2015		
		Conversion rate per unit FC	Amount in foreign currency	Equivalent Taka	Conversion rate per unit FC	Amount in foreign currency	Equivalent Taka
AB Bank Ltd, Mumbai	ACUD	78.70	323,013	25,421,802	-	-	-
Citi Bank NA, New York	USD	78.70	4,594,213	361,574,678	78.50	7,578,717.46	594,931,594
COMMERZ Bank, AG Frankfurt	EURO	82.32	342,686	28,211,427	85.83	59,582.58	5,112,254
HDFC Bank, Mumbai	ACUD	78.20	474,554	37,348,453			
HSBC, New York	USD	-	-	-	78.50	600,411.96	47,132,519
JP Morgan Chase Bank, New York	USD	78.70	2,643,672	208,062,837	78.50	3,725,663.99	292,465,741
Standard Chartered Bank, Mumbai	ACUD	78.70	91,094	7,169,298			
				667,788,495			939,642,108

11.2.2 Placement/ Borrowing from Outside Bangladesh

Placement/ Borrowing from Standard Chartered, Singapore	865,724,200	1,570,006,000
Placement/ Borrowing from Standard Chartered, Hongkong	2,223,337,150	-
Placement/ Borrowing from Habib Bank AG Zurich, Dubai	737,393,966	-
Placement/ Borrowing from Habib Bank AG Zurich, Switzerland	290,414,482	-
Placement/ Borrowing from Mashreq PSC, NY, USA	393,511,000	-
Placement/ Borrowing from National Bank of RAS Al Khaimah (P. S. C) UAE	1,127,820,412	-
	5,638,201,210	1,570,006,000

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
11.3 Security against borrowing from other banks, financial institutions and agents			
Secured		6,305,989,705	2,543,554,248
Unsecured		-	-
		6,305,989,705	2,543,554,248
11.4 Maturity grouping of borrowing from other banks, financial institutions and agents			
Payable on demand		667,788,495	973,548,248
Payable within 1 month		236,106,600	-
Over 1 month but within 6 months		5,402,094,610	1,570,006,000
Over 6 months but within 1 year		-	-
Over 1 year but within 5 years		-	-
Over 5 years and above		-	-
		6,305,989,705	2,543,554,248
12 Deposits and Other Accounts			
Inter-bank deposits		1,014,879,506	312,275,000
Other deposits		246,263,624,177	224,496,315,528
		247,278,503,683	224,808,590,528
12.1 Details of Deposits and Other Accounts			
Current deposits and other accounts :			
Current account		27,214,882,793	24,251,865,585
Cash credit A/C. (Cr. Balance)		554,167,676	401,324,874
Pubali Prochesta (Cr. Balance)		11,859,675	7,703,145
Credit Card A/C		170,741	-
Call deposits		15,633,739	17,208,921
Foreign currency deposits		1,204,640,383	1,386,651,215
Un- claimed drafts payable		3,564	3,564
Un- claimed dividend		18,914	18,914
Unclaimed deposits FDD A/C		15,491,733	15,389,420
		29,016,869,218	26,080,165,638
Bills payable	12.1.1	12,240,637,725	4,512,456,257
Savings Bank accounts		62,201,794,370	51,969,483,909

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
Term deposits:			
Fixed deposits - from customers		61,942,167,300	69,904,404,789
Special notice deposits		28,005,845,821	26,996,685,648
Deposit pension scheme		1,209,894	1,321,785
Interest payable on term deposit		2,808,050,456	3,338,493,646
Pubali pension scheme		14,658,904,213	10,047,071,310
Pubali sanchay prakalpa		4,476,150,111	4,269,745,830
Dwigun sanchay prakalpa		19,685,770,467	17,973,681,517
Target based small deposit (Pubali shopnopuron)		2,196,766,442	867,877,206
Monthly profit base deposit		2,774,162,121	3,104,262,302
Monthly profit based small deposit (Pubali shadhin sonchoy)		1,758,208,860	910,296,945
Shikhya sanchay prakalpa		211,314,973	177,081,659
Child edu. Care and maturity deposit		167,299	1,620,611
		138,518,717,957	137,592,543,248
Other deposits		5,300,484,413	4,653,941,476
		247,278,503,683	224,808,590,528
12.1.1 Bills Payable			
Payment orders issued		11,783,417,739	4,272,443,112
Demand drafts		259,127,899	240,013,145
Sanchayapatra		198,092,087	-
		12,240,637,725	4,512,456,257
12.2 Maturity Analysis of Inter-Bank Deposits			
Payable on demand		963,150,173	261,592,456
Payable within 1 month		36,255,663	20,572,657
Over 1 month but within 6 months		15,473,670	30,109,887
Over 6 months but within 1 year		-	-
Over 1 year but within 5 years		-	-
Over 5 years and above		-	-
		1,014,879,506	312,275,000
12.3 Maturity Analysis of Other Deposits			
Payable on demand		22,490,278,422	23,649,309,310
Payable within 1 month		14,610,263,974	14,124,075,355
Over 1 month but within 6 months		54,599,792,587	54,478,647,008
Over 6 months but within 1 year		48,188,749,156	47,005,489,485
Over 1 year but within 5 years		40,998,500,503	27,057,115,120
Over 5 years and above		65,376,039,535	58,181,679,250
		246,263,624,177	224,496,315,528
		247,278,503,683	224,808,590,528
12 (a) Consolidated Deposits and Other Accounts			
Pubali Bank Limited		247,278,503,683	224,808,590,528
Pubali Bank Securities Limited		-	-
		247,278,503,683	224,808,590,528
Inter Company Transactions		(372,333,256)	(559,091,404)
		246,906,170,427	224,249,499,124

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
13 Other Liabilities			
Accumulated provision for loans and advances	13.1.1.1	4,223,743,657	3,075,945,308
Accumulated provision for consumers loan	13.1.1.2	789,277,605	685,076,757
Accumulated provision for lease finance	13.1.1.3	1,596,341	1,596,341
Accumulated provision for demand loan pubali star	13.1.1.4	27,948,303	15,532,037
		5,042,565,906	3,778,150,443
Provision for unclassified loans and advances	13.1.2	2,636,987,101	1,796,778,110
Provision @1% against off-balance sheet exposure	13.2	730,800,000	546,800,000
Accumulated interest suspense	13.3	1,622,699,217	830,529,581
Provision for rebate on good borrower		20,000,000	-
Provision for doubtful investment		23,750,460	23,750,460
Additional profit payable A/C for Islamic banking		1,738,845	238,845
I.B. bad debt offsetting reserve		3,904,452	3,258,452
Interest suspense on underwriting advances		235,599,888	268,877,119
CLS interest A/C		4,233,900	4,269,515
Accrued interest receivable on overdue CLS		97,813,422	95,371,068
Consumers deposits		153,396,713	114,793,024
Lease deposit		691,719	492,276
Unpaid dividend		675,231	675,231
Special blocked account	13.4	1,215,640	1,215,640
Provision for Current Tax	13.5	23,299,126,721	20,379,776,170
Provision for Deferred Tax	13.5.1	125,535,475	579,806,607
Valuation adjustment		542,323,077	414,629,473
Exchange adjustment account	13.6	28,666,878	28,666,878
Agri credit guarantee backing reserve	13.7	70,261,300	70,261,300
Excise duty		14,469,034	11,945,112
Pakistan account	13.8	8,393,039	8,393,039
Pension fund	13.9	1,570,883	1,570,883
L/C cover account in Bangladesh		1,583,640	1,583,640
EDF adjustment		6,261,073,278	3,547,626,531
Pubali bank adjustment		49,058,060	30,553,557
Sadaqah fund		5,850,621	4,594,950
Card transaction fee (inter bank)		656,117	589,707
FC Charges		17,363,819	17,363,819
Interest suspense account against 70% agri loan		192,382	192,382
Blocked account of UBI		2,973,186	2,973,186
Property account of UBI		49,617	49,617
Payable to Pubali Exchange Co. (UK)		-	9,276,499
Non resident blocked account of UBI		34,487	34,487
		35,962,688,202	28,796,937,158

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
Provision for expenses:			
(i) auditors' fees		1,800,000	1,715,000
(ii) advertisement		3,500,000	4,800,000
(iii) bonuses		318,448,505	372,576,259
(iv) others		48,564,506	60,576,683
		372,313,011	439,667,942
Provision for other assets:			
Suspense account	13.10	63,714,468	63,714,468
Demonetized notes	13.11	989,740	989,740
Provision for un-reconciled general account debit entries	13.12	13,724,657	13,724,657
ICT asset insurance reserve		15,580,358	11,737,402
Reserve for unforeseen losses		161,418,744	130,072,243
		255,427,967	220,238,510
		41,632,995,086	33,234,994,053
13.1 Accumulated provision for loans and advances			
13.1.1 Specific provision on classified loans and advances			
Provision held at the beginning of the year		3,075,945,308	3,370,599,256
Fully provided debts written off during the year		(693,625,213)	(1,253,323,228)
Recoveries of amounts previously written off		109,840,027	81,246,305
Specific provision for the year		1,731,583,535	877,422,975
13.1.1.1 Provision for general loans and advances		4,223,743,657	3,075,945,308
13.1.1.2 Provision for consumers loan		789,277,605	685,076,757
13.1.1.3 Provision for lease finance		1,596,341	1,596,341
13.1.1.4 Accumulated provision for demand loan pubali star		27,948,303	15,532,037
Provision held at the end of the year		5,042,565,906	3,778,150,443
13.1.2 General provision for unclassified loans and advances			
Provision held at the beginning of the year		1,796,778,110	1,454,201,085
Provision made during the year		840,208,991	342,577,025
Provision held at the end of the year		2,636,987,101	1,796,778,110
		7,679,553,007	5,574,928,553
13.2 Provision for exposure against off balance sheet items			
Provision held at the beginning of the year		546,800,000	476,800,000
Provision made during the year	37	184,000,000	70,000,000
Provision held at the end of the year		730,800,000	546,800,000
13.3 Interest suspense account			
Balance at the beginning of the year		830,529,581	718,127,569
Amount transferred during the year		1,121,646,380	774,676,254
Amount recovered during the year		(225,145,124)	(272,313,534)
Amount written off during the year		(104,331,620)	(389,960,708)
Balance at the end of the year		1,622,699,217	830,529,581

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
13.4 Special blocked account: Tk. 1,215,640			
This represents refundable balance exceeding Tk.8,000 primarily disbursed to each depositor originated from reimbursement of demonetized notes by Bangladesh Bank in the year 1975. The amount is repayable to depositor after receipt of value of demonetized notes deposited to Bangladesh Bank.			
13.5 Provision for current tax			
Balance at the beginning of the year		20,379,776,170	17,169,338,725
Provision made for previous year		298,406,335	-
Provision made for current year		2,166,673,084	3,143,170,475
Provision transferred from deferred tax	13.5.1	454,271,132	67,266,970
		2,919,350,551	3,210,437,445
Settlement of previous years tax liability		-	-
Balance at the end of the year		23,299,126,721	20,379,776,170
The status of corporate income tax of the Bank has been shown in Annexure-B			
13.5 (a) Consolidated Provision for current tax			
Pubali Bank Limited		2,919,350,551	3,210,437,445
Pubali Bank Securities Limited		41,082,764	90,626,365
		2,960,433,315	3,301,063,810
13.5.1 Provision for deferred Tax			
Balance at the beginning of the year		579,806,607	647,073,577
Provision made during the year		-	-
Provision transferred to current tax	13.5	(454,271,132)	(67,266,970)
Provision held at the end of the year		125,535,475	579,806,607
Provision for deferred tax has been previously created for taxable temporary differences. Excess amount of deferred tax no longer required has been reversed during the year through profit and loss and adjusted against current tax.			
13.5.1 (a) Consolidated Provision for deferred Tax			
Pubali Bank Limited		(454,271,132)	(67,266,970)
Pubali Bank Securities Limited		1,496,551	(5,013,721)
		(452,774,581)	(72,280,691)
13.5.1 (b) Consolidated Provision for deferred Tax (Accumulated)			
Balance at the beginning of the year		574,630,546	646,911,237
Provision transferred to current tax		(452,774,581)	(72,280,691)
Provision held at the end of the year		121,855,965	574,630,546
13.5.2 Tax Provision made during the Year			
Current Tax		2,919,350,551	3,210,437,445
Deferred Tax		(454,271,132)	(67,266,970)
		2,465,079,419	3,143,170,475

Notes to the financial statements for the year ended 31 December 2016

Note	2016 Taka	2015 Taka
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13.6 Exchange adjustment account: Tk. 28,666,878

This represents windfall gains from devaluation of Bangladesh Taka in the years 1975 and 1976 through barter transactions with socialist countries and the same is being carried forward since then. The account would be settled as per instruction of Bangladesh Bank.

13.7 Agri credit guarantee backing reserve: Tk. 70,261,300

This represents the surplus amount retained by the Bank which was received till the end of 1984 as government guarantee totaling Tk.112,358,000 under Tk 100 crore special agri credit scheme disbursed during the years from 1977 to 1983. Repayment of the above to the government would be made in due course to the extent of recovery of aforesaid agri credit.

13.8 Pakistan account: Tk. 8,393,039

This represents net liability to Bank's own branches operating in former West Pakistan before Liberation of the country and remains unsettled as yet.

13.9 Pension fund: Tk. 1,570,883

This fund has been created from profit up to the year 1985 to defray pension settlements of the Bank's eligible employees. Since then, up to the year 2005 no provision for pension has been made but claims for pension are being settled from expenditure account of the year it is incurred.

13.10 Provision for suspense

Provision at the beginning of the year	63,714,468	63,714,468
Provision made during the year	-	-
Provision at the end of the year	<u>63,714,468</u>	<u>63,714,468</u>

This represents provision for suspense or contingencies for the years 2004 & 2015 including the provisions made in the year 1985 for the period prior to privatisation as per vendor's agreement.

13.11 Provision for demonetized notes: Tk. 989,740

This is as per accounts of earlier years. Representing provision out of demonetized notes of Tk. 1,531,750 of 1975 which remains unsettled with Bangladesh Bank.

13.12 Provision for Un-reconciled General Account debit entries

Period of un-reconciliation	Amount Outstanding	Base for Provision	Provision Required	
			2016	2015
Upto 12 months	-	-	-	-
12 months above but less than 24 months	471,086	50%	235,543	229,006
24 months and above	7,929,014	100%	7,929,014	7,475,253
Required Provision			8,164,557	7,704,259
Provision Maintained			13,724,657	13,724,657
Excess Provision			<u>5,560,100</u>	<u>6,020,398</u>

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
13 (a) Consolidated Other Liabilities			
Pubali Bank Limited		41,632,995,086	33,234,994,053
Pubali Bank Securities Limited		1,385,673,127	3,624,898,851
Parents Subsidiary loan		-	(2,128,090,596)
Inter company payables		(40,393,594)	(277,610,020)
		42,978,274,619	34,454,192,288
14 Capital			
14.1 Authorized capital			
2,000,000,000 ordinary shares of Tk. 10 each		20,000,000,000	20,000,000,000
14.2 Issued, subscribed and paid up capital			
1,600,000 ordinary shares of Tk. 100 each issued for cash		160,000,000	160,000,000
400,000 ordinary shares of Tk. 100 each as bonus share in 2000		40,000,000	40,000,000
2,000,000 ordinary shares of Tk. 100 each as bonus share in 2004		200,000,000	200,000,000
8,000,000 ordinary shares of Tk. 100 each as bonus share in 2005		800,000,000	800,000,000
9,000,000 ordinary shares of Tk. 100 each as bonus share in 2006		900,000,000	900,000,000
8,400,000 ordinary shares of Tk. 100 each as bonus share in 2007		840,000,000	840,000,000
8,820,000 ordinary shares of Tk. 100 each as bonus share in 2008		882,000,000	882,000,000
114,66,000 ordinary shares of Tk. 100 each as bonus share in 2009		1,146,600,000	1,146,600,000
173,901,000 ordinary shares of Tk. 10 each as bonus share in 2010		1,739,010,000	1,739,010,000
167,690,250 ordinary shares of Tk. 10 each as bonus share in 2011		1,676,902,500	1,676,902,500
41,922,562 ordinary shares of Tk 10 each as bonus share in 2013		419,225,620	419,225,620
		8,803,738,120	8,803,738,120

All shares have been converted to Tk. 10 each in EGM held on 15 July 2010.

14.3 Paid up capital as per shareholders category

Particulars	2016			2015
	No. of share	Percentage	Amount	Amount
Directors	254,269,222	28.88%	2,542,692,220	2,542,794,380
Co-operative societies	8,978,820	1.02%	89,788,200	92,936,790
Banks and financial institutions	41,630,124	4.73%	416,301,240	320,046,000
Government	2,126	0.0002%	21,260	21,260
Other institutions	161,007,295	18.29%	1,610,072,950	1,579,715,500
Non resident Bangladeshi	14,654,377	1.66%	146,543,770	150,598,420
General public	399,831,848	45.42%	3,998,318,480	4,117,625,770
	880,373,812	100.00%	8,803,738,120	8,803,738,120

Notes to the financial statements for the year ended 31 December 2016

Note	2016 Taka	2015 Taka
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14.4 Range wise shareholdings

Range wise shareholdings	2016			2015
	Number of shareholders	Percentage of holding of shares	Number of Shares	Number of Shares
Up to 500 shares	41,089	0.56%	4,896,244	5,772,941
501 to 5,000 "	18,679	3.42%	30,112,297	34,627,722
5,001 " 10,000 "	1,190	0.94%	8,264,214	9,887,123
10,001 " 20,000 "	689	1.07%	9,420,275	10,736,260
20,001 " 30,000 "	286	0.81%	7,151,719	7,894,148
30,001 " 40,000 "	108	0.42%	3,679,393	4,022,581
40,001 " 50,000 "	76	0.39%	3,418,902	3,335,217
50,001 " 100,000 "	259	2.16%	19,060,614	20,852,653
100,001 and above	311	90.23%	794,370,154	783,245,167
	62,687	100.00%	880,373,812	880,373,812

14.5 Capital to Risk Weighted Assets Ratio (CRAR):

In terms of section 13 (2) of the Bank Companies Act, 1991 and Bangladesh Bank BRPD circulars nos. 14,09,20,10,12,24,31,35,08,16 and 18 dated 30 December 2007, 31 December 2008, 29 December 2009, 10 March 2010, 29 March 2010, 03 August 2010, 25 October 2010, 29 December 2010, 23 July 2012, 29 October 2012 and 21 December 2014 and DOS circular no 01 dated 01 January 2015 respectively, required capital of the Bank at the close of business on 31 December 2016 was Taka 23,458,360,000 as against available going - concern capital of Taka 22,198,162,663 and gone - concern capital of Taka 4,139,065,850 making a total regulatory capital of Taka 26,337,228,513 thereby showing a surplus regulatory capital /equity of Taka 2,878,868,513 at that date. Details are shown below:

Total assets including off-balance sheet items	393,370,401,014	339,964,438,959
Total risk-weighted assets	234,583,600,000	210,225,100,000
Required Capital (10% of risk weighted assets)	23,458,360,000	21,022,510,000

Regulatory capital held :

i) Going - concern capital (Tier-1)	14.5.1	22,198,162,663	21,481,536,689
ii) Gone - concern capital (Tier-2)	14.5.2	4,139,065,850	3,466,883,613
		26,337,228,513	24,948,420,302
Total regulatory capital surplus /(deficit)		2,878,868,513	3,925,910,302

CRAR Based on Basel III Framework:

	2016	2015	
	11.22%	Required	Held
Capital Requirement :			
Tier-1 (Minimum CET-1 @ 4.50%)	5.50%	9.46%	10.22%
Tier- 2 (Maximum up to 4% of the total RWA or 88.89% of CET-1 whichever is higher) - Balancing	4.50%	1.76%	1.65%
Total	10.00%	11.22%	11.87%

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
14.5.1 Going - concern capital (Tier-1)			
Paid-up capital		8,803,738,120	8,803,738,120
Statutory reserve		9,300,249,482	9,300,249,482
General reserve		4,094,175,061	3,815,549,087
		22,198,162,663	21,919,536,689
Reciprocal crossholdings in the CET -1 capital of banking , financial and insurance entities		-	(438,000,000)
		22,198,162,663	21,481,536,689
14.5.2 Gone - concern capital (Tier-2)			
General provision (unclassified loans + off-balance sheet exposure)		3,173,615,682	2,179,600,000
Asset revaluation reserve up to 50% as on 31 December 2014		1,449,354,627	1,449,354,627
Revaluation reserve for equity instruments up to 10% as on 31 December 2014		141,678,310	141,678,310
Revaluation reserve for securities up to 50% as on 31 December 2014		18,050,676	18,050,676
		4,782,699,295	3,788,683,613
Regulatory adjustment			
Revaluation reserve for fixed assets, securities & equipments as on 31 December 2014		(643,633,445)	(321,800,000)
		4,139,065,850	3,466,883,613
Total Regulatory Capital Maintained		26,337,228,513	24,948,420,302

14.6 Particulars of Shareholding of the Directors

Sl No.	Name of the directors	Status	2016		2015	
			No. of shares	Amount (Tk)	No. of shares	Amount (Tk)
1	Mr. Habibur Rahman	Chairman	17,620,601	176,206,010	17,620,601	176,206,010
2	Mr. Fahim Ahmed Faruk Chowdhury	Vice-Chairman	18,066,119	180,661,190	18,066,119	180,661,190
3	Mr. Azizur Rahman	Vice-Chairman	22,192,342	221,923,420	22,192,342	221,923,420
4	Mr. Syed Moazzem Hussain	Director	17,635,150	176,351,500	17,635,150	176,351,500
5	Mr. Moniruddin Ahmed	Director	28,678,059	286,780,590	28,678,059	286,780,590
6	Mr. Ahmed Shafi Choudhury	Nominee Director	17,729,147	177,291,470	17,729,147	177,291,470
7	Mr. Monzurur Rahman	Director	17,608,124	176,081,240	17,608,124	176,081,240
8	Ms. Rumana Sharif	Nominee Director	44,022,114	440,221,140	44,022,114	440,221,140
9	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Director	17,609,882	176,098,820	17,609,882	176,098,820
10	Mr. Musa Ahmed	Director	17,650,207	176,502,070	17,650,207	176,502,070
11	Mr. Md. Abdur Razzak Mondal	Nominee Director	17,850,000	178,500,000	17,850,000	178,500,000
12	Ms. Rana Laila Hafiz	Director	17,607,477	176,074,770	-	-
13	Mr. Khurshid-ul-Aam	Independent Director	-	-	-	-
14	Dr. Shahdeen Malik	Independent Director	-	-	1,575	15,750
			254,269,222	2,542,692,220	236,663,320	2,366,633,200

Notes to the financial statements for the year ended 31 December 2016

2016
Taka

2015
Taka

14.7 Related party disclosures

14.7.1 Particulars of directors and their shareholding in the Bank

Sl. No.	Name of the Directors	Designation	Percentage of shareholding at 31 Dec 2016	Percentage of shareholding at 31 Dec 2015
1	Mr. Habibur Rahman	Chairman	2.00	2.00
2	Mr. Fahim Ahmed Faruk Chowdhury	Vice-Chairman	2.05	2.05
3	Mr. Azizur Rahman	Vice-Chairman	2.52	2.52
4	Mr. Syed Moazzem Hussain	Director	2.00	2.00
5	Mr. Moniruddin Ahmed	Director	3.26	3.26
6	Mr. Ahmed Shafi Choudhury	Nominee Director	2.01	2.01
7	Mr. Monzurur Rahman	Director	2.00	2.00
8	Ms. Rumana Sharif	Nominee Director	5.00	5.00
9	Mr. M. Kabiruzzaman Yaqub FCMA(UK),CGMA	Director	2.00	2.00
10	Mr. Musa Ahmed	Director	2.00	2.00
11	Mr. Md. Abdur Razzak Mondal	Nominee Director	2.03	2.03
12	Ms. Rana Laila Hafiz	Director	2.00	-
13	Mr. Khurshid-ul-Alam	Independent Director	-	-
14	Dr. Shahdeen Malik	Independent Director	-	0.0002

14.7.2 Name of directors and the entities in which they have interest

Sl. No.	Name of the Directors	Status in the Bank	Name of the entities in which the directors have interest	Status in the entities	Percentage of interest/No. of shares in the entities
1	Mr. Habibur Rahman	Chairman	1. Delta Medical College and Hospital 2. Pubali Bank Securities Ltd. 3. Global Pharmaceutical Company Ltd.	Director Director Director	3.41% 1 Share -
2	Mr. Fahim Ahmed Faruk Chowdhury	Vice-Chairman	1. Chittagong Electric Manufacturing Co. Ltd. 2. F. A. C Eastern Enterprise Ltd. 3. Ranks FC Properties Ltd. 4. FAC Holdings Ltd. 5. CEM Readymix Concrete Ltd. 6. CEM UPVC Ltd. 7. Surgiscope Hospital Pvt. Ltd. 8. Globex Pharmaceuticals Ltd. 9. Euro Petro Product Ltd.	Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Director Director Director	15,000 Shares 413 shares Representative Director of FAC Holdings Ltd. 2,000 shares 7,500 Shares 7,000 shares 5,000 Shares 6,29,221 Shares 1,50,000 Shares
3	Mr. Azizur Rahman	Vice-Chairman	1. Pubali Bank Securities Ltd. 2. National Ceramic Industries Ltd. 3. Dressmen Fashionwear Ltd.	Director Director Director	1 share 50,000 shares 40%
4	Mr. Syed Moazzem Hussain	Director	1. Prince Corporation Ltd. 2. Moazzem Knit & Dyeing Industry Ltd.	Chairman Chairman	78.72% 7.56%
5	Mr. Moniruddin Ahmed	Director	1. Pubali Bank Securities Ltd.	Chairman	1 share
6	Mr. Ahmed Shafi Choudhury	Nominee Director	1. Pubali Bank Securities Ltd. 2. Bangladesh Lamps Ltd. 3. ESKAYEF Bangladesh Ltd.	Director Independent Director Independent Director	1 share - -

Notes to the financial statements for the year ended 31 December 2016

SL No.	Name of the Directors	Status in the Bank	Name of the entities in which the directors have interest	2016	2015
				Taka	Taka
7	Mr. Monzurur Rahman	Director	1. Rema Tea Company Ltd. 2. Delta Life Insurance Company Ltd. 3. Lafarge Surma Cement Ltd.	Chairman Chairman Independent Director	24.17% 2.82% -
8	Ms. Rumana Sharif	Nominee Director	Nil	-	-
9	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Director	1. Imagine Properties Ltd. 2. Pubali Bank Securities Ltd.	Chairman Director	50% 1 share
10	Mr. Musa Ahmed	Director	1. Popular Jute Exchange Ltd. 2. Popular Jute Mills Ltd. 3. Comilla Food and Allied Ind. Ltd. 4. Popular Food and Allied Ind. Co. Ltd. 5. Tejgaon Engineering and Construction Co. Ltd.	Director Director Director Director Director	- - - - -
11	Mr. Md. Abdur Razzak Mondal	Nominee Director	1. Thats It Fashions Ltd.	Nominee	-
12	Ms. Rana Laila Hafiz	Director	1. Pubali Bank Securities Ltd.	Director	1 share
13	Mr. Khurshid-ul-Alam	Independent Director	Nil	-	-
14	Dr. Shahdeen Malik	Independent Director	1. Pubali Bank Securities Ltd.	Independent Director	-

14.7.3 Significant contracts where the Bank is a party and wherein directors have interest: Nil

14.7.4 Shares issued to directors and executives without consideration or exercisable at a discount : Nil

14.7.5 Related party transactions

Name of party	Related to	Nature of transactions	Amounts (Tk.)
None	Nil	Nil	Nil

15 Statutory reserve

This represents amounts transferred to this reserve as per section 24 of Banking Companies Act 1991 @ 20% of current year's profit before tax. Since, balance at the end of the year is not less than the balance of Paid up capital, no amount is required to be transferred during the year.

Balance at the beginning of the year	9,300,249,482	8,400,249,482
Addition during the year	-	900,000,000
Balance at the end of the year	9,300,249,482	9,300,249,482

16 Retained earnings (general reserve)

Balance at the beginning of the year	3,815,549,087	2,690,619,157
Addition during the year	1,334,954,548	1,995,287,053
Transfer in: Asset revaluation reserve	120,000	10,016,689
	5,150,623,635	4,695,922,899
Issue of dividend	(1,056,448,574)	(880,373,812)
Balance at the end of the year	4,094,175,061	3,815,549,087

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
16 (a) Consolidated Retained earnings (general reserve)			
Pubali Bank Limited		4,094,175,061	3,815,549,087
Pubali Bank Securities Limited		(711,545,005)	(770,614,932)
		3,382,630,056	3,044,934,155
17 Other reserves			
17.1 Assets revaluation reserve			
Balance at the beginning of the year		2,925,282,807	2,934,476,620
Addition on revaluation of Fixed Assets/ Investment During the Year		190,222,193	478,222,245
Disposal during the year		(199,438,300)	(477,399,369)
Transfer out: Asset revaluation reserve		(120,000)	(10,016,689)
		2,915,946,700	2,925,282,807
Share forfeiture account		333,984	333,984
Balance at the end of the year		2,916,280,684	2,925,616,791
17.2 Exchange equalization fund			
Balance at the beginning of the year		29,959,972	29,959,972
Addition during the year		-	-
Balance at the end of the year		29,959,972	29,959,972
		2,946,240,656	2,955,576,763
17 (a) Consolidated Other reserves			
Pubali Bank Limited		2,946,240,656	2,955,576,763
Pubali Bank Securities Limited		84,170,706	84,170,706
		3,030,411,362	3,039,747,469
18 Profit and loss account surplus			
Balance at the beginning of the year		-	-
Profit after tax during the year		1,334,954,548	2,895,287,053
		1,334,954,548	2,895,287,053
Appropriation for the year			
Statutory reserve		-	900,000,000
General reserve		1,334,954,548	1,995,287,053
		1,334,954,548	2,895,287,053
Balance at the end of the year		-	-
18 (a) Consolidated Profit and loss account surplus			
Balance at the beginning of the year		-	-
Profit after tax during the year		1,394,024,496	2,937,525,142
		1,394,024,496	2,937,525,142
Appropriation for the year			
Statutory reserve		-	900,000,000
General reserve		1,394,024,496	2,037,525,142
		1,394,024,496	2,937,525,142
Balance at the end of the year		-	-
19 Non-controlling interest			
Balance at the beginning of the year		658	624
Share of current year profit		21	34
		679	658

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
20	Letters of guarantee		
	Claims against the Bank not acknowledged as debts Money for which the Bank is contingently liable in respect of guarantees given favoring:		
	1. Government	-	-
	2. Directors	-	-
	3. Banks and other Financial institutions	2,341,599	150,000,000
	4. Others	9,037,612,598	7,498,739,240
		9,039,954,197	7,648,739,240
21	Interest income		
	Loans	2,098,245,922	2,036,409,577
	Cash credits	4,375,194,960	4,346,131,867
	Over drafts	3,978,214,800	4,332,274,929
	Loan against imported merchandise	193,613	428,280
	Loan against trust receipt	1,011,803,246	1,292,906,426
	Inland bill purchased & demand draft purchased	62,110,965	77,366,066
	Foreign bill purchased and Export development fund	335,511,979	130,630,074
	Packing credits	33,208,137	36,791,811
	Payments against document	101,119,282	281,194,055
	Call loans	35,393,811	505,133,522
	Agricultural credits & rural credits	20,517,940	22,750,852
	Sundries account	56,834,008	49,593,811
	CLS account	1,337,959,002	983,114,505
	Secured mortgages	779,919,069	1,083,070,977
	Foreign bank accounts	36,525,722	53,815,350
	Loan against Shiksha Sanchay Prokalpa	914,168	1,052,879
	Loan against Non-resident Credit Scheme	51,294	113,296
	Lease finance	534,799,027	538,284,301
	Loan against Pubali Sanchay Prokalpa	47,414,225	52,060,905
	Loan against FDR	163,026,467	2,053,092
	Term loans	2,515,328,763	2,605,722,921
	Loan against Pubali Pension Scheme	78,585,716	50,742,393
		17,602,872,116	18,481,641,889
21 (a)	Consolidated interest income		
	Pubali Bank Limited	17,602,872,116	18,481,641,889
	Pubali Bank Securities Limited	22,800,139	46,030,057
		17,625,672,255	18,527,671,946

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
22	Interest paid on deposits, borrowings, etc.		
Fixed deposit		3,825,426,741	5,757,520,399
Interest on repo borrowings		11,615,897	45,342,538
Interest paid on borrowings		147,305,472	36,506,518
Short-notice deposit		933,977,856	1,089,648,330
Savings bank deposit		1,135,818,749	1,283,246,120
Deposit pension scheme		29,611	48,523
Pubali bank pension scheme		1,208,903,774	803,846,466
Child education care & maturity deposits		234,040	249,458
Call borrowing		18,537,931	5,986,958
Monthly monafa based deposit scheme		26,716,684	31,192,680
Pubali Sanchay Prokalpa		312,248,939	310,260,099
Shiksha Sanchay Prokalpa		15,331,059	13,181,066
Q-Cash Debit Card		-	29,599
Dwigun Sanchay Prokalpa		2,225,503,614	1,940,255,254
Treasury Bond		29,202,437	4,538,235
Marking to Market Revaluation		-	26,579
Interest on MPSD		102,169,876	59,853,585
Interest on TBSD		121,934,516	46,469,306
Interest on MFD A/C		299,530,061	276,694,529
Interest on Refinance from Bangladesh Bank		9,752,173	101,877
Sundry accounts		34,393,395	1,800,495
		10,458,632,825	11,706,798,614
23	Investment income		
Interest on treasury bill		169,920,418	652,991,234
Interest on treasury bond		3,010,531,537	2,788,511,624
Interest on other bond		252,564,556	213,391,994
Interest on Bridge Loans & debentures		2,753,239	1,783,000
Interest on Bangladesh Bank bill		315,030,006	213,820,510
Interest on commercial paper		279,919,528	1,155,993
Gain/(Loss) on sale of shares	23.1	(6,395,869)	146,075,950
Dividend on shares		330,555,035	392,025,754
		4,354,878,450	4,409,756,059
23.1	Amount shown in the year 2016 includes loss on sale of shares for Tk. 160,706,753 which was shown inadvertently as Miscellaneous Expenses under note no. 35 in un-audited financial statements for the quarter ended as on 30 September 2016.		
23 (a)	Consolidated Investment income		
Pubali Bank Limited		4,354,878,450	4,409,756,059
Pubali Bank Securities Limited		151,701,137	102,494,329
		4,506,579,587	4,512,250,388

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
24	Commission, exchange and brokerage		
	SC, LSC, DD, TT, MT and PO	31,891,687	34,678,940
	Foreign L/C	323,076,658	304,037,181
	Local L/C	89,799,874	100,546,281
	Issuance of foreign guarantee	1,282,821	281,398
	Issuance of local guarantee	110,473,818	131,288,038
	Issuance of traveler's cheque	36,129	5,677
	Other transactions	206,863,529	203,413,393
	Miscellaneous handling commission	159,872,546	139,681,076
	Consumers credit	649,187	1,147,836
	Commission on stationery articles	1,126,347	840,022
	Income A/C commission Online	740	2,622
	Total commission	925,073,336	915,922,464
	Exchange	24.1 476,404,050	625,363,550
		1,401,477,386	1,541,286,014
24.1	Exchange		
	Exchange gain	639,264,389	3,668,323,137
	Exchange loss	(162,860,339)	(3,042,959,587)
		476,404,050	625,363,550
24 (a)	Consolidated Commission, exchange and brokerage		
	Pubali Bank Limited	1,401,477,386	1,541,286,014
	Pubali Bank Securities Limited	45,928,208	39,661,976
		1,447,405,594	1,580,947,990
25	Other operating income		
	Rent recovery	2,488,000	2,316,219
	Postage and telecommunication recovery	9,007,092	8,957,268
	Miscellaneous income	90,761,341	90,840,231
	Miscellaneous income supervision and monitoring	19,084	7,919
	Miscellaneous income transfer fee	274,756	96,208
	Recovered from bad debt written off	-	226,914,450
	Swift income	106,951,467	90,046,552
	Fee on card transaction	2,471,819	-
	Application fee of CLS account	1,455,772	1,848,963
	Account opening charge of CLS account	1,951,300	2,773,386
	Service charge	31,049,094	27,254,089
	Income on sale of leased asset	1,560,299	778,676
	Online service charge	393,454,392	380,678,777
	Accounts maintenance fee	317,240,163	296,127,212
	SMS service charges	65,454,986	50,351,946
	Card fees and charges	8,571,755	8,717,389
	CIB service charges	11,052,247	11,175,348
	Income on sale of Bank's property	4,686,329	6,017,870
		1,048,449,896	1,204,902,503

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
25 (a) Consolidated Other operating income			
Pubali Bank Limited		1,048,449,896	1,204,902,503
Pubali Bank Securities Limited		5,646,856	1,661,721
		1,054,096,752	1,206,564,224
26 Salaries and allowances			
Basic salary		1,816,175,736	1,733,221,997
House rent allowances		1,046,088,087	979,215,403
Medical allowances		222,417,456	208,360,889
Other allowances		666,677,299	702,520,017
Contributory provident fund		166,546,619	154,438,923
General provident fund		340,948	399,013
Bonus to employees		304,063,701	276,848,282
		4,222,309,846	4,055,004,524
26 (a) Consolidated Salaries and allowances			
Pubali Bank Limited		4,222,309,846	4,055,004,524
Pubali Bank Securities Limited		27,263,662	23,672,755
		4,249,573,508	4,078,677,279
27 Rent, taxes, insurance, electricity, etc.			
Bank premises		335,934,496	296,202,579
Godown		2,009,006	446,687
Rates and taxes		9,301,296	4,107,877
Insurance (vault)		32,608,373	27,916,785
Insurance premium		145,953,665	130,231,221
Electricity		106,398,127	92,728,066
Electric fittings and fixtures		17,893,002	19,715,538
Water and sewerage bill		3,728,614	3,972,844
		653,826,579	575,321,597
27 (a) Consolidated Rent, taxes, insurance, electricity, etc.			
Pubali Bank Limited		653,826,579	575,321,597
Pubali Bank Securities Limited		607,769	528,098
		654,434,348	575,849,695
28 Legal expenses			
Lawyers' charges		11,834,558	13,534,326
Court fees and other expenses		4,282,565	2,511,162
		16,117,123	16,045,488
28 (a) Consolidated Legal expenses			
Pubali Bank Limited		16,117,123	16,045,488
Pubali Bank Securities Limited		719,100	216,500
		16,836,223	16,261,988

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
29	Postage, stamp, telecommunication, etc.		
	Postage	10,151,929	9,620,271
	Telegram	270,409	304,235
	Telex	-	193,571
	Stamp	26,905	6,020
	Telephone	20,795,157	26,204,086
	SWIFT charges	31,978,339	22,986,967
	SMS charges	11,173,835	11,115,173
	Internet charges	1,952,421	2,161,533
		76,348,995	72,591,856
29 (a)	Consolidated Postage, stamp, telecommunication, etc.		
	Pubali Bank Limited	76,348,995	72,591,856
	Pubali Bank Securities Limited	308,379	361,224
		76,657,374	72,953,080
30	Stationery, printing, advertisements, etc.		
	Table stationery	23,842,095	22,483,613
	Computer stationery	16,355,194	16,150,758
	Printing and stationery	8,035,919	8,235,250
	Consumption of books and forms	14,300,539	19,596,012
	Advertisement	56,632,145	61,477,180
		119,165,892	127,942,813
30 (a)	Consolidated Stationery, printing, advertisements, etc.		
	Pubali Bank Limited	119,165,892	127,942,813
	Pubali Bank Securities Limited	240,295	243,352
		119,406,187	128,186,175
31	Managing Director's salary and fees		
	Basic pay	6,000,000	5,737,500
	Allowances	1,800,000	1,826,250
	Bank's contributory provident fund	600,000	573,750
	Bonus	2,100,000	2,000,000
		10,500,000	10,137,500
32	Directors' fees		
	Meeting fees and Honorarium	5,152,000	3,764,000
	Meeting expenses	1,298,416	1,341,813
	Meeting related travelling allowances	1,329,300	802,600
		7,779,716	5,908,413

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
32 (a) Consolidated Directors' fees			
Pubali Bank Limited		7,779,716	5,908,413
Pubali Bank Securities Limited		834,900	298,000
		8,614,616	6,206,413
Each director was paid Tk. 8,000 per meeting per attendance as per BRPD Circular No. 11 dated 04 October 2015.			
33 Auditors' fees			
Statutory audit		1,320,000	1,230,000
Special audit		-	599,820
		1,320,000	1,829,820
33 (a) Consolidated Auditors' fees			
Pubali Bank Limited		1,320,000	1,829,820
Pubali Bank Securities Limited		143,750	143,750
		1,463,750	1,973,570
34 Depreciation and repair of bank's assets			
Repairs to fixed assets		23,235,294	18,249,200
Maintenance of assets		182,985,493	60,942,386
Depreciation on fixed assets		353,720,186	361,895,018
		559,940,973	441,086,604
34 (a) Consolidated Depreciation and repair of bank's assets			
Pubali Bank Limited		559,940,973	441,086,604
Pubali Bank Securities Limited		1,663,322	1,411,733
		561,604,295	442,498,337
35 Other expenses			
Repairs to rented property		1,728,761	1,170,235
Newspapers		3,253,378	3,218,007
Petrol consumption		54,172,116	51,339,153
Travelling		61,734,152	56,641,462
Donations		51,479,180	88,585,350
Honorarium		801,450	4,111,260
Subscriptions		6,405,213	4,956,624
Sub-ordinate staff clothing		10,021,294	11,146,280
Conveyance		18,879,191	18,302,898
Entertainment		26,403,265	26,127,290
Training		18,823,330	18,783,068
Photocopying		323,783	869,279
Branches' opening expenses		984,437	889,438
Shifting expenses		630,153	902,051
Carrying expenses		1,282,311	1,676,285

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
Professional fees		4,569,001	3,031,858
Security and Auxiliary Services		40,353,283	26,419,535
Gun license fees		3,784,801	1,560,451
Telegraphic address renewal fee		4,725	250
Overtime		24,600,332	23,778,569
Employees recreation (Lunch subsidy)		189,976,716	169,783,841
Promotional expenses		41,314,532	30,914,382
Gratuity		807,913,780	378,435,940
Group insurance		16,005,402	18,997,474
House maintenance		110,300,128	116,030,921
Car allowance		24,438,000	19,539,021
Chemicals for office equipment's		670,423	506,326
Loss on sale of bank's property		506,879	830,100
CDBL fees		695,660	1,507,230
Annual general meeting		1,309,093	2,786,080
Bandwidth charges		75,100,671	89,516,116
Card expenditure		24,153,139	34,901,868
Nostro account charges		4,091,856	2,079,634
Card transection fee		950,405	1,205,105
Penal Interest Penalty		182,773	-
Rebate on good borrowers		20,000,000	-
Additional Profit Payable A/C For Islamic Banking		1,500,000	-
Loss on Disposal of Bank's property		292,056	-
Miscellaneous		75,627,737	77,843,126
		1,725,263,406	1,288,386,507
35 (a) Consolidated Other expenses			
Pubali Bank Limited		1,725,263,406	1,288,386,507
Pubali Bank Securities Limited		14,832,595	6,097,033
		1,740,096,001	1,294,483,540
36 Provision for Loans, Advances, Investments and Other Assets			
Classified loans and advances	13.1.1	1,731,583,535	877,422,975
Unclassified loans and advances	13.1.2	840,208,991	342,577,025
Provision for diminution in value of investments		-	5,000,000
Provision for bad debt offsetting		646,000	652,452
		2,572,438,526	1,225,652,452
36 (a) Consolidated Provision for Loans, Advances, Investments and Other Assets			
Pubali Bank Limited		2,572,438,526	1,225,652,452
Pubali Bank Securities Limited		77,813,305	29,024,895
		2,650,251,831	1,254,677,347
37 Provision for exposure of off-balance sheet items			
Provision for exposure against off-balance sheet items		184,000,000	70,000,000
		184,000,000	70,000,000

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka		
37.1	Details of provision for exposure against off-balance sheet items				
	Particulars				
	Letter of guarantee	9,039,954,197	7,648,739,240		
	Irrevocable letters of credit	58,770,791,207	44,054,462,906		
	Bills for collection	4,125,546,631	1,614,641,134		
	Other contingent liabilities	1,072,217,186	1,184,343,398		
	Total Contingent Liabilities	73,008,509,221	54,502,186,678		
	Margin				
	Letter of guarantee	-	-		
	Irrevocable letter of credit	-	-		
	Bills for collection	-	-		
		-	-		
		73,008,509,221	54,502,186,678		
	Base for Provision				
	Rate of Provision (%)				
	Letter of guarantee	9,039,954,197	1	90,399,542	76,487,392
	Irrevocable letters of credit	58,770,791,207	1	587,707,912	440,544,629
	Bills for collection	4,125,546,631	1	41,255,466	16,146,411
	Other contingent liabilities	1,072,217,186	1	10,722,172	11,843,434
	Required provision			730,085,092	545,021,866
	Provision maintained			730,800,000	546,800,000
	Excess provision			714,908	1,778,134
38	Receipts from Other operating activities				
	Exchange	476,404,050	625,363,550		
	Other operating income	1,048,449,896	977,988,053		
		1,524,853,946	1,603,351,603		
38 (a)	Consolidated Receipts from other operating activities				
	Pubali Bank Limited	1,524,853,946	1,603,351,603		
	Pubali Bank Securities Limited	30,421,591	54,159,839		
		1,555,275,537	1,657,511,442		
39	Cash payments for other operating activities				
	Rent ,taxes, insurance, electricity etc.	653,826,579	575,321,597		
	Director's fees	7,779,716	5,908,413		
	Charges on loan losses	-	2,422,749		
	Repairs of bank's assets	206,220,787	79,191,586		
	Other expenses	1,725,263,406	1,288,386,507		
		2,593,090,488	1,951,230,852		
39 (a)	Consolidated Cash payments for other operating activities				
	Pubali Bank Limited	2,593,090,488	1,951,230,852		
	Pubali Bank Securities Limited	19,350,110	9,299,700		
		2,612,440,598	1,960,530,552		

Notes to the financial statements for the year ended 31 December 2016

Note	2016 Taka	2015 Taka
40 Increase/(decrease) of other assets		
Closing other assets		
Stationery and stamps	64,778,476	66,291,496
Accrued income	1,743,481,556	1,536,696,887
Advance security deposit, advance rent etc.	193,835,708	226,091,985
Investment in SWIFT	3,387,591	-
Stock dealing account	40,379,784	277,596,210
Suspense account	215,731,551	193,893,684
Demonetized notes	1,531,750	1,531,750
Items in transit	4,811,480,497	4,559,738,481
Drafts payable (Dr. Balance)	21,273,874	22,571,374
Sanchaypatra	993,725	1,814,382
Clearing house adjustment	63,886,071	38,747,014
Others	101,436,852	101,639,810
	7,262,197,435	7,026,613,073
Opening other assets		
Stationery and stamps	66,291,496	65,166,652
Accrued income	1,536,696,887	1,412,809,878
Advance security deposit, advance rent etc.	226,091,985	213,787,166
Stock dealing account	277,596,210	-
Suspense account	193,893,684	257,105,337
Demonetized notes	1,531,750	1,531,750
Items in transit	4,559,738,481	2,972,304,696
Drafts payable (Dr. Balance)	22,571,374	51,599,731
Sanchaypatra	1,814,382	-
Clearing house adjustment	38,747,014	118,582,727
Others	101,639,810	88,577,689
	7,026,613,073	5,181,465,626
	(235,584,362)	(1,845,147,447)
40 (a) Consolidated Increase/(decrease) of other assets		
Pubali Bank Limited	(235,584,362)	(1,845,147,447)
Pubali Bank Securities Limited	(86,980,691)	(37,118,844)
	(322,565,053)	(1,882,266,291)

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
41	Increase/(decrease) of other liabilities		
	Closing other liabilities		
	Interest suspense	1,622,699,217	830,529,581
	Interest suspense on underwriting advances	235,599,888	268,877,119
	Interest suspense against 70% Agri loan	192,382	192,382
		1,858,491,487	1,099,599,082
	Opening other liabilities		
	Interest suspense	830,529,581	718,127,569
	Interest suspense on underwriting advances	268,877,119	270,415,969
	Interest suspense against 70% Agri loan	192,382	192,382
		1,099,599,082	988,735,920
		758,892,405	110,863,162
41 (a)	Consolidated Increase/(decrease) of other liabilities		
	Pubali Bank Limited	758,892,405	110,863,162
	Pubali Bank Securities Limited	(203,985,622)	(4,450,065)
		554,906,783	106,413,097
42	Cash and cash equivalents at end of period		
	Cash in hand (including foreign currencies)	3,612,831,120	2,834,884,562
	Balance with Bangladesh Bank and its agent bank(s)	17,501,643,478	18,542,096,591
	Balance with other banks and financial institutes	9,033,361,643	2,222,692,959
	Prize bonds	13,451,501	21,858,601
	Money at call on short notice	551,286,667	935,286,667
		30,712,574,409	24,556,819,380
42 (a)	Consolidated cash and cash equivalents at end of period		
	Pubali Bank Limited	30,712,574,409	24,556,819,380
	Pubali Bank Securities Limited	372,333,256	559,091,404
		31,084,907,665	25,115,910,784

43 Assets and liabilities as at 31 December 2016 denominated in foreign currencies have been converted to Bangladesh Taka at the following exchange rates:

Currency	Currency unit	Equivalent Taka
European Currency	EURO	82.32
Japanese Yen	JPY	0.67
Pound Sterling	GBP	96.37
Swiss Franc	CHF	76.69
US Dollar	USD	78.70
ACU Dollar	ACUD	78.70

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
44 Basic and Diluted Earnings Per Share (EPS)			
Net profit after taxes		1,334,954,548	2,895,287,053
Number of ordinary shares outstanding		880,373,812	880,373,812
Basic and Diluted Earnings Per Share (EPS)		1.52	3.29
44 (a) Consolidated Basic and Diluted Earnings Per Share (EPS)			
Net profit after taxes		1,394,024,496	2,937,525,142
Number of ordinary shares outstanding		880,373,812	880,373,812
Basic and Diluted Earnings Per Share (EPS)		1.58	3.34

45 Highlights on the overall activities of the Bank for the period ended 31 December' 2016 and 31 December' 2015

Particulars	2016 Taka	2015 Taka
1. Paid- up Capital	8,803,738,120	8,803,738,120
2. Total Capital	26,337,228,513	24,948,420,302
3. Capital Surplus	2,878,868,513	3,925,910,302
4. Total Assets	320,361,891,793	285,462,252,281
5. Total Deposits	247,278,503,683	224,808,590,528
6. Total Loans & Advances	203,011,231,761	173,125,419,314
7. Total Contingent Liabilities	73,008,509,221	54,502,186,678
8. Loan Deposit Ratio (%)	82.10%	77.01%
9. Ratio of Classified Loan to total Loans & Advances (%)	5.38%	5.32%
10. Profit after taxation & Provision	1,334,954,548	2,895,287,053
11. Amount of Classified Loan during the current year	10,921,455,576	9,218,417,544
12. Provision kept against Classified Loans	5,042,565,906	3,778,150,443
13. Provision Surplus	500,200,000	20,445,406
14. Cost of Fund (%)	7.68%	8.75%
15. Interest Earning Assets	260,231,204,384	233,479,264,998
16. Interest Non- Earning Assets	60,130,687,409	51,982,987,283
17. Return on Investment (ROI) [PAT/Shareholders' Equity]	5.31%	11.64%
18. Return on Assets (ROA)	0.42%	1.01%
19. Income from Investment	4,354,878,450	4,409,756,059
20. Earnings Per Share (Taka)	1.52	3.29
21. Net Income per Share (Taka)	1.52	3.29
22. Price Earning Ratio (Times)	15.83	6.57

Schedule of Fixed Assets as at 31 December, 2016

Particulars	Cost				Rate (%)	Depreciation/Amortization				Net book value at 31 December 2016 Taka	
	Balance at 1 January 2016 Taka	Additions/ Revaluation during the Year Taka	Disposal during the year Taka	Adjustments during the year Taka		Balance at 31 December 2016 Taka	Charge for the Year Taka	Disposal during the year Taka	Adjustments during the year Taka		Balance at 31 December 2016 Taka
Land (including leased)	2,255,333,992	-	120,000	-	Fixed	1,178,970	-	-	-	27,807,601	2,227,406,391
Building	908,092,261	-	-	-	0.03	18,304,956	-	-	-	194,198,948	713,893,313
Furniture and Fixture	509,007,124	66,398,570	11,955,748	(3,101,188)	0.10	37,436,960	5,928,303	(4,226,503)	-	243,494,858	316,853,900
Computer & Computer Accessories	1,136,010,513	70,043,703	16,714,051	11,186,527	0.30	758,962,588	186,370,751	16,680,134	9,966,223	938,619,428	261,907,264
Machinery and Equipment	634,970,046	58,970,689	5,671,185	811,690	0.20	393,463,529	87,504,590	5,414,274	1,224,251	476,777,096	212,304,144
Vehicles	200,372,891	25,335,000	2,875,000	8,331,653	0.20	150,858,552	24,402,033	2,874,980	2,699,672	175,085,277	56,079,267
At 31 December 2016	5,643,786,827	220,747,962	37,335,984	17,228,682		355,198,260	34,897,691	9,663,643	2,055,983,208	3,788,444,279	
At 31 December 2015	5,432,694,962	281,781,251	68,278,628	(2,410,758)		361,895,017	42,258,205	(1,736,610)	1,726,018,996	3,917,767,831	

Annexure - B

Tax Status Report as at 31 December 2016

Amounts in Taka

Sl.	Income Year	Assessment Year	Tax Provision as per Financial Statements	Tax Determined by Tax Authority	Tax paid (Tax Deduction at Source & Cash Paid & Refund Adjustment)	Tax Department's Demand/(Refund)	Assessment Status
1	Upto 1996	1997-1998	-	-	8,746,578	(8,746,578)	Finalised
2	1997	1998-1999	45,683,821	45,683,821	122,322,255	(76,638,434)	Tax authority filed an appeal with the High Court (Appellate Division)
3	1998	1999-2000	-	-	-	-	Reference application filed with High Court by LTU
4	1999	2000-2001	126,066,596	126,066,596	95,769,641	30,296,955	Reference application filed with High Court
5	2000	2001-2002	158,178,474	158,178,474	113,640,527	44,537,947	High Court judgment received in favor of the bank but revised assessment pending with the DCT
6	2001	2002-2003	377,762,283	377,762,283	258,959,776	118,802,507	Reference application filed with High Court
7	2004	2005-2006	6,741,122	6,741,122	22,538,349	(15,797,227)	Finalised
8	2006	2007-2008	14,720,201	14,720,201	45,218,734	(30,498,533)	Case filed with DCT for rectification
9	2007	2008-2009	1,393,494,119	1,389,484,502	1,281,267,066	108,217,436	Reference application filed with High Court
10	2008	2009-2010	1,532,941,731	1,532,941,731	1,425,863,286	107,078,445	Reference application filed with High Court
11	2009	2010-2011	1,506,466,368	1,505,191,368	1,470,508,695	34,682,673	Reference application filed with High Court
12	2010	2011-2012	1,770,604,403	1,769,937,389	1,708,759,809	61,177,580	Reference application filed with High Court
13	2011	2012-2013	2,367,418,638	2,367,418,638	2,255,377,817	112,040,821	Case filed with TAT
14	2012	2013-2014	2,624,812,119	2,624,812,119	2,500,607,442	124,204,677	Case filed with TAT
15	2013	2014-2015	2,976,219,263	2,976,219,263	2,862,011,484	114,207,779	Case filed with CT(A)
16	2014	2015-2016	2,566,635,922	-	2,173,640,035	-	Assessment not yet done
17	2015	2016-2017	3,210,437,445	-	2,791,465,394	-	Assessment not yet done
18	2016	2017-2018	2,620,944,216	-	998,075,155	-	Return submission date not due
	Total		23,299,126,721	14,895,157,507	20,134,772,043	723,566,048	

TAT - Taxes Appellate Tribunal

CT(A) - Commissioner of Taxes (Appeal)

DCT- Deputy Commissioner of Taxes

LTU - Large Tax payer Unit

Annexure - C

Details of large loans and advances

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.

	Amounts in Taka	
	As at 31 Dec 2016	As at 31 Dec 2015
Number of clients	21	15
Amount of outstanding loans/advances	87,785,066,000	60,363,877,000
Classified amount thereon	-	-
Measures taken for recovery	-	-

Amounts in Taka

Name of the Clients	Sanctioned Limit	Status	Outstanding		Total Outstanding	
			Funded	Non-funded	At 31 Dec 2016	At 31 Dec 2015
Ha-Meem Group	9,695,600,000	STD	3,024,100,000	3,939,005,000	6,963,105,000	6,099,500,000
Abul Khair Group	7,030,000,000	STD	3,186,463,000	3,378,052,000	6,564,515,000	4,303,781,000
Keya Group	4,931,013,000	STD	5,663,335,000	5,700,000	5,669,035,000	5,141,974,000
City Group	6,296,100,000	STD	3,363,242,000	2,279,263,000	5,642,505,000	3,352,427,000
Meghna Group	7,950,000,000	STD	-	5,447,400,000	5,447,400,000	-
Sheema Group	4,400,000,000	STD	2,834,098,000	2,539,622,000	5,373,720,000	3,163,584,000
Project Builders	5,253,717,000	STD	3,407,210,000	1,645,100,000	5,052,310,000	5,173,285,000
Dird Group	5,995,526,000	STD	3,001,230,000	1,826,110,000	4,827,340,000	3,369,745,000
Sharmin Group	6,208,900,000	STD	1,760,800,000	2,703,900,000	4,464,700,000	4,988,200,000
Pakiza Group	5,401,100,000	STD	2,751,200,000	1,317,100,000	4,068,300,000	3,517,100,000
BSRM Group	4,809,464,000	STD	2,514,547,000	1,037,052,000	3,551,599,000	-
Pran Group	6,433,300,000	STD	2,326,067,000	1,217,700,000	3,543,767,000	-
Envoy Textiles Ltd.	6,983,899,000	STD	2,003,580,000	1,506,807,000	3,510,387,000	-
GPH Group	4,813,971,000	STD	2,882,237,000	540,900,000	3,423,137,000	2,900,047,000
Madina Group	5,132,500,000	STD	1,931,440,000	1,329,200,000	3,260,640,000	2,734,478,000
Kushiara Power Company Ltd.	6,469,400,000	STD	17,259,000	2,829,900,000	2,847,159,000	-
BRAC	3,762,369,000	STD	2,725,875,000	61,084,000	2,786,959,000	5,891,434,000
AA Yarn Mills Ltd.	4,508,200,000	STD	2,225,700,000	541,800,000	2,767,500,000	2,951,476,000
S. A. Group	2,260,695,000	STD	2,701,950,000	-	2,701,950,000	-
M.A. Rahman Dying Inds. Ltd.	2,845,000,000	STD	1,691,548,000	999,190,000	2,690,738,000	-
Antim Group	3,289,000,000	STD	873,600,000	1,754,700,000	2,628,300,000	-
City Seed Crushing Group	-	STD	-	-	-	3,671,565,000
Envoy Group	-	STD	-	-	-	3,105,281,000
	114,469,754,000	-	50,885,481,000	36,899,585,000	87,785,066,000	60,363,877,000

Pubali Bank Limited - Islamic Banking Windows
Distribution of profit for the income year ended 31 December 2016

Annexure - D

Profit and loss of Islamic Banking Windows are calculated annually as at 31 December each year. We follow Investment Income Sharing Ratio (IISR) system for distribution of profit to the Mudaraba Depositors. During the year 2016 the Investment Income was 7.33% in on average. After keeping 1% Bad Debt Offsetting Reserve the actual distributable rate of Investment Income stood at 7.26%. But we distributed the profit at 7% provisionally throughout the year. The additional profit of 0.26% was calculated and distributed accordingly which is shown in the column '6' in the following table:

Sl.	Types of Mudaraba Deposit	Share of Depositors in Investment Income of 2016	Rates of Profit distributed provisionally assuming the earning @ 7%	Final Rates of Profit as per Investment Income @ 7.26%	Additional profit distribution for final adjustment
1	2	3	4	5	6
1	Mudaraba Term Deposit Receipt				
(a)	For 3 months	75.00%	5.25%	5.45%	0.20%
(b)	For 6 months	80.00%	5.60%	5.81%	0.21%
(c)	For 12 months	85.00%	5.95%	6.17%	0.22%
(d)	For 24 months	85.00%	5.95%	6.17%	0.22%
2	Mudaraba Short Notice Deposit	35.00%	2.45%	2.54%	0.09%
3	Mudaraba Monthly Profit based Term Deposit	85.00%	5.95%	6.17%	0.22%
4	Mudaraba Savings Account	45.00%	3.15%	3.27%	0.12%
5	Mudaraba Hajj Savings Account	85.00%	5.95%	6.17%	0.22%
6	Mudaraba Deposit Pension Account				
(a)	For 5 years	83.00%	5.81%	6.03%	0.22%
(b)	For 10 years	85.00%	5.95%	6.17%	0.22%

A competent Shariah Supervisory Committee consisting of Islamic Scholars, Ulemas, Economists and Islamic Bankers headed by Janab M. Azizul Huq, founder Chief Executive of Islami Bank Bangladesh Limited, SIBL & IFIL oversees the Islamic Banking operations. During the Year Shariah Supervisory Committee met in 3 (three) meetings and reviewed different operational issues in line with Islamic Shariah. Besides, the Muraquibs of the Shariah secretariat inspected both the Islamic Banking Windows during the year and reported no case of major deviation of Islamic Shariah in their operations.

Pubali Bank Limited - Islamic Banking Windows

Annexure - E

Balance Sheet as at 31 December 2016

	Note	2016 Taka	2015 Taka
PROPERTY AND ASSETS			
Cash	1	71,076,479	106,500,010
Cash in hand (Including foreign currencies)		5,605,687	2,820,823
Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currencies)		65,470,792	103,679,187
Balance with Other Banks and Financial Institutions	2	1,117,702,120	317,180,622
In Bangladesh		1,117,702,120	317,180,622
Outside Bangladesh		-	-
Placement with Banks and Other Financial Institutions	3	-	-
Investments in Shares and Securities	4	49,500,000	52,000,000
Government		49,500,000	52,000,000
Others		-	-
Investments	5	364,942,103	383,826,318
General investments		364,942,103	383,826,318
Bills purchased & discounted		-	-
Fixed Assets including Premises, Furniture & Fixtures	6	1,681,773	1,966,027
Other Assets	7	4,958,318	128,782,529
Non-banking Assets		-	-
Total Assets		1,609,860,793	990,255,506
LIABILITIES AND CAPITAL			
Liabilities			
Placement with Other Banks, Financial Institutions & Agents	8	-	-
Deposits and Other Accounts	9	977,111,539	906,516,259
Al-Wadia current deposit		43,568,418	36,246,373
Bills payable		12,840,958	5,656,173
Mudaraba savings bank deposit		91,113,837	65,434,867
Mudaraba term deposits		829,419,759	799,039,073
Other deposits		168,567	139,773
Other Liabilities	10	612,503,659	73,329,140
Total Liabilities		1,589,615,198	979,845,399
Capital / Shareholders' Equity			
Paid up capital		-	-
Statutory reserve		-	-
Retained surplus (general reserve)		-	-
Revaluation gain/(loss) on investment		-	-
Other reserves		-	-
Profit and loss account surplus		20,245,595	10,410,107
Total Shareholders' Equity		20,245,595	10,410,107
Total Liabilities and Shareholders' Equity		1,609,860,793	990,255,506

Pubali Bank Limited - Islamic Banking Windows

Balance Sheet as at 31 December 2016

Note	2016 Taka	2015 Taka
OFF-BALANCE SHEET ITEMS		
Contingent Liabilities		
Acceptances & Endorsements		
Letters of guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Total Contingent Liabilities	-	-
Other Commitments		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Total	-	-
Total Off-Balance Sheet items including Contingent Liabilities	-	-

Pubali Bank Limited - Islamic Banking Windows

Profit & Loss Account for the year ended 31 December 2016

Annexure-E (i)

	Note	2016 Taka	2015 Taka
Operating Income			
Investment income	11	64,654,606	65,245,237
Profit paid on deposits, borrowings, etc.	12	(39,372,793)	(48,679,842)
Net Investment Income		25,281,813	16,565,395
Income from investment in shares /securities	13	-	-
Commission, exchange and brokerage	14	1,610,410	1,288,187
Other operating income	15	560,031	482,341
Total Operating Income		27,452,254	18,335,923
Operating Expenses			
Salaries and allowances	16	5,714,313	5,725,632
Rent, taxes, insurance, electricity, etc.	17	195,758	377,364
Legal expenses	18	-	-
Postage, stamp, telecommunication, etc.	19	25,560	20,371
Stationery, printing, advertisements, etc.	20	103,438	119,123
Depreciation repair and maintenance of fixed assets	21	456,887	336,530
Other expenses	22	710,703	1,346,796
Total Operating Expenses		7,206,659	7,925,816
Total Profit/(Loss) before Provisions		20,245,595	10,410,107
Provision for investments			
Specific provision		-	-
General provision		-	-
Total Profit/(Loss) before Taxation		20,245,595	10,410,107

Pubali Bank Limited - Islamic Banking Windows
Cash Flow Statement for the year ended 31 December 2016

Annexure - E (ii)

	Note	2016 Taka	2015 Taka
a Cash Flows from Operating Activities			
Investment income in cash		64,654,606	65,245,237
Profit paid		(39,372,793)	(48,679,842)
Fees and commission receipts		1,610,410	1,288,187
Cash payment to employees		(5,714,313)	(5,725,632)
Cash payment to suppliers		(128,998)	(139,494)
Receipts from other operating activities	15	560,031	482,341
Cash payments for other operating activities	23	(991,588)	(1,814,216)
Operating Profit before Changes in Operating Assets & Liabilities		20,617,355	10,656,581
Increase/ (Decrease) in Operating Assets and Liabilities			
Statutory deposits		2,500,000	(13,500,000)
Investment to customers (other than banks)		18,884,215	32,245,496
Other assets	24	123,824,211	(127,502,898)
Deposits from customers (other than banks)		70,595,280	177,815,308
Other liabilities account of customers		539,174,519	(8,363,722)
Total Increase/ (Decrease) in Operating Assets and Liabilities		754,978,225	60,694,184
Net Cash from/(used in) Operating Activities		775,595,580	71,350,765
b Cash Flows from Investing Activities			
Purchase /sale of property, plant & equipment		(10,497,613)	(14,312,030)
Net Cash from/(used in) Investing Activities		(10,497,613)	(14,312,030)
c Cash Flows from Financing Activities			
Receipts from issue of investments capital and debt securities		-	-
Net Cash from/(used in) Financing Activities		-	-
d Net Increase/ (Decrease) in Cash and Cash Equivalents (a+b+c)		765,097,967	57,038,735
e Cash and cash equivalents at beginning period		423,680,632	366,641,897
f Cash and cash equivalents at end of period (d+e)	25	1,188,778,599	423,680,632

Pubali Bank Limited - Islamic Banking Windows

Notes to the financial statements for the year ended 31 December 2016

Annexure-E (iii)

Note	2016 Taka	2015 Taka
1 Cash		
1.1 Cash In hand (Including foreign currencies)		
In local currency	5,605,687	2,820,823
In foreign currencies	-	-
	5,605,687	2,820,823
1.2 Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currencies)		
Bangladesh Bank		
In local currency	65,470,792	103,679,187
In foreign currencies	-	-
	65,470,792	103,679,187
Sonali Bank as agent of Bangladesh Bank		
In local currency	-	-
	65,470,792	103,679,187
	71,076,479	106,500,010
1.3 Cash Reserve Ratio and Statutory Liquidity Requirement		
Cash Reserve Ratio and Statutory Liquidity Requirement have been calculated and maintained in accordance with section 33 of Bank Companies Act 1991 MPD circular numbers 1 and 2 of 23 June 2014 and 10 December 2013.		
The statutory Cash Reserve Ratio (CRR) required on the Bank's time and demand liabilities at the rate of 6.50% has been calculated and maintained with Bangladesh Bank in current account and 5.50% Statutory Liquidity Requirement (SLR), on the same liabilities is also maintained in the form of treasury bills and bonds including excess balances of CRR with Bangladesh Bank. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:		
1.3.1 Cash Reserve Ratio (CRR)		
Required reserve (6.50%)	57,716,310	52,250,000
Actual reserve maintained	65,470,791	103,679,187
Surplus	7,754,481	51,429,187
1.3.2 Statutory Liquidity Requirement (SLR)		
Required reserve (5.50%)	48,836,878	44,211,540
Actual reserve maintained	62,860,167	106,250,000
Surplus	14,023,289	62,038,460
1.3.3 Total required amount of CRR and SLR		
Total required reserve	106,553,188	96,461,540
Total actual reserve maintained	120,576,477	158,500,000
Total surplus	14,023,289	62,038,460
2 Balance with Other Banks and Financial Institutions		
In Bangladesh	1,117,702,120	317,180,622
Outside Bangladesh	-	-
	1,117,702,120	317,180,622

Pubali Bank Limited - Islamic Banking Windows

Notes to the financial statements for the year ended 31 December 2016

Note	2016 Taka	2015 Taka
2.1 In Bangladesh		
In Mudaraba Fixed/Term Deposit Account (in local currency)		
EXIM Bank Ltd, Uttara Branch	300,000,000	-
The city Bank Ltd, Islamic Banking Branch	500,000,000	-
Social Islami Bank Limited, Dilkusha Branch, Dhaka	300,000,000	300,000,000
	1,100,000,000	300,000,000
In Mudaraba Savings Deposit Account		
Islami Bank Bangladesh Limited, Foreign Exchange Branch, Dhaka	12,337,078	11,934,201
	12,337,078	11,934,201
In Mudaraba Special Notice Deposit Account		
First Security Islami Bank Ltd., Dilkusha Branch, Dhaka	5,365,042	5,246,421
	5,365,042	5,246,421
	1,117,702,120	317,180,622
2.2 Maturity Grouping of Balance with Other Banks and Financial Institutions		
Payable on demand	1,357,079	17,180,622
Up to 3 months	1,116,345,041	300,000,000
Over 3 months but not more than 1 year	-	-
	1,117,702,120	317,180,622
3 Placement with Banks and Other Financial Institutions	-	-
4 Investments in Shares and Securities		
Government Treasury Bonds		
1 Year Bangladesh Govt. Islami Investment Bond	49,500,000	52,000,000
	49,500,000	52,000,000
5 Investments		
General Investments	5.1 364,942,103	383,826,318
Bills purchased and discounted	5.2 -	-
	364,942,103	383,826,318
5.1 General Investments		
Inside Bangladesh		
Quard	12,400,000	900,000
Bai Muazzal	16,784,807	21,469,466
Murabaha Post Import (TR)	17,020,761	126,499,797
Hire Purchase Shirkatul Melk	318,736,535	234,957,055
	364,942,103	383,826,318
Outside Bangladesh	-	-
	364,942,103	383,826,318
5.1.1 Maturity Grouping of General Investment		
Repayable on demand	-	-
Up to 3 months	-	-
Over 3 months but not more than 1 year	46,205,568	148,869,263
Over 1 year but not more than 5 years	318,736,535	234,957,055
Over 5 years	-	-
	364,942,103	383,826,318

Pubali Bank Limited - Islamic Banking Windows

Notes to the financial statements for the year ended 31 December 2016

Note	2016 Taka	2015 Taka
5.2 Bills purchased and discounted		
Payable in Bangladesh		
Loans against accepted bills	-	-
Loans against demand draft purchased	-	-
	-	-
Payable outside Bangladesh		
Foreign bills purchased	-	-
Foreign drafts purchased	-	-
	-	-
	-	-
5.2.1 Maturity grouping of bills purchased and discounted		
Receivable on demand	-	-
Not more than 3 months	-	-
Over 3 months but not more than 6 months	-	-
6 months or more	-	-
	-	-
5.3 Geographical location-wise distribution of investments including bills purchased and discounted		
In Bangladesh		
Urban		
Dhaka	141,220,800	220,410,794
Sylhet	223,721,303	163,415,524
	364,942,103	383,826,318
Rural	-	-
Outside Bangladesh (Foreign bills/drafts purchased)	-	-
	364,942,103	383,826,318
5.4 Sector-wise investments including bills purchased and discounted		
Public sector	-	-
Private sector	364,942,103	383,826,318
Co-operative sector	-	-
	364,942,103	383,826,318
5.5 Security base-wise investments including bills purchased and discounted		
Collateral of movable and immovable properties	352,542,103	382,926,318
Guarantee of local banks and financial institutions	-	-
Export documents	-	-
Fixed deposit receipts (FDR) of own Bank	-	-
FDR of other banks	12,400,000	900,000
Government bonds	-	-
Personal guarantee	-	-
Other securities	-	-
	364,942,103	383,826,318

Pubali Bank Limited - Islamic Banking Windows
Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
5.6 Classification of investments including bills purchased and discounted			
Unclassified:			
Standard		360,635,835	379,361,119
Special Mention Account (SMA)		-	-
		360,635,835	379,361,119
Classified:			
Sub-standard (SS)		-	-
Doubtful (DF)		-	-
Bad or loss (BL)		-	-
		-	-
Staff loan		4,306,268	4,465,199
		364,942,103	383,826,318
5.7 Particulars of required provision for investments			
<u>Status of Classification</u>	Base for Provision	Rate of Provision (%)	
General provision - Unclassified			
Standard (others)	356,635,965	1	3,566,360
Standard (cls)	2,796,652	5	139,833
Loan for professional to setup business	1,203,218	2	24,064
Special Mention Account (cls)	-	-	-
			3,730,257
Specific provision - Classified			
Sub-standard (SS)	-	20	-
Doubtful (DF)	-	50	-
Bad or loss (BL)	-	100	-
			-
Required provision			3,730,257
Provision maintained by head office			3,730,257
Excess provision			-

Pubali Bank Limited - Islamic Banking Windows
Notes to the financial statements for the year ended 31 December 2016

Note	2016 Taka	2015 Taka
5.8 Particulars of Investments		
(i) Investments considered good in respect of which the bank is fully secured.	364,942,103	383,826,318
(ii) Investments considered good for which the bank holds no other security than the debtors' personal security	-	-
(iii) Investments considered good being secured by the personal security of one or more parties in addition to the personal security of the debtors.	-	-
(iv) Investments adversely classified; provision not maintained there against	-	-
	364,942,103	383,826,318
(v) Investments due by directors or officers of the bank or any of them either severally or jointly with any other persons	4,306,268	4,465,199
(vi) Investment due from companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies as members.	-	-
(vii) Maximum total amount of advances, including temporary advances, made at any time during the year to directors or employees of the bank or any of them either severally or jointly with any other persons.	4,306,268	4,465,199
(viii) Maximum total amount of advances, including temporary advances, granted during the year to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies as members.	-	-
(ix) Investments due from banking companies	-	-
(x) Classified Investments for which interest/profit not credited to income		
a) Increase / decrease of provision (specific)	-	-
b) Amount written off debt	-	-
c) Amount of debt recovered against the debt which was previously written off	-	-
d) Amount of Provision kept against Investments classified as bad or loss	-	-
e) Amount of interest credited in suspense account	-	-
(xi) Cumulative amount of written off Investments	-	-
Opening Balance	-	-
Amount of debt written off for the current year	-	-
	-	-
(xii) Amount of written off loans for which case has been filed for recovery	-	-

Pubali Bank Limited - Islamic Banking Windows
Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
5.9 Hire Purchase Shirkatul Melk			
Lease rental receivable within 1 year		15,045,917	32,376,564
Lease rental receivable within 5 years		68,032,653	32,451,751
Lease rental receivable after 5 years		235,657,965	170,128,740
Total lease rental receivable		318,736,535	234,957,055
Un-earned income receivable		-	-
Net Lease finance		318,736,535	234,957,055
6 Fixed Assets including Premises, Furniture and Fixture Cost			
Machinery and equipments		1,073,591	811,920
Computer and computer accessories		782,150	1,298,199
Furniture and fixtures		1,426,220	1,211,714
		3,281,961	3,321,833
Accumulated depreciation		(1,600,188)	(1,355,806)
Net book value at the end of the year		1,681,773	1,966,027
7 Other Assets			
Accrued income on investments		4,884,387	3,984,000
Stationery and stamps		73,931	40,881
Suspense account		-	1,000
Pubali bank adjustment a/c		-	124,756,648
		4,958,318	128,782,529
8 Placement with Other Banks, Financial Institutions and Agents			
In Bangladesh		-	-
Outside Bangladesh		-	-
		-	-
9 Deposits and Other Accounts			
Inter-bank deposits		90,012,771	104,849,963
Other deposits		887,098,768	801,666,296
		977,111,539	906,516,259

Pubali Bank Limited - Islamic Banking Windows

Notes to the financial statements for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
9.1 Details of Deposits and Other Accounts			
<u>Current deposits and other accounts</u>			
Al-Wadia current deposit		43,568,418	36,246,373
		43,568,418	36,246,373
Bills payable	9.1.1	12,840,958	5,656,173
Mudaraba savings bank deposit		91,113,837	65,434,867
<u>Term deposits</u>			
Mudaraba fixed deposits		643,837,094	615,358,584
Mudaraba monthly term deposit		17,592,500	16,589,500
Mudaraba short notice deposits		138,071,665	140,417,230
Profit receivable on investment		1,785,816	6,988,890
Mudaraba deposit pension scheme		26,122,870	18,273,989
Mudaraba hajj savings		2,009,814	1,410,880
		829,419,759	799,039,073
Other deposits		168,567	139,773
		977,111,539	906,516,259
9.1.1 Bills Payable			
Payment orders issued		12,840,958	5,656,173
		12,840,958	5,656,173
9.2 Maturity analysis of Inter-bank deposits			
Payable on demand		90,012,771	104,849,963
Payable within 1 month		-	-
Over 1 month but within 6 months		-	-
Over 6 months but within 1 year		-	-
Over 1 year but within 5 years		-	-
Over 5 years and above		-	-
		90,012,771	104,849,963
9.3 Maturity analysis of other deposits			
Payable on demand		98,209,472	75,861,686
Payable within 1 month		9,875,068	4,218,514
Over 1 month but within 6 months		373,980,066	442,501,342
Over 6 months but within 1 year		138,274,519	138,203,177
Over 1 year but within 5 years		226,813,842	107,607,209
Over 5 years and above		39,945,801	33,274,368
		887,098,768	801,666,296

Pubali Bank Limited - Islamic Banking Windows

Notes to the financial statements for the year ended 31 December 2016

Note	2016 Taka	2015 Taka
10 Other Liabilities		
Unpaid expenses A/C	1,700	630
Item in transit (Cr. Balance)	79,143,397	68,733,290
Card transaction fee (Inter Bank)	285	270
Sadaqad fund	5,850,621	4,594,950
Pubali Bank adjustment A/C	527,507,656	-
	612,503,659	73,329,140
11 Investment income		
Bai Muazzal	4,969,948	5,743,795
Murabaha Post Import (TR)	6,427,102	12,451,614
Hire Purchase Shirkatul Melk	25,093,493	29,812,724
Investment Income from Other Bank	28,164,063	17,237,104
	64,654,606	65,245,237
12 Profit paid on deposits, borrowings, etc		
Mudaraba term deposits	34,074,124	42,876,442
Mudaraba special notice deposits	1,175,966	1,457,820
Mudaraba hajj savings	78,138	85,567
Mudaraba savings bank deposit	1,625,965	1,638,972
Mudaraba deposit pension scheme	1,154,485	1,090,128
Mudaraba monthly profit deposit	1,264,115	1,530,913
	39,372,793	48,679,842
13 Income from investment in shares/securities		
	-	-
14 Commission, exchange and brokerage		
SC, LSC, DD, TT, MT and PO	60,083	40,651
Foreign L/C	720,309	141,352
Local L/C	275,854	146,262
Other transactions	17,250	14,355
Miscellaneous handling commission	536,914	945,567
	1,610,410	1,288,187
15 Other Operating Income		
Miscellaneous income	5,480	7,308
Service charge	4,400	3,500
CIB service charge	16,770	9,100
Online service charge	219,040	191,912
Account maintenance fee	241,977	206,654
SMS service charge	53,064	45,267
Card fees and charges	19,300	18,600
	560,031	482,341

Pubali Bank Limited - Islamic Banking Windows

Notes to the financial statements for the year ended 31 December 2016

FINANCIAL STATEMENTS

Note	2016 Taka	2015 Taka
16 Salary and allowances		
Basic salary	2,631,633	2,894,550
House rent allowances	1,695,606	1,551,281
Medical allowances	360,744	294,200
Other allowances	326,455	288,265
Contributory provident fund	265,309	247,476
Bonus to employees	434,566	449,860
	5,714,313	5,725,632
17 Rent, taxes, insurance, electricity, etc.		
Electric fittings and fixtures	2,194	203,479
Insurance	1,005	157
Lighting	192,559	173,728
	195,758	377,364
18 Legal expenses		
Lawyer charges	-	-
Court fees and other expenses	-	-
	-	-
19 Postage, stamp, telecommunication, etc.		
Postage	2,841	2,155
Telephone (office)	22,719	19,616
Telephone (res)	-	(1,400)
	25,560	20,371
20 Stationery, printing, advertisement, etc.		
Table stationery	18,779	16,107
Computer Stationery	31,209	21,514
Consumption of books and forms	53,450	55,600
Printing and Stationery	-	8,410
Advertisement	-	17,492
	103,438	119,123
21 Depreciation repair and maintenance of fixed assets		
Repairs to fixed assets	2,625	5,200
Depreciation on fixed assets	371,760	246,474
Maintenance of Bank Premises	82,502	84,856
	456,887	336,530

Pubali Bank Limited - Islamic Banking Windows

Notes to the financial statements for the year ended 31 December 2016

Note	2016 Taka	2015 Taka
22 Other expenses		
Newspapers	6,440	4,774
Travelling	11,096	20,790
Sub-ordinate staff clothing	5,969	-
Honorarium	-	30,000
Conveyance	22,093	24,841
Entertainment	20,660	1,554
Photocopy expenses	-	450
Carrying expenses	530	130
Employees recreation (Lunch subsidy)	318,155	311,400
Overtime	1,500	-
Shifting Expenses	-	1,238
House maintenance	157,500	184,000
Security and auxiliary service	139,806	125,826
Miscellaneous	26,954	641,793
	710,703	1,346,796
23 Cash payments for other operating activities		
Rent, tax, insurance, lighting etc.	195,758	377,364
Repairing expenses	85,127	90,056
Other expenses	710,703	1,346,796
	991,588	1,814,216
24 Increase/(decrease) of Other Assets		
Closing Other Assets		
Stationery and stamps	73,931	40,881
Accrued income on investments	4,884,387	3,984,000
Pubali Bank adjustment	-	124,756,648
Suspense account	-	1,000
	4,958,318	128,782,529
Opening Other Assets		
Stationery and stamps	40,881	31,631
Accrued income on investments	3,984,000	1,248,000
Pubali Bank adjustment	124,756,648	-
Suspense Account	1,000	-
	128,782,529	1,279,631
	123,824,211	(127,502,898)
25 Cash and Cash Equivalents at the end of the year		
Cash in hand (Including foreign currencies)	5,605,687	2,820,823
Balance with Bangladesh Bank and its agent bank(s)	65,470,792	103,679,187
Balance with other banks and financial institutes	1,117,702,120	317,180,622
	1,188,778,599	423,680,632

Pubali Bank Limited - Off-shore Banking Unit

Balance Sheet as at 31 December 2016

Annexure-F

PROPERTY AND ASSETS

Cash

Cash in hand (Including foreign currencies)
Balance with Bangladesh Bank and its agent Bank(s)
(Including foreign currencies)

Balance with Other Banks and Financial Institutions
In Bangladesh
Outside Bangladesh

Loans, Advances and Leases

Loans, cash credits and overdrafts, etc.
Bills purchased and discounted

Fixed Assets including Premises, Furniture and Fixtures

Other Assets

Non-banking Assets

Total Assets

LIABILITIES AND CAPITAL

Liabilities

Borrowings from other Banks, Financial Institutions and Agents

Deposits and Other Accounts

Current accounts & other accounts
Bills Payable
Savings bank deposits
Term deposits
Other deposits

Other Liabilities

Total Liabilities

Capital / Shareholders' Equity

Paid up capital
Statutory reserve
Retained earnings
Other reserves
Profit and loss account surplus

Total Shareholders' Equity

Total Liabilities and Shareholders' Equity

Note	2016		2015
	USD	Taka	Taka
3	-	-	-
	-	-	-
	-	-	-
4	1,521,936.66	119,779,763	2,679,368
	-	-	-
	1,521,936.66	119,779,763	2,679,368
5	99,096,941.56	7,799,147,314	2,659,795,556
	993,966.74	78,227,369	-
	98,102,974.82	7,720,919,945	2,659,795,556
6	-	-	-
7	1,201,598.85	94,568,473	30,210,685
	-	-	-
	101,820,477.07	8,013,495,550	2,692,685,609
8	99,953,399.26	7,866,552,419	2,657,497,654
9	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
10	534,613.41	42,075,251	11,878,401
	100,488,012.67	7,908,627,670	2,669,376,055
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	1,332,464.40	104,867,880	23,309,554
	1,332,464.40	104,867,880	23,309,554
	101,820,477.07	8,013,495,550	2,692,685,609

Pubali Bank Limited - Off-shore Banking Unit

Balance Sheet as at 31 December 2016

Note	2016		2015
	USD	Taka	Taka
OFF-BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptances & Endorsements			
Letters of guarantee	-	-	-
Irrevocable letters of credit	-	-	-
Bills for collection	-	-	-
Other contingent liabilities	-	-	-
Total Contingent Liabilities	-	-	-
Other Commitments			
Documentary credits and short term trade-related transactions	-	-	-
Forward assets purchased and forward deposits placed	-	-	-
Undrawn note issuance and revolving underwriting facilities	-	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-	-
Total	-	-	-
Total Off-Balance Sheet items including Contingent Liabilities	-	-	-

Pubali Bank Limited - Off-shore Banking Unit

Profit & Loss Account for the year ended 31 December 2016

Annexure-F (i)

	Note	2016		2015
		USD	Taka	Taka
Operating Income				
Interest income	11	3,171,961.68	249,640,362	57,843,575
Interest paid on deposits, borrowings, etc.	12	(1,871,681.76)	(147,305,472)	(36,506,518)
Net Interest Income		1,300,279.92	102,334,890	21,337,057
Commission, exchange and brokerage		-	-	-
Other operating income	13	130,452.75	10,266,919	2,253,511
Total Operating Income		1,430,732.67	112,601,809	23,590,568
Operating Expenses				
Salaries and allowances	14	69,380.53	5,460,400	-
Rent, taxes, insurance, electricity, etc.		-	-	-
Legal expenses		-	-	-
Postage, stamp, telecommunication, etc.		-	-	-
Stationery, printing, advertisements, etc.		-	-	-
Auditors' fees		-	-	-
Charges on loan losses		-	-	-
Depreciation and repair of bank's assets		-	-	-
Other expenses	15	28,887.74	2,273,529	281,014
Total Operating Expenses		98,268.27	7,733,929	281,014
Profit/(Loss) before Provisions		1,332,464.40	104,867,880	23,309,554
Provision for loans & advances, investments & other assets				
Provision for classified loans and advances		-	-	-
Provision for unclassified loans and advances		-	-	-
Other provisions		-	-	-
Total Provisions		-	-	-
Total Profit/(Loss) before Taxation		1,332,464.40	104,867,880	23,309,554
Provision for current tax		-	-	-
Provision for deferred tax		-	-	-
Total Provision for taxes		-	-	-
Net Profit/(loss) after Taxation		1,332,464.40	104,867,880	23,309,554

Pubali Bank Limited - Off-shore Banking Unit

Cash Flow Statement for the year ended 31 December 2016

Annexure-F (ii)

	2016		2015
	USD	Taka	Taka
a Cash Flows from Operating Activities			
Interest receipts in cash	1,634,586.43	128,645,548	57,843,575
Interest payments	(1,024,140.42)	(80,602,104)	(36,506,518)
Receipts from other operating activities	101,819.36	8,013,408	2,253,511
Cash payments for other operating activities	(94,697.67)	(7,452,915)	(281,014)
Operating Profit before Changes in Operating Assets & Liabilities	617,567.70	48,603,937	23,309,554
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers (other than banks)	(65,301,246.45)	(5,139,351,758)	(2,659,795,556)
Other assets	(15,418.10)	(1,206,549)	(30,210,685)
Deposits to/from other banks	66,186,901.57	5,209,054,765	2,657,497,654
Other liabilities	-	-	11,878,401
Total Increase/(decrease) in operating assets and liabilities	870,237.02	68,496,458	(20,630,186)
Net Cash from/(used in) Operating Activities	1,487,804.72	117,100,395	2,679,368
b Cash Flows from Investing Activities	-	-	-
c Cash Flows from Financing Activities	-	-	-
d Net Increase/ (Decrease) in Cash and Cash Equivalents (a+b+c)	1,487,804.72	117,100,395	2,679,368
e Cash and cash equivalents at beginning period	34,131.94	2,679,368	-
f Cash and cash equivalents at end of period (d+e)	1,521,936.66	119,779,763	2,679,368

Pubali Bank Limited - Off-shore Banking Unit

Notes to the financial statements for the year ended 31 December 2016

Annexure-F (iii)

1 Status of the unit

The Bank obtained the Off-shore Banking Unit ("the Unit") permission vide letter No. BRPD (P-3) 744 (108)/2010-93 dated January 13,2010. The Bank commenced operation from January 22, 2015. The Off-shore Banking Unit is governed under the rules and guidelines of the Bangladesh Bank. The Bank has two Units. One is located at 26 Dilkusha C/A,(Pubali Bank Ltd., Head Office Building- 1st floor) Dhaka and the other unit is located at 99 Agrabad C/A (Sattar Chamber-Ground Floor), Chittagong.

1.1 Principal Activities

The principal activities of the units are to provide all kinds of commercial banking services to its customers through its Off-shore Banking Units in Bangladesh.

2 Significant accounting policies and basis of preparation of financial statements

2.1 Basis of Preparation

The financial statements are prepared on the basis of a going concern and represent the financial performance and financial position of the Off-shore Banking Unit (OBU). The financial statements of the OBU are prepared in accordance with the Bank Companies Act 1991, in particular, Banking Regulation and Policy Department (BRPD) Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs) and other rules and regulations where necessary.

2.2 Foreign Currency

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per BAS-21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month.

3 Cash

Cash in hand (Including foreign currencies)

In local currency

In foreign currencies

Balance with Bangladesh Bank and its agent bank(s)

(Including Foreign currencies)

Bangladesh Bank

In local currency

In foreign currencies

4 Balance with Other Banks and Financial Institutions

In Bangladesh

Outside Bangladesh

4.1 In Bangladesh

4.2 Outside Bangladesh

Current A/C (Nostro)

Mashreq Bank NY, USD

Mashreq Bank Mumbai, India-ACUD

Note	2016		2015
	USD	Taka	Taka
3 Cash			
Cash in hand (Including foreign currencies)			
In local currency	-	-	-
In foreign currencies	-	-	-
	-	-	-
Balance with Bangladesh Bank and its agent bank(s)			
(Including Foreign currencies)			
Bangladesh Bank			
In local currency	-	-	-
In foreign currencies	-	-	-
	-	-	-
4 Balance with Other Banks and Financial Institutions			
In Bangladesh	4.1	-	-
Outside Bangladesh	4.2	1,521,936.66	119,779,763
		1,521,936.66	119,779,763
			2,679,368
4.1 In Bangladesh			
4.2 Outside Bangladesh			
Current A/C (Nostro)			
Mashreq Bank NY, USD		1,504,604.82	118,415,709
Mashreq Bank Mumbai, India-ACUD		17,331.84	1,364,054
		1,521,936.66	119,779,763
			2,679,368

Pubali Bank Limited - Off-shore Banking Unit

Notes to the financial statements for the year ended 31 December 2016

Note	2016		2015
	USD	Taka	Taka
5 Loans, Advances and Leases			
Loans, cash credits and overdrafts, etc.	5.1 993,966.74	78,227,369	-
Bills purchased and discounted	5.2 98,102,974.82	7,720,919,945	2,659,795,556
	99,096,941.56	7,799,147,314	2,659,795,556
5.1 Loans, cash credits, overdrafts, etc. In Bangladesh			
Loans	993,966.74	78,227,369	-
Cash credits	-	-	-
Overdrafts	-	-	-
	993,966.74	78,227,369	-
Outside Bangladesh			
	-	-	-
	993,966.74	78,227,369	-
5.2 Bills purchased and discounted Payable in Bangladesh			
Export Bill Discounting	11,016,870.00	867,051,906	20,739,779
Loans against demand draft purchased	-	-	-
	11,016,870.00	867,051,906	20,739,779
Payable outside Bangladesh			
Discounting -UPAS	87,086,104.82	6,853,868,039	2,639,055,777
Foreign drafts purchased	-	-	-
	87,086,104.82	6,853,868,039	2,639,055,777
	98,102,974.82	7,720,919,945	2,659,795,556
5.3 Classification of Investments including Bills purchased & discounted			
Unclassified			
Standard	99,096,941.56	7,799,147,314	2,659,795,556
Special Mention Account (SMA)	-	-	-
	99,096,941.56	7,799,147,314	2,659,795,556
Classified			
Sub-standard (SS)	-	-	-
Doubtful (DF)	-	-	-
Bad or loss (BL)	-	-	-
	-	-	-
Staff loan			
	-	-	-
	99,096,941.56	7,799,147,314	2,659,795,556

Pubali Bank Limited - Off-shore Banking Unit

Notes to the financial statements for the year ended 31 December 2016

Note	2016		2015
	USD	Taka	Taka

5.4 Particulars of required provision for Investments

Status of Classification	Base for Provision	Rate of Provision (%)		
General provision - Unclassified				
Standard (Others)	7,574,919,267	1	75,749,193	26,385,895
Standard (SMEF)	224,228,047	0.25	560,570	53,015
			<u>76,309,763</u>	<u>26,438,910</u>
Specific provision - Classified				
Sub-Standard (SS)	-	20	-	-
Doubtful (DF)	-	50	-	-
Bad or Loss (BL)	-	100	-	-
			-	-
Required provision			<u>76,309,763</u>	<u>26,438,910</u>
Provision maintained by head office			<u>76,309,763</u>	<u>26,438,910</u>
Excess provision			<u>-</u>	<u>-</u>

6 Fixed Assets including Premises, Furniture and Fixtures

Cost	-	-	-
	-	-	-
Accumulated depreciation	-	-	-
Net book value at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>

As per decision of the 740 Board of Director's meeting dated 25.11.2009 the logistic supports which includes computers, printers, electrical appliances, furniture & fixtures, telephone etc. was provided by Principal and Agrabad branches. Subsequently assets will be purchased by respective OBU itself, the cutoff date will be decided by bank's senior management.

7 Other Assets

Income generating other assets

Interest on EBD	40,467.70	3,184,897	173,953
Interest on UPAS Bill	1,145,800.59	90,177,027	30,036,732
Prepaid expenses	15,330.56	1,206,549	-
	<u>1,201,598.85</u>	<u>94,568,473</u>	<u>30,210,685</u>

8 Borrowings from other Banks, Financial Institutions and Agents

Parents Bank-Pubali Bank Limited	28,313,709.26	2,228,351,209	1,087,491,654
Others Banks & Financial Institution	71,639,690.00	5,638,201,210	1,570,006,000
	<u>99,953,399.26</u>	<u>7,866,552,419</u>	<u>2,657,497,654</u>

9 Deposits and other accounts

Inter-bank deposits	-	-	-
Other deposits	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

Pubali Bank Limited - Off-shore Banking Unit

Notes to the financial statements for the year ended 31 December 2016

Note	2016		2015
	USD	Taka	Taka
10 Other Liabilities			
Interest payable from parent bank borrowing	113,222.43	8,910,854	5,121,356
Others banks & financial institutions	421,390.98	33,164,397	6,757,045
	534,613.41	42,075,251	11,878,401
11 Interest income			
Interest on EBD	182,859.24	14,391,424	6,386,537
Interest on UPAS Bill	2,907,200.17	228,803,049	51,457,038
Interest on Term loan	34,593.94	2,722,619	-
Interest on Finance to other financial Institutions	47,308.33	3,723,270	-
	3,171,961.68	249,640,362	57,843,575
12 Interest paid on deposits, borrowings, etc.			
Interest on Borrowings from Parent Bank	886,885.64	69,799,851	27,110,991
Interest on Borrowings from other banks & financial institutions	984,796.12	77,505,621	9,395,527
	1,871,681.76	147,305,472	36,506,518
13 Other operating income			
Rebate received from Nostro A/C	34,478.00	2,713,494	943,966
Reimbursement fee received	63,927.53	5,031,237	1,294,110
Overdue interest	29,000.69	2,282,418	-
AIP received from Nostro A/C	3,046.53	239,770	15,435
	130,452.75	10,266,919	2,253,511
14 Salaries and allowances			
Basic salary	33,675.38	2,650,326	-
House rent allowances	19,415.03	1,528,006	-
Medical allowances	3,800.41	299,101	-
Other allowances	3,365.27	264,854	-
Contributory provident fund	3,330.84	262,144	-
Bonus to employees	5,793.60	455,969	-
	69,380.53	5,460,400	-
15 Other expenses			
Bank charges of Nostro A/C (Mashreq Bank)	18,329.47	1,442,570	127,938
Payment of profit sharing on EBD	-	-	153,076
House maintenance	4,519.00	355,655	-
Car allowance	4,125.00	324,647	-
Lunch subsidy	1,914.27	150,657	-
	28,887.74	2,273,529	281,014

As per decision of the 740 Board of Director's meeting dated 25.11.2009 all related expenditure for the year ended 31 December 2015 was borne by Principal and Agrabad branches.



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**AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PUBALI BANK SECURITIES LIMITED**

We have audited the accompanying financial statements of Pubali Bank Securities Limited ("the Company") which comprise the statement of financial position as at 31 December 2016, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information disclosed in Notes 1-24 to the financial statements.

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair representation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Pubali Bank Securities Limited as at 31 December 2016, and its financial performance and its Cash Flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following matters:

1. In Note # 2.23 to the financial statements, the Company explains about non-maintenance of provision of 5% of its net profit for Workers' Profit Participation Fund as per the requirement of the Bangladesh Labour Act-2006.
2. In Note # 10 to the financial statements, the Company explains about receivable from clients.

We also report that:

- (a) we have obtained all the material information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- (c) the Company's financial position and financial performance dealt with by the report are in agreement with the books of account.

Dated, Dhaka

12 MAR 2017

Quasim
ACNABIN
Chartered Accountants

FINANCIAL STATEMENTS

Pubali Bank Securities Limited
Statement of Financial Position as at 31 December 2016

Annexure-G(i)

Note	Amount in Taka		
	2016	2015	
Non-Current Assets (A)			
Fixed assets	6	1,905,930	2,484,030
Intangible assets	6	280,000	490,000
Investment in securities (DSE & CSE shares)	9.2	115,024,360	115,024,360
		117,210,290	117,998,390
Current Assets (B)			
Advances, deposits and prepayments	7	999,500	953,500
Advance income tax	8	84,648,491	74,158,468
Investment in securities (Own Portfolio)	9.1	6,123,048,042	3,079,110,623
Accounts receivable	10	61,229,918	12,327,376
Loan to customers		598,828,710	694,814,222
Cash and cash equivalents	11	372,333,256	559,091,404
		7,241,087,917	4,420,455,593
Total Assets (A+B)		7,358,298,207	4,538,453,983
Equity and Liabilities			
Capital and Reserves (C)			
Share capital	3.1	3,600,000,000	1,600,000,000
Preference share capital	3.2	3,000,000,000	-
Investment Revaluation reserve	4	84,170,706	84,170,706
Retained earnings	5	(711,545,626)	(770,615,574)
Total Equity		5,972,625,080	913,555,132
Non-current Liabilities (D)			
Secured overdraft	13	-	2,128,090,596
Deferred tax liabilities	18	11,174,144	9,677,593
		11,174,144	2,137,768,189
Current Liabilities (E)			
Accounts payable	12	65,657,568	331,036,260
Provision for investment and clients' margin loan	14	1,132,308,527	1,054,495,222
Provision for expenses	15	295,700	407,630
Provision for taxation	16	114,732,188	101,191,550
Payable for IPO fund	17	61,505,000	-
		1,374,498,983	1,487,130,662
Total Liabilities [F = (D+E)]		1,385,673,127	3,624,898,851
Total Equity and Liabilities [G= (F+C)]		7,358,298,207	4,538,453,983

These financial statements should be read conjunction with annexed notes 1 to 24

Pubali Bank Securities Limited

Annexure-G (ii)

Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2016

Note	Amount in Taka	
	2016	2015
Operating income		
Revenue from brokerage commission	45,928,208	39,661,976
Interest income	22,800,139	46,030,057
Capital gain from investment in securities	24,774,735	52,498,118
Dividend income	126,926,402	49,996,211
Other operating income	5,646,856	1,661,721
Total operating income (A)	226,076,340	189,848,083
Operating expenses (B)		
Direct expenses	6,352,420	3,714,812
Operating expenses	40,261,352	29,257,643
Total operating expenses (B)	46,613,772	32,972,455
Operating profit before provision [C=(A-B)]	179,462,568	156,875,628
Provision for diminution in value of investment (D)	(59,349,859)	-
Provision for impairment of clients' margin loan (E)	(18,463,446)	(29,024,895)
Operating profit before taxation [F=(C-D-E)]	101,649,263	127,850,733
Net profit after tax [I= (F-G-H)]		
Current tax expense (G)	(41,082,764)	(90,626,365)
Deferred tax expense (H)	(1,496,551)	5,013,721
Net profit after tax [I= (F-G-H)]	59,069,948	42,238,089
Other comprehensive income		
Investment Revaluation reserve (Net Off tax)	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	59,069,948	42,238,089

FINANCIAL STATEMENTS

These financial statements should be read conjunction with annexed notes 1 to 24

Pubali Bank Securities Limited

Statement of Cash Flow for the period ended 31 December 2016

Annexure-G (iii)

FINANCIAL STATEMENTS

Note	Amounts in Taka	
	2016	2015
A) Cash flows from operating activities		
Net profit after tax during the year	59,069,948	42,238,089
Add: Amount considered as non-cash items		
Depreciation & amortization charged	1,072,345	1,204,550
Provision for investment & clients margin loan	77,813,305	29,024,895
Deferred tax expense	1,496,551	(5,013,721)
Provision for tax	13,540,638	28,201,924
	93,922,839	53,417,648
Changes in working capital		
(Increase)/decrease in advances, deposits and prepayments	(46,000)	110,500
(Increase)/decrease in advance income tax	(10,490,023)	(9,651,769)
(Increase)/decrease in investments in securities	(43,937,419)	(43,612,698)
(Increase)/decrease in accounts receivable	(48,902,542)	34,846,866
Increase/(decrease) revenue stamp payable	(3,650)	2,870
Increase/(decrease) payable to SWF	(2,099)	380
Increase/(decrease) security deposit	(73,000)	(155,230)
Increase/(decrease) sundry deposit	-	1,000
(Increase)/decrease in loans to customers	95,985,512	51,099,435
Increase/(decrease) in accounts payable	(203,794,943)	(3,682,371)
Increase/(decrease) in provision for expenses	(111,930)	(616,714)
Increase/(decrease) secured overdraft	(2,128,090,596)	5,230
	(2,339,466,690)	28,347,499
Net cash from/ (used in) operating activities	(2,186,473,903)	124,003,236
B) Cash flows from investing activities		
Fixed assets acquisition	(284,245)	(2,012,050)
Net cash from /(used in) investing activities	(284,245)	(2,012,050)
C) Cash flows from financing activities		
Issue of ordinary share capital	2,000,000,000	-
Net cash from /(used in) financing activities	2,000,000,000	-
D) Net cash increase /(decrease)	(186,758,148)	121,991,186
E) Cash and cash equivalent at the beginning of the period	559,091,404	437,100,218
F) Cash and cash equivalents at the end of the period	372,333,256	559,091,404

Annexure-G (iv)

Pubali Bank Securities Limited
Statement of Changes in Equity for the period ended 31 December 2016

Particulars	Ordinary Share Capital	Preference Share Capital	Investment Revaluation Reserve	Retained Earnings	Total
Balance as at January 1, 2016					
Share capital	1,600,000,000	-	84,170,706	(770,615,574)	913,555,132
Preference Share capital	2,000,000,000	-	-	-	2,000,000,000
Net Profit After Tax for the period 31 December 2016	-	3,000,000,000	-	-	3,000,000,000
	-	-	-	59,069,948	59,069,948
Balance as at 31 December 2016	3,600,000,000	3,000,000,000	84,170,706	(711,545,626)	5,972,625,080
Balance as at 31 December 2015	1,600,000,000	-	84,170,706	(770,615,574)	913,555,132

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

Annexure-G (V)**1 Status of the Company**

Pubali Bank Securities Limited (PBSL) was incorporated on the 21st June 2010 under the Companies Act, 1994 as a public limited company. It is a subsidiary company of Pubali Bank Limited. Pubali Bank Limited holds all the shares of the company except for thirteen shares being held by thirteen individuals. The Company has been established as per Bangladesh Securities & Exchange Commission's (BSEC) Letter # SEC/Reg/DSE/MB/2009/444 dated 20.12.2009. The company started its operation with effect February 01, 2011. The Registered Office of the Company is situated at A-A Bhaban (7th floor), 23 Motijheel C/A, Dhaka-1000, Bangladesh.

The main objects of the company are to carry on the business of a stock broker and stock dealer house and to buy, sell, and deal in shares, stocks, debentures, bonds and other securities, and to carry on any business as is permissible for a broker and dealer house duly licensed by the Bangladesh Securities & Exchange Commission (BSEC).

2 Significant accounting policies**2.1 Basis of preparation of financial statements**

These financial statements have been prepared under the historical cost convention on a going concern basis and in accordance with Bangladesh Financial Reporting Standards (BFRS), The Companies Act 1994, Securities and Exchange Rules 1987 and other laws and rules applicable in Bangladesh. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

2.2 Investment in securities (Own Portfolio)

The investment in securities have been prepared based on historical cost convention basis. However, the Company has maintained provision against the unrealized loss (after netting off unrealized loss with unrealized gain) as mentioned in note# 2.19.

2.3 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing concern basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

2.4 Components of Financial Statements

The financial statements referred to:

- a) Statement of Financial Position
- b) Statement of Profit or Loss and other Comprehensive income
- c) Statement of Changes in Equity
- d) Statement of Cash Flows and
- e) Notes to the Financial Statements

2.5 Statement of cash flows

Statement of cash flows is prepared in accordance with the Bangladesh Accounting Standard-7 " Statement of Cash Flows" under indirect method.

2.6 Reporting period

These financial statements cover period from 1 January to 31 December 2016.

2.7 Share capital

Share capital consists of all funds raised by a company in exchange for shares of either common or preferred shares of stock.

2.8 Property, plant and equipment

All fixed assets are stated at cost less accumulated depreciation as per BAS-16 " Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

Categories of Assets	Method of Depreciation	Rate
Computer and Computer Accessories	Straight Line Method	30%
Machinery and Equipment	Straight Line Method	20%
Furniture and Fixtures	Diminishing Balance Method	10%

Full year depreciation is charged on the assets if it is purchased up to 30 September of the financial year. No depreciation is charged on the assets written off.

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

2.9 Intangible assets and amortization of intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably. System and software is amortized at the rate of 30% on the straight line basis.

Expenditure incurred for system and software is capitalized only when it enhances and extends the economic benefits of software beyond its original specification and life and such cost is recognized as capital improvement and added to the original cost of software.

2.10 Advance, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory, etc.

2.11 Advance Income tax

The amount of advance income tax is mainly deduction at sources by DSE & CSE on daily transactions of broker & dealer operation. Tax deduction on interest income and dividend income are also included here.

2.12 Investments in securities

Investment in marketable and non-marketable ordinary shares has been shown at cost. Full provision for diminution in value of shares (Quoted) as on closing of the year on an aggregate portfolio basis has been made in the account.

2.13 Account receivables

Receivables are recognized when there is a contractual right to receive cash or another financial asset from another entity.

2.14 Loans to customers

Loans to customers are stated in the balance sheet on gross basis. Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest on customer loans is realized quarterly.

2.15 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Banks and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the Company management for its short-term commitments.

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

2.16 Provision for Tax

Current Tax

Provision for current tax is made in accordance with the provision of the Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time.

Deferred taxation

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the profit and loss account as per BAS-12 "Income Taxes".

2.17 Provision for liabilities

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2.18 Revenue Recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise and in accordance with the Bangladesh Accounting Standard (BAS) 18 "Revenue Recognition":

a) Brokerage commission

Brokerage commission is recognized as income when selling or buying order is executed.

b) Interest income on margin loan

Interest Income from margin loan is recognized on accrual basis. Such income is calculated on daily margin loan balance of the respective parties. Income is recognized on monthly basis and applied to the customers' account on quarterly basis.

c) Dividend Income

Dividend income is recognized when right to receive payment is established.

d) Capital Gain on Sale of share

Capital gain on investments in shares is recognized when it is realized.

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

2.19 Provision against unrealized loss in shares purchased as dealer and Margin Loan

As per directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 of Bangladesh Securities and Exchange Commission, 20% provision may be made for unrealized loss arising out of year-end (31.12.2016) revaluation of shares purchased as dealer and unrealized loss as margin loan. However the Company maintain provision mentioned in note# 14

2.20 Related Party Disclosures

As per Bangladesh Accounting Standards (BAS)-24 "Related Party Disclosures", parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

2.20.1 Particulars of Directors and Shareholders and their shareholdings

Sl No.	Name of the directors	Designation	Number of Share holding as 31 December 2016
1	Mr. Moniruddin Ahmed	Chairman	1
2	Mr. Ahmed Shafi Choudhury	Director	1
3	Mr. Habibur Rahman	Director	1
4	Mr. Mustafa Ahmed	Director	1
5	Mr. Azizur Rahman	Director	1
6	Mr. Muhammed Kabiruzzaman Yaqub	Director	1
7	Ms. Rana Laila Hafiz	Director	1
8	Mr. Ahmed Salah Sater	Director	1
9	Mrs. Ayesha Farha Chowdhury	Director	1
10	Mr. Rezwan Rahman	Director	1
11	Mr. Zeyad Rahman	Director	1
12	Mr. Md. Abdul Halim Chowdhury (Nominated by Pubali Bank Limited)	Director	Nil
13	Mr. Shahdeen Malik	Independent Director	Nil
14	Mr. Giashuddin Ahmed	Shareholder	1
15	Ms. Rumana Sharif	Shareholder	1
16	Pubali Bank Limited	Shareholder	Ordinary:35,999,987 Preference:30,000,000

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

2.20.2 Name of the directors and their interest in Pubali Bank Limited

Sl No	Name of directors	Status in Pubali Bank Securities Ltd.	Status in Pubali Bank Ltd.	Directors have interest in Pubali Bank Limited	Percentage of interest in Pubali Bank Ltd.
1	Mr. Moniruddin Ahmed	Chairman	Director	Pubali Bank Ltd.	3.26%
2	Mr. Ahmed Shafi Choudhury	Director	Director	Pubali Bank Ltd.	2.01%
3	Mr. Habibur Rahman	Director	Chairman	Pubali Bank Ltd.	2.00%
4	Mr. Muhammed Kabiruzzaman Yaqub	Director	Director	Pubali Bank Ltd.	2.00%
5	Mr. Azizur Rahman	Director	Vice Chairman	Pubali Bank Ltd.	2.52%
6	Mr. Shahdeen Malik	Independent Director	Independent Director	Pubali Bank Ltd.	-
7	Mr. Md. Abdul Halim Chowdhury (Nominated by Pubali Bank Limited)	Director	Managing Director & CEO	Pubali Bank Ltd.	-
8	Mr. Mustafa Ahmed	Director	-	Not Applicable	-
9	Ms. Rana Laila Hafiz	Director	Director	Pubali Bank Ltd.	2.00%
10	Mrs. Ayesha Farha Chowdhury	Director	-	Not Applicable	-
11	Mr. Rezwan Rahman	Director	-	Not Applicable	-
12	Mr. Zeyad Rahman	Director	-	Not Applicable	-
13	Mr. Ahmed Salah Sater	Director	-	Not Applicable	-

2.20.3 Related Party Transactions

Name of the Related Party	Related to	Nature of instrument	Balance in Taka	
			As on 31.12.2016	As on 31.12.2015
Pubali Bank Limited, Foreign Exchange Branch	Parent company	Different Types of Deposits	372,333,256	559,091,404
Pubali Bank Limited	Parent company	Secured Overdraft	-	2,128,090,596

2.21 Events after the reporting period

Where necessary, all the material events after the reporting period date have been considered and appropriate adjustment/disclosures have been made in the financial statements.

2.22 Management' responsibility on financial statements

The management of the company is responsible for the preparation and presentation of these financial statements.

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

2.23 Employee benefits

All the employees at Pubali Bank Securities Limited are on deputation from Pubali Bank Limited except the Managing Director, and will get existing and future benefits of the same Bank during the period of their service at Pubali Bank Securities Limited. All the employees of the management and executive team are on deputation from Pubali Bank Limited and their Salary, Incentive, Bonus, Provident Fund and all other financial benefits are provided as per Rules and Pay scale of Pubali bank Limited. Pubali Bank Limited does not make any provision for Workers' Profit Participation Fund, and hence no such provision has been made by the company.

2.24 General

- These financial statements are presented in Taka, which is the Company's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.
- The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the Company.
- Figures of previous year have been rearranged whenever necessary to conform to current year's presentation.

	Note	Amount in Taka	
		2016	2015
3 Share capital			
Authorized capital			
70,000,000 Ordinary Shares of Tk. 100/- each.		7,000,000,000	5,000,000,000
Issued, subscribed and paid-up capital			
3.1 Ordinary Share capital			
Paid-up Capital 36,000,000 shares of Tk. 100/- each, fully paid.		3,600,000,000	1,600,000,000
3.2 Preference Share capital			
Issue of 5% redeemable/ Convertible non- cumulative Preference shares, 30,000,000 of Tk. 100/- each, fully paid through shares of different companies on market price basis.		3,000,000,000	-
8 years Redemption call/ Convertible Option			
Upto year 3	No Redemption		
Year End 4	20% of 300 crore		
Year End 5	20% of 300 crore		
Year End 6	20% of 300 crore		
Year End 7	20% of 300 crore		
Year End 8	20% of 300 crore		

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

Note	Amount in Taka	
	2016	2015
4 Investment Revaluation Reserve		
Balance at the beginning of the year	84,170,706	84,170,706
Transferred during the year	-	-
	84,170,706	84,170,706
5 Retained earnings		
Balance at the beginning of the year	(770,615,574)	(812,853,663)
Add: Net profit during the year	59,069,948	42,238,089
Balance at the end of the year	(711,545,626)	(770,615,574)
6 Fixed assets		
Furniture and fixtures	2,218,978	2,218,978
Computer and computer accessories	2,924,405	2,901,165
Machinery & equipment	1,967,487	1,872,987
	7,110,870	6,993,130
Accumulated depreciation [Annexure-G(vi)]	(5,204,940)	(4,509,100)
	1,905,930	2,484,030
Intangible assets		
Back office software-Broker	700,000	700,000
Accumulated amortization [Annexure-G(vi)]	(420,000)	(210,000)
	280,000	490,000
7 Advances, deposits and prepayments		
Balance at the beginning of the year	953,500	1,064,000
Advances made during the year	7,757,025	1,152,646
Adjustment made during the year	(7,711,025)	(1,263,146)
Balance as at the end of the year	999,500	953,500
This balance represents advances for office space, various expenses for the Head office & Gulshan Branch		
8 Advance income tax		
Balance at the beginning of the year	74,158,468	64,506,699
Advance income tax deducted by DSE on transaction (Broker)	5,393,843	4,254,457
Advance income tax deducted by DSE on transaction (Dealer)	455,992	166,194
Advance income tax deducted by CSE on transaction (Broker)	347,192	152,438
Advance income tax deducted by CSE on transaction (Dealer)	5,809	709
Advance income tax paid in cash assessment year 2012-2013	5,868,779	3,000,000
Advance income tax paid in cash assessment year 2016-2017	4,481,541	-
Advance income tax paid in cash assessment year 2014-2015	-	31,808,539
Advance income tax paid in cash assessment year 2015-2016	-	22,037,131
Advance income tax deducted by bank on interest income	294,958	36,043
Advance income tax deducted on dividend	21,184,035	10,620,699
	112,190,617	136,582,909

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

Note	Amount in Taka		
	2016	2015	
Adjustment made during the year			
Adjustment made for the year 2012	-	(10,634,030)	
Adjustment made for the year 2011	(27,542,126)	-	
Adjustment made for the year 2013	-	(51,790,411)	
	(27,542,126)	(62,424,441)	
	84,648,491	74,158,468	
9 Investment in securities			
Investment in securities (Own Portfolio)	9.1	6,123,048,042	3,079,110,623
Investment in securities (DSE & CSE Shares)	9.2	115,024,360	115,024,360
		6,238,072,402	3,194,134,983
9.1 Investment in securities (Own Portfolio)			
AB Bank Ltd.		89,898,718	89,898,718
Bank Asia Ltd.		14,042,342	14,042,342
City Bank Ltd.		49,363,681	38,956,837
Dhaka Bank Ltd.		49,642,895	24,518,555
Eastern Bank Ltd.		9,956,521	9,956,521
Exim Bank of Bangladesh Ltd.		41,633,730	29,411,520
IFIC Bank Ltd.		18,897,744	18,897,744
Islami Bank Ltd.		3,353,522	-
Mercantile Bank Ltd.		39,844,689	39,844,689
Mutual Trust Bank Ltd.		6,998,414	31,960,030
National Bank Ltd.		109,009,433	96,921,976
NCC Bank Ltd.		32,213,150	32,213,150
One bank Ltd.		-	2,452,500
The Premier Bank Ltd.		39,003,825	39,003,825
Prime Bank Ltd.		61,354,625	61,354,625
Shahjalal Islami Bank Ltd.		52,585,211	52,585,211
Social islami Bank Ltd.		3,471,338	-
Southeast Bank Ltd.		139,790,290	45,030,900
Standard Bank Ltd.		11,815,500	11,815,500
Trust Bank Ltd.		6,892,894	6,892,894
United Commercial Bank Ltd.		50,977,677	22,906,096
Uttara Bank Ltd.		33,742,909	33,742,909
Delta Brac Housing Finance Corp. Ltd.		87,891,810	43,674,375
First Lease Finance and Investment Ltd.		2,712,200	2,712,200
FAS Finance & Investment Ltd.		1,295,578	1,295,578
IDLC Finance Ltd.		94,098,075	55,629,241
International Leasing & Financial Serv. Ltd.		76,825,919	76,825,919
Sub Total C/F		1,127,312,690	882,543,855

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

Note	Amount in Taka	
	2016	2015
Sub Total b/F	1,127,312,690	882,543,855
Lankabangla Finance Ltd.	9,021,239	-
United Finance Ltd.	6,998,502	6,998,502
Union Capital Ltd.	16,107,187	16,107,188
AIBL 1st Islamic Mutual Fund	50,000,000	50,000,000
DBH First Mutual Fund	30,784,857	30,784,857
EBL First Mutual Fund	1,625,463	1,625,463
Grameen One : Scheme Two	20,375,605	20,375,605
Green Delta Mutual Fund	71,200,865	71,200,865
MBL 1st Mutual Fund	50,000,000	50,000,000
PHP First Mutual Fund	50,000,000	50,000,000
Prime Bank 1st ICB AMCL Mutual Fund	5,977,600	5,977,600
Atlas Bangladesh Ltd.	113,543,619	113,543,620
BSRM Ltd.	-	3,762,188
BSRM Steels Ltd.	201,153,596	201,153,596
Deshbandhu Polymer Ltd.	7,002,863	7,002,863
Golden Son Ltd.	26,883,401	26,883,401
S. Alam Cold Rolled Steels Ltd.	-	12,822,197
Navana CNG Ltd.	129,094,550	117,213,112
Rangpur foundry Ltd.	886,026	-
Yeakin polymer Ltd.	2,591	-
Amcl (Pran) Ltd.	28,466,125	-
British American Tobacco Bangladesh Ltd.	199,656,809	-
Olympic industries Ltd.	14,007,581	6,683,631
Barkapower Ltd.	-	3,375,800
Dhaka Electric Supply Company Ltd.	64,458,682	48,462,345
Khulna Power Company Ltd.	261,860,408	261,860,408
Energyprima Ltd.	47,500,000	47,500,000
Jamuna Oil Company Ltd.	-	474,534
Linde BD	52,365,450	3,528,196
Meghna Petroleum Ltd.	138,382,255	46,226,227
Padma Oil Company Ltd.	24,916,085	6,971,795
Power Grid Company of Bangladesh Ltd.	-	9,609,450
Summit Power Ltd.	71,132,507	71,132,507
Titas Gas Transmission & Dist. Co. Ltd.	122,242,280	122,242,280
Apex Weaving & Finishing Mills Ltd.	6,501,134	6,501,134
Envoy Textiles Ltd.	108,484,124	18,174,151
Generation Next Fashions Ltd.	1,298,780	1,298,780
Familytex (BD) Ltd.	3,354,800	3,354,800
Malek Spinning Mills Ltd.	101,086,724	62,241,724
Metro Spinning Ltd.	67,126,678	67,126,678
Paramount Textile Ltd.	-	2,638,400
Sub Total C/F	3,230,811,076	2,457,397,752

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

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Note	Amount in Taka	
	2016	2015
Sub Total b/F	3,230,811,076	2,457,397,752
Rnspin Ltd.	33,345,608	-
Square Textile	833,559	761,210
Tallu spin Ltd.	13,018,280	-
ACI Ltd.	493,009,234	-
Aci Formula Ltd.	105,602,777	-
Acme lab Ltd.	742,000	-
Beximco Pharma Ltd.	19,091,182	24,655,288
Active Fine Chemicals Ltd.	167,872,921	30,408,218
Keya Cosmetics Ltd.	34,548,126	82,774,614
Beacon Pharmaceuticals Ltd.	15,429,400	15,429,400
Square Pharmaceuticals Ltd.	572,526,061	7,534,112
Renata Ltd.	31,586,429	-
Summit Alliance Port Limited	9,202,890	8,999,460
Confidcem Ltd	3,537,936	9,199,780
Meghna Cement Ltd.	114,426,945	114,426,945
M.I. Cement Factory Ltd.	40,807,707	23,230,909
Lafarge Surma Cement Ltd.	481,735,613	22,572,051
Heidelberg Cement Bd. Ltd.	28,124,850	8,052,350
Premier Cement Ltd.	48,868,190	-
Grameen Phone Ltd.	33,412,773	28,370,772
Bangladesh Submarin Cable Ltd.	19,276,488	-
Intech Online Ltd.	6,374,701	6,374,701
Bangladesh General Insurance Company Ltd.	27,078,751	27,078,751
Continental Insurance Ltd.	4,777,350	4,777,350
Delta Life Insurance Ltd.	296,318,156	12,041,690
Fareast Islami Life Insurance Co. Ltd.	2,322,515	2,322,515
Green Delta Insurance Ltd.	3,405,850	3,405,850
Meghna Life Insurance Co. Ltd.	9,174,845	9,174,845
National Life Insurance Ltd.	-	1,892,052
Pioneer Insurance Ltd.	4,393,750	4,393,750
Pragati Insurance Ltd.	2,330,955	2,330,955
Prime Islami Life Insurance Ltd.	3,023,110	3,023,110
Progressive Life Insurance Co. Ltd.	452,080	452,080
Reliance Insurance Ltd.	912,050	912,050
Unique Hotel & Resorts Ltd.	129,903,250	80,000,000
United Airways (BD) Ltd.	73,036,586	65,503,454
Amanfeed co Ltd.	8,565,520	-
Bangladesh Export Import Company Ltd.	21,614,609	21,614,609
Batashoe Co. Ltd.	863,485	-
Bangladesh Shipping Company Ltd.	325,432	-
Jute Spinn Ltd.	342,122	-
Fortune Shoes Ltd.	22,880	-
Pasific Denims Ltd (IPO)	30,000,000	-
Total	6,123,048,042	3,079,110,623

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

9.2 Investment in securities (DSE & CSE Shares)

Dhaka Stock Exchange Ltd.

Chittagong Stock Exchange Ltd.

Note	Amount in Taka	
	2016	2015
	72,151,060	72,151,060
	42,873,300	42,873,300
	115,024,360	115,024,360

This represents total face value of the shares allotted by DSE and CSE in favor of the company against the DSE and CSE memberships. As per the provision of the Exchange Demutualization Act-2013 and in accordance with the Bangladesh Securities and Exchange Commission (BSEC) approved Demutualization Scheme, Dhaka Stock Exchange Ltd. (DSE) allotted total 72,15,106 ordinary Shares at face value of Tk.10.00 each and a Trading Right Entitlement Certificate(TREC), and Chittagong Stock Exchange Ltd. (CSE) allotted total 42,87,330 ordinary Shares at face value of Tk.10.00 and a Trading Right Entitlement Certificate(TREC) in favor of the company against the membership of DSE and CSE respectively. Out of the above DSE transferred 2,886,042 shares and CSE transferred 1,714,932 shares directly to the credit of the Beneficiary Owner's account of the company. The rest shares were credited to blocked accounts as per provisions of the Exchange Demutualization Act, 2013. As there is no active market for DSE shares, we have shown at a value equivalent to the face values of shares (of DSE and CSE shares).

As the TREC is not a commonly tradable instrument and no purchase/sale transaction has yet occurred after demutualization, no value has been assigned to, and recorded against, these two TRECs.

10 Accounts receivable

Receivable from DSE (Broker)

Receivable from DSE (Dealer)

Receivable from CSE (Broker)

Dividend income receivable

Receivable from clients

	6,425,067	669,120
	22,923,185	-
	200,218	-
	26,207,296	5,201,068
	5,474,152	6,457,188
	61,229,918	12,327,376

The Tk. 54,74,152/- arose due to CDBL charges for bonus shares, annual account maintenance fee, but no receivable was arose due to purchase of securities. Such receivable balance is recovered from these BO accounts from time to time. However the market value of these portfolios are more than the receivable balance.

Age analysis of Debtors

Particulars	1-3 Months	More than 03 Months	Total
Receivable from DSE (Broker)	6,425,067	-	6,425,067
Receivable from DSE (Dealer)	22,923,185	-	22,923,185
Receivable from CSE (Broker)	200,218	-	200,218
Dividend income receivable	26,207,296	-	26,207,296
Receivable from clients	-	5,474,152	5,474,152
Total	55,755,766	5,474,152	61,229,918

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

	Amount in Taka	
	2016	2015
11 Cash and cash equivalent		
Cash in hand	-	-
Cash at Bank		
Current account:		
Pubali Bank Ltd. A/C-355590103401-2 PBL,Securities Trading Division	205,466	8,855,171
Pubali Bank Ltd. A/C-355590103402-7 Customers Security Deposit	2,733,160	2,806,160
Pubali Bank Ltd.A/C-355590103403-1 Other Income	96,570	80,140
Pubali Bank Ltd.A/C-290590101901 Documentation fee	33,802	26,898
Pubali Bank Ltd.A/C-565901023491 PBL, STD, Gulshan Branch	2,166,500	1,049,000
Pubali Bank Ltd.A/C-3555901037490 Dealer A/C	1,279,710	599,710
Pubali Bank Ltd.A/C-2905901042129 Consolidated customer A/C	177,763,695	471,434,685
Pubali Bank Ltd.A/C-2905901042114 Dealer A/C	17,303,740	48,852,144
Sub total	201,582,643	533,703,908
Special notice deposit account :		
Pubali Bank Ltd. SND A/C-2905102001105 Public Issue Application A/C	61,600,513	25,928
Pubali Bank Ltd.A/C-29051020993 Sundry Deposit A/C	393,617	333,165
Pubali Bank Ltd.A/C -2905102001047 Income & Expenditure A/C	108,756,483	25,028,403
Sub total	170,750,613	25,387,496
Total	372,333,256	559,091,404
12 Accounts payable		
Payable to DSE broker	680,226	5,876,532
Payable to DSE Dealer	1,234,527	-
Payable to CSE broker	-	602,879
Payable to Pubali Bank	13,810	13,810
Payable for CDBL	1,516,202	977,638
Payable to clients	58,171,602	319,038,487
Security deposit	2,733,620	2,806,620
Payable to software provider	235,539	681,789
VAT payable	28,437	84,169
Tax payable	328,460	290,611
Revenue stamp payable	-	3,650
Sundry Payable	44	-
SWF payable	-	2,099
Legal fees payable	471,625	414,500
Auditor's fee payable	143,750	143,750
Payable to suppliers	37,150	37,150
Sundry deposits	62,576	62,576
	65,657,568	331,036,260
13 Secured overdraft		
Balance at the beginning of the year	2,128,090,596	2,128,085,366
Loan taken during the year	-	15,230
Repayment of loan during the year	(2,128,090,596)	(10,000)
Balance at the end of the year	-	2,128,090,596

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

	Note	Amount in Taka	
		2016	2015
14 Provision for investment and clients' margin loan			
Provision for diminution in value of investment	14.1	1,024,308,695	964,958,836
Provision for impairment of clients' margin loan	14.2	107,999,832	89,536,386
		1,132,308,527	1,054,495,222
14.1 Provision for diminution in value of investment			
Balance at the beginning of the year		964,958,836	964,958,836
Provision made during the year		59,349,859	-
		1,024,308,695	964,958,836
80% provision for unrealized loss arising out of year end revaluation of shares purchased			
14.2 Provision for impairment of clients' margin loan			
Balance at the beginning of the year		89,536,386	60,511,491
Provision made during year		18,463,446	29,024,895
		107,999,832	89,536,386
60% provision for impairment of clients' margin loan			
15 Provision for expenses			
Provision for rent, tax, insurance, electricity expense	15.1	85,340	87,207
Provision for postage, stamp, telecommunication etc.	15.2	47,460	52,646
Provision for Stationery, printing, advertisement expenses	15.3	1,408	17,641
Provision for repair of machinery equipment expenses	15.4	255	255
Provision for other expenses	15.5	161,237	249,881
		295,700	407,630
15.1 Provision for rent, tax, insurance, electricity expense			
Balance at the beginning of the year		87,207	394,579
Provision made during the year		25,000	31,420
Settlement during the year		(26,867)	(338,792)
Balance at the year end		85,340	87,207
15.2 Provision for postage, stamp, telecommunication etc.			
Balance at the beginning of the year		52,646	47,301
Provision made during the year		24,000	31,600
Settlement during the year		(29,186)	(26,255)
Balance at the year end		47,460	52,646
15.3 Provision for Stationery, printing, advertisement expenses			
Balance at the beginning of the year		17,641	24,311
Provision made during the year			16,315
Settlement during the year		(16,233)	(22,985)
Balance at the year end		1,408	17,641

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

FINANCIAL STATEMENTS

	Note	Amount in Taka	
		2016	2015
15.4 Provision for repair of machinery equipment expenses			
Balance at the beginning of the year		255	2,900
Provision made during the year		-	-
Settlement during the year		-	(2,645)
Balance at the year end		255	255
15.5 Provision for other expenses			
Balance at the beginning of the year		249,881	555,253
Provision made during the year		95,300	184,987
Settlement during the year		(183,944)	(490,359)
Balance at the year end		161,237	249,881
16 Provision for taxation			
Balance at the beginning of the year		101,191,550	72,989,626
Current tax expenses	16.1	41,082,764	90,626,365
Settlement during the year		(27,542,126)	(62,424,441)
Balance at the end of the year		114,732,188	101,191,550
16.1 Current tax expenses			
Provision made during the year		41,082,764	28,366,116
Prior year adjustment		-	62,260,249
		41,082,764	90,626,365
17 Payable for IPO Fund			
Balance at the beginning of the year		-	1,460,000
Provision made during the year		61,505,000	11,780,600
Settlement during the year		-	(13,240,600)
Balance at the end of the year		61,505,000	-
18 Deferred tax			
Balance at the beginning of the year (deferred tax liability)		9,677,593	14,691,314
Provision made during the year		1,496,551	-
Provision adjusted during the year		-	(5,013,721)
Closing balance		11,174,144	9,677,593
Adjustment for deferred tax liability for investment revaluation reserve		-	-
Deferred tax liabilities/ (assets)		11,174,144	9,677,593
19 Interest income			
Interest on margin loan		22,800,139	46,030,057
		22,800,139	46,030,057
20 Other operating income			
BO opening charge, margin documentation fees, cheque bounce charge and others income		4,399,967	682,041
Revenue from CDBL charge & annual maintenance fee & others		1,246,889	979,680
		5,646,856	1,661,721

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

	Note	Amount in Taka	
		2016	2015
21 Direct expenses			
Howla and laga charges		2,905,700	2,201,593
CDBL expense		3,440,720	1,507,219
CDS connection fee		6,000	6,000
		6,352,420	3,714,812
22 Operating expenses			
Salary and allowances	22.1	27,263,662	23,672,755
Rent expense		313,045	247,731
Electricity & electric fittings expense		196,771	157,845
Insurance expense		14,543	14,543
Postage, stamp, telecommunication etc.		273,879	325,362
Directors' fees		834,900	298,000
Stationery, printing, advertisement expense		240,295	243,362
Repairs of machinery and equipment		349,998	112,824
Depreciation & amortization charge [Detailed in Annexure-G (VI)]		1,072,345	1,204,550
Auditor's fee		143,750	143,750
Investment protection fund		623	304
Legal fees		719,100	216,500
Professional fees		60,000	-
Newspapers & periodicals		15,885	14,728
Fuel expense		129,807	123,532
Overtime allowance		366,185	323,301
Travelling allowance		13,400	31,466
Maintenance of bank premises		63,000	49,600
DSE charge		11,076	3,357
CSE charge		-	12,596
Capital Enhancement Expense		5,804,525	-
Software Development Expenses		43,750	-
Subscription		25,000	-
Conveyance charge		237,761	96,151
Entertainment expense for office & clients		488,762	456,072
Internet connection fee		34,500	35,862
Car maintenance		134,229	44,759
Bandwidth service charge		326,400	326,400
Renewal & registration expense		375,130	380,010
Water & sewerage		83,410	107,979
Security & Auxiliary service		23,249	-
Miscellaneous expense		602,372	614,304
		40,261,352	29,257,643

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Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

22.1 Salary & Allowances

	Amount in Taka	
	2016	2015
Basic salary	10,331,393	9,874,713
House rent allowances	5,885,026	5,174,056
Medical allowances	1,228,344	1,100,300
Other allowances	3,842,402	2,501,820
Contributory provident fund	984,659	857,236
Bonus to employees	4,991,838	4,164,630
	27,263,662	23,672,755

23 Payments to Managing Directors

Salary and allowances

Basic salary	1,126,250	1,093,800
House rent allowances	563,125	546,900
Medical allowances	108,000	108,000
Other allowances	178,333	145,920
Contributory provident fund	112,625	109,380
	2,088,333	2,004,000

24 Employee position for Pubali Bank Securities Ltd (as at 31 December 2016)

Officer & Staff		Total Employee	Amount in Taka
Head Office	Gulshan Office		
31	8	39	27,263,662
		39	27,263,662

There is no Salary/Remuneration below Tk.3,000/- per month or annually Tk. 36,000. Minimum Salary/ Wages/Remuneration has started from Tk. 9,500/- per month. All the above employees except the Managing Director are deputed from Pubali Bank Limited (the parent company).

Pubali Bank Securities Limited

Schedule of Depreciation for the period ended 31 December 2016

Particulars	Cost			Rate	Depreciation			Written down value	
	Opening balance	Addition during the year	Disposal during the year		Total cost	Charged during the year	Disposal during the year		Total depreciation
Computer & Computer accessories	2,901,165	189,975	166,735	30%	2,924,405	214,907	166,505	2,417,993	506,412
Machinery & Equipment	1,872,987	94,500	-	20%	1,967,487	514,700	-	1,762,611	204,876
Furniture & fixtures	2,218,978	-	-	10%	2,218,978	132,738	-	1,024,336	1,194,642
Total	6,993,130	284,475	166,735		7,110,870	862,345	166,505	5,204,940	1,905,930

Schedule of Amortization for the period ended 31 December 2016

Particulars	Cost			Rate	Amortization			Written down value	
	Opening balance	Addition during the year	Disposal during the year		Total cost	Charged during the year	Disposal during the year		Total amortization
Systems & Software	700,000	-	-	30%	700,000	210,000	-	420,000	280,000
Total	700,000	-	-		700,000	210,000	-	420,000	280,000

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

Annexure-G(vii)

Allocation of operating expense

[Figures in Tk.]

Particulars	2016		2015	
Revenue from brokerage commission	45,928,208	20.09%	39,661,976	20.89%
Capital gain from investment in securities	24,774,735	10.84%	52,498,118	27.65%
Dividend income	129,427,545	56.62%	49,996,211	26.34%
Other operating income	28,446,995	12.45%	47,691,778	25.12%
Total	228,577,483	100%	189,848,083	100%

1. Operating Expenses attributable to Brokerage commission (20.09%, 20.89%)

	2016	2015
Salary and allowances	5,477,270	4,945,239
Rent expense	62,891	51,751
Electricity & electric fittings expense	39,531	32,974
Insurance expense	2,922	3,038
Postage, stamp, telecommunication etc.	55,022	67,968
Directors' fees	167,731	62,252
Stationery, printing, advertisement expense	48,275	50,838
Repairs of machinery and equipment	70,315	23,569
Depreciation & amortization charge	215,434	251,631
Auditor's fee	28,879	30,029
Investment protection fund	125	64
Legal fees	144,467	45,227
Newspapers & periodicals	3,191	3,077
Fuel expense	26,078	25,806
Overtime allowance	73,567	67,538
Travelling allowance	2,692	6,573
Maintenance of bank premises	12,657	10,361
DSE charge	2,225	701
CSE charge	-	2,631
Conveyance charge	47,766	20,086
Entertainment expense for office & clients	98,192	95,274
Internet connection fee	6,931	7,492
Car maintenance	26,967	9,350
Bandwidth service charge	65,574	68,185
Renewal & registration expense	75,364	79,384
Water & sewerage	16,757	22,557
Miscellaneous expense	121,017	128,328
Professional fees	12,054	-
Capital Enhancement Expense	1,166,129	-
Software development expense	8,789	-
Subscription	5,023	-
Security & Auxiliary service	4,671	-
Sub total (A)	8,088,506	6,111,923

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

2. Operating expenses attributable to Capital gain from investment in securities (10.84%, 27.65%)

	2016	2015
Salary and allowances	2,955,381	6,545,516
Rent expense	33,934	68,498
Electricity & electric fittings expense	21,330	43,644
Insurance expense	1,576	4,021
Postage, stamp, telecommunication etc.	29,688	89,963
Directors' fees	90,503	82,397
Stationery, printing, advertisement expense	26,048	67,290
Repairs of machinery and equipment	37,940	31,196
Depreciation & amortization charge	116,242	333,058
Auditor's fee	15,583	39,747
Investment protection fund	68	84
Legal fees	77,950	59,862
Newspapers & periodicals	1,722	4,072
Fuel expense	14,071	34,157
Overtime allowance	39,694	89,393
Travelling allowance	1,453	8,701
Maintenance of bank premises	6,829	13,714
DSE charge	1,201	928
CSE charge	-	3,483
Conveyance charge	25,773	26,586
Entertainment expense for office & clients	52,982	126,104
Internet connection fee	3,740	9,916
Car maintenance	14,550	12,376
Bandwidth service charge	35,382	90,249
Renewal & registration expense	40,664	105,073
Water & sewerage	9,042	29,856
Miscellaneous expense	65,297	169,855
Professional fees	6,504	-
Capital Enhancement Expense	629,211	-
Software development expense	4,743	-
Subscription	2,710	-
Security & Auxiliary service	2,520	-
Sub total (B)	4,364,331	8,089,739

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

3. Operating expenses attributable to Dividend income (56.62%, 26.34%)

	2016	2015
Salary and allowances	15,436,685	6,235,404
Rent expense	177,246	65,252
Electricity & electric fittings expense	111,412	41,576
Insurance expense	8,234	3,831
Postage, stamp, telecommunication etc.	155,070	85,700
Directors' fees	472,720	78,493
Stationery, printing, advertisement expense	136,055	64,102
Repairs of machinery and equipment	198,169	29,718
Depreciation & amortization charge	607,162	317,278
Auditor's fee	81,391	37,864
Investment protection fund	353	80
Legal fees	407,154	57,026
Newspapers & periodicals	8,994	3,879
Fuel expense	73,497	32,538
Overtime allowance	207,334	85,157
Travelling allowance	7,587	8,288
Maintenance of bank premises	35,671	13,065
DSE charge	6,271	884
CSE charge	-	3,318
Conveyance charge	134,620	25,326
Entertainment expense for office & clients	276,737	120,129
Internet connection fee	19,534	9,446
Car maintenance	76,000	11,790
Bandwidth service charge	184,808	85,974
Renewal & registration expense	212,399	100,095
Water & sewerage	47,227	28,442
Miscellaneous expense	341,063	161,808
Professional fees	33,972	-
Capital Enhancement Expense	3,286,522	-
Software development expense	24,771	-
Subscription	14,155	-
Security & Auxiliary service	13,164	-
Sub total (C)	22,795,978	7,706,463

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2016

4. Operating expenses attributable to Other operating income (12.45%,25.12%)

	2016	2015
Salary and allowances	3,394,326	5,946,596
Rent expense	38,974	62,230
Electricity & electric fittings expense	24,498	39,651
Insurance expense	1,811	3,653
Postage, stamp, telecommunication etc.	34,098	81,731
Directors' fees	103,945	74,858
Stationery, printing, advertisement expense	29,917	61,132
Repairs of machinery and equipment	43,575	28,341
Depreciation & amortization charge	133,507	302,583
Auditor's fee	17,897	36,110
Investment protection fund	78	76
Legal fees	89,528	54,385
Newspapers & periodicals	1,978	3,700
Fuel expense	16,161	31,031
Overtime allowance	45,590	81,213
Travelling allowance	1,668	7,904
Maintenance of bank premises	7,844	12,460
DSE charge	1,379	844
CSE charge	-	3,164
Conveyance charge	29,601	24,153
Entertainment expense for office & clients	60,851	114,565
Internet connection fee	4,295	9,008
Car maintenance	16,712	11,243
Bandwidth service charge	40,637	81,992
Renewal & registration expense	46,704	95,458
Water & sewerage	10,385	27,124
Miscellaneous expense	74,995	154,313
Professional fees	7,470	-
Capital Enhancement Expense	722,663	-
Software development expense	5,447	-
Subscription	3,113	-
Security & Auxiliary service	2,895	-
Sub total (D)	5,012,538	7,349,518
Grand Total (A+B+C+D)	40,261,352	29,257,643

AWARD & RECOGNITION



1 Managing Director & CEO Mr. Md. Abdul Halim Chowdhury receiving the 'Top Ten Remittance Award' from Mr. M A Mannan MP, Minister of State, Ministry of Finance and Planning for remarkable support service to increase the flow of inward foreign remittance.

2 Pubali Bank Ltd. got "Letter of Appreciation" from Bangladesh Bank for achieving the targets set by Bangladesh Bank for Agriculture & Rural Investment for the financial year 2014-2015.

EVENTFULL YEAR 2016



3 The members of Board of Directors, Senior Executives and other honorable shareholders are on the dais at the 33rd AGM of the Bank.

4 Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO delivers his speech during the 33rd Annual General Meeting of the Bank.

EVENTFULL YEAR 2016



5 "Annual Managers' Conference-2016" of Pubali Bank Ltd. participated by all Branch Managers, Regional Managers & Sr. Executives of the Bank held at Hotel Ocean Paradise, Cox's Bazar. Mr. Hafiz Ahmed Mazumder, Former Chairman, Board of Directors of the Bank graced the Conference as Chief Guest while Managing Director & CEO Mr. Md. Abdul Halim Chowdhury presided over the Conference. Vice-Chairmen Mr. Fahim Ahmed Faruk Chowdhury and Mr. Azizur Rahman & Directors- Mr. Syed Moazzem Hussain, Mr. Monzurur Rahman and Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA were attended as Special Guest. Additional Managing Director Mr. Safiul Alam Khan Chowdhury, Deputy Managing Directors-Mr. Mohammad Ali and Mr. Akhtar Hamid Khan were present in the Conference.

6 The 2nd Managers' Conference- 2016 of Sylhet East and West Regions of Pubali Bank Ltd. held recently. Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of the bank graced the conference as Chief Guest. Mr. Mohammad Ali, Deputy Managing Director & Chief Technical Officer of the bank was present as Special Guest. The General Manager of Sylhet Principal Office Mr. A. S. Sirajul Haque Chowdhury presided over the conference.

EVENTFULL YEAR 2016



7 The 4th conference- 2016 of Regional and Corporate Branch Managers of Pubali Bank Limited held at bank's Head Office. Mr. Habibur Rahman, Chairman, Board of Directors of Pubali Bank Limited was present as Chief Guest. Mr. Azizur Rahman, Vice-Chairman and Mr. Syed Moazzem Hussain, Director of Pubali Bank were present as Special Guests. Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of the bank presided over the conference. Additional Managing Director Mr. Safiul Alam Khan Chowdhury, Deputy Managing Directors-Mr. Mohammad Ali and Mr. Akhtar Hamid Khan are also seen in the photograph.

8 Pubali Bank Limited has recently signed an agreement with Election Commission (EC), Bangladesh to verify data of the customers at the EC Secretariat. Managing Director & CEO of Pubali Bank Limited Mr. Md. Abdul Halim Chowdhury and Director (Operations) of EC Mr. Syed Mohammad Musa signed the agreement. Additional Managing Director Mr. Safiul Alam Khan Chowdhury and Deputy Managing Director & Chief Technical Officer of the bank Mr. Mohammad Ali were present at the agreement signing ceremony.

EVENTFULL YEAR 2016



9 Pubali Bank Limited has recently shifted its Mohila College Branch of Sylhet to new premises with a view to providing best & modern banking services to its valued customers. Mr. Habibur Rahman, Chairman, Board of Directors of the bank was present as Chief Guest at the inaugural ceremony. Mrs. Dilara Rahman, wife of Mr. Habibur Rahman inaugurates the Branch. Vice-Chairmen-Mr. Fahim Ahmed Faruk Chowdhury and Mr. Azizur Rahman, Directors-Mr. Moniruddin Ahmed, Mr. M. KabiruzzamanYaqub FCMA (UK), CGMA and Ms. Rana Laila Hafiz were present as Guest of Honour. Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of the bank was present as Special Guest. Mr. A. S. Sirajul Haque Chowdhury, General Manager of Sylhet Principal Office presided over the ceremony.

10 Pubali Bank Limited inaugurated its 447th branch at Pirganj in Thakurgaon having online banking facilities with a view to providing modern banking service. Mr. Md. Abdur Razzak Mondal, Director, Board of Directors of the bank formally inaugurated the branch as Chief Guest. Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of the bank was present as Guest of Honour. Mr. Mohammad Ali, Deputy Managing Director & Chief Technical Officer of the bank was present as Special Guest. RM and DGM of Rangpur region Mr. Hari Bhushan Deb presided over the inaugural ceremony.

EVENTFULL YEAR 2016



11 Pubali Bank Limited inaugurated its shifted Banani Branch, Dhaka with a view to providing best & modern banking services to its valued customers. Mr. Habibur Rahman, Chairman, Board of Directors of the bank was present as Chief Guest at the inaugural ceremony. Vice-Chairman Mr. Azizur Rahman was present as Special Guest. Managing Director & CEO Mr. Md. Abdul Halim Chowdhury presided over the ceremony.

12 Pubali Bank Limited inaugurated its shifted Gulshan Model Town Corporate Branch with a view to providing best & modern banking services to its valued customers. Mr. Habibur Rahman, Chairman, Board of Directors of the bank was present as Chief Guest at the inaugural ceremony. Vice-Chairman Mr. Azizur Rahman, Directors- Mr. Moniruddin Ahmed, Mr. Syed Moazzem Hussain, Mr. Monzurur Rahman, Mr. Ahmed Shafi Choudhury, Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA and Ms. Rana Laila Hafiz were present as Special Guests. Managing Director & CEO Mr. Md. Abdul Halim Chowdhury presided over the ceremony. Former Chairman of Pubali Bank Ltd. and Chairman of Bangladesh Red Crescent Society Mr. Hafiz Ahmed Mazumder, Former Chairman of BTRC Mr. Syed Margub Murshed and Former Director of Pubali Bank Ltd. Mr. Muhammad Faizur Rahman were also present among others.



World-wide list of Exchange Companies/Bank for sending remittance through Pubali Bank Ltd.

- Bahrain** : Bahrain India International Exchange Co., NEC B.S.C(Closed), Zenj Exchange Co.
- KSA** : Al Rajhi Banking & Investment Corporation, Bank Al Bilad, Al Amoudi Exchange.
- Kuwait** : Al Mulla International Exchange Company, Al Muzaini Exchange Co., Bahrain Exchange Company, City International Exchange Co., Dollarco Exchange Co., Oman Exchange Company, Security Exchange Company.
- Malaysia** : NBL Money Transfer Sdn. Bhd., IME (M) Sdn. Bhd., Merchantrade Asia Sdn. Bhd., BFC Sdn. Bhd.,Malaysia; CBL Money Transfer, Malaysia, Prabhu Money Transfer Sdn. Bhd.
- Oman** : Oman & UAE Exchange Centre, Oman International Exchange, Purshottam Kanji Exchange Co., Gulf Overseas Exchange Co., Laxmidas Tharia Ved (Exchange) Co., Modern Exchange Co., Musandam Exchange, Mustafa Sultan Exchange Co., Hamdan Exchange.
- Qatar** : Al Zaman Exchange, Arabian Exchange Company, Eastern Exchange Est., Gulf Exchange Company, Habib Qatar International Exchange Ltd., National Exchange Company, City Exchange Co.
- Singapore** : NBL Money Transfer Pte. Ltd., Prime Exchange Pte. Ltd.
- UAE** : Al Ahalia Money Exchange Bureau, Al Ansari Exchange, Al Falah Exchange, Al Ghurair Exchange Company, Al Mona Exchange Co., Al Rostamani International Exchange, Index Exchange (Formerly Habib Exchange Co.), Lari Exchange Establishment, National Exchange Company, UAE Exchange Centre (Express Money), UAE Exchange Centre LLC, Economic Exchange Centre, Emirates India International Exchange, Multinet Trust Exchange, Redha Al Ansari Exchange Est., Universal Exchange Centre, Wall Street Exchange Centre, Sharaf Exchange LLC., Instant Cash FZE, Al Fardan Exchange .
- UK** : Orchid Money Transfer Limited, KMB Enterprises, Frontier Global Consultants Ltd.; K.S Enterprise.
- USA** : Trans-Fast Remittance LLC, Wall Street Finance LLC, Prabhu Group Inc. (d/b/a Prabhu Money Transfer), Placid NK Corporation (DBA Placid Express), RIA Financial Services Ltd., Standard Express.
- Italy** : First Security Islami Exchange.
- Global** : Western Union Network (France) SAS, MoneyGram Payment System Inc.



**BRANCH
NETWORK**

BRANCH NETWORK

Name of the Regions/Branches	District
Corporate Branches	
Principal (AD)	Dhaka
Motijheel (AD)	Dhaka
Foreign Exchange (AD)	Dhaka
B.B. Avenue (AD)	Dhaka
Dhaka Stadium (AD)	Dhaka
Kawran Bazar (AD)	Dhaka
Mohakhali (AD)	Dhaka
CDA (AD)	Chittagong
Agrabad (AD)	Chittagong

Dhaka North Zone	
Farmgate (AD)	Dhaka
Asad Avenue	Dhaka
Mohammadpur	Dhaka
Satmosjid Road	Dhaka
Savar	Dhaka
Tejgaon	Dhaka
Gulshan Model Town (AD)	Dhaka
Gulshan Circle-1	Dhaka
International Airport	Dhaka
Chiriakhana Road	Dhaka
Mirpur	Dhaka
Kafrul	Dhaka
Shewrapara	Dhaka
Agri Culture Complex	Dhaka
Sonargaon Hotel	Dhaka
Banani	Dhaka
Progati Sarani	Dhaka
Ashulia	Dhaka
Panthapath (AD)	Dhaka
Kuril Bishwa Road	Dhaka
Uttara Model Town	Dhaka
Baridhara	Dhaka
Banasree	Dhaka
Pallabi	Dhaka
Dakshin Khan	Dhaka
Ring Road	Dhaka
Kaligonj	Gazipur
Kashimpur	Gazipur
Tongi	Gazipur
Joydevpur	Gazipur
Salna	Gazipur
Mawna	Gazipur

Name of the Regions/Branches	District
Daulatpur	Manikgonj
Manikgonj	Manikgonj
Singair	Manikgonj
Dhaka Central Zone	
Malibagh	Dhaka
Laboratory Road	Dhaka
Dhaka Railway Station	Dhaka
Shahbagh Avenue	Dhaka
R.K. Mission Road	Dhaka
Bashaboo	Dhaka
Nayapaltan (AD)	Dhaka
Dhaka Shishupark	Dhaka
Shantinagor	Dhaka
Goran Bazar	Dhaka
Sonargaon Road	Dhaka
Moghbazar (AD)	Dhaka
Fakirapool Bazar	Dhaka
Rampura	Dhaka
New Market	Dhaka
Elephant Road	Dhaka
Hotel Osmani International	Dhaka
Shipahibagh Bazar	Dhaka

Dhaka South Zone	
Moghaltully	Dhaka
Peelkhana	Dhaka
Bar Library	Dhaka
Nawabpur Road	Dhaka
Bangshal (AD)	Dhaka
Nazimuddin Road	Dhaka
Sadarghat (AD)	Dhaka
Chawk bazar (AD)	Dhaka
Jhonson Road	Dhaka
Babu Bazar	Dhaka
Sutrapur	Dhaka
Begum Bazar	Dhaka
Islampur	Dhaka
Imamgonj	Dhaka
Nayabazar	Dhaka

AD = Authorized Dealer Branch

BRANCH NETWORK

Name of the Regions/Branches	District
Cox's Bazar	Cox's Bazar
Moiscal	Cox's Bazar
Ukhiya	Cox's Bazar
Chokaria	Cox's Bazar

Hill Tracts Zone

Rangamati	Rangamati
Khagrachari	Khagrachari
Bandarban	Bandarban

Sylhet East Zone

Asirgonj Bazar	Sylhet
Bondar Bazar	Sylhet
Baroigram Bazar	Sylhet
Beani Bazar	Sylhet
Budhbari Bazar	Sylhet
Chandarpur Bazar	Sylhet
Chowdhury Bazar	Sylhet
Chowkidekhi	Sylhet
Darbost	Sylhet
Dargagate (AD)	Sylhet
Dhaka Dakshin	Sylhet
Fenchugonj	Sylhet
Gachhbari Bazar	Sylhet
Golapgonj	Sylhet
Gowainghat	Sylhet
Hetimgonj	Sylhet
Kadamtali	Sylhet
Kalighat Road	Sylhet
Kaligonj	Sylhet
Kanaighat	Sylhet
Mirgonj Bazar	Sylhet
Mohila College	Sylhet
Mokam Bazar	Sylhet
Shahjalal Upashahar	Sylhet
Shahgali Bazar	Sylhet
Shahi Eidgah	Sylhet
Shahparan Gate	Sylhet
Sylhet Main (AD)	Sylhet
Zakigonj	Sylhet

AD = Authorized Dealer Branch

Name of the Regions/Branches	District
Sylhet West Zone	
Balagonj	Sylhet
Baraikandi	Sylhet
Biswanath	Sylhet
Daspaika Bazar	Sylhet
Gowala Bazar	Sylhet
Technical Road	Sylhet
Jalalpur	Sylhet
Tajpur	Sylhet
Stadium	Sylhet
Lalabazar	Sylhet
Pathantula	Sylhet
Singerkatch Bazar	Sylhet
Tuker Bazar	Sylhet
Chhatak	Sunamgonj
Derai	Sunamgonj
Gobindagonj	Sunamgonj
Jagannathpur	Sunamgonj
Jamalgonj	Sunamgonj
Jawa Bazar	Sunamgonj
Pagla Bazar	Sunamgonj
Rasulgonj	Sunamgonj
Sriramshi Bazar	Sunamgonj
Sunamgonj (AD)	Sunamgonj

Moulvibazar Zone

Kamalganj	Moulvibazar
Dakshinbagh	Moulvibazar
Juri	Moulvibazar
Shamsernagar	Moulvibazar
Moulvi Bazar	Moulvibazar
Sreemongal	Moulvibazar
WAPDA Gate	Moulvibazar
Kulaura	Moulvibazar
Baralekha	Moulvibazar
Brahman Bazar	Moulvibazar
Adampur Bazar	Moulvibazar
Chowmohona	Moulvibazar
Sherpur Bazar	Moulvibazar
Tengra Bazar	Moulvibazar
Jogidahar	Moulvibazar
Rabir Bazar	Moulvibazar
Bhatera Bazar	Moulvibazar
Munshi Bazar	Moulvibazar
Syedpur Bazar	Habigonj

BRANCH NETWORK

Name of the Regions/Branches	District	Name of the Regions/Branches	District
Ajmerigonj	Habigonj	Kachua	Chandpur
Gazipur	Habigonj	Nayergaon Bazar	Chandpur
Baniachong	Habigonj	Natun bazar	Chandpur
Nabigonj	Habigonj	Baburhat	Chandpur
Dharmaghar	Habigonj	Brahmanbaria	Brahman baria
Sutang Bazar	Habigonj	Akhaura	Brahman baria
Habigonj	Habigonj	Ashugonj	Brahman baria
Town Masjid Road	Habigonj	Sarak Bazar	Brahman baria
Bar Library	Habigonj	Kuti Bazar	Brahman baria
Chunarughat	Habigonj		
Shaistagonj	Habigonj	Noakhali Zone	
Madhabpur	Habigonj	Feni (Main)	Feni
Guningonj Bazar	Habigonj	Sonagazi	Feni
Gajnaipur Bazar	Habigonj	Kazirhat	Feni
Putijuri SME/Krishi	Habigonj	Feni Bazar	Feni
Razar Bazar	Habigonj	Chhagalnaiya	Feni
Olipur Bazar	Habigonj	Fulgazi	Feni
		Bangla Bazar	Feni
		Dagon Bhuiyan	Feni
		Lemua Bazar	Feni
		Maijdee Court	Noakhali
		Samir Munshirhat	Noakhali
		Chaumuhani	Noakhali
		Hatiya	Noakhali
		Thanarhat Bazar	Noakhali
		Bashurhat	Noakhali
		Datterhat	Noakhali
		Laxmipur	Laxmipur
		Raipur	Laxmipur
		Ramgonj	Laxmipur
		Mirerhat	Laxmipur
		Mymensingh Zone	
		Mymensingh (Main) (AD)	Mymensingh
		Swadeshi Bazar	Mymensingh
		Taltola Bazar	Mymensingh
		Darirampur	Mymensingh
		University Campus	Mymensingh
		Charpara	Mymensingh
		Muktagacha	Mymensingh
		Bhaluka	Mymensingh
		Kishorgonj	Kishorgonj
		Bhairab Bazar	Kishorgonj
		Kamalpur	Kishorgonj
		Kathiadi	Kishorgonj

AD = Authorized Dealer Branch

BRANCH NETWORK

Name of the Regions/Branches	District	Name of the Regions/Branches	District
Netrokona (Town)	Netrokona	Naogaon	Naogaon
Mohanganj	Netrokona	Mohadevpur	Naogaon
Madan	Netrokona	Deluabari	Naogaon
Jamalpur	Jamalpur		
Nandina Bazar	Jamalpur	Rangpur Zone	
Bakultala	Jamalpur	Rangpur	Rangpur
Sarishabari	Jamalpur	Station Road	Rangpur
Sherpur Town	Sherpur	Shapla Chattar	Rangpur
Pathrail Bazar	Tangail	Medical More	Rangpur
Tangail Main	Tangail	Kurigram	Kurigram
Akur Takur	Tangail	Fulbari	Kurigram
Gopalpur	Tangail	Gaibandha	Gaibandha
Zilla Sarak	Tangail	Mahimagonj	Gaibandha
Pakutia	Tangail	Park Road	Gaibandha
Karatia	Tangail	Gobindagonj	Gaibandha
Bhaighat Bazar	Tangail	Parbatipur	Dinajpur
		Dinajpur	Dinajpur
		Fulbari	Dinajpur
		Pulhat	Dinajpur
Rajshahi Zone		Lalmonirhat	Lalmonirhat
Rajshahi (AD)	Rajshahi	Tushbander	Lalmonirhat
New Market	Rajshahi	Nilphamari	Nilphamari
Sericulture	Rajshahi	Saidpur	Nilphamari
Katakhali Bazar	Rajshahi	Shutibari	Nilphamari
Baneswar	Rajshahi	Thakurgaon (Town)	Thakurgaon
Bhabanigonj	Rajshahi	Thakurgaon Road	Thakurgaon
Natore	Natore	Panchagarh	Panchagarh
Kushumbi Kaligonj	Natore	Nekmorod	Thakurgaon
Chapai Nawabgonj	Chapai Nawabgonj	Pirganj	Thakurgaon
Moharajpur	Chapai Nawabgonj		
Pabna	Pabna	Khulna Zone	
Salgaria	Pabna	Upper Jessore Road	Khulna
Ataikula	Pabna	Khulna Main (AD)	Khulna
Maligacha	Pabna	Batiaghata	Khulna
Ishurdi	Pabna	Khalishpur	Khulna
Sirajgonj	Sirajgonj	Doulatpur	Khulna
Khamargram	Sirajgonj	Mirerdanga	Khulna
Tarash	Sirajgonj	Sheikhpara Bazar	Khulna
Satmatha	Bogra	Kayerbazar	Khulna
Chelopara	Bogra	Phultala	Khulna
Bogra	Bogra	Chuknagar	Khulna
Murail SME/Krishi	Bogra	Bagerhat	Bagerhat
Santahar	Bogra	Mongla	Bagerhat
Jaipurhat	Jaipurhat	Satkhira	Satkhira
Jamalgonj	Jaipurhat	Patkelghata	Satkhira

AD = Authorized Dealer Branch



PUBALI BANK LIMITED
Registered office
26, Dilkusha C/A, Dhaka-1000

PROXY FORM

I/We
 Address:.....
 being the Shareholder Member of Pubali Bank Limited do hereby appoint Mr./Ms.....
as my/our Proxy to attend and vote on my/our behalf at the 34th Annual General Meeting
 of the Bank to be held on 27th April, 2017 at 10.30 AM at the Pubali Bank Auditorium, Head Office, 26 Dilkusha C/A, Dhaka.
 As wished, I/We have attested Signature of the Proxy Holder onday of2017.

 Signature of the Shareholder(s)

Revenue
 Stamp
 Tk. 20.00

 Signature of the Proxy Holder

No. of Shares held

Folio No.															
BO ID No.															

N.B. Important

1. A Member entitled to attend and vote at the 34th Annual General Meeting (AGM) may appoint a proxy to attend on his/her behalf.
2. The Proxy Form, duly completed, must be submitted at the Company's Registered Office at least 48 hours before (i.e. by 10.30 AM 25th April, 2017) the time fixed for AGM. Proxy is invalid if not signed and stamped as explained above.
3. Signature of the Shareholder(s) should agree with the Specimen Signature recorded with the Company.



PUBALI BANK LIMITED
Registered office
26, Dilkusha C/A, Dhaka-1000

ATTENDANCE SLIP

I/We hereby record my/our presence at the 34th Annual General Meeting (AGM) held on 27th April, 2017 at 10.30 AM at the Pubali Bank Auditorium, Head Office, 26 Dilkusha C/A, Dhaka.

Name of the Shareholder(s)															
Name of the Proxy Holder															
No. of Shares held															
Folio No.															
BO ID No.															

 Signature of the Shareholder(s)

 Signature of the Proxy Holder

Note : Please present this slip at the Reception Desk. Children and non-Shareholders will not be allowed at the Meeting.