



পুবালী ব্যাংক লিমিটেড  
PUBALI BANK LIMITED

# ANNUAL REPORT 2017



# ANNUAL REPORT 2017





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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, 2017.**

It is my pleasure to transmit the Annual Report 2017 of Pubali Bank Limited along with the consolidated Balance Sheet of its subsidiary company Pubali Bank Securities Limited for all concerned.

The Annual Report 2017 covers the period from 1 January 2017 to 31 December 2017 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 necessary 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 contents in the Annual Report. The Annual Report 2017 is testimonial to strength, soundness and capability of moving forward through consistent progress in all parameters of the Bank in the year 2017. At last, I would like to convey my thanks and gratitude to all concerned.

Sincerely yours,



**Zahid Ahsan**  
General Manager &  
Company Secretary



# VISION

Providing customer centric  
life long banking services



- 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.



### OUR VALUES

Customer Centric Financial Services by maintaining corporate & business ethics and transparency at all level.



### CORE VALUES

- Service Excellence
- Customer Focus
- Trust
- Commitment
- Integrity
- Business Ethics
- Mutual Respect
- Teamwork
- Result Driven
- Responsible Citizenship
- Building the Future



### CORE STRENGTHS

- Proficient Board of Directors
- Unique Corporate Culture
- Largest Online Branch Banking Network
- Dedicated line of Human Resources
- Participative Management
- Forward Looking Strategies and Management Policies
- Public Confidence & Acceptability
- Strong and Rational Capital Base
- Well Diversified line of Business
- Competitive Pricing with no Hidden Cost
- Strong Compliance and Risk Management Culture
- Modern Technology with in-house Banking Software



### CORE COMPETENCIES

- Experience and Expertise
- Innovation
- Adaptation ability to Changes
- Transparency
- Reliability
- Responsiveness



# AWARDS AND RECOGNITIONS



# AWARDS AND RECOGNITIONS



## 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 950,80,37,160
Total Manpower	7,652
Number of Branches	465
Number of AD Branches	29
Number of SME/Krishi Branches	05
Number of ATM Booths	116
Auditors	<b>M/s. S. F. Ahmed &amp; Co.</b> , Chartered Accountants House No. 25, Road No. 13A Block D, Banani, Dhaka 1213  <b>Hoda Vasi Chowdhury &amp; Co.</b> , Chartered Accountants BTMC Bhaban (8th Level) 7-9, Kazi Nazrul Islam Avenue Kawran bazar Commercial Area, Dhaka 1217
Corporate Governance Compliance Auditor	<b>Itrat Husain &amp; Associates</b> Chartered Secretaries in Practice
Tax Consultant	<b>M/s. S. F. Ahmed &amp; Co.</b> , Chartered Accountants House No. 25, Road No. 13A Block D, Banani, Dhaka 1213
Rating Agency	<b>National Credit Ratings Ltd.</b> 3 Bijoy Nagar (2nd and 3rd Floor), Dhaka
Registered office	26 Dilkusha C/A, 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
Tax Payer Identification No.	1475 41 533 430
VAT Registration No.	BIN 000000196
Name of the Bank's Subsidiary	Pubali Bank Securities Limited
Investor's Enquiry	Share Department Head Office, Pubali Bank Limited Level 3, 26 Dilkusha C/A, Dhaka 1000 853 +880-2-9564012, +880-2-9551614 Ext 227, 230, 369 boardpbl@pubalibankbd.com
Post Box No.	
Telephone	
E-mail	

## 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

**BAPLC CERTIFICATE**





## PUBALI BANK LIMITED

Registered Office

26, Dilkusha Commercial Area, Dhaka-1000, Bangladesh

### NOTICE OF THE 35TH (THIRTY FIFTH) ANNUAL GENERAL MEETING

Notice is hereby given to all concern that the 35<sup>th</sup> (Thirty Fifth) Annual General Meeting (AGM) of Pubali Bank Limited will be held on 10<sup>th</sup> May, 2018 at 10.30 AM at Pubali Bank Auditorium, Head Office, 26 Dilkusha C/A, Dhaka to transact and to adopt the following businesses:

#### AGENDA

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st December 2017 and Reports of the Directors and Auditors thereon.
2. To declare Dividend for the year ended 31st December 2017 as recommended by the Board of Directors.
3. To re-appoint Auditors of the Bank for the year 2018 and to fix their remuneration.
4. To confirm appointment of Independent Director.
5. To elect Directors.

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**

General Manager &  
Company Secretary

Dated: 18 April 2018

#### Notes:

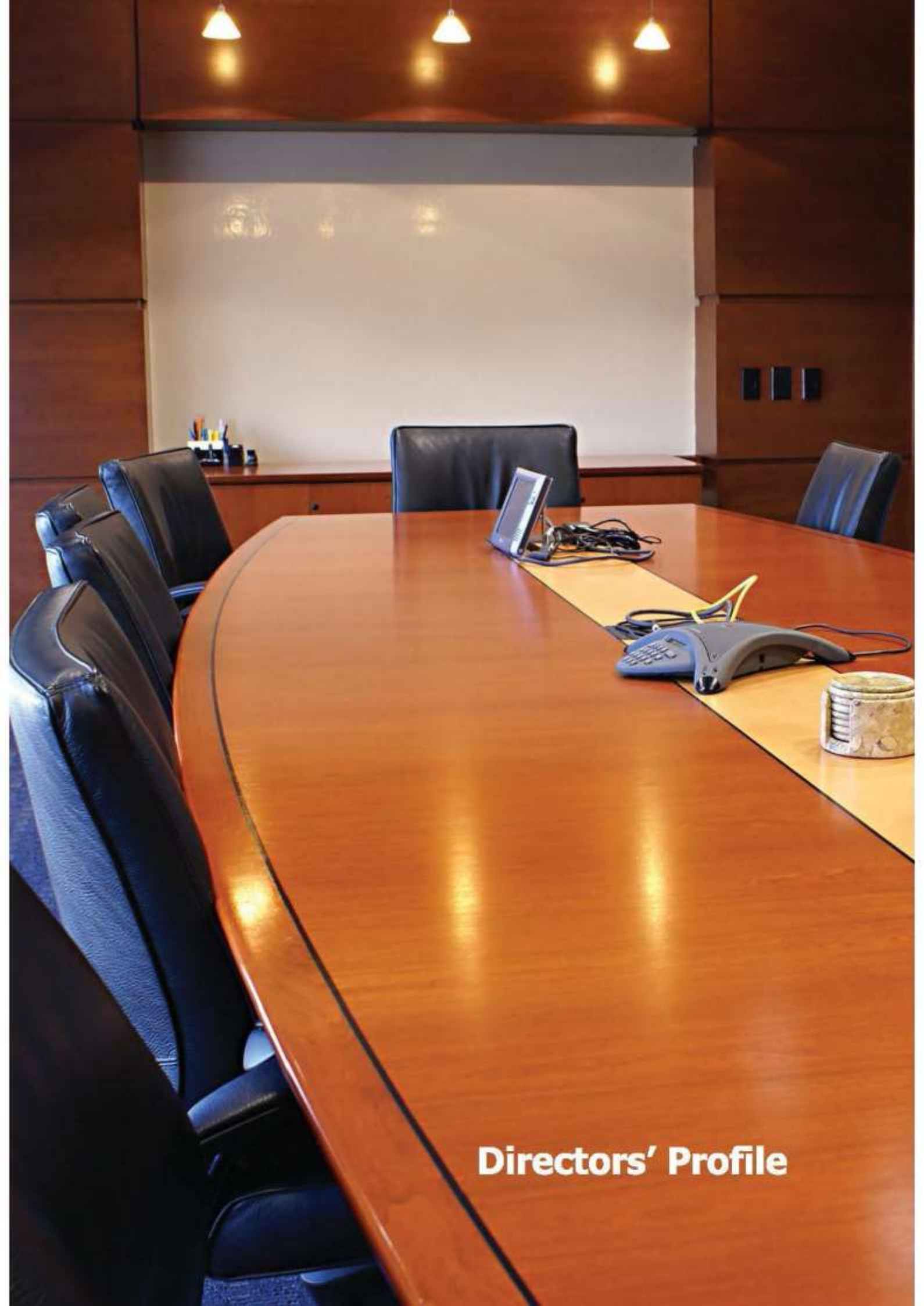
- a) The "Record Date" of the 35th Annual General Meeting (AGM) will be on Thursday, 19 April 2018.
- b) The Shareholders whose name would appear in the CDS/Register of Members of the Company on the Record Date shall be entitled to the dividend and attend the AGM.
- c) A member eligible to attend at 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 Bank at least 48 (forty eight) hours before the General Meeting i.e. 10.30 AM on 8 May, 2018. 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 last date of submission of nomination paper at the Registered Office for election of Directors is 26.04.2018, upto 5.00 PM. Scrutiny of nomination papers will be completed on 30.04.2018 and will be hung the eligible candidates list at notice board by 5.00 PM. Last date of withdrawal of nomination paper on 03.05.2018 upto 5.00 PM and list of names of final candidates to be hung in the notice board on 03.05.2018 after 5.00 PM.
- f) The honourable Shareholders may collect Proxy Form and Nomination Paper from the Share Department of the Bank and may also download from Bank's website ([www.pubalibangla.com](http://www.pubalibangla.com)). Attendance Slip may be collected from the Bank's Head Office or from the meeting venue.
- g) Annual Report and Balance sheet alongwith Directors' Report and Audited Financial Statements of the Bank for the year ended 31st December 2017 will be available at the Bank's website ([www.pubalibangla.com](http://www.pubalibangla.com)) from 24 April, 2018 to till next AGM.
- h) 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 Counters shall be opened at 7.00 AM and will remain open up to 10.30 AM.

#### Payment of Dividend:

- Stock Dividend will be credited through CDBL and sale proceeds of fraction share 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 35th 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).





## Directors' Profile

# BOARD OF DIRECTORS

## Chairman

Habibur Rahman

## Vice Chairman

Fahim Ahmed Faruk Chowdhury  
Azizur Rahman

## Director

Moniruddin Ahmed  
Syed Moazzem Hussain  
Monzurur Rahman  
Ahmed Shafi Choudhury  
Rumana Sharif  
M. Kabiruzzaman Yaqub FCMA (UK), CGMA  
Musa Ahmed  
Md. Abdur Razzak Mondal  
Rana Laila Hafiz

## Independent Director

Dr. Shahdeen Malik  
M. Azizul Huq

## Managing Director & CEO

Md. Abdul Halim Chowdhury

## Company Secretary

Zahid Ahsan

## Chief Financial Officer

Mohammad Liton Miah FCA

## COMMITTEES OF THE BOARD OF DIRECTORS

### Executive Committee

Moniruddin Ahmed

Chairman

Rumana Sharif  
Musa Ahmed  
Rana Laila Hafiz  
Md. Abdul Halim Chowdhury

Members

### Audit Committee

M. Azizul Huq

Chairman

Ahmed Shafi Choudhury  
Monzurur Rahman  
M. Kabiruzzaman Yaqub FCMA (UK), CGMA  
Dr. Shahdeen Malik

Members

### Risk Management Committee

M. Kabiruzzaman Yaqub FCMA (UK), CGMA

Chairman

Fahim Ahmed Faruk Chowdhury  
Azizur Rahman  
Md. Abdur Razzak Mondal  
M. Azizul Huq

Members

### Shariah Supervisory Committee

M. Azizul Huq

Chairman

Professor M. Muzahidul Islam  
Professor M. Mansurur Rahman  
Moulana Abdullah ibn Sayeed Jalalabadi  
Mufti Kazi Muhammad Ibrahim  
Habibur Rahman  
Moniruddin Ahmed  
Ahmed Shafi Choudhury  
M. Kabiruzzaman Yaqub FCMA (UK), CGMA  
Md. Abdur Razzak Mondal  
Md. Abdul Halim Chowdhury  
Md. Shaiful Islam  
A.N.M. Nurunnobi

Member  
Faqlh Member  
Faqlh Member  
Faqlh Member  
Ex-Officio Member  
Ex-Officio Member  
Ex-Officio Member  
Ex-Officio Member  
Ex-Officio Member  
Ex-Officio Member  
Ex-Officio Member  
Member Secretary



**Habibur Rahman**  
Chairman  
Pubali Bank Limited

**Father's Name**

Late Md. Mostafa Mia

**Mother's Name**

Late Azirunnessa

**Spouse Name**

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 & Involvement**

Mr. Habibur Rahman is a reputed business leader with long 60 years' experience in Banking and other businesses. Mr. Rahman has been Chairman of the Board of Directors of the Bank since April 28, 2016. His exceptional entrepreneurial skills and business leadership has added to the overall strength 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 one of the most experienced Directors of its subsidiary company named Pubali Bank Securities Ltd. Delta Medical College and Hospital and Global Pharmaceuticals Company Limited are also run under his directorship. Mr. Rahman is a well-travelled business personality. He has extensive travelling experiences across the globe on business purpose.



**Fahim Ahmed Faruk Chowdhury**

Vice-Chairman  
Pubali Bank Limited

**Father's Name**

Late Faruk Ahmed Chowdhury

**Mother's Name**

Shamsun Nahar Begum Chowdhury

**Spouse Name**

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 & Involvement**

Long 27 years' experience in Banking & other businesses. He has been serving as a member of Board of Directors of Pubali Bank Limited for long. 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.

Mr. Chowdhury is a successful businessman. In addition to being the Vice Chairman of Pubali Bank Limited, he is the Managing Director of Ranks FC Properties Ltd., CEM Group and FC Holdings Ltd. He is also a Director of Globex Pharmaceuticals Ltd., Surjloscope Hospital Pvt. Limited and Euro Petro Product Ltd. He was a former Director of Chittagong Chamber of Commerce & Industry. He is also involved in many social activities.



**Azizur Rahman**  
Vice-Chairman  
Pubali Bank Limited

**Father's Name**

Late Sk. Wahidur Rahman

**Mother's Name**

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 & Involvement**

Mr. Azizur Rahman is a renowned business leader with long 20 years' experience in his career. He has been serving as 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. He is one of the Director of its subsidiary named Pubali Bank Securities Ltd.

Mr. Rahman is a very prominent business entrepreneur in the country. He is the Managing Director of National Ceramic Industries Ltd. and Director of Dressmen Fashionwear Ltd. He is an industrialist and deals in export oriented garment business. He is engaged in many humanitarian and philanthropic organizations. Out of his social obligation he associates himself in various kinds of humanitarian activities. He is very amiable and a man of simplicity in his personal life.



**Moniruddin Ahmed**  
Director  
Pubali Bank Limited

**Father's Name**

Late Kurban Ali

**Mother's Name**

Late Haricha Khatun

**Spouse Name**

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 & Involvement**

Long 60 years' experience in business. He is one of the experienced Directors of Pubali Bank Limited. Currently, he is the Chairman of the Executive Committee of the Board of Directors and also a member of Shar'ah Supervisory Committee of the bank. He is also the Chairman of its subsidiary company named Pubali Bank Securities Ltd.

Mr. Moniruddin Ahmed has been working relentlessly to upgrade the education status of the country. He runs a renowned residential school. He is the founder Chairman of Monir Ahmed Academy, Sylhet. Moreover, he is involved in many Social and Philanthropic activities.



**Syed Moazzem Hussain**  
 Director  
 Pubali Bank Limited

**Father's Name**

Late Syed Warez Ali

**Mother's Name**

Late Wajamun Nessa

**Spouse Name**

Hallima Hussain

**Present Address**

Prince Corporation Ltd., 114 Kazl 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 & Involvement**

Long 45 years' experience in banking business & other activities. He has been serving as a Director of Pubali Bank Limited for 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.





**Monzurur Rahman**  
Director  
Pubali Bank Limited

**Father's Name**

Late Khan Bahadur Mukhlesur Rahman

**Mother's Name**

Late Syeda Kadira Khatoon

**Spouse Name**

Suraiya Rahman

**Present Address**

NE(E) 3A, Road 74, Gulshan 2, Dhaka 1212

**Permanent Address**

5 Circuit House Road, Kakrall, Dhaka 1217

**Educational Qualification**

Bachelor of Arts, Calcutta University

**Experience & Involvement**

He has long 51 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 LafargeHolcim Bangladesh Limited.

Mr. Rahman belongs to a family whose members are involved in Banks, Insurances and Financial Institutions. 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.



**Ahmed Shafi Choudhury**

Director  
Pubali Bank Limited

**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 & Involvement**

Long 50 years' experience in tea plantation, production business and in commercial banking. He is a Director on 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 of its subsidiary named Pubali Bank Securities Ltd. 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 quite a long time.



**Rumana Sharif**  
Director  
Pubali Bank Limited

**Father's Name**

E.A. Chaudhury

**Mother's Name**

Kaniz Momena Choudhury

**Spouse Name**

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 & Involvement**

Ms. Rumana Sharif has long 26 years' experience in her career. Her entrepreneurial skills and experience in business leadership has added to the overall strength of the Board of Director of the Bank. She has been serving as a Director of Pubali Bank Limited for long. She is currently a member of the Executive Committee of the Board of Directors of the Bank.

She is also involved in many other businesses. She takes keen interest in different benevolent and philanthropic activities.



**M. Kabiruzzaman Yaqub** FOMA (UK), CGMA  
 Director  
 Pubali Bank Limited

**Father's Name**

Mohammed Yaqub

**Mother's Name**

Rajia Yaqub

**Spouse Name**

Affia 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, FOMA (UK), CGMA

**Experience & Involvement**

He completed his graduation in Civil Engineering from United Kingdom. He is a respected fellow of the Institute of Chartered Management Accountants in United Kingdom. He has 29 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 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 Association of International Certified Professional Accountants.

Mr. Yaqub 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.



**Musa Ahmed**  
Director  
Pubali Bank Limited

**Father's Name**

Late Giashuddin Ahamed

**Mother's Name**

Monjura Ahmed

**Spouse Name**

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 & Involvement**

Long 19 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 has been successfully running business conglomerates 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.



**Md. Abdur Razzak Mondal**  
Director  
Pubali Bank Limited

**Father's Name**

Late Rashid Ahmed Mondal

**Mother's Name**

Late Rahatunnessa

**Spouse Name**

Roushan Ara Begum

**Present Address**

House No. 05, Road No. 33, Sector No. 7, Uttara, Dhaka

**Permanent Address**

Mulatole, Kotwali, Rangpur

**Educational Qualification**

MBA (IBA, DU)

**Experience & Involvement**

Long 43 years' experience in his career. He is a very experienced & qualified person. 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.



**Rana Laila Hafiz**  
Director  
Pubali Bank Limited

**Father's Name**

Hafiz Ahmed Mazumder

**Mother's Name**

Hafsa Mazumdar

**Spouse Name**

Riad Rouf

**Present Address**

House No. 13/A, Flat No. (5B), Road No. 54, Gulshan-2, Dhaka-1212

**Permanent Address**

153 Gulshan Avenue, Dhaka

**Educational Qualification**

MA (English)

**Experience & Involvement**

Rana Laila Hafiz is a women entrepreneur heading three export oriented garments manufacturing units (Trouser Line Ltd., SP Garments Ltd. and SP Washing Ltd.) as Managing Director. She joined the Board of Pubali Bank Ltd. as a Director on April 28, 2016. She also holds directorship position in its subsidiary company named Pubali Bank Securities Limited. Currently she is a member of the Executive Committee of the Board of Directors of the Bank. She obtained her post graduation (MA) in English from Dhaka University. Out of her personal obligation to the society and fellow beings, she engages herself in many social welfare activities.



**Dr. Shahdeen Malik**  
Independent Director  
Pubali Bank Limited

**Father's Name**

Late Abdul Malik Chowdhury

**Mother's Name**

Late Syeda Bulbul Chowdhury

**Spouse Name**

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 & Involvement**

Long 30 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 lawyer by profession. He has been practicing in the Supreme Court of Bangladesh for long. He is a constitution expert. He is also a renowned contributor to the national dailies and had taught Law at Dhaka University and BRAC University and is currently an adjunct professor of law at the University of Asia Pacific, Dhaka.





**M. Azizul Huq**  
Independent Director  
Pubali Bank Limited

**Father's Name**

Late Md. Nurul Islam

**Mother's Name**

Late Azizennesa Khatun

**Spouse Name**

Jahan Ara Huq

**Present Address**

Baitul Fazal, House No. 17, Road No. 2, Sector 10, Uttara, Dhaka

**Permanent Address**

Vill: Dhala, P.O. Sekander Nagar, P.S. Tarail, Dist. Kishoreganj

**Educational Qualification**

MA (Eco), Dhaka University

**Experience & Involvement**

Long 51 years' experience in banking career. He started his banking career in 1958 as a Probationary Officer with Habib Bank Ltd at Karachi, the then capital of Pakistan. Since then he has worked for – (i) Habib Bank Ltd (ii) National Bank of Pakistan (iii) Sonali Bank (iv) Islami Bank BD Ltd (v) Social Investment Bank Ltd ( now Social Islami Bank Ltd) and (vi) Islamic Finance and Investment Ltd. Mr. Huq had the rare opportunity of working successively as Founder CEO of Islami Bank BD Ltd, Social Investment Bank Ltd and Islamic Finance and Investment Ltd. During 1985 to 1994 he taught Islamic Banking and Finance at the University of Dhaka. He received training in Islamic Banking and Finance under direct supervision of Dr. Ahmed EL-Najjar at the Al-Azhar University, Cairo, Egypt. In 2005 when the Central Shariah Board of Islamic Banks of Bangladesh introduced the prestigious Annual Islamic Banking Award, Mr. Huq was the first person to receive the award. Currently he has been working as Chairman of Shariah Council of a member of Islamic Banks. He was Independent Director and Vice-Chairman of Islami Bank BD Ltd till 05.01.2017.

He is an Independent Director in the Board of Directors 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. He is also Chairman of Shari'ah Supervisory Committee of the Bank.



**Md. Abdul Halim Chowdhury**

Managing Director & CEO  
Pubali Bank Limited

**Father's Name**

Late Abdul Muquith Chowdhury

**Mother's Name**

Wahida Khanom Chowdhury

**Spouse Name**

Rahima Aqter Chowdhury

**Present Address**

Pubali Bank Limited, Head Office, Dhaka

**Permanent Address**

Jhama 80, Jhamar Par, Kumarpara, Sylhet

**Educational Qualification**

B.Sc (Hon's), M.Sc

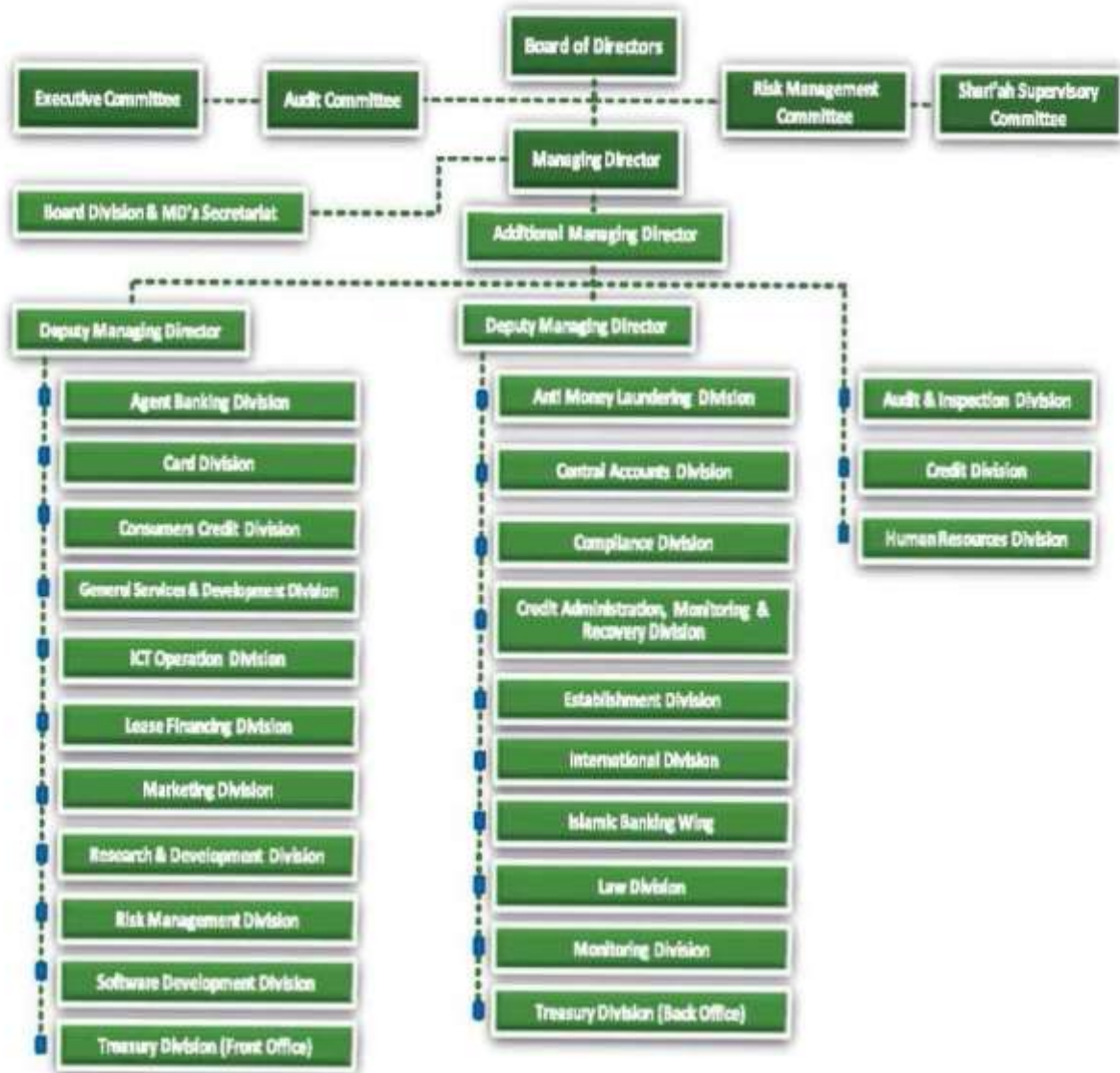
**Experience & Involvement**

Long 33 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 also holds Ex-officio Directorship of its subsidiary Pubali Bank Securities Limited.

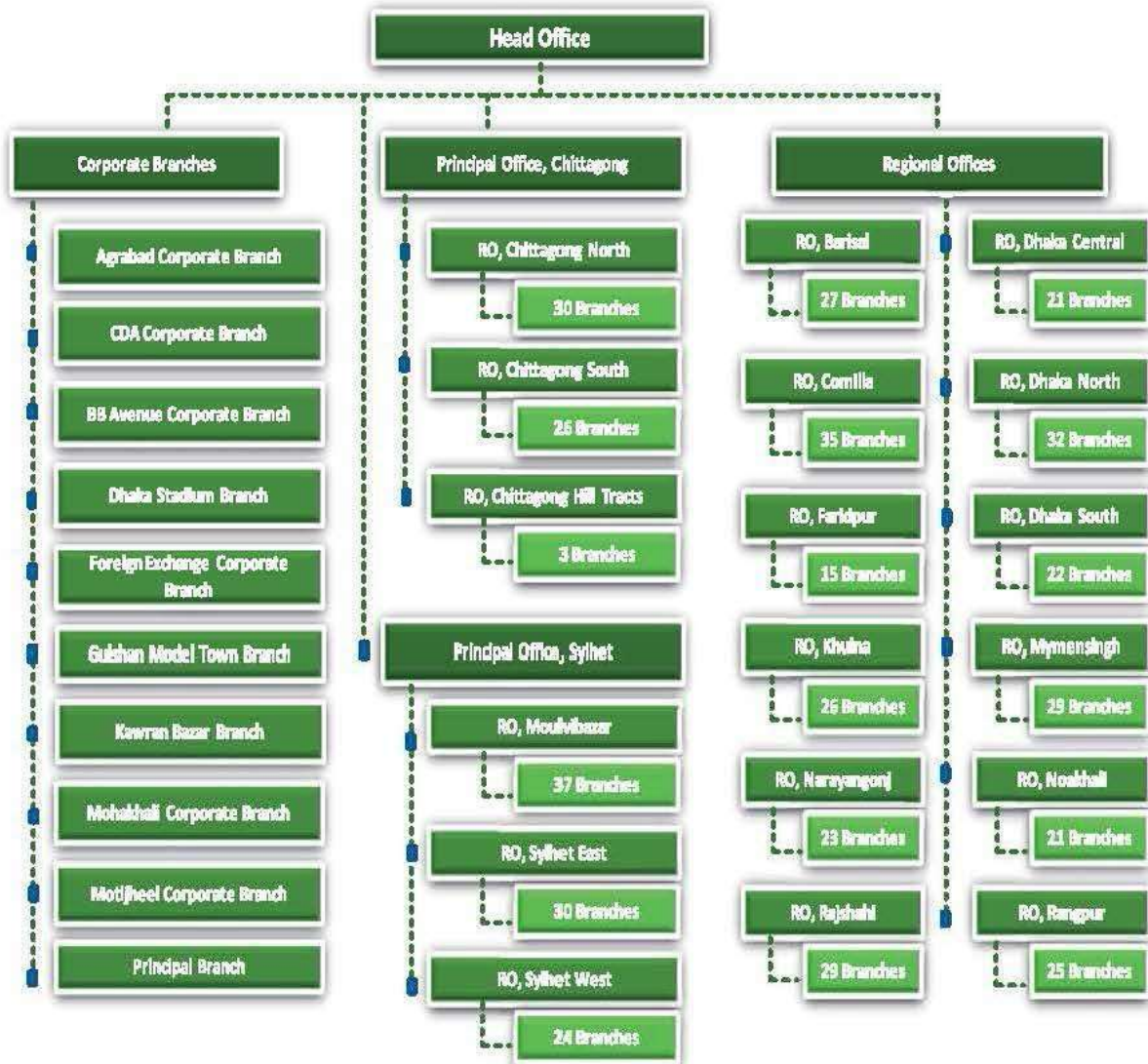
He attended a number of prestigious programs including International Bankers seminar in Langkawi, Malaysia in 2006, INSEAD arranged workshop on value creation in Banking and Strategic Management held in France from October 29 to November 1, 2015 and also took part in Global Banking: Paradigm Shift in Mumbai. He attended a training program titled "Citi's Cyber Security and share best practices" on 29-30 September, 2016. He attended "The Global Trends, Local Impacts: UK, Brexit and the World Program" organized by the Standard Chartered Bank in London, UK from May 16 to May 18, 2017. He also participated in various trainings, 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 clubs in our country.

## CORPORATE ORGANOGAM

### FOR HEAD OFFICE :



**HEAD OFFICE TO REGIONAL OFFICES & BRANCHES :**



# MANAGEMENT TEAM

Managing Director & CEO	Md. Abdul Halim Chowdhury
Additional Managing Director	Saful Alam Khan Chowdhury
Deputy Managing Directors	Mohammad Ali Akhtar Hamid Khan Mukhtar Ahmed
General Managers	Syed Aziz Ahmed Dewan Ruhul Ahsan Md. Sirajul Islam Miah Syed Abdul Mazid Habibur Rahman Mohammad Shahnawaz Chowdhury Dewan Jamil Masud Abu Habib Khairul Kabir Ershadul Haque B. M. Shahidul Haque Mohammad Humayun Kabir Abduhu Ruhul Masih A. S. Sirajul Haque Chowdhury Mosammat Shahida Begum Sayed Salful Islam Rubina Begum Pradip Kumar Datta Nitish Kumar Roy Zahid Ahsan Ahmed Enayet Manzur Mohammad Shahadat Hossain Mohammad Esha
Managing Director & CEO Pubali Bank Securities Limited	Mohiuddin Ahmed
General Manager Chief of Board's Audit Cell	Md. Shah Alam
Principal Pubali Bank Training Institute	Niranjan Chandra Gope

## MANAGEMENT TEAM

Md. Belayet Hossain	Shakti Ranjan Das
Muhammod Ali Khan	Sukanta Chandra Banik
Jagot Chandra Saha	Mohammad Anisuzzaman
Shyam Sundar Banik	Md. Rafiqul Islam
Md. Shamsuddin Faruque	Md. Kamruzzaman
Shaikh Abdus Sabur	Nareh Chandra Basak
Md. Ashrafal Alam	Faroque Ahmed
Khondaker Mahbub-E-Rabbani	Ratan Kumar Shil
Md. Mostafa Kamal Miah	Abu Hasan Md. Kamruzzaman
Md. Abdul Hye	Ashim Kumar Roy
Md. Imamur Rashid	Endra Mohan Sutradhar
Halima Khatoon	Md. Shaheen Khan
Iftikher Haider	Md. Faisal Ahmed
Dilip Kumar Paul	Nanna Sikder
Mohammad Saiful Islam	Md. Noor-E-Alam Sarker
A. Jalil	Khan Md. Javed Jafar
Ziaul Haque Chowdhury	Md. Nazrul Islam Sarker
Md. Helal Uddin	Mohammad Arifur Rahman
Mahbub Ahmed	Ismat Ara Huq
Mohammed Mashiur Rahman Khan	Md. Hasan Imam
Hari Bhushon Deb	Mohammed Nurul Kabir
Md. Shahnewaz Khan	Dam Kamal Kumar
Md. Mohiuddin Ahmed	Md. Shahin Shahria
Mohammad Monjurul Islam Mojumder	Mohammad Abdus Shobhan Miajee
Md. Faizul Hoque Sharif	A.K.M. Abdur Raqib
Md. Zahidur Rahman	Md. Malequl Islam
Nishat Maisura Rahman	Ajuba Khandaker
A.K.M. Muzammel Hoque	Abu Laich Md. Shamsujjaman
Md. Anisur Rahman	Mohammad Abdur Rahim
Sultana Sarifun Nahar	Kazi Ashfaq-Ur-Rahman
Mohammad Liton Miah, FCA	Md. Shah Alam

## DEPUTY GENERAL MANAGERS

## MANAGEMENT TEAM

Faruq Hasan	Md. Shariful Islam
Md. Muyeenu Haque	Md. Abul Kalam Azad
A.K.M. Saiful Islam	S. M. Liaquat Hossain
Hosne Ara Begum	Muhammad Tariqul Islam
Md. Mizanur Rahman	Ms. Fatema Shaela Hossain
Syed Md. Yahiya	Chowdhury Ishfaqur Rahman Qurashi
Satya Ranjan Chakraborty	Shahjahan Mahmood
Jibon Kumar Roy	Shahidullah Bhuiyan
Md. Shahidul Islam	Md. Abdul Mumith Chowdhury
Debashis Bhattacharyya	Md. Saiful Islam
Shahnaz Begum	Mst. Masuma Khatun
Mohammad Shahjahan	Mohammad Mohasin Sarker
H.M. Omar Faruque	Kaniz Fatima
Md. Shamsul Haque	Mohammad Tofazzal Hossain
Md. Wahid Shams	Tahmida Sharmin
Md. Bellal Hossain Salim	Fahmida Akter
Md. Imtiazul Huq	Md. Shaiful Islam
Shahina Hossain	Zubair Islam
Prodyut Kumar Roy	Chowdhury Md. Shafiqul Hasan
Abdullah Al Amin	Md. Abul Hasan
Md. Rafiqul Islam	Kazi Shaswoti Islam
Mousumi Rani Saha	Md. Lotifur Rahman
Md. Zahirul Islam	Kaniz Farhana Yasmin
Md. Bellal Hossain	Mohammad Al Mamun
Md. Abu Nasar	Md. Anisuzzaman
Md. Abdul Wahab Mollah	K. M. Ishtiaq Hamid
Md. Aminul Islam	Hossain Mohammed Faisal
Md. Nurul Alam Khan	Alamgir Zahan
S.M. Rakib Miah	Md. Sazidur Rahman
Md. Asif Iqbal	Shameema Akhter Sayma
Mohammed Ali Amzad	Monirul Islam

## ASSISTANT GENERAL MANAGERS

## MANAGEMENT TEAM

Mohammad Saiful Islam	S. M. S. Azgar
Mohammad Zahid Hossain	Md. Shahidul Alam Biswas
Mohammad Shahidul Islam	Md. Delwar Hossain
Md. Jaminul Islam	Mohammed Mahbub Alam
Md. Toufiqur Rahman	Md. Akhtaruzzaman Sarker
Md. Nazrul Islam	Abdur Rouf Siddiquee
Md. Shaheen Momtaz	Uttam Karmaker
Mohammad Abdul Mannan	Salma Shafi
Md. Mahbub Alam	Sambaru Chandra Mohanta
Md. Fazlul Kabir Chowdhury	Uttam Kumar Saha
Md. Moniruzzaman	Zaker Hossain
Md. Shahidul Islam	A. K. M. Mashud
Biplob Chandra Saha	Md. Anisul Karim Khan
Md. Ahoshan Habib	Md. Aminul Islam
Anjan Das	Mohammad Ishaque
Md. Khurshed Alam Khan	Sabina Yeasmin
Mohammed Abdul Khaleque	Kamrul Islam
Sankar Chandra Halder	Mohammad Altab Hossain
Sardar Md. Harunur Rashid	Mst. Rehana Akther
Mohammad Arif Rabbani	Sania Sultana
Mohammad Hafizur Rahman Sarder	Muhammed Moshahidullah
Mohammad Jashim Uddin	Mainul Islam
Chowdhury Abdul Waheed	Mohammad Mizanur Rahman
Sk. Md. Shamsuddoha	Mohammad Manirul Islam
Farhana Hoque	Mohammad Harun-Ur- Rashid
Lifonar Afrin	Md. Belal Hossain
Kohinoor Begum	Muhammad Mahmudur Rahman
Mohammed Waidul Islam	Md. Moshfiqur Rahman
Md. Ziaul Haque Khan	Ali Bashat Chowdhury
A.S.M. Rayhan Shameem	Md. Rafiqul Islam
Saika Farah	

## ASSISTANT GENERAL MANAGERS



## DIRECTORS' RESPONSIBILITY STATEMENT

Dear Shareholders,  
Assalamualaikum,

To ensure good governance in bank and to control over the bank affairs it is essential to have specific demarcation of responsibilities. Apart from discharge of oversight responsibilities, Board of Directors has to ensure that the Financial Statements of the Bank and its subsidiaries are prepared in accordance with applicable Bangladesh Financial Reporting Standards (including Bangladesh Accounting Standards), relevant provisions of the Companies Act 1994, Bank Company Act 1991 (amended up to 2013), rules and regulations of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC), listing rules of relevant stock exchanges and other applicable laws, rules and regulations.

Directors' Responsibility Statement is outlined below in compliance with Bangladesh Bank BRPD Circular No. 11 dated 27 October 2013:

### Work-Planning and Strategic Management

The Board determines Bank's objectives and goals and chalks out strategies and work-plans on annual basis. It specially engages itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. It analyzes and monitors the implementation of its decision on quarterly basis.

The Board gives its analytical review as incorporated in the Annual Report regarding the success or failure in achieving the business and other targets as set out in its annual workplan and apprises the shareholders of its opinions and recommendations on future plans and strategies. It sets the Key Performance Indicators (KPIs) for the CEO & Officers belonging to two tiers below the CEO and evaluates them from time to time.

### Credit and Risk Management

The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, rescheduling and write-off of loans are made with the Board's approval under the purview of the existing laws, rules and regulations. The Board specifically delegates the power of sanction of loan/investment and such delegations are suitably made amongst the CEO and his subordinate executives as far as desirable for efficient business operations. No Director interferes, directly or indirectly, in the process of loan approval.

The Board frames policies for Risk Management and ensures their implementation. It monitors compliance at quarterly intervals through reviews of the reports of the Risk Management Team. The Board monitors the compliance of the guidelines of Bangladesh Bank regarding Key Risk Management.

### Internal Control Management

The Board remains vigilant on the internal control system of the Bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The Board establishes internal

control system in such a way that the internal audit process can be conducted independently by the concerned department. It reviews the reports submitted by its Committees especially regarding compliance with recommendations made in Internal and External Audit Reports and the Bangladesh Bank Inspection Reports as well as reports on management of risks.

### **Human Resources Management and Development**

Policies relating to recruitment, promotion, transfer, disciplinary action and punitive measures, human resource development etc. and service rules are framed with the approval of the Board. The Chairman or any Director in no way involves himself or interferes into or exercises influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as conducted under the set service rules. No member of the Board of Directors is included in the selection committee for recruitment and promotion to different levels. Recruitment, promotion, transfer and punishment of the officers immediate two tiers below the CEO, however, rest upon the Board. Such recruitment and promotion are done complying with the service rules i.e., policies for recruitment and promotion.

The Board focuses its special attention on the development of skills of Bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The Board gets these programs incorporated in its annual work plan.

The Board imposes Code of Ethics for every tier of employees and they follow it properly. It promotes healthy code of conduct in the Bank for developing a compliant banking operation.

### **Financial Management**

The annual budget and the statutory financial statements are finalized with the approval of the Board. It reviews and monitors monthly position of Bank's income, expenditure, liquidity, non-performing asset, capital base and capital adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.

The Board frames the policies and procedures for Bank's purchase and procurement activities and accordingly approves the delegation of power for making such expenditures. The maximum possible delegation of such power of expenditures vests 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 are, however, adopted with the approval of the Board.

### **Appointment of Chief Executive Officer (CEO)**

One of the major responsibilities of the Board of Directors is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The appointment of the CEO is made with the approval of the Bangladesh Bank.

### **Other Responsibilities of the Board**

The Board follows and complies with all the responsibilities assigned to it by Bangladesh Bank from time to time.

In compliance with section 184 of Companies Act 1994, the Annual Report has a separate section as 'Directors' Report 2017' that contains following issues:

**State of the Bank's affairs:** A review of financial performance and position has been presented in the Directors' Report 2017.

**Any recommended reserve in the balance sheet:** An amount of BDT 210.90 million has been transferred to 'Statutory Reserve' for the year 2017 as per section 24 of Bank Companies Act 1991 (amended up to 2018).

**Recommended dividend:** The Board has recommended 10% stock dividend for the completed year 2017.

**Any event after balance sheet date which may affect company's financial condition:** None.

**Any change in bank's activities, subsidiaries' activities etc.:** No major change in strategy and actions in the Bank and Subsidiaries experienced in 2017.

The Directors are also required to declare the following matters in their report as per Bangladesh Securities & Exchange Commission (BSEC)'s notification dated August 7, 2012, as applicable for bank:

- ✓ Industry outlook and possible future developments in the industry;
- ✓ Segment-wise or product-wise performance with relevant risks;
- ✓ Extraordinary gain or loss;
- ✓ Related party transactions-a statement of all related party transactions;
- ✓ Utilization of proceeds from public issues, rights issues and/or through any other instruments;
- ✓ Significant variance between quarterly financial performance and annual financial statements;
- ✓ Remuneration to directors including independent directors;
- ✓ Preparation of the financial statements and any departure thereof, has been adequately disclosed;
- ✓ The system of internal control is sound in design and has been effectively implemented and monitored;
- ✓ There are no significant doubts upon the bank's ability to continue as a going concern;
- ✓ Significant deviations from the last year's operating results;
- ✓ Key operating and financial data of at least preceding 5 (five) years;
- ✓ If no dividend (cash or stock) has been declared for the year, the reasons thereof shall be given;
- ✓ The number of Board meetings held during the year and attendance by each director;
- ✓ The pattern of shareholding structure; and
- ✓ In case of the appointment/re-appointment of a director, the following information to be disclosed to the shareholders:-
  - a) A brief resume of the director;
  - b) Nature of his/her expertise in specific functional areas;
  - c) Names of companies in which the person also holds the directorship and the membership of committees of the board.

The Directors confirm that the Annual Report together with the Directors' Report and Consolidated Financial Statements have been prepared in compliance with the laws, rules and regulatory guidelines and BSEC Notification No. SEC / CMRRCD / 2006-158 / 134 /Admin/44 dated August 07, 2012.

The Directors are of the view that they have discharged their responsibilities as set out in the Companies Act, 1994, the Bank Companies Act, 1991 (amended up to 2013), securities laws, listing regulations, 2015, and other prevailing laws and regulations, as applicable for Pubali Bank Limited.

On behalf of the Board of Directors



**Habibur Rahman**  
Chairman



## MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

I feel honored to welcome you at the 35th Annual General Meeting of Pubali Bank Limited. It is with absolute satisfaction and joy that I let you know the year 2017 was an outstanding success achieving the highest amount of profit in the history of your bank. I would like to express my heartfelt gratitude and extend warm felicitations to all of you. It is your uninterrupted support and active co-operation that made our journey easier and successful through myriads of problems and challenges posed by national and international phenomena. Here I present before you the Annual Report along with the audited Financial Statements of the year under review for your appraisal, comments and approval.

Despite numerous challenges in the sector we managed to produce impressive results in 2017 with our strategic all-out collective effort. During the year 2017, the bank generated a consolidated operating profit of BDT 8,640.15 million which was BDT 6,735.94 million in 2016 that means the bank registered an upward growth in profit of 28.27% while profit after tax reached to BDT 1797.15 million with 28.92% growth. Its deposit reached to BDT 271,708.96 million which is 9.88% higher than that of previous year. As a result, Return on Asset (RoA) and Return on Equity (RoE) reached to 0.40% and 5.58% respectively. Total assets increased by 14.97% to BDT 368,314.62 million and loans and advances increased to BDT 239,539.60 million from

BDT 203,011.23 million in the year 2017 with a positive growth of 17.99%.

Good governance is at the heart of any successful business. It is essential for a company or organization to achieve its objectives and drive improvement, as well as maintain legal and ethical standing in the eyes of shareholders, regulators and the wider community. There is no alternative to the practice and implementation of good governance for overall development of any financial institution. So we emphasize on the various parameters of good governance such as Board system and its independence, function of board sub-committees, fair financial reporting, disclosure and compliance, and consistency in the shareholders' value enhancement.

We do believe that Corporate Social Responsibility (CSR) works as an instrument for achieving long-term sustainability and business growth for any financial institution and at the same time it also exerts a positive impact on the environment and stakeholders including consumers, employees, investors, communities and others. So while our one eye is on the target of earning maximum amount of profit the other is focused on developing the life standard of the less privileged and the backward sections of society through various types of humanitarian endeavors. Out of our obligation and responsibility to the society we serve for, Pubali Bank Limited involves itself in various altruistic activities.

The bank is well aware of the negative consequences of rapid climate changes due to unplanned and unscrupulous economic and other activities. We believe in sustainable development, development that comes to meet up our current demand for making our life more comfortable and enriched but bearing no poisoned-seed within for the generations to come. Therefore our bank has taken Green Banking seriously and has started those types of activities in line with the policy directives of Bangladesh Bank. Moreover we have formulated a Green Banking policy of our own to carry out our activities in the most environment-friendly way. We have got a target to establish a paperless office in the near future. In a word, there is our sincere effort in every possible way to contribute to keeping the earth green and livable.

With the fast and dynamic evolution of technology and its incorporation in different sectors including banking, various IT related risk are also arising. The incidents of heist taken place in some banks including Bangladesh Bank in the recent years is a thunderbolt to the industry. We put our utmost vigilance on IT related issues to keep our Bank secured and safe. We arranged IT training programs at regular intervals for our employees to keep them informed of the latest development of technology and to make them enabled to work most efficiently and smartly using technological devices. Pubali bank limited is working through PIBS, our core banking software developed by our ICT division to give fast and secured services to our valuable customers. Moreover the up-gradation of the software is always in the works by our IT steering committee. However we think that the IT related problems and challenges should not be taken in isolation rather all the Banks should come on the same platform and work together to keep the banking sector safe and secured.


We know that the path ahead is not going to be an easy ride but we are confident enough with our resources and ability to overcome all challenges and achieve our targeted goals. We are hopeful that our collective efforts and wisdom shall guide us through any challenging situation and will be able to take our already achieved position in another higher level of glory and satisfaction. We consider it the first and the most important priority to provide our valuable customers with quality services abiding by the pertinent rules and regulations imposed by the regulatory bodies.

In closing, I take this opportunity to thank all of our valued customers, shareholders, management team and numberless patrons for their unrelenting support and co-operation in making the year successful. I would like to express my special thanks and gratitude to Bangladesh Bank for their timely direction and guidelines. I also wish to thank the Board for their wise and strategic directions which keep the bank in the right business tract.

With best regards,



Habibur Rahman  
Chairman



Distinguished Shareholders,

It is my pleasure and privilege to welcome you to the 35th Annual General Meeting (AGM) of our Bank and to share our successes, challenges and renewed directions in response to ever changing events in global and national economy in general and local banking industry in particular reflected in the Annual Report along with audited Financial Statements for the year ended 31 December 2017.

We are happy to report that 2017 has been a successful year for Pubali Bank Limited. Before reflecting on the bank's financial performance in details during the year under review, I would like to let you know some of the important steps and initiatives that we have taken to consolidate our position further as the forefront leader in the multi-faceted competitive milieu of banking sector of Bangladesh.

## **MESSAGE FROM THE MANAGING DIRECTOR & CEO**

We feel pride to keep you informed of that Pubali Bank Limited has grown to become the largest commercial private bank in terms of Branch network and online banking. We kept our focus on turning our Branch network and online banking system into state of art condition and this resulted into rapid and strong growth in our centralized real time online banking services with our all branches. Besides our 455 branches operating nationwide, we opened ten (10) more branches last year to impart our services efficiently and smoothly to maximum number of customers. To keep pace with the ever changing trend of banking sector and to meet up the demand of our valued customers we have launched some new products. We firmly believe that all these efforts and initiatives will go a long way to meet our current customers' need and at the same time attract new customers.

Despite numerous challenges in the sector we managed to produce impressive results in 2017 with our strategic all-out collective effort. During the year 2017, the bank generated a consolidated operating profit of BDT 8,640.15 million which was BDT 6,735.94 million in 2016 that means the bank registered an upward growth in profit of 28.27% while profit after tax reached to BDT 1,797.15 million with 28.92% growth. Its deposit reached to BDT 271,708.96 million which is 9.88% higher than that of previous year. As a result, Return on Asset (RoA) and Return on Equity (RoE) reached to 0.40% and 5.58% respectively. Our efficiency in cost management had also been reflected in the reduction of cost to income ratio to 49.40% from around 53.00%. Our bank plays a vital role in the country's export and import business. Last year we handled import and export business respectively worth BDT 141,670.20 million and BDT 96,127.50 million, total assets increased by 14.97% to BDT 368,314.62 million and loans and advances increased to BDT 239,539.60 million from BDT 203,011.23 million in the year 2017 with a positive growth of 17.99%.

The bank believes that corporate social responsibility (CSR) is an instrument for achieving long-term sustainability and business growth and its strategies encourage any institution to make a positive impact on the environment and stakeholders including consumers, employees, investors, communities and others. As a part of our responsible business, Pubali Bank Limited extends its hand of co-operation in different humanitarian activities. Out of our responsibility toward the society we serve for, we gave financial help to some educational institutions including a few renowned public universities to arrange extracurricular activities last year. Distributing books among the impoverished school goers is one of our regular activities.

We are well aware of the importance and necessity of corporate governance for smooth and fair running of any company. So we put immense importance on the numerous parameters of it such as Board system and its independence, function of board sub-committees, fair financial reporting, disclosure and compliance, and consistency in the shareholders' value enhancement. As a strong believer of sustainable growth, we render all of our banking activities based on the pivotal principals of good governance.

A human resource of high quality and competence with the ability to come up with innovative and suitable business strategy in the ever changing trend of business is very crucial for continual growth and development of any company. Keeping this in view, we arranged training programs and workshops at regular intervals in order to improve skill and knowledge of the officers and to keep them updated with the latest development in the international and domestic banking and financial sector. Recently a training course on 'Foundation Training for Senior Officers & Officers' was held under the auspices of Pubali Bank Training Institute. We hope that it will motivate the participants to foster new spirit and enthusiasm for achieving our Bank's Vision and Mission.

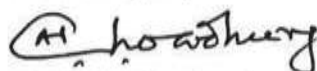
Financial inclusion or inclusive financial system is being considered as a primary tool to keep any financial system sustainable, risk-absorbent & shock-resistant. Our Bank, besides rendering usual banking services, gives financial services to eye impaired people, garments workers, street children, school goers, impoverished and low income populace from the periphery of society. We are bringing the said segment of the people under the umbrella of banking services by opening and maintaining their accounts as per guidelines of Bangladesh Bank.

The technology oriented world is changing fast in all respects. In this ever changing environment of technological evolution, the more an institution is equipped with the latest technological development the more it has the possibility to succeed. Pubali bank limited is working through PIBS, our core banking software developed by the ICT division to give fast and secured services to our valuable customers. Moreover our Software Development Division is always in the works for the up-gradation of the software.

It is an honor to work at Pubali Bank Limited along with its dedicated and innovative people. It was because of their industrious, honest and sincere dedication that the year 2017 became a story of success and enrichment for us. My sincere thanks go to each and every employee working in the various levels of the bank.

Finally, I express my sincere thanks to our valued customers, shareholders, management team and numberless patrons for their relentless support and co-operation in making the bank one of the strongest financial institutions of the country. Particularly, I would like to express my utmost thanks and gratitude to Bangladesh Bank and other regulatory bodies for their timely intervention through various policy guidelines which made our journey effective and fruitful.

With best regards,



Md. Abdul Halim Chowdhury  
Managing Director and CEO





**Directors' Report**

## Directors' Report

### Dear Shareholders,

On behalf of the Board of Directors and Management, I welcome you all to the 35<sup>th</sup> Annual General Meeting (AGM) of Pubali Bank Limited. We have the pleasure to place herewith the Directors' Report together with the Audited Financial Statements of the Company, for the year ended 31 December 2017 for your valued consideration, approval and adoption.

### Bangladesh Economy

"When people talk about the "Asian Tigers," they're typically referring to Hong Kong, Singapore, South Korea and Taiwan. The four countries experienced rapid growth between the 1960s and 1990s. But now there's another country that should come to mind: Bangladesh." This is how Jonathan Garber opined in "Business Insider" about the economy of Bangladesh at the end of 2017.

FY 2017 has been a remarkable year of achievements and also challenges for the economy of Bangladesh. One of the major achievements of the economy has been a 7.28 percent economic growth in FY 2016-17 breaking the six percent cycle that continued for a decade or so. Like previous years, major boost of growth has come from the industrial sector followed by the services sector.

From a geo-political point, 2017 has been most challenging for Bangladesh as the Rohingyas from the Rakhine state of Myanmar started to flee to Bangladesh from August of the same year following the brutal torture and killings by the Myanmar army. Due to this exodus, though they are supported by the international community here in Bangladesh, some fiscal burdens have befallen on the government of Bangladesh which has budgetary implications.

Investment is a major impetus to Bangladesh's growth. Target was set to increase investment to 32.7 percent of GDP in FY 2016-17, keeping in mind the need for a growing economy. In FY 2016-17, investment as a share of GDP went up to 30.5 percent, however, the private sector's investment has been almost stagnant since FY 2015-16 hovering around 23 percent. The major boost has come from the public sector that saw an increase to 7.4 percent in FY 2016-17 from 6.7 percent in FY 2015-16. 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.

With a view to attracting local and foreign investors the Government is working relentlessly for improving the overall investment environment of the country. In addition to taking projects individually under the initiatives of the Government and private sectors, the Government is implementing various development projects on the basis of Public-Private Partnership (PPP). In FY2016-17, a total of 1,745 private projects were registered in Bangladesh Investment Development Authority (BIDA) with recommended investment of Tk. 18,52,618 million.

The external sector has been a source of strength for the Bangladesh economy for several years. Export growth in FY 2016-17 was only 1.7 percent as opposed to the target of 8 percent. A glimmer

of hope is in the horizon with both RMG and total exports picking up during July-December of FY 2017-18. However, imports growing at a higher rate than exports led to a negative current account balance that continued during July-October of FY 2017-18. In FY 2016-17 remittance earning growth experienced a negative growth of (15.9) percent despite increase of manpower export. One important reason for low remittances despite high growth of manpower exports is the flow of remittances through informal channels. Bangladeshi Taka against the US Dollar also played a role for low export and remittances growth to some extent. Though remittances have started to pick up in recent months it is not significant since it was negative during the last fiscal year.

Bangladesh's population of 160 million is as big as France, Germany, and the Netherlands combined. The country is also easily the poorest of the world's 10 most populous. Given its size and the depth of its poverty, the country's recent economic boom must rank as one of the world's happiest economic stories right now. According to the Asian Development Bank, Bangladesh's economy grew by 7.1% in 2016, the fastest expansion in 30 years. It was also the sixth year in a row that GDP growth was greater than 6%. Most analysts expect this run to continue. Ratings firm Moody's, for example, says the country's growth is likely to remain "robust."

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.

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.

At constant prices growth of agriculture and forestry sector under broad agriculture sector stood at 1.96 percent in FY2016-17, which was 1.79 percent in previous fiscal year. The growth of the three subsectors of agriculture and forestry sector i.e. crops and horticulture; animal farming; forest and related services reached 0.96 percent, 3.31 percent and 5.60 percent respectively in FY2016-17, which were 0.88 percent, 3.19 percent and 5.12 percent respectively in previous fiscal year.

In order to increase domestic and foreign investment, the Government of Bangladesh is formulating investment friendly policies, acts and laws. Especially, to expedite the investment friendly environment, Board of Investment (BOI) and Privatization Commission were merged into Bangladesh Investment Development Authority (BIDA). Bangladesh Economic Zone Authority (BEZA) has taken an initiative to create employment of around 1 crore people by establishing 100 Economic Zones (EZs)

throughout the country in the next 15 years. In this backdrop, approval has been given to establish 79 EZ (public 56 and private 23). Moreover, it is expected that the investment in the country will be increased and GDP growth will be accelerated as some comprehensive plans and programmes under Annual Development Programme (ADP) and Public Private Partnership (PPP) on structural development, rapid electrification, energy diversification, developed communication system and communication technology have been undertaken.

## Global Economy

Though the year 2017 posed a lot of challenges in the economic front, however, 2017 ended on a high note. The global pickup in activity that started in the second half of 2016 gained further momentum in the first half of 2017. Notable rise in investment, trade and industrial production coupled with enhanced business and consumer confidence are supporting the recovery of world economy. Based on these outcomes International Monetary Fund (IMF) has predicted an increase in the global economic growth. In the IMF's latest World Economic Outlook (WEO), October 2017 the global growth has been projected at 3.6 percent for 2017 and 3.7 percent for 2018, 0.4 percentage point and 0.5 percentage point higher compared to the growth of 2016. The continued boost in domestic demand in the developed economies, favorable financial conditions, strong business and consumer confidence are expected to play a vital role in achieving such growth targets. Significant improvement in the investment situation, increased investment in China's infrastructure and housing sector and revival from the downturn of commodity prices, even in partial, are expected to induce growth momentum of emerging and developing economies. Among the possible risks causing substantial uncertainty in global growth, the intrinsic conservation policy of some advanced economies may exert a negative impact on global trade and cross-border investments. Moreover, an atmosphere of persistently subdued inflation may weaken central bank's capacity to control real interest rates. Again, continued easy monetary conditions in advanced economies may make the financial system vulnerable to an abrupt decompression of risk premiums.

## The cyclical recovery continues

Growth outturns in the first quarter of 2017 were higher than the April WEO forecasts in large emerging and developing economies such as Brazil, China, and Mexico, and in several advanced economies including Canada, France, Germany, Italy, and Spain. High-frequency indicators for the second quarter provide signs of continued strengthening of global activity. Specifically, growth in global trade and industrial production remained well above 2015-16 rates despite retreating from the very strong pace registered in late 2016 and early 2017. Purchasing managers' indices (PMIs) signal sustained strength ahead in manufacturing and services.

According to World Bank, oil prices are forecast to rise to \$56 a barrel in 2018 from \$53 last year as a result of steadily growing demand, agreed production cuts among oil exporters and stabilizing U.S. shale oil production, while the surge in metals prices is expected to level off next year, the World Bank said on Thursday.

## Prices for energy commodities

Prices for energy commodities -which include oil, natural gas, and coal – are forecast to climb 4 percent in 2018 after a 28 percent leap this year, the World Bank said in its October Commodity Markets Outlook. The metals index is expected to stabilize in the coming year, after a 22 percent jump this year as a correction in iron ore prices is offset by increased prices in other base metals.

Prices for agricultural commodities, including food commodities and raw materials, are anticipated to recede modestly in 2017 and edge up next year.

### **Bond and equity markets**

Long-term bond yields in advanced economies, which had declined since March, rebounded in late June and early July. The U.S. Federal Reserve raised short-term interest rates in June, but markets still expect a very gradual path of U.S. monetary policy normalization. Bond spreads over Germany have compressed sharply in France, Italy, and Spain on reduced electoral uncertainty and firming signs of recovery. Equity prices in advanced economies remain strong, signaling continued market optimism regarding corporate earnings. Markets are also optimistic about emerging market prospects as reflected in strengthening equity markets and some further compression of interest rate spreads. Oil exporters provide an exception to this pattern, in light of the marked weakening of oil prices since March.

### **Exchange rates and capital flows**

The Euro strengthened by a similar amount on increased confidence in the euro area recovery and a decline in political risk. Over the same period, exchange rate changes across emerging market currencies have been relatively modest, with some strengthening of the Mexican peso on tighter monetary policy and reduced concerns about U.S. trade frictions, and a depreciation of the Brazilian real on renewed political uncertainty. Capital flows to emerging economies have been resilient in the first few months of 2017, with a notable pickup in non-resident portfolio inflows.

The growth forecast in the United States has been revised down from 2.3 percent to 2.1 percent in 2017 and from 2.5 percent to 2.1 percent in 2018. While the markdown in the 2017 forecast reflects in part the weak growth outturn in the first quarter of the year, the major factor behind the growth revision, especially for 2018, is the assumption that fiscal policy will be less expansionary than previously assumed, given the uncertainty about the timing and nature of U.S. fiscal policy changes. Market expectations of fiscal stimulus have also receded.

The growth forecast has also been revised down for the United Kingdom for 2017 on weaker-than-expected activity in the first quarter.

By contrast, growth projections for 2017 have been revised up for many euro area countries, including France, Germany, Italy, and Spain, where growth for the first quarter of 2017 was generally above expectations. This, together with positive growth revisions for the last quarter of 2016 and high-frequency indicators for the second quarter of 2017, indicate stronger momentum in domestic demand than previously anticipated.

The growth forecast for 2017 was also revised up for Canada, where buoyant domestic demand boosted first-quarter growth to 3.7 percent and indicators suggest resilient second-quarter activity, and marginally for Japan, where private consumption, investment, and exports supported first-quarter growth.

Growth in India is forecast to pick up in 2018. In line with the April 2017 forecast. While activity slowed following the currency exchange initiative, growth for 2016-at 7.1 percent-was higher than anticipated due to strong government spending and data revisions that show stronger momentum in the first part of the year. With a pickup in global trade and strengthening domestic demand, growth in the ASEAN-5 economies is projected to remain robust at around 5 percent, with generally strong

first quarter outturns leading to a slight upward revision for 2017 relative to the April WEO.

In Emerging and Developing Europe, growth is projected to pick up in 2017, primarily driven by a higher growth forecast for Turkey, where exports recovered strongly in the last quarter of 2016 and the first quarter of 2017 following four quarters of moderate contraction, and external demand is projected to be stronger with improved prospects for euro area trading partners. The Russian economy is projected to recover gradually in 2017 and 2018, in line with the April forecast.

### Overview of the bank

Pubali Bank Limited, the largest private commercial bank in banking industry of Bangladesh, was incorporated on 30th day of June 1983 as a Public Limited Company in Bangladesh under the Companies Act 1913 and started its operation in the year 1983, with an authorized share capital of BDT 16,00,00,000 divided into 16,00,000 ordinary shares of BDT 100 each. At present, the bank's authorized share capital is BDT 2000,00,00,000 divided into 200,00,00,000 ordinary shares of BDT 10 each. It was listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. in 1984 and 1995 respectively. Its vision is providing customer centric lifelong banking services and one of the most prior mission is to be the most respected and preferred brand among all financial services providers in Bangladesh.

The Bank, in 2017, earned an after tax profit of BDT 145.88 crore with an increase 9.28%. The deposit of the Bank grew by 9.88 percent to BDT 271,708.96 million and loans and advances by 17.99 percent to BDT 239,539.60 million compared to those of 2016.

Strengthening brand image for creating higher customer satisfaction and loyalty through integration of the latest and state of the art banking technology and products is our tool to achieve success. Customers are our first priority. At present, the Bank has 465 branches and 2 Off-Shore Banking Units across the country. Plans have been made to raise another 8 (eight) branches in 2018. Our journey towards greater operational success continues with increased energy and enthusiasm.

Our product-basket encompasses Real Time Online Branch Banking, Islamic Banking, Deposit Products, Pubali Pension Scheme (PPS), Pubali Sanchay Prokolpo (PSP), Shikkha Sanchay Prokalpa (SSP), Digun Sanchay Prokalpa (DSP), Monthly Profit based Fixed Deposit, Monthly Profit based Small Deposit (Sadhin Sanchay), Target Based Small Deposit (Swapno Purno), Visa Credit Card, Master Card, ATMs, Short & Long Term Finance, Construction business finances, Consumer Loan, Special SME Loans, Special Agri Credit Program, Lease Financing, Trade Finance, Locker Service, Internet Banking, Off-Shore Banking, Corporate Banking, Syndicate Loan, Monthly Savings Scheme, Fixed Deposit, SMS Banking etc. in addition to our traditional credit and foreign trade related products and services.

With a view to business diversification, Pubali Bank Limited also established another subsidiary in the name and style "Pubali Bank Securities Ltd." to provide brokerage services in the stock market.

## Capital and Reserves

The Authorized Capital of the Bank was BDT 20,000.00 million and paid-up capital was BDT 9508.04 million as of December 31, 2017. The Capital and Reserves (Tier-1 Capital and Tier-II Capital) stood at BDT 31,975.20 million as compared to BDT 26,337.44 million in last year showing an increase of 21.25 percent.

(Figure in million)

Regulatory Capital	Consolidated	Solo
Tier-I capital		
1) Common Equity Tier-I Capital (CET-1)	22,614.30	23,204.00
Fully Paid up capital	9,508.03	9,508.03
Non-repayable share premium account		
Statutory reserve	9,510.25	9,510.25
General reserve		
Retained earnings	3,825.30	4,198.50
Minority interest in subsidiaries		
Regulatory Adjustments		
Reciprocal crossholding	229.30	12.80
2) Additional Tier-1 Capital (AT-1)	-	-
3) Total Tier-1 Capital (1+2)	22,614.30	23,204.00
Tier-2 Capital		
General provision (unclassified loans + off balance sheet)	3,127.60	3,127.60
Subordinated debt	5,000.00	5,000.00
Revaluation Reserves as on December 31, 2015 (50% of Fixed Assets and Securities & 10% of Equities)	1,609.10	1,609.10
All other preference shares		
Regulatory Adjustments		
Revaluation Reserves for Fixed Assets, Securities & Equity Securities (Phase in deductions as per Basel-III Guidelines)	965.50	965.50
4) Total Tier-2 Capital	8,771.30	8,771.30
Total eligible capital (3+4)	31,385.60	31,975.30

## Capital to Risk Weighted Assets Ratio (CRAR)

Pubali Bank Limited maintained capital adequacy ratio of 12.93% of the risk-weighted assets as on December 31, 2017 as against the minimum capital requirement of 11.25% as set by Bangladesh Bank under Basel-III reporting through BRPD Circular No.18 dated December 21, 2014 of Bangladesh Bank.

## Capital Market Scenario

The Capital Market of Bangladesh is a prosperous market and it contributes a lot in the economy of our country. In the year 2017 the capital market runs in a positive trend throughout the year than the

past year. Still now, the blue chip shares i.e fundamentally and financially strong shares are undervalued in our capital market, so there is a huge opportunity to grow up this market. The average daily turnover increased significantly in the year 2017, it reached around BDT 8,700 million in the year 2017, which was below BDT 5,000 million in the year 2016.

The DSE Broad Index (DSEX) increased by 23.99% i.e from 5,036.05 on December 31, 2016 to 6,244.52 on 31 December, 2017. Chittagong Stock Exchange Index CSCX also increased by 24.33% during the same period from 9,369.91 to 11,649.63. DSE Turnover increased by 82.08% in the year 2017 i.e which reached BDT 11,91,571.25 million to BDT 21,69,597.11 million. On the other hand CSE Turnover increased by 91.40% during the year 2017 i.e from BDT 7,737.59 crore to 14,810.41 crore. Market capitalization at DSE increased by 23.92% at the end of the year 2017 i.e from BDT 34,12,441.49 million to BDT 42,28,945.46 million and 9 new securities (including 1 mutual fund) was listed on DSE & CSE during 2017.

At the end of 2017 DSE market P/E stood 17.28 which shows there is a huge prospect in our capital market, if institutional investor, foreign investor and small investor increase their participation and other components of capital market remain favorable then the capital market will do well in 2018.

### Pubali Bank Securities Limited

Pubali Bank Limited started its operation in the Capital Market in the year 2006 under the Securities Trading Division (STD). After that as per the directive from Bangladesh Bank and Bangladesh Securities & Exchange Commission, Securities Trading Division (STD) of Pubali Bank Limited converted into a separate subsidiary company in the name of Pubali Bank Securities Limited (PBSL) which was incorporated as a Public Limited Company on the June 21, 2010 under the Companies Act 1994 and started its functioning from February 01, 2011 with an Authorized Capital Tk. 5,000 (Five thousand) million only and an initial Paid up Capital Tk. 1,600 (One thousand six hundred) million only. Currently the company is running with a Paid-up Capital of Tk. 6,600 (Six thousand six hundred) million and Authorized Capital Tk. 7,000.00 million only as on 31.12.2017.

The company is the TREC (Trading Right Entitlement Certificate) holder of both Dhaka Stock Exchange Ltd. (DSE TREC# 214) and Chittagong Stock Exchange Ltd. (CSE TREC # 105) and also acts as a full service Depository Participant of CDBL.

The company offers full-fledged high standard brokerage service for retail and institutional clients. PBSL also operate its Stock Dealing operation for its own investment in Capital market. It has proven reputation in serving customers by maintaining strong compliance practices and highest ethical standard. Beside this, Pubali Bank Securities Ltd. has been playing a vital role in capital market for stabilization & sustainable development of the market since its inception.

Though, the Capital Market is facing a critical situation, PBSL passed a good time in the year 2017 in terms of performance, profitability and brokerage activities. The total turnover of the company is increased by 56.80%, the total revenue by 121% and the operating profit by 154% in the year 2017.

### Declaration of Dividend

The Bank is paying healthy returns to its shareholders over the years and follows consistent Dividend Policy year over year. Listing Regulations of both stock exchanges and Bangladesh Secretarial Standard-4 (BSS-4) also enacted with the declaration of dividend. As per BSS-4 in Declaration of Dividend is as follows:



- ✓ Dividend should be declared by the Members at an Annual General Meeting on the basis of recommendation of the Board.
- ✓ Dividend should relate to a financial year.
- ✓ No Dividend should be declared on equity shares for previous year(s) in respect of which annual financial statements have already been adopted at the respective Annual General Meeting(s).
- ✓ Interim Dividend should be declared by the Board of Directors.
- ✓ Dividend, once declared, becomes a debt of the company and cannot be revoked in any way.

**Pubali Bank Limited declared Cash & Stock dividend in different years as mentioned below:**

Year	2016	2015	2014	2013	2012	2011	2010
Cash	5%	12%	10%	5%	10%	5%	5%
Stock	8%	-	-	5%	-	25%	35%

### Asset Liability Committee (ALCO)

Asset and Liability Management Committee (ALCO), the committee of senior management headed by the Managing Director & CEO meets at least once in a month to set and review financial policy, position and risk exposures such as liquidity risk, interest rate risk and foreign exchange risk. The ALCO of Pubali Bank Limited conducted meetings for implementation of Asset and Liability Management in the bank. Country's overall economic position, the bank's liquidity position, ALM ratios, interest rate risk, deposit & advance growth, market interest rate, deposit & lending pricing strategy, different forecasted balance sheet risks etc. are placed to ALCO meeting for setting strategies and revamping previously taken strategies to cope with current and future market scenario. The major roles and responsibilities of ALCO are as follows:

- Reviewing balance sheet movements and taking measures for sound balance sheet management.
- Forecasting interest rate and taking suitable strategies accordingly.
- Measuring liquidity of the Bank in various time buckets and taking strategic and proactive actions to meet the requirements.
- Monitoring status of ALM ratios and taking steps for compliance with these ratios.
- Monitoring the interest rate risk of the Bank and taking actions to keep the interest rate gap at the desired level.
- Monitoring the movement of macro variables and yield curve shift and taking strategy for short, mid and long term interest rate risk management.
- Keeping the balance sheet mix at desired level.
- Measuring and monitoring concentration risk, diversification and product profitability.

### Internal Control and Compliance

The Board of Directors assures its Shareholders that the Bank has a competent risk management process to ensure that the system of internal control is sound in design and has been effectively

implemented and monitored. The Bank's internal control system is designed at Board and Management levels to provide reasonable assurance regarding the achievement of the Bank's objectives in respect of effectiveness and efficiency of operations, reliability (completeness and timeliness) of financial reporting and management information, compliance with applicable laws, regulations and the Bank's policies. The Audit Committee of the Board of Directors reviews the various reports of internal auditors, external auditors, Bangladesh Bank's inspection team and its compliance status. Pubali Bank Limited has an excellent culture of controlling internal affairs through financial units like Internal Control and Compliance Wing, which includes Audit & Inspection Division, Monitoring Division, and Compliance Division. This particular division is designed to ensuring absolute compliance with laws and regulations. 02 (two) external audit firms also conduct a comprehensive audit annually to detect instances of noncompliance, violation, or risks within the Bank, and reports the findings to the management.

This report further encloses a detailed discussion on the risk management & internal control.

### 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.

### Preparation of Financial Statement

While preparing the annual report along with financial statements, true and fair presentation has been given priority. The Institute of Chartered Accountants of Bangladesh (ICAB) adopted the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Bangladesh Securities & Exchange Commission (BSEC) and Bangladesh Bank also mandated the implementation of IAS & IFRS. These standards and reporting system have also been complied with by our Bank in preparation of the Financial Statements.

## Transparent Disclosure

Pubali Bank Limited prepares financial statements with adequate disclosures in accordance with the Bangladesh Accounting Standards (BAS), International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. In order to prepare the financial statements, the management is responsible for designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying accounting policies and making accounting estimates that are reasonable in the circumstances. These financial statements, once prepared, are reviewed initially by CFO and CEO and then by the Audit Committee on a regular basis. After that, the Board reviews the financial statements of the Company at the end of every quarter. The quarterly financial statements, along with notes are published on the two daily newspapers as well as the Company's website. Furthermore, annual financial statements along with annual report are also sent to all Shareholders in a timely manner. On an annual basis, the Directors prepare the Directors' Report as part of the Annual Report which discloses the financial performance as well as non-financial information regarding bank's growth, responsibilities and other information in compliance with BSEC Notification. The Company also abides by the applicable regulations in respect to Price Sensitive Information (PSI).

## Performance of Pubali Bank Limited:

### Pubali Bank Shares and Shareholders

Investors always look for a company which can meet their needs for dividend and capital gain. For the last few years country's Stock Markets have been remaining uncertain, inconsistent and unstable. We have a large number of shareholders which on 31st December 2017 stood at 52,515 (BO Shareholder-49,589 and Folio Shareholder-2,926). Year-wise Authorized Capital, Paid up Capital, Earnings per Share (EPS) and Net Asset Value (NAV) over the years are mentioned below:

(Figure in million)

Year	2017	2016	2015	2014	2013
Authorized Capital	20,000	20,000	20,000	20,000	20,000
Paid up Capital	9508.04	8803.74	8803.74	8803.74	8384.51
EPS	1.53	1.40	3.29	3.49	2.62
NAVPS	27.51	28.56	28.26	25.97	24.22

## Statutory and other Reserve

At the close of 2017, the statutory reserve and other reserves of the bank stood at BDT 16,652.27 million, out of which statutory reserve was BDT 9510.25 million, other reserve was BDT 7,142.02 million. Total Reserve was BDT 16,340.67 million at the end of 2016.

## Deposits

The deposit growth trend was positive in 2017. At the end of 2016, Total deposit was BDT 247,278.50 million that came to BDT 271,708.96 million at the end of 2017 showing 9.88% increase. Out of the total deposits, Time Deposits BDT 220,955.26 million and Demand Deposits were BDT 50,753.97 million i.e. 81.32% and 18.63% respectively.

### **Borrowing from other Banks and Financial Institutions**

In 2017 the bank borrowed BDT 18,099.36 million for business purpose compared to BDT 6,305.99 million during the previous year.

### **Lending to other Banks and Financial Institutions**

In 2017 the bank lent BDT 11.29 million for business purpose compared to BDT 551.29 million during the previous year.

### **Advances**

Total advances of the bank as on 31 December 2017 stood at BDT 239,539.60 million showing an increase of BDT 36,528.37 million @ 17.99% 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 53,527.20 million in 2017 compared to BDT 48,865.75 million in 2016. 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 141,670.20 million. During the previous year the amount was BDT 121,852.00 million. The amount of import business handled by the bank increased by BDT 19,818.20 million during the year which was 16.26% higher than the previous year.

#### **b) Export Business**

The bank handled export business worth BDT 96,127.50 million during the year as against BDT 86,764.10 million in the previous year which was 10.79% higher than the previous year.

#### **c) Inward Foreign Remittance**

Non resident Bangladeshis sent foreign exchange equivalent to BDT 36,593.20 million in 2017 whereas the amount was BDT 37,757.00 million in 2016.

### **Position of profit & loss**

Total operating income & total operating expenditure of the Bank during 2017 were BDT 16,175.27 million and BDT 7,990.38 million respectively resulting a profit of BDT 8,184.89 million before making provision for bad and doubtful debts and income tax.

During the year the Bank made a provision of BDT 4,059.81 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 2,666.28 million against Corporate Income Tax and deferred Tax. As such, net profit on the Bank stood at BDT 1,458.80 million which the Board of Directors propose to appropriate in the following manner.

Net profit	BDT 1,458.80 million
Transferred to Statutory Reserve	BDT 210.00 million
Transferred to General Reserve	BDT 1248.80 million

**Growth in Operating Profit and Net Profit before/after Income Tax and Provision for the Last 5 years**  
(BDT in million)

Year	2017	2016	2015	2014	2013
Operating Profit	8,184.89	6,556.47	7,334.11	7,081.39	7,559.80
Profit before provision & Tax	8,184.89	6,556.47	7,334.11	7,081.39	7,559.80
Net Profit	1,458.80	1,334.95	2,895.29	3,070.13	2,305.54
Return on Equity (ROE)	5.58%	5.31%	11.64%	13.43%	11.35%

### Network Expansion Program

Continue to our consistent progress we now have 465 (Four Hundred Sixty Five) branches that are placed in convenient locations, close to key shopping and commuting nodes. We opened ten new branches in this year. All branches are Online and fully equipped new technology based covering all Divisions of the country. Pubali Bank Limited, as a leading financial institution, always gives highest priority to quicken its branch expansion program to net the un-banked population across the country.

Moreover, the Bank is also offering Offshore Banking facilities through 02 (Two) Offshore Banking Units (OBU) i.e. 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. Pubali Bank is also providing "Shariah-Based Islamic Banking Services" through 02 (Two) Windows to the customers. At present Bank's Authorized Dealer (AD) Branches are 29 (Twenty nine). The Bank is also providing "Evening Banking Service" through 84 (Eighty four) Branches to further augment its service delivery at extended banking hours.

**Division-wise distribution of Branches, OBU Units and Islamic Windows are given below:**

Division	Urban Branches	Rural Branches	Authorized Dealer (AD)	OBU Unit	Islamic Banking window	SME/ Krishi	Evening Banking
Dhaka	95	33	16	1	1	2	25
Chittagong	65	52	5	1		1	20
Sylhet	28	63	3		1	1	9
Rajshahi	15	14	1			1	10
Khulna	20	9	2				5
Barisal	14	13	1				6
Rangpur	18	7					6
Mymensingh	16	3	1				3
<b>Total</b>	<b>271</b>	<b>194</b>	<b>29</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>84</b>

## Implementation of Basel III

Bangladesh has entered into the Basel III regime from January 01, 2015. Bangladesh Bank revised the capital standard based on Basel III and planned to implement it gradually from 2015 to 2019. A Capital Conservation Buffer (CCB) of 2.5% is to be built up @ 0.625% each year from the beginning of 2016 to 2019. This is in addition to existing Minimum Capital Requirement (MCR) of 10%. It means CRAR requirement will be 12.50% from January 01, 2019.

To increase the quality and quantity of the capital base of the Bank, Basel III has introduced the following measures:

1. Tier 1 capital has been divided into two parts: Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1).
2. The definition of capital has been made stringent. Tier 3 capital has been eliminated.
3. The Bank has to maintain 3% leverage ratio along with Liquidity Coverage Ratio (LCR) of 100% or more and Net Stable Funding Ratio (NSFR) of more than 100%.

Pubali Bank Limited is well positioned in respect of capital and risk management. It has commenced reporting of CRAR, leverage and liquidity ratio from January 01, 2015 following the new risk based capital adequacy framework.

The Bank has a Supervisory Review Process (SRP) team comprising of members from the senior management. They participate in dialogues with the Supervisory Review Process Evaluation (SREP) team of Bangladesh Bank on the issue of maintenance of adequate capital to compensate all the risks associated with business.

Stress testing is an integral part of Supervisory Review Process and is conducted through a prescribed format given by Bangladesh bank where impact on Capital to Risk Weighted Asset Ratio (CRAR) is assessed taking into account plausible shocks.

Pillar-III of Basel III aims at promoting market discipline through regulatory disclosure requirements. The reports on disclosure enable market participants to assess more effectively key information relating to Bank's regulatory capital and risk exposures in order to keep confidence about the Bank's exposure to risk and overall regulatory capital adequacy. The Bank has published the disclosure incorporating all the changes in the revised guidelines. The Bank has also made a significant progress in implementing Basel-III and preparing itself to meet the upcoming challenges for implementing advanced approaches of calculating credit, market and operational risks.

## Corporate Governance

Pubali Bank Limited believes in transparency and accountability to the society as a whole through establishment of an efficient and effective Corporate Governance regime. As part of its governance pursuits, the bank is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders while promoting integrity, transparency and accountability. The Board and the Management Team also put their best efforts to comply with all the laws of the country and all internal regulations, policies and procedures to make Pubali Bank a thoroughly transparent bank.

In line with the same, Pubali Bank Limited has complied with the conditions as stipulated in the Corporate Governance Guidelines issued on 07 August 2012 by BSEC. In this connection, the status of

compliance has been annexed to this report. Further, a certificate of compliance from Itrat Husain & Associates, Chartered Secretaries in Practice, confirming compliance of conditions of Corporate Governance, as stipulated under condition 7(i) of the BSEC Guidelines is also annexed to this report. A detail review of Corporate Governance of the Bank is included in this Annual Report.

### Human Resources

At 31 December 2017, Pubali Bank Limited had a total workforce of 7,652 compared with 7,542 (including 89 days basis) at the end of 2016 and 7,377 (including 89 days basis) at the end of 2015. We encourage employees to perform at their best, and create an environment to make that possible. We also encourage employees to speak up, and reflect our purpose and values in the decisions we make and how we make them, as these decisions shape the future of our customers and colleagues. We also concern of our employee relations, diversity and inclusion, employee development, employee remuneration policy etc.

A detail review of Human Resources Management of the Bank is included in this Annual Report.

### Going Concern

The Directors considered it appropriate to prepare the financial statements on the going concern basis. Going concern is one of the fundamental assumptions in accounting on the basis of which financial statements are prepared. Financial statements are prepared assuming that a business entity will continue to operate in the foreseeable future without the need or intention on the part of management to liquidate the entity or to significantly curtail its operational activities. Therefore, it is assumed that the entity will realize its assets and settle its obligations in the normal course of the business. It is the responsibility of the management of a bank to determine whether the going concern assumption is appropriate in the preparation of financial statements. The Management of Pubali Bank Ltd. has calculated all the ratios related to the maintenance of regulatory capital & liquidity such as CRAR, LCR, NSFR, Leverage ratio, CRR & SLR and assessed adequacy of bank's liquidity as per structured liquidity profile, and has performed stress testing to determine bank's shock absorbent capacity in different distress scenario. All the ratios and results thus calculated reveal that Pubali Bank Ltd. is running well above the level of different parameters set by the respective guidelines of Bangladesh Bank. A detail review of Going Concern of the Bank is included in this Annual Report.

### Declaration of the Compliance of BSEC Notification

The Board is responsible to present a true and fair view of the Company's financial performance and position as a part of good governance and to that end the Directors confirm to the best of their knowledge that the following disclosures are made in compliance of certain provisions contained in the BSEC Notification dated August 7, 2012.

- a) The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of bank's have been maintained.
- c) 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.

- d) Bangladesh Accounting Standards (BAS)/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.
- e) The system of internal control in the Bank is sound in design and has been effectively implemented and monitored.
- f) There are no doubt upon the Bank's ability to continue as a going concern.

As required under BSEC's Corporate Governance Guidelines, the Directors further confirm that the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have certified to the Board the following:

- they have reviewed the Financial Statements and that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- they have reviewed the financial statements and believe that these statements together present a true and fair view of the Bank's affairs and are in compliance with the existing accounting standards and applicable laws; and
- there are, to the best of their knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or in violation of the Bank's Code of Conduct.

### Declaration of Dividend

The Board of Directors gives utmost importance on the principles of sharing good achievements with valuable shareholders of the Bank. The Board of Directors has recommended 10% Stock Dividend for all shareholders of the bank out of profit on the basis of audited accounts for the year 31st December 2017 subject to approval by the shareholders in the 35th Annual General Meeting.

### Audit & Inspection

Audit & Inspection Division of the Bank is working with a view to minimizing the operational risk and motivating the Human Resources to be more ethical on discharging their day to day banking activities.

Earlier Risk Based Audit Plan-2017 approved by the Board of Directors. Accordingly, Audit & Inspection Division conducted Comprehensive Audit on 367 Branches (15 High Risk, 186 Medium Risk, and 166 Low Risk Branches). In addition to the above, thorough audit on a Subsidiary Company (Pubali Bank Securities Limited), 02 Principal Offices, 18 Regional Offices, 19 Divisions of HO, 2 Offshore Banking Units, 24 Surprise Inspections on 8 High Risk Corporate Branches and Inspection on ICT Security on 78 Low Risk Branches were completed in the year 2017.

Furthermore, thorough Investigations were conducted into the specified irregularities occurred in the year 2017. Moreover, Principal Offices and Regional Offices conducted Surprise Inspections and Surprise Visits on the Branches under their control. Bangladesh Bank from their different Offices also conducted Comprehensive Inspection on our different Branches as well as Head Office, the follow-up of which is being carried out by Audit & Inspection Division for compliance and regularization.



Overall Branch-wise information and the significant findings & deficiencies identified/detected during the audit & inspection notified to the Management as well as the Audit Committee of the Board of Directors time to time. Subsequent follow-up of Audit & Inspection reports done to ensure regularization. On the basis of the gravity of the irregularities/lapses, necessary preventive measures and disciplinary/ administrative actions have been taken to safeguard Bank interest. Field is usually asked to bring down NPL found higher by way of recovery, settlement and initiating legal action to ensure better asset quality. In case of need a follow-up report placed before the Management & the Audit Committee of the Board for perusal and guidelines.

## IT & Automation

ICT Operation Framework secures qualitative and error-free implementation and management of daily banking operation, prompt support services against PIBS, PMS, BACH, BEFTN, Network, System, etc and assure all stakeholders with confidence that ICT processes are harmonized securely with the Bank's requirements and risks are effectively managed and mitigated within the Banking Operation System that results in increased transaction volume, customer base as well as market share.

Pubali Bank Limited has been extending customer services at all of our **465 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 **465** 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, Network and Hardware Support Unit** at ICT Operation Division are extending quick support to the branches to solve any software/operational problems in banking software. Besides, ICT Operation 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. 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**. Our Software Development Division is working on development of software for **Mobile Banking, SMS Banking and Agent Banking**.

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 ICT Operation 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 Software for 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 successfully implemented **Active Directory Domain Services (ADDS)** to centralize the administrative control on **OS user authentication** complying with **ICT Security Policy** of our Bank.

ICT Operation Division has also launched secured file server for sharing the files among the officials of branches, Regional offices, Principal Offices, Divisions and other offices for ensuring safety and security of the Bank to restrict usage of pen drive, USB storage, portable hard drive, CD/DVD ROM which are very vulnerable for virus and other threats for the Systems. The secured file sharing system is already available for all ADDS users and restriction of usage any portable devices like pen drive etc. has been implemented.

We have made an agreement with Election Commission (EC) to verify genuineness/correctness of National ID of our all existing customers as well as new customers at the time of registration using EC's Database. Moreover, ICT Operation Division has facilitated e-GP related services to our valued customers in the line with the Management's goal to be the market leader in e-GP.

We have established our **website** <https://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 ICT Operation Division, Head Office has become quick and easier.

ICT Operation 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.

Pubali Bank Limited has upgraded its ICT Security Guideline considering the updated guideline of Bangladesh Bank and introducing the security measures accordingly. Our achievements for protecting our system and to ensure secured ICT environments are:

1. Establish a standard ICT Security Policy and ICT Security Management.
2. Ensuring secured and stable setup of its ICT Infrastructure.
3. Establish a secured environment for data processing.
4. Establish a holistic approach for ICT Risk Management.
5. Identifying information security risks and their management.
6. Aware and train the users associated with managing the ICT Infrastructure.
7. Aware our users associated with operation about ICT Security on regular basis.

To ensure **proper training** to our officials and raising awareness among them, ICT Operation 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 **2017**, we conducted **138** training programs at our **Computer Lab** on **13 (Thirteen)** different Topics/Modules covering **2,915** participants and **02 (Two) Workshops** on "**Implementation of Credit Application and Appraisal System**" and "**Bill Collection System for DPDC**" at our **Head Office Auditorium** covering **544** 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. ICT Operation Division is working hard for achieving this objective within a short period of time.

### Corporate Social Responsibilities

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 2017 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.

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.

#### The Bank donated good chunk of money in the following sectors in 2017.

Disaster Management	BDT 8.56 Crore
Education	BDT 2.75 Crore
Health	BDT 0.37 Crore
Arts & Culture	BDT 0.16 Crore
Others	BDT 2.20 Crore
<b>Total</b>	<b>14.10 Crore</b>

This report further encloses a detailed discussion on "Corporate Social Responsibility" under the Report of Corporate Social Responsibility.

### Contribution to National Exchequer

During the year 2017, Pubali Bank Limited contributed BDT 3,259.44 million as taxes to the national exchequer. This represents a decrease of BDT 139.54 million. The Bank will continue to support Government's proposals that help to establish a sustainable level of tax contribution to the National Exchequer.

The bank's contributions to the National Exchequer for the last five (5) years are given below:

(BDT in million)					
Year	2017	2016	2015	2014	2013
Contribution	3259.44	3398.98	2621.77	3837.80	2963.63

### Meeting of the Board of Directors

During the year 2017, total 44 nos of Board of Directors meeting, 2 nos of Executive Committee meeting, 18 nos of Audit Committee meeting and 4 nos of Risk Management Committee meeting were held. Dates for Board and other Meetings are decided in advance and notice of each Board Meeting is served in writing well ahead of the meeting. The notice contains the detailed statement of business to be transacted at each meeting. The Board meets for both scheduled meetings and on other occasions to deal with urgent and important matters that require attention. A record of the Directors' attendance at Board meetings during 2017 is set out on Report of Corporate Governance of this Annual Report.

### Remuneration of the Directors

The Bank does not pay any remuneration to its Directors. As per the BRPD Circular no. 11 dated 27/10/2013 that the Chairman may be provided an office-room, a personal secretary/assistant, one peon/MLSS, one telephone at the office, one mobile phone to use inside the country and a vehicle in the business-interest of the bank and no other facilities were availed by the Chairman. As per the BRPD circular no.11 dated 04/10/2015 Directors are only paid fees, travel and hotel allowances for attending the Board, EC, Audit Committee, Risk Management Committee and Shariah supervisory committee meeting. Only Managing Director is paid salaries and allowances as per recommendation of the Board and approval of Bangladesh Bank.

### Appointment of Auditors

The Board of Directors recommended to re-appoint Hoda Vasi Chowdhury & Co., Chartered Accountants and S. F. Ahmed & Co., Chartered Accountants as External Auditor for the year ended December 31, 2018 subject to approval by the shareholders in the 35th AGM of the Bank. This 02(two) Chartered Accountant 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.

## Dividend

The Board of Directors has recommended 10% Stock Dividend for all entitled shareholders of the bank out of profit on the basis of audited accounts for the year ended 31st December 2017 subject to approval in the 35th Annual General Meeting.

## Annual General Meeting

The 35th Annual General Meeting (AGM) of the Bank will be held on May 10, 2018 at 10.30 AM at Pubali Bank Auditorium, Head Office, 26 Dilkusha C/A, Dhaka.

## Expectations in 2018

The Bank has put stress on the business target fixed up for the year 2018. 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 17.81% and 14.04% respectively and Import, Export and Remittance businesses are expected to rise by 16.50%, 19.63% and 23.05% respectively and operating profit target fixed for Tk.1,100.00 crore which is expected to be increased by 20.54%.

## Acknowledgement

The outcomes of the Year 2017 would not have been possible if not for the persistent support and encouragement of our stakeholders. The Board of Directors extend their warmest greetings to the valued customers, Patrons and well-wishers for their support and co-operation in the activities of the bank. The Board thanked the dedicated services of the Senior Management Team, all Executives and other employees of the Bank. The Board offers thanks to the Government of Bangladesh, 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.

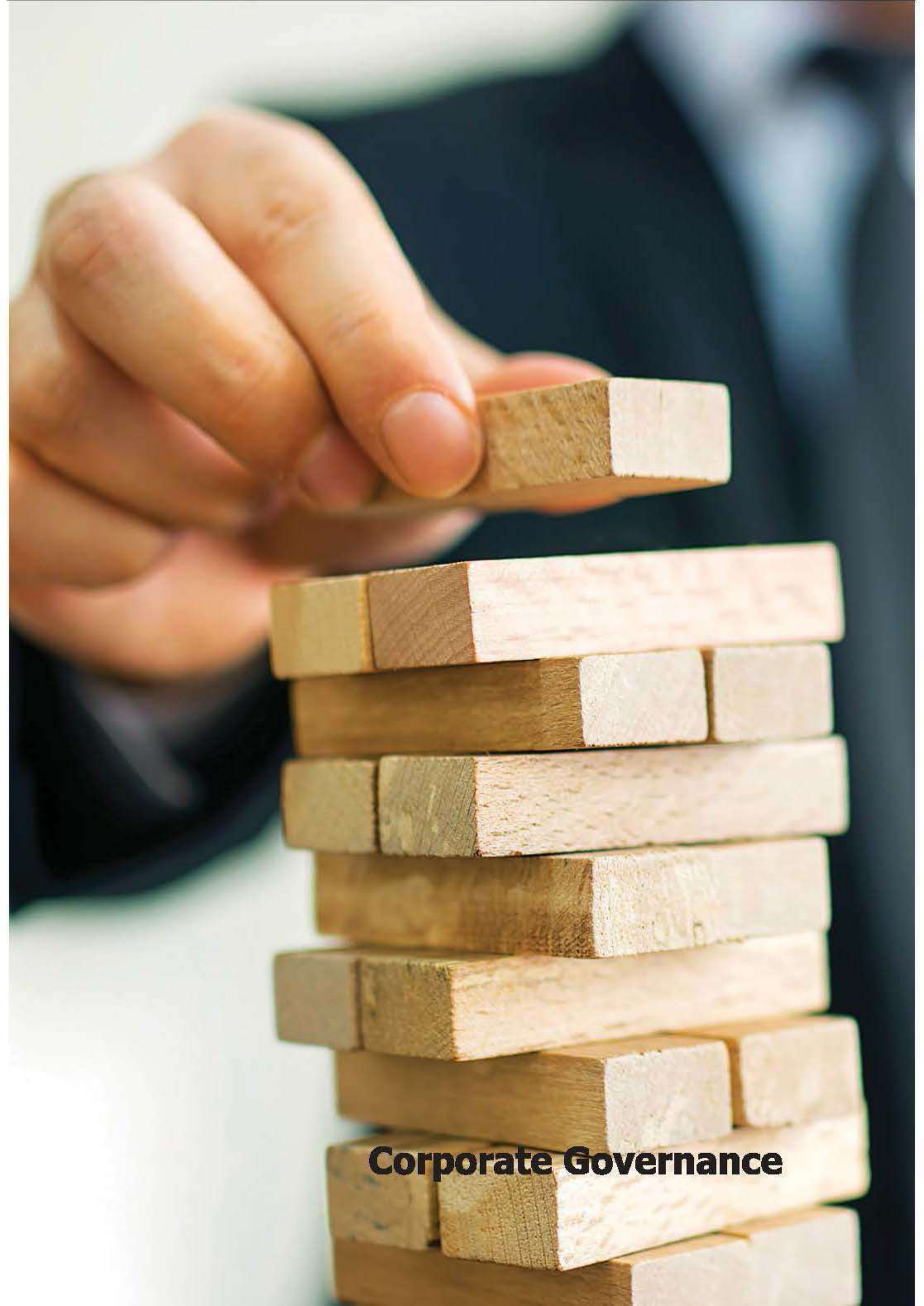
The Board also expresses its appreciation to Hoda Vasi Chowdhury & Co. and S. F. Ahmed & Co. the External Auditors of the Bank, for their efforts for timely completion of Audit. The Board of Directors also thanks both the print and electronic media personnel for giving media coverage to the Bank's different activities and events.

The Board thanks the respected shareholders and assures them that it will continue to add to the Shareholders' wealth through further strengthening and development of the Bank in which they have placed their trust and confidence. I also thank the respected shareholders for attending the 35th Annual General Meeting and contributing meaningfully to the deliberations and adoption of resolutions against the agenda.

With warm regards,  
Sincerely yours,



**Habibur Rahman**  
Chairman



**Corporate Governance**

## REPORT OF THE CORPORATE GOVERNANCE

### Corporate Governance Framework

Pubali Bank Limited Corporate Governance framework has been developed and enhanced based on the basic principles and best practices outlined in the following:

- Bangladesh Securities and Exchange Commission (BSEC) Notification on Corporate Governance;
- The Companies Act 1994 and other applicable regulations of Bangladesh;
- The Bank Companies Act, 1991 (Amended upto 2018);
- Dhaka and Chittagong Stock Exchanges Listing Regulations, 2015;
- Laws of the land;
- Standards of Business Conduct, Policies and Guidelines of the Bank;
- Statement of Risk Management Internal Control of the Bank;
- Statement of Delegated Authorities of the Bank; and
- Local and global best practices.

The Bank has always strived to maintain the highest standards of corporate governance and business conduct so as to create and maintain sustainable shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence. The Bank's corporate governance structure comprises of the Shareholders, the Board, Bank Management, Regulatory Authorities, Independent External Auditors and the Employees. The Bank, at the same time, expects acts of honesty and integrity from its Board of Directors, employees and stakeholders.

### Corporate Governance Practices

The Bank regularly provides a complete set of financial statements and relevant documents to the Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Stock Exchanges, National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC&F) and all other relevant bodies and authorities. The Bank also takes various initiatives to conduct awareness sessions on existing and proposed laws to ensure compliance throughout the bank. Overall, Pubali Bank Limited has always strived to remain a fully compliant bank accommodating every possible way and strategy to ensure the same.

### Board of Directors, Chairman and CEO Policy on Appointment of Directors

Pubali Bank complies with the requirement of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC) for appointment of Directors. As per regulations, all Directors, except nominated, independent or alternate director, maintain at least 2% shares in the Bank.

As per the Companies Act 1994, one-third of the Directors retire and if eligible, place themselves for reappointment which is approved in the Annual General Meeting.

As per the Bank Companies Act 1991 (As amended in 2018), maximum four members from the same family can be directors of any bank and the Directors can hold their posts for nine years consecutively.

An Independent Director is also appointed for three years term which can be extended by one term subject to approval by the Shareholders in the AGM. For appointment of an Independent Director, the approval of BSEC is obtained to comply with its requirement.

All appointments of the Board is made subject to approval of Bangladesh Bank.

The Managing Director & CEO is also appointed subject to the approval received from Bangladesh Bank. However, unlike other Directors, he is not subject to retire as long as he remains Managing Director.

### Ownership Composition

SL	Type of Owners	31.12.2017		31.12.2016	
		No. of Shares Held	% to Total Shares	No. of Shares Held	% to Total Shares
1	Directors	28,57,39,769	30.05	25,42,69,222	28.88
2	General Public	43,37,48,366	45.62	40,45,68,730	45.96
3	Institutions	23,13,15,581	24.33	22,15,35,860	25.16
<b>Total</b>		<b>95,08,03,716</b>	<b>100%</b>	<b>88,03,73,812</b>	<b>100%</b>

### Pattern of Shareholdings

- i) Shares held by Parent/Subsidiary/Associated Companies and other related Parties: Nil
- ii) Shareholding of CEO, CS, CFO & Head of Internal Audit (HIA) and their spouses and minor children: Nil

SL	Designated Executives	% of Shares as on 31.12.2017
1	Chief Executive Officer and his spouse and minor children	Nil
2	Company Secretary and his spouse and minor children	Nil
3	Chief Financial Officer and his spouse and minor children	Nil
4	Head of Internal Audit and his spouse and minor children	Nil

- iii) Shareholding structure of directors is as follows:

SL	Name	Designation	No. of Shares Held	% of total shares
1	Mr. Habibur Rahman	Chairman	1,90,30,249	2.00
2	Mr. Fahim Ahmed Faruk Chowdhury	Vice-Chairman	1,95,11,408	2.05
3	Mr. Azizur Rahman	Vice-Chairman	2,06,67,729	2.17
4	Mr. Syed Moazzem Hussain	Director	1,90,45,962	2.00
5	Mr. Moniruddin Ahmed	Director	3,09,72,303	3.26
6	Mr. Ahmed Shafi Choudhury	Director		
		Nominated by Transcom Limited	1,91,47,478	2.01
		Personal	77,213	0.01



SL	Name	Designation	No. of Shares Held	% of total shares	
7	Mr. Monzurur Rahman	Director	1,90,16,773	2.00	
8	Ms. Rumana Sharif	Director	Nominated by Delta Life Insurance Co. Ltd.	4,75,43,883	5.00
			Personal	51,801	0.01
9	Mr. M. Kabiruzzaman Yaquub FCMA (UK), CGMA	Director	1,90,18,672	2.00	
10	Mr. Musa Ahmed	Director	1,90,62,223	2.00	
11	Mr. Md. Abdur Razzak Mondal	Director	Nominated by Thats It Fashions Ltd.	3,32,78,000	3.50
			Personal	3,00,000	0.03
12	Ms. Rana Laila Hafiz	Director	1,90,16,075	2.00	
13	Dr. Shahdeen Malik	Independent Director	--	--	
14	Mr. M. Azizul Huq	Independent Director	--	--	
Total			28,57,39,769	30.04	

## iv) Shareholding of Senior Executives (Top five salaried executives other than CEO, CFO, CS, HIA):

SL	Name of Executives	% of shares as at 31.12.2017
1	Mr. Safiul Alam Khan Chowdhury	Nil
2	Mr. Mohammad Ali	Nil
3	Mr. Akhtar Hamid Khan	Nil
4	Mr. Mukhtar Ahmed	Nil
5	Mr. Syed Aziz Ahmed	Nil

## v) Shareholders holding ten percent (10%) or more voting interest in the Bank (name wise details) - Nil

**Board of Directors**

The following twelve (12) Directors are continuing as member in the Board.

- i) Mr. Habibur Rahman
- ii) Mr. Fahim Ahmed Faruk Chowdhury
- iii) Mr. Azizur Rahman
- iv) Mr. Moniruddin Ahmed
- v) Mr. Syed Moazzem Hussain
- vi) Mr. Monzurur Rahman

- vii) Mr. Ahmed Shafi Choudhury
- viii) Ms. Rumana Sharif
- ix) Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA
- x) Mr. Musa Ahmed
- xi) Mr. Md. Abdur Razzak Mondal
- xii) Ms. Rana Laila Hafiz

The brief resume of the above Directors in compliance of Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 of Bangladesh Securities and Exchange Commission (BSEC) is appended in the Directors' Profile of the Annual Report. Other information about them as per requirement of the aforesaid Notification is given below.

Name	Expertise	Memberships	Directors in
Mr. Habibur Rahman	Banking Activities	-	Delta Medical College and Hospital Pubali Bank Securities Ltd. Global Pharmaceutical Company Ltd.
Mr. Fahim Ahmed Faruk Chowdhury	Banking Activities Prominent Business Entrepreneur	Risk Management Committee	Chittagong Electric Manufacturing Co. Ltd. F.A.C Eastern Enterprise Ltd. Ranks FC Properties Ltd. FC Holdings Ltd. CEM Readymix Concrete Ltd. CEM UPVC Ltd. Surgiscope Hospital Pvt. Ltd. Globex Pharmaceuticals Ltd. Euro Petro Product Ltd.

<b>Name</b>	<b>Expertise</b>	<b>Memberships</b>	<b>Directors in</b>
Mr. Azizur Rahman	Banking Activities  Prominent Business Entrepreneur	Risk Management Committee	Pubali Bank Securities Ltd.  National Ceramic Industries Ltd.  Dressmen Fashionwear Ltd.
Mr. Moniruddin Ahmed	Banking Activities	Executive Committee	Pubali Bank Securities Ltd.
Mr. Syed Moazzem Hussain	Banking Activities  Prominent Business Entrepreneur	-	Prince Corporation Ltd.  Moazzem Knit & Dyeing Industry Ltd.
Mr. Monzurur Rahman	Banking Activities  Prominent Business Entrepreneur	Audit Committee	Rema Tea Company Ltd.  Delta Life Insurance Company Ltd.  LafargeHolcim Cement Ltd.
Mr. Ahmed Shafi Choudhury	Banking Activities	Audit Committee	Pubali Bank Securities Ltd.  Bangladesh Lamps Ltd.  ESKAYEF Pharmaceuticals Ltd.
Ms. Rumana Sharif	Banking Activities	Executive Committee	-
Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Accounting Professional  Banking Activities  Prominent Business Entrepreneur	Audit Committee & Risk Management Committee	Imagine Properties Ltd.  Pubali Bank Securities Ltd.

Name	Expertise	Memberships	Directors in
Mr. Musa Ahmed	Banking Activities  Prominent Business Entrepreneur	Executive Committee	Popular Jute Exchange Ltd.  Popular Jute Mills Ltd.  Comilla Food and Allied Ind. Ltd.  Popular Food and allied Ind. Co. Ltd.  Tejgaon Engineering and Construction Co. Ltd.
Mr. Md. Abdur Razzak Mondal	Banking Activities	Risk Management Committee	Thats It Fashions Ltd. (as a nominee)
Ms. Rana Laila Hafiz	Banking Activities  Prominent Business Entrepreneur	Executive Committee	Pubali Bank Securities Ltd.

### Non-Executive Directors

The Managing Director is the only Executive Director on the Board of Directors of the Bank. All other Directors including the Chairman are the Non-Executive Directors.

### Independent Directors

Independent director means a director who does not have any related business, hold any managerial position or have any beneficial interest in financial institutions that may affect his/ her independent decision. Independent Directors should be business acumen, knowledgeable individuals of proven integrity who are able to ensure compliance with financial, regulatory and corporate laws and make a meaningful contribution towards the business.

In compliance with the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC) and as per Section-15(9) of Bank Companies (Amendment) Act-2018 regarding appointment of New Directors and the guidelines given by Bangladesh Bank in BRPD Circular No.11 dated 27 October, 2013, the Bank appointed 2 (two) Independent Directors observing all required formalities.

Under BSEC's Corporate Governance Guidelines 2012, one of our Independent Director Mr. Khurshid-ul-Alam completed his two (02) term and the Board of Directors of Pubali Bank Limited appointed Mr. M. Azizul Huq as Independent Director. Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank approved his appointment. The Shareholders will approve the said appointment in the Annual General Meeting. Accordingly, the appointment of Mr. M. Azizul Huq is to be confirmed at the ensuing 35<sup>th</sup> AGM of the Company.

### Role of Independent Directors

- ✓ The Independent Directors can provide guidance for management's decisions and ensure a focus on the investors' interest over those of the management;
- ✓ The powers of Independent Directors are not merely persuasive. Statute bestows upon them the power of the vote which is much more effective than mere persuasive power of words;
- ✓ Independent Directors have a large role to play in the shaping of the board's agenda and decisions. They are in a position to direct the board's attention to matters which require detailed analysis and review;
- ✓ Independent Directors can ensure that the tone and tenor of the board's discussions and decisions are in conformity with the stewardship function of the board and management;
- ✓ Independent Directors should also conduct periodic executive sessions without management being present so that they can discuss and debate issues in an open and frank manner;
- ✓ The actions of the Independent Directors should demonstrate ethics, integrity, honesty and transparency;
- ✓ Executive compensation is another area where leadership of Independent Directors is sought;
- ✓ Independent Directors can play a very important part in the area of compliance and Corporate Governance. Corporate Governance will continue to be primary responsibility of Independent Directors;
- ✓ Rules and regulations alone cannot ensure that companies are clean and honest. There should be an atmosphere of ethical conduct and a proper mind set to do the right thing;
- ✓ The Independent Directors have a great responsibility to create, preserve and strengthen the ethical and moral fabric of the company;
- ✓ Independent Directors should serve as independent watchdogs serving the interests of shareholders; and
- ✓ Shareholders rely on Independent Directors to protect their interests, address conflict of interest and to ensure that shareholders and the business is managed properly by management.

### Independent Director as Effective Instrument of Governance such as follows:

- ✓ Helps to improve the standard of corporate governance;
- ✓ With better accountability to stakeholders;
- ✓ Transparency in the operational activities by adequate and meaningful disclosures;
- ✓ Induction of Independent Directors is expected to qualitatively change the composition of the Board.

### Declaration of Independence

Every Independent Director (ID) shall at first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an Independent Director, needs a declaration that he meets the criteria of independence mentioned in the Bangladesh Securities and Exchange Commission (BSEC) Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated 7 August 2012. Contents of such declaration are stated below:

- ✓ ID holds less than one percent (1%) shares of the total paid up shares in the bank;
- ✓ ID is not a sponsor of the Company, nor connected (on the basis of family relationship) with any of the bank's sponsors, directors or shareholder who holds one percent (1%) or more of the total paid-up shares of the bank;
- ✓ ID does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary / associated companies;
- ✓ ID is not a member, director or officer of any stock exchange;
- ✓ ID is not a shareholder, director or officer of any member of stock exchange or capital markets intermediary;
- ✓ ID is currently not and have not been acting as a partner or executive of the Company's statutory audit firm, during the preceding 3 (three) years;
- ✓ ID is not an Independent Director in more than 3 (three) listed companies;
- ✓ ID has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a Bank or a Non-Bank Financial Institution (NBFi); and
- ✓ ID has not been convicted for a criminal offence involving moral turpitude.

### Chairman's Independence

In compliance with Bangladesh Bank BRPD Circular No. 11 and Circular Letter No. 18 dated 27 October 2013 and Clause 1.4 of BSEC CG Guidelines dated 07 August 2012, we report that the Chairman of the Board Mr. Habibur Rahman has been elected from among the Directors and there are clear and defined roles and responsibilities of the Chairman and the Chief Executive Officer Mr. Md. Abdul Halim Chowdhury.

### Chairman and the CEO

The Chairman is independent of the CEO, and this has been in practice since inception of the Bank. The Chairman and the CEO of Pubali Bank Limited are separate persons. This also complies with Section 1.4 of the BSEC's notification on Corporate Governance Guidelines.

### Independence of the Non-Executive Directors

All the Directors except the Managing Director are non-executive Directors in the Board. None of the Directors takes part in the day to day affairs of the Company. They attend only the Board/ Committee meetings to discuss the agenda reserved for the Board/Committees.

## **Role and Responsibilities of the Board of Directors**

### **Structure of the Board**

According to Clauses 80(a) of the Articles of Association of Pubali Bank Limited, the Board of Directors (BoD) currently comprises 15 directors among whom 14 (fourteen) are Non-executive directors including the Chairman and 1 (one) is the Managing Director (Ex-Officio). The existing BoD of the Bank includes two Independent Directors as prescribed in the BSEC Corporate Governance Guidelines and Section 15 of Bank Companies Act 1991 (amended up to 2018).

### **Role and Responsibilities of the Board**

The major roles and responsibilities of the Board, among others, are to set the vision, mission and policies of the Bank and to determine the goals, objectives and strategies to ensure efficient utilization of the Bank's resources. The roles and responsibilities of the Board of Directors are outlined below (but not limited to) in compliance with Bangladesh Bank BRPD Circular No. 11 dated 27 October 2013:

- Work planning and strategic management
- Lending and Risk Management
- Internal Control Management
- Human Resources Management and Development
- Financial Management
- Formation of Supporting Committees
- Appointment of Independent Directors
- Appointment of Alternate Directors
- Appointment of Managing Director & CEO

### **Role and Responsibilities of the Chairman of the Board**

To set out the following responsibilities, BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Notification issued by BSEC on 07 August 2012 has been taken into consideration. His main responsibilities are to:

- As the Chairman of the Board of Directors (or Chairman of any Committee formed by the Board of Directors) does not personally possess the jurisdiction to apply policy making or executive authority, he shall not participate in or interfere into the administration or operational and routine affairs of the bank.
- The Chairman may conduct on-site inspection of any branch or financing activities under the purview of the oversight responsibilities of the Board. 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 Board or the Executive Committee and if deemed necessary, with the approval of the Board, he shall take necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised by the Bangladesh Bank through the Board along with the statement of the CEO.
- Ensure non-intervention of any Director in the routine affairs of the Bank.

- Ensure compliance with corporate governance requirements of regulatory bodies.
- Bring policies for Board's deliberations and consideration for Bank's reforms and development.
- Determine sense of direction for the Bank, etc.

Besides this, the Chairman may/shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the Bank.

### Appraisal of Board's Performance

At AGM shareholders critically appraise the performance of the Board and evaluate financial position and performance of the bank, its adequacy and effectiveness of internal control system and overall governance mechanisms. The shareholders also ask questions and make queries to the BoD during AGM and the Chairman of BoD gives a patient hearing and responds to all their queries. The performance of the Board is appraised based on certain parameters such as shareholder return, share price, return on capital employed, earnings per share etc. of the bank. The attendance of Directors and their active participation in the meeting on various agenda is ensured in every Board meeting.

### Role and Responsibilities of the Managing Director & CEO

- In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plans, efficient implementation thereof and prudent administrative and financial management.
- The CEO shall ensure compliance of the Bank Companies Act, 1991 and/or other relevant laws and regulations in discharge of routine functions of the bank.
- The CEO shall include information on violation of any law, rules, regulation including Bank Companies Act, 1991 while presenting memos before the Board or the committee formed by the board.
- CEO will provide all sorts of information to Bangladesh Bank about the violation of Bank Companies Act, 1991 and/ or any violation of Laws, rules and regulations.
- The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the board. The board or the chairman of any committee of the board or any director shall not get involved or interfere into such affairs.
- The authority relating to transfer of and disciplinary measures against the staff, except those at two tier below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he shall nominate officers for training.

Besides, the Managing Director shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the Bank.



### **Annual Evaluation of Performance of the Managing Director & CEO of the Bank**

There is a 5 year Strategic Priorities & Action Plan (KPI) for the evaluation of the CEO on an annual basis and it is revised from time to time by the Board.

The CEO is evaluated on an annual basis and is also given KPI's for the years ahead. The Board has the authority to evaluate the CEO whenever it wishes so. In our bank, CEO is usually evaluated after his term, and on the basis of his evaluation, reappointment for another term is considered by the Board.

At the beginning of the year, the Board participates in extensive discussions with the Managing Director and decides on financial and non-financial objectives. The annual financial budget is considered and decided by the Board at the opening of the financial year. The business and financial goals are assessed each quarter with actual accomplishments by the Board. The non-financial successes are also evaluated by the Board in each quarter. Furthermore, a yearly appraisal and assessment of the accomplishments of goals are made at the end of the year along with deviations.

A few mentionable KPIs for the CEO are to meet the annual budgetary targets of the Bank which was approved by the Board, maximize shareholders value through desired ROA, ROI, ROE and EPS as per expectation of the Board, sustainable growth on investment and revenue for the Bank, gradually reducing the NPL ratio and improvement in the score for CAMELS rating.

### **Policy on Training of Directors**

Most of the Directors of the Bank are on the Board for many years. They have acquired enough knowledge and acumen to lead the Bank well to the path of progress. The latest legislations on the financial sector and directives of the regulatory bodies are made available to them for their instant information in order that they can discharge their responsibilities effectively. They also participate in the programs and seminars organized by various professional bodies at home and abroad on business, economic, technical, professional and corporate governance issues.

### **Directors' Knowledge and Expertise in Finance and Accounting**

The Board of Directors of Pubali Bank Limited consists of highly qualified and experienced individuals. They are well conversant in Banking Business as well as administration. It is their practical experiences and theoretical knowledge on their respective fields that make them take appropriate decisions at the crucial time. The Board of Directors of Pubali Bank Limited is an excellent amalgamation of versatile individuals. Some of the honorable Directors, besides having Business degrees from home and foreign renowned universities and huge practical experiences from financial sector have reputation as prominent lawyers and business administrators.

### **Directors' Report In Compliance with Best Practices on Corporate Governance**

The status of compliance with corporate governance guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission has been given hereafter. Itrat Hussain & Associates, Chartered Secretaries, duly certified the Bank's Compliance Status which is re-produced in a page hereafter.

### Board meetings and attendance

SL	Name	Designation	Presence of Directors in the Meetings, During their Tenure			Remuneration / Meeting	Remuneration Drawn
			No. of Meetings	Present	Absent		
1	Mr. Habibur Rahman	Chairman	44	41	3	7200 X 41	BDT 2,95,200.00
2	Mr. Fahim Ahmed Faruk Chowdhury	Vice-Chairman	44	29	15	7200 X 29	BDT 2,08,800.00
3	Mr. Azizur Rahman	Vice-Chairman	44	34	10	7200 X 34	BDT 2,44,800.00
4	Mr. Moniruddin Ahmed	Director	44	39	5	7200 X 39	BDT 2,80,800.00
5	Mr. Syed Moazzem Hussain	Director	44	41	3	7200 X 41	BDT 2,95,200.00
6	Mr. Monzurur Rahman	Director	44	41	3	7200 X 41	BDT 2,95,200.00
7	Mr. Ahmed Shafi Choudhury	Director	44	44	-	7200 X 44	BDT 3,16,800.00
8	Ms. Rumana Sharif	Director	44	37	7	7200 X 37	BDT 2,66,400.00
9	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Director	44	37	7	7200 X 37	BDT 2,66,400.00
10	Mr. Musa Ahmed	Director	44	-	44	-	-
11	Mr. Md. Abdur Razzak Mondal	Director	44	34	10	7200 X 34	BDT 2,44,800.00
12	Ms. Rana Laila Hafiz	Director	44	40	4	7200 X 40	BDT 2,88,000.00
13	Dr. Shahdeen Malik	Independent Director	44	28	16	7200 X 28	BDT 2,01,600.00
14	Mr. M. Azizul Huq	Independent Director (Appointed on June 27, 2017)	44	17	27	7200 X 17	BDT 1,22,400.00
15	Mr. Md. Abdul Halim Chowdhury	Managing Director & CEO	44	42	2	-	-

### Related Party Transactions

The Bank in its ordinary course of business undertook financial transactions with some entities or persons that fall within the definition of 'Related Party' as contained in BAS 24 (Related Party Disclosures) and relevant provisions of Bank Companies Act 1991 (amended up to 2018) and Bangladesh Bank BRPD Circular No. 14 dated 25 June 2003. As on the reporting date, the Bank had funded and non-funded exposures with its subsidiaries, non-funded exposures to some current and ex-directors and credit card limit to some of its Directors. Besides, the Bank had procured some goods and services from the entities of related party (ies) during 2017. Please refer to financial statements for details of related party transactions.

## Board's Committees and their Responsibilities

### The Board has constituted following 3(three) Committees:

#### i. Executive Committee

In compliance with the provisions contained in BRPD Circular No.11 dated 27 October, 2013, the Board of Directors re-constituted the Executive Committee comprising 5 (five) members. Company secretary of the bank is the secretary of the Executive Committee. To comply with regulatory requirement, none of them are the members of Audit Committee of the Board.

The Executive Committee is a body to deliberate on generally important issues and matters in the execution of operations of the Bank. The committee performs within the power delegated to it by the Board of Directors. The resolution of the Executive Committee are ratified by the Board of Directors. The minutes of the Executive Committee are sent to Bangladesh Bank for their review.

#### Attendance of members of the Executive Committee in meetings

SL	Name	Designation	Presence of Directors in the Meetings, During their Tenure			Remuneration / Meeting	Remuneration Drawn
			No. of Meetings	Present	Absent		
1	Mr. Moniruddin Ahmed	Chairman	2	2	-	7200 X2	BDT 14,400.00
2	Ms. Rumana Sharif	Member	2	2	-	7200 X2	BDT 14,400.00
3	Mr. Musa Ahmed	Member	2	-	2	-	-
4	Ms. Rana Laila Hafiz	Member	2	1	1	7200 X1	BDT 7,200.00
5	Mr. Md. Abdul Halim Chowdhury	Ex-Officio	2	2	-	-	-

#### ii. Audit Committee

##### Composition of the Audit Committee:

Members of the Committee are nominated by the board from the directors in compliance with the relevant provisions contained in BRPD Circular No.11 dated 27 October, 2013 of Bangladesh Bank. The Committee consists of 5 (five) members, with 2 (two) independent directors. As per rules, the Committee consists of directors, who are not Executive Committee members. Company secretary of the bank is the secretary of the Audit Committee.

##### Chairman is an Independent Non-Executive Director

Mr. M. Azizul Huq, the Chairman of the Audit Committee is a BSEC approved independent non-executive director. He is not involved in the day to day operations of the Bank. He is an experienced individual and qualified to be the Chairman of the Audit Committee. He did MA in Economics from Dhaka University. He was the founder CEO of Islami Bank Bangladesh Ltd., Social Investment Bank Ltd. and Islamic Finance and Investment Ltd. He acted as the Vice-Chairman and Independent Director of Islami Bank Bangladesh Ltd.

### All members are suitably qualified

As per BRPD circular of Bangladesh Bank, integrity, dedication and opportunity to spare time in the functions of the Committee are considered while nominating a director to the Committee. Each member is capable of making valuable and effective contributions in the functioning of the Committee. Members have adequate understanding of the detailed responsibilities of the Committee as well as the bank's business, operations and its risks. Professionally experienced persons in banking/ financial institutions, specially having educational qualification in finance, management, economics, accounting get preference in forming the Committee.

### Conflict of Interest

The Code of Ethics and Business Conduct require all employees to avoid situations where their personal interests conflict, or may appear to conflict with those of the Bank. Employees are advised to take particular care when they are responsible for dealing with customers, business associates, agents on behalf of the Bank. Any failure to disclose a conflict of interest leads to a disciplinary action.

### Recommendation for appointment of External Auditors

The Committee review the performance of the external auditors and their audit reports and examine whether the findings and recommendations made by the external auditors are duly considered by the management or not. The Audit Committee make scrutinizes the applications of the auditors and recommendations to the board regarding the appointment /reappointment of the external auditors.

### Attendance of members of the Audit Committee in meetings

SL	Name	Designation	Presence of Directors in the Meetings, During their Tenure			Remuneration / Meeting	Remuneration Drawn
			No. of Meetings	Present	Absent		
1	Mr. M. Azizul Huq	Chairman (Appointed on June 27, 2017)	18	9	9	7200 X9	BDT 64,800.00
2	Mr. Monzurur Rahman	Member	18	18	-	7200 X18	BDT 1,29,600.00
3	Mr. Ahmed Shafi Choudhury	Member	18	18	-	7200 X18	BDT 1,29,600.00
4	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Member	18	14	4	7200 X14	BDT 1,00,800.00
5	Dr. Shahdeen Malik	Member	18	12	6	7200 X12	BDT 86,400.00

### Services not provided by External Auditors

The services as are specifically barred in the Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 are not obtained from the external auditors. Pubali Bank Limited should not engage its external/statutory auditors to perform the following services of the company; namely:-

- (i) Appraisal or valuation services or fairness opinions.
- (ii) Financial information systems design and implementation.
- (iii) Book-keeping or other services related to the accounting records or financial statements.
- (iv) Broker-dealer services.
- (v) Actuarial services.
- (vi) Internal audit services.
- (vii) Any other service that the Audit Committee determines.
- (viii) No partner or employees of the external auditors shall possess any share of the bank they audit at least during the tenure of their audit assignment of the bank.

### ii. Risk Management Committee

#### Attendance of members of the Risk Management Committee

SL	Name	Designation	Presence of Directors in the Meetings, During their Tenure			Remuneration / Meeting	Remuneration Drawn
			No. of Meetings	Present	Absent		
1	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Chairman	4	4	-	7200 X 4	BDT 28,800.00
2	Mr. Fahim Ahmed Faruk Chowdhury	Member	4	4	-	7200 X 4	BDT 28,800.00
3	Mr. Azizur Rahman	Member	4	4	-	7200 X 4	BDT 28,800.00
4	Mr. Md. Abdur Razzak Mondal	Member	4	2	2	7200 X 2	BDT 14,400.00
5	Mr. M. Azizul Huq	Member (Appointed on June 27, 2017)	4	1	3	7200 X 1	BDT 7,200.00

## Internal Control and Risk Management

### Internal Control

Board of Directors of Pubali Bank Limited has the responsibility to ensure compliance at all levels in the bank's day-to-day activities. The ICC Division ensures internal control structure in the Bank with appropriate assignments, accountability of the personnel and delegation of authorities to functional management to create control and ensure a compliance culture within the organization under the active guidance and supervision of the Senior Management and the Board of Directors and its report is submitted to the Board Audit Committee of the Bank.

### **Establishment and Review of Internal Control System**

The Bank's internal control system is designed at Board and Management levels to provide reasonable assurance regarding the achievement of the bank's objectives in respect of effectiveness and efficiency of operations, reliability (completeness and timeliness) of financial reporting and management information, compliance with applicable laws, regulations and the Bank's policies. The Bank has its own internal auditors who are accountable to the Audit Committee and the Management.

### **Identification of risk to which Pubali Bank Limited is exposed internally and externally**

The risks related issues of the Bank are looked after by the Risk Management Committee of the Board. A report on Risk Management is included in this Annual Report.

### **Vision, Mission and Strategy approved by the Board**

#### **Vision, Mission of the Bank**

The vision, mission's statement and the strategy of the Bank have been included in the beginning pages of the Annual Report. Those were approved by the Board. The Board firmly adheres to them.

## **ETHICS AND COMPLIANCE**

### **Code of Conduct**

Code of Conduct is an integral part of our daily life. Code of Conduct for Directors has been approved by the Board of Directors. The Board's commitment is to establish high level of ethics and compliance within the organization. Pubali Bank has a Code of Conduct for Bank's employees which are integral parts of the Service Rules and Regulation for the employees of the Bank. The employees of the Bank comply with the code of conduct and requirements of ethical principles. It reflects the core values of the bank and provides a clear guideline and principles for conducting fair business practice internally and externally among the Customers, Government, Community, etc. It is one of the governance documents, which helps employees to safeguard from any breach within the organization. The Code of Conduct helps remind the employees from committing any form of violation and further refrain from any kind of obligation.

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.

### **Management Structure, Management Committees and their responsibilities**

The Management headed by Managing Director and CEO is assisted by Additional Managing Director, 3 Deputy Managing Directors, 23 General Managers, 62 Deputy General Managers and 123 Assistant General Managers along with Managing Director & CEO of Pubali Bank Securities Limited and Principal of Pubali Bank Training Institute 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:



**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 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.

**Asset and Liability Management Committee (ALCO):** Asset and Liability Management Committee (ALCO), the committee of senior management headed by the Managing Director & CEO meets at least once in a month to set and review financial policy, position and risk exposures such as liquidity risk, Interest rate risk and foreign exchange risk. The ALCO of Pubali Bank Limited conducted 12 (Twelve) regular and 1 (One) special ALCO meetings during the year 2017 for implementation of Asset and Liability Management in the bank. Country's overall economic position, the bank's liquidity position, ALM ratios, interest rate risk, deposit & advance growth, market interest rate, deposit & lending pricing strategy, different forecasted balance sheet risks etc. are placed to ALCO meeting for setting strategies and revamping previously taken strategies to cope with current and future market scenario. The major roles and responsibilities of ALCO are as follows:

- Reviewing balance sheet movements and taking measures for sound balance sheet management.

- Forecasting interest rate and taking suitable strategies accordingly.
- Measuring liquidity of the Bank in various time buckets and taking strategic and proactive actions to meet the requirements.
- Monitoring status of ALM ratios and taking steps for compliance with these ratios.
- Monitoring the interest rate risk of the Bank and taking actions to keep the interest rate gap at the desired level.
- Monitoring the movement of macro variables and yield curve shift and taking strategy for short, mid and long term interest rate risk management.
- Keeping the balance sheet mix at desired level.
- Measuring and monitoring concentration risk, diversification and product profitability.

**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.

**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, Audit & Inspection Division, CLS Division, Lease Financing Division, Monitoring Division, Compliance Division, Risk Management 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.

**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.

**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 Software Development Division has 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.

**Central Compliance Committee:** To prevent money laundering & combat terrorist financing, a Central Compliance Committee headed by Chief Anti-Money Laundering Compliance Officer (CAMLCO) was formed. The functional unit of this Committee 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 functional unit of this Committee 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 Financial Intelligence unit of Bangladesh Bank instructs our Bank to arrange lead bank workshop and regional conference in different districts. Accordingly, lead bank workshop and regional conferences are arranged every year. Every year, Management of our Bank approves an outreach training calendar on prevention of money laundering and combating terrorist financing. Training is imparted according to the outreach training calendar. All circulars of former Anti-Money Laundering Department and present BFIU of Bangladesh Bank have been disseminated to the branches and regional offices for compliance. More over several circulars/circular letters on this issue have been circulated. As per Bangladesh Bank's BFIU circular no. 19 dated, 17/09/2017, half yearly summary reports based on 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. Audit Committee of the Board is appraised the Money Laundering Prevention Status of the Bank on quarterly basis. Moreover, as per Reporting Cycle a memo is placed every year before the Risk Management Committee of the Board. Sanctions screening has been introduced so that no black listed individual/entity can use our Banking channel. As per BFIU instructions our bank has already revised uniformed account opening form by which complete and accurate information of the client can be obtained. As 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.

**Ethical Committee:** In the present stage of globalization, ethical issue in banking sector is assumed of great importance. Moreover 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 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 an ethical Banking work plan for the Bank. Report of implementation status of ethical banking work plan along with minutes of monthly meeting is submitted to Bangladesh Bank on quarterly basis.

### Benefits provided to the Directors and the Managing Director

In accordance with the guidelines of Bangladesh Bank, the following facilities can only be given to the Directors.

Chairman	:	An office chamber, one Private Secretary / Office Assistant, a telephone in office, one mobile phone for use within the country and a full time car.
Directors	:	Fees and other facilities for attending each meeting of the Board or its any Committee.
Managing Director	:	Only those benefits as are agreed upon in his contractual appointment and as are approved by Bangladesh Bank.

### Company Secretary

To ensure effective assimilation and timely flow of information required by the Board and to maintain necessary liaison with internal organs as well as external agencies, the Board has appointed a Company Secretary. The Corporate Governance Guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC), also require a listed Company to appoint Company Secretary. In pursuance of the same, the Board of Directors has appointed the Company Secretary and defined his roles & responsibilities. In Pubali Bank Limited, among other functions, the Company Secretary:

- ✓ Performs as the bridge between the Board, Management and Shareholders on strategic and statutory decisions and directions.
- ✓ Acts as a quality assurance agent in all information streams towards the Shareholders/Board.
- ✓ Is responsible for ensuring that appropriate Board procedures are followed and advises the Board on Corporate Governance matters.
- ✓ Acts as the Disclosure Officer of the Company and monitors the compliance of the acts, rules, regulations, notifications, guidelines, orders/directives, etc. issued by Bangladesh Bank, BSEC or Stock Exchange(s) applicable to the conduct of the business activities of the bank so as to protect the interests of the investors and other stakeholders.

### Disclosure of key policies with regard to remuneration of directors, senior management and employees

All employees including the Senior Management employees are paid competitive remuneration package. The structure and level of remuneration are reviewed time to time based on Bank's performance and affordability. The remuneration also stresses on ensuring internal and external pay equity.

### 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.

## Human Resource

The detailed discussion on Bank's Human Capital has been presented in this Annual Report.

## Environmental and Social Obligations

Pubali Bank has Environmental & Social Risk Management Guidelines to understand and manage risks arising from environmental & social concerns. This brought a focus on planning and implementing policies and procedures to mitigate environmental risks associated with financing decisions. Environmental & Social Risks are being considered as part of existing Credit Risk Management methodology of the bank to assess the prospective borrower.

## Sustainable Financing

Sustainable Finance Committee and Sustainable Finance Unit at Management level have been formed to monitor & ensure best practice of Green Banking in its every sphere of actions. The committee regularly reviews its actions for closer convergence towards related, national & global best practice. Green Banking Policy has been designed based on Green Banking Policy of Bangladesh Bank. The main concern of the policy is to ensure sustainability through environmental protection from pollution by eco-friendly activities including investment. Pubali Bank Limited utilizing resources for serving customers as well as society & environment.

## Shareholders

### i) Communications with Shareholders

We believe good Corporate Governance involves openness and trustful cooperation between all stakeholders involved in the bank, including the owners of the bank-the Shareholders. Information is communicated to the Shareholders regularly through a number of forums and publications. Pubali Bank ensures that all shareholders are notified at least 14 days before the AGM so that all shareholders may attend it. The bank has adopted a detailed policy on information disclosure and communication in line with the Corporate Governance guidelines and Listing Regulations, 2015 of both Exchanges. In compliance with continuous disclosure requirements, the bank's policy is that Shareholders will be informed in a routine manner of all major developments that impact the business of the bank and also be able to make informed decisions. Pubali Bank provides copies of Annual Reports in order that these are made available to them well in advance for detailed and constructive discussion. The Board also structures these meetings so that shareholders can vote on each agenda by proposing resolutions.

### ii) Information Disclosure

In accordance with the disclosure requirements, the Bank follows these three main forms of information disclosure:

- ✓ Continuous disclosure - which is its core disclosure and primary method of informing the market and Shareholders;
- ✓ Periodic disclosure - in the form of quarterly and yearly reporting of financial results and other issues; and
- ✓ Event based disclosure - as and when required, of administrative and corporate developments, usually through stock exchanges & press releases.

All information provided to BSEC and stock exchanges are immediately made available to Shareholders and the market on the Company's Investor Relations section of the website: [www.pubalibangla.com](http://www.pubalibangla.com).

### iii) General Meeting

The General Meeting of the Shareholders is the supreme governing forum in Pubali Bank Limited. The Bank recognizes the rights of Shareholders and the Shareholders' interests are primarily ensured through Pubali Bank's Annual General Meeting (AGM). Pubali Bank ensures that all shareholders are notified at least 14 days before the AGM so that all shareholders may attend it. Also all other types of accounts (Quarterly and Half yearly) or information are updated on the website and notified to all stakeholders on a duly basis. The Bank encourages shareholders' active participation in AGM and other General Meetings. The Bank's General Meeting's provide a transparent and open platform for the shareholders to communicate with the Board. The Board Members and Statutory Auditors attend AGM to respond to the Shareholders' queries on the result or any other aspect of the Bank, if any.

### iv) Website

All financial results and key performance indicators as well as other relevant financial and non-financial data are posted of the bank's website: [www.pubalibangla.com](http://www.pubalibangla.com).

Pubali Bank Limited believes in transparency and accountability to the society as a whole through establishment of an efficient and effective Corporate Governance regime. The Bank also believes that Corporate Governance is a journey and not a destination and it needs to be continuously developed, nurtured and adapted to meet the varying needs of a modern business house as well as the justified aspirations of our valued investors, other stakeholders and the society at large.

**ITRAT HUSAIN & ASSOCIATES**  
CHARTERED SECRETARIES IN PRACTICE

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

1. We have examined the compliance of conditions of Corporate Governance by **Pubali Bank Limited** ("the Company") for the period ended 31 December, 2017 as per the Corporate Governance Guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC) vide Notification No. SEC/CMRRCD/2006-158/134/Admin 44 dated 7 August 2012.

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

3. In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the BSEC notification mentioned above.

4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.



**Itrat Husain & Associates**  
Chartered Secretaries in Practice

Signed by : Itrat Husain FCMA, FCS  
Chief Executive

Dhaka, 12 April, 2018

THE GLASS HOUSE | SE(B)-2 | 38 Gulshan Avenue | Gulshan 1 | Dhaka 1212  
Cell: 01713092222 | Email: itratshahed@gmail.com



The Bank completed its credit rating by National Credit Ratings Limited (NCR) based on the Audited Financial Statements of 31 December 2016 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		
	2017	2016	2015	2014
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/Dec/16	31/Dec/15	31/Dec/14	31/Dec/13
Date of Rating	19/Jun/17	30/Jun/16	30/Jun/15	13/Jul/14
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 2016 and other relevant information. The present rating takes into account, among others, bank's comfortable capital adequacy, improved asset quality, adequate liquidity and continued increased profitability.

## REPORT OF THE **AUDIT COMMITTEE**

The Audit Committee is an important sub-committee of the Board of Directors. The Committee is assigned with various roles and responsibilities such as internal control, financial reporting, internal audit, external audit, regulatory compliance, corporate disclosures of banking operation etc. independently. The Committee assists the Board of Directors to ensure that the financial statements reflect a true and fair view of the state of affairs of the company and is ensuring a good monitoring system within the business. The Audit Committee is responsible to the Board of Directors. The duties of the Audit Committee are clearly set forth in writing.

### Appointment and Composition

In compliance with Section 15(B) of The Bank Companies 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. None of them are the member of Executive Committee of the Board. As required, all members of the Audit Committee are 'financially literate' and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee. The Audit Committee comprised of five members including two Independent Directors. The Chairman of the Committee is an Independent Director. The Committee was re-constituted by the Board in its 1123<sup>rd</sup> Meeting held on 16.07.2017. The Company Secretary acts as the Secretary of the Committee.

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. M. Azizul Huq	Independent Director	Chairman
2	Mr. Ahmed Shafi Choudhury	Director	Member
3	Mr. Monzurur Rahman	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.

### Roles and Responsibilities

The roles and responsibilities of Audit Committee have been defined in alignment with the relevant provisions of Corporate Governance Notification and Circular issued by BSEC and Bangladesh Bank is to practice best corporate governance. The added roles of the Audit Committee include the followings:

- i. To oversee the financial reporting process.
- ii. To monitor choice of accounting policies and principles.
- iii. To monitor Internal Control Risk Management process.
- iv. To oversee hiring and performance of external auditors.
- v. To review the annual, quarterly and half yearly financial statements before submission to the Board for approval.
- vi. To review the adequacy of internal audit functions.
- vii. To review statement of significant party transactions submitted by the management.

- viii. To review Management Letters/ Letter of Internal Control Weakness issued by Statutory Auditors.
- ix. To review the raising of fund through Repeat Public Offering/ Rights Issue and its use and application.
- x. To monitor internal control process.
- xi. To maintain oversight regulatory compliance, ethics and whistleblower hotlines.
- xii. To review Audit Committee's own terms of reference.
- xiii. To act on any other matters as may be directed by the Board.

### Reporting of the Audit Committee

#### Reporting to the Board of Directors

All findings and decisions of the Audit Committee were reported to the Board and the Board closely reviewed them. The Audit Committee immediately reports to the Board of Directors on the following findings, if any:

- Report on conflict of interests;
- Suspected or presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities related laws, rules and regulations;
- Any other matter that it deems necessary.

In compliance with condition no. 6 of the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, the Managing Director and Chief Executive Officer and Chief Financial Officer (CFO) respectively of Pubali Bank Limited, have certified before the Board that they have thoroughly reviewed the Financial Statements of the Company for the year ended 31 December 2017, and state that:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading,
- 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, and
- To the best of their knowledge and belief, the Bank has not entered into any transaction during the year which are fraudulent, illegal or in violation of the Bank's code of conduct.

This certificate has been reviewed by the Audit Committee before submitting to the Board.

#### Reporting to the Regulatory Authorities

The Audit Committee reported its findings and observations to the Board of Directors. It is also required to report to the Bangladesh Securities and Exchange Commission about anything which has material impact on the financial condition and result of operation of the Bank. But there had not been any occurrence in the Bank that required reporting to the relevant authorities by the Bank's Audit Committee during the year.



### Reporting to the Shareholders and General Investors

Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) of the BSEC Corporate Governance Notification above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the Annual Report of the Bank.

### Meetings of the Audit Committee

The Audit Committee of Board of Directors of Pubali Bank Limited conducted 18 (Eighteen) meetings in the year 2017 and had detailed discussions and review session. The Audit Committee instructed management to follow those remedial suggestions and monitored those accordingly. The membership and attendance of the members of the Audit Committee are given below:

SL.	Name	Position	Meetings held	Attendance	Remarks
1	Mr. M. Azizul Huq (Independent Director)	Chairman	18	9	a) The Members who could not attend any meeting were granted leave of absence.
2	Mr. Ahmed Shafi Choudhury (Director)	Member	18	18	
3	Mr. Monzurur Rahman (Director)	Member	18	18	
4	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA (Director)	Member	18	14	b) M. Azizul Huq was appointed member of the Audit Committee on 16-07-2017.
5	Dr. Shahdeen Malik (Independent Director)	Member	18	12	

### Major areas focused by AC in 2017

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

- Reviewed the Implementation status of Internal Control & Compliance ended on September & December, 2016 and March, June & September, 2017.
- Reviewed First Quarter (Q1), Half-yearly (Q2) and Third Quarter (Q3) Financial Statements (Unaudited) of the Bank for the year 2017 before submission to the Board for approval in compliance with the BSEC's Corporate Governance Guidelines 2012.
- Reviewed Management level Risk Management Unit Meeting Minutes from October to December, 2015; January to March, 2017; April to June, 2017; July to September, 2017.
- Evaluated performance of External Auditors before recommending for their re-appointment to the Board to be finally approved in the 34<sup>th</sup> AGM till the next AGM.
- Examined / evaluated the Audited Financial Statements 2016.
- Reviewed the follow up report of Establishment Division regarding up-to-date facts & real position of the properties / assets as on June 30 and December 31, 2016 of the Bank.
- Reviewed the up to date development of Audit Report of International Division.
- Reviewed the summary position of Fraud/Forgeries, Irregularities/Incidents detected by our Internal Audit & Inspection team at different branches during the year 2015 and corrective action taken by the Bank.
- Reviewed the proposal for approval of (i) Revised Functions & Jurisdiction of Regional Head(s)/Head of Principal Offices and (ii) its related Revised Proforma for Surprise Visit Report & Surprise Inspection Report.

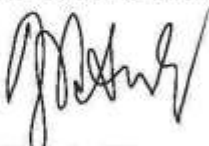
- Reviewed Stress Testing Report for Q1 2017, Q2 2017 and Q3 2017, Q4 2016.
- Reviewed the comprehensive Inspection Report of Bangladesh Bank received from time to time and status of compliance thereof and issued guidelines / directions and decisions on the basis of report.
- Reviewed the Report on "Risk Based Capital Adequacy", Solo & Consolidated return under Basel III framework as on December 31, 2016, March 31, 2017 and September 30, 2017.
- Reviewed the Report of "Disclosure on risk based capital adequacy" under Market discipline (Basel III- Pillar 3) as on December 31, 2016.
- Reviewed the Annual Report on the health of the Bank as on December 31, 2016.
- Reviewed the comprehensive System Check-up report on Foreign Exchange Portfolio and Business on different branches.
- 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 Risk Based Audit Plan (RBAP)-2018.
- 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 the progress/improvement status of fraud-forgery committed at our Bank w.e.f 01.01.2017 to 30.06.2017.
- 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.

#### Minutes of Audit Committee

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 minutes of meetings of the Audit Committee were also sent to Bangladesh Bank for their information.

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,



**M. Azizul Huq**  
Chairman of the Audit Committee

## REPORT OF THE EXECUTIVE COMMITTEE

To continue the urgent and daily or routine works between the intervals of two board meetings the Executive Committee has been formed in compliance with Section 15(B) of The Bank Companies Act 1991 (amended up to 2013) and BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of Pubali Bank Limited re-constituted the Executive Committee (EC) of the Board on 28.04.2016.

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

The Executive Committee constituted 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 2017

During the year 2017 the Executive Committee of the Board of Directors conducted 2 (two) Meetings. The following issues were discussed/evaluated/reviewed/approved in the meeting:

- Reviewed the Consolidated comprehensive report on performance of the Garments Industries financed by Pubali Bank Ltd. as on 31.03.2017.
- Reviewed the Position of Loans & Advances with 3 months and above overdue loan accounts as on 31.03.2017.
- Reviewed the Position of loans & advances alongwith position of overdue loan accounts for 3 months and above.
- Reviewed the position Pubali Bank Manpower situation at the field Level.
- The Executive Committee recommended guidelines to the Management for close monitoring of the large loan accounts as well as borrowers of the bank.

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 RISK MANAGEMENT COMMITTEE

To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a five-member risk management committee has been formed in compliance with BRPD Circular.

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. M. Azizul Huq	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 Companies 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 re-constituted a five-member Risk Management Committee (RMC) of the Board on 23.08.2017 (maximum limit is five members).

### Purpose of the Committee

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 and liquidity risk and keeping adequate provision and capital against the said risks.

### Roles and Responsibilities of Risk Management Committee

- To identify different risks, introduce and implement proper strategies to control those, review existing risk management policies and methods and take corrective measures, if necessary;
- To ensure appropriate organizational structure for risk management;
- To form separate committees at Management level for compliance of instructions under risk related guidelines and supervision of their activities;
- To review risk management policies and guidelines, review lending limit and submission to the Board for necessary revision each year;
- To examine and approve the preservation of data and reporting system implemented by the management and ensure implementation of the same;
- To submit decisions, observations, recommendations of the Committee to the Board on quarterly basis. If sought by the committee, internal and external auditors will submit evaluation report to the committee.

### Meetings and Major areas focused by RMC in 2017

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 the issues of bank affairs that need improvement. The major areas focused by the RMC are highlighted below:


- Perused the Stress Testing Report Q3 2016, Q4 2016, Q1 2017, Q2 2017, Q3 2017.
- Analyzed the report on "Risk Based Capital Adequacy", Solo & Consolidated return under Basel III framework as on September 30, 2016, December 31, 2016, March 31, 2017, June 30, 2017 and September 30, 2017.
- Reviewed Money Laundering Risk Management of the Bank.
- Reviewed Internal Control and Compliance Risk Management of the Bank.
- Reviewed Operational Risk Management Status of our Bank.
- Reviewed and approved the Terms of Reference of Sustainable Finance Committee and Sustainable Finance Unit for sustainable banking operation.
- Reviewed and approved the Guidelines on Credit Risk Management (CRM).
- Reviewed the MANCOM structure of the Bank as per guidelines of Bangladesh Bank.
- Reviewed the Money Laundering & Terrorist Financing Risk Management Guidelines of the Bank.
- Reviewed the "Guidelines on Environmental & Social Risk Management (ESRM), Edition-2017".
- Reviewed the Capital Growth Plan for 5 years from 2018 to 2022.
- Reviewed Asset and Liability Management Manual of the bank.
- Reviewed the Report on Asset and Liability Management Risk.
- Reviewed and approved Disaster Recovery Plan (DRP) for our bank.
- Reviewed and approved Guidelines on Commercial Paper (CP).
- 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, 2016.
- Analyzed the Monetary Policy Statement for January-June, 2017 and July-December, 2017 of Bangladesh Bank.
- Reviewed the Minutes of Risk Management Committee at Management level from July, 2016 to September, 2016, October, 2016 to December, 2016, January, 2017 to March, 2017, April, 2017 to June, 2017 and July, 2017 to September, 2017.

### Minutes of the Risk Management Committee to Bangladesh Bank

The minutes of meetings of the Risk Management Committee were submitted to Bangladesh Bank for information.

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

*Bismillahir Ra'hmaanir Ra'heem***REPORT OF THE SHARI'AH SUPERVISORY COMMITTEE, 2017**

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 *sallallaahu 'alaihi salaam*.

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 31<sup>st</sup> December 2017 the *Shari'ah Supervisory Committee* met in 4 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 mention-worthy Shar'ee irregularity took place in operations of Islamic Banking Windows during the period. At the same time, the Committee suggested some measures to further improve Shar'ee Standard in Islamic Banking Services of the Bank. Those are as follows:

(a) Islamic Banking Windows should supply Clients a list of Shari'ah Compliant Insurance Companies of the country at the time of disbursement of Bank-Finance and should convince them to get Shari'ah Compliant Insurance Policy for their Inventories, Machinery, Vehicles and Buildings financed by the Bank.

(b) The *Shari'ah Secretariat* should get the HPSM Operational Manual of the Bank further vetted on Shari'ah aspect by the *Shari'ah Supervisory Committee* of the Bank.

During the year the *Shari'ah Supervisory Committee* approved 2 new Investment Products for Islamic Banking Windows of the Bank. They are as follows:

(a) Approval of *Hire Purchase Sukuk* as a mode of fund raising subject to the consent of BSEC (*Bangladesh Securities & Exchange Commission*) on case to case basis, where some core conditions must fulfill; such as (i) The *Sukuk* must have specific time frame (ii) Detailed information, terms & conditions and legal status of the *Sukuk* must be defined (iii) Rights & obligations of all stakeholders of the *Sukuk* must be specified in the *Sukuk Agreement* (iv) Total process, from issuance to dissolution of the *Sukuk*, must be as per Shari'ah rules and (v) Purpose of the *Sukuk*, Issuer, Trustee, Lead Arranger, Size, Rent/Mark-up and Investor of the same as well as mechanisms for Investment, Repayment and dissolution thereof must be pre-determined in clear terms.

(b) Approval of an Investment Product based on Musharakah Principle of Muamalat al-Maaliah al-Islamiah as an alternative to traditional OD facility. The approved product is fashioned as *Musharakah Islamic Overdraft* (MIO) subject to some core conditions; such as (i) The Bank will agree in investing fund in the business of the Client on PLS (Profit & Loss Sharing) basis (ii) The A/Cs of the MIO will totally be separated and the whole MIO business of the Client will be routed through the Bank (iii) Profits will be distributed between the Bank and the Client as per pre-agreed ratio and losses, if any, will be borne by the Bank and the Client as per equity participation. (iv) Both maximum

and minimum duration of the MIO deal must be mentioned in the agreement (v) Bank may take security from the Client against its finance. (vi) Any dispute arisen over the MIO deal will be determined and settled by an arbitration. The suggestions/verdict of the arbitration will be binding on both the parties and (vii) Payment of Taxes will remain as individual responsibility of the Bank and the Client.

May Allah *sub'haanahoo wa-ta'aala* bestow us with the best of Tawfique in gaining His satisfaction through implementation of Shar'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 ২০১৭

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

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

পূবালী ব্যাংক শারী'আহ সুপারভাইজরি কমিটির দায়িত্ব হলো ইসলামী ব্যাংকিং উইন্ডোগুলোর কার্যবলী 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 ২০১৭ তারিখে সমাপ্ত বছরে পূবালী ব্যাংক লিমিটেড-এর শারী'আহ সুপারভাইজরি কমিটি ৪টি সভায় মিলিত হয়ে ব্যাংকের ইসলামী উইন্ডোসমূহের কার্যক্রম ও শারী'আহ অডিট প্রতিবেদনসমূহ পর্যালোচনা করেছেন। শারী'আহ অডিট প্রতিবেদনসমূহ পর্যালোচনা শেষে কমিটি এ সিদ্ধান্তে উপনীত হয়েছেন যে, বিগত বছরে ইসলামী ব্যাংকিং উইন্ডোসমূহের ব্যাংকিং কার্যক্রমে উল্লেখযোগ্য কোন শার'ঈ বিচ্যুতি ঘটে নি। একই সাথে তাঁরা ব্যাংকটির ইসলামী ব্যাংকিং সেবার শারী'আহ পরিপালনের মান আরো উন্নত করার লক্ষ্যে কিছু পরামর্শ দিয়েছেন। পরামর্শগুলো নিম্নরূপ:

- (ক) ব্যাংকের ইসলামী ব্যাংকিং উইন্ডোসমূহ যেন তাদের বিনিয়োগ বিতরণকালে দেশের ইসলামী শারী'আহ মোতাবেক পরিচালিত বীমা কোম্পানীসমূহের একটি তালিকা বিনিয়োগ গ্রাহকদের সরবরাহ করেন এবং গ্রাহকগণকে ব্যাংকের অর্থায়নকৃত মণ্ডলুদ, মেশিনারি, গাড়ি ও স্থাপনার বিপরীতে শারী'আহ সম্মত বীমা পলিসি গ্রহণ করতে উত্থুজ করেন।
- (খ) ব্যাংকের শারী'আহ সচিবালয় যেন এইচ.পি.এস.এম. পদ্ধতির বিনিয়োগ পরিচালন ম্যানুয়েল-এর শার'ঈ দিকগুলো ব্যাংকের শারী'আহ সুপারভাইজরি কমিটি দ্বারা পুন:নিরীক্ষণ করিয়ে নেয়।

এ বছর শারী'আহ সুপারভাইজরি কমিটি ব্যাংকের ইসলামী ব্যাংকিং উইন্ডোসমূহের জন্য দু'টি নতুন বিনিয়োগ প্রডাক্ট অনুমোদন করেছেন। নতুন প্রডাক্ট দু'টি নিম্নরূপ:

- (ক) বৃহৎ বিনিয়োগের জন্য তহবিল গঠন পদ্ধতি হিসাবে Hire Purchase Sukuk (HP Sukuk) অনুমোদন। প্রত্যেক সুক্কের জন্য Bangladesh Securities and Exchange Commission (BSEC) থেকে আলাদা আলাদা সম্মতি অর্জন ছাড়াও কিছু মৌলিক শর্ত পূরণ সাপেক্ষে এই সুক্ক অনুমোদন করা হয়। যেমন- (১) প্রস্তাবিত সুক্কের মেয়াদ বা সময়কাল সুনির্দিষ্ট হতে হবে (২) চুক্তিপত্রে সুক্কের শর্তাবলী, সুক্ক হোল্ডারগণ সম্পর্কে বিস্তারিত তথ্য ও তাদের আইনি অবস্থান সুস্পষ্ট থাকতে হবে (৩) চুক্তিপত্রে সকল অংশীজনের অধিকার ও দায়-দায়িত্ব নির্ধারিত থাকতে হবে (৪) সুক্ক ইস্যু থেকে শুরু করে এর পরিসমাপ্তি পর্যন্ত পুরো প্রক্রিয়া শারী'আহ সম্মত হতে হবে (৫) সুক্ক ইস্যুর উদ্দেশ্য, ইস্যুকরি, ট্রাস্টি, প্রধান ব্যবস্থাপক, সুক্কের আকার, ভাড়া ও মুনাফা এবং সুক্কের বিনিয়োগকারি, বিনিয়োগ পদ্ধতি, পরিশোধ পদ্ধতি ও অবসায়ন পদ্ধতি চুক্তিপত্রে সুস্পষ্ট ভাষায় বর্ণিত থাকতে হবে।
- (খ) প্রচলিত ব্যাংকের ওডি সুবিধার বিকল্প হিসাবে ইসলামের মুশারাকা নীতির আলোকে একটি বিনিয়োগ প্রডাক্ট অনুমোদন। কতগুলো মৌলিক শর্তে অনুমোদিত এই প্রডাক্টটির নাম দেয়া হয়েছে মুশারাকা ইসলামী ওভারড্রাফট (এমআইও)। মৌলিক শর্তগুলোর মধ্যে রয়েছে: (১) ব্যাংক গ্রাহকের ব্যবসায় লাভ-ক্ষতিতে অংশীদারিত্বের ভিত্তিতে অর্থ বিনিয়োগে সম্মত হবে (২) মুশারাকা ইসলামী ওভারড্রাফট -এর হিসাব সম্পূর্ণ আলাদা হতে হবে এবং এর আওতাধীন পুরো ব্যবসায়ি সংশ্লিষ্ট ব্যাংকের সাথে পরিচালনা করতে হবে (৩) ব্যবসা থেকে অর্জিত মুনাফা পূর্বনির্ধারিত অনুপাত মোতাবেক ব্যাংক ও গ্রাহকের মাঝে বন্টন করা হবে এবং ব্যবসায় প্রকৃতপক্ষে কোন লোকসান হলে তা পক্ষগুলো নিজ নিজ ইকুইটি অনুপাতে বহন করবেন (৪) চুক্তিপত্রে মুশারাকা ইসলামী ওভারড্রাফট সুবিধার সর্বোচ্চ মেয়াদ ও সর্বনিম্ন মেয়াদ উল্লেখ করতে হবে (৫) ব্যাংক তার মুশারাকা ইসলামী ওভারড্রাফট বিনিয়োগের সুরক্ষায় গ্রাহকের কাছ থেকে সিকিউরিটি বা জামানত নিতে পারবে (৬) যে কোন ধরনের ব্যবসায়িক বিরোধ শালিসের মাধ্যমে নির্ধারণ ও নিষ্পত্তি করতে হবে। উক্ত শালিসের দ্বারা পরিপালন করা উভয় পক্ষের জন্য বাধ্যতামূলক হবে এবং (৭) ব্যাংক ও গ্রাহক নিজ নিজ দায়িত্বে সরকারি কর পরিশোধ করবেন।

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



(এ.এন.এম. নুরুলহা)।

সদস্য সচিব



(মু: আবীযুল হক)

চেয়ারম্যান



## 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.**

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.	Particulars	Compliance Status
1	<b>Formation of BoD:</b> 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	<b>Appointment of New Directors:</b> 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. CLB report of the nominated person	Complied
	f. Updated list of Directors	Complied
1.2	<b>Vacancy of office of a Director</b>	
(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 Companies 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 Companies 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 Companies Act 1991.	No such instance as yet
1.3	<b>Removal of Directors from office:</b> 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	<b>Appointment of Alternate Director:</b> 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:	

SL.	Particulars	Compliance Status
(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	<b>Director from Depositors:</b> As per Bank Companies 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 Companies 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	<b>Information regarding Directors:</b> Banks are advised to take the following steps regarding directors information:	
(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	<b>Responsibilities of the Board of Directors (BoD)</b>	
4.1	<b>Responsibilities and Authorities of the BoD:</b>	
(a)	<b>Work planning and strategic management</b>	Complied
	(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.	
	(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)	<b>Loan and Risk Management:</b>	Complied
	(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.	
	(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
(c)	<b>Internal Control Management:</b>	Complied
	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.	

SL	Particulars	Compliance Status
(d)	<b>Human Resources (HR) Management and Development:</b>	Complied
	(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.	PBL BoD approves HR Policy from time to time which guides all actions or decisions relation to HR Management of PBL
	(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.	Complied
	(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.	Complied
(e)	<b>Financial Management:</b>	Complied
	(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.	
	(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 PBL follows Board approved Procurement Policy
	(iii) The BoD will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to BB guidelines.	Complied
(f)	<b>Appointment of Chief Executive Officer (CEO):</b> 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)	<b>Other responsibilities of the BoD:</b>	Complied
	In accordance to BB Guidelines issued from time to time.	
4.2	<b>Meetings of the Board of Directors:</b> 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	<b>Responsibilities of the Chairman of the BoD:</b>	
(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
(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

SL.	Particulars	Compliance Status
(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	<b>Formation of Supportive Committees of the Board:</b> 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	<b>Executive Committee (EC):</b> 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.  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, Head of Internal Audit or any other officer to attend the committee meeting. All decisions/observations of the Committee should be noted in minutes.	Complied
5.2	<b>Audit Committee (AC):</b> The AC should have maximum five members and two of them shall be Independent Directors. It should be constituted with such members who are not members of the EC of the BoD. The members of the Committee may be appointed for three years and the company secretary of the bank shall act as the secretary of the Committee. Please see ' <b>Report of the Audit Committee</b> ' for details.	Complied
5.3	<b>Risk Management Committee (RMC):</b> 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 identification 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.  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 ' <b>Report of the Risk Management Committee</b> ' for details.	Complied
6	<b>Training of the Directors:</b> 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.	Complied
7	<b>Intimation of the Circular to the Board and related persons by CEO:</b> The CEO will inform about this Circular to the directors and other related persons.	Complied

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

SL.	Particulars	Compliance Status
A	<b>Rules and regulations for appointment of the CEO</b>	
1	<b>Moral Integrity:</b> In case of appointment to the post of CEO, satisfaction in respect of the concerned person should be ensured to the effects that: a) He has not been convicted by any Criminal Court of Law. b) He has not been punished for violating any rules, regulations or procedures/ norms set by any controlling authority. c) He was not associated with any such company/organization; registration or license of which has been cancelled.	Complied

SL.	Particulars	Compliance Status
2	<p><b>Experience and Suitability:</b></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 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 bank concerned will not be eligible for appointment to the post of the CEO.</p>	Complied
3	<p><b>Transparency and financial integrity:</b> 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 suspended 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 an insolvent.</p>	Complied
4	<p><b>Age Limit:</b> No person crossing the age of 65 years shall hold the post of CEO of a bank.</p>	Complied
5	<p><b>Tenure:</b> 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><b>Guidelines in fixing the salary and allowances:</b> 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> <p>b. Total salary shall be comprised of direct salary covering 'Basic Pay' 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 monetized and thus determining monthly total salary, it shall have to be mentioned in the proposal submitted to BB. In the proposal, Basic Pay, 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 economic 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 job performance of the incumbent 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>	Complied
7	<p><b>Incentive Bonus:</b> The CEO will be eligible to 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><b>Honorarium for attending the Board Meeting:</b> Being a salaried executive, CEO will not get any honorarium for attending the Board meeting or Board formed Committee meeting.</p>	Complied

SL.	Particulars	Compliance Status
9	<b>Evaluation Report:</b> For reappointment of the CEO, the Chairman of the bank shall have to submit a Board approved evaluation report to BB.	Complied
10	<b>Prior Approval from Bangladesh Bank:</b> Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of Bank Companies 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 ka & Annexure kha to BB.	Complied
11	<b>Decision of Bangladesh Bank is final:</b> The decision of BB regarding appointment of the CEO will be treated as final and the CEO such appointed cannot be dismissed, released or removed from his/her office without prior approval from BB.	Complied
B	<b>Duties &amp; Responsibilities of the CEO:</b> 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 Companies Act 1991 and other relevant laws and regulations in discharging of routine functions of the bank.	Complied
	c. The CEO must point out if there is any violation from Bank Companies Act 1991 and/or other relevant laws and regulations at the time of memo presentation.	Complied
	d. The CEO shall report to Bangladesh Bank of any violation of the Bank Companies 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 sanctioned strength 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.	Particulars	Compliance Status
A	<b>Rules and regulations for appointment of an Advisor</b>	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	<b>Rules and regulations for appointment of a Consultant</b>	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

**Compliance with BSEC Guidelines for Corporate Governance:**

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	
<b>1.0</b>	<b>Board of Directors:</b>			
<b>1.1</b>	Board Size: Board members shall not be less than 5 (five) and more than 20 (Twenty)	✓		
<b>1.2</b>	<b>Independent Directors:</b>			
<b>1.2 (I)</b>	Independent Director: At least 1/5 <sup>th</sup>	✓		
<b>1.2 (II)</b>	For the purpose of this clause " independent director" means a director:			
<b>1.2 (II) a)</b>	Independent Directors do not hold any share or hold less than one percent (1%) shares of the total paid up capital.	✓		
<b>1.2 (II) b)</b>	Independent Directors are not connected with the company's Sponsor or Director or Shareholder who holds 1% or more shares.	✓		
<b>1.2 (II) c)</b>	Independent Directors do not have any other relationship, whether pecuniary or otherwise, with the company or its Subsidiary/Associated Companies.	✓		
<b>1.2 (II) d)</b>	Independent Directors are not the Members, Directors or Officers of any Stock Exchange.	✓		
<b>1.2 (II) e)</b>	Independent Directors are not the Shareholders, Directors or Officers of any member of Stock Exchange or an Intermediary of the Capital Market.	✓		
<b>1.2 (II) f)</b>	Independent Directors are/were not the partners or executives during preceding 3(three) years of concerned company's Statutory Audit Firm.	✓		
<b>1.2 (II) g)</b>	They are not the Independent Directors in more than 3(three) listed Companies.	✓		
<b>1.2 (II) h)</b>	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).	✓		
<b>1.2 (II) i)</b>	They have not been convicted for a criminal offence involving moral turpitude.	✓		
<b>1.2 (III)</b>	The Independent Directors shall be appointed by the Board of Directors and approved by the Shareholders in the AGM.	✓		Such appointment to be approved in the ensuing 35th AGM of PBL.
<b>1.2 (IV)</b>	The post of Independent Directors cannot remain vacant for more than 90 days.	✓		
<b>1.2 (V)</b>	The Board shall lay down a Code of Conduct of all Board Members and Annual Compliance of the Code to be recorded.	✓		
<b>1.2 (VI)</b>	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.	✓		
<b>1.3</b>	<b>Qualification of Independent Director (ID):</b>			
<b>1.3 (I)</b>	Independent Director shall be knowledgeable individual with integrity	✓		
<b>1.3 (ii)</b>	The Independent directors must have at least 12(twelve) years of corporate management /professional experiences	✓		
<b>1.3 (III)</b>	In special cases above qualification may be relaxed by the commission	N/A		
<b>1.4</b>	Separate Chairman and CEO and their roles and responsibilities defined clearly.	✓		
<b>1.5</b>	<b>Directors' Report to Shareholders:</b>			
<b>1.5 (I)</b>	Industry outlook & possible future developments in the industry.	✓		
<b>1.5 (II)</b>	Segment wise product-wise performance	✓		Please refer to Management Review & Evaluation

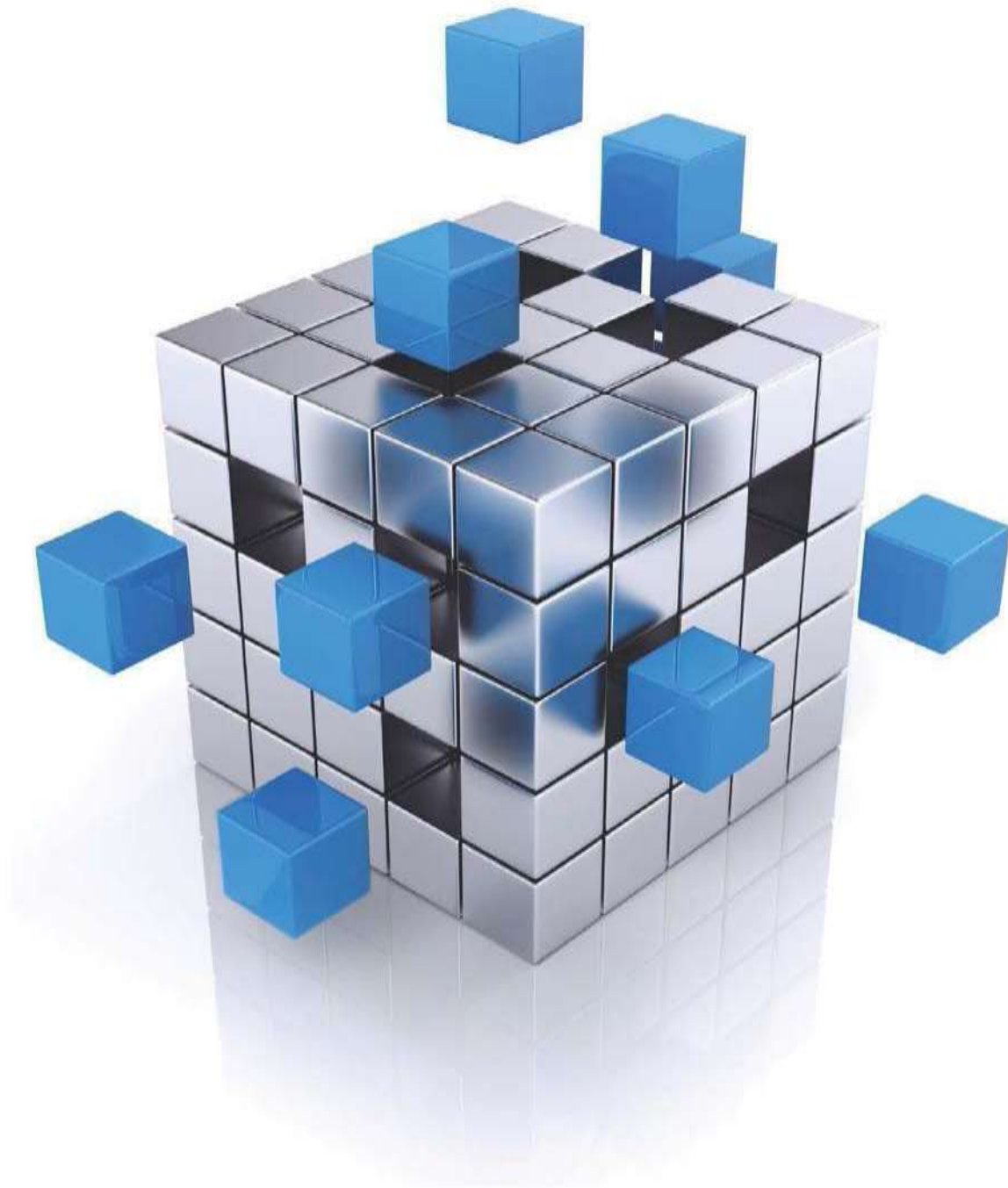
Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
1.5 (iii)	Risk and concerns.	✓		
1.5 (iv)	Discussion on Cost of goods sold, gross profit margin and net profit margin.	✓		Please refer to Management Review & Evaluation
1.5 (v)	Discussion on continuity of any Extra-Ordinary 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.	✓		Please refer to Notes of FS
1.5 (vii)	Utilization of proceeds from public issues, right issues and/or through any others instruments.	N/A		
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.	✓		Please refer to Note of FS
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.	✓		Departure has been adequately explained in Note 2.1 to the FS
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.	✓		No doubts upon PBL's ability to continue as a going concern
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 10% Stock
1.5 (xx)	The number of Board Meeting held during the year and attendance by each director shall be disclosed.	✓		
1.5 (xoi)	<b>The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:</b>			
1.5 (xoi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	✓		
1.5 (xoi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head Of Internal Audit and their spouses and minor children (name wise details).	✓		Please refer to CG report
1.5 (xoi) c)	Executives (top five salaried employees of the Company other than stated in 1.5(xoi) b).	✓		Please refer to CG report
1.5 (xoi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	N/A		
1.5 (xoi)	<b>In case of appointment /re-appointment of a Director the Company shall disclose the following information to the Shareholders:</b>			
1.5 (xoi) a)	A brief resume of the Director.	✓		
1.5 (xoi) b)	Nature of his/her expertise in specific functional areas.	✓		
1.5 (xoi) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		



## CORPORATE GOVERNANCE

Condition No.	Title	Compliance status		Remarks (if any)
		Complied	Not complied	
<b>2.0</b>	<b>Chief Financial Officer, (CFO), Head of Internal Audit and Company Secretary:</b>			
<b>2.1</b>	Appointment of CFO, Head of Internal Audit and Company Secretary and should clearly defined their roles, responsibilities and duties.	✓		
<b>2.2</b>	Attendance of CFO and the Company Secretary at Board of Directors.	✓		
<b>3.0</b>	<b>Audit Committee:</b>			
<b>3 (i)</b>	Audit committee shall be the sub-committee of the Board of Directors.	✓		
<b>3 (ii)</b>	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.	✓		
<b>3 (iii)</b>	The Audit committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
<b>3.1</b>	<b>Constitution of the Audit Committee:</b>			
<b>3.1 (i)</b>	The Audit committee shall be composed of at least 3 (three) members.	✓		
<b>3.1 (ii)</b>	Constitution of Audit Committee with Board Members including one independent Director.	✓		
<b>3.1 (iii)</b>	All members of the Audit Committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management experience.	✓		
<b>3.1 (iv)</b>	Filling of Casual Vacancy in Committee.	✓		
<b>3.1 (v)</b>	The Company Secretary shall act as the Secretary of the Committee.	✓		
<b>3.1 (vi)</b>	The Quorum of the audit committee meeting shall not constitute without at least 1(one) Independent director.	✓		
<b>3.2</b>	<b>Chairman of the Audit Committee:</b>			
<b>3.2 (i)</b>	Chairman of the Audit Committee shall be an Independent Director.	✓		
<b>3.2 (ii)</b>	Chairman of Audit Committee shall present in the Annual General Meeting (AGM).	✓		
<b>3.3</b>	<b>Role of the Audit Committee:</b>			
<b>3.3 (i)</b>	Oversee the financial reporting process	✓		
<b>3.3 (ii)</b>	Monitor choice of accounting policies and principles.	✓		
<b>3.3 (iii)</b>	Monitor Internal Control Risk management process.	✓		
<b>3.3 (iv)</b>	Oversee hiring and performance of external auditors.	✓		
<b>3.3 (v)</b>	Review along with the management, the annual financial statements before submission to the Board for approval.	✓		
<b>3.3 (vi)</b>	Review along with the management, the quarterly & half-yearly financial statements before submission to the Board for approval	✓		
<b>3.3 (vii)</b>	Review the adequacy of internal audit function.	✓		
<b>3.3 (viii)</b>	Review the statement of significant related party transaction submitted by the management.	✓		
<b>3.3 (ix)</b>	Review management letters/letter of internal control weakness issued by statutory auditors.	✓		
<b>3.3 (x)</b>	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		
<b>3.4</b>	<b>Reporting of the Audit Committee:</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors:</b>			
<b>3.4.1 (i)</b>	The Audit Committee shall report on its activities to the Board of Directors.	✓		
<b>3.4.1 (ii)</b>	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:	✓		
<b>3.4.1 (ii) a)</b>	Report on conflict of interests.	N/A		
<b>3.4.1 (ii) b)</b>	Suspected or presumed fraud or irregularity or material defect in the internal control system.	N/A		

Condition No.	Title	Compliance status		Remarks (If any)
		Complied	Not complied	
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.	✓		
4.0	<b>External/Statutory Auditors:</b>			
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 (j) of condition No. 7.	✓		
5.0	<b>Subsidiary Company:</b>			
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.	✓		
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	<b>Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):</b>			
6 (I)	They have reviewed financial statements for the year and that to the best of their knowledge and belief.	✓		Please refer to CEO and CFO's declaration to the Board
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.	✓		
7.0	<b>Reporting and Compliance of Corporate Governance:</b>			
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 alongwith 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.	✓		



## **Risk Management & Internal Control**

## REPORT ON RISK MANAGEMENT

Risk is the effect of uncertainty on objectives. It is the combination of probability of an event and consequences. 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 are the integral part of the banking, which by nature entails risk taking. Banks are highly leveraged business organizations and deal with the money of countless depositors and if the depositors' interest is hampered, the economy will face a halt. Risk is also emerged due to expansion of business, addition of branches, stringent regulatory compliance and use of information technology in the banking industry. Thus risk management has become of great importance in the banking sector.

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

### Risks in Banking Sector

SI No	Basel related Risks as per Pillar-I	SI no.	ICAAP related risks as per Pillar-II	SI No	Core Risks
1.	Credit Risk	1.	Residual Risk	1.	ICC Risk
2.	Market Risk	2.	Concentration Risk	2.	Money Laundering Risk
3.	Operational Risk		a. Credit Concentration Risk	3.	CRM Risk
			b. Market Concentration Risk	4.	Foreign Exchange Risk
		3.	Interest Rate Risk in the Banking Book (IRRBB)	5.	ALM Risk
		4.	Liquidity Risk	6.	ICT Risk
		5.	Reputation Risk		
		6.	Strategic Risk		
		7.	Settlement Risk		
		8.	Environmental and Climate Change Risk		
		9.	Other Material Risk		

### Objectives of Risk Management:

The objective of risk management is to identify and analyze risks and manage their consequences. Risk management is a discipline at the core of every bank and financial institution and encompasses all the activities that affect its risk profile. It involves identification, measurement, monitoring and controlling risks to ensure that -

- The individuals who take or manage risks clearly understand it;
- The organization's risk exposure is within the limits established by the board;

- Risk taking decisions are explicit and clear;
- Risk taking decisions are in line with the business strategy and objectives set by the board;
- The expected payoffs compensate for the risks taken; and
- Sufficient capital as a buffer is available to take risk.

Pubali Bank Limited adopted enhanced policies and procedures of risk management according to guidelines issued by Bangladesh Bank. Risk management strategy is based on a clear understanding of various risks, disciplined risk assessment, measurement procedures and continuous monitoring. Pubali Bank Limited continues to focus on improving its risk management systems to ensure compliance with regulatory requirements as well as to ensure better risk-adjusted return and optimal capital utilization keeping in mind of the business objectives. For sound risk management, PBL manages risk in strategic layer, managerial layer, and operational layer.

### Risk Management Process in Pubali Bank:

Risk management is to balance the trade-off between risk and return and ensure optimum risk-adjusted return on capital. The risk management functions of Pubali Bank Limited grapples to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative and qualitative examination of the embedded risks. Risk is managed through a framework of policies and principles approved by the Board of Directors which ensures that the Bank operates within its risk appetite.



The risk management process of the bank operates under following structure:

The Board approves the risk management policies/ core risk guidelines of the Bank in line with the regulatory guidelines. The Board also sets the Risk Appetite of the Bank at the beginning of the year.

Audit Committee (AC) of the Board reviews the internal audit reports of the bank and operational risk, and assesses whether internal control of the Bank is proper or not.

Risk Management Committee (RMC) of the Board oversees the overall Risk Management of the Bank. The committee also reviews risk management policies & guidelines and submits to the Board for necessary revision each year.

Pubali Bank Limited established Credit Division, Credit Administration, Monitoring & Recovery Division, Law Division, Audit & Inspection Division, Monitoring Division, Compliance Division, Risk Management Division (RMD), International Division, Treasury Division, ICT Operation Division, Software Development Division, Anti Money Laundering Division(AMLD), NIS Cell and Basel Implementation Cell for managing risk.

Pubali Bank Limited also formed various risk management committees i.e. Credit Committee, Asset Liability Committee (ALCO), Management Committee (MANCOM), Central Compliance Committee, Management Reporting System Committee (MRS) and Risk Management Committee at Management level for managing and monitoring of risk throughout the organization.

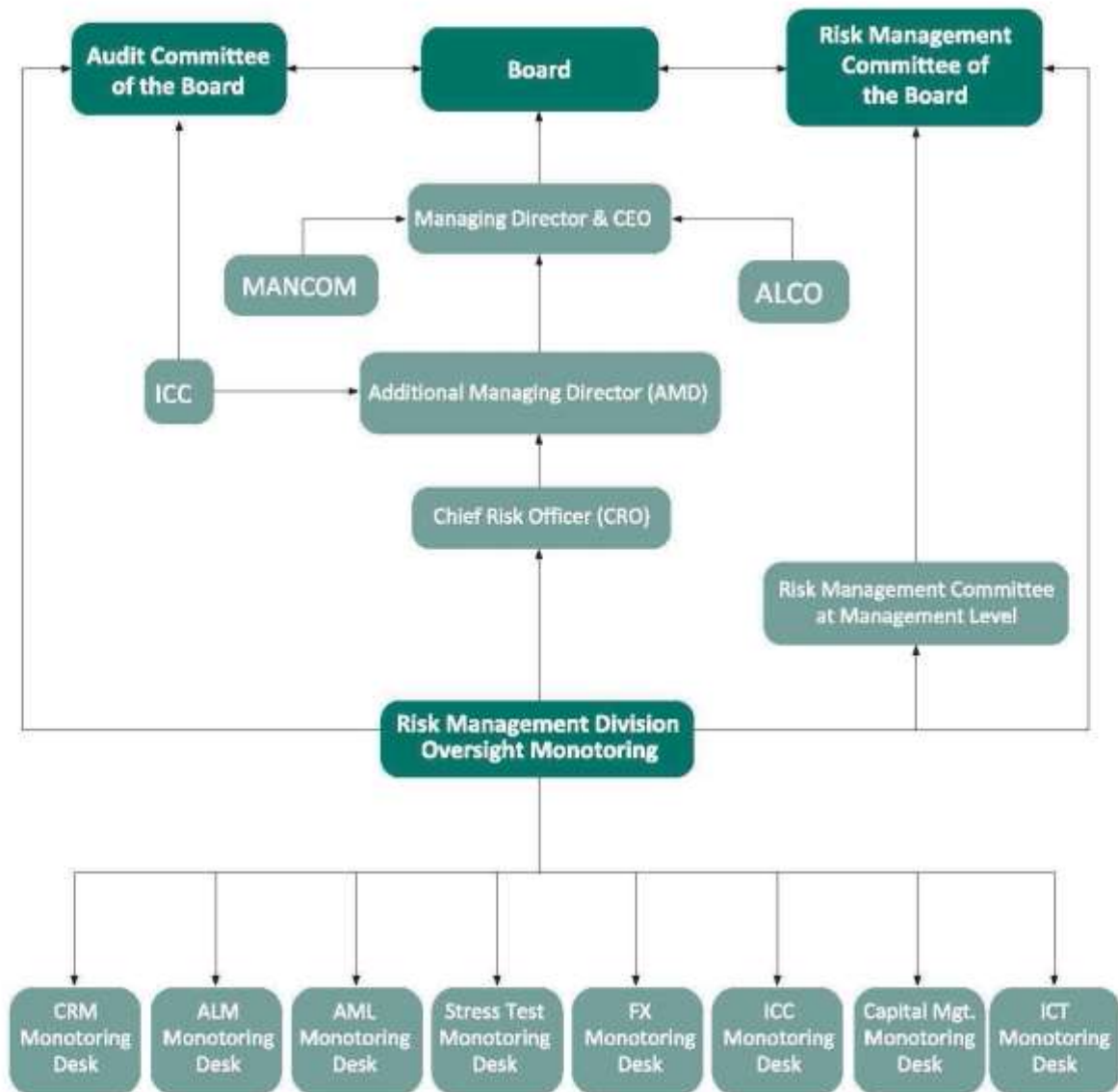
### Risk Management Committee of the Board:

To oversee the risk management of the Bank, the Board has formed a Risk Management Committee of the Board as per the guidelines of Bangladesh Bank. The Committee supervises various risks arising from credit, foreign exchange, internal control and compliance, money laundering, information technology, operation, interest rate, liquidity etc. Four (04) meetings of the Risk Management Committee of the Board were held in the year of 2017. The names & status of the members of the Risk Management Committee of the Board are as follows:

Sl No.	Name of the Members	Designation	Status with the Committee
1.	Mr. M. Kabiruzzaman Yakub FCMA (UK), CGMA	Director	Chairman
2.	Mr. Fahim Ahmed Faruk Chowdhury	Director	Member
3.	Mr. Azizur Rahman	Director	Member
4.	Mr. Md. Abdur Razzak Mondal	Director	Member
5.	Mr. M. Azizul Huq	Director	Member
6.	Mr. Zahid Ahsan	GM & Company Secretary	Member Secretary

**Risk Management Committee and Reporting Line:**

**Risk Management Committee & Reporting Line**



### Functions of Risk Management Division of our Bank:

- 1) To oversee the core risks and other risks;
- 2) To prepare monthly Risk Management paper and place to Risk Management Committee at Management Level;
- 3) To arrange meeting of Management-Level Risk Management Committee (RMC) on monthly basis and special meeting on "Comprehensive Risk Management Report" (CRMR) for the half-year ended June/December;
- 4) Risk Management Report along with the minute of the meeting of Risk Management Committee at Management Level is report to MD through proper channel for kind perusal and necessary instruction/approval;
- 5) Minutes of the Risk Management Committee at Management Level are placed to Risk Management Committee of the Board and Audit Committee of the Board on quarterly basis.
- 6) To comply with the Bangladesh Bank of various issues/inspection etc.

Among various activities of the Risk Management Division the followings are the key task:

### 7) Risk Appetite:

To prepare risk appetite of the Bank and place to the Board of Directors for approval and send the same to the Department of Off-site Supervision (DOS) of Bangladesh Bank. Through the statement covers the following areas:

- a) Sector, industry, and area-wise loan target,
- b) Concentration on among top-20 borrowers,
- c) off-balance sheet exposure as a percentage of total assets,
- d) The annual growth rate for loans and advances,
- e) Limitations on the percentage of financial liabilities sourced from the top-10 suppliers,
- f) The gaps between total assets and liabilities in different time buckets of the liquidity profile,
- g) The gap between rate-sensitive assets and rate-sensitive liabilities in different time buckets,
- h) Various ratios regarding liquid assets,
- i) The Capital to Risk-weighted Asset Ratio (CRAR) after applying stress test etc.



### **8) Risk Management Report :**

Our Risk management Division prepares risk management report on monthly, quarterly and half yearly basis in accordance with Bangladesh Bank Guidelines. Following analysis are included amid the risk management report:

- i. Analysis of Credit risk
- ii. Market Risk
- iii. Liquidity Risk
- iv. Foreign Exchange Risk
- v. Interest Rate Risk
- vi. Equity Price Risk
- vii. Operational Risk
- viii. Reputation Risk
- ix. Environmental Risk
- x. Money Laundering Risk
- xi. Compliance Risk
- xii. Other Risks etc.

#### **a) Comprehensive Risk Management Report (CRMR):**

We prepare a "Comprehensive Risk Management Report" (CRMR) for the half-year ended June/December by analyzing all reported risk as per tables/formats provided by Bangladesh Bank. Thereafter, the statements of CRMR along with meeting minutes of the management-level risk management committee is submit to the Department of off-site supervision (DOS) of Bangladesh Bank as per DOS circular Letter No.13 dated 09 September 2015.

#### **b) Risk Management Report(Monthly/Quarterly):**

As per Bangladesh Bank's instruction/table/formats, we prepare a consolidated Monthly/Quarterly Risk Management Report by analyzing all reported risk. We submit the statements along with meeting minutes of the management-level risk management committee to the Department of off-site supervision (DOS) of Bangladesh Bank as per DOS circular Letter No.13 dated 09 September 2015.

### **Credit Risk Management:**

Credit Risk is defined as the potential that a Banks Borrower will fail to meet its obligations in accordance with agreed terms. To maximize a Bank's risk adjusted rate of return by maintaining credit risk exposure with acceptable parameters is the goal of credit risk management. The effective credit risk management is a critical component of a comprehensive approach to risk management and essential to the long-term success of any banking organization.

Pubali Bank Limited has a comprehensive credit risk management policy, which deals with identification, assessment, measurement and mitigation of credit risk. Our bank has segregated

duties of the officers/executives involved in credit related activities in line with bank's CRM guidelines. Credit Division and Credit Administration Monitoring & Recovery Division (CAM&RD) are playing the key activities i.e. Credit approval, credit administration, monitoring, recovery function etc. Besides Law Division of the bank also work for credit risk management. Similarly Principal Office, Regional offices and corporate branches are also separated their works of sanctioning, disbursement, monitoring and recovery.

Before sanctioning any credit facilities a thorough assessment is done by our credit division, Head Office; Regional Offices, Corporate Branches and Branches. The Risk assessment includes

- a) Borrower risk analysis
- b) Financial analysis
- c) Industry analysis
- d) Historical performance of the borrower
- e) Security of the proposed credit facility
- f) Environmental risk
- g) Risk Grading (Credit Risk Grading (CRG), Environmental & Social Risk Rating (ESRR), Credit Rating made by External Credit Assessment Institutions (ECAIs) 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. Credit committee is available in Corporate branches, Regional offices, Principal offices and Head office. At Head Office level Additional Managing Director (AMD is the chairman of the credit committee. Head of the corporate branch, head of regional offices and GM of the principal offices are the chairman of the credit committee at Corporate Branch, Region and Principal Office level respectively. Credits exposures beyond the discretionary power of the Managing Director are placed before the board of directors of the bank for approval.

Credit Administration, Monitoring and Recovery Division looks after post approval process such as to better control over loan portfolio by helping completion of documentation, scrutinizing the checklist of documents, disbursement etc. in a systematic manner and monitor & compliance of all covenants and conditions precedent. Besides, this division keeps constant follow-up to keep the credits performing and unclassified.

Our bank gives all out efforts to mitigate risk associated with credit accounts through suitable collaterals, guarantors, insurance coverage etc. During Credit approval and loan classification, bank follows Bangladesh Bank Guidelines, circular/instruction and internal guideline/policy/instruction/circular strictly. Internal Audit is conducted on periodical interval to ensure compliance of bank's and regulatory policies and external audit firms are also engaged in this regard.

#### **Foreign Exchange Risk Management:**

Foreign exchange risk is the current or prospective risk to earning capital arising from adverse movements in currency exchange rates. Foreign currency position poses potential foreign exchange

risk to the balance sheet of Commercial banks, which could have serious negative impact on the capital position of Bank. Nonetheless, Pubali Bank Limited's prudent management decision pertaining to foreign currency movement is playing a crucial role in ensuring the safety and soundness of the bank and the banking system as whole. International Division (ID) and Treasury Division both work meticulously to mitigate the foreign exchange risk of the bank. Our bank has well defined policies and guidelines with central bank's directives related Foreign Exchange Risk. Moreover, to adopt the changing environment, Pubali Bank established dealing room and centralized foreign exchange and money activities under a single functional area, which is functioning under Treasury Division.

In order to identify and minimize potential risk of loss arising from foreign exchange risk pubali bank limited has put in place adequate foreign exchange risk management systems, appropriate operational guidelines and internal controls which includes regular monitoring of the followings:

- Exchange Position
- Counterparty Limit
- Position Reconciliation
- NOSTRO Account Reconciliation
- Dealing Limit
- Intra Day/Intraday/trading dealing Limit per day
- Stop loss limit
- Single day limit

To control the Foreign Exchange Risk our International Division has prepared a Foreign Exchange Dealing Manual which has covered such risk areas on up to date international trade and commerce.

### **Asset and Liability Management:**

Asset and Liability Management (ALM) can be defined as the comprehensive and dynamic framework for measuring, monitoring and managing the financial risks associated with changing interest rates, foreign exchange rates and other factors that can affect the organization's liquidity and earnings. It is an integral part of bank management and so, it is essential to have a planned and systematic process for management of the Balance Sheet. The Asset and Liability Management Committee (ALCO) of Pubali Bank reflects key responsibility for balance sheet risk management. To ensure highest level of structural balance sheet stability and optimum profitability is another important responsibility of the ALCO for managing assets and liabilities. Besides, for the strategic management of interest rate and liquidity risk, ALCO of the bank plays the vital role. At present Treasury Division of Pubali Bank Limited is working thoroughly for Asset and Liability Management. In the meanwhile, PBL established Treasury Front Office, Back Office and Mid Office as per Bangladesh Bank Guideline to reduce this level of risk.

### **Liquidity Risk Management:**

Failure of the capacity or an inability to meet current obligations of a bank or business entity can be defined as liquidity risk. On account of funding liquidity or market liquidity this risk may arise.

Treasury Division of Pubali Bank Limited has sagacious manpower to mitigate Liquidity Risk. The following tools are used to determine bank's liquidity position:

- Advance to Deposit Ratio (ADR)
- Liquid Asset to Total Deposits Ratio
- Liquid Asset to Total Assets Ratio
- Snap Liquid Ratio
- Volatile Deposit to Total Deposit Ratio
- Short Term Borrowing to Liquid Assets Ratio
- Maximum Cumulative Outflow (MCO)
- Maturity Ladder
- Cash flow Projections
- Stock of Liquid Assets
- Wholesale Borrowing Limit Utilization

Pubali Bank Monitor and Manage Liquidity Risk with the given activities below:

#### **a) Asset and Liability Management Committee (ALCO):**

The bank already established an Asset and Liability Management Committee (ALCO) with the following roles to appease Liquidity and Market Risk:

- ALCO closely monitors the liquidity position of the bank
- ALCO facilitate, coordinate, communicate, and control balance sheet planning with regards to risks inherent in managing liquidity and convergences in interest rates
- Monitor the structure and composition of bank's asset and liabilities and identify balance sheet management issue that are leading to underperformance.
- Decide on the major aspects of balance sheet structure, such as maturity and currency mix of assets and liabilities, mix of wholesale versus retail funding, deposit mix, etc.
- Decide on how to respond to significant, actual and expected increases and decreases in required funding.
- Review maturity profile and mix of assets and liabilities.
- Articulate interest rate views of the bank and decide on balance sheet strategy.
- Approve and periodically review the transfer pricing policy of the bank.
- Evaluate market risk involved in launching of new products.
- Review deposit-pricing strategy.
- Review contingency funding plan for the bank.

## **b) Internal Controls:**

Bank incorporated the following in-house liquidity risk management policy:

- An adequate process for identifying and controlling risk
- Established control activities, procedures and information systems
- Review of Liquidity risk Management:

Bank ideally covers and ensures the following monitoring and review:

- Maturity profiles of Assets and Liabilities
- Concentration in sources and application of funds
- Claims and obligations arising from off-balance sheet activities
- The impact of external and internal disruptions on cash flows and customers
- Impact of adverse trends in market asset quality on future cash flows

## **Liquidity Management:**

The bank is determined the best strategy to manage gap in liquidity that is caused by changes in its balance sheet structure from time to time.

## **Interest Rate Risk Management:**

Interest rate risk is the risk that arises due to adverse movements in interest rates on a bank's financial condition. Excessive interest rate risk can pose a significant threat to a bank's earnings and capital. Sources of Interest Rate Risk:

- a) Re-pricing risk
- b) Yield curve risk
- c) Basis risk
- d) Optionality risk

Our Treasury Division monitors interest rate risk through duration gap analysis, sensitivity analysis, Daily Earning At Risk (DEAR) analysis, impact on Net Interest Income (NII) due to change in interest rate etc. The ALCO monitor the effect in NII caused by the changes in interest rate and re-adjust Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) into different maturity buckets accordingly. Our bank has adequate information systems for measuring, monitoring, controlling and reporting interest rate exposures. Reports are provided on a timely basis to the ALCO, senior management and individual business line managers.

### Money Laundering Risk Management:

Money Laundering and Terrorist Financing are global Phenomenon, apparent in almost every part in the world. 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, 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 mean 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. Emerging sophisticated techniques of moving illicit money are compelling the financial intermediaries to make their compliance program more vigorous. Pubali Bank Limited, as a compliant bank, is firmly determined not to let such money launderers and terrorists or perpetrators to use it as a channel to launder money of finance terrorism in any possible way.

Some of the initiatives undertaken by our bank as a part of its rigorous AML & CFT compliance program are as follows:

- To prevent money laundering and combat terrorist financing, Central Compliance Unit (CCU), Regional Compliance Unit (RCU) and Branch Compliance Unit (BCU) have been formed headed by a Chief Anti-Money Laundering Compliance Officer (CAMLCO), Regional Anti- Money Laundering Compliance Officer (RAMLCO) and Branch Anti-Money Laundering Compliance Officer (BAMLCO) at Head Office, Regional Offices and Branches respectively.
- Money Laundering and Terrorist Financing Risk management Guideline has been reviewed as per Bangladesh Bank Guidelines and the same has been disseminated to the branches for compliance.
- Customer Selection Policy has been prepared and the same has been disseminated to the branches for compliance.
- So far 29 circulars of former Anti-Money Laundering Department and 20 circulars of present BFIU of Bangladesh Bank have been disseminated to the branches for compliance.
- Considering the importance of the issue, honorable managing director of our bank issues a circular letter every year instructing the branches and regional offices to comply with money laundering and terrorist financing related laws, rules and instructions.
- Uniform account opening form was introduced and branches were advised to obtain full and accurate information of the client while opening and maintaining accounts.
- Risk rating of the customers is in force while opening accounts. Branches have been advised to apply Enhanced Due Diligence for high risk customers, influential persons and politically exposed persons.
- Branches have been advised to follow the instruction of BFIU circular no. 19 dated 17.09.2017 for opening the accounts of Politically Exposed Persons, Influential Persons and Individuals entrusted with prominent function by international organizations.
- Branches are reporting Cash Transaction Report on monthly basis and the same are being submitted to BFIU using goAML software.

- All branches have been advised to report suspicious transaction if transaction of any account is deemed suspicious.
- 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.
- Every year Management of our bank approves outreach training calendar to impart training on AML & CMT at regional offices and corporate branches to the make the officials familiar with money laundering prevention and combating terrorist financing and to mitigate the risk arising out therefrom. Pubali Bank Training Institute also arranges training workshop on the issue as per yearly training plan.
- Our internal auditors assess the Money Laundering and Terrorist Financing prevention status of the branches while conducting audit using Independent Testing Procedure (ITP).
- Our bank has already introduced sanction screening against UN, OFAC, UK and EU sanction list so that no blacklisted individual/entity can use our banking channel to commit any financial crime.
- 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. Correspondent relationship is established only upon receipt of all desired information/documents and subject to our satisfaction.

### Basel -III Implementation:

Bangladesh has entered into the Basel III regime from January 01, 2015. Bangladesh Bank revised the capital standard based on Basel III and planned to implement it gradually from 2015 to 2019. A Capital Conservation Buffer (CCB) of 2.5% is to be built up @ 0.625% each year from the beginning of 2016 to 2019. This is in addition to existing Minimum Capital Requirement (MCR) of 10%. It means CRAR requirement will be 12.50% from January 01, 2019.

To increase the quality and quantity of the capital base of the Bank, Basel III has introduced the following measures:

1. Tier 1 capital has been divided into two parts: Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1).
2. The definition of capital has been made stringent. Tier 3 capital has been eliminated.
3. The Bank has to maintain 3% leverage ratio along with Liquidity Coverage Ratio (LCR) of 100% or more and Net Stable Funding Ratio (NSFR) of more than 100%.

Pubali Bank Limited is well positioned in respect of capital and risk management. It has commenced reporting of CRAR, leverage and liquidity ratio from January 01, 2015 following the new risk based capital adequacy framework.

The overall scenario as of December 31, 2017 under Pillar-I is depicted below:

Solo CRAR	Consolidated CRAR	Leverage Ratio	LCR	NSFR
12.93%	12.54%	6.05%	204.02%	103.82%

The Bank has a Supervisory Review Process (SRP) team comprising of members from the senior management.

They participate in dialogues with the Supervisory Review Process Evaluation (SREP) team of Bangladesh Bank on the issue of maintenance of adequate capital to compensate all the risks associated with business.

Pillar-III of Basel III aims at promoting market discipline through regulatory disclosure requirements. The reports on disclosure enable market participants to assess more effectively key information relating to Bank's regulatory capital and risk exposures in order to keep confidence about the Bank's exposure to risk and overall regulatory capital adequacy. The Bank has published the disclosure incorporating all the changes in the revised guidelines. The Bank has also made a significant progress in implementing Basel-III and preparing itself to meet the upcoming challenges for implementing advanced approaches of calculating credit, market and operational risks.

### Stress Testing:

Stress testing is an integral part of Supervisory Review Process and is conducted through a prescribed format given by Bangladesh bank where impact on Capital to Risk Weighted Asset Ratio (CRAR) is assessed taking into account plausible shocks.

Stress Testing is one of the effective and popular ways to alert bank management with regard to adverse unexpected outcomes related to variety of risks and provides an indication how much capital adequacy ratio (CAR) might be needed to absorb losses, if any shocks occur.

In the context of ICAAP under Pillar II of Basel III, banks consider Stress Testing as a diagnostic tool to improve the understanding of its risk profile. Bangladesh Bank has advised to conduct quarterly Stress Testing to measure resilience of the Bank. Therefore as a part of risk management, the Bank prepares stress testing report on quarterly basis to check out four major risks (interest rate risk, credit risk, equity price risk, liquidity risk) under different levels of magnitude to ensure optimum allocation of capital across its risk profile. In Stress Testing of the Bank different analytical tools are used, like sensitivity analysis which assesses the impact on an institution's financial condition of a move in one particular risk factor, scenario test which tends to consider the impact of simultaneous moves in a number of risk factors, and duration GAP analysis which is the analysis of the gap in duration.

### Internal Control and Compliance (ICC) System:

Board of Directors of the Bank has responsibility to ensure compliance at all levels in the bank's day-to-day operations. The ICC wing ensures the internal control structure in the bank with appropriate assignments, accountability of the personnel and delegation of authorities to functional management to create control and ensure a compliance culture within the organization under the active guidance and supervision of the Senior Management and the Board of Directors.

As per Bank Company Act-1991, as amended in 2013, the ICC should be independent and sovereign. It will act independently without influence of Management. Head of ICC will not be involved in bank operational activities, but oversee whether bank is following the guidelines of regulatory bodies, institutional policies and procedures set by/approved by the Board of Directors and Laws of land. The reporting line of ICC ensures that internal audit functions are dealt with independently from the ambit of management and its report is submitted to the Audit Committee of the Board.



## Internal Control and Compliance Risk Management

Pubali Bank Limited has a well-structured Internal Control and Compliance (ICC) wing headed by Additional Managing Director with the following three distinct Division headed by a senior level executive. Under ICC wing 03 divisions are functioning separately and independently. These are;

- ◆ Audit and Inspection Division
- ◆ Compliance Division
- ◆ Monitoring Division

The mission of Pubali Bank's compliance function is to promote the culture and practice of compliance of legal and regulatory requirements and the Banks ethical standards.

### Access of ICCD

Pubali Bank's ICC wing is independent from the Management, with a direct access to the Audit Committee of the Board and Board of Directors (if required). ICC has the authority to propose initiatives and changes directly to the Board of Directors. Accordingly, The Board of Directors formulates policy for the Bank.

### Compliance Culture

Pubali Bank operates under a legal and regulatory controlled environment. It has Anti-Money Laundering (AML) and Combating Financing of Terrorists (CFT) Policy. Moreover we have Money Laundering Terrorist Financing Risk Management Guidelines. It strives to be a highly compliant Bank. Every Division of Head Office and each unit of the Bank has been assigned with the responsibility to conduct operations complying with all the laws, regulations, directives of regulatory bodies and requirement of international agencies. The Sanction-list provided by BFIU, UNSC, EU, OFAC, HMT(UK), AUSTRAC etc. are scrutinized before execution of transaction by in-house developed software PIBS. The Bank's Central Compliance Committee (CCC) takes all necessary steps and supervisory measures to prevent money laundering and terrorist financing activities through use of the bank's service outlets by complying with all guidelines and directives of Bangladesh Financial Intelligence Unit (BFIU) of Bangladesh Bank. Apart from the above, Audit & Inspection Division under ICC wing of Head Office conducts strict audit of Bank's each division and each branch for ensuring compliance with norms of banking and prescribed rules of regulatory bodies.

## Internal Control and Compliance

### Internal Control

Pubali Bank Limited has established an effective internal control system whose primary aim is to ensure the overall control of risks and provide reasonable assurance that the objectives set by the Bank will be met. The Board of Directors of the Bank, through its Audit Committee, periodically reviews the effectiveness of Bank's internal control system covering all the material controls, including financial, operational and compliance controls, risk management systems, the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, training programs, budget, etc. Board Audit Committee reviews the actions taken on internal control issues identified by the Internal & External Auditors and Regulatory Authorities. It has active oversight on the internal audit's independence, scope of work and resources and it also reviews the functions of Internal Control & Compliance Wing of Head Office, particularly the scope of the annual audit plan and frequency of the internal audit activities.

Monitoring Division of ICC Wing monitors/supervises the operational performance of individual divisions/ branches through various control tools such as Departmental Control Function Checklist (DCFCL), Quarterly Operation Report (QOR), Loan Documentation Checklist (LDCL), Self -Assessment Anti-Fraud Internal Control Checklist. The Division also monitors all branches and divisions/departments at Head Office through Pubali Monitoring System (PMS) developed by our Software Development Division. The monitoring Division prepare annual report on the Health of the Bank with emphasis given to the dynamism of Banks financial health, Internal Control & Compliance Health and Image & Reputation Health.

### Internal Audit

To carry out the analysis and independent appraisal of the adequacy and effectiveness of the bank's risk management framework and internal control environment, Pubali Bank has formed an effective control system by establishing Audit & Inspection ( A&I) Division under ICC wing. A & I division continually recognizes and assesses all the material risks that could adversely affect the achievement of the Bank's goals. The risk assessment by internal control focuses more on compliance with regulatory requirements, social, ethical and environmental risks that affect the banking industry. It ensures reliable financial and managerial information that promote better strategic decision for the Bank.

The Internal Audit team conducts regular audit functions on the business activities of the Bank based on different manuals, instructions, guidelines and procedures laid down by local regulatory bodies time to time. Internal Auditor works as the Eyes & Ears of the management. It may therefore be used to bridge the gap between management & shop floor. It can assure the management that the Internal Controls are adequate and in operations. The policies and systems laid down are being adhered to and accounting records provided by the lower level are correct. Internal Audit Activity of Pubali Bank is effective and it provides senior management with a number of important services. These include detecting and preventing fraud, testing internal control, and monitoring compliance with own policies & procedures, applicable rules & regulations, instructions/ guidelines of regulatory authority etc.

### Information Technology (IT) Audit

IT Audit has already been started as per the Central Bank's Guidelines to identify the intrinsic risks and manage those risks in an effective and efficient manner. A number of inherent risks such as data collapse, data loss, data modification, unauthorized access to data etc. may arise within the Bank. Pubali Bank service delivery is designed on IT platform. IT Auditor follows the prescribed guidelines, solves the unsettled issues and also suggests to the higher Management for needful action.

### ICT Risk Management:

Pubali Bank Limited has changed the way it provides services to its customers through transforming the manual process to automated system, converting branch banking to centralized real time online banking with harnessing the power of Information and Communication Technology (ICT). Security of Information of our bank has therefore gained much importance, and it is vital for us to ensure that the risks are properly identified and managed. Moreover, information and information technology systems are essential assets for the bank as well as for its customers and stakeholders. Maintenance of these assets is critical to ensure the uninterrupted services to customers and the organizations' sustainability. It is our utmost responsibility to protect the information from unauthorized access,

modification, disclosure and destruction.

Considering the cyber-attacks on ATM and Card of different banks and SWIFT system of Bangladesh Bank, Pubali Bank Limited has upgraded its ICT Security Guideline considering the updated guideline of Bangladesh Bank and introducing the security measures accordingly.

Our key achievements for ICT Risk Management through protecting our system and securing ICT environments are:

- ◆ Establish a standard ICT Security Policy and ICT Security Management
- ◆ Ensuring secured and stable setup of its ICT Infrastructure
- ◆ Establish a secured environment for the processing of data
- ◆ Establish a holistic approach for ICT Risk Management
- ◆ Identifying information security risks and their management
- ◆ Communicating the responsibilities for the protection of information
- ◆ Prioritization of information and information systems those need to be protected
- ◆ Aware and trained the users associated with managing the ICT infrastructure

While designing our system, we considered the following pillars keeping robust ICT security policy, security procedure and ICT Risk Management in the basement:

- A. ICT Security Management
- B. ICT Risk Management
- C. ICT Service Delivery Management
- D. Infrastructure Security Management
- E. Access Control of Information System
- F. Business Continuity and Disaster Recovery Management
- G. Acquisition and Development of Information Systems
- H. Alternative Delivery Channels (ADC) Security Management
- I. Service Provider Management
- J. Customer Education

## 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 came 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.	<b>Pubali Bank Limited</b>
(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><b>Pubali Bank limited</b></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><b>Pubali Bank Securities Limited</b></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 &amp; 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 &amp; Exchange Commission of Bangladesh.</p>
(a) 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 :**

(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 CET 1, Additional Tier 1 or Tier 2.	<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><b><u>Tier - I Capital instruments :</u></b></p> <p><b>Paid-up share capital :</b> 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><b>Statutory Reserve :</b> 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 until equal to Paid up capital.</p> <p><b>Bank is complied in this respect.</b></p> <p><b>General reserve :</b> Any reserve created through Profit and Loss Appropriation Account for fulfilling any purpose.</p> <p><b>Bank is complied in this respect.</b></p> <p><b>Retained Earnings :</b> Amount of profit retained with the banking company after meeting up all expenses, provisions and appropriations.</p> <p><b>Bank is complied in this respect.</b></p> <p><b><u>Tier - II capital instruments :</u></b></p> <p><b>General provision maintained against unclassified loans and off-balance sheet exposures:</b> 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> <p>Subordinated Bond of BDT 5,000.00 Million issued in the year 2017.</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 31.12.2017) CET 1 Capital	✓ Paid up Capital	9,508.03	9,508.03
	✓ Non-repayable share premium account	-	-
	✓ Statutory reserve	9,510.25	9,510.25
	✓ General reserve	-	-
	✓ Retained earnings	4,198.50	3,825.30
	✓ Minority Interest in subsidiaries	-	-
	✓ Non-cumulative irredeemable preference share	-	-
		<b>23,216.78</b>	<b>22,843.58</b>
Additional Tier 1 Capital		-	-
Total Tier 1 Capital		<b>23,216.78</b>	<b>22,843.58</b>
(b) Total amount of Tier - II Capital		9,736.70	9,736.70
(c) Other deduction from Capital		978.30	1,194.80
<b>(d) Total eligible capital</b>		<b>31,975.18</b>	<b>31,385.48</b>

**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 :**

		Taka in million	
		Solo	Consolidated
(a) Capital requirement for Credit Risk:		21,508.98	20,740.38
(b) Capital requirement for Market Risk:		952.82	1,985.80
(c) Capital requirement for Operational Risk:		2,262.77	2,295.48
(d) Total required Capital		24,724.57	25,021.67
(e) Total Capital available		<b>31,975.18</b>	<b>31,385.48</b>
(f) Total capital, CET1 capital, Total Tier 1 capital and Tier 2 capital ratio:			
➤ For the Bank alone	Total = 12.93% CET 1 = 9.38% Tier 1 = 9.38% Tier 2 = 3.55%		-
➤ For the consolidated group	-		Total = 12.54% CET 1 = 9.04 % Tier 1 = 9.04% Tier 2 = 3.51%
(g) Capital Conservation Buffer		<b>27,815.20</b>	<b>28,149.40</b>

## D ) Credit Risk :

### Qualitative Disclosure :

<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"> <li>➤ Sub- Standard</li> <li>➤ Doubtful</li> <li>➤ Bad &amp; Loss</li> </ul> <p>Any <b>continuous loan</b> will be classified as :</p> <ul style="list-style-type: none"> <li>➤ Sub-standard' if it is past due/overdue for 3 months or beyond but less than 6 months.</li> <li>➤ Doubtful' if it is past due/overdue for 6 months or beyond but less than 9 months.</li> <li>➤ Bad/Loss' if it is past due/overdue for 9 months or beyond.</li> </ul> <p>Any <b>demand loan</b> will be classified as :</p> <ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ 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.</li> <li>➤ 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.</li> </ul> <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><b>i. In case of Fixed Term Loans amounting up-to Tk 10.00 lacs:</b></p> <ul style="list-style-type: none"> <li>➤ 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".</li> </ul>
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	<ul style="list-style-type: none"> <li>➤ 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".</li> <li>➤ 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".</li> </ul> <p><b>ii. In case of Fixed Term Loans amounting more than Tk. 10.00 lacs:</b></p> <ul style="list-style-type: none"> <li>➤ 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".</li> <li>➤ 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".</li> <li>➤ 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".</li> </ul>																																																												
	<p><b>Rate of Provision are as follows :</b></p> <table border="1" data-bbox="528 1115 1355 1375"> <thead> <tr> <th rowspan="2">Particulars</th> <th rowspan="2">Short Term Agri. Credit &amp; Micro credit</th> <th colspan="4">Consumer financing</th> <th rowspan="2">SMEF</th> <th rowspan="2">Loans BHs/MBs/SDs 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> <th>Credit Card</th> </tr> </thead> <tbody> <tr> <td rowspan="2">UC</td> <td>Standard</td> <td>1%</td> <td>5%</td> <td>1%</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>1%</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> <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> <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> <td>100%</td> </tr> </tbody> </table>	Particulars	Short Term Agri. Credit & Micro credit	Consumer financing				SMEF	Loans BHs/MBs/SDs against shares etc.	All other credit	Other than HF, LP	HF	LP	Credit Card	UC	Standard	1%	5%	1%	2%	2%	0.25%	2%	1%	SMA	N/A	5%	1%	2%	2%	0.25%	2%	1%	Classified	SS	5%	20%	20%	20%	20%	20%	20%	20%	DF	5%	50%	50%	50%	50%	50%	50%	50%	B/L	100%	100%	100%	100%	100%	100%	100%	100%
Particulars	Short Term Agri. Credit & Micro credit			Consumer financing							SMEF	Loans BHs/MBs/SDs against shares etc.	All other credit																																																
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	DF	5%	50%	50%	50%	50%	50%	50%	50%																																																				
	B/L	100%	100%	100%	100%	100%	100%	100%	100%																																																				
<ul style="list-style-type: none"> <li>• Discussion of the Bank's credit risk management policy</li> </ul>	<p>The Board approves the credit policy keeping in view relevant Bangladesh Bank guide lines 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, Sectorial 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	70,676,080,763
	Cash credits	49,388,706,881
	Overdrafts	61,027,188,635
	Loan against merchandise	7,731,155
	Packing credits	751,443,886
	Loan against trust receipts	11,771,127,787
	Pubali Prochesta	288,960,254
	Non-resident Credit Scheme	644,920
	Pubali Subarna	4,936,364,669
	Pubali Karmo Uddog	181,430,008
	Pubali Sujon	41,061,616
	Pubali Utsob	25,503,780
	Payment against documents	4,066,645,531
	Consumers loan scheme	14,111,214,579
	EDF loan	49,16,516,503
	Lease finance	5,328,312,904
	Bill purchased and discounted	11,937,344,805
Others	83,318,869	
<b>Total</b>	<b>239,539,597,542</b>	
(b) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	<b>Urban</b>	
	Dhaka	116,806,820,717
	Chittagong	38,959,716,143
	Sylhet	7,009,945,468
	Barisal	2,816,073,677
	Khulna	7,026,787,598
	Rajshahi	4,480,869,004
	Rangpur	4,174,952,826
	Mymensingh	3,937,220,028
		<b>185,212,385,461</b>
	<b>Rural</b>	
	Dhaka	26,688,300,244
	Chittagong	4,246,173,413
	Sylhet	5,966,794,508
	Barisal	742,324,499
	Khulna	1,629,208,688
	Rajshahi	2,339,358,625
	Rangpur	771,475,862
	Mymensingh	2,672,408,257
		<b>45,056,044,095</b>
	<b>Outside Bangladesh</b>	
	Foreign bills/drafts purchase	9,271,167,986
<b>Total</b>	<b>239,539,597,542</b>	

(c) Industry or counter party type distribution of exposures, broken down by major types of credit exposure	Agriculture	4,260,731,429
	Jute	394,712,909
	Textile	22,999,350,999
	Ready-made garments	20,246,657,564
	Steel & engineering	9,814,033,046
	Ship scraping	2,968,906,527
	Edible oil	5,255,881,601
	Cement	3,158,627,213
	Pharmaceuticals	3,750,572,363
	Food & allied	16,134,583,543
	Paper, paper products and packaging	966,992,332
	Leather	430,087,884
	Printing & Dyeing Industries	3,483,670,421
	Others Manufacturing Industries	9,697,451,592
	Energy and power	1,887,210,248
	Hospitals, Clinics and other health services	4,002,633,152
	Construction	6,300,567,661
	Housing	13,378,518,955
	Transport and communication	1,218,492,762
	Others Service Industries	1,071,434,667
Trade & Commerce	57,532,345,993	
NBFI (Non Bank Financial Institution)	4,803,995,044	
NGO	8,420,696,176	
Consumer Finance	19,028,895,904	
Others	18,332,547,557	
	<b>Total</b>	<b>239,539,597,542</b>
(d) Residual contractual maturity break down of the whole portfolio, broken down by major types of credit exposure.	<b><u>Loans and advances</u></b>	
	Repayable on demand	20,117,731,379
	Up to 3 months	53,106,603,882
	Over 3 months but below 1 year	82,356,533,838
	Over 1 year but below 5 years	57,329,727,088
	Over 5 years	14,691,656,550
		<b>227,602,252,737</b>
	<b><u>Bills purchased and discounted</u></b>	
	Receivable on demand	4,688,689
	Below 3 months	1,478,988,296
Over 3 months but below 6 months	10,453,667,820	
	<b>11,937,344,805</b>	
	<b>Total</b>	<b>239,539,597,542</b>
(e) By major industry or counterparty type:		
i. Amount of impaired loans and if available, past due loans,		20,786,943,558
ii. Specific and general provisions		10,656,234,798
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	<b>Movement of Non Performing Assets(NPAs) :</b>	
	Opening Balance	10,921,455,576
	Additions	9,865,487,982
	Reductions/Recovery	-
	<b>Closing Balance</b>	<b>20,786,943,558</b>
	<b>Movement of Specific Provision for Non Performing Assets(NPAs) :</b>	
	Opening Balance	4,223,743,657
	Provision made during the year	3,875,000,000
	Write-off	(1,050,905,215)
	Recoveries of amounts	
	-previously write –off	79,813,814
	Provision transferred in	324,956,865
	Write-back of excess provision	-
	Other provision	891,595,441
	<b>Closing Balance</b>	<b>8,344,204,562</b>

## E) Equities: Disclosures for Banking Book Positions

### Qualitative Disclosure :

<p>(a) The general qualitative disclosure requirement with respect to the equity risk, including:</p> <ul style="list-style-type: none"> <li>● differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and</li> <li>● 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.</li> </ul>	<p>Investment in equity mainly for capital gain purpose but Bank has some investment for 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 3,893,531,493.00 & Market value of quoted share BDT 4,485,469,965.00
(b) The cumulative realized gains (losses) arising from shares and liquidations in the reporting period.	BDT 531,659,730.00
(c) * Total unrealized gains (losses) - quoted shares * Total latent revaluation gain (loses) * Any amounts of the above included in Tier 2 capital	BDT 591,938,472.00 BDT Nil 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 affected 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)	368,466.80
	Market Value of Liability (Fig. in million)	341,439.50
	Duration GAP in years (times)	0.54

**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.
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'.
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.
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>Taka in million</u>	
	<u>Solo</u>	<u>Consolidated</u>
( b ) The capital requirements for :		
Interest rate risk	-	-
Equity position risk	897.00	1,930.00
Foreign exchange risk	55.83	55.83
Commodity risk	-	-

**H) Operational Risk :**

**Qualitative Disclosure :**

<p>➤ Views of BOD on system to reduce Operational Risk</p>	<p>The policy for operational risks including internal control &amp; 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 &amp; Inspection Division, Monitoring Division and Compliance Division under Internal Control &amp; Compliance Wing to protect against all operational risks.</p>
<p>➤ Performance gap of executives and staffs</p>	<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>
<p>➤ Potential external events</p>	<p>No potential external events is expected to expose the Bank to significant operational risk.</p>
<p>➤ Policies and processes for mitigating operational risk</p>	<p>The policy for operational risks including internal control &amp; 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 &amp; Inspection Division. It is the policy of the bank to put all the branches of the bank under any form of audit</p>

	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	2,262.77	2,295.48

**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 Advance to Deposit (AD) 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 &amp; AD 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) :                  Net Stable Funding Ratio(NSFR) :                  Stock of High quality liquid assets :                  Total net cash outflows over the next 30 calendar days :                  Available amount of stable funding :                  Required amount of stable funding :</p>	<p>204.02%                  103.82%                  57,767.32                  28,314.53                  283,820.31                  273,368.83</p>
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**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:	6.05%	5.90%
On balance sheet exposure :	359,874.70	359,744.40
Off balance sheet exposure :	23,893.30	23,893.30
Total exposure :	383,755.20	383,408.30

**G) Remuneration :****Qualitative Disclosure :**

<b>( a ) Information relating to the bodies that oversee remuneration :</b>	
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 &amp; 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><b>PBL and its business</b> 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><b>Performance measures</b> 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><b>a) Potential Risk Taker in Business and Management:</b> i) Senior Management: MD &amp; CEO, Additional Managing Director, Deputy Managing Directors - 05 Nos.</p> <p><b>b) Potential Risk Taker in Business:</b> 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) - 3 Nos.</p> <p><b>c) Potential Risk Taker in Management:</b> i) General Managers/Deputy General Managers as Division Heads - 19 Nos.</p>
<p><b>(b) Information relating to the design and structure of remuneration processes :</b></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>
<b>C. Description of the ways in which current and future risks are taken into account in the remuneration processes :</b>	
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"> <li>❖ Compliance risk</li> <li>❖ Operational risk</li> <li>❖ Financial risk</li> </ul>
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"> <li>❖ Branch Performance</li> <li>❖ Regulatory compliance</li> <li>❖ Compliance with Board delegated trigger limits</li> </ul>
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.
<b>d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration :</b>	
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.

Discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak :	We have a robust performance indicator applicable across the Bank.
<b>(e) Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance :</b>	
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>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><b>Board of Trustees and its composition:</b> 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><b>Entitlement of Gratuity:</b> 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"> <li>(i) if he/she has been dismissed or removed from the service as a measure of punishment; or</li> <li>(ii) if he/she has not resigned, left or discontinued the service without properly notifying the competent authority.</li> </ul> <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"> <li>(i) In case of death while in the service of the Bank;</li> <li>(ii) If terminated from service or compulsory retirement or mental infirmity provided this has not been caused by irregular or intemperate habits;</li> <li>(iii) If termination of service or compulsory retirement resulting from the abolition of his/her post or bonafide retirement;</li> </ul>

	<p><b>Normal Retirement Age:</b> 59 years of age (age at which Gratuity benefit becomes payable) and for freedom fighter 60 years of age.</p> <p><b>Gratuity Calculation:</b> 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 <b>retirement</b> 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><b>Bank's Overriding Lien</b> 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><b>(f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms :</b></p>	
<p>Over view of the forms of variable remuneration offered (i.e. cash, share linked instruments and other forms)</p>	<p><b>Fixed Remuneration:</b> All Employees including regular and contractual are paid salary under Fixed remuneration package.</p> <p><b>Variable Remuneration:</b> A small group of employees of 5 branches awarded for Tk. 314,011 against recovery of write-off loans in 2017. All amounts are paid to the respective employees through their accounts.</p>

<p>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>	<p><b>Fixed Remuneration:</b></p> <p>Salaries of different employees may vary due to rank, service length &amp; promotion etc. under the pay policy.</p> <p><b>Variable Remuneration:</b></p> <p>Reward remuneration for NPL &amp; 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>
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### Quantitative Disclosure :

<p>(g) Number of the meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member :</p>	<p><b>Fixed Remuneration:</b> Pay scale revised last in 2016.</p> <p><b>Variable Remuneration:</b> Decided by the Board of Directors of the Bank.</p>
<p>(h) Number of employees having received a variable remuneration award during the financial year :</p> <p>Number and total amount of guaranteed bonuses awarded during the financial year :</p> <p>Number and total amount of sign-on awards made during the financial year :</p> <p>Number and total amount of severance payments made during the financial year :</p>	<p>Eligible for Incentive Bonus for 2017: 7,652 Nos.</p> <p>Two festival bonuses plus Bengali New Year Allowance disbursed during the calendar year 2017</p> <p>Number of employees: 7,652 Nos.</p> <p>Total Amount : Tk. 354,073,449/-</p> <p>No such payment was made during the calendar year i.e. in 2017.</p> <p><b>Gratuity Payment*:</b> Number of employees : 268 Total Amount : Tk. 597,844,443.00</p> <p><b>Provident Fund Payment*:</b> Number of employees : 288 Total Amount : Tk. 509,962,653.00</p> <p>* All payment made in calendar year 2017</p>

<p>(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms :</p> <p>Total amount of deferred remuneration paid out in the financial year :</p>	<p>Deferred Amount: Tk. 2,539,593,672.00</p> <p>Total Amount : Tk. 597,844,443.00</p>
<p>(j) Breakdown of amount of remuneration awards for the financial year to show:</p>	
<p>-fixed and variable :</p> <p>- deferred and non-deferred :</p> <p>- different forms used (cash, shares and share linked instruments, other forms) :</p>	<p><b>Fixed amount:</b> Tk. 4,177,283,416.00 <b>Variable amount:</b> Tk. 465,314,011.00</p> <p><b>Deferred amount:</b> Tk.1,107,807,096.00 <b>Non-deferred amount:</b> Tk. 314,011.00</p> <p>Paid in Cash through their respective accounts in calendar year 2017.</p>
<p>(k) 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:</p>	
<p>- Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments :</p> <p>- Total amount of reductions during the financial year due to ex post explicit adjustments :</p> <p>- Total amount of reductions during the financial year due to ex post implicit adjustments :</p>	<p>Total amount: Nil</p> <p>Total amount: Nil</p> <p>Total amount: Nil</p>





**Sustainability  
& Green Banking**

## SUSTAINABILITY REPORT AND GREEN BANKING

### General Overview

Global warming is a burning issue of the time. The rapid changes in the climate pattern cause many problems and directly leave impact on biodiversity, agriculture, forestry, water resources, and human health, which need immediate response.

Pubali Bank Ltd. has taken a long term view of the environmental consequences of its actions. We believe sustainability must lie at the heart of business to achieve the long-term success which allows the bank to contribute to the economic well-being of the society. We want to ensure sustainable business that brings benefit to the shareholders, society, the environment and local economies. To achieve this, we align our business and sustainability strategies as closely as possible.

### Sustainable Finance Committee and Sustainable Finance Unit

Sustainable Finance Committee and Sustainable Finance Unit at Head Office level have been formed to monitor & ensure best practice of Green Banking in its every sphere of actions. The committee regularly reviews its actions for closer convergence towards related, national & global best practice. Green Banking Policy has been designed based on Green Banking Policy of Bangladesh Bank. The main concern of the policy is to ensure sustainability through environmental protection from pollution by eco-friendly activities including investment. We are utilizing resources for serving customers as well as society & environment.

### Incorporation of Environmental & Social Risks in Core Risk Management

We have Environmental & Social Risk Management Guidelines to understand and manage risks arising from environmental & social concerns. This brought a focus on planning and implementing policies and procedures to mitigate environmental risks associated with financing decisions. Environmental & Social Risks are being considered as part of existing Credit Risk Management methodology of the bank to assess the prospective borrower.

### In-house Environment Management

We maintain in-house consumption record of water, paper, electricity, energy etc. as a part of effective in-house environmental management. Theory of reduce; reuse & recycle are being in practice. Initiatives have been taken for attaining a prolific in-house Environment Management.

Initiatives have been taken to apply eco-font in printing to reduce usage of ink and paper, use scrap papers and avoid disposable cups/glasses and to install energy efficient electronic equipment's that will help the bank to reduce electricity consumption. Normal bulbs have been replaced by energy saving bulbs in offices of the bank.

We have replaced almost all the CRT monitors with LED monitors. This ensures 70% power usage cut by the personal computers all together.

We are enhancing online coverage for clients, like ATM, SMS Banking, Internet Banking, Mobile Banking etc.

**E-mail:** The electronic mail system decreases use of paper and chemical ink for printing. Using the nationwide computer network & the email correspondences also decrease communication time, increase accuracy, faster decision making etc.

**Green Banking Logo; Slogan:** Green Banking logo & slogan has been introduced to trigger familiarity with green banking concept. E-Circular platform is ready to be introduced. Apart from these, bank is on its route to commence e-statement, e-tendering system shortly.

**Online Credit Application and Appraisal Processing System:** Online Credit Application and Appraisal Processing System have been initiated. In this regard, necessary modules/software has already been incorporated in our PIBS. It will help offset usages of paper in our day to day activities.

### Formation of Climate Risk Fund

We have created climate risk fund under CSR program for mitigating environmental risks arising out of climate changes in different areas. This fund is being utilized to promote economic activities in the flood, cyclone and drought prone areas in case of emergency as a part of bank's CSR activities. Regular financing in the vulnerable areas and sectors is also an ongoing process.

### Employee Training

For our employees to have in depth understanding on Green Banking, we are on a track to arrange Green Banking Training on regular basis.

### Green Finance

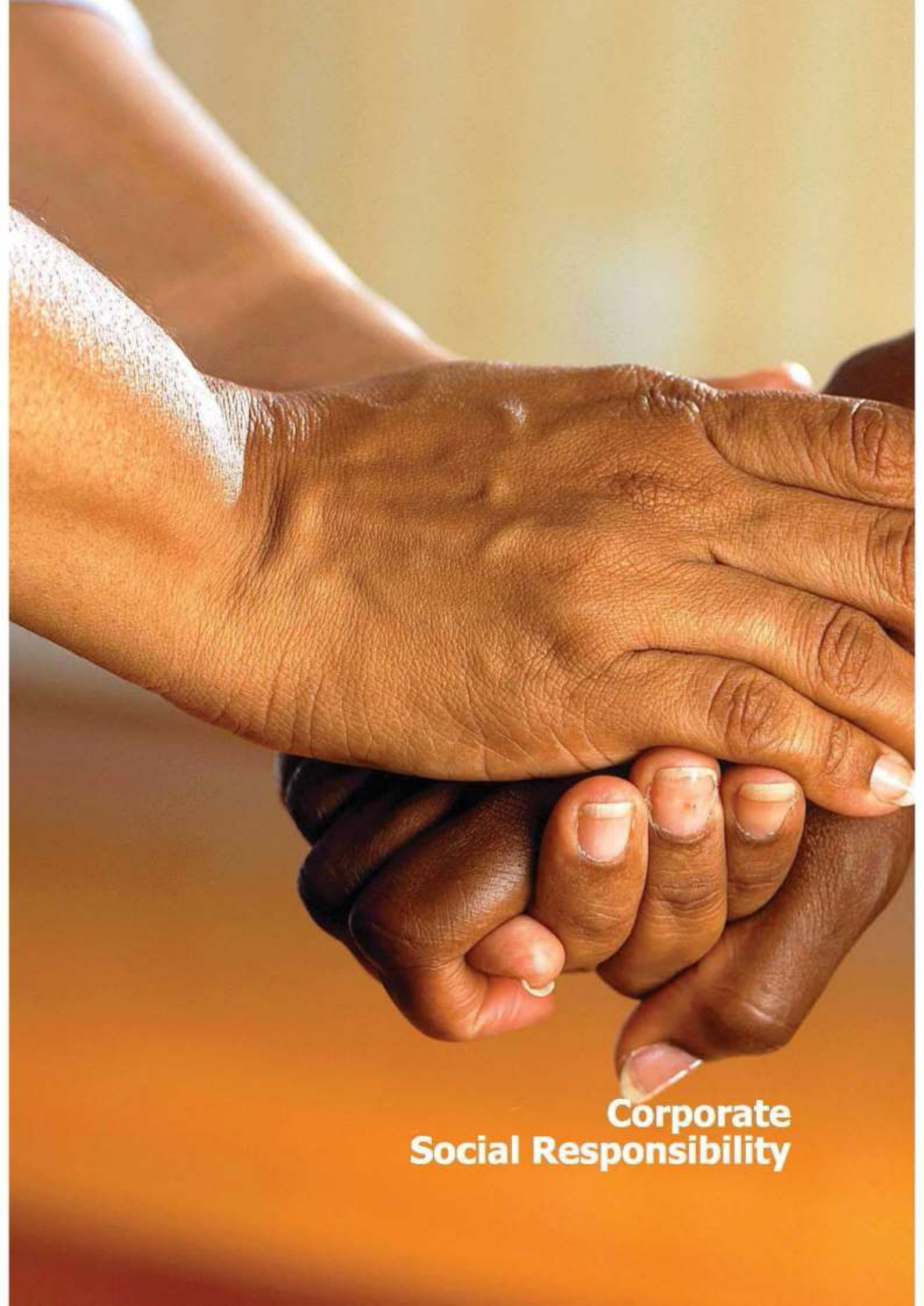
Green Investments (finance) implies the financial services to the businesses and projects that help prevent deterioration of the environment as well as which are not harmful to the environment. Green Investments combine both Direct and Indirect green investments. As per Bank's principles of giving preferences to eco-friendly business activities and energy efficient industries, Pubali Bank Ltd. has taken different steps for enhancing the green investment. Our Green Financing activities at a glance as under:

Green Financing	2015	2016	2017
Direct	BDT. 698.30 million	BDT. 140.90 million	BDT. 80.60 million
Indirect	BDT. 7571.30 million	BDT. 12800.50 million	BDT. 17080.08 million

## REPORT ON FINANCIAL INCLUSION

Financial inclusion or inclusive financial system is being considered as foremost tool for attaining sustainable, risk-absorbent & shock-resistant financial system. Combined with its usual banking services, Pubali Bank limited is on the way to create and expand financial services to blinds, garments workers, street children, school going children, poor and low-income populations come from the bottom of the society. We are bringing the said segment of the people under the umbrella of banking services by opening & maintaining their accounts as per guidelines of Bangladesh Bank. Moreover we are disbursing loans to the account holders of Tk.10/- for promoting balanced development of national economy. Loan disbursement scenario at a glance as under:

Loan Disbursement	2015	2016	2017
Nos. of Account	296	144	189
Amount	BDT. 12.90 million	BDT. 6.57 million	BDT. 8.99 million



**Corporate  
Social Responsibility**

## REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate social responsibility, often abbreviated "CSR", is a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. The term generally applies to efforts that go beyond what may be required by regulators or environmental protection groups. CSR may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

Pubali Bank Limited performs a lot of CSR activities towards the society. It operates in out of its social obligations. The vision and mission of our Bank is to contribute to the development of the society in every possible way by doing responsible banking. We recognize our obligations to the society by taking informed, reasonable and ethical decisions to operate business.

Our CSR activities over the years have focused on health care, sports, education, environment, youth development, arts and charitable activities. As a socially responsible corporate institution, Pubali Bank Limited engaged itself in a number of CSR activities throughout the year, including a number of donations towards charitable causes.

### Health Care:

We believe that good health is a precondition for rapid socio-economic development of any society. Our bank has given financial assistance in establishing hospitals and buying modern treatment equipment to ensure availability of modern health services for all especially the impoverished section of society at affordable cost. We donated 3 lac in BSMMU, 5 lac in Chattagram Ma O Shishu Hospital. Some ailed persons, including a few employees of the Bank, were helped financially last year for treatment. We spent around 4 crore in this sector last year. Apart from direct donation, Pubali Bank Limited from the very inception has been extending its helping hand to many renowned hospitals for their modernization so that patients don't need to go abroad for treatment and thus foreign currency is saved. The following hospitals have been assisted financially at different times:

1. BIRDEM
2. Ibrahim Cardiac Center
3. Apollo Hospital
4. United Hospital
5. Square Hospital
6. International Medical Collage and Hospital
7. Bangladesh Medical Collage and Hospital
8. Lab Aid
9. Green Life Hospital
10. National Heart Foundation, Sylhet
11. Kidney Awareness Monitoring and Prevention Society-KAMPS, Dhaka etc.

### Education:

The development of a country mostly depends on the status of education. so we are committed to upgrading the standard of education of our country through giving financial assistance to various

educational institutions. We donated Tk 2.00 crore to Prime Minister's Education Assistance Trust, Tk 30.00 lac to Dhaka University Alumni Association, Tk 25.00 lac to University Research Center, Shahjalal University of Science & Technology, Sylhet, Tk 5.00 lac to the Department of CSE, BUET, Tk 1.00 lac to BAURES, Bangladesh Agricultural University, Mymensingh, Tk 1.00 lac to UCEP Bangladesh and Tk 9.42 lac to The Asia Foundation, Baridhara, Dhaka, for buying educational materials and to facilitate research activities.

### Our other areas of Corporate Social Responsibility

Pubali Bank Limited always extends its helping hand generously when the nation falls in any disastrous situation or faces any natural calamity. We donated Tk 8.56 crore to the Prime Minister's Relief Fund last year. Moreover, Pubali Bank donated 50,000 blankets to the Prime Minister's Relief fund as a part of corporate social responsibility to be distributed among the cold stricken people of the country. We gave some direct donations to individuals suffering from serious ailments to help them in their treatment.

### Month wise CSR expenditures of Pubali Bank Limited are mentioned below:

(Figure in Lac)

SL	MONTH	AMOUNT
1	JANUARY	73.60
2	FEBRUARY	2.95
3	MARCH	12.47
4	APRIL	7.80
5	MAY	406.60
6	JUNE	2.05
7	JULY	10.57
8	AUGUST	338.60
9	SEPTEMBER	4.10
10	OCTOBER	506.90
11	NOVEMBER	38.50
12	DECEMBER	5.70
<b>Grand Total</b>		<b>1409.84</b>

## A few CSR expenditures of the Bank in 2017 are given below

SL	Amount in BDT	Recipient Organization/ Individuals	Purpose
1	5 Crore	Prime Minister's Relief Fund	To help Rohingya Refugee
2	3 Crore	Prime Minister's Relief Fund	To help the flood affected people of the Country
3	2 Crore	Jatir Janok Sheikh Mujibur Rahman Memorial Trust	To enrich the Trust
4	2 Crore	Prime Minister's Education Assistance Trust	For the development of Education
5	56 Lac	Prime Minister's Relief Fund (blanket)	To help the winter stricken people of the Country
6	30 Lac	Dhaka University Alumni Association (DUAA)	To help meritorious and poor students as sponsor named 'Scholarship for Education & Social Activism'
7	25 Lac	University Research Center, Shahjalal University of Science & Technology, Sylhet	To gear up research activities of the University
8	10 Lac	Jalalabad Association, Dhaka	To organize 'International Sylhet Festival' in Sylhet.
9	9.62 Lac	The Asia Foundation, Baridhara, Dhaka	To purchase books under the program 'Books for Asia'
10	5 Lac	Department of CSE, BUET	To sponsor the team 'BUET Rayo' for attend the 'International Collegiate Programming Contest (ICPC) World Finals' in USA
11	5 Lac	Chattagram Ma O Shishu Hospital, Chittagong	To take healthcare facility to the door steps of the mass
12	5 Lac	Jalalabad Association, Dhaka	To organize 'World Sylhet Convention' in USA
13	5 Lac	Dhaka Bar Association, Dhaka	To purchase medical instrument for its primary clinic
14	5 Lac	Kazi Ashfaq-Ur-Rahman, employee of Pubali Bank Limited	For the cancer (Acute Myeloblastic Leukaemia) treatment of Ashfaq-Ur-Rahman
15	4.80 Lac	Sharmeen Fieruz & Nazifa Ishmam, BDR Mutiny	To help the bereaved family members of martyred army officers killed in BDR mutiny
16	4 Lac	Child Day Care Centre for Private Bank	To maintain Child Day Care Centre in Motijheel for Private Banks.
17	3 Lac	Bangabandhu Sheikh Mujib Medical University (BSMMU)	To celebrate its University Day
18	3 Lac	Sajia Kawsar, employee of Pubali Bank Limited	For the treatment of acute liver cancer
19	3 Lac	Mohammad Khurshed Alam Khan, employee of Pubali Bank Limited	For the treatment of cancer



## CSR at a glance



**1** Mr. Azlur Rahman , vice chairman of Pubali Bank Limited, handing over a cheque of BDT 4 (four) Crore to Sheikh Hasina, Honorable Prime Minister at Ganabhaban for 'Jatir Janak Bangabandhu Sheikh Mujibur Rahman Memorial Trust' and 'Prime Minister's Education Assistance Trust Fund' as a part of the Bank's Corporate Social Responsibility. On the left, Mr. Saiful Alam Khan Chowdhury, Additional Managing Director of Pubali Bank Limited.

**2** Mr. Habibur Rahman, Chairman of Pubali Bank Limited, handing over a cheque of BDT 3 (three) Crore to Sheikh Hasina, Honorable Prime minister at Ganabhaban for 'Prime Minister's Relief Fund' as a part of the Bank's Corporate Social Responsibility. On the left, Mr. Md. Abdull Halim Chowdhury, Managing Director & CEO of Pubali Bank Limited.



**3** Mr. Fahim Ahmed Faruk Chowdhury, Vice-Chairman of Pubali Bank Limited (2nd from the left), On the occasion of handing over a cheque of BDT 5 (five) Crore to Sheikh Hasina, Honorable Prime Minister at her office for 'Prime Minister's Relief Fund' during Rohingya crisis as a part of the Bank's Corporate Social Responsibility. Mr. Moniruddin Ahmed, Director of Pubali Bank Ltd. (3rd from the left) present at the occasion.

**4** Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of Pubali Bank Limited, handing over a donation cheque of BDT 25 (twenty five) Lac to Professor Farid Uddin Ahmed, Vice-Chancellor of Shahjalal University of Science and Technology to facilitate research work of the university.



5 *Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of Pubali Bank Limited receiving a crest from the Board of Trustees of Liberation War Museum as recognition of the Bank's contribution to the building of Museum Bhaban. On the left, Mrs. Halim Chowdhury, better-half of Md. Abdul Halim Chowdhury.*

6 *On the occasion of donating 50,000 blankets on behalf of Pubali Bank Limited to the Honourable Prime Minister's Relief fund. Mr. Habibur Rahman, Chairman and Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of Pubali Bank Limited standing respectively in the second position from the left and in the fifth position from the right.*

## INTEGRATED REPORTING

Pubali Bank Limited is always committed to implement the principles of integrated reporting. This Integrated Report provides information on how we create value, considering both qualitative and quantitative matters that may influence our stakeholders' decision-making.

Our business operation is based on trust and competency. We do believe that the stakeholders are the supreme arbiters regarding the legitimacy and the sustainability of the entity. Hence, we are committed to leave no stone unturned for the assurance of our integrated thinking.

We believe that our approach represents a steady and considerable level of integrated thinking, which we continue to deepen as we execute our strategy within our organization. We recognize that embedding integrated thinking at every level of our organization forms part of our longer-term work to create a culture in which risk management, compliance, ethics and social responsibility are coordinated with the effective and innovative accomplishment of our clients' needs. This comprehensive approach is reflected in our report this year.

### Scope and Boundary of the Report

The Integrated Report covers the period from January 1 to December 31, 2017. The report covers all operational areas and businesses of Pubali Bank Limited and its subsidiaries. In the report, we have considered the reporting of both Financial and Nonfinancial issues as Non-financial information including the strengths and weaknesses has material impacts on the decision making of the Stakeholders and sustainable growth of the Bank.

The report is intended to address the information requirements of long-term investors. We also present information relevant to other key stakeholders, including our staff, clients, regulators and communities etc.

We have prepared and presented financial statements and other reports in compliance with the requirements of

- Banking Companies Act, 1991 (Amendment In 2013)
- Bangladesh Bank Regulations
- Companies Act 1994
- Bangladesh Accounting Standards
- Bangladesh Financial Reporting Standards
- Financial Institutions Act 1993
- Securities and Exchange Rules 1987
- The Income Tax Ordinance, 1984
- And other applicable laws and regulations of the bank

**Materiality:**

In the preparation of this Integrated Report, we have focused particularly on those issues, opportunities and challenges that have material impact on Pubali Bank and its ability to be a sustainable business entity that consistently delivers value to its stakeholders.

**Assurance Approach:**

We have an assurance model comprising three lines of defenses to ensure the validity and authenticity of the information provided in the Annual Report. Our combined assurance model has three parts namely, Management Review, Internal Audit Assurance and External Audit Assurance.

We have engaged different external assurers and auditors to ensure the credibility of the report.

Financial Statements Audit	Hoda Vasi Chowdhury & Co. M/S. S.F. Ahmed & Co.
Corporate Governance compliance	M/S Itrat Husain & Associates
TAX Consultant	M/S. S.F. Ahmed & Co.
Legal Advisors	Dr. Kamal Hossain & Associates
Credit Rating Agency	National Credit Ratings Limited (NCR)



Chart: Combined Assurance Model of information to Stakeholders

We do believe that our capitals including Human, Financial, Intellectual, Natural, Manufactured, Social and Relationship Capital have significant impact on the integrated thinking and sustainable value creation of the bank. These capitals are interrelated with the value creation for the stakeholders and the society through a broad range of activities.

**Key drivers that Create Value to our organization**

1. Ensuring quality customer service to ensure customer satisfaction.
2. Maintaining high quality assets portfolio to achieve strong and sustainable returns.
3. Practicing efficient corporate governance and compliance processes through meeting all regulatory requirements and making disclosures.
4. Increasing client base for financial inclusion.
5. Strengthening technologies that reduce operational risks and promote implementation of best practices in the industry.

### Compliance of Bangladesh Financial Reporting Standards (BFRSs)

Name of the Standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	Not applicable
Share-based Payment	BFRS-2	Not applicable
Business Combinations	BFRS-3	Applied
Insurance Contracts	BFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	BFRS-6	Not applicable
Financial Instruments: Disclosures	BFRS-7	* Applied
Operating Segments	BFRS-8	** Applied
Consolidated Financial Statements	BFRS-10	Applied
Joint Arrangements	BFRS-11	Not applicable
Disclosure of Interests in other Entities	BFRS-12	Applied
Fair Value Measurement	BFRS-13	* Applied
Regulatory Deferral Accounts	BFRS-14	Not applicable
Presentation of Financial Statements	BAS-1	* Applied
Inventories	BAS-2	Not Applicable
Statement of Cash Flows	BAS-7	* Applied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contracts	BAS-11	Not Applicable
Income Taxes	BAS-12	Applied
Property, Plant and Equipment	BAS-16	Applied
Leases	BAS-17	Applied
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	BAS-21	Applied
Borrowing Costs	BAS-23	Applied
Related Party Disclosures	BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Not Applicable
Separate Financial Statements	BAS-27	Applied
Investments in Associates	BAS-28	Not Applicable
Interests in Joint Ventures	BAS-31	Not Applicable
Financial Instruments: Presentation	BAS-32	* Applied
Earnings per Share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairment of Assets	BAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	* Applied
Intangible Assets	BAS-38	* Applied
Financial Instruments: Recognition and Measurement	BAS-39	* Applied
Investment property	BAS-40	Not Applicable
Agriculture	BAS-41	Not Applicable

## Evaluation of the Quarterly Financials by the Audit Committee and by the Board

Particulars	2017	2016	2017	2016	2017	2016	2017	2016
	1 Jan 17 to 31 Dec 17	1 Jan 16 to 31 Dec 16	1 Jan 17 to 30 Sep 17	1 Jan 16 to 30 Sep 16	1 Jan 17 to 30 Jun 17	1 Jan 16 to 30 Jun 16	1 Jan 17 to 31 Mar 17	1 Jan 16 to 31 Mar 16
	4th Qtr.	4th Qtr.	3rd Qtr.	3rd Qtr.	2nd Qtr.	2nd Qtr.	1st Qtr.	1st Qtr.
Balance Sheet								
Cash	22,817,790,448	21,114,474,598	21,200,352,875	19,815,946,762	24,463,227,244	18,626,874,085	21,017,019,545	16,894,462,331
Balance with Other Banks and Fis	12,903,217,937	9,083,361,643	10,914,894,668	4,520,361,463	12,894,590,221	5,646,159,566	15,090,803,252	3,220,384,178
Money at call and on short notice	11,286,667	551,286,667	461,286,667	343,286,667	111,286,667	13,286,667	1,061,286,667	1,205,286,667
Investments	53,527,204,707	48,865,749,421	53,431,945,751	52,615,878,179	51,020,173,603	45,918,211,360	51,827,278,508	58,171,547,234
Loans and advances	239,599,597,542	203,011,231,761	218,454,110,601	190,129,079,676	213,134,163,248	187,982,116,142	204,176,834,845	173,531,380,029
Fixed assets including premises, furniture and fixtures	3,686,856,333	3,788,444,279	3,988,879,244	4,085,761,126	3,936,937,154	4,027,629,865	3,849,454,478	3,919,179,111
Other assets	35,828,654,116	33,997,343,424	34,765,618,315	34,725,948,482	38,854,041,074	32,994,768,894	34,756,147,898	31,215,110,990
Total assets	368,314,617,750	320,361,891,793	343,217,088,121	306,236,262,355	344,414,419,211	295,209,046,569	331,778,825,188	288,217,395,540
Borrowings from other banks, financial institutions and agents	18,099,362,651	6,305,989,705	13,456,521,869	4,846,904,698	18,205,357,418	7,078,638,472	8,414,124,275	3,590,288,280
Subordinated bond	5,000,000,000	-	-	-	-	-	-	-
Deposits and other accounts	271,708,963,321	247,278,503,683	259,776,251,643	238,684,907,790	255,979,046,279	226,938,029,565	254,115,646,990	225,135,982,158
Other liabilities	47,345,985,809	41,632,995,086	44,105,547,321	37,913,840,164	44,662,358,608	36,668,538,844	43,628,115,519	34,294,933,332
Total liabilities	342,154,311,781	295,217,488,474	317,338,320,833	281,445,652,652	318,846,762,305	270,685,176,881	306,153,886,784	263,021,203,770
Total shareholders' equity	26,160,305,969	25,144,403,319	25,878,767,288	24,790,609,703	25,567,656,906	24,523,869,688	25,624,938,404	25,196,191,770
Total liabilities and shareholders' equity	368,314,617,750	320,361,891,793	343,217,088,121	306,236,262,355	344,414,419,211	295,209,046,569	331,778,825,188	288,217,395,540
Off-Balance Sheet Items	91,098,629,848	73,008,509,221	84,968,659,923	70,255,541,589	85,683,958,477	63,268,512,543	81,578,203,993	58,296,384,698
Profit And Loss Account								
Net interest income	7,881,349,891	7,344,239,291	5,785,658,802	5,200,071,846	3,781,604,365	3,417,919,943	1,870,502,743	1,607,450,806
Total operating income (A)	15,052,712,56	13,949,045,023	11,798,286,298	9,588,083,095	7,966,447,668	6,298,852,040	3,743,094,043	2,767,478,000
Total operating expenses (B)	7,990,382,434	7,392,572,530	5,545,990,225	5,066,481,267	3,666,001,040	3,382,024,827	1,693,656,648	1,965,424,941
Profit before provision (C=A-B)	8,064,888,822	6,556,472,493	6,252,296,073	4,521,601,828	4,300,446,628	2,916,827,213	2,049,437,395	1,202,053,059
Net profit after taxation	1,458,802,052	1,334,954,548	1,888,704,887	980,461,097	877,995,296	707,200,328	494,663,037	324,680,509
Earnings Per Share (EPS)	153	140	125	103	0.92	0.74	0.56	0.37

As per the regulatory requirement of Bangladesh Securities and Exchange Commission (BSEC), Bank has prepared and presented Quarter Ended Financial Statements. These statements are prepared in accordance with BAS (Bangladesh Accounting Standards). The statements are sent to Audit committee for review. After review by the Audit Committee and approval by the Board, the statements are finally submitted to Bangladesh Securities and Exchange Commission (BSEC). Afterwards, the Quarter Ended Financial Statements are published in several daily newspapers. The statement is also published in the website of the bank.

## Pubali Bank Limited and its subsidiaries

### Business Segment

Particulars	Conventional Banking	Islamic Banking Window	Off Shore Banking Unit	Pubali Bank Securities Ltd.	Total
Income	16,106,345,416	66,361,029	2,564,811	499,043,540	16,674,314,796
Less: Inter segmental income/expense	-	-	-	-	-
Allocated expenses	7,981,125,522	9,138,810	118,102	43,781,974	8,034,164,408
Operating profit (profit before unallocated expenses & tax)	8,125,219,894	57,222,219	2,446,709	455,261,566	8,640,150,388
Provision against loans & advances and others	4,059,811,000	-	-	40,145,837	4,099,956,837
Provision for tax including deferred tax	2,666,275,770	-	-	76,771,998	2,743,047,768
Net profit	1,399,133,124	57,222,219	2,446,709	338,343,731	1,797,145,783
Segment assets	346,990,072,448	1,151,819,934	11,997,682,965	8,044,693,467	368,184,268,814
Segment liabilities	346,990,072,448	1,151,819,934	11,997,682,965	8,044,693,467	368,184,268,814

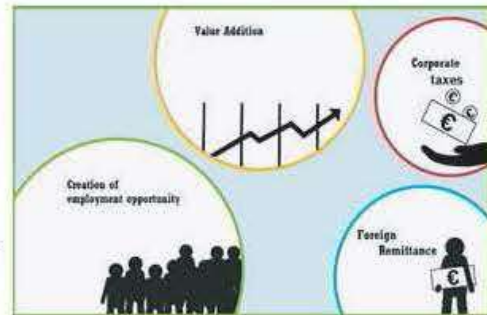




# Management Review & Evaluation

## 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.

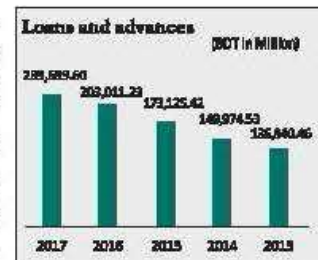


### Financing support to Industry; SMEs, Individuals etc.



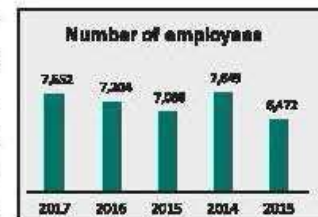
As a banking service provider Pubali Bank Ltd. contributes to the economic prosperity by providing financial products and services to the industrial undertakings including SMEs, RMG, Agro and various organizations and Individuals.

Based on the financials as on 31 December 2017 the size of total credit exposure of Pubali Bank Ltd. with 78,014 no. of clients is BDT 239,539.60 million (2016: 76,298 no. of clients, BDT 203,011.23 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 7,652 employees as on 31 December 2017 (2016: 7,204). During the year 2017 Pubali Bank paid total of BDT 4652.78 million as salaries and allowances to its employees (2016: BDT 4,232.81 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 2017 Pubali Bank Ltd. provided total of BDT 2,643.45 million for payment of corporate income tax (2016: BDT 2,759.34 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 withholding 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 10 percent Bonus dividend to its shareholders for the year 2017 (in 2016 the bank paid 8 percent Bonus and 5 percent cash dividend).



### 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 2017 Pubali Bank's total size of capital is BDT 9,508.04 million equivalent to market capitalization of BDT 28,904.43 million (2016: capital BDT 8803.74 million, market capitalization BDT 21,128.97 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 2017 the bank expended around BDT 141.56 million for donation (2016: BDT 51.48 million).

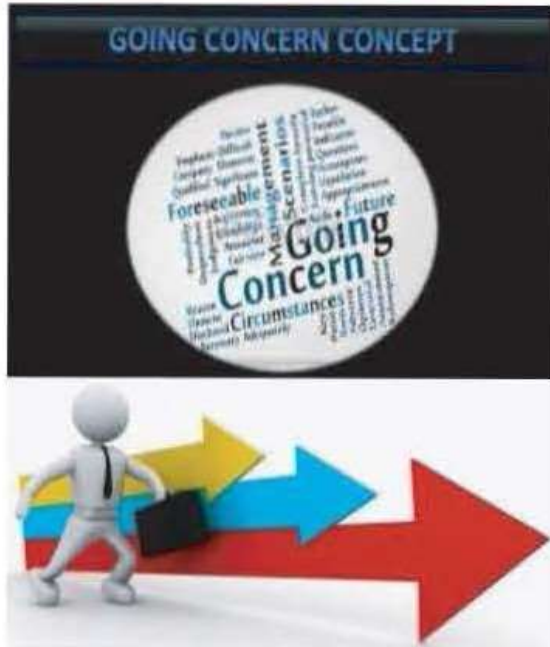
### Development with sustainable growth compromising the needs of future generation

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 greenhouse 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.

## 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 2017 Pubali Bank's earning asset increased by 17.22 percent, deposits by 9.88 percent, shareholders equity by 4.04 percent and operating profit increased by 24.84 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 2017 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 320,361.89 million to BDT 368,314.62 million indicating a growth of more than 14.97 percent over last year. Total Operating income has increased by 15.96 percent in 2017. 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 5,932.78 million as against BDT 4150.85 million of previous year.

However net operating cash flow after adjustment of increase/decrease in operating assets and liabilities shows net outflow of BDT 764.52 million as against net outflow of BDT 9445.82 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 46 (forty six) new branches at different places in Bangladesh, 119 new ATM has also been installed during last five years tenure. Total no. of Branches and ATMs as on 31 December 2017 is 465 branches and 120 ATMs (2016: 453 Branches and 109 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:**

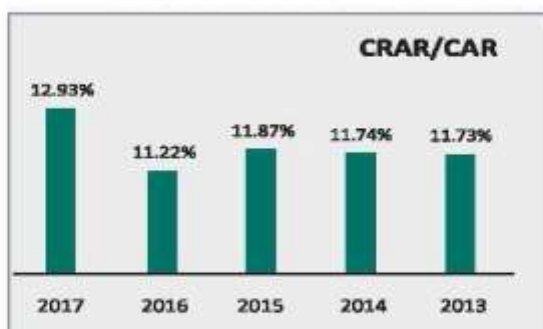
There exists a very good corporate environment in the Company. Pubali Bank is an excellent work place with friendly environment Communication among the employees is very excellent. The company endeavors to be honest and practices fair treatment to all employees



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 2017, the Company's total equity stands at BDT 26,160.31 million as against BDT 25,144.40 million of 31 December 2016. On the other hand, as on the date of the



reporting the paid up capital of the bank is BDT 9,508.04 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 2017 banks CRAR is 12.93 and maintained total regulatory capital TK. 31,975.20. 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 2016 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 19, 2017	
Based on Financial Statements	December 31, 2016	
Validity Date	June 19, 2018	

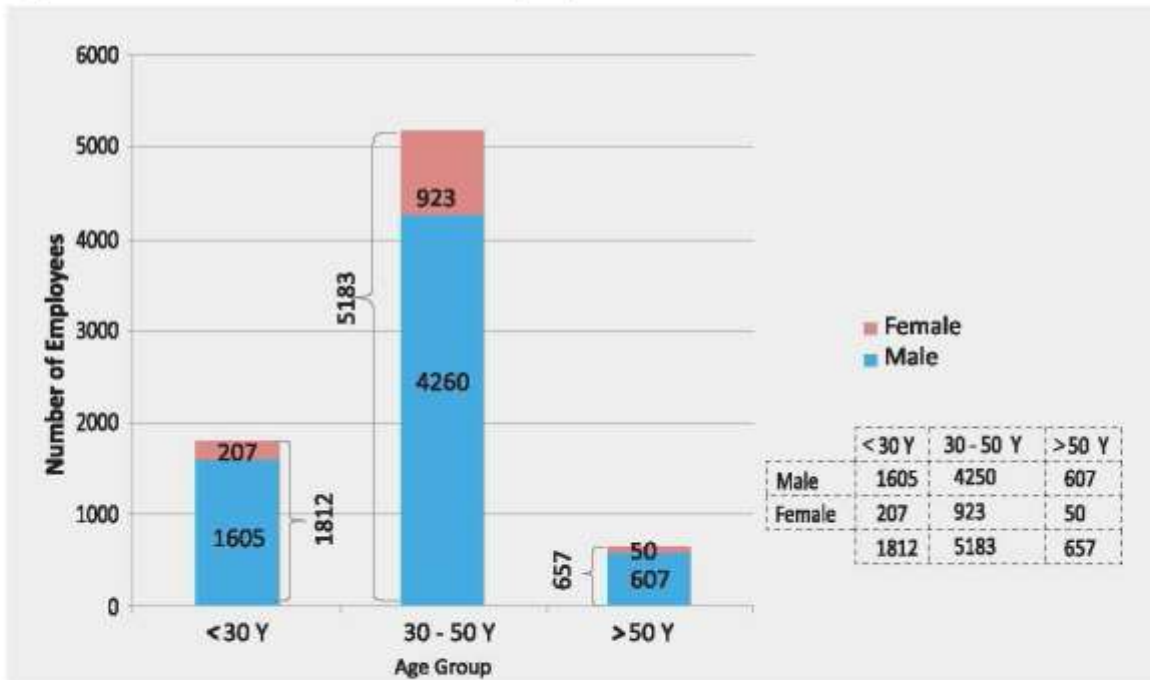
## REPORT ON HUMAN CAPITAL

Pubali Bank Limited focuses on strengthening its manpower 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 follows a rigorous recruitment system to hire fresh graduates as Probationary Assistant Junior Officer (Cash), Junior Officer, Officer and Senior Officer 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, Pubali Bank Limited has witnessed a rapid growth in human resources development for the last few years in terms of fast track and efficient e-recruitment and reduction of turnaround time significantly; development and implementation of a comprehensive orientation/induction process for the newly appointed officials at entry level, use of Performance Appraisal System (PAS); computerization of Human Resources Management Systems etc.

Total workforce has been raised to **7652** in 2017 from 7204. 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 employees behavior. Banking technologies are evolving at a rapid pace and competency 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.

### Age-based Male-Female mix of the Employees



## Recruitment:

### 05(five) year's recruitment at a glance:

Sl. No.	Rank ↓ \ Year →	2013	2014	2015	2016	2017
1	General Manager		1			
2	Deputy General Manager		2	1		1
3	Assistant General Manager			3		
4	Senior Principal Officer			1	2	2
5	Principal Officer		3	3		4
6	Senior Officer	106	64	14	100	116
7	Officer	194	121	2	185	162
8	Junior Officer	409	243	2	214	4
9	Deputy Junior Officer (Cash)			67		
10	Assistant Junior Officer (Cash)	64		61		262
11	Driver		14			5
12	Technician		3			
13	Armed Guard		223			
14	Messenger-Cum-Guard				100	48
		<b>773</b>	<b>674</b>	<b>154</b>	<b>601</b>	<b>604 *</b>

\*Excluding 01(one) DMD recruited in 2017.

## Incentivizing:

Total 326 employees were rewarded by cash out of which 91 for outstanding performance in training, 221 for passing banking diploma examination and 14 sub-staffs for passing graduation. In 2017, 1844 employees of 12 different ranks were given promotion to the next higher grade in recognition of their professional performance.

## Employees Welfare:

Bank has provided stipend/scholarship to 100 children of employees for their meritorious academic achievement. 559 employees were facilitated with financial assistance for their treatment & funeral for death cases from **Pubali Bank Employees Staff Welfare Fund**. Beside these, 9 retired employees and their distressed families were given financial help from **Pubali Bank Limited Retired Employees Welfare Fund**.

Pubali Bank also facilitated day care services for the children of employees of the Bank by establishing Day Care Center in Motijheel area jointly with 21 other private commercial Banks. This facility gives comfort to the employees especially to the female employees and helps them to concentrate discharging their duties with more satisfaction.



### Learning accomplishment in 2017

- 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 30 training programs having 82 frequencies were conducted in 2017 at PBTI for 2553 officials of the Bank.
  - b) One outreach workshop having 7 frequencies were conducted in 2017 by PBTI in 7 regions for 668 officials including branch managers of the respective braches under those regions.
- b) Training at other institute**
- A total of 412 persons attended in 180 courses at BIBM, BBTA, BAB and other institutes in 2017.
- c) Overseas training**
- 22 persons attended 13 different programs i.e. IT, Foreign Exchange, Trade Service in abroad to acquire the knowledge of international practices to compete in the local & international arena of Banking and to set ourselves at international standards as a benchmarks of competence.

### Corporate Social Responsibilities:

As a part of CSR, a total number of 175 students were facilitated by allowing them to complete their internship program (as a part of their academic curriculum) at different branches of Pubali Bank Limited all over the country.

Human Resources Division is committed to its prime motto in ensuring the highest standard of human resources management in its endeavor for development of the Bank.

## PUBALI BANK LIMITED- AN EMPLOYEE FRIENDLY BANK

Pubali Bank, an employee-friendly Bank, offers an excellent workplace with a very good corporate environment. The following benefits for its employees are ensured:

### Financial Benefit:

The Bank pays very competitive packages for its employees and it also revises pay scale every two years in line with the Cost of Living Expenses. The Bank introduced the following benefits for its employees:

- Contributory Provident Fund which is recognized by NBR.
- Gratuity Fund which is also recognized by NBR.
- Staff Welfare Fund: All active employees and those who are on Post Retirement Leave (PRL) are eligible for financial help.
- Retired Employees Welfare Fund: Retired Employees are eligible for this fund.
- Advance Increment for Prospective Employee.
- Honorarium for passing Banking Examination from IBB and BIBM etc.

### Skill Development of employees through Training:

The Bank established its own Training Institute named "Pubali Bank Training Institute (PBTI)" for the development of its employees through in house Training Round the year. This Bank gives extra emphasis on Human Capital Development to secure all stakeholders interest and to ensure generating future leaders for the Bank.

Pubali Bank also arrange Overseas Training Program for its employees where they can acquire knowledge on international practices to compete with other Competitors in the local and international arena of Banking.

### Leave facilities for Employees:

Pubali Bank introduced following Leave facilities for its Employees are:

- Ordinary Leave
- Leave on Half Pay
- Advance Leave
- Leave Salary
- Leave without Pay
- Special Disability Leave
- Study Leave
- Quarantine Leave
- Maternity Leave
- Casual Leave
- Medical Leave

# MANAGEMENT REVIEW & EVALUATION

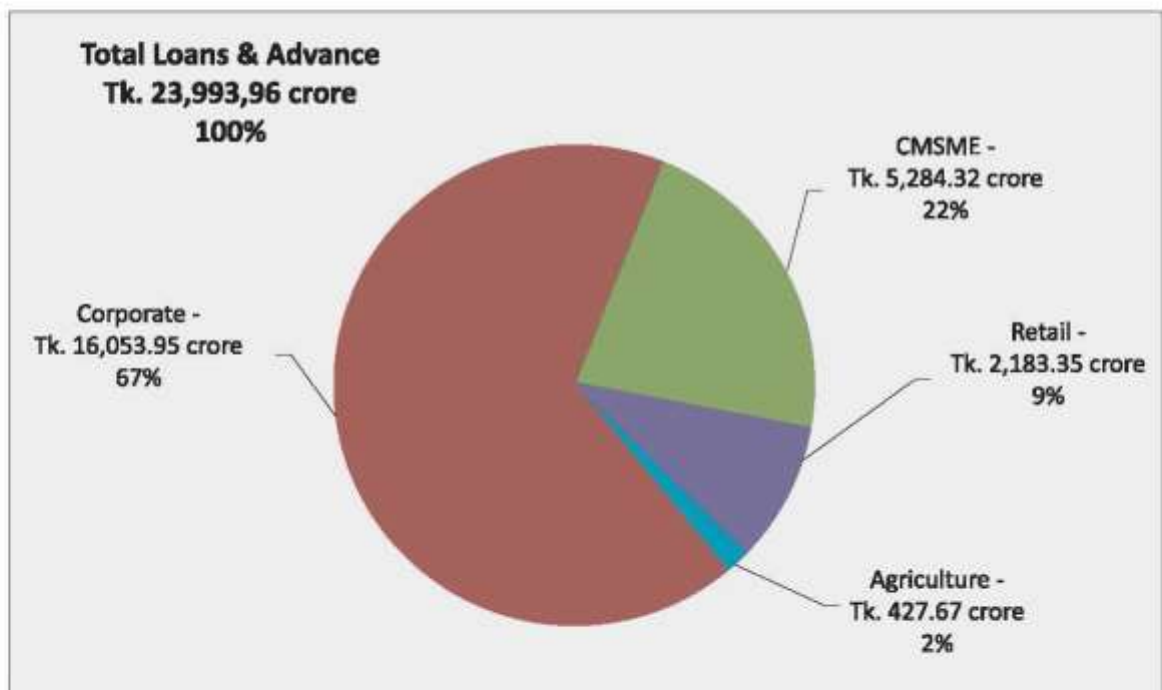
## CREDIT DIVISION

Credit Division is the core centre of Pubali Bank Limited and engaged in planning, promoting and managing to meet up the growing credit needs by offering varieties of products & services aimed at attaining sustainable credit growth to ensure desired profitability through devising and designing strategic credit plans, policies and guidelines.

Prime focus of the Credit Division is to maximization of profitability through increase of volume of quality lending with appropriate loan pricing in promising and productive sectors by maintaining a sensible mix of various client segments and products, economic sectors, geographical locations, demand-supply gap, social obligation etc.

To accelerate the credit approval process, the business discretionary power de-centralized delegating and empowering Regional Offices & Corporate Branches to approve credit facility within the enhanced delegated discretion. A thorough risk assessment covering business risk, financial analysis, industry analysis, historical performance, security risk, environmental risk etc. is done before sanction of any credit facility at all level of credit process.

The Credit Risk Management Policy of the Bank upgraded and updated with due approval of the Board of Directors in accordance with Bangladesh Bank's guidelines to ensure effective credit risk management and compliance with the regulatory framework. The updated CRM Manual will address more effectively on appropriate credit environment, sound approval process, structured credit administration, monitoring process and overall satisfactory control over credit risk. Total credit portfolio of the Bank as on 31 December 2017 can be categorized under the following categories:-



## Corporate Banking

Bank's corporate finance activities are done on prudent manner based on the policy guidelines and considering different parameters like economic condition & fluctuation, political scenario, growth & risk aspects of the related sector. Pubali Bank Limited is the business partner of corporate clients by offering financial co-operation in the following sectors:

- RMG Finance
- Trade & Commerce
- Syndication Finance
- Project Finance
- Work Order Finance
- Real Estate Finance

## Readymade Garments Financing

In spite of having obstacles the RMG sector in Bangladesh has grown up making major contribution to the national economy and is playing an important role in employment generation and foreign currency earnings of our Country. RMG Sector goal is to reach USD 50.00 Billion export by 2021. Pubali Bank Limited is also contributing in this foreign currency earning sector on priority basis. Total export in RMG Sector in Bangladesh for the year 2017 is USD 29,212.93 Million which was USD28,668.29 Million in 2016. In the year 2017 RMG export through Pubali Bank Limited by 109 clients is Tk. 5,841.90 crore [approximately USD730.24 million @Tk.80/- for 1 USD] increasing from Tk.5,650.06 crore [approximately USD 706.26 million @Tk.80/- for 1 USD] of 2016 with a growth rate of 3.40%.

2 (Two) dedicated units have been formed at Credit Division for proper handling of RMG portfolio of the Bank to meet up the urgent requirement of the clients. After proper analysis of the requirements, the Bank provides credit supports to the RMG clients in the form of project finance, working capital requirement, term loan for retrofitting / BMRE, import of capital & other ancillary machinery, fire fighting equipments etc. besides other regular facilities in this sector. Accordingly a significant portion of total financing of the Bank has been made in RMG sector which is in 2017 for Tk.2,024.67 crore increased from Tk. 1,353.36 crore of 2016. Credit team at Head Office and at Branches are continuously conducting periodic field visit of the factories and also ensuring meticulous compliance of rules & regulations of different regulatory bodies.

## Trade & Commerce

The Trade and commerce portfolio is diversified in commodity trading, construction and supply business, import financing, work order financing, fixed asset procurement, bill purchase etc. The Bank extends facilities in the form of working capital credit as well as Term Loan to both existing and new clients in the fields of foods, edible oil, other consumer items, food processing, rice mill, flour mill, feed mill, petroleum, chemical, printing & packaging, publishing, ship breaking, construction materials, furniture & saw mill, IT, electronic goods, deemed export etc.

A significant portion of the Bank's credit portfolio is distributed amongst trading sector. On receiving the credit proposals, the credit applications are processed for approval complying Bank's credit policy and rules and regulations of Bangladesh Bank and other regulatory authorities. For better evaluation

of credit proposals, field visits are done with a view to find out the actual credit need of the client.

### **Syndication Finance**

Funding together to spread and share the credit risk - is the main purpose of syndication financing. Pubali Bank Limited acts as Lead arranger and participant of syndication financing in the banking industry for development / establishment of different large infrastructural projects to improve the macro-economic scenario of the country. Pubali Bank Limited has contribution in financing in diversified sectors like Power, Telecom, Spinning, Steel, Cables, Food & Beverage, Hospital, Hotel, Glass, Rice Mill etc. Total participation up to 2017 in syndicate financing is Tk. 805.33 crore out of which an amount for Tk. 369.97 crore has been disbursed and present outstanding is Tk.292.66crore. Mentionable that under Syndication facility Pubali Bank Limited is actively participating in various large scale projects of Bashundhara Group, City Group, Sajeed Group, KSRM, BSRM, Nasir Group. Meanwhile 5 (five) Nos of projects of Shah Cement Ltd, Green Life Hospital, Karooni Knit Composite Ltd, Graphics Textiles Ltd, Prime Melange Yarn Mills Ltd have been adjusted in full in 2017.

### **Project Finance**

Pubali Bank Ltd offers Project Finance facility for establishment / BMRE of manufacturing and service industries, generally in the form of Term Loan to facilitate the client for procurement of fixed assets like capital machinery, ancillary machinery & equipment, construction of factory building etc. Project Finance is usually followed by Working Capital Finance to meet day to day operational expenses of the project so that the project can run profitably to repay the Bank's dues.

A detailed feasibility study is carried out before financing a project that includes technical, marketing, financial, management and organizational aspects as well as working capital assessment.

Pubali Bank Limited contributed actively for the development of large & medium scale industries under private sector of our country. The Bank has financed in setting up of various industrial units in wide range of productive sectors like spinning, textile, garments, pharmaceutical, cement, paper, telecommunication, steel, hotel, resort, hospital, educational institution, transport, filling station etc. Pubali Bank Limited facilitates a good number of projects both large & small; some names are Kushiara Power Company Ltd, Younus Offset paper Mills Ltd, Nitol Machinerries Ltd, Sena Edible oil Industries Ltd, Citizen Cables Ltd, DBL Pharmaceuticals Ltd, Birol Kazi Poultry Ltd.

### **Work Order Finance**

Pubali Bank Limited is playing due role and actively taking part in the infrastructural development process of the country by means of extending credit facilities to the contractors both in the form of funded & non-funded facility to execute work orders awarded by different Government authorities as well as renowned private organizations. The Bank participated in several mega projects of the Government by financing the relevant contractors having sound track record for successful accomplishment of project. The Bank also provides Earnest Money facility with easiest terms & conditions supported by simple documentary procedures and low clients' equity.

### **COTTAGE, MICRO, SMALL & MEDIUM ENTERPRISE (CMSME)**

Cottage, Micro, Small & Medium Enterprises play a vital role in the economy of our country and treated as the engine of national growth and smooth the progress of national economy. It accelerates

Industrialization, generates employment to a large number of people and thus reduces poverty. About 80 percent of industrial employment, about 90 percent of total industrial units and about 25 percent of the labour force are engaged in CMSME. Their total contribution to export earnings varies from 75 percent to 80 percent. The industrial sector makes up 31 percent of the country's gross domestic product (GDP), most of which is coming from CMSMEs. Presently CMSMEs are getting highest priority from all corners due to their already proven multidimensional contribution to the socioeconomic environment.

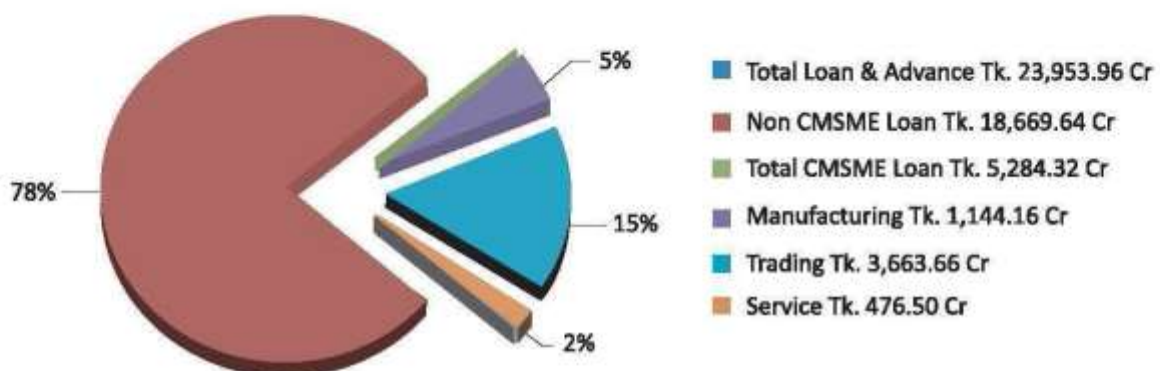
In the light of that the policy makers of Pubali Bank Limited also emphasize on CMSME sector. To promote the entrepreneurs and accelerate financing in this priority sector, the Bank already developed 5 (five) special CMSME Credit products along with usual & existing products of the Bank. Moreover encouraging the women entrepreneurs, Pubali Bank Limited also offering loans at lower interest rate.

A glimpse on SME portfolio of the Bank as on 31 December 2017 is as under:-

Total Loan & Advances	Tk. 23,953.96 crore
Total CMSME Loan	Tk. 5,284.32 crore (22.06% of total Loans & Advances)

Sector - wise outstanding:

Service	Tk. 476.50 crore ( 9.02% of CMSME portfolio)
Trading	Tk. 3,663.66 crore (69.33% of CMSME portfolio)
Industry	Tk. 1,144.16 crore (21.65% of CMSME portfolio)



## RETAIL LOAN

Pubali Bank Limited offers a good number of varieties of products to meet up requirements of every client in every aspects of retail banking. From purchase of household durables to vehicle for self use, meet up any urgent requirements through personal loan, purchase of Flat through Flat purchase loan, even decoration / renovation of existing flat under Flat renovation loan and finally credit card facility - no options are left to meet up day to day need for a retail client. As on 31 December 2017 total exposure in Retail loan is Tk. 2,183.35 crore which is 9% of total loan portfolio of Pubali Bank Limited.

## **SUSTAINABLE FINANCE & RELATED INITIATIVES**

The rapid changes in the climate pattern cause many problems and directly impacts on biodiversity, agriculture, forestry, water resources, and human health, which need immediate response. Pubali Bank Limited has taken initiatives on the environmental consequences. The Bank believes sustainability must lie at the heart of business to achieve the long-term success which allows the bank to contribute to the economic well-being of the society. We want to ensure sustainable business that brings benefit to the shareholders, society, the environment and local economies. To achieve this, we align our business and sustainability strategies as closely as possible.

### **Sustainable Finance Committee and Sustainable Finance Unit**

Sustainable Finance Committee and Sustainable Finance Unit at Head Office level have been formed to monitor & ensure best practice of Green Banking in its every sphere of actions. The committee regularly reviews its actions for closer convergence towards related national & global best practice. Green Banking Policy has been designed based on Green Banking Policy of Bangladesh Bank. The main concern of the policy is to ensure sustainability through environmental protection from pollution by eco-friendly activities including investment.

### **Incorporation of Environmental & Social Risks in Core Risk Management**

Pubali Bank Limited is following Environmental & Social Risk Management Guidelines to understand and manage risks arising from environmental & social concerns. This brought a focus on planning and implementing policies and procedures to mitigate environmental risks associated with financing decisions. Environmental & Social Risks are being considered as part of existing Credit Risk Management methodology of the Bank to assess the prospective borrower.

### **In-house Environment Management**

Pubali Bank Limited maintains in-house consumption of water, paper, electricity, energy etc. as a part of effective in-house environmental management. Theory of reduce, reuse & recycle are being in practice. Initiatives have been taken for attaining a prolific in-house Environment Management. Initiatives have been taken to apply eco-font in printing to reduce usage of ink and paper, use scrap papers and avoid disposable cups / glasses and to install energy efficient electronic equipments that will help the Bank to reduce electricity consumption. Normal bulbs have been replaced by energy saving bulbs in offices of the Bank. Almost all the CRT monitors has been replaced with LED monitors. This ensures 70% power usage cut by the personal computers all together. We are enhancing online coverage for clients, like ATM, SMS Banking, Internet Banking, Mobile Banking etc.

### **Electronic Communication**

The electronic mail system decreases use of paper and chemical ink for printing. Using the nationwide computer network & the email correspondences also decrease communication time, increase accuracy, faster decision making etc.

### **Green Banking Logo & Slogan:**

Green Banking logo & slogan has been introduced to trigger familiarity with green banking

concept. E-Circular platform is in use. Apart from these, bank is on its route to commence e-statement, e-tendering system shortly.

### **Online Credit Application and Appraisal Processing System**

Online Credit Application and Appraisal Processing System have been initiated. In this regard, necessary modules/software has already been incorporated in our PIBS. It will help offset usages of paper in our day to day activities.

### **Formation of Climate Risk Fund**

Pubali Bank Limited has created climate risk fund under CSR program for mitigating environmental risks arising out of climate changes in different areas. This fund is being utilized to promote economic activities in the flood, cyclone and drought prone areas in case of emergency as a part of bank's CSR activities. Regular financing in the vulnerable areas and sectors is also an ongoing process.

### **Employee Training**

Country-wide training programs for the employees to have in depth understanding on Green Environment & Green Banking have been arranged and are on-going process.

### **Green Finance**

Green Finance implies the financial services to the businesses and projects that help prevent deterioration and damage of the environment as well as which are not harmful to the environment. Green Investments combine both Direct and Indirect green investments. As per Bank's principles of giving preferences to eco-friendly business activities and energy efficient industries, Pubali Bank Ltd. has taken different steps for enhancing the green investment. As on 31 December 2017 total Green Financing is Tk. 1716.07 crore where Direct Green Finance is Tk. 8.06 crore and Indirect Green Finance 1708.01 crore.

## **AGRICULTURAL AND RURAL CREDIT**

Agriculture sector is the most important sector of Bangladesh economy and has a contribution of 19.6% to the national GDP. 63% of total population and 87% of rural population of the country are directly involved with agricultural activities like crops, fisheries, livestock etc. ensuring food security and creating self-employment as well as improving better standard of living for the common people. The economy of Bangladesh is growing through the advances of agriculture sector. Pubali Bank Limited is contributing with extreme importance to improve agricultural activities and emphasize on achievement of all targeted activities in this sector. In line and compliance of Bangladesh Bank's Agriculture and Rural Credit Policy for each fiscal year, Pubali Bank Limited sets sector-wise & branch-wise target for smooth allocation of agriculture credit. Bank also extends agricultural credit through well reputed NGOs/MFIs being ensured proper utilization of the fund in the agricultural sector.



## Target and achievement

(Figure in crore Taka)

Sectors	2015 - 2016		2016 - 2017	
	Disbursement	Percentage	Disbursement	Percentage
Target	260.00		300.00	
Sector-wise achievement				
Crops	23.09	8.12 %	132.99	40.28%
Pisci-culture	21.59	7.59 %	35.50	10.75 %
Agricultural tools	49.4	17.37 %	65.80	19.93 %
Livestock	184.41	64.83 %	74.17	22.46 %
Poverty Alleviation	4.6	1.62 %	15.70	4.75 %
Others	1.36	0.47 %	6.06	1.83 %
Total	284.45	100.00 %	330.22	100.00 %
Achievement	109.40% of Target		110.07% of Target	

## FINANCIAL INCLUSION

Bangladesh Bank in its policy statement defined Financial Inclusion as "a key element of social inclusion, necessary to foster inclusive growth, combat poverty by opening up blocked opportunities and inclusive financing of farm/non-farm output initiatives, generate new employment on the demand side while matching new domestic output on the supply side." Following the view of Bangladesh Bank for 'leaving no-one behind', Pubali Bank Limited, with its usual banking services, is on the way to create and expand financial services to blinds, garments workers, street children, school going children, poor and low-income populations come from the bottom of the society. The Bank is bringing the said segment of the people under the umbrella of banking services by opening & maintaining their accounts. Moreover loans are being disbursed directly through Bank's own Branch Network to the account holders of Tk.10/-. Up to 31.12.2017 cumulative disbursement of Pubali Bank Limited is total Tk. 2.85 crore through 629 borrowers out of which female borrowers is 109.

# GLIMPSES OF SOME PROJECTS FINANCED BY PUBALI BANK LTD.



*Dird Composite Textiles Ltd. of Kawran Bazar Corporate Branch*

Glimpses of Some Projects



**Choya Fashion Gallery -**  
*A women entrepreneurship of our Dakshinkhan Branch*



**Dui Bhai Auto Rice Mill of Thakurgaon Branch**



**Pran-RFL Group  
of Foreign  
Exchange Corporate Branch**



**DBL Pharma -  
a project financed by Pubali Bank  
Limited, Kawran Bazar  
Corporate Branch, Dhaka**



**Kushiara Power Plant - a project  
by Pubali Bank Limited  
Principal Branch, Dhaka**

Glimpses of Some Projects



***Kushlara Power Plant - a project  
by Pubali Bank Limited  
Principal Branch, Dhaka***

***Kushiara Power Plant - a project  
by Pubali Bank Limited  
Principal Branch, Dhaka***





## A WOMEN ENTREPRENEURSHIP our Jamalpur Branch



আমি মোছাঃ অঞ্জনা বেগম। ২০০৯ সালে মায়ের নিকট থেকে ৪০,০০০/- টাকা মূলধন নিয়ে হস্ত শিল্পের কাজ শুরু করি। হস্তশিল্প শুরু করার আগে আমার আর্থিক অবস্থা অত্যন্ত খারাপ ছিল। হস্ত শিল্পের কাজ শুরু করার পর থেকে আমার অবস্থা ক্রমাগত ভাল হতে থাকে। আমার প্রতিষ্ঠানের নাম "মা-মনি হস্ত শিল্প" যার যাত্রা আমার বাড়ি থেকে শুরু হয় এবং বর্তমানে জামালপুর পৌরসভার সামনেও এ প্রতিষ্ঠানের শো-রুম এবং কারখানা রয়েছে। এ প্রতিষ্ঠানের লাভ থেকে আমি ৫ (পাঁচ) শতাংশ জমি ক্রয় করেছি এবং উক্ত জমির উপর আধা পাকা গৃহ নির্মাণ করেছি। বর্তমানে আমার প্রতিষ্ঠানের কাজের সাথে প্রায় ১৫০ জন মহিলা প্রত্যক্ষ ও পরোক্ষ ভাবে জড়িত আছেন। আমি পূর্বানী ব্যাংক লিমিটেড, জামালপুর শাখা হতে ২০১৪ সালে ৫.০০ লক্ষ টাকার এসএমই ঋণ গ্রহণ করি এবং এ ঋণ পরিশোধের পর ২০১৭ সালে পুনরায় ১০.০০ লক্ষ টাকা ঋণ নিয়ে আমার ব্যবসার পরিধি বৃদ্ধি করতে সক্ষম হই। আমার প্রতিষ্ঠানের তৈরি পণ্য বর্তমানে জামালপুর, ময়মনসিংহ, ঢাকা, চট্টগ্রাম, মৌলভীবাজারসহ সারা দেশে সরবরাহ করা হয়। এ প্রতিষ্ঠান থেকে প্রতিদিন প্রায় ১,০০,০০০/- টাকার পণ্য বিক্রি করা হয়। আমার প্রতিষ্ঠানে বর্তমানে ৩৫.০০ লক্ষ টাকার পণ্য মজুদ রয়েছে। ২০১৮ সনের জানুয়ারী মাসে টাইলস জেলায় অনুষ্ঠিত এসএমই পণ্য মেলায় আমি অংশগ্রহণ করি এবং প্রথম পুরস্কারে ভূষিত হই। আমি একজন স্বাবলম্বী নারী এবং স্বামী-সন্তান নিয়ে বেশ সুখে আছি।

## PERFORMING CARD BUSINESS

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

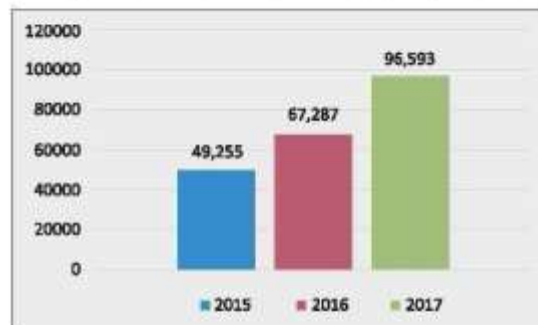
### Pubali Debit Card:

We are developing our Card business to make the plastic money popular for our valued customer. Since **2nd September 2013**, we are issuing MasterCard Debit Card and **from 18th February 2014**, we are issuing VISA Debit Card as per customers requirement through branch. At present, we have more than **1 Lac** Debit Card and the number is increasing day by day. **We offer a secure Debit Card with some productive features for our customers.**

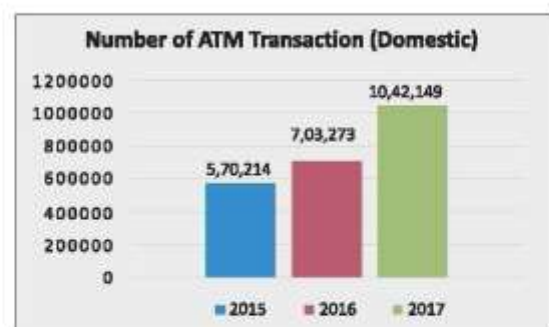
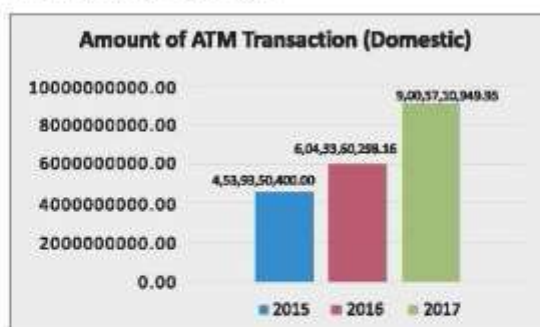
1. **We are providing Debit Card free of cost for the initial year.**
2. Lowest annual fee in the market.
3. Free of cost ATM Fund Transfer facilities through our ATM to any account of Pubali Bank. Also, fund transfer through our ATM to any banks account is ready for implementation.
4. Local **e-commerce** facility.
5. We will provide EMV Chip based Debit Card very shortly.

### Debit Card Growth :

Upto December 2017, we have issued **96,593** no. of Debit Card for our valued customers. The number of Card has increased by **43.55%** in comparison to the year 2016.

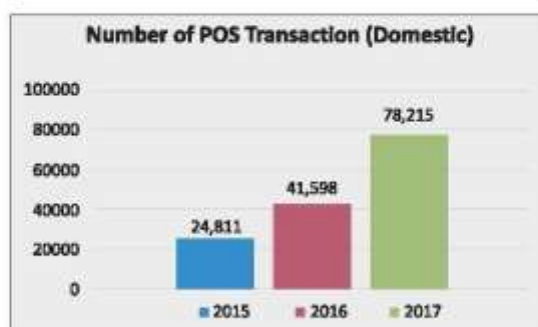
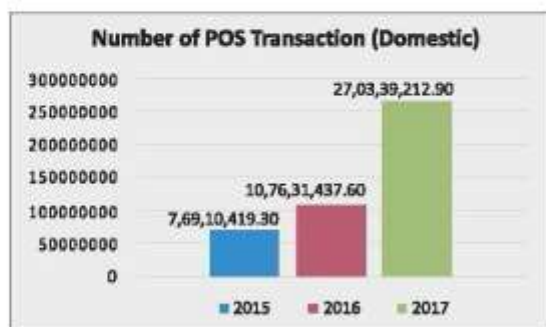


### Transaction Growth:





## Performing Card Business



### Pubali ATM:

At the end of **2012** we have started our **ATM** operation by establishing the connectivity with National Payment Switch Bangladesh (**NPSB**). Continuing to this, we are installing ATMs under different branches as per their demand. At present, we have **116 ATM Booth with 122 live ATM**. Our Management has taken imperative initiatives for rapid expansion of ATM Booths at suitable locations to facilitate our existing customers and penetrate potential clients across the country.

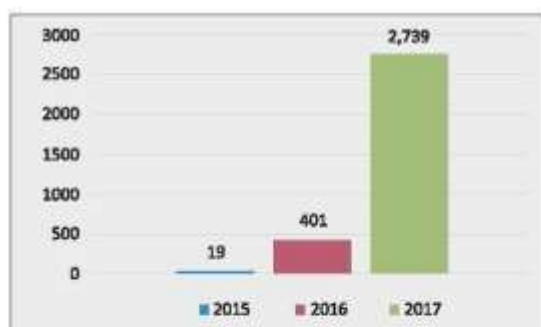
### Pubali Credit Card:

Credit Card is a unique consumer financial product that offers credit and provides the means of payment. It is no wonder that Credit Card is becoming popular in Bangladesh day by day and eventually will become centre to the financial lives of the most Bangladeshi consumers in future.

Pubali Bank Limited started the Credit Card services **from 19th August 2015** with a combination of flexibility & benefits for the customers. We offer a cashless society for our valued Credit Card holders by offering the best brands in the world (i.e; VISA and MasterCard).

### Credit Card growth :

At the end of 2017, we have issued **2,739** no. of Credit Card for our valued customers. The number of Card has increased by **583.04%** in comparison to the year 2016.



### Pubali Credit Card Facilities:

Pubali Bank have the right solution for their Credit Card holders with a combination of benefits and smooth services.

Each of our Card also carries a range of value added benefits to suit with lifestyle. Already we have tagged with more than 70 discount partners which includes Top Airlines, Electronic Brands, Hotels, Fashion Houses and Restaurants.

Pubali Bank Global Credit Card members will get access to **Balaka Executive Lounge** at Hazrat Shahjalal International Airport and avail all services there.

**For Credit Cards, we are offering the lowest interest rate in the market i.e; 17% per annum only. Its a strong benchmark for marketing our Credit Cards.**

With worldwide acceptance at millions of outlets, our Cards offer a host of features and benefits that make our life simpler and more convenient. Regular features of Pubali Credit Cards are given below:

- ✓ Dual Currency International Credit Card.
- ✓ Lowest Annual Fee.
- ✓ 03 free Supplementary Card against 01 Principal Card.
- ✓ Lowest interest rate in the market and no hidden charge.
- ✓ Accessible in all POS and ATMs that have VISA/MasterCard and NPSB network in Bangladesh.
- ✓ Purchases at over 38 million merchant locations across the globe.
- ✓ Convenience of accessing cash at more than 3.5 million ATMs across the world.
- ✓ 24/7 hours customer services help desk.
- ✓ Maximum 45 days interest free period.
- ✓ Cash withdrawal facility upto 50% of Credit Limit.
- ✓ **Fund transfer facilities through our ATM upto 90% of Credit limit with 1% processing fee.**
- ✓ We will provide EMV Chip based Credit Card very shortly.

### 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.



## ISLAMIC BANKING

Pubali Bank Limited pursues both Conventional and Islamic Banking services. Out of total 465 Branches, 02 (two) Branches have been providing Islamic Banking facilities through their affiliated Islamic Banking Windows since 2010. To utilize the largest Branch Banking Network in the private banking sector of the country graced by good market reputation, the Bank has already applied to Bangladesh Bank for 32 more Islamic Banking Windows, after approval of the Board, for expansion of its Islamic Banking Operations. We have also a future plan for introduction of *Islamic Banking Service Desk (IBSD)* in Conventional Branches of the Bank.

It is mention-worthy that the Islamic Banking operations of the Bank are totally separate from conventional ones. Separate Accounting for Islamic Banking Windows is being maintained through PIIBS (Pubali Integrated Islamic Banking Systems). At present, 19 personnel are working with the Islamic Banking Wing at Head Office and in two Islamic Banking Windows. The Team Members get trainings on Islamic Banking from home and abroad on regular basis; and all full length training programs for conventional banking conducted by *Pubali Bank Training Institute* include a session on Islamic Banking aiming to get them familiar with Islamic Banking products of the Bank. Since the very beginning of Islamic Banking, the Bank is a Member of the "*Central Shari'ah Board for Islamic Banks of Bangladesh*" and "*Islamic Banks' Consultative Forum*". We are committed in running our Islamic Banking business with strict compliance of Shari'ah and other prudential Guidelines.

### Financial Analysis

Since Inception, Islamic Banking business of Pubali Bank Limited saw remarkable growth in all aspect such as Deposit, Investment, Import, Export, Remittance and Profit. With only 2 windows, around 0.63% of Pubali Bank's business (in terms of profit) was achieved through Islamic Banking operations powered by 0.25% of total manpower. As on December 31, 2017, the Deposit and Investment of our Islamic Banking Windows were BDT.976.99 million and BDT.403.16 million respectively. During the year 2017, total Import (62 L/Cs) and Export (246 BB L/Cs) handled by Islamic Banking Windows were BDT.231.55 million and BDT.717.50 million respectively. Overall performance of Bank's Islamic Banking during the year is also reflected in its *Balance Sheet and Profit and Loss Account* included in this report.

### Major Activities in the Year 2017

- i) 04 (four) meetings of Bank's "*Shari'ah Supervisory Committee*" were held where different operational issues, policies and strategies were reviewed.
- ii) The Muraqilbs of the Bank conducted Shari'ah Audits in Islamic Banking Windows and submitted their reports before the *Shari'ah Supervisory Committee* and the Committee reviewed the same.

The Islamic Banking Windows (IBW) have made considerable progress in the Year 2017. It is expected that by the prized guidance and policy directives of Bank's Board and Management, the Islamic Banking operations of the Bank will progress further in 2018 and earn business successes in different indicators, *In Sha Allah*.

## ICT SECURITY STATUS OF PUBALI BANK LIMITED

Pubali Bank Limited has changed the way it provides services to its customers through transforming the manual process to automated system, converting branch banking to centralized real time online banking with harnessing the power of Information and Communication Technology (ICT). Security of Information of our bank has therefore gained much importance, and it is vital for us to ensure that the risks are properly identified and managed. Moreover, information and information technology systems are essential assets for the bank as well as for its customers and stakeholders. Maintenance of these assets is critical to ensure the uninterrupted services to customers and the organizations' sustainability. It is our utmost responsibility to protect the information from unauthorized access, modification, disclosure and destruction.

Considering the cyber-attacks on ATM and Card of different banks and SWIFT system of Bangladesh Bank, Pubali Bank Limited has upgraded its ICT Security Guideline considering the updated guideline of Bangladesh Bank and introducing the security measures accordingly.

Our key achievements for ICT Risk Management through protecting our system and securing ICT environments are:

- Establish a standard ICT Security Policy and ICT Security Management
- Ensuring secured and stable setup of its ICT Infrastructure
- Establish a secured environment for the processing of data
- Establish a holistic approach for ICT Risk Management
- Identifying information security risks and their management
- Communicating the responsibilities for the protection of information
- Prioritization of information and information systems those need to be protected
- Aware and trained the users associated with managing the ICT infrastructure

While designing our system, we considered the following pillars keeping robust ICT security policy, security procedure and ICT Risk Management in the basement:

- A. ICT Security Management
- B. ICT Risk Management
- C. ICT Service Delivery Management
- D. Infrastructure Security Management
- E. Access Control of Information System
- F. Business Continuity and Disaster Recovery Management
- G. Acquisition and Development of Information Systems
- H. Alternative Delivery Channels (ADC) Security Management
- I. Service Provider Management
- J. Customer Education

## INTERNATIONAL BUSINESS OPERATION

Pubali Bank Limited has been facilitating a significant volume of International Trade and Foreign Exchange transactions by using its largest branch network. The core strategy of international business operation of the Bank is to establish a wider and effective network of correspondence across the globe with a primary objective of entertaining the growing demand of quality trade services to its clients. The Bank's involvement in international business is in increasing trend over the years which includes import business, export business as well as collecting remittance from various countries.

### Business Highlight

BDT in million

Particulars	2017	2016	Growth in 2017
Import	141,670.20	121,852.00	16.26%
Export	96,127.50	86,764.10	10.79%

### International Division

International Division has various units including Correspondence Banking and Financial Institutions Unit, Centralized Payment Authorization Unit, SWIFT Operations, Centralized Trade Processing Centre (CTPC) and Offshore Banking Unit (OBU) to ensure smooth operation, coordination, supervision as well as support to international business affairs:

#### Correspondence Banking and Financial Institutions unit

The Bank is playing a vital role for smooth and dynamic operation of foreign exchange transactions and maintains a coordination and continuous correspondence between foreign banks and authorized dealer branches of the Bank. Relationship Management Application (RMA) including Drawing Arrangements have been established in all major currencies with different Foreign Banks. At present, the Bank has expanded its international network up to 342 RMA across 51 countries of the world. Credit lines have been established with Asian Development Bank (ADB) along with other Global Correspondents and due diligence procedure has been undergoing with International Finance Corporation (IFC). The Bank plays its role by facilitating foreign trade as well as working for the development and enhancement of foreign correspondence relationship.

#### Centralized Payment Authorization Unit

The Bank's Centralized Payment Authorization Unit consists of highly skilled manpower equipped with state-of-the-art technological and other infrastructural supports to handle all import payments and other outward remittance very efficiently and effectively. Having excellence in operational efficiency, this Unit has contributed to add value in service resulting positive impact on Bank's operational performance as an end result.

### SWIFT Operations

Pubali Bank Limited is a shareholding Member of SWIFT. Through SWIFT, the Bank has been facilitating cross border trade transaction, inward/outward remittance from September 2005. The Bank has 33 (thirty three) ADs including Head Office, 2 (two) OBUs & CTPC. All are connected to Global SWIFT Network via Data center at Head Office and currently facilitating seamless delivery of PBL's innovative Trade and FEX business products and services to the valued clients. The Bank continuously evaluates the robust control procedures already in place for operations like centralized trade payment, NOSTRO reconciliation, adhering to additional layer of authorization etc., so that its information in SWIFT network remain always safe and secured.

International Division has reassigned the power of Authorization for SWIFT End User at Branch Level and fixed the number of User & SWIFT PC as per business volume of the Branch. It has also configured security related Parameters in the SWIFT System to ensure more security on SWIFT Operation.

### Centralized Trade Processing Centre (CTPC)

The Bank has launched its journey of CTPC operation on March 06, 2017 by three phases to accommodate trade service facilities to the non-AD branches of the Bank along with boosting up trade business to maximize profitability. Its target is also to increase productivity with efficiency, ability with accuracy and local & international compliance by optimizing service excellence of the Bank. In the 1st phase, CTPC was premised at 4th floor of A.A. Bhaban, 23, Motijheel C/A, Dhaka-1000 for providing trade service facilities to all Non-AD branches of Dhaka (North, South and Central) Zone for bringing a positive impact on service excellence associating with positive growth in the business. In the Second phase, the bank has included Rangpur Zone under CTPC to facilitate the trade service to all Branches of this Zone. There is significant & positive response from the Non-AD Branches all over the country regarding the render of trade service facilities. The management is expecting to accommodate all the Non-AD branches and Non-Corporate AD branches under CTPC to provide trade facilities phase by phase.

### Offshore Banking Unit (OBU)

Offshore Banking Unit (OBU) is aimed to facilitate International trade with assets and liabilities denominated in foreign currencies. Since the inception of 2 (Two) Offshore Banking Units on January 22, 2015 named as OBU-Principal Branch located at A-A Bhaban, 23, Motijheel C/A, Dhaka and OBU-Agrabad Branch at Agrabad Branch, 99 Agrabad C/A, Chittagong, both units have made significant progress in offshore banking business. Both offshore banking units are self-sufficient with adequate logistics and financial resources consequently gain full-fledged sustenance from growing number of clients. OBUs are fully complied with all rules and regulations and fully backed and supported by Pubali Bank Limited as the parent company.

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

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

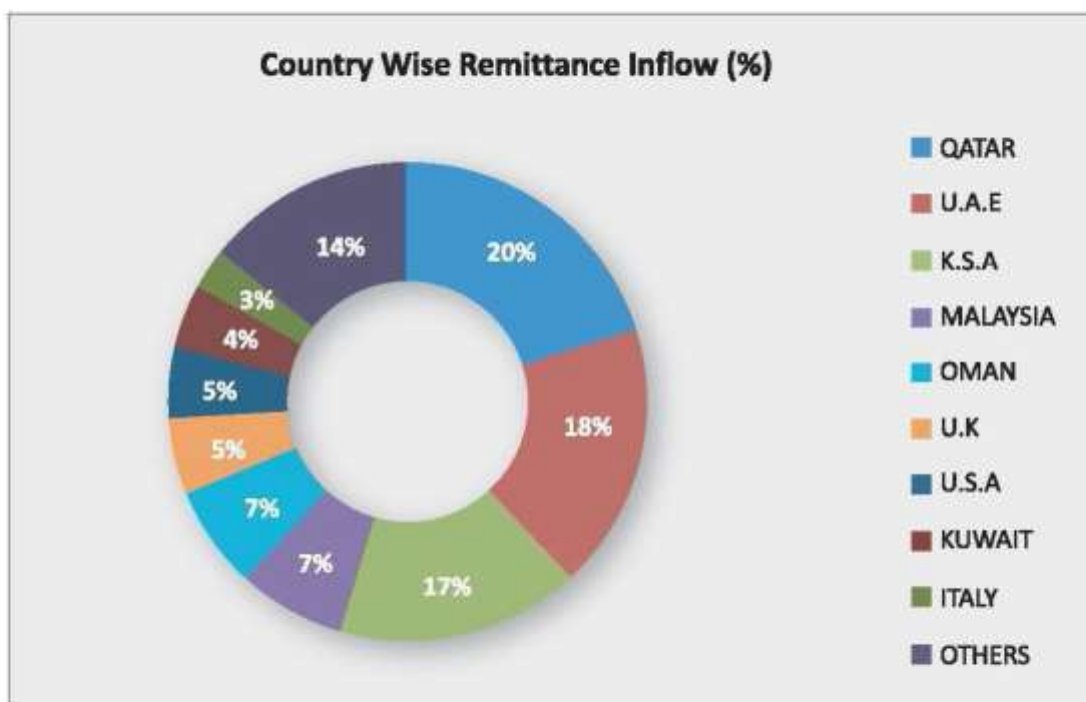
Offshore Banking Units of the Bank have made tremendous growth in its operating performance. The total assets of OBUs have increased from USD 101.82 million to USD 145.07 million reflecting a positive growth of 42.48 percent. Total operating profit has also increased from USD 1.33 million to USD 2.45 million representing 83.62 percent growth in this financial year.

**Comparative position of Offshore Banking for two years:**

Particulars	USD in million		
	2017	2016	Growth in %
Total Deposits & Borrowing	142.63	100.49	41.94%
Total Loans & Advances	139.73	99.10	41.00%
Total Operating Profit	2.45	1.33	83.62%

**Foreign Remittance**

Having the largest network in Bangladesh, Pubali Bank Limited plays a vital role in remittance inflow from the non-resident Bangladeshis. In the year 2017, the Bank collected remittance BDT 36,593.20 million. The bank's majority portion of remittance comes from Middle East countries including Qatar, United Arab Emirates, Saudi Arabia etc. But unfortunately, this part of the world experienced both political and economic turmoil in the recent past that has also affected remittance flow of Pubali Bank Limited.



Inward remittance was BDT 36,593.20 million in 2017 against BDT 37,757.00 million in 2016.

## ASSET LIABILITY MANAGEMENT (ALM)

Asset and Liability Management (ALM) is an integral part of bank management and so, it is essential to have a planned and systematic process for management of the Balance Sheet. To streamline the financial discipline, Bangladesh Bank identified 6 (six) Core Risks in Banking which have been provided below:



Among these risks, Asset and Liability Management is a fundamental part in the Balance Sheet management. Balance Sheet Risk can be categorized into two major types of significant risks which are liquidity risk and interest rate risk. Change in financial liquidity or interest rates exposures of Banks leads to the risk of loss, which may threaten the survival of the institution. Increasingly, Asset and Liability Management has become an integral part of Bank Management. The ALM functions include mitigating liquidity risk, management of interest rate risk and trading risk management. In short, ALM is the sum of the financial risk management of any financial institution.

**Following risks are typically managed by ALM:**

### Liquidity Risk

Liquidity may be defined as the capacity of a bank or business entity to meet its current obligations without incurring unacceptable losses. The fundamental role of bank is the maturity transformation of short-term deposits (liabilities) into long-term loans (assets) and this makes banks inherently vulnerable to liquidity risk. The transformation process creates asset and liability maturity mismatches on a bank's balance sheet that must be actively managed with available liquidity. An effective and strong liquidity risk management policy will ensure that the bank has sufficient liquid assets to meet its current obligations without incurring unacceptable losses.



Pubali Bank Limited has a strong Asset and Liability Management Committee (ALCO). The ALCO is responsible for balance sheet risk management. Managing the assets and liabilities to ensure maximum level of structural balance sheet stability and optimum profitability is an important responsibility of the ALCO.



The Bank also incorporates the following in its in-house liquidity risk management policy:

- ◆ An adequate process for identifying and controlling risk;
- ◆ The establishment of control activities, procedures and information systems;
- ◆ On-going review of adherence to in-house liquidity risk management policy, procedures and limits.

The ALCO ensures that monitoring and review task should ideally cover:



## Interest Rate Risk

Interest rate risk is the risk that arises due to adverse movements in interest rates on a bank's financial condition. Excessive interest rate risk can pose a significant threat to bank's earnings and capital base. Sources of interest rate risk are re-pricing risk, yield curve risk, basis risk, optionality risk etc. Reduced earnings or outright losses due to variation in interest rate can undermine bank's capital adequacy and reduce market confidence. Even the non-interest income arising from many activities, such as loan servicing and various assets securitization programs can be highly sensitive to market interest rates.

We have an effective interest rate risk measurement system that captures all material sources of interest rate risk (including re-pricing, yield curve and basis risk exposures) and that assesses the effect of interest rate changes in ways that are consistent with the scope of their activities.

### Management Strategy of Gap between Risk Sensitive Assets (RSA) & Risk Sensitive Liabilities (RSL)

GAP Position	Risk	Possible Management Response
Positive (RSA>RSL)	Losses if interest rates fall because the net interest margin will be reduced.	<ol style="list-style-type: none"> <li>1. Extend asset maturities or shorten liability maturities</li> <li>2. Increase interest sensitive liabilities or reduce interest sensitive assets</li> </ol>
Negative (RSA<RSL)	Losses if interest rates rise because the net interest margin will be reduced.	<ol style="list-style-type: none"> <li>1. Shorten asset maturities or extend liability maturities</li> <li>2. Decrease interest sensitive liabilities or increase interest sensitive assets</li> </ol>

## Contingency Funding Plan (CFP)

Since banks have to honor commitments under any circumstances, it is essential to ensure that enough liquidity is available to meet any crisis situation. Crisis situation may arise due to unexpected withdrawal of demand/term deposit, liquidity crisis in the market, policy changes by central bank etc. We have a contingency funding plan keeping in mind that enough liquidity is available to meet the funding requirements in a liquidity crisis situation.

## Liquidity Crisis Monitoring

The management monitors the early warning indicators or triggers to determine in advance if there are approaching liquidity problems. The following trigger points are used as early warning indicators to determine the liquidity stress event and to motivate management to take measures in advance.

- ◆ Lack of Public Confidence
- ◆ Adverse Stock Price Behavior
- ◆ Non meeting of Commitments to credit Customers
- ◆ Bangladesh Bank has declined to open the Rediscount/ Repo window at our request

- ◆ Call facilities have been declined by the market or a premium over market rates
- ◆ Consolidated ADR has exceeded 100% for more than 15 days
- ◆ More rapid growth rate of loan than deposit
- ◆ Rapid growth in potentially volatile liabilities
- ◆ An increase in early withdrawal requests from depositors
- ◆ Withdrawal of core deposits
- ◆ Lack of counter-party line
- ◆ Credit rating downgrades
- ◆ Increase in overall funding cost and decrease in earnings and interest margin
- ◆ Limited collection from loans

With the assistance and support from ALCO, Treasury of the Bank performs overall liquidity management. Close monitoring and timely execution of action plan helps overcome the liquidity crisis without much damage to the Balance Sheet structure and market reputation.

## 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 Puron)
- Patho Shishu 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
  - Teacher's Loan Scheme
  - Non-Resident Credit
  - House Renovation Loan
  - Education Loan
  - Pubali Abashon

### 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

### TRADE FINANCE

#### Import Finance

- Letter of Credit (L/C)
- Loan Against Trust Receipt (LATR)
- Loan Against Import Merchandise (LIM)

#### Export Finance

- Back to Back Letter of Credit (L/C)
- Packing Credit (PC)

#### Bills

- Payment Against Document (PAD)
- Foreign Bill Purchase (FBP)
- Inland Bill Purchase (IBP)

#### Foreign Bank Guarantee

### PUBALI CARD

- Pubali Debit Card
- Pubali Credit Card

### SERVICES

- ATM Service
- Remittance Service
- Locker Service
- Online Banking
- Internet Banking
- Pubali Cash (Fund Transfer facilities for unbanked people)

### TREASURY OPERATION

#### Money Market

- Inter Bank Call/Over Night Lending & Borrowing
- Term Money lending & Borrowing
- SWAP & DEPO
- Repo/Reverse Repo
- Fixed Income & Investment
- Treasury Bills/Bonds to Inter-bank

## OUR PRODUCTS & SERVICES

- Term Placement to NBFI

### Foreign Exchange & Corporate Sales

- Spot/Forward in USD/BDT
- Spot/Forward in Major Cross Currencies

### OFF-SHORE BANKING UNIT (OBU)

- Bill Discounting UPAS
- Financing to AD for export bill discounting Term Loan

### ISLAMIC BANKING

#### Deposit Products

- Al-Wadeeah Current Account
- Mudaraba Savings Account
- Mudaraba SND Account
- Mudaraba Term Deposit
- Mudaraba Deposit Pension Account
- Mudaraba Hajj Sanchay Account

#### Investment Products

- Bal 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

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

#### BROKERAGE SERVICE

- 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
- Confidential DSE & CSE Trading booth
- Large open trading floor
- DSE Mobile/Internet trading facility

#### MARGIN LOAN

- Margin Loan facility to the clients with minimum interest rate

#### CDBL SERVICES

- 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

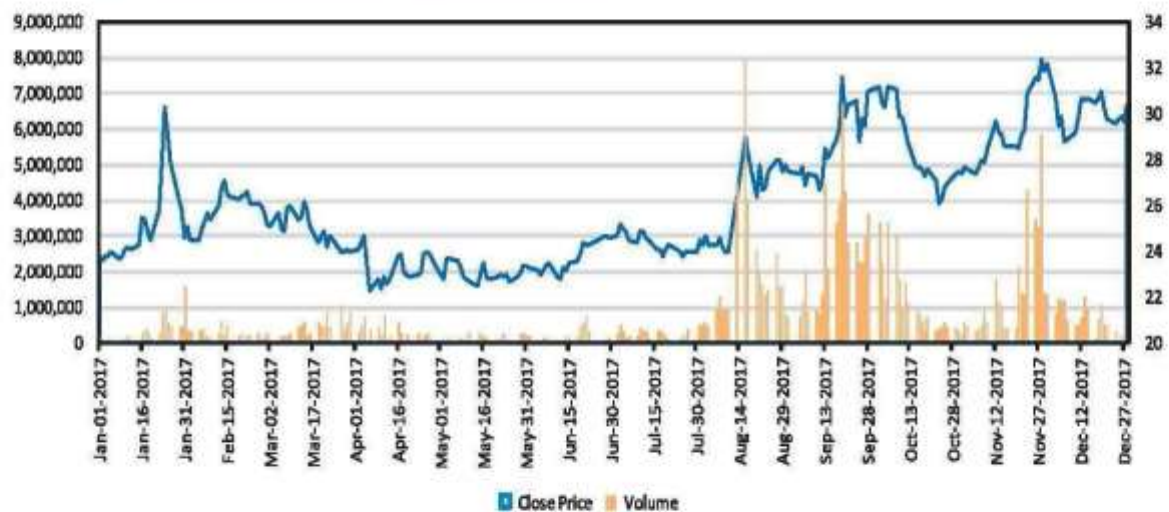
#### PORTFOLIO INVESTMENT

- Maintenance of own portfolio investment through stock dealing a/c

## PUBALI BANK SHARE TRADING STATUS 2017

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-17	31.00	23.20	210.79	7,984,231	30.00	23.40	16.00	595,759.00	226.79	8,579,990
Feb-17	27.30	23.20	125.09	4,824,791	26.70	23.80	11.01	429,105.00	136.10	5,253,896
Mar-17	26.80	23.80	224.20	9,024,359	26.00	24.30	19.86	789,617.00	244.06	9,813,976
Apr-17	25.40	22.00	140.08	5,980,359	24.60	22.40	11.95	518,705.00	152.03	6,499,064
May-17	24.00	22.20	69.06	2,988,826	23.50	22.00	4.97	215,676.00	74.04	3,204,502
Jun-17	25.30	22.70	89.73	3,728,987	24.80	22.90	3.91	166,034.00	93.64	3,895,021
Jul-17	25.60	23.50	135.76	5,544,847	24.10	23.90	9.85	400,034.00	145.60	5,944,881
Aug-17	29.50	23.80	1,071.55	39,381,552	29.10	24.00	128.54	4,682,367.00	1,200.09	44,063,919
Sep-17	32.30	25.50	1,458.75	49,478,099	31.40	26.70	178.73	6,153,489.00	1,637.47	55,631,588
Oct-17	32.30	26.00	766.31	25,656,430	31.30	26.10	71.44	2,441,933.00	837.75	28,098,363
Nov-17	33.00	27.20	1,021.62	33,635,090	32.40	27.40	58.96	1,977,838.00	1,080.58	35,612,928
Dec-17	32.30	28.50	423.29	14,078,600	31.00	29.00	16.90	563,154.00	440.19	14,641,754

## DSE PRICE VOLUME CHART OF PBL SHARE 2017



Market Category : A

Trading Code : PUBALIBANK



14,888.18	
9,094.00	
281.41	
<hr/>	
24,263	
1,712.40	
10.00	
5,241.04	
5,682.04	
381,948.49	
2,339.93	
63.50	
21.14	
112.92	
<hr/>	
4,860.00	
392.50	
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5,252.50	

## Financial Statements

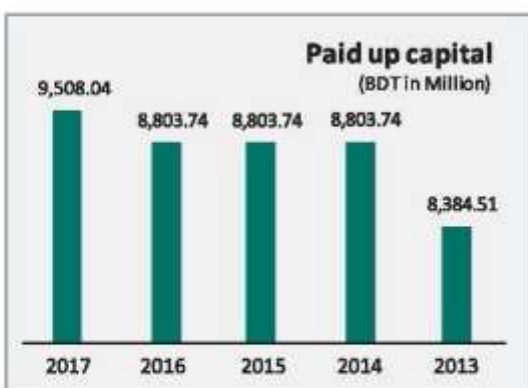
## COMPARATIVE FINANCIAL HIGHLIGHTS OF PBL

(BDT in million unless stated otherwise)

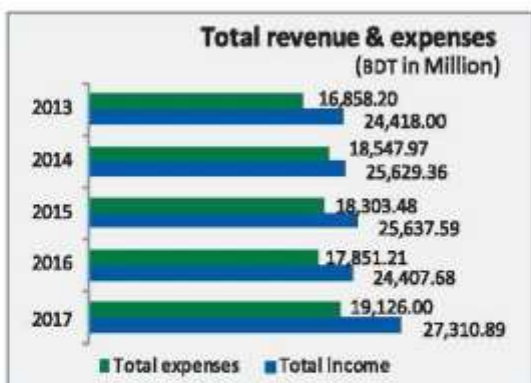
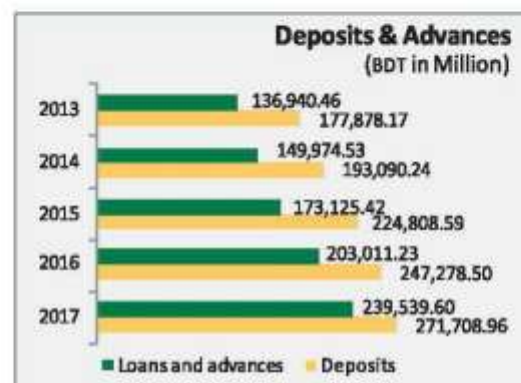
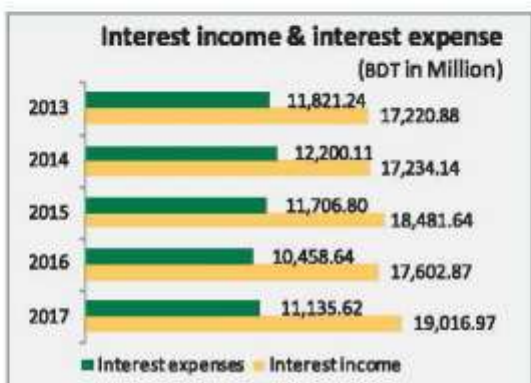
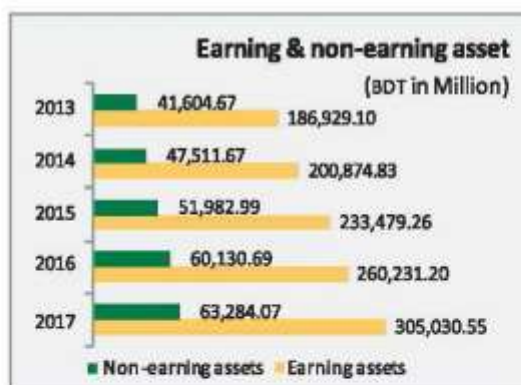
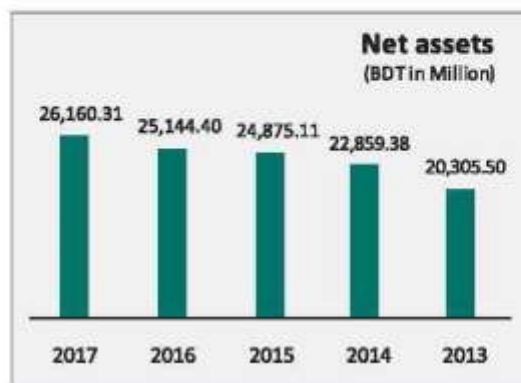
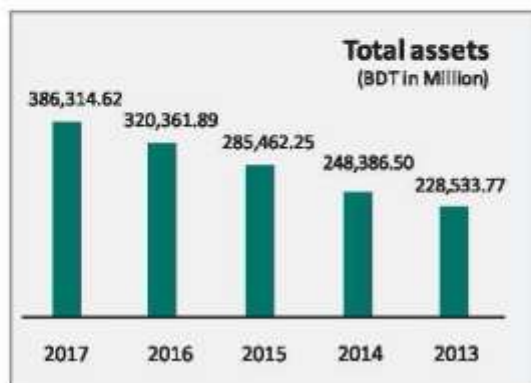
Particulars	2017	2016	Increase/ (Decrease)	Change (%)
<b>Income Statement</b>				
Total revenue	27,310.89	24,407.68	2,903.21	11.89%
Total expenses	19,126.00	17,851.21	1,274.79	7.14%
Operating profit	8,184.89	6,556.47	1,628.42	24.84%
Profit before tax	4,125.08	3,800.03	325.05	8.55%
Profit after tax	1,458.80	1,334.95	123.85	9.28%
Earnings per share	1.53	1.52	0.02	1.18%
<b>Assets &amp; Liabilities</b>				
Total assets	368,314.62	320,361.89	47,952.73	14.97%
Earning assets	305,030.55	260,231.20	44,799.35	17.22%
Total loans and advances	239,539.60	203,011.23	36,528.37	17.99%
Property, plant and equipment	3,686.86	3,788.44	(101.58)	(2.68)%
Total deposit	271,708.96	247,278.50	24,430.46	9.88%
Shareholders' equity	26,160.31	25,144.40	1,015.91	4.04%
<b>Capital</b>				
Paid up capital	9,508.04	8,803.74	704.30	0.08
Capital maintained	31,975.20	26,337.23	5,637.97	21.41%
Risk weighted assets (RWA)	247,245.80	234,583.60	12,662.20	5.40%
Capital required	24,724.58	23,458.36	1,266.22	5.40%
CRAR	12.93%	11.22%	1.71%	15.24%
<b>Share Information</b>				
Earnings per share (EPS)	1.53	1.40	0.13	9.59%
Net assets value per share (NAVPS)	27.51	28.56	(1.05)	-3.67%
Number of shares	950,803,716	880,373,812	70,429,904	0.08
<b>Regulatory Ratio</b>				
Cash reserve requirement (CRR)	6.47%	6.73%	-0.27%	-3.94%
Statutory liquidity ratio (SLR)	15.45%	17.86%	-2.41%	-13.49%
CRAR	12.93%	11.22%	1.71%	15.24%
Credit deposit Ratio (including OBU)	88.16%	82.10%	6.06%	7.38%
<b>Asset Quality</b>				
Amount of classified loans and advances	20,786.94	10,921.46	9,865.48	90.33%
Percentage of classified loans and advances	8.68%	5.38%	3.30%	61.31%
Required provision for loans and advances	10,654.72	7,179.35	3,475.37	48.41%
Provision maintained for loans and advances	10,656.23	7,679.55	2,976.68	38.76%
Classified other assets	104.65	107.09	(2.44)	-2.28%
Classified investment	5.16	9.68	(4.52)	(46.69)%
Total classified assets	20,896.75	11,038.23	9,858.52	89.31%



## GRAPHICAL PRESENTATION



## GRAPHICAL PRESENTATION



## KEY FINANCIAL INFORMATION

(BDT in million unless stated otherwise)

Particular	2017	2016	2015	2014	2013
<b>Asset Quality</b>					
Required provision for contingent liabilities	910.99	730.09	545.02	475.38	457.38
Provision maintained for contingent liabilities	911.30	730.80	546.80	476.80	464.30
Current assets	209,949.36	166,945.84	162,209.93	145,461.32	139,407.49
Current liabilities	183,471.89	147,209.95	142,553.02	130,756.89	120,550.70
Net current assets	26,477.47	19,735.89	19,656.91	14,704.43	18,856.79
Long term liabilities	158,682.42	148,007.54	118,034.12	94,770.23	87,677.57
Long term liabilities/current liabilities	0.86	1.01	0.83	0.72	0.73
<b>Foreign Exchange Business</b>					
Import	141,670.20	121,852.00	112,564.30	97,516.90	97,380.40
Export	96,127.50	86,764.10	85,740.40	77,071.30	69,484.40
Foreign remittance	36,593.00	37,757.00	43,807.00	43,541.70	38,947.60
<b>Financial Ratios</b>					
Operating profit ratio	29.97%	26.86%	28.61%	27.63%	30.96%
Gross profit ratio	29.97%	26.86%	28.61%	27.63%	30.96%
Operating profit as a percentage of average working fund	30.91%	33.22%	37.31%	48.16%	40.09%
Return on assets (ROA)	0.40%	0.42%	1.01%	1.24%	1.01%
Return on equity (ROE)	5.58%	5.31%	11.64%	13.43%	11.35%
Return on investment (ROI)	5.58%	5.31%	11.64%	13.43%	11.35%
Return on loans & advances	0.61%	0.66%	1.67%	2.05%	1.68%
Return on working fund	5.51%	6.76%	14.73%	20.88%	12.23%
Return on earning assets	0.48%	0.51%	1.24%	1.53%	1.23%
Operating profit per employee	1.07	0.91	1.04	0.93	1.17
Net profit per employee	0.19	0.19	0.41	0.40	0.36
Operating profit per branch	17.60	14.47	16.52	16.32	17.87
Net interest margin as a percentage of working fund	29.77%	36.20%	34.47%	34.23%	28.63%
Net interest margin on earning assets	2.58%	2.75%	2.90%	2.51%	2.89%
Efficiency ratio	0.29	0.30	0.26	0.25	0.21
Burden ratio	1.38%	1.54%	1.35%	1.59%	1.20%
Cost of deposit	4.10%	4.23%	5.21%	6.32%	6.65%
Yield on loans and advances	7.94%	8.67%	10.68%	11.49%	12.58%
Interest spread	3.84%	4.44%	5.47%	5.17%	5.93%
Cost of fund	7.42%	7.68%	8.75%	9.74%	10.17%
Net spread	0.52%	0.99%	1.93%	1.75%	2.41%
Cost to income ratio	70.03%	73.14%	71.39%	72.37%	69.04%
Debt equity ratio (times)	13.08	11.74	10.48	9.87	10.25
Current ratio (times)	1.14	1.13	1.14	1.11	1.16
Net asset value per share (NAPVS) ( in BDT)	27.51	28.56	28.26	25.97	24.22
Earnings per share (EPS) ( in BDT)	1.53	1.40	3.29	3.49	2.62
CRAR/ CAR	12.93%	11.22%	11.87%	11.74%	11.73%
Credit deposit ratio (including OBU)	88.16%	82.10%	77.01%	77.67%	76.99%
Cash reserve ratio/Liquidity ratio	6.47%	6.73%	7.38%	6.65%	6.53%
Statutory liquidity ratio (SLR)	15.45%	17.86%	24.30%	22.12%	24.04%
Medium term funding ratio (MTFR)	1.00	0.96	0.96	0.92	0.98
<b>Shares Information Matrix</b>					
Number of shares	950,803,716	880,373,812	880,373,812	880,373,812	838,451,250
Earnings per share (EPS) ( in BDT)	1.53	1.40	3.29	3.49	2.62
Net asset value per share (NAPVS) ( in BDT)	27.51	28.56	28.26	25.97	24.22
Market price per share	30.40	24.00	21.60	25.50	32.50
<b>Dividend:</b>					
Cash	-	5.00	12.00	10.00	5.00
Bonus	10.00	8.00	-	-	5.00
<b>Other Information</b>					
Number of branches	465	453	444	434	423
Number of employees	7,652	7,204	7,086	7,645	6,472
Number of foreign correspondents	30	31	32	30	30

## KEY FINANCIAL INFORMATION

(BDT in million unless stated otherwise)

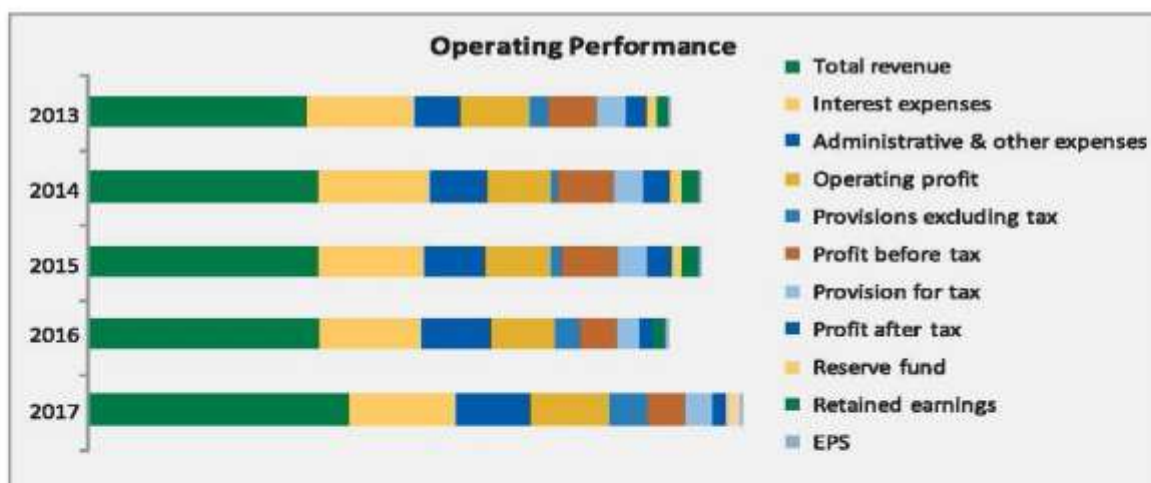
Particular	2017	2016	2015	2014	2013
<b>Balance Sheet Matrix</b>					
Authorized capital	20,000	20,000	20,000	20,000	20,000
Paid up capital	9,508.04	8,803.74	8,803.74	8,803.74	8,384.51
Reserve fund & surplus	16,652.27	16,340.67	16,071.38	14,055.64	11,920.99
Total shareholders' equity	26,160.31	25,144.40	24,875.11	22,859.38	20,305.50
Capital employed	184,842.73	173,151.94	142,909.23	117,629.61	107,983.07
Deposits	271,708.96	247,278.50	224,808.59	193,090.24	177,878.17
Loans and advances	239,539.60	203,011.23	173,125.42	149,974.53	136,940.46
Investments	53,527.20	48,865.75	57,881.68	48,970.73	48,678.92
Property, plant & equipment (Fixed Assets)	3,686.86	3,788.44	3,917.77	4,024.58	3,735.99
Total assets	368,314.62	320,361.89	285,462.25	248,386.50	228,533.77
Total off balance sheet exposures	91,098.63	73,008.51	54,502.19	47,538.41	45,738.25
Earning assets	305,030.55	260,231.20	233,479.26	200,874.83	186,929.10
Non-earning assets	63,284.07	60,130.69	51,982.99	47,511.67	41,604.67
Net Assets	26,160.31	25,144.40	24,875.11	22,859.38	20,305.50
<b>Income Statement Matrix</b>					
Interest Income	19,016.97	17,602.87	18,481.64	17,234.14	17,220.88
Investment Income	5,383.56	4,354.88	4,409.76	5,987.81	4,899.69
Non-interest income	2,910.36	2,449.93	2,746.19	2,407.41	2,297.42
Total income	27,310.89	24,407.68	25,637.59	25,629.36	24,418.00
Interest expenses	11,135.62	10,458.64	11,706.80	12,200.11	11,821.24
Non-interest expenses	7,990.38	7,392.57	6,596.68	6,347.86	5,036.96
Total expenses	19,126.00	17,851.21	18,303.48	18,547.97	16,858.20
Net interest margin (NIM)	7,881.35	7,144.23	6,774.84	5,034.03	5,399.64
Net non-interest margin	303.54	(587.76)	559.27	2,047.36	2,160.15
Operating profit	8,184.89	6,556.47	7,334.11	7,081.39	7,559.80
Earnings before provision, depreciation and tax	8,576.23	6,910.19	7,696.00	7,327.09	7,805.50
Profit before provision & tax	8,184.89	6,556.47	7,334.11	7,081.39	7,559.80
Profit before tax	4,125.08	3,800.03	6,038.46	6,143.50	5,386.79
Net profit after tax	1,458.80	1,334.95	2,895.29	3,070.13	2,305.54
<b>Capital Matrix</b>					
Risk weighted assets (RWA)	247,245.80	234,583.60	210,225.10	199,636.70	179,692.00
Total required capital	24,724.58	23,458.36	21,022.51	19,964.00	17,969.00
Total regulatory capital maintained	31,975.20	26,337.23	24,948.42	23,434.69	21,083.00
Capital surplus/(shortfall)	7,250.62	2,878.87	3,925.91	3,471.00	3,114.00
CRAR/(CAR)	12.93%	11.22%	11.87%	11.74%	11.73%
Core capital ratio	9.38%	9.46%	10.22%	9.97%	9.60%
Supplementary capital ratio	3.55%	1.76%	1.65%	1.77%	2.14%
Amount of core capital (Tier-1)	23,203.95	22,198.16	21,481.54	19,895.00	17,244.00
Amount of supplementary capital (Tier-2)	8,771.25	4,139.07	3,466.88	3,540.00	3,839.00
<b>Asset Quality</b>					
Classified loans & advances (Non-performing loans)	20,786.94	10,921.46	9,218.42	9,377.59	8,136.10
Percentage of NPLs to total loans and advances	8.68%	5.38%	5.32%	6.25%	5.94%
Required provision for unclassified loans	2,312.03	2,136.79	1,796.78	1,454.20	1,385.50
Required provision for classified loans	8,342.69	5,042.57	3,757.70	3,968.96	4,895.96
Total required provision for loans and advances	10,654.72	7,179.35	5,554.48	5,423.16	6,281.46
Total provision maintained for loans and advances	10,656.23	7,679.55	5,574.93	5,539.66	6,282.91
Provision excess/(shortfall) for loans and advances	1.52	500.20	20.45	116.50	1.45
General provision maintained	2,312.03	2,636.99	1,796.78	1,454.20	1,385.50
Specific provision maintained	8,344.20	5,042.57	3,778.15	4,085.46	4,897.41
Classified investment	5.16	9.68	10.76	6.69	6.73
Provision maintained for classified investment	23.75	23.75	23.75	18.75	18.75
Classified other assets	104.65	107.09	102.01	77.68	69.51
Provision maintained for other assets	296.56	255.43	220.24	190.05	162.19
Total classified assets	20,896.75	11,038.23	9,331.19	9,461.96	8,212.34
Total unclassified assets	347,417.87	309,323.66	276,131.06	238,924.54	220,321.43

## HORIZONTAL & VERTICAL ANALYSIS

### Operating performance

(BDT in million unless stated otherwise)

Particular	2017	2016	2015	2014	2013
Total revenue	27,310.89	24,407.68	25,637.59	25,629.36	24,418.00
Interest expenses	11,135.62	10,458.64	11,706.80	12,200.11	11,821.24
Administrative & other expenses	7,990.38	7,392.57	6,596.68	6,347.86	5,036.96
Operating profit	8,184.89	6,556.47	7,334.11	7,081.39	7,559.80
Provisions excluding tax	4,059.81	2,756.44	1,295.65	898.12	2,173.01
Profit before tax	4,125.08	3,800.03	6,038.46	6,143.50	5,386.79
Provision for tax	2,666.28	2,465.08	3,143.17	3,073.37	3,081.25
Profit after tax	1,458.80	1,334.95	2,895.29	3,070.13	2,305.54
Reserve fund	210.00	-	900.00	1,228.70	1,077.36
Retained earnings	1,248.80	1,334.95	1,995.29	1,841.43	1,228.18
EPS	1.53	1.40	3.29	3.49	2.62

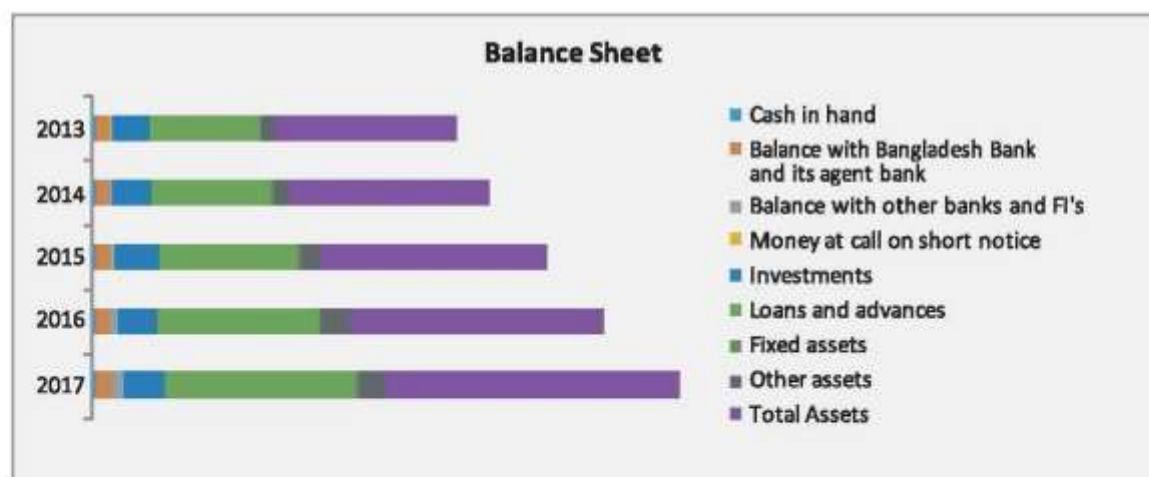
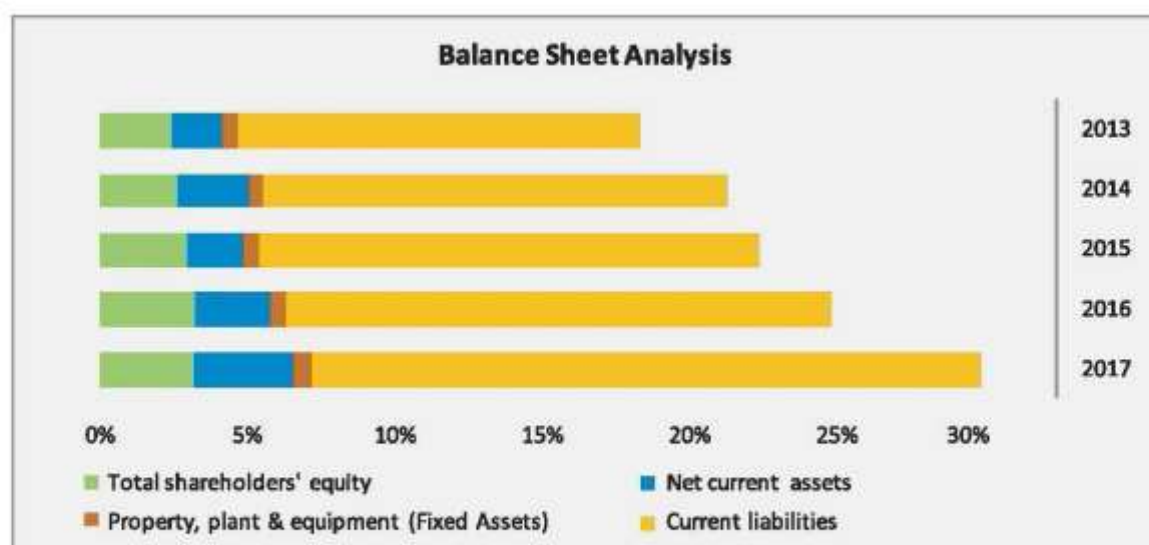


## HORIZONTAL & VERTICAL ANALYSIS

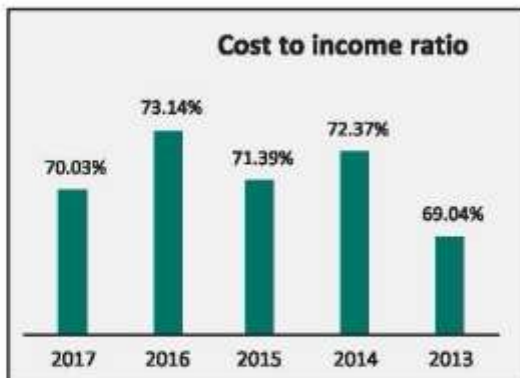
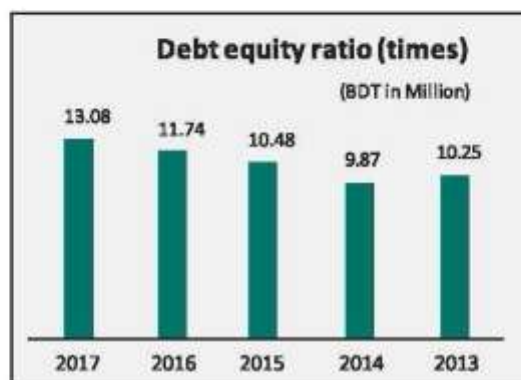
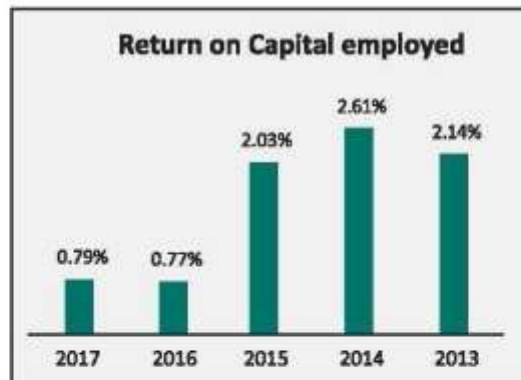
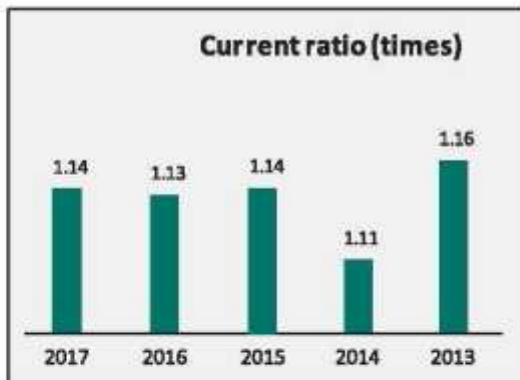
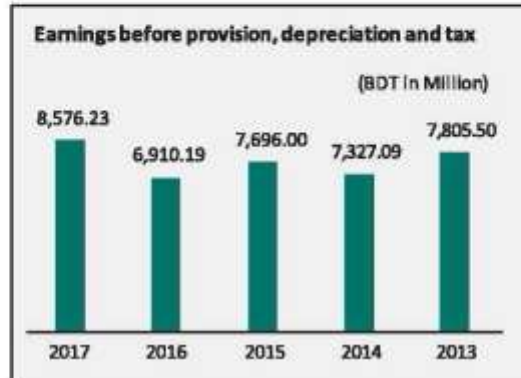
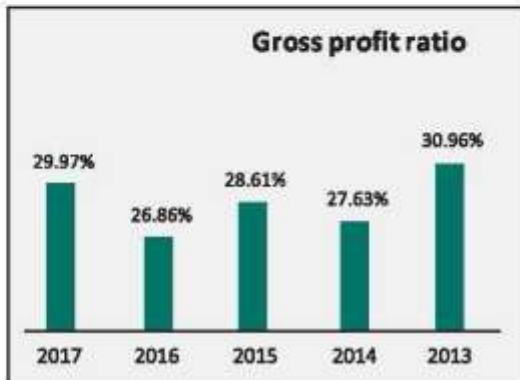
### Balance Sheet

(BDT in million unless stated otherwise)

Particular	2017	2016	2015	2014	2013
Cash in hand	3,643.11	3,612.83	2,834.88	3,607.70	4,186.60
Balance with Bangladesh Bank and its agent bank	19,174.68	17,501.64	18,542.10	16,345.81	15,312.86
Balance with other banks and FI's	12,903.22	9,033.36	2,222.69	2,329.43	1,566.37
Money at call on short notice	11.29	551.29	935.29	988.29	568.89
Investments	53,527.20	48,865.75	57,881.68	48,970.73	48,678.92
Loans and advances	239,539.60	203,011.23	173,125.42	149,974.53	136,940.46
Fixed assets	3,686.86	3,788.44	3,917.77	4,024.58	3,735.99
Other assets	35,828.29	33,996.97	26,002.05	22,145.07	17,543.31
<b>Total Assets</b>	<b>368,314.62</b>	<b>320,361.89</b>	<b>285,462.25</b>	<b>248,386.50</b>	<b>228,533.77</b>



## PROFITABILITY, DIVIDEND, PERFORMANCE AND LIQUIDITY RATIOS



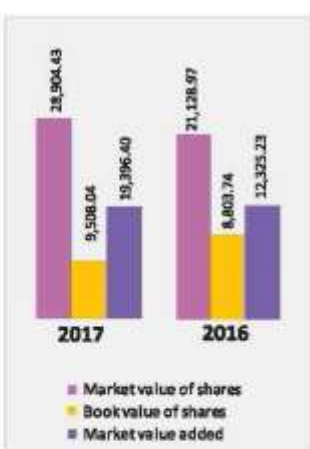
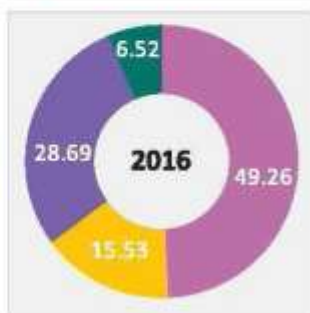
## VALUE ADDED STATEMENT

for the year ended 31 December 2017

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.

Figures in BDT

Particulars	2017		2016	
	Amount	%	Amount	%
<b>Value added</b>				
Net interest income	7,881,349,891	48.72	7,144,239,291	51.22
Commission, exchange and brokerage, etc.	1,674,574,422	10.35	1,401,477,386	10.05
Investment Income	5,383,560,297	33.28	4,354,878,450	31.22
Other operating income	1,235,786,646	7.64	1,048,449,896	7.52
Sub-total (a)	16,175,271,256	100.00	13,949,045,023	100.00
Cost of service rendered	(2,792,330,060)	(40.75)	(2,599,821,711)	(48.54)
Provision for loans, investment, Off B/S items & etc.	(4,059,811,000)	(59.25)	(2,756,438,526)	(51.46)
Sub-total (b)	(6,852,141,060)	(100.00)	(5,356,260,237)	(100.00)
<b>Total Value added by the bank (a-b)</b>	<b>9,323,130,196</b>		<b>8,592,784,786</b>	
<b>Distribution of value added</b>				
<b>Employees</b>				
As salaries and allowances	4,652,783,416	49.91	4,232,809,846	49.26
<b>Provider of Capital</b>				
Shareholders	1,248,802,052	13.39	1,334,954,548	15.53
<b>Government</b>				
Corporate tax	2,714,690,189		2,919,350,551	
Deferred tax	(48,414,419)		(454,271,132)	
	2,666,275,770	28.60	2,465,079,419	28.69
<b>Expansion and business growth</b>				
Statutory reserve	210,000,000	2.25	-	-
Depreciation and repair of bank's assets	545,268,958	5.85	559,940,973	6.52
<b>Total distribution</b>	<b>9,323,130,196</b>	<b>100.00</b>	<b>8,592,784,786</b>	<b>100.00</b>



## 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 shares compared to book value of 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 2017 and 2016 :

Figures in million Taka

Particulars	2017	2016
Market value of shares outstanding	28,904.43	21,128.97
Book value of shares outstanding	9,508.04	8,803.74
<b>Market value added</b>	<b>19,396.40</b>	<b>12,325.23</b>



## ECONOMIC VALUE ADDED STATEMENT (EVA) for the year ended 31 December 2017

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

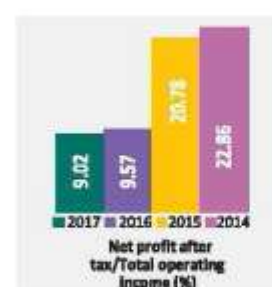
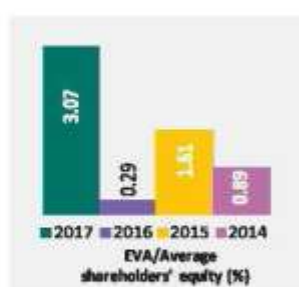
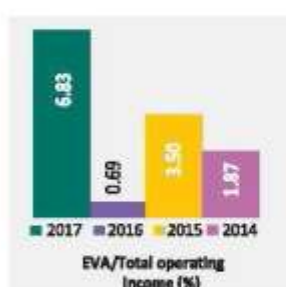
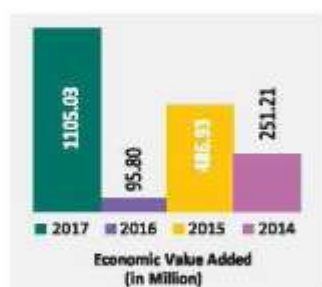
Shareholders' equity is the total amount of equity the year end plus accumulated provision charged against profit for doubtful losses.

### 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 2014 to 2017 :

For the year ended	Figures in BDT			
	2017	2016	2015	2014
Shareholders' equity at year end	26,160,605,969	25,144,403,319	24,875,113,452	22,859,377,335
Add : Accumulated provision for loans, investments & Off B/S items etc.	11,887,847,512	8,689,531,434	6,365,717,523	6,225,758,582
<b>Total</b>	<b>38,048,453,481</b>	<b>33,833,934,753</b>	<b>31,240,830,975</b>	<b>29,085,135,917</b>
Average shareholders' equity	35,941,194,117	32,537,382,864	30,162,983,446	28,159,392,952
Cost of equity (%)	12.28%	12.28%	12.28%	13.20%
<b>Economic Value Added</b>	<b>1,105,034,414</b>	<b>95,802,458</b>	<b>486,925,138</b>	<b>251,210,610</b>
Net profit after tax (before provision)	5,518,613,052	4,091,393,074	4,190,939,505	3,968,250,480
Less : Cost of equity	4,413,578,638	3,995,590,616	3,704,014,367	3,717,039,870
<b>Total operating income</b>	<b>16,175,271,256</b>	<b>13,949,045,023</b>	<b>13,930,787,851</b>	<b>13,429,253,429</b>
Net profit after tax	1,458,802,052	1,334,954,548	2,895,287,053	3,070,130,480
<b>Key ratios</b>				
EVA/Total operating income (%)	6.83	0.69	3.50	1.87
EVA/Average shareholders' equity (%)	3.07	0.29	1.61	0.89
Net profit after tax/Total operating income (%)	9.02	9.57	20.78	22.86



28 March 2018

**The Board of Directors**  
Pubali Bank Limited  
26, Dilkusha Commercial Area  
Dhaka-1000

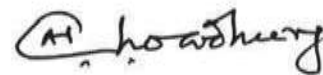
**SUB: CEO and CFO's declaration to the Board**

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 2017:

- 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.



**Mohammad Liton Miah FCA**  
Deputy General Manager & CFO



**Md. Abdul Halim Chowdhury**  
Managing Director & CEO

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

**S. F. Ahmed & Co.**  
Chartered Accountants  
House No. 51 (2<sup>nd</sup> & 3<sup>rd</sup> 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 2017, 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.

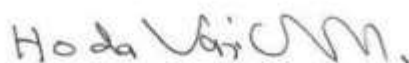
#### Opinion

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 2017, 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

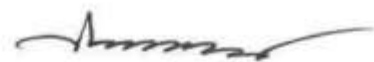
In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- (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# 2.16 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# 2.17 of these financial statements;
- (c) financial statements of a subsidiary, Pubali Bank Securities Limited, of the Bank have been audited by K.M.Hasan& Co., 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) as per approval of Bangladesh Bank stated in note 7.11, adequate provisions have been made for loans and 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 Vasl Chowdhury & Co.**  
Chartered Accountants

Dhaka, 29 March 2018



**S. F. Ahmed & Co.**  
Chartered Accountants



## Consolidated Balance Sheet as at 31 December 2017

	Note	2017 Taka	2016 Taka
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>			
<b>Acceptances &amp; Endorsements</b>			
Letters of guarantee	21	11,338,890,478	9,039,954,197
Irrevocable letters of credit		67,861,025,606	58,770,791,207
Bills for collection		10,202,171,342	4,125,546,631
Other contingent liabilities		1,696,542,422	1,072,217,186
<b>Total</b>		<b>91,098,629,848</b>	<b>73,008,509,221</b>
<b>Other Commitments</b>			
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		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet Items Including contingent liabilities</b>		<b>91,098,629,848</b>	<b>73,008,509,221</b>

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



Md. Abdul Halim Chowdhury  
Managing Director



Azizur Rahman  
Director

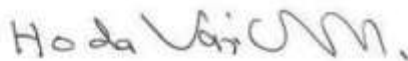


Md. Abdur Razzak Mondal  
Director



Habibur Rahman  
Chairman

Signed as per annexed report on even date



Hoda Vasi Chowdhury & CO.  
Chartered Accountants



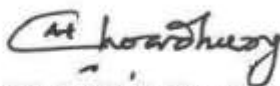
S.F. AHMED & CO.  
Chartered Accountants

Dated, Dhaka  
March 29, 2018

## Consolidated Profit &amp; Loss Account for the year ended 31 December 2017

	Notes	2017 Taka	2016 Taka
<b>Operating Income</b>			
Interest Income	22 (a)	19,050,006,860	17,625,672,255
Interest paid on deposits, borrowings, etc.	23	(11,135,619,332)	(10,458,632,825)
<b>Net Interest Income</b>		<b>7,914,387,528</b>	<b>7,167,039,430</b>
Investment income	24 (a)	5,779,350,124	4,506,579,587
Commission, exchange and brokerage	25 (a)	1,735,228,966	1,447,405,594
Other operating income	26 (a)	1,245,348,178	1,054,096,752
<b>Total Operating Income</b>		<b>16,674,314,796</b>	<b>14,175,121,363</b>
<b>Operating Expenses</b>			
Salaries and allowances	27 (a)	4,671,421,490	4,249,573,508
Rent, taxes, insurance, electricity, etc.	28 (a)	768,264,087	654,434,348
Legal expenses	29 (a)	19,624,035	16,836,223
Postage, stamp, telecommunication, etc.	30 (a)	83,470,720	76,657,374
Stationery, printing, advertisements, etc.	31 (a)	145,562,607	119,406,187
Managing Director's salary and fees	32	10,500,000	10,500,000
Directors' fees	33 (a)	8,086,862	8,614,616
Auditors' fees	34 (a)	2,203,016	1,463,750
Charges on loan losses		55,388,623	-
Depreciation and repair of bank's assets	35 (a)	546,503,427	561,604,295
Other expenses	36 (a)	1,723,139,541	1,740,096,001
<b>Total Operating Expenses</b>		<b>8,034,164,408</b>	<b>7,439,186,302</b>
<b>Profit/(Loss) before Provision</b>		<b>8,640,150,388</b>	<b>6,735,935,061</b>
<b>Provision for Loans, Advances, Investments and other Assets</b>	37 (a)		
Provision for classified loans and advances		3,875,000,000	1,731,583,535
Provision for unclassified loans and advances		-	840,208,991
Provision for diminution in value of Investments		-	59,349,859
Provision for impairment clients' margin loan		40,145,837	18,463,446
Provision for bad debt offsetting		4,311,000	646,000
		<b>3,919,456,837</b>	<b>2,650,251,831</b>
Provision for exposure of off-balance sheet items	38	180,500,000	184,000,000
<b>Total Provision</b>		<b>4,099,956,837</b>	<b>2,834,251,831</b>
<b>Total Profit/(Loss) before Taxes</b>		<b>4,540,193,551</b>	<b>3,901,683,230</b>
Provision for current tax	14.5 (a)	2,788,123,957	2,960,433,315
Provision for deferred tax	14.5.1 (a)	(45,076,189)	(452,774,581)
<b>Total Provision for Taxes</b>		<b>2,743,047,768</b>	<b>2,507,658,734</b>
<b>Net Profit after Taxation</b>		<b>1,797,145,783</b>	<b>1,394,024,496</b>
<b>Profit Attributable to</b>			
Equity holders of parents		1,797,145,661	1,394,024,475
Non- controlling interest		122	21
<b>Appropriations</b>		<b>1,797,145,783</b>	<b>1,394,024,496</b>
Statutory reserve		210,000,000	-
Retained surplus (general reserve) carried forward		1,587,145,783	1,394,024,496
<b>Earnings Per Share (EPS)</b>	45 (a)		
Basic		1.89	1.47
Diluted		1.89	1.47

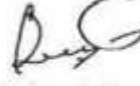
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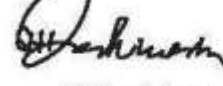
Md. Abdul Halim Chowdhury  
Managing Director



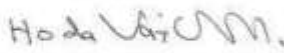
Azizur Rahman  
Director



Md. Abdur Razzak Mondal  
Director



Habibur Rahman  
Chairman



Hoda Vaal Chowdhury & CO.  
Chartered Accountants

Signed as per annexed report on even date



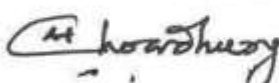
S.F. AHMED & CO.  
Chartered Accountants

Dated, Dhaka  
March 29, 2018

## Consolidated Cash Flow Statement for the year ended 31 December 2017

	<u>Notes</u>	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
<b>a Cash flows from Operating Activities</b>			
Interest receipts in cash		24,024,536,675	21,437,774,583
Interest payments		(11,019,409,005)	(10,246,411,738)
Dividend receipts		451,694,878	457,481,437
Fees and commission receipts		1,172,107,754	971,001,544
Recoveries of loans previously written off		133,727,023	-
Cash payment to employees		(4,681,921,490)	(4,260,073,508)
Cash payment to suppliers		(249,882,888)	(212,952,010)
Current income tax paid		(2,643,451,576)	(2,759,337,697)
Receipts from other operating activities	39 (a)	1,911,657,471	1,555,275,537
Cash payments for other operating activities	40 (a)	(2,711,017,236)	(2,612,440,598)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>		<b>6,388,041,606</b>	<b>4,330,317,550</b>
<b>Increase/ (Decrease) in Operating Assets and Liabilities</b>			
Statutory deposits		1,318,887,031	10,581,044,308
Purchase/sale of trading securities		(5,936,515,361)	(4,617,455,256)
Loans and advances to customers (other than banks)		(36,538,547,295)	(29,789,826,935)
Other assets	41 (a)	643,930,531	(322,565,053)
Deposits to/from other banks		11,793,372,946	3,762,435,457
Deposits from customers (other than banks)		24,430,459,638	22,469,913,155
Other liabilities account of customers		(1,555,014,609)	289,500,087
Other liabilities	42 (a)	952,457,756	554,906,783
<b>Total Increase/ (Decrease) In Operating Assets and Liabilities</b>		<b>(4,890,969,363)</b>	<b>2,927,952,546</b>
<b>Net Cash from/(used In) Operating Activities</b>		<b>1,497,072,243</b>	<b>7,258,270,096</b>
<b>b Cash flows from Investing Activities</b>			
Purchase /Sale of property, plant & equipment		(289,368,486)	(223,608,534)
<b>Net Cash from/(used In) Investing Activities</b>		<b>(289,368,486)</b>	<b>(223,608,534)</b>
<b>c Cash flows from Financing Activities</b>			
Payment for redemption of loan capital and debt security		(2,712,496)	(9,216,107)
Receipts from issue of Subordinated bond		5,000,000,000	-
Dividend Paid		(440,186,906)	(1,056,448,574)
<b>Net Cash from/(used in) Financing Activities</b>		<b>4,557,100,598</b>	<b>(1,065,664,681)</b>
<b>d Net Increase/ (Decrease) in Cash and Cash equivalents (a+b+c)</b>		<b>5,764,804,355</b>	<b>5,968,996,881</b>
<b>e Cash and Cash equivalents at beginning period</b>		<b>31,084,907,665</b>	<b>25,115,910,784</b>
<b>f Cash and Cash equivalents at end of period (d+e)</b>	43 (a)	<b>36,849,712,020</b>	<b>31,084,907,665</b>

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



Md. Abdul Halim Chowdhury  
Managing Director



Azizur Rahman  
Director



Md. Abdur Razzak Mondal  
Director



Habibur Rahman  
Chairman

Signed as per annexed report on even date

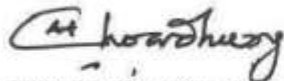
Dated, Dhaka  
March 29, 2018



## Consolidated Statement of Changes in Equity for the year ended 31 December 2017

(Figures in Taka)

Particulars	Paid-up capital	Statutory reserve	Retained earnings (general reserve)	Other reserves	parent's equity	Non-controlling	Total
<b>For the year 2017</b>							
Balance as at 1 January 2017	8,803,738,120	9,300,249,482	3,382,630,056	2,946,240,656	24,432,858,314	679	24,432,858,993
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	8,803,738,120	9,300,249,482	3,382,630,056	2,946,240,656	24,432,858,314	679	24,432,858,993
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Adjustment of last year gain on investment	-	-	-	25,465,120	25,465,120	-	25,465,120
Surplus/Deficit on account of revaluation of investments	-	-	-	(33,682,465)	(33,682,465)	-	(33,682,465)
Currency translation differences	-	-	-	5,504,849	5,504,849	-	5,504,849
Net gains and losses not recognised in the Profit and Loss statement	-	-	-	-	-	-	-
Transfer regarding revaluation reserve on sale of properties	-	-	-	-	-	-	-
Non-controlling capital	-	-	-	-	-	-	-
Net profit for the year	-	-	1,587,145,661	-	1,587,145,661	122	1,587,145,783
Transfer to statutory reserve	-	210,000,000	-	-	210,000,000	-	210,000,000
Issue of bonus shares - 2016	704,299,040	-	(704,299,040)	-	-	-	-
Proposed dividend (bonus issue)	-	-	-	-	-	-	-
Dividends (cash) for 2016	-	-	(440,186,906)	-	(440,186,906)	-	(440,186,906)
<b>Balance as at 31 December 2017</b>	<b>9,508,037,160</b>	<b>9,510,249,482</b>	<b>3,825,289,771</b>	<b>2,943,528,160</b>	<b>25,787,104,579</b>	<b>801</b>	<b>25,787,105,374</b>
<b>Balance as at 31 December 2016</b>	<b>8,803,738,120</b>	<b>9,300,249,482</b>	<b>3,382,630,056</b>	<b>2,946,240,656</b>	<b>24,432,858,314</b>	<b>679</b>	<b>24,432,858,993</b>


Md. Abdul Halim Chowdhury  
Managing Director

Azzur Rahman  
Director

Md. Abdur Razzak Mondal  
Director

Habibur Rahman  
ChairmanDated, Dhaka  
March 29, 2018

Signed as per annexed report on even date

## Balance Sheet as at 31 December 2017

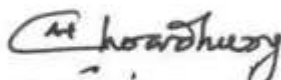
**PROPERTY AND ASSETS**

	Notes	2017 Taka	2016 Taka
<b>Cash</b>	<b>3</b>	<b>22,817,790,448</b>	<b>21,114,474,598</b>
Cash in hand ( Including foreign currencies )		3,643,109,729	3,612,831,120
Balance with Bangladesh Bank and its agent Bank (s) (Including foreign currencies )		19,174,680,719	17,501,643,478
<b>Balance with Other Banks and Financial Institutions</b>	<b>4</b>	<b>12,903,217,937</b>	<b>9,033,361,643</b>
In Bangladesh		11,952,460,323	7,802,936,535
Outside Bangladesh		950,757,614	1,230,425,108
<b>Money at Call on Short Notice</b>	<b>5</b>	<b>11,286,667</b>	<b>551,286,667</b>
<b>Investments</b>	<b>6</b>	<b>53,527,204,707</b>	<b>48,865,749,421</b>
Government		35,243,859,418	36,564,053,849
Others		18,283,345,289	12,301,695,572
<b>Loans, Advances and Leases</b>	<b>7</b>	<b>239,539,597,542</b>	<b>203,011,231,761</b>
Loans, cash credits and overdrafts, etc.		227,602,252,737	194,740,058,680
Bills purchased and discounted		11,937,344,805	8,271,173,081
<b>Fixed Assets including Premises, Furniture &amp; Fixtures</b>	<b>8</b>	<b>3,686,856,333</b>	<b>3,788,444,279</b>
<b>Other Assets</b>	<b>9</b>	<b>35,828,288,870</b>	<b>33,996,968,178</b>
<b>Non-banking Assets</b>	<b>10</b>	<b>375,246</b>	<b>375,246</b>
<b>Total Assets</b>		<b>368,314,617,750</b>	<b>320,361,891,793</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings From Other Banks, Financial Institutions &amp; Agents</b>	<b>11</b>	<b>18,099,362,651</b>	<b>6,305,989,705</b>
Subordinated bond	<b>12</b>	<b>5,000,000,000</b>	-
<b>Deposits and Other Accounts</b>	<b>13</b>	<b>271,708,963,321</b>	<b>247,278,503,683</b>
Current accounts & other accounts		34,690,402,410	29,016,869,218
Bills payable		9,757,892,778	12,240,637,725
Savings bank deposits		70,060,109,522	62,201,794,370
Term deposits		151,945,304,509	138,518,717,957
Other deposits		5,255,254,102	5,300,484,413
<b>Other Liabilities</b>	<b>14</b>	<b>47,345,985,809</b>	<b>41,632,995,086</b>
<b>Total Liabilities</b>		<b>342,154,311,781</b>	<b>295,217,488,474</b>
<b>Capital / Shareholders' Equity</b>			
Paid up capital	<b>15.2</b>	9,508,037,160	8,803,738,120
Statutory reserve	<b>16</b>	9,510,249,482	9,300,249,482
Retained earnings (general reserve)	<b>17</b>	4,198,491,167	4,094,175,061
Proposed issue of bonus shares		-	-
Other reserves	<b>18</b>	2,943,528,160	2,946,240,656
Profit and Loss account surplus	<b>19</b>	-	-
<b>Total Shareholders' Equity</b>		<b>26,160,305,969</b>	<b>25,144,403,319</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>368,314,617,750</b>	<b>320,361,891,793</b>

**Balance Sheet as at 31 December 2017**

	2017 Taka	2016 Taka
<b>OFF-BALANCE SHEET ITEMS</b>		
<b>Contingent Liabilities</b>		
<b>Acceptances &amp; Endorsements</b>		
Letters of guarantee	11,338,890,478	9,039,954,197
Irrevocable letters of credit	67,861,025,606	58,770,791,207
Bills for collection	10,202,171,342	4,125,546,631
Other contingent liabilities	1,696,542,422	1,072,217,186
<b>Total Contingent Liabilities</b>	<b>91,098,629,848</b>	<b>73,008,509,221</b>
<b>Other Commitments</b>		
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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet Items Including Contingent Liabilities</b>	<b>91,098,629,848</b>	<b>73,008,509,221</b>

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

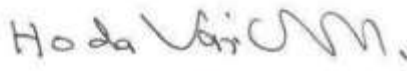
  
Md. Abdul Halim Chowdhury  
Managing Director

  
Azizur Rahman  
Director

  
Md. Abdur Razzak Mondal  
Director

  
Habibur Rahman  
Chairman

Signed as per annexed report on even date

  
Hoda Vasi Chowdhury & CO.  
Chartered Accountants

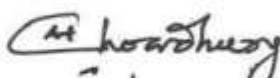
  
S.F. AHMED & CO.  
Chartered Accountants

Dated, Dhaka  
March 29, 2018

## Profit &amp; Loss Account for the year ended 31 December 2017

	Notes	2017 Taka	2016 Taka
<b>Operating Income</b>			
Interest Income	22	19,016,969,223	17,602,872,116
Interest paid on deposits, borrowings, etc.	23	(11,135,619,332)	(10,458,632,825)
<b>Net Interest Income</b>		<b>7,881,349,891</b>	<b>7,144,239,291</b>
Investment income	24	5,383,560,297	4,354,878,450
Commission, exchange and brokerage	25	1,674,574,422	1,401,477,386
Other operating income	26	1,235,786,646	1,048,449,896
<b>Total Operating Income</b>		<b>16,175,271,256</b>	<b>13,949,045,023</b>
<b>Operating Expenses</b>			
Salaries and allowances	27	4,642,283,416	4,222,309,846
Rent, taxes, insurance, electricity, etc.	28	767,714,845	653,826,579
Legal expenses	29	19,440,535	16,117,123
Postage, stamp, telecommunication, etc.	30	83,158,737	76,348,995
Stationery, printing, advertisements, etc.	31	145,296,225	119,165,892
Managing Director's salary and fees	32	10,500,000	10,500,000
Directors' fees	33	7,005,862	7,779,716
Auditors' fees	34	1,987,391	1,320,000
Charges on loan losses		55,388,623	-
Depreciation and repair of bank's assets	35	545,268,958	559,940,973
Other expenses	36	1,712,337,842	1,725,263,406
<b>Total Operating Expenses</b>		<b>7,990,382,434</b>	<b>7,392,572,530</b>
<b>Profit/(Loss) before Provision</b>		<b>8,184,888,822</b>	<b>6,556,472,493</b>
<b>Provision for Loans, Advances, Investments and Other Assets</b>	37		
Provision for classified loans and advances		3,875,000,000	1,731,583,535
Provision for unclassified loans and advances		-	840,208,991
Provision for diminution in value of Investments		-	-
Provision for bad debt offsetting		4,311,000	646,000
Provision for other assets		-	-
		<b>3,879,311,000</b>	<b>2,572,438,526</b>
Provision for exposure of off-balance sheet Items	38	180,500,000	184,000,000
<b>Total Provision</b>		<b>4,059,811,000</b>	<b>2,756,438,526</b>
<b>Total Profit/(Loss) before Taxes</b>		<b>4,125,077,822</b>	<b>3,800,033,967</b>
Provision for current tax	14.5.2	2,714,690,189	2,919,350,551
Provision for deferred tax	14.5.2	(48,414,419)	(454,271,132)
<b>Total Provision for Taxes</b>		<b>2,666,275,770</b>	<b>2,465,079,419</b>
<b>Net Profit after Taxes</b>		<b>1,458,802,052</b>	<b>1,334,954,548</b>
<b>Appropriations</b>			
Statutory Reserve		210,000,000	-
Retained surplus (general reserve) carried forward		1,248,802,052	1,334,954,548
<b>Earnings Per Share (EPS)</b>	45		
Basic		1.53	1.40
Diluted		1.53	1.40

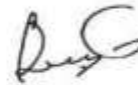
These financial statements should be read in conjunction with the annexed notes



Md. Abdul Halim Chowdhury  
Managing Director



Azizur Rahman  
Director



Md. Abdur Razzak Mondal  
Director




Habibur Rahman  
Chairman



Hoda Vasil Chowdhury & CO.  
Chartered Accountants

Signed as per annexed report on even date



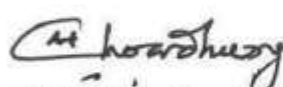
S.F. AHMED & CO.  
Chartered Accountants

Dated, Dhaka  
March 29, 2018

## Cash Flow Statement for the year ended 31 December 2017

	Notes	2017 Taka	2016 Taka
<b>a Cash flows from Operating Activities</b>			
Interest receipts In cash		23,991,499,038	21,414,974,444
Interest payments		(11,019,409,005)	(10,246,411,738)
Dividend receipts		292,820,155	330,555,035
Fees and commission receipts		1,111,453,210	925,073,336
Recoveries of loans previously written off		133,727,023	-
Cash payment to employees		(4,652,783,416)	(4,232,809,846)
Cash payment to suppliers		(249,882,888)	(212,952,010)
Current Income tax paid		(2,643,451,576)	(2,759,337,697)
Receipts from other operating activities	39	1,665,180,835	1,524,853,946
Cash payments for other operating activities	40	(2,696,373,336)	(2,593,090,488)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>		<b>5,932,780,040</b>	<b>4,150,854,982</b>
<b>Increase/ (Decrease) in Operating assets and liabilities</b>			
Statutory deposits		1,318,887,031	10,581,044,308
Purchase/sale of trading securities		(5,981,649,717)	(4,573,517,837)
Loans and advances to customers (other than banks)		(36,528,365,781)	(29,885,812,447)
Other assets	41	812,130,884	(235,584,362)
Deposits to/from other banks		11,793,372,946	3,762,435,457
Deposits from customers (other than banks)		24,430,459,638	22,469,913,155
Other liabilities account of customers		(1,555,014,609)	2,417,590,683
Other liabilities	42	541,918,562	758,892,405
<b>Total Increase/(decrease) in Operating Assets and Liabilities</b>		<b>(5,168,261,046)</b>	<b>5,294,961,362</b>
<b>Net Cash from/(used in) Operating Activities</b>		<b>764,518,994</b>	<b>9,445,816,344</b>
<b>b Cash flows from Investing Activities</b>			
Purchase /Sale of property, plant & equipment		(289,754,848)	(224,396,634)
<b>Net cash from/(used in) Investing Activities</b>		<b>(289,754,848)</b>	<b>(224,396,634)</b>
<b>c Cash flows from Financing Activities</b>			
Payment for redemption of loan capital and debt security		(2,712,496)	(9,216,107)
Receipts from issue of Subordinated bond		5,000,000,000	-
Investment in Subsidiary Company		-	(2,000,000,000)
Dividend Paid		(440,186,906)	(1,056,448,574)
<b>Net cash from/(used in) Financing Activities</b>		<b>4,557,100,598</b>	<b>(3,065,664,681)</b>
<b>d Net Increase/(decrease) in Cash and Cash equivalents (a+b+c)</b>		<b>5,031,864,744</b>	<b>6,155,755,029</b>
<b>e Cash and cash equivalents at beginning period</b>		<b>30,712,574,409</b>	<b>24,556,819,380</b>
<b>f Cash and cash equivalents at end of period (d+e)</b>	43	<b>35,744,439,153</b>	<b>30,712,574,409</b>

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



Md. Abdul Halim Chowdhury  
Managing Director



Azzur Rahman  
Director



Md. Abdur Razzak Mondal  
Director



Habibur Rahman  
Chairman

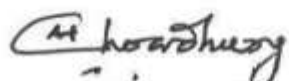
Signed as per annexed report on even date

Dated, Dhaka  
March 29, 2018

## Statement of Changes in Equity for the year ended 31 December 2017

(Figures in Taka)

Particulars	Paid-up capital	Statutory reserve	Retained earnings (general reserve)	Other reserves	Proposed dividend	Total
<b>For the year 2017</b>						
Balance as at 1 January 2017	8,803,738,120	9,300,249,482	4,094,175,061	2,946,240,656	-	25,144,403,319
Changes in accounting policy	-	-	-	-	-	-
Restated balance	8,803,738,120	9,300,249,482	4,094,175,061	2,946,240,656	-	25,144,403,319
Surplus/deficit on account of revaluation of properties						-
Adjustment of last year gain on investment				25,465,120		25,465,120
Surplus/deficit on account of revaluation of investments				(33,682,465)		(33,682,465)
Currency translation differences				5,504,849		5,504,849
Net gains and losses not recognised in the Profit and Loss Statement						-
Transfer regarding revaluation reserve on sale of properties						-
Net profit for the year			1,248,802,052			1,248,802,052
Transfer to statutory reserve		210,000,000				210,000,000
Issue of bonus shares - 2016	704,299,040		(704,299,040)			
Proposed dividend (bonus issue)						
Dividends (cash) for 2016			(440,186,906)			(440,186,906)
<b>Balance as at 31 December 2017</b>	<b>9,508,037,160</b>	<b>9,510,249,482</b>	<b>4,198,491,167</b>	<b>2,943,528,160</b>	<b>-</b>	<b>26,160,305,969</b>
<b>Balance as at 31 December 2016</b>	<b>8,803,738,120</b>	<b>9,300,249,482</b>	<b>4,094,175,061</b>	<b>2,946,240,656</b>	<b>-</b>	<b>25,144,403,319</b>



Md. Abdul Halim Chowdhury  
Managing Director



Azizur Rahman  
Director



Md. Abdur Razzak Mondal  
Director



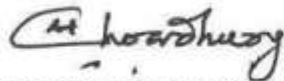
Habibur Rahman  
Chairman

Dated, Dhaka  
March 29, 2018

Signed as per annexed report on even date

**Liquidity statement (assets and liabilities maturity analysis)  
for the year ended 31 December 2017**

Particulars	Up to 01 month	01- 03 months	03-12 months	01- 05 years	More than 5 years	Total
<b>Assets</b>						
Cash in hand	22,817,790,448					22,817,790,448
Balances with other banks and financial institutions	963,989,447	10,768,257,756	950,000,000	220,970,734	-	12,903,217,937
Money at call on short notice	11,286,667	-	-	-	-	11,286,667
Investments	4,312,317,199	1,241,800,000	1,365,700,000	15,045,244,060	31,562,143,448	53,527,204,707
Loans & Advances	20,122,420,068	54,585,592,178	92,810,201,658	57,329,727,088	14,691,656,550	239,539,597,542
Fixed assets including premises, furniture & fixtures	-	-	687,849,085	76,733,846	2,922,273,402	3,686,856,333
Other assets	706,445,210	1,954,701,083	166,889,375	6,830,280,618	26,169,972,584	35,828,288,870
Non-banking assets	-	-	-	-	375,246	375,246
<b>Total Assets</b>	<b>48,934,249,039</b>	<b>68,550,351,017</b>	<b>95,980,640,118</b>	<b>79,582,956,346</b>	<b>75,346,421,230</b>	<b>368,314,617,750</b>
<b>Liabilities</b>						
Borrowings from other banks, financial institutions & agents	9,073,446,667	9,025,915,984	-	-	-	18,099,362,651
Subordinated bond	-	-	-	3,000,000,000	2,000,000,000	5,000,000,000
Deposits	29,397,441,659	49,660,768,707	86,314,317,745	41,099,686,777	65,236,748,433	271,708,963,321
Provision & other liabilities	8,284,017,279	-	6,252,608,938	32,617,281,325	192,078,267	47,345,985,809
<b>Total Liabilities</b>	<b>46,754,905,605</b>	<b>58,686,684,691</b>	<b>92,566,926,683</b>	<b>76,716,968,102</b>	<b>67,428,826,700</b>	<b>342,154,311,781</b>
<b>Net Liquidity Gap</b>	<b>2,179,343,434</b>	<b>9,863,666,326</b>	<b>3,413,713,435</b>	<b>2,785,988,244</b>	<b>7,917,594,530</b>	<b>26,160,305,969</b>



Md. Abdul Halim Chowdhury  
Managing Director



Azizur Rahman  
Director



Md. Abdur Razzak Mondal  
Director



Habibur Rahman  
Chairman

Dated, Dhaka  
March 29, 2018

Signed as per annexed report on even date

## Notes to the financial statements for the year ended 31 December 2017

### 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 465 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. 15.

### 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.

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



## Notes to the financial statements for the year ended 31 December 2017

Accounting Standards (BAS)-27, "seperate Financial Statements" and Bangladesh Financial Reporting Standard (BFRS)-10, "Consolidated Financial Statements". The consolidated Financial Statements are prepared for the same year ended on 31 December 2017.

### 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 2017 are enclosed in the Annexure-D.

### b. Off-shore Banking Unit

The Bank obtained the Off-shore Banking Unit (OBU) permission vide letter No. BRPD (P-3) 744 (108)/2010-93 dated January 13, 2010. The Offshore Banking operation commenced from January 22, 2015. The Off-shore Banking Unit is governed under the rules and regulations of Bangladesh Bank. The Bank has two units. One unit is located at Dhaka and another unit is at Chittagong. Separate Financial Statements of the OBUs 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.

#### 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 2017 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.

## Notes to the financial statements for the year ended 31 December 2017

### 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 up to the period ended on 31 December 2017. 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# 14.5.1).

## 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:

## Notes to the financial statements for the year ended 31 December 2017

### 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.

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

- 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.
- Interest is not charged on bad and doubtful loans and advances from the date of filing money suits against the borrowers.
- 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

## Notes to the financial statements for the year ended 31 December 2017

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, 8 of 02 August 2016, 12 of 20 August 2017, 15 of 27 September 2017, 1 of 20 February 2018 and BRPD circular letter no. 1 of 03 January 2018 respectively at the following rates:

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

- (d) Loans and advances are written off to the extent that there is no realistic prospect of recovery, including taking legal action and for which the bank has already provided full provision 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 Equipment's 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 during year of its sale or disposal, original cost, accumulated depreciation and the net book value is eliminated from

## Notes to the financial statements for the year ended 31 December 2017

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.

Category of asset	Method	Rate of Depreciation
Freehold Land	N/A	-
Leasehold Land	Fixed	-
Buildings	Diminishing Balance	2.50%
Furniture and Fixtures	Diminishing Balance	10%
Machinery and Equipment	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.

## 2.8 Liabilities and basis of their valuation

### 2.8.1 "Tier-II Subordinated Bond"

Tier-II Subordinated bond includes fund raised from several banks through issuance of 7 (seven) years Bond. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in note 12.

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

Borrowings from other banks, financial institutions and agents includes refinance from Bangladesh Bank against agro-based credit, SME Loan etc., interest-bearing borrowings against securities from Bangladesh Bank and call borrowing from other banks. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in note 11.

### 2.8.3 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, interest bearing on demand and short-term deposits, savings deposit and fixed deposit. These items are brought into financial statements at the gross value of outstanding balance. Details are shown in note 13.

## Notes to the financial statements for the year ended 31 December 2017

### 2.8.4 Provision for liabilities

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".

### 2.8.5 Provision for Off-balance sheet exposure

"As per BRPD circular No.01 (03 January 2018) and BRPD circular No.14 (23 September 2012) the Bank has recognized 1% General Provision on the following off balance sheet exposures as defined in BRPD circular No.10 (24 November 2002).

- Acceptance and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Foreign exchange contracts

### 2.8.6 Provisions on balances with other banks and financial institutions (Nostro accounts)

Provisions for unsettled transactions on nostro accounts made are reviewed semi-annually by management and certified by our external auditors in accordance with Bangladesh Bank Foreign Exchange Policy Department (FEPD) Circular No. 677 (13 September 2005).

### 2.8.7 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance, 1984 and internal policy of the Bank.

## 2.9 Capital/Shareholders' equity

### 2.9.1 Authorised capital

Authorised capital is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association.

### 2.9.2 Paid up capital

Paid up capital represents total amount of shareholders' capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

### 2.9.3 Statutory reserve

Statutory reserve has been maintained at the rate of 20% of profit before tax in accordance with provisions of section 24 of the Bank Company Act, 1991. Such transfer shall continue until the reserve balance equals its paid up capital together with the share premium.

## Notes to the financial statements for the year ended 31 December 2017

### 2.9.4 Revaluation reserve for government securities

Revaluation reserve for government securities arises from the revaluation of treasury bills, Bangladesh Bank bills and treasury bonds (HFT and HTM) in accordance with the DOS Circular no. 5 dated 26 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010.

### 2.9.5 Revaluation reserve for fixed assets

Revaluation reserve for fixed assets arises from the revaluation of any class of fixed assets when the market price of the assets increased significantly from the carrying value. When an asset's carrying amount is increased as a result of revaluation, the increased amount is recognised directly to equity under the heading of revaluation surplus/reserve as per BAS 16 "Property, Plant and Equipment".

### 2.9.6 Capital management

"The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve the following objectives:

- To comply with the capital requirements set by the regulators;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business.

Capital is managed in accordance with the Board approved Capital Management Planning. Senior management develops the capital strategy and oversee the capital management planning of the Bank. The Bank's finance, treasury and risk management departments are key participators in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix."

### 2.10 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.

## Notes to the financial statements for the year ended 31 December 2017

### 2.11 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.

### 2.12 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 year. It reported cash flows during the period classified by operating activities, investing activities and financing activities.

### 2.13 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.

### 2.14 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.

### 2.15 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.

### 2.16 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



## Notes to the financial statements for the year ended 31 December 2017

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 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 counterparty 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 & Corporate Branch. The risk assessment includes borrower's evaluation, financial statement analysis, industry analysis, credit history of the customer, repayment capacity, security of

## Notes to the financial statements for the year ended 31 December 2017

the proposed credit facility, environmental & social risk etc. All credit proposals have been placed before the credit committee (Corporate Branches, Regional Offices, Principal Offices and Head office) for recommendation to sanction or decline. Additional/Deputy Managing Director acts as chairman of the credit committee at Head office level. Similarly Head of Principal office, Head of Regional office and Head of Corporate Branch act as Chairman of the respective credit Committee at Principal office, Regional office and Corporate Branch level. 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 & 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 and Liability Management (ALM) is an integral part of core risk management in the Bank. There is a structured and systematic process to manage Asset and Liability Management risk as well as Balance Sheet risk. Asset and Liability Management Committee (ALCO) is dedicated to manage the Asset and Liability Management risk of the Bank. ALCO provides comprehensive and dynamic framework for measuring, monitoring and managing liquidity risk, interest rate risk, foreign exchange risk and other factors in the context of bank's business strategy to earn a sufficient return while maintaining a comfortable liquidity position.

### 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, 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

## Notes to the financial statements for the year ended 31 December 2017

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 lead to 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 up to the mark.

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

- Central Compliance Committee (CCC) at Head Office has already 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) have also been designated to the Regional Offices and Branches 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. The Policy will deter the potential wicked customers.
- As per BFIU circular no. 01 dated 16th January 2017 Uniform Account Opening Form has been introduced. As per Money Laundering Prevention Act-2012 and its amendment 2015 branches have been instructed to obtain complete & accurate information of the clients while opening and maintaining 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.

## Notes to the financial statements for the year ended 31 December 2017

- Self-Assessment Statement is prepared by the branches on yearly basis and a summary report is prepared by functional unit of Central Compliance Committee. The report is submitted to Bangladesh Financial Intelligence Unit regularly. Followed up letters are issued to the branches to remove the weakness detected in the Self-Assessment 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 yearly basis. Branches are advised to remove their weakness through he followed up letters.
- 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 2017, 05 workshops have already been arranged. The remaining workshops will be arranged as per scheduled date. 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.
- 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 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.
- At present Trade Based Money Laundering by the way of under invoicing, over invoicing , under invoicing under shipment, over shipment, multiple shipment and shipment of inferior goods etc. is a burning issue. Our Bank is seriously handling the issue. Compliance Division has included a session on Trade Based Money Laundering in it's all outreach workshop.
- 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

## Notes to the financial statements for the year ended 31 December 2017

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.

### f) ICT Operation

ICT Operation Framework secures qualitative and error-free implementation and management of daily banking operation, prompt support service against PIBS, PMS, BACH, BEFTN, Network, system, etc. and assure all stakeholders with confidence that ICT processes and harmonized securely with the Bank's requirements and risks are effectively managed and mitigated within the Banking Operation System that results in increased transaction volume, customer base as well as market share.

Pubali Bank Limited has been extending customer services at all of our **465 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 **465 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, Network and Hardware Support Unit** at ICT Operation Division are extending quick support to the branches to solve any software/operational problems in banking software. Besides, ICT Operation 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, Trans fast, 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

## Notes to the financial statements for the year ended 31 December 2017

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**. Our Software Development Division is working on development of software for **Mobile Banking, SMS Banking and Agent Banking**.

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 ICT Operation 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 software for 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 successfully implemented **Active Directory Domain Services (AD DS)** to centralize the **administrative control on OS user authentication** complying with **ICT Security Policy** of our Bank.

ICT Operation Division has also launched secured file server for sharing the files among the officials of branches, Regional offices, Principal Offices, Divisions and other offices for ensuring safety and security of the Bank to restrict usage of pen drive, USB storage, portable hard drive, CD/DVD ROM which are very vulnerable for virus and other threats for the Systems. The secured file sharing system is already available for all ADDS users and restriction of usage any portable devices like pen drive etc. has been implemented.

We have made an agreement with Election Commission (EC) to verify genuineness/correctness of National ID of our all existing customers as well as new customers at the time of registration using EC's Database. Moreover, ICT Operation Division has facilitated e-GP related services to our valued customers in the line with the Management's goal to be the market leader in e-GP.

We have established our **website** <https://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 ICT Operation Division, Head Office has become quick and easier.

ICT Operation Division, obtaining prior permission of the Management, introduced **Off-shore 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.

## Notes to the financial statements for the year ended 31 December 2017

**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 jurisdictions.

Pubali Bank Limited has upgraded its ICT Security Guideline considering the updated guideline of Bangladesh Bank and introducing the security measures accordingly. Our achievements for protecting our system and to ensured ICT environments are:

1. Establish a standard ICT Security policy and ICT Security Management.
2. Ensuring security and stable setup of its ICT infrastructure.
3. Establish a secured environment for data processing.
4. Establish a holistic approach for ICT Risk Management.
5. Identifying informatin Security risks and their Management.
6. Aware and train the users associated with managing the ICT infrastructure.
7. Aware our users associated with operation about ICT security on regular basis.

To ensure **proper training** to our officials and raising awareness among them, ICT Operation 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 2017 we conducted **138** training programs at our **Computer Lab** on **13 (thirteen)** different Topics/Modules covering **2,915** participants and **02 (two)** Workshops on "Implementation of Credit Application and Appraisal System" and "Bill Collection system for DPDC" at our **Head Office Auditorium** covering **544** 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. ICT Operation Division is working hard for achieving this objective within a short period of time.

### 2.17 Disclosure on fraud and forgeries committed by bank employees

During the year 2017, **09 (Nine)** instances of fraud & forgeries were identified. Total amount of money involved against the **09 (Nine)** instances was Tk. **1.12** Crore. **TK. 83.16** lac has been recovered against **09 (nine)** instances and **Tk. 28.64** lac yet to be recovered.

It is mentionable here that out of the **09 (Nine)** instances **8 (Eight)** instances were internal fraud wherein amount of **Tk.1.07** crore was involved against which **Tk.78.23** lac has been recovered from the concerned employees. **1(one)** instance was external fraud wherein amount of **Tk.4.93** lac was involved and the same had been realized.

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

### 2.18 Loan write-off

Loans are normally written off, when there is no realistic prospect of recovery of these amounts and in accordance with BRPD circular No.13 (07 November 2013) and BRPD circular No.2 (13 January 2003).

## Notes to the financial statements for the year ended 31 December 2017

### 2.19 Non-banking assets

Bank has recognised the Non-Banking Assets equivalent to the final liability receivable from the client. No reserve has been created for excess of market value over adjusted liabilities.

### 2.20 Authorization of financial statements

The financial statements for the year ended 31 December 2017 have been authorized for issue in accordance with a resolution of the Board of Directors on 29 March 2018.

### 2.21 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.

### 2.22 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 2017 as per BAS 33 "Earnings per Share". Diluted earnings per share was not required to calculate as no dilution occurred.

### 2.23 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.

### 2.24 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 (sanchayapatra) etc. fall under the memorandum items.

### 2.25 Reporting period

These financial statements cover one calendar year from 01 January 2017 to 31 December 2017.

### 2.26 Number of employees

The number of employees employed in the Bank as on 31 December 2017 was 7,652 of which 6,472 were male and 1,180 were female. The number of employees per branch was 14.66 excluding 836 employees in the head office of the Bank.

During the year 2017, the Bank paid remuneration up to Taka 36,000 per employee to 247 persons and exceeding Taka 36,000 per employee to 7,405 persons.

### 2.27 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.



## Notes to the financial statements for the year ended 31 December 2017

### 2.28 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.

### 2.29 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 Institutes 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 2017, the Training Institute conducted a total of 87 courses/ workshops including outreach workshops with participation of 3221 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.

## Notes to the financial statements for the year ended 31 December 2017

SI No	Training courses/workshops/seminars	No. of courses held	Number of participants attended
1	Foundation Training Course for Prob. Officers (Sr. Officers & Officers)	6	166
2	Conducting Inquiry and Report writing	2	41
3	Money laundering Prevention Act & Anti-Terrorism Act.	3	75
4	Training on International Trade Payment & Finance	3	59
5	Risk Management in Bank	2	45
6	Workshop on Marketing & Costumers Service Development in Banking	2	47
7	Foundation Training for Junior Officer & Junior Officer ( Cash)	6	151
8	Training on Credit Management	4	101
9	Training on Branch Management	3	75
10	Workshop on Audit & Inspection in Banks	5	123
11	Workshop on Green Banking (Sustainable Finance ), Financial Inclusion, SME & Agri-Credit	4	108
12	Workshop on Integrated Supervisory System (ISS)	1	54
13	Workshop on Prevention of Malpractices, Fraud & Forgeries.	2	53
14	Workshop on Business English & Communication Skill	3	69
15	Workshop on NPL Management: Legal & non-legal measure for recovery of loans	3	84
16	Foundation Training for Junior Officer Cash & C-C-C	2	51
17	Training on General Banking	4	89
18	Workshop on Manager & his Job	3	146
19	Workshop on BASEL-III	2	64
20	Workshop on Inclusive Banking : School Banking, Agent Banking	2	38
21	Workshop on Project Financing	2	55
22	Workshop on Internal Control & Compliance	2	57
23	Workshop on Legal Aspects of Securities & Documentation	2	59
24	Workshop on Executives Development Program	2	59
25	Workshop on Lease Financing , CLS and Debit & Credit Card	2	52
26	Workshop on Basic Accounting & Financial Analysis	2	54
27	Workshop on Banking laws and Regulation	2	54
28	Orientation for Senior Officers & Officers recruited 2017	1	242
29	Workshop on Ethics & Integrity in Banks	2	60
30	Orientation Program for Asstt. Junior officers(cash) recruited in 2017	1	222
	Sub Total	80	2,553
	Outreach Workshop : Manager & His Job	7	668
	<b>Grand Total</b>	<b>87</b>	<b>3,221</b>

## Notes to the financial statements for the year ended 31 December 2017

### 2.30 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. M. Azizul Huq	Independent Director	Chairman	M.A (Eco), Dhaka University
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 LL.M degrees from University at Moscow & Philadelphia.

### 2.31 Statement of compliance

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as banks. The Bank Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence Bangladesh Financial Reporting Standards (BFRS) as issued by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly, the financial statements of the Bank continue to be 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 deviations 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 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.

## Notes to the financial statements for the year ended 31 December 2017

### 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), BRPD Circular no. 12 ( 20 August 2017), BRPD Circular no. 15 (27 September 2017) and BRPD circular no. 1 (20 February 2018) 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% to 20%, 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, BRPD circular no. 14 dated 23 September 2012 and BRPD circular letter no.01 (03 January 2018) 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.

### 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.

## Notes to the financial statements for the year ended 31 December 2017

**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.

### 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.

## Notes to the financial statements for the year ended 31 December 2017

### x) 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.

### 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.

## 2.32 New accounting standards not yet adopted

The Bank has consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2017 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

### (a) BFRS 9 Financial Instruments (to be adopted as IFRS 9)

BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial

## Notes to the financial statements for the year ended 31 December 2017

**Instruments: Recognition and Measurement.** BFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. As per the Bank's assessment, any material impact of BFRS 9 would be primarily on calculation of impairment provision. However, as Bangladesh Bank has not issued any circular to revise its current impairment, classification and measurement policies to align with BFRS 9 the Bank is unable to quantify any potential impact on its financial statements.

### (b) BFRS 15 Revenue from Contracts with Customers (to be adopted as IFRS 15)

BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRI 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on preliminary assessment the Bank has determined that BFRS 15 has no material impact on its financial statements.

### (c) IFRS 16 Leases

IFRS 16, issued in January 2016 replaces existing leases guidance and effective for reporting period beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Bank has not yet assessed any potential impact of IFRS 16 on its financial statements.

### (d) IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

## 2.33 Workers' Profit Participation Fund (WPPF)

As per Bangladesh Labour Act 2006 and SRO no. 336/Law/2010, all companies fall within the scope of WPPF are required to provide 5% of its profit before charging such expense to their

## Notes to the financial statements for the year ended 31 December 2017

eligible employees within the stipulated time. The Bank obtained opinion from its legal advisor regarding this issue. The legal advisor opined that, "Pubali Bank Limited being governed by Banking Companies Act, 1991 is obliged to follow the provisions of Banking Companies Act, 1991, and Banking Companies Act, 1991 being a special law, provisions of this Act shall prevail over Bangladesh Labour Laws, 2006 (amended in 2013) which is a general law. Thus, we take the view that the Bank is not bound to form a WPPF under Bangladesh Labour Laws, 2006 (amended in 2013)". Consistent with the industry practice and in accordance with the legal opinion and the Bank Company Act, 1991 (amended in 2013), no provision has been made for WPPF.

### 2.34 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 2017

	2017 Taka	2016 Taka
<b>3 Cash</b>		
<b>Cash In hand ( Including foreign currencies)</b>		
In local currency	3,635,268,769	3,602,781,519
In foreign currencies	7,840,960	10,049,601
	<b>3,643,109,729</b>	<b>3,612,831,120</b>
<b>Balance with Bangladesh Bank and its agent Bank(s) ( Including foreign currencies)</b>		
<b>Bangladesh Bank</b>		
In local currency	17,083,054,108	15,422,923,958
In foreign currencies	413,509,074	642,508,639
	<b>17,496,563,182</b>	<b>16,065,432,597</b>
<b>Sonali Bank as agent of Bangladesh Bank</b>		
In Local currency	1,678,117,537	1,436,210,881
	<b>19,174,680,719</b>	<b>17,501,643,478</b>
	<b>22,817,790,448</b>	<b>21,114,474,598</b>
<b>3.1 Cash Reserve Ratio and Statutory Liquidity Reserve</b>		
Cash Reserve Ratio and Statutory Liquidity Reserve 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:		
<b>3.1.1 Cash Reserve Ratio (CRR)</b>		
Required Reserve (6.5%)	17,049,611,050	15,345,722,030
Actual Reserve maintained	16,958,928,129	15,889,764,383
Surplus/(deficit)	<b>(90,682,921)</b>	<b>544,042,353</b>
<b>3.1.2 Statutory Liquidity Ratio (SLR)</b>		
Required Reserve (13%)	34,029,225,150	30,624,848,319
Actual Reserve maintained	40,450,621,712	42,082,326,168
Surplus	<b>6,421,396,562</b>	<b>11,457,477,849</b>
<b>3.1.3 Total required amount of CRR and SLR</b>		
Total required reserve (19.5%)	51,078,836,200	45,970,570,349
Total actual reserve maintained	57,409,549,841	57,428,048,198
Total Surplus	<b>6,330,713,641</b>	<b>11,457,477,849</b>
<b>3(a) Consolidated Cash</b>		
<b>Cash In hand ( Including foreign currencies)</b>		
Pubali Bank Limited	3,643,109,729	3,612,831,120
Pubali Bank Securities Limited	-	-
	<b>3,643,109,729</b>	<b>3,612,831,120</b>
<b>Balance with Bangladesh Bank and its agent Bank (s)</b>		
<b>(Including foreign currencies)</b>		
Pubali Bank Limited	19,174,680,719	17,501,643,478
Pubali Bank Securities Limited	-	-
	<b>19,174,680,719</b>	<b>17,501,643,478</b>
	<b>22,817,790,448</b>	<b>21,114,474,598</b>

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>4 Balance with other banks and financial institutions</b>		
Inside Bangladesh (Note 4.1)	11,952,460,323	7,802,936,535
Outside Bangladesh (Note 4.2)	950,757,614	1,230,425,108
	<b>12,903,217,937</b>	<b>9,033,361,643</b>
<b>4.1 In Bangladesh</b>		
<b>In fixed/term deposit account (in local currency)</b>		
Delta Brac Housing and Finance Corporation Ltd.	1,150,000,000	1,050,000,000
ICB Islamic Bank Ltd, Bangshal Branch, Dhaka	32,453,661	32,462,196
ICB Islamic Bank Ltd, Principal Office, Dhaka	188,517,073	188,541,643
Investment Corporation of Bangladesh	2,000,000,000	3,000,000,000
IPDC Finance Ltd	400,000,000	300,000,000
United Finance Ltd	400,000,000	150,000,000
Phoenix Finance & Investment Ltd	-	100,000,000
IDLC Finance Limited	500,000,000	500,000,000
Jamuna Bank Limited	900,000,000	-
IFIC Bank Limited	900,000,000	-
Shahjalal Islami Bank Limited	600,000,000	-
Social Islami Bank Limited	800,000,000	300,000,000
Mutual Trust Bank Limited	800,000,000	-
Dhaka Bank Limited	600,000,000	-
Standard Bank Limited	400,000,000	-
National Bank Limited	1,000,000,000	-
Premier Bank Limited	250,000,000	-
Dutch Bangla Bank Limited	500,000,000	-
Industrial and Infrastructure Development finance Company Limited	100,000,000	-
GSP Finance Company (Bangladesh) Limited	200,000,000	-
National Housing Finance & Investment Limited	100,000,000	-
Langkabangla Finance Limited	100,000,000	-
Brac Bank Limited	-	500,000,000
EXIM Bank Limited	-	300,000,000
The city Bank Limited	-	500,000,000
	<b>11,920,970,734</b>	<b>6,921,003,839</b>
<b>In Savings deposit account</b>		
Islami Bank Bangladesh Limited	12,723,569	12,337,078
	<b>12,723,569</b>	<b>12,337,078</b>
<b>In Special Notice Deposit account</b>		
Sonali Bank Limited	8,452,743	859,538,739
Bank Al Falah Limited	1,148,221	1,120,415
National Bank Limited	616,218	608,288
The City Bank Limited	858,707	853,239
Mutual Trust Bank Limited	909,170	889,302
Bangladesh Krishi Bank	656,334	637,276
The Hongkong and Shanghai Banking Corporation Limited	590,440	583,317
First Security Islami Bank Limited	5,534,187	5,365,042
	<b>18,766,020</b>	<b>869,595,618</b>
<b>Total Inside Deposit in BDT</b>	<b>11,952,460,323</b>	<b>7,802,936,535</b>

## Notes to the financial statements for the year ended 31 December 2017

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

Name of Bank	Foreign currency name	2017			2016		
		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	82.70	30,177.44	2,495,674	78.70	30,202.44	2,376,999
Bank of Bhutan, Thimpu	ACUD	82.70	84,143.92	6,958,702	78.70	8,099.83	637,474
Bank of Tokyo Mitsubishi Ltd Kolkata	ACUD	82.70	22,770.00	1,883,079	78.70	22,770.00	1,792,049
Bank of Tokyo Mitsubishi Ltd Tokyo	JPY	0.73	4,745,207.00	3,467,603	0.67	2,927,671.00	1,974,246
Commerz Bank , Germany	USD	82.70	333,425.63	27,574,300	78.70	687,232.37	54,086,699
Habib Metropolitan Bank, Ltd, Karachi	ACUD	82.70	339,011.91	28,036,285	78.70	608,122.19	47,850,554
Habib American Bank, New York	USD	-	-	-	78.70	1,161,785.37	91,435,065
United Bank of India, Kolkata	ACUD	82.70	308,373.86	25,502,518	78.70	266,918.13	21,007,044
HSBC Bank, Mumbai	ACUD	82.70	64,075.94	5,299,080	78.70	64,075.94	5,042,917
Hypovereins Bank, Munchen	EURO	-	-	-	82.35	20,202.09	1,663,723
ICICI Bank Ltd., Kolkata, India	ACUD	-	-	-	78.70	17,453.34	1,373,616
Mashreq Bank PSC, New york	USD	82.70	6,232,867.98	515,458,182	78.70	4,394,097.36	345,825,129
Mashreq Bank PSC, New york (OBU)	USD	82.70	982,122.48	81,221,529	78.70	1,504,608.82	118,415,709
Mashreq Bank Mumbai, India (OBU)	ACUD	82.70	79,786.75	6,598,364	78.70	17,331.84	1,364,054
NDLC IFC Bank (NIB) Karachi	ACUD	82.70	34,229.74	2,830,799	78.70	4,229.74	332,890
Peoples Bank, Colombo	ACUD	82.70	38,530.10	3,186,439	78.70	74,996.41	5,902,383
Sonali Bank Ltd, Kolkata	ACUD	82.70	358,454.94	29,644,223	78.70	230,718.01	18,158,015
Sonali Bank,UK(GBP) Ltd	GBP	110.99	22,993.76	2,552,306	96.39	34,923.02	3,366,385
Sonali Bank,UK(USD) Ltd	USD	-	-	-	78.70	227,966.08	17,941,432
Standard Chartered Bank, Kathmandu	ACUD	82.70	4,962.42	410,392	78.70	104,962.42	8,260,773
Standard Chartered Bank, New york	USD	82.70	1,872,163.49	154,827,921	78.70	5,455,899.29	429,391,277
Standard Chartered Bank, UK	GBP	-	-	-	96.39	219,550.92	21,163,491
ICICI Bank, Kolkata, India	EURO	98.50	14,537.17	1,431,969	82.35	14,537.17	1,197,194
UBS AG, Zurich	CHF	83.96	31,508.39	2,645,694	76.69	11,976.41	918,505
Unicredit S.P.A., Milano, Italy	EURO	98.50	494,726.81	48,732,555	82.35	351,379.30	28,937,485
				<b>950,757,614</b>			<b>1,230,425,108</b>

<b>2017</b>	<b>2016</b>
<b>Taka</b>	<b>Taka</b>

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

Payable on demand	963,989,447	2,096,012,763
Up to 3 months	10,768,257,756	2,266,345,041
Over 3 months but not more than 1 year	950,000,000	4,456,000,000
Above 1 year (receivable from former The Oriental Bank Ltd.)	220,970,734	205,003,839
	<b>12,903,217,937</b>	<b>9,033,361,643</b>

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>4(a) Consolidated Balance with other banks and financial institutions</b>		
<b>In Bangladesh</b>		
Pubali Bank Limited	11,952,460,323	7,802,936,535
Pubali Bank Securities Limited	1,105,272,867	372,333,256
	<b>13,057,733,190</b>	<b>8,175,269,791</b>
Less: Inter Company Transactions	1,105,272,867	372,333,256
	<b>11,952,460,323</b>	<b>7,802,936,535</b>
<b>Outside Bangladesh</b>		
Pubali Bank Limited	950,757,614	1,230,425,108
Pubali Bank Securities Limited	-	-
	<b>950,757,614</b>	<b>1,230,425,108</b>
	<b>12,903,217,937</b>	<b>9,033,361,643</b>
<b>5 Money at call on short notice</b>		
Banking company (note- 5.1)	11,286,667	211,286,667
Non-banking Financial Institution (note-5.2)	-	340,000,000
	<b>11,286,667</b>	<b>551,286,667</b>
<b>5.1 Banking company</b>		
Mercantile Bank Limited	-	100,000,000
Midland Bank Limited	-	100,000,000
ICB Islamic Bank Ltd.	11,286,667	11,286,667
	<b>11,286,667</b>	<b>211,286,667</b>
<b>5.2 Non-banking Financial Institution</b>		
Lanka bangla Finance Ltd.	-	90,000,000
Industrial & Infrastructure Development Finance Co. Ltd	-	140,000,000
Premier Leasing & Finance Ltd.	-	50,000,000
United Finance Ltd.	-	60,000,000
	<b>-</b>	<b>340,000,000</b>



## Notes to the financial statements for the year ended 31 December 2017

		2017 Taka	2016 Taka
<b>6.1 Government/ Bangladesh Bank bills</b>			
30 days Bangladesh Bank bills		-	-
91 days treasury bills		-	-
182 days treasury bills		-	8,033,929,007
		-	8,033,929,007
182 days (REVERSE REPO with other bank)		-	-
1 year (REVERSE REPO with other bank)		-	-
		-	-
		-	8,033,929,007
<b>6.2 Government treasury bonds</b>			
25 years treasury bond	5.00%	7,678,000	12,121,000
20 years treasury bond	8.24% - 12.98%	12,639,385,274	11,093,042,415
15 years treasury bond	7.79% - 12.42%	7,517,272,204	6,624,171,552
10 years treasury bond	6.77% - 12.22%	11,126,214,184	6,058,221,692
5 years treasury bond	5.84% - 11.82%	3,881,165,655	4,659,418,253
2 years treasury bond	8.50%	-	20,198,429
		35,171,715,317	28,467,173,341
6 Month Bangladesh Govt. Islami Investment Bond		60,000,000	49,500,000
		35,231,715,317	28,516,673,341

## 6.3 Shares

Name of company	No of share	Market price	Market value	Book value	Book value
ACI Limited	-	-	-	-	39,543,942
The ACME Laboratories Limited	941,165	114.00	107,292,810	108,781,303	-
Active Fines Chemicals Limited	-	-	-	-	34,071,851
Aman Cotton Fibrous Limited	31,385	40.00	1,255,400	1,255,400	-
Al-Arafah Bank Limited	750,527	24.10	18,087,701	18,288,481	-
Aman Feed Limited	-	-	-	-	30,604,972
Apollo Ispat Complex Limited	-	-	-	-	169,695,922
Argon Denims Limited	-	-	-	-	43,049,101
Bangladesh Shipping Corporation	-	-	-	-	28,920,836
Bata Shoe Company (BD) Limited	21,248	1,171.80	24,898,406	24,900,218	4,558,005
BDCOM Online Ltd	-	-	-	-	727,607
Beacon Pharma Limited	1,622,000	21.30	34,548,600	41,882,728	41,882,728
Berger Paints Bangladesh Limited	-	-	-	-	270,945,120
Bashundhara Paper Mills Limited	43,225	80.00	3,458,000	3,458,000	-
BRAC Bank Ltd	-	-	-	-	53,580,827
Bangladesh Steel Re-Rolling Mills Limited	487,755	98.80	48,190,194	67,870,027	24,990,809
BSRM Steels Limited	503,435	78.50	39,519,648	50,389,516	-
Beximco Pharmaceuticals Limited	1,216,000	103.80	126,220,800	135,596,520	-
City Bank Limited	800,000	53.20	42,560,000	29,174,785	-

## Notes to the financial statements for the year ended 31 December 2017

Name of company	No of share	Market price	Market value	Book value	Book value
Confidence Cement Limited	479,810	152.50	73,171,025	59,352,060	58,851,204
Delta Brac Housing Finance Corporation Limited	129,204	136.00	17,571,744	14,407,108	2,826,341
Dhaka Electric Supply Company Ltd	10,480	45.40	475,792	-	-
Eastern Bank Limited	15,690,639	51.10	801,791,653	53,051,800	53,051,800
Envoy Textile Limited	1,081,500	34.80	37,636,200	49,015,648	49,015,648
Exim Bank Limited	1,195,550	17.20	20,563,460	20,596,366	-
Far Chemical Industries Limited	2,249,511	19.50	43,865,465	53,665,850	-
Fortune Shoes Limited	-	-	-	-	100,630
GlaxoSmithKline Bangladesh Limited	46,751	1,550.80	72,501,451	79,948,157	78,624,401
Golden Harvest Agro Industries Limited	-	-	-	-	39,959,794
GPH Ispat Limited	472,500	38.80	18,333,000	21,143,758	-
Grameenphone Limited	703,668	470.80	331,286,894	219,731,618	28,161,367
Heidelberg Cement Bangladesh Limited	-	-	-	-	358,500
The IBN SINA Pharmaceutical Industry Ltd	-	-	-	-	56,300,431
ICB Islamic Bank Limited	7,998,300	7.00	55,988,100	79,983,000	79,983,000
IDLC Finance Ltd	350,000	85.30	29,855,000	18,244,497	14,623,064
IPDC Finance Limited	-	-	-	-	120,191,241
Islami Bank Bangladesh Limited	290,523	36.60	10,633,142	10,299,727	-
Lafarge Surma Cement Limited	1,000,000	69.90	69,900,000	56,314,054	528,849,224
LankaBangla Finance Limited	850,000	47.80	40,630,000	47,766,136	301,442,841
Linde Bangladesh Limited	163,311	1,284.70	209,805,642	227,689,271	220,130,973
LR Global Bangladesh Mutual Fund One	5,184,672	8.30	43,032,778	50,000,000	50,000,000
Marico Bangladesh Limited	334,227	1,106.10	369,688,485	479,831,691	466,535,540
M.I. Cement Factory Limited	104,536	84.70	8,854,199	10,988,673	-
MJL Bangladesh Limited	1,076,838	109.10	117,483,026	129,240,922	124,289,150
Meghna Petroleum Limited	21,210	188.90	4,006,569	4,182,809	-
Nahee Aluminum Composite Panel Limited	6,847	73.40	502,570	62,246	-
National Tubes Limited	-	-	-	-	832,191
Oimex Electrode Limited	7,128	65.20	464,746	64,800	-
Olympic Industries Limited	2,987,898	288.30	861,410,993	859,263,565	964,977,708
Pacific Denims Limited	3,529,139	19.60	69,171,124	83,230,238	-
Prime Bank Limited	974,791	27.40	26,709,273	26,398,665	-
Quasem Drycells Ltd	-	-	-	-	14,472,841
Reckitt Benckiser Bangladesh Limited	11,268	1,776.20	20,014,221	18,222,861	16,826,410
Renata Ltd	61,000	1,124.20	68,576,200	35,314,522	22,152,844
Shasha Denims Limited	-	-	-	-	2,692,525
Singer Bangladesh Limited	204,100	195.50	39,901,550	42,197,803	-
Southeast Bank Limited	4,392,847	22.20	97,521,203	95,844,766	-

## Notes to the financial statements for the year ended 31 December 2017

Name of company	No of share	Market price	Market value	Book value	Book value
Square Textile Mills Limited	-	-	-	-	14,931,865
Square Pharmaceuticals Limited	769,164	301.80	232,133,695	187,290,529	3,228,043
Summit Power Limited	1,835,994	35.90	65,912,185	86,999,885	105,365,781
Titas Gas Transmission and Distribution Co. Ltd.	3,254,005	44.20	143,827,021	254,143,027	339,609,462
United Power Generation & Distribution Company Limited	280,000	181.10	36,220,000	37,448,463	396,546
Yeakin Polymer Limited	-	-	-	-	114,141
<b>Sub-Total (A)</b>			<b>4,485,469,965</b>	<b>3,893,531,493</b>	<b>4,501,467,226</b>
<b>Unquoted (B)</b>					
Saleh Carpet Mills Limited	56,800	10		568,000	568,000
Swan Textile Mills Limited	578	100		57,800	57,800
Specialised Jute Yarn & Twine Manufacturing Company Limited	19,880	10		198,800	198,800
Paper Converting & Packaging Limited	839	100		83,900	83,900
Ashraf Textile Mills Limited	99,165	10		1,274,980	1,274,980
Karmasangsthan Bank	100,000	100		10,000,000	10,000,000
Preferences Shares of Raj Lanka Power Company Limited	17,454,545	10		174,545,450	-
Preferences Shares of Summit Barisal Power Company Limited	6,400,000	10		64,000,000	-
Preferences Shares of Summit Narayanganj Power Company Limited (SPPCL)	3,600,000	10		36,000,000	-
Central Depository Bangladesh Limited	2,284,721	10		6,277,770	6,277,770
LankaBangla Securities Limited	97,828	10		5,000,000	5,000,000
<b>Sub-Total (B)</b>				<b>298,006,700</b>	<b>23,461,250</b>
<b>Non Capital Market Investment Element (C)</b>					
Investment Corporation of Bangladesh	49,903,464	10		949,649,126	949,649,126
<b>Sub-Total (C)</b>				<b>949,649,126</b>	<b>949,649,126</b>
<b>Total (A+B+C)</b>				<b>5,141,187,319</b>	<b>5,474,577,602</b>



## Notes to the financial statements for the year ended 31 December 2017

			2017 Taka	2016 Taka
<b>6.3.1 Particulars of Required provision for investment</b>				
	Market value at 31 Dec 2017	Book value at 31 Dec 2017	Required provision 2017	Required provision 2016
Shares	5,690,093,013	5,091,187,319	-	-
Mutual Fund	43,032,778	50,000,000	-	4,520,057
	<u>5,733,125,791</u>	<u>5,141,187,319</u>	-	<u>4,520,057</u>
Bridge finance Advance	-	4,813,910	4,813,910	4,813,910
Debenture - at cost	-	344,060	344,060	344,060
Grand Total	<u>5,733,125,791</u>	<u>5,146,345,289</u>	<u>5,157,970</u>	<u>9,678,027</u>
No provision is required for shares in current year as per DOS circular no.04 dated 24 November 2011				
<b>6.4 Debentures at cost</b>				
Gandhara Industries Limited			60	60
Rupan Oil and Feeds Limited			30,000	30,000
Bay Sodium Chemical Industries Limited			15,000	15,000
Monir Chemical Limited			85,000	85,000
Saleh Carpet Industries Limited			50,000	50,000
Ahmed Jutex Mills Limited			75,000	75,000
Mirzaboo Steel Limited			89,000	89,000
			<u>344,060</u>	<u>344,060</u>
<b>6.5 Bridge financing advances</b>				
Bridge financing advances (ICB sponsored)			<u>4,813,910</u>	<u>4,813,910</u>
<b>6.6 Maturity grouping of investments</b>				
Receivable on demand			4,312,317,199	4,908,108,832
Not more than 3 months			1,241,800,000	1,881,000,000
Over 3 months but not more than 1 year			1,365,700,000	9,240,889,007
Over 1 year but not more than 5 years			15,045,244,060	5,929,744,060
Over 5 years			31,562,143,448	26,906,007,522
			<u>53,527,204,707</u>	<u>48,865,749,421</u>
<b>6.7 Investment classified as per Bangladesh Bank Circular</b>				
Treasury Bill - Held for trading (HFT)			-	8,033,929,007
Treasury Bond - Held to maturity (HTM)			35,231,715,317	28,516,673,341
Approved debenture - Held to maturity (HTM)			344,060	344,060
Other securities			18,295,145,330	12,314,803,013
			<u>53,527,204,707</u>	<u>48,865,749,421</u>

## Notes to the financial statements for the year ended 31 December 2017

### 6.8 Repo and Reverse Repo

#### A.(i) Disclosure regarding outstanding repo as on 31 December 2017

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

#### A.(ii) Disclosure regarding outstanding Reverse repo as on 31 December 2017

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
<b>Securities sold under Repo:</b>			
i) With Bangladesh Bank	-	-	-
ii) With Other Banks and FIs	199,039,600	5,193,381,467	273,206,757
<b>Securities Purchased under Reverse Repo:</b>			
i) From Bangladesh Bank	-	-	-
ii) From Other Banks and FIs	49,703,400	2,791,212,500	217,627,282

### 6(a) Consolidated Investments

#### 1. Government

Pubali Bank Limited

Pubali Bank Securities Limited

#### 2. Other

Pubali Bank Limited

Pubali Bank Securities Limited

	2017 Taka	2016 Taka
	35,243,859,418	36,564,053,849
	-	-
	<b>35,243,859,418</b>	<b>36,564,053,849</b>
	18,283,345,289	12,301,695,572
	6,093,913,686	6,139,048,042
	<b>24,377,258,975</b>	<b>18,440,743,614</b>
	<b>59,621,118,393</b>	<b>55,004,797,463</b>
	227,602,252,737	194,740,058,680
	11,937,344,805	8,271,173,081
	<b>239,539,597,542</b>	<b>203,011,231,761</b>

### 7 Loans, advances and leases

Loans, cash credits and overdrafts, etc. (note 7.1)

Bills purchased and discounted (note 7.2)

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>7.1 Loans, cash credits, overdrafts, etc.</b>		
<b>Inside Bangladesh:</b>		
Loans	70,676,080,763	59,021,627,542
Cash credits	49,388,706,881	42,635,737,741
Overdrafts	61,027,188,632	52,175,950,607
Loan against merchandise	7,731,155	9,228,324
Packing credits	751,443,886	606,622,395
Loan against trust receipts	11,771,127,787	8,850,951,290
Pubali prochesta	288,960,254	390,912,172
Non-resident Credit Scheme	644,920	653,907
Pubali Subarna	4,936,364,669	4,795,100,759
Pubali Karmo Uddog	181,430,008	153,251,966
Pubali Sujon	41,061,616	38,080,885
Pubali Utsob	25,503,780	20,700,012
Payment against documents	4,066,645,531	2,627,585,120
Consumers loan scheme	14,111,214,579	12,846,153,329
EDF loan	4,916,516,508	6,222,200,475
Lease finance (Note 7.13)	5,328,312,904	4,338,566,512
Others	83,318,869	6,735,644
	<b>227,602,252,737</b>	<b>194,740,058,680</b>
<b>Outside Bangladesh</b>	-	-
	<b>227,602,252,737</b>	<b>194,740,058,680</b>
<b>7.1.1 Maturity grouping of Loans, Advances and Leases</b>		
Repayable on demand	20,117,731,379	17,655,076,743
Up to 3 months	53,106,603,882	31,166,987,214
Over 3 months but not more than 1 year	82,356,533,838	63,328,483,225
Over 1 year but not more than 5 years	57,329,727,088	63,159,719,492
Over 5 years	14,691,656,550	19,429,792,006
	<b>227,602,252,737</b>	<b>194,740,058,680</b>
<b>7.2 Bills purchased and discounted</b>		
<b>Payable in Bangladesh:</b>		
Loans against accepted bills	2,666,145,254	1,221,573,057
Loans against demand draft purchased	31,565	31,565
	<b>2,666,176,819</b>	<b>1,221,604,622</b>
<b>Payable outside Bangladesh:</b>		
Foreign bills purchased	9,271,167,986	7,049,568,459
Foreign draft purchased	-	-
	<b>9,271,167,986</b>	<b>7,049,568,459</b>
	<b>11,937,344,805</b>	<b>8,271,173,081</b>
<b>7.2.1 Maturity grouping of Bills purchased and discounted</b>		
Receivable on demand	4,688,689	135,217,347
Not more than 3 months	1,478,988,296	1,184,455,430
Over 3 months but not more than 6 months	10,453,667,820	6,951,500,304
	<b>11,937,344,805</b>	<b>8,271,173,081</b>

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>7.3 Loans and advances including bills purchased and discounted analysed in following broad categories</b>		
<b>Inside Bangladesh</b>		
Loans	119,852,534,043	101,149,974,954
Cash credits	49,388,706,881	42,635,737,741
Overdrafts	61,027,188,632	52,175,950,607
	<b>230,268,429,556</b>	<b>195,961,663,302</b>
<b>Outside Bangladesh</b>	<b>9,271,167,986</b>	<b>7,049,568,459</b>
	<b>239,539,597,542</b>	<b>203,011,231,761</b>
<b>7.4 Loans and advances on the basis of significant customer concentration including bills purchased and discounted</b>		
Advance to directors and others	220,656	5,856,628
Advance to officers and employees	2,804,413,906	2,624,724,617
Advance to customers group (note 7.9)	91,769,784,000	87,785,066,000
<b>7.5 Industry wise distribution of loans and advances</b>		
Agriculture	4,260,731,429	3,873,357,827
Jute	394,712,909	299,398,487
Textile	22,999,350,999	15,533,695,125
Ready-made garments	20,246,657,564	13,533,633,501
Steel & engineering	9,814,033,046	9,458,167,423
Ship scraping	2,968,906,527	2,978,599,018
Edible oil	5,255,881,601	1,592,613,062
Cement	3,158,627,213	2,450,874,375
Pharmaceuticals	3,750,572,363	1,662,885,638
Food & allied	16,134,583,543	11,904,445,305
Paper, paper products and packaging	966,992,332	961,571,170
Leather	430,087,884	206,016,737
Printing & Dyeing Industries	3,483,670,421	1,691,549,479
Others Manufacturing Industries	9,697,451,592	8,124,686,927
Energy and power	1,887,210,248	736,869,030
Hospitals, Clinics and other health services	4,002,633,152	5,016,089,341
Construction	6,300,567,661	5,721,625,288
Housing	13,378,518,955	9,160,470,786
Transport and communication	1,218,492,762	1,024,927,440
Others Service Industries	1,071,434,667	898,463,081
Trade & Commerce	57,532,345,993	57,930,827,127
NBFI (Non Bank Financial Institution)	4,803,995,044	2,731,135,420
NGO	8,420,696,176	5,472,748,267
Consumer Finance	19,028,895,904	18,480,841,584
Others	18,332,547,557	21,565,740,323
	<b>239,539,597,542</b>	<b>203,011,231,761</b>

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>7.6 Geographical location-wise distribution of loans and advances including bills purchased and discounted</b>		
<b>Inside Bangladesh - Urban</b>		
Dhaka	116,806,820,717	117,548,327,203
Chittagong	38,959,716,143	36,609,646,896
Sylhet	7,009,945,468	7,457,320,361
Barisal	2,816,073,677	2,249,486,983
Khulna	7,026,787,598	5,127,497,035
Rajshahi	4,480,869,004	4,147,025,416
Rangpur	4,174,952,826	4,777,239,112
Mymensingh	3,937,220,028	3,303,536,414
	<b>185,212,385,461</b>	<b>181,220,079,420</b>
<b>Inside Bangladesh - Rural</b>		
Dhaka	26,688,300,244	3,204,075,831
Chittagong	4,246,173,413	3,348,677,184
Sylhet	5,966,794,508	3,017,337,614
Barisal	742,324,499	538,124,211
Khulna	1,629,208,688	1,855,331,324
Rajshahi	2,339,358,625	1,467,084,497
Rangpur	771,475,862	625,278,041
Mymensingh	2,672,408,257	685,675,180
	<b>45,056,044,095</b>	<b>14,741,583,882</b>
<b>Outside Bangladesh (Foreign bills/drafts purchased)</b>	<b>9,271,167,986</b>	<b>7,049,568,459</b>
	<b>239,539,597,542</b>	<b>203,011,231,761</b>
<b>7.7 Sector-wise loans and advances including bills purchased and discounted</b>		
Public sector	46,707,721	451,171,849
Private sector	239,323,526,507	202,385,397,238
Co-operative sector	169,363,314	174,662,674
	<b>239,539,597,542</b>	<b>203,011,231,761</b>
<b>7.8 Security base-wise loans and advances including bills purchased and discounted</b>		
Collateral of movable and immovable properties	132,280,374,583	110,480,447,686
Guarantee of local banks and financial institutions	-	3,804,095
Export documents	1,539,289,542	3,687,199,520
Fixed deposit receipts (FDR) of own Bank	10,000,694,413	9,685,231,214
FDR of other banks	3,200,250,462	2,833,473,806
Government bonds	3,089,784	3,089,784
Corporate Guarantee	32,605,894,626	23,444,728,847
Personal guarantee	52,729,313,374	40,841,059,088
Other securities	7,180,690,758	12,032,197,721
	<b>239,539,597,542</b>	<b>203,011,231,761</b>

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>7.9 Advance to customers group (Details of large loans and advances)</b>		
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 Taka 31,975,204,355 as at 31 December 2017.		
Number of clients	20	21
Amount of outstanding loans/advances	91,769,784,000	87,785,066,000
Classified amount thereon	5,804,921,000	-
Measures taken for recovery	-	-
* Details shown in Annexure C		
<b>Name of borrower</b>		
Meghna Group	7,899,800,000	5,447,400,000
City Group	5,988,335,000	5,642,505,000
Keya Group	5,810,621,000	5,669,035,000
Project Builders	5,464,327,000	5,052,310,000
Pran Group	5,224,625,000	3,543,767,000
Dird Group	5,198,332,000	4,827,340,000
Sharmin Group	5,150,700,000	4,464,700,000
BSRM Group	4,935,455,000	3,551,599,000
Max Group	4,737,242,000	2,847,159,000
Ha-Meem Group	4,446,400,000	6,963,105,000
Pakiza Group	4,275,200,000	4,068,300,000
City Seed Crushing Group	4,121,000,000	-
Envoy Textiles Ltd.	4,042,745,000	3,510,387,000
Paramount Group	3,990,400,000	-
Sheema Group	3,781,156,000	5,373,720,000
T K Group	3,592,100,000	-
Madina Group	3,357,415,000	3,260,640,000
Antim Group	3,252,500,000	2,628,300,000
KSRM	3,252,225,000	-
BRAC	3,249,206,000	2,786,959,000
GPH Group	-	3,423,137,000
M A Rahman Dying Inds. Ltd.	-	2,690,738,000
S. A. Group	-	2,701,950,000
Abul Khair Group	-	6,564,515,000
AA Yarn Mills Ltd.	-	2,767,500,000
	<b>91,769,784,000</b>	<b>87,785,066,000</b>
<b>7.10 Classification of loans and advances including bills purchased and discounted</b>		
Unclassified:		
Standard	211,447,401,722	179,101,709,880
Special mention account (SMA)	4,500,838,356	10,363,341,688
	<b>215,948,240,078</b>	<b>189,465,051,568</b>
Classified:		
Substandard (SS)	498,950,008	1,007,846,999
Doubtful (DF)	591,446,731	621,520,577
Bad or loss (BL)	19,696,546,819	9,292,088,000
	<b>20,786,943,558</b>	<b>10,921,455,576</b>
Staff loan	2,804,413,906	2,624,724,617
	<b>239,539,597,542</b>	<b>203,011,231,761</b>

## Notes to the financial statements for the year ended 31 December 2017

			2017 Taka	2016 Taka
<b>7.11 Particulars of required provision for loans and advances</b>				
<b>Status of Classification</b>	<b>Base for Provision</b>	<b>Rate of Provision (%)</b>		
<b>General provision - Unclassified</b>				
Standard	148,816,813,126	1	1,488,168,131	1,229,225,586
Small & Medium Enterprise financing	46,676,699,126	0.25	116,691,748	103,578,714
Loans to BHs/MBs/SDs against share etc.	15,079,909	2	301,598	977,276
Housing Finance	248,875,085	1	2,488,751	6,538,188
Loan for Professional to setup business	91,322,040	2	1,826,441	3,089,247
Consumers loan scheme (Credit Card)	81,713,624	2	1,640,392	-
Consumers loan scheme	11,212,860,899	5	560,643,045	502,820,237
Short Term Agri Credit and Micro credit	4,304,037,813	1	43,040,378	96,386,434
Special mention account (SMEF)	1,487,126,843	0.25	3,717,817	2,390,144
Special mention account (CLS)	1,583,713,189	5	79,185,659	62,753,388
Special mention account (HF)	88,495,028	1	884,950	1,587,439
Special mention account (LP)	2,629,298	2	52,586	120,525
Special mention account (Others)	1,338,873,998	1	13,388,740	127,319,923
			2,312,030,236	2,136,787,101
<b>Specific provision - Classified</b>				
Substandard (Agri & Micro credit)	11,106,723	5	2,221,344	330,246
Substandard	242,394,276	20	48,478,855	130,215,702
Doubtful (Agri & Micro credit)	-	5	-	151,857
Doubtful	299,804,949	50	149,902,475	187,244,001
Bad/Loss	8,142,084,849	100	8,142,084,849	4,724,624,100
			8,342,687,523	5,042,565,906
Total Required provision (see below)			10,654,717,759	7,179,353,007
Provision maintained ( note 14.1)			10,656,234,798	7,679,553,007
Excess provision			1,517,039	500,200,000

The above status of classification and base for provision have been calculated on the basis of CL of the Bank as at 31 December 2017. However, as per requirement of Bangladesh Bank in respect to loan provisioning total required provision against loans and advances is BDT 1,239.47 crore, against which the Bank has maintained an amount of BDT 1,065.52 crore as provision. The remaining balance of BDT 173.85 crore will be provided equally within 3 years from 2018 to 2020 as per Bangladesh Bank approval given vide letter no BRPD(P-1)/661/13(Cha)/ 2018-2189 dated 28 March 2018. Until the shortfall is covered the Bank would not distribute cash dividend.

## 7.12 Particulars of loans and advances

(i) Loans considered good in respect of which the bank is fully secured.		
(ii) Loans considered good for which the bank holds no other security than the debtors' personal security	147,023,698,784	126,689,442,010
(iii) Loans considered good being secured by the personal security of one or more parties in addition to the personal security of the debtors.	57,947,427,244	50,282,292,531
(iv) Loans adversely classified; provision not maintained there against	34,568,471,514	26,039,497,220
	-	-
	<b>239,539,597,542</b>	<b>203,011,231,761</b>

## Notes to the financial statements for the year ended 31 December 2017

	<b>2017 Taka</b>	<b>2016 Taka</b>
(v) Loans due by directors or officers of the bank or any of them either severally or jointly with any other persons	2,804,634,562	2,630,581,245
(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.	2,804,634,562	2,630,581,245
(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	4,803,995,044	2,731,135,420
(x) Amount of classified loan on which interest /Profit has not been charged as follows		
a) Increase / (decrease) of provision ( specific)	2,143,416,465	854,160,560
b) Amount written off debt	(1,302,053,011)	(788,857,595)
c) Amount of debt recovered against the debt which was previously written off	79,813,814	109,840,027
d) Amount of Provision kept against loans classified as bad or loss	8,142,084,849	4,724,624,100
e) Amount of interest credited in suspense account	2,164,617,779	1,622,699,217
(xi) Cumulative amount of written off Loans		
Opening Balance	11,117,799,922	10,328,942,327
Amount of written off during the current year	1,302,053,011	788,857,595
	<u>12,419,852,933</u>	<u>11,117,799,922</u>
(xii) Amount of written off loans for which law suit has been filed for recovery	<u>12,419,852,933</u>	<u>11,117,799,922</u>
<b>7.13 Lease finance</b>		
Lease rental receivable within 1 year	2,226,054,204	1,806,830,156
Lease rental receivable within 5 years	4,437,390,774	3,448,973,154
Lease rental receivable after 5 years	136,465,621	406,817,121
Total lease rental receivable	6,799,910,599	5,662,620,431
Less : Un-earned interest receivable	(1,471,597,695)	(1,324,053,919)
Net Lease finance	<u>5,328,312,904</u>	<u>4,338,566,512</u>



## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>7(a) Consolidated Loans, Advances and Leases</b>		
<b>Loans, cash credits, overdrafts, etc.</b>		
Pubali Bank Limited	227,602,252,737	194,740,058,680
Pubali Bank Securities Limited	609,010,224	598,828,710
	<b>228,211,262,961</b>	<b>195,338,887,390</b>
<b>Bills purchased and discounted</b>		
Pubali Bank Limited	11,937,344,805	8,271,173,081
Pubali Bank Securities Limited	-	-
	<b>11,937,344,805</b>	<b>8,271,173,081</b>
	<b>240,148,607,766</b>	<b>203,610,060,471</b>
<b>8 Fixed Assets including premises, furniture &amp; fixtures</b>		
<b>Cost</b>		
Land	2,255,213,992	2,255,213,992
Building	908,092,261	908,092,261
Vehicles	260,086,954	231,164,544
Machinery and equipment	674,615,406	689,081,240
Computer & Computer Accessories	1,357,405,974	1,200,526,692
Furniture and fixtures	628,627,177	560,348,758
	<b>6,084,041,764</b>	<b>5,844,427,487</b>
<b>Accumulated Depreciation</b>	<b>(2,397,185,431)</b>	<b>(2,055,983,208)</b>
<b>Net book value at the end of the year</b>	<b>3,686,856,333</b>	<b>3,788,444,279</b>
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.		
<b>8(a) Consolidated Fixed Assets including premises, furniture &amp; fixtures</b>		
<b>Cost</b>		
Pubali Bank Limited	6,084,041,764	5,844,427,487
Pubali Bank Securities Limited	8,220,101	7,810,870
	<b>6,092,261,865</b>	<b>5,852,238,357</b>
<b>Less: Accumulated Depreciation</b>		
Pubali Bank Limited	(2,397,185,431)	(2,055,983,208)
Pubali Bank Securities Limited	(6,420,533)	(5,624,940)
	<b>(2,403,605,964)</b>	<b>(2,061,608,148)</b>
	<b>3,688,655,901</b>	<b>3,790,630,209</b>
<b>9 Other Assets</b>		
Interest accrued on investments	1,766,653,080	1,507,307,903
Accrued income on loans & advances	188,048,003	236,173,653
Investment in SWIFT AC	3,387,591	3,387,591
Advance security deposit, advance rent and prepaid expenses	230,843,148	193,835,708
Investment in Subsidiary Company	6,599,998,700	6,599,998,700
Stock dealing account	469,757,026	40,379,784
Stationery and stamps	67,696,410	64,778,476
Drafts payable	20,829,927	21,273,874
Sanchaypatra	-	993,725
Suspense account (note 9.1)	260,698,995	215,731,551
Demonetized notes (note 9.2)	1,531,750	1,531,750
Items in transit (note 9.3)	3,288,854,073	4,811,480,497
Advance against income tax (note 9.4)	22,778,223,619	20,134,772,043
Clearing house adjustment	148,161,847	63,886,071
Others (note 9.5)	3,604,701	101,436,852
	<b>35,828,288,870</b>	<b>33,996,968,178</b>

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>9.1 Suspense Account</b>		
Suspense account general	166,889,375	118,102,342
Suspense law	960,769	1,350,713
Protested bills	92,848,851	96,278,496
	<b>260,698,995</b>	<b>215,731,551</b>

### 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. 3,288,854,073

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 25. 03. 2018

Period of un- reconciliation	Number of Un-responded entries		Un-responded entries (Amount in Taka)	
	Debit	Credit	Debit	Credit
up to 3 months	10	7	499,100	443,005
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	4	4	164,100	115,000
Over 5 years	497	454	7,765,015	4,549,938

### 9.4 Advance income Tax

Balance at the beginning of the year	20,134,772,043	17,375,434,346
Paid during the year	2,643,451,576	2,759,337,697
Settlement of previous years tax liability	-	-
Balance at the end of the year	<b>22,778,223,619</b>	<b>20,134,772,043</b>

### 9.5 Others

Property account	162,129	162,129
Accrued interest overdue under CLS	-	97,813,422
Delayed charges of lease rental	88,219	106,948
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
	<b>3,604,701</b>	<b>101,436,852</b>

### 9.6 Classification of other assets

Unclassified (UC)	35,723,642,752	33,889,874,187
Substandard (SS)	-	-
Doubtful (DF)	789,153	1,599,535
Bad or Loss (BL)	103,856,965	105,494,456
	<b>35,828,288,870</b>	<b>33,996,968,178</b>

## Notes to the financial statements for the year ended 31 December 2017

			2017	2016
			Taka	Taka
<b>9.7 Particulars of provision for other assets</b>				
<b>Status of Classification</b>	<b>Base for provision</b>	<b>Rate of Provision (%)</b>		
Doubtful (DF)	789,153	50	394,577	799,768
Bad or Loss (BL)	103,856,965	100	103,856,965	105,494,456
Required provision			104,251,542	106,294,224
Provision maintained ( note 14)			296,562,254	255,427,967
Excess provision			<b>192,310,712</b>	<b>149,133,743</b>
<b>9(a) Consolidated Other Assets</b>				
Pubali Bank Limited			35,828,288,870	33,996,968,178
Pubali Bank Securities Limited			234,697,122	150,557,419
			<b>36,062,985,992</b>	<b>34,147,525,597</b>
Less: Inter company Transactions			(469,770,836)	(40,393,594)
Pubali Bank Securities Limited			(6,599,998,700)	(6,599,998,700)
			<b>(7,069,769,536)</b>	<b>(6,640,392,294)</b>
			<b>28,993,216,456</b>	<b>27,507,133,303</b>
<b>10 Non-banking Assets</b>				
Assets of United Bank of India Ltd. (located in Dhaka South, Comilla, Rajshahi )			<b>375,246</b>	<b>375,246</b>
<b>11 Borrowings from other Banks, Financial Institutions and Agents</b>				
Inside Bangladesh (note 11.1)			7,310,000,000	-
Outside Bangladesh (note 11.2)			10,789,362,651	6,305,989,705
			<b>18,099,362,651</b>	<b>6,305,989,705</b>
<b>11.1 Inside Bangladesh</b>				
<b>Call loan borrowing from other bank</b>				
Sonali Bank Limited			2,000,000,000	-
State Bank of India			310,000,000	-
National Bank Limited			610,000,000	-
The Hongkong and Shanghai Banking Corporation Limited			240,000,000	-
IFIC Bank Limited			1,400,000,000	-
Commercial Bank of Ceylon			200,000,000	-
Prime Bank Limited			300,000,000	-
Janata Bank Limited			1,800,000,000	-
Mutual Trust Bank Limited			200,000,000	-
			<b>7,060,000,000</b>	-
<b>FDR borrowing from other Bank</b>				
Citibank N.A			250,000,000	-
			<b>7,310,000,000</b>	-
<b>11.2 Outside Bangladesh</b>				
In demand deposit accounts (non- interest bearing) (note 11.2.1)			820,705,215	667,788,495
Placement/ Borrowing from Outside Bangladesh			9,968,657,436	5,638,201,210
			<b>10,789,362,651</b>	<b>6,305,989,705</b>

## Notes to the financial statements for the year ended 31 December 2017

		2017 Taka	2016 Taka				
<b>11.2.1 In demand deposit accounts (non- interest bearing) with :</b>							
Name of Bank	Foreign currency name	As at 31 December 2017			As at 31 December 2016		
		Conversion rate per unit FC	Amount in foreign currency	Equivalent Taka	Conversion rate per unit FC	Amount in foreign currency	Equivalent Taka
Commerz Bank , Germany	EURO	98.48	482,415.27	47,511,390	-	-	-
AB Bank Ltd, Mumbai	ACUD	82.70	65,341.14	5,403,712	78.70	323,012.59	25,421,802
Citi Bank NA, New York	USD	82.70	3,720,618.09	307,695,116	78.70	4,594,213.10	361,574,678
Commerz Bank , AG, Frankfurt	EURO	-	-	-	82.32	342,685.61	28,211,427
Habib American Bank, New York	USD	82.70	37,292.14	3,084,060	-	-	-
HDFC Bank, Mumbai	ACUD	82.70	167,398.12	13,843,825	78.20	474,554.12	37,348,453
ICICI Bank Ltd., Kolkata, India	ACUD	82.70	1,929,226.01	159,546,991	-	-	-
JP Morgan Chase Bank, New York	USD	82.70	3,112,527.92	257,406,059	78.70	2,643,672.44	208,062,837
Standard Chartered Bank, Mumbai	ACUD	82.70	267,003.69	22,081,205	78.70	91,094.00	7,169,298
Standard Chartered Bank, GBP	GBP	110.96	37,244.07	4,132,857	-	-	-
				820,705,215			667,788,495
<b>11.3 Security against borrowing from other banks, financial institutions and agents</b>							
Secured		18,099,362,651	6,305,989,705				
Unsecured		-	-				
		18,099,362,651	6,305,989,705				
<b>11.4 Maturity grouping of borrowing from other banks, financial institutions and agents</b>							
Payable on demand		7,880,705,215	667,788,495				
Payable within 1 month		1,192,741,452	236,106,600				
Over 1 month but within 6 months		9,025,915,984	5,402,094,610				
Over 6 months but within 1 year		-	-				
Over 1 year but within 5 years		-	-				
Over 5 years and above		-	-				
		18,099,362,651	6,305,989,705				
<b>12 Subordinated bond</b>							
Agrani Bank Limited		1,000,000,000	-				
Janata Bank Limited		1,000,000,000	-				
Rupali Bank Limited		1,000,000,000	-				
Sonali Bank Limited		1,000,000,000	-				
Uttara Bank Limited		1,000,000,000	-				
		5,000,000,000	-				
<b>13 Deposits and other accounts</b>							
Inter-bank deposits		4,577,967,547	1,014,879,506				
Other deposits		267,130,995,774	246,263,624,177				
		271,708,963,321	247,278,503,683				

## Notes to the financial statements for the year ended 31 December 2017

## 13.1 Details of deposits and other accounts

Current deposits and other accounts :

Current account	32,833,898,827	27,214,882,793
Cash credit A/C. (Cr. Balance)	517,708,386	554,167,676
Overdraft earnest money (Cr. Balance)	20,000	-
Pubali Prochesta (Cr. Balance)	2,759,016	11,859,675
Credit card A/C	692,430	170,741
Call deposits	16,269,759	15,633,739
Foreign currency deposits	1,303,429,226	1,204,640,383
Un- claimed drafts payable	3,564	3,564
Un- claimed dividend	18,914	18,914
Unclaimed deposits FDD A/C	15,602,288	15,491,733
	<b>34,690,402,410</b>	<b>29,016,869,218</b>

Bills payable ( note 13.1.1)

9,757,892,778

12,240,637,725

Savings Bank accounts

70,060,109,522

62,201,794,370

Term deposits :

Fixed deposits - from customers	66,408,199,007	61,942,167,300
Special Notice Deposits	34,073,386,498	28,005,845,821
Deposit pension scheme	1,188,411	1,209,894
Interest payable on term deposit	2,548,458,917	2,808,050,456
Pubali pension scheme	19,805,721,180	14,658,904,213
Pubali sanchay prakalpa	3,815,826,339	4,476,150,111
Dwigun Sanchay Prokalpa	16,558,175,526	19,685,770,467
Target Based Small Deposit (Pubali shopnopuron)	3,259,853,282	2,196,766,442
Monthly profit base deposit	2,535,002,011	2,774,162,121
Monthly Profit Based Small Deposit (Pubali shadhin sonchoy)	2,708,576,983	1,758,208,860
Shikhya sanchay prokalpa	230,916,355	211,314,973
Child education Care & maturity deposit	-	167,299
	<b>151,945,304,509</b>	<b>138,518,717,957</b>

Other deposits

5,255,254,102

5,300,484,413

**271,708,963,321****247,278,503,683**

## 13.1.1 Bills Payable

Payment orders issued	9,385,033,860	11,783,417,739
Demand Drafts	129,100,612	259,127,899
Sanchayapatra	243,758,306	198,092,087
	<b>9,757,892,778</b>	<b>12,240,637,725</b>

## 13.2 Maturity analysis of inter-bank deposits

Payable on demand	795,656,321	963,150,173
Payable within 1 month	464,231,938	36,255,663
Over 1 month but within 6 months	3,318,079,288	15,473,670
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years and above	-	-
	<b>4,577,967,547</b>	<b>1,014,879,506</b>

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>13.3 Maturity analysis of other deposits</b>		
Payable on demand	13,388,882,089	22,490,278,422
Payable within 1 month	14,748,671,311	14,610,263,974
Over 1 month but within 6 months	73,083,103,338	54,599,792,587
Over 6 months but within 1 year	59,573,903,826	48,188,749,156
Over 1 year but within 5 years	41,099,686,777	40,998,500,503
Over 5 years and above	65,236,748,433	65,376,039,535
	<b>267,130,995,774</b>	<b>246,263,624,177</b>
	<b>271,708,963,321</b>	<b>247,278,503,683</b>
<b>13 (a) Consolidated Deposits and other accounts</b>		
Pubali Bank Limited	271,708,963,321	247,278,503,683
Pubali Bank Securities Limited	-	-
	<b>271,708,963,321</b>	<b>247,278,503,683</b>
Inter Company Transactions	(1,105,272,867)	(372,333,256)
	<b>270,603,690,454</b>	<b>246,906,170,427</b>
<b>14 Other Liabilities</b>		
Accumulated provision for loans and advances ( note 14.1.1.1 )	7,452,609,121	4,223,743,657
Accumulated provision for consumers loan (note 14.1.1.2)	844,092,944	789,277,605
Accumulated provision for lease finance (note 14.1.1.3)	1,254,442	1,596,341
Accumulated provision for demand loan pubali star (note 14.1.1.4)	46,248,055	27,948,303
	<b>8,344,204,562</b>	<b>5,042,565,906</b>
Provision for unclassified loans and advances (note 14.1.2)	2,312,030,236	2,636,987,101
Provision @1% against off-balance sheet exposure (note 14.2)	911,300,000	730,800,000
Accumulated interest suspense ( note 14.3 )	2,164,617,779	1,622,699,217
Provision for rebate on good borrower	18,504,184	20,000,000
Provision for doubtful investment	23,750,460	23,750,460
Additional profit payable A/C for Islamic banking	2,356,033	1,738,845
I.B. bad debt offsetting reserve	8,215,452	3,904,452
Interest suspense on underwriting advances	235,599,888	235,599,888
CLS interest A/C	3,939,253	4,233,900
Accrued interest receivable on overdue CLS	-	97,813,422
Consumers deposits	181,165,892	153,396,713
Lease rental receivable	624,483	691,719
Unpaid dividend	675,231	675,231
Special blocked account (note 14.4)	1,215,640	1,215,640
Provision for Current Tax (note 14.5 )	26,013,816,910	23,299,126,721
Provision for Deferred Tax (note 14.5.1)	77,121,056	125,535,475
Valuation adjustment	815,360,819	542,323,077
Exchange adjustment account (note 14.6 )	28,666,878	28,666,878
Agri credit guarantee backing reserve (note 14.7 )	70,261,300	70,261,300
Excise duty	347,750	14,469,034
Pakistan account (note 14.8 )	8,393,039	8,393,039
Pension fund (note 14.9 )	1,570,883	1,570,883
L/C cover account in Bangladesh	1,583,640	1,583,640
EDF adjustment	5,263,040,370	6,261,073,278
Pubali Bank Adjustment	114,712,249	49,058,060
Sadaqah fund	6,188,171	5,850,621

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
Card transaction fee (Inter bank)	1,039,240	656,117
Foreign currency FCC account	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
Non resident blocked account of UBI	34,487	34,487
	<b>38,286,710,327</b>	<b>35,962,688,202</b>
<b>Provision for expenses:</b>		
(i) auditors' fees	1,820,000	1,800,000
(ii) advertisement	1,200,000	3,500,000
(iii) bonuses	310,605,581	318,448,505
(iv) others	104,883,085	48,564,506
	<b>418,508,666</b>	<b>372,313,011</b>
<b>Provision for other assets:</b>		
Suspense account(note 14.10 )	63,714,468	63,714,468
Demonetized notes (note 14.11 )	989,740	989,740
Provision for Un-reconciled General Account debit entries (note 14.12)	13,724,657	13,724,657
ICT Asset Insurance reserve	18,257,834	15,580,358
Reserve for unforeseen losses	199,875,555	161,418,744
	<b>296,562,254</b>	<b>255,427,967</b>
	<b>47,345,985,809</b>	<b>41,632,995,086</b>
<b>14.1 Accumulated provision for loans and advances</b>		
<b>14.1.1 Specific provision on classified loans and advances</b>		
Provision held at the beginning of the year	4,223,743,657	3,075,945,308
Fully provided debts written off during the year	(1,050,905,215)	(693,625,213)
Recoveries of amounts previously written off	79,813,814	109,840,027
Provision Transferred in during the year	324,956,865	-
Specific provision for the year	<b>3,875,000,000</b>	<b>1,731,583,535</b>
14.1.1.1 Provision for general loans and advances	7,452,609,121	4,223,743,657
14.1.1.2 Provision for consumers loan	844,092,944	789,277,605
14.1.1.3 Provision for lease finance	1,254,442	1,596,341
14.1.1.4 Accumulated provision for demand loan pubali star	46,248,055	27,948,303
Provision held at the end of the year	<b>8,344,204,562</b>	<b>5,042,565,906</b>
<b>14.1.2 General provision for unclassified loans and advances</b>		
Provision held at the beginning of the year	2,636,987,101	1,796,778,110
Provision made during the year	-	840,208,991
Provision Transferred out during the year	(324,956,865)	-
Provision held at the end of the year	<b>2,312,030,236</b>	<b>2,636,987,101</b>
	<b>10,656,234,798</b>	<b>7,679,553,007</b>
<b>14.2 Provision for exposure against off balance sheet items</b>		
Provision held at the beginning of the year	730,800,000	546,800,000
Provision made during the year ( note 38)	180,500,000	184,000,000
Provision held at the end of the year	<b>911,300,000</b>	<b>730,800,000</b>
<b>14.3 Interest suspense account</b>		
Balance at the beginning of the year	1,622,699,217	830,529,581
Amount transferred during the year	1,089,335,880	1,121,646,380
Amount recovered during the year	(404,660,182)	(225,145,124)
Amount written off during the year	(142,757,136)	(104,331,620)
Balance at the end of the year	<b>2,164,617,779</b>	<b>1,622,699,217</b>

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>14.4 Special blocked account: Tk. 1,215,640</b>		
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.		
<b>14.5 Provision for Current tax</b>		
Balance at the beginning of the year	23,299,126,721	20,379,776,170
Provision made for previous years	-	298,406,335
Provision made for current year	2,666,275,770	2,166,673,084
Provision transferred in from deferred tax ( note 14.5.1)	48,414,419	454,271,132
	2,714,690,189	2,919,350,551
Settlement of previous years tax liability	-	-
Balance at the end of the year	26,013,816,910	23,299,126,721
The status of corporate income tax of the Bank has been shown in Annexure B.		
<b>14.5 (a) Consolidated Provision for Current tax</b>		
Pubali Bank Limited	2,714,690,189	2,919,350,551
Pubali Bank Securities Limited	73,433,768	41,082,764
	2,788,123,957	2,960,433,315
<b>14.5.1 Provision for deferred tax</b>		
Balance at the beginning of the year	125,535,475	579,806,607
Provision made during the year	-	-
Provision transferred to Current tax ( note 14.5)	(48,414,419)	(454,271,132)
Provision held at the end of the year	77,121,056	125,535,475
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 adjusted against current tax.		
<b>14.5.1 (a) Consolidated Provision for deferred tax</b>		
Pubali Bank Limited	(48,414,419)	(454,271,132)
Pubali Bank Securities Limited	3,338,230	1,496,551
	(45,076,189)	(452,774,581)
<b>14.5.1 (b) Consolidated provision for deferred tax (Accumulated)</b>		
Balance at the beginning of the year	121,855,965	574,630,546
Provision transferred to Current tax	(48,414,419)	(454,271,132)
Provision made during the year	3,338,230	1,496,551
Provision held at the end of the year	76,779,776	121,855,965
<b>14.5.2 Tax Provision made during the Year</b>		
Current Tax	2,714,690,189	2,919,350,551
Deferred Tax	(48,414,419)	(454,271,132)
	2,666,275,770	2,465,079,419
<b>14.6 Exchange adjustment account: Tk. 28,666,878</b>		
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.		



## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka		
<b>14.7 Agri credit guarantee backing reserve: TK. 70,261,300</b>				
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.				
<b>14.8 Pakistan account:TK. 8,393,039</b>				
This represents net liability to Bank's own branches operating in former West Pakistan before Liberation of the country and remains unsettled as yet.				
<b>14.9 Pension fund:TK. 1,570,883</b>				
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.				
<b>14.10 Provision for suspense:</b>				
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 privatization as per vendor's agreement.				
<b>14.11 Provision for demonetized notes:TK. 989,740</b>				
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.				
<b>14.12 Provision for Un-reconciled General Account debit entries</b>				
			<b>Provision Required</b>	
<b>Period of un-reconciliation</b>	<b>Amount</b>	<b>Base for Provision (%)</b>	<b>2017</b>	<b>2016</b>
Upto 12 months	2,500,000	-	-	-
12 months above but less than 24 months	-	50%	-	235,543
24 months and above	7,929,114	100%	7,929,114	7,929,014
Required provision			7,929,114	8,164,557
Provision maintained			13,724,657	13,724,657
Excess provision			<u>5,795,543</u>	<u>5,560,100</u>
<b>14(a) Consolidated other liabilities</b>				
Pubali Bank Limited			47,345,985,809	41,632,995,086
Pubali Bank Securities Limited			1,817,895,362	1,374,498,983
Inter company payables			(469,770,836)	(40,393,594)
			<u>48,694,110,335</u>	<u>42,967,100,475</u>
<b>15 Capital</b>				
<b>15.1 Authorized Capital</b>				
2,000,000,000 ordinary shares of Tk 10 each			<u>20,000,000,000</u>	<u>20,000,000,000</u>

## Notes to the financial statements for the year ended 31 December 2017

## 15.2 Issued, subscribed and paid up capital

1,600,000 ordinary shares of Tk 100 each issued for cash
400,000 ordinary shares of Tk 100 each as bonus share in 2000
2,000,000 ordinary shares of Tk 100 each as bonus share in 2004
8,000,000 ordinary shares of Tk 100 each as bonus share in 2005
9,000,000 ordinary shares of Tk 100 each as bonus share in 2006
8,400,000 ordinary shares of Tk 100 each as bonus share in 2007
8,820,000 ordinary shares of Tk 100 each as bonus share in 2008
11,466,000 ordinary shares of Tk 100 each as bonus share in 2009
173,901,000 ordinary shares of Tk 10 each as bonus share in 2010
167,690,250 ordinary shares of Tk 10 each as bonus share in 2011
41,922,562 ordinary shares of Tk 10 each as bonus share in 2013
70,429,904 ordinary shares of Tk 10 each as bonus share in 2016

2017 Taka	2016 Taka
160,000,000	160,000,000
40,000,000	40,000,000
200,000,000	200,000,000
800,000,000	800,000,000
900,000,000	900,000,000
840,000,000	840,000,000
882,000,000	882,000,000
1,146,600,000	1,146,600,000
1,739,010,000	1,739,010,000
1,676,902,500	1,676,902,500
419,225,620	419,225,620
704,299,040	-
<b>9,508,037,160</b>	<b>8,803,738,120</b>

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

## 15.3 Paid up capital as per shareholders category

Particular	2017			2016
	No. of share	Percentage (%)	Amount	Amount
Directors	285,739,769	30.05%	2,857,397,690	2,542,692,220
Co-operative societies	9,254,772	0.97%	92,547,720	89,788,200
Banks and financial institutions	30,223,937	3.18%	302,239,370	416,301,240
Government	2,296	0.0002%	22,960	21,260
Other institutions	177,398,462	18.66%	1,773,984,620	1,610,072,950
Non resident Bangladeshi	16,911,679	1.78%	169,116,790	146,543,770
General public	431,272,801	45.36%	4,312,728,010	3,998,318,480
	<b>950,803,716</b>	<b>100.00%</b>	<b>9,508,037,160</b>	<b>8,803,738,120</b>

## 15.4 Range wise shareholdings

Range wise shareholdings	2017			2016
	Number of shareholders	Percentage of holding of shares (%)	Number of Shares	Number of Shares
Up to 500 shares	33,010	0.44%	4,176,438	4,896,244
501 to 5,000 "	16,424	3.00%	28,522,191	30,112,297
5,001 " 10,000 "	1,220	0.94%	8,902,393	8,264,214
10,001 " 20,000 "	732	1.10%	10,372,656	9,420,275
20,001 " 30,000 "	300	0.82%	7,809,711	7,151,719
30,001 " 40,000 "	120	0.44%	4,244,090	3,679,393
40,001 " 50,000 "	76	0.36%	3,479,026	3,418,902
50,001 " 100,000 "	295	2.39%	22,695,224	19,060,614
100,001 and above	338	90.51%	860,601,987	794,370,154
	<b>52,515</b>	<b>100.00%</b>	<b>950,803,716</b>	<b>880,373,812</b>

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka	
<b>15.5 Capital to Risk Weighted Assets Ratio (CRAR):</b>			
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 December 30,2007, December 31,2008, December 29,2009, March 10,2010, March 29,2010, August 03,2010, October 25,2010, December 29,2010, July 23,2012,October 29,2012 and December 21,2014 and DOS circular no 01 dated January 01, 2015 respectively, required capital of the Bank at the close of business on 31 December 2017 was Taka 24,724,580,000 as against available going - concern capital of Taka 23,203,953,387 and gone - concern capital of Taka 8,771,250,968 making a total regulatory capital of Taka 31,975,204,355 thereby showing a surplus regulatory capital /equity of Taka 7,250,624,355 at that date. Details are shown below:			
Total assets including off-balance sheet items	459,413,247,598	393,370,401,014	
Total risk-weighted assets	247,245,800,000	234,583,600,000	
Required Capital (10% of risk weighted assets )	24,724,580,000	23,458,360,000	
<b>Regulatory capital held :</b>			
i ) Going - concern capital ( Tier-1 ) ( note 15.5.1)	23,203,953,387	22,198,162,663	
ii ) Gone - concern capital ( Tier-2 ) ( note 15.5.2)	8,771,250,968	4,139,065,850	
<b>Total Regulatory Capital Surplus /( Deficit )</b>	<b>7,250,624,355</b>	<b>2,878,868,513</b>	
<b>CRAR Based on Basel III Framework:</b>	<b>12.93%</b>	<b>11.22%</b>	
<b>Capital Requirement :</b>	<b>Required</b>	<b>Held</b>	<b>Held</b>
Tier-1 (Minimum CET-1 @ 4.50% )	5.50%	9.38%	9.46%
Tier-2 (Maximum upto 4% of total RWA or 88.89% of CET-1 which ever is higher ) Balancing	4.50%	3.55%	1.76%
<b>Total</b>	<b>10.00%</b>	<b>12.93%</b>	<b>11.22%</b>
<b>15.5.1 Going - concern capital ( Tier-1 )</b>			
Paid-up Capital	9,508,037,160	8,803,738,120	
Statutory Reserve	9,510,249,482	9,300,249,482	
General Reserve	4,198,491,167	4,094,175,061	
	23,216,777,809	22,198,162,663	
Reciprocal crossholdings in the CET -1 capital of banking , financial and insurance entities	12,824,422	-	
	<b>23,203,953,387</b>	<b>22,198,162,663</b>	
<b>15.5.2 Gone - concern capital ( Tier-2 )</b>			
General provision ( Unclassified loans + off-balance sheet exposure )	3,127,617,523	3,173,615,682	
Subordinated debt/ instruments issued by the Bank	5,000,000,000	-	
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 upto 50% as on 31 December 2014	18,050,676	18,050,676	
	9,736,701,136	4,782,699,295	
<b>Regulatory adjustment</b>			
Revaluation reserve for fixed asset, securities & equipment as on 31 December 2014	(965,450,168)	(643,633,445)	
	<b>8,771,250,968</b>	<b>4,139,065,850</b>	
<b>Total Regulatory Capital Maintained</b>	<b>31,975,204,355</b>	<b>26,337,228,513</b>	

## Notes to the financial statements for the year ended 31 December 2017

### 15.6 Particulars of shareholding of the directors

SLNo	Name of the directors	Status	2017		2016	
			No of share	Amount (Tk)	No of shares	Amount (Tk)
1	Mr. Habibur Rahman	Chairman	19,030,249	190,302,490	17,620,601	176,206,010
2	Mr. Fahim Ahmed Faruk Chowdhury	Vice Chairman	19,511,408	195,114,080	18,066,119	180,661,190
3	Mr. Azizur Rahman	Vice Chairman	20,667,729	206,677,290	22,192,342	221,923,420
4	Mr. Syed Moazzem Hussain	Director	19,045,962	190,459,620	17,635,150	176,351,500
5	Mr. Moniruddin Ahmed	Director	30,972,303	309,723,030	28,678,059	286,780,590
6	Mr. Ahmed Shafi Choudhury	Director	19,147,478	191,474,780	17,729,147	177,291,470
		Nominated by Transcom Limited				
		Personal	77,213	772,130	71,494	714,940
7	Mr. Monzurur Rahman	Director	19,016,773	190,167,730	17,608,124	176,081,240
8	Ms. Rumana Sharif	Director	47,543,883	475,438,830	44,022,114	440,221,140
		Nominated by Delta Life Insurance Co. Ltd.				
		Personal	51,801	518,010	47,954	479,640
9	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Director	19,018,672	190,186,720	17,609,882	176,098,820
10	Mr. Musa Ahmed	Director	19,062,223	190,622,230	17,650,207	176,502,070
11	Mr. Md. Abdur Razzak Mondal	Director	33,278,000	332,780,000	17,850,000	178,500,000
		Nominated by Thats It fashions Ltd.				
		Personal	300,000	3,000,000	-	-
12	Ms. Rana Laila Hafiz	Director	19,016,075	190,160,750	17,607,477	176,074,770
13	Dr. Shahdeen Malik	Independent Director	-	-	-	-
14	Mr. M. Azizul Huq	Independent Director	-	-	-	-
			285,739,769	2,857,397,690	254,388,680	2,543,886,800

### 15.7 Related party disclosures

#### 15.7.1 Particulars of directors and their shareholding in the Bank

Sl NO.	Name of the Directors	Designation	Percentage of shareholding at 31 Dec 2017	Percentage of shareholding at 31 Dec 2016	
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	2.17	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	Director	Nominated by Transcom Limited	2.01	2.01
		Personal		0.01	0.01
7	Mr. Monzurur Rahman	Director	2.00	2.00	
8	Ms. Rumana Sharif	Director	Nominated by Delta Life Insurance Co. Ltd.	5.00	5.00
		Personal		0.01	0.01
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	Director	Nominated by That's It fashions Ltd.	3.50	2.03
		Personal		0.03	-
12	Ms. Rana Laila Hafiz	Director	2.00	2.00	
13	Dr. Shahdeen Malik	Independent Director	-	-	
14	Mr. M. Azizul Huq	Independent Director	-	-	

## Notes to the financial statements for the year ended 31 December 2017

## 15.7.2 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	Percentages 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. FC 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 FC 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 Shaif Choudhury	Nominee Director	1. Pubali Bank Securities Ltd. 2. Bangladesh Lamps Ltd. 3. ESKAYEF Pharmaceuticals Ltd.	Director Independent Director Independent Director	1 share - -
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	Dr. Shahdeen Malik	Independent Director	1. Pubali Bank Securities Ltd.	Independent Director	-
14	Mr. M. Azizul Haq	Independent Director	Nil	-	-

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>15.7.3 Significant contracts where the Bank is a party and wherein directors have interest: Nil</b>		
<b>15.7.4 Shares issued to directors and executives without consideration or exercisable at a discount : Nil</b>		
<b>15.7.5 Related party transactions</b>		
<u>Name of party</u> None	<u>Related to</u> Nil	<u>Nature of transactions</u> Nil
		<u>Amounts (Tk)</u> Nil
<b>16 Statutory reserve</b>		
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	9,300,249,482
Add: Addition during the year	210,000,000	-
Balance at the end of the year	<u>9,510,249,482</u>	<u>9,300,249,482</u>
<b>17 Retained earnings (general reserve)</b>		
Balance at the beginning of the year	4,094,175,061	3,815,549,087
Addition during the year:	1,248,802,052	1,334,954,548
Transfer in: Asset revaluation reserve	-	120,000
	<u>5,342,977,113</u>	<u>5,150,623,635</u>
Less: Issue of dividend	(1,144,485,946)	(1,056,448,574)
Balance at the end of the year	<u>4,198,491,167</u>	<u>4,094,175,061</u>
<b>17(a) Consolidated Retained earnings (general reserve)</b>		
Pubali Bank Limited	4,198,491,167	4,094,175,061
Pubali Bank Securities Limited	(373,201,396)	(711,545,005)
	<u>3,825,289,771</u>	<u>3,382,630,056</u>
<b>18 Other reserves</b>		
<b>18.1 Assets revaluation reserve</b>		
Balance at the beginning of the year	2,915,946,700	2,925,282,807
Addition on revaluation of Fixed Assets/Investment During the Year	42,634,148	190,222,193
Disposal during the year	(50,851,493)	(199,438,300)
Transfer out: Asset revaluation reserve	-	(120,000)
	<u>2,907,729,355</u>	<u>2,915,946,700</u>
Share forfeiture account	333,984	333,984
Balance at the end of the year	<u>2,908,063,339</u>	<u>2,916,280,684</u>
<b>18.2 Exchange Equalization Fund</b>		
Balance at the beginning of the year	29,959,972	29,959,972
Addition during the year	-	-
Balance at the end of the year	<u>29,959,972</u>	<u>29,959,972</u>
<b>18.3 Foreign currency translation reserve</b>		
Balance at the beginning of the period	-	-
Addition during the period	5,504,849	-
Balance at the end of the period	<u>5,504,849</u>	<u>-</u>
	<u>2,943,528,160</u>	<u>2,946,240,656</u>

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>18(a) Consolidated Other reserves</b>		
Pubali Bank Limited	2,943,528,160	2,946,240,656
Pubali Bank Securities Limited	-	-
	<b>2,943,528,160</b>	<b>2,946,240,656</b>
<b>19 Profit &amp; loss account surplus</b>		
Balance at the beginning of the year	-	-
Profit after tax during the year	1,458,802,052	1,334,954,548
	<b>1,458,802,052</b>	<b>1,334,954,548</b>
<b>Appropriation for the year</b>		
Statutory reserve	210,000,000	-
General reserve	1,248,802,052	1,334,954,548
	<b>1,458,802,052</b>	<b>1,334,954,548</b>
Balance at the end of the year	-	-
<b>19(a) Consolidated Profit &amp; loss account surplus</b>		
Balance at the beginning of the year	-	-
Profit after tax during the year	1,797,145,783	1,394,024,496
	<b>1,797,145,783</b>	<b>1,394,024,496</b>
<b>Appropriation for the year</b>		
Statutory reserve	210,000,000	-
General reserve	1,587,145,783	1,394,024,496
	<b>1,797,145,783</b>	<b>1,394,024,496</b>
Balance at the end of the year	-	-
<b>20 Non-controlling interest</b>		
Balance at the beginning of the year	679	658
Share of current year profit	122	21
	<b>801</b>	<b>679</b>
<b>21 Letters of guarantee</b>		
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
4. Others	11,338,890,478	9,037,612,598
	<b>11,338,890,478</b>	<b>9,039,954,197</b>

## Notes to the financial statements for the year ended 31 December 2017

	<b>2017</b>	<b>2016</b>
	<b>Taka</b>	<b>Taka</b>
<b>22 Interest income</b>		
Loans	2,035,002,280	2,098,245,922
Cash credits	4,491,911,605	4,375,194,960
Over drafts	4,303,102,424	3,978,214,800
Loan against imported merchandise	377,823	193,613
Loan against trust receipt	1,027,268,615	1,011,803,246
Inland bill purchased & demand draft purchased	96,778,810	62,110,965
Foreign bill purchased and Export development fund	148,166,557	106,708,930
Interest on Export Bill Discounting (EBD)	1,345,796	-
Packing credits	38,605,646	33,208,137
Payments against document	533,966,670	329,922,331
Call loans	29,446,709	35,393,811
Agricultural credits & rural credits	28,022,240	20,517,940
Sundries account	70,380,537	56,834,008
CLS account	1,389,091,452	1,337,959,002
Secured mortgages	606,608,014	779,919,069
Foreign bank accounts	19,081,147	36,525,722
Loan against Shiksha Sanchay Prokalpa	1,092,082	914,168
Loan against Non-resident Credit Scheme	40,641	51,294
Lease finance	589,024,536	534,799,027
Loan against Pubali Sanchay Prokalpa	40,191,189	47,414,225
Loan against FDR	608,507,534	163,026,467
Term loans	2,850,093,837	2,515,328,763
Loan against Pubali Pension Scheme	108,863,079	78,585,716
	<b>19,016,969,223</b>	<b>17,602,872,116</b>
<b>22(a) Consolidated Interest Income</b>		
Pubali Bank Limited	19,016,969,223	17,602,872,116
Pubali Bank Securities Limited	33,037,637	22,800,139
	<b>19,050,006,860</b>	<b>17,625,672,255</b>
<b>23 Interest paid on deposits, borrowings, etc.</b>		
Fixed deposit	3,421,675,963	3,825,426,741
Interest on repo borrowings	14,762,898	11,615,897
Interest paid on borrowings	340,421,613	147,305,472
Interest paid on Subordinated Bond	15,000,000	-
Short-notice deposit	1,129,019,604	933,977,856
Savings bank deposit	1,227,000,321	1,135,818,749
Deposit pension scheme	138,610	29,611
Pubali bank pension scheme	1,671,207,763	1,208,903,774
Child education care & maturity deposits	-	234,040
Call loan	60,804,431	18,537,931
Monthly monafa based deposit scheme	11,586,539	26,716,684
Pubali Sanchay Prokalpa	305,817,920	312,248,939
Shiksha Sanchay Prokalpa	17,795,739	15,331,059
Dwigun Sanchay Prokalpa	2,140,681,917	2,225,503,614
Treasury Bond	72,240,863	29,202,437
Marking to Market Revaluation	106,081,454	-
Interest on MPSD	148,680,328	102,169,876
Interest on TBSD	187,068,394	121,934,516
Interest on MFD A/C	258,183,053	299,530,061
Interest on Refinance from Bangladesh Bank	3,120,097	9,752,173
Sundry accounts	4,331,825	34,393,395
	<b>11,135,619,332</b>	<b>10,458,632,825</b>



## Notes to the financial statements for the year ended 31 December 2017

	<b>2017</b> <b>Taka</b>	<b>2016</b> <b>Taka</b>
<b>24 Investment income</b>		
Interest on treasury bill	90,604,066	169,920,418
Interest on treasury bond	3,588,894,069	3,010,531,537
Interest on other bond	813,963,563	252,564,556
Interest on Bridge Loans & debentures	100,000	2,753,239
Interest on Bangladesh Bank bill	35,801,700	315,030,006
Interest on commercial paper	29,717,014	279,919,528
Gain/ (Loss) on sale of shares	531,659,730	(6,395,869)
Dividend on shares	292,820,155	330,555,035
	<b>5,383,560,297</b>	<b>4,354,878,450</b>
<b>24(a) Consolidated income from investment</b>		
Pubali Bank Limited	5,383,560,297	4,354,878,450
Pubali Bank Securities Limited	395,789,827	151,701,137
	<b>5,779,350,124</b>	<b>4,506,579,587</b>
<b>25 Commission, exchange and brokerage</b>		
SC, LSC, DD, TT, MT and PO	30,928,355	31,891,687
Foreign L/C	374,390,807	323,076,658
Local L/C	85,379,436	89,799,874
Issuance of foreign guarantee	2,287,439	1,282,821
Issuance of local guarantee	138,158,275	110,473,818
Issuance of traveller's cheque	20,233	36,129
Other transactions	286,309,662	206,863,529
Miscellaneous handling commission	192,161,450	159,872,546
Consumers credit	990,990	649,187
Commission on stationery articles	823,081	1,126,347
Income A/C commission Online	3,482	740
Total commission	<b>1,111,453,210</b>	<b>925,073,336</b>
Exchange (Note 25.1)	563,121,212	476,404,050
	<b>1,674,574,422</b>	<b>1,401,477,386</b>
<b>25.1 Exchange</b>		
Exchange gain	4,246,659,364	639,264,389
Exchange loss	(3,683,538,152)	(162,860,339)
	<b>563,121,212</b>	<b>476,404,050</b>
<b>25(a) Consolidated Commission, exchange and brokerage</b>		
Pubali Bank Limited	1,674,574,422	1,401,477,386
Pubali Bank Securities Limited	60,654,544	45,928,208
	<b>1,735,228,966</b>	<b>1,447,405,594</b>

## Notes to the financial statements for the year ended 31 December 2017

	<b>2017 Taka</b>	<b>2016 Taka</b>
<b>26 Other operating income</b>		
Rent recovery	3,540,436	2,488,000
Postage and telecommunication recovery	8,404,637	9,007,092
Miscellaneous income	79,336,639	90,761,341
Miscellaneous income supervision and monitoring	2,270	19,084
Miscellaneous income transfer fee	454,574	274,756
Recovered from bad debt written off	133,727,023	-
Swift income	114,087,738	106,951,467
Fee on card transaction	3,735,409	2,471,819
Application fee of CLS account	1,431,295	1,455,772
Account opening charge of CLS account	1,849,232	1,951,300
Service charge	33,850,537	31,049,094
Income on sale of leased asset	2,230,862	1,560,299
Processing Fee on Lease Financing	4,775,222	-
Online service charge	397,714,885	393,454,392
Accounts maintenance fee	346,878,143	317,240,163
SMS service charges	75,155,119	65,454,986
Card Fees and charges	9,795,855	8,571,755
CIB service charges	13,391,775	11,052,247
Income on sale of Bank's property	5,424,995	4,686,329
	<b>1,235,786,646</b>	<b>1,048,449,896</b>
<b>26(a) Consolidated Other operating income</b>		
Pubali Bank Limited	1,235,786,646	1,048,449,896
Pubali Bank Securities Limited	9,561,532	5,646,856
	<b>1,245,348,178</b>	<b>1,054,096,752</b>
<b>27 Salary and allowances</b>		
Basic salary	2,003,867,465	1,816,175,736
House rent allowances	1,148,315,880	1,046,088,087
Medical allowances	245,036,699	222,417,456
Other allowances	706,398,444	666,677,299
Contributory provident fund	185,276,553	166,546,619
General provident fund	414,926	340,948
Bonus to employees	352,973,449	304,063,701
	<b>4,642,283,416</b>	<b>4,222,309,846</b>
<b>27(a) Consolidated Salary and allowances</b>		
Pubali Bank Limited	4,642,283,416	4,222,309,846
Pubali Bank Securities Limited	29,138,074	27,263,662
	<b>4,671,421,490</b>	<b>4,249,573,508</b>
<b>28 Rent, taxes, insurance, electricity, etc.</b>		
Bank premises	404,037,817	335,934,496
Godown	2,611,616	2,009,006
Rates and taxes	20,436,891	9,301,296
Insurance (vault)	42,223,644	32,608,373
Insurance premium	158,950,980	145,953,665
Electricity	112,244,600	106,398,127
Electric fittings and fixtures	23,423,564	17,893,002
Water and sewerage bill	3,785,733	3,728,614
	<b>767,714,845</b>	<b>653,826,579</b>

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>28(a) Consolidated Rent, taxes, insurance, electricity, etc.</b>		
Pubali Bank Limited	767,714,845	653,826,579
Pubali Bank Securities Limited	549,242	607,769
	<b>768,264,087</b>	<b>654,434,348</b>
<b>29 Legal expenses</b>		
Lawyers' charges	16,256,986	11,834,558
Court fees and other expenses	3,183,549	4,282,565
	<b>19,440,535</b>	<b>16,117,123</b>
<b>29(a) Consolidated Legal expenses</b>		
Pubali Bank Limited	19,440,535	16,117,123
Pubali Bank Securities Limited	183,500	719,100
	<b>19,624,035</b>	<b>16,836,223</b>
<b>30 Postage, stamp, telecommunication, etc.</b>		
Postage	10,229,759	10,151,929
Telegram	316,542	270,409
Stamp	16,545	26,905
Telephone	20,853,683	20,795,157
SWIFT charges	36,195,048	31,978,339
SMS charges	14,086,035	11,173,835
Internet charges	1,461,125	1,952,421
	<b>83,158,737</b>	<b>76,348,995</b>
<b>30(a) Consolidated Postage, stamp, telecommunication, etc.</b>		
Pubali Bank Limited	83,158,737	76,348,995
Pubali Bank Securities Limited	311,983	308,379
	<b>83,470,720</b>	<b>76,657,374</b>
<b>31 Stationery, printing, advertisement, etc.</b>		
Table stationery	25,572,471	23,842,095
Computer stationery	19,368,934	16,355,194
Printing and stationery	28,046,301	8,035,919
Consumption of books and forms	13,227,684	14,300,539
Advertisement	59,080,835	56,632,145
	<b>145,296,225</b>	<b>119,165,892</b>
<b>31(a) Consolidated Stationery, printing, advertisement, etc.</b>		
Pubali Bank Limited	145,296,225	119,165,892
Pubali Bank Securities Limited	266,382	240,295
	<b>145,562,607</b>	<b>119,406,187</b>
<b>32 Managing Director's salary and fees</b>		
Basic pay	6,000,000	6,000,000
Allowances	1,800,000	1,800,000
Bank's contributory provident fund	600,000	600,000
Bonus	2,100,000	2,100,000
	<b>10,500,000</b>	<b>10,500,000</b>

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>33 Directors' fees</b>		
Meeting fees and Honorarium	4,912,000	5,152,000
Meeting expenses	1,222,262	1,298,416
Meeting related travelling allowances	871,600	1,329,300
	<b>7,005,862</b>	<b>7,779,716</b>
<b>33(a) Consolidated Directors' fees</b>		
Pubali Bank Limited	7,005,862	7,779,716
Pubali Bank Securities Limited	1,081,000	834,900
	<b>8,086,862</b>	<b>8,614,616</b>
Each director was paid TK 8,000 per meeting per attendance as per BRPD circular no.11 dated 4 October 2015.		
<b>34 Auditors' fees</b>		
Statutory audit	1,987,391	1,320,000
	<b>1,987,391</b>	<b>1,320,000</b>
<b>34(a) Consolidated Auditors' fees</b>		
Pubali Bank Limited	1,987,391	1,320,000
Pubali Bank Securities Limited	215,625	143,750
	<b>2,203,016</b>	<b>1,463,750</b>
<b>35 Depreciation and repair of bank's assets</b>		
Repairs to fixed assets	30,344,065	23,235,294
Maintenance of assets	123,582,099	182,985,493
Depreciation on fixed assets	391,342,794	353,720,186
	<b>545,268,958</b>	<b>559,940,973</b>
<b>35(a) Consolidated depreciation and repair of bank's assets</b>		
Pubali Bank Limited	545,268,958	559,940,973
Pubali Bank Securities Limited	1,234,469	1,663,322
	<b>546,503,427</b>	<b>561,604,295</b>
<b>36 Other expenses</b>		
Repairs to rented property	1,218,107	1,728,761
Newspapers	3,355,056	3,253,378
Renovation Under Construction Works	24,163,463	-
Petrol consumption	56,006,610	54,172,116
Travelling	58,951,936	61,734,152
Donations	141,561,000	51,479,180
Honorarium	453,200	801,450
Subscriptions	14,781,024	6,405,213
Sub-ordinate staff clothing	12,195,222	10,021,294
Conveyance	20,066,480	18,879,191
Entertainment	26,494,688	26,403,265
Training	20,271,228	18,823,330
Photocopying	204,629	323,783
Branches' opening expenses	1,011,597	984,437
Shifting expenses	635,929	630,153
Carrying expenses	1,166,677	1,282,311
Professional fees	36,268,162	4,569,001

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
Security and Auxiliary Services	58,780,688	40,353,283
Gun license fees	5,178,166	3,784,801
Telegraphic address renewal fee	-	4,725
Overtime	27,326,633	24,600,332
Employees recreation (Lunch subsidy)	202,725,631	189,976,716
Promotional expenses	15,946,487	41,314,532
Gratuity	597,375,080	807,913,780
Group insurance	16,392,237	16,005,402
House maintenance	131,834,208	110,300,128
Car allowance	27,394,719	24,438,000
Chemicals for office equipment's	777,971	670,423
Loss on sale of bank's property	2,349,660	506,879
CDBL fees	366,071	695,660
Annual general meeting	1,629,889	1,309,093
Bandwidth charges	79,531,459	75,100,671
Card expenditure	18,418,450	24,153,139
Nostro account charges	7,049,090	4,091,856
Card transaction fee	1,601,295	950,405
Penal Interest Penalty	-	182,773
Rebate on good borrowers	-	20,000,000
Additional Profit Payable A/C For Islamic Banking	2,000,000	1,500,000
Loss On Disposal of Bank's property	64,693	292,056
Miscellaneous	96,790,407	75,627,737
	<b>1,712,337,842</b>	<b>1,725,263,406</b>
<b>36(a) Consolidated Other expenses</b>		
Pubali Bank Limited	1,712,337,842	1,725,263,406
Pubali Bank Securities Limited	10,801,699	14,832,595
	<b>1,723,139,541</b>	<b>1,740,096,001</b>
<b>37 Provision for Loans, Advances, Investments and Other Assets</b>		
Classified loans and advances (note 14.1.1)	3,875,000,000	1,731,583,535
Unclassified loans and advances (note 14.1.2)	-	840,208,991
Provision for bad debt offsetting	4,311,000	646,000
	<b>3,879,311,000</b>	<b>2,572,438,526</b>
<b>37(a) Consolidated Provision for Loans, Advances, Investments and Other Assets</b>		
Pubali Bank Limited	3,879,311,000	2,572,438,526
Pubali Bank Securities Limited	40,145,837	77,813,305
	<b>3,919,456,837</b>	<b>2,650,251,831</b>
<b>38 Provision for exposure of off balance sheet items</b>		
Provision for exposure against off-balance sheet items	180,500,000	184,000,000
	<b>180,500,000</b>	<b>184,000,000</b>



## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>41 Increase/(decrease) of other assets</b>		
<b>Closing other assets</b>		
Stationery and Stamps	67,696,410	64,778,476
Accrued income	1,954,701,083	1,743,481,556
Advance security deposit, advance rent etc.	230,843,148	193,835,708
Investment in SWIFT AC	3,387,591	3,387,591
Stock dealing account	469,757,026	40,379,784
Suspense Account	260,698,995	215,731,551
Demonetized Notes	1,531,750	1,531,750
Items in transit	3,288,854,073	4,811,480,497
Drafts payable (Dr. Balance)	20,829,927	21,273,874
Sanchaypatra	-	993,725
Clearing house adjustment	148,161,847	63,886,071
Others	3,604,701	101,436,852
	<b>6,450,066,551</b>	<b>7,262,197,435</b>
<b>Opening other assets</b>		
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 AC	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
	<b>7,262,197,435</b>	<b>7,026,613,073</b>
	<b>812,130,884</b>	<b>(235,584,362)</b>
<b>41(a) Consolidated increase/(decrease) of other assets</b>		
Pubali Bank Limited	812,130,884	(235,584,362)
Pubali Bank Securities Limited	(168,200,353)	(86,980,691)
	<b>643,930,531</b>	<b>(322,565,053)</b>
<b>42 Increase/(decrease) of other liabilities</b>		
<b>Closing other liabilities</b>		
Interest suspense	2,164,617,779	1,622,699,217
Interest suspense on underwriting advances	235,599,888	235,599,888
Interest suspense against 70% Agri Loan	192,382	192,382
	<b>2,400,410,049</b>	<b>1,858,491,487</b>
<b>Opening other liabilities</b>		
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
	<b>1,858,491,487</b>	<b>1,099,599,082</b>
	<b>541,918,562</b>	<b>758,892,405</b>

## Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>42(a) Consolidated increase/(decrease) of other liabilities</b>		
Pubali Bank Limited	541,918,562	758,892,405
Pubali Bank Securities Limited	410,539,194	(203,985,622)
	<b>952,457,756</b>	<b>554,906,783</b>
<b>43 Cash and Cash Equivalents at End of Period</b>		
Cash in hand (including foreign currencies)	3,643,109,729	3,612,831,120
Balance with Bangladesh Bank and its agent bank(s)	19,174,680,719	17,501,643,478
Balance with other banks and financial institutes	12,903,217,937	9,033,361,643
Prize bonds	12,144,101	13,451,501
Money at call on short notice	11,286,667	551,286,667
	<b>35,744,439,153</b>	<b>30,712,574,409</b>
<b>43(a) Consolidated Cash and Cash Equivalents at End of Period</b>		
Pubali Bank Limited	35,744,439,153	30,712,574,409
Pubali Bank Securities Limited	1,105,272,867	372,333,256
	<b>36,849,712,020</b>	<b>31,084,907,665</b>

44 Assets and liabilities as at 31 December 2017 denominated in foreign currencies have been converted to Bangladesh Taka at the following exchange rates:

Currency	Currency unit	Equivalent Taka
European Currency	EURO	98.49
Japanese Yen	JPY	0.73
Pound Sterling	GBP	110.98
Swiss Franc	CHF	83.96
US Dollar	USD	82.70
ACU Dollar	ACUD	82.70

<b>45 Basic and Diluted Earnings Per Share (EPS):</b>		
Net profit after taxes	1,458,802,052	1,334,954,548
Number of ordinary shares outstanding	950,803,716	950,803,716
<b>Basic and Diluted Earnings Per Share (EPS)</b>	<b>1.53</b>	<b>1.40</b>

<b>45(a) Consolidated Basic and Diluted Earnings Per Share (EPS)</b>		
Net profit after tax	1,797,145,783	1,394,024,496
Number of ordinary shares outstanding	950,803,716	950,803,716
<b>Basic and Diluted Earnings Per Share (EPS)</b>	<b>1.89</b>	<b>1.47</b>



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

## 46 Highlights on the Overall Activities of the Bank for the period ended 31 December' 2017 and 31 December' 2016

Particulars	2017 Taka	2016 Taka
1. Paid- up Capital	9,508,037,160	8,803,738,120
2. Total Capital	31,975,204,355	26,337,228,513
3.Capital Surplus	7,250,624,355	2,878,868,513
4.Total Assets	368,314,617,750	320,361,891,793
5.Total Deposits	271,708,963,321	247,278,503,683
6.Total Loans & Advances	239,539,597,542	203,011,231,761
7.Total Contingent Liabilities	91,098,629,848	73,008,509,221
8. Loan Deposit Ratio (%) (including OBU)	88.16%	82.10%
9. Ratio of Classified Loan to total Loans & Advances (%)	8.68%	5.38%
10. Profit after taxation & Provision	1,458,802,052	1,334,954,548
11. Amount of Classified Loan during the current year	20,786,943,558	10,921,455,576
12. Provision kept against Classified Loans	8,344,204,562	5,042,565,906
13. Provision Surplus	1,517,039	500,200,000
14. Cost of Fund (%)	7.42%	7.68%
15. Interest Earning Assets	305,030,549,239	260,231,204,384
16. Interest Non- Earning Assets	63,284,068,511	60,130,687,409
17. Return on Investment(ROI) [PAT/ Shareholders' Equity ]	5.58%	5.31%
18.Return on Assets (ROA)	0.40%	0.42%
19. Income from Investment	5,383,560,297	4,354,878,450
20. Earnings per Share (Taka)	1.53	1.40
21. Net Income per Share (Taka)	1.53	1.40
22. Price Earning Ratio (Times)	19.81	15.83

## Schedule of Fixed Assets as at 31 December, 2017

Particulars	Cost					Rate (%)	Depreciation/Amortization					Net book value at 31 December 2017 Taka
	Balance at 1 January 2017 Taka	Additions/ Revaluation during the Year Taka	Disposal during the year Taka	Adjustments during the year Taka	Balance at 31 December 2017 Taka		Balance at 1 January 2017 Taka	Charge for the Year Taka	Disposal during the year Taka	Adjustments during the year Taka	Balance at 31 December 2017 Taka	
Land (including leased)	2,255,213,992	-	-	-	2,255,213,992	Fixed	27,807,601	1,178,970	-	-	28,986,571	2,226,227,421
Building	908,092,261	-	-	-	908,092,261	0.03	194,198,948	17,847,332	-	-	212,046,280	696,045,981
Furniture and Fixture	560,348,758	77,968,088	9,294,887	(394,782)	628,627,177	0.10	243,494,858	39,627,437	6,525,899	26,002	276,622,398	352,004,779
Computer & Computer Accessories	1,200,526,692	73,603,986	20,062,536	103,337,832	1,357,405,974	0.30	938,619,428	237,609,506	19,974,296	55,608,801	1,211,863,439	145,542,535
Machinery and Equipment	689,081,240	97,281,966	8,451,820	(103,295,980)	674,615,406	0.20	476,777,096	72,057,188	8,294,360	(56,226,289)	484,313,635	190,301,771
Vehicles	231,164,544	45,827,000	8,195,000	(8,709,590)	260,086,954	0.20	175,085,277	23,022,361	8,194,910	(6,559,620)	183,353,108	76,733,846
At 31 December 2017	<u>5,844,427,487</u>	<u>294,681,040</u>	<u>46,004,243</u>	<u>(9,062,520)</u>	<u>6,084,041,764</u>		<u>2,055,983,208</u>	<u>391,342,794</u>	<u>42,989,465</u>	<u>(7,151,106)</u>	<u>2,397,185,431</u>	<u>3,686,856,333</u>
At 31 December 2016	<u>5,643,786,827</u>	<u>220,747,962</u>	<u>37,335,984</u>	<u>17,228,682</u>	<u>5,844,427,487</u>		<u>1,726,018,996</u>	<u>355,198,260</u>	<u>34,897,691</u>	<u>9,663,643</u>	<u>2,055,983,208</u>	<u>3,788,444,279</u>

## Annexure - B

## Tax Status Report (As at 31 December 2017)

(Amounts in Taka)

Sl.No.	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	1,281,267,065	108,217,437	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	Reference application filed with High Court
14	2012	2013-2014	2,624,812,119	2,624,812,119	2,500,607,442	124,204,677	Reference application filed with High Court
15	2013	2014-2015	2,976,219,263	2,975,091,435	2,881,011,484	94,079,951	Reference application filed with High Court
16	2014	2015-2016	2,566,635,922	-	2,173,640,035	-	Assessment order not yet received
17	2015	2016-2017	3,210,437,445	-	2,791,465,394	-	Assessment order not yet received
18	2016	2017-2018	2,620,944,216	-	2,612,171,061	-	Assessment not yet done
19	2017	2018-2019	2,714,690,189	-	1,010,355,671	-	Return submission date not due
<b>Total</b>			<b>26,013,816,910</b>	<b>14,894,029,679</b>	<b>22,778,223,619</b>	<b>703,438,221</b>	

TAT - Taxes Appellate Tribunal

CT(A) - Commissioner of Taxes (Appeal)

DCT- Deputy Commissioner of Taxes

LTU - Large Tax payer Unit

## Details of large loans and advances

## Annexure - C

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 2017	As at 31 Dec 2016

Number of clients  
Amount of outstanding loans/advances  
Classified amount thereon  
Measures taken for recovery

	20	21
	91,769,784,000	87,785,066,000
	5,804,921,000	-
	-	-

Name of the clients	Sanctioned Limit	Status	Outstanding		Total outstanding	
			Funded	Non-funded	At 31 Dec 2017	At 31 Dec 2016
Meghna Group	9,870,000,000	STD	-	7,899,800,000	7,899,800,000	5,447,400,000
City Group	6,749,400,000	STD	3,144,635,000	2,843,700,000	5,988,335,000	5,642,505,000
Keya Group	4,931,013,000	BL	5,804,921,000	5,700,000	5,810,621,000	5,669,035,000
Project Builders	5,145,600,000	STD	3,761,577,000	1,702,750,000	5,464,327,000	5,052,310,000
Pran Group	9,445,099,000	STD	3,506,825,000	1,717,800,000	5,224,625,000	3,543,767,000
Dird Group	7,798,749,000	STD	3,792,875,000	1,405,457,000	5,198,332,000	4,827,340,000
Sharmin Group	7,684,700,000	STD	2,255,200,000	2,895,500,000	5,150,700,000	4,464,700,000
BSRM Group	7,035,000,000	STD	3,520,254,000	1,415,201,000	4,935,455,000	3,551,599,000
Max Group	10,969,400,000	STD	2,402,042,000	2,335,200,000	4,737,242,000	2,847,159,000
Ha-Maem Group	11,073,200,000	STD	2,432,800,000	2,013,600,000	4,446,400,000	6,963,105,000
Pakiza Group	5,726,100,000	STD	2,709,000,000	1,566,200,000	4,275,200,000	4,068,300,000
City Seed Crushing Group	8,658,700,000	STD	1,510,400,000	2,610,600,000	4,121,000,000	-
Envoy Textiles Ltd.	8,811,044,000	STD	2,814,680,000	1,228,065,000	4,042,745,000	3,510,387,000
Paramount Group	5,878,100,000	STD	1,451,100,000	2,539,300,000	3,990,400,000	-
Sheema Group	5,580,000,000	STD	3,349,309,000	431,847,000	3,781,156,000	5,373,720,000
T K Group	7,114,700,000	STD	749,400,000	2,842,700,000	3,592,100,000	-
Madina Group	6,203,000,000	STD	2,448,515,000	908,900,000	3,357,415,000	3,260,640,000
Antim Group	4,952,500,000	STD	2,334,400,000	918,100,000	3,252,500,000	2,628,300,000
KSRM Group	4,602,377,000	STD	2,170,748,000	1,081,477,000	3,252,225,000	-
BRAC	10,162,404,000	STD	3,191,483,000	57,723,000	3,249,206,000	2,786,959,000
GPH Group	-	STD	-	-	-	3,423,137,000
M A Rahman Dying Incls. Ltd.	-	STD	-	-	-	2,690,738,000
S. A. Group	-	STD	-	-	-	2,701,950,000
Abul Khair Group	-	STD	-	-	-	6,564,515,000
AA Yarn Mills Ltd.	-	STD	-	-	-	2,767,500,000
	<b>148,391,086,000</b>	<b>-</b>	<b>53,350,164,000</b>	<b>38,419,620,000</b>	<b>91,769,784,000</b>	<b>87,785,066,000</b>

## Pubali Bank Limited - Islamic Banking Windows

## Annexure - D

## Distribution of profit for the income year ended 31 December 2017

Profit and loss of Islamic Banking 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 2017 the Investment Income was 7.87% in on average. After keeping 4% Bad Dept Offsetting Reserve the actual distributable rate of Investment Income stood at 7.55%. But we distributed the profit at 7.25% provisionally through out the year. The additional profit of 0.30% 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 2017	Rates of Profit distributed provisionally assuming the earning @ 7.25%	Final rates of profit as per investment income @7.55%	Additional Profit distributed for final adjustment
1	2	3	4	5	6
1	<b>Mudaraba Term Deposit Receipt</b>				
(a)	For 3 months	75%	5.44%	5.66%	0.22%
(b)	For 6 months	80%	5.80%	6.04%	0.24%
(c)	For 12 months	85%	6.16%	6.42%	0.26%
(d)	For 24 months	85%	6.16%	6.42%	0.26%
2	Mudaraba Short Notice Deposit	35%	2.54%	2.64%	0.10%
3	Mudaraba Monthly Profit based Term Deposit	85%	6.16%	6.42%	0.26%
4	Mudaraba Savings Account	45%	3.26%	3.40%	0.14%
5	Mudaraba Hajj Savings Account	85%	6.16%	6.42%	0.26%
6	<b>Mudaraba Deposit Pension Account</b>				
(a)	For 5 years	83%	6.02%	6.27%	0.25%
(b)	For 10 years	85%	6.16%	6.42%	0.26%

A competent Shariah Supervisory Committee consisting of Islamic Scholars, Ulemas, Economists and Islamic Bankers headed by Janab M. Azizul Huq, Director, Pubali Bank Limited, founder Chief Executive of Islami Bank Bangladesh Limited, SIBL & IFIL oversees the Islamic Banking operations. During the Year Shariah Supervisory Committee met in 4 (four) 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

Balance Sheet as at 31 December 2017

## Annexure - E

**PROPERTY AND ASSETS**

	Notes	2017 Taka	2016 Taka
<b>Cash</b>	<b>1</b>	<b>73,055,297</b>	<b>71,076,479</b>
Cash in hand ( Including foreign currencies )		3,362,449	5,605,687
Balance with Bangladesh Bank and its agent Bank (s) ( Including foreign currencies )		69,692,848	65,470,792
<b>Balance with Other Banks and Financial Institutions</b>	<b>2</b>	<b>268,257,756</b>	<b>1,117,702,120</b>
In Bangladesh		268,257,756	1,117,702,120
Outside Bangladesh		-	-
<b>Placement with Banks and Other Financial Institutions</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Investments in Shares and Securities</b>	<b>4</b>	<b>60,000,000</b>	<b>49,500,000</b>
Government		60,000,000	49,500,000
Others		-	-
<b>Investments</b>	<b>5</b>	<b>403,156,760</b>	<b>364,942,103</b>
General investments		403,156,760	364,942,103
Bills purchased & discounted		-	-
<b>Fixed Assets including Premises, Furniture &amp; Fixtures</b>	<b>6</b>	<b>1,381,886</b>	<b>1,681,773</b>
<b>Other Assets</b>	<b>7</b>	<b>345,968,235</b>	<b>4,958,318</b>
<b>Non-banking Assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>1,151,819,934</b>	<b>1,609,860,793</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement with other Banks, Financial institutions &amp; Agents</b>	<b>8</b>	<b>-</b>	<b>-</b>
<b>Deposits and Other Accounts</b>	<b>9</b>	<b>989,055,449</b>	<b>977,111,539</b>
Al-Wadia current deposit		59,934,716	43,568,418
Bills payable		6,360,563	12,840,958
Mudaraba savings bank deposit		110,256,167	91,113,837
Mudaraba term deposits		812,281,648	829,419,759
Other deposits		222,355	168,567
<b>Other Liabilities</b>	<b>10</b>	<b>105,542,266</b>	<b>612,503,659</b>
<b>Total Liabilities</b>		<b>1,094,597,715</b>	<b>1,589,615,198</b>
<b>Capital / Shareholders' Equity</b>			
Paid up capital		-	-
Statutory reserve		-	-
Retained surplus (general reserve)		-	-
Revaluation gain/(Loss) on investment		-	-
Other reserves		-	-
Profit and loss account surplus		57,222,219	20,245,595
<b>Total Shareholders' Equity</b>		<b>57,222,219</b>	<b>20,245,595</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,151,819,934</b>	<b>1,609,860,793</b>

## Pubali Bank Limited - Islamic Banking Windows

Balance Sheet as at 31 December 2017

<u>Note</u>	2017 Taka	2016 Taka
<b><u>OFF-BALANCE SHEET ITEMS</u></b>		
<b><u>Contingent Liabilities</u></b>		
<b>Acceptances &amp; Endorsements</b>		
Letters of guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities		
<b>Total Contingent liabilities</b>	<b>-</b>	<b>-</b>
<b><u>Other Commitments</u></b>		
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		
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet items including Contingent Liabilities</b>	<b>-</b>	<b>-</b>

**Pubali Bank Limited - Islamic Banking Windows**

Profit &amp; Loss Account for the year ended 31 December 2017

**Annexure - E (i)**

	Notes	2017 Taka	2016 Taka
<b>Operating Income</b>			
Investment Income	11	107,792,879	64,654,606
Less :Profit paid on deposits, borrowings, etc.	12	44,113,692	39,372,793
<b>Net Investment Income</b>		<b>63,679,187</b>	<b>25,281,813</b>
Income from investment in shares /securities	13	-	-
Commission, exchange and brokerage	14	2,058,781	1,610,410
Other operating income	15	623,061	560,031
<b>Total Operating Income</b>		<b>66,361,029</b>	<b>27,452,254</b>
<b>Operating Expenses</b>			
Salaries and allowances	16	7,202,135	5,714,313
Rent, taxes, insurance, electricity, etc.	17	246,537	195,758
Legal expenses	18	5,750	-
Postage, stamp, telecommunication, etc.	19	39,424	25,560
Stationery, printing, advertisements, etc.	20	114,871	103,438
Depreciation repair and maintenance of fixed assets	21	470,779	456,887
Other expenses	22	1,059,314	710,703
<b>Total Operating Expenses</b>		<b>9,138,810</b>	<b>7,206,659</b>
<b>Total Profit/(Loss) before Provision</b>		<b>57,222,219</b>	<b>20,245,595</b>



## Pubali Bank Limited - Islamic Banking Windows

Cash Flow Statement for the year ended 31 December 2017

Annexure - E (ii)

	Notes	2017 Taka	2016 Taka
<b>a Cash Flows from Operating Activities</b>			
Investment income in cash		107,792,879	64,654,606
Profit paid		(44,113,692)	(39,372,793)
Fees and commission receipts		2,058,781	1,610,410
Cash payment to employees		(7,202,135)	(5,714,313)
Cash payment to suppliers		(154,295)	(128,998)
Receipts from other operating activities	15	623,061	560,031
Cash payments for other operating activities	23	(1,458,493)	(991,588)
<b>Operating Profit before Changes in Operating Assets &amp; Liabilities</b>		<b>57,546,106</b>	<b>20,617,355</b>
<b>Increase/ (Decrease) In Operating Assets and Liabilities</b>			
Statutory deposits		(10,500,000)	2,500,000
Investment to customers (other than banks)		(38,214,657)	18,884,215
Other assets	24	(341,009,917)	123,824,211
Deposits from customers (other than banks)		11,943,910	70,595,280
Other liabilities account of customers		(506,961,393)	539,174,519
<b>Total Increase/(decrease) in operating assets and liabilities</b>		<b>(884,742,057)</b>	<b>754,978,225</b>
<b>Net Cash from/(used in) Operating Activities</b>		<b>(827,195,951)</b>	<b>775,595,580</b>
<b>b Cash Flows from Investing Activities</b>			
Purchase /Sale of property, plant & equipment		(20,269,595)	(10,497,613)
<b>Net Cash from/(used in) Investing Activities</b>		<b>(20,269,595)</b>	<b>(10,497,613)</b>
<b>c Cash Flows from Financing Activities</b>			
Receipts from issue of Investments capital and debt securities		-	-
<b>Net Cash from/(used in) Financing Activities</b>		<b>-</b>	<b>-</b>
<b>d Net Increase /(decrease) in Cash and Cash equivalents (a+b+c)</b>		<b>(847,465,546)</b>	<b>765,097,967</b>
<b>e Cash and Cash equivalents at beginning period</b>		<b>1,188,778,599</b>	<b>423,680,632</b>
<b>f Cash and Cash equivalents at end of period (d+e)</b>	25	<b>341,313,053</b>	<b>1,188,778,599</b>

## Pubali Bank Limited - Islamic Banking Windows

Notes to the financial statements for the year ended 31 December 2017

Annexure-E (iii)

	2017 Taka	2016 Taka
<b>1 Cash</b>		
<b>1.1 Cash in hand ( Including foreign currencies)</b>		
In local currency	3,362,449	5,605,687
In foreign currencies	-	-
	<b>3,362,449</b>	<b>5,605,687</b>
<b>1.2 Balance with Bangladesh Bank and its agent Bank(s) ( Including foreign currencies)</b>		
<b>Bangladesh Bank</b>		
In local currency	69,692,848	65,470,792
In foreign currencies	-	-
	<b>69,692,848</b>	<b>65,470,792</b>
<b>Sonali Bank as agent of Bangladesh Bank</b>		
In local currency	-	-
	<b>69,692,848</b>	<b>65,470,792</b>
	<b>73,055,297</b>	<b>71,076,479</b>
<b>1.3 Cash Reserve Ratio and Statutory Liquidity Reserve</b>		
Cash Reserve Ratio and Statutory Liquidity Reserve 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:		
<b>1.3.1 Cash Reserve Ratio (CRR)</b>		
Required Reserve (6.50%)	60,664,030	57,716,310
Actual Reserve maintained	69,692,848	65,470,791
Surplus	<b>9,028,818</b>	<b>7,754,481</b>
<b>1.3.2 Statutory Liquidity Requirement (SLR)</b>		
Required Reserve (5.50%)	51,331,100	48,836,878
Actual Reserve maintained	72,391,268	62,860,167
Surplus	<b>21,060,168</b>	<b>14,023,289</b>
<b>1.3.3 Total required amount of CRR and SLR</b>		
Total required reserve	111,995,130	106,553,188
Total actual reserve maintained	133,055,298	120,576,477
Total Surplus	<b>21,060,168</b>	<b>14,023,289</b>
<b>2 Balance with other banks and financial institutions</b>		
In Bangladesh (Note 2.1)	268,257,756	1,117,702,120
Outside Bangladesh	-	-
	<b>268,257,756</b>	<b>1,117,702,120</b>
<b>2.1 In Bangladesh</b>		
<b>In Mudaraba fixed/term deposit account (in local currency)</b>		
Shahjalal Islami Bank Ltd, Foreign Exchange Branch, Dhaka	250,000,000	-
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
	<b>250,000,000</b>	<b>1,100,000,000</b>

**Pubali Bank Limited - Islamic Banking Windows**

Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>In Mudaraba Savings deposit account</b>		
Islami Bank Bangladesh Limited, Foreign Exchange Branch, Dhaka	12,723,569	12,337,078
	<b>12,723,569</b>	<b>12,337,078</b>
<b>In Mudaraba Special Notice Deposit account</b>		
First Security Islami Bank Ltd., Dilkusha Branch, Dhaka	5,534,187	5,365,042
	<b>5,534,187</b>	<b>5,365,042</b>
	<b>268,257,756</b>	<b>1,117,702,120</b>
<b>2.2 Maturity grouping of balance with other banks and financial institutions</b>		
Payable on demand	-	1,357,079
Up to 3 months	268,257,756	1,116,345,041
Over 3 months but not more than 1 year	-	-
	<b>268,257,756</b>	<b>1,117,702,120</b>
<b>3 Placement with Banks and Other Financial Institutions</b>	-	-
	-	-
<b>4 Investments in Shares and Securities</b>		
<b>Government Treasury Bonds</b>		
6 months Bangladesh Govt. Islami Investment Bond	60,000,000	49,500,000
	<b>60,000,000</b>	<b>49,500,000</b>
<b>5 Investments</b>		
General Investments (Note 5.1)	403,156,760	364,942,103
Bills purchased and discounted (Note 5.2)	-	-
	<b>403,156,760</b>	<b>364,942,103</b>
<b>5.1 General Investments</b>		
<b>Inside Bangladesh:</b>		
Quard	3,100,000	12,400,000
Bai Muazzal	63,473,706	16,784,807
Murabaha Post Import (TR)	163,539,548	17,020,761
Hire Purchase Shirkatul Melk	173,043,506	318,736,535
	<b>403,156,760</b>	<b>364,942,103</b>
<b>Outside Bangladesh</b>	-	-
	<b>403,156,760</b>	<b>364,942,103</b>
<b>5.1.1 Maturity grouping of General Investment</b>		
Repayable on demand	15,241,120	-
Upto 3 months	12,606,801	-
Over 3 months but not more than 1 year	233,906,050	46,205,568
Over 1 year but not more than 5 years	128,786,131	318,736,535
Over 5 years	12,616,658	-
	<b>403,156,760</b>	<b>364,942,103</b>

**Pubali Bank Limited - Islamic Banking Windows**  
Notes to the financial statements for the year ended 31 December 2017

## Annexure - E (ii)

	2017 Taka	2016 Taka
<b>5.2 Bills purchased and discounted</b>		
<b>Payable in Bangladesh</b>		
Loans against accepted bills	-	-
Loans against demand draft purchased	-	-
	-	-
<b>Payable outside Bangladesh</b>		
Foreign bills purchased	-	-
Foreign drafts purchased	-	-
	-	-
	-	-
<b>5.2.1 Maturity grouping of bills purchased and discounted</b>		
Receivable on demand	-	-
Not more than 3 months	-	-
Over 3 months but not more than 6 months	-	-
6 months or more	-	-
	-	-
<b>5.3 Geographical location-wise distribution of investments including bills purchased and discounted</b>		
<b>In Bangladesh</b>		
<b>Urban</b>		
Dhaka	282,991,010	141,220,800
Sylhet	120,165,750	223,721,303
	<b>403,156,760</b>	<b>364,942,103</b>
<b>Rural</b>	-	-
<b>Outside Bangladesh (Foreign bills/drafts purchased)</b>		
	<b>403,156,760</b>	<b>364,942,103</b>
<b>5.4 Sector-wise investments including bills purchased and discounted</b>		
Public sector	-	-
Private sector	403,156,760	364,942,103
Co-operative sector	-	-
	<b>403,156,760</b>	<b>364,942,103</b>
<b>5.5 Security base-wise investments including bills purchased and discounted</b>		
Collateral of movable and immovable properties	245,325,041	352,542,103
Guarantee of local banks and financial institutions	-	-
Export documents	-	-
Fixed deposit receipts (FDR) of own Bank	-	-
FDR of other banks	3,100,000	12,400,000
Government bonds	-	-
Personal guarantee	154,731,719	-
Other securities	-	-
	<b>403,156,760</b>	<b>364,942,103</b>

**Pubali Bank Limited - Islamic Banking Windows**

Notes to the financial statements for the year ended 31 December 2017

			2017 Taka	2016 Taka
<b>5.6 Classification of Investments including bills purchased and discounted</b>				
Unclassified:				
Standard			383,815,101	360,635,835
Special mention account (SMA)			-	-
			383,815,101	360,635,835
Classified:				
Sub-standard (SS)			-	-
Doubtful (DF)			6,042,045	-
Bad or loss (BL)			9,199,075	-
			15,241,120	-
Staff loan			4,100,539	4,306,268
			403,156,760	364,942,103
<b>5.7 Particulars of required provision for Investments</b>				
<u>Status of Classification</u>	<u>Base for Provision</u>	<u>Rate of Provision (%)</u>		
General provision - Unclassified				
Standard (others)	381,170,157	1	3,811,702	3,566,360
Standard (cls)	1,908,863	5	95,443	139,833
Loan for Professional to setup business	736,081	2	14,722	24,064
Special mention account (CLS)		-	-	-
			3,921,867	3,730,257
Specific provision - Classified				
Sub-standard (SS)		20	-	-
Doubtful (DF)	3,323,045	50	1,661,523	-
Bad/Loss (BL)	2,637,345	100	2,637,345	-
			4,298,868	-
Required provision			8,220,735	3,730,257
Provision maintained by head office			8,220,735	3,730,257
Excess provision			-	-

## Pubali Bank Limited - Islamic Banking Windows

Notes to the financial statements for the year ended 31 December 2017

### 5.8 Particulars of Investments

	2017 Taka	2016 Taka
(i) Investments considered good in respect of which the bank is fully secured.	248,425,041	364,942,103
(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.	154,731,719	-
(iv) Investments adversely classified; provision not maintained there against	-	-
	<b>403,156,760</b>	<b>364,942,103</b>
(v) Investments due by directors or officers of the bank or any of them either severally or jointly with any other persons	4,100,539	4,306,268
(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.	4,100,539	4,306,268
(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)	4,298,868.00	-
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	2,637,345.00	-
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 2017

**5.9 Hire Purchase Shirkatul Melk**

Lease rental receivable within 1 year	37,766,223	15,045,917
Lease rental receivable within 5 years	16,555,465	68,032,653
Lease rental receivable after 5 years	122,117,406	235,657,965
<b>Total lease rental receivable</b>	<b>176,439,094</b>	<b>318,736,535</b>
Less : Un-earned receivable	3,395,588	
<b>Net Lease finance</b>	<b>173,043,506</b>	<b>318,736,535</b>

**6 Fixed Assets including premises, furniture & Fixture cost**

Machinery and equipment	1,073,591	1,073,591
Computer & Computer Accessories	806,150	782,150
Furniture and fixtures	1,426,220	1,426,220
	<b>3,305,961</b>	<b>3,281,961</b>
Less: Accumulated Depreciation	1,924,075	1,600,188
<b>Net book value at the end of the year</b>	<b>1,381,886</b>	<b>1,681,773</b>

**7 Other Assets :**

Accrued income on Investments	3,756,000	4,884,387
Stationery and stamps	76,075	73,931
Pubali bank adjustment a/c	342,136,160	-
	<b>345,968,235</b>	<b>4,958,318</b>

**8 Placement with other Banks, Financial Institutions and Agents**

In Bangladesh	-	-
Outside Bangladesh	-	-
	<b>-</b>	<b>-</b>

**9 Deposits and other accounts**

Inter-bank deposits	34,244,522	90,012,771
Other deposits	954,810,927	887,098,768
	<b>989,055,449</b>	<b>977,111,539</b>

## Pubali Bank Limited - Islamic Banking Windows

Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>9.1 Details of deposits and other Accounts</b>		
<u>Current deposits and other accounts :</u>		
Al-Wadia Current Deposit	59,934,716	43,568,418
	<u>59,934,716</u>	<u>43,568,418</u>
Bills payable ( note 9.1.1)	6,360,563	12,840,958
Mudaraba Savings Bank Deposit	110,256,167	91,113,837
<u>Term deposits :</u>		
Mudaraba Fixed deposits	663,528,100	643,837,094
Mudaraba Monthly Term deposit	6,894,350	17,592,500
Mudaraba Short Notice Deposits	95,384,986	138,071,665
Profit Receivable on Investment	12,150,856	1,785,816
Mudaraba Deposit Pension Scheme	31,832,365	26,122,870
Mudaraba Hajj Savings	2,490,991	2,009,814
	<u>812,281,648</u>	<u>829,419,759</u>
Other deposits	222,355	168,567
	<u>989,055,449</u>	<u>977,111,539</u>
<b>9.1.1 Bills Payable</b>		
Payment orders issued	6,360,563	12,840,958
	<u>6,360,563</u>	<u>12,840,958</u>
<b>9.2 Maturity analysis of Inter-bank deposits</b>		
Payable on demand	34,244,522	90,012,771
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	-	-
	<u>34,244,522</u>	<u>90,012,771</u>
<b>9.3 Maturity analysis of other deposits</b>		
Payable on demand	68,597,721	98,209,472
Payable within 1 month	51,280,844	9,875,068
Over 1 month but within 6 months	418,943,926	373,980,066
Over 6 months but within 1 year	139,385,601	138,274,519
Over 1 year but within 5 years	228,856,794	226,813,842
Over 5 years and above	47,746,041	39,945,801
	<u>954,810,927</u>	<u>887,098,768</u>



**Pubali Bank Limited - Islamic Banking Windows**

Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>10 Other Liabilities :</b>		
Unpaid Expenses A/C	2,500	1,700
Item in Transit (Cr. Balance)	99,351,265	79,143,397
Card Transaction Fee (Inter Bank)	330	285
Sadaqad Fund	6,188,171	5,850,621
Pubali Bank Adjustment A/C	-	527,507,656
	<b>105,542,266</b>	<b>612,503,659</b>
<b>11 Investment income</b>		
Bal Muazzal	2,451,207	4,969,948
Murabaha Post Import (TR)	12,556,639	6,427,102
Hire Purchase Shirkatul Melk	40,934,810	25,093,493
Investment Income from Other Bank	51,850,223	28,164,063
	<b>107,792,879</b>	<b>64,654,606</b>
<b>12 Profit paid on deposits, borrowings, etc.</b>		
Mudaraba Term Deposits	35,680,580	34,074,124
Mudaraba Special Notice Deposits	3,653,094	1,175,966
Mudaraba Hajj Savings	115,349	78,138
Mudaraba Savings Bank deposit	2,380,404	1,625,965
Mudaraba Deposit Pension Scheme	1,504,592	1,154,485
Mudaraba Monthly Profit deposit	779,673	1,264,115
	<b>44,113,692</b>	<b>39,372,793</b>
<b>13 Income from investment in shares /securities</b>	-	-
	-	-
<b>14 Commission, exchange and brokerage</b>		
SC, LSC, DD, TT, MT and PO	60,825	60,083
Foreign L/C	388,207	720,309
Local L/C	852,458	275,854
Other transactions	17,145	17,250
Miscellaneous handling commission	740,146	536,914
	<b>2,058,781</b>	<b>1,610,410</b>
<b>15 Other operating income</b>		
Miscellaneous income	-	5,480
Service charge	4,200	4,400
CIB service charge	17,290	16,770
Online service charge	240,909	219,040
Account maintenance fee	277,981	241,977
SMS service charge	61,481	53,064
Card fees and charges	21,200	19,300
	<b>623,061</b>	<b>560,031</b>

## Pubali Bank Limited - Islamic Banking Windows

Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>16 Salary and allowances</b>		
Basic salary	3,314,900	2,631,633
House rent allowances	2,003,360	1,695,606
Medical allowances	466,575	360,744
Other allowances	474,400	326,455
Contributory provident fund	325,490	265,309
Bonus to employees	617,410	434,566
	<b>7,202,135</b>	<b>5,714,313</b>
<b>17 Rent, taxes, insurance, electricity, etc.</b>		
Electric fittings and fixtures	6,951	2,194
Insurance	61,092	1,005
Lighting	178,494	192,559
	<b>246,537</b>	<b>195,758</b>
<b>18 Legal Expenses</b>		
Lawyer Charges	5,750	-
Court fees and other expenses	-	-
	<b>5,750</b>	<b>-</b>
<b>19 Postage, stamp, telecommunication, etc.</b>		
Postage	3,989	2,841
Telephone (office)	29,135	22,719
Telephone (res)	6,300.00	-
	<b>39,424</b>	<b>25,560</b>
<b>20 Stationery, printing, advertisement, etc.</b>		
Table stationery	16,949	18,779
Computer Stationery	32,053	31,209
Consumption of books and forms	65,869	53,450
Printing and Stationery	-	-
Advertisement	-	-
	<b>114,871</b>	<b>103,438</b>
<b>21 Depreciation repair and maintenance of fixed assets</b>		
Repairs to fixed assets	21,840	2,625
Depreciation on fixed assets	323,887	371,760
Maintenance of Bank Premises	125,052	82,502
	<b>470,779</b>	<b>456,887</b>

**Pubali Bank Limited - Islamic Banking Windows**

Notes to the financial statements for the year ended 31 December 2017

	2017 Taka	2016 Taka
<b>22 Other expenses</b>		
Newspapers	8,683	6,440
Travelling	201,993	11,096
Sub-ordinate staff clothing	12,695	5,969
Conveyance	10,312	22,093
Entertainment	56,490	20,660
Carrying Expenses	470	530
Employees recreation (Lunch subsidy)	345,600	318,155
Overtime	-	1,500
House maintenance	240,000	157,500
Security and Auxiliary Service	158,262	139,806
Miscellaneous	24,809	26,954
	<b>1,059,314</b>	<b>710,703</b>
<b>23 Cash payments for other operating activities</b>		
Rent, tax, Insurance, Lighting etc.	246,537	195,758
Legal expenses	5,750	-
Repairing Expenses	146,892	85,127
Other Expenses	1,059,314	710,703
	<b>1,458,493</b>	<b>991,588</b>
<b>24 Increase/(decrease) of other assets</b>		
<b>Closing other Assets</b>		
Stationery and Stamps	76,075	73,931
Accrued income on investments	3,756,000	4,884,387
Pubali Bank Adjustment A/C	342,136,160	-
Suspense account	-	-
	<b>345,968,235</b>	<b>4,958,318</b>
<b>Opening other Assets</b>		
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
	<b>4,958,318</b>	<b>128,782,529</b>
	<b>(341,009,917)</b>	<b>123,824,211</b>
<b>25 Cash and cash equivalents at the end of the year</b>		
Cash in hand (including foreign currencies)	3,362,449	5,605,687
Balance with Bangladesh Bank and its agent bank(s)	69,692,848	65,470,792
Balance with other banks and financial institutes	268,257,756	1,117,702,120
	<b>341,313,053</b>	<b>1,188,778,599</b>

## Pubali Bank Limited - Off-shore Banking Unit

Balance Sheet as at 31 December 2017

## Annexure - F

	Notes	2017		2016
		USD	Taka	Taka
<b>PROPERTY AND ASSETS</b>				
<b>Cash</b>	3	-	-	-
Cash in hand ( Including foreign currencies )		-	-	-
Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currencies )		-	-	-
<b>Balance with Other Banks and Financial Institutions</b>	4	3,508,618.50	290,162,750	119,779,763
In Bangladesh		-	-	-
Outside Bangladesh		3,508,618.50	290,162,750	119,779,763
<b>Loans, Advances and Leases</b>	5	139,726,313.28	11,555,366,108	7,799,147,314
Loans, cash credits and overdrafts, etc.		2,582,275.10	213,554,151	78,227,369
Bills purchased and discounted		137,144,038.18	11,341,811,957	7,720,919,945
<b>Fixed Assets including premises, furniture &amp; fixtures</b>	6	-	-	-
<b>Other assets</b>	7	1,839,831.99	152,154,107	94,568,473
<b>Non-banking Assets</b>		-	-	-
<b>Total Assets</b>		<b>145,074,763.77</b>	<b>11,997,682,965</b>	<b>8,013,495,550</b>
<b>LIABILITIES AND CAPITAL</b>				
<b>Liabilities</b>				
<b>Borrowings from other Banks, Financial Institutions &amp; Agents</b>	8	141,709,269.21	11,719,356,564	7,866,552,419
<b>Deposits and other accounts</b>	9	-	-	-
Current accounts & other accounts		-	-	-
Bills Payable		-	-	-
Savings bank deposits		-	-	-
Term deposits		-	-	-
Other deposits		-	-	-
<b>Other Liabilities</b>	10	918,785.29	75,983,544	42,075,251
<b>Total Liabilities</b>		<b>142,628,054.50</b>	<b>11,795,340,108</b>	<b>7,908,627,670</b>
<b>Capital / Shareholders' Equity</b>				
Paid up Capital		-	-	-
Statutory Reserve		-	-	-
Retained earnings		-	-	-
Foreign currency translation reserves		-	5,504,849	-
Profit and Loss account surplus		2,446,709.27	196,838,008	104,867,880
<b>Total Shareholders' Equity</b>		<b>2,446,709.27</b>	<b>202,342,857</b>	<b>104,867,880</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>145,074,763.77</b>	<b>11,997,682,965</b>	<b>8,013,495,550</b>

**Pubali Bank Limited - Off-shore Banking Unit**

Balance Sheet as at 31 December 2017

Note	2017		2016
	USD	Taka	Taka
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>			
<b>Acceptances &amp; Endorsements</b>			
Letters of guarantee	-	-	-
Irrevocable letters of credit	-	-	-
Bills for collection	-	-	-
Other Contingent Liabilities	-	-	-
<b>Total Contingent liabilities</b>	-	-	-
<b>Other Commitments</b>			
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	-	-	-
<b>Total</b>	-	-	-
<b>Total Off-Balance Sheet Items including Contingent Liabilities</b>	-	-	-

**Pubali Bank Limited - Off-shore Banking Unit**  
Profit & Loss Account for the year ended 31 December 2017

## Annexure - F (i)

	Notes	2017		2016
		USD	Taka	Taka
<b>Operating Income</b>				
Interest income	11	6,418,483.56	516,367,645	249,640,362
Interest paid on deposits, borrowings, etc.	12	(4,052,785.89)	(326,047,030)	(147,305,472)
<b>Net Interest Income</b>		<b>2,365,697.67</b>	<b>190,320,615</b>	<b>102,334,890</b>
Commission, exchange and brokerage		-	-	-
Other operating income	13	199,113.13	16,018,672	10,266,919
<b>Total Operating Income</b>		<b>2,564,810.80</b>	<b>206,339,287</b>	<b>112,601,809</b>
<b>Operating Expenses</b>				
Salaries and allowances	14	91,376.56	7,351,253	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	26,724.97	2,150,026	2,273,529
<b>Total Operating Expenses</b>		<b>118,101.53</b>	<b>9,501,279</b>	<b>7,733,929</b>
<b>Profit/(Loss) before Provision</b>		<b>2,446,709.27</b>	<b>196,838,008</b>	<b>104,867,880</b>
<b>Provision for loans &amp; advances, investments &amp; other assets</b>				
Provision for classified loans and advances		-	-	-
Provision for unclassified loans and advances		-	-	-
Other Provisions		-	-	-
<b>Total Provision</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Profit/(Loss) before taxes</b>		<b>2,446,709.27</b>	<b>196,838,008</b>	<b>104,867,880</b>
Provision for current tax		-	-	-
Provision for deferred tax		-	-	-
<b>Total Provision for taxes</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Profit/(loss) after Taxation</b>		<b>2,446,709.27</b>	<b>196,838,008</b>	<b>104,867,880</b>

**Pubali Bank Limited - Off-shore Banking Unit**  
 Cash Flow Statement for the year ended 31 December 2017

## Annexure - F (ii)

Notes	2017		2016
	USD	Taka	Taka
<b>A) Cash flows from operating activities</b>			
Interest receipts in cash	6,418,483.57	516,367,645	128,645,548
Interest payments	(4,052,785.89)	(326,047,030)	(80,602,104)
Receipts from other operating activities	199,113.11	16,018,672	8,013,408
Cash payments for other operating activities	(118,101.52)	(9,501,279)	(7,452,915)
<b>Operating profit before changes in operating assets &amp; liabilities</b>	<b>2,446,709.27</b>	<b>196,838,008</b>	<b>48,603,937</b>
<b>Increase/ (Decrease) in operating assets and liabilities</b>			
Loans and advances to customers (other than banks)	(40,629,371.72)	(3,756,218,794)	(5,139,351,758)
Other assets	(638,233.14)	(57,585,634)	(1,206,549)
Other liabilities	384,171.88	33,908,293	-
<b>Total Increase/(decrease) in operating assets and liabilities</b>	<b>(40,883,432.98)</b>	<b>(3,779,896,135)</b>	<b>(5,140,558,307)</b>
<b>Net cash from /(used in) operating activities</b>	<b>(38,436,723.71)</b>	<b>(3,583,058,127)</b>	<b>(5,091,954,370)</b>
<b>B) Cash flows from investing activities</b>	-	-	-
<b>C) Cash flows from financing activities</b>			
Borrowings from other Banks, Financial Institutions & Agents.	41,755,869.95	3,852,804,145	5,209,054,765
Profit transferred to Central Operation.	(1,332,464.40)	(104,867,880)	-
	<b>40,423,405.55</b>	<b>3,747,936,265</b>	<b>5,209,054,765</b>
<b>D) Net increase/(decrease) in cash and cash equivalents (a+b+c)</b>	<b>1,986,681.56</b>	<b>164,878,138</b>	<b>117,100,395</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>	-	5,504,849	-
<b>F) Cash and cash equivalents at beginning period</b>	<b>1,521,936.94</b>	<b>119,779,763</b>	<b>2,679,368</b>
<b>G) Cash and cash equivalents at end of period (D+E+F)</b>	<b>3,508,618.50</b>	<b>290,162,750</b>	<b>119,779,763</b>

## Pubali Bank Limited - Off-shore Banking Unit

Notes to the financial statements for the year ended 31 December 2017

## 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 currency)

In local currency  
In foreign currencies

#### Balance with Bangladesh Bank and its agent bank(s) ( Including foreign currency) Bangladesh Bank

In local currency  
In foreign currencies

### 4 Balance with other banks and financial institutions

In Bangladesh (Note 4.1)  
Outside Bangladesh (Note 4.2)

#### 4.1 In Bangladesh

	2017		2016
	USD	Taka	Taka
<b>Cash</b>			
<b>Cash in hand ( Including foreign currency)</b>			
In local currency	-	-	-
In foreign currencies	-	-	-
		-	-
<b>Balance with Bangladesh Bank and its agent bank(s) ( Including foreign currency) Bangladesh Bank</b>			
In local currency	-	-	-
In foreign currencies	-	-	-
		-	-
<b>4 Balance with other banks and financial institutions</b>			
In Bangladesh (Note 4.1)	-	-	-
Outside Bangladesh (Note 4.2)	3,508,618.50	290,162,750	119,779,763
	<b>3,508,618.50</b>	<b>290,162,750</b>	<b>119,779,763</b>
<b>4.1 In Bangladesh</b>			
	-	-	-
	-	-	-



## Pubali Bank Limited - Off-shore Banking Unit

Notes to the financial statements for the year ended 31 December 2017

	2017		2016
	USD	Taka	Taka
<b>4.2 Outside Bangladesh</b>			
<b>Current A/c (Nostro)</b>			
Mashreq Bank NY, USD	3,428,831.75	283,564,386	118,415,709
Mashreq Bank Mumbai, India-ACUD	79,786.75	6,598,364	1,364,054
	<b>3,508,618.50</b>	<b>290,162,750</b>	<b>119,779,763</b>
<b>5 Loans, advances and leases</b>			
Loans, cash credits and overdrafts, etc. (note 5.1)	2,582,275.10	213,554,151	78,227,369
Bills purchased and discounted (note 5.2)	137,144,038.18	11,341,811,957	7,720,919,945
	<b>139,726,313.28</b>	<b>11,555,366,108</b>	<b>7,799,147,314</b>
<b>5.1 Loans, cash credits, overdrafts, etc.</b>			
<b>In Bangladesh</b>			
Loans	2,582,275.10	213,554,151	78,227,369
Cash credits	-	-	-
Overdrafts	-	-	-
	<b>2,582,275.10</b>	<b>213,554,151</b>	<b>78,227,369</b>
<b>Outside Bangladesh</b>			
	-	-	-
	-	-	-
	<b>2,582,275.10</b>	<b>213,554,151</b>	<b>78,227,369</b>
<b>5.2 Bills purchased and discounted</b>			
<b>Payable in Bangladesh</b>			
Export Bill Discounting	26,534,600.00	2,194,411,420	867,051,906
Loans against demand draft purchased	-	-	-
	<b>26,534,600.00</b>	<b>2,194,411,420</b>	<b>867,051,906</b>
<b>Payable outside Bangladesh</b>			
Discounting -UPAS	110,609,438.18	9,147,400,537	6,853,868,039
Foreign drafts purchased	-	-	-
	<b>110,609,438.18</b>	<b>9,147,400,537</b>	<b>6,853,868,039</b>
	<b>137,144,038.18</b>	<b>11,341,811,957</b>	<b>7,720,919,945</b>
<b>5.3 Classification of Investments including bills purchased and discounted</b>			
<b>Unclassified</b>			
Standard	139,726,313.28	11,555,366,108	7,799,147,314
Special mention account (SMA)	-	-	-
	<b>139,726,313.28</b>	<b>11,555,366,108</b>	<b>7,799,147,314</b>
<b>Classified</b>			
Substandard (SS)	-	-	-
Doubtful (DF)	-	-	-
Bad or loss (BL)	-	-	-
	-	-	-
<b>Staff loan</b>			
	-	-	-
	<b>139,726,313.28</b>	<b>11,555,366,108</b>	<b>7,799,147,314</b>

## Pubali Bank Limited - Off-shore Banking Unit

Notes to the financial statements for the year ended 31 December 2017

	2017		2016
	USD	Taka	Taka
<b>5.4 Particulars of required provision for Investments</b>			
<u>Status of Classification</u>	Base for Provision	Rate of Provision (%)	
General provision - Unclassified			
Standard (others)	10,719,328,278	1	107,193,283
Standard (SMEF)	836,037,830	0.25	2,090,095
			109,283,378
Specific provision - Classified			
Substandard (SS)	-	20	-
Doubtful (DF)	-	50	-
Bad/Loss (BL)	-	100	-
			-
Required provision			109,283,378
Provision maintained by head office			109,283,378
Excess provision			-
<b>6 Fixed Assets including premises, furniture &amp; Fixture</b>			
Cost	-	-	-
Less: Accumulated Depreciation	-	-	-
<b>Net book value at the end of the year</b>	-	-	-
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 and 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.			
<b>7 Other Assets</b>			
<b>Income generating other assets</b>			
Interest on EBD	150,281.65	12,428,293	3,184,897
Interest on UPAS Bill	1,689,550.34	139,725,814	90,177,027
Prepaid expenses	-	-	1,206,549
	<b>1,839,831.99</b>	<b>152,154,107</b>	<b>94,568,473</b>
<b>8 Borrowings from other Banks, Financial Institutions and Agents</b>			
Parents Bank-Pubali Bank Limited	21,169,276.03	1,750,699,128	2,228,351,209
Others Banks & Financial Institutions	120,539,993.18	9,968,657,436	5,638,201,210
	<b>141,709,269.21</b>	<b>11,719,356,564</b>	<b>7,866,552,419</b>
<b>9 Deposits and other accounts</b>			
Inter-bank deposits	-	-	-
Other deposits	-	-	-
	-	-	-

**Pubali Bank Limited - Off-shore Banking Unit**

Notes to the financial statements for the year ended 31 December 2017

	2017		2016
	USD	Taka	Taka
<b>10 Other Liabilities</b>			
Interest payable to :			
Parent bank borrowing	59,077.07	4,885,674	8,910,854
Others Banks & Financial Institutions	859,708.22	71,097,870	33,164,397
	<b>918,785.29</b>	<b>75,983,544</b>	<b>42,075,251</b>
<b>11 Interest income</b>			
Interest on EBD	715,346.60	57,549,706	14,391,424
Interest on UPAS Bill	5,666,616.60	455,879,872	228,803,049
Interest on Term loan	36,520.36	2,938,067	2,722,619
Interest on Finance to other financial Institution	-	-	3,723,270
	<b>6,418,483.56</b>	<b>516,367,645</b>	<b>249,640,362</b>
<b>12 Interest paid on deposits, borrowings, etc.</b>			
Interest on Borrowings from Parent Bank	890,706.22	71,657,404	69,799,851
Interest on Borrowings from other banks & Financial Institutions	3,162,079.67	254,389,626	77,505,621
	<b>4,052,785.89</b>	<b>326,047,030</b>	<b>147,305,472</b>
<b>13 Other operating income</b>			
Rebate received from Nostro A/C	47,723.50	3,839,360	2,713,494
Reimbursement fee received	97,828.03	7,870,275	5,031,237
Overdue interest	29,490.20	2,372,490	2,282,418
A/P received from Nostro A/C	24,071.40	1,936,547	239,770
	<b>199,113.13</b>	<b>16,018,672</b>	<b>10,266,919</b>
<b>14 Salaries and allowances</b>			
Basic salary	39,271.42	3,159,390	2,650,326
House rent allowances	23,086.86	1,857,340	1,528,006
Medical allowances	4,731.53	380,652	299,101
Other allowances	3,376.93	271,674	264,854
Contributory provident fund	3,937.44	316,767	262,144
Bonus to employees	16,972.38	1,365,430	455,969
	<b>91,376.56</b>	<b>7,351,253</b>	<b>5,460,400</b>
<b>15 Other expenses</b>			
Bank charges of Nostro A/C (Mashreq Bank)	14,140.10	1,137,572	1,442,570
House maintenance	4,847.82	390,008	355,655
Car allowance	4,671.53	375,825	324,647
Entertainment	681.27	54,808	-
Employees recreation (Lunch subsidy)	2,384.25	191,813	150,657
	<b>26,724.97</b>	<b>2,150,026</b>	<b>2,273,529</b>



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

Hometown Apartments (7<sup>th</sup>, 8<sup>th</sup> & 9<sup>th</sup> 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*

**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 2017, 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.

**Management's Responsibility for the Financial Statements**

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act, 1994, the Securities and Exchange Rules 1987 and conditions and regulations issued by Bangladesh Securities and Exchange Commission and for such internal control as management determines 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 (BSA). 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 amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider 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 qualified opinion.

**Opinion**

In our opinion, the financial statements, referred to as above, exhibit a true and fair view of the state of affairs of the Pubali Bank Securities Limited as at 31 December 2017 and of its operational results for the year then ended comply with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act, 1994, the Securities and Exchange Rules, 1987, conditions and regulations issued by the Bangladesh Securities and Exchange Commission and other applicable laws and regulations.

We also report that:

- 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;
- 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
- the company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Place: Dhaka, Bangladesh  
Dated: 06 March 2018



  
**K. M. HASAN & CO.**  
Chartered Accountants

*An Independent Member Firm of McMillan Woods International*

**Pubali Bank Securities Limited**  
 Statement of Financial Position as at 31 December 2017

## Annexure-G (i)

	Notes	2017	2016
			Restated
<b>Non-Current Assets (A)</b>			
Fixed assets	5	1,712,068	1,905,930
Intangible assets	5	87,500	280,000
Investment in securities (DSE & CSE shares)	8.2	16,000,000	16,000,000
Deferred tax assets	17	341,280	3,679,510
		<b>18,140,848</b>	<b>21,865,440</b>
<b>Current Assets (B)</b>			
Advances, deposits and prepayments	6	863,500	999,500
Advance income tax	7	79,450,486	84,648,491
Investment in securities (Own Portfolio)	8.1	6,077,913,686	6,123,048,042
Accounts receivable	9	154,041,856	61,229,918
Loan to customers		609,010,224	598,828,710
Cash and cash equivalents	10	1,105,272,867	372,333,256
		<b>8,026,552,619</b>	<b>7,241,087,917</b>
<b>Total Assets (A+B)</b>		<b>8,044,693,467</b>	<b>7,262,953,357</b>
<b>Equity and Liabilities</b>			
<b>Capital and reserves (C)</b>			
Share capital	3.1	3,600,000,000	3,600,000,000
Preference share capital	3.2	3,000,000,000	3,000,000,000
Retained earnings	4	(373,201,895)	(711,545,626)
<b>Total Equity</b>		<b>6,226,798,105</b>	<b>5,888,454,374</b>
<b>Non Current Liabilities (D)</b>			
Secured overdraft	12	-	-
<b>Current Liabilities (E)</b>			
Accounts payable	11	537,646,006	65,657,568
Provision for investment and clients' margin loan	13	1,172,454,364	1,132,308,527
Provision for expenses	14	351,456	295,700
Provision for taxation	15	107,443,536	114,732,188
Payable for IPO fund	16	-	61,505,000
		<b>1,817,895,362</b>	<b>1,374,498,983</b>
<b>Total Liabilities [F = (D+E)]</b>		<b>1,817,895,362</b>	<b>1,374,498,983</b>
<b>Total Equity and Liabilities [G= (F+C)]</b>		<b>8,044,693,467</b>	<b>7,262,953,357</b>

These financial statements should be read conjunction with annexed notes

**Pubali Bank Securities Limited**

Statement of Profit or Loss and other Comprehensive Income for the year ended 31 December 2017

**Annexure-G(ii)**

	Notes	Amount in Taka	
		2017	2016
<b>Operating Income</b>			
Revenue from brokerage commission		60,654,544	45,928,208
Interest income	18	33,037,637	22,800,139
Capital gain from investment in securities		236,915,104	24,774,735
Dividend income		158,874,723	126,926,402
Other operating income	19	9,561,532	5,646,856
<b>Total operating income (A)</b>		<b>499,043,540</b>	<b>226,076,340</b>
Direct expenses	20	7,554,964	6,352,420
Operating expenses	21	36,227,010	40,261,352
<b>Total operating expenses (B)</b>		<b>43,781,974</b>	<b>46,613,772</b>
<b>Operating profit before provision (C=A-B)</b>		<b>455,261,566</b>	<b>179,462,568</b>
Provision for diminution in value of investment (D)	13.1	-	(59,349,859)
Provision for impairment of clients' margin loan (E)	13.2	(40,145,837)	(18,463,446)
<b>Operating profit before taxation (F=C-D-E)</b>		<b>415,115,729</b>	<b>101,649,263</b>
Current tax expense (G)	15.1	(73,433,768)	(41,082,764)
Deferred tax expense (H)	17	(3,338,230)	(1,496,551)
<b>Net profit after tax (I=F-G-H)</b>		<b>338,343,731</b>	<b>59,069,948</b>
<b>Other comprehensive income</b>			
Decrease of investment revaluation reserve			(84,170,706)
<b>Total comprehensive income</b>		<b>338,343,731</b>	<b>(25,100,758)</b>

These financial statements should be read conjunction with annexed notes

**Pubali Bank Securities Limited**  
Statement of Cash Flow for the year ended 31 December 2017

## Annexure-G (iii)

	Amounts in Taka	
	2017	2016
<b>A) Cash flows from operating activities</b>		
Net profit after tax during the year	338,343,731	59,069,948
Add: Amount considered as non-cash items		
Depreciation & amortization charged	795,593	1,072,345
Provision for investment & clients margin loan	40,145,837	77,813,305
Deferred tax expense	3,338,230	1,496,551
Provision for tax	(7,288,652)	13,540,638
	<b>36,991,008</b>	<b>93,922,839</b>
<b>Changes in working capital</b>		
(Increase)/decrease in advances, deposits and prepayments	136,000	(46,000)
(Increase)/decrease in advance income tax	5,198,005	(10,490,023)
(Increase)/decrease in investments in securities	45,134,356	(43,937,419)
(Increase)/decrease in accounts receivable	(92,811,938)	(48,902,542)
(Increase)/decrease revenue stamp payable	-	(3,650)
Increase/(decrease) payable to SWF	-	(2,099)
Increase/(decrease) security deposit	(74,700)	(73,000)
(Increase)/decrease Sundry deposit	-	-
(Increase)/decrease in Loans to customers	(10,181,514)	95,985,512
Increase/(decrease) in accounts payable	410,558,138	(203,794,943)
Increase/(decrease) in provision for expenses	55,756	(111,930)
Increase/(decrease) secured overdraft	-	(2,128,090,596)
	<b>358,014,103</b>	<b>(2,339,466,690)</b>
<b>Net cash from/(used in) operating activities</b>	<b>733,348,842</b>	<b>(2,186,473,903)</b>
<b>B) Cash flows from investing activities</b>		
Fixed assets acquisition	(409,231)	(284,245)
<b>Net cash used in investing activities</b>	<b>(409,231)</b>	<b>(284,245)</b>
<b>C) Cash flows from financing activities</b>		
Issue of Ordinary share capital	-	2,000,000,000
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>2,000,000,000</b>
<b>D) Net cash increase / (decrease)</b>	<b>732,939,611</b>	<b>(186,758,148)</b>
<b>E) Cash and cash equivalent at the beginning of the Year</b>	<b>372,333,256</b>	<b>559,091,404</b>
<b>F) Cash and cash equivalents at the end of the Year</b>	<b>1,105,272,867</b>	<b>372,333,256</b>

**Pubali Bank Securities Limited**

Statement of Changes in Equity For the year ended 31 December 2017

Annexure-G (iv)

Particulars	Ordinary Share Capital	Preference Share Capital	Retained Earnings	Total
Balance as at January 1, 2017	3,600,000,000	3,000,000,000	(711,545,626)	5,888,454,374
Net Profit after tax for the year	-	-	338,343,731	338,343,731
<b>Balance as at 31 December 2017</b>	<b>3,600,000,000</b>	<b>3,000,000,000</b>	<b>(373,201,895)</b>	<b>6,226,798,105</b>
<b>Balance as at 31 December 2016</b>	<b>3,600,000,000</b>	<b>3,000,000,000</b>	<b>(711,545,626)</b>	<b>5,888,454,374</b>



## Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2017

## 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# 2.20.

#### 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.

#### 2.4 Change in accounting policy

The Company changed its accounting policy for subsequent measurement of investment in DSE and CSE shares at cost price as these have not a quoted market price in an active market and its fair value can not be reliably measured. This indicates mistakes undertaken in applying accounting policy. This accounting error resulted restatements of financial statements.

Previously, the company classified investment in DSE and CSE shares as available for sale financial asset, measured at face value and the gain was recognised in other comprehensive income.

## Pubali Bank Securities Limited

### Notes to the financial statements for the year ended 31 December 2017

For correcting accounting policy/(error) for investment in DSE and CSE shares, investment in DSE and CSE shares, investment revaluation reserve and deferred tax liabilities have changed for comparative figure and all the related balance for comparative figures have been restated.

The Company follows accounting policy for measurement of investment in marketable securities at fair value through profit or loss as per BAS 39: Financial Instrument Recognition and measurement as these are acquired or held for trading purposes in dealer account.

For measuring at fair value through profit or loss in investment in marketable securities, the net profit after tax, have been correctly stated in profit and loss account.

The following tables summaries the adjustments made to the balance sheet on implementation of the new accounting polices:

Particulars	Investment in DSE & CSE shares	Reserve against Investment Revaluation	Deferred Tax Liabilities/ (Assets)
	TAKA	TAKA	TAKA
Balance as at 1 January 2016, as previously reported	115,024,360	84,170,706	9,677,593
Impact of the change in accounting policy	(99,024,360)	(84,170,706)	(14,853,654)
Restated balance as at 1 January 2016	16,000,000	-	(5,176,061)

Particulars	Investment in DSE & CSE shares	Reserve against Investment Revaluation	Deferred Tax Liabilities/ (Assets)
	Taka	Taka	Taka
Balance as at 31 December 2016, as previously reported	115,024,360	84,170,706	11,174,144
Impact of the change in accounting policy	(99,024,360)	(84,170,706)	(14,853,654)
Restated balance as at 31 December 2016	16,000,000	-	(3,679,510)

## 2.5 Components of Financial Statements

The financial statements referred to here comprises:

- Statement of Financial Position
- Statement of Profit or Loss and other Comprehensive income
- Statement of Changes in Equity
- Statement of Cash Flows and
- Notes to the Financial Statements

## 2.6 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.

## 2.7 Reporting period

These financial statements cover period from 1 January 2017 to 31 December 2017.

## Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2017

### 2.8 Share capital

Share capital consists of all funds raised by a company in exchange for shares of either common or preferred shares of stock.

### 2.9 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 upto 30 September of the financial year. No depreciation is charged on the assets written off.

### 2.10 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.

### 2.11 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.

### 2.12 Advance income tax

The amount of advance income tax is mainly deduction at source by DSE & CSE on daily transaction of broker & dealer operation. Tax deduction on interest income and dividend income are also included here.

## Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2017

### 2.13 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.

### 2.14 Account receivables

Receivables are recognized when there is a contractual right to receive cash or another financial asset from another entity.

### 2.15 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.

### 2.16 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.

### 2.17 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".

### 2.18 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".

### 2.19 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":

## Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2017

### 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.

## 2.20 Provision against unrealized loss in shares purchased as dealer and Margin Loan

As per directive no. BSEC/CMRRCD/2009-193/203 dated 28 December 2017 of Bangladesh Securities and Exchange Commission, 20% provision may be made for unrealized loss arising out of year-end revaluation of shares purchased as dealer and unrealized loss as margin loan. However the Company maintain provision mentioned in note# 13.

## 2.21 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.

### 2.21.1 Particulars of Directors and Shareholders and their shareholdings

Name of the directors	Designation	Number of Share holding as 31 December 2017
Mr. Moniruddin Ahmed	Chairman	1
Mr. Ahmed Shafi Choudhury	Director	1
Mr. Habibur Rahman	Director	1
Mr. Mustafa Ahmed	Director	1
Mr. Azizur Rahman	Director	1
Mr. Muhammed Kabiruzzaman Yaqub	Director	1
Ms. Rana Lalla Hafiz	Director	1
Mr. Ahmed Salah Sater	Director	1
Mrs. Ayesha Farha Chowdhury	Director	1
Mr. Rezwan Rahman	Director	1
Mr. Zeyad Rahman	Director	1
Mr. Md. Abdul Halim Chowdhury (Nominated by Pubali Bank Limited)	Director	NILL
Mr. Shahdeen Malik	Independent Director	NILL
Mr. Giashuddin Ahmed	Shareholder	1
Ms. Rumana Sharif	Shareholder	1
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 2017

### 2.21.2 Name of the directors and their interest in Pubali Bank Limited

Name of the directors	Status in Pubali Bank Securities Ltd.	Status in Pubali Bank Limited	Directors have interest in Pubali Bank Limited	Percentage of interest in Pubali Bank Ltd.
Mr. Moniruddin Ahmed	Chairman	Director	Pubali Bank Limited	3.26%
Mr. Ahmed Shafi Choudhury	Director	Nominee Director	Pubali Bank Limited	2.02%
Mr. Habibur Rahman	Director	Chairman	Pubali Bank Limited	2.00%
Mr. Muhammed Kabiruzzaman Yaqub	Director	Director	Pubali Bank Limited	2.00%
Mr. Azizur Rahman	Director	Vice Chairman	Pubali Bank Limited	2.17%
Mr. Shahdeen Malik	Independent Director	Independent Director	Pubali Bank Limited	-
Mr. Md. Abdul Halim Chowdhury (Nominated by Pubali Bank Limited),	Director	Managing Director & CEO	Pubali Bank Limited	-
Mr. Mustafa Ahmed	Director	-	Not Applicable	-
Ms. Rana Laila Hafiz	Director	Director	Pubali Bank Limited	2.00%
Mrs. Ayesha Farha Chowdhury	Director	-	Not Applicable	-
Mr. Rezwan Rahman	Director	-	Not Applicable	-
Mr. Zeyad Rahman	Director	-	Not Applicable	-
Mr. Ahmed Salah Sater	Director	-	Not Applicable	-

### 2.21.3 Related Party Transactions

Name of the related Party	Related to	Nature of instrument	Balance in Taka	
			As on 31.12.2017	As on 31.12.2016
Pubali Bank Limited, Foreign Exchange Branch	Parent Company	Different Types of Deposits	1,105,272,867	372,333,256

## Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2017

### 2.22 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.

### 2.23 Management' responsibility on financial statements

The management of the company is responsible for the preparation and presentation of these financial statements.

### 2.24 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.

### 2.25 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.

## 3 Share capital

### Authorized capital

70,000,000 Ordinary Shares of Tk. 100/- each.

### Issued, subscribed and paid-up capital

#### 3.1 Ordinary Share capital

Paid-up Capital 36,000,000 shares of Tk. 100/- each, fully paid.

#### 3.2 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.

#### 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

Amount in Taka	
2017	2016
7,000,000,000	7,000,000,000
3,600,000,000	3,600,000,000
3,000,000,000	3,000,000,000

## Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
<b>4</b>	<b>Retained earnings</b>		
	Balance at the beginning of the year	(711,545,626)	(770,615,574)
	Add: Net profit during the year	338,343,731	59,069,948
	<b>Balance as at the end of the year</b>	<b>(373,201,895)</b>	<b>(711,545,626)</b>
<b>5</b>	<b>Fixed assets</b>		
	Furniture and fixtures	2,325,434	2,218,978
	Computer and computer accessories	3,125,230	2,924,405
	Machinery & equipment	2,044,437	1,967,487
		7,495,101	7,110,870
	Accumulated depreciation [Annexure- G (Vi)]	(5,783,033)	(5,204,940)
		<b>1,712,068</b>	<b>1,905,930</b>
	<b>Intangible assets</b>		
	Back office software-Broker	725,000	700,000
	Accumulated amortization [Annexure- G (Vi)]	(637,500)	(420,000)
		<b>87,500</b>	<b>280,000</b>
<b>6</b>	<b>Advances, deposits and prepayments</b>		
	Balance at the beginning of the year	999,500	953,500
	Add: Advances made during the year	2,317,100	7,757,025
	Less: Adjustment made during the year	(2,453,100)	(7,711,025)
	<b>Balance at the end of the year</b>	<b>863,500</b>	<b>999,500</b>
<b>7</b>	<b>Advance income tax</b>		
	Balance at the beginning of the year	84,648,491	74,158,468
	Advance income tax deducted by DSE on transaction (Broker)	7,418,736	5,393,843
	Advance income tax deducted by DSE on transaction (Dealer)	1,903,184	455,992
	Advance income tax deducted by CSE on transaction (Broker)	387,349	347,192
	Advance income tax deducted by CSE on transaction (Dealer)	16,683	5,809
	Advance income tax paid in cash assessment year 2012-2013	-	5,868,779
	Advance income tax paid in cash assessment year 2016-2017	11,758,753	4,481,541
	Advance income tax paid in cash assessment year 2014-2015	11,997,002	-
	Advance income tax paid in cash assessment year 2017-2018	13,857,736	-
	Advance income tax deducted by bank on interest income	855,936	294,958
	Advance income tax deducted on dividend	27,329,036	21,184,035
		<b>160,172,906</b>	<b>112,190,617</b>
	Less: Adjustment made during the year		
	Adjustment made for the year 2011	-	27,542,126
	Adjustment made for the year 2014	49,013,337	-
	Adjustment made for the year 2015	31,709,083	-
		<b>79,450,486</b>	<b>84,648,491</b>
<b>8</b>	<b>Investment in securities</b>		
	Investment in securities (Own Portfolio) (8.1)	6,077,913,686	6,123,048,042
	Investment in securities (DSE & CSE Shares) (8.2)	16,000,000	16,000,000
		<b>6,093,913,686</b>	<b>6,139,048,042</b>



## Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2017

### 8.1 Investment in securities (Own Portfolio)

	Amount in Taka	
	2017	2016
AB Bank Ltd.	89,898,718	89,898,718
Al-Arafah Islami Bank Ltd.	26,782,085	-
Bank Asia Ltd.	-	14,042,342
The City Bank Ltd.	-	49,363,681
Dhaka Bank Ltd.	-	49,642,895
Eastern Bank Ltd.	-	9,956,521
Exim Bank Ltd.	-	41,633,730
IFIC Bank Ltd.	3,044,670	18,897,744
Islami Bank Ltd.	26,124,701	3,353,522
Mercantile Bank Ltd.	25,237,204	39,844,689
Mutual Trust Bank Ltd.	-	6,998,414
National Bank Ltd.	52,934,160	109,009,433
NCC Bank Ltd.	32,213,150	32,213,150
The Premier Bank Ltd.	6,634,718	39,003,825
Prime Bank Ltd.	108,586,937	61,354,625
Shahjalal Islami Bank Ltd.	27,055,445	52,585,211
Social Islami Bank Ltd.	-	3,471,338
Southeast Bank Ltd.	17,442,844	139,790,290
Standard Bank Ltd.	-	11,815,500
Trust Bank Ltd.	-	6,892,894
United Commercial Bank Ltd.	-	50,977,677
Uttara Bank Ltd.	24,759,658	33,742,909
Delta Brac Housing Finance Corp. Ltd.	29,920,262	87,891,810
First Lease Finance and Investment Ltd.	-	2,712,200
FAS Finance & Investment Ltd.	-	1,295,578
IDLC Finance Ltd.	-	94,098,075
International Leasing & Financial Serv. Ltd.	49,644,449	76,825,919
Lankabangla Finance Ltd.	11,457,459	9,021,239
United Finance Ltd.	27,082,416	6,998,502
Union Capital Ltd.	16,107,188	16,107,187
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	24,387,729	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
Reliance One	1,244,950	-
Atlas Bangladesh Ltd.	113,543,620	113,543,619
Bangladesh Building Systems Ltd	71,495,210	-

## Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2017

	Amount in Taka	
	2017	2016
BSRM Steels Ltd.	201,153,596	201,153,596
Deshbandhu Polymer Ltd.	7,002,863	7,002,863
GPH Ispat Ltd.	50,427,316	-
Golden Son Ltd.	26,883,401	26,883,401
Oimex Electrode Limited	64,800	-
S. Alam Cold Rolled Steels Ltd.	68,665	-
Navana CNG Ltd.	129,094,550	129,094,550
Rangpur foundry Ltd.	55,734,565	886,026
Singer Bangladesh Limited	71,983,613	-
Yeakin polymer Ltd.	-	2,591
Amcl (Pran) Ltd.	36,538,976	28,466,125
British American Tobacco Bangladesh Ltd.	176,698,610	199,656,809
Olympic Industries Ltd.	212,581,855	14,007,581
Dhaka Electric Supply Company Ltd.	166,378,214	64,458,682
Khulna Power Company Ltd.	261,860,408	261,860,408
Energyprima Ltd.	47,500,000	47,500,000
Linde BD	201,700,646	52,365,450
Meghna Petroleum Ltd.	110,370,785	138,382,255
Padma Oil Company Ltd.	-	24,916,085
Power Grid Company of Bangladesh Ltd.	24,517,626	-
Summit Power Ltd.	111,955,571	71,132,507
Titas Gas Transmission & Dist. Co. Ltd.	122,242,280	122,242,280
MJL Bangladesh Limited	237,822,447	-
Shahjibazar Power Co. Ltd.	16,949,665	-
United Power Generation & Distribution Company Ltd.	22,253,655	-
Apex Weaving & Finishing Mills Ltd.	6,501,134	6,501,134
Envoy Textiles Ltd.	105,330,871	108,484,124
Familytex (BD) Ltd.	-	3,354,800
Generation Next Fashions Ltd.	2,431,497	1,298,780
Malek Spinning Mills Ltd.	101,086,724	101,086,724
Metro Spinning Ltd.	43,562,454	67,126,678
Rnspin Ltd.	-	33,345,608
Square Textile	42,498,748	833,559
Tallu spin Ltd.	11,499,880	13,018,280
ACI Ltd.	210,479,735	493,009,234
Aci Formula Ltd.	40,043,850	105,602,777
Acme lab Ltd.	-	742,000
Beximco Pharma Ltd.	-	19,091,182
Active Fine Chemicals Ltd.	162,134,377	167,872,921
Keya Cosmetics Ltd.	-	34,548,126

**Pubali Bank Securities Limited**

Notes to the financial statements for the year ended 31 December 2017

	Amount in Taka	
	2017	2016
Beacon Pharmaceuticals Ltd.	15,429,400	15,429,400
Square Pharmaceuticals Ltd.	408,446,435	572,526,061
Renata Ltd.	60,298,849	31,586,429
Marico Bangladesh Limited	6,894,969	-
Summit Alliance Port Limited	105,315,572	9,202,890
Confidence Cement Ltd.	17,235,495	3,537,936
Meghna Cement Ltd.	114,426,945	114,426,945
M.I. Cement Factory Ltd.	43,759,721	40,807,707
Lafarge Surma Cement Ltd.	481,735,613	481,735,613
Heidelberg Cement Bd. Ltd.	151,402,959	28,124,850
Premier Cement Ltd.	48,868,190	48,868,190
Grameen phone Ltd.	2,883,625	33,412,773
Bangladesh Submarin Cable Ltd.	34,753,918	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.	137,972,336	296,318,156
Fareast Islami Life Insurance Co. Ltd.	2,366,120	2,322,515
Green Delta Insurance Ltd.	3,818,258	3,405,850
Meghna Life Insurance Co. Ltd.	13,534,690	9,174,845
National Life Insurance Ltd.	796,326	-
Nitol Insurance Co. Ltd.	4,503,249	-
Pioneer Insurance Ltd.	4,393,750	4,393,750
Pragati Insurance Ltd.	2,330,955	2,330,955
Prime Islami Life Insurance Ltd.	5,242,846	3,023,110
Progressive Life Insurance Co. Ltd.	-	452,080
Reliance Insurance Ltd.	912,050	912,050
Unique Hotel & Resorts Ltd.	129,903,250	129,903,250
United Airways (BD) Ltd.	55,319,455	73,036,586
Amanfeed co Ltd.	-	8,565,520
Bangladesh Export Import Company Ltd.	21,614,609	21,614,609
Bata shoe Co. Ltd.	5,366,885	863,485
Berger paints Bangladesh Ltd.	92,903,199	-
Bangladesh Shipping Company Ltd.	-	325,432
Jute Spinn Ltd.	-	342,122
Fortune Shoes Ltd.	-	22,880
Pacific Denims Ltd (IPO)	-	30,000,000
Aman Cotton Fibrous Ltd (IPO)	1,255,400	-
Bashundhara Paper Mills Ltd(IPO)	3,458,080	-
<b>Total</b>	<b>6,077,913,686</b>	<b>6,123,048,042</b>

## Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2017

<b>8.2</b>	<b>Investment in securities (DSE &amp; CSE Shares)</b>
	Shares in Dhaka Stock Exchange Ltd.*
	Shares in Chittagong Stock Exchange Ltd.*
	<b>Total Cost price</b>

Amount in Taka	
2017	2016
8,000,000	8,000,000
8,000,000	8,000,000
<b>16,000,000</b>	<b>16,000,000</b>

\* This represents total cost 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 the value at original cost of our investment.

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.

## 9 Accounts receivable

Receivable from DSE (Broker)
Receivable from DSE (Dealer)
Receivable from CSE (Broker)
Receivable from CSE (Dealer)
Dividend income receivable
Receivable from clients

30,425,361	6,425,067
63,506,564	22,923,185
5,158,668	200,218
1,620,330	-
48,236,838	26,207,296
5,094,095	5,474,152
<b>154,041,856</b>	<b>61,229,918</b>

## 10 Cash and cash equivalent

Cash in hand

Cash at bank :

### Current account:

Pubali Bank Ltd. A/C-3555901034012 Securities Trading Division
Pubali Bank Ltd. A/C-3555901034027 Customers Security Deposit
Pubali Bank Ltd. A/C-3555901034031 Other Income
Pubali Bank Ltd. A/C-3555102001901 Documentation fee
Pubali Bank Ltd. A/C-565901023491 PBL, STD, Gulshan Branch
Pubali Bank Ltd. A/C-3555901037490 Dealer A/C
Pubali Bank Ltd. A/C-2905901042129 Consolidated customer A/C
Pubali Bank Ltd. A/C-2905901042114 Dealer A/C

-	-
205,482	205,466
2,657,700	2,733,160
124,470	96,570
46,516	33,802
-	2,166,500
-	1,279,710
577,003,246	177,763,695
23,057,133	17,303,740
<b>603,094,547</b>	<b>201,582,643</b>

### Special notice deposit account :

Pubali Bank Ltd. A/C-2905102001105 Public Issue Application A/C
Pubali Bank Ltd. A/C-290510200993 Sundry Deposit A/C
Pubali Bank Ltd. A/C-2905102001047 Income& Expenditure A/C

254,245	61,600,513
410,834	393,617
47,418,241	108,756,483
<b>48,083,320</b>	<b>170,750,613</b>

### Sub total

### Fixed deposit rate (FDR)

Pubali Bank Ltd.

454,095,000	-
<b>1,105,272,867</b>	<b>372,333,256</b>

### Total

## Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
<b>11</b>	<b>Accounts payable</b>		
	Payable to DSE broker	139,523	680,226
	Payable to DSE Dealer	14,668	1,234,527
	Payable to CSE Dealer	1,174	-
	Payable to Pubali Bank	13,810	13,810
	Payable for CDBL	619,802	1,516,202
	Payable to clients	533,170,749	58,171,602
	Security deposit	2,658,920	2,733,620
	Payable to software provider	235,539	235,539
	VAT payable	107,471	28,437
	TAX payable	319,479	328,460
	Sundry Payable	520	44
	Legal fees payable	120,875	471,625
	Auditor's fee payable	143,750	143,750
	Payable to suppliers	37,150	37,150
	Sundry deposits	62,576	62,576
		<b>537,646,006</b>	<b>65,657,568</b>
<b>12</b>	<b>Secured overdraft</b>		
	Balance at the beginning of the year	-	2,128,090,596
	Add: Loan taken during the year	-	-
	Less: Repayment of loan during the year	-	(2,128,090,596)
	<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
<b>13</b>	<b>Provision for investment and clients' margin loan</b>		
	Provision for diminution in value of investment (13.1)	1,024,308,695	1,024,308,695
	Provision for impairment of clients' margin loan (13.2)	148,145,669	107,999,832
		<b>1,172,454,364</b>	<b>1,132,308,527</b>
<b>13.1</b>	<b>Provision for diminution in value of investment</b>		
	Balance at the beginning of the year	1,024,308,695	964,958,836
	Add: Provision made during the year	-	59,349,859
		<b>1,024,308,695</b>	<b>1,024,308,695</b>
<b>13.2</b>	<b>Provision for impairment of clients' margin loan</b>		
	Balance at the beginning of the year	107,999,832	89,536,386
	Add: Provision made during year	40,145,837	18,463,446
		<b>148,145,669</b>	<b>107,999,832</b>
<b>14</b>	<b>Provision for expenses</b>		
	Provision for rent, tax, insurance, electricity expense (Note-14.1)	94,508	85,340
	Provision for postage, stamp, telecommunication etc. (Note-14.2)	52,464	47,460
	Provision for Stationery, printing, advertisement expenses.(Note-14.3)	1,408	1,408
	Provision for repair of machinery equipment expenses(Note-14.4)	255	255
	Provision for other expenses (Note-14.5)	202,821	161,237
		<b>351,456</b>	<b>295,700</b>

## Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
<b>14.1</b>	<b>Provision for rent, tax, insurance, electricity expense</b>		
	Balance at the beginning of the year	85,340	87,207
	Provision made during the year	25,000	25,000
	Settlement during the year	(15,832)	(26,867)
	Balance at the year end	<b>94,508</b>	<b>85,340</b>
<b>14.2</b>	<b>Provision for postage, stamp, telecommunication etc.</b>		
	Balance at the beginning of the year	47,460	52,646
	Provision made during the year	25,000	24,000
	Settlement during the year	(19,996)	(29,186)
	Balance at the year end	<b>52,464</b>	<b>47,460</b>
<b>14.3</b>	<b>Provision for Stationery, printing, advertisement expenses</b>		
	Balance at the beginning of the year	1,408	17,641
	Provision made during the year	-	-
	Settlement during the year	-	(16,233)
	Balance at the year end	<b>1,408</b>	<b>1,408</b>
<b>14.4</b>	<b>Provision for repair of machinery equipment expenses</b>		
	Balance at the beginning of the year	255	255
	Provision made during the year	-	-
	Settlement during the year	-	-
	Balance at the year end	<b>255</b>	<b>255</b>
<b>14.5</b>	<b>Provision for other expenses</b>		
	Balance at the beginning of the year	161,237	249,881
	Provision made during the year	131,675	95,300
	Settlement during the year	(90,091)	(183,944)
	Balance at the year end	<b>202,821</b>	<b>161,237</b>
<b>15</b>	<b>Provision for taxation</b>		
	Balance at the beginning of the year	114,732,188	101,191,550
	Add: Current tax expenses (Note- 15.1)	73,433,768	41,082,764
	Settlement during the year	(80,722,420)	(27,542,126)
	Balance at the end of the year	<b>107,443,536</b>	<b>114,732,188</b>
<b>15.1</b>	<b>Current tax expenses</b>		
	Provision made during the year	73,433,768	41,082,764
	Prior year adjustment	-	-
		<b>73,433,768</b>	<b>41,082,764</b>
<b>16</b>	<b>Payable for IPO Fund</b>		
	Balance at the beginning of the year	61,505,000	-
	Provision made during the year	-	61,505,000
	Settlement during the year	(61,505,000)	-
	Balance at the end of the year	<b>-</b>	<b>61,505,000</b>

## Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2017

		Amount in Taka	
		2017	2016
<b>17</b>	<b>Deferred tax liabilities/(assets)</b>		
	Opening balance	(3,679,510)	9,677,593
	Add: Provision made during the year	3,338,230	1,496,551
	Less: Provision adjusted during the year	-	(14,853,654)
	<b>Balance at the end of the year</b>	<b>(341,280)</b>	<b>(3,679,510)</b>
<b>18</b>	<b>Interest income</b>		
	Interest on margin loan	33,037,637	22,800,139
		<b>33,037,637</b>	<b>22,800,139</b>
<b>19</b>	<b>Other operating income</b>		
	BO opening charge, margin documentation fees, cheque bounce charge and others income	9,085,515	4,399,967
	Revenue from CDBL charge & annual maintenance fee & others	476,017	1,246,889
		<b>9,561,532</b>	<b>5,646,856</b>
<b>20</b>	<b>Direct expenses</b>		
	Howla and laga charges	4,725,418	2,905,700
	CDBL expense	2,823,546	3,440,720
	CDS connection fee	6,000	6,000
		<b>7,554,964</b>	<b>6,352,420</b>
<b>21</b>	<b>Operating expenses</b>		
	Salary and allowances (Note- 21.1)	29,138,074	27,263,662
	Rent expense	314,021	313,045
	Electricity & electric fittings expense	146,567	196,771
	Insurance expense	12,070	14,543
	Postage, stamp, telecommunication etc.	294,927	273,879
	Directors' fees	1,081,000	834,900
	Stationery, printing, advertisement expense	266,382	240,295
	Repairs of machinery and equipment	123,067	349,998
	Depreciation & amortization charge [Detailed in Annexure-G (VI) ]	795,593	1,072,345
	Auditor's fee	215,625	143,750
	Investment protection fund	776	623
	Legal fees	183,500	719,100
	Professional fees	60,000	60,000
	Newspapers & periodicals	19,145	15,885
	Fuel expense	131,462	129,807
	Overtime allowance	373,288	366,185
	Travelling allowance	13,994	13,400
	Maintenance of bank premises	73,500	63,000
	DSE charge	19,694	11,076
	CSE charge	265,284	-
	Capital Enhancement Expense	-	5,804,525
	Business Development Expenses	150,000	-

## Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2017

	Amount in Taka			
	2017	2016		
Software Development Expenses	109,000	43,750		
Subscription	-	25,000		
Conveyance charge	233,066	237,761		
Entertainment expense for office & clients	632,817	488,762		
Internet connection fee	17,056	34,500		
Car maintenance	133,309	134,229		
Bandwidth service charge	351,150	326,400		
Renewal & registration expense	284,515	375,130		
Water & sewerage	76,584	83,410		
Security & Auxiliary service	119,608	23,249		
IPO expense	16,000	-		
Miscellaneous expense	575,936	602,372		
	<b>36,227,010</b>	<b>40,261,352</b>		
<b>21.1 Salary and allowances</b>				
Basic salary	11,576,120	10,331,393		
House rent allowances	6,634,680	5,885,026		
Medical allowances	1,407,675	1,228,344		
Other allowances	3,722,884	3,842,402		
Contributory provident fund	1,108,765	984,659		
Bonus to employees	4,687,950	4,991,838		
	<b>29,138,074</b>	<b>27,263,662</b>		
<b>21.2 Employee position for Pubali Bank Securities Ltd (as at 31 December 2017)</b>				
	Officer & Staff	Total Employee	Amount in Taka	
	Head Office	Gulshan Office		
	29	7	36	29,138,074
			<b>36</b>	<b>29,138,074</b>



## Pubali Bank Securities Limited

Annexure-G (vi)

## Schedule of Depreciation as at 31 December 2017

Particulars	Cost				Depreciation					Written down value
	Opening balance	Addition during the year	Disposal during the year	Total cost	Rate	Opening balance	Charged during the year	Disposal during the year	Total depreciation	
Computer & Computer accessories	2,885,930	239,300	-	3,125,230	30%	2,417,993	306,599	-	2,724,592	400,638
Machinery & Equipment	2,005,962	38,475	-	2,044,437	20%	1,762,611	148,892	-	1,911,503	132,934
Furniture & fixtures	2,218,978	106,456	-	2,325,434	10%	1,024,336	122,602	-	1,146,938	1,178,496
<b>Total</b>	<b>7,110,870</b>	<b>384,231</b>	<b>-</b>	<b>7,495,101</b>		<b>5,204,940</b>	<b>578,093</b>	<b>-</b>	<b>5,783,033</b>	<b>1,712,068</b>

## Schedule of Intangible asset As at 31 December 2017

Particulars	Cost				Amortization					Written down value
	Opening balance	Addition during the year	Disposal during the year	Total cost	Rate	Opening balance	Charged during the year	Disposal during the year	Total amortization	
Systems & Software	700,000	25,000	-	725,000	30%	420,000	217,500	-	637,500	87,500
<b>Total</b>	<b>700,000</b>	<b>25,000</b>	<b>-</b>	<b>725,000</b>		<b>420,000</b>	<b>217,500</b>	<b>-</b>	<b>637,500</b>	<b>87,500</b>

## EVENTFUL YEAR 2017



- 1 **Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of Pubali Bank Limited inaugurating the 459th branch of the Bank at Chandina, Cumilla. To his immediate right standing Mr. Mohammad Aji, Deputy Managing Director & CTO and to the left Mr. Sukanta Chandra Banik, DGM and RM of Cumilla.**
- 2 **Mr. Habibur Rahman, Chairman of Pubali Bank Limited inaugurating the 455th branch of the Bank at Keraniganj, Dhaka. To his immediate right standing Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of Pubali Bank Limited.**

## EVENTFUL YEAR 2017



**3** Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of Pubali Bank Limited receiving a crest from Mr. M A Mannan MP, State minister for Finance being the highest tax payer among the Bangladeshi Banks by NBR.

**4** Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of Pubali Bank Limited receiving a plaque entitled "Top Ten Remittance Award" from Mr. Hasanul Haq Inu MP, Information Minister. Centre for non-resident Bangladeshis (NRBs) recognized the remarkable support service of the Bank to increase the flow of inward foreign remittance.

EVENTFUL YEAR 2017



5 Biswanath Branch, Sylhet of Pubali Bank Limited shifted to new premises to provide better services to the customers. Mr. Habibur Rahman, Chairman of Pubali Bank Limited inaugurating the branch at the new place. Mr. Moniruddin Ahmed, Director, Board of Directors of Pubali Bank Ltd. was present as Special Guest.

6 Peelkhana Branch, Dhaka of Pubali Bank Limited shifted to new premises to provide better services to the customers. Major General Abul Hossain, NDC, PSC, P-ENGG., Director General of BGB inaugurating the branch as Chief Guest. Mr. Md. Abdul Halim Chowdhury, Managing Director of Pubali Bank Ltd. was present as Guest of Honour.

## EVENTFUL YEAR 2017



**7** Mr. Syed Moazzem Hussain, Director, Pubali Bank Limited inaugurating the 457th branch of the Bank at Siddhirganj, Nrayanganj. To his immediate left standing Mr. Md. Abdul Halim Chowdhury, Managing Director of Pubali Bank Limited. Mr. Azizur Rahman, Vice-Chairman and Mr. M. Kabiruzzaman Yaqub, Director of Pubali Bank Ltd. were present as Guest of Honour. Mr. Md. Abdul Halim Chowdhury, Managing Director of the bank was present as Special Guest.

**8** 1st Managers' Conference-2017 of Dhaka South of Pubali Bank Limited held at bank's Head Office. Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO, Mr. Mohammad Ali and Mr. Akhtar Hamid Khan, Deputy Managing Directors present in the conference.

## EVENTFUL YEAR 2017



9 3rd Conference-2017 of Regional and Corporate Branch Managers of Puball Bank Limited held. Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO, Mr. Safiul Alam Khan Chowdhury, Additional Managing Director, Mr. Mohammad Ali, Mr. Akhtar Hamid Khan and Mr. Mukhtar Ahmed, Deputy Managing Directors present.

10 4th Conference-2017 of Regional and Corporate Branch Managers of Puball Bank Limited held at Bank's Head office. Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO, Mr. Safiul Alam Khan Chowdhury, Additional Managing Director, Mr. Mohammad Ali, Mr. Akhtar Hamid Khan and Mr. Mukhtar Ahmed, Deputy Managing Directors present.

## EVENTFUL YEAR 2017



**11** Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of Pubali Bank Limited and Mr. Swapan Kumar Roy, General Manager of Bangladesh Bank pose after signing a participatory agreement titled "Urban Building Safety Project (UBSP)". Mr. Fazi Kabir, Governor of Bangladesh Bank and Mr. S K Sur Chowdhury, Deputy Governor of Bangladesh Bank are in the rear view.

**12** Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of Pubali Bank Limited receiving a crest from Mr. Fazi Kabir, Governor of Bangladesh Bank, as the recognition of being the highest taxpayer in the banking and non-banking financial institution category.

## EVENTFUL YEAR 2017



**13** Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of Pubali Bank Limited (at the centre), with Mr. Mohammad Ali, Deputy Managing Director & CTO (second from the right) and Mr. Sukanta Chandra Banik, DGM and RM (first from the right) in a Prospective Customers Meet-2017 held at Cumilla Club.

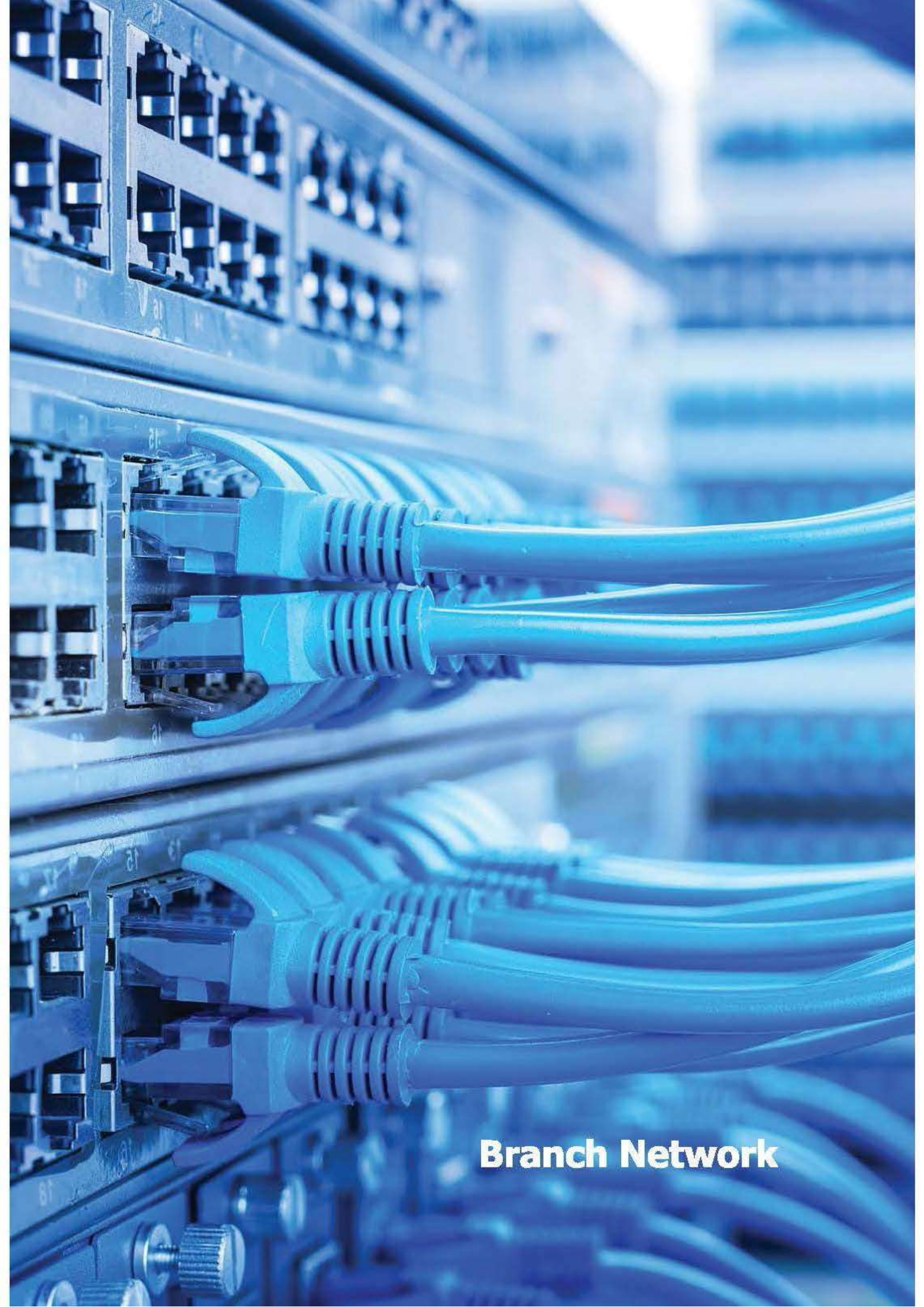
**14** Mr. Md. Abdul Halim Chowdhury, Managing Director & CEO of Pubali Bank Limited, with Mr. Mohammad Ali, Deputy Managing Director & CTO on the right and Mr. Md. Hasan Imam, DGM and RM on the left in a Prospective Customers Meet-2017 held at Noakhali.



## 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 Bank, 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., Security Exchange Company,
- Malaysia** NBL Money Transfer Sdn. Bhd., IME (M) Sdn. Bhd., Merchantrade Asia Sdn. Bhd.; CBL Money Transfer, Prabhu Money Transfer Sdn. Bhd., Max Money exchange Company.
- Oman** Oman & UAE Exchange, Oman 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, Bank Muscat, Majan 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(Cash Express), Al Falah Exchange, Al Ghurair Exchange Company, Al Mona Exchange Co., Al Rostamani International Exchange, Index Exchange, Lari Exchange, National Exchange Company, UAE Exchange Centre LLC, Economic Exchange Centre, Emirates India International Exchange, Multinet Trust Exchange, Redha Al Ansari Exchange Est., Universal Exchange Centre, Sharaf Exchange LLC., Instant Cash FZE, Al Fardan Exchange.
- UK** K.M.B. Enterprises Money Transfer Limited, Frontier Global Consultants Ltd.; K.S Enterprise, Brac Saajan Exchange Co. Ltd., PBL Exchange(UK) Ltd.
- USA** 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., Trans-Fast Remittance LLC, Express Money Services





**Branch Network**

## BRANCH NETWORK

Name of the Regions/Branches	District	Name of the Regions/Branches	District
<b>Corporate Branches</b>		Board Bazar	Gazipur
Principal (AD)	Dhaka	<b>Dhaka Central Region</b>	
Motijheel (AD)	Dhaka	Malibagh	Dhaka
Foreign Exchange (AD)	Dhaka	Laboratory Road	Dhaka
B.B. Avenue (AD)	Dhaka	Dhaka Railway Station	Dhaka
Dhaka Stadium (AD)	Dhaka	Shahbagh Avenue	Dhaka
Kawran Bazar (AD)	Dhaka	R.K. Mission Road	Dhaka
Mohakhali (AD)	Dhaka	Bashaboo	Dhaka
Gulshan Model Town (AD)	Dhaka	Nayapaltan (AD)	Dhaka
CDA (AD)	Chittagong	Dhaka Shishupark	Dhaka
Agrabad (AD)	Chittagong	Shantinagor	Dhaka
<b>Dhaka North Region</b>		Goran Bazar	Dhaka
Farmgate (AD)	Dhaka	Sonargaon Road	Dhaka
Asad Avenue	Dhaka	Moghbar (AD)	Dhaka
Mohammadpur	Dhaka	Fakirapool Bazar	Dhaka
Satmosjid Road	Dhaka	Rampura	Dhaka
Savar	Dhaka	New Market	Dhaka
Tejgaon	Dhaka	Elephant Road	Dhaka
Gulshan Circle-1	Dhaka	Hotel Osmani International	Dhaka
International Airport	Dhaka	Shipahibagh Bazar	Dhaka
Chiriakhana Road	Dhaka	Panthapath (AD)	Dhaka
Mirpur	Dhaka	Banasree	Dhaka
Kafrul	Dhaka	Sonargaon Hotel	Dhaka
Shewrapara	Dhaka	<b>Dhaka South Region</b>	
Khamarbari	Dhaka	Moghaltully	Dhaka
Banani	Dhaka	Peelkhana	Dhaka
Progati Sarani	Dhaka	Bar Library	Dhaka
Ashulia	Dhaka	Nawabpur Road	Dhaka
Kuril Bishwa Road	Dhaka	Bangshal (AD)	Dhaka
Uttara Model Town	Dhaka	Nazimuddin Road	Dhaka
Baridhara	Dhaka	Sadarghat (AD)	Dhaka
Pallabi	Dhaka	Chawk bazar (AD)	Dhaka
Dakshin Khan	Dhaka	Jhonson Road	Dhaka
Ring Road	Dhaka	Babu Bazar	Dhaka
Kaligonj	Gazipur	Sutrapur	Dhaka
Kashimpur	Gazipur	Begum Bazar	Dhaka
Tongi	Gazipur	Islampur	Dhaka
Joydevpur	Gazipur	Imamgonj	Dhaka
Salna	Gazipur	Nayabazar	Dhaka
Mawna	Gazipur		
Daulatpur	Manikgonj		
Manikgonj	Manikgonj		
Singair	Manikgonj		

AD = Authorized Dealer Branch

## BRANCH NETWORK

Name of the Regions/Branches	District	Name of the Regions/Branches	District
Komorgonj	Dhaka	Shitakundo SME/Krishi	Chittagong
Dolaipar	Dhaka	Laldighi East (AD)	Chittagong
Ati Bazar	Dhaka	Asadgonj	Chittagong
Dania	Dhaka	Chaktai	Chittagong
Jurain	Dhaka	Anderkilla	Chittagong
Kamrangirchar	Dhaka	College Road	Chittagong
Keranigonj	Dhaka	Bahadderhat	Chittagong
<b>Narayangonj Region</b>		Mehdibagh	Chittagong
Narayangonj (AD)	Narayangonj	Hathazari	Chittagong
Tanbazar	Narayangonj	Ranirhat	Chittagong
Kalirbazar	Narayangonj	Nazirhat	Chittagong
Araihazar	Narayangonj	Bibirhat	Chittagong
Duptara	Narayangonj	Dharmapur	Chittagong
Shibu Market	Narayangonj	Nanupur	Chittagong
Netaigonj	Narayangonj	Madhunaghat	Chittagong
Charsindur	Narsingdi	Rangunia	Chittagong
Ghorashal	Narsingdi	Raozan	Chittagong
Narsingdi	Narsingdi	Katirhat	Chittagong
Madhabdi	Narsingdi	Mithachara Bazar	Chittagong
Palash	Narsingdi	Baratakia Bazar	Chittagong
Belabo	Narsingdi	Baroirhat	Chittagong
Raipura	Narsingdi	<b>Chittagong South Region</b>	
Munshigonj	Munshigonj	Pahartali	Chittagong
Aldibazar	Munshigonj	Anowara	Chittagong
Nurpur	Munshigonj	Hadipara	Chittagong
Dhalagaon	Munshigonj	Lohagora	Chittagong
Gazaria	Munshigonj	North Potenga	Chittagong
Bhaberchar	Munshigonj	E.P.Z.	Chittagong
Naopara	Munshigonj	Shiberhat	Chittagong
Sreenagar Bazar	Munshigonj	Sadarghat	Chittagong
Siddirgonj	Narayangonj	Port	Chittagong
<b>Chittagong North Region</b>		Patiya	Chittagong
Pathergata	Chittagong	Shantirhat	Chittagong
Old Church Compound	Chittagong	Shaikh Mujib Road	Chittagong
Korbanigonj	Chittagong	Kadamtali	Chittagong
Industrial Area	Chittagong	Sandwip	Chittagong
Chawk Bazar	Chittagong	Banshkhali	Chittagong
Terribazar	Chittagong	Satkania	Chittagong
Kulgaon	Chittagong	Chandanaish	Chittagong
Khatungonj (AD)	Chittagong	Padua	Chittagong
Aman Bazar	Chittagong	Reazuddin Bazar	Chittagong
		Halishahor	Chittagong

AD = Authorized Dealer Branch

## BRANCH NETWORK

Name of the Regions/Branches	District
Keranihat	Chittagong
Colonel Hat	Chittagong
Cox's Bazar	Cox's Bazar
Moiscal	Cox's Bazar
Ukhiya	Cox's Bazar
Chokaria	Cox's Bazar

### Hill Tracts Region

Rangamati	Rangamati
Khagrachari	Khagrachari
Bandarban	Bandarban

### Sylhet East Region

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

AD = Authorized Dealer Branch

Name of the Regions/Branches	District
Sylhet Main (AD)	Sylhet
Zakigonj	Sylhet
Companygonj	Sylhet

### Sylhet West Region

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
Rasulgongj	Sunamgonj
Sriramshi Bazar	Sunamgonj
Sunamgonj (AD)	Sunamgonj
Station Road	Sylhet

### Moulvibazar Region

Kamalgonj	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

## BRANCH NETWORK

Name of the Regions/Branches	District	Name of the Regions/Branches	District
Rabir Bazar	Moulvibazar	Rampur Bazar	Chandpur
Bhatera Bazar	Moulvibazar	Chandpur	Chandpur
Munshi Bazar	Moulvibazar	Motlab bazar	Chandpur
Jogidahar	Moulvibazar	Ashrafpur Bazar	Chandpur
Syedpur Bazar	Habigonj	Gridakalindia Bazar	Chandpur
Ajmerigonj	Habigonj	Hajigonj	Chandpur
Gazipur	Habigonj	Kachua	Chandpur
Baniachong	Habigonj	Nayergaon Bazar	Chandpur
Nabigonj	Habigonj	Natun bazar	Chandpur
Dharmaghar	Habigonj	Baburhat	Chandpur
Sutang Bazar	Habigonj	Brahmanbaria	Brahman baria
Habigonj	Habigonj	Akhaura	Brahman baria
Town Masjid Road	Habigonj	Ashugonj	Brahman baria
Bar Libarary	Habigonj	Sarak Bazar	Brahman baria
Chunarughat	Habigonj	Kuti Bazar	Brahman baria
Shalstagonj	Habigonj	Chandina	Comilla
Madhabpur	Habigonj		
Guningonj Bazar	Habigonj	<b>Noakhali Region</b>	
Gajnaipur Bazar	Habigonj	Feni (Main)	Feni
Putijuri SME/Krishi	Habigonj	Sonagazi	Feni
Razar Bazar	Habigonj	Kazirhat	Feni
Olipur Bazar	Habigonj	Feni Bazar	Feni
Mirpur Bazar	Habigonj	Chhagalnaiya	Feni
		Fulgazi	Feni
<b>Comilla Region</b>		Bangla Bazar	Feni
Comilla Main (AD)	Comilla	Dagon Bhuiyan	Feni
Victoria College	Comilla	Lemua Bazar	Feni
Zilla Parishad	Comilla	Maijdee Court	Noakhali
Daulatgonj	Comilla	Samir Munshirhat	Noakhali
Cheora	Comilla	Chaumuhani	Noakhali
Chawk Bazar	Comilla	Hatiya	Noakhali
Meah Bazar	Comilla	Thanarhat Bazar	Noakhali
Dollai Nawabpur	Comilla	Bashurhat	Noakhali
Bangodda Bazar	Comilla	Datterhat	Noakhali
Paduar Bazar	Comilla	Laxmipur	Laxmipur
Gouripur Bazar	Comilla	Raipur	Laxmipur
Doulkhar Bazar	Comilla	Ramgonj	Laxmipur
Maynamati	Comilla	Mirerhat	Laxmipur
Debidwar	Comilla	Maizdee Bazar	Noakhali
Daudkandi	Comilla		
Chouddagram	Comilla	<b>Mymensingh Region</b>	
Gunabati Bazar	Comilla	Mymensingh (Main) (AD)	Mymensingh
Bhuschi Bazar	Comilla	Swadeshi Bazar	Mymensingh
Chhangarchar	Chandpur	Taltola Bazar	Mymensingh
		Trishal	Mymensingh

AD = Authorized Dealer Branch



## BRANCH NETWORK

Name of the Regions/Branches	District	Name of the Regions/Branches	District
Khalishpur	Khulna	Pirojpur	Pirojpur
Doulatpur	Khulna	Nazirpur	Pirojpur
Mirerdanga	Khulna	Matbaria	Pirojpur
Sheikhpara Bazar	Khulna	Bhandaria	Pirojpur
Kayerbazar	Khulna	Sarshina	Pirojpur
Phultala	Khulna	Mearhat	Pirojpur
Chuknagar	Khulna	Rajapur	Jhalakathi
Bagerhat	Bagerhat	Nalcity	Jhalakathi
Mongla	Bagerhat	Jhalakathi	Jhalakathi
Satkhira	Satkhira	Bhola	Bhola
Patkelghata	Satkhira	Charfashion	Bhola
Kalaroa	Satkhira	Kalaiya Bandar	Patuakhali
Meherpur	Meherpur	Patuakhali	Patuakhali
Chuadanga	Chuadanga	Golachipa	Patuakhali
Saratgonj	Chuadanga	Subidkhali	Patuakhali
Alukdia Bazar	Chuadanga	Barguna	Barguna
Alamdanga	Chuadanga	Bamna	Barguna
Jessore (AD)	Jessore		
Noapara bazar	Jessore		
Benapole	Jessore		
Navaran Bazar	Jessore		
Narail	Narail		
Jhenaidah	Jhenaidah		
<b>Barisal Region</b>		<b>Faridpur Region</b>	
Barisal (AD)	Barisal	Kanaipur	Faridpur
Madhabpasha	Barisal	Bhanga	Faridpur
Shahid Minar	Barisal	Faridpur	Faridpur
Babugonj	Barisal	Sadarpur	Faridpur
Mehendigonj	Barisal	Gopalgonj	Gopalgonj
Bazar Road	Barisal	Madaripur	Madaripur
Hospital Road	Barisal	Shibchar	Madaripur
Hizla	Barisal	Rajbari	Rajbari
Muladi	Barisal	Pangsha SME/Krishi	Rajbari
Tarki Bandar	Barisal	Kushtia	Kushtia
		Bheramara	Kushtia
		Magura	Magura
		Sariatpur	Sariatpur
		Kashiani	Gopalgonj
		Bhojeshwar Bazar SME/Krishi	Shariatpur

### Pubali Bank Securities Limited

(A Subsidiary of Pubali Bank Limited)

A-A Bhaban (7<sup>th</sup> Floor)

23, Motijheel C/A, Dhaka-1000

Tel: 9589628, 9576147, 9589632, 9564882

Fax: 880-2-9590536

E-mail: pblsecurities@gmail.com





**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 35<sup>th</sup> Annual General Meeting  
 of the Bank to be held on 10<sup>th</sup> May, 2018 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 on .....day of .....2018.

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 35<sup>th</sup> 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, 8<sup>th</sup> May, 2018) 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 35<sup>th</sup> Annual General Meeting (AGM) held on 10<sup>th</sup> May, 2018 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.	<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>															

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.**



**পুতালী ব্যাংক লিমিটেড**  
**PUBALI BANK LIMITED**

**Head Office: Pubali Bank Bhaban**  
26 Dilkusha C/A, Dhaka 1000, Bangladesh  
Post Box No. 853, Fax: 88 02 9564009, PABX: 9551614  
Email: [mailbox@pubalibankbd.com](mailto:mailbox@pubalibankbd.com)  
Website: [www.pubalibangla.com](http://www.pubalibangla.com)  
SWIFT: PUBABDDH