



# PUBALI BANK LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

### Some Important Notes to The Financial Statements

	2007	2006
Note	Taka	Taka
<b>Other investments</b>		
Shares (Note 6.4)	94,980,380	82,036,680
Debtentures of companies (Note 6.5)	469,060	469,060
Portfolio investment Note 6.6)	27,645,589	-
ICB securities	4,411	-
Bridge financing advances (Note 6.7)	6,889,564	7,140,784
	129,989,004	89,646,524
	5,556,578,405	4,982,101,346
<b>6.1 Treasury bills</b>		
91 days treasury bills	490,640,000	288,735,000
180 days treasury bills	288,600,000	196,298,000
1 year treasury bills	976,070,500	-
2 year treasury bills	1,874,167,900	1,874,167,900
5 year treasury bills	1,036,520,000	1,343,366,000
	4,665,998,400	3,702,566,900
<b>6.2 Approved debentures at cost</b>		
Particulars	Rate of interest	
Bangladesh House Building Finance Corporation	5.50%	80,000,000
Bangladesh Steel and Engineering Corporation	11.75%	27,500,000
Investment Corporation of Bangladesh	5.00%	60,000,000
Investment Corporation of Bangladesh Bank	-	-
prevailing TT	-	25,000,000
Ajax Jute Mills Ltd	4.50%	101,021
	192,500,000	227,601,021
<b>6.3 Government treasury bonds</b>		
25 year treasury bond 2018	5.00%	30,422,000
25 year treasury bond 2020	5.00%	31,703,000
5 year treasury bond 2006	7.00%	-
5 year treasury bond 2006	6.00%	702,200,000
5 year treasury bond 2008	5.00%	2,566,000
5 year treasury bond 2009	7.50%	98,000,000
5 year treasury bond 2010	7.50%	49,000,000
3 year treasury bond 2010	5.00%	336,500,000
	548,191,000	941,796,000

Name of the company	No of share	Market price	Market value	Book value	Book value
				31.12.2007	31.12.2006
Quoted:					
Investment Corporation of Bangladesh	374,782.50	1,113.50	417,320,314	37,478,250	37,478,250
National Tea Co Ltd	36	880.25	31,689	3,600	3,600
Heidelberg Cement BD Ltd (former Chittagong Clinker Grinding Co Ltd)	2,560	1,204.75	3,084,160	368,500	356,400
Ashraf Textile Mills Ltd	99,165	10.20	1,011,483	1,274,980	1,274,980
Jute Spinners Ltd	1,000	300.00	300,000	100,000	100,000
United Leasing Co Ltd	1,251	635.25	794,688	145,950	145,950
Eastern Bank Ltd	241,500	1,070.75	258,586,125	24,150,000	19,320,000
Mercantile Bank Ltd	4,687	419.00	1,963,853	468,700	375,000
Export Import Bank Ltd	170	391.00	66,470	18,500	10,600
Bangladesh Shipping Corporation	634	1,639.75	1,039,601	63,400	63,400
Saleh Carpet Mills Ltd	56,800	1.80	102,240	568,000	568,000
Sub total			684,300,633	64,639,880	59,696,180
Unquoted:					
Karmasansanghan Bank	100,000	100	10,000,000	10,000,000	-
Central Depository Bangladesh Ltd	4	1,000,000	4,000,000	4,000,000	4,000,000
Dhaka Stock Exchange Ltd	1	2,000	8,000,000	8,000,000	8,000,000
Chittagong Stock Exchange Ltd	1	300,000	8,000,000	-	-
Swan Textile Mills Ltd	578	100	57,800	57,800	57,800
Specialized Jute Yarn and Twine Mgt Co Ltd	19,880	10	198,800	198,800	198,800
Paper Converting and Packaging Ltd	839	100	83,900	83,900	83,900
Sub total			30,340,500	22,340,500	-
Total			684,300,633	94,980,380	82,036,680

<b>6.8 Particulars of required provision for investments</b>		
Total provision required	8,428,381	8,750,460
Provision maintained (Note 13)	8,750,460	8,750,460
Provision surplus	322,079	-
Break up of required provision for investment		

Name of the company	Market value at 31.12.2007	Book value at 31.12.2007	Required provision
<b>A Shares</b>			
Quoted:			
Ashraf Textile Mills Ltd	1,011,483	1,274,980	263,497
Saleh Carpet Mills Ltd	102,240	568,000	465,760
Unquoted:			
Swan Textile Mills Ltd	-	57,800	57,800
Specialized Jute Yarn & Twine Manufacturing Co Ltd	-	198,800	198,800
Paper Converting and Packaging Ltd	-	83,900	83,900
<b>B Bridge financing advances</b>	-	340,500	340,500
<b>C Debentures at cost</b>	-	469,060	469,060
	1,113,723	9,542,104	8,428,381

<b>7 Loans and advances</b>		
<b>Loans, cash credits and overdrafts, etc</b>		
In Bangladesh:		
Loan	19,647,597,609	14,469,821,844
Cash credit	10,666,694,107	9,621,812,583
Overdraft	9,610,293,874	7,267,400,645
Loan against merchandise	61,855,946	69,842,486
Packing credit	203,648,555	190,568,101
Loan against trust receipt	5,923,612,128	5,195,664,268
Agriculture credit	4,587,813	7,148,240
Payment against documents	1,076,422,209	885,126,114
Consumers loan scheme	1,203,435,052	1,183,252,200
Lease finance (Note 7.11)	1,498,374,840	887,778,238
Margin finance (Note 7.12)	19,666,993	-
Others	170,368,297	229,043,459
	50,086,557,423	40,007,458,178
Outside Bangladesh	50,086,557,423	40,007,458,178
<b>Bills purchased and discounted</b>		
Payable in Bangladesh:		
Payable in Bangladesh:	302,048,473	186,761,857
Loans against accepted bills	302,048,473	186,734,237
Loans against demand drafts purchased	-	27,620
Payable outside Bangladesh:		
Foreign bills purchased	160,561,206	192,433,308
Foreign drafts purchased	1,495,188	219,215
	462,609,679	379,195,165
	50,549,167,102	40,386,653,343

<b>7.1 Maturity groupings of loans and advances including bills purchased and discounted</b>		
<b>7.1.1 Loans and advances</b>		
Receivable on demand	5,917,651,129	5,039,755,622
Not more than 3 months	6,834,120,765	4,009,219,027
Over 3 months but not more than 1 year	14,187,691,542	13,578,129,513
Over 1 year but not more than 5 years	12,757,352,467	7,517,871,478
Over 5 years	10,389,741,520	9,862,482,538
	50,086,557,423	40,007,458,178
<b>7.1.2 Bills purchased and discounted</b>		
Receivable on demand	91,487,056	93,341,600
Not more than 3 months	314,124,915	237,745,844
Over 3 months but not more than 1 year	56,997,708	48,107,721
	462,609,679	379,195,165
	50,549,167,102	40,386,653,343

<b>7.2 Loans and advances including bills discounted and purchased analysed in following broad categories</b>		
<b>Inside Bangladesh:</b>		
Loan	30,111,617,915	23,305,006,807
Cash credit	10,666,694,107	9,621,812,583
Overdraft	9,610,293,874	7,267,400,645
	50,388,605,896	40,194,220,035
Outside Bangladesh	160,561,206	192,433,308
	50,549,167,102	40,386,653,343

	2007	2006
Note	Taka	Taka
<b>7.3 Loans and advances on the basis of significant customer concentration including bills purchased and discounted</b>		
Advance to allied concerns of directors and others	2,027,453,234	1,971,382,355
Advance to officers and employees	24,223,092,317	15,576,611,248
Advance to customers group	15,670,268,505	9,909,417,523
Industrial advances (Note 7.3.1)	8,628,353,046	12,929,242,217
Others	50,549,167,102	40,386,653,343

<b>7.4 Geographical area basis distribution of loans and advances including bills purchased and discounted</b>		
<b>In Bangladesh</b>		
Urban		
Dhaka Division	35,437,231,714	28,197,579,072
Chittagong Division	8,967,728,256	6,383,580,556
Sylhet Division	1,485,677,984	1,266,947,063
Barisal Division	504,401,040	426,176,406
Khulna Division	1,026,374,239	1,025,554,455
Rajshahi Division	1,138,075,500	1,098,984,922
	48,559,488,733	38,398,822,474
Rural		
Dhaka Division	497,614,477	522,626,253
Chittagong Division	479,964,467	450,598,484
Sylhet Division	254,963,930	226,628,446
Barisal Division	153,733,860	142,058,987
Khulna Division	149,637,749	153,193,778
Rajshahi Division	293,202,680	300,291,613
	1,829,117,163	1,795,397,561
<b>Outside Bangladesh</b>		
Foreign bills/drafts purchased	160,561,206	192,433,308
	50,549,167,102	40,386,653,343

<b>7.5 Sector wise loans and advances including bills purchased and discounted</b>		
Public sector	344,246,000	556,689,000
Private sector	50,015,955,488	39,640,998,729
Cooperative sector	188,965,614	188,965,614
	50,549,167,102	40,386,653,343

<b>7.6 Security wise loans and advances including bills purchased and discounted</b>		
Collateral of movable and immovable assets	33,492,161,095	28,379,002,226
Local banks and financial institutions guarantee	2,334,025,635	2,196,536,247
Export documents	2,354,596,158	2,165,864,635
Fixed deposit receipts (FDR)	2,035,625,935	2,012,265,195
FDR of other banks	2,544,327,154	2,396,257,541
Government bonds	42,641,325	41,625,784
Personal guarantee	5,849,543,958	3,026,575,364
Other securities	1,896,245,842	168,526,351
	50,549,167,102	40,386,653,343

<b>7.8 Classification of loans and advances including bills purchased and discounted</b>		
Unclassified:		
Standard	45,881,141,102	34,803,309,343
Special mention account	125,667,000	405,138,000
Classified:		
Substandard	52,601,000	114,936,000
Doubtful	26,903,000	102,252,000
Bad or loss	2,435,402,000	2,989,636,000
	2,514,906,000	3,206,824,000
Staff loan	2,027,453,000	1,971,382,000
	50,549,167,102	40,386,653,343

<b>7.9 Particulars of required provision for loans and advances</b>		
Status of classification	Base for provision	Rate of provision (%)
General provision: unclassified		
Standard	45,152,264,102	1
Special mention account	117,534,000	5
Consumers' loan scheme	728,877,000	5
Specific provision: classified		
Substandard	9,949,000	20
Doubtful	9,187,000	50
Bad or loss	639,355,000	100
	645,938,300	651,980,000
Required provision for loans and advances	1,139,781,491	1,049,689,000
Provision maintained (Note 13.1)	1,176,651,621	1,114,746,953
Excess provision	36,870,130	65,057,953

<b>7.10 Particulars of loans and advances</b>		
i Loans considered good in respect of which the Bank is fully secured	36,180,730,807	33,963,493,294
ii Loans considered good for which the Bank holds no security other than the debtors' personal guarantee	5,849,543,958	3,026,575,364
iii Loans considered good being secured by personal guarantee of one or more parties in addition to the personal guarantee of the debtors	8,518,892,337	3,396,584,685
iv Loans adversely classified but provision not maintained there against	50,549,167,102	40,386,653,343
v Balance of debts due by directors or officers of the Bank or any of them either severally or jointly with any other persons	2,027,453,234	1,971,382,355
vi Balance of debts due by companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or in the case of private companies as members	-	-
vii Maximum total amount of advances, including temporary advances made at any time during the year to directors or employees of the Bank or any of them either severally or jointly with any other person	2,027,453,234	1,971,382,355
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 Debts due from bank companies	-	-
x Classified loans for which interest/profit not credited to income	2,514,906,000	3,206,824,000
a Increase/decrease in provision (specific)	22,994,710	(221,013,510)
b Amount of written off debt	107,297,699	259,480,700
c Amount recovered against the debt which was previously written off	(107,110,626)	(62,627,309)
d Amount of provision kept against the amount classified as bad or loss	639,309,000	623,000,000
e Amount of interest charged in suspense account (Note 13.3)	205,083,899	274,690,923
xi Cumulative amount of written off loans	4,791,142,699	4,683,845,000
Opening balance	4,683,845,000	4,424,364,300
Amount of written off debt during the year	107,297,699	259,480,700
xii Amount of written off loans for which law suits have been filed for recovery	4,791,142,699	4,683,845,000
<b>7.11 Lease finance</b>		
Lease rental receivable within 1 year	68,990,880	251,942,460
Lease rental receivable within 5 year	1,510,831,781	714,259,859
Lease rental receivable after 5 year	-	-
Total lease/izara rental receivable	1,579,822,661	966,202,319
Less: unearned interest receivable	81,447,821	78,424,081
Net lease/zara finance	1,498,374,840	887,778,238
<b>7.12 Margin finance</b>		
Margin finance has been introduced with effect from 9 July 2007 and outstanding as on 31 December 2007 was Tk 19,666,993 in the account of 21 borrowers out of total credit limit of Tk 23,638,000 sanctioned against stocks, market value of which was Tk 54,884,834.		

<b>8 Fixed assets including premises, furniture and fixture</b>		
Land	843,311,853	843,745,453
Building	421,790,380	419,270,203
Vehicles	65,060,805	62,060,805
Machinery and equipments	313,410,449	284,856,747
Furniture and fixtures	159,530,864	142,368,838
	1,803,104,351	1,752,302,046
Less: accumulated depreciation	435,875,383	382,997,947
Net book value at the end of the year	1,367,228,968	1,369,304,099

	2007	2006
<u>Note</u>	<u>Taka</u>	<u>Taka</u>
The above amount includes revaluation surplus of Tk 8,103,355, Tk 230,540,953, Tk 86,361,299 and 800,757,736 ascertained by independent valuers in 1986, 1992, 1996 and 2006 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 Annex A.		
<b>9 Other assets</b>		
Stationery and stamps	40,778,394	37,345,683
Interest accrued on investment	1,369,933,340	1,240,989,634
Accrued income on loans and advances	36,988,200	18,961,874
Advance security deposit, rent and prepaid expenses	115,587,020	57,274,933
Drafts payable	367,066,493	297,545,327
Suspense account (Note 9.1)	194,481,440	388,989,421
Demonetized Notes (Note 9.2)	1,531,750	1,531,750
Items in transit (Note 9.3)	1,125,527,100	1,358,427,288
Advance against income tax (Note 9.4)	2,725,388,833	1,967,142,026
Clearing house adjustment	2,340,951	-
Others (Note 9.5)	142,602,401	155,217,807
	6,122,225,922	5,523,425,743