



PUBALI BANK LIMITED

Some Important Notes to The Financial Statements

	2007	2006
Note	Taka	Taka
Gratuity fund	-	49,812,102
Exchange adjustment account (Note 13.7)	28,666,878	28,666,878
Agri credit guarantee backing reserve (Note 13.8)	70,261,300	70,261,300
Excise duty	2,527,261	1,264,666
Pakistan account (Note 13.9)	8,393,039	8,393,039
Pension fund (Note 13.10)	1,570,883	1,570,883
L/C cover account in Bangladesh	1,583,640	1,583,640
EDF adjustment	189,904,604	162,554,937
Foreign currency charges	22,810,646	16,971,242
Unpaid expenses	125,897,032	211,675,012
Interest suspense account against 70% agri loan	192,382	192,382
Blocked account of UBI	3,575,133	3,575,133
Property account of UBI	49,617	49,617
Imprest account duty draw back	540,000	-
Non resident blocked account of UBI	34,487	34,487
Clearing house adjustment	-	3,860,850
Provision for other assets	108,792,337	102,979,963
Provision for unreconciled entries in nostro account (Note 13.11)	919,326	953,828
Provision for suspense (Note 13.12)	58,714,468	58,747,967
Provision for demonetized notes (Note 13.13)	989,740	989,740
Reserve for unforeseen losses	48,168,803	42,288,428
	6,443,993,397	5,078,557,060

13.1 Accumulated provision for loans and advances

Specific provision on classified loans and advances	
Provision held at the beginning of the year	554,484,338
Fully provided debts written off during the year	(107,297,699)
Specific provision for the year	57,700,000
	34,705,290
13.1.1 Provision for general loans and advances	504,886,639
13.1.2 Provision for consumers loan	170,962,786
13.1.3 Provision for lease finance	802,196
Provision held at the end of the year	676,651,621
General provision for unclassified loans and advances	397,700,000
Provision held at the beginning of the year	282,800,000
Provision made during the year	102,300,000
Provision held at the end of the year	500,000,000
	397,700,000
1,176,651,621	1,114,746,953

13.2 Provision for exposure against off balance sheet items

Provision held at the beginning of the year	-
Provision made during the year (Note 35)	79,300,000
Provision held at the end of the year	79,300,000

13.3 Interest suspense account

Balance at the beginning of the year	274,690,923
Amount transferred during the year	65,083,236
Amount recovered during the year	(56,626,010)
Amount written off during the year	(78,064,250)
Balance at the end of the year	205,083,899

13.4 Special blocked account: Tk 1,215,640

This represents refundable balance exceeding Tk 8,000 primarily disbursed to each depositor originated from reimbursement of demonetized notes by Bangladeshi Bank in the year 1975. The amount is repayable to depositors after receipt of value of demonetized notes deposited to Bangladeshi Bank.

13.5 Provision for corporate tax

Provision held at the beginning of the year	2,414,041,660
Add: provision made during the year	1,273,249,255
	2,437,674,979
Less: settlement of previous year's tax liability	3,687,290,915
Balance at the end of the year	2,414,041,660

Corporate tax position of the bank has been shown in Annexure B.

13.6 Deferred tax liability: Tk 75,911,378

Deferred tax liability has been maintained as per BAS 12 "Income Taxes".

Provision held at the beginning of the year	75,911,378
Provision made during the year	75,911,378
Provision held at the end of the year	75,911,378

13.7 Exchange adjustment account: Tk 28,666,878

This represents windfall gains from devaluation of Bangladeshi 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 Bangladeshi Bank.

13.8 Agri credit guarantee backing reserve: Tk 70,261,300

This represents the surplus amount retained by the Bank which was received till the end of 1984 as government guarantee to tallying 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 due course to the extent of recovery of aforesaid agri credit.

13.9 Pakistan account: Tk 8,393,039

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

13.10 Pension fund: Tk 1,570,883

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

14 Capital

14.1 Authorized capital

50,000,000 ordinary shares of Tk 100 each	5,000,000,000
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14.2 Issued, subscribed and paid up capital

1,600,000 ordinary shares of Tk 100 each issued for cash	160,000,000
400,000 ordinary shares of Tk 100 each as bonus share in 2000	40,000,000
2,000,000 ordinary shares of Tk 100 each as bonus share in 2004	200,000,000
8,000,000 ordinary shares of Tk 100 each as bonus share in 2005	800,000,000
9,000,000 ordinary shares of Tk 100 each as bonus share in 2006	900,000,000

14.3 Paid up capital as per shareholders category

Particulars	2007	2006
No of share	Amount	Amount

Directors	1,988,982	9.47%	198,898,200	113,656,600
Cooperative societies	973,140	4.63%	97,314,000	53,555,900
Banks and financial institutions	2,191,495	10.44%	219,149,500	34,476,300
Government	52	0.00%	5,200	3,000
Other institutions	1,866,843	8.89%	186,684,300	80,675,700
Non resident Bangladeshi	2,657,818	12.66%	265,781,800	144,033,100
General public	11,321,670	53.91%	1,132,167,000	773,599,400

14.4 Capital adequacy ratio

In terms of section 13 (2) of the Bank Companies Act 1991 and Bangladesh Bank BRPD circular No 10 f 8 of January 1996, 14o f 16 November 1996, 10 of 25 November 2002 and 5o f 14 May 2007, the Bank was required to have capital of Tk 4,870,546,400 at the close of business as on 31 December 2007. The Bank on that date maintained Tk 4,736,407,429 as core capital and Tk 1,192,121,029 as supplementary capital, that is a total of Tk 5,928,528,458 thereby showing a surplus capital of Tk 1,057,982,058. Details are as under:	
Total assets including off balance sheet items	87,413,878,650
Total risk weighted assets	48,705,464,000
Required capital 10% of total risk weighted assets (a)	4,870,546,400
Actual capital maintained (b)	5,928,528,458
Core capital -Tier I (Note 14.5.1)	4,736,407,429
Supplementary capital-Tier II (Note 14.5.2)	1,192,121,029
Total capital surplus (b-a)	1,057,982,058
	1,022,840,723

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FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

2007	2006	
Note	Taka	Taka
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