



PUBALI BANK LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

Some Important Notes to The Financial Statements

Note	2007 Taka	2006 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 dr 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	779,259,748
Fully provided debts written off during the year	(107,297,699)	(259,480,700)
Specific provision for the year	57,700,000	34,705,290

13.1.1 Provision for general loans and advances	504,886,639	554,484,338
13.1.2 Provision for consumers loan	170,962,786	161,821,327
13.1.3 Provision for lease finance	802,196	741,288
Provision held at the end of the year	676,651,621	717,046,953
General provision for unclassified loans and advances	397,700,000	282,800,000
Provision held at the beginning of the year	102,300,000	114,900,000
Provision made during the year	500,000,000	397,700,000
Provision held at the end of the year	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	947,578,056
Amount transferred during the year	65,083,236	80,779,972
Amount recovered during the year	(56,626,010)	(90,530,187)
Amount written off during the year	(78,064,250)	(663,136,918)
Balance at the end of the year	205,083,899	274,690,923

13.4 Special blocked account: Tk 1,215,640

This represents refundable balance exceeding Tk8,000 primarily disbursed to each depositor originated from reimbursement of demonetized notes by Bangladesh Bank in the year 1975. The amount is repayable to depositors after receipt of value of demonetized notes deposited to Bangladesh Bank.

13.5 Provision for corporate tax

Provision held at the beginning of the year	2,414,041,660	1,623,148,913
Add: provision made during the year	1,273,249,255	814,526,066
	3,687,290,915	2,437,674,979
Less: settlement of previous year's tax liability	-	23,633,319
Balance at the end of the year	3,687,290,915	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	-	-
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 Bangladesh Taka in the years 1975 and 1976 through barter transactions with socialist countries and the same is being carried forward since then. The account would be settled as per instruction of Bangladesh Bank.

13.8 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	5,000,000,000
14.2 Issued, subscribed and paid up capital		
1,600,000 ordinary shares of Tk 100 each issued for cash	160,000,000	160,000,000
400,000 ordinary shares of Tk 100 each as bonus share in 2000	40,000,000	40,000,000
2,000,000 ordinary shares of Tk 100 each as bonus share in 2004	200,000,000	200,000,000
8,000,000 ordinary shares of Tk 100 each as bonus share in 2005	800,000,000	800,000,000
9,000,000 ordinary shares of Tk 100 each as bonus share in 2006	900,000,000	-
	2,100,000,000	1,200,000,000

14.3 Paid up capital as per shareholders category

Particulars	No of share	Percentage	2007 Amount	2006 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
	21,000,000	100.00%	2,100,000,000	1,200,000,000

14.5 Capital adequacy ratio

In terms of section 13 (2) of the Bank Companies Act 1991 and Bangladesh Bank BRPD circular No 10 of 8 of January 1996, 14 of 16 November 1996, 10 of 25 November 2002 and 50 of 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	70,875,941,857
Total risk weighted assets	48,705,464,000	37,161,286,000
Required capital 10% of total risk weighted assets (a)	4,870,546,400	3,716,128,600
Actual capital maintained (b)	5,928,528,458	4,367,356,463
Core capital - Tier I (Note 14.5.1)	4,736,407,429	3,381,855,237
Supplementary capital-Tier II (Note 14.5.2)	1,192,121,029	985,501,226
Total capital surplus (b-a)	1,057,982,058	1,022,840,723

Note	2007 Taka	2006 Taka
Capital adequacy ratio		
On core capital against required minimum 5%	5.00%	9.77%
On supplementary capital against required minimum 5%	5.00%	2.45%
On total capital against required minimum 10.00%	10.00%	12.22%

14.6.1 Core capital (Tier I)		
Paid up capital	2,100,000,000	1,200,000,000
Statutory reserve	1,790,655,415	1,250,121,617
General reserve	845,752,014	931,733,620
Retained earnings	4,736,407,429	3,381,855,237

14.6.2 Supplementary capital (Tier II)		
General provision for unclassified loans	79,300,000	397,700,000
General provision for off balance sheet exposures	500,000,000	-
Assets revaluation reserve	557,777,722	557,841,254
Revaluation on investment	25,083,335	-
Exchange equalization account	29,959,972	29,959,972
	1,192,121,029	985,501,226
Total capital maintained	5,928,528,458	4,367,356,463

15 Statutory Reserve		
Balance on 1 January	1,250,121,617	1,250,121,617
Addition during the year	540,533,798	-
Balance on 31 December	1,790,655,415	1,250,121,617
16 General Reserve		
Balance on 1 January	931,733,620	886,201,760
Addition during the year:		
Profit and loss account surplus (note 18)	812,974,557	845,531,860
Gain on sale of Fixed assets	1,043,837	-
	814,018,394	845,531,860
Less: issue of bonus shares	1,745,752,014	1,731,733,620
Balance on 31 December	900,000,000	800,000,000
	845,752,014	931,733,620

17 Other Reserves		
17.1 Assets revaluation reserve		
Balance at the beginning of the year	1,115,579,464	314,590,789
Share forfeiture account	333,984	333,984
	1,115,913,448	314,924,773
Addition on revaluation of investment during the year	50,166,669	800,988,675
Less: disposal during the year	358,005	-
Balance at the end of the year	1,165,722,112	1,115,913,448

17.2 Exchange Equalization Fund		
Balance at the beginning of the year	29,959,972	29,959,972
Add: addition during the year	29,959,972	29,959,972
Balance at the end of the year	1,195,682,084	1,145,873,420

20 Interest income		
Loan	1,379,030,056	1,113,901,743
Cash credit	1,156,174,114	1,045,983,518
Over draft	872,557,658	623,919,825
Bills of exchange	154,130,000	110,490
WES letter of credits loan	-	1,385
Loan against import merchandise	5,600,585	6,963,600
Loan against trust receipt	814,975,425	410,724,706
Inland bill purchased and demand draft purchased	33,492,015	34,003,064
Foreign bill purchased and export development fund	5,866,809	4,026,552
Packing credit	10,526,352	8,847,602
Foreign currency balance	-	8,165
Payment against documents	117,357,725	86,763,272
Call loans	129,607,705	272,765,786
Advance rent	5,184,640	3,157,129
Loans against deposit pension scheme	15,344,283	16,417,530
Agricultural credit and Rural credit	562,653	104,484
Sundries account	14,485,514	16,452,470
CLS account	54,922,613	34,403,486
Pubali monthly munafa account	3,172	84,074
Secured mortgage	28,120,006	25,900,112
Foreign bank accounts	36,095,869	32,724,853
Lease finance	154,347,698	76,776,291
Margin finance	581,880	-
Discount	33,846	25,465
Loan against Pubali Sanchay Prokalpa	310,622	-
Loan against term loan	274,359,214	91,449,476
Loan against Pubali Bank Deposit Pension Scheme	76,297,970	58,598,538
	5,339,968,424	3,964,113,616

21 Interest paid on deposits, borrowings, etc		
Fixed deposits	404,641,508	325,876,060
Borrowings	3,005,681	6,120,830
Short term deposits	243,864,878	185,714,817
Savings bank deposits	801,156,078	672,735,615
Deposit Pension Scheme	11,700,866	13,461,332
Pubali Pension Scheme	405,367,724	365,237,635
Child Education Care and Maturity Deposit	120,455	265,543
Call deposit	22,826,528	7,375,417
Monthly Munafa Based Profit Scheme	2,022,707	5,785,926
Pubali Sanchay Prokalpa	5,359,159	-
Shikhya Sanchay Prokalpa	24,018	-
Q cash debit card	40,721	-
Sundry account	10,275,844	22,273,594
	1,910,406,167	1,604,846,769

22 Income from investment		
Interest on treasury bill	363,135,038	354,887,139
Interest on debentures	6,866,414	11,132,261
Interest on treasury bond	20,562,860	58,647,647
Interest on bridge finance loan	987,686	430,388
Dividend on shares	14,141,454	12,556,645
	405,693,452	437,554,080

23 Commission, exchange and brokerage		
SC, LSC, DD, TT, MT and PO	111,711,617	97,852,026
Foreign L/C	195,662,522	180,504,337
Local L/C	44,744,270	33,960,468
Issuance of foreign guarantee	2,837,351	1,268,694
Issuance of local guarantee	27,022,357	26,374,563
Insurance of traveller's cheque	2,324,487	1,465,397
Other transactions	215,207,600	113,953,751
Misc handling commission	25,675,660	19,596,575
Consumers credit	244,260	277,841
Commission on stationery articles	3,372,677	2,634,721
Q cash	2,000	-
ATM transaction	640	-
Point of service (POS) transaction	237,074	-
Total commission	630,282,515	477,888,373
Exchange (Note 23.1)	399,610,672	435,076,062
Brokerage on securities trading	4,373,873	-
	1,034,267,060	912,964,435

23.1 Exchange		
Exchange gain	674,958,273	741,513,419
Less: exchange loss	275,347,601	306,437,357
	399,610,672	435,076,062

24 Other operating income		
Rent recovery	6,107,990	5,399,560
Insurance	-	1,350,000
Postage	16,393,185	18,791,231
Telegram charge recovery	9,103,306	9,566,664
Telex and fax charge recovery	763,419	13,395,899
Telephone charge recovery	11,864,182	4,867,616
Foreign currency charge recovery	2,418	435
Miscellaneous income	106,186,253	43,108,475
Miscellaneous income supervision and monitoring	39,324	6,322
Miscellaneous income transfer fee	75,620	4,370
Recovered from bad debt written off	107,110,626	62,627,309
Swift income	28,446,662	16,109,829
Application fee of CLS account	77,112	500
Account opening charge of CLS account	214,754	-
Service charge	20,420,529	4,885,975
Income on sale of leased asset	125,877	-
Income from security trading	766,328	-
Income on sale of bank's property	4,294	1,093,204
	307,701,879	179,858,739

	2007	2006
Note	Taka	Taka
25 Salary and allowances (excluding Managing Director)		
Basic salary	623,161,427	523,795,953
House rent allowances	345,751,356	292,290,559
Medical allowances	49,614,441	49,818,996
Other allowances	140,475,734	249,244,729
Contributory provident fund	55,572,334	47,234,357
General provident fund	923,720	1,306,621
Bonus to employees	99,469,396	108,637,292
	1,314,968,408	1,272,328,507