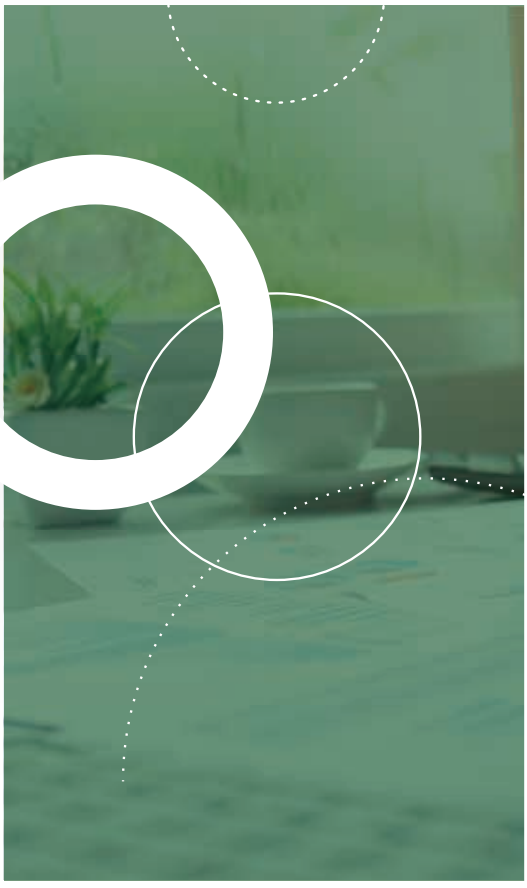
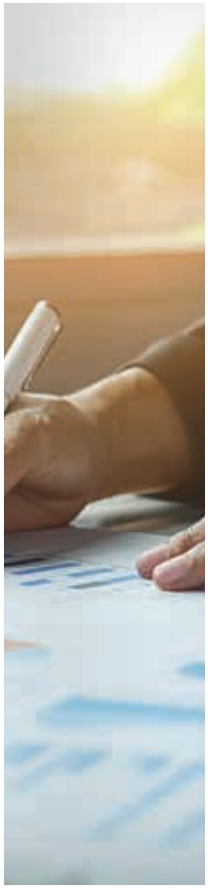
ANNUAL REPORT 2020







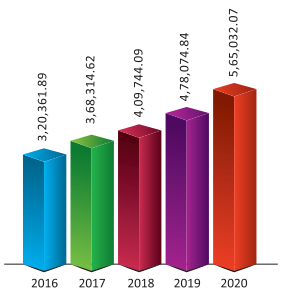


পূবালী ব্যাংক লিমিটেড
PUBALI BANK LIMITED

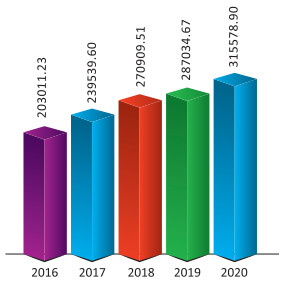
ANNUAL REPORT 2020



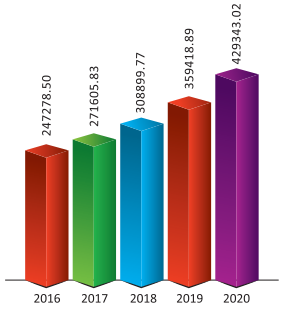
Financial Performance



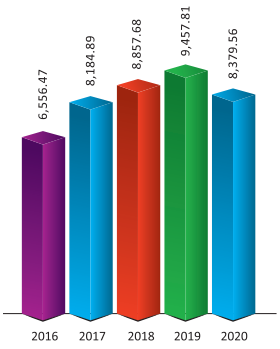
Total Assets
(BDT in Million)



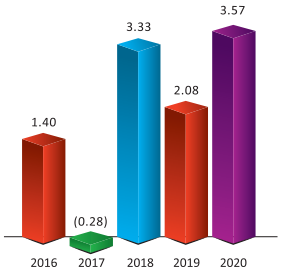
Loans & Advances
(BDT in Million)



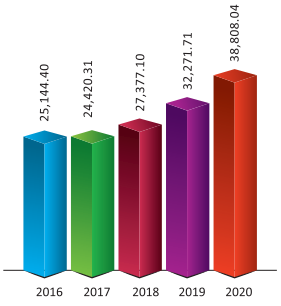
Deposits
(BDT in Million)



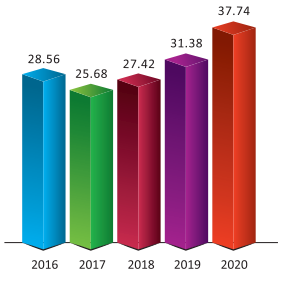
Operating Profit
(BDT in Million)



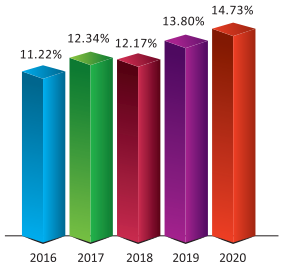
Earning Per Share
(in BDT)



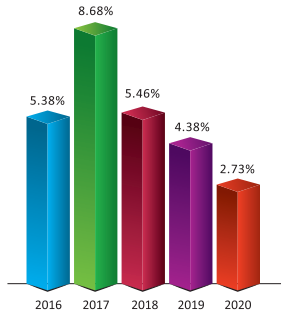
Shareholder's Equity
(BDT in Million)



Net Asset Value Per Share
(in BDT)

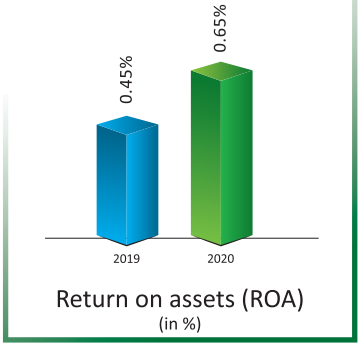


CRAR/CAR
(in %)

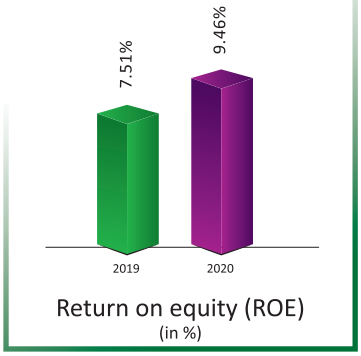


NPL
(in %)

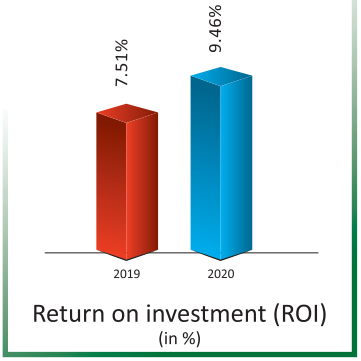
Financial Performance



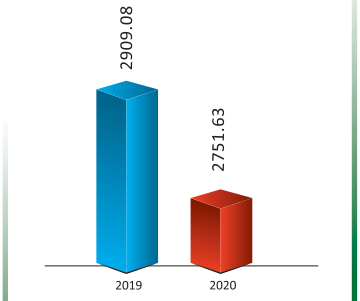
Return on assets (ROA)
(in %)



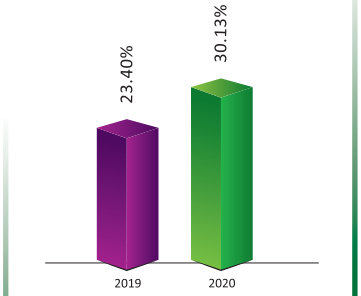
Return on equity (ROE)
(in %)



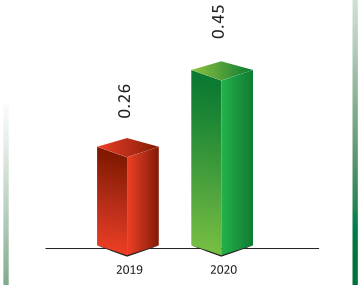
Return on investment (ROI)
(in %)



Non-interest income
(BDT in Million)

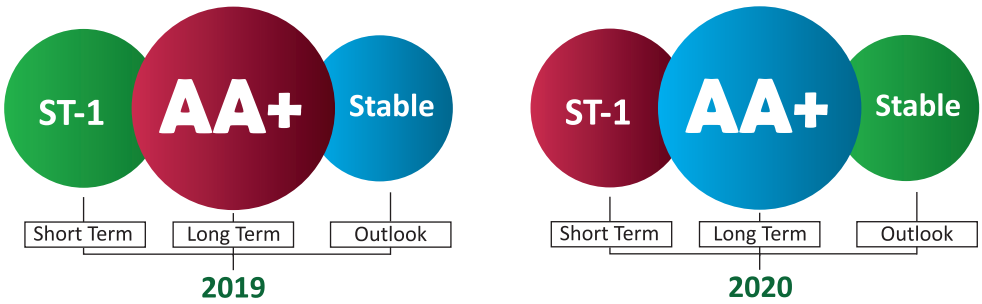


Statutory liquidity ratio (SLR)
(in %)



Net profit per employee
(BDT in Million)

Credit Rating



CSR Investment

2019

BDT 241.61 million

2020

BDT 75.89 million

Welcome to our **Annual Report 2020**

This report focuses to inform our valued Stakeholders about our financial & non-financial performance in 2020. This report also aims to present a balanced and concise analysis of our strategy, performance, prospects as well as good governance. This report is a testimonial to strength, soundness and capability of moving forward through consistent progress in all parameters of the Bank in the year 2020.

01 INTRODUCTION

00 Financial Performance
00 Table of Contents
00 Letter of Transmittal
00 Forward Looking Statement
00 Memories of 37th AGM
00 Invitation of 38th AGM
00 Notice of the 38th Annual General Meeting

02 GENERAL INFORMATION

00 Vision, Mission and Values
00 Corporate Profile
00 Award and Recognition
00 Strategic Priority
00 Corporate Organogram
00 Business Model
00 Shareholder Information

03 BOARD OF DIRECTORS & MANAGEMENT

00 Board of Directors
00 Committees of the Board of Directors
00 Shari'ah Supervisory Committee
00 Directors' Profile
00 The Code of Conduct
00 Senior Officials

04 MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR

00 Message from the Chairman
00 Managing Director & CEO's Message

05 CORPORATE GOVERNANCE

00 Directors' Report
00 Directors' Responsibility Statement
00 Report of the Corporate Governance
00 Dividend Distribution Policy
00 Certification on Corporate Governance
00 Declaration by CEO and CFO to the Board
00 Credit Rating
00 Report of the Audit Committee
00 Report of the Risk Management Committee
00 Report of the Nomination and Remuneration Committee
00 Report of the Shari'ah Supervisory Committee
00 Compliance with Bangladesh Bank's
00 Guidelines on Corporate Governance
00 BSEC Checklist on Corporate Governance

38th Annual General Meeting
Date: Thursday, 03 June 2021
Time: 10:30 AM, Dhaka Time

Welcome to our **Annual Report 2020**

This report focuses to inform our valued Stakeholders about our financial & non-financial performance in 2020. This report also aims to present a balanced and concise analysis of our strategy, performance, prospects as well as good governance. This report is a testimonial to strength, soundness and capability of moving forward through consistent progress in all parameters of the Bank in the year 2020.

06 MANAGEMENT REVIEW AND ANALYSIS

00 Management Discussion and Analysis
00 DuPont Analysis
00 PESTLE Analysis
00 SWOT Analysis
00 Competitive Intensity and Our Strategic Responses
00 Contribution to National Economy
00 Pubali Bank Share Trading Status 2020

07 RISK MANAGEMENT AND INTERNAL CONTROL

00 Report of the Chief Risk Officer
00 Report on Risk Management and Internal Control
00 Market Disclosure under BASEL III

08 SUSTAINABILITY ANALYSIS

00 Sustainability Report & Green Banking
00 Report on Going Concern
00 Report on Human Capital
00 Pubali Bank - An Employee Friendly Bank

09 CORPORATE SOCIAL RESPONSIBILITY

00 Report on Corporate Social Responsibility (CSR)

10 INTEGRATED REPORTING

00 Integrated Reporting
00 Value Added Statement
00 Economic Value Added Statement (EVA)

11 BUSINESS REVIEW AND ANALYSIS

00 Products and Services
00 Islamic Banking
00 ICT Security Status

12 FINANCIAL ANALYSIS

00 Comparative Financial Highlights
00 Graphical Presentation
00 Key Financial Information
00 Horizontal and Vertical Analysis
00 Profitability, Dividend, Performance and Liquidity Ratios
00 Independent Auditors' Report to the Shareholders

Welcome to our **Annual Report 2020**

This report focuses to inform our valued Stakeholders about our financial & non-financial performance in 2020. This report also aims to present a balanced and concise analysis of our strategy, performance, prospects as well as good governance. This report is a testimonial to strength, soundness and capability of moving forward through consistent progress in all parameters of the Bank in the year 2020.

13 FINANCIAL STATEMENTS

00 Consolidated Balance Sheet
00 Consolidated Profit and Loss account
00 Consolidated Cash Flow Statement
00 Consolidated Statement of Changes in Equity
00 Balance Sheet
00 Profit and Loss account
00 Cash Flow Statement
00 Statement of Changes in Equity
00 Liquidity Statement
00 Notes to the Financial Statements
00 Financial Statements - Islamic Banking Windows
00 Financial Statements - OBU
00 Independent Auditors' Report of PBSL
00 Financial Statements - PBSL

12 IMPORTANT INFORMATION

00 Integrated Reporting Checklist
00 SAFA Checklist
00 Eventful Year 2020
00 World-wide List of Exchange Companies
00 Branch Network
00 BAPLC Certificate
00 Proxy Form

38th Annual General Meeting
Pubali Bank Limited

Physical and Virtual Meeting

Date: Thursday, 03 June 2021
Time: 10:30 AM, Dhaka Time
Live webcast- https://www.pubalibangla.com/AGM2021
Venue: Pubali Bank Auditorium
Head Office, 26 Dilkusha C/A, Dhaka

Letter of Transmittal

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

Dear Sir,

Annual Report of Pubali Bank Limited for the year ended 31 December 2020.

We are pleased to present before you the Annual Report 2020 of Pubali Bank Limited along with the consolidated Balance Sheet of its subsidiary company Pubali Bank Securities Limited for your kind perusal and record please.

The Annual Report 2020 covers the period from 1 January 2020 to 31 December 2020 and includes message from the Chairman of the Board of Directors, Report of the Managing Director & CEO, Directors' Report and audited Financial Statements 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 2020 is testimonial to strength, soundness and capability of moving forward through consistent progress in all parameters of the Bank in the year 2020. At last, I would like to convey my thanks and gratitude to all concerned.

Yours Sincerely,

Zahid Ahsan
Deputy Managing Director
& Company Secretary

FORWARD LOOKING STATEMENT

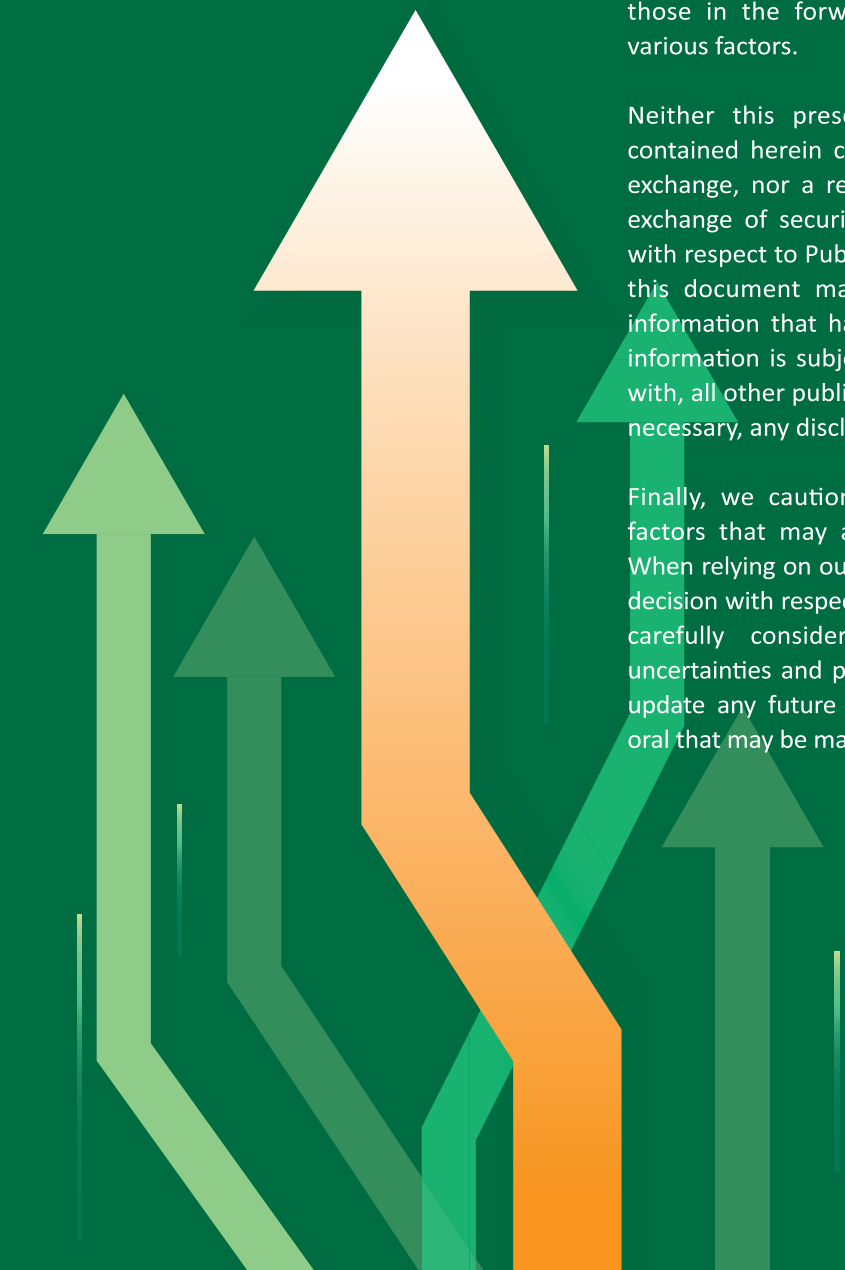
This announcement constitutes forward-looking statements about the bank, including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations or forecasts.

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.

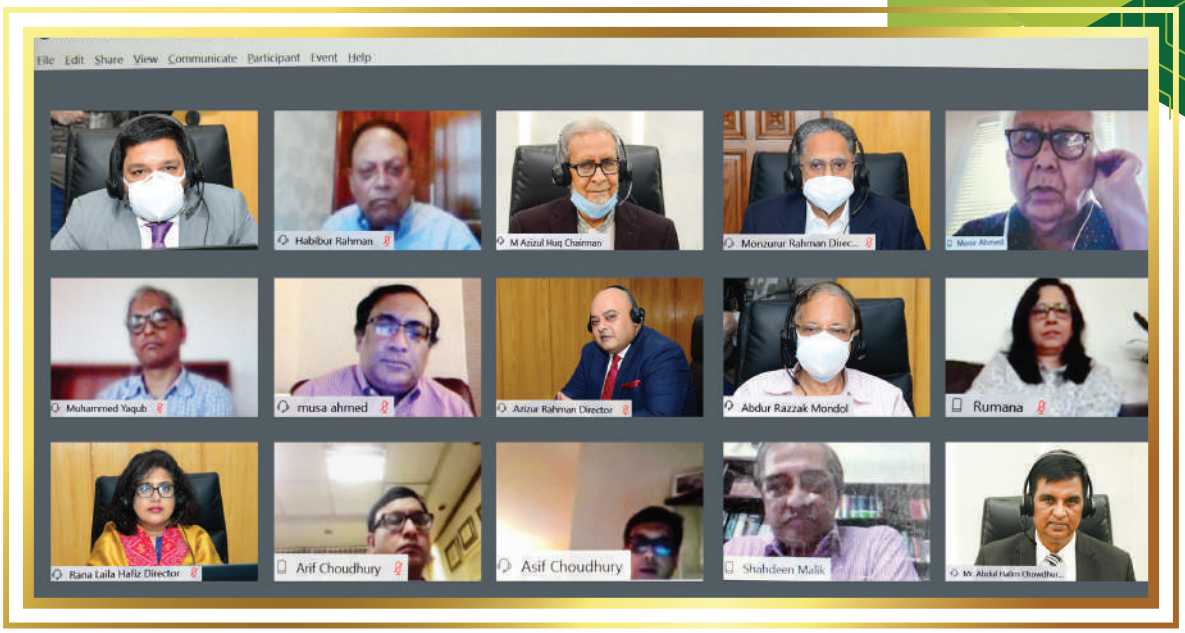
Such forward-looking statements, by their nature, are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors.

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 results 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.



Memories of
37th Annual General Meeting



A moment of 37th Annual General Meeting held using digital platform. Mr. M. Azizul Huq, erstwhile Chairman, Board of Directors of Pubali Bank Limited connected with the honorable Directors, Sr. Executives and shareholders virtually.



38th AGM Invitation

38th Annual General Meeting
Pubali Bank Limited

Physical and Virtual Meeting

Date: Thursday, 03 June 2021
Time: 10:30 AM, Dhaka Time
Live webcast- https://www.pubalibangla.com/AGM2021
Venue: Pubali Bank Auditorium, Head Office, 26 Dilkusha C/A, Dhaka

PUBALI BANK LIMITED

Registered Office
26 Dilkusha Commercial Area, Dhaka-1000, Bangladesh

NOTICE OF THE 38TH ANNUAL GENERAL MEETING

Notice is hereby given to all concern that the 38th Annual General Meeting (AGM) of Pubali Bank Limited will be held on **Thursday, 03 June 2021 at 10.30 AM** (Dhaka Time) at **Pubali Bank Auditorium, Head Office, 26 Dilkusha C/A, Dhaka** with physical presence and also virtually through the link www.pubalibangla.com/AGM2021 by using digital platform to transact the following businesses:

AGENDA

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st December 2020 and Reports of the Directors and Auditors thereon.
2. To declare Dividend for the year ended 31st December 2020 as recommended by the Board of Directors.
3. To appoint/re-appoint Auditors of the Bank for the year 2021 and to fix their remuneration.
4. To appoint/re-appoint Corporate Governance Compliance Auditor for the year 2021 and to fix their remuneration.
5. To elect / re-elect Directors.

Special Business:

6. To adopt, consider and resolve the following agenda as "Special Resolution"

"The proposal for issuance of unsecured, contingent-convertible, BASEL III compliant, perpetual bond (PB) of BDT 5,000 million by Pubali Bank Limited subject to approval of regulatory authorities as part of the Bank's Additional Tier I regulatory Capital with the Loss Absorption Option by conversion of Tier - I Bonds into shares upon occurrence of a Trigger Point Condition. The condition for conversion summarily includes: (i) if the Bank's consolidated CET-1 ratio falls below Bangladesh Bank requirement (currently of 4.50%) and stays below for 03 (Three) successive quarters (the "Trigger Point Condition"), the option of conversion of Bonds into shares (the "Loss Absorption Option") shall be exercised; (ii) At the end date of successive 03 (Three) quarters during which Trigger Point Condition exists, the Loss Absorption Option shall be exercised upon conversion of the outstanding principal of the Bonds to common shares at the Conversion Strike Price (i.e. average of 180 business days market price of the Bank's ordinary shares prior to the 3rd quarter end date on which the Bank's consolidated CET-1 falls below Bangladesh Bank requirement (currently of 4.5%) or Par Value (BDT 10) whichever is higher) by such amount which shall not exceed the amount which would be required to bring the consolidated Common Equity Tier 1 (CET 1) ratio to 4.5% of risk weighted asset; (iii) If an issue in relation to issuance of a fractional share arises upon conversion, the Bank will round the number of shares issuable, up to the next whole number. Fractional lot size will also be rounded to the next whole number; (iv) The Bondholder will not be eligible for the interest payment if the same situation prevails (Bank's consolidated CET-1 ratio remains below the regulatory requirement of 4.5%) after the publication of audited financials. In case of exercise of the Loss Absorption Option, the portion of Bonds that will be required to be converted, no such interest shall be paid on such converted Bonds."

All the honorable members/shareholders of Pubali Bank Ltd. are requested kindly to make it convenient to attend the meeting physically or virtually in time.

Dated: Dhaka
28 April 2021

By order of the Board of Directors
sd/-

Zahid Ahsan
Deputy Managing Director &
Company Secretary

NOTES:

a) The members whose names will appear on the Members/Depository Register as on the "Record Date" i.e. Sunday, 09 May 2021 are eligible to attend/participate and vote in the 38th Annual General Meeting (AGM) and also entitle to receive dividend.

b) The AGM shall be held maintaining strict social distancing protocols with due regard to public health concerns during the Covid 19 Pandemic. Members/shareholders wishing to participate in the AGM virtually may do so through the link **www.pubalibangla.com/AGM2021** by using digital platform in pursuant to the Bangladesh Securities and Exchange Commission's order No. SEC/SRMIC/94-231/91 dated 31 March 2021.

c) As per Companies Act 1994 under Regulation 79, 80 and 81 of schedule- I and as per article no. 90 & 91 of the Bank's Articles of Association, one- third of the directors need to retire every year and they will be eligible for re-election. Under this circumstances, the honorable directors (a) Mr. Habibur Rahman (b) Mr. Fahim Ahmed Faruk Chowdhury (c) Mr. Musa Ahmed and (d) Mr. Asif Ahmed Choudhury will retire in the 38th Annual General Meeting and they are eligible for re-election.

d) A Member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her stead. He / she shall have to submit his / her proxy form, duly filled in, signed and stamped (along with other necessary papers, if any) through online after successful completion of Registration or Paper based Manual form in the Share Department, 3rd floor, Registered Office, 26 Dilkusha C/A, Dhaka of the Bank no later than 48 hours before commencement of the Annual General Meeting i.e. **Tuesday, 01 June 2021 up to 10.30 AM.**

e) An entitled member who wants to attend the meeting and cast his/her vote physically has to submit his/her duly filled and signed registration form to the registration counter at Registered Office of Pubali Bank Limited, Credit Conference Room, 5th Floor, 26 Dilkusha C/A, Dhaka of the Bank. Then an OTP (One Time Password) will be sent to his/her mobile number and email address mentioned in the registration form. By using the OTP, he/she will be able to attend in the meeting physically in the AGM venue (Pubali Bank Auditorium, 13th floor, Head Office, 26 Dilkusha C/A, Dhaka) and exercise his/her voting right through ballot paper (at Registered Office of **Pubali Bank Limited, Credit Conference Room, 5th Floor, 26 Dilkusha C/A, Dhaka of the Bank).** Time for physical registration will be Thursday, 03 June 2021 from 8.00 AM to before closure of the Meeting and time for physical voting will be Thursday, 03 June 2021 from 10.30 AM to before closure of the Meeting.

f) An entitled member who wants to attend the meeting virtually by using digital platform and cast his/her vote through online has to go to the link: www.pubalibangla.com/AGM2021 for login to the system. After putting his./her 16 digit BO ID/folio ID, an OTP (One Time Password) will be sent to his/her registered mobile number and email address (as per CDBL data). By using the OTP, he/she will be able to attend and cast his/her vote through online. Time for online registration and e-voting will be Wednesday, 02 June 2021 from 8.00 AM to before closure of the Meeting on Thursday, 03 June 2021.

g) A valid proxy holder may attend the meeting virtually through link: www.pubalibangla.com/AGM2021 by using digital platform or physically in the AGM venue (Pubali Bank Auditorium, 13th floor, Head Office, 26 Dilkusha C/A, Dhaka) and may cast his/her vote through online (link: www.pubalibangla.com/AGM2021) from Wednesday, 02 June 2021 at 8.00 AM to before closure of the Meeting on Thursday, 03 June 2021 or paper ballot (at Registered Office of Pubali Bank Limited, Credit Conference Room, 5th Floor, 26 Dilkusha C/A, Dhaka of the Bank) from Thursday, 03 June 2021 at 10.30 AM to before closure of the Meeting.

h) The last date of submission of nomination paper through link www.pubalibangla.com/AGM2021 or manually at Board Division for election of Directors is 18.05.2021 up to 5.00 PM. Scrutiny of nomination papers will be completed on 20.05.2021 and will be published the eligible candidates list in the Notice Board of the Bank's Registered Office, 26 Dilkusha C/A, Dhaka by the Chief Election Commissioner and also in the bank's website by 5.00 PM. Last date of withdrawal of nomination paper through email to "chiefelectioncommissioner@pubalibankbd.com" or paper based manually on 24.05.2021 up to 5.00 PM and list of names of final candidates to be published in the Notice Board of the Bank's Registered Office, 26 Dilkusha C/A, Dhaka by the Chief Election Commissioner and also in the bank's website on 24.05.2021 after 5.00 PM.

i) Nomination form, Registration Form and Proxy Form wll be available in the Bank's website **www.pubalibangla.com**

j) All the online related activities are available in the link: **www.pubalibangla.com/AGM2021**

k) Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018, the soft copy of the Annual Report 2020 will be sent to the email addresses of the Members available in their Beneficial Owner (BO) accounts maintained with the Depository. The Members are requested to update their email addresses through their respective Depository Participant (DP). The soft copy of the Annual Report 2020 will also be available on the Investor Relations section of the Bank's website at: **www.pubalibangla.com**.

l) **Honorable Shareholders are requested to update their Mailing Address, Bank Account no., Branch Routing no., Signature, Mobile Number and other related information through Depository Participant (DP) of their BO Account before record date i.e before 09 May 2021.**

m) Hon'ble Shareholders under BO are requested to update their respective BO Accounts with 12 Digits Taxpayer's Identification Number (e-TIN) through Depository Participant (DP) and Hon'ble Shareholders under Folio are requested to provide their e-TIN Certificate to Share Department of the Registered Office before record date i.e before 09 May 2021, failing which Income Tax at Source will be deducted from payable Dividend @ 15% (Fifteen Percent) instead of @ 10% (Ten Percent) as per amended under section 54 of IT Ordinance 1984.

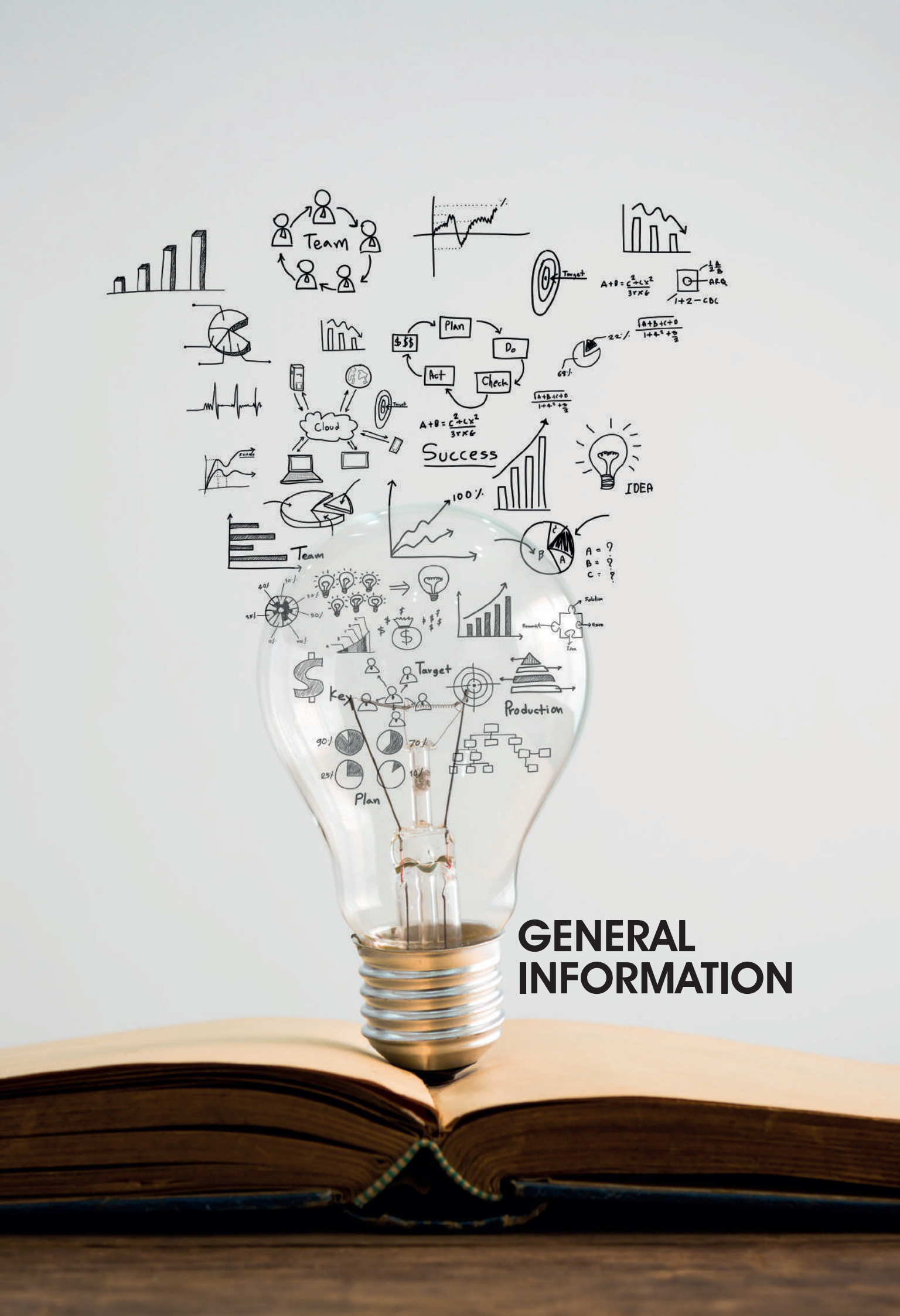
n) Merchant Banks and depository participant (DPs) are requested to email the soft copy of their margin clients list (in MS Excel format) as on 'Record Date' at **boardpbl@pubalibankbd.com** within 27 May 2021 for facilitating payment of Cash Dividend.

o) The Board of Directors has recommended M/s Howlader Yunus & Co. Chartered Accountants and M/s A. Qasem & Co. Chartered Accountants to appoint/re-appoint as auditor of the bank for the year 2021.

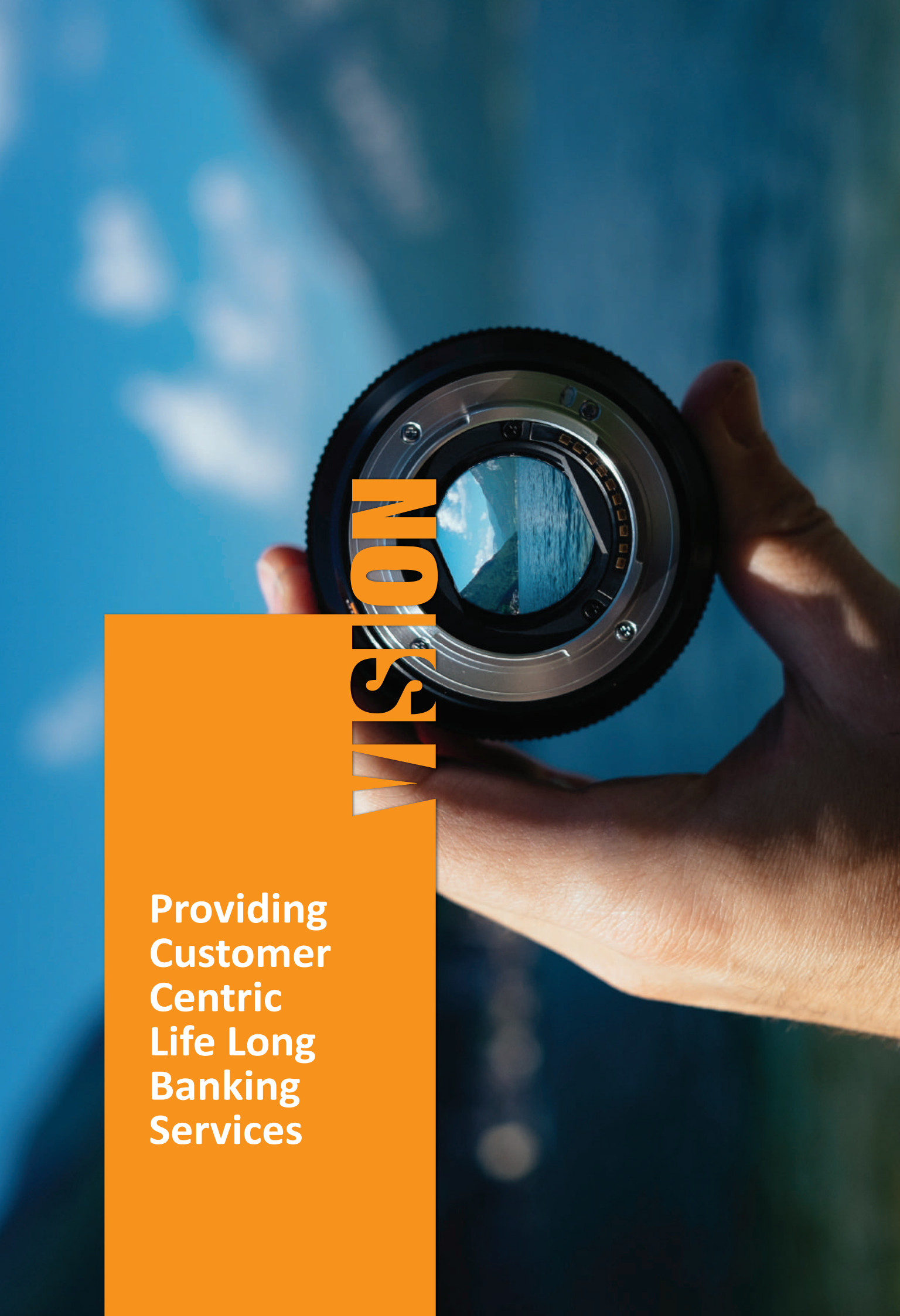
p) The Board of Directors has recommended M/s Mohammad Sanaullah & Associates, Chartered Secretaries & Management Consultants to appoint as Corporate Governance Compliance Auditor of the bank for the year 2021.

Payment of Dividend:

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



GENERAL INFORMATION



VISION

Providing Customer Centric Life Long Banking Services



MISSION

- To be the most respected and preferred brand among all financial service 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.

VALUES

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

CORE STRENGTHS

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

CORE VALUES

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

CORE COMPETENCIES

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

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	MONZURUR RAHMAN
Managing Director & CEO	SAFIUL ALAM KHAN CHOWDHURY
Company Secretary	ZAHID AHSAN
Chief Financial Officer	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 10,28,29,42,180
Total Manpower	8,118
Number of Branches	482
Number of Sub-branches	27
Number of Islamic Banking	17
Number of AD Branches	29
Number of SME/Krishi Branches	05
Number of ATM Booths	229
Auditors	HOWLADER YUNUS & CO. CHARTERED ACCOUNTANTS HOUSE NO.14 (LEVEL 4 & 5), ROAD NO. 16A GULSHAN -1, DHAKA 1212
Corporate Governance Compliance Auditor	SURAIYA PARVEEN & ASSOCIATES Chartered Secretaries, Financial & Management Consultants
Tax Consultant	S. F. AHMED & CO., CHARTERED ACCOUNTANTS HOUSE NO.51 (2ND & 3RD FLOOR), ROAD NO.9 BLOCK-F, BANANI, DHAKA 1213
Rating Agency	NATIONAL CREDIT RATINGS LTD. PARAMOUNT HEIGHTS (13TH FLOOR), 65/2/1 BOX CULVERT ROAD, PURANA PALTAN, DHAKA 1000
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
Post Box	853
Telephone	880 2 9564012, 880 2 9551614 Ext 227, 230, 369
E-mail	boardpbl@pubalibankbd.com

AWARD & RECOGNITIONS



CA BANGLADESH

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BANGLADESH

19th ICAB NATIONAL AWARDS
BEST PRESENTED ANNUAL REPORTS 2018

Certificate of Merit
Category: Private Banks

PUBALI BANK LTD.

A F Nesaruddin FCA
President
The Institute of Chartered Accountants of Bangladesh (ICAB)

Muhammed Farhad Hussain FCA
Chairman
Review Committee for Published Accounts & Reports (RCPAR), ICAB

30 November 2019, Dhaka



ওয়াসা

Certificate
of
Appreciation

to

Pubali Bank Ltd.

We appreciate your contribution and cooperation for collecting Service Delivery Income of DWASA from our valued Customers for the period of FY:2018-2019.

Engr. Taqsem A Khan
Managing Director & CEO
Dhaka WASA

Md. Tazul Islam, MP
Minister, Local Government Division
Ministry of LGRD&C

AWARD & RECOGNITIONS

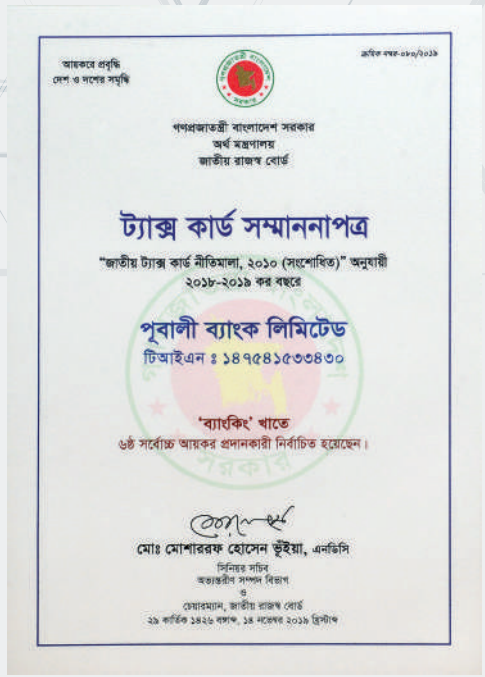






AWARD & RECOGNITIONS







STRATEGIC PRIORITY

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

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

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

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

05 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.

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

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

08 Strengthening brand image for creating higher customer satisfaction and loyalty.

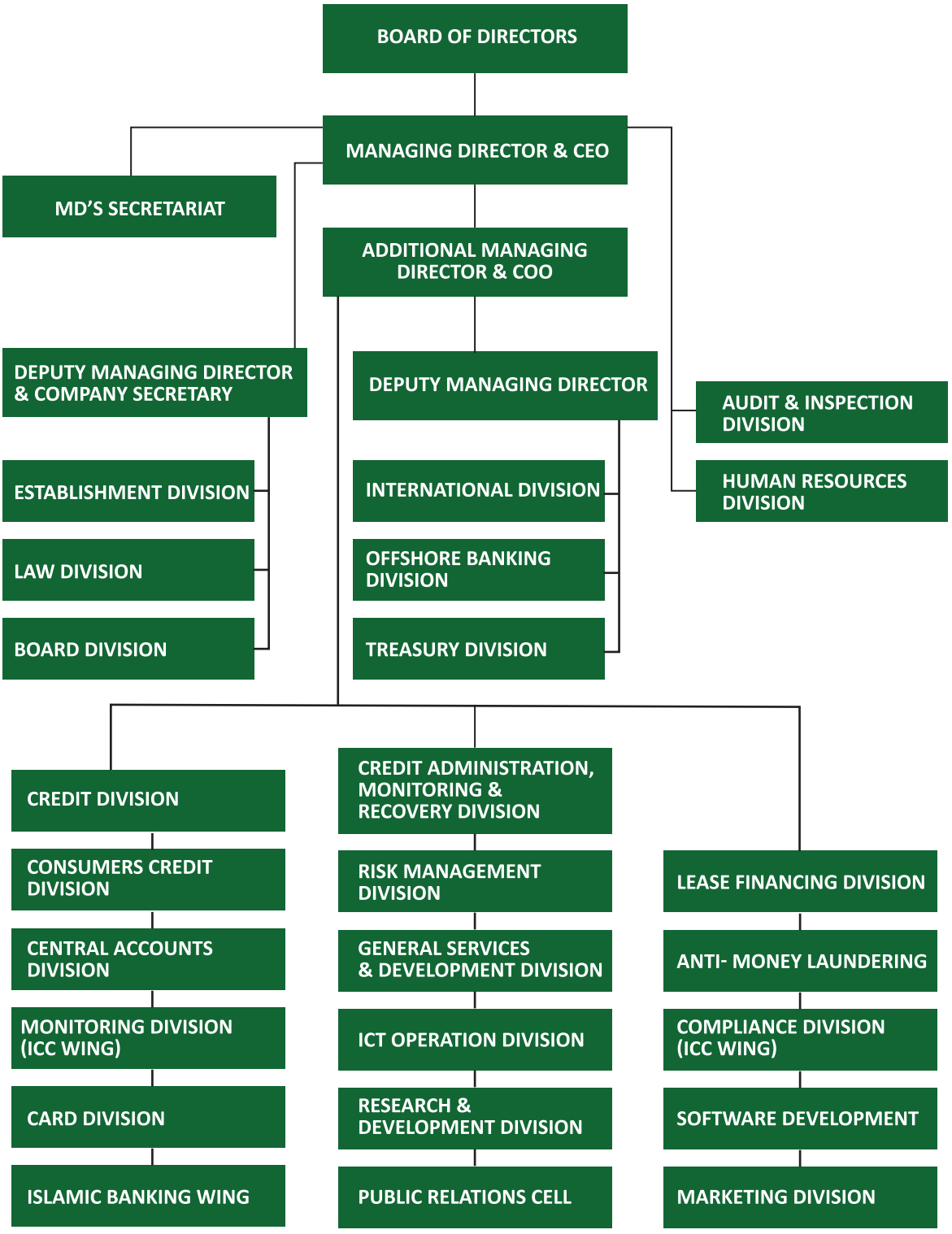
09 Adapting latest technologies and responding quickly in fast changing market scenario for providing uninterrupted services and business continuity, minimizing risks and moving towards MIS and DSS.

10 Enhancing financial inclusion efforts for sustained high economic growth and development

11 Institutionalize CSR

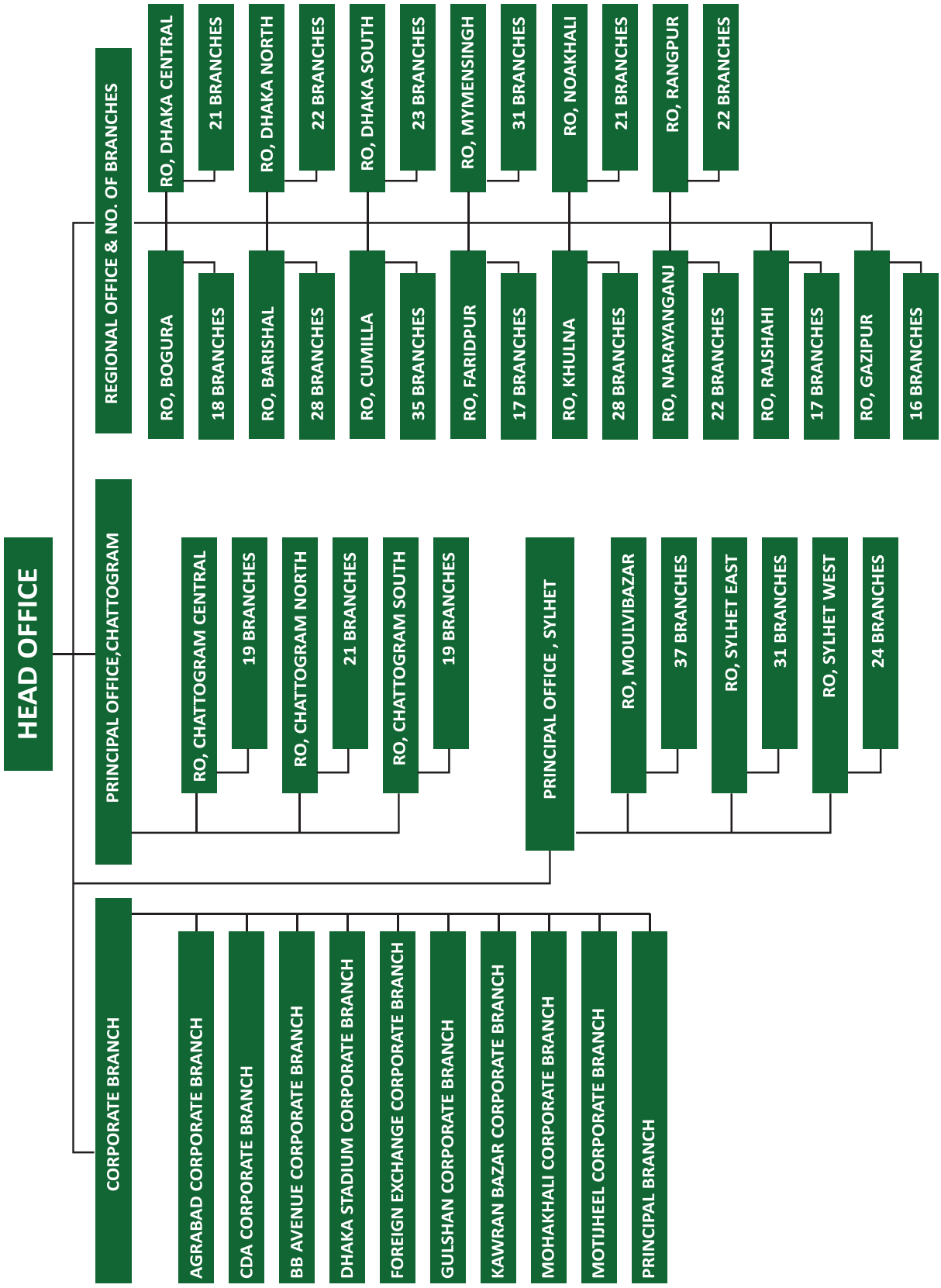
CORPORATE ORGANOGRAM

ORGANOGRAM FOR HEAD OFFICE



CORPORATE ORGANOGRAM

ORGANOGRAM FROM HEAD OFFICE TO REGIONAL OFFICES & BRANCHES



BUSINESS MODEL OF PUBALI BANK LIMITED

KEY ACTIVITIES

Deposit Product
Advance
Trade Finance
Pubali Card
Lease Financing
Online Banking
Internet Banking
Treasury Operation
Off-Shore Banking Unit
Islamic Banking
Brokerage Service

KEY PARTNERS

Customers
Shareholders
Employees
Regulators
Strategic partners
Government
Stock Exchange
Technology

CUSTOMER SEGMENTS

Corporate
Small & Medium Enterprise
Banks
Non-Banking Financial Institutions
Govt. & Non-Government Organizations

KEY RESOURCES

Skilled, experienced and competent Workforce
Core Banking Software
knowledgeable Directors and Management
Worldwide Correspondent Network
Strong capital Base
Shareholders' Equity
Loans Asset

CHANNELS

Branch Banking
Internet Banking
Online Banking
Call Centre
ATM Service

COST STRUCTURE

Interest Expense
Capital Expenditure
Operating Expense

REVENUE STREAMS

Interest Income
Investment
Fees & Commission
Other Operating Income

Shareholder Information

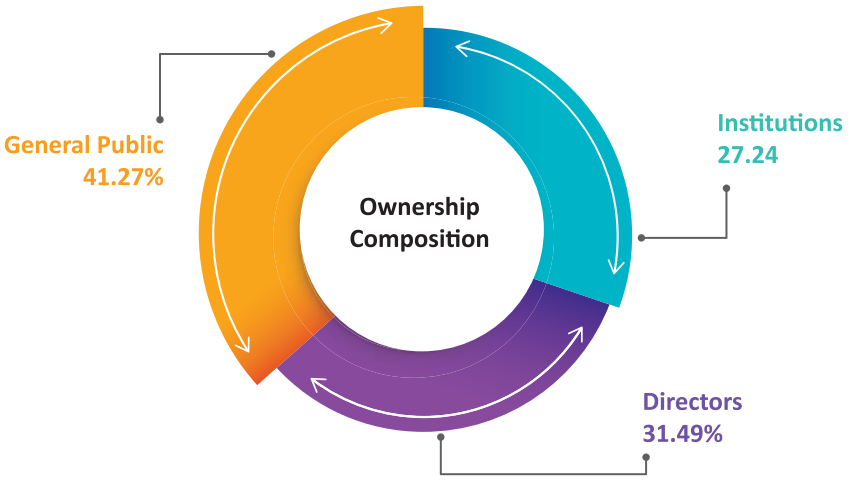
1. General:

Authorized Capital	: BDT 2000, 00, 00, 000
Issued and Fully Paid-up Capital	: BDT 1,028,29,42,180
Class of Shares	: Ordinary Shares of BDT 10.00 each
Voting Right	: One vote per Ordinary Share

2. Stock Exchange Listing:

The Ordinary Shares of the Company are listed on the Dhaka and Chittagong Stock Exchanges. Company trading code is (PUBALIBANK).

3. Shareholding Position as on 31 December 2020:

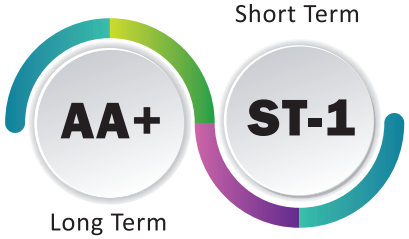


4. Year Wise Dividend:

For the Year	Dividend Rate	Dividend Per Share (BDT)	Par Value Per Share (BDT)	Dividend Type
2020 (Proposed)	12.50%	1.25	10.00	12.50% Cash
2019	10%	1.00	10.00	10% Cash
2018	13%	1.30	10.00	10% Cash 3% Stock
2017	10%	1.00	10.00	5% Cash 5% Stock
2016	13%	1.30	10.00	5% Cash 8% Stock
2015	12%	1.20	10.00	12% Cash
2014	10%	1.00	10.00	10% Cash

5. Credit Rating:

The Company's Credit rating was reaffirmed by National Credit Ratings Ltd. (NCR) on 31 December 2020.



6. Pubali Bank Share Trading Status 2020

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
January	26.70	23.20	243.68	9,892,545	25.80	23.10	1.55	64,730	245.23	9,957,275
February	25.30	23.30	58.14	2,391,074	25.50	23.20	1.62	67,619	59.76	2,458,693
March	24.20	19.10	35.27	1,684,865	22.50	19.10	2.25	104,360	37.53	1,789,225
April	-	-	-	-	-	-	-	-	-	-
May	20.70	20.50	0.71	34,566	21.00	21.00	-	-	0.71	34,566
June	22.50	20.50	21.15	1,024,521	21.00	20.30	0.89	43,097	22.03	1,067,618
July	24.20	20.60	40.13	1,839,560	24.10	20.60	3.27	150,209	43.40	1,989,769
August	24.90	20.90	40.91	1,784,633	24.00	20.90	1.38	61,304	42.29	1,845,937
September	24.90	23.20	94.80	3,936,671	24.30	23.50	2.49	104,367	97.29	4,041,038
October	24.80	23.80	55.15	2,256,716	24.60	23.10	1.35	55,849	56.50	2,312,565
November	25.00	23.00	52.30	2,152,612	24.50	23.10	1.35	55,743	53.64	2,208,355
December	25.00	23.10	62.70	2,572,942	24.40	23.70	1.50	62,525	64.19	2,635,467

7. Financial Calendar 2021



8. Company Website:

Anyone can get information regarding Bank's activities & performance or can view Annual Report 2020 at **www.pubalibangla.com**

9. Investor Relations:

Institutional Investors, security analysis and other members of the professional financial community requiring additional financial information can visit the Investor Relation of the Company Website: **www.pubalibangla.com.**

10. Shareholder Services:

If you have any queries regarding to your shareholding and dividend, please contact at +880-2-9564012, +880-2-9551614 Ext 227, 230, 369 or mail to Share Department, Head Office, Pubali Bank Limited at **boardpbl@pubalibankbd.com**.



BOARD OF DIRECTORS & MANAGEMENT

BOARD OF DIRECTORS

Chairman	MONZURUR RAHMAN
Directors	MONIRUDDIN AHMED HABIBUR RAHMAN FAHIM AHMED FARUK CHOWDHURY RUMANA SHARIF M. KABIRUZZAMAN YAQUB FCMA (UK), CGMA MUSA AHMED AZIZUR RAHMAN MD. ABDUR RAZZAK MONDAL RANA LAILA HAFIZ ASIF AHMED CHOUDHURY CIP MUSTAFA AHMED
Independent Director	DR. SHAHDEEN MALIK
Advisor	AHMED SHAFI CHOUDHURY
Managing Director & CEO	SAFIUL ALAM KHAN CHOWDHURY
Company Secretary	ZAHID AHSAN
Chief Financial Officer	MOHAMMAD LITON MIAH FCA

COMMITTEES OF THE BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

Chairman	MD. ABDUR RAZZAK MONDAL
Members	MONIRUDDIN AHMED
	RUMANA SHARIF
	MUSA AHMED
	AZIZUR RAHMAN
	MUSTAFA AHMED
	ASIF AHMED CHOUDHURY CIP

AUDIT COMMITTEE

Chairman	DR. SHAHDEEN MALIK
Members	FAHIM AHMED FARUK CHOWDHURY
	M. KABIRUZZAMAN YAQUB FCMA (UK), CGMA
	RANA LAILA HAFIZ

RISK MANAGEMENT COMMITTEE

Chairman	M. KABIRUZZAMAN YAQUB FCMA (UK), CGMA
Members	HABIBUR RAHMAN
	MUSA AHMED
	AZIZUR RAHMAN
	MD. ABDUR RAZZAK MONDAL

NOMINATION & REMUNERATION COMMITTEE

Chairman	DR. SHAHDEEN MALIK
Members	MONIRUDDIN AHMED
	FAHIM AHMED FARUK CHOWDHURY
	MD. ABDUR RAZZAK MONDAL

SHARI'AH SUPERVISORY COMMITTEE

Chairman	PROFESSOR M. MANSURUR RAHMAN PROFESSOR BANGLADESH ISLAMIC UNIVERSITY, DHAKA
Members	HABIBUR RAHMAN HON'BLE DIRECTOR PUBALI BANK LIMITED
	MONIRUDDIN AHMED HON'BLE DIRECTOR PUBALI BANK LIMITED
	AHMED SHAFI CHOUDHURY HON'BLE ADVISOR PUBALI BANK LIMITED
	M. KABIRUZZAMAN YAQUB FCMA (UK), CGMA HON'BLE DIRECTOR PUBALI BANK LIMITED
	MD. ABDUR RAZZAK MONDAL HON'BLE DIRECTOR PUBALI BANK LIMITED
Members	MUFTI KAZI MUHAMMAD IBRAHIM HEAD MUHADDIS JAMIAH KASEMIAH KAMIL MADRASAH, NARSINGDI
	PROFESSOR DR. MD. ABUL KALAM PATWARY HEAD OF THE DEPARTMENT OF ISLAMIC STUDIES UTTARA UNIVERSITY, DHAKA
	MUHAMMAD MUSA FORMER ASSISTANT DIRECTOR ISLAMIC FOUNDATION
	DR. ABUL FATAH MUHAMMAD ABDUL JALIL DEPUTY DIRECTOR ISLAMIC FOUNDATION
Member	SAFIUL ALAM KHAN CHOWDHURY HON'BLE MANAGING DIRECTOR & CEO PUBALI BANK LIMITED
Member Secretary	ABUL BASHAR MUHAMMAD ABDUS SATTAR HON'BLE GENERAL MANAGER ISLAMIC BANKING WING PUBALI BANK LIMITED

DIRECTORS' PROFILE



MONZURUR RAHMAN

Chairman

Mr. Monzurur Rahman is the Chairman of Board of Directors of Pubali Bank Limited. He graduated from Calcutta University. He has long 54 years' experience in banking, insurance and tea business. He was the youngest Director of erstwhile Eastern Mercantile Bank Limited, which was eventually converted into Pubali Bank Limited.

Mr. Rahman belongs to a family whose members are involved in banks, Insurances and leading Financial Institutions of the country. He is the Chairman of Rema Tea Company Ltd. He was an elected member of the Executive Committee of Bangladesh Association of Publicly Listed Companies (BAPLC). He was also an Independent Director of Lafarge Holcim (Bangladesh) Limited and Chairman of its Audit Committee.

DIRECTORS' PROFILE



MONIRUDDIN AHMED

Director

Mr. Moniruddin Ahmed has long 63 years' experience in business. He is one of the experienced Directors of Pubali Bank Limited. He has been serving as the Chairman of Pubali Bank Securities Ltd. He is a member of Executive Committee and Nomination & Remuneration Committee of the Board of Directors. He is also a member of Shari'ah Supervisory Committee of the bank. Mr. Ahmed served as Vice-Chairman of Pubali Bank Limited.

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

DIRECTORS' PROFILE



HABIBUR RAHMAN

Director

Mr. Habibur Rahman is a reputed business leader with long 63 years' experience in banking and other businesses. Formerly he worked as the Chairman of the Board of Directors of Pubali Bank Limited and currently he has been serving as a member of the Board of Directors. 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 and Risk Management Committee of the bank. He is also one of the most experienced Directors of its subsidiary company named Pubali Bank Securities Ltd. Delta Hospital Ltd. 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.

DIRECTORS' PROFILE



FAHIM AHMED FARUK CHOWDHURY

Director

Mr. Fahim Ahmed Faruk Chowdhury has long 30 years' experience in banking & other businesses. He has been serving as a member of the Board of Directors of Pubali Bank Limited for long. He is a member of Audit Committee and Nomination & Remuneration Committee of the Board of Directors of the bank. Mr. Chowdhury served as Vice-Chairman of Pubali Bank Limited.

Mr. Fahim Ahmed Faruk Chowdhury obtained his M.Sc. degree in Business Economics from the UK. He is a successful businessman. In addition to being a Director of Pubali Bank Limited, he is the Managing Director of Chittagong Electric Manufacturing Co. Ltd., F.A.C. Eastern Enterprise Ltd., Ranks FC Properties Ltd. and CEM Group and FC Holdings Ltd. He is also a Director of Globex Pharmaceuticals Ltd., Surjiscope Hospital Pvt. Limited, Delta Hospital Ltd. and Euro Petro Product Ltd. Formerly he served as Director of Chittagong Chamber of Commerce & Industry. He is also involved in many social activities.

DIRECTORS' PROFILE



RUMANA SHARIF

Director

Ms. Rumana Sharif obtained her M.Sc. degree in Biochemistry from Dhaka University. She has long 29 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.

DIRECTORS' PROFILE



M. KABIRUZZAMAN YAQUB FCMA (UK), CGMA

Director

Mr. M. Kabiruzzaman Yaqub completed his graduation in Civil Engineering from United Kingdom. He is a fellow of the Institute of Chartered Management Accountants (UK). He has 32 years of multifarious experiences in various organizations ranging from banking 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 as a Director in Pubali Bank Limited since long. He is the Chairman of Risk Management Committee and a member of Audit Committee and Shari'ah Supervisory Committee of the bank. He has served as a member and Chairman on the Middle East, South Asia, North Africa (MESANA) Regional Board of Association of International Certified Professional Accountants.

Mr. Yaqub also served in various multinational companies in UK. He is an active member and former President of Gulshan Rotary Club, Bangladesh. He engages himself in various humanitarian activities.

DIRECTORS' PROFILE



MUSA AHMED

Director

Mr. Musa Ahmed obtained B.Sc. and MBA degree from the USA. He has long 22 years' experience in his career. He joined the Board of Pubali Bank Limited as a Director in 2010. Currently, he is a member of Executive Committee and Risk Management Committee of the bank.

Mr. Ahmed has been successfully running business conglomerates with diverse interests holding the position of director 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.

DIRECTORS' PROFILE



AZIZUR RAHMAN

Director

Mr. Azizur Rahman is a renowned business leader with long 23 years' experience in his career. He has been serving as a Director of Pubali Bank Limited since November, 2012. He is also a member of the Executive Committee & Risk Management Committee of the Board of Directors of the bank. He is one of the Directors of its subsidiary company named Pubali Bank Securities Ltd. He also served as Vice-Chairman of Pubali Bank Limited.

Mr. Azizur Rahman studied Political Science SUNY at Stony Brook, NY, USA and Law at University of Wolverhampton, UK. He is a very prominent business entrepreneur in the country. He is the Managing Director of National Ceramic Industries Ltd. and Director of Dressmen Fashion Wear Ltd. A prominent industrialist of the country, Mr. Azizur Rahman deals in export oriented garment business. He is engaged in many humanitarian and philanthropic organizations and out of his social obligation he associates himself in various kinds of humanitarian activities. Mr. Azizur Rahman is very amiable and a man of simplicity in his personal life.

DIRECTORS' PROFILE



MD. ABDUR RAZZAK MONDAL

Director

Mr. Md. Abdur Razzak Mondal obtained his MBA degree from IBA of Dhaka University. He has long 46 years' experience in his career and a very experienced & qualified person. He is a Director of the Board of Directors of Pubali Bank Limited. He is the chairman of Executive Committee of the bank. He is also a member of Risk Management Committee and Nomination & Remuneration Committee of the bank. He has been serving as a member on the Shari'ah Supervisory Committee of the bank. He is a nominee of That's It Fashions Ltd. He engages himself in different humanitarian activities out of his responsibility towards the society.

DIRECTORS' PROFILE



RANA LAILA HAFIZ

Director

Ms. Rana Laila Hafiz is a renowned woman entrepreneur of the country with long 16 years' experience of business. She is a member of the Board of Directors of Pubali Bank Limited. She is also a member of the Audit Committee of the bank. Ms. Rana Laila Hafiz obtained her post-graduation degree in English from the University of Dhaka. In addition to being a Director of Pubali Bank Ltd., she is the Managing Director of Trouser Line Ltd., SP Garments Ltd. and SP Washing Ltd. She is also a Director of Green Valley Plantation Ltd. Out of her personal obligation to the society and fellow beings, she engages herself in many social welfare activities.

DIRECTORS' PROFILE



ASIF AHMED CHOUDHURY CIP

Director

Mr. Asif A. Choudhury finished his High School Graduation from the American School in Switzerland, (TASIS) at Thorpe, Surrey, UK. He obtained his Bachelor in Business Administration (BBA) degree from the American College in London majoring in Management Information System (MIS) and Master of Business Administration (MBA) degree from the George Washington University, Washington DC, USA. After completing his MBA, he worked for Continental Grain Company, USA at their offices in New York, New Orleans and Minneapolis as merchandiser in training and also attended MIT conference in Chicago, USA in 1992. He also worked for Chase Manhattan Bank as a Financial Analyst in New York, USA. He worked for American Express Bank as a Credit Analyst at their corporate headquarters in New York, USA from 1997 up to 1999. During his stay abroad in UK and USA for about 20 years he was also involved in real estate business with his uncle. Mr. Asif A. Choudhury is presently working in his family business in Bangladesh as Managing Director of Transcon Securities Ltd. (Member Dhaka Stock Exchange) and Executive Director of Continental Travels Ltd. He is also involved in commodities trading business. He was a Sponsor Director of Green Delta Insurance Company Ltd. up to 2018. Mr. Asif A. Choudhury has been serving as a Director of Pubali Bank Ltd. since 2018. He is a member of the Executive Committee of the bank and also a Director of Pubali Bank Securities Ltd., a subsidiary company of Pubali Bank Ltd. He has travelled to many countries and attended various International Conferences including Bangladesh Investment Summit- 2012 held in Singapore. He has also attended Financial Technology conference in Shenzhen, China organized by Shenzhen Stock Exchange in 2019. Mr. Asif A. Choudhury was awarded International Honorary Citizen certificate from the Mayor of New Orleans, USA in 1993. He has been awarded the status of CIP (Commercially Important Person) from Ministry of Finance, Govt. of People's Republic of Bangladesh for last couple of years after returning from UK and USA. Mr. Asif A. Choudhury has also received Bangladesh Bank Remittance Award in 2015.

DIRECTORS' PROFILE



MUSTAFA AHMED

Director

Mr. Mustafa Ahmed is a reputed business leader with long 21 years' experience in banking and other business. He achieved his BBA degree on Finance from the USA. He joined the Board of Directors of Pubali Bank Limited on July 30, 2020 as an honorable member. He also served earlier as a Board member of the bank from 18.12.2007 to 31.03.2015. Mr. Ahmed is also a Director of Pubali Bank Securities Limited.

DIRECTORS' PROFILE



DR. SHAHDEEN MALIK

Independent Director

Dr. Shahdeen Malik obtained PhD in Law from London, UK and LLM degree from Universities at Moscow & Philadelphia. He has long 33 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 the Chairman of Nomination & Remuneration Committee and a member of Audit Committee of the Board of Directors of the bank. A prominent lawyer and constitution expert, Dr. Shahdeen Malik has been practicing in Supreme Court of Bangladesh for long. Moreover, he had taught Law at Dhaka University and BRAC University. Dr. Shahdeen Malik is also a renowned contributor to many national dailies of the country.

DIRECTORS' PROFILE



SAFIUL ALAM KHAN CHOWDHURY

Managing Director & CEO

Mr. Safiul Alam Khan Chowdhury is the Managing Director & CEO of Pubali Bank Limited. He has experience of a long banking career with multidimensional capacities in this bank since his joining in 1983 as a Probationary Senior Officer. Mr. Chowdhury has proved himself as an exceptional and outstanding official of Pubali Bank Limited during various stages of his career with the bank. He has successfully served both at head office and branch level in different capacities and deployed his expertise towards achieving the mission and vision of the bank with his extraordinary leadership from the very beginning of his career. He is an Ex-Officio member of Shari'ah Supervisory Committee and Ex-Officio Director of Pubali Bank Securities Limited, a subsidiary of the bank.

Mr. Safiul Alam Khan Chowdhury completed his graduation and post-graduation from the University of Dhaka. Mr. Chowdhury has experience of vast travelling both on business and personal purpose across the globe. He has participated in various trainings, seminars, and courses both at home and abroad on banking management and leadership conducted by different national and international banks, forum and training institutes. He has travelled many countries of the world including Kingdom of Saudi Arabia, United Kingdom, U.S.A., India, China, Malaysia, Indonesia, Greece, Hungary and Portugal. He is a corporate member of Dhaka Club, one of the most prestigious clubs in our country.

THE CODE OF CONDUCT

Members of the Board of Directors of Pubali Bank Limited shall individually and collectively remain committed and responsible to excel the practice of corporate governance principles in Pubali Bank Limited and activities by placing due attention and weight on compliance of best ethical standards and integrity as recommended by the regulators for enhancing their internal and external credibility and establishing transparency.

Members shall use the Bank's assets, property, proprietary information and intellectual rights for business purposes of the Bank and not for any personal benefits or gains.

Members shall not take part in any discussion or vote on any contract/arrangement on behalf of the bank if he/she is in any way interested in the contract/arrangement.

Members shall not borrow from the Bank without the approval of the Board and Bangladesh Bank.

Members shall act impartial to the Employees, Customers, Suppliers, Shareholders and other Stakeholders.

Members shall not pursue/insist/interfere for sanction of any credit facility favoring any client.

Members shall act honestly, ethically, in good faith and in the best interest of the stakeholders of the Bank.

Members shall conduct themselves in a professional, courteous and respectful manner and shall not take any improper advantage of their position.

Members shall conduct themselves so as to meet the expectations of operational transparency of the stakeholders while at the same time maintain confidentiality of information in order to foster a culture conducive to good decision making.

Members shall ensure compliance with the various legal/regulatory requirements as applicable to the business of the Bank.

Members shall remain independent in all material respects and in judgement and will take reasonable steps for the betterment of the Bank.

Members shall concern while making Sale-Buy of Company's share and shall refrain from making such transaction without formal declaration.

Whilst carrying out the duties, the Board of Directors shall ensure that it is executed in terms of the authorization granted and within the limits prescribed under the relevant policies, codes, guidelines and other directives issued by the Board of Directors of the Bank from time to time.

Members shall refrain from indulging in any discriminatory practice or behavior based on race, color, sex, age, religion, ethnic or national origin, disability or any other unlawful basis.

Members shall not enter into any transaction which is or may likely to have a conflict with the interest of the Bank.

Members shall disclose to the board whether they directly, indirectly or on behalf of third parties have a material interest in any transaction or matter directly affecting the Bank.

Members having interest of any nature in the agenda of the meeting, shall declare beforehand the nature of their interest and withdraw from the room, unless they have a dispensation to speak.

Senior Officials

Managing Director & CEO

Mr. Safiul Alam Khan Chowdhury

Additional Managing Director & COO

Mr. Mohammad Ali

Deputy Managing Director

Mr. Zahid Ahsan
Mr. Mohammad Esha
Mr. Mohammad Shahadat Hossain

General Manager

Mr. Dewan Ruhul Ahsan
Mr. Habibur Rahman
Mr. Mohammod Shahnawaz Chowdhury
Mr. Dewan Jamil Masud
Mr. Ershadul Haque
Mr. Abduhu Ruhul Masih
Mr. A. S. Sirajul Haque Chowdhury
Mosammat Shahida Begum
Mr. Sayed Saiful Islam
Mrs. Rubina Begum
Mr. Nitish Kumar Roy
Mr. Ahmed Enayet Manzur
Mr. Md. Helal Uddin
Mr. Md. Shahnewaz Khan
Mr. Mohammad Anisuzzaman
Mr. Abul Bashar Muhammad Abdus Sattar
Mr. Dilip Kumar Paul
Ms. Sultana Sarifun Nahar
Mr. Naresh Chandra Basak
Mr. Mohammed Ahsan Ullah
Mr. Md. Shah Alam
Mr. Mohammad Liton Miah, FCA

Deputy General Manager

Mr. Jagot Chandra Saha
Mr. Shyam Sundar Banik
Mr. Khondaker Mahbub-E-Rabbani
Mr. Iftikher Haider
Mr. Mohammad Saiful Islam
Mr. A. Jalil
Mr. Ziaul Haque Chowdhury
Mr. Mohammed Mashiur Rahman Khan

Senior Officials

Deputy General Manager

Mr. Mahbub Ahmed
Mr. Hari Bhushon Deb
Mr. Md. Mohiuddin Ahmed
Mr. Md. Monjurul Islam Mojumder
Mr. Md. Faizul Hoque Sharif
Ms. Nishat Maisura Rahman
Mr. A.K.M. Muzammel Hoque
Mr. Md. Anisur Rahman
Mr. Shakti Ranjan Das
Mr. Sukanta Chandra Banik
Mr. Md. Rafiqul Islam
Mr. Md.Kamruzzaman
Mr. Faroque Ahmed
Mr. Ratan Kumar Shil
Mr. Abu Hasan Md. Kamruzzaman
Mr. Ashim Kumar Roy
Mr. Endra Mohan Sutradhar
Mr. Md. Shaheen Khan
Mr. Md. Faisal Ahmed
Mr. Nanna Sikder
Mr. Md. Noor-E-Alam Sarker
Mr. Khan Md. Javed Jafar
Mr. Md. Nazrul Islam Sarker
Mr. Mohammad Arifur Rahman
Mrs. Ismat Ara Huq
Mr. Md. Hasan Imam
Mr. Mohammed Nurul Kabir
Mr. Dam Kamal Kumar
Mr. Md. Shahin Shahria
Mr. Mohammad Abdus Shobhan Miajee
Mr. A.K.M. Abdur Raqib
Mr. Md. Malequl Islam
Ms. Ajuba Khandaker
Mr. Abu Laich Md. Samsujjaman
Mr. Mohammad Abdur Rahim
Mr. H.M. Omar Faruque
Mr. Mohammed Ali Amzad
Mr. Mohammad Mohasin Sarker
Mr. Zubair Islam

Senior Officials

Deputy General Manager

Mr. Chowdhury Md. Shofiul Hassan
Mrs. Kazi Shaswoti Islam
Mr. Md. Lotifur Rahman
Ms. Kaniz Farhana Yasmin
Mr. Mohammad Al Mamun
Mr. Mohammad Abdul Mannan
Mr. Chowdhury Abdul Waheed
Mr. Md. Shaiful Islam
Mr. Muhammod Ali Khan
Mr. Shahjahan Mahmood

Assistant General Manager

Mr. Md. Muyeenul Haque
Mrs. Hosne Ara Begum
Mr. Syed Md. Yahiya
Mr. Jibon Kumar Roy
Mr. Md.Shahidul Islam
Mr. Debashis Bhattacharyya
Mr. Mohammad Shahjahan
Mr. Md.Shamsul Haque
Mr. Md. Wahid Shams
Mr. Md. Bellal Hossain Salim
Mr. Md. Imtiazul Huq
Mr. Prodyut Kumar Roy
Mr. Abdullah Al Amin
Mr. Md. Rafiqul Islam
Ms. Mousumi Rani Saha
Mr. Md. Zahirul Islam
Mr. Md. Bellal Hossain
Mr. Md. Abu Nasar
Mr. Md. Aminul Islam
Mr. Md. Asif Iqbal
Mr. Md. Abul Kalam Azad
Mr. S. M. Liaquat Hossain
Mr. Muhammad Tariqul Islam
Ms. Fatema Shaela Hossain
Mr.Chowdhury Ishfaqur Rahman Qurashi
Mr. Shahidullah Bhuiyan
Mr. Md. Abdul Mumith Chowdhury

Senior Officials

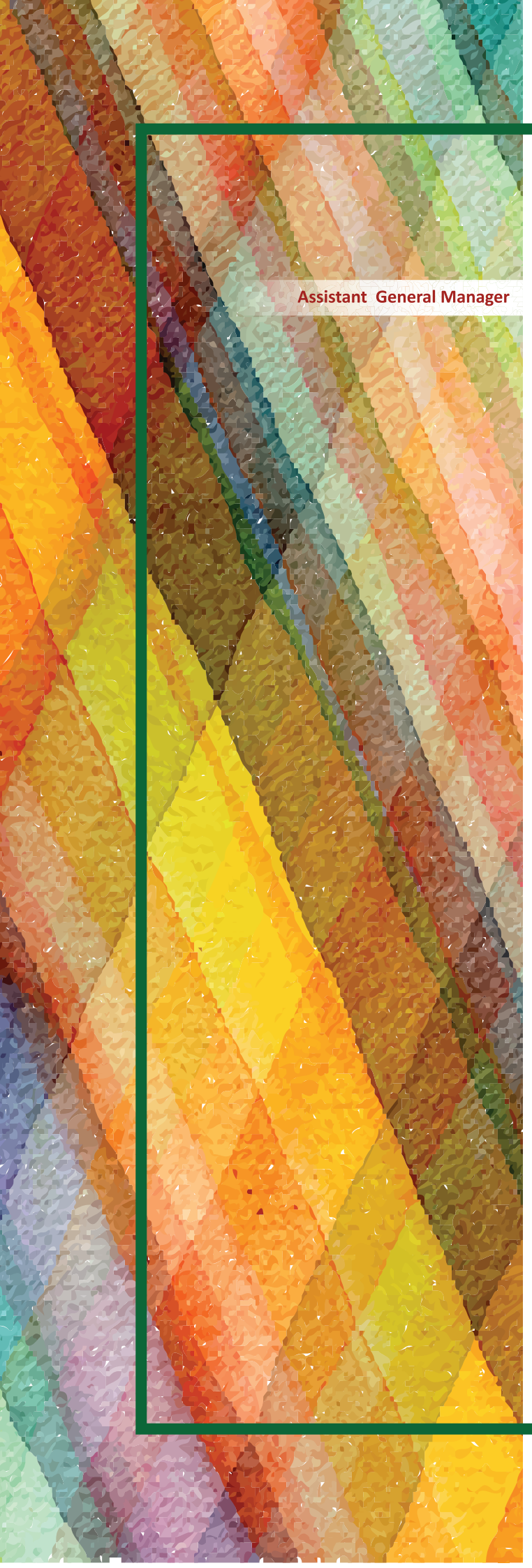
Assistant General Manager

Mr. Md. Saiful Islam
Ms. Mst. Masuma Khatun
Mrs. Kaniz Fatima
Mr. Mohammad Tofazzal Hossain
Ms. Tahmida Sharmin
Ms. Fahmida Akter
Mr. Md. Abul Hasan
Mr. Md. Anisuzzaman
Mr. K. M. Ishtiaq Hamid
Mr. Hossain Mohammed Faisal
Mr. Alamgir Zahan
Mr. Md. Sazidur Rahman
Miss Shameema Akhter Sayma
Mr. Monirul Islam
Mr. Mohammad Saiful Islam
Mr. Mohammad Zahid Hossain
Mr. Mohammad Shahidul Islam
Mr. Md. Jaminul Islam
Mr. Md. Nazrul Islam
Mr. Md. Shaheen Momtaz
Mr. Md. Mahbub Alam
Mr. Md. Fazlul Kabir Chowdhury
Mr. Md. Moniruzzaman
Mr. Md. Shahidul Islam
Mr. Biplob Chandra Saha
Mr. Md. Ahoshan Habib
Mr. Anjan Das
Mr. Md. Khurshed Alam Khan
Mr. Mohammed Abdul Khaleque
Mr. Shankar Chandra Halder
Mr. Sardar Md. Harunur Rashid
Mr. Mohammad Arif Rabbani
Mr. Mohammad Hafizur Rahman Sardar
Mr. Mohammad Jasim Uddin
Mr. Sk. Md. Shamsuddoha
Ms. Farhana Hoque
Ms. Lifonar Afrin
Ms. Kohinoor Begum
Mr. Mohammed Waidul Islam

Senior Officials

Assistant General Manager

Mr. A.S.M. Rayhan Shameem
Mrs. Saika Farah
Mr. S. M. S. Azgar
Mr. Md. Shahidul Alam Biswas
Mr. Md. Delwar Hossain
Mr. Mohammed Mahbub Alam
Mr. Md. Akhtaruzzaman Sarker
Mr. Abdur Rouf Siddiquee
Mr. Uttam Karmaker
Mrs. Salma Shafi
Mr. Sambaru Chandra Mohanta
Mr. Uttam Kumar Saha
Mr. A. K. M. Mashud
Mr. Mohammed Ishaque
Mrs. Sabina Yeasmin
Mr. Md. Anisul Karim Khan
Mr. Md. Aminul Islam
Mr. Kamrul Islam
Mr. Mohammad Altab Hossain
Mossa. Rehana Akther
Mrs. Sania Sultana
Mr. Muhammed Moshahidullah
Mr. Mainul Islam
Mr. Mohammad Mizannur Rahman
Mr. Mohammad Manirul Islam
Mr. Mohammad Harun-Ur- Rashid
Mr. Md. Belal Hossain
Mr. Muhammad Mahmudur Rahman
Mr. Md. Moshfiqur Rahman
Mr. Ali Bashat Chowdhury
Mr. Md. Rafiqul Islam
Ms. Swapna Roy
Ms. Farzeen Ahmed
Mr. Md. Mainul Hoque
Mr. Sayed Humayun Kabir
Mr. Muhammad Nurul Islam
Mr. A.J.M. Ajmal Hossain
Mr. Muhammad Shafiul Azam
Mr. Dhurjati Prashad Bhattacharjee



Senior Officials

Assistant General Manager

Mr. Suman Chandra Das
Mr. Md. Abdul Quader
Mr. Mohammed Sharif Shahnur
Ms. Shahnaz Akter
Mr. Shihab Uddin Ahmed
Mr. Md. Ruhul Amin
Mr. Mohammad Ikbal Hossain
Mr. Sukamal Chandra Bhowmik
Mr. Golam Md. Junayed
Mr. Md. Salamuzzaman
Mr. Tanveer Shams Chowdhury
Mr. Md. Azizur Rahaman
Mr. Dawan Md. Mashiur Rahman
Mr. Abu Jafar Md. Rakibullah
Mr. Ahsanul Haque
Mr. Md. Salahuddin
Ms. Niger Sultana
Mr. Mohammad Ibrahim Chowdhury
Mr. Paritosh Kumar Biswas
Mr. Kazi Shehabul Islam
Mr. Md. Shahed Ali
Mr. Mohammad Ali Mia
Mr. Mohammad Khorshed Alam
Mr. Muhammad Muzahidul Islam
Mr. Suvashish Das
Mr. S.M. Moonzur Morshed



CHAIRMAN's MESSAGE

Our Distinguished Shareholders,

At this opportune moment of 38th Annual General Meeting of Pubali Bank Limited, I feel honored to place before you this report on the performances of the Bank for the challenging year 2020. The economic and business landscape in Bangladesh has experienced a structural transformation during the last financial year due to the unprecedented outbreak of COVID-19 pandemic and its devastating consequences in various sectors. Hopefully we were still able to generate positive performance both in financial and non-financial terms thanks to the collective efforts of the Management, the Board of Directors and above all your co-operation with the Bank throughout this ongoing crisis of COVID-19. I take this opportunity to thank all of our valuable shareholders for resting your trust in us.

The COVID-19 pandemic had spread with alarming speed infecting millions of people all over the world. It kept economic activities in a stagnant situation for months throughout the year 2020 as the governments put restriction on movement to contain the spread of the virus. Though the crisis had eased somewhat at the end of the year due to the bold measures taken by the governments, the economic damage is already apparent and it is the largest economic shock that the world has experienced in decades. As per the World Economic Outlook Reports, it was projected that the world economy would contract sharply by 3 percent in 2020 which is much worse than that of the 2008-2009 financial recession. On the other hand, our national economy recorded one of the fastest growth rates in the world over the last few years with its stable economic performances. In 2019 the GDP growth was estimated to have reached 7.9 percent but due to the outbreak of COVID-19 it was forecast to fall to 2 percent in 2020 and pick up to 9.5 percent in

2021 according to the updated IMF forecasts from April, 2020. A strong remittance flows from the expatriates around the world contributed a lot in driving the growth of the economy.

The pandemic and the subsequent lockdown jeopardized almost all the economies including that of Bangladesh. The complete shutdown of business had led to a drastic reduction in cash flows and this posed considerable threat to banking operations. Industry players across the board faced turbulent times and many challenges are yet to be over. It is against this challenging operating economic environment that the bank delivered financial performances. I am happy to let you know that the bank maintained its position as one of the top performing banks in the country despite the challenges posed by the pandemic.

During the year 2020, the bank generated a consolidated operating profit of BDT 862.62 crore while profit after tax reached to BDT 370.68 crore which was BDT 216.29 crore in 2019. Its deposit reached to BDT 42,934.30 crore which is BDT 7,018.97 crore higher than that of previous year. Return on Asset (RoA) and Return on Equity (RoE) are respectively 0.65% and 9.46%. Our efficiency in cost management had also been reflected in minimal increase of cost to income ratio to 54.27% from 48.63%. Through our strict evaluation and careful monitoring of lending portfolio we managed to reduce the number of NPL from 4.38 % to 2.73%. 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 16,424.06 crore and BDT 8,734.01 crore. Our total assets increased by BDT 8,695.72 crore and loans and advances increased to BDT 31,557.89 crore from BDT 28,703.47 crore in the year 2020 with a positive growth of BDT 2,854.42 crore.

The constitution of the People's Republic of Bangladesh recognizes gender equality as one of the fundamental human rights for promoting welfare and development for the people of Bangladesh in general and women in particular. We have made a Gender Policy to ensure fundamental human rights, woman empowerment and gender equality in our organization. Gender equality has been taken as a development tool which will ensure sustainable environmental governance for achieving high quality of life for the future generation of employees of our bank. An organization runs well when the employees feel well working in a sustainable environment. We have developed this comprehensive gender policy of ours in the light of Articles of our constitution regarding gender equality to elucidate the concept of gender in our working environment.

We believe that Corporate Governance can be a catalyst for a more efficient use of resources and for accelerating higher economic growth by making the organizations accountable to investors and society. Practices of Corporate Governance not only benefit individual organizations but also the specific sectors as well as the whole nation eventually. Our bank has reputation for its adherence to Corporate Governance Code. As a result, the bank is able to attract best qualified professionals. The Board of Directors of Pubali Bank Limited lead and oversee strategy and policy and provide necessary directions to the Management keeping in mind the best interests of the bank and its shareholders. Our strict adherence to Corporate Governance has created an environment where the Management can work independently and free of any interference from the Board of Directors. The bank has developed a policy guideline on the code of conduct for the directors and employees. As the country's one of the best financial institutions, Pubali Bank Limited ensures regular meeting of Board of Directors, function of Board's sub-committees, fair financial reporting and other pivotal principals of Good Governance.

In closing, I would like to express my appreciation and gratitude to all the stakeholders, customers and business partners with whom we have established good relationships. I also express my appreciation and gratitude to the Management and employees for their dedication and hard work because it is they who made it possible to take the bank through the pandemic with good performances. My gratitude and thanks go to the concerned regulatory bodies including Bangladesh Bank for their timely recommendations and intervention through various policy guidelines. I am confident that Pubali Bank will ontinue to perform to greater heights by providing better financial solutions through our digital leadership, fulfilling our ambition to make banking simple and effortless for our customers.

With best regards,



Monzurur Rahman
Chairman



MANAGING DIRECTOR & CEO's MESSAGE

Dear Shareholders,

I feel pleased to welcome you all to the 38th Annual General Meeting of Pubali Bank Limited. At this auspicious moment of the bank, I would like to express my sincere thanks and gratitude for your support and co-operation with the bank. It is a great honor for me to lead Pubali Bank Limited which is one of the largest banks of Bangladesh with a rich tradition, legacy and an unparalleled history of contribution to the banking sector throughout the last seven decades. I convey my gratitude to the Board of Directors for bestowing me with such a role of leadership of the bank. I am confident that we will be able to take on any challenge successfully and achieve our objectives with the guidelines and instructions of our very insightful Board of Directors, support and co-operation of our stakeholders and sincere efforts of management team and our extraordinary workforce. I have great pleasure in placing before you the Annual Report of the bank for the year ended 31 December, 2020 along with the Audited Financial Statements for your review, comments and perusal.

The COVID-19 pandemic is the largest economic shock that the world has experienced in decades. Emerged as the biggest test for financial systems especially for the developing economies, COVID-19 has caused significant damages to the global economic and financial spheres. The worldwide lockdowns and economic shocks in turn caused a severe disruption in the international trade of goods and services. As our country enforced lockdowns and strict social distancing for a long period to curb the spread of the virus the economy experienced a great slow-down in business. It led to a drastic reduction in cash flows and this posed considerable threat to banking operations. Through this unprecedented and challenging period, well

assisted by our strong capital position, we navigated cautiously with a conservative approach. We have been very agile and responsive to this changed situation and strengthened our operational and technological infrastructures to ensure normal operations of the bank.

During the year 2020, the bank generated a consolidated operating profit of BDT 862.62 crore while profit after tax reached to BDT 370.68 crore which was BDT 216.29 crore in 2019. Its deposit reached to BDT 42,934.30 crore which is BDT 7,018.97 crore higher than that of previous year. Return on Asset (RoA) and Return on Equity (RoE) are respectively 0.65% and 9.46%. Our efficiency in cost management had also been reflected in minimal increase of cost to income ratio to 54.27% from 48.63%. Through our strict evaluation and careful monitoring of lending portfolio we managed to reduce the number of NPL from 4.38 % to 2.73%. 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 16,424.06 crore and BDT 8,734.01 crore. Our total assets increased by BDT 8,695.72 crore and loans and advances increased to BDT 31,557.89 crore from BDT 28,703.47 crore in the year 2020 with a positive growth of BDT 2,854.42 crore.

The fourth industrial revolution is rapidly transforming financial systems and practices all over the world and now with the outbreak of COVID-19 pandemic the process of digitalization is accelerating. We understand that to thrive in the contemporary banking landscape, we need to connect with our customers efficiently and effectively, offering them a winning digital banking proposition. Our bank is moving forward with its technological developments with a view to transforming it into a fully digitalized organization. We have built our systems to enable straight through Processing for faster and more efficient operations. we have embedded in our internet and mobile banking solutions to make our online banking experience more convenient, simple and one of the best in the market. In order to provide seamless online experience our bank is offering diverse digital services to 8,071 PI banking retail users, 7,871 internet banking users, retail debit card service to 2,06,392 users. We are also focused on keeping our branch network and online banking system into state of art condition. With our continuous effort and initiatives, Pubali Bank Limited has grown to become the largest commercial private bank in terms of branch network and online banking. Our aim is to touch the lives of millions of Bangladeshi by providing them quality banking products and services.

Corporate Social Responsibility is a self-regulating business model that helps a company to be socially accountable to itself, its shareholders, and the community it operates in. Corporate Social Responsibility has become an integral part of our bank. We understand the challenges and hazard faced by the environment in the contemporary world. Our aim is to impact the society positively by making effective and meaningful contributions. Our objective of the bank's CSR policy is to bring about an overall positive development with our contributions to improvement of living standards of the society specially the underprivileged. The bank implemented various Corporate Social Responsibility (CSR) programs and activities throughout the year 2020. During the year the bank has made an active contribution towards various causes including health care, education, art and cultures, sports, and environment.

In this unprecedented crisis of COVID-19 pandemic, our employees have been delivering outstanding services with highest dedication to the bank. Many of our employees had been infected with the virus and yet they had engaged themselves with their duties just after coming round out of their sense of responsibility and dedication to the bank. It is their hard industry and dedication that could make it possible to go ahead overcoming the challenges posed by the pandemic. I express my sincere thanks to our employees for their services and dedication to the bank. I believe with our bold and outstanding workforce we will be able to make our way through any situation in the days to come and keep our bank on the right tract.

In conclusion, I would like to express my sincere thanks to our Board of Directors for their wisdom and guidance. I also express my appreciation and gratitude to our stakeholders, customers and business partners whose co-operation has made it possible to tackle the primary impact of the COVID-19 pandemic. My gratitude and thanks go to the concerned regulatory bodies including Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) for their timely recommendations and intervention through various policy guidelines.

With best regards,



Safiul Alam Khan Chowdhury
Managing Director & CEO



CORPORATE GOVERNANCE

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of Pubali Bank Limited takes this opportunity to welcome you all to the 38th 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 Bank, for the year ended 31 December 2020 for your valued consideration, approval and adoption. A brief overview of the key performances of the Bangladesh and Global economy during 2020 and outlook for 2021 are provided in this report.

Bangladesh Economy

The year 2020 was very special for Bangladesh and other developing countries. The country's economy was extremely unstable due to the single digit implementation and the Covid-19 pandemic. In the very beginning of Covid-19 pandemic nobody could predict that whether Bangladesh's economy would be effected by this pandemic or not? Asian Development Bank, predicted that Bangladesh would loss. 2-.4% of the targeted GDP because of the Covid-19 pandemic.

Readymade Garments sector contributes over 84% to the country's total annual exports. Due to the Covid-19 pandemic this sector witnessed severe loss. Since the outbreak of Covid-19 pandemic, the foreign buyers cancelled the purchase orders. According to the Bangladesh Garments Manufacturers and Exporters Association (BGMEA), up to March, a total $2.87 billion order was cancelled and $7.38 million work orders were suspended. As a result a large number of factories stopped their operation. Some factories that were in operation had severe raw material crisis. According to the Bangladesh Bank, in 2018-19, the total merchandise import payments were $456 billion, of which 28% was from China. This data also shows that 70% imports from China were textile raw materials, machinery, electrical and mechanical appliances. So, due to lack of raw material, these factories were compelled to close their operation. As a result a large number of workers became unemployed.

The Leather industry plays a significant role in our national economy. Bangladesh meets the demand for about 10% of the world's total leather market. The Covid-19 pandemic has impacted severely on the leather industry also. Most of the processed leather and leather goods of Bangladesh are exported to USA, U.K, Italy, Germany and China. According to Bangladesh Leather, Leather Goods and Footwear Exporters Association, 65% of the Leather and leather goods are exported in China. Due to the Covid-19 pandemic the export of leather and leather goods decreased drastically.

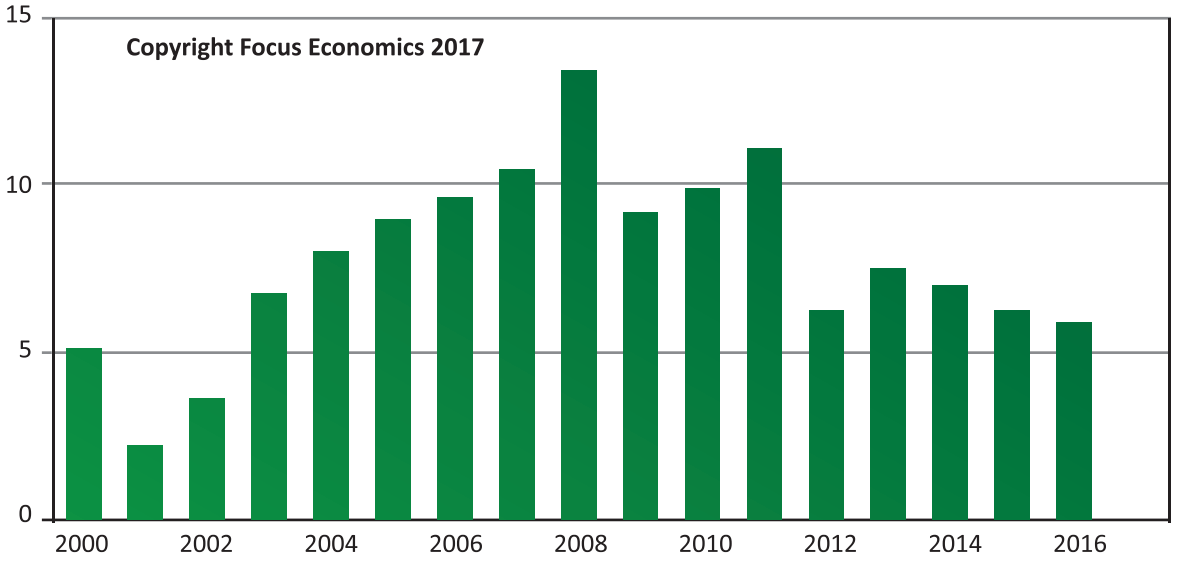
Crabs and Shrimps cultivated in the coastal areas of Sathkhira, of which 80% is exported to China. Due to the Covid-19 pandemic the export of Shrimps and crabs in China stopped for 5 months. According to the Bangladesh Export Promotion Bureau, in 2019, BDT 700 crore taka was earned from the export of Crabs and Shrimps. In 2020 the target was BDT 1,100 crore taka. But, due to this pandemic, this sector faced major threats.

The Tourism industry had the negative effects of the Covid-19 pandemic. Every year many tourists from China come to Bangladesh. Similarly, many Bangladeshi also go to China for various reasons. But, because of the Coronavirus crisis, the entire tourism industry faced huge losses.

Our Hon'ble Prime Minister Sheikh Hasina announced BDT 5,000 crore stimulus packages for the export-oriented industries, which was used only for paying wages and allowances to the workers and other employees. The money will be given at 2% interest rate for a period of two years, including a six months grace period. But because of the timely initiatives taken by the government by December Bangladesh could face the Covid-19 pandemic properly. In 2019 Bangladesh made 7.9% GDP, while during this pandemic in last year Bangladesh made 5.2% GDP and it is expected that in 2021 our country will make 9.5% GDP. The annual inflation rate of Bangladesh was 5.29% in December of 2020. In the very beginning of the pandemic many expatriates returned to the country from the abroad. Many of them were regular remitters to the country. But still in 2020 Bangladesh earned remittance amounting $2050.65 million.

Massive projects of 2020:

Our Government has taken some massive projects like Padma Bridge, Rooppur Nuclear Power Plant, Karnafully Tunnel, Payra Port, Metro Rail and so on. Because of the Covid-19 pandemic these massive projects were highly hampered. By December the total number of 47 span of the Padma bridge have been installed. 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 EPZ (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.



Bangladesh Growth Chart

Global Economy

In 2020, the global growth trajectory reflects a sharp decline for a group of underperforming and stressed emerging market and developing economies. The growth profile relies on relatively healthy emerging market economies maintaining their robust performance even as advanced economies. But the COVID-19 pandemic has radically changed the prospects of the global economy for the short-, the medium and potentially for the long-term.

Initially, the economists assumed that, the impact of COVID-19 will be “V” shaped. It means, as it is the problem of China, so the highest impact will be fallen on Chinese economy. But, as time went, the economic impact of COVID-19 has proved to be costlier than expected. The COVID-19 destroyed the economy of those countries where its outbreak happened. The United Nations estimated that the outbreak of this virus could slow down the global economy at least 2% from the last year. The World Bank also said that, the growth of East Asia will slow to 2.1% in 2020. World Bank warned that, this pandemic will push 11 million people in Asia into poverty. The International Monetary Fund (IMF) warned that the COVID-19 will cause global recession in 2020 that will surpass the global economic crisis of 2008-2009. IMF also said that, developed countries are generally in better shape to deal with the crisis, but the developing countries will face the significant challenges. The Asian Development Bank said that, Covid-19 pandemic could cost the world $4.1 trillion.

Global Economic Trend in 2020

- China's economy grew 6.1% in 2020. China has the world's second largest nominal GDP in current dollars and the largest in terms of PPP. With annual growth that consistently outpaces the U.S., China may be on track to become the largest economy in the world by nominal GDP in the years to come.
- Germany's economy witnessed lackluster growth in 2020, German gross domestic product (GDP) grew 4.2% in 2020, compared with the GDP of 2019.
- Japan's economy expanded by 4.0% in 2020.
- The growth of US in the labour force and productivity In 2020 was well above trend at 2.2%
- Some economies, including Brazil, India and Russia, experienced a mild pickup in growth in 2020, while others, such as Venezuela, Sudan, Yemen, Argentina, South Africa and Greece, Lybia came under intense financial pressure and suffered recessions or near-recessions.
- The countries that have the largest oil reserve; Venezuela, Saudi Arabia, Canada, Iran, Iraq, Kuwait, United Arab Emirates.
- In 2020 Global inflation rate was 2.99%

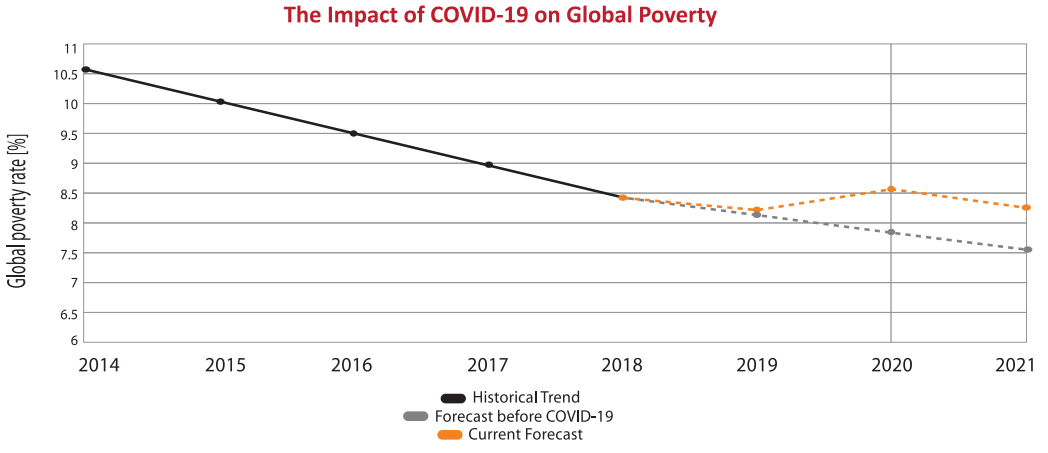
Global Trade

China was the top country by exports in 2020. As of last December, exports in China was 246,985 million US dollars that accounts for 46.77% of the world's exports. The top 5 countries (others are Japan, Republic of Korea, Singapore, and Taiwan Province of China) account for 78.95% of it. The world's total exports was estimated at 528,136 million US dollars in last December.

Particulars	December	November	October	September	August	July	June	May	April
China	246985	243261	231591	225502	224647	224568	208442	204016	212326
Japan	57615	57319	57068	55437	53090	50068	46827	469255	48486
Korea	49731	45204	57068	47189	40522	41924	39786	35823	35522
Singapore	33911	31108	42738	32693	31300	30581	30460	24965	28970
Taiwan	28736	28742	31021	25995	27617	25912	25143	24615	24886
Vietnam	27625	24849	25299	19326	24523	24487	23227	19346	18649
Thailand	20959	14894	19079	17305	18878	19065	16127	15902	21328
Brazil	18528	17849	17029	13898	16815	17888	17440	16986	17661
Indonesia	16351	14894	13687	6895	12873	13125	12424	10154	13098
Norway	8182	6326	7170	6109	6835	7064	6374	5283	5058
Chile	6313	4234	6258	4501	5409	6216	6111	5741	6021

Global Poverty

Compared to 2019, poverty in 2020 increased by 120 million people. Compared to the baseline path for poverty, the 2020 figure is 144 million people higher. Some of this will be offset as economies start to recover in 2021, but the longer-term scenario suggests that half of the rise in poverty could be permanent. By 2030, the poverty numbers could still be higher than the baseline by 60 million people.



Source: PovcalNet - The global poverty rate is measured as the share of the world's population living on less than 51.90 day.

A Flourish chart

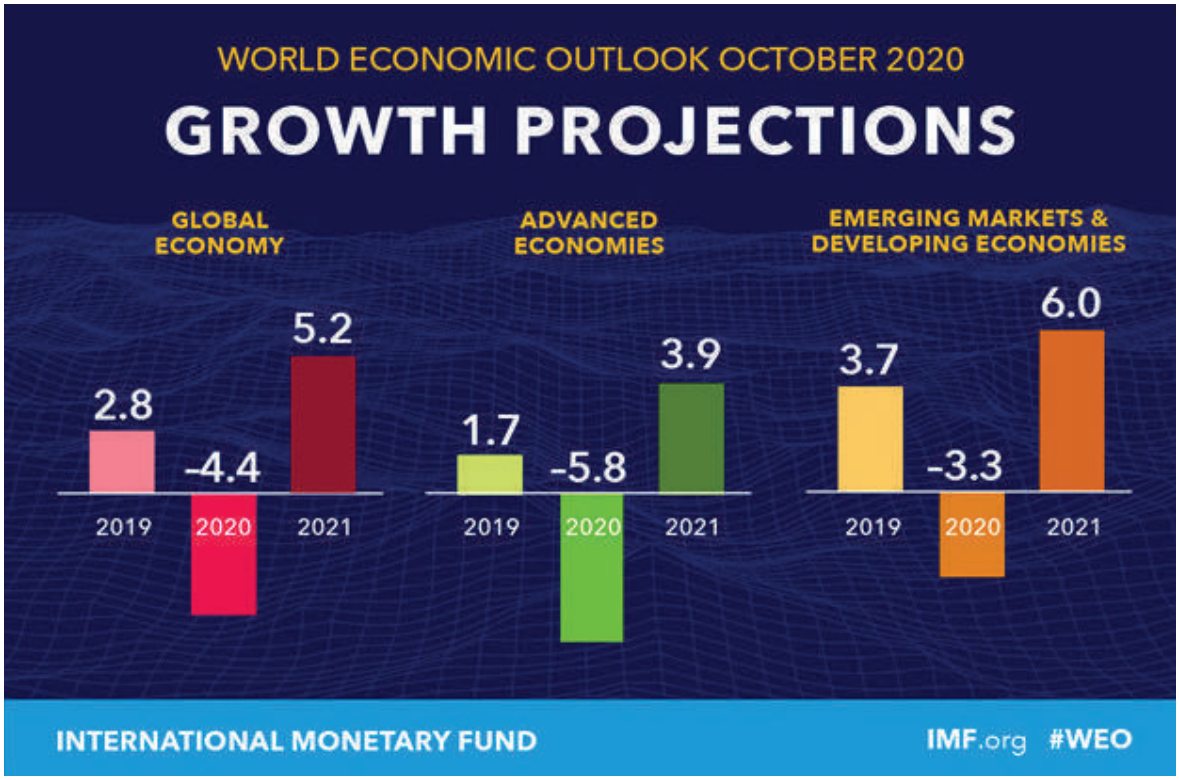
Global Remittance

Global remittances declined sharply by about 20 percent in 2020 due to the economic crisis induced by the COVID-19 pandemic and shutdown. Especially Remittance of Lower-Middle Income countries decreased by 19.7% amounting $445 billion. Remittances to the Middle East and North Africa region decreased by 19.6 percent to $47 billion in 2020. Remittances to South Asia declined by 22 percent to $109 billion. The Remittance of Sub-Saharan Africa decreased by decline by 23.1 percent. In 2020, the top remittance recipient countries were India, China, Mexico, the Philippines, and Egypt. The World Bank has estimated that remittances to LMICs will recover and rise by 5.6 percent to $470 billion in 2021.

Global growth Forecast

Due to the Covid-19 almost all the countries economy has been hampered significantly. In order to recover the loss, the concerned countries government declared special incentives for business organization. As World Bank, IMF, IDB and other donors predicted that the impact of Covid-19 will last long in the future. From November-December the international trade has been started. IMF has predicted that if international trade continues then 2021 will be much better for all the countries.

Countries	2020	2021
USA	-4.4	5.2
Germany	-6.0	4.2
France	-9.8	6.0
Italy	-1.6	5.2
Spain	-12.8	7.2
Japan	-5.3	2.3
United Kingdom	-9.8	5.9
China	-7.1	5.2
India	-10.3	8.8
Russia	-4.1	2.8
Brazil	-5.8	2.8
Mexico	-9.0	3.5
Saudi Arabia	-5.4	3.1



Countries by Inflation Rate

The Covid-19 has hit the economy of almost every country. As a result, the purchasing power has been decreased and inflation rate has been increased drastically. During the lockdown phase, the epidemic and associated lockdown measures affected the supply and demand of certain products.

Rank	Country	Rate (%)
1	Venezuela	1813
2	Zimbabwe	363
3	Sudan	212
4	Lebanon	133
5	South Sudan	58
6	Suriname	56.4
7	Iran	44.8
8	Argentina	36.1
9	Angola	25.1
10	Congo	23.4
11	Zambia	21.5

Source: www.tradingeconomics.com

Countries with highest Unemployment Rate

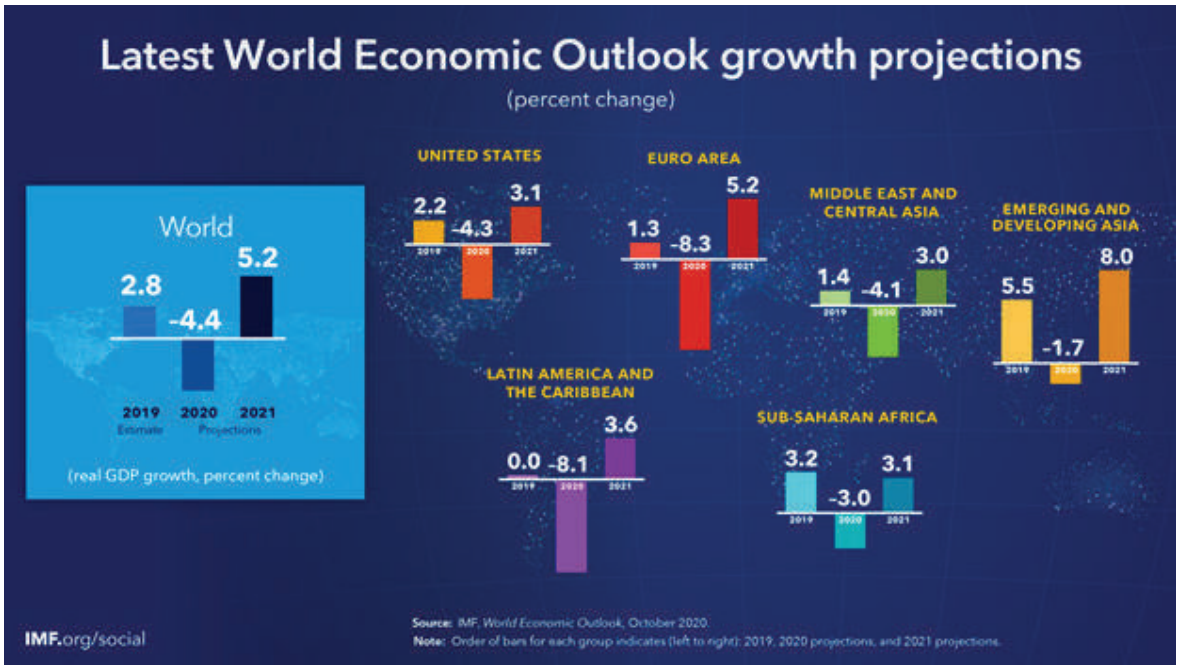
Countries	Rate (%)
Burkina Faso	77
Syria	50
Senegal	48
Haiti	40.60
Kenya	40
Djibouti	40
Republic of The Congo	36
Marshal Island	36
Namibia	34
Kiribati	30.60
Libya	30
American Samoa	29.80
Lesotho	28.10
Swaziland	28
Gabon	28
South Africa	27.60

Source: www.worldpopulationveiw.com

Countries with lowest Unemployment Rate

Countries	Rate (%)
Cambodia	0.30
Qatar	0.60
Thailand	0.70
Belarus	1
Benin	1
Gibraltar	1
Tonga	1.1
Isle of man	1.1
Laos	1.5
UAE	1.6

Source: www.worldpopulationveiw.com



An 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 2020, earned an after tax profit of BDT 366.95 crore which was after tax profit of BDT 214.33 crore in 2019. The deposit of the Bank grew by 19.54 percent to BDT 429,34.30 crore and loans and advances by 9.94 percent to BDT 31,557.89 crore compared to those of 2019.

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 482 branches and 2 Off-Shore Banking Units across the country. 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 Puron), 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 providing brokerage services in the stock market, our Bank has established another subsidiary named "Pubali Bank Securities Ltd."

Capital and Reserves

(Figure in million)

Regulatory Capital	Consolidated	Solo
Tier-I capital		
1) Common Equity Tier-I Capital (CET-1)		
Fully Paid up capital	10,282.94	10,282.94
Non-repayable share premium account		
Statutory reserve	10,283.00	10,283.00
General reserve		
Retained earnings	11,258.68	11,371.99
Minority interest in subsidiaries		
Regulatory Adjustments		
Reciprocal crossholding & Intangible Assets	(197.14)	(73.16)
Deferred Tax Assets (DTA) on Loan Loss Provision	(3,375.97)	(3,375.97)
2) Additional Tier-1 Capital (AT-1)	-	-
3) Total Tier-1 Capital (1+2)	28,251.51	28,488.80
Tier-2 Capital		
General provision (unclassified loans + off balance sheet)	8,253.55	8,253.55
Subordinated debt	11,500.00	11,500.00
All other preference shares		
Regulatory Adjustments		
4) Total Tier-2 Capital	19,753.55	19,753.55
Total eligible capital (3+4)	**48,005.06**	**48,242.35**

Capital to Risk Weighted Assets Ratio (CRAR)

Pubali Bank Limited maintained capital adequacy ratio of 14.73% percent of the risk-weighted assets as on December 31, 2020 as against the minimum capital requirement of 12.50% (including CCB 2.5%) percent as set by Bangladesh Bank under Basel-III reporting through BRPD Circular No.18 dated December 21, 2014 of Bangladesh Bank.

Capital Market Scenario

2020 was a notable year for the benchmark index DSEX, rising 21.31% from 4452.93 to 5402.07 amid pandemic situation. At the beginning of the year the benchmark index DSEX did not perform well due to starting of Covid-19. On March 8,2020 first case of Covid-19 was detected which drive the market a free fall. BSEC intervene the market immediately and sets floor price to control the free fall. In the meantime, Govt. Stimulus Package of BDT 1031 billion gave some hope to the economy and after the end of the General Holiday, market started to rise high along with the regulatory support from the BSEC. Average daily turnover in DSE increased 34.93% in 2020 (YtoY)and stood BDT 647.92 crore which was BDT 480.20 crore in 2019.

The interest rate at single-digit which was drive the investors' attention towards investing in the stock market. Meanwhile, Bangladesh Bank declared a expansionary monetary policy to facilitate liquidity into the economy. On the other hand Govt. already declared to inject BDT 10,000 crore fund from Bangladesh Bank into the capital market through stockbrokers, merchant bankers, stock dealers and other financial participants of capital market which was helped to keep the market increase the daily turnover. Besides, BSEC issued several directives to encourage the capital market, like: Opening new Booth and Braches by Brokerage houses across the country and overseas, Directors to hold 30% shares of their company, Z category clearing days to T+3 from T+9 etc.

The capital Market performed moderately throughout the year, the overall price earnings (P/E) ratio gone to 16.53 at the end of 2020 which shows that there is a huge prospect in our capital market, if institutional investors, foreign investors and small investors increase their participation and other components of capital market remain favorable then the capital market will do well in 2021.

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 BDT 5,000 (Five thousand) million only and an initial Paid up Capital BDT 1,600 (One thousand six hundred) million only. Currently the company is running with a Paid-up Capital of BDT 6,600 (Six thousand six hundred) million and Authorized Capital BDT 7,000.00 million only as on 31.12.2020.

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 investors. 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 has passed comparatively a good time in the year 2020 in terms of performance, profitability and brokerage activities. Hopefully PBSL will do better in 2021 and continue the progress in Future.

Dividend Declaration

Our 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	2020	2019	2018	2017	2016	2015
Cash	12.5%	10%	10%	5%	5%	12%
Stock	-	-	3%	5%	8%	-

Asset and Liability Management:

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 2020 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.

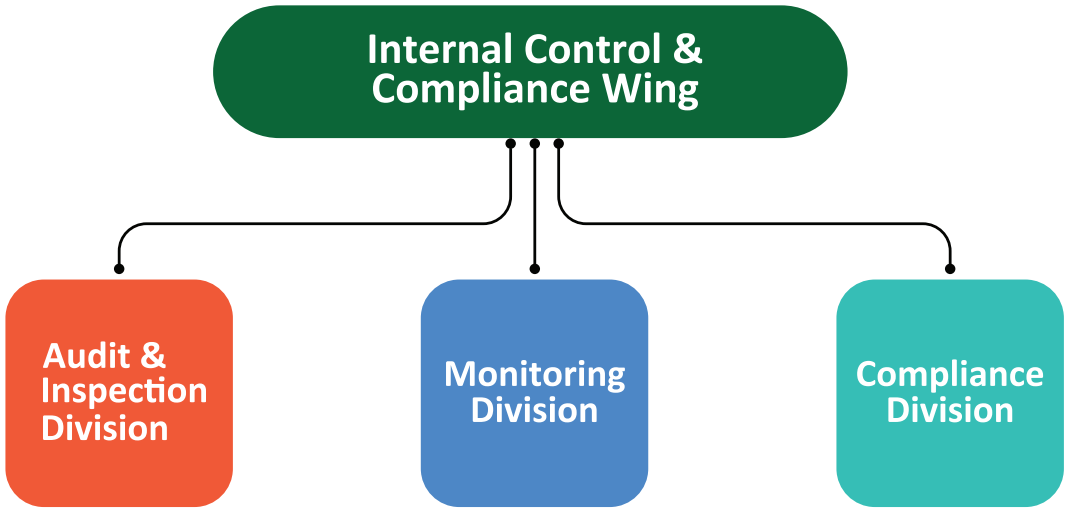
The major roles and responsibilities of ALCO are as follows:

- 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

Today's Banks are highly exposed to compliance risk since they have a great number of stakeholders, eg. regulators, customers, counterparties, tax authorities, local authorities, and other authorized agencies. Compliance risk can lead to imposition of fines & penalties, payment of damagea, loss of market share, regulatory sanction and in severe case loss of franchise etc. Compliance risk can also lead to a diminished reputation, also known as reputation risk , arising from an adverse perception of the immage of the Bank by customers, counter parties, shareholders or regulators. Our Bank has restructured its ICC organogram considering our large branch network, volume of operations, introduction of Risk Based Audit and stringent regulatory compliance.

Audit & Inspection Division, Monitoring Division and Compliance Division are working separately and independently as shown below:



Audit & Inspection Division conducts audit as per Risk Based Audit Plan approved by the Audit Committee of the Board of Directors. IT auditor is attached with audit team to conduct IT audit. Synopsis of the audit report is placed before the Audit Committee of the Board of Directors regularly. Our Islamic Banking Wing conducts Shari'ah Audit in the Islamic Banking Windows of the Bank. Monitoring Division is engaged in monitoring function through different monitoring tools such as Pubali Monitoring System (PMS), Departmental Control Function Checklist (DCFCL), Quarterly Operations Report (QOR) and Loan Documentation Checklist (LDCL) etc. Compliance Division deals with all regulatory compliance related activities and also functions as the contact point of the Bank. The division ensures regulatory requirements and industry practices in the Bank. Compliance Division has also been entrusted to implement the National Integrity Strategy of the Bank.

Risk Management

Banking companies in Bangladesh, while conducting day-to-day operations, usually face 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 the 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. Furthermore, as per Bangladesh Bank DOS circular letter no: 13 dated 09 September 2015 and subsequent DOS circular no. 04 dated 08 October 2018, a separate Risk Management Committee at Management level has also been formed and named as Executive Risk Management Committee (ERMC). Currently, the ERMC is headed by Honorable Additional Managing Director as Chief Risk Officer (CRO) and all the Division Heads of Head Office, In-charge of CTPC are the members, and the Division Head of 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 instructions of Bangladesh Bank DOS circular letter no: 13 dated 09 September 2015, a separate Risk Management Division was formed. Moreover, as per DOS circular no. 04 dated 08 October 2018, Pubali Bank Limited has already prepared "The Risk Management Guidelines of Pubali Bank Ltd" which is approved by the Board of Directors and has been sent the said Guidelines to all Branches, Regional Offices, Principal Offices, and Divisions to follow the instructions and do the daily banking activities. Monthly meeting of Executive Risk Management Committee (ERMC) is arranged regularly where different risk issues are discussed and decisions are gradually implemented and minutes of those meetings, along with risk management papers, are submitted to Department of Offsite Supervision, Bangladesh Bank on quarterly and half-yearly basis. Risk Management Division also prepares Risk Appetite Statement (RAS) on yearly basis mentioning risk limit with tolerance level. Besides, Risk Management Division prepares "A Review Report of Risk Management Policies and Effectiveness of Risk Management Functions of our Bank" on yearly basis. 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.

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 2020 stood at 40,223 (BO Shareholder-37,330 and Folio Shareholder-2,893). Year-wise Authorized Capital, Paid up Capital, Earnings per Share (EPS) and Net Asset Value (NAV) over the years are mentioned below:

(BDT in million)

Year	2020	2019	2018	2017	2016
Authorized Capital	**20,000**	**20,000**	**20,000**	**20,000**	**20,000**
Paid up Capital	**10282.94**	**10282.94**	**9983.44**	**9508.04**	**8803.74**
EPS	**3.57**	**2.08**	**3.43**	**(0.28)**	**1.40**
NAVPS	**37.74**	**31.38**	**27.42**	**25.68**	**28.56**

Statutory and other Reserve

At the close of 2020, the statutory reserve and other reserves of the bank stood at BDT 28,525.09 million, out of which statutory reserve was BDT 10283.00 million, other reserve was BDT 6,870.11 million. Total Reserve was BDT 21,988.76 million at the end of 2019.

Deposits

The deposit growth trend was positive in 2020. At the end of 2019, Total deposit was BDT 359,153.31 million that came to BDT 429,343.02 million at the end of 2020 showing 16.35% increase. Out of the total deposits, Time Deposits BDT 355,958.71 million and Demand Deposits were BDT 73,384.31 million i.e. 82.91% and 17.09% respectively.

Borrowing from other Banks and Financial Institutions

In 2020 the bank borrowed BDT 17,486.80 million for business purpose compared to BDT 16,970.35 million during the previous year.

Lending to other Banks and Financial Institutions

In 2020 the bank lent BDT 19,781.75 million for business purpose compared to BDT 13,213.33 million the previous year.

Advances

Total advances of the bank as on 31 December 2020 stood at BDT 315,578.90 million showing an increase of BDT 28,544.23. million @ 9.94% 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 147,906.01 million in 2020 compared to BDT 100,603.86 million in 2019. The bank mainly invested in Government Bonds, Treasury Bills, Approved Debentures of private institutions and Capital Market through own portfolio.

Key financial figure of the Balance Sheet is given below

(BDT in million)

Particulars	2020	2019	2018	2017	2016
Assets	565,032.07	478,074.84	409,744.09	368,314.62	320,361.89
Deposits	429,343,02	359,153.31	308,899.77	271,708.96	247,278.50
Loans & Advances	315,578.90	287,034.67	270,909.51	239,539.60	203,011.23
Shareholder's Equity	38,808.04	32,271.71	27,377.10	24,420.31	25,144.40

Foreign Exchange Business

a) **Import Business**
During the year the Bank handled import business worth BDT 1, 64,240.37 million. During the previous year the amount was BDT 1, 56,980.33 million. The amount of import business handled by the bank increased by BDT 7260.04 million during the year which was 4.62% higher than previous year.

b) **Export Business**
The bank handled export business worth BDT 87340.06 million during the year as against 100379.90 million in previous year which was 12.99% decrease than previous year.

c) **Inward Foreign Remittance**
Nonresident Bangladeshis sent foreign exchange equivalent BDT 52113.40 million in 2020 whereas the amount was BDT 52656.90 million in 2019.

Total Operating Income

Due to the reasons explained above, total operating income of the bank decreased by BDT 85.85 million during the year and stood at BDT 18,324.03 million.

Total Operating Expense

Total operating expenses of PBL increased by 11.09% during the year mainly salaries and allowances and due to rental expense for the bank's hired premises.

The productivity of the employee continued to grow which is marked from the following ratio.

(BDT in million)

Particulars	Income per Employee	Expense per Employee	Profit before provision per employee	Profit before tax per employee	Assets per employee
2020	**4.70**	**3.67**	**1.03**	**0.71**	**69.60**
2019	**4.43**	**3.33**	**1.16**	**0.64**	**58.63**
2018	**4.25**	**3.08**	**1.17**	**0.75**	**54.01**

Position of profit & loss

Total operating income & total operating expenditure of the Bank during 2020 were BDT 18,324.03 million and BDT 9,944.47 million respectively resulting a profit of BDT 8,379.56 million before making provision for bad and doubtful debts and income tax.

During the year the Bank made a provision of BDT 2,626.31 million against loans and advances, diminution in value of investments and Start-up fund. Provision of BDT 2,083.74 million against Corporate Income Tax and deferred Tax. As such, net profit on the Bank stood at BDT 3,669.51 million which the Board of Directors propose to appropriate in the following manner.

Net profit	BDT	3,669.51 million
Transferred to General Reserve	BDT	3,669.51 million

Growth in Operating Profit and Net Profit before/after Income Tax and Provision for the Last 5 years

(BDT in million)

Year	2020	2019	2018	2017	2016
Operating Profit	8,379.56	9,457.80	8,857.68	8,184.89	6,556.47
Profit before provision & Tax	8,379.56	9,457.80	8,857.68	8,184.89	6,556.47
Net Profit	3,669.51	2,143.27	3,424.06	(281.20)	1,334.95
Return on Equity (ROE)	9.46%	7.51%	12.51%	-1.15%	5.31%

Network Expansion Program

Continue to our consistent progress we now have 482 (Four Hundred Eighty Two) branches that are placed in convenient locations, close to key shopping and commuting nodes. 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. The Bank is also providing "Shariah-Based Islamic Banking Services" through 17(Seventeen) 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 86 (Eighty Six) 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	Sub Branch	Authorized Dealer (AD)	OBU Unit	Islamic Banking window	SME/ Krishi	Evening Banking
Dhaka	99	36	3	16	1	4	2	26
Chittagong	70	47	12	5	1	3	1	20
Sylhet	29	63	1	3	-	3	1	9
Rajshahi	18	13	2	1	-	1	1	10
Khulna	22	10	2	2	-	3	-	5
Barisal	15	13	5	1	-	1	-	6
Rangpur	20	6		-	-	1	-	6
Mymensingh	17	4	2	1	-	1	-	4
Total	**290**	**192**	**27**	**29**	**2**	**17**	**5**	**86**

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.

Human Resources

As on 31st December 2020, Pubali Bank Limited had a total workforce of 8,118 (including 89 days basis) compared with 8,153 in 2019 and 7,587 in 2018 at the year end. We believe our employees are our most valuable asset. We aim to recruit the best talent, provide necessary training and develop retention policies with value based benefits as par with the industry's best practices. We established a broader framework for employee benefits and welfare that include Provident Fund, Gratuity Fund, life insurance policy, Staff Welfare Fund, Retired Employees Welfare Fund, subsidized medical facilities and so on. In 2020 we have recruited 302 new employees in different ranks. We aim to create an environment for the employees where all can be self-motivated, inspired and committed to achieve the desired goal and ambition of the Bank. We also encourage the employees to speak up on the concerned issues to conceive the views and reflect it upon the decisions we make for the Bank. The Bank is committed to empower the workforce with quality skills, knowledge, and training and experiences with the expectation of better performance and professional attitudes and quality services to the customers to materialize the goal of becoming the Best Bank in the country.

A detail review of Report of Human Capital 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's CG Code dated June 3, 2018.

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 Code, 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.

Audit & Inspection

Audit & Inspection Division (ICC Wing) of the Bank is working with a view to minimizing the operational risk. Each year Audit & Inspection Division (ICC Wing) sets out a Risk Based Audit & Inspection Plan which is duly approved by the Audit Committee of the Board as per ICC Guidelines of Bangladesh Bank. A Risk Based Audit & Inspection Plan (RBA&IP) was prepared/designed for the year 2020 as usual. In accordance with the approved Audit & Inspection Plan the internal audit functions/ programmes are carried out and the findings are placed before the Management and the Audit Committee of the Board.

Bangladesh Bank, Department of Banking Inspection (DBI) from their different Offices across the country conducted Inspections on our different Branches and Head Office, the follow-up of which is being carried out by Audit & Inspection Division (ICC Wing) for compliance and regularization. Moreover, Regional Offices and Principal Offices of our Bank conducted Surprise Inspections and Surprise Visits on the Branches under their control.

As per Risk Based Audit & Inspection Plan-2020, Audit & Inspection Division, HO conducted thorough Audit on 482 Branches, 19 Regional Offices, 2 Principal Offices, 2 OBUs, 26 Divisions, 6 Core Risks, 1 subsidiary (Pubali Bank Securities Ltd) and in addition, Surprise Inspections were also conducted on 8 High Risk Corporate Branches in the year 2020.

Audit Teams examined day-to-day transactions, loan documentation and other operational & regulatory compliance related issues as per Bank rules & regulatory Guidelines. Based on Branch-wise Audit/Inspection Report and the significant findings & deficiencies identified/ detected by the Audit/Inspection Teams alongwith the Compliance Reports are notified to the Management and synopsis placed before the Audit Committee of the Board. Subsequent follow-up is done to regularize the remaining irregularities. On the basis of the gravity of the irregularities/lapses, necessary preventive measures and disciplinary/ administrative actions are taken against the delinquent person(s) to safeguard the Bank interest. Branches have been advised to bring down NPLs by way of recovery, settlement through frequent communication with the defaulting borrowers and initiating legal actions against them to ensure improvement of asset quality.

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 482 branches**, **27 Sub-branches** and **17 Islamic Wings** using our **in-house developed** core banking software, **Pubali Integrated Banking System (PIBS),** and Pubali Integrated Islamic Banking System(PIIBS), under network environment. Real Time Centralized Online Banking System has been developed and deployed inall of **482** branches, **27** Sub-branches and **17** Islamic Wings 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, System, 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**, and Pubali Integrated Islamic Banking System **(PIIBS)**, according to demand, which is being notified to branches through various circulars.

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 to customers quickly.

We have introduced Mobile Banking Application of Pubali Bank Limited, PI (π), since 01 October 2020. Unlike Internet Banking, Mobile Application of the Bank will facilitate our valued clients with different transactional and non-transactional banking services for 24/7. This will be operated in the internet enabled smart phone or tablet. The mobile application can be downloaded from App Store (iOS) and from Google Play Store (Android). A web based application is accessible through www.pi.pubalibankbd.com.

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 QR Code based Payment System, IDTP, e-KYC and Short e-KYC based Account Opening System.

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. Data Center of Pubali Bank Limited has been restructured recently and become one of the best ones in Bangladesh. In context of international standard, architecture of Data Center has been upgraded to Tire-3 Standard.

Considering the current Cyber Security ThreadLandscape, we have introduced Multi-layer SecurityControls to secure our Information Systems. The goal of Layered Security is to increase effectiveness of the security controls in place through a defensive strategy. We logically segregate our Data Center in different Zones such as Core zone, DMZ zone, Partner zone based on Application and minimize the attack vectors. We have already implemented Next-Gen Firewall and IPS, IDS, Email Security, Web Security, Web Application Firewall (WAF) and Advanced Malware Protection (AMP) to protect our environment.

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

We have 17 (Seventeen)Islamic Banking Wings at different locations of the country, and the windows are run by 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 form 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.

We have already deployed IP Phone to our Head Office, Principal Offices, Regional Offices and all of our branches. Through implementation of IP Phone Pubali Bank is experiencing standard unified Communication System that made internal communication free of cost and external communication less costly. We have already launched video conferencing system all around the country. Board Meetings, Important Management Meetings, Meetings with other entities, different Training Programmes, Countrywide Online Workshops and so on are operating through WebEx.

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 2020, we conducted 36 training programs at our Computer Lab on 19 (Nineteen) different Topics/Modulescovering 2,104 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 introducing technology based different alternative delivery channels such as Agent Banking, Booth Banking, Mobile Financial Services (MFS) and so on in the line with transforming Pubali Bank Limited to a paperless banking. ICT Operation Division is working hard for achieving this objective within a short period of time.

Meeting of the Board of Directors

During the year 2020, total 40 nos of Board of Directors meeting, 02 nos of Executive Committee meeting, 13 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 2020 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. 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 appoint A. Qasem & Co., Chartered Accountants and reappoint Howladar Yunus & Co., Chartered Accountants as External Auditor for the year ended December 31, 2020 subject to approval by the shareholders in the 38th 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 reappointment as per rules and regulations. This 02(two) Chartered Accountant firms expressed their willingness for reappointment.

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 12.50% Cash Dividend for all shareholders of the bank out of profit on the basis of audited accounts for the year ended 31st December 2020 subject to approval by the shareholders in the 38th Annual General Meeting.

Annual General Meeting

The 38th Annual General Meeting (AGM) of the Bank will be held on June 03, 2021 at 10.30 AM by using hybrid system (Physical and Virtual) as per notification of Bangladesh Securities & Exchange Commission.

Expectations in 2021

The Bank has put stress on the business target fixed up for the year 2021. The Bank put emphasis on retail banking business and to increase the small sized loan portfolio. The target of Deposit and Advances are projected to be increased by 11.71% and 13.76% respectively. Import, Export and Foreign Remittance businesses are expected to rise by 15.68%, 34.58% and 34.46% respectively while operating profit target fixed is expected to be increased by 12.70%.

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 Code issued on 03 June 2018 by BSEC. In this connection, the status of compliance has been annexed to this report. Further, a certificate of compliance from SuraiyaParveen& Associates, Chartered Secretaries in Practice, confirming compliance of conditions of Corporate Governance, as stipulated under condition 9(1) of the CG Code is also annexed to this report.

A detail review of Corporate Governance of the Bank is included in this Annual Report.

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 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 2020 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, shelter less 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 2020.

In the year 2020, we spent BDT 7.34 crore in different following categories for CSR activity. We are also one of the leading tax payers of the country.

Disaster Management	**BDT 12.33 Crore**
Health	**BDT 81.77 Lac**
Others	**BDT 27.00 Lac**
Education	**BDT 64 Crore**
Arts & Culture	**BDT 10.00 Crore**
Sports	**BDT 6.00 Lac**

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 2020, Pubali Bank Limited contributed BDT 3,491.12 million as taxes to the national exchequer. This represents a decrease of BDT 4.04 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	2020	2019	2018	2017	2016
Contribution	3,491.12	3,495.16	3456.59	3259.44	3398.98

Acknowledgement

The outcomes of the Year 2020 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 Howlader Yunus & Co., the External Auditor 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 38th Annual General Meeting and contributing meaningfully to the deliberations and adoption of resolutions against the agenda.

On behalf of the Board of Directors



Monzurur Rahman
Chairman of the Board of Directors

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 2018), 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.

Meeting of the Board of Directors

During the year 2020, total 40 nos. of Board of Directors meeting, 2 nos. of Executive Committee meeting, 13 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.

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 work plan 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 2020' that contains following issues:

State of the Bank's affairs:
A review of financial performance and position has been presented in the Directors' Report 2020.

Any recommended reserve in the balance sheet: None.
Recommended dividend:
The Board has recommended 12.50% Cash dividend for the completed year 2020.

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 2020.

The Directors are also required to declare the following matters in their report as per Corporate Governance Code of Bangladesh Securities & Exchange Commission (BSEC)'s notification dated June 3, 2018, 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;
- 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.
- A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:-
    a) accounting policies and estimation for preparation of financial statements;
    b) changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;
    c) comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;
    d) compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;
    e) briefly explain the financial and economic scenario of the country and the globe;
    f) risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and
    g) future plan or projection or forecast for company's operation, performance and financial position, with justification;

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. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018.

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 2018), Securities laws, Corporate Governance Code, Listing regulations, 2015, and other prevailing laws and regulations, as applicable for Pubali Bank Limited.

On behalf of the Board of Directors



Monzurur Rahman
Chairman

Corporate Governance Report

Pubali Bank Limited 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. The Bank also believes in transparency and accountability to the society as a whole through establishment of an efficient and effective Corporate Governance regime.

Corporate Governance Principles

Corporate governance is "the system by which companies are directed and controlled" (Cadbury Committee, 1992). It involves a set of relationships between a company's management, its board, its shareholders and other stakeholders; it deals with prevention or mitigation of the conflict of interests of stakeholders. Ways of mitigating or preventing these conflicts of interests include the processes, customs, policies, laws, and institutions which have impact on the way a company is controlled. An important theme of corporate governance is the nature and extent of accountability of people in the business, and mechanisms that try to decrease the principal-agent problem.

Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. In contemporary business corporations, the main external stakeholder groups are shareholders, debt holders, trade creditors, suppliers, customers and communities affected by the corporation's activities. Internal stakeholders are the board of directors, executives, and other employees. It guarantees that an enterprise is directed and controlled in a responsible, professional, and transparent manner with the purpose of safeguarding its long-term success. It is intended to increase the confidence of shareholders and capital-market investors. Pubali Bank is firmly convinced that a traditional banking model focused on closer customer relationships and advisory services best serves its purpose, as such, its goals are based on customers' needs & solutions and not merely a product.

The Bank's corporate governance policy for Directors, Management and employees has been formulated as per the guidelines of regulators. With adherence to this policy, the Bank aims to build trust and confidence among stakeholders, thereby improve its competitiveness, enhance value and promote stability. The policies are updated time to time in order to comply with the proper governance principles and relevant regulatory requirements.

Corporate Governance Framework

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

- Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC);
- 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 honestyand integrity from its Board of Directors, employees and stakeholders.

Practices of Corporate Governance

Pubali 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 Selection and 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.

According to Clauses 80(a) of the Articles of Association of Pubali Bank Limited, the Board of Directors (BoD) currently comprises 14 directors among whom 13 (thirteen) 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 (one of the Independent Directors& immediate Past Chairman M. AzizulHuq passed away on 12th November, 2020) as prescribed in the BSEC Corporate Governance Code and Section 15(9) of the Bank Companies Act 1991 (amended up to 2018).

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

As per the Bank Companies Act 1991 (As amended in 2018), the Directors are appointed for a term of three years which can be extended by another two term only subject to the approval by the shareholders in the Annual General Meeting (AGM) i.e. the Directors can hold their posts for nine years consecutively and maximum four members from the same family can bethe directors of any bank.

The term of appointment for an Independent Director is three years which can be extended by one term subject to appointment by the Board and approval by the Shareholders in the AGM. Mentionable that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his/her completion of consecutive two tenures (i.e., six years). For appointment of an Independent Director, the approval of BSEC is obtained to comply with its requirement. All appointments of the Board are made subject to approval of Bangladesh Bank.

The Managing Director is appointed for a minimum period of three years subject to the approval received from Bangladesh Bank. However, unlike other Directors, he is not subject to retirement as long as he remains Managing Director.

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.

As per the Bank Companies Act, 1991 at least 2 directors should be from Independent category if the maximum number of the Board members below 20. Again, as per BSEC guidelines on Corporate Governance at least one fifth of the total Directors should be from Independent category. Therefore, in compliance with BSEC's Corporate Governance Code, Board of Pubali Bank nominated 2 (two) independent directors (one of the independent directors and immediate Past Chairman M. Azizul Huq passed away) so that Board comprises of core skills considered important for diversification in the composition of the company's directors.

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 andCorporate 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.

Independent Directors' 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.BSEC/CMRRCD/2006-158/207/admin/80 dated 3 June 2018. Contents of such declaration are stated below:

- ID holds less than one percent (1%) shares of the total paid up shares of the bank;
- ID is not a sponsor of the bank, or nominated director or shareholder of the bank or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the bank on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the bank 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 has not been an executive of the bank in immediately preceding 2 (two) financial years;
- ID does not have any other relationship, whether pecuniary or otherwise, with the bank or its subsidiary / associated companies;
- ID is not a member, or TREC holder, director or officer of any stock exchange;
- ID is not a shareholder, director or officer of any member or TREC holder of stock exchange or capital markets intermediary;
- ID is currently not and was not a partner or an executive during the preceding 3 (three) years of the bank's statutory audit firm or audit firm engaged in internal audit services or conducting special audit or professional certifying compliance of CG Code;
- ID is not an Independent Director in more than 5 (five) 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.

Qualification of Independent Director

Dr. Shahdeen Malik

Dr. Shahdeen Malik obtained PhD in Law from London, UK and LLM degree from Universities at Moscow & Philadelphia. He has long 33 years' experience in his career. A prominent lawyer and constitution expert, Dr. Shahdeen Malik has been practicing in Supreme Court of Bangladesh for long. Moreover, he had taught Law at Dhaka University and BRAC University and is currently an adjunct professor of law at the University of Asia Pacific, Dhaka.

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's CG Code dated 3 June 2018, we report that the Chairman of the Board Mr. Monzurur 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.

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.

Independence of the Non-Executive Directors

None of the Directors takes part in the day to day affairs of the Bank. They attend only the Board/Committee meetings to discuss the agenda reserved for the Board/Committees.

Duality of Chairperson of the Board of Directors and Managing Director and CEO of the Bank

The Chairman of the bank is independent and this has been practiced since very inception of the Bank. The Chairman and the CEO of the bank are separate persons. This also complies with Section 1.4 of the BSEC's notification on Corporate Governance Code. In the absence of the Chairperson of the Board, the remaining other members of the Board elect one of themfrom non-executive directors as Chairperson for that particular Board meeting.The reason of absence of the regular Chairperson is being duly recorded in the minutes.

The 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. SuraiyaParveen& Associates, Chartered Secretaries, duly certified the Bank's Compliance Status which is re-produced in a page hereafter.

Directors' Remuneration

Directors are not eligible for any remuneration other than attendance fee for the Board and its Committee Meeting. Currently, as per guideline of Bangladesh Bank, Directors are eligible for remuneration of BDT 8,000 only for attending each meeting but numbers of such Meetings are also prescribed determining the numbers with or without remuneration. The Chairman may be provided with a car, telephone, office and private secretary. The Managing Director is paid a salary and allowances as per approval of the Bank's Board of Directors and Bangladesh Bank.

Meetings and Attendance of the Board of Directors

SL	Name	Designation	Presence of Directors in the Meetings, During their Tenure			Remuneration per Meeting	Remuneration Drawn
			No. of Meetings	Present	Absent		
1	Mr. Monzurur Rahman	Chairman	40	40	0	8,000 X 40	BDT 320,000.00
2	Mr. Moniruddin Ahmed	Director	40	38	2	8,000 X 38	BDT 304,000.00
3	Mr. Habibur Rahman	Director	40	35	5	8,000 X 35	BDT 280,000.00
4	Mr. Fahim Ahmed Faruk Chowdhury	Director	40	34	6	8,000 X 34	BDT 272,000.00
5	Ms. Rumana Sharif	Director	40	37	3	8,000 X 37	BDT 296,000.00
6	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Director	40	38	2	8,000 X 38	BDT 304,000.00
7	Mr. Musa Ahmed	Director	40	29	11	8,000 X 29	BDT 232,000.00
8	Mr. Azizur Rahman	Director	40	40	0	8,000 X 40	BDT 320,000.00
9	Mr. Md. Abdur Razzak Mondal	Director	40	34	6	8,000 X 34	BDT 272,000.00
10	Ms. Rana Laila Hafiz	Director	40	38	2	8,000 X 38	BDT 304,000.00
11	Mr. Asif Ahmed Choudhury	Director	40	38	2	8,000 X 38	BDT 304,000.00
12	Mr. Mustafa Ahmed	Director	19	19	0	8,000 X 19	BDT 152,000.00
13	Dr. Shahdeen Malik	Independent Director	40	35	5	8,000 X 35	BDT 280,000.00
14	Mr. M. Azizul Huq	Independent Director	35	32	3	8,000X 32	BDT 256,000.00

* Board was reconstituted on 30.07.2020 and Directors as on 31.12.2020 and meeting related total fees and honorarium, expenses and travelling allowances are presented in the FS.
* Mr. Mustafa Ahmed joined the Board on 30.07.2020.
* Mr. M. Azizul Huq, Independent Director passed away on 12.11.2020 being infested with COVID-19.

Code of Conduct Role and Responsibilities of the Chairman of the Board

The Chairman of the Bank is elected from among the members of the Board of Directors after every Annual General Meeting according to the Articles of Association of the Bank. He carries out his responsibilities within the purview of the provisions contained in the Articles of Association of the Bank, BRPD Circular No.11 dated 27 October, 2013 and Corporate Governance Code issued by BSEC on 03 June, 2018. The main responsibilities of the Chairman are to:

- Give leadership for Bank's disciplined growth and operation.
- 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 these, 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.

Role and Responsibilities of the Board of Directors

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

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.

Managing Director & CEO, Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)

Appointment

- The Board appoints the Managing Director & CEO, the Company Secretary, the Chief Financial Officer and the Head of Internal Audit and Compliance;
- The positions of the Managing Director & CEO, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance are filled by different individual;
- The Managing Director, the Company Secretary, the Chief Financial Officer and the Head of Internal Audit and Compliance are not holding any executive position in other company;
- The Board have clearly defined respective roles, responsibilities and duties of the MD, the CS, the CFO and the HIAC and;
- The Managing Director & CEO, the Company Secretary, the Chief Financial Officer and the Head of Internal Audit and Compliance are not being removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock Exchange. In our bank Head of Internal Audit and Head of Compliance are different individual.

Duties of Managing Director & CEO and Chief Financial Officer

As required under BSEC's Corporate Governance Code, 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.

The Certification of the Managing Director &CEO and CFO is disclosed in the Annual Report.

Ownership Composition

SL	Type of Owners	31.12.2020		31.12.2019	
		No. of Shares Held	% to Total Shares	No. of Shares Held	% to Total Shares
1	Directors	32,37,72,908	31.49	30,84,93,337	30.00
2	General Public	42,43,31,838	41.27	43,53,00,715	42.33
3	Institutions	28,01,89,472	27.24	28,45,00,166	27.67
Total		102,82,94,218	100.00	102,82,94,218	100%

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 and Compliance (HIAC) and their spouses and minor children:

SL	Name of Executives	% of Shares as on 31.12.2020
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 as on 31.12.2020	% of total shares
1	Mr. Monzurur Rahman	Chairman		2,05,66,639	2.00
2	Mr. Moniruddin Ahmed	Director		3,35,96,545	3.27
3	Mr. Habibur Rahman	Director		2,05,81,213	2.00
4	Mr. Fahim Ahmed Faruk Chowdhury	Director		2,11,01,586	2.05
5	Ms. Rumana Sharif	Director	Nominated by Delta Life Insurance Co. Ltd.	5,14,18,707	5.00
			Personal	2,56,417	0.02
6	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Director		2,05,68,691	2.00
7	Mr. Musa Ahmed	Director		2,06,15,794	2.00
8	Mr. Azizur Rahman	Director		2,23,52,148	2.17
9	Mr. Md. Abdur Razzak Mondal	Director	Nominated by Thats It Fashions Ltd.	3,59,90,157	3.50
			Personal	--	0.00
10	Ms. Rana Laila Hafiz	Director		2,05,65,889	2.00
11	Mr. Asif Ahmed Choudhury	Director		2,05,69,604	2.00
12	Mr. Mustafa Ahmed	Director		3,58,45,935	3.49
13	Dr. Shahdeen Malik	Independent Director		---	0.00
Total (Excluding personal share of nominee Director)				**32,37,72,908**	**31.49%**

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

SL	Name of Executives	% of shares as at 31.12.2020
1	Mr. Safiul Alam Khan Chowdhury	Nil
2	Mr. Mohammad Ali	Nil
3	Mr. Dewan Ruhul Ahsan	Nil
4	Mr. Habibur Rahman	Nil
5	Mr. Abul Bashar Muhammad Abdus Sattar	Nil

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

Rotation and Retirement of Directors

Pursuant to Companies Act 1994 under Regulation 79, 80 and 81 of schedule- I and as per article no. 90 & 91 of the Bank's Articles of Association, one-third of the directors need to retire every year and they will be eligible for re-election. Under this circumstances, the following Four (4) honorable Directors will retire in the 38th Annual General Meeting of the Bank and they are eligible for re-election.

i)	Mr. Habibur Rahman
ii)	Mr. Fahim Ahmed Faruk Chowdhury
iii)	Mr. Musa Ahmed
iv)	Mr. Asif Ahmed Choudhury

The brief resume of the above Directors in compliance of Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of Bangladesh Securities and Exchange Commission (BSEC) is appended in the Directors' Profile of the Annual Report. Other information of the Board of Directors as per requirement of the aforesaid Notification is given below.

SL No	Name	Expertise	Memberships	Directors in
1	Mr. Monzurur Rahman	Banking Activities, Prominent Business Entrepreneur	Chairman of the Board of Directors	Rema Tea Company Ltd.
2	Mr. Moniruddin Ahmed	Banking Activities	Executive Committee, Nomination & Remuneration Committee	Pubali Bank Securities Ltd.
3	Mr. Habibur Rahman	Banking Activities	Risk Management Committee	Delta Hospital Ltd. Pubali Bank Securities Ltd. Global Pharmaceutical Company Ltd
4	Mr. Fahim Ahmed Faruk Chowdhury	Banking Activities, Prominent Business Entrepreneur	Audit Committee, Nomination & Remuneration 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. Delta Hospital Ltd Euro Petro Product Ltd.
5	Ms. Rumana Sharif	Banking Activities	Executive Committee	
6	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.
7	Mr. Musa Ahmed	Banking Activities, Prominent Business Entrepreneur	Executive Committee, Risk Management 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.
8	Mr. Azizur Rahman	Banking Activities, Prominent Business Entrepreneur	Executive Committee, Risk Management Committee	Pubali Bank Securities Ltd. National Ceramic Industries Ltd. Dressmen Fashionwear Ltd.
9	Mr. Md. Abdur Razzak Mondal	Banking Activities	Executive Committee, Risk Management Committee, Nomination & Remuneration Committee	Thats It Fashions Ltd. (as a nominee)

SL No	Name	Expertise	Memberships	Directors in
10	Ms. Rana Laila Hafiz	Banking Activities, Prominent Business Entrepreneur	Audit Committee	Trouser Line Ltd SP Garments Ltd SP Washing Ltd Green Valley Plantation Ltd
11	Mr. Asif Ahmed Choudhury	Banking Activities, Prominent Business Person	Executive Committee	Transcon Securities Ltd. Continental Travels Ltd. Pubali Bank Securities Ltd.
12	Mr. Mustafa Ahmed			Pubali Bank Securities Ltd.
13	Dr. Shahdeen Malik	Prominent Lawyer	Audit Committee, Nomination & Remuneration Committee	Pubali Bank Securities Ltd.

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 of 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.

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.

Appointment of Chief Executive Officer (CEO)

In order to strengthen the financial base of the bank and obtain confidence of the depositors, Board of directors is responsible to appoint an honest, efficient, experienced and suitable Managing Director & CEO for the Bank in compliance with the relevant circular and rules of Bangladesh Bank and BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 through Corporate Governance Code, dated 3 June 2018.

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 shareholder value measured through desired ROA, ROI, ROE, EPS and Risk Management as per expectation of the Board, sustainable growth in investment and growth of Loans and Deposits, Cost to Income Ratio, Loans Write Off and its recovery, Capital to Risk Weighted Assets Ratio, Loan-Deposit Ratio, revenue earning for the Bank, gradual reduction of the NPL ratio for maintaining asset quality of the Bank and improvement in the scores for CAMELS rating.

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.

Roles and Responsibilities of 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 Code 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 advices 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.

Board's Committees and their Responsibilities

The Board has constituted following 4 (four) Committees:

i. Executive Committee

Composition of the 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 7 (seven) 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.

Responsibilities

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 resolutions 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.

i. Attendance of members of the Executive Committee in meetings

SL	Name	Designation	Presence of Members in the Meetings, During their Tenure			Remuneration per Meeting	Remuneration Drawn
			No. of Meetings	Present	Absent		
1	Mr. Md. Abdur Razzak Mondal	Chairman	1	1	0	8,000 X 01	BDT 8,000.00
2	Mr. Moniruddin Ahmed	Member	2	2	0	8,000 X 02	BDT 16,000.00
3	Ms. Rumana Sharif	Member	1	1	0	8,000 X 01	BDT 8,000.00
4	Mr. Musa Ahmed	Member	2	1	1	8,000 X 01	BDT 8,000.00
5	Mr. Azizur Rahman	Member	2	2	0	8,000 X 02	BDT 16,000.00
6	Mr. Mustafa Ahmed	Member	1	1	0	8,000 X 01	BDT 8,000.00
7	Mr. Asif Ahmed Choudhury	Member	2	2	0	8,000 X 02	BDT 16,000.00

* The Committee was reconstituted on 30.07.2020 and Members as on 31.12.2020 and meeting related total fees & honorarium, expenses and travelling allowances are presented in the FS.

* Mr. Md. Abdur Razzak Mondal, Ms. Rumana Sharif and Mr. Mustafa Ahmed included as member in the committee on 30.07.2020.

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 and BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 on Corporate Governance Code, dated 3 June 2018. The Committee consists of 4 (four) members including independent director. 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. In 2020, total 13 meetings were held by the Committee. The attendances of the members at those meeting are disclosed hereafter.

Attendance of members of the Audit Committee in meetings

SL	Name	Designation	Presence of Members in the Meetings, During their Tenure			Remuneration per Meeting	Remuneration Drawn
			No. of Meetings	Present	Absent		
1	Mr. M Azizul Huq	Chairman	3	3	0	8,000 X 03	BDT 24,000.00
2	Mr. Fahim Ahmed Faruk Chowdhury	Member	8	8	0	8,000 X 08	BDT 64,000.00
3	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Member	13	13	0	8,000 X 13	BDT 104,000.00
4	Ms. Rana Laila Hafiz	Member	8	8	0	8,000 X 08	BDT 64,000.00
5	Dr. Shahdeen Malik	Member	13	12	1	8,000 X 12	BDT 96,000.00

* The Committee was reconstituted on 30.07.2020 and Members as on 31.12.2020 and meeting related total fees & honorarium, expenses and travelling allowances are presented in the FS.

* Mr. M. Azizul Huq, Independent Director and Chairman of the Audit Committee included as Chairman in the committee on 30.07.2020 but unfortunately passed away on 12.11.2020 being infested with COVID-19.

* Mr. Fahim Ahmed Faruk Chowdhury and Ms. Rana Laila Hafiz included as member in the committee on 30.07.2020.

Chairman is an independent Non-Executive Director

The Chairman of the Audit Committee was an independent non-executive director. He was not involved in the day to day operations of the Bank. He was an experienced individual and qualified to be the Chairman of the Audit Committee.

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 and accounting get preference in forming the Audit 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 subject to approval of Bangladesh Bank.

Services not provided by External Auditors

The services as are specifically barred in the Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 are not obtained from the external auditors. Pubali Bank Limited should not engage its external/statutory auditors to perform the following services; 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 or special audit services.
(vii) Any service that the Audit Committee determines.
(viii) Audit or certification services on compliance of corporate governance code.
(ix) any other service that creates conflict of interest.

No partner or employees of the external audit firms shall possess any share of the bank they audit at least during the tenure of their audit assignment of the bank; his or her family members also shall not hold any shares in the bank.

iii. Risk Management Committee

Composition of the Risk Management Committee

In Compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of Pubali Bank reconstituted a five-member Risk Management Committee (RMC) of the Board in 2020. The RMC has been formed to identify and assess risk of the Bank and guide management to formulate action plans for minimizing and controlling of risk. The Committee reviews the risk management policy and modifies the same as per requirement.

Responsibilities

The Risk Management Committee 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, environmental risk, interest rate risk and liquidity risk. They also ensure whether adequate provision and capital against the said risks are maintained. The roles and responsibilities as well as the major activities of Risk Management Committee of the Board as well as the management have been described in "Report of the Risk Management Committee of the Board" and "Report of Bank's Chief Risk Officer (CRO)" section of this report. In 2020, total 4 meetings were held by the Committee. The attendances of the members at those meeting are disclosed hereafter.

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	0	8,000 X 04	BDT 32,000.00
2	Mr. Habibur Rahman	Member	4	4	0	8,000 X 04	BDT 32,000.00
3	Mr. Musa Ahmed	Member	3	3	0	8,000 X 03	BDT 24,000.00
4	Mr. Azizur Rahman	Member	4	4	0	8,000 X 04	BDT 32,000.00
5	Mr. Md. Abdur Razzak Mondal	Member	4	4	0	8,000 X 04	BDT 32,000.00

* The Committee was reconstituted on 30.07.2020 and Members as on 31.12.2020 and meeting related total fees & honorarium, expenses and travelling allowances are presented in the FS.

* Mr. Musa Ahmed included as member in the committee on 30.07.2020.

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.

iv. Nomination and Remuneration Committee (NRC)

Appointment and Composition

In compliance with BSEC's Corporate Governance Code dated 3 June 2018, NRC of the Board of Pubali Bank Limited has been constituted by the Board of Directors. As required, all members of the NRC are non-executive directors and are able to effectively discharge their duties and responsibilities as members of the Committee. The NRC Committee comprised of 4 (four) members including one Independent Director. The Chairman of the Committee is an Independent Director. The Company Secretary acts as the Secretary of the Committee. The activities of NRC committee will be started after getting directives from Bangladesh Bank.

Members of the Nomination and Remuneration Committee (NRC)

SL.	Name	Status with the Bank	Status with the Committee
1	Dr. Shahdeen Malik	Independent Director	Chairman
2	Mr. Moniruddin Ahmed	Director	Member
3	Mr. Fahim Ahmed Faruk Chowdhury	Director	Member
4	Mr. Md. Abdur Razzak Mondal	Director	Member

Roles and Responsibilities of NRC

The roles and responsibilities of NRC have been defined in alignment with the relevant provisions of Corporate Governance Code issued by BSEC to practice best corporate governance. The added roles of the NRC include the followings:

(a) NRC is independent and responsible or accountable to the Board and to the shareholders;
(b) NRC oversee, among others, the following matters and may make report with recommendation to the Board:

(i) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
    (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
    (b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    (c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
(ii) To devise a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
(iii) To identify persons who are qualified to become directors and who may appoint in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
(iv) To formulate the criteria for evaluation of performance of independent directors and the Board;
(v) To identify the bank's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
(vi) To develop, recommend and review annually the bank's human resources and training policies;

(c) The bank shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.

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 also a Code of Conduct for 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.

Manual, Policies and Guidelines

The Bank has formulated different manual, policies, rules and guidelines i.e. Money Laundering and Terrorist Financing Risk Management guideline, Customer Selection Policy, Audit Manual, Operating Manual for Debit Card, Credit Card & ATM, Finance & Accounts Manual, Compliance Policy, ICC Guideline, Consumer Financing Policy, Credit Risk Management, Guidelines on Environmental & Social Risk Management (ESRM), Green Banking Policy, ICT Guideline, Foreign Exchange Manual, Lease Financing Manual, Guidelines for Prevention of Trade Based Money Laundering. All these policies/guidelines/manual are strictly followed and supervised 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, Additional Managing Director & Chief Operating Officer, 22 General Managers, 59 Deputy General Managers and 131 Assistant General Managers along with Managing Director & CEO of Pubali Bank Securities Limited (a subsidiary of Pubali Bank Limited) to run the business. The workflows are carried out by the relevant divisions /departments /regional offices /branches of the Bank. The following Management Committees also assist the management:

Management Committee: Senior Management Team (SMT):

The Management committee 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. In SMT the Head of Audit Division is not included as per Bangladesh Bank directive. The Major roles and responsibilities of Management Committee/SMT are as under:-

I. Set a vision, mission and strategies of the Bank and for business units for effective discharging of Management Responsibilities.

II. Analysis of business and financial performance of the Bank.

III. Consider and propose innovative products and services as well as Management methodology and business strategies to the Board of Directors (If needed).

IV. Review and discuss policies and procedures of the Bank related to business; credit, operations, administrations, HR internal and financial control and compliance etc. and make necessary changes before taking to the Board (if needed).

V. Review the reports of the Internal and External Audit, reports of regulatory bodies and take appropriate steps in compliance process to remove the irregularities.

VI. Acting Managing Director can preside over the Management Committee/SMT meeting in absence of Managing Director.

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 2020 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.

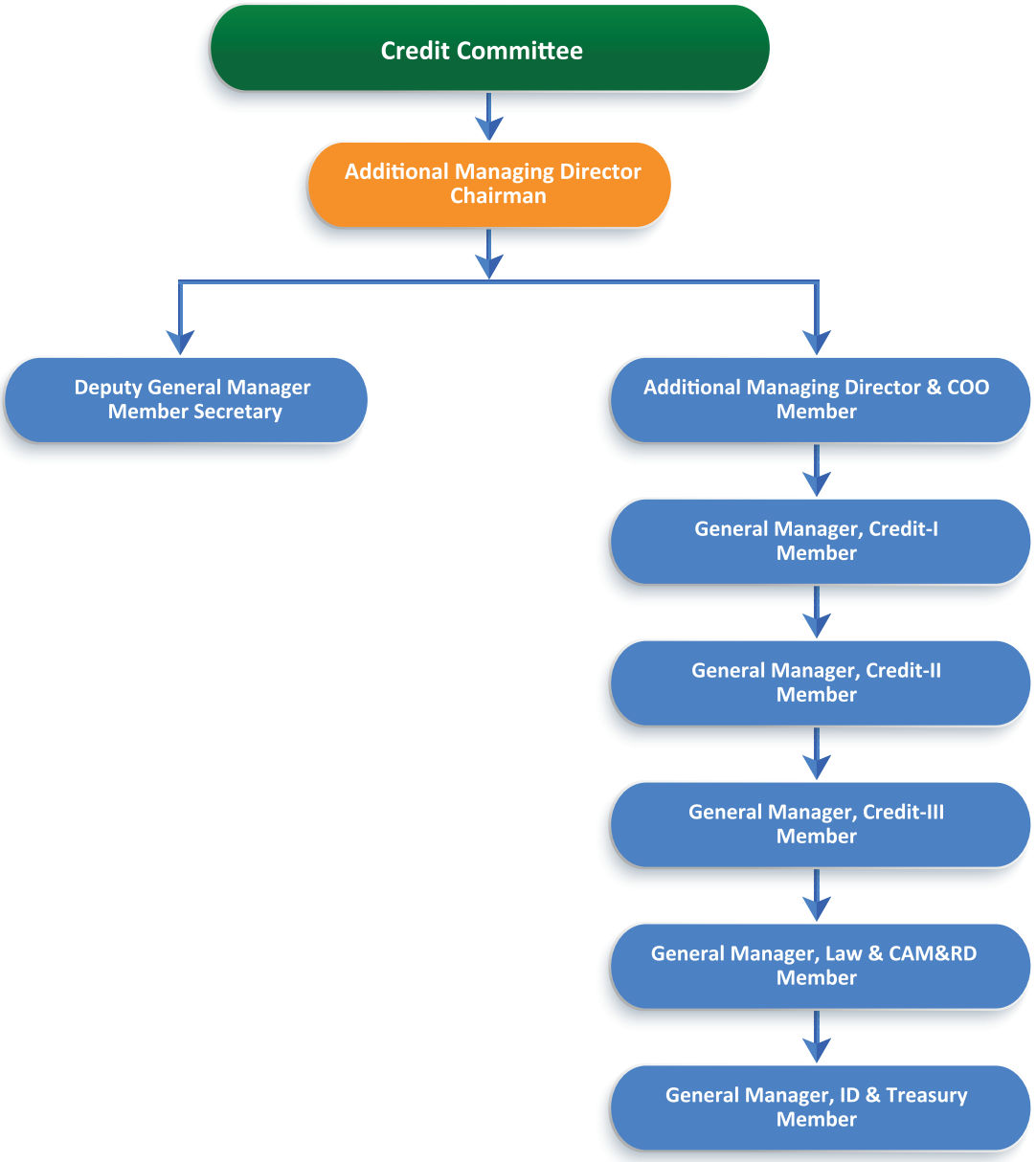
The major roles and responsibilities of ALCO are as follows:

- 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 consisting 08 (eight) members where the Additional Managing Director (Chairman) and Senior Most Deputy General Manager of Credit Division (Member Secretary), the Division Heads of Credit Division, Head of Law Division and Credit Administration Monitoring & Recovery Division, Head of International Division & Treasury Division as Member acts as recommending body for approval of loan proposal for sanction, renewal and enhancement or decline in a rational manner after threadbare discussion of the proposal adhering to the interest of the Bank.



Task Force Committee

A Task Force Committee for recovery of classified loans, written off accounts is constituted in the Head Office of the Bank under the Chairmanship of Managing Director & CEO. The members of the committee are Additional Managing Director, 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, Islami Banking Division, Human Resources Division, International Division, General Managers of Credit Division, Head of Marketing and Anti Money Laundering Division, Chief Financial Officer (CFO) 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. Emphasis is given on proper follow up & monitoring of loan A/cs. Recovery Drive under Action Plan Programme for recovery & rescheduling against classified loans & advances, written off A/cs are being conducted on quarterly basis by the Task Force Committee. The Committee also extends discussion meetings with the borrower's at field level time to time to arrive at settlement of Bad loans/written-off under BRPD guidelines.

Besides, a high powered large loan (Tk.2.00 crore and above including written off loans) monitoring committee is also constituted to have close monitoring towards arrest/reduce of NPL under the Chairmanship of Additional Managing Director. The members are Additional Managing Director, Company Secretary, Division Head of Credit Administration, Monitoring & Recovery Division, Law Division, Credit Division, Audit & Inspection Division, Consumers Credit Division, Lease Financing Division, Monitoring Division, ICT Operation Division, and Executives & Officers of Credit Administration, Monitoring & Recovery Division and Law Division.

Risk Management Committee at Management Level

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 necessary for banks to achieve their own business objectives. Risks are considered warranted when they are understandable, measurable, controllable and within a banking company's capacity to readily withstand adverse results. Sound risk management systems enable managers of banking companies to take risks knowingly, reduce risks where appropriate and strive to prepare for the future, which by its nature cannot be predicted with absolute certainty.

Risk management is a discipline at the core of every banking company, which 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. Furthermore, as per Bangladesh Bank DOS circular letter no: 13 dated 09 September 2015 and subsequent DOS circular no. 04 dated 08 October 2018, a separate Risk Management Committee at Management level has also been formed and named as Executive Risk Management Committee (ERMC). Currently, the ERMC is headed by Honorable Additional Managing Director as Chief Risk Officer (CRO) and all the Division Heads of Head Office, In-charge of CTPC are the members, and the Division Head of 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 instructions of Bangladesh Bank DOS circular letter no: 13 dated 09 September 2015, a separate Risk Management Division was formed. Moreover, as per DOS circular no. 04 dated 08 October 2018, Pubali Bank Limited has already prepared "The Risk Management Guidelines of Pubali Bank Ltd" which is approved by the Board of Directors and has been sent the said Guidelines to all Branches, Regional Offices, Principal Offices, and Divisions to follow the

instructions and do the daily banking activities. Monthly meeting of Executive Risk Management Committee (ERMC) are arranged regularly where different risk issues are discussed and decisions are gradually implemented and minutes of those meetings, along with risk management papers, are submitted to Department of Offsite Supervision, Bangladesh Bank on quarterly and half-yearly basis. Risk Management Division also prepares Risk Appetite Statement (RAS) on yearly basis mentioning risk limit with tolerance level. Besides, Risk Management Division prepares "A Review Report of Risk Management Policies and Effectiveness of Risk Management Functions of our Bank" on yearly basis. 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.

Management Reporting System Committee

The reporting objectives of internal control system in the bank are timely, accurate and comprehensive reporting of both financial and non-financial, external and internal. Considering the importance of the issue and to ensure a strong Management Information System in the Bank, Management Reporting System Committee has been formed headed by Additional Managing Director & CTO where all Division Heads are members and Mr. Nitish Kumar Roy, General Manager is the Member Secretary of the Committee. The Committee arranges monthly meeting on regular basis and accountable to our Managing Director & CEO for compliance. During the year 2020, total 12 meetings of Management Reporting System Committee were held. Centralized Management Information System, MIS of different divisions and auto generation of various reports etc. are discussed in the meeting and decisions are gradually implemented. Our Software Development Division has already developed MIS for different divisions which stimulate auto generation of information/report for effective and timely decision making. Pubali Monitoring System (PMS) has been introduced in our bank. Divisions of Head Office, Regional Offices and Principal Offices can now monitor different affairs of the branches by this tool. Day to day Management Information System of our bank will be strengthened to meet all kinds of information requirements.

Central Compliance Committee

To prevent Money Laundering & Combat Terrorist Financing, a Central Compliance Committee (CCC) has been formed at head Office headed by Mr. Mohammad Ali, Additional Managing Director and Chief Operating Officer (COO) designated as Chief Anti-Money Laundering Compliance Officer (CAMLCO) and the member secretary of the CCC (Central Compliance Committee) is Mr. Shyam Sundar Banik, Deputy General Manager & Division Head, Anti-Money Laundering Division designated as Deputy Chief Anti-Money Laundering Compliance Officer (Deputy CAMLCO). The CCC arranges quarterly meeting to address the overall effectiveness of AML/CFT status of the bank and take decisions accordingly. 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. 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 BFIU circular no. 26 dated, 16/06/2020, 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 MAMCOM and submitted to Bangladesh Financial Intelligence Unit. Audit Committee of the Board is apprised 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 a part of money laundering prevention and combating terrorist financing, our Bank has already prepared Customer Selection Policy and the same has been disseminated for compliance.

Ethical Committee

In the present stage of globalization, ethical issue in the banking sector is assumed of great importance. Moreover, behavioral norms of the Bank officials are to be brought into consideration since Banks deal with the money of countless depositors. If the depositors have no faith on the bank, the economy will face a halt. Considering the importance of the issue and as per instruction of Bangladesh Bank, a Central Ethical Committee has been formed at the Head Office of our Bank headed by Additional Managing Director where all division heads are members and Mr. Nitish Kumar Roy, General Manager is the Member Secretary of the Committee. He is also functioning as the Focal Point Officer (FPO) of the Bank. Goal of ethical banking in our bank is to maximize organization's reputation and minimize operational risk by ensuring sustainable banking. The Committee arranges quarterly meeting on regular basis and accountable to our Managing Director & CEO for compliance. As per Bangladesh Bank instruction, National Integrity Strategy (NIS) Workplan 2020-2021 for our bank has been prepared and the same has been approved by the Management. The workplan has already been submitted to Bangladesh Bank and circulars regarding the same are being issued from time to time asking all to comply with the instructions contained in the workplan. Implementation status of National Integrity Strategy (NIS) Workplan 2021-2021 for the period of July-September and October-December, 2020 have already been submitted to Bangladesh Bank in time. As per Bangladesh Bank instructions, a National Integrity Implementation Cell was formed for our bank and the same has also been approved by the Board of Directors. Bangladesh Bank vide its BRPD circular no. 16 dated 06/11/2017 instructed all Banks operating in Bangladesh to prepare their own Code of Conduct. As per instruction of Bangladesh Bank, Code of Conduct of our bank has been prepared and the same has been disseminated for compliance. Since there is positive correlation between ethics and internal control, Compliance Division always incorporates session on "Ethics in Banking" in its all outreach training workshops. Pubali Bank Training Institute also arranges training on the issue as per their yearly training calendar.

Purchase Committee

The eight-member Purchase Committee headed by Mr. Dewan Ruhul Ahsan, General Manger, plays an instrumental role in the procurement procedure of the Bank. The main objective of this committee is to ensure transparency in procurement activities. The Committee is guided as per the Board approved 'Procurement Policy'.

The Purchase Committee shall submit its recommendations for award of contract to the approving authority in terms of the Delegation of Financial Powers.

Procurement Technical Committee

The eight-member Procurement Technical Committee headed by Mr. Habibur Rahman, General Manager, plays a vital role in the procurement technical procedure of the Bank. Technical Committee of procuring entity as approved by the Management shall examine, evaluate and prepare a report with recommendations for award for submission to Purchase Committee.

Disclosure of Key Policies with Regard to Remuneration of 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 and Provident Fund Loan at arm's length basis.

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. Please refer to financial statements for details of related party transactions.

Human Resource

The core strength of the Bank represents its employees. Thus, a group of motivated talented employees are the principal asset of the Bank. The Bank works extensively to provide a unique, diversified culture, respect and a growing scope of opportunities for showcasing their talent. 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. Bangladesh Bank has taken steps to inspire green banking in Bangladesh through issuance of guidelines on green banking and Environmental Risk Management (ERM). 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 Information

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 21 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 Code 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 (hard/soft) 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 bank's Investor Relations section of the website: 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 21 days before the AGM so that all shareholders may attend it. Also all other types of accounts (Quarterly, Half yearly and Annually) 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, Chairman of the Board's Committee and Statutory Auditors attend/ participate AGM to respond to the Shareholders' queries on the result or any other aspect of the Bank, if any.

As required under "Bangladesh Secretarial Standard 2: Secretarial Standard on General Meetings" issued by institute of Chartered Secretaries of Bangladesh (ICSB), particulars of last three years General Meetings are disclosed herewith.

General Meeting	Date, Time and Place	Participants	Approved Resolution
37th Annual General Meeting	**Date:** Thursday, 30 July, 2020 **Time:** 10:30 AM **Place:** The AGM held using Digital Platform of the members.	Total 82 Shareholders attended in person or by proxy.	**Agenda 1:** To receive, consider and adopt the Audited Financial Statements for the year ended 31st December 2019 and Reports of the Directors and Auditors thereon. **Agenda 2:** To Declare Dividend for the year ended 31st December 2019 as recommended by the Board of Directors. **Agenda 3:** To re-appoint Auditors of the Bank for the year 2020 and to fix their remuneration. **Agenda 4:** To appoint Corporate Governance Compliance Auditor for the year 2020 and to fix their remuneration. **Agenda 5:** To elect/re-elect Directors.

General Meeting	Date, Time and Place	Participants	Approved Resolution
36th Annual General Meeting	**Date:** Sunday, 19 May, 2019 **Time:** 10:30 AM Place: Pubali Bank Auditorium, Head office, 26, Dilkusha C/A, Dhaka	Total 440 Shareholders attended in person or by proxy.	**Agenda 1:** To receive, consider and adopt the Audited Financial Statements for the year ended 31st December 2018 and Reports of the Directors and Auditors thereon. **Agenda 2:** To Declare Dividend for the year ended 31st December 2018 as recommended by the Board of Directors. **Agenda 3:** To appoint Auditors of the Bank for the year 2019 and to fix their remuneration. **Agenda 4:** To elect/re-elect Directors.
35th Annual General Meeting	**Date:** Thursday, 10 May, 2018 **Time:** 10:30 AM **Place:** Pubali Bank Auditorium, Head office, 26, Dilkusha C/A, Dhaka.	Total 451 Shareholders attended in person or by proxy.	**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. **Agenda 2:** To Declare Dividend for the year ended 31st December 2017 as recommended by the Board of Directors. **Agenda 3:** To re-appoint Auditor(s) of the Bank for the year 2018 and to fix their remuneration. **Agenda 4:** To confirm appointment of Independent Director. **Agenda 5:** To elect Directors.
34th Annual General Meeting	**Date:** Thursday, 27 April 2017 **Time:** 10:30 AM **Place:** Pubali Bank Auditorium, Head office, 26, Dilkusha C/A, Dhaka.	Total 344 Shareholders attended in person or by proxy.	**Agenda 1:** To receive, consider and adopt the Audited Financial Statements for the year ended 31st December 2016 and Reports of the Directors and Auditors thereon. **Agenda 2:** To Declare Dividend for the year ended 31st December 2016 as recommended by the Board of Directors. **Agenda 3:** To elect Directors in place of retiring Directors subject to receiving direction from the appropriate Court of Law. **Agenda 4:** To re-appoint Auditor(s) of the Company for the year 2017 and to fix their remuneration.

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.

Reporting and Compliance of Corporate Governance

Corporate Governance compliance report with best practices

The status of compliance with Corporate Governance guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission has been given hereafter. Suraiya Parveen & Associates, Chartered Secretaries duly certified the bank's Compliance Status, which is presented 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.

Credit rating

As per Bangladesh Bank guidelines and notifications of Bangladesh Securities and Exchange Commission, Pubali Bank conducts its credit rating each year with due disclosure. Credit rating of Pubali Bank is available in this Annual Report.

Whistleblower Policy in the Workplace

The Management has introduced a Whistleblower Policy in the Workplace which intendeds to encourage and enable employees and others to raise serious concerns internally so that the Management can address and correct inappropriate conduct and actions.

Whistleblower is a person who is aware of illegal activities, if any, occurring in an organization & who reports those information to his higher authority. Every employee is supposed to play the role of whistleblower out of his professional obligation to the organization.

Dividend Distribution Policy

Pubali Bank Limited has formulated a dividend distribution policy in line with the Directive No. BSEC/CMRRCD/2021-386/03 dated January 14, 2021 of the Bangladesh Securities and Exchange Commission (BSEC).

Distribution Time

Pubali Bank Limited shall pay off the annual or final dividend to the entitled shareholder within 30 (thirty) days of approval. Provided that interim dividend shall be paid off to the entitled shareholder within 30 (thirty) days of record date.

Cash Dividend

Cash dividend shall be distributed in the following manner and procedures, namely:-

i. Within 10 (ten) days of declaration of cash dividend by the board of directors, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of Pubali Bank Limited, dedicated for this purpose;

ii. Pubali Bank Limited shall pay off cash dividend directly to the bank account of the entitled shareholder as available in the Beneficiary Owner (BO) account maintained with the depository participant (DP), or the bank account as provided by the shareholder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN):

    Provided that Pubali Bank Limited may pay off such cash dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN;

iii. Pubali Bank Limited, upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or portfolio manager, shall pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN:

    Provided that upon receiving the cash dividend, the stock broker or merchant banker or portfolio manager shall immediately account for such dividend in the individual client's portfolio account:

    Provided further that the stock broker or merchant banker or portfolio manager shall provide detailed information (e.g., BO account number, code number, bank account number, intention, etc. of the client or customer including CCBA of stock broker or separate bank account of merchant banker or portfolio manager) to Pubali Bank Limited for such claim;

iv. Pubali Bank Limited, in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant and shall send it by post to the shareholder;

v. Pubali Bank Limited shall pay off cash dividend to non-resident sponsor, director, shareholder or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;

vi. Pubali Bank Limited, immediately after disbursement of cash dividend and issuance of a certificate of tax deducted at source, if applicable, shall intimate to the shareholder through a short message service (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder;

vii. Pubali Bank Limited shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account number-wise or name-wise or folio number-wise of the shareholder; and shall also disclose the summary of aforesaid information in

the annual report and shall also report in the statements of financial position (quarterly/ annually) as a separate line item 'Unclaimed Dividend Account':

Provided that Pubali Bank Limited shall publish the year-wise summary of its unpaid or unclaimed dividend in the website:

Provided further that any unpaid or unclaimed cash dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remains, shall be transferred to a separate bank account of Pubali Bank Limited as maintained for this purpose, within 1 (one) year from the date of declaration or approval or record date, as the case may be.

Stock Dividend

Pubali Bank Limited shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholder, as applicable, within 30 (thirty) days of declaration or approval or record date, as the case may be, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL);

Pubali Bank Limited, the CDBL and the exchange(s) shall follow the provisions of প্রবিধান 46 of the ডিপোজিটরি (ব্যবহারিক) প্রবিধানমালা, 2003 for issuance of bonus shares:

Provided that Pubali Bank Limited shall maintain a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the under mentioned procedures for ensuring the rightful ownership:

a. Pubali Bank Limited shall send at least 3 (three) reminders to the entitled shareholder;

b. The Suspense BO Account shall be held under Block Module and such undistributed or unclaimed stock dividend or bonus shares shall not be transferred in any manner except for the purpose of allotting the bonus shares as and when the allottee approaches to Pubali Bank Limited:

   Provided that any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus shares shall be credited to the Suspense BO Account.

c. Pubali Bank Limited shall, upon receiving application from the allottee and after proper verification of identity and his entitlement, credit the bonus shares lying with the Suspense BO Account to the BO account of the allottee, or issue bonus shares to the allottee, as applicable, within 15 (fifteen) days of receiving application with an intimation to the BSEC and the exchange(s);

d. Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholder is established.

Compliance Report Regarding Dividend Distribution

Pubali Bank Limited shall submit a compliance report to the BSEC and the exchange(s) in a specified format within 7 (seven) working days of completion of dividend distribution:

Provided that Pubali Bank Limited shall publish the compliance report in its website.

Forfeiture of Unclaimed Cash or Stock Dividend

Pubali Bank Limited shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force.

Transfer to the fund for Unpaid or Unclaimed or Unsettled Cash Dividend

If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest (after adjustment of bank charge, if any) thereon for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred by Pubali Bank Limited to the Fund as directed or prescribed by the BSEC:

Provided that Pubali Bank Limited shall provide detailed information to the manager of the Fund during transfer of cash dividend as directed or prescribed by the BSEC:

Provided further that if any shareholder claims his cash dividend after transfer of such dividend to the Fund, within 15 (fifteen) days of receiving such claim, Pubali Bank Limited shall, after proper verification of the claim, recommend to the manager of the Fund to pay off such dividend from the Fund and the manager of the Fund shall pay off such cash dividend to the claimant in accordance with the provisions and procedures as directed or prescribed by the BSEC.

Maintaining detail information of the Shareholder for the purpose of proper distribution of Cash Dividend or Stock Dividend

Pubali Bank Limited, by itself or by appointing an agent, shall maintain detailed information of BO account, bank account, mobile phone number, email and address of the shareholder for the purpose of proper distribution of cash dividend or stock dividend:

Provided that Pubali Bank Limited or its agent or the CDBL or its DP shall keep confidentiality of information:

Provided further that Pubali Bank Limited shall collect detailed updated information on BO account, bank account, mobile number, email address and contact address of shareholder from the CDBL from time to time when needed for the purpose of proper distribution cash dividend or stock dividend and other compliances:

In case of holding paper shares, Pubali Bank Limited shall update the information at least once in a year.

Disclosure of The Policy

This Policy shall be disclosed in the annual report and official website.

YEAR WISE SUMMARY OF UNPAID DIVIDEND	
Dividend Year	Unpaid Dividend Amount (Tk)
1986	165,459.24
1987	198,710.80
1988	311,061.20
2001	1,316,432.00
2006	1,004,366.00
2007	1,037,632.80
2008	1,369,535.38
2009	14,576,420.23
2010	21,775,559.94
2011	16,324,998.00
2012	28,270,343.79
2013	16,754,933.75
2014	30,275,554.30
2015	34,522,133.43
2016	15,116,946.35
2017	15,260,426.73
2018	31,852,246.74
2019	96,640,483.30
Total	**326,773,243.98**

Suraiya Parveen & Associates

(Chartered Secretaries, Financial & Management Consultants)

[Certificate as per condition No.1 (5) (XXVII)]

Report to the Shareholders of
Pubali Bank Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Pubali Bank Limited for the year ended on December 31, 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

(a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;

(b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;

(c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and

(d) The Governance of the company is satisfactory.

Dhaka, Dated
April 22, 2021

For Suraiya Parveen & Associates
Chartered Secretaries

Suraiya Parveen, FCS
Chief Executive Officer

Razzak Plaza (5th Floor), Suite , 6C, 01, New Eskaton Road, Ramna, Dhaka- 1000
Phone : 48321398 (Off), Mob : 01735-835482
E-mail : musfiquefcs@gmail.com, info@suraiyaparveenandassociates@gmail.com
Web: www.suraiyaparveenandassociates.com

Declaration by
CEO and CFO

12 April 2021

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

Subject: Declaration on Financial Statements for the year ended on 31 December 2020.

Dear Sir,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

(1) The Financial Statements of Pubali Bank Limited for the year ended on 31 December 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;

(2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;

(3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;

(4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;

(5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and

(6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: :-

(i) We have reviewed the financial statements for the year ended on 31 December 2020 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 collectively present 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 Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Safiul Alam Khan Chowdhury
Managing Director & CEO

Mohammad Liton Miah FCA
General Manager & Chief Financial Officer (CFO)

CREDIT RATING

The Bank completed its credit rating by National Credit Ratings Limited (NCR) based on the Audited Financial Statements of 31 December 2020 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 2020	2019	2018	2017
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/19	31/Dec/18	31/Dec/17	31/Dec/16
Date of Rating	30/July/20	26/Jun/19	26/Jun/18	19/Jun/17
Validity				
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 credit risk.**
ST-1	Strongest capacity for timely payment of financial commitments and carry lowest credit risk.

NCR assigned AA+ (Pronounced Double A plus) 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 2019 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 bank and is ensuring a good monitoring system within the organization. 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 Code dated 03 June 2018, Audit Committee (AC) of the Board of Pubali Bank Limited has been reconstituted by the Board of Directors with 5 (five) members of whom no one is on the existing 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 Chairman of the Committee was an Independent Director but he passed away on November 12, 2020. The Committee was reconstituted by the Board in its 1247th Meeting held on 30.07.2020. 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	Educational Qualification
1	Mr. Fahim Ahmed Faruk Chowdhury	Director	Member	M. Sc (Business Economics), UK
2	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Director	Member	B. Eng (Civil), UK, FCMA (UK), CGMA
3	Ms. Rana Laila Hafiz	Director	Member	MA (English), Dhaka University
4	Dr. Shahdeen Malik	Independent Director	Member	PhD in Law, London, UK, Obtained LLM degrees from Universities at Moscow & Philadelphia

The Company Secretary acts as the Secretary of the Audit Committee of the Board of Directors.
* Mr. M. Azizul Huq, Independent Director and Chairman of the Audit Committee included as Chairman in the committee on 30.07.2020 but unfortunately passed away on 12.11.2020 being infested with COVID-19.
*The Committee was reconstituted on 30.07.2020 and Members as on 31.12.2020.

Terms of Reference of the Audit Committee

i. The Board shall appoint non-executive directors of the Bank as members of the Audit Committee except Chairman of the Board.
ii. The Board shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.
iii. In the absence of the Chairman of the Audit Committee, the remaining members may elect one of themselves as Chairman for that particular meeting and the reason of absence of the regular Chairman shall be duly recorded in the minutes.
iv. The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee.
v. The quorum of the Audit Committee meeting shall require presence of at least 1 (one) Independent Director.
vi. The tenure of office of the Audit Committee shall be for 3 years.
vii. Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).
viii. The Company Secretary shall act as Secretary to the Audit Committee.

Roles and Responsibilities

The roles and responsibilities of Audit Committee have been defined in alignment with the relevant provisions of Corporate Governance Code 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 Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report.
iv. To oversee hiring and performance of external auditors.
v. To hold meeting with the external auditors for review of the annual financial statements before submission to the Board for approval or adoption.
vi. To review along with the management, the annual, quarterly and half yearly financial statements before submission to the Board for approval.
vii. To review the adequacy of internal audit function.
viii. To review the Management's Discussion and Analysis before disclosing in the Annual Report.
ix. To review statement of all related party transactions submitted by the management.
x. To review Management Letters or Letter of Internal Control Weakness issued by Statutory Auditors.
xi. To oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors.
xii. To oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.
xiii. To monitor internal control process and maintain oversight regulatory compliance, ethics and whistleblower hotlines.
xiv. To review Audit Committee's own terms of reference.
xv. To act on any other matters as may be directed by the Board.

Reporting of the Audit Committee

The Audit Committee requires to report its activities to Board of Directors, regulatory authorities, shareholders and others. The reportings of audit committee are given here.

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 identified in the internal audit and compliance process or in the financial statements;
» suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;
» any other matter which the Committee deems necessary shall be disclosed to the Board immediately.

In compliance with condition no. 3(3) of the Corporate Governance Code of Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, the Managing Director and Chief Executive Officer and Chief Financial Officer (CFO) respectively of Pubali Bank Limited, have certified before the Board and to the shareholders that they have thoroughly reviewed the Financial Statements of the bank for the year ended 31 December 2020, 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 bank's affairs and are in compliance with existing accounting standards and applicable laws, and
- To the best of knowledge and belief, no transactions entered into by the bank during the year which are fraudulent, illegal or in violation of the code of conduct for the Bank's Board or its members.

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 under condition No. 5(6)(a)(ii) of the BSEC's Corporate Governance Code 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 13 (Thirteen) meetings in the year 2020 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	Chairman	3	3	a) Mr. M. Azizul Huq, Independent Director and Chairman of the Audit Committee passed away on 12.11.2020. b) The Members who could not attend any meeting were granted leave of absence.
2	Mr. Fahim Ahmed Faruk Chowdhury	Member	8	8	
3	Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA (Director)	Member	13	13	
4	Ms. Rana Laila Hafiz (Director)	Member	8	8	
5	Dr. Shahdeen Malik (Independent Director)	Member	13	12	

* Mr. M. Azizul Huq, Independent Director and Chairman of the Audit Committee included as Chairman in the committee on 30.07.2020 but unfortunately passed away on 12.11.2020 being infested with COVID-19.
*The Committee was reconstituted on 30.07.2020 and Members as on 31.12.2020.

Major areas focused by Audit Committee in 2020
During the year under review, the Committee focused on following activities:

- Reviewed the Implementation status of Internal Control & Compliance as on 31.12.2019, 31.03.2020, 30.06.2020 and 30.09.2020.
- Reviewed the report on "Risk Based Capital Adequacy", Solo & Consolidated return under Basel III framework as on December 31, 2019, March 31, June 30, September 30, 2020.
- Reviewed and approved the Risk based Audit & Inspection Plan (RBA&IP)-2021.
- Reviewed the Quarterly Disciplinary Action Reports as on 31.12.2019, 31.03.2020, 30.06.2020 and 30.09.2020.
- Reviewed the latest position of the CLS portfolio of different branches.
- Examined/ evaluated the Audited Financial Statements 2019.
- Reviewed the action plan taken by the different branch to reduce NPL through settlement/ Legal Action.
- Provisional & un-audited Balance Sheet, Profit & Loss a/c, Cash Flow Statement & Statement of Changes in Equity as on 31 March 2020, 30 June 2020 and 30 September 2020.
- Reviewed Management Level Risk Management Committee Meeting Minutes from October to December, 2019; January to March, 2020.
- Reviewed First Quarter (Q1), Half-yearly (Q2) and Third Quarter (Q3) Un-audited Financial Statements of the Bank for the year 2020 before submission to the Board for approval in compliance with the BSEC's Corporate Governance Code.

- Reviewed the Stress Testing Report for Q4 2019, Q1, Q2, Q3 2020.
- Reviewed the report on "ICAAP under Supervisory Review process" based on December 31, 2019.
- Reviewed the Annual Report on the health of the Bank as on 31 December 2019.
- Reviewed the progress/ improvement status of fraud-forgery committed at our Bank throughout the year.
- Reviewed the Audit report of Head Office level different Division.
- Evaluated performance of External Auditors before recommending for their appointment to the Board to be finally approved in the 37th AGM till the next AGM.
- 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 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 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.
- Followed-up the recovery of Loans and Advances of the Bank.

The Committee advised the Management to arrange zone wise day long intensive training programs for the officials of the Bank to enrich knowledge on Credit and Foreign Exchange individually.

The Committee advised the Management to include business portfolio comparison of commanding area of the respective branches in Audit Report/Memorandum to the Audit Committee Meeting.

The Committee advised the Management to frame a policy on different harassment and punishment thereon in the bank including sexual harassment.

The Committee further advised the Management to categorize the branches with L/D ratio below 10% and place in the Audit Committee for discussion to find out the reasons of low L/D ratio and solution.

Minutes of the 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,



Dr. Shahdeen Malik
Independent Director
Member of the Audit Committee

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 Bangladesh Bank BRPD Circular.

Appointment and Composition

In Compliance with Section 15(B) of The Bank Companies Act 1991 (amended up to 2018) and Bangladesh Bank BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of Pubali Bank Limited was reconstituted a five-member Risk Management Committee (RMC) of the Board on 30.07.2020 (maximum limit is five members).

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. Habibur Rahman	Director	Member
3	Mr. Musa Ahmed	Director	Member
4	Mr. Azizur Rahman	Director	Member
5	Mr. Md. Abdur Razzak Mondal	Director	Member

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

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, operational risk, interest rate and liquidity risk and keeping adequate provision and capital against the said risks.

Terms of Reference of the Risk Management Committee

i. Members of the committee will be nominated by the board of directors from themselves;
ii. The Risk Management Committee will comprise of maximum 05 (five) members;
iii. Each member should be capable of making valuable and effective contributions in the functioning of the committee;
iv. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks;
v. Members may be appointed for a 03 (three) year term of office;
vi. Company secretary of the bank will be the secretary of the Risk Management Committee;
vii. The risk management committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit;
viii. The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary;
ix. All decisions/observations of the committee should be noted in minutes;

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 inform the Board of Directors about the summary of minutes of meetings of the committee;
- 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 2020

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:

- Reviewed the report on Asset and Liability Management Risk of the Bank.
- Reviewed the revision of Asset and Liability Management (ALM) Manual of the Bank.
- Periodically reviewed and perused the Stress Testing Report for Q4 2019, Q1 2020, Q2 2020 and Q3 2020.
- Reviewed and approved the Money Laundering Risk of the Bank.
- Analyzed the report on "Risk Based Capital Adequacy", Solo & Consolidated return under Basel III framework as on December 31, 2019, March 31, 2020, June 30, 2020 and September 30, 2020.
- Reviewed and analyzed the Capital Growth Plan for 5 years from 2020 to 2024.
- Reviewed the Strategic Risk Management of Pubali Bank Limited.
- Reviewed the ICT Security Status of Pubali Bank Limited.
- Reviewed Operational Risk Management Status of the Bank.
- Reviewed the projected balance sheet, profit & loss and account and cash flow statement for the next six months (from July 2020 to December 2020) in different scenario.
- Reviewed the Foreign Exchange Risk Management of Pubali Bank Limited.
- Reviewed the revised Counter Party Limit against Different Banks and Non-Bank Financial Institutions.
- Reviewed the Credit Concentration Risk of Pubali Bank Limited.
- Reviewed the Residual Risk management of Pubali Bank Limited.
- Reviewed the Credit Risk Management of Pubali Bank Limited as per Risk Management Guideline of Bangladesh Bank.
- Reviewed the Annual Report on the health of the Bank as on 31st December 2019.
- Reviewed the half yearly Comprehensive Risk Management Report (CRMR) for the period of July to December, 2019 and January to June, 2020.
- Reviewed the impact on business of Bank's Top-20 borrowers due to COVID-19 pandemic and expected earnings there against.
- Reviewed the impact on business of Bank's Top-20 borrowers (Garments) due to COVID-19 pandemic and expected Export & Earnings there against.
- Reviewed the impact on Bank's interest income due to re-fixation of lending rate cap at 9.00% w.e.f. 01.04.2020.
- Reviewed the Risk Management Report for the quarter of September 2020.
- Reviewed the report on Liquidity Risk Management of the Bank.
- Reviewed the Settlement Risk Management of the Bank.
- Reviewed the Reputation Risk Management.
- Reviewed the Minutes of Risk Management Committee at Management level from October to December, 2019; January to March, 2020; April to June, 2020 and July to September 2020.

Reporting of the Risk Management Committee

As required, the Risk Management Committee reported its decisions and recommendations to the Board of Directors for review and ratification.

Reporting to the Board of Directors

The decisions and recommendations of the Risk Management Committee were submitted before the Board of Directors and the Board closely reviewed and ratified them.

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

REPORT OF THE NOMINATION & REMUNERATION COMMITTEE (NRC)

The Nomination and Remuneration Committee (NRC) is an important sub-committee of the Board of Directors. The Committee is assigned with in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive independently. The Committee assists the Board of Directors to ensure a good monitoring system within the organization. The Committee is responsible to the Board of Directors. The duties of the Nomination and Remuneration Committee (NRC) are clearly set forth in writing.

Appointment and Composition

In compliance with BSEC's Corporate Governance Code dated 03 June 2018, Nomination and Remuneration Committee (NRC) of the Board of Pubali Bank Limited has been reconstituted by the Board of Directors with 4 (four) members of the Board. As required, all members of the Nomination and Remuneration Committee (NRC) are able to effectively discharge their duties and responsibilities as members of the Nomination and Remuneration Committee (NRC). The Chairman of the Committee is an Independent Director. The Committee was reconstituted by the Board in its 1247th Meeting held on 30.07.2020. The Company Secretary acts as the Secretary of the Committee.

The Nomination and Remuneration Committee (NRC) of the Board comprising of the following members of the Board of Directors:

SL.	Name	Status with the Committee	Status with the Bank	Educational Qualification
1	Dr. Shahdeen Malik	Chairman	Independent Director	PhD in Law, London, UK, Obtained LLM degrees from Universities at Moscow & Philadelphia
2	Mr. Moniruddin Ahmed	Director	Member	Matriculation
3	Mr. Fahim Ahmed Faruk Chowdhury	Director	Member	M. Sc (Business Economics), UK
4	Mr. Md. Abdur Razzak Mondal	Director	Member	MBA (IBA), Dhaka University

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

Terms of Reference of the Nomination & Remuneration Committee (NRC)

i. The Committee shall comprise of at least three members including an independent director.
ii. All members of the Committee shall be non-executive directors.
iii. Members of the Committee shall be nominated and appointed by the Board.
iv. The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director.
v. In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes.
vi. The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.

vii. The Board shall have authority to remove and appoint any member of the Committee.
viii. In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee.
ix. The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee.
x. The company secretary shall act as the secretary of the Committee.
xi. The quorum of the NRC meeting shall not constitute without attendance of at least an independent director.
xii. No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.

Roles and Responsibilities

The roles and responsibilities of Nomination and Remuneration Committee (NRC) have been defined in alignment with the relevant provisions of Corporate Governance Code of BSEC to practice best corporate governance. The Nomination and Remuneration Committee (NRC) shall oversee, among others, the following matters and make report with recommendation to the Board:

(A) NRC shall be independent and responsible or accountable to the Board and to the shareholders.
(B) NRC shall oversee, among others, the following matters and make report with recommendation to the Board.
    (i) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
        (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.
        (b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
        (c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
    (ii) Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality.
    (iii) Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board.
    (iv) Formulating the criteria for evaluation of performance of independent directors and the Board.
    (v) Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria.
    (vi) Developing, recommending and reviewing annually the company's human resources and training policies.
(C) The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.

Meetings of the Nomination & Remuneration Committee (NRC)

(a) The NRC shall conduct at least one meeting in a financial year;
(b) The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;
(c) The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under CG Code.
(d) The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.

On behalf of the Nomination and Remuneration Committee,



Dr. Shahdeen Malik
Chairman of the NRC

Bismillahir Ra'hmaanir Ra'heem

Report of the Pubali Bank Shari`ah Supervisory Committee for the year 2020

Praise be to Allah, the Cherisher and Sustainer of the multiverse. Peace and blessings of Allah be upon Muhammad sallallaahu 'alaihe wa-sallam.

Honourable Shareholders,
Assalamu 'Alaikum wa-Ra'hmatullah.

The duty of the Shari'ah Supervisory Committee is to give independent opinions and necessary guidelines by observing and reviewing the activities of Islamic banking operation of the Bank and to make the clients aware of Shari`ah compliance. On the other hand, the responsibility of the Bank Management is to ensure that the Bank conducts its business under Islamic Banking operation in accordance with the rules and principles of Islamic Shari`ah.

During the year 2020 Pubali Bank Shari'ah Supervisory Committee met in 3 meetings and reviewed different operational issues of Islamic Banking including those referred to it by the Board of Directors and the Management of the Bank. They provided necessary guidelines on those in the light of Shari'ah. Important issues attended by the Shari`ah Supervisory Committee during the year 2020 are:

1. Reviewing the Shari`ah Audit Reports of 2020 (Phase: 1 and 2) of Islamic Banking Windows and its observations thereon.
2. Approval of annual Report of the Shari'ah Supervisory Committee for the year 2019 on Islamic banking operation of the Bank.
3. Shar`ee approval of the deposit schemes namely-
   (a) Pubali Mudaraba Shadhin Sanchaya (MSS) Account;
   (b) Pubali Mudaraba Shikkha Sanchaya Deposit (MSSD) Account.
4. Shar`ee approval of the investment products guidelines of-
   (a) Car Investment under HPSM mode;
   (b) e-GP Financing under Quard and Wakala modes;
   (c) Pubali Star (Islamic) under Bai'-Muajjal and HPSM modes.
5. Post-facto approval of opinion on the Guidelines for Conducting Islamic Banking (Revised) of Bangladesh Bank.
6. View on-
   (a) Application of Annuity Method instead of existing Average Method in fixing EMI (Equal Monthly Instalment) for Investment under HPSM (Hire Purchase under Shirkatul Melk); and
   (b) Distribution of Overdue Rentals of Rescheduled HPSM Accounts throughout the Entire Rescheduled Period.

The Shari`ah Supervisory Committee is also entrusted to give independent opinion based on the principles of Islamic Shari'ah. During the year 2020 the Committee opined on the following issues:

(a) Continuation of expansion process of Islamic Banking horizon of the Bank.
(b) Preparation of "Risk Based Shari`ah Audit and Inspection Guidelines" as per ICC Guidelines of the central bank and the Governance Standard of AAOIFI.
(c) To expedite training programmes for Executives and Officers of the Bank involved with Islamic banking, directly or indirectly.

May Allah sub'haanahoo wa-ta'aala grant success to our sincere efforts and bless us with His Ra'hmah & Barakah and guide us all to His right path. Aameen.

(Professor M. Mansurur Rahman)
Chairman (Current Charge)

(A.B.M. Abdus Sattar)
Member Secretary

বিসমিল্লাহির রা'হমানির রাহীম

শারী'আহ্ সুপারভাইজরি কমিটির বার্ষিক প্রতিবেদন ২০২০

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

সম্মানীত শেয়ারহোল্ডারবৃন্দ
আস-সালামু 'আলাইকুম ওয়া রাহমাতুল্লাহ।

শারী'আহ্ সুপারভাইজরি কমিটির দায়িত্ব হলো, ব্যাংকের ইসলামী ব্যাংকিং কার্যাবলী পর্যবেক্ষণ ও পর্যালোচনা পূর্বক স্বাধীন মতামত প্রদান, প্রয়োজনীয় দিকনির্দেশনা দান এবং শারী'আহ পরিপালন সম্পর্কে গ্রাহকগণকে সচেতন করা। অপরদিকে ব্যাংক কর্তৃপক্ষের দায়িত্ব হলো, ইসলামী শরীয়তের বিধি-বিধান মোতাবেক ইসলামী ব্যাংকিং কার্যক্রম পরিচালনা নিশ্চিত করা।

২০২০ সালে পূবালী ব্যাংক শারী'আহ্ সুপারভাইজরি কমিটি ৩টি সভায় মিলিত হয়ে ব্যাংকের ইসলামী ব্যাংকিং বিষয়ক বিভিন্ন অপারেশনাল ইস্যুসহ পরিচালনা পর্ষদ ও ব্যবস্থাপনা কর্তৃপক্ষ কর্তৃক প্রেরিত বিভিন্ন বিষয় পর্যালোচনা করেন। শার'ঈ বিধি-বিধানের আলোকে তাঁরা সেগুলো সম্পর্কে পথনির্দেশনা প্রদান করেন। শারী'আহ্ সুপারভাইজরি কমিটি ২০২০ সালে যেসব গুরুত্বপূর্ণ বিষয়ে মতামত পেশ করেছেন তা হলো:

১. ইসলামী ব্যাংকিং উইন্ডোসমূহের শারী'আহ পরিদর্শন প্রতিবেদন-২০২০ (প্রথম ও দ্বিতীয় পর্যায়) পর্যবেক্ষণ ও পর্যালোচনা।
২. ব্যাংকের ইসলামী ব্যাংকিং পরিচালন বিষয়ে শারী'আহ্ সুপারভাইজরি কমিটির বার্ষিক প্রতিবেদন ২০১৯ অনুমোদন।
৩. নিম্নের আমানত প্রকল্পসমূহের শার'ঈ অনুমোদন:
   (ক) পূবালী মুদারাবা স্বাধীন সঞ্চয় হিসাব (এমএসএস);
   (খ) পূবালী মুদারাবা শিক্ষা সঞ্চয় আমানত (এমএসএসডি)।
৪. নিম্নবর্ণিত বিনিয়োগ সেবাসমূহের বিধিমালার শার'ঈ অনুমোদন:
   (ক) এইচপিএসএম পদ্ধতিতে কার বিনিয়োগ;
   (খ) কর্দ ও ওয়াকালাহ পদ্ধতিতে ইজিপি অর্থায়ন;
   (গ) বাই'মুয়াজ্জাল ও এইচপিএসএম পদ্ধতিতে পূবালী স্টার (ইসলামী) বিনিয়োগ প্রকল্প।
৫. বাংলাদেশ ব্যাংকের ইসলামী ব্যাংকিং পরিচালন নির্দেশিকা (সংশোধিত)-এর ওপর প্রদত্ত মতামতের কার্যোত্তর অনুমোদন।
৬. নিম্নোক্ত হিসাবায়ন পদ্ধতিসমূহ সম্পর্কে অভিমত প্রদান:
   (ক) এইচপিএসএম বিনিয়োগ পদ্ধতিতে সমান মাসিক কিস্তি (ইএমআই) নির্ধারণের জন্য বর্তমানে অনুসৃত গড় পদ্ধতি (Average Method)- এর পরিবর্তে মেয়াদ কেন্দ্রিক পদ্ধতি (Annuity Method) প্রবর্তন;
   (খ) পুনঃতফসিল কৃত এইচপিএসএম হিসাবের অনাদায়ী ভাড়া পুনঃতফসিল কৃত পুরো মেয়াদে বণ্টন।

ইসলামী শারী'আহর আলোকে স্বাধীন মতামত ও পরামর্শ প্রদান শারী'আহ্ সুপারভাইজরি কমিটির অন্যতম দায়িত্ব। ২০২০ সালে কমিটি নিম্নবর্ণিত বিষয়ে পরামর্শ প্রদান করেন:

(ক) ব্যাংকের ইসলামী ব্যাংকিং সেবা সম্প্রসারণ প্রক্রিয়া অব্যাহত রাখা।
(খ) কেন্দ্রীয় ব্যাংকের আইসিসি গাইডলাইন্স ও আওফির গভর্ণেন্স স্ট্যান্ডার্ড মোতাবেক ঝুঁকিভিত্তিক শারী'আহ্ নিরীক্ষণ ও পরিদর্শন গাইডলাইন্স প্রস্তুত করা।
(গ) ইসলামী ব্যাংকিং কার্যক্রমের সাথে প্রত্যক্ষ বা পরোক্ষভাবে সংশ্লিষ্ট ব্যাংকের নির্বাহী ও কর্মকর্তাবৃন্দের জন্য প্রশিক্ষণ কর্মসূচি জোরদার করা।

আল্লাহ সুবহানাহু ওয়া তা'আলা আমাদের একনিষ্ঠ প্রচেষ্টাসমূহ কবুল করুন এবং জীবনের সকল ক্ষেত্রে শারী'আহ্ পরিপালনের মাধ্যমে তাঁর সন্তুষ্টি অর্জনের তাওফীক দান করুন। আমীন!

(অধ্যাপক মুহাম্মাদ মনসুরুর রহমান)
চেয়ারম্যান (চলতি দায়িত্ব)

(এ.বি.এমাব্দুস সাত্তার)
সদস্য সচিব

COMPLIANCE WITH BANGLADESH BANK'S GUIDELINES ON CORPORATE GOVERNANCE

Bangladesh Bank Guidelines for Corporate Governance: Our Status of Compliance with BRPD Circular No.11 dated 27 October 2013: **Formation and responsibilities of Board of Directors (BoD).**

SL.	Particulars	Compliance Status
1	**Formation of BoD:** Prior approval from BB to be taken before appointment of new Directors, as well as dismissal, termination or removal of any Director from the post. Qualification and competency of Directors, maximum number of Directors of the Board, appointment of independent Directors, appointment of maximum 02 (two) members from a family as Director.	Complied
1.1	**Appointment of New Directors:** Every bank company, other than specialized banks, at the time of taking prior approval from BB while appointing Directors should furnish the following information along with the application:	
	a. Personal information of the nominated person	Complied
	b. Declaration of nominated person	Complied
	c. Declaration for confidentiality by the nominated person	Complied
	d. In case of independent director, the approval letter from BSEC	Complied
	e. CIB report of the nominated person	Complied
	f. Updated list of Directors	Complied
1.2	**Vacancy of office of a Director**	
(a)	The office of a Director shall be vacated as per the provision of Section 108(1) of Companies Act 1994. Besides, provision of Section 17 of Bank 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	**Removal of Directors from office:** With the prior approval of Bangladesh Bank, any Director of a bank company other than specialized banks can be removed from his office for the reasons specified in its Articles of Association. The reason and grounds of the dismissal/removal and the copy of such decision taken by BoD and a list of Directors shall be submitted to Bangladesh Bank. Such removal shall be effective from the date of BB's approval.	No such instance as yet
1.4	**Appointment of Alternate Director:** An alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh by fulfilling following instructions:	
(a)	Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director while traveling abroad. If there is any exception, the CEO should immediately inform it to BB.	Complied
(b)	The copy of the decision of the BoD regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to BB within 7 days of taking the decision and the director's arrival date must be intimated to BB immediately after his/her return.	Complied
(c)	Any loan defaulter or any person who is not eligible to become a director as per any relevant guiding rules and regulations will not be appointed as an alternate director.	Complied
(d)	As an alternate director is appointed temporarily; therefore, he/she will not be included in any kind of committee constituted by the BoD.	Complied
(e)	The alternate director or his/her affiliated organization will not get any kind of loan facilities from the bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules and regulations will also be applicable to the alternate director.	Complied

SL.	Particulars	Compliance Status
2	**Director from Depositors:** 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	**Information regarding Directors:** 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	**Responsibilities of the Board of Directors (BoD)**	
4.1	**Responsibilities and Authorities of the BoD:**	
(a)	**Work planning and strategic management** (i) The BoD shall determine the objectives and goals and to this end shall chalk out strategies and work plans on annual basis. It shall analyze/monitor at quarterly rests the development of implementation of work plans.	Complied
	(ii) The BoD shall have its analytical review presented in the Annual Report as regard to success/failure in achieving the business and other targets as set out in its annual work plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and executives immediate two tiers below the CEO and have it evaluated at times.	Complied
(b)	**Loan and Risk Management:** (i) The policies, procedures, strategies, etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, re-scheduling and write-off thereof shall be made with the BoD's approval under the purview of the existing laws, rules and regulations. The BoD shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, directly or indirectly, into the process of loan approval.	Complied
	(ii) The board shall frame policies for Risk Management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The BoD shall monitor the compliance of the guidelines of BB regarding key risk management.	Complied
(c)	**Internal Control Management:** 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.	Complied
(d)	**Human Resources (HR) Management and Development:** (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.	Complied PBL BoD approves HR Policy from time to time which guides all actions or decisions relation to HR Management of PBL

SL.	Particulars	Compliance Status
	(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)	**Financial Management:** (i) The annual budget and the statutory financial statements will be prepared with the approval of the BoD. It will at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing assets, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.	Complied
	(ii) The BoD will frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be taken with the approval of the BoD.	Complied 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)	**Appointment of Chief Executive Officer (CEO):** In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the BoD is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The BoD will appoint a competent CEO for the bank with the approval of BB.	Complied
(g)	**Other responsibilities of the BoD:** In accordance to BB Guidelines issued from time to time.	Complied
4.2	**Meetings of the Board of Directors:** Board of Directors may meet once or more than once in a month upon necessity and shall meet at least once in every three months. Excessive meetings are discouraged.	Complied. Usually Pubali Bank Limited holds four Board Meetings in a month.
4.3	**Responsibilities of the Chairman of the BoD:**	
(a)	As the Chairman of the BoD or Chairman of any committee formed by the BoD or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	Complied
(b)	The Chairman may conduct on-site inspection of any bank branch or financing activities under the purview of the oversight responsibilities of the BoD. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the BoD or the executive committee and if deemed necessary, with the approval of the BoD, he shall effect necessary action thereon in accordance with the set rules through the CEO. However any complaint against the CEO shall have to be apprised to BB through the BoD along with the statement of the CEO.	Complied
(c)	The Chairman may be offered an office room, a personal secretary/assistant, a peon/MLSS, a telephone at the office, a mobile phone usable inside the country and a vehicle in the business interest of the bank subject to the approval of the BoD.	Complied
5	**Formation of Supportive Committees of the Board:** The BoD of every Bank Company can form only three supporting committees of the BoD i.e. Executive Committee (EC), Audit Committee (AC) and Risk Management Committee (RMC).	Complied

SL.	Particulars	Compliance Status
5.1	**Executive Committee (EC):** EC is to be formed for taking decision on urgent and day-to-day or routine activities between the intervals of two BoD meetings. The EC will perform according to the terms of reference set by the BoD. 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	**Audit Committee (AC):** 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 **'Report of the Audit Committee'** for details.	Complied
5.3	**Risk Management Committee (RMC):** The RMC is to be formed to mitigate impending risks which could be arisen during implementation of BoD approved policies, procedures and strategies. This committee is entrusted to examine and review whether management is properly working on 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 **'Report of the Risk Management Committee'** for details.	Complied
6	**Training of the Directors:** The Directors of the Board will acquire appropriate knowledge of the Banking laws and other relevant laws, rules and regulations to effectively discharge the responsibilities as a Director of the bank.	Complied
7	**Intimation of the Circular to the Board and related persons by CEO:** The CEO will inform about this Circular to the directors and other related persons.	Complied

Bangladesh Bank Guidelines for Corporate Governance: Our Status of Compliance with BRPD Circular Letter No. 18 dated 27 October 2013: **Appointment and responsibilities of Chief Executive Officer (CEO).**

SL.	Particulars	Compliance Status
A	**Rules and regulations for appointment of the CEO**	
1	**Moral Integrity:** In case of appointment to the post of CEO, satisfaction in respect of the concerned person should be ensured to the effects that: 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	**Experience and Suitability:** 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. 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. c) In respect of service, the concerned person should have excellent record of performance. d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company. 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.	Complied
3	**Transparency and financial integrity:** Before making appointment as a CEO, satisfaction should be ensured to the effects that: a. The concerned person was not involved in any illegal activity while performing duties in his own or banking profession. 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. c. He is not a tax defaulter. d. He has never been adjudicated an insolvent.	Complied
4	**Age Limit:** No person crossing the age of 65 years shall hold the post of CEO of a bank.	Complied
5	**Tenure:** The tenure of the CEO shall not be more than 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that shorter period.	Complied
6	**Guidelines in fixing the salary and allowances:** Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to BB: 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. 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. c. Without improving the bank's major economic indicator like- CAMELS, annual salary increment will not be payable. 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. 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. f. The bank shall not pay any income tax for the CEO, i.e., the CEO so appointed shall have to pay it.	Complied
7	**Incentive Bonus:** 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.	Complied
8	**Honorarium for attending the Board Meeting:** Being a salaried executive, CEO will not get any honorarium for attending the Board meeting or Board formed Committee meeting.	Complied
9	**Evaluation Report:** For reappointment of the CEO, the Chairman of the bank shall have to submit a Board approved evaluation report to BB.	Complied
10	**Prior Approval from Bangladesh Bank:** 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

SL.	Particulars	Compliance Status
11	**Decision of Bangladesh Bank is final:** 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	**Duties & Responsibilities of the CEO:** The CEO of the bank, whatever name called, shall discharge the responsibilities and exercise the authorities as follows:	
	a. In terms of the financial, business and administrative authorities vested upon him by the BoD, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.	Complied
	b. The CEO shall ensure compliance of the Bank 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

Bangladesh Bank Guidelines for Corporate Governance: Our Status of Compliance with BRPD Circular Letter dated 27 October 2013:

SL.	Particulars	Compliance Status
A	Rules and regulations for appointment of an Advisor	
1	Experience and Suitability: For appointment as advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications: a. Experience in Banking or Administration for at least 15 (fifteen) years or have a long experience in social activities. b. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person. c. Satisfaction should be ensured that the concerned person was not dismissed from his service when he was Chairman/ Director/ Executive of any company. d. The person who is working in any bank or financial institution or who has business interest in that bank will not be eligible for appointment to the post of Advisor. e. Satisfaction should be ensured that the concerned person is not a loan defaulter or tax defaulter and has never been adjudicated a bankrupt by the Court.	Complied
2	Responsibilities of the Advisor: The roles and responsibilities of the Advisor should be defined specifically. The Advisor can advise the Board of Directors or CEO only on those matters specified in the appointment letter. The routine and general activities of the bank will not be included in his terms of reference. He will not be entitled to exercise any power or involved himself in the decision making process of financial, administrative, operations or other activities of the bank.	Complied
3	Prior approval from Bangladesh Bank: Prior approval from BB is mandatory before appointing an Advisor. For such appointment, the justifications of the post of advisor, responsibilities or terms of reference, complete resume of the concerned person, terms of appointment (mentioning remuneration and facilities) and copy of BoD's approval shall be submitted to BB. The nominated person has to make a declaration as per Annexure A. This declaration shall also be submitted to BB.	Complied

SL.	Particulars	Compliance Status
4	Remuneration and other facilities of Advisor: The post of Advisor is not a fixed or substantive post in the bank's organization structure. Advisor will not be entitled to salaries and allowances as regular employee except gross amount of remuneration, transport and telephone facilities. Remunerations inconsistent with the terms of reference of the advisor will not be considered as acceptable to BB.	No remuneration / honorarium only transport and telephone facilities.
5	Tenure of Advisor: The tenure of the Advisor shall be maximum 01(one) year, which is renewable. An evaluation report (by the Chairman that is approved by the BoD) of previous tenure should be submitted to BB along with the re-appointment proposal.	Complied
6	Appointment of Ex-executive: For ensuring good governance, any former Director, CEO or any other Executive of the bank will not be eligible to become an Advisor in the same bank immediately after their retirement or resignation. However, after one year from such retirement or resignation, he/she will be eligible for appointment as Advisor.	Complied
B	Rules and regulations for appointment of a Consultant	No such Consultant in Pubali Bank Limited
1 to 6	Terms of reference of Consultant, Responsibilities of a Consultant, Appointment of a Consultant, Tenure of a Consultant, Remuneration/honorarium of a Consultant, Appointment of Ex-executive as Consultant.	N/A

Phisycal Meeting Logistics

Date
Thursday, 03 June 2021

Time
10:30 AM, Dhaka Time

Venue
Pubali Bank Auditorium
26 Dilkusha, C/A, Dhaka

Virtual Meeting Logistics

Date
Thursday, 03 June 2021

Time
10:30 AM, Dhaka Time

Live Webcast
pubalibangla.com/AGM2021

BSEC CHECKLIST ON CORPORATE GOVERNANCE:

Status of Compliance with the Corporate Governance Code (CGC)

[As per condition No. 1(5)(xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1	**Board of Directors:**			
1(1)	Board Size: Board members shall not be less than 5 (five) and more than 20 (Twenty)	✓		
1(2)	**Independent Directors:**			
1.2(a)	Independent Director: At least 1/5th of the total members of the Board	✓		As Per Bank Companies Act-1991 Section 15(9) PBL has 2 ID
1.2(b)	For the purpose of this clause " independent director" means a director:			
1.2 (b)(i)	Independent Directors do not hold any share or hold less than one percent (1%) shares of the total paid up capital.	✓		
1.2 (b)(ii)	Independent Directors are not connected with the company's Sponsor or Director or Shareholder who holds 1% or more shares.	✓		
1.2 (b)(iii)	Independent Director has not been an executive of the Bank in immediately preceding two financial years.	✓		
1.2 (b)(iv)	Independent Directors do not have any other relationship, whether pecuniary or otherwise, with the company or its Subsidiary/Associated Companies.	✓		
1.2 (b)(v)	Independent Director is not a member or TREC holder, director or officer of any stock exchange.	✓		
1.2 (b)(vi)	Independent Director is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1.2 (b)(vii)	Independent Director is/was not a partner or an executive of company's audit firms engaged in Statutory Audit or Internal Audit or Special Audit or Compliance Certification of this Code during preceding three years.	✓		
1.2 (b)(viii)	Independent Director shall not be independent director in more than five listed companies.	✓		
1.2 (b)(ix)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a NBFI.	✓		
1.2(b)(x)	Independent Director has not been convicted for a criminal offence involving moral turpitude.	✓		
1.2(c)	Appointment of Independent Director shall be done by the Board and approved by the shareholder in the AGM;	✓		
1.2(d)	The post of Independent Director(s) cannot remain vacant for more than ninety days.	✓		
1.2(e)	The tenure of office of an Independent Director(s) shall be for a period of three years, which may be extended for One tenure only.	✓		

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.3	**Qualification of Independent Director (ID):**			
1.3(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial & corporate laws, regulatory requirements and can make meaningful contribution to the business	✓		
1.3(b)(i)	ID is a Business Leader who is/was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	✓		
1.3(b)(ii)	ID is a Corporate Leader or was a top level executive as adopted by the code or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	✓		
1.3(b)(iii)	Independent Director is a Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale and has at least educational background of bachelor degree in economics or commerce or business or law; or	✓		
1.3(b)(iv)	Independent Director is/was a University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
1.3(b)(v)	Independent Directors is a professional who is/was an advocate practicing in the HCD of Bangladesh Supreme Court or a CA,CMA, CFA, ACCA, CPA and CS or equivalent qualification;	✓		
1.3(c)	The ID shall have at least Ten years of experiences in any field mentioned in clause (b)	✓		
1.3(d)	Special cases for relaxing qualifications or experiences with prior approval of the Commission;	N/A		No such cases occured
1.4	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:**			
1.4(a)	Chairperson of the Board and the Managing Director and/or CEO of the Bank shall be filled by different individuals	✓		
1.4(b)	Managing Director and/or Chief Executive Officer of a Bank shall not hold the same position in another listed company or Bank.	✓		
1.4(c)	Chairperson shall be elected from among the non-executive directors of the company	✓		
1.4(d)	The Board shall clearly define respective roles & responsibilities for Chairman and the Managing Director and/or CEO.	✓		
1.4(e)	In absence of Chairman, the remaining members may elect one from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1.5	**The Director's Report to Shareholders:**			
1.5(i)	An industry outlook and possible future developments.	✓		
1.5(ii)	Segment-wise or product-wise performance.	✓		
1.5(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any.	✓		
1.5(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable.	✓		
1.5(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss).	✓		No such Extra-Ordinary gain or loss occurred

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.5(vi)	A detailed discussion and statement on related party Transactions.	✓		
1.5(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments.	✓		
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.	✓		
1.5(ix)	An explanation on any significant variance between Quarterly Financial performances and Annual Financial Statements.	✓		No such variance occurred
1.5(x)	A statement of Directors remuneration.	✓		Please refer to Notes of FS
1.5(xi)	A statement on fair preparation of the financial statements by the management of the Bank.	✓		
1.5(xii)	A statement that proper books of account of the Bank have been maintained.	✓		
1.5(xiii)	A statement that 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)	IAS / BAS / IFRS / BFRS, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
1.5(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5(xvi)	statement with regard to the protection of minority shareholders from abusive actions of controlling shareholders.	✓		
1.5(xvii)	A statement that there is no significant doubt upon the Bank's ability to continue as a going concern.	✓		No doubts upon PBL's ability to continue as a going concern
1.5(xviii)	An explanation that significant deviations from the last year's operating results of the Bank shall be highlighted and the reasons thereof shall be explained.	✓		
1.5(xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5(xx)	An explanation on the reasons if the Bank has not declared dividend (cash or stock) for the year.	N/A		Dividend declared 12.50% Cash
1.5(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend.	N/A		
1.5(xxii)	The total number of Board meetings held during the year and attendance by each director.	✓		
1.5(xxiii)	**The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:**			
1.5(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	✓		
1.5(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name wise details).	✓		

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.5(xxiii)(c)	Executives (top five salaried employees of the Company other than stated in 1.5(xxiii) b).	✓		
1.5(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the Bank (name wise details).	N/A		
1.5(xxiv)	**In case of appointment /re-appointment of a Director the Bank shall disclose the following information to the Shareholders:**			
1.5(xxiv)(a)	A brief resume of the Director.	✓		
1.5(xxiv)(b)	Nature of his/her expertise in specific functional areas.	✓		
1.5(xxiv (c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
1.5(xxv)	**A Management's Discussion and Analysis signed by CEO or MD:**			
1.5(xxv)(a)	Accounting policies and estimation for preparation of financial statements.	✓		
1.5(xxv)(b)	Changes in accounting policies and estimation, if any.			
1.5(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof.	✓		
1.5(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario.	✓		
1.5(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe.	✓		
1.5(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the bank.	✓		
1.5(xxv)(g)	Future plan or projection or forecast for bank's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM.	✓		
1.5(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A of CG Code.	✓		
1.5(xxvii)	The report and compliance certificate shall be disclosed as per Annexure-B and Annexure-C of CG Code.	✓		
1(6)	Conducting Board meetings, recording the minutes of the meetings and keeping required books and records in line with the provisions of the relevant BSS as adopted by the ICSB.	✓		
1(7)	**Code of Conduct for the Chairperson, other Board members and Chief Executive Officer:**			
1(7)(a)	Code of conduct, based on the recommendation of the NRC for the Chairman of the Board, other board members and Managing Director of the Bank.	✓		
1(7)(b)	Code of conduct as determined by the NRC shall be posted on the website of the bank.	✓		
2	**Governance of Board of Directors of Subsidiary Company:**			

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
2(a)	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.	✓		
2(b)	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.	✓		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	✓		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company.	✓		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		
3	**MD or CEO, Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):**			
3(1)(a)	The Board shall appoint a MD or CEO, CS, CFO and HIAC.	✓		
3(1)(b)	The positions of the MD or CEO, CS, CFO and HIAC shall be filled by different individuals.	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time.	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS.	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		No such incident occurred
3(2)	The MD or CEO, CS, CFO and HIAC of the bank shall attend the meetings of the Board.	✓		
3(3)	**Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):**			
3(3)(a)	They shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief.	✓		
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		
3(3)(a)(ii)	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.	✓		
3(3)(b)	They shall certify that 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.	✓		

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	**Board of Directors' Committee:**			
4(i)	Audit Committee of the BoD	✓		
4(ii)	Nomination and Remuneration Committee of the BoD			
5	**Audit Committee of BoD:**	✓		
5(1)	**Responsibility to the Board of Directors:**			
5(1)(a)	The Company shall have an Audit committee as an sub-committee of the Board of Directors.	✓		
5(1)(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 Bank and in ensuring a good monitoring system within the business.	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	**Constitution of the Audit Committee:**			
5(2)(a)	The Audit committee shall be composed of at least 3 (three) members.	✓		
5(2)(b)	Constitution of Audit Committee with the non-executive Board Members including one independent Director.	✓		
5(2)(c)	All members of the Audit Committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management experience and 10 (ten) years of such experience.	✓		
5(2)(d)	Filling of Casual Vacancy in the Audit Committee.	✓		
5(2)(e)	The Company Secretary shall act as the Secretary of the Committee.	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)	**Chairman of the Audit Committee:**			
5(3)(a)	Chairman of the Audit Committee shall be an Independent Director.	✓		
5(3)(b)	In absence of regular Chairperson of BAC in a particular meeting the remaining members may elect a Chairman of that meeting and the reasons of such absence of regular Chairperson shall be duly recorded in the minutes.	✓		
5(3)(c)	Chairman of Audit Committee shall present in the Annual General Meeting (AGM).	✓		
5(4)	**Meeting of the Audit Committee:**			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year.	✓		
5(4)(b)	The quorum of the meeting of Audit Committee shall be constituted in presence of either two members or two third of the members, whichever is higher, where presence of an Independent Director is a must.	✓		
5(5)	**Role of the Audit Committee:**			

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
5(5)(a)	Oversee the financial reporting process.	✓		
5(5)(b)	Monitor choice of accounting policies and principles.	✓		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced.	✓		
5(5)(d)	Oversee hiring and performance of external auditors.			
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption.	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval.	✓		
5(5)(g)	Review along with the management, the quarterly & half-yearly financial statements before submission to the Board for approval.	✓		
5(5)(h)	Review the adequacy of internal audit function.	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report.	✓		
5(5)(j)	Review statement of all related party transactions submitted by the Management.	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors.	✓		
5(5)(m)	Oversee whether the proceeds raised through IPO or RPO or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.	N/A		
5(6)	**Reporting of the Audit Committee:**			
5(6)(a)	**Reporting to the Board of Directors:**			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:	✓		
5(6)(a)(ii)(a)	Report on conflict of interests.	N/A		
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements.	N/A		
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	N/A		
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.	✓		

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
5(6)(b)	**Reporting to the Authorities:** Reporting of anything having material impact on the financial condition and results of operation to the Commission, (if ignored by the Board).	✓		
5(7)	**Reporting to the Shareholders and General Investors:** Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 5(6)(a)(ii) shall be disclosed in the Annual Report.	✓		
6	**Nomination and Remuneration Committee (NRC):** NRC has already been formed in accordance to CG Code but it has not been mentioned in the guidelines of Bangladesh Bank.			
6(1)	**Responsibility to the Board of Directors:**			
6(1)(a)	The Bank shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board.	✓		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive.	✓		
6(1)(c)	ToR of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
6(2)	**Constitution of the NRC:**			
6(2)(a)	The Committee shall comprise of at least three members including an independent director.	✓		
6(2)(b)	All members of the Committee shall be non-executive directors.	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board.	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee.	✓		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee.			No such event occured
6(2)(g)	The company secretary shall act as the secretary of the Committee.	✓		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director.	✓		

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the bank.	✓		
6(3)	**Chairperson of the NRC:**			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director.	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such event occured
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.			Will be occured by the Management
6(4)	**Meeting of the NRC:**			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year.			The Bank is waiting for Bangladesh Bank directives.
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC.			-Do-
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h).			-Do-
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			-Do-
6(5)	**Role of the NRC:**			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders.	✓		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓		
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓		
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.	✓		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.			Remuneration of directors and CEOs are determind by Bangladesh Bank

Condition No.	Title	Compliance status (Put in the appropriate column)		Remarks (If any)
		Complied	Not complied	
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality.			The Bank is waiting for Bangladesh Bank directives.
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board.			-Do-
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board.			-Do-
6(5)(b)(v)	Identifying the bank's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			-Do-
6(5)(b)(vi)	Developing, recommending and reviewing annually the bank's human resources and training policies.			-Do-
6(5)(c)	The bank shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			-Do-
7	**External/Statutory Auditors:** The Bank shall not engage its external or statutory auditors to perform the following services of the bank, namely:-			
7(1)(i)	Appraisal or valuation services or fairness opinions.	✓		
7(1)(ii)	Financial information systems design and implementation.	✓		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
7(1)(iv)	Broker-dealer services.	✓		
7(1)(v)	Actuarial services.	✓		
7(1)(vi)	Internal audit services or special audit services.	✓		
7(1)(vii)	Any service that the Audit Committee determines.	✓		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7(1)(ix)	Any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the bank they audit at least during the tenure of their audit assignment of that bank; his or her family members also shall not hold any shares in the said bank.	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8	**Maintaining a website by the bank:**			
8(1)	The bank shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The bank shall keep the website functional from the date of listing.	✓		


MANAGEMENT REVIEW
& ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.0 ACCOUNTING POLICIES AND ESTIMATION FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Bank continue to be prepared in accordance with First Schedule of the Bank Company Act 1991, as amended, BRPD circular no. 14 of 25 June 2003, other Bangladesh Bank circulars, the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, International Accounting Standards and International Financial Reporting Standards including those that have been so far adopted by the Institute of Chartered Accountants of Bangladesh. 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.

The preparation of the financial statements in conformity with IFRS 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.

1.1 CHANGES IN ACCOUNTING POLICIES AND ESTIMATION

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

2.0 COMPARATIVE ANALYSIS

2.1 OVERVIEW OF FINANCIAL PERFORMANCE

BDT in million

	2020	2019	% Change	2018	2017	2016
Interest income	22,716.88	26,060.65	-12.83%	23,987.74	18,991.52	17,602.87
Interest paid on deposits, borrowings, etc.	-19,851.84	(17691.78)	12.21%	(14966.25)	(11135.62)	(10458.63)
Net Interest Income	2,865.04	8,368.88	-65.77%	9,021.49	7,855.90	7,144.24
Investment income	12,707.36	7,131.92	78.18%	5,193.01	5,409.01	4,354.88
Commission, exchange and brokerage	1,598.06	1,751.56	-8.76%	1,865.96	1,674.57	1,401.48
Other operating income	1,153.56	1,157.51	-0.34%	1,179.00	1,235.79	1,048.45
Operating Income	18,324.03	18,409.88	-0.47%	17,259.46	16,175.27	13,949.05
Operating Expenses	9,944.47	8,952.07	11.09%	8,401.78	7,990.38	7,392.57
Operating Profit	8,379.56	9,457.81	-11.40%	8,857.68	8,184.89	6,556.47
Provision for Loans, Advances, Investments and Other Assets	2,626.31	4,261.65	-38.37%	3,171.87	5,799.81	2,756.44
Total Profit/(Loss) before Taxes	5,753.25	5,196.15	10.72%	5,685.80	2,385.08	3,800.03
Total Provision for Taxes	2,083.74	3,052.88	-31.75%	2,261.74	2,666.28	2,465.08
Net Profit/(Loss) after Taxes	3,669.51	2,143.27	71.21%	3,424.06	(281.20)	1,334.95

Net profit & Net Interest Income

Net profit for the year ended 31 December, 2020 stood at 3,6669.51 million, as compared to the net profit of`2,143.27 million last year. Interest income decreased from 26,060.65 million in 2019 to 22,176.88 million in 2020. Net interest income (NII) fall by 65.77% from 8,368.88 million in 2019 to 2,865.04 million in 2020, due to reduction of interest income by 12.83% and increase of interest paid by 12.21%. Non-interest income consisting of investment income, commission, exchange and brokerage fee and other income. Investment income grew strongly by 78.18% from 7,131.92 million in 2019 to 12,707.36 million in 2020. Whereas Commission, exchange and brokerage fee income declined by 8.76% from 1,751.56 million in 2019 to 1,596.06 million in 2020. Other operating income also declined by 0.34% from 1,157.51 million in 2019 to 1,153.56 million in 2020.

Management's Discussion and Analysis

Operating Income

The operating Income of the Bank decreased by 0.47% to 18,324.03 million from 18,409.88 million last year. The core income streams (NII & Investment income) constituted 84.98% of the operating revenue, reflecting the stability of the Bank's earnings.

Operating expenses

Operating expenses rose 11.09% from 8,952.07 million in 2019 to 9,944.47 million in 2020 as salary expense, Rent, taxes, insurance, electricity, etc. and Depreciation of fixed assets increased. Salary expenses increased by 15.53% from 5,433.63 million in 2019 to 6,277.22 million in 2020, primarily on account of increase in number of employee.

Operating profit

During the year, Operating profit reported a fall of 11.40% over the previous year to 8,379.56 million due to fall of interest income by 12.83%.

Provisions and contingencies

During 2020, the Bank created total provisions (excluding provisions for tax) of 2,626.31 million compared to 4,261.65 million last year.

KEY RATIOS

	2020	2019	2018	2017	2016
Earnings per share (EPS) (in BDT)	3.60	2.10	3.43	(0.28)	1.40
Net asset value per share (NAVPS) (in BDT)	37.74	31.38	27.42	25.68	28.56
Return on assets (ROA) %	0.65%	0.45%	0.84%	-0.08%	0.42%
Return on equity (ROE) %	9.46%	7.51%	12.51%	-1.15%	5.31%
Operating Expense to operating income %	54.27%	48.63%	48.68%	49.48%	53.00%
Credit deposit ratio %	70.71%	76.15%	82.94%	83.34%	82.10%
Net profit per employee (in million)	0.45	0.26	0.45	(0.04)	0.19
Cost of fund %	7.09%	8.03%	7.97%	7.42%	7.68%

Basic Earnings Per Share (EPS) was BDT 3.60 compared to BDT 2.10 last year. Return on Equity (RoE) and Return on Assets (RoA) stood at 9.46% and 0.65% respectively. Book Value per Share increased by 20.26% to BDT 37.74 from BDT 31.38 last year. Profit per Employee stood at 0.45 million. Credit Deposit (CD) ratio of the Bank as on 31 December, 2020 was at 70.71% and Cost of the fund of the Bank was 7.09%.

2.2 BALANCE SHEET PARAMETERS

Assets

BDT in million

	2020	2019	% Change	2018	2017	2016
Cash	24,146.44	25,902.99	-6.78%	23,056.85	22,817.79	21,114.47
Balance with Other Banks and Financial Institutions	18,580.80	13,086.55	41.98%	15,579.62	12,903.22	9,033.36
Money at Call on Short Notice	1,200.79	126.79	847.09%	11.29	11.29	551.29
Investments	147,906.01	100,603.86	47.02%	57,660.24	53,527.20	48,865.75
Government	126,428.03	79,473.54	59.08%	37,761.95	35,243.86	36,564.05
Others	21,477.98	21,130.32	1.65%	19,898.29	18,283.35	12,301.70
Loans, Advances and Leases	315,578.90	287,034.67	9.94%	270,909.51	239,539.60	203,011.23
Fixed Assets including Premises, Furniture & Fixtures	5,087.99	5,180.80	-1.79%	3,782.35	3,686.86	3,788.44
Other Assets	52,531.14	42,419.93	13.85%	38,743.86	35,828.29	33,996.97
Total Assets	565,032.07	474,355.97	1124.64%	409,744.09	368,314.62	320,361.89

Management's Discussion and Analysis

Advances

Total advances of the Bank as on 31 December, 2020 increased by 9.94% to 315,578.90 million from 287,034.67 million as on 31 December 2019, largely driven by growth in corporate loans. Corporate advances comprised 66.29% of total loans and reduced by 12.86% to BDT 209,202.10 million, SME loan comprised 21.76% of total loans and increased by 6.38%% to BDT 68,667.40 million, Agricultural loans grew by 19.76% to BDT 6,077.90 million and constituted 1.93% of total loans, Retail loans reduced by 1.28% to BDT 31,631.50 million and constituted 10.02% of total loans.

Investments

The investment portfolio of the Bank increased by 47.02% to 147,906.01 million, of which investments in Government and approved securities, held mainly for SLR requirement, increased by 59.08% to 126,428.03 million. Other investments, including corporate debt securities, increased by 1.65% to 21,477.98 million

Liabilities and shareholder's funds

BDT in million

	2020	2019	% Change	2018	2017	2016
Borrowings From Other Banks, Financial Institutions & Agents	17,486.80	16,970.35	-1.06%	17,152.36	18,099.36	6,305.99
Subordinated bonds	11,500.00	9,000.00	80.00%	5,000.00	5,000.00	-
Deposits and Other Accounts	429,343.02	359,418.89	16.35%	308,899.77	271,605.83	247,278.50
Current accounts & other accounts	49,702.53	41,003.94	7.59%	38,111.22	34,690.40	29,016.87
Bills payable	14,657.45	14,602.54	25.22%	11,661.55	9,757.89	12,240.64
Savings bank deposits	100,270.30	82,675.39	10.39%	74,891.25	70,060.11	62,201.79
Term deposits	255,315.07	213,476.82	20.12%	177,726.67	151,842.17	138,518.72
Other deposits	9,397.67	7,660.20	17.68%	6,509.08	5,255.25	5,300.48
Other Liabilities	67,894.21	60,413.89	17.73%	51,314.86	49,189.12	41,633.00
Total Liabilities	526,224.03	445,803.13	16.59%	382,366.99	343,894.31	295,217.49
Capital / Shareholders' Equity						
Paid up capital	10,282.94	10,282.94	3.00%	9,983.44	9,508.04	8,803.74
Statutory reserve	10,283.00	10,283.00	3.00%	9,983.50	9,510.25	9,300.25
Retained earnings (general reserve)	11,371.99	5,005.20	12.26%	4,458.71	2,458.49	4,094.18
Other reserves	6,870.11	2,981.70	1.02%	2,951.45	2,943.53	2,946.24
Total Shareholders' Equity	38,808.04	28,552.84	4.29%	27,377.10	24,420.31	25,144.40
Total Liabilities and Shareholders' Equity	565,032.07	474,355.97	15.77%	409,744.09	368,314.62	320,361.89

Deposits

The total deposits of the Bank increased by 19.45% to 429,343.02 million against 359,419 million last year. Savings Bank deposits reported a growth of 21.28% to 100,270.30 million, while Current Account deposits reported an increase of 21.21% to 49,702.53 million and Bills Payable reported a little growth of 0.38% to 14,667.45 million.

The Bank continued to maintain its focus on low cost deposits. As on 31 December, 2020, Time deposit constituting 82.91% of total deposits and stood at 355,958.71 million and Demand deposit constituting 17.09% of total deposits and stood at 73,384.31 million.

Borrowings from other Bank, Financial Institutions

The total borrowings from other Bank, Financial Institutions of the Bank increased by 3.04% from 16,970 million in 2019 to 117,486.80 million in 2020.

Management's Discussion and Analysis

3.0 FINANCIAL AND ECONOMIC SCENARIO

3.1 WORLD ECONOMY

The global growth contraction for 2020 is estimated at -3.5 percent, 0.9 percentage point higher than projected in the previous forecast. The revision reflects better-than anticipated second quarter GDP outturns, mostly in advanced economies, where activity began to improve sooner than expected after lockdowns were scaled back in May and June, as well as indicators of a stronger recovery in the third quarter. Global growth is projected at 5.5 percent in 2021 and 4.2 percent in 2022. Following the contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is expected to be a modest 0.6 percent above that of 2019, reflecting expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis.

GLOBAL GDP GROWTH

Growth in the advanced economy group is projected at –5.8 percent in 2020, 2.3 percentage points stronger than in the June 2020 WEO Update. In 2021 the advanced economy growth rate is projected to strengthen to 3.9 percent, leaving 2021 GDP for the group some 2 percent below what it was in 2019. The US economy is projected to contract by 4.3 percent, before growing at 3.1 percent in 2021.A deeper contraction of 8.3 percent is projected for the euro area in 2020, reflecting a sharper downturn than in the United States in the first half of the year. The growth bounce-back of 5.2 percent projected for 2021 is accordingly stronger from a lower base. Asian advanced economies are projected to have somewhat more moderate downturns than those of Europe, in light of the more contained pandemic, also reflected in smaller GDP declines during the first half of 2020. Among emerging market and developing economies, growth is forecast at –3.3 percent in 2020, 0.2 percentage point weaker than in the June 2020 WEO Update, strengthening to 6 percent in 2021. Prospects for China are much stronger than for most other countries in this group, with the economy projected to grow by about 10 percent over 2020–21 (1.9 percent this year and 8.2 percent next year).

GLOBAL INFLATION

The inflation rate in 2020 has been decreased to 3.18% from 3.51% in 2019. Inflation in the advanced economy group is projected at 0.8% in 2020, rising to 1.6% in 2021. In the emerging market and developing economy group, inflation is projected at 5% this year, declining to 4.7% next year. The inflation for Asia region was 3.2% in 2020.

GLOBAL TRADE VOLUME

Global trade growth is projected to weaken significantly. Global trade is expected to contract by over 10 percent this year—a pace similar to during the global financial crisis in 2009. Consistent with the projected recovery in global activity, trade volumes are expected to grow by about 8 percent in 2021 and by slightly more than 4 percent, on average, in subsequent years. The contraction in global trade in 2020 reflects a sharp collapse in tourism and travel. Countries where these sectors account for a larger share of GDP are projected to suffer bigger declines in activity during 2020–21 compared with pre-pandemic forecasts. Global trade began recovering in June as lockdowns were eased. China is an important contributor. Its exports recovered from deep declines earlier in the year, supported by an earlier restart of activity and a strong pickup in external demand for medical equipment and for equipment to support the shift to remote working.

GLOBAL COMMODITY MARKETS

Two distinct phases: between February and April the index fell by 24 percent as the COVID-19 pandemic intensified; between April and August the index recovered by about 31 percent, as many countries eased lockdown measures and economic activity resumed. The rebound, however, has varied across commodities, depending on conditions in end-use sectors and regions affected by the outbreak and on the storability and supply elasticity of a commodity. Prices of energy and some agricultural raw materials rebounded later than metals' prices. Food prices were less affected, even though changes were widely dispersed across agricultural commodities.

Management's Discussion and Analysis

Crude oil prices have doubled since their April low, supported by sharp oil supply cuts by OPEC. Metal prices recovered rapidly in response to a faster than-expected pick up in China's industrial activity. Some food prices have also risen due to production shortfalls in edible oils.

GLOBAL FDI

Global foreign direct investment (FDI) collapsed in 2020, falling by 42% to an estimated $859 billion, from $1.5 trillion in 2019. The decline was concentrated in developed countries, where FDI flows fell by 69% to an estimated $229 billion. Flows to Europe dried up completely to – 4 billion. A sharp decrease was also recorded in the United States (-49%) to $134 billion. The decline in developing economies was measured at -12% to an estimate $616. The fall in FDI flows across developing regions was uneven, with -37% in Latin America and the Caribbean -18% in Africa and -4% in developing Asia.

GLOBAL UNEMPLOYMENT

In 2020, 8.8 per cent of global working hours were lost relative to the fourth quarter of 2019, equivalent to 255 million full-time jobs.1Working-hour losses were particularly high in Latin America and the Caribbean, Southern Europe and Southern Asia. Working-hour losses in 2020 were approximately four times greater than during the global financial crisis in 2009. In total, there were unprecedented global employment losses in 2020 of 114 million jobs relative to 2019. In relative terms, employment losses were higher for women (5.0 per cent) than for men, and for young workers (8.7 per cent) than for older workers. While there are expectations that a robust economic recovery will occur in the second half of 2021 with the roll-out of vaccination against COVID-19, the global economy is still facing high levels of uncertainty and there is a risk that the recovery will be uneven. The latest projections indicate a persistent work deficit in 2021.

GLOBAL ECONOMIC OUTLOOK

Although recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook. Amid exceptional uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The 2021 forecast is revised up 0.3 percentage point relative to the previous forecast, reflecting expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies. The outbreak of COVID-19 pandemic and its massive adverse effects have pushed the global economic growth into negative zone in 2020. Governments worldwide have imposed widespread closures, lock-down, isolation and restrictions of movement of domestic and international transports in order to contain the spread of the virus. As a result, the COVID-19 pandemic has triggered the deepest global recession since World War-II and global economic activity is projected to contract sharply by 4.4% in 2020. However, growth is anticipated to pick upto 5.2% in 2021 subject to effective implementation of monetary and fiscal stimulus packages, restoration of normal economic activities and fading of the pandemic. In advanced economies, growth declined to 1.7% in 2019 from 2.2% in 2018 and it is projected to decline to -5.8% in 2020 and increase to 3.9% in 2021. In emerging market and developing economies, growth is forecasted to decline to -3.3% in 2020 and then pick up to 6.0% in 2021.

Challenges

- The COVID-19 pandemic caused significant short-term economic disruption and job loss, compounded by falling confidence and tighter financial conditions.
- Organization for Economic Cooperation and Development (OECD) projects global output to fall by 6% in 2020, with the pre-crisis level almost regained at the end of 2021.
- Steep decline in economic activity resulting gross domestic product, the broadest measure of activity may be plunged to record lows across many economies.
- The International Monetary Fund forecast the global economy could shrink 4.4% this year, before bouncing back to 5.2% growth in 2021.

Opportunity

- Economic data released after the October 2020 WEO forecast suggest stronger-than-projected momentum on average across regions in the second half of 2020.
- Infections and restrictions will soften momentum in early 2021. Third quarter GDP as well as investment outturns mostly on the upside at Australia, euro area, India, Japan, Korea, New Zealand, Turkey, United States or were in line with expectations elsewhere (China, Mexico).
- Fiscal deficits in most countries are projected to decline in 2021 as revenues rise and expenditures decline automatically with the recovery.
- Markets remain upbeat about prospects for 2021, banking on continued policy support. Rising commodity prices. Reflecting the projected global recovery, oil prices are expected to rise in 2021 just over 20% from the low base for 2020, but will still remain well below their average for 2019.
- Non-oil commodity prices are also expected to increase with those of metals, in particular, projected to accelerate strongly in 2021.
- Consistent with recovery in global activity, global trade volumes are forecast to grow about 8% in 2021, before moderating to 6% in 2022.

Source:
World Economic Outlook, October, 2020, January 2021,
UNCTAD Investment Trend Monitor January 2021
World Bank World Employment & Social Outlook, ILO

3.2 BANGLADESH ECONOMY

The year 2020 began with a cloud of uncertainty which remains throughout the year, the outbreak of COVID-19 pandemic during the last year 2020 affected national economy adversely which causes for a lower growth in all major sectors. Although country did not suffer from any severe setback during the year but some of the area especially export and import were slowed-down due to shrinking global economic activity. Bangladesh recorded robust growth rates during the last couple of years and the growth rate in FY20 was highest in South Asian region. Gross Domestic Product (GDP) of Bangladesh grew by 5.2 percent in FY20, while it was 8.15 percent in FY19 as per provisional estimates by BBS (Bangladesh Bureau of Statistics). Accordingly, GNI per capital income stood at $2,064 at the end of June, 2020 which was $1,909 during same period of previous year. The detail of the economic activities is delineated as below:

AGRICULTURAL SECTOR

Agriculture sector contributed 13.3 percent of GDP and growth of this sector moderated from a base of 3.9 percent in FY19 to 3.1 percent in FY20. This growth was mainly supported by the growth of fishing, forest related services and animal farming sub-sector.

INDUSTRY SECTOR

Industry sector contributed 35.4 percent of GDP and grew by 6.5 percent in FY20, lower from 12.7 percent in FY19. This growth was mainly supported by the growth of manufacturing and construction. As a result of COVID-19, both large and medium, and small scale industrial sub-sector recorded lower growth of 5.5 percent and 7.8 percent respectively.

SERVICE SECTOR

The services sector accounts for the largest share of GDP. In FY20, 51.3 percent of GDP came from this sector which was 51.4 percent in FY19. Service sector grew by 5.3 percent, much lower than 6.8 percent growth in FY19.

REVENUE COLLECTION

In the revised budget for FY20, total revenue receipts targeted at BDT 3,480.7 billion, which was 7.9 percent lower than the initial target. It was 38.2 percent higher than the actual revenue receipts in FY19. The revised target for tax revenue collection constituted 89.9 percent of the total revenue receipts which was 38.6 percent higher than that of the actual tax collected in FY19. Similarly, the revised target for non-tax revenue collection for FY20 was 35.0 percent higher than the actual collection for that of FY19.

Management's Discussion and Analysis

External sector

External sectors of Bangladesh economy such as export, import and remittance have always big role in the country's development activities.

Export

Due to COVID-19, export earnings drastically decreased by 16.9 percent to USD 33,674.1 million in FY20 from USD 40,535.0 million inFY19. Readymade Garments (woven garments and knitwear products) continued to occupy a major share of the total export. Woven and knitwear products, which accounts for about 83.0 percent of total export earnings, registered a decrease in receipts from USD 34,133.3 million in FY19 to USD 27,949.2 million in FY20. Total merchandise commodity export during July- December of FY21 decreased by USD 68.74 million or 0.36 percent to USD 19,233.45 million compared to USD 19,302.19 million during July-December of FY20.

Import

Due to COVID-19, imports (fob) stood at USD 50,691 million in FY20 which was 8.6 percent lower than the previous FY19. Import of food grains achieved a higher growth of 7.8 percent in FY20 mainly due to wheat import. Import for other food items increased by 13.3 percent to USD 4,887.9 million in FY20 from USD 4,312.6 million in FY19. For the pandemic situation, all items of capital goods and others categories recorded at USD 8,578.3 million in FY20 which was lower than the previous fiscal year. However, import during July-December of FY21 fell by USD 1,981 million or 6.77% and stood at USD 27,269 million against USD 29,250 million during July-December of FY20.

Remittance

Remittance receipts increased by 10.9 percent to USD 18,205.01 million in FY20 from USD 16,419.63 million in FY19. Due to government incentive, simplification of sending remittances in formal channel and different supportive policy regarding remittances helped expatriates to increase remittance inflows again. Receipts of workers' remittances during July-December of FY21 increased by USD 3,536.82 million or 37.59 percent and stood at USD 12,944.75 million against USD 9,407.93 million of July-December of FY20.

Foreign Direct Investment (FDI)

FDI has been emphasized by the Government in its 7th five year plan and has undertaken various policies for adequate incentives in attracting foreign investors. However, net FDI inflow decreased significantly by 42.5 percent to USD 1,510 million in FY20. On the other hand, portfolio investment increased significantly by 61.4 percent to USD 276 million in FY20 compared to USD 171 of preceding year.

Monetary Policy

BB has announced its monetary policy stance (MPS) for FY21. The stance is essentially expansionary and accommodative for all growth support needs while ensuring inflation target as well. The prime objectives of the MPS FY21 are the economic recovery from the adversity of the pandemic and rehabilitation of production capacity. Broad money (M2), reserve money and domestic credit were set to be within 13.0 percent, 12.0 percent and 17.4 percent respectively for FY20.

Foreign Exchange reserve

Foreign Exchange Reserves is another significant part for stabilizing foreign exchange market. Foreign exchange reserves are the foreign assets held or controlled by the central banks. It is an important indicator for gauging an economies' ability to absorb external shock. Foreign Exchange Reserves stood at USD 36.04 billion in FY20, which was USD 32.72 billion in FY19. The current Foreign Exchange Reserves is sufficient to pay import liability of 7.87 months.

Sovereign ratings

Bangladesh consecutively holding Ba3 (Moody's) and BB- (Standard and Poor's) with stable outlook for the 9th consecutive years. Satisfactory real GDP growth and good economic performance as a whole have helped Bangladesh to achieve BB- rating with stable outlook from Fitch Ratings for the fourth time.

Management's Discussion and Analysis

In general, a credit rating is used by sovereign wealth funds, pension funds and other investors to gauge the credit worthiness of Bangladesh, thus having a big impact on the country's borrowing costs.

Bangladesh Economic Outlook 2021: A Road to Recovery

The year 2021 will be a new beginning facing all the hindrances and bring a lot of expectations for us. The Covid-19 pandemic which affected our economic and social lives in every possible phases in 2020 is expected to be controlled since vaccinations are already started in full swing across the country. The outgoing year 2020 was very challenging as Bangladesh economy was under stress because of weak performance of a few economic indicators such as exports, imports, private sector investment, foreign direct investment, and revenue mobilization. Moreover, the banking sector was suffering high nonperforming loans (NPL). However, Bangladesh has taken several measures to overcome the negative effect of the pandemic such as Government has introduced several stimulus packages to help the affected sectors and people. Presently, economic and business activities are in rising trend and maximum peoples of the country are back to the normal life. Inflow of remittance rose by 33.51% or USD 16.69 billion in eight months (July-February) of the current fiscal year 2020-21 and export-import have backed to normal trend. We would like to think of 2021 as a new beginning and will bring positive change.

Opportunities

- Institutional strengthening and reform.
- Rebuilding the economy from the fallout of the pandemic especially export and inward remittance have become the main drivers of macro-economic growth.
- Liquidity situation in the banking system has increased which led to low interest rates.
- Bangladesh Bank's Foreign Exchange Reserve stood at USD 44.03 billion which is all time high and created for opportunity of more investment /expenditure

Challenges

- The lack of export diversification
- The low flow of FDI (Foreign Direct Investment) in Bangladesh
- Bangladesh will graduate from the LDC status and will thus lose trade preferences in its major export markets
- Government stimulus measures are key imperatives to ensure the projected recovery but this growth projection is in a risk because of unemployment caused by prolonged pandemic in Bangladesh.
- High non-performing loans (NPL) in Banking Industry

Source:
Bangladesh Bank Annual Report 2019-2020
Bangladesh Bank Monthly Economic Indicators, December-2020

4.0 RISKS AND CONCERNS ISSUES

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. Sound risk management systems enable managers of banking companies to take risks knowingly, reduce risks where appropriate and strive to prepare for a future, which by its nature cannot be predicted with absolute certainty.

Risk management is a discipline at the core of every banking company and encompasses all activities that affect its risk profile. Banks should attach considerable importance to improve the ability to identify, measure, monitor and control the overall risks assumed. Risk management is very important especially when the banks are dealing with multiple activities, involving huge funds having both local and international currency exposure. Banking companies in Bangladesh, while conducting day-to-day operations, usually face the following major risks: Credit Risk, Internal Control & Compliance Risk, Money Laundering Risk, Asset Liability Management Risk, Foreign Exchange Risk and Information Technology Risk. Moreover Residual Risk, Concentration Risk, Liquidity Risk, Reputation Risk, Strategic Risk, Settlement Risk and Environmental & Climate Change Risk are also brought into consideration. Success or failure of the bank depends to a great extent on proper identification and minimization of these risks.

Management's Discussion and Analysis

CREDIT RISK

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.

CREDIT RISK MITIGATION

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 the proposed credit facility, environmental & social risk etc. All credit proposals have been placed before the credit committee 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. 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.

FOREIGN EXCHANGE RISK

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.

FOREIGN EXCHANGE RISK MITIGATION

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. 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.

ASSET AND 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.

Management's Discussion and Analysis

MONEY LAUNDERING RISK

Money Laundering Risk arises from non-compliance of money laundering related instructions of the regulatory body. 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. 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. Money laundering and Terrorist Financing may lead to legal risk such as law suits, adverse judgments, unenforceable contracts, fines & penalties generating losses etc.

Prevention of Money Laundering and Combating Terrorist Financing

- Anti Money Laundering Division (AMLD) has already been formed as per instruction of BFIU.
- Central Compliance Committee (CCC) at Head Office has already been formed headed by Chief Anti-Money Laundering Compliance Officer (CAMLCO).
- Money Laundering & Terrorist Financing Risk Management Guidelines has been prepared and the same has been disseminated to the branches for compliance.
- As per BFIU Circular Letter no. 01 dated 16th January 2017 Uniform Account Opening Form has been introduced.
- Cash Transaction Report (CTR) and Suspicious Transaction Report (STR) are submitted to Bangladesh Financial Intelligence Unit on regular basis.
- Customers are graded on the basis of risk.
- Extensive training is being continuously imparted to the officials of the Bank to make them familiar with money laundering prevention & combating terrorist financing.
- We do not establish Correspondent Banking relationship with any shell bank or any bank having banking relationship with any shell bank.
- Trade Based Money Laundering by the way of under invoicing, over invoicing, under shipment, over shipment, multiple shipment and shipment of inferior goods etc. is a burning issue.
- Pubali Bank has already introduced sanction screening.
- To ensure the genuineness of the customers, national ID card verification has been introduced.

INTERNAL CONTROL AND COMPLIANCE

Internal control is a system structured within the organization whose goal is to raise efficiency and effectiveness of activities. The system assures the conformity of activities within the laws and regulations and improves the reliability of financial reporting. Internal control system possesses vital importance for the institution to attain its ultimate objectives. The system allows banks to foresee potential problems which may cause financial losses and thereby prevent or minimize any future losses. When internal control is effective, there is a reasonable assurance that plan is achieving its financial reporting objectives. When it is not effective, there is little or no such assurance.

An effective system of internal control protects the plans of an organization in two ways:

• By minimizing opportunities for unintentional errors or intentional fraud that may harm the plan. Preventive controls, which are designed to discourage errors or fraud, help accomplish this objective.
• By discovering small errors before they become big problems. Detective controls are designed to identify an error or fraud after it has occurred.

Weakness in Internal Control System may lead to significant amount of loss and the loss may be originated from internal & external fraud, employee practices & workplace safety, business practices, damage to physical assets, business disruption & system failure and process management etc. In our Bank, internal control and compliance functions are jointly performed by Audit & Inspection Division, Monitoring Division, and Compliance Division. Audit & Inspection Division conducts audit as per Risk Based Audit Plan approved by the Board. Monitoring Division is engaged in monitoring function through different monitoring tools such as Pubali Monitoring System, Departmental Control Function Checklist, Quarterly Operations Report and Loan Documentation Checklist etc.

Compliance Division deals with all regulatory compliance related activities and also functions as the contact point 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 placed before the Board of Directors on the issue on yearly basis. 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 being gradually implemented.

Since there is a positive correlation between ethics and internal control, Compliance Division always stresses on extensive training on Ethics in Banking. The division always incorporates sessions on the issue in its outreach training programs. Pubali Bank Training Institute also arranges training on Ethics in Banking as per yearly training calendar. Our Human Resources Division has already prepared Policy Guidelines on Code of Conduct and the same has also been disseminated for compliance.

ICT OPERATION

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.

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. Moreover, we have been upgrading security of ICT environment time-to-time. In the line with the security enhancement, we have updated our Software Patches and strengthen security control at our workstations, Data Center and Disaster Recovery Center.

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

To ensure proper training to our officials 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 2020, we conducted 36 training programs at our Computer Lab on 19 (Nineteen) different Topics/Modules covering 1,015 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.

5.0 FUTURE PLAN FOR COMPANY'S OPERATION AND PERFORMANCE

The Bank has put stress on the business target fixed up for the year 2020. The Bank put emphasis on retail banking business and to increase the small sized loan portfolio. The target of Deposit and Advances are projected to be increased by 16.37% and 16.93% respectively. Import, Export and Foreign Remittance businesses are expected to rise by 19.55%, 34.58% and 35.70% respectively while operating profit target fixed for Tk.1,050.00 crore which is expected to be increased by 25%.

DuPont Analysis

DuPont Analysis is a technique that consists of a detailed examination of various RoE factors (e.g. Net Profit Margin, Total Asset Turnover, Financial Leverage). It is an index that reveals how much profit a company earns in comparison to the total shareholders equity on the Balance Sheet. It conclusively proves that a bank can earn a high RoE if it:

- Earns a high net profit margin
- Uses its assets effectively to generate more sales
- Has a prudent financial leverage

Net Profit Margin

This is a financial ratio used to calculate the percentage of profit a bank produces from its total revenue. Net Profit Margin consists of three important components namely: Operating Profit Margin, Effects of Non-Operating items and Tax Effects.

Total Asset Turnover

This is an efficiency ratio that measures the value of the bank's revenue using its assets. It is an excellent indicator of the efficiency with which a bank can use assets to generate revenue. When the bank's asset turnover increases, it positively impacts on its RoE.

Financial Leverage

It refers to the use of debt to acquire additional assets. An increase in the value of the assets will result in a larger gain on the owner's cash, when the loan interest rate is less than the rate of increase in the asset's value. While a decrease in the value of the assets will result in a larger loss on the owner's cash.

DuPont Analysis

Particulars	2020	2019	2018
Return on Equity (RoE)	9.46%	7.51%	12.51%
Net Profit Margin	9.61%	5.94%	10.63%
Contribution on Net Profit Margin			
a) Operating Profit Margin	21.95%	26.20%	27.49%
b) Non-Operating Items	-6.88%	-11.80%	-9.84%
c) Tax Effect	-5.46%	-8.46%	-7.02%
Asset Turnover (times)	0.07	0.08	0.08
Financial Leverage (times)	14.68	14.88	14.97

PESTLE Analysis

PESTLE analysis is sometimes referred as PEST analysis, is a concept of marketing principles. This analysis is crucial from the point of view of shareholders or investors, as it informs them how some of the key external factors and the sub-factors within each of these core external factors can influence an organization's performance or ability to create value over the long-term.

The letters of "PESTLE" stand for:

- Political
- Economic
- Social
- Technological
- Environmental
- Legal

P-Political

Macro-Economic Dimension	Impact on Industry	Pubali Bank Front
• Government policies have a significant impact on the macro business landscape of a country. A government empowered by the constitution can make or amend laws that has a significant impact on the business. • Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange and other regulatory bodies issue guidelines considering the dynamics of the banking landscape in the country. Broadly, such guidelines include amendments in Taxation, employment laws, tariffs, trade control, import/ export restrictions, data protection etc. One of the major regulations that has been issued comprises a cap on lending rates at 9%. While the political motivation behind this is to grow credit off take sustainably in the country, banks have to align their business models in the new environment.	Banking in Bangladesh is a highly regulated industry. The deposit of the depositor is an "Amanot" to the bankers as well as to the banks. Almost all the banks are fighting against the classified loan and the amount of classified loan has been increased abnormally in recent years. The sound operation of the industry depends highly on some perimeters: • Political stability • Regulatory interventions • Legal frameworks • Intellectual property protection • Trade regulations and tariffs • Tax rates and incentives • Mandatory employee benefits • Industrial safety regulations and rights	• Our Bank has restructured its lending and deposit rate consisting with the single digit interest rate. • As our bank has branches all over the country. So, the effect of single digit interest rate is very few in our bank. We render service to Corporate and small customers simultaneously. Moreover, the customers are also very much loyal and satisfied with our service. • Our Bank conducts Credit risk gradation properly. • The NPL of our Bank is below 5%. • Zero Tolerance policy to prevent country from the terrorism financing.

E-Economical

Macro-Economic Dimension	Impact on Industry	Pubali Bank Front
• The per capita national income reached US$2064 in FY2019-2020. • The economy grew at a rate of 8.20 percent in FY2019-20, satisfactorily up from 8.15 percent growth in FY2018-19. • Inflation in 5.65% • Private sector investment was 23.40% • Remittance inflow hit a record $42.09 billion	• Massive projects Rooppur Nuclear Power Plant, Metro Rail Project, Karnafully Tunnel etc. are being constructed here. • The diversification of manufacturing has been advocated by policy planner in Bangladesh. There are risk factors that need to be factored in, such as Covid-19 pandemic, Rohingya refugee crisis, delays in fiscal reforms, industrial unrests and rising energy prices in projecting the future growth rates.	• Our Bank has restructured its lending and deposit rate consisting with the single digit interest rate. • As our bank has branches all over the country. So, the effect of single digit interest rate is very few in our bank. We render service to Corporate and small customers simultaneously. Moreover, the customers are also very much loyal and satisfied with our service. • Our Bank conducts Credit risk gradation properly. • The NPL of our Bank is below 5%. • Zero Tolerance policy to prevent country from the terrorism financing.

S-Social

Macro-Economic Dimension	Impact on Industry	Pubali Bank Front
• Bangladesh Government has chalked out vision 2021 program aiming to raise GDP growth rate to 10% by 2021. This is in line with the objective to elevate the country as a middle-income country. • Our government is more focused to accomplish the goals of SDGs by taking different initiatives and projects.	• Social Factors will fragment customers needs, taste and preferences. Banks are thereby developing its products and services portfolio to attract potential customers.	• Pubali Bank aims at increasing the standard of living, per capital income, boosting economy that eventually contributes to GDP growth. • Our bank offers innovative products and services as per the demand of the customers.

T-Technological

Macro-Economic Dimension	Impact on Industry	Pubali Bank Front
• Information and Communication Technologies (ICTs) are recognized as a powerful tool for socio-economic development. With appropriate policies, supplemented by realistic strategies, ICTs are known to have brought tremendous welfare to people in terms of better access to information, job creation, and enhanced public services through efficient governance and diversification of economic opportunities.	• Established digital financial Services function. • Upgraded core baking software (CBS) • Focused on digital finance as key facilitator of banking.	• Our bank has made significant investments in technology. We are in the process of upgrading to a state-of-the-art core banking system. • To provide better customer service as well as to increase efficiency of the employees, our bank is gradually transforming to technology-oriented bank.

L-Legal

Macro-Economic Dimension	Impact on Industry	Pubali Bank Front
• Industries are now faced with tighter rules and regulations. The application of these are considerably more standardized and stringent than ever before.	• The banking sector is regulated under the company act-1994, Bangladesh bank guidelines, listing regulations, securities law, corporate governance guidelines, Income tax ordinance and rules 1984, Value added tax act-1991.	• Pubali bank runs its operations in accordance to the regulations of the regulatory body.

E-Environmental

Macro-Economic Dimension	Impact on Industry	Pubali Bank Front
• There is a growing focus on green, or more broadly, sustainable finance, both in financial markets and in the international political arena.	• This has led financial institutions to increase regulatory focus on financing green project and environment friendly business operation.	• Pubali bank carefully evaluates all environmental standards required to operate in particular market; weather and climatic change, recycling waste management, rules and regulations against environment pollution.

SWOT Analysis

INTERNAL

STRENGTH

- Pubali Bank Limited is the largest private commercial bank of our country. Currently, we have 482 branches across the country and it has the largest real time centralized online banking network.
- The bank has its wholly owned Centralized real time online banking software named “Pubali Integrated Banking Software- PIBS”. We have highly skilled and professional software engineers to provide 24 hours IT support.
- The bank has installed 229 ATM Machines and 9 POS Machines across the country. The bank has taken an initiative to install more ATM and POS machines in the remaining other branches.
- The bank provides hassle free "One Stop" service to its customers. The bank is always committed to provide better service to our customers and our customers are also satisfied to do banking with us.
- The bank has a diverse group of motivated and engaged employees. It believes that if employees are properly empowered, they become more engaged and can go extra miles to fulfill organization’s ambition.
- Our bank has a respectable institutional shareholding as well as eminent & experienced Board of Directors.
- Every year the bank declares satisfactory dividend to its investors.

WEAKNESS

- In order to cope with the technological changes, the employees of our banks need to be trained properly. As our bank has 8,118 employees, it is not possible to give training to all the employees at a time.
- Each and every large loan need be approved by the board of directors. That’s why it takes much time to disburse a loan.
- Though all necessary documents are being taken during the disbursement of a loan, but still some loans have become classified.

EXTERNAL

OPPORTUNITY

- The bank is focusing to operate “sub-branch” to bring unbanked and underprivileged people under the banking network.
- Being the country’s largest private commercial bank, we have the capacity to go to the doorstep of the grassroots customers very easily.
- The bank is rendering both conventional and Islamic Banking services considering the religious views of the customers.
- Cross-selling of products and services lead to become more profitable irrespective of heavy competition.
- In order to eliminate the risk of classified loan, our bank can move towards the SME loan as probability of risk is comparatively low here.

THREAT

- Due to COVID-19 NPL may increase. The Manager of branches has been assigned to review the performance of all investment accounts.
- More competitor is entering into the Islamic banking. The bank has already earned customer’s confidence and trust by delivering caring service during last 62 years and has strong bondage with them. Relationship will grow further in the coming days.
- The effects of single digit interest rate are comparatively very few on the bank. Thus, the bank has redesigned its products portfolio considering the changes of the interest rate.

COMPETITIVE INTENSITY AND OUR STRATEGIC RESPONSES

Financial sector of Bangladesh is mainly dominated by the banking sector. Banking industry is confronting the challenge of both internal and external risks exposure. Some of these risks are beyond control. However, with matured experience, Pubali Bank Limited has witnessed various industry cycles, economic turmoil and hence has developed and adjusted itself with a risk identification and mitigation framework that not only protects the Bank from unfavorable conditions, but also helps to enhance operating viability and ensure sustainability.

Threat of new entrants

Despite the regulatory and capital requirements of starting a new bank, a number of new banks have entered in the market. With so many new banks in the market is obvious to intensify the competition and the probability of new entrants will intensify it further.

Supplier power

The two main suppliers for a bank are the depositors who supply the primary resource of capital and employees who supply the resource of work. The power of the suppliers is largely based on the market, their power is often considered to fluctuate between low to medium.

Buyer power

Corporate and high net worth individual customers have relatively higher bargaining power. Individual consumers, especially in the retail banking marketplace, have relatively low bargaining power. However, in the aggregate, the bargaining power of consumers is greater.

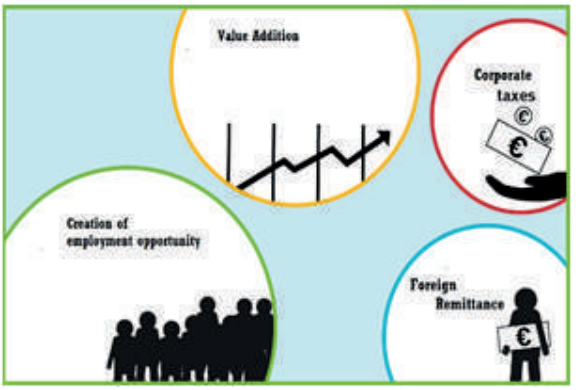
Threat of substitute product

In addition to the threat from the new entrants, our bank is also exposed to competition from the other financial intermediaries offering substitute products. These include the non-banking finance companies and the new entrants as well as the substitute products are adding on to the already existing competition from the present players.

Competitive rivalry

The banking industry of Bangladesh is considered highly competitive. Because of this, our bank must attempt to attract clients by offering cutting-edge services, higher rates, investment services, and greater conveniences compared to its rivals. The banking competition is often a race to determine whether our bank can offer both the best and fastest services. One of the industry element that intensifies the importance of competition is the relatively low switching costs that customers face.

CONTRIBUTION TO NATIONAL ECONOMY

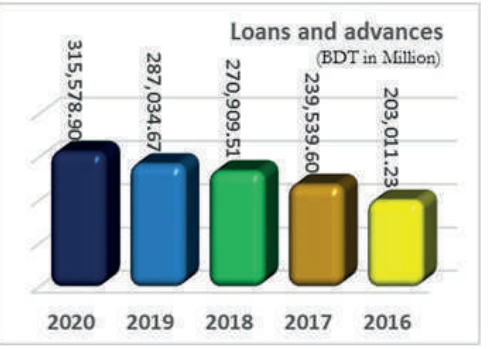


Pubali Bank Ltd. always recognizes that it has certain responsibilities to the development of the society and the country as a whole. We aspire to be known as a bank that builds enduring relationship with and delivers value for our clients, shareholders, employees and the community where we work. Besides 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.

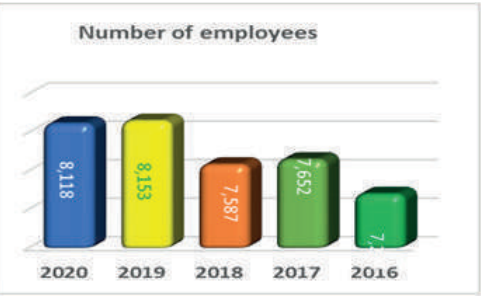


As a banking service provider Pubali Bank Ltd. contributes to the economic prosperity by providing financial products and services to the industrial undertakings including SMEs, RMG, Agro and various organizations and individuals.Based on the financials as on 31 December 2020 the size of total credit exposure of Pubali Bank Ltd. with 107,110no. of clients is BDT315,578.90 million (2019:**106,942 no. of clients, BDT 287,034.67 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 8,118 employees as on 31 December2020 (2019: 8,153). During the year 2020 Pubali Bank paid total of **BDT** 6,277.22 **million as salaries and allowances to its employees (2019: 5,433.63** 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) asper the prevailing laws and regulations. During the year 2020 Pubali Bank Ltd. provided total of **BDT 2,873.87 million for payment of corporate income tax, VAT of BDT 523.78 million (2019:corporate tax BDT 2,441.11 million)**. We also pay VAT @15% on the fees and commission income of the Bank. On the other hand, we collect Tax , VAT at source while paying various bills and collect excise duty from deposit and loan accounts and ensure payment of such with holding tax and VAT to the government exchequer.

Payment of dividend

We recognize our fiduciary duty to our shareholders and seek to establish constructive relationships. We are focused on maximizing long-term and sustainable shareholders' value through strong financial performance and returns. Over the past many years, Pubali Bank Ltd. paying a satisfactory return (dividend) to its shareholders. The Board of Directors of the bank proposed 12.50 percent Cash dividend to its shareholders for the year 2020 (in 2019 the bank paid 10 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 2020 Pubali Bank's total size of capital is BDT 10,282.84 million equivalents to market capitalization of BDT 24,781.89 million (2019: capital BDT 10,282.84 million, market capitalization BDT 24,679.04 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 2020 the bank expended around BDT 245.08 million for donation (2019:BDT152.70 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 rolein terms of providing financial services by restricting and discouraging projects detrimental to the environment andhealth. That means our profit motive never get priority over the process/way of earning profit.

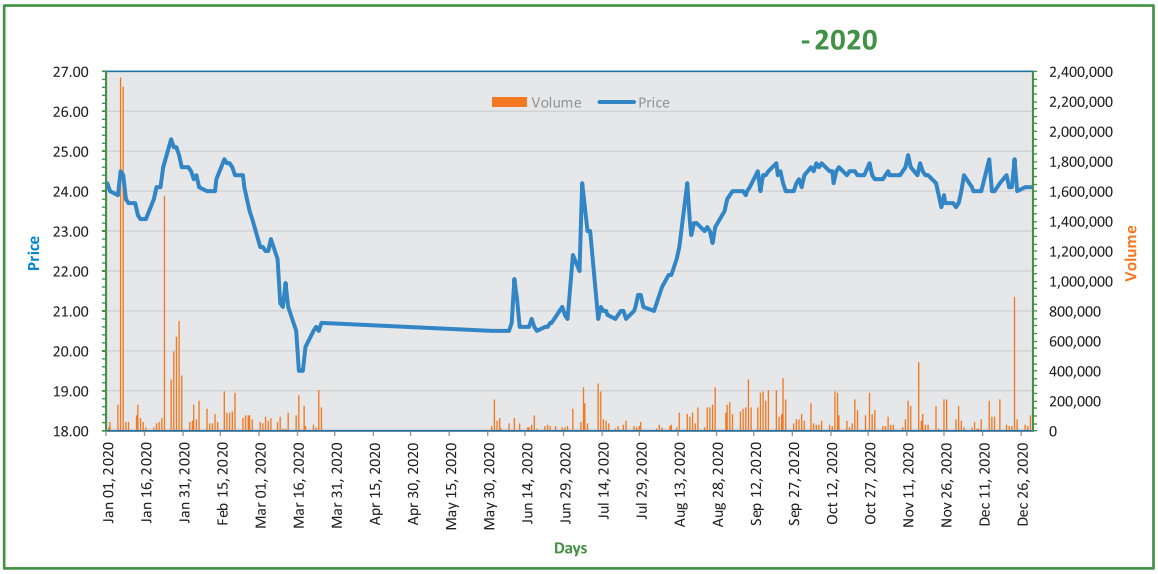
Green Banking

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

PUBALI BANK SHARE TRADING STATUS 2020

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
January	26.70	23.20	243.68	9,892,545	25.80	23.10	1.55	64,730	**245.23**	**9,957,275**
February	25.30	23.30	58.14	2,391,074	25.50	23.20	1.62	67,619	**59.76**	**2,458,693**
March	24.20	19.10	35.27	1,684,865	22.50	19.10	2.25	104,360	**37.53**	**1,789,225**
April	-	-	-	-	-	-	-	-	-	-
May	20.70	20.50	0.71	34,566	21.00	21.00	-	-	**0.71**	**34,566**
June	22.50	20.50	21.15	1,024,521	21.00	20.30	0.89	43,097	**22.03**	**1,067,618**
July	24.20	20.60	40.13	1,839,560	24.10	20.60	3.27	150,209	**43.40**	**1,989,769**
August	24.90	20.90	40.91	1,784,633	24.00	20.90	1.38	61,304	**42.29**	**1,845,937**
September	24.90	23.20	94.80	3,936,671	24.30	23.50	2.49	104,367	**97.29**	**4,041,038**
October	24.80	23.80	55.15	2,256,716	24.60	23.10	1.35	55,849	**56.50**	**2,312,565**
November	25.00	23.00	52.30	2,152,612	24.50	23.10	1.35	55,743	**53.64**	**2,208,355**
December	25.00	23.10	62.70	2,572,942	24.40	23.70	1.50	62,525	**64.19**	**2,635,467**

DSE PRICE VOLUME CHART OF PBL SHARE



Market Category :	A
Trading Code :	PUBALIBANK



RISK MANAGEMENT & INTERNAL CONTROL

REPORT ON RISK MANAGEMENT FRAMEWORK, MITIGATION PROCESS & RISK REPORTING BY CHIEF RISK OFFICER



Risk is usually defined as the uncertainty of future outcomes or the probability of an adverse outcome. It is usually measured as the volatility or standard deviation of returns around the mean return. Profitability therefore depends on the management of risks and it is obvious that inadequate risk management may lead to insolvency. Since banks are exposed to a variety of risks they require to have well-constructed risk management infrastructure and need to follow government regulations. Hence, the concept of Risk Management has been derived in order to identify, analyze and evaluate the risks and taking some corrective measures to reduce or minimize risks. These risks could stem from a variety of sources including financial uncertainty, legal liabilities, strategic management errors, accidents and natural disasters. IT security threats, data-related risks and the risk management strategies to alleviate them, have become a top priority for digitized companies. As a result, a risk management plan increasingly includes company's processes for identifying and controlling threats to its digital assets, including proprietary corporate data, a customer's personally identifiable information (PII) and intellectual property.

Pubali Bank Limited has prepared risk management model/framework and guidelines to improve the ability to identify, measure, monitor and control the overall risks assumed through technological

advancement and ensuring quality in every process. However due to increasing globalization and liberalization and also increasing advancements, Pubali Bank Limited has given the highest attention and

importance on risk management to maximize wealth, to enhance goodwill, brand value and business continuation and to provide services to customers at their satisfaction.

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 the following structure:

- Our Board approves overall risk management policies of the Bank in line with the regulatory guidelines. Our Board also approved the Risk Appetite of the Bank at the beginning of the year as prepared by the RMD.
- Our 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.
- Our Risk Management Committee (RMC) of the Board oversees the overall Risk Management of the Bank. The BRMC also reviews risk management policies & guidelines and submits the same to the Board for necessary revision each year.

Banking companies in Bangladesh while conducting day to day operations usually face the following major risks such as Credit Risk, ICC Risk, Money Laundering Risk, ALM Risk (Market Risk & Liquidity Risk), Foreign

Exchange Risks, ICT Risk along with Residual Risk, Credit Concentration Risk, Reputation Risk, Strategic Risk, Settlement Risk, Environmental Risk, Social & Climate Change Risk. Pubali Bank Limited always considers those risks and addresses those risks to concerned risk related divisions. Divisions take necessary steps and measures to reduce/mitigate those risks and Risk Management Division is also monitoring those risks with a view to minimize risk & maximize profit. Pubali Bank Limited has also formed various risk management committees at Management level like Credit Committee, Asset Liability Committee (ALCO), Management Committee (MANCOM), Central Compliance Committee (AML), Management Reporting System Committee (MRSC) for developing MIS and Risk Management Committee (RMC) at Management level for managing and monitoring of risk throughout the organization.

Pubali Bank Limited's Risk Management Division (RMD) starts working from 2013. Risk management policy and RMD structure of Pubali Bank Limited have been revised according to latest risk management guidelines of Bangladesh Bank. As per Bangladesh Bank's instruction (DOS Circular No: 4 dated 08 October 2018) Soft copies of CRMR prepared for June & December with half yearly Stress Test Report and MRMR (DOS Circular No: 4 dated 08 October 2018) for all other months are submitted to DOS of Bangladesh Bank of each quarter along with the minutes of Monthly RMC meeting at Management level. Risk Appetite Statement (RAS) - 2021 is prepared and submitted to DOS of Bangladesh Bank as per their instructions. As per Bangladesh Bank's instructions, Review report of Risk Management Policies and effectiveness of risk management functions -2020 has been submitted to DOS of Bangladesh Bank with the approval of the board of directors.

Regulators across different jurisdictions specially Bangladesh Bank have introduced measures to mitigate financial and economic risk of COVID-19. Though the response from government and regulators are timely, as the situation lingers, more policy actions and interventions may be required in order to mitigate the risk of COVID-19 on the Banking industry and customers.

The spread of COVID-19 has resulted in work disruptions like never before and the pandemic has led to some branches closing temporarily and some employees are required to work remotely. The uncertainty caused by the pandemic lead to reduction in interest rates both in assets and liabilities and this has subsequent impact on profitability. The spread of COVID-19 has negatively impacted and is impacting many firms mainly through potential disruptions in manufacturing supply chains, domestic consumptions, tourism and exports and this will reduce earnings prospects. This will in turn impact the capacity of such organizations to pay installments or to serve interest leading to increase in NPLs. Pubali Bank Limited has assessed the implications of the outbreak and has taken following measures to effectively manage the risks stemming from it in order to ensure resilience.

a) Assessing the business continuity plan to mitigate operational risks.
b) Stress testing based on worst case COVID-19 scenario to observe impact on capital adequacy.
c) Assessing credit portfolio to reduce the impact of NPLs and profitability.
d) Strategic hedging of trading book.
e) Implementation of robust cyber security systems.

Pubali Bank Limited constantly observing the regulatory changes, changes in customers' expectations, cyber security breaches, fraud and identify theft, requirement of reengineering of internal process, peer bank competitions in line with global best practices in each area to form a Best-in-class Risk Management capability.



Mohammad Ali
AMD, CTO, COO
& Chief Risk Officer

REPORT ON RISK MANAGEMENT & INTERNAL CONTROL

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 form an integral part of banking, which by nature entails risk taking. Banks are highly leveraged business organizations. Bank deals with the money of countless depositors and if the depositors' interest is hampered, the economy will face a halt. Thus risk management has become of great importance in the banking sector.

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

Some Risks in Banking Sector

Major Risks

- Credit Risk
- Market Risk
- Operational Risk
- Liquidity Risk
- Money Laundering Risk
- ICT Risk
- Foreign Exchange Risk
- ICC Risk
- ALM Risk

Other Risks

- Reputational Risk
- Residual Risk
- Strategic Risk
- Credit Concentration Risk
- Settlement Risk
- Environmental Risk
- Price Risk
- Compliance Risk
- Interest Rate Risk
- Other Material Risks

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 financial institution and encompasses all the activities that affect its risk profile. It involves identification, measurement, monitoring and controlling risks to ensure that –

A. The individuals who take or manage risks clearly understand it
B. The organization's risk exposure is within the limits established by the Board
C. Risk taking decisions are explicit and clear
D. Risk taking decisions are in line with the business strategy and objectives set by the Board
E. The expected payoffs compensate for the risks taken and
F. 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. PBL's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment, measurement procedures and continuous monitoring. PBL 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.

Report on Risk Management & Internal Control

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 overall risk management policies of the Bank in line with the regulatory guidelines. The Board also approves the Risk Appetite of the Bank at the beginning of the year which is set by the Management.

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.

For managing risk, Pubali Bank Limited established Credit Division, Credit Administration &

Recovery Division, Law Division, Internal Control and Compliance Wing (ICCW), Risk Management Division (RMD), International Division, Treasury Division, Offshore Banking Division, ICT Operation Division, Card Division, Audit & Inspection Division, Anti-Money Laundering Division and other divisions.

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

Report on Risk Management & Internal Control

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 arise from credit, foreign exchange, internal control and compliance, money laundering, information technology, operation, interest rate, liquidity etc. 04 (Four) meetings of the Risk Management Committee of the Board were held in the year of 2020. The names & status of the members of the Risk Management Committee of the Board are as follows:

Sl No.	Name of the Directors	Status with the Bank	Status with the Committee
1.	Mr. M. Kabiruzzaman Yaqub FCMA(UK), CGMA	Director	Chairman
2.	Mr. Habibur Rahman	Director	Member
3.	Mr. Musa Ahmed	Director	Member
4.	Mr. Azizur Rahman	Director	Member
5.	Mr. Md. Abdur Razzak Mondal	Director	Member

Mr. Zahid Ahsan, GM & Company Secretary is working as Secretary of RMC at Board Level.

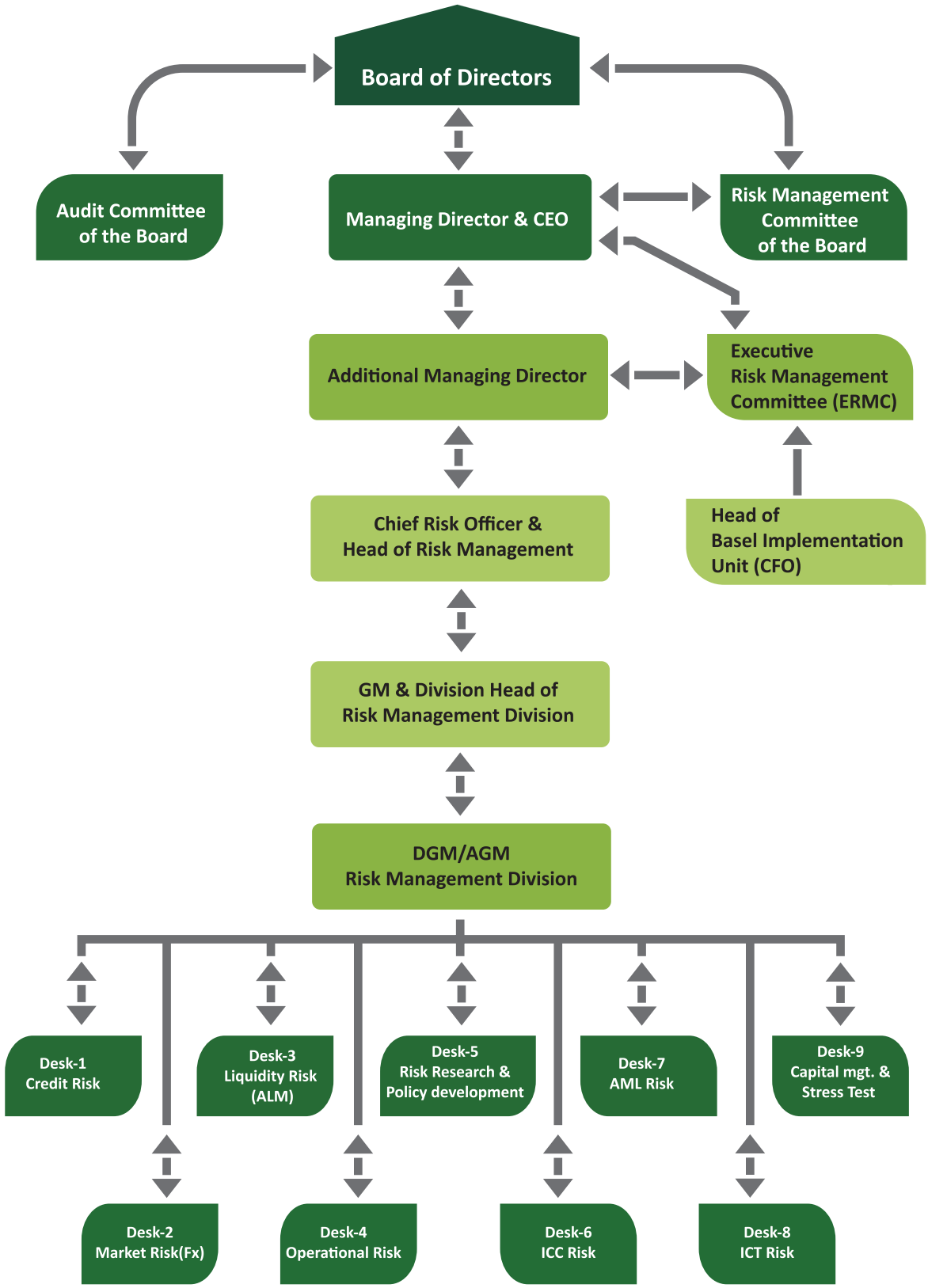
Risk Management Policy & Board Oversight

The Board of directors has the ultimate responsibility for the risks taken by our Bank. Therefore, it must define the risk appetite, risk tolerance and risk limit, and set risk strategies. The Board is responsible for understanding the nature of risks significant to Bank and for ensuring that the management is taking necessary steps to implement those strategies and manage accompanying risks. To perform the risk oversight role properly, PBL Board members have a clear understanding of the types of risks inherent in business lines and they are taking appropriate steps to ensure continued awareness of any changes in the level of risks. PBL Board is approving the strategies and significant risk management policies developed by senior executives and review them on regular basis. While performing their oversight function, Board of directors are not involving in day-to-day activities of risk management. They are making it clear to Bank's management that risk management is not an impediment to the conduct of business nor a mere supplement to a company's overall compliance program but is, instead, an integral component of the company's strategy, culture and value generation process.

Risk Management Policy & Senior Management Oversight

While the overall responsibility for risk management rests with the Board of directors, it is the responsibility of senior management to transform the strategic directions set by the Board into operational policies, procedures, and processes for effective risk management and our Senior Management is performing the above mentioned responsibilities as per Bangladesh Bank Guidelines. The senior management is fully aware of the activities undertaken by the Bank that could expose it to various risks. They are possessing necessary knowledge and skills to be able to align the risk levels with the Board's strategies through risk assessment and treatment. Top management is aware of the financial institution's risk profile on an ongoing basis and regularly reporting it to the Board or a Board level committee for review. We ensure that the policies are embedded in the culture of the Bank. Our management is responsible for implementing risk management strategies and policies and ensuring that procedures are put in place to manage and control the risks in accordance with those policies keeping in view the strategic direction and risk appetite specified by Board. For effective oversight of risk management, management is providing the members of the Board with sufficient information to enable them to understand Bank's risk profile, how risks are assessed and prioritized by the management team, risk response strategies, implementation of risk management procedures and infrastructure, and the strength and weaknesses of the overall system. To serve this purpose, management is overseeing the development, implementation and maintenance of an appropriate Management Information System (MIS) that identify, measure, monitor and control Bank's various risk. Through effective communications between the Board and Senior Management, members of the Board should be confident that Bank's executives understand the risks that the enterprise faces and are accomplished in their day-to-day management of enterprise risk.

Report on Risk Management & Internal Control



Report on Risk Management & Internal Control

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 by Risk Management Division 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 by Risk Management Division.
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.

8. 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.

Report on Risk Management & Internal Control

8. **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.

9) Review report of Risk Management Policies and effectiveness of risk management functions :
A review report of Risk Management Policies and effectiveness of risk management functions is prepared and place to the Board of Directors for approval and send the same to the Department of Off-site Supervision (DOS) of Bangladesh Bank.

Credit Risk Management:

Credit Risk is defined as the potential that a Bank's 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) Internal Credit Risk Rating (ICRR), 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.

Report on Risk Management & Internal Control

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. The credit Risk is managed by Credit Division and it is also monitored by Credit Risk desk of RMD.

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 Ltd. 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 whish 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. The Foreign Exchange Risk is managed by International Division and it is also monitored by Foreign Exchange Risk desk of RMD.

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 Ltd. 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 Liquidity 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

Report on Risk Management & Internal Control

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 issues 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

c) **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:

- Re-pricing risk
- Yield curve risk
- Basis risk
- 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 mangers. The Asset Liability Management Risk is managed by Treasury Division and it is also monitored by Liquidity Risk desk of RMD.

Report on Risk Management & Internal Control

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 Committee (CCC), 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 26 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. 26 dated 16.06.2020 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 incorporated in-house developed sanction screening process against UN, OFAC, UK and EU sanction list so that no blacklisted individual/entity can use our banking channel to commit any financial crime. Moreove, ACCUITY Compliance link solustion has already incorporated in our core banking system for Foreign Trade Solution.
- 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.

The Money Laundering Risk is managed by Anti Money Laundering Division and it is also monitored by Anti Money Laundering Risk desk of RMD.

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 is 12.50% since 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, 2020 under Pillar-I is depicted below:

Solo CRAR	Consolidated CRAR	Leverage Ratio	LCR	NSFR
14.73%	14.59%	4.56%	383.91%	100.91%

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 for different shoks.

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. The Capital Management and Stress Testing are managed by Central Accounts Division and these are also monitored by Capital Management desk and Stress Test desk of RMD.

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, and 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.

Report on Risk Management & Internal Control

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 prepares 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 risk management framework and internal control environment, Pubali Bank Limited 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 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's service delivery is designed on IT platform.

Report on Risk Management & Internal Control

IT Auditor follows the prescribed guidelines, solves the unsettled issues and also suggests to the higher Management for needful action. The ICC Risk is managed by ICC Compliance Division, Monitoring Division, Audit & Inspection Division and it is also monitored by ICC desk of RMD.

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

The ICT Risk is managed by ICT Operation Division, Software Development Division, Card Division and it is also monitored by ICT desk of RMD.

DISCLOSURES ON RISK BASED CAPITAL UNDER BASEL-III

For the year ended 31 December 2020

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 III'. 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 previousrules 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.	**Pubali Bank Limited**
(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk weighted)	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: **Pubali Bank Limited** 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. **Pubali Bank Securities Limited** Pubali Bank Securities Limited (PBSL) was incorporated on the 21st June 2010 under the Companies Act, 1994 as a public limited company. It is a subsidiary company of Pubali Bank Limited holds all the shares of the company except for thirteen shares being held by thirteen individuals. The company has been established as per Securities & Exchange Commission's (SEC) Letter # SEC/Reg/DSE/MB/2009/444/ dated 20.12.2009. The Registered Office of the company is situated at A-A Bhaban (7th floor), 23 Motijheel C/A, Dhaka-1000, Bangladesh. The company has started its commercial activities from 01 February 2011. The main objects of the company is to carry on the business of a stock broker and stock dealer house and to buy, sell, and deal in, shares, stocks, debentures, bonds and other securities and to carry on any business as is permissible for a broker and dealer house duly licensed by the Securities & Exchange Commission of Bangladesh.

(c) (Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not applicable
	Quantitative Disclosure
(d) 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

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.	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:
	Tier – I Capital instruments : **Paid-up share capital:** Issued, subscribed and fully paid up share capital of the Bank. It represents Paid up Capital, Right Shares as well as Bonus Shares issued from time to time. **Statutory Reserve:** As per Section 24(1) of the Bank Companies Act, 1991, an amount equivalent to 20% of the profit before taxes for each year of the Bank has been transferred to the Statutory Reserve Fund until equal to Paid up capital. **Bank is complied in this respect.** **General Reserve:** Any reserve created through Profit and Loss Appropriation Account for fulfilling any purpose. **Bank is complied in this respect.** **Retained Earnings:** Amount of profit retained with the banking company after meeting up all expenses, provisions and appropriations. **Bank is complied in this respect.**

Tier - II capital instruments :

General provision maintained against unclassified loans and off-balance sheet exposures: As per BB directive, amount of provision maintained against unclassified loans and off-balance sheet exposures as of the reporting date has been considered.

Subordinated Bond of BDT 5,000.00 Million issued in the year 2017 and has been fully subscribed.

Subordinated Bond of BDT 7,500.00 Million issued in the year 2019 out of which BDT 4,000.00 Million has been subscribed in 2019 and BDT 3,500.00 Million has been subscribed in 2020.

Quantitative Disclosure

Taka in million

		Solo	Consolidated
(a) The amount of Tier I Capital, with separate disclosure of : (as of 31.12.2019) CET 1 Capital	✓ Paid up Capital	10,282.94	10,282.94
	✓ Non –repayable share premium account	-	
	✓ Statutory reserve	10,283.00	10,283.00
	✓ General reserve	-	
	✓ Retained earnings	11,371.99	11,258.68
	✓ Minority Interest in subsidiaries	-	-
	✓ Non-cumulative irredeemable preference share	-	-
		31,937.93	31,824.63
Regulatory Adjustment		(3,449.13)	(3,573.10)
Tier 1 Capital		28,488.80	28,251.52
Additional Tier 1 Capital		-	-
Total Tier 1 Capital		28,488.80	28,251.52
(b) Total amount of Tier - II Capital		19,753.55	19,753.55
Regulatory Adjustment		-	-
(c) **Total eligible capital**		**48,242.35**	**48,005.07**

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.

Quantitative Disclosure

	Taka in million	
	Solo	**Consolidated**
(a) Minimum Capital requirement for Credit Risk:	28,160.47	27,419.91
(b) Minimum Capital requirement for Market Risk:	1,566.59	2,442.47
(c) Minimum Capital requirement for Operational Risk:	3,022.09	3,042.65
(d) Total Minimum Capital Requirement	32,749.15	32,905.02
(e) Capital requirement with Conservation Buffer	40,936.44	41,131.28
(f) Total Capital available	48,242.35	48,005.07
(g) Total capital, CET1 capital, Total Tier 1 capital and Tier 2 capital ratio:	Total = 14.73% CET 1 = 8.70% Tier 1 = 8.70% Tier 2 = 6.03% CCB = 2.70%	- Total = 14.59% CET 1 = 8.59% Tier 1 = 8.59% Tier 2 = 6.00% CCB = 2.59%

D〉 CREDIT RISK

Qualitative Disclosure

(a) The general qualitative disclosure requirement with respect to credit risk, including:	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. An NPA 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. Classified loan is categorized under following 03 (three) categories: ✓ Sub- Standard ✓ Doubtful ✓ Bad & Loss Any **continuous loan** will be classified as : ✓ Sub-standard' if it is past due/overdue for 3 months or beyond but less than 9 months. ✓ Doubtful' if it is past due/overdue for 9 months or beyond but less than 12 months. ✓ Bad/Loss' if it is past due/overdue for 12 months or beyond. Any **demand Loan** will be classified as : ✓ Sub-standard' if it remains past due/overdue for 3 months or beyond but less than 9 months from the date of claim by the bank or from the date of creation of forced loan. ✓ Doubtful' if it remains past due/overdue for 9 months or beyond but less than 12 months from the date of claim by the bank or from the date of creation of forced loan. ✓ Bad/Loss' if it remains past due/overdue for 12 months or beyond from the date of claim by the bank or from the date of creation of forced loan.
❯ Definitions of past due and impaired (for accounting purposes)	

In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after six months of the expiry date.

In case of Fixed Term Loans :

- ✓ Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 03 (three) months or beyond but less than 09 (nine) months, the entire loan will be classified as ''Sub-standard''.
- ✓ Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 09 (nine) months or beyond but less than 12 (twelve) months, the entire loan will be classified as 'Doubtful''.
- ✓ Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 12 (twelve) months or beyond, the entire loan will be classified as "Bad/Loss".

Rate of Provision are as follows :

Particulars		Short Term Agri. Credit& Micro credit	(Small Cottg. Micro.)	Consumer financing				SME F	Loans BHs/MBs/SDs against shares etc.	All other credit
				Other than HF, LP, Credit card	HF	LP	Credit Card			
UC	Standard	1%	N/A	2%	1%	2%	2%	0.25%	2%	1%
	SMA	N/A	N/A	2%	1%	2%	2%	0.25%	2%	1%
Classified	SS	5%	5%	20%	20%	20%	20%	20%	20%	20%
	DF	5%	20%	50%	50%	50%	50%	50%	50%	50%
	B/L	100%	100%	100%	100%	100%	100%	100%	100%	100%

- Discussion of the Bank's credit risk management policy

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- 20 Loans, Top- 20 defaulters, Sectorial exposures viz-a-viz among others limit.

		Amounts in Taka
(b) Total gross credit risk exposures broken down by major types of credit exposure	Loans	119,259,684,348
	Cash credits	51,340,450,445
	Overdrafts	77,317,682,640
	Loan against merchandise	4,240,723
	Packing credits	450,241,175
	Loan against trust receipts	8,280,615,537
	Pubali Prochesta	174,113,539
	Non-resident Credit Scheme	618,920
	Pubali Subarna	4,939,541,361
	Pubali Karmo Uddog	268,103,173
	Pubali Sujon	35,655,970
	Pubali Utsob	17,018,210
	Payment against documents	5,583,224,697
	Consumers loan scheme	12,554,774,362
	EDF loan	7,196,070,350
	Lease finance	6,109,969,755
	Bill purchased and discounted	16,064,193,319
	Credit Card	218,752,236
	Others	5,763,948,480
	Total	**315,578,899,240**
(c) Total gross credit risk exposures broken down by major types of credit exposure	**Urban**	
	Dhaka	113,869,650,910
	Chittagong	30,049,519,411
	Sylhet	11,887,694,668
	Barisal	3,559,933,982
	Khulna	6,558,745,099
	Rajshahi	6,627,955,737
	Rangpur	5,432,347,370
	Mymensingh	5,653,428,138
		183,639,275,315
	Rural	
	Dhaka	71,234,296,502
	Chittagong	21,632,804,401
	Sylhet	9,878,821,578
	Barisal	1,171,768,812
	Khulna	3,024,111,719
	Rajshahi	2,653,961,425
	Rangpur	925,500,826
	Mymensingh	7,224,552,237
		117,745,817,500
	Outside Bangladesh	
	Foreign bills/drafts purchase	14,193,806,425
	Total	**315,578,899,240**

		Amounts in Taka
Industry or counter party type distribution of exposures, broken down by major types of credit exposure	Agriculture	6,078,874,158
	Jute	157,541,346
	Textile	25,115,135,520
	Ready-made garments	24,387,172,355
	Steel & engineering	11,985,967,411
	Ship scraping	2,961,544,783
	Edible oil	9,277,075,594
	Cement	6,294,999,986
	Pharmaceuticals	7,679,063,363
	Food & allied	13,181,603,715
	Paper, paper products and packaging	1,713,700,130
	Leather	94,438,658
	Printing & Dyeing Industries	6,509,818,788
	Others Manufacturing Industries	27,562,142,226
	Energy and power	5,434,061,317
	Hospitals, Clinics and other health services	5,933,516,575
	Construction	15,439,028,416
	Housing	12,419,106,551
	Transport and communication	3,353,645,880
	Others Service Industries	5,026,691,429
	Trade & Commerce	64,106,995,361
	NBFI (Non Bank Financial Institution)	4,876,746,425
	NGO	7,372,897,455
	Consumer Finance	27,356,996,133
	Others	21,260,135,665
	Total	**315,578,899,240**
(d) Residual contractual maturity break down of the whole portfolio, broken down by major types of credit exposure.	**Loans and advances**	
	Repayable on demand	7,602,179,457
	Up to 3 months	71,587,890,480
	Over 3 months but below 1 year	98,751,767,493
	Over 1 year but below 5 years	71,888,955,364
	Over 5 years	49,683,913,127
		299,514,705,921
	Bills purchased and discounted	
	Receivable on demand	550,484
	Below 3 months	4,960,406,990
	Over 3 months but below 6 months	11,103,235,845
		16,064,193,319
	Total	**315,578,899,240**
(e) By major industry or counterparty type:		
Amount of impaired loans and if available, past due loans,		8,622,010,169
Specific and general provisions		17,155,618,654
Charges for specific allowances and charge-offs during the period		-

		Amounts in Taka
(d) Gross Non Performing Assets (NPAs) : Non Performing Assets(NPAs) to Outstanding Loans & advanceses of credit exposure.	**Movement of Non Performing Assets (NPAs) :** Opening Balance Additions Reductions/Recovery **Closing Balance** **Movement of Specific Provision for Non Performing Assets (NPAs) :** Opening Balance Provision for the year Fully provided waived during the year Write-off Recoveries of amounts -previously write –off Provision transferred in Provision for off balance sheet transferred in during the year Reserve transferred from unforeseen loss Other provision Provision transferred from customer liability **Closing Balance**	 12,560,600,473 (3,938,590,304) **8,622,010,169** 10,444,281,098 461,149,107 (23,604,759) (1,136,785,628) 33,423,246 (695,131,944) (20,000,000) 183,530,864 992,763,967 18,183,530 **10,257,809,481**

E〉 EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

Qualitative Disclosure

(a) The general qualitative disclosure requirement with respect to the equity risk, including:	
• differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	Investment in equity mainly for capital gain purpose but Bank has some investment for strategic reasons.
• 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.	Quoted shares are valued at cost. Necessary provision is maintained if market price fall below the cost price. Unquoted shares are valued at cost.

Quantitative Disclosure

Amounts in Taka

(b) Value disclosed in the balance sheet of investment, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	Cost price of quoted share BDT 4,518,079,262 & Market value of quoted share BDT 4,792,240,946
(c) The cumulative realized gains (losses) arising from shares and liquidations in the reporting period.	BDT 40,153,897
(d) Total unrealized gains (losses) – quoted shares Total latent revaluation gain (loses) Any amounts of the above included in Tier 2 capital	BDT 274,161,684 BDT Nil BDT Nil
(e) 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%.

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) Market Value of Liability (Fig. in million) Duration GAP in years (times)	558,087.90 523,844.20 0.04

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

Taka in million

(b) The capital requirements for :	Solo	Consolidated
Interest rate risk	50.99	50.99
Equity position risk	1078.66	1954.58
Foreign exchange risk	436.94	436.94
Commodity risk	-	-

H〉 OPERATIONAL RISK

Qualitative Disclosure

✓ Views of BOD on system to reduce Operational Risk	The policy for operational risks including internal control & compliance risk is approved by the board taking into account relevant guidelines of Bangladesh Bank. Audit committee of the Board oversees the activities of Audit & Inspection Division to protect against all operational risks.
✓ Performance gap of executives and staffs	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.

✓ Potential external events	No potential external events is expected to expose the Bank to significant operational risk.
✓ Policies and processes for mitigating operational risk	The policy for operational risks including internal control & compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh Bank. Policy guidelines on Risk Based Internal Audit system is in operation as branches are rated according to their risk status and branches having more risk score are subjected to more frequent audit by Audit & Inspection Division. It is the policy of the bank to put all the branches of the bank under any form of audit at least once in a year. Head of Audit & Inspection Division 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
	Solo	**Consolidated**
(b) The capital requirements for Operational Risk	3,022.09	3,042.65

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) and 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.
✓ Policies and processes for mitigating Liquidity Risk :	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 especially in regards to CRR, SLR & 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.

Quantitative Disclosure

	Taka in million
Liquidity Coverage Ratio (LCR) :	383.91%
Net Stable Funding Ratio(NSFR) :	100.91%
Stock of High quality liquid assets :	148,677.30
Total net cash outflows over the next 30 calendar days :	38,726.92
Available amount of stable funding :	446,291.63
Required amount of stable funding :	442,288.74

J 〉 LEVERAGE RATIO

Qualitative Disclosure

✓ Views of BOD on system to reduce excessive Leverage :	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.
✓ Policies and processes for managing excessive on and off-balance sheet Leverage :	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 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	
	Solo	**Consolidated**
Leverage Ratio:	4.56%	4.52%
On balance sheet exposure :	555,236.61	555,419.85
Off balance sheet exposure :	69,592.70	69,468.73
Total exposure :	624,829.31	624,888.58

K〉 REMUNERATION

Qualitative Disclosure

(a) Information relating to the bodies that oversee remuneration :

Name, composition and mandate of the main body overseeing remuneration :	Salary and related allowances review are done through a committee comprising of senior management headed by the Managing Director & CEO of the Bank. The mandate of the committee includes – 1) gathering data from 8-10 private banks, analyzing compensation, allowances and benefits of those banks and propose a pay scale which is appropriate in terms of attracting, retaining and ensuring its competitiveness in the market; 2) the report should include financial involvement of the bank. In addition, the CFO also examines the cost benefit impact in the process independently. Approving authority: The Board of Directors.

External consultant whose advise has been sought, the body by which they were commissioned, and in what areas of the remuneration process :	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.
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 :	Pubali Bank Limited maintain a salary structure uniform throughout the country. **Pubali Bank Limited and its business** We are committed to providing private, institutional and corporate clients, as well as retail clients with superior financial advice and solutions while generating attractive and sustainable returns for shareholders. **Performance measures** Our Work planning – setting objectives performance related Key assignments focused on key drivers of business and management. Our senior management reviews the performance of the employees on a regular basis by considering prevailing strategy, business conditions and the environment in which we operate.
Description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group :	**a) Potential Risk Taker in Business and Management:** i) Senior Management: MD & CEO, Additional Managing Director, 2 Nos. Deputy Managing Director -Total 04 Nos. **b) Potential Risk Taker in Business:** i) General Managers/Deputy General Managers as Regional Managers, Corporate Branch Managers and at Principal Office - Total 34 Nos. ii) General Managers at Head Office – Total 16 Nos. **c) Potential Risk Taker in Management:** i) General Managers/Deputy General Managers as Division Heads – Total 18 Nos.
(b) Information relating to the design and structure of remuneration processes :	
Overview of the key features and objectives of remuneration policy :	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.
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 :	The committee/Management based on past experience developed a Terms of Reference for the Salary Review Committee to ensure consistency in the review process.

Discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee :	PUBALI BANK LIMITED has a policy to provide competitive package and enabling working environment to attract and retain the most talented people available in the market. 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.
(c) Description of the ways in which current and future risks are taken into account in the remuneration processes :	
Overview of the key risks that the bank takes into account when implementing remuneration measures :	Key risks measurements of implementing remuneration are as follows: ■ Compliance risk ■ Operational risk ■ Financial risk
Overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed):	Key measures used for implementing remuneration process are as follows: ■ Branch Performance ■ Regulatory compliance ■ Compliance with Board delegated trigger limits
Discussion of the ways in which these measures affect remuneration :	Bank has a strong monitoring system that always trying to minimize all types of risk.
Discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration :	In relation to the goals in the Performance Appraisal Report, they are assessed and determined by the Supervisors each year at the commencement of the performance year under review. There were no material changes from the preceding year to the current year. The measures are considered appropriate for the circumstances of, and environment in which Pubali Bank operates. However, long-term impact to be seen in the future.
(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration :	
Overview of main performance metrics for bank, top-level business lines and individuals :	The bank Management is seeking ways to struck a balance between performance metrics, top-level business lines and individuals.
Discussion of how amounts of individual remuneration are linked to bank–wide and individual performance:	A group of officials perform on their target, which fixed by the top Management. Their group performance score are reflected in their individual performance score.
Discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak :	Pubali Bank Limited have a robust performance indicator applicable across the Bank.

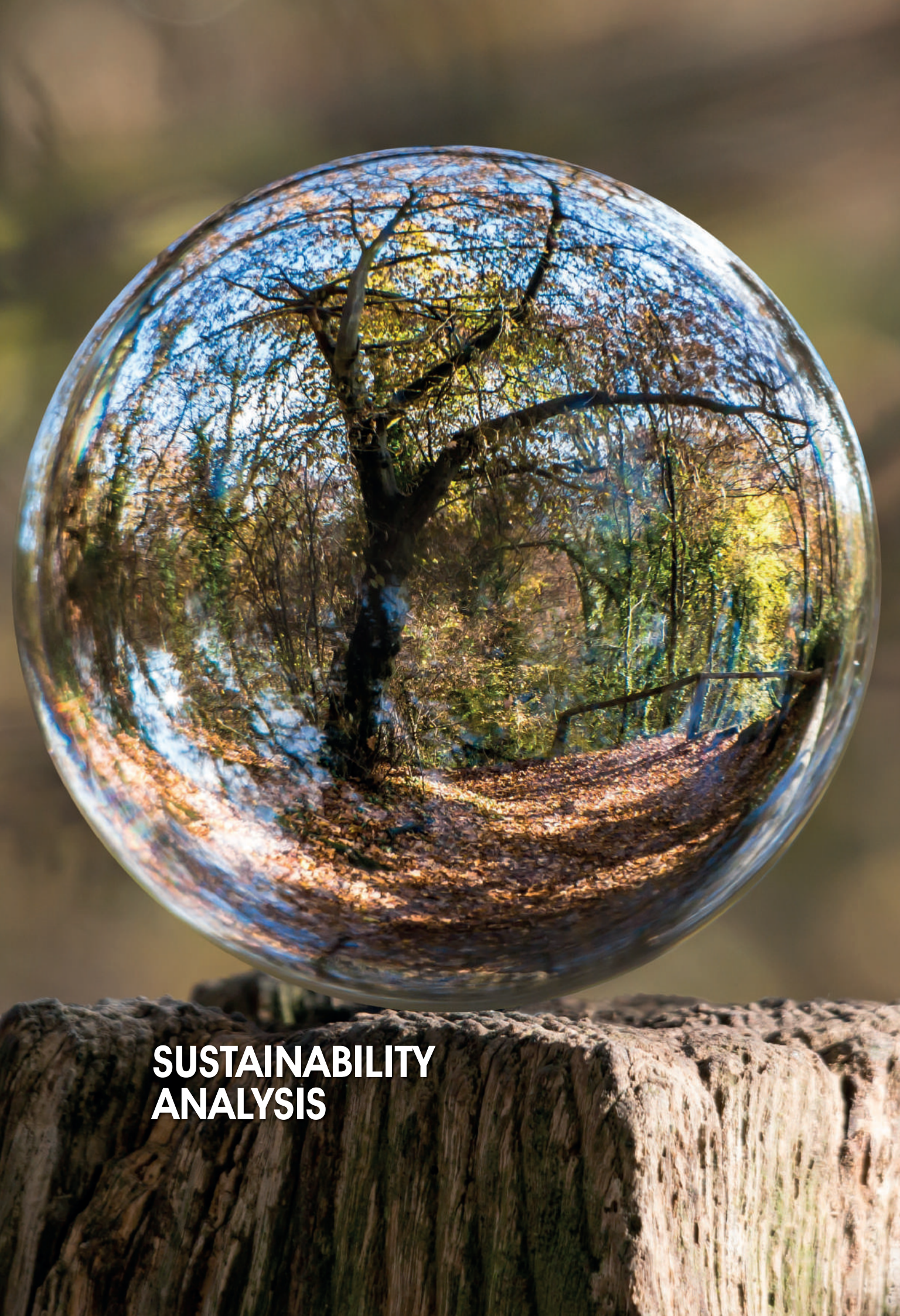
(e) Description of the ways in which the bank seeks to adjust remuneration to take account of longer –term performance :

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 :	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. **Board of Trustees and its composition:** The Trustees, whose number will be 5(five), shall be appointed by the Board of Directors of the Bank. 03 (three) Trustees present shall constitute a quorum for conducting and executing the transaction of business of the Fund. **Entitlement of Gratuity:** Employees completing 8 years and more service will be paid a Gratuity of two months average basic salary last drawn by him/her for each completed year of service. Employees completing less than 8 (eight) years service will not be entitled to a Gratuity payment. No gratuity shall be paid to an employee- (i) if he/she has been dismissed or removed from the service as a measure of punishment; or (ii) if he/she has not resigned, left or discontinued the service without properly notifying the competent authority. Gratuity shall be admissible to an employee (even through he/she has not completed 8 (eight) years of service with the Bank)- (i) In case of death while in the service of the Bank; (ii) If terminated from service or compulsory retirement or mental infirmity provided this has not been caused by irregular or intemperate habits; (iii) If termination of service or compulsory retirement resulting from the abolition of his/her post or bonafide retirement; **Normal Retirement Age:** 59 years of age (age at which Gratuity benefit becomes payable) and for freedom fighter 60 years of age. **Gratuity Calculation:** 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 **retirement** 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.

	Bank's Overriding Lien 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.
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 :	Employees who served in the Bank less than 8 years were not eligible for gratuity and the amount against those are forfeited accordingly.
(f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms :	
Over view of the forms of variable remuneration offered (i.e. cash, share linked instruments and other forms)	**Fixed Remuneration:** All Employees including regular and contractual are paid salary under Fixed remuneration package. **Variable Remuneration:** A group of 68 employees of 25 branches awarded for Tk. 8,53,576/- against recovery of write-off loans in 2020. All amounts are paid to the respective employees through their accounts.
Discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description the factors that determine the mix and their relative importance :	**Fixed Remuneration:** Salaries of different employees may vary due to rank, service length & promotion etc. under the pay policy. **Variable Remuneration:** Reward remuneration for NPL & Write-off Loan recovery may vary depending on contribution of the employees to the recovery process, security against the NPL, amount of recovery etc.
Quantitative Disclosure	
(g) Number of the meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member :	**Fixed Remuneration:** Pay scale revised last in 2019. **Variable Remuneration:** Decided by the Board of Directors of the Bank.

(h) Number of employees having received a variable remuneration award during the financial year :	Eligible for Incentive Bonus for 2020: 8,118 Nos.
Number and total amount of guaranteed bonuses awarded during the financial year :	Two festival bonuses plus Bengali New Year Allowance disbursed during the calendar year 2020. Number of employees 8,118 Nos. Total Amount : Tk. 45,08,59,442/-
Number and total amount of sign-on awards made during the financial year :	No such payment was made during the calendar year i.e. in 2020.
Number and total amount of severance payments made during the financial year :	**Gratuity Payment*:** Number of employees : 178 Total Amount : Tk. 55,72,62,160/- **Provident Fund Payment*:** Number of employees : 194 Total Amount : Tk. 33,62,84,464.06 * All payment made in calendar year 2020
Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms :	Deferred Amount: Tk. 352,56,49,357.09 (Gratuity Fund Position on 31.12.2020)
Total amount of deferred remuneration paid out in the financial year :	Total Amount : Tk. 55,72,62,160/- (Gratuity Payment)

(j) Breakdown of amount of remuneration awards for the financial year to show:	
-fixed and variable :	**Fixed amount:** Tk. 566,04,55,193/- (Salary and Allowances) Variable amount: Tk. 63,15,00,000/- (Incentive Bonus)
- deferred and non-deferred :	**Deferred amount:** Tk.89,35,46,624.06 (Gratuity & Provident fund Payment) **Non-deferred amount:** Tk. 8,53,576/- (Remuneration for recovery of write-off loans)
- different forms used (cash, shares and share linked instruments, other forms) :	Paid in Cash through their respective accounts in calendar year 2020.
(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:	
- Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments :	Total amount: Nil
- Total amount of reductions during the financial year due to ex post explicit adjustments :	Total amount: Nil
- Total amount of reductions during the financial year due to ex post implicit adjustments :	Total amount: Nil



SUSTAINABILITY ANALYSIS

SUSTAINABILITY REPORT & GREEN BANKING

Sustainability and Our Business

We live, breathe, create, extract, produce, pollute and consume in our daily life. We currently use 1.5 times capacity of the earth each year to absorb our waste and provide renewable resources. If we don't act properly, by 2030 this number will be two planets every year. This needs to change into a sustainable global economy.

Sustainability is not an only an environmental issue, it also takes into account economic & social issues, labor practices, human rights, economic performance, community, society, corruption, corporate governance and responsibility of product & services. A sustainable global economy is not a luxury. Without a sustainable business model, environmental and social issues will continue to badly impact our economy and compromise for our future needs. The planet and society need a sustainable global economy and an organization needs at first a long time strategy and success.

General Overview

Our business strategy focuses on banking the people and companies driving investment, trade and the creation of wealth across the nations. Our core markets are continuing to see strong economic growth, with rising incomes and increasing demand for financial services. This represents a massive opportunity for our business and, with it, the opportunity to promote sustainable, balanced and inclusive growth in our markets.

As a major financial institution of the country, our commitment to society goes beyond creating value for our shareholders. We seek to ensure that the financing we provide is sustainable and supports economic and social development for all of our stakeholders. Our approach focuses on three key priorities:

- Greening the economy with environment friendly product or services
- Contributing to sustainable economic growth
- Promoting inclusive financial services

We havetaken 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 greener economy and largely to the sustainability.

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

Pubali Bank Limited recognizes that its financing decisions have a potential impact on people and the environment. 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. Our sustainable finance approach enables it to identify environmental risks and propose mitigating solutions at an early stage of credit appraisal process.

In-house Environment Management

We had made a global commitment to significantly reduce energy and water use in the offices. Our design standards and operational criteria are starting to transform the environment greener.

Wemaintain 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.

Wehave 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.

Introducing Green Marketing

Green marketing refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly or produced in an environmentally friendly way.
We have undertaken the strategy to introduce Green Marketing. Policy formulation is under process so that our product & services can reached our stakeholders in a greener automated process to address the contemporary global need.

Formulation of Green Office Guide

We have formulated Green Office Guide for in-house usage of the Bank. It is a comprehensive manual to facilitate in-house green banking activities of our bank. It will enable the employees to know about environment friendly office equipment and use the same to reduce the operating and environmental costs including emission of greenhouse gases by improving the use of office resources.

It will help office employees to evaluate & quantify their current practice, and take practical action to promote environment friendly activities through the practice of reduce, reuse & recycle at their level best. Expectedly, adoption of the measures will help to assign responsibility and set targets to encourage continuous improvement of sustainable practice to reduce environmental footprint i.e. harmful effects of our activities on the environment, and to act as greener at office.

This office guide is a primary document to be used by all employees concerned and must be exercised with maximum spirit to accelerate green banking activities of our bank.

Formation of Climate Risk Fund

We havecreated climate risk fund under CSR program formitigating 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

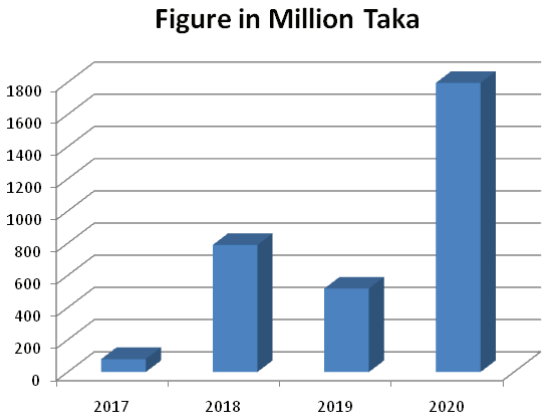
Employee awareness development and training on environmental and social risk and the relevant issues are continuous process as part of the bank's Employee Training Program.For our employees to have in depth understanding on Green Banking, we are on a track to arrange Green Banking Training on regular 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	2017	2018	2019	2020
Direct	BDT.80.60 million	BDT.789.60 million	BDT.518.52 million	BDT.1796.50 million

Year-wise Direct Green Finance



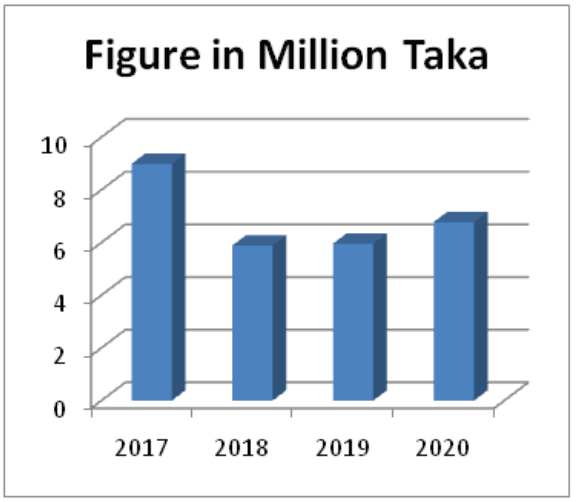
REPORT ON FINANCIAL INCLUSION

It is well recognized that well-functioning financial systems are essential for economic development. Financial inclusion or inclusive financial system is being considered as foremost tool for attaining sustainable, risk-absorbent & shock-resistant financial system.

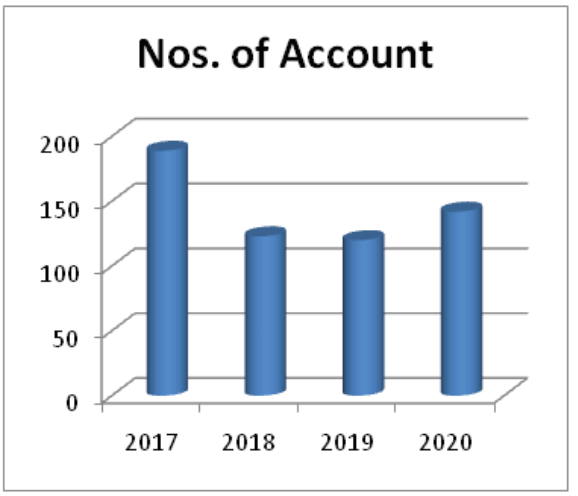
Pubali Bank Limited has undertaken prompt strategy to delivery its credits & other financial services at affordable costs / prices to sections of disadvantaged and low-income segments of society. Combined with its usual banking services, Pubali Bank limited is on the way to create and expand financial 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	2017	2018	2019	2020
Nos. of Account	189	123	120	142
Amount	BDT.8.99 million	BDT.5.89 million	BDT.5.96 million	BDT.6.78 million

Year-wise Finance under Financial Inclusion in terms of Amount



Year-wise Finance under Financial Inclusion in terms of Borrower



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 2020 Pubali Bank's earning asset increased by 22.32 percent, deposits by 19.45 percent, shareholders equity by 20.25 percent and operating profit decreased by 11.40 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 2020 Pubali Bank is one of the top performers in the banking industry.

Consistent payment of dividends:

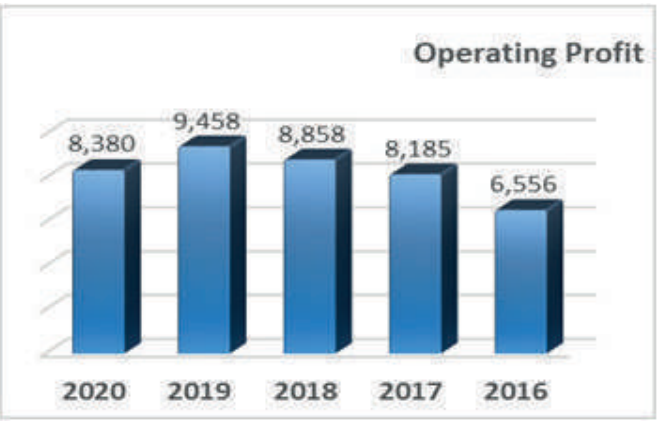
The Bank has been paying consistent dividend to its shareholders over many years which reflects company's long-term vision and firm commitment to its owners.

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 565,032.07million to BDT 478,074.84 million indicating a growth of more than 18.19 percent over last year. Total Operating income has decreased by 11.40 percent in 2020. 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 3,435.75 million as against BDT 8,502.55million of previous year.

However net operating cash flow after adjustment of increase/decrease in operating assets and liabilities shows net outflow of BDT 3,779.56 million as against net outflow of BDT (429.84)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 48 (forty eight) new branches at different places in Bangladesh, 161 (one hundred sixty one)new ATM has also been installed during last five years tenure. Total no.of Branches and ATMs as on 31 December 2020 is 482 branches and 245 ATMs (2019: 482 Branches and 173 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.

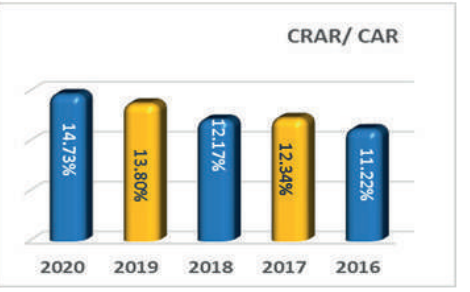
Corporate environment and employees' satisfaction:

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 2020, the Company's total equity stands at BDT 38,808.04million as against BDT 32,271.71million of 31 December 2019. On the other hand, as on the date of the reporting the paid up capital of the bank is BDT 10,282.94million 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 2020 banks CRAR is 14.73% and maintained total regulatory capital TK. 48,242.24million. Allthe above situation also indicates to its ability and intention to continue for the foreseeable future and long term vision.





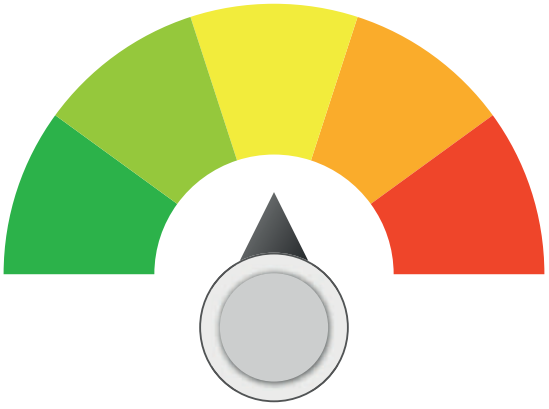
Other Indications

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 2019 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 andcarry 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	July 30, 2020	
Based on Financial Statement	December 31, 2019	
Validity Date	July 29, 2021	

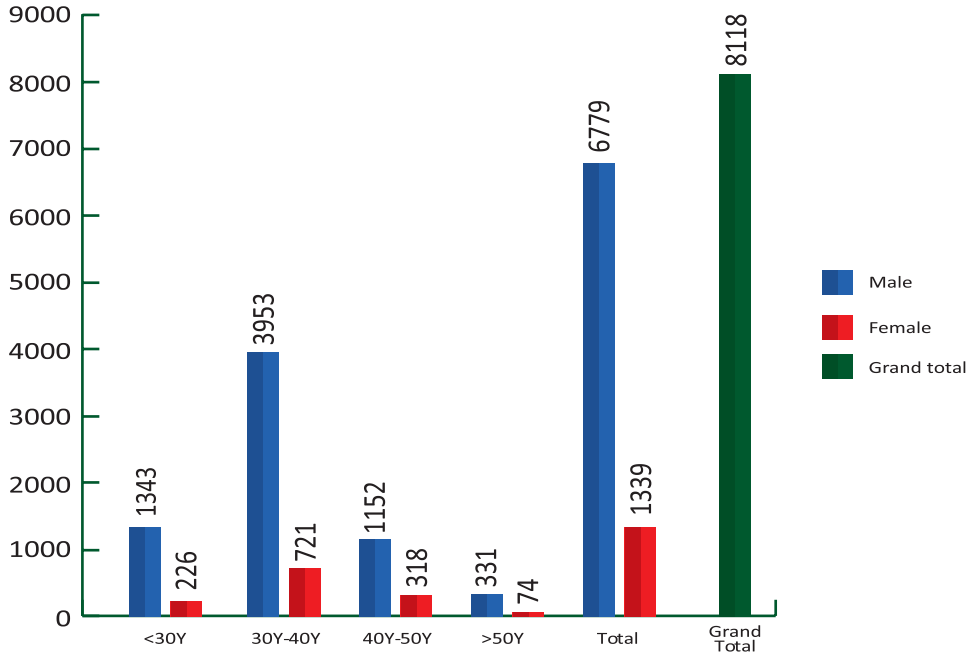
Report on Human Capital

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 Trainee Assistant Junior Officer (Cash), Junior Officer, Officer and Senior Officer and experienced senior level Executives through a competitive, transparent and fair process.

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.

The number of employees of the Bank was 8,118 as on 31 December 2020. 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



TOTAL Employees	Male	Female	Total	Percentage of total participation
<30 Year	1343	226	1569	19%
30-40 Year	3953	721	4674	58%
40-50 Year	1152	318	1470	18%
>50 Year	331	74	405	5%
Total	6779	1339	8118	100%

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

Sl. No.	Rank ¯ \ Year ®	2016	2017	2018	2019	2020
1	General Manager				1	
2	Deputy General Manager			2		
3	Assistant General Manager				2	2
4	Senior Principal Officer	2	2		4	
5	Principal Officer		4	2	23	1
6	Senior Officer	100	116	46	22	31
7	Officer	185	162	4	2	12
8	Junior Officer	214	4	31	251	140
9	Deputy Junior Officer (Cash)					
10	Trainee Assistant Junior Officer (Cash)		262	27	682	113
11	Driver		5	14	2	
12	Technician				1	3
13	Armed Guard			198	1	
14	Messenger-Cum-Guard	100	48			
	TOTAL	**601**	**604**	**324**	**991**	**302**

Rank Wise Employees: **As on 31.12.2020**

Sl. No.	Rank	2020
1	Managing Director	1
2	Additional Managing Director	2
3	Deputy Managing Director	0
4	General Manager	22
5	MD & CEO of PBSL	1
6	Dy. General Manager	59
7	Asst. General Manager	131
8	Sr. Principal Officer	333
9	Principal Officer	1033
10	Sr. Officer	1265
11	Officer	1574
12	Jr. Officer	558
13	Deputy Junior Officer (Cash)	306
14	Trainee/ Assistant Junior Officer (Cash)	854
15	Driver	125
16	Sr. Armed Guard	786
17	Care Taker	160
18	Technician	9
19	Armed Guard	205
20	Sr.Messenger-cum-guard	162
21	Messenger-cum-guard	144
22	Helper	388
	TOTAL	**8118**

Incentivizing:

In 2020 from January to March cash reward was given to 30 employees for high performance in 10 courses before the period of Covid-19, 03 for completing Certified Documentary Credit Specialist (CDCS), 04 for passing IELTS and 12 sub-staffs for passing graduation.

Employees Welfare:

The Bank provided stipend/scholarship to 69 children of employees for their meritorious academic achievement. 263 employees were facilitated with financial assistance for treatment & funeral for death cases from Pubali Bank Employees Staff Welfare Fund. Beside these, 8 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.

a) Pubali Bank Training Institute (PBTI)	**Vision**: To impart desired skills in line with the creation of committed, ethical and motivated human resources through training in Bank's bid to become the best Bank in the country. **Mission**: In a broad sense, mission of PBTI is to produce active and capable manpower for due support of the Management. a) Bring all officers/executives of the bank under training net; b) Ensure diversity of skills to accommodate banks job rotation at the working arena. c) Organize need-based training program to cope with changes for achievement of the Bank's business strategy. d) Laid down a solid foundation for creation of self-motivated work-force with standard ethical values nourished by good soft skills. **Performance**: a) Total 27 Courses with 44 frequencies were conducted in 2020 at PBTI for 1843 officials of the Bank. b) Total 1 outreach workshop was arranged to train 42 employees of different Regions of the Bank including branch managers.
b) Training at other institute(s)	A total of 294 persons attended in 98 courses at BIBM, BBTA, BAB, BB and other institutes in 2020.
c) Overseas training	02 persons attended 01 different programs i.e. in IT 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 121 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 the development of the Bank.

PUBALI BANK - AN EMPLOYEE FRIENDLY BANK

Our Bank always treats its employees as human capital. Our employees have significant values to our achievement, thus we always focus on fostering a mixed culture, value creation, empowerment and freedom of expression to share their views and potential to foster our business. We have solid commitment to our employees to build a healthy environment and eco system, so that they can flourish in our organization.

Benefits to Employees

We do not just offer our employees a job, we offer them a career. As a development partner in the economy, the Bank has a key role to play in providing not only financial service but also disseminating knowledge. Through the process of learning and rewarding we intent to enable individuals to think, behave, take actions and make decision independently. Pubali Bank's benefit schemes are as follows:

Fringe Benefit Schemes

- House rent allowance
- Conveyance allowance
- Medical allowance
- House maintenance allowance
- Lunch Subsidy
- Leave Fare Assistance (LFA)
- Provident Fund contribution by the Bank

Other Benefit Schemes

- Life Term Insurance
- Staff Welfare Fund
- Entertainment Allowance
- Washing Allowance
- Utility Allowance
- Car Maintenance Allowance
- Transport with fuel
- House Building Loan (HBL)
- Loan against Provident Fund
- Telephone/Mobile Phone Bill
- Baishakh Festival Bonus
- Leave Salary
- Newspaper

Service And Benefits

Pubali Bank limited provides the following benefits to its employees on severance or regular retirement according to individuals' entitlement

- Provident fund
- Gratuity
- PRL (Post Retirement Leave)
- Leave encashment

Leave facilities for Employees:

Pubali Bank Ltd. comply with the following leave facilities:

- Ordinary Leave
- Special Disability Leave
- Study Leave
- Quarantine Leave
- Maternity Leave
- Casual Leave
- Mandatory Leave

Skill Development of employees through Training:

The Human Resources Division of Pubali Bank Limited takes necessary initiatives to impart fundamental knowledge among the employees as well as to cope them up with the latest developments and banking rules and regulations so that they can understand the customer's demands and deliver prompt and efficient services. It invests significantly to its employees on training and development for the development of existing talents. This Bank emphasizes on Human Capital Development to secure all stakeholders interest and to ensure developing future leaders for the Bank. It has a well structured Training Institute named "Pubali Bank Training Institute (PBTI)" for the development of its employees through in house training. Besides, the Bank also nominates its officials to the programs arranged by BBTA, BAB Research & Training Centre, BIBM, DSE and other reputed local Training Institutes. The Bank also nominates Overseas Training Program for its employees where they can acquire knowledge & get updated standards to compete with other Competitors both in the local and international arena of Banking. Even during the Covid-19 pandemic, the bank rendered training to its employees virtually. In 2020, 02 participants have been sent abroad for attending foreign training on IT and other related areas.

Name of the Institution	Number of training programs	Number of participants
PBTI	28	1885
BBTA	11	11
BAB	4	11
BIBM	61	210
Foreign	01	02
Others	22	62
Total	**127**	**2181**

Best practices of our Bank

- Pubali Bank has a diverse group of motivated and engaged employees. It believes that if employees are properly empowered, they become more engaged and can go extra miles to fulfill organization's ambition.
- The Bank has a decent work environment where employees can participate in the decision-making process that affect their lives, and receive equal treatment and opportunity.
- The Bank is committed to ensure the best practices in compliance with the labour Law of the country.
- The Bank ensures equal opportunity for learning and personal growth. The bank has special focus on the following issues:

Total Number of Employees in 2020 by Age, Gender

TOTAL Employees	Male	Female	Total	Percentage of total participation
<30Y	1343	226	1569	19%
30-40Y	3953	721	4674	58%
40-50Y	1152	318	1470	18%
>50Y	331	74	405	5%
Total	**6779**	**1339**	**8118**	**100%**

- Employees have the right to exercise freedom of association or collective bargaining following the legal procedure of country laws.
- The Bank recruits dynamic people through multi-step merit-based recruitment system.
- The bank has a comprehensive performance management program that evaluates employees' yearly performance against business targets at the year-end.
- The Bank revises the salary structure of the employees periodically keeping country's inflation rate.
- The Bank does not allow any discrimination between male and female employees.
- Employees have the right to resign from their service through the procedures stipulated there against.
- Employees are paid incentive bonus based on yearly business performance.
- The Bank arranges fire drill session to raise awareness among the employees.



CorporateSocial
Responsibility

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

CSR or Corporate Social Responsibility is a process to embrace responsibility for the company's actions and encourage a positive impact through its activities on the society. Because of global competitiveness and demand, the CSR practices are being implemented in Bangladesh. Banking sectors are holding the foremost position in this connection. It aims to ensure that financial institutions conduct their business in a way that is ethical. This means taking account of their social, economic and environmental impact, and consideration of human rights. It's arena of activities stretches into various ranges such as working in partnership with local communities, socially responsible investment (SRI), developing relationships with employees and customers, environmental protection and sustainability.

As an ethical bank, we operate our business with our financial goals as well as with the purpose of fulfilling our social responsibility towards the targeted society. Our bank performs various community based CSR activities towards the society. 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 worth around BDT 24.17 crore throughout the year, including a number of donations towards charitable causes. Our bank focused mainly on the following areas in respect of Corporate Social Responsibility:

Health Care:

We believe that good health is a pre-condition 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 a total of around BDT2 crore to numerous health related organizations including Bangabandhu Sheik Mujib Medical University (BSMMU) and the Asia Foundation. Some ailed persons, including a few employees of the bank, were financially helped last year for their treatment. Apart from direct donation, our bank 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:

* BIRDEM
* Ibrahim Cardiac Center
* Apollo Hospital
* United Hospital
* Square Hospital
* International Medical Collage and Hospital
* Bangladesh Medical Collage and Hospital
* Lab Aid
* Green Life Hospital
* National Heart Foundation, Sylhet
* Kidney Awareness Monitoring and Prevention Society-KAMPS, Dhaka etc.

Education:

Pubali Bank Limited has come forward to promote the educational standard of Bangladesh through its social development initiatives. The bank has contributed a considerate amount in upgrading the standard of education. Education is the backbone of a nation. The development of a country mostly depends on the status of its education. So we are committed to upgrading the standard of education of our country through giving financial assistance and educational instruments to various educational institutions. The bank donated BDT 30 lac to Dhaka University Alumni Assocaiton, BDT 15 lac to SUST Research Centre, Shahjalal University, Sylhet, BDT 10 lac to The Asia Foundation.

Culture:

Culture is an umbrella term which encompasses the social behavior and norms found in a specific society as well as the knowledge, beliefs, arts, laws, customs, capabilities and habits of the individuals in these groups.

In this time of globalization, upholding the culture of respective nation besides absorbing the other cultures of the world is an urgent call. We contribute to the celebrations of our culture by providing financial help to various cultural organizations. As a part of our CSR activities we donated in various sectors including arts and culture, health, education and sports.

Pubali Bank Limited always extends its helping hand generously when the nation falls in any disastrous situation or faces any natural calamity. We donated BDT 10.00 crore to the Prime Minister' Relief & Welfare Fund last year and 10.00 crore to Bangabandhu Memorial Trust. Moreover, Pubali Bank donated blankets worth BDT around BDT 1.57 crore 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 with their treatment.

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

(Figure in Lac)

SL	MONTH	AMOUNT in BDT
1	JANUARY	1087.00
2	FEBRUARY	171.73
3	MARCH	500.75
4	JUNE	0.655
5	JULY	23.51
6	AUGUST	522.97
7	SEPTEMBER	95.82
8	OCTOBER	1.90
9	NOVEMBER	7.25
10	DECEMBER	4.55
	Grand Total	**BDT 2416.14**

A few CSR expenditures of Pubali Bank Limited in 2020 are shown in a table as follows:

SL	Recipient organization	Amount in BDT	Purpose
1	Bangabandhu Memorial Trust	10.00 crore	To celebrate the centenary of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman
2	The Prime Minister' Relief & Welfare Fund	10.00 crore	Disaster management
3	Prime Minister's Relief & Welfare Fund	1.57 crore	To help the winter stricken people of the country
4	BSMMU	64.32 lac	For the improvement of medical facilities
5	Dhaka University Alumni Association	30.00 lac	For the development of education
6	Bangladesh Association of Bank	23.00 lac	For the development of banking sector
7	SUST Research Centre	15.00 lac	For the development of education
8	The Asia Foundation	10.00 lac	For the development of education
9	Proyash (Development Organization)	5.00 lac	For the development of education
10	Cardiac Monitor, Dhaka National Medical College Hospital	2.00 lac	For the development of medical facilities
11	CTO Forum Bangladesh	1.00 lac	For the improvement of IT knowledge



INTEGRATED REPORTING

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, 2020. 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

i) The Bank Company Act, 1991 and amendment (Upto 2018)
ii) The Companies Act, 1994;
iii) Circulars, Rules and Regulations issued by Bangladesh Bank (BB) time to time;
iv) Bangladesh Securities and Exchange Rules 1987
v) Bangladesh Securities and Exchange ordinance 1969
vi) Bangladesh Securities and Exchange Act 1993
vii) Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015;
viii) The Income Tax ordinance, 1984 and amendment thereon
ix) The Value Added Tax Act, 2012 & Rule 2016 and amendment thereon
x) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations; and
xi) Financial Reporting Act 2015.

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	Howladar Yunus & Co.
Corporate Governance compliance	Suraiya Parveen & Associates
TAX Consultant	M/S. S.F. Ahmed & Co.
Legal Advisors	Dr. Kamal Hossain & Associates
Credit Rating Agency	NAtional Credit Ratings Limited (NCR)

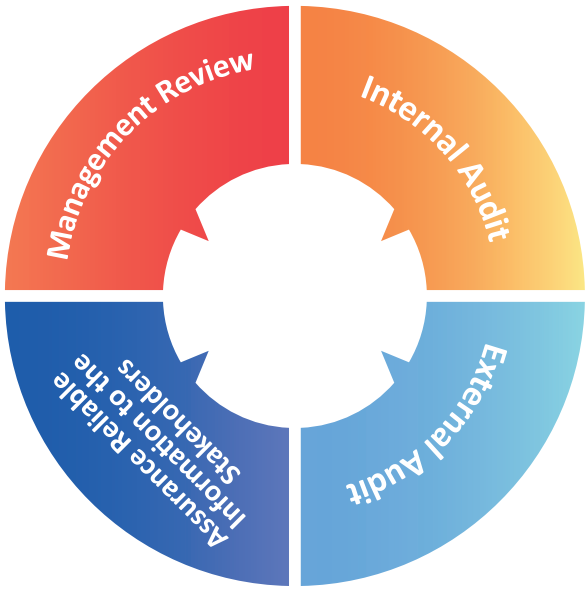


Chart: Combined Assurance Model of information to Stakeholders

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.

Name of the Standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	IFRS-1	Not applicable
Share-based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Applied
Insurance Contracts	IFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	* Applied
Operating Segments	IFRS-8	** Applied
Consolidated Financial Statements	IFRS-10	Applied
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interests in other Entities	IFRS-12	Applied
Fair Value Measurement	IFRS-13	* Applied
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue from contracts with customers	IFRS-15	Applied
Leases	IFRS-16	Applied
Presentation of Financial Statements	IAS-1	* Applied
Inventories	IAS-2	Not Applicable
Statement of Cash Flows	IAS-7	* Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Construction Contracts	IAS-11	Not Applicable
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Leases	IAS-17	Not Applicable
Revenue	IAS-18	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable
Separate Financial Statements	IAS-27	Applied
Investments in Associates	IAS-28	Not Applicable
Interests in Joint Ventures	IAS-31	Not Applicable
Financial Instruments: Presentation	IAS-32	* Applied
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	* Applied
Intangible Assets	IAS-38	* Applied
Financial Instruments: Recognition and Measurement	IAS-39	* Applied
Investment property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

* Subject to departure described in note 2.1.2
** Subject to departure described in note 2.30

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

Particulars	2020 1 Jan 20 to 31 Dec 20 4th Qtr.	2019 1 Jan 19 to 31 Dec 19 4th Qtr.	2020 1 Jan 20 to 30 Sept 20 3rd Qtr.	2019 1 Jan 19 to 30 Sept 19 3rd Qtr.	2020 1 Jan 20 to 30 Jun 20 2nd Qtr.	2019 1 Jan 19 to 30 Jun 19 2nd Qtr.	2020 1 Jan 20 to 31 Mar 20 1st Qtr.	2019 1 Jan 19 to 31 Mar 19 1st Qtr.
Balance Sheet								
Cash	24,146,439,622	25,902,988,481	23,572,381,071	24,741,901,036	21,902,909,103	26,146,157,638	28,195,717,041	22,856,456,984
Balance with Other Banks and Fis	18,580,803,997	13,086,547,908	17,424,228,349	13,823,073,869	13,097,305,547	14,494,773,908	15,092,003,165	20,991,863,807
Money at call and on short notice	1,200,786,667	126,786,667	1,237,386,667	533,286,667	1,409,286,667	109,286,667	324,286,667	1,161,286,667
Investments	147,906,006,042	100,603,861,735	148,827,618,037	85,671,388,776	129,110,776,436	71,111,535,550	103,734,708,832	59,359,177,858
Loans and advances	315,578,899,240	287,034,674,028	297,302,783,113	281,630,777,336	290,154,272,815	286,517,197,910	285,635,685,212	263,237,741,130
Fixed assets including premises, furniture and fixtures	5,087,992,660	5,180,803,090	5,789,086,535	4,065,479,688	5,586,527,979	3,999,305,277	5,199,568,519	3,838,412,682
Other assets	52,531,138,066	46,139,176,128	49,378,724,274	41,556,633,300	48,172,369,831	40,840,263,684	43,369,507,145	40,505,006,013
Total assets	565,032,066,294	478,074,838,037	543,532,208,046	452,022,540,672	509,433,448,378	443,218,520,634	481,551,476,581	411,949,945,141
Borrowings from other banks, financial institutions and agents	17,486,797,436	16,970,348,305	16,220,824,813	19,080,484,924	15,224,557,627	21,217,447,447	16,253,345,950	15,131,383,474
Subordinated bond	11,500,000,000	9,000,000,000	12,500,000,000	5,000,000,000	9,000,000,000	5,000,000,000	9,000,000,000	5,000,000,000
Deposits and other accounts	429,343,017,243	359,153,307,134	416,503,586,200	342,065,309,678	390,407,216,623	333,565,110,328	363,868,323,511	309,617,513,746
Other liabilities	67,894,214,623	60,679,477,157	64,219,431,658	56,922,082,019	64,431,481,194	55,023,872,232	62,674,417,930	54,090,051,758
Total liabilities	526,224,029,302	445,803,132,596	509,443,842,671	423,067,876,621	479,063,255,444	414,806,430,007	451,796,087,391	383,838,948,978
Total shareholders' equity	38,808,036,992	32,271,705,441	34,088,365,375	28,954,664,051	30,370,192,934	28,412,090,627	29,755,389,190	28,110,996,163
Total liabilities and share-holders' equity	565,032,066,294	478,074,838,037	543,532,208,046	452,022,540,672	509,433,448,378	443,218,520,634	481,551,476,581	411,949,945,141
Off- Balance Sheet Items	137,695,163,943	108,500,211,691	121,022,893,163	108,056,690,352	116,909,419,235	107,995,486,116	121,857,974,064	111,848,532,249
Profit And Loss Account								
Net interest income	2,865,039,541	8,368,880,252	2,863,277,291	6,781,707,759	2,056,899,308	4,713,009,098	1,500,643,611	2,372,427,834
Total operating income (A)	18,324,029,199	18,409,875,670	12,661,772,059	13,622,375,688	8,370,235,239	9,319,824,817	4,440,745,236	4,519,286,738
Total operating expenses (B)	9,944,469,846	8,952,070,550	6,957,555,269	6,301,528,311	4,413,734,300	4,135,274,672	2,172,365,462	1,807,927,716
Profit before provision (C=A-B)	8,379,559,353	9,457,805,120	5,704,216,790	7,320,847,377	3,956,500,939	5,184,550,145	2,268,379,774	2,711,359,022
Net profit after taxation	3,669,513,441	2,143,274,217	2,954,036,066	2,570,678,278	1,463,060,502	2,034,206,045	871,250,551	734,599,389
Earnings Per Share (EPS)	3.57	2.08	2.87	2.50	1.42	1.98	0.85	0.71

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 IAS (International 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.

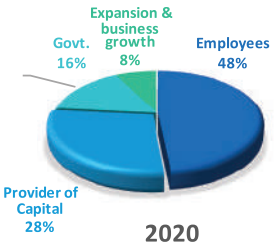
Pubali Bank Limited and its subsidiaries

Business Segment

Particulars	Conventional Banking	Islamic Banking Window	Off Shore Banking Unit	Pubali Bank Securities Ltd.	Total
Income	18,098,270,758	25,659,295	200,099,146	286,298,736	18,610,327,935
Less: Inter segmental income/expense	-	-	-	-	-
Allocated expenses	9,851,528,179	78,863,961	14,077,706	39,670,238	9,984,140,084
Operating profit (profit before unallocated expenses & tax)	8,246,742,579	(53,204,666)	186,021,440	246,628,498	8,626,187,851
Provision against loans & advances and others	2,626,309,097	-	-	144,343,497	2,770,652,594
Provision for tax including deferred tax	2,083,736,815	-	-	64,982,774	2,148,719,589
Net profit	3,536,696,667	(53,204,666)	186,021,440	37,302,227	3,706,815,668
Segment assets	534,828,569,778	4,744,740,288	17,139,391,502	8,964,957,515	565,677,659,083
Segment liabilities	534,828,569,778	4,744,740,288	17,139,391,502	8,964,957,515	565,677,659,083

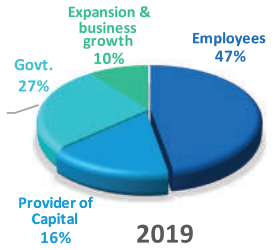
Value Added Statement
for the year ended 31 December 2020

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.

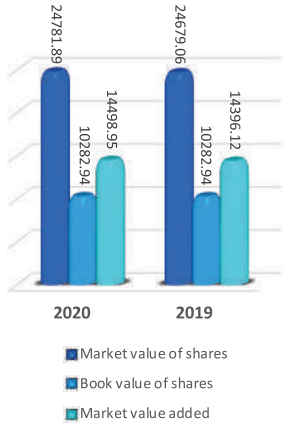


Figures in BDT

Particulars	2020		2019	
	Amount	%	Amount	%
Value added				
Net interest income	2,865,039,541	15.64	8,368,880,252	45.46
Commission, exchange and brokerage, etc.	1,598,064,976	8.72	1,751,564,214	9.51
Investment income	12,707,362,495	69.35	7,131,919,838	38.74
Other operating income	1,153,562,187	6.30	1,157,511,366	6.29
Sub-total (a)	18,324,029,199	100.00	18,409,875,670	100.00
Cost of service rendered	(2,626,309,097)	(50.57)	(2,610,209,792)	(37.98)
Provision for loans, investment, Off B/S items & etc.	(2,626,309,097)	(49.43)	(4,261,653,672)	(62.02)
Sub-total (b)	(5,313,21,798)	(100.00)	(6,871,863,464)	(100.00)
Total Value added by the bank (a-b)	13,010,809,409		11,538,012,206	



Distribution of value added				
Employees				
As salaries and allowances	6,291,955,193	48.36	5,448,170,077	47.22
Provider of Capital				
Shareholders	3,669,513,441	28.20	1,843,774,217	15.98
Government				
Corportate tax	1,931,362,255		3,027,024,693	
Deferred tax	152,374,560		25,852,538	
	2,083,736,815	16.02	3,052,877,231	26.46
Expansion and business growth				
Statutory reserve	-	-	299,500,000	2.60
Depreciation and repair of bank's assets	965,603,956	-	893,690,681	7.75
Total distribution	13,010,809,405	100.00	11,538,012,206	100.00



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 2020 and 2019:

Figures in million Taka

Particulars	2020	2019
Market value of shares outstanding	24,781.89	24,679.06
Book value of shares outstanding	10,282.94	10,282.94
Market value added	**14,498.95**	**14,396.12**

Economic Value Added Statement (EVA)
for the year ended 31 December 2020

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 :

EVA= (NPAT - 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.

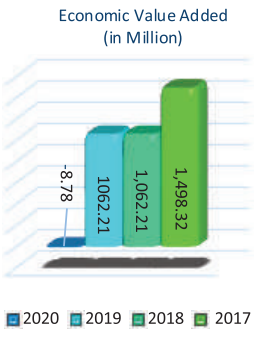
Cost of equity

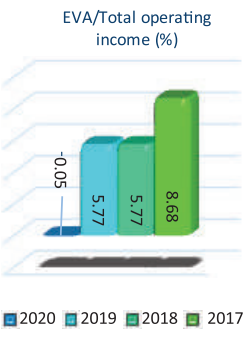
It is the opportunity cost i.e. the expected risk from return on investment, plus a risk premium. Interest on 5 years Bangladesh Government Sanchaya Patra plus 1% risk premium has been assumed to be the cost of equity.

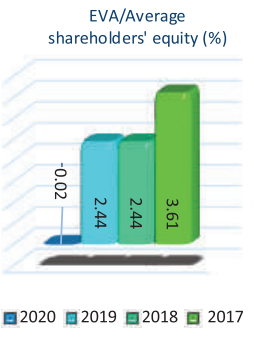
The following table indicates the EVA for the year from 2017 to 2020 :

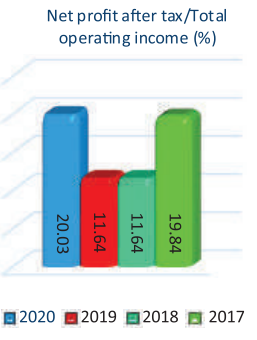
Economic Value added analysis — Figures in BDT

For the year ended	2020	2019	2018	2017
Shareholders' equity at year end	38,808,036,992	28,552,839,152	27,377,102,911	24,420,305,969
Add : Accumulated provision for loans,investments & Off B/S items etc.	18,369,336,875	16,950,531,239	14,134,401,590	13,602,842,610
Total	**57,177,373,867**	**45,503,370,391**	**41,511,504,501**	**38,023,148,579**
Average shareholders' equity	51,340,372,129	43,507,437,446	39,767,326,540	35,928,541,666
Cost of equity (%)	**12.28%**	**12.28%**	**12.28%**	**12.28%**
Economic Value Added	**(8,775,159)**	**1,062,214,571**	**1,498,323,181**	**1,106,588,135**
Net profit after tax (before provision)	6,295,822,538	6,404,927,889	6,595,935,934	5,518,613,052
Less : Cost of equity	6,304,597,697	5,342,713,318	5,097,612,753	4,412,024,917
Total operating income	18,324,029,199	18,409,875,670	17,259,459,313	16,175,271,256
Net profit after tax	3,669,513,441	2,143,274,217	3,424,061,567	(281,197,948)
Key ratios				
EVA/Total operating income (%)	(0.05)	5.77	8.68	6.84
EVA/Average shareholders' equity (%)	(0.02)	2.44	3.77	3.08
Net profit after tax/Total operating income (%)	20.03	11.64	19.84	(1.74)









PRODUCTS & SERVICES

DEPOSIT PRODUCTS

- Savings Bank Account
- Current Deposit Account
- Special Notice Deposit
- 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)
- School Banking Savings Account
- 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
- Demand Loan

Long Term Finances

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

Work Order/Construction business finances

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

Consumer Loans

- Car Loan
- Pubali Star (Demand Loan for Professionals)
- Teacher's Loan Scheme
- Pubali Mortgage
- Pubali Abashon
- Personal Loan
- Flat Purchase Loan
- House Renovation Loan
- House hold Durable Loan
- Medical Equipment Loan
- Foreign Education Loan

Special SME Loans

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

Special Agri Credit Program

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

Lease Financing

Loan under Re-Finance Scheme

TRADE FINANCE

Import Finance

- Letter of Credit (L/C)
- UPAS Letter of Credit (UPAS 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

ALTERNATIVE DELIVERY CHANNEL (ADC)

- Pubali Card (Debit and Credit)
- ATM Service (NPSB, VISA, MasterCard)
- Cash Deposit Machine (CDM)
- PI Banking (Apps. Based Banking)
- Internet Banking

PRODUCTS & SERVICES

SERVICES

- Online Banking
- Remittance Service
- Fund Transfer (BACH, RTGS, EFT)
- Bank Guaranty/Assurance
- Bank Drafts
- Locker Service
- Misc. Ancillary Services

TREASURY OPERATION

Foreign Exchange /Currency Market

- Inter-Bank Buy-Sell Foreign Currency Ready/Tom/Spot/Forward
- Currency SWAP
- DEPO
- Inter-Bank Call/Overnight Lending & Borrowing Foreign Currency
- Inter-Bank Term Lending & Borrowing Foreign Currency
- FX Option
- Ready/Tom/Spot/Forward in Major Cross Currencies

Local Currency Market

- Inter-Bank Call/Overnight Lending & Borrowing Local Currency
- Inter-Bank Short Notice Local Currency
- Inter-Bank Term Lending & Borrowing Local Currency
- Repo and Reverse Repo

Capital Market

- Fixed Income & Investment
- Treasury Bill/Bond to Inter-Bank
- Subordinate Bond
- Investment in Share
- Commercial Paper

OFF-SHORE BANKING UNIT (OBU)

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

ISLAMIC BANKING (IBW)

Deposit Products

- Mudaraba Savings Account
- Al-Wadeeah Current Account
- Mudaraba SND Account
- Mudarab Term Deposit
- Mudaraba Deposit Pension Account
- Mudaraba Hajj Savings Account
- Mudaraba Swapno Puran Deposit Account
- Mudaraba Marriage/Muhar Deposit Account
- Mudaraba Cash Waqf Deposit Account
- Mudaraba Swadhin Sanchay Deposit Account
- Mudaraba Shiksha Sanchay Savings Account
- Mudaraba Monthly Profit Based Deposit A/C

Investment Products

- Bai-Muazzal
- Hire Purchase under Sirkatul Melk-HPSM (Project Finance, Term Finance, House Building Finance, Car Finance, Flat Purchase House Hold Durable Finance etc.)
- HPSM-Car Investment(Agent)
- Bai-Istisna
- Quard
- Pubali Star (Islamic)

Export & Import Finance Products

- Letter of Credit(Cash LC & BBLC)
- Bank Guarantee(BG)
- Bai-Istisna [Pre Shipment Finance]
- IBP & FBP[Post Shipment Finance]
- Murabaha Post Import (MPI-TR)
- Hire Purchase under Sirkatul Melk-HPSM (Machinery & Equipment)

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

Islamic Banking

Pubali Bank Limited has started Islamic Banking operation in the year 2010 through 02 (Two) Islamic Banking Windows at Principal Branch, Dhaka and Dargahgate Branch, Sylhet. Later on 15 (fifteen) more Windows have been opened in 2019 and 2020. Now 17 (seventeen) Islamic Banking Windows are operating all over the Country. For the purpose, a number of experienced Islamic Banking professionals have been recruited.

It is pertinent to mention here that the Islamic Banking operations are completely separate from Conventional Banking. Separate accounting system for Islamic Banking Windows is being maintained through core banking system i.e. PIIBS (Pubali Integrated Islamic Banking Systems). At present, more than hundred staff members are working both at the field level of Islamic Banking Windows and at the Head Office of Islamic Banking Wing. The Bank arranges regular training programs on Islamic Banking operations for Islamic Banking personnel as well as for officials of traditional banking side of the Bank. Pubali Bank is a Member of the Central Shari'ah Board for Islamic Banks of Bangladesh and Islamic Banks' Consultative Forum. The Bank possesses strong commitment to the principles of Islamic Shari'ah and to the avoidance of Riba, Garar and Mysir in any of its Islamic Banking operations.

Financial Analysis

Since inception in 2010, Islamic Banking business of Pubali Bank Limited noted remarkable growth in all areas of Deposit, Investment and Profit. As on December 31, 2020, the Deposit and Investment of Islamic Banking Windows were BDT 423.17 crore and BDT 270.70 crore respectively. During the year 2020, total Import and Export businesses handled by the Islamic Banking Windows were BDT 180.57 crore and BDT 118.93 crore respectively. Non Performing Investment of Islamic Banking Windows was zero, Al-'Hamdu-Lillah, at the end of the year. The performance of the PBL Islamic Banking during the year 2020 is also reflected in its Balance Sheet and Profit & Loss Accounts furnished in this Report.

Some Important Activities in the Year 2020

The following important activities of the Wing have been performed in the year 2020:

i) Pubali Bank Shari'ah Supervisory Committee met in 3 meetings during the year ended on 31st December 2020 and reviewed different operational issues of Islamic Banking including those referred to it by the Board of Directors and the Management of the Bank and provided necessary guidelines in the light of Shari'ah.

ii) The Muraqibs (Shari'ah Auditor) of the Bank examined all running issues during the year 2020 and submitted their reports to the Shari'ah Supervisory Committee. The Committee considered the same.

iii) Approval of two Deposit Products namely:

a) Pubali Mudaraba Shadhin Sanchay Deposit account;

b) Pubali Mudaraba Shiksha Sanchay Deposit Account.

iv) Approval of four Investment Products namely:

a) Car Investment under HPSM mode;

b) e-GP financing under Quard and Wakala modes

c) Pubali Star (Islamic) under Bai'-Muajjal and HPSM modes;

d) Export Development Fund (EDF) investment under Murabaha mode.

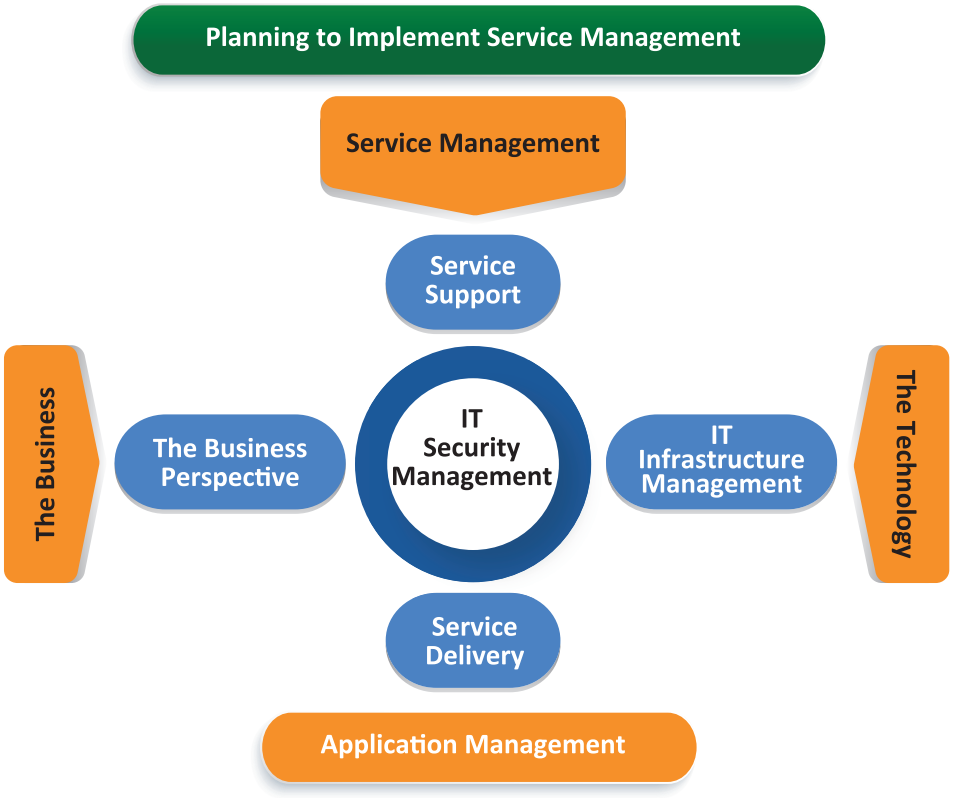
v) Inauguration of 05 (five) new Windows.

It is expected that the Bank with its inherent strength will make significant contribution to the growth of Islamic Banking Industry of the country, as well as, will earn business success in different indicators in the days to come, *In Shaa 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 current Cyber Security Thread Landscape, we have introduced Multi-layer Security Controls to secure our Information Systems. The goal of Layered Security is to increase effectiveness of the security controls in place through a defensive strategy. We logically segregate our Data Center in different Zones such as Core zone, DMZ zone, Partner zone based on Application and minimize the attack vectors. We have already implemented Next-Gen Firewall and IPS, IDS, Email Security, Web Security, Web Application Firewall (WAF) and Advanced Malware Protection (AMP) to protect our environment.



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

Moreover, we have taken the following initiatives to strengthen security:

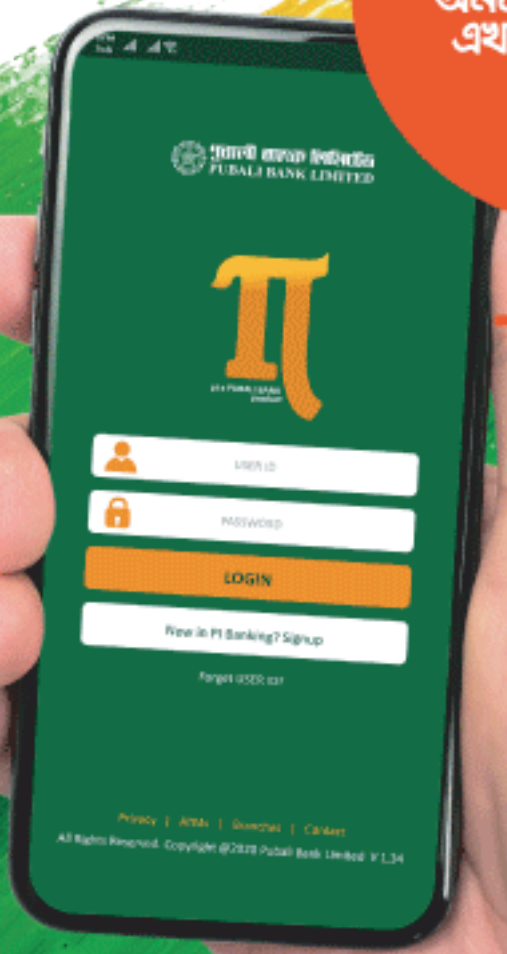
A.	Security Awareness Program/Campaign at Regional Level.
B.	Security Awareness Conference for the SWIFT users at Head Office Auditorium
C.	Further strengthening our Network, System, DC and DR Security.
D.	Establishing Information Security Operation Center (24×7) as suggested by Bangladesh Bank
E.	PCI-DSS Certification, Issuing Chip based card
F.	Connecting all PCs with Active Directory of Microsoft
G.	Update all security patches of Microsoft Windows for all workstations on regular basis.



FINANCIAL ANALYSIS

পূবালী ব্যাংক লিমিটেড
PUBALI BANK LIMITED

"দেশের সর্ববৃহৎ
অনলাইন ব্যাংক
এখন হাতের মুঠোয়"



Pi BANKING

GET IT ON Google Play

Download on the App Store

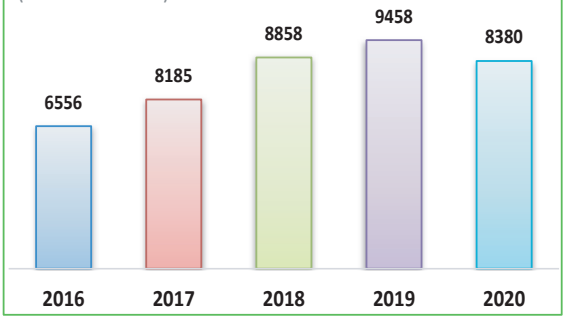
COMPARATIVE FINANCIAL HIGHLIGHTS OF PBL

(BDT in million unless stated otherwise)

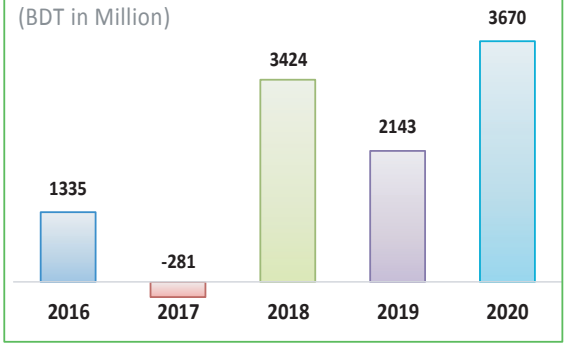
Particulars	2020	2019	Increse/ (Decrease)	Change (%)
Income Statement				
Total revenue	38,175.87	36,101.65	2,074.22	5.75%
Total expenses	29,796.31	26,643.84	3,152.47	11.83%
Operating profit	8,379.56	9,457.81	(1,078.25)	-11.40%
Profit before tax	5,753.25	5,196.15	557.10	10.72%
Profit after tax	3,669.51	2,143.27	1,526.24	71.21%
Earnings per share	3.57	2.08	1.48	71.21%
Assets & Liabilities				
Total assets	565,032.07	478,074.84	86,957.23	18.19%
Earning assets	473,085.44	386,774.12	86,311.32	22.32%
Total loans and advances	315,578.90	287,034.67	28,544.23	9.94%
Property, plant and equipment	5,087.99	5,180.80	(92.81)	-1.79%
Total deposit	429,343.02	359,153.31	70,189.71	19.54%
Shareholders' equity	38,808.04	32,271.71	6,536.33	20.25%
Capital				
Paid up capital	10,282.94	10,282.94	-	-
Capital maintained	48,242.35	39,640.53	8,601.82	21.70%
Risk weighted assets (RWA)	327,491.48	287,290.00	40,201.48	13.99%
Capital required	32,749.15	28,729.00	4,020.15	13.99%
CRAR	14.73%	13.80%	0.93%	6.75%
Share Information				
Earnings per share (EPS)	3.57	2.08	1.48	71.21%
Net assets value per share (NAVPS)	37.74	31.38	6.36	20.27%
Number of shares	1,028,294,218	1,028,294,218	-	-
Regulatory Ratio				
Cash reserve ratio (CRR)	4.14%	5.35%	-1.21%	-22.68%
Statutory liquidity ratio (SLR)	30.13%	23.40%	6.73%	28.75%
CRAR	14.73%	13.80%	0.93%	6.76%
Credit deposit Ratio	70.71%	76.21%	-5.50%	-7.21%
Asset Quality				
Amount of classified loans and advances	8,622.01	12,560.60	(3,938.59)	-31.36%
Percentage of classified loans and advances	2.73%	4.38%	-1.64%	-37.57%
Required provision for loans and advances	16,155.62	15,557.94	597.68	3.84%
Provision maintained for loans and advances	17,155.62	15,559.76	1,595.86	10.26%
Classified other assets	218.29	97.16	121.13	124.67%
Classified investment	242.05	510.50	(268.45)	-52.59%
Total classified assets	9,082.35	13,168.26	(4,085.91)	-31.03%

GRAPHICAL PRESENTATION

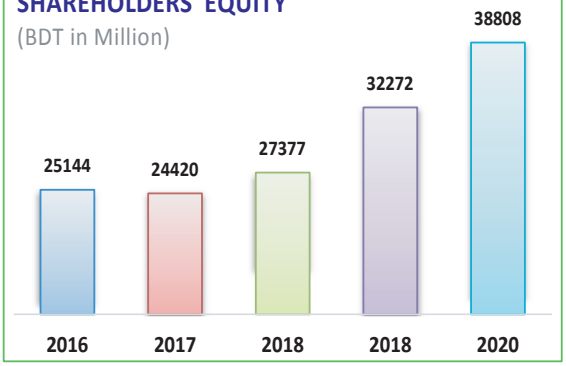
OPERATING PROFIT
(BDT in Million)



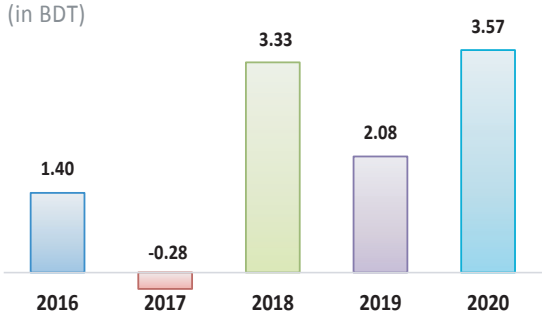
PROFIT AFTER TAX
(BDT in Million)



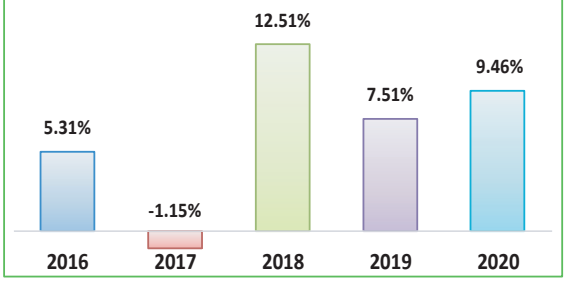
SHAREHOLDERS' EQUITY
(BDT in Million)



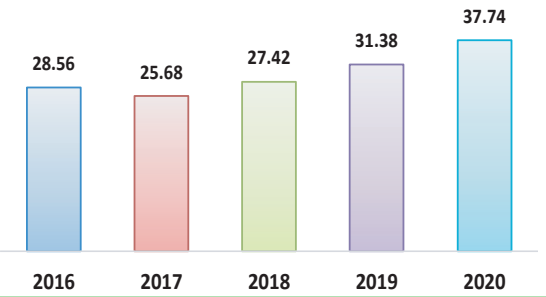
EARNINGS PER SHARE
(in BDT)



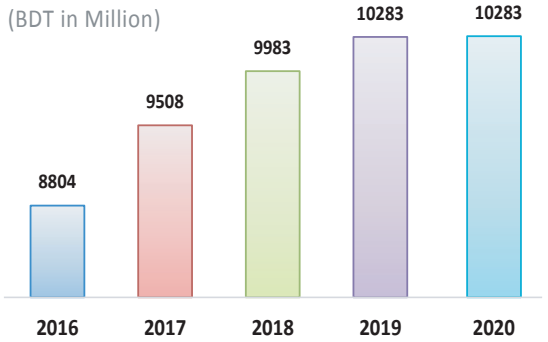
RETURN ON SHAREHOLDERS' FUND
(in %)



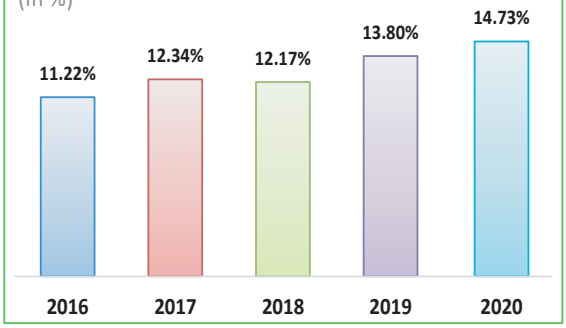
NET ASSET VALUE PER SHARE
(in BDT)



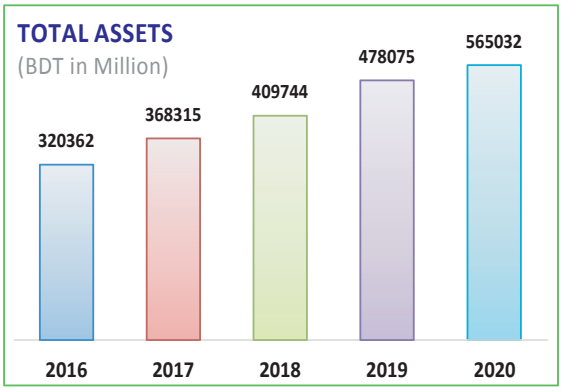
PAID UP CAPITAL
(BDT in Million)

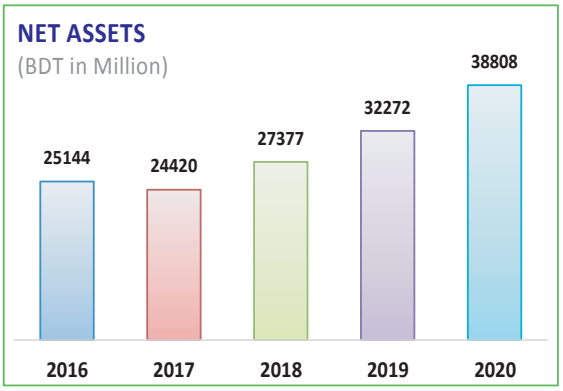


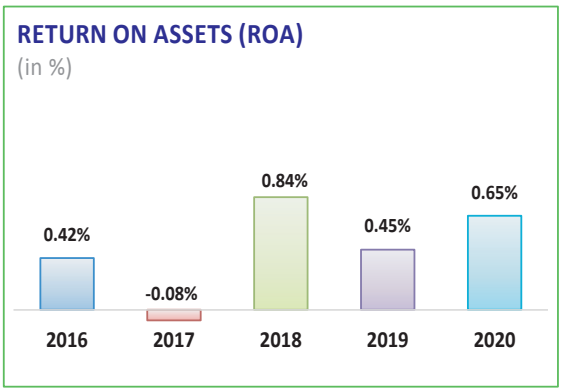
CRAR/CAR
(in %)

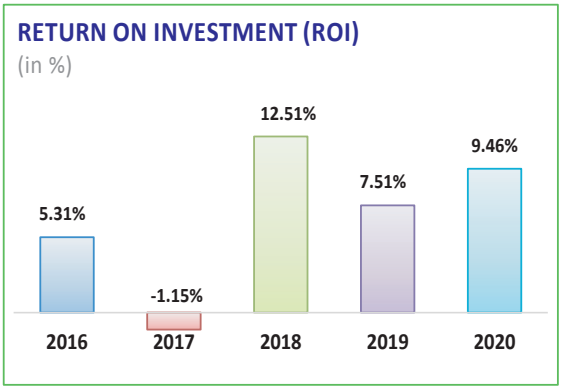


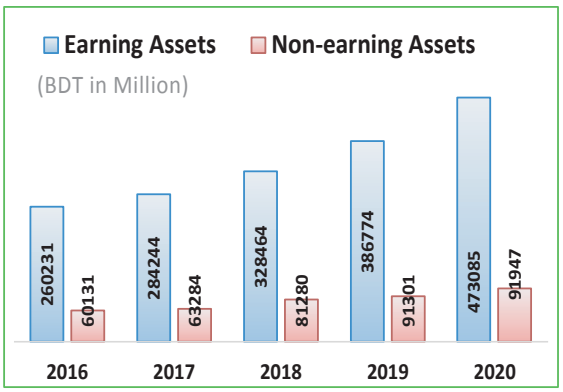
GRAPHICAL PRESENTATION

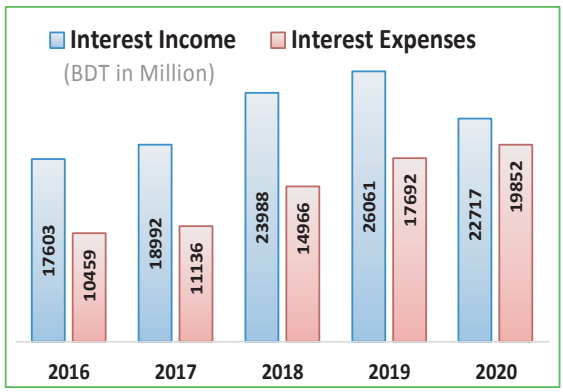


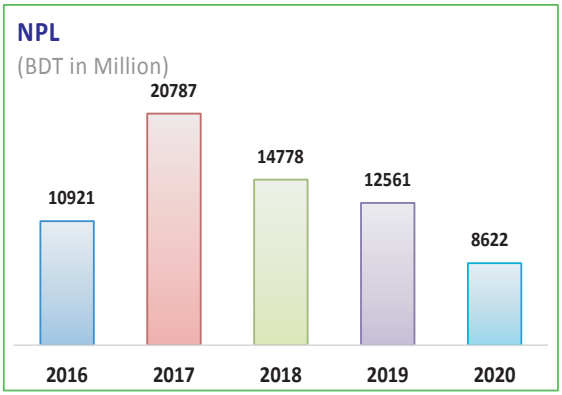


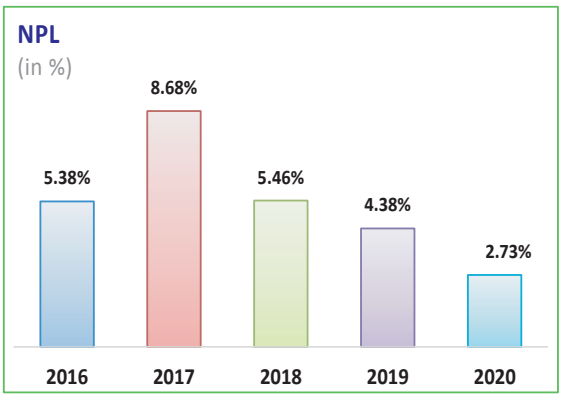






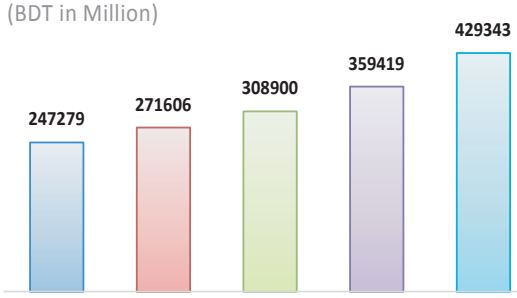




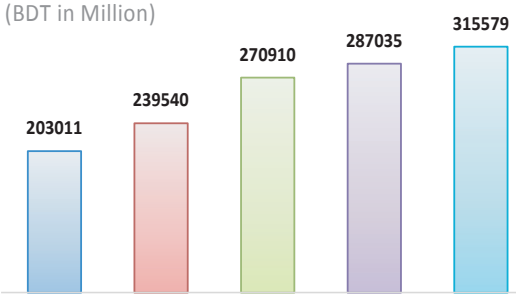


GRAPHICAL PRESENTATION

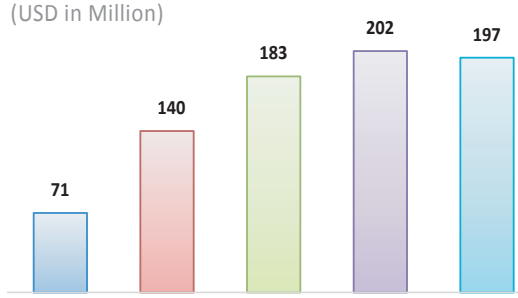
DEPOSITS
(BDT in Million)



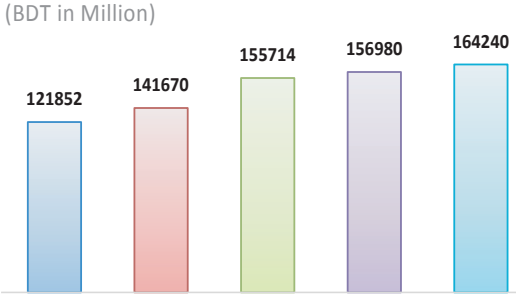
LOANS & ADVANCES
(BDT in Million)



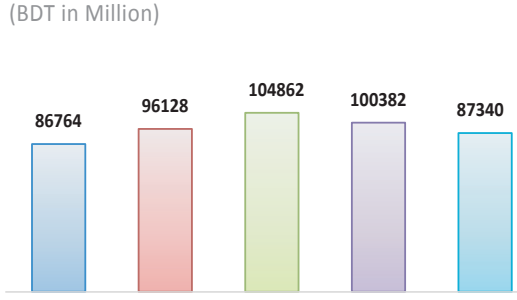
OBU BUSINESS
(USD in Million)



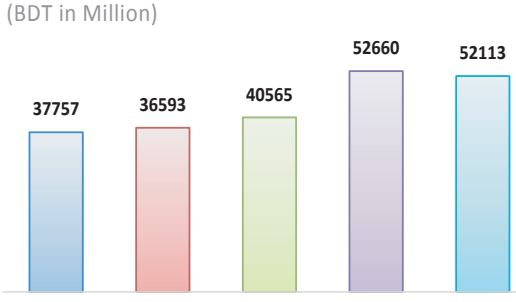
IMPORT
(BDT in Million)



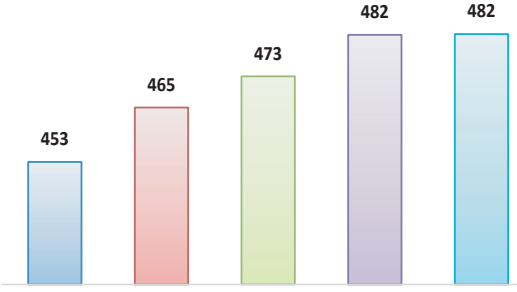
EXPORT
(BDT in Million)



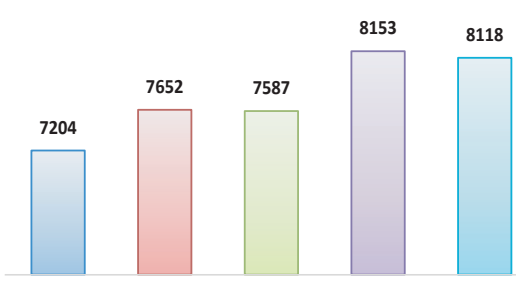
FOREIGN REMITTANCE
(BDT in Million)



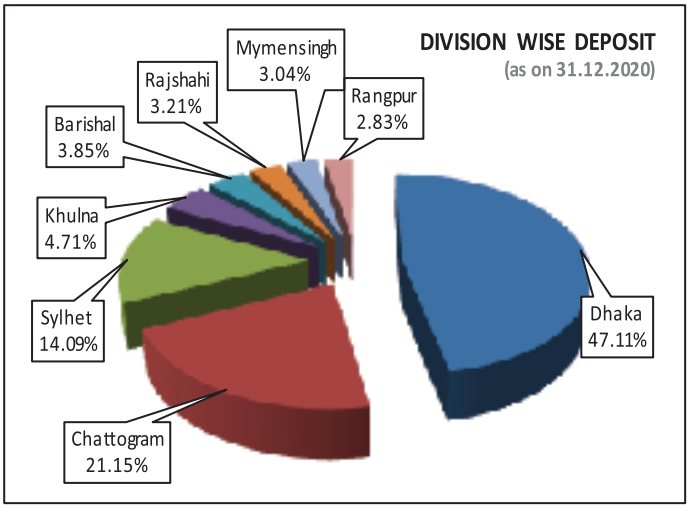
NUMBER OF BRANCHES

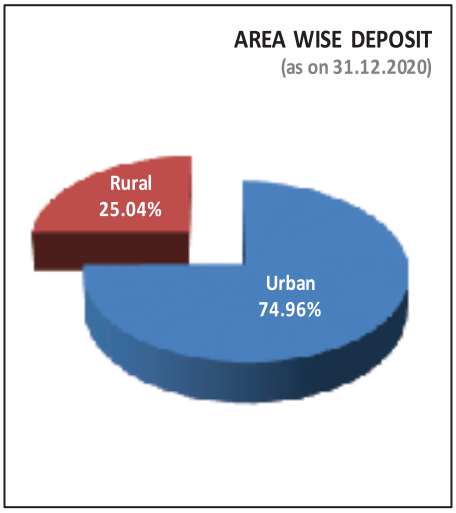


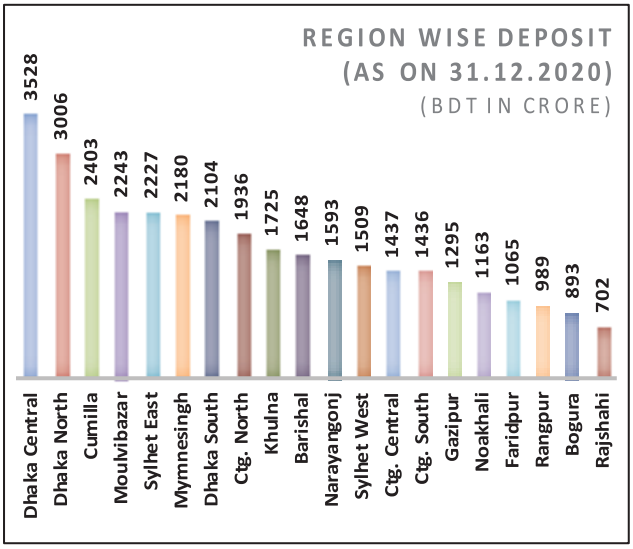
NUMBER OF EMPLOYEES

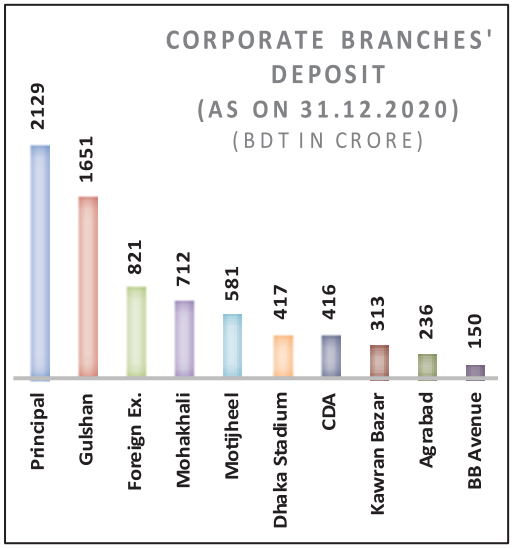


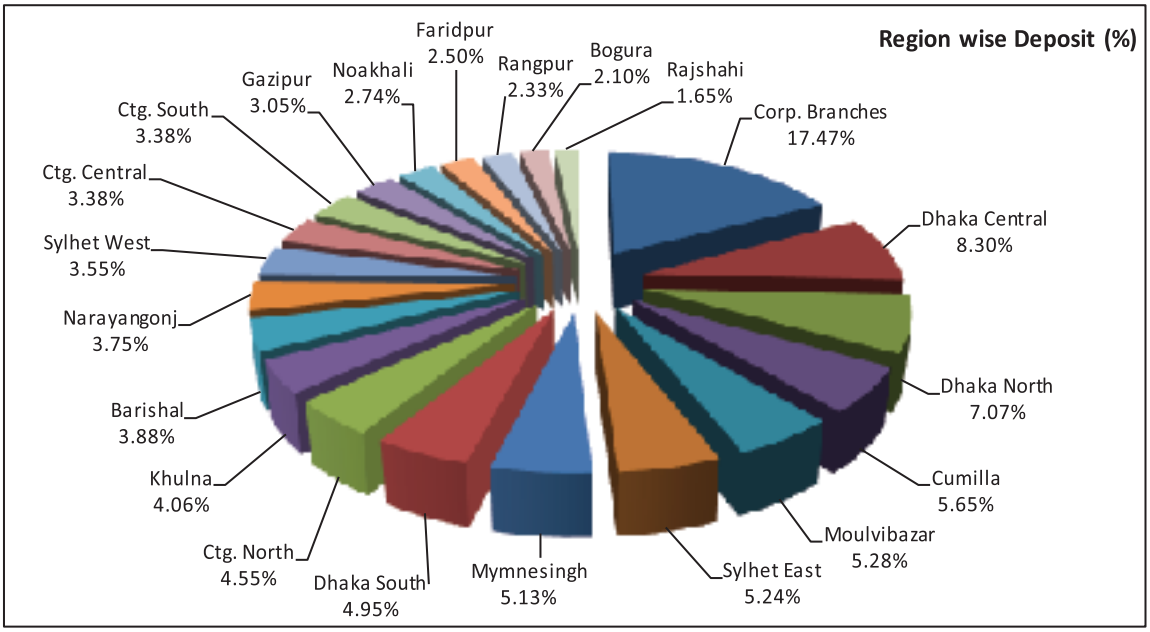
DEPOSIT ANALYSIS



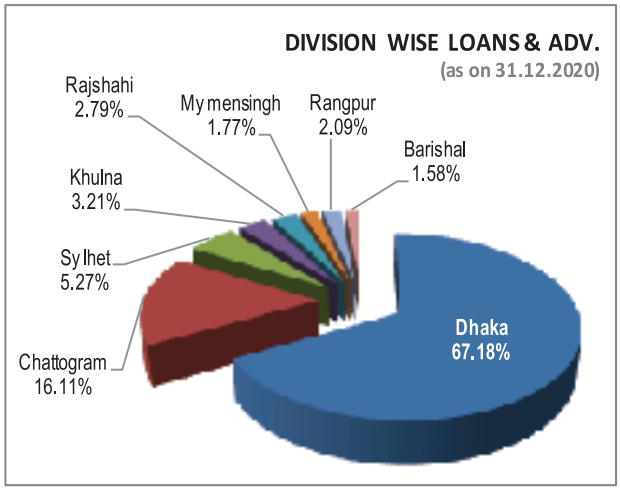


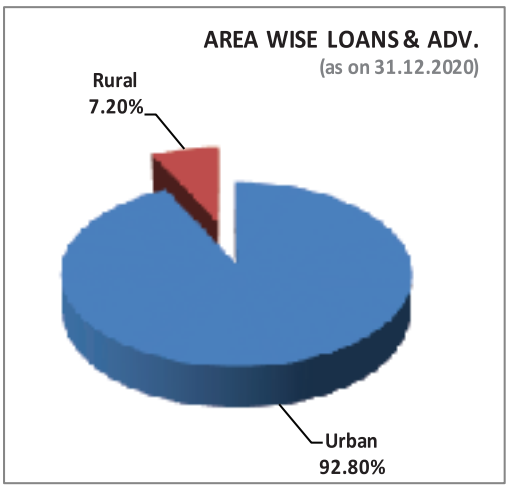


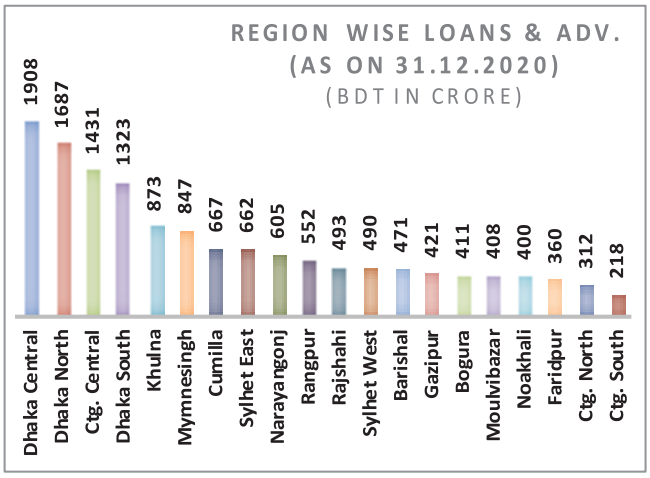


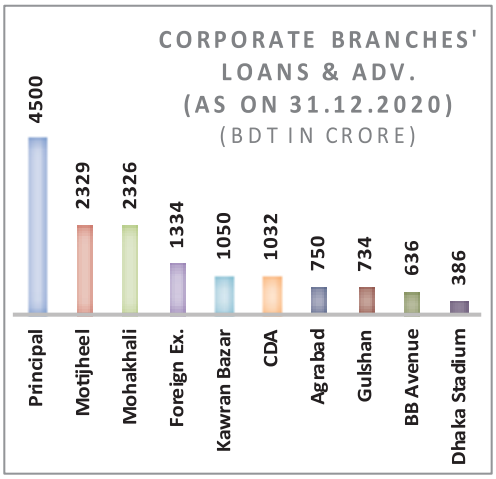


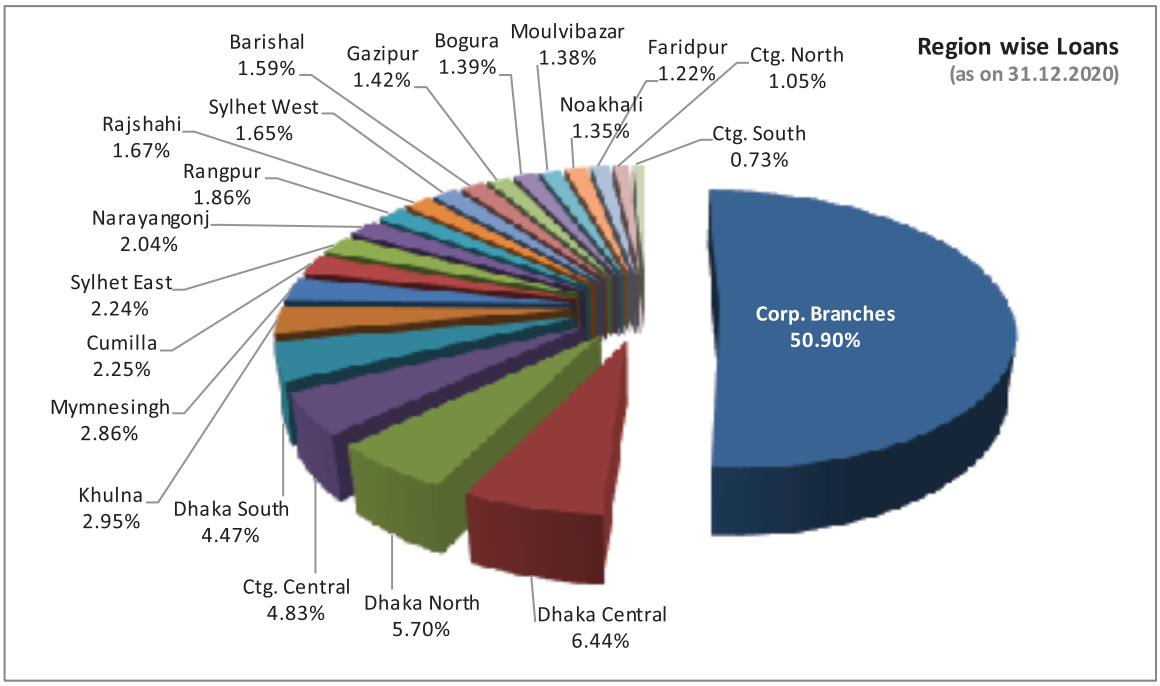
LOANS & ADVANCES ANALYSIS



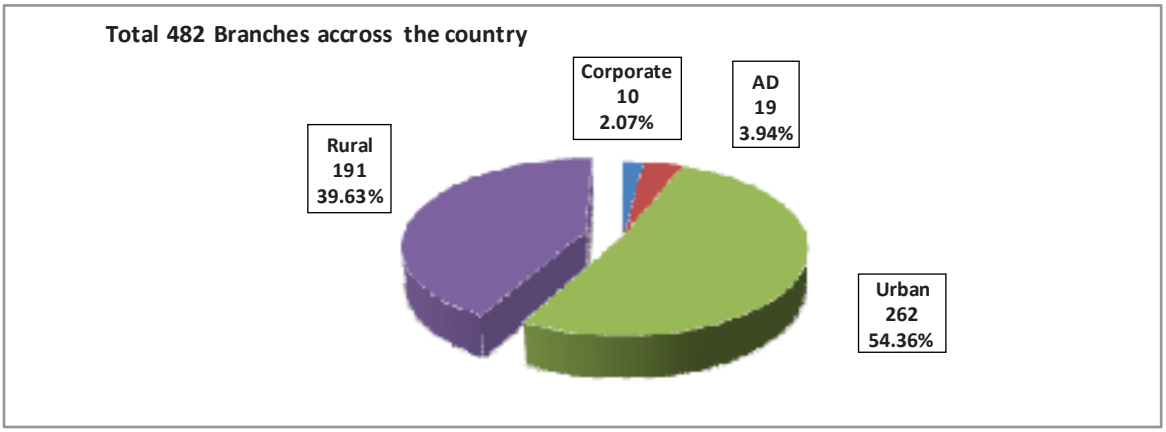


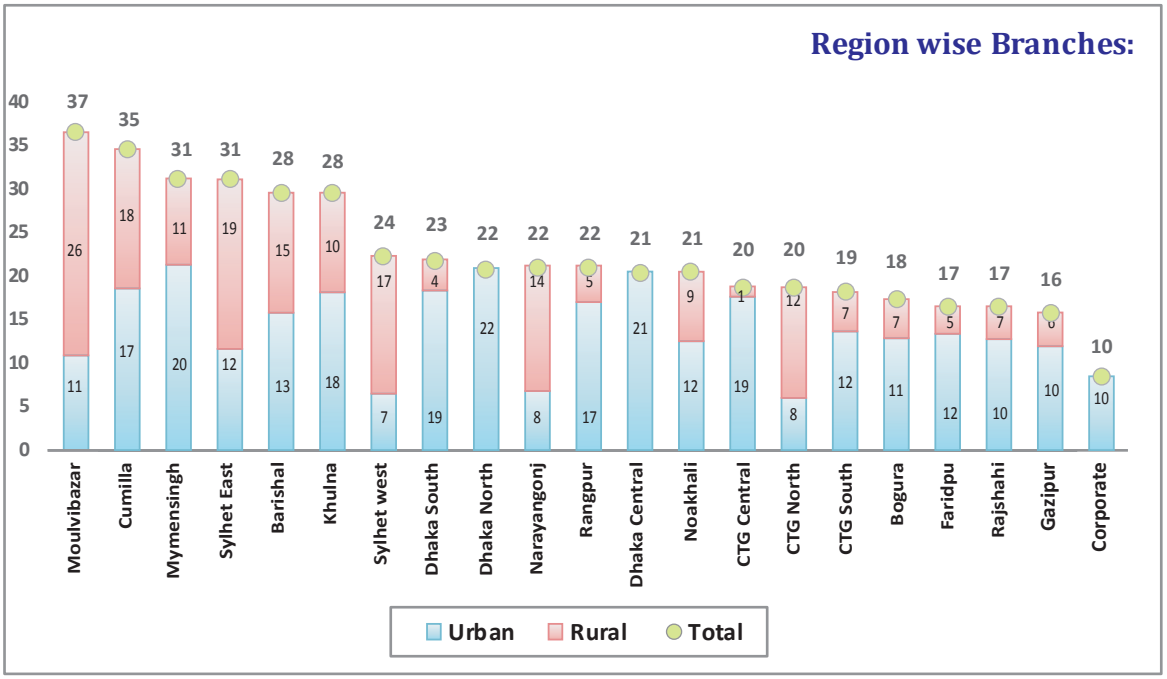


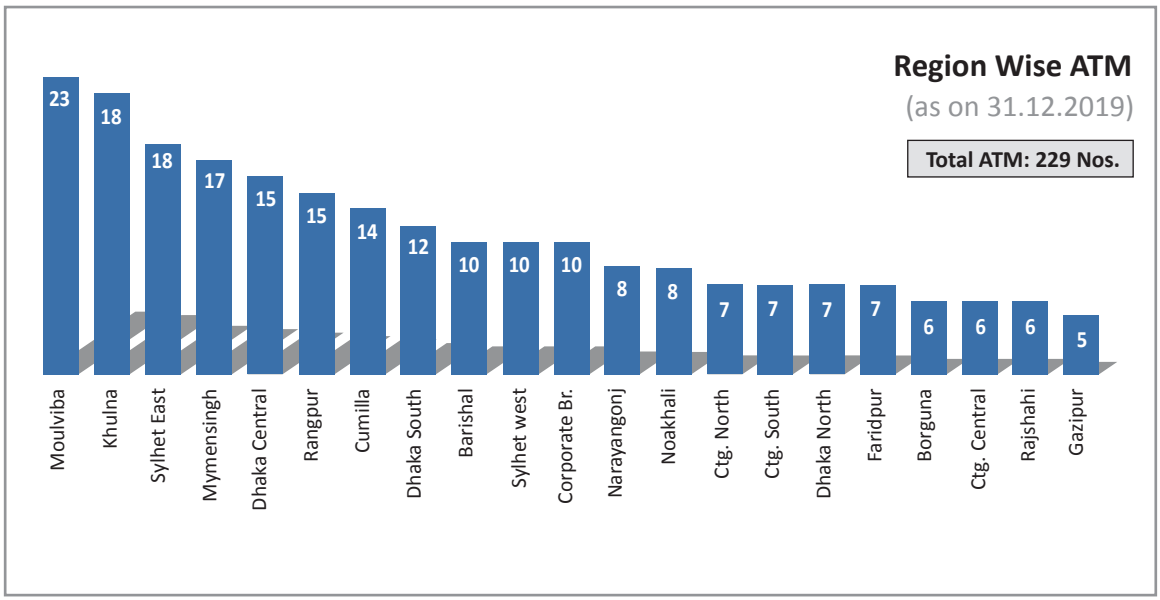




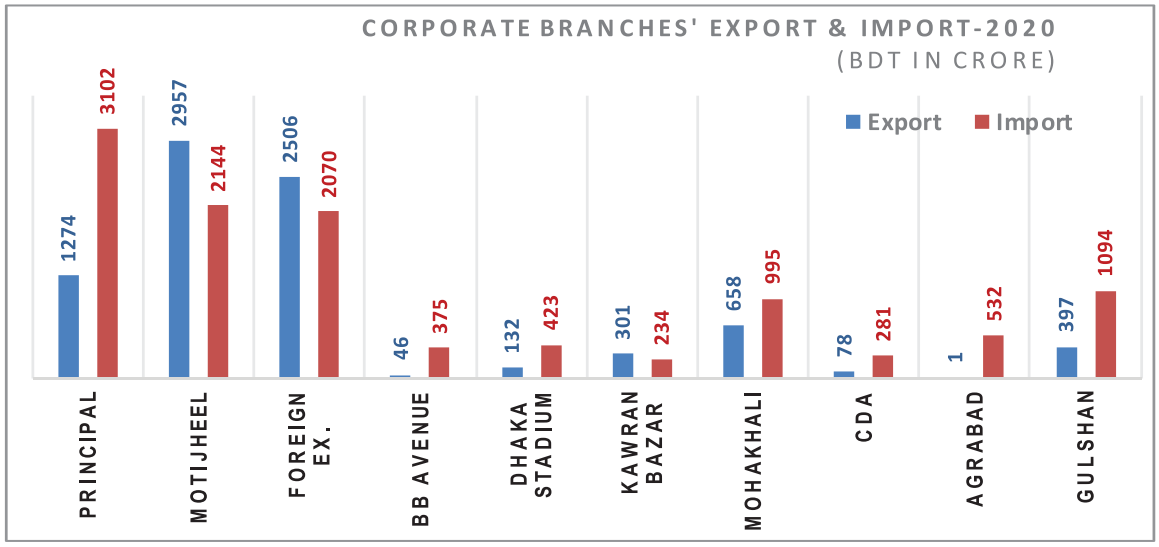
BRANCHES NETWORK

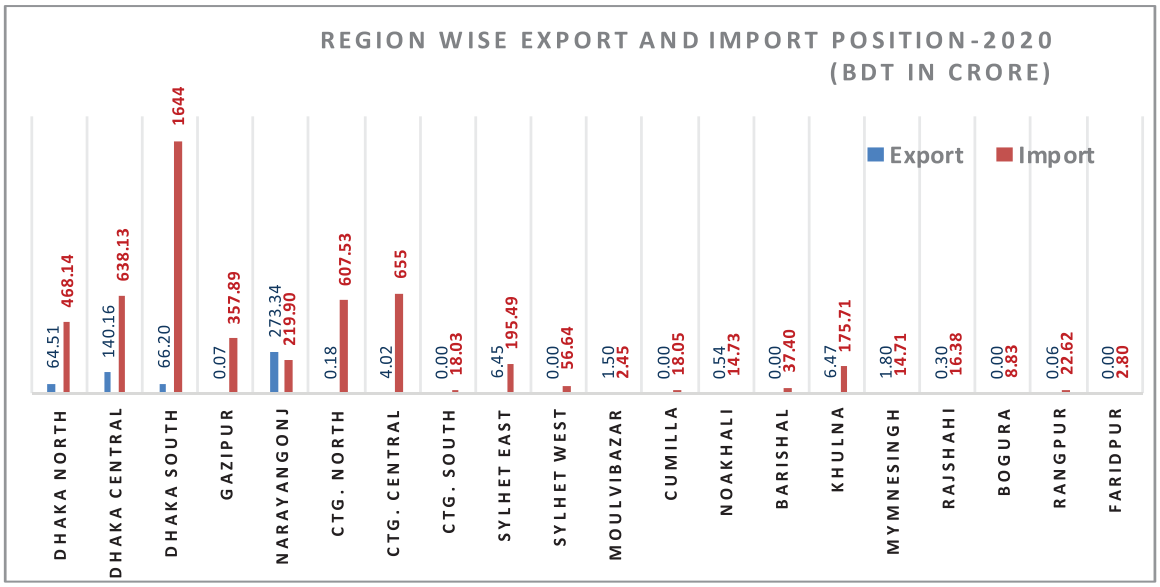


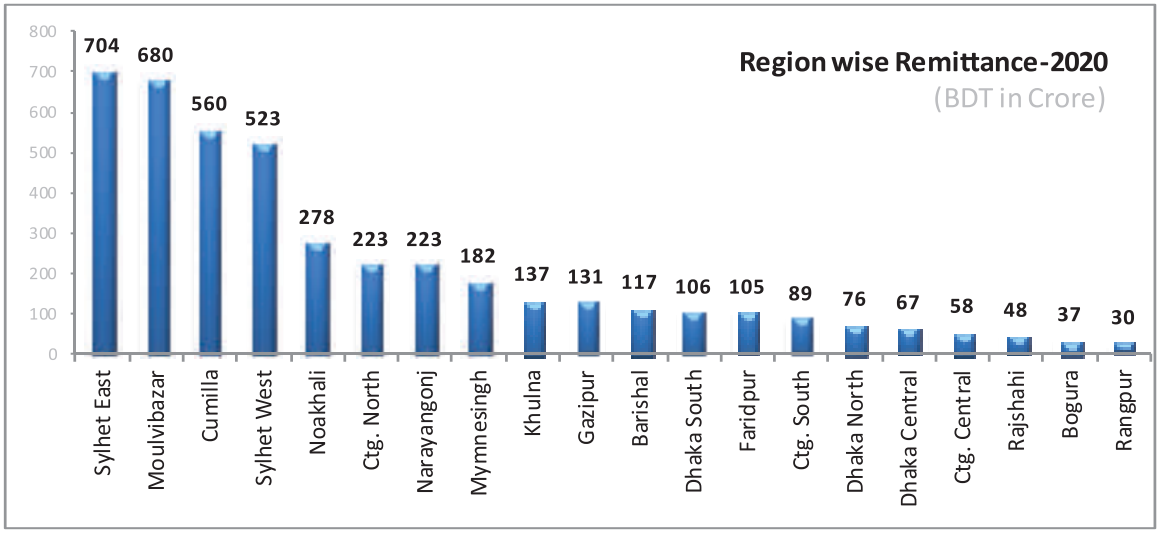




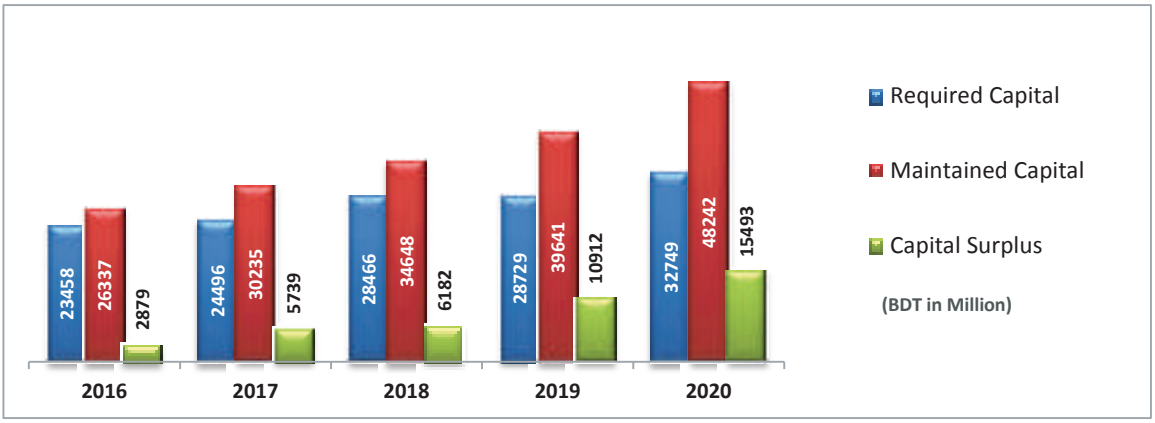
FOREIGN EXCHANGE BUSINESS

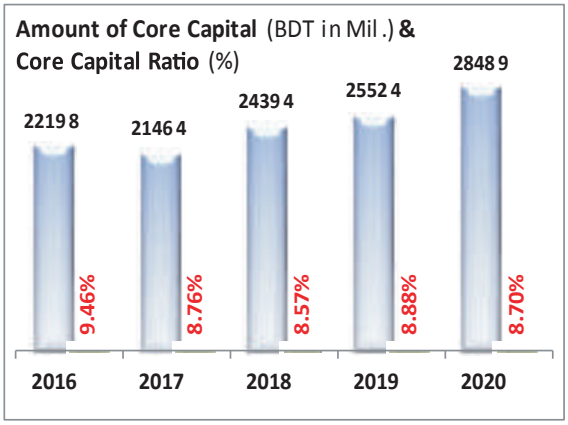


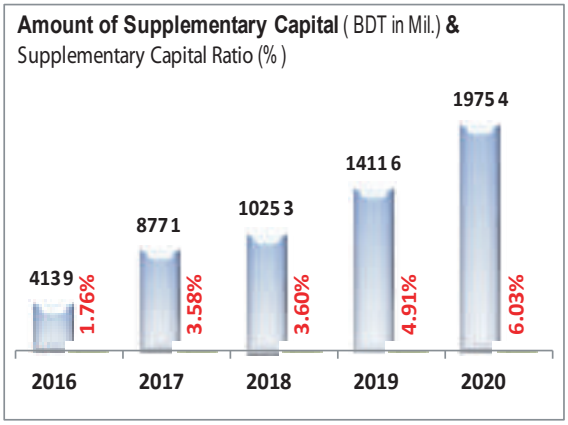


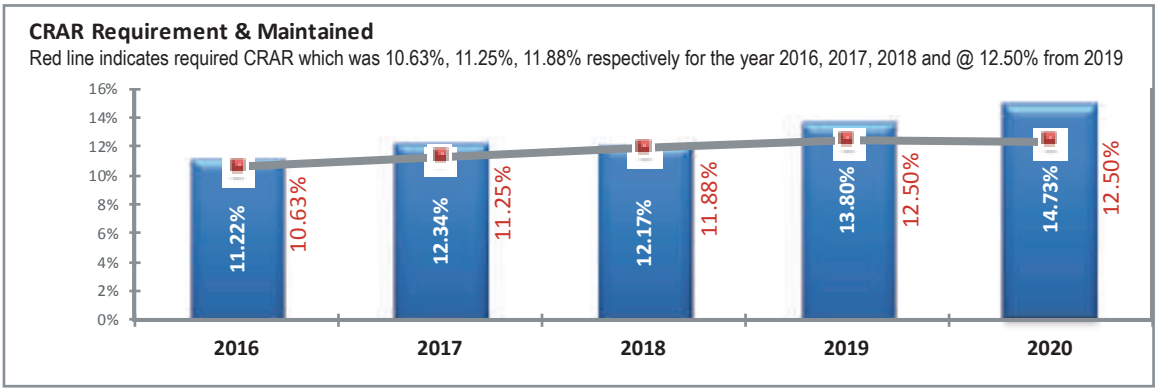


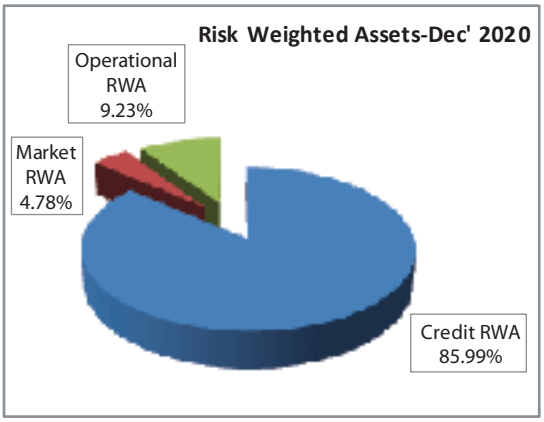
CAPITAL ADEQUICY

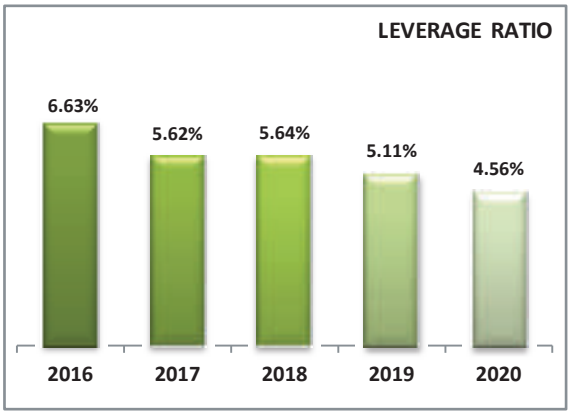












KEY FINANCIAL INFORMATION

Particular	2020	2019	2018	2017	2016
Balance Sheet Matrix					
Authorized capital	20,000	20,000	20,000	20,000	20,000
Paid up capital	10,282.94	10,282.94	9,983.44	9,508.04	8,803.74
Reserve fund & surplus	28,525.09	21,988.76	17,393.66	14,912.27	16,340.67
Total shareholders' equity	38,808.04	32,271.71	27,377.10	24,420.31	25,144.40
Capital employed	323,488.89	246,207.05	198,150.15	184,424.22	173,151.94
Deposits	429,343.02	359,418.89	308,899.77	271,605.83	247,278.50
Loans and advances	315,578.90	287,034.67	270,909.51	239,539.60	203,011.23
Investments	147,906.01	100,603.86	57,660.24	53,527.20	48,865.75
Property, plant & equipment (Fixed Assets)	5,087.99	5,180.80	3,782.35	3,686.86	3,788.44
Total assets	565,032.07	478,074.84	409,744.09	368,314.62	320,361.89
Total off balance sheet exposures	137,695.16	108,500.21	103,703.92	91,098.63	73,008.51
Earning assets	473,085.44	386,774.12	328,464.04	284,243.61	260,231.20
Non-earning assets	91,946.63	91,300.72	81,280.05	63,284.07	60,130.69
Net Assets	38,808.04	32,271.71	27,377.10	24,420.31	25,144.40
Income Statement Matrix					
Interest income	22,716.88	26,060.65	23,987.74	18,991.52	17,602.87
Investment income	12,707.36	7,131.92	5,193.01	5,383.56	4,354.88
Non-interest income	2,751.63	2,909.08	3,044.96	2,910.36	2,449.93
Total income	38,175.87	36,101.65	32,225.71	27,310.89	24,407.68
Interest expenses	19,851.84	17,691.77	14,966.25	11,135.62	10,458.64
Non-interest expenses	9,944.47	8,952.07	8,401.78	7,990.38	7,392.57
Total expenses	29,796.31	26,643.84	23,368.03	19,126.00	17,851.21
Net interest margin (NIM)	2,865.04	8,368.88	9,021.49	7,855.90	7,144.23
Net non-interest margin	5,514.52	1,088.93	(163.81)	303.54	(587.76)
Operating profit	8,379.56	9,457.81	8,857.68	8,184.89	6,556.47
Earnings before provision, depreciation and tax	9,148.41	10,157.36	9,159.93	8,576.23	6,910.19
Profit before provision & tax	8,379.56	9,457.81	8,857.68	8,184.89	6,556.47
Profit before tax	5,753.25	5,196.15	5,685.80	2,385.08	3,800.03
Net profit after tax	3,669.51	2,143.27	3,424.06	(281.20)	1,334.95
Capital Matrix					
Risk weighted assets (RWA)	327,491.48	287,290.00	284,659.50	244,961.80	234,583.60
Total required capital	32,749.15	28,729.00	28,465.95	24,496.18	23,458.36
Total regulatory capital maintained	48,242.35	39,640.53	34,647.53	30,235.20	26,337.23
Capital surplus/(shortfall)	15,493.20	10,911.53	6,181.58	5,739.02	2,878.87
CRAR/(CAR)	14.73%	13.80%	12.17%	12.34%	11.22%
Core capital ratio	8.70%	8.88%	8.57%	8.76%	9.46%
Supplementary capital ratio	6.03%	4.91%	3.60%	3.58%	1.76%
Amount of core capital (Tier-1)	28,488.80	25,524.32	24,394.18	21,463.95	22,198.16
Amount of supplementary capital (Tier-2)	19,753.55	14,116.21	10,253.35	8,771.25	4,139.07
Asset Quality					
Classified loans & advances (Non-performing loans)	8,622.01	12,560.60	14,778.27	20,786.94	10,921.46
Percentage of NPLs to total loans and advances	2.73%	4.38%	5.46%	8.68%	5.38%
Required provision for unclassified loans	5,897.81	4,127.99	4,001.53	2,312.03	2,136.79
Required provision for classified loans	10,257.81	11,429.95	8,810.37	10,082.69	5,042.57
Total required provision for loans and advances	16,155.62	15,557.94	12,811.90	12,394.72	7,179.35
Total provision maintained for loans and advances	17,155.62	15,559.76	12,811.90	12,396.23	7,679.55
Provision excess/(shortfall) for loans and advances	1,000.00	1.82	-	1.52	500.20
General provision maintained	6,897.81	4,129.81	4,001.53	2,312.03	2,636.99
Specific provision maintained	10,257.81	11,429.95	8,810.37	10,084.20	5,042.57
Classified investment	242.05	510.50	96.32	5.16	9.68
Provision maintained for classified investment	253.50	510.55	96.35	23.75	23.75
Classified other assets	218.29	97.16	97.46	104.65	107.09
Provision maintained for other assets	218.67	404.37	392.50	296.56	255.43
Total classified assets	9,082.35	13,168.26	14,972.05	20,896.75	11,038.23
Total unclassified assets	555,949.72	464,906.58	394,772.04	347,417.87	309,323.66

KEY FINANCIAL INFORMATION

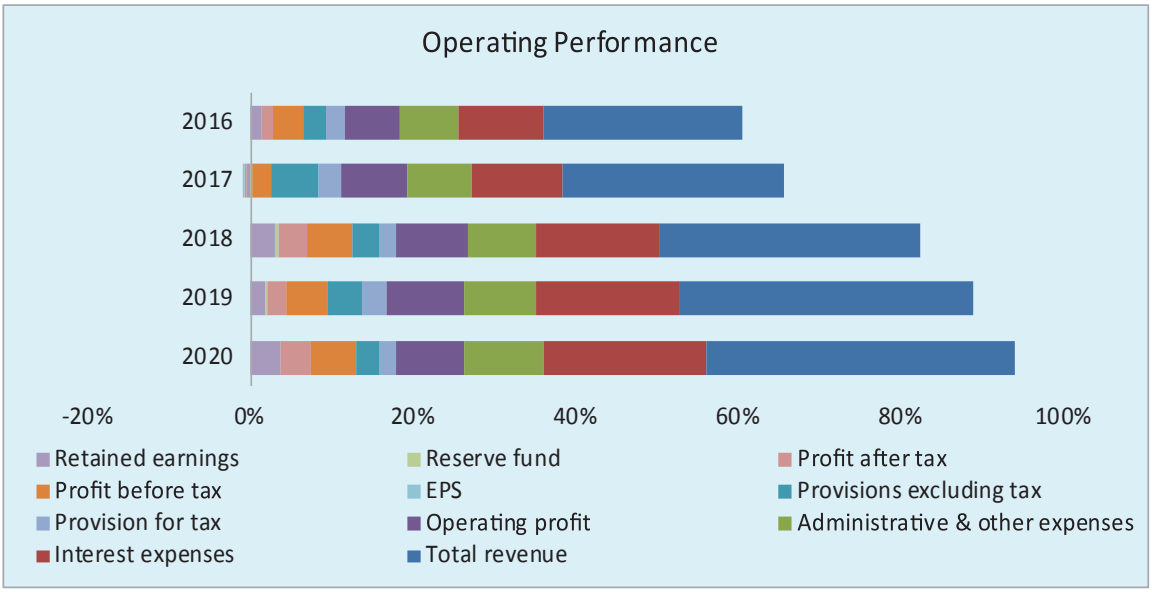
Particular	2020	2019	2018	2017	2016
Asset Quality					
Required provision for contingent liabilities	1,271.80	986.38	929.61	910.99	730.09
Provision maintained for contingent liabilities	1,271.95	986.40	930.00	911.30	730.80
Current assets	272,830.19	257,607.55	233,358.30	210,170.33	166,945.84
Current liabilities	241,543.18	231,867.79	211,593.94	183,890.40	147,209.95
Net current assets	31,287.01	25,474.17	21,764.36	26,279.93	19,735.89
Long term liabilities	284,680.85	213,669.75	170,773.05	160,003.91	148,007.54
Long term liabilities/current liabilities	1.18	0.92	0.81	0.87	1.01
Foreign Exchange Business					
Import	164,240.37	156,980.10	155,713.70	141,670.20	121,852.00
Export	87,340.06	100,381.90	104,861.60	96,127.50	86,764.10
Foreign remittance	52,113.40	52,660.00	40,564.51	36,593.00	37,757.00
Financial Ratios					
Operating profit ratio	21.95%	26.20%	27.49%	29.97%	26.86%
Gross profit ratio	21.95%	26.20%	27.49%	29.97%	26.86%
Operating profit as a percentage of average working fund	9.16%	32.51%	41.45%	29.99%	33.22%
Return on assets (ROA)	0.65%	0.45%	0.84%	-0.08%	0.42%
Return on equity (ROE)	9.46%	7.51%	12.51%	-1.15%	5.31%
Return on investment (ROI)	9.46%	7.51%	12.51%	-1.15%	5.31%
Return on loans & advances	1.16%	0.75%	1.26%	-0.12%	0.66%
Return on working fund	11.73%	8.33%	15.73%	-1.07%	6.76%
Return on earning assets	0.78%	0.55%	1.04%	-0.09%	0.51%
Operating profit per employee	1.03	1.16	1.17	1.07	0.91
Net profit per employee	0.45	0.26	0.45	(0.04)	0.19
Operating profit per branch	17.38	19.62	18.73	17.60	14.47
Net interest margin as a percentage of working fund	9.16%	32.51%	41.45%	29.99%	36.20%
Net interest margin on earning assets	0.61%	2.16%	2.75%	2.58%	2.75%
Efficiency ratio	0.26	0.25	0.26	0.29	0.30
Burden ratio	1.27%	1.26%	1.31%	1.38%	1.54%
Cost of deposit	4.24%	4.38%	4.85%	4.10%	4.23%
Yield on loans and advances	7.20%	9.08%	8.85%	7.94%	8.67%
Interest spread	2.96%	4.70%	4.01%	3.84%	4.44%
Cost of fund	7.09%	7.52%	7.97%	7.42%	7.68%
Net spread	0.11%	1.56%	0.88%	0.52%	0.99%
Cost to income ratio (Operating exp. to operating Income)	54.27%	48.63%	48.68%	49.48%	53.00%
Debt equity ratio (times)	13.56	13.81	13.97	14.08	11.74
Current ratio (times)	1.13	1.11	1.10	1.14	1.13
Net asset value per share (NAVPS) (in BDT)	37.74	31.38	27.42	25.68	28.56
Earnings per share (EPS) (in BDT)	3.57	2.08	3.33	(0.28)	1.40
CRAR/ CAR	14.73%	13.80%	12.17%	12.34%	11.22%
Credit deposit ratio	70.71%	76.21%	82.94%	83.34%	82.10%
Cash reserve ratio/Liquidity ratio	4.14%	5.35%	5.62%	6.47%	6.73%
Statutory liquidity ratio (SLR)	30.13%	23.40%	14.21%	15.45%	17.86%
Medium term funding ratio (MTFR)	0.97	0.97	0.97	1.01	0.96
Shares Information Matrix					
Number of shares	1,028,294,218	1,028,294,218	998,343,901	950,803,716	880,373,812
Earnings per share (EPS) (in BDT)	3.57	2.08	3.33	(0.28)	1.40
Net asset value per share (NAVPS) (in BDT)	37.74	31.38	27.42	25.68	28.56
Market price per share	24.10	24.00	26.00	30.40	24.00
Dividend:					
Cash	12.50	10.00	10.00	5.00	5.00
Bonus	-	-	3.00	5.00	8.00
Other Information					
Number of branches	482	482	473	465	453
Number of Sub-branches	23	-	-	-	-
Number of employees	8,118	8,153	7,587	7,652	7,204
Number of foreign correspondents (Nostro)	31	30	30	30	31

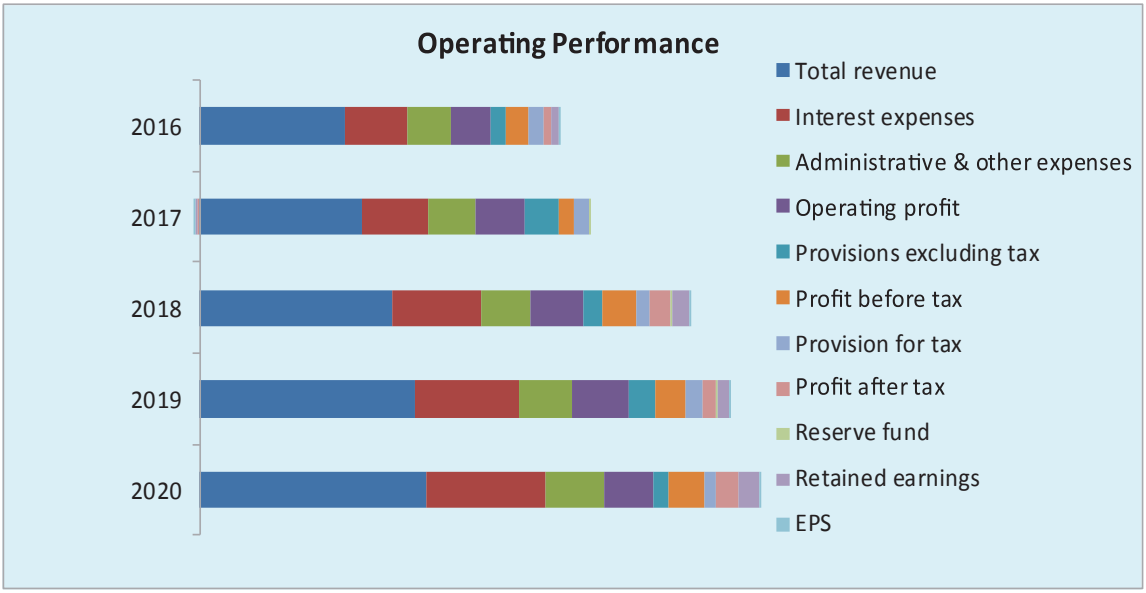
HORIZONTAL & VERTICAL ANALYSIS

Operating performance

(BDT in milli on unless stated otherwise)

Particular	2020	2019	2018	2017	2016
Total revenue	38,175.87	36,101.65	32,225.71	27,310.89	24,407.68
Interest expenses	19,851.84	17,691.77	14,966.25	11,135.62	10,458.64
Administrative & other expenses	9,944.47	8,952.07	8,401.78	7,990.38	7,392.57
Operating profit	8,379.56	9,457.81	8,857.68	8,184.89	6,556.47
Provisions excluding tax	2,626.31	4,261.65	3,171.87	5,799.81	2,756.44
Profit before tax	5,753.25	5,196.15	5,685.80	2,385.08	3,800.03
Provision for tax	2,083.74	3,052.88	2,261.74	2,666.28	2,465.08
Profit after tax	3,669.51	2,143.27	3,424.06	(281.20)	1,334.95
Reserve fund	-	299.50	473.25	210.00	-
Retained earnings	3,669.51	1,843.77	2,950.81	(491.20)	1,334.95
EPS	3.57	2.08	3.33	(0.28)	1.52



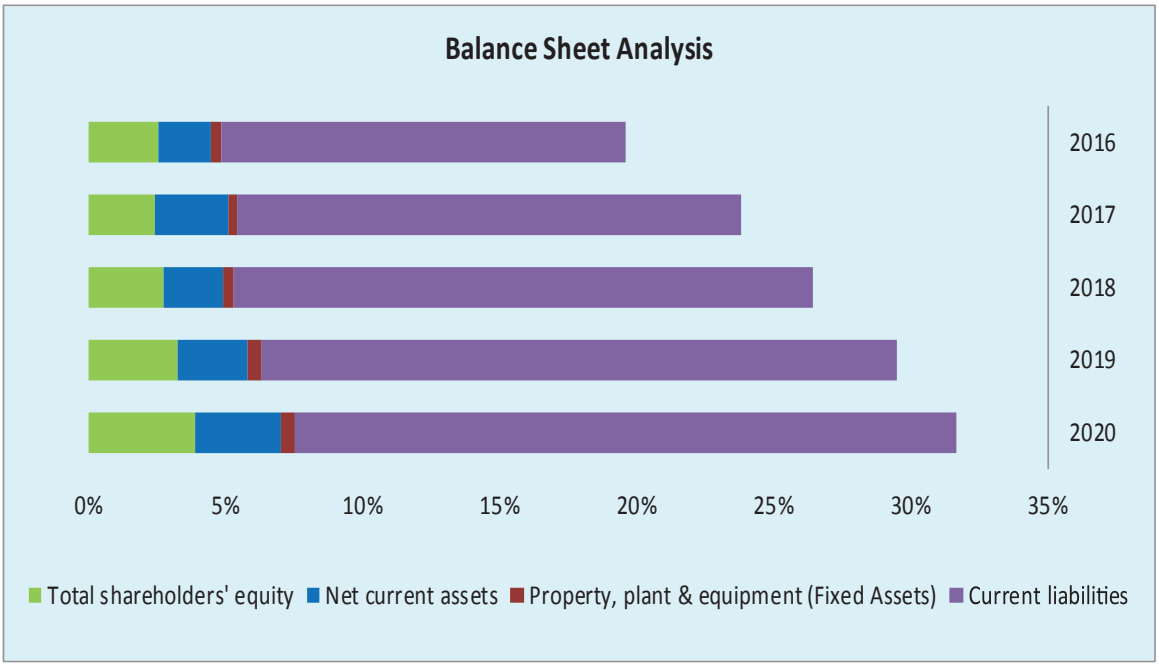


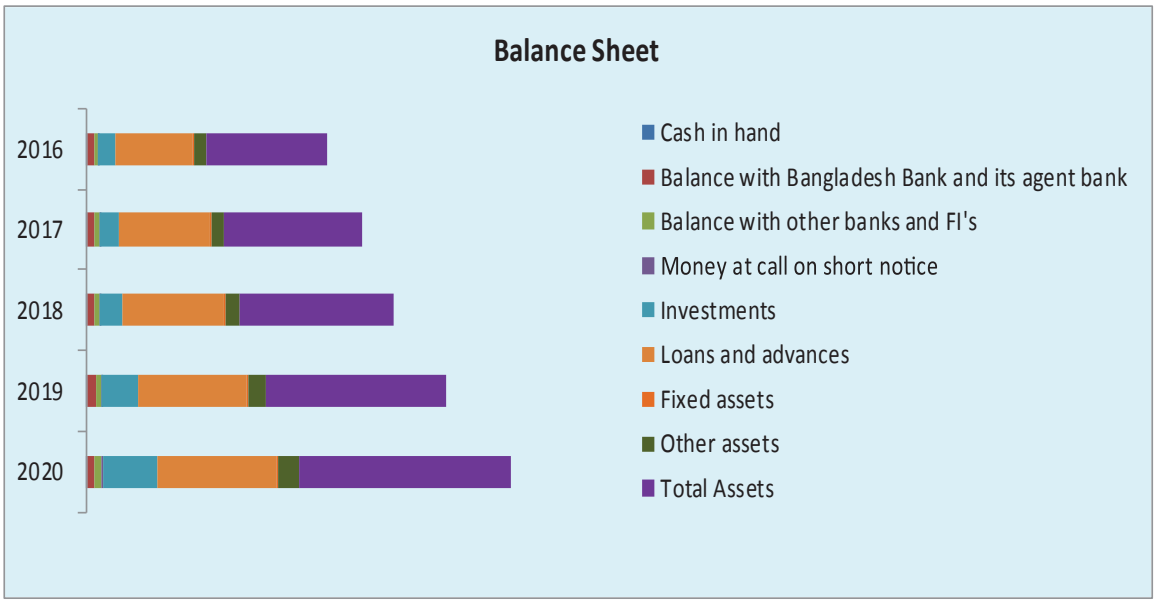
HORIZONTAL & VERTICAL ANALYSIS

Balance Sheet

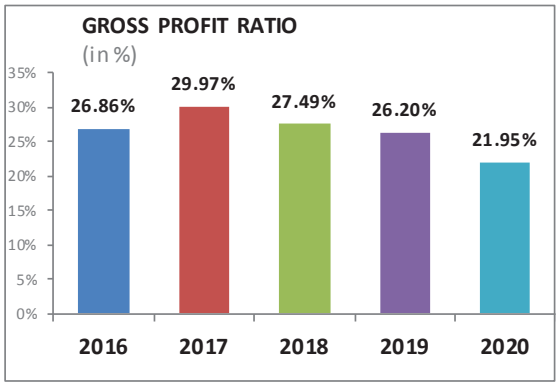
(BDT in milli on unless stated otherwise)

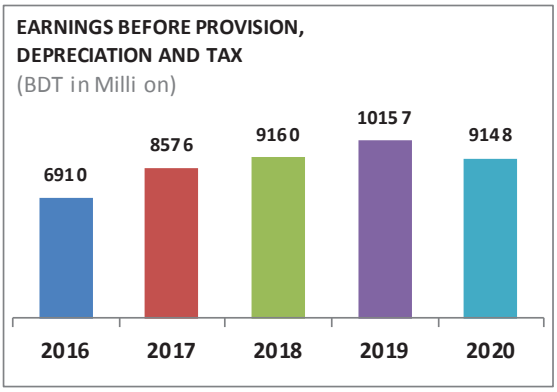
Particular	2020	2019	2018	2017	2016
Cash in hand	4,137.47	4,208.45	3,789.31	3,643.11	3,612.83
Balance with Bangladesh Bank and its agent bank	20,008.97	21,694.54	19,267.54	19,174.68	17,501.64
Balance with other banks and FI's	18,580.80	13,086.55	15,579.62	12,903.22	9,033.36
Money at call on short notice	1,200.79	126.79	11.29	11.29	551.29
Investments	147,906.01	100,603.86	57,660.24	53,527.20	48,865.75
Loans and advances	315,578.90	287,034.67	270,909.51	239,539.60	203,011.23
Fixed ass ets	5,087.99	5,180.80	3,782.35	3,686.86	3,788.44
Other ass ets	52,530.76	46,138.80	38,743.86	35,828.29	33,996.97
Total Ass ets	565,032.07	478,074.84	409,744.09	368,314.62	320,361.89

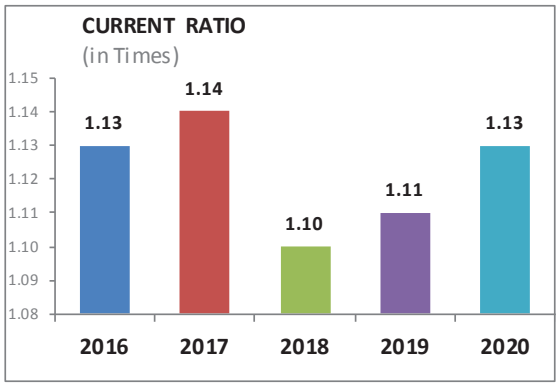


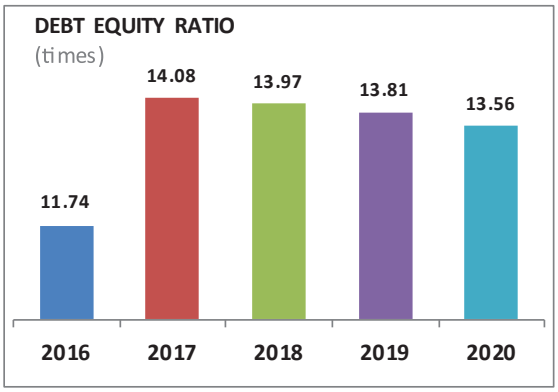


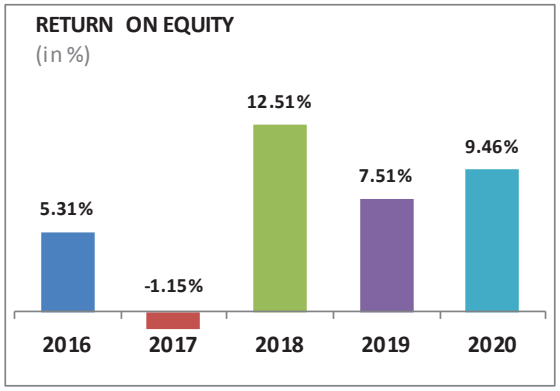
PROFITABILITY, DIVIDEND, PERFORMANCE AND LIQUIDITY RATIOS

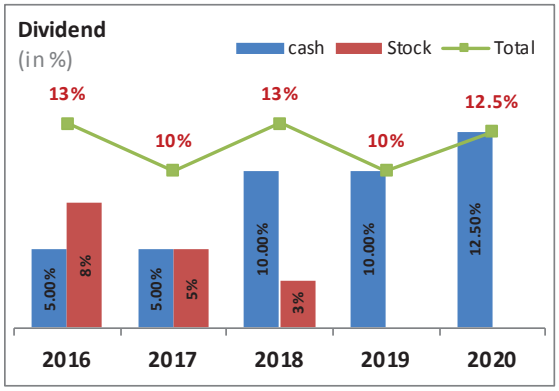


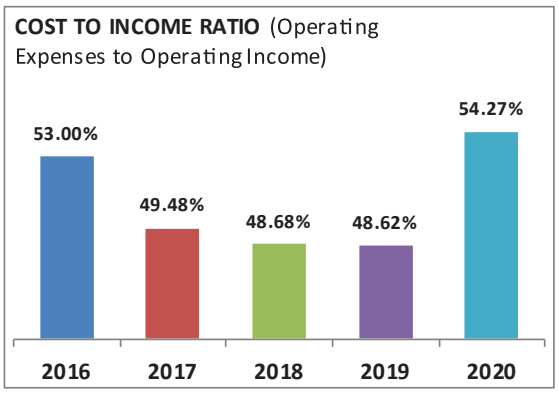


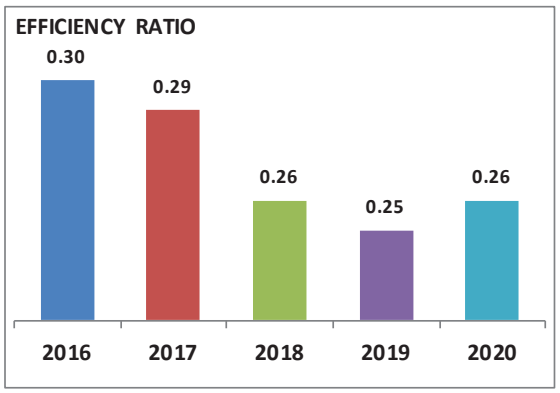












Howladar Yunus & Co.
Chartered accountants

Independent Auditor's Report

To the Shareholders of Pubali Bank Limited
Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the 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 2020, and consolidated and separate Profit and Loss Accounts, consolidated and separate statement of Changes in Equity, and consolidated and separate Cash Flow Statements for the year then ended, and notes to consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and 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 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC), and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye-Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
Measurement of provision for loans and advances	
The process for estimating the provision for loans, advances, and leases portfolio associated with credit risk is significant and complex.	We tested the design and operating effectiveness of key controls focusing on the following:

For the individual analysis for large exposure, provisions calculation considers the estimates of future business performance and the market value of the collateral provided for credit transactions. For the collective analysis of exposure on a portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions, and estimates. Due to the high level of judgment involved and using some manual process in estimating the provision for loans and advance, we considered this to be a key audit matter. Interest amounting to Taka 427 million were transferred to Income account with the approval of the Board based on the recommendations of the Board Audit Committee in compliance with BRPD Circular No. 56, dated December 10, 2020, and an additional 1% Special general provision COVID-19 has been maintained amounting to Taka 530 million in line with the direction of said circular. At year end the Bank reported total gross loans and advances of BDT 315,579 million (2019: BDT 287,035 million) and provision for loans and advances of BDT 17,156 million (2019: BDT 15,560 million).	• Credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed the adequacy of transfer of interests to the Income account appropriate approvals in line with the Bangladesh Bank's guideline. Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines. Reviewed the grounds for recommendations for approvals in cases of transfer of interests to Income account; • Assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information; • Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; • Finally, compared the amount of provision requirement as determined by the Bangladesh Bank inspection team to the actual amount of provision maintained.
See note nos. 7 and 14 to the financial statements	

Valuation of treasury bill and treasury bond	
The classification and measurement of T-Bill and T-Bond require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.	We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds. We obtained an understanding, evaluated the design, and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.

	We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
See note nos. 6 to the financial statements	

Impairment assessment of unquoted investments	
In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques that may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment.	We have assessed the processes and controls put in place by the Bank to ensure all major investment decisions are undertaken through a proper due diligence process We tested a sample of investments valuation as at 31 December 2020 and compared our results to the recorded value. Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
See note nos. 6 to the financial statements	

IT systems and controls	
Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily, and the reliance on automated and IT dependent manual controls. Our areas of audit focus included user access management, developer access to the production environment, and changes to the IT environment. These are key to ensuring IT dependent and application-based controls are operating effectively.	We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management, and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration, and other application layer controls identified as key to our audit.

	We performed the Tests of IT General Controls to evaluate the Application Development and Database, Hosting Platforms, and segregation of incompatible duties relevant to application and database change management.

Legal and regulatory matters	
We focused on this area because the Bank and its subsidiary (the "Group") operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established as other contingent liabilities. Overall, the legal provision represents the Group's and the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.	We obtained an understanding, evaluated the design, and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process. We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information. We also assessed the Bank's provisions and contingent liabilities disclosure.

Carrying value of investments in the subsidiary by the Bank	
The Bank has invested in equity shares of its subsidiary, namely Pubali Bank Securities Limited. As at 31 December 2020, the carrying value of this investment is BDT 6,599 million. At the time of conducting our audit of the separate financial statements of the Bank, we have considered the Recoverable value of the Bank's investments in the above subsidiary stated at cost. Management has conducted an impairment assessment and calculated the recoverable value of its subsidiary in accordance with IAS 36.	We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiary in accordance with IAS 36. In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation. We also checked the mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.
Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the and Consolidated Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements 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.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial

statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987, the Bank Companies Act 1991 (as amended up to date), the Financial Reporting Act 2015, and the rules and regulations issued by Bangladesh Bank, we also report that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(ii) 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 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 control:

(a) internal audit, internal control, and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;

(b) 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 Group and its related entities (other than matters disclosed in these financial statements);

(iii) consolidated financial statements of the Bank include the subsidiary, namely Pubali Bank Securities Limited reflect total assets of BDT 8,964,957,515 as at 31 December 2020 and total revenue of BDT 286,298,736 for the year ended 31 December 2020. The subsidiary of the Bank has been audited by another component auditor who has expressed an unqualified audit opinion. The result of the subsidiary has been properly reflected in the Group's consolidated financial statements;

(iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;

(v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

(vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

(vii) the expenditures incurred were for the purpose of the Bank's business for the year;

(viii) the consolidated financial statements have been drawn up in conformity with prevailing rules, regulations, and accounting standards as well as related guidance issued by Bangladesh Bank;

(ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;

(x) the information and explanations required by us have been received and found satisfactory;

(xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 8,000 person hours; and

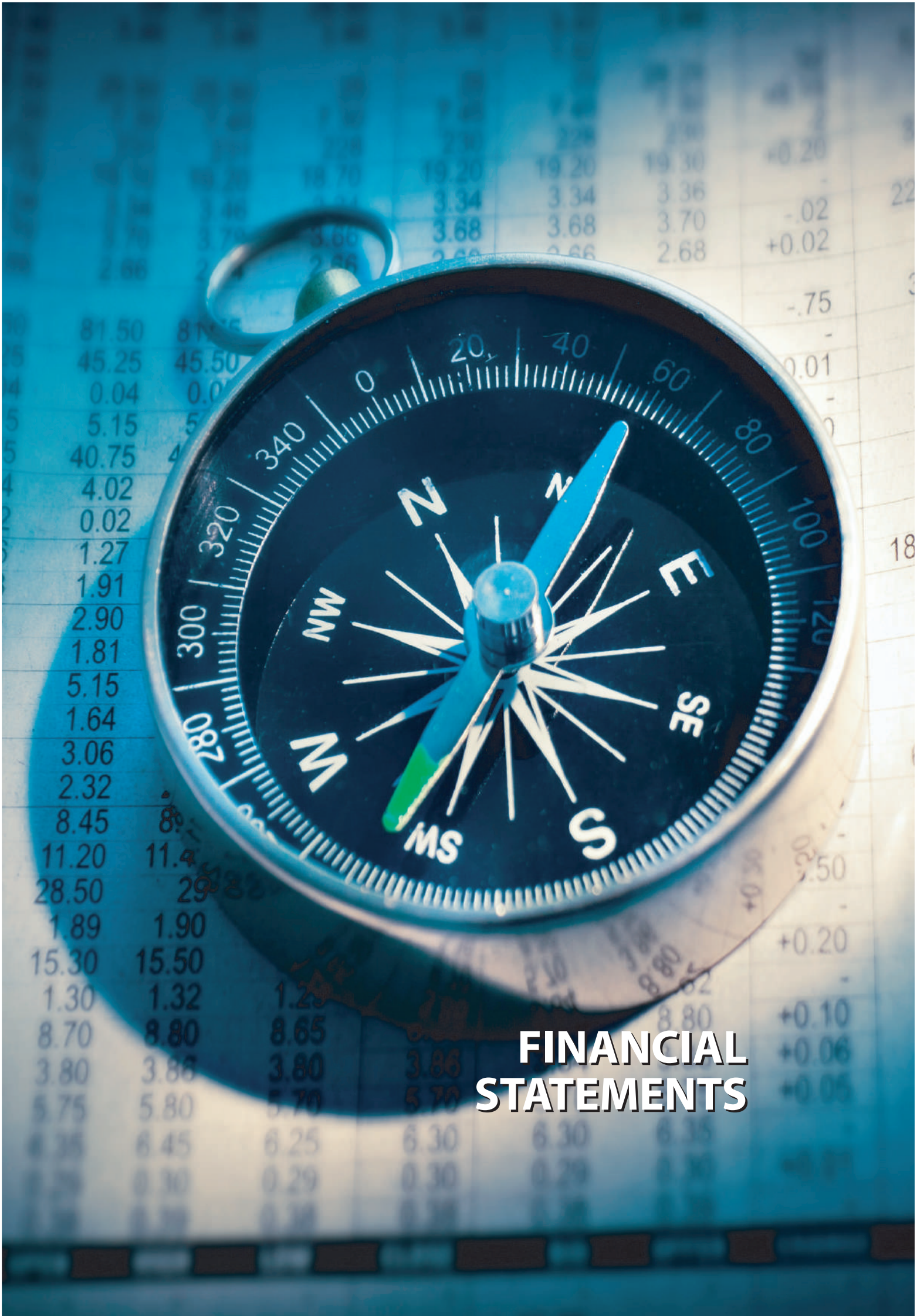
(xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.



Muhammad Farooq FCA, Managing Partner, Enrolment No.: 0521
Howladar Yunus & Co., Chartered Accountants
Firm Registration Number: [N/A]

Dated: Dhaka, 12 April 2021

DVC No.: 2104130521AS166202


FINANCIAL
STATEMENTS

Consolidated Balance Sheet

as at 31 December 2020

PROPERTY AND ASSETS	Notes	2020 Taka	2019 Taka
Cash	**3 (a)**	**24,146,439,622**	**25,902,988,481**
Cash in hand (Including foreign currencies)		4,137,466,359	4,208,445,687
Balance with Bangladesh Bank and its agent Bank (s) (Including foreign currencies)		20,008,973,263	21,694,542,794
Balance with other Banks and Financial Institutions	**4 (a)**	**18,580,803,997**	**13,086,547,908**
In Bangladesh		17,021,755,202	11,569,394,369
Outside Bangladesh		1,559,048,795	1,517,153,539
Money at Call on Short Notice	**5**	**1,200,786,667**	**126,786,667**
Investments	**6 (a)**	**154,539,484,172**	**107,107,015,433**
Government		126,428,028,655	79,473,544,362
Others		28,111,455,517	27,633,471,071
Loans, Advances and Leases	**7 (a)**	**316,197,329,547**	**287,613,059,940**
Loans, cash credits and overdrafts, etc.		300,133,136,228	273,520,289,757
Bills purchased & discounted		16,064,193,319	14,092,770,183
Fixed Assets including Premises, Furniture & Fixtures	**8 (a)**	**5,092,170,514**	**5,185,669,169**
Other Assets	**9 (a)**	**45,920,269,318**	**39,744,314,953**
Non-Banking Assets	**10**	**375,246**	**375,246**
Total Assets		**565,677,659,083**	**478,766,757,797**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, Financial Institutions & Agents	**11**	**17,486,797,436**	**16,970,348,305**
Subordinated bonds	**12**	**11,500,000,000**	**9,000,000,000**
Deposits and other Accounts	**13 (a)**	**428,002,537,947**	**358,163,503,011**
Current accounts & other accounts		49,144,529,039	40,508,805,332
Bills payable		14,657,445,295	14,602,544,955
Savings bank deposits		100,270,298,831	82,675,389,187
Term deposits		254,532,597,513	212,716,562,946
Other deposits		9,397,667,269	7,660,200,591
Other Liabilities	**14 (a)**	**69,993,589,798**	**62,511,806,357**
Total Liabilities		**526,982,925,181**	**446,645,657,673**
Capital / Shareholders' Equity			
Paid up capital	**15.2**	10,282,942,180	10,282,942,180
Statutory reserve	**16**	10,283,000,000	10,283,000,000
Retained earnings (general reserve)	**17 (a)**	11,258,683,182	8,573,461,745
Other reserves	**18 (a)**	6,870,107,646	2,981,695,318
Profit and Loss account surplus	**19 (a)**	-	-
		38,694,733,008	**32,121,099,243**
Non-controlling interest	**20**	**894**	**881**
Total Shareholders' Equity		**38,694,733,902**	**32,121,100,124**
Total Liabilities and Shareholders' Equity		**565,677,659,083**	**478,766,757,797**

Consolidated Balance Sheet
as at 31 December 2020

OFF-BALANCE SHEET ITEMS	Notes	2020 Taka	2019 Taka
Contingent Liabilities	**21**		
Acceptances & endorsements		53,089,224,132	44,598,746,938
Letters of guarantee		25,345,020,741	21,614,440,241
Irrevocable letters of credit		46,369,281,181	30,104,501,790
Bills for collection		10,515,149,103	9,862,686,330
Other contingent liabilities		2,376,488,786	2,319,836,392
Total Contingent Liabilities		**137,695,163,943**	**108,500,211,691**
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		-	-
Total Off-Balance Sheet Items including contingent liabilities		**137,695,163,943**	**108,500,211,691**

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

Safiul Alam Khan Chowdhury
Managing Director

Azizur Rahman
Director

Rana Laila Hafiz
Director

Monzurur Rahman
Chairman

Signed as per annexed report on even date

Muhammad Farooq FCA, Managing Partner, Enrolment No.: 0521
Howladar Yunus & Co., Chartered Accountants
Firm Registration Number: [N/A]
DVC No.: 2104130521AS166202

Dated, Dhaka
April 12, 2021

Consolidated Profit & Loss Account

for the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
Operating Income			
Interest income	22 (a)	22,740,070,640	26,074,721,880
Interest paid on deposits, borrowings, etc.	23	(19,851,842,772)	(17,691,771,966)
Net Interest Income		**2,888,227,868**	**8,382,949,914**
Investment income	24 (a)	12,890,913,469	7,447,062,612
Commission, exchange and brokerage	25 (a)	1,622,612,046	1,771,521,447
Other operating income	26 (a)	1,208,574,552	1,219,569,941
Total Operating Income		**18,610,327,935**	**18,821,103,914**
Operating Expenses			
Salaries and allowances	27 (a)	6,307,010,647	5,467,760,747
Rent, taxes, insurance, electricity, etc.	28 (a)	513,623,242	457,467,276
Legal expenses	29 (a)	19,036,465	31,391,202
Postage, stamp, telecommunication, etc.	30 (a)	58,068,046	87,264,951
Stationery, printing, advertisements, etc.	31 (a)	118,528,066	139,177,485
Managing Director's salary and fees	32	14,740,000	14,540,000
Directors' fees	33 (a)	7,282,712	7,743,543
Auditors' fees	34 (a)	1,691,750	1,562,500
Charges on loan losses		-	851,133
Depreciation and repair of bank's assets	35 (a)	967,651,431	895,124,972
Other expenses	36 (a)	1,976,507,725	1,895,061,892
Total Operating Expenses		**9,984,140,084**	**8,997,945,701**
Profit/(Loss) before Provision		**8,626,187,851**	**9,823,158,213**
Provision for Loans, Advances, Investments and other Assets	37 (a)		
Provision for classified loans and advances		461,149,107	2,525,186,311
Provision for unclassified loans and advances		2,072,864,396	1,264,560,096
Provision for diminution in value of Investments		152,843,497	614,718,435
Provision for impairment clients' margin loan		-	64,137,559
Provision for bad debt offsetting		-	1,307,265
Provision for Start-up fund		83,795,594	-
		2,770,652,594	**4,469,909,666**
Provision for exposure of off-balance sheet items	38	-	56,400,000
Total Provision		**2,770,652,594**	**4,526,309,666**
Total Profit/(Loss) before Taxes		**5,855,535,257**	**5,296,848,547**
Provision for current tax	14.9 (a)	1,996,194,309	3,107,618,479
Provision for deferred tax	14.9.1 (a)	152,525,280	26,327,639
Total Provision for Taxes		**2,148,719,589**	**3,133,946,118**
Net Profit after Taxation		**3,706,815,668**	**2,162,902,429**
Profit Attributable to			
Equity holders of parent		3,706,815,655	2,162,902,422
Non- controlling interest		13	7
Appropriations		**3,706,815,668**	**2,162,902,429**
Statutory reserve		-	299,500,000
Retained surplus (general reserve) carried forward		3,706,815,668	1,863,402,429
Earnings Per Share (EPS) **Basic**	46 (a)	**3.60**	**2.10**
Diluted		**3.60**	**2.10**

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

Safiul Alam Khan Chowdhury
Managing Director

Azizur Rahman
Director

Rana Laila Hafiz
Director

Monzurur Rahman
Chairman

Signed as per annexed report on even date

Muhammad Farooq FCA, Managing Partner, Enrolment No.: 0521
Howladar Yunus & Co., Chartered Accountants
Firm Registration Number: [N/A]
DVC No.: 2104130521AS166202
Dated, Dhaka
April 12, 2021

Consolidated Cash Flow Statement

for the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
a Cash flows from Operating Activities			
Interest receipts in cash		32,556,486,305	32,740,221,179
Interest payments		(20,037,455,174)	(16,840,185,239)
Dividend receipts		367,407,319	491,481,470
Fees and commission receipts		1,235,657,928	1,180,511,125
Recoveries of loans previously written-off		38,717,790	81,867,630
Cash payment to employees		(5,800,118,855)	(5,482,300,747)
Cash payment to suppliers		(203,385,558)	(257,871,824)
Current income tax paid		(2,873,865,841)	(2,441,105,579)
Receipts from other operating activities	40 (a)	1,621,660,297	1,953,501,066
Cash payments for other operating activities	41 (a)	(3,222,729,185)	(2,558,218,696)
Operating Profit before changes in Operating Assets & Liabilities		**3,682,375,026**	**8,867,900,385**
Increase/ (Decrease) in Operating Assets and Liabilities			
Statutory deposits		(42,537,054,326)	(41,675,550,355)
(Purchase)/sale of trading securities		(477,984,446)	(1,266,572,646)
Loans and advances to customers (other than banks)		(28,544,225,212)	(16,125,164,839)
Other assets	42 (a)	(969,438,257)	(2,660,696,578)
Deposits to/from other banks		516,449,131	(182,009,823)
Deposits from customers (other than banks)		70,513,522,511	49,401,945,722
Other liabilities account of customers		450,320,343	2,344,033,443
Other liabilities	43 (a)	1,495,583,591	962,981,986
Total Increase/ (Decrease) in Operating Assets and Liabilities		**447,173,335**	**(9,201,033,090)**
Net Cash from/(used in) Operating Activities		**4,129,548,361**	**(333,132,705)**
b Cash flows from Investing Activities			
(Purchase)/Sale of property, plant & equipment		(499,058,296)	(2,101,459,919)
Net Cash from/(used in) Investing Activities		**(499,058,296)**	**(2,101,459,919)**
c Cash flows from Financing Activities			
Receipts from issue of Subordinated bonds		2,500,000,000	4,000,000,000
Effects of exchange rate changes on cash and cash equivalents		-	1,060,599
Dividend Paid		(967,783,762)	(998,343,901)
Net Cash from/(used in) Financing Activities		**1,532,216,238**	**3,002,716,698**
d Net Increase/ (Decrease) in Cash and Cash equivalents (a+b+c)		**5,162,706,303**	**568,124,074**
e Cash and Cash equivalents at beginning of the period		**40,133,375,280**	**39,565,251,206**
f Cash and Cash equivalents at end of the period (d+e)	44 (a)	**45,296,081,583**	**40,133,375,280**

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

Safiul Alam Khan Chowdhury	**Azizur Rahman**	**Rana Laila Hafiz**	**Monzurur Rahman**
Managing Director	**Director**	**Director**	**Chairman**

Signed as per annexed report on even date

Dated, Dhaka
April 12, 2021

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

Particulars	Paid-up capital	Statutory reserve	Retained earnings (general reserve)	Other reserves	Parent's equity	Non-controlling interest	Total
For the year 2020							
Balance as at 1 January 2020	**10,282,942,180**	**10,283,000,000**	**8,573,461,745** *	**2,981,695,318**	**32,121,099,243**	**881**	**32,121,100,124**
Changes in accounting policy	-	-	-	-	-		-
Restated balance	10,282,942,180	10,283,000,000	8,573,461,745	2,981,695,318	**32,121,099,243**	881	**32,121,100,124**
Adjustment on revaluation of fixed assets	-	-	-	(520,443,941)	**(520,443,941)**		**(520,443,941)**
Adjustment of last year gain on investment	-	-	-	-	**-**	-	**-**
Surplus/Deficit on account of revaluation of investments	-	-	-	4,417,106,067	**4,417,106,067**	-	**4,417,106,067**
Currency translation differences	-	-	-	-	**-**	-	**-**
Net gains and losses not recognised in the Profit and Loss statement	-	-	-	-	**-**	-	**-**
Transfer regarding revaluation reserve on sale of properties	-	-	6,700,000	(8,249,798)	**(1,549,798)**	-	**(1,549,798)**
Non-controlling capital	-	-	-	-	**-**	-	**-**
Net profit for the year	-	-	3,706,815,655	-	**3,706,815,655**	13	**3,706,815,668**
Transfer to statutory reserve	-	-	-	-	**-**	-	**-**
Issue of bonus shares - 2019	-	-	-	-	**-**	-	**-**
Proposed dividend (bonus issue)	-	-	-	-	**-**	-	**-**
Dividends (cash) for 2019	-	-	(1,028,294,218)	-	**(1,028,294,218)**	-	**(1,028,294,218)**
Balance as at 31 December 2020	**10,282,942,180**	**10,283,000,000**	**11,258,683,182**	**6,870,107,646**	**38,694,733,008**	**894**	**38,694,733,902**
Balance as at 31 December 2019	**10,282,942,180**	**10,283,000,000**	**8,573,461,745***	**2,981,695,318**	**32,121,099,243**	**881**	**32,121,100,124**

* Restated balance please read with (note:17)

Safiul Alam Khan Chowdhury
Managing Director

Azizur Rahman
Director

Rana Laila Hafiz
Director

Monzurur Rahman
Chairman

Signed as per annexed report on even date

Dated, Dhaka
April 12, 2021

Balance Sheet as at 31 December 2020

PROPERTY AND ASSETS	Notes	2020 Taka	2019 Taka
Cash	**3**	**24,146,439,622**	**25,902,988,481**
Cash in hand (Including foreign currencies)		4,137,466,359	4,208,445,687
Balance with Bangladesh Bank and its agent Bank (s) (Including foreign currencies)		20,008,973,263	21,694,542,794
Balance with Other Banks and Financial Institutions	**4**	**18,580,803,997**	**13,086,547,908**
In Bangladesh		17,021,755,202	11,569,394,369
Outside Bangladesh		1,559,048,795	1,517,153,539
Money at Call on Short Notice	**5**	**1,200,786,667**	**126,786,667**
Investments	**6**	**147,906,006,042**	**100,603,861,735**
Government		126,428,028,655	79,473,544,362
Others		21,477,977,387	21,130,317,373
Loans, Advances and Leases	**7**	**315,578,899,240**	**287,034,674,028**
Loans, cash credits and overdrafts, etc.		299,514,705,921	272,941,903,845
Bills purchased and discounted		16,064,193,319	14,092,770,183
Fixed Assets including Premises, Furniture & Fixtures	**8**	**5,087,992,660**	**5,180,803,090**
Other Assets	**9**	**52,530,762,820**	**46,138,800,882**
Non-banking Assets	**10**	**375,246**	**375,246**
Total Assets		**565,032,066,294**	**478,074,838,037**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings From Other Banks, Financial Institutions & Agents	**11**	**17,486,797,436**	**16,970,348,305**
Subordinated bonds	**12**	**11,500,000,000**	**9,000,000,000**
Deposits and Other Accounts	**13**	**429,343,017,243**	**359,153,307,134**
Current accounts & other accounts		49,702,533,459	40,738,356,704
Bills payable		14,657,445,295	14,602,544,955
Savings bank deposits		100,270,298,831	82,675,389,187
Term deposits		255,315,072,389	213,476,815,697
Other deposits		9,397,667,269	7,660,200,591
Other Liabilities	**14**	**67,894,214,623**	**60,679,477,157**
Total Liabilities		**526,224,029,302**	**445,803,132,596**
Capital / Shareholders' Equity			
Paid up capital	**15.2**	10,282,942,180	10,282,942,180
Statutory reserve	**16**	10,283,000,000	10,283,000,000
Retained earnings (general reserve)	**17**	11,371,987,166	8,724,067,943
Proposed issue of bonus shares		-	-
Other reserves	**18**	6,870,107,646	2,981,695,318
Profit and Loss account surplus	**19**	-	-
Total Shareholders' Equity		**38,808,036,992**	**32,271,705,441**
Total Liabilities and Shareholders' Equity		**565,032,066,294**	**478,074,838,037**

Balance Sheet as at 31 December 2020

OFF-BALANCE SHEET ITEMS	Note	2020 Taka	2019 Taka
	21		
Contingent Liabilities			
Acceptances & endorsements		53,089,224,132	44,598,746,938
Letters of guarantee		25,345,020,741	21,614,440,241
Irrevocable letters of credit		46,369,281,181	30,104,501,790
Bills for collection		10,515,149,103	9,862,686,330
Other contingent liabilities		2,376,488,786	2,319,836,392
Total Contingent Liabilities		**137,695,163,943**	**108,500,211,691**
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		**-**	**-**
Total Off-Balance Sheet Items Including Contingent Liabilities		**137,695,163,943**	**108,500,211,691**

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

Safiul Alam Khan Chowdhury
Managing Director

Azizur Rahman
Director

Rana Laila Hafiz
Director

Monzurur Rahman
Chairman

Signed as per annexed report on even date

Muhammad Farooq FCA, Managing Partner, Enrolment No.: 0521
Howladar Yunus & Co., Chartered Accountants
Firm Registration Number: [N/A]
DVC No.: 2104130521AS166202

Dated, Dhaka
April 12, 2021

Profit & Loss Account

for the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
Operating Income			
Interest income	22	22,716,882,313	26,060,652,218
Interest paid on deposits, borrowings, etc.	23	(19,851,842,772)	(17,691,771,966)
Net Interest Income		**2,865,039,541**	**8,368,880,252**
Investment income	24	12,707,362,495	7,131,919,838
Commission, exchange and brokerage	25	1,598,064,976	1,751,564,214
Other operating income	26	1,153,562,187	1,157,511,366
Total Operating Income		**18,324,029,199**	**18,409,875,670**
Operating Expenses			
Salaries and allowances	27	6,277,215,193	5,433,630,077
Rent, taxes, insurance, electricity, etc.	28	513,042,827	456,816,603
Legal expenses	29	19,036,465	30,714,302
Postage, stamp, telecommunication, etc.	30	57,823,308	86,948,686
Stationery, printing, advertisements, etc.	31	118,279,923	138,771,336
Managing Director's salary and fees	32	14,740,000	14,540,000
Directors' fees	33	6,281,712	6,942,043
Auditors' fees	34	1,529,500	1,437,500
Charges on loan losses		-	851,133
Depreciation and repair of bank's assets	35	965,603,956	893,690,681
Other expenses	36	1,970,916,962	1,887,728,189
Total Operating Expenses		**9,944,469,846**	**8,952,070,550**
Profit/(Loss) before Provision		**8,379,559,353**	**9,457,805,120**
Provision for Loans, Advances, Investments and Other Assets	37		
Provision for classified loans and advances		461,149,107	2,525,186,311
Provision for unclassified loans and advances		2,072,864,396	1,264,560,096
Provision for diminution in value of Investments	39	8,500,000	414,200,000
Provision for bad debt offsetting		-	1,307,265
Provision for Start-up fund		83,795,594	-
		2,626,309,097	**4,205,253,672**
Provision for exposure of off-balance sheet items	38	-	56,400,000
Total Provision		**2,626,309,097**	**4,261,653,672**
Total Profit/(Loss) before Taxes		**5,753,250,256**	**5,196,151,448**
Provision for current tax	14.8	1,931,362,255	3,027,024,693
Provision for deferred tax	14.9.2.2	152,374,560	25,852,538
Total Provision for Taxes		**2,083,736,815**	**3,052,877,231**
Net Profit/(Loss) after Taxes		**3,669,513,441**	**2,143,274,217**
Appropriations			
Statutory Reserve		-	299,500,000
Retained surplus (general reserve) carried forward		3,669,513,441	1,843,774,217
Earnings Per Share (EPS) **Basic**	46	**3.57**	**2.08**
Diluted		**3.57**	**2.08**

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

Safiul Alam Khan Chowdhury
Managing Director

Azizur Rahman
Director

Rana Laila Hafiz
Director

Monzurur Rahman
Chairman

Signed as per annexed report on even date

Muhammad Farooq FCA, Managing Partner, Enrolment No.: 0521
Howladar Yunus & Co., Chartered Accountants
Firm Registration Number: [N/A]
DVC No.: 2104130521AS166202

Dated, Dhaka
April 12, 2021

Cash Flow Statement for the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
a Cash flows from Operating Activities			
Interest receipts in cash		32,533,297,978	32,726,151,517
Interest payments		(20,037,455,174)	(16,840,185,239)
Dividend receipts		211,059,905	319,290,327
Fees and commission receipts		1,211,110,858	1,160,553,892
Recoveries of loans previously written-off		38,717,790	81,867,630
Cash payment to employees		(5,770,323,401)	(5,448,170,077)
Cash payment to suppliers		(203,385,558)	(257,871,824)
Current income tax paid		(2,873,865,841)	(2,441,105,579)
Receipts from other operating activities	40	1,539,444,372	1,748,490,860
Cash payments for other operating activities	41	(3,212,854,401)	(2,546,474,215)
Operating Profit before changes in Operating Assets & Liabilities		**3,435,746,528**	**8,502,547,292**
Increase/ (Decrease) in Operating assets and liabilities			
Statutory deposits		(42,537,054,326)	(41,675,550,355)
(Purchase)/sale of trading securities		(347,660,014)	(1,232,022,704)
Loans and advances to customers (other than banks)		(28,544,225,212)	(16,125,164,839)
Other assets	42	(850,359,693)	(2,563,512,279)
Deposits to/from other banks		516,449,131	(182,009,823)
Deposits from customers (other than banks)		70,513,522,511	49,401,945,722
Other liabilities account of customers		450,320,343	2,344,033,443
Other liabilities	43	1,142,822,145	1,099,897,354
Total Increase/(decrease) in Operating Assets and Liabilities		**343,814,885**	**(8,932,383,481)**
Net Cash from/(used in) Operating Activities		**3,779,561,413**	**(429,836,189)**
b Cash flows from Investing Activities			
(Purchase)/Sale of property, plant & equipment		(499,746,521)	(2,098,199,901)
Net cash from/(used in) Investing Activities		**(499,746,521)**	**(2,098,199,901)**
c Cash flows from Financing Activities			
Receipts from issue of Subordinated bonds		2,500,000,000	4,000,000,000
Effects of exchange rate changes on cash and cash equivalents		-	1,060,599
Dividend Paid		(967,783,762)	(998,343,901)
Net cash from/(used in) Financing Activities		**1,532,216,238**	**3,002,716,698**
d Net increase/(decrease) in Cash and Cash equivalents (a+b+c)		**4,812,031,130**	**474,680,608**
e Cash and cash equivalents at beginning of the period		**39,143,571,157**	**38,668,890,549**
f Cash and cash equivalents at end of the period (d+e)	44	**43,955,602,287**	**39,143,571,157**

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

Safiul Alam Khan Chowdhury
Managing Director

Azizur Rahman
Director

Rana Laila Hafiz
Director

Monzurur Rahman
Chairman

Signed as per annexed report on even date

Dated, Dhaka
April 12, 2021

Statement of Changes in Equity for the year ended 31 December 2020

(Figures in Taka)

Particulars	Paid-up capital	Statutory reserve	Retained earnings (general reserve)	Other reserves	Proposed dividend	Total
For the year 2020						
Balance as at 1 January 2020	**10,282,942,180**	**10,283,000,000**	**8,724,067,943***	**2,981,695,318**	-	**32,271,705,441**
Changes in accounting policy	-	-	-	-	-	-
Restated balance	10,282,942,180	10,283,000,000	8,724,067,943	2,981,695,318	-	32,271,705,441
Adjustment on revaluation of fixed assets	-	-	-	(520,443,941)		(520,443,941)
Adjustment of last year gain on investment	-	-	-		-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	4,417,106,067	-	4,417,106,067
Currency translation differences	-	-	-	-	-	-
Net gains and losses not recognised in the Profit and Loss Statement	-	-	-	-	-	-
Transfer regarding revaluation	-	-	-	-	-	-
reserve on sale of properties	-		6,700,000	(8,249,798)	-	(1,549,798)
Net profit for the year	-	-	3,669,513,441	-	-	3,669,513,441
Transfer to statutory reserve	-	-	-	-	-	-
Issue of bonus shares - 2019	-	-	-	-	-	-
Proposed dividend (bonus issue)	-	-	-	-	-	-
Dividends (cash) for 2019	-	-	(1,028,294,218)	-	-	(1,028,294,218)
Balance as at 31 December 2020	**10,282,942,180**	**10,283,000,000**	**11,371,987,166**	**6,870,107,646**	-	**38,808,036,992**
Balance as at 31 December 2019	**10,282,942,180**	**10,283,000,000**	**8,724,067,943 ***	**2,981,695,318**	-	**32,271,705,441**

* Restated balance please read with (note:17)

Safiul Alam Khan Chowdhury
Managing Director

Azizur Rahman
Director

Rana Laila Hafiz
Director

Monzurur Rahman
Chairman

Signed as per annexed report on even date

Dated, Dhaka
April 12, 2021

Liquidity statement (assets and liabilities maturity analysis)

as at 31 December 2020

Particulars	Up to 01 month	01- 03 months	03-12 months	01- 05 years	More then 5 years	Total
Assets						
Cash in hand	24,146,439,622	-	-	-	-	24,146,439,622
Balances with other banks and financial institutions	5,593,136,773	10,492,839,600	2,274,005,500	220,822,124	-	18,580,803,997
Money at call on short notice	1,200,786,667	-	-	-	-	1,200,786,667
Investments	5,552,790,831	17,186,090,778	12,157,249,725	39,761,063,202	73,248,811,506	147,906,006,042
Loans & Advances	7,602,729,941	76,548,297,470	109,855,003,338	71,888,955,364	49,683,913,127	315,578,899,240
Fixed assets including premises, furniture & fixtures	-	-	-	2,727,427,672	2,360,564,988	5,087,992,660
Other assets	512,359,629	4,759,319,622	149,335,381	10,457,512,653	36,652,235,535	52,530,762,820
Non-banking assets	-	-	-	-	375,246	375,246
Total Assets	**44,608,243,463**	**108,986,547,470**	**124,435,593,944**	**125,055,781,015**	**161,945,900,402**	**565,032,066,294**
Liabilities						
Borrowings from other banks, financial institutions & agents	3,252,554,285	5,936,077,000	8,298,166,151	-	-	17,486,797,436
Subordinated bonds	-	-	1,000,000,000	3,000,000,000	7,500,000,000	11,500,000,000
Deposits	38,472,629,952	94,626,890,807	92,514,551,942	61,224,405,306	142,504,539,236	429,343,017,243
Provision & other liabilities	266,425,808	-	12,787,084,946	53,987,728,438	852,975,431	67,894,214,623
Total Liabilities	**41,991,610,045**	**100,562,967,807**	**114,599,803,039**	**118,212,133,744**	**150,857,514,667**	**526,224,029,302**
Net Liquidity Gap	**2,616,633,418**	**8,423,579,663**	**9,835,790,905**	**6,843,647,271**	**11,088,385,735**	**38,808,036,992**

Safiul Alam Khan Chowdhury
Managing Director

Azizur Rahman
Director

Rana Laila Hafiz
Director

Monzurur Rahman
Chairman

Signed as per annexed report on even date

Dated, Dhaka
April 12, 2021

Notes to the financial statements

as at and for the year ended 31 December 2020

1. The Bank and its activities

1.1 Pubali Bank Limited

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 independence 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 the name 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 the Bank Company Act 1991 and directives received from Bangladesh Bank from time to time. It has 482 branches throughout the country. It is listed in both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) as a publicly-traded company.

1.2.1 Islamic Banking Window

Islamic Banking Wing of the Bank has been maintaining a separate set of books and records for its operation. All Assets & 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 2020 are enclosed in the Annex- D.

1.2.2 Off-shore Banking Unit

Offshore Banking operations have undergone a long development transition in Bangladesh due to global and international business dynamics. To cope with the pace, the Bank started its Offshore Banking operation obtaining the license of operating 02 (two) business unit in Dhaka and Chattogram initially.
Later on as per requirement of Bangladesh Bank BRPD circular no. 02 dated February 25, 2019, Offshore Banking division is established to control and supervise Offshore Banking operation of the Bank.
Offshore Banking unit shall refer to a specific business unit in the form of district branch, booth or desk of a branch of Pubali bank limited (Bank) that is dully approved by Bangladesh Bank (BB) to carry out the offshore banking operation. Separate Financial Statements of the OBUs are shown in Annexure-G.

1.2.3 Pubali Bank Securities Limited

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 13 (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 started its operation with effect February 01, 2011. The Registered office of the company is situated at A-A Bhaban (7th floor), 23 Mothijheel C/A, Dhaka-1000, Bangladesh.

The main object 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 Bangladesh Securities & Exchange Commission (BSEC).

1.3 Capital structure of the Bank

The authorized share 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. Basis of preparation of financial statements

2.1.1 Consolidated and Separate Financial Statement

A separate set of records for consolidating the Balance Sheet and Profit and 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 International Accounting Standards (IAS)-27, "Separate Financial Statements" and International Financial Reporting Standard (IFRS)-10, "Consolidated Financial Statements". The consolidated Financial Statements are prepared for the same year ended on 31 December 2020.

2.1.2 Statement of Compliance and basis of preparation

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 Company 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 International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable. The Bank complied with the requirements of following laws and regulations from regulatory bodies and legal authorities:

i) The Bank Company Act, 1991 and amendment (Up to 2018)
ii) The Companies Act, 1994;
iii) Circulars, Rules and Regulations issued by Bangladesh Bank (BB) time to time;
iv) Bangladesh Securities and Exchange Rules 1987

v) Bangladesh Securities and Exchange ordinance 1969

vi) Bangladesh Securities and Exchange Act 1993

vii) Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015;

viii) The Income Tax ordinance, 1984 and amendment thereon

ix) The Value Added Tax Act, 2012 & Rule 2016 and amendment thereon

x) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations; and

xi) Financial Reporting Act 2015.

In case any requirement of the Bank Company Act 1991, and provisions and circulars issued by Bangladesh Bank (BB) differ with those of IFRSs, the requirements of the Bank Company Act 1991, and provisions and circulars issued by BB shall prevail. Material departures from the requirements of IFRS are as follows:

i) Presentation of financial statements

IFRS: As per IAS 1, a complete set of financial statements comprises a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information and comparative information. IAS 1 has also stated the entity to disclose assets and liabilities under current and non-current classification separately in its statement of financial position.

Bangladesh Bank: A format of financial statements (i.e. balance sheet, profit and loss account, cash flows statement, changes inequity, liquidity statement) is prescribed in the First Schedule" of section 38 of the Bank Company Act 1991 (amended up to 2018) and BRPD circular no. 14 dated 25 June 2003 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

ii) Investment in shares and securities

IFRS: As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income 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. As per DOS circular letter no. 03 dated March 12, 2015, investment in Mutual Fund (close-end) is revalued at lower of cost and (higher of market value and 85% of NAV). Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

iii) Revaluation gains/losses on Government securities

IFRS: As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of marked 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 amortization of discount is 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, gains on amortisation are recognised in other reserve as a part of equity and losses on amortisation are recognised in Expenditure (Profit and Loss) account according to DOS Circular no. 05 dated 26 May 2008 and subsequent clarification in DOS Circular no. 05 dated 28 January 2009 about marking to market based revaluation.

iv) Provision on loans and advances/investments

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD Circular Letter No. 56 (10 December, 2020), BRPD Circular Letter No. 52 (20 October, 2020) BRPD Circular No. 17 (28 September 2020) BRPD Circular No. 16 (21 July 2020) BRPD circular letter No.07 (19 March 2020), BRPD circular letter No.24 (17 November 2019), BRPD circular letter No.06 (19 May 2019), BRPD Circular No. 03 (21 April 2019) BRPD Circular No. 15 (27 September 2017), BRPD Circular No. 14 (23 September 2012), BRPD Circular No. 15 (23 September 2012), BRPD Circular No. 32 (27 October 2010) 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. 13 dated 18 October 2018, BRPD circular no. 07 dated 21 June 2018, BRPD circular no. 14 dated 23 September 2012 a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

v) Other comprehensive income

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.
Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh

Bank neither include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

vi) Financial instruments - presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

vii) Repo and reverse repo transactions

IFRS: As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognized at amortized cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per DOS Circular letter no. 6 dated 15 July 2010 and subsequent clarification in DOS Circular no 03 dated 30 January 2012 and DOS circular no. 2 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

However, as per DMD circular letter no. 7 dated 29 July 2012, non-primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralized repo arrangements with Bangladesh Bank.

Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognize the asset.

viii) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, dated 25 June 2003 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 and 1% general provision for all contingent liabilities.

ix) Cash and cash equivalent

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7 Statement of Cash Flows.

Bangladesh Bank: Some highly liquid assets such as money at call and short notice, T-bills, prize bonds are not prescribed to be shown as cash and cash equivalents rather shown as face item in the balance sheet. However, in the cash flow statement, money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash in hand, balance with Bangladesh Bank and other banks.

x) Non-banking assets

IFRS: There is no specific guideline on Non-banking asset in IFRS.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, there must exist a face item named Non-banking asset.

xi) Cash flow statement

IFRS: 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 dated 25 June 2003, cash flow statement is the mixture of direct and indirect methods.

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

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7 Statement of Cash Flows.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents
xiii) Presentation of intangible asset

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

Bangladesh Bank: There is no regulation for intangible assets in BRPD 14 dated 25 June 2003.

xiv) Off-balance sheet items

IFRS: There is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee, etc.) must be disclosed separately on the face of the balance sheet.

xv) Disclosure of appropriation of profit

IFRS: There is no requirement to show appropriation of profit on the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, an appropriation of profit should be disclosed on the face of profit and Loss Account.

xvi) Loans and Advances/Investments net of provision

IFRS: Loans and advances/Investments should be presented net off provision.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 provision for loans and advances/investments is presented separately as liability and cannot be netted off against loans and advances.

xvii) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

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.

xviii) Provision on undrawn loan commitments

IFRS: As per IFRS 9 bank shall recognise credit losses on undrawn loan commitments such as Letter of Credit (L/C), Letter of Guarantee (L/G) etc. as the present value of the difference between the contractual cash flow that are due by the customer if the commitment is drawn down and the cash flows that bank expects to receive.

Bangladesh Bank: As per BRPD Circular no. 07 dated 21 June 2018 and BRPD Circular no.14 dated 23 September 2012, the Bank is required to maintain provision at 1% rate against off-balance sheet exposures (which includes all types of undrawn loan commitments).

2.1.3 Basis of accounting

The financial statements, namely, Balance Sheet, Profit and Loss Account, 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 Bank Company Act 1991, as amended, BRPD circular no. 14 of 25 June 2003, other Bangladesh Bank circulars, the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, International Accounting Standards and International Financial Reporting Standards 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.

2.1.4 Going Concern

The accompanying financial statements have been prepared on a going concern assumption that the Bank will continue in operation for the foreseeable future. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. The key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the Bank continued to show a healthy trend for couple of years. The rating outlook of the bank, as reported by the rating agency is 'Stable'. The management do not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

2.1.5 Use of estimates and judgments

The preparation of the financial statements in conformity with IAS/IFRS 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. Actual results may differ from these estimates. 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 and in any future periods affected.

Other key items where estimates or judgment were involved includes:

a) Useful life of fixed assets

b) Defined benefit obligation - gratuity

2.1.6 Foreign currency transactions

i. Functional and presentational currency

Financial statements of the Bank are presented in Taka, which is the Bank's functional and presentation 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 IAS-21 "The effects of Changes in Foreign Exchange Rates".

Assets and liabilities in foreign currencies at 31 December 2020 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."

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

iii. Commitment

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

2.1.7 Basis of consolidation

A separate set of records for consolidating the Balance Sheet and Profit and 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 International Accounting Standards (IAS)-27, "Separate Financial Statements" and International Financial Reporting Standard (IFRS)-10, "Consolidated Financial Statements". The consolidated Financial Statements are prepared for the same year ended on 31 December 2020.

Subsidiaries

Subsidiaries' are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-company transactions, balances and intra-group gains on transaction between group companies are eliminated on consolidation.

2.1.8 Accounting for Provisions, Contingent Liabilities and Contingent Assets

The Bank recognizes provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No provision is recognized for-

a. Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

b. Any present obligation that arises from past events but is not recognized because-

* It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

* A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as contingent liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for except in the extremely rare circumstances where no reliable estimate can be made.

Contingent assets are not recognized in the financial statement since this may result in the recognition of income that may never be realized. However due to regulations of Bangladesh Bank (Central Bank of Bangladesh) and Bank Company Act 1991 as amended, all items of such contingent assets/liabilities are shown as Off-Balance Sheet items under Balance Sheet of the Bank as a separate section.

2.1.9 Taxation

Income tax expense represents the sum of the current tax and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current tax

The current tax is the expected tax payable on taxable profit for the period ended on 31 December 2020. 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 of the bank has been made @ 37.50% on taxable income considering major disallowances of expenses and concessional rates on certain incomes (0% on gain from govt. securities, 10% on Capital gain of shares and 20% on dividend income) as per Income Tax Ordinance 1984. Tax provision of the subsidiaries at different rates are also applicable as per the Income Tax Ordinance 1984.

Deferred tax

Deferred tax assets or liabilities are recognised by the Bank on deductible or taxable temporary difference between the carrying amount of assets and liabilities used for financial reporting and the amount used for taxation purpose as required by IAS 12 (Income Taxes) and BRPD circular no-11 dated 12 December 2011.

Deferred tax assets is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax loses and credits can be utilized.

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax 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 reviewed at each reporting period and are measured using applicable tax rates as per tax laws that have been enacted or substantially enacted at the date of Balance Sheet. Any unrecognised deferred tax assets and liabilities are reassessed at each reporting period and recognised only if that has become probable that future taxable profit or loss will be available against which they can be used or settled.

Details of deferred tax assets or liabilities an amount recognised in profit and loss account for deferred tax income or expense are given in note no. 14.9.2.2 in the financial statements.

2.1.10 Reporting period

These financial statements cover one calendar year from 01 January 2020 to 31 December 2020.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements and have been applied consistently by the Bank.

2.2 Assets and basis of their valuation

2.2.1 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.

2.2.2 Investments

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

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 amortised cost, less any provision for impairment in value. Amortised cost is calculated by taking into account any discount or premium on acquisition.

Value of investment has been enumerated as follows:

Item	Applicable accounting value
Government treasury bonds	Amortised value
Prize bonds	At cost price
Approved debentures	At cost price
Shares and debentures	At cost price

Investments 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.

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 ratio (SLR) net of cash reserve ratio (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 recognised in the Profit and Loss Account.

Value of investment has been enumerated as follows:

Item	Applicable accounting value
Bangladesh Bank Bills	At market value
Government Treasury Bills	At market value

Revaluation

According to DOS Circular no. 05, dated 26 May 2008, DOS Circular no. 05, dated 28 January 2009, DOS Circular no. 02, dated 19 January 2012, the HFT securities are revalued once each week using Marking to Market concept and the HTM securities are amortized once a year according to Bangladesh Bank guidelines. The HTM securities are also revaluated if they are reclassified to HFT category with the Board's approval.

2.2.3 Investment in listed securities

These securities are bought and held primarily for the purpose of selling them in future or held for dividend income which are reported at cost. Unrealised gains are not recognised in the profit and loss statement. But provision was made for diminution in value of investment.

2.2.4 Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

As per Bangladesh Bank DOS Circular # 04 dated 24 November 2011, provision for diminution in value of investment was made by netting off unrealilsed gain/ loss of shares from market price/ book value less cost price.

Besides, bank complied with Bangladesh Bank BRPD Circular 14 dated June 25, 2003 as follows, "All investments in shares and securities (both dealing and investment) should be revalued at the year- end. The quoted shares should be valued as per market price in the stock exchange(s) and unquoted shares as per book value of last audited balance sheet. Provision should be made for any loss arising from diminution in value of investments."

2.2.5 Investment in subsidiary

Investment in subsidiary is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the IAS 27 "Separate Financial Statements", IFRS 3 "Business Combination", IAS 36 "Impairment of Assets" and IFRS 10"Consolidated Financial Statements".

2.2.6 Impairment of investment in subsidiaries and associates

As per IAS 36 "Impairment", investment recognized either at cost or equity method need to review if there is any indication of impairment exists. If any indication of impairment exists then impairment test is carried out considering the individual subsidiary/associate as a "cash generating unit (CGU)" to find if the carrying value is higher than its recoverable amount. Recoverable amount is higher of fair value less cost to sell and value in use. If the fair value less cost to sell is not readily available then value in use is calculated which is basically present value of future cash flows.

2.2.7 Loans and advances

(a) Interest on loans and advances is calculated on a daily product basis but charged and accounted for quarterly on accrual basis. Interest on classified loans and advances is kept in interest suspense account as per directives of Bangladesh Bank and such interest is not accounted for as income until realised from borrowers.

(b) Interest is not charged on bad and loss loans and advances as per guidelines of Bangladesh Bank.

(c) Provision for loans and advances is made on the basis of periodical review by the management and of instructions contained in Bangladesh Bank's BRPD Circular Letter No. 56 (10 December, 2020), BRPD Circular Letter No. 52 (20 October, 2020) BRPD Circular No. 17 (28 September 2020) BRPD Circular No. 16 (21 July 2020) BRPD circular letter No.07 (19 March 2020), BRPD circular letter No.24 (17 November 2019), BRPD circular letter No.06 (19 May 2019), BRPD Circular No. 03 (21 April 2019) BRPD Circular No. 15 (27 September 2017), BRPD Circular No. 14 (23 September 2012), BRPD Circular No. 15 (23 September 2012), BRPD Circular No. 32 (27 October 2010) 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 business and credit card	2%
	Standard Housing Finance(HF)	1%
	Standard Consumers loan other than HF	2%
	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	2%

(ii)	Specific provision on classified loans and advances :	Rate
	Substandard (Agri. and Micro credit)	5%
	Substandard (small, cottage, micro)	5%
	Substandard (others)	20%
	Doubtful (Agri. and Micro credit)	5%
	Doubtful (small, cottage, micro)	20%
	Doubtful (Others)	50%
	Bad or Loss	100%

(d) Loans and advances are written off to the extent that there is no realistic prospect of recovery and in accordance with BRPD circular No.01 (06 February 2019), BRPD circular No.13 (07 November 2013), DOS circular No.01 dated (29 December 2004), BRPD letter No.1290 dated 29 March 2003 and BRPD circular No.2 (13 January 2003). 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.

2.2.8 Property, Plant and equipment

Recognition and Measurement

All fixed assets are stated at cost less accumulated depreciation as per IAS 16 Property Plant and Equipment except Land. Land is initially measured at cost and then recognized at revalued amount.

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

The cost of the items of property, plant and equipment comprises:

i) its purchase price, including import duties and non-refundable purchase tax, after deducting trade discount and rebates

ii) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

iii) the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as consequence of having used the item during a particular period of purpose other than to produce during that period.

Subsequent costs

The cost of replacing part of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of fixed assets are recognized in profit or loss as incurred.

Depreciation

Land is not depreciated. 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 and Motor vehicles on which straight-line method is applied. Cost of lifts is included in machinery and equipment and depreciated on straight line method. In case of acquisition of fixed assets, depreciation has been charged from the month of acquisition, whereas no depreciation on assets disposed-off has been charged from the month of disposal.

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. Asset category wise depreciation rates are as follows:

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%

Gain or Loss on disposal of Fixed Assets

Sale price of fixed assets are determined on the basis of fair value of the assets. Gain or loss on sale of assets are recognized in profit and loss account as per provision of IAS 16 Property plant and equipment.

Revaluation

Increases in the carrying amount as a result of revaluation is credited directly to shareholders equity under the heading of revaluation reserve. Decreases in the carrying amount as a result of revaluation is recognized as an expense. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same assets.

Right Of Use (ROU) Assets as per IFRS 16

IFRS 16: "Leases" has come into force on 1st January 2019, as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Pubali bank Limited applied IFRS 16 using modified retrospective approach where the bank measured the lease liability at the present value of the remaining lease payments, discounted it using the bank's incremental borrowing rate at the date of initial application, and recognized a right-of-use asset at the date of the initial application on a lease by lease basis.

2.2.9 Intangible assets and amortization of intangible assets

An intangible asset is recognized (as per IAS-38) 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. The estimated useful life of software is three to five years. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. System and software is amortized at the rates of 30%, 30% and 40% 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.

2.2.10 Investment properties

a) Investment property is held to earn rentals or for capital appreciation or both and the future economic benefits that are associated with the investment property but not held for sale in the ordinary course of business.

b) Investment property is accounted for under cost model in the financial statements. Accordingly, after recognition as an asset, the property is carried at its cost, less accumulated depreciation and accumulated impairment loss.

2.2.11 Other assets

Other assets include mainly advance office rent, payment of advance income tax has not been closed yet and all other financial assets, fees and other unrealized income receivable, advance for operating expenditure and stocks of stationery and stamps etc. Any part of uncollectible other assets is subject to making provision based on their ageing as per Bangladesh Bank circular no. 14 date 25 June 2001.

2.3 Liabilities and basis of their valuation

2.3.1 "Tier-II Subordinated Bonds"

Tier-II Subordinated bonds include fund raised from several banks through issuance of 7 (seven) years Bonds. These items are brought to financial statements at the gross value of the outstanding balance.

2.3.2 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include 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.

2.3.3 Deposits and other accounts

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

2.3.4 Other Liabilities

Other liabilities comprise items such as provision for loans and advances, provision for interest receivables, provision for taxes, interest payable, interest suspense, and accrued expenses. Other liability is recognized in the balance sheet according to the guideline of Bangladesh bank, IAS and IFRS, Income Tax Ordinance-1984 and internal policies of the Bank.

Provisions and accrued expenses are recognized in the financial statement when the bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.4 Capital/Shareholders' equity

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."

2.4.1 Authorised capital

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

2.4.2 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.

2.4.3 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 it's paid up capital together with the share premium.

2.4.4 Revaluation reserve

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 08 December 2010.

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 IAS 16 "Property, Plant and Equipment".

2.4.5 Non-controlling (minority) interest

Minority interest (non-controlling interest) in business is an accounting concept that refers to the portion of a subsidiary company's stock that is not owned by the parent company. The magnitude of the minority interest in Pubali Bank Securities Limited, (a majority owned subsidiary (99.99%) of Pubali Bank Limited) is very insignificant. Minority interest belongs to sponsor Director of the Bank and is reported on the consolidated balance sheet to reflect the claim on assets belonging to the other non-controlling shareholder. Also, minority interest is reported on the consolidated income statement as a share of profit belonging to the minority shareholder.

2.6 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 10%-30% and Bank @10% of basic salary. Provident fund is invested by the Trustees as laid down in clause (2) of rules 3 (1) of the Income-Tax (Provident Fund Relief Rules) (Notification no.9 dated 15.3.1930) whereas Trust Act 1882. 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

recognised gratuity fund vides 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.
Provision for gratuity is made on monthly basis on the basis of actuarial valuation. Pubali Bank Limited maintained an investment of Tk. 352.56 crore as gratuity fund against the Gratuity Liability as on 31.12.2020. Three years, or immediately after any major change in the salary structure that could impact the periodic amount of contributions. Last actuarial valuation was done based on 31 December 2018. As per this valuation, effective from 01 January 2019.

c) 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 eligible employees within the stipulated time. Consistent with the industry practice and subsequent clarification given by Bank & Financial Institutions Division (BFID), Ministry of Finance, no provision has been made by the Bank in the reporting period against Workers' Profit Participation Fund (WPPF).

d) Other Employee Benefits

Group Term Life Insurance

All regular employees are eligible for Group Term Life Insurance (death claim) according to their Ranks.

Staff Welfare Fund

The objective of the Staff Welfare Fund is to provide financial assistance to regular category employee of the bank incurring severe accident during office duty, extended illness (not more than 6 months) which costs would not be affordable by the employee and which are not covered by any other means. This fund also offers Scholarship grants to their children for their outstanding performance in public examination. All members of this Fund shall contribute monthly to the fund according to their designation. The subscription is deducted from salary of employees and credited against separate index no. in "Staff Welfare fund" as a liability of the bank. The committee shall consist of 6 (six) members including the Managing Director as the ex-officio Chairman, Head of the Human Resources Division as ex-officio Member-Secretary, one GM, one DGM and one AGM to be appointed by the Board of Directors of the Bank and one representative of the CBA to be selected by them.

Festival bonus

All regular employees are entitled for two festival bonuses every year by the approval of Board of Directors.

Annual leave

According to Bangladesh Bank policy all permanent employees have to avail 10 consecutive days of mandatory leave. Besides this ordinary leave, maternity, casual & quarantine leave also sanctioned in favor of the official as per leave guidelines as stated in the Service Rule of the Bank.

Subsidized Scheme - Staff Loan

Demand Loan against P.F., Consumers Loan Scheme, House Building Loan, Education Loan, Car Loan, and Motor Cycle Loan are provided to the confirmed employee at a subsidized rate. Criteria & details of types wise staff loan is given below:

Staff Loan Scheme

A Confirmed employee who have completed at least 05 (Five) years of service in the Bank having clean service record can avail Staff Consumers Loan taking approval from department head and head of HR subject to completion of a specific service length. A confirmed employee can also avail Demand Loan against P.F. Balance if he/she has clean service record.

House building Loan

A regular confirmed employee whose length of service completing at least 05 (Five) years and 02 (two) years active service before retirement can avail the loan maximum 120 times of his existing basic pay at the rate of interest 5% (simple) by the authority of Staff House Building Loan Sanctioning Committee.

Car Loan & Motorcycle Loan

All Executives i.e. AGM and above can avail Car Loan facility by taking approval from the Car Loan Recommending Committee and all confirmed Officers are eligible for Motor Cycle Loan (Interest free) by taking approval from the competent authority at Head Office.

2.7 Revenue recognition

The revenue during the year is recognised as follows which satisfy all conditions of revenue recognition as prescribed by IFRS 9 "Financial Instruments".

(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 dated 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 recognised at the time of realization.

2.8 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 2020 as per IAS-33 "Earnings per Share". Diluted earnings per share was not required to calculate as no dilution occurred.

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

Provisions for unsettled transactions on nostro accounts 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). Bank is required to make provision regarding the un-reconciled debit balance as at balance sheet date.

2.10 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.

2.11 Basis of preparation of liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following basis:

a. Balances with other bank and financial institutions, money at call and short notice etc. are on the basis of their maturity term.

b. Investments are on the basis of their residual maturity term.

c. Loans and advances are on the basis of their repayment/ maturity schedule.

d. Fixed assets are on the basis of their useful life.

e. Other assets are on the basis of their adjustment.

f. Borrowing from other banks, financial institutions and agents as per their maturity/ repayment term.

g. Deposits and other accounts are on the basis of their maturity term and behavioral past trend.

h. Other long term liability on the basis of their maturity term.

i. Provisions and other liabilities are on the basis of their settlement.

2.12 Dividend

Dividend on ordinary shares are recognized as a liability and deducted from retained earnings when they are approved by the shareholders in the Annual General Meeting (AGM) of the Bank.

Dividend on ordinary shares for the year that are recommended by the directors after the balance sheet date for approval of the shareholders at the Annual General Meeting (AGM).

2.13 Compliance of International Financial Reporting Standard (IFRS)

Ref.	Name of the standards	Status
IFRS-1	First-time adoption of International financial Reporting Standards	Not applicable
IFRS-2	Share-based Payment	Not applicable
IFRS-3	Business Combinations	Complied

Notes to the financial statements

as at and for the year ended 31 December 2020

Ref.	Name of the standards	Status
IFRS-4	Insurance Contracts	Not applicable
IFRS-5	Non-current assets Held for Sale and Discounted Operations	Not applicable
IFRS-6	Exploration for and Evaluation of Mineral Resources	Not applicable
IFRS-7	Financial Instruments: Disclosures	Complied *
IFRS-8	Operating Segments	Complied
IFRS-9	Financial Instruments	Complied *
IFRS-10	Consolidated Financial Statements	Complied
IFRS-11	Joint Arrangements	Not applicable
IFRS-12	Disclosure of Interests in Other Entities	Not applicable
IFRS-13	Fair Value Measurement	Complied
IFRS-14	Regulatory Deferral Accounts	Not applicable
IFRS-15	Revenue from Contracts with Customers	Complied
IFRS 16	Leases	Complied
IAS-1	Presentation of Financial Statements	Complied
IAS-2	Inventories	Not applicable
IAS-7	Statement of Cash Flows	Complied
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
IAS-10	Events after the Reporting Period	Complied
IAS-12	Income taxes	Complied
IAS-16	Property, Plant and Equipment	Complied
IAS-17	Leases	Not applicable
IAS-19	Employee Benefits	Complied
IAS-20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
IAS-21	The Effect of Changes in Foreign Exchanges Rates.	Complied
IAS-23	Borrowing Cost	Complied
IAS-24	Related party Disclosures	Complied
IAS-26	Accounting and Reporting by Retirement Benefit Plans	Not applicable
IAS-27	Separate Financial Statements	Complied
IAS-28	Investment in Associates	Complied
IAS-29	Financial Reporting in Hyperinflationary Economies	Not applicable
IAS-32	Financial Instruments: Presentation	Complied *
IAS-33	Earnings per Share	Complied
IAS-34	Interim Financial Reporting	Complied**
IAS-36	Impairment of Assets	Complied
IAS-37	Provisions, Contingent Liabilities and Contingent Assets	Complied
IAS-38	Intangible Assets	Complied
IAS-39	Financial Instruments: Recognition and Measurement	Complied *
IAS-40	Investment Property	Not applicable
IAS-41	Agriculture	Not applicable

* Complied to the extent possible subject to compliance to Bangladesh Bank guidelines in this respect.

** Complied in the preparation of interim financial reports of the Bank.

Reason for departure from IFRS

The central Bank of Bangladesh (Bangladesh Bank) as regulator to the Banking Industry has issued a number of circulars/directives which are not consistent with the requirements specified in the IAS/IFRS as referred above. In such cases the bank has followed the regulatory requirements specified by the Bangladesh Bank.

Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the following new or amended standards in preparing these financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Bank when will be applicable

A. IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 01 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.

2.14 Implementation of IFRS 16 and its relevant assumptions and disclosure

IFRS 16: Leases has come into force on 1 January 2019, as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). As Bangladesh Bank (BB) has no other alternative regulation or guidance regarding the same, IFIC Bank applied IFRS 16 its financial statements using modified retrospective approach where the Bank measured the lease liability at the present value of the remaining lease payments, discounted it using the bank's incremental borrowing rate at the date of initial application, and recognized a right-of-use asset at the date of initial application on a lease by lease basis. Due to applying modified retrospective effect, prior year results have not been restated.

Right-of-use assets (ROU)

The Bank recognizes right-of-use assets at the date of initial application of IFRS 16. The ROU asset is initially measured at cost at the amount of the lease liability plus any initial direct costs incurred by the lessee and depreciated using the straight line methods from the commencement date (from the beginning of 2019) to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The ROU assets are presented under fixed assets (note 9).

Lease Liability

At the commencement date of lease, the bank recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments.

The impact of the new standard on lessees' financial statements are:

- An increase in recognized assets and liabilities;
- More lease expenses recognized in early periods of lease, and less in the later periods of a lease;
- A shift in lease expense classification from rental expenses to interest expense and depreciation

As per IFRS 16: Leases, summary of lease related information is provided in the table below:

Summary of IFRS 16: BDT in million

Particulars	ROU Assets	Lease Liability
Opening Balance	1,157.94	935.75
Addition	669.13	669.13
Adjustment Advance rent	-	(14.13)
Interest Expense	-	96.92
Accumulated Depreciation/Lease Payment	(409.79)	(506.25)
Closing Balance	1,417.28	1,181.42

2.15 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 necessary for banks to achieve their own business objectives. Risks are considered warranted when they are understandable, measurable, controllable and within a banking company's capacity to readily withstand adverse results. Sound risk management systems enable managers of banking companies to take risks knowingly, reduce risks where appropriate and strive to prepare for the future, which by its nature cannot be predicted with absolute certainty.

Risk management is a discipline at the core of every banking company, which 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. Furthermore, as per Bangladesh Bank DOS circular letter no: 13 dated 09 September 2015 and subsequent DOS circular no. 04 dated 08 October 2018, a separate Risk Management Committee at Management level has also been formed and named as Executive Risk Management Committee (ERMC). Currently, the ERMC is headed by Honorable Additional Managing Director as Chief Risk Officer (CRO) and all the Division Heads of Head Office, In-charge of CTPC are the members, and the Division Head of 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 instructions of Bangladesh Bank DOS circular letter no: 13 dated 09 September 2015, a separate Risk Management Division was formed. Moreover, as per DOS circular no. 04 dated 08 October 2018, Pubali Bank Limited has already prepared "The Risk Management Guidelines of Pubali Bank Ltd" which is approved by the Board of Directors and has been sent the said Guidelines to all Branches, Regional Offices, Principal Offices, and Divisions to follow the instructions and do the daily banking activities. Monthly meeting of Executive Risk Management Committee (ERMC) are arranged regularly where different risk issues are discussed and decisions are gradually implemented and minutes of those meetings, along with risk management papers, are submitted to Department of Offsite Supervision, Bangladesh Bank on quarterly and half-yearly basis. Risk Management Division also prepares Risk Appetite Statement (RAS) on yearly basis mentioning risk limit with tolerance level. Besides, Risk Management Division prepares "A Review Report of Risk Management Policies and Effectiveness of Risk Management Functions of our Bank" on yearly basis. 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 of a financial institution helps to maintain asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy/strategy for lending operation etc. as well as implement credit policy which has been approved by the Board.

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 coverage of 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 with a view 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 and 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 and Combating Terrorist Financing

Money Laundering Risk arises from non-compliance of money laundering related instructions of the regulatory body. Its consequences are dire & far reaching and may be in the form of financial

penalty, reputation loss, legal harassment and even the risk of sustainability. Money Launderers provide 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. 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 interest income, requires additional provision which substantially reduce income of the bank. Moreover classified loans may increase the Risk Weighted Assets under Risk Based Capital Framework that reduces Capital to Risk Weighted Asset Ratio. Down gradation of the loan may also create liquidity crisis, affect the credit rating and CAMELS rating of the bank. Money laundering and Terrorist Financing may lead to legal risk such as law suits, adverse judgments, unenforceable contracts, fines & penalties generating losses etc. For involvement in money laundering & terrorist financing, the regulatory bodies may impose restrictions on business expansion and bank may lose its market share. Banks around the globe may be unwilling to establish banking relationship if money laundering prevention and combating terrorist financing status are not upto the mark.

The following initiatives have been taken by our Bank to comply with the requirements of Bangladesh Financial Intelligence Unit.

- To prevent money laundering and combat terrorist financing Anti Money Laundering Division (AMLD) has already been formed as per instruction of BFIU. The Deputy Chief Anti Money Laundering Compliance Officer (DCAMLCO) of the bank is functioning as the Division Head.

- 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.

- All circulars of former Anti Money Laundering Department of Bangladesh bank and at present BFIU have been disseminated to the branches for compliance. BFIU circular no. 26 dated 1606/2020 has already been disseminated to the branches, regional offices, principal offices and divisions of Head Office highlighting important instructions and asking for strict compliance.

- Bangladesh Bank has issued new account opening form through BRPD circular no 02 dated 23/02/2020. Later, BFIU has also revised KYC profile form through BFIU circular no. 26 dated 16/06/2020. Accordingly, our bank has finalized the new account opening form incorporating all the instructions of BRPD and BFIU of Bangladesh Bank.

- Money Laundering & Terrorist Financing Risk Management Guidelines, Customer Selection Policy have been prepared and the same have been disseminated to the branches for compliance.

- Guidelines on Prevention of Trade Based Money Laundering has been prepared.

- As per BFIU Circular Letter 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 Report (CTR) and Suspicious Transaction Report (STR) are submitted to Bangladesh Financial Intelligence Unit on regular basis through goAML web portal.

- Customers are graded on the basis of risk. Branches have been advised to closely monitor High Risk Customers, Politically Exposed Persons and Influential Persons and apply Enhanced Due Diligence in these regards.

- Self-Assessment Statement is prepared by the branches on half yearly basis and a summary report is prepared by Anti-Money Laundering Division of Head Office. The report is submitting to Bangladesh Financial Intelligence Unit regularly. Follow 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 half yearly basis. Branches are advised through follow up letters to remove their weakness.

- 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. As per outreach Training Calendar workshops are arranged in due time. Pubali Bank Training Institute also arranges training workshop on the issue as per yearly training plan.

- All circulars of Bangladesh Financial Intelligence Unit (BFIU) 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 Bangladesh Financial Intelligence Unit, 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 shipment, over shipment, multiple shipment and shipment of inferior goods etc. is a burning issue. Our Bank is seriously handling the issue. A session on Trade Based Money Laundering has been incorporated in all outreach workshops.

- 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

Internal Control refers to the mechanism in place on a permanent basis to control the activities of an organization, both at a central and at a departmental/ divisional level. It is a process affected by a company's Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. It is a process, rather than a structure. It is not a separate activity disconnected from the rest of business activities. It is an integral part of the daily activities of an organization which on its own merits identifies the risk associated with the process and adopts measures to mitigate the same. Internal Control may also be termed as the policies and procedures established and implemented alone, or in association with other policies or procedures to manage and control a particular risk or business activity, or combination of risks or business activities to which the company is exposed or in which it is engaged.

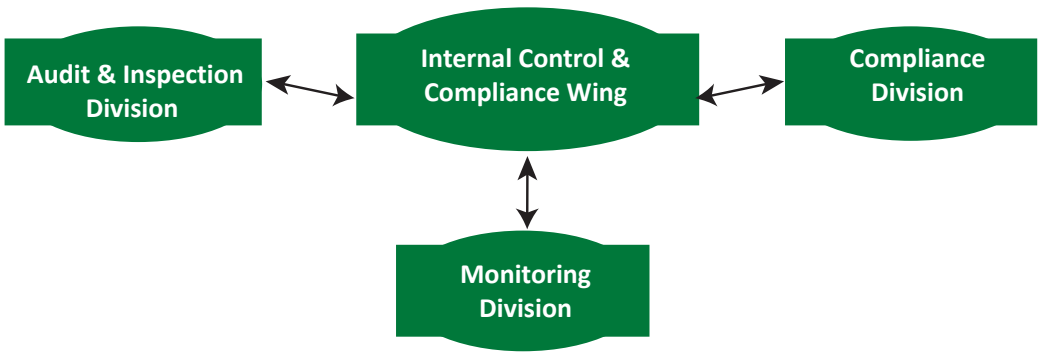
The main objectives of internal control system in a bank are classified as: (i) Operations Objectives: achievement of a bank's basic mission and vision, (ii) Reporting Objectives: timely, accurate, and comprehensive reporting-financial and non-financial, external and internal, and (iii) Compliance Objectives: conducting activities and taking specific actions in accordance with applicable laws and regulations. For attaining Operational Objectives, the organization should ensure the maximum utilization of its resources without hampering the quality of products/services. The reporting objectives of internal control system ensure that all necessary information that flow within the bank, into the bank and out of the bank are correct, reliable and timely generated for effective decision making. The Compliance Objectives ensure that the organization performs all its activities complying all laws, rules, regulations and business ethics for sustainable development, for betterment of the stakeholders, and to protect the reputation of the organization.

Internal Control Environment is also very much important for a bank for its existence and the factors which together comprise the control environment are : (1) a Board of Directors that is actively concerned with sound corporate governance and that can discharge its responsibilities

by ensuring that the company is appropriately and effectively managed and controlled, (2) a Management that actively manages and operates the bank in a sound and prudent manner, (3) a Management Information System to provide timely, complete & reliable data/ information for effective decision making to support organizational and procedural control and to soundly & prudently manage the organization's exposures to risk and (4) an independent audit mechanism to monitor the effectiveness of the organizational and procedural control.

Compliance refers to operating the bank in conformity with applicable laws, regulations, policies, standards, guidelines etc. applicable to all institutions in its category and responding fully and in a timely manner to supervisory criticism and orders to take corrective action issued by the applicable regulatory authorities or law enforcement bodies. In this context, compliance also refers to preventive actions taken to mitigate compliance risk which is the risk of legal or regulatory sanctions, material financial loss or loss to reputation as a result of failure to comply with applicable rules. Today's banks are highly exposed to compliance risk since they have a great number of stakeholders, e.g. regulators, customers, counterparties, tax authorities, local authorities, and other authorized agencies. Compliance risk can lead to imposition of fines & penalties, payment of damages, loss of market share, regulatory sanction and in severe case loss of franchise etc. Compliance risk can also lead to a diminished reputation, also known as reputation risk, arising from an adverse perception of the image of the bank by customers, counter parties, shareholders or regulators.

Importance of Internal Control & Compliance has substantially increased in the banks due to expansion of business, addition of branches, diversified & sophisticated banking products/services, use of information technology, preparation and implementation of Risk Based Audit Plan, introduction of Risk Based Capital Framework and other stringent regulatory compliances. Considering the above issue, Bangladesh Bank has revised the ICC Organogram for all banks as shown in their Revised ICC Guidelines. Considering our large branch network, volume of operations, introduction of Risk Based Audit and stringent regulatory compliance, ICC organogram of our bank has also been restructured. Mr. Safiul Alam Khan Chowdhury, Additional Managing Director is functioning as the Head of Internal Control & Compliance Wing of our bank. In our bank, under Internal Control & Compliance Wing, 03 divisions viz. Audit & Inspection Division, Monitoring Division and Compliance Division are working separately and independently as shown below:



Audit & Inspection Division conducts audit as per Risk Based Audit Plan approved by the Audit Committee of the Board of Directors. IT auditor is attached with audit team to conduct IT audit. Synopsis of the audit report is placed before the Audit Committee of the Board of Directors regularly. Our Islamic Banking Wing conducts Shari'ah Audit in the Islamic Banking Windows of the bank. Monitoring Division is engaged in monitoring function through different monitoring

tools such as Pubali Monitoring System (PMS), Departmental Control Function Checklist (DCFCL), Quarterly Operations Report (QOR) and Loan Documentation Checklist (LDCL) etc. Compliance Division deals with all regulatory compliance related activities and also functions as the contact point of the bank. The division ensures regulatory requirements and industry practices in the bank. Compliance Division has also been entrusted to implement the National Integrity Strategy of the bank.

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, employment practices & workplace safety, business practices, damage to physical assets, business disruption & system failure, and process management etc. Management Committee (MANCOM)/Senior Management Team (SMT) headed by Honorable Managing Director reviews the overall internal control system of the bank and a certificate is placed before the Board of Directors on the issue on yearly basis. As per instruction of Audit Committee of the Board of Directors, Compliance Division places the quarterly position of internal control & compliance of the bank before the Committee on regular basis and decisions are being gradually implemented. Moreover, as per yearly reporting cycle, Compliance Division also places memoranda on Internal Control & Compliance (ICC) Risk, Operational Risk and Compliance Risk before the Risk Management Committee of the Board. As a part of Internal Control & Operational Risk Management and as per Bangladesh Bank's DOS circular letter no. 03 dated 09 May, 2017, our bank submits Self-Assessment Report on Anti-Fraud Internal Controls on half yearly basis to Bangladesh Bank duly signed by Honorable Managing Director & CEO and countersigned by Honorable Chairman of the Audit Committee of the Board of Directors.

As per instruction of revised ICC Guidelines of Bangladesh Bank, an annual report on the health of the bank has been prepared and the same has been submitted to Audit Committee of the Board and Board of Directors of the bank.

To ensure a proper internal control & compliance, Revised Internal Control & Compliance Guidelines for our bank has been prepared following BRPD circular no. 03 dated 08 March, 2016 and BRPD circular no. 06 dated 04 September, 2016 and the same has been disseminated for compliance.

Bangladesh Bank in its revised ICC Guideline has asserted that all banks should have a Compliance Policy of their own approved by the Board of Directors, which will be a formal document for establishing a permanent and effective compliance function. Accordingly, Compliance Division has prepared Compliance Policy and the same has also been disseminated for compliance.

Ethical issues 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, a Central Ethical Committee has already been formed in our bank headed by Mr. Safiul Alam Khan Chowdhury, Additional Managing Director and the committee has been approved by Honorable Managing Director & CEO. The Committee is responsible to Honorable Managing Director & CEO for implementation of the decisions. To ensure Ethics in Banking and as per instruction of Bangladesh Bank, a National Integrity Strategy Cell has been prepared headed by Mr. Nitish Kumar Roy, General Manager & Focal Point Officer. Our bank prepares National Integrity Strategy Work Plan for every year and reports its implementation status to Bangladesh Bank on quarterly basis.

Since there is a positive correlation between ethics and internal control, Compliance Division always stresses on extensive training on Ethics in Banking. The division always incorporates sessions on the issue in its outreach training programs. Pubali Bank Training Institute also arranges training on Ethics in Banking as per yearly training calendar. Our Human Resources Division has already prepared Policy Guidelines on Code of Conduct and the same has also been disseminated for compliance.

f) ICT Operation

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 482 branches and 23 sub-branches using our in-house developed core banking software, Pubali Integrated Banking System (PIBS) and at 17 Islamic Wings using our in-house developed core Islamic banking software, Pubali Integrated Islamic Banking System (PIIBS) under network environment. Real Time Centralized Online Banking System has been developed and deployed in all of 482 branches, 23 sub-branches and 17 Islamic Wings 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, System, 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.

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 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 introduced Mobile Application, PI (π) for our customers with different transactional and non-transactional banking services for 24/7. Current Available Transactional Features include Fund Transfer, Mobile Recharge, Bill Payment and Credit Card Bill Payment whereas available Non-transactional Features include Creating Wallet Account, Balance of the Accounts, Mini Statement, Detailed Date Ranged Statement, Payment Status of issued Cheques, Cheque Book Requisition, Stop Payment of Cheque Leaf or Book and Submitting Positive Pay Instructions.

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. Data Center of Pubali Bank Limited has been restructured recently and become one of the best ones in Bangladesh. In context of international standard, architecture of Data Center has been upgraded to Tire-3 Standard.

Considering the current Cyber Security Thread Landscape, we have introduced Multi-layer Security Controls to secure our Information Systems. The goal of Layered Security is to increase effectiveness of the security controls in place through a defensive strategy. We logically segregate our Data Center in different Zones such as Core zone, DMZ zone, Partner zone based on Application and minimize the attack vectors. We have already implemented Next-Gen Firewall and IPS, IDS, Email Security, Web Security, Web Application Firewall (WAF) and Advanced Malware Protection (AMP) to protect our environment.

We have successfully implemented Software for Bangladesh Automated Clearing House (BACH-2) and Bangladesh Electronic Fund Transfer System (BEFTN), Credit Information Bureau (CIB) Reporting as per guidelines of Bangladesh Bank.

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 form 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.

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 Scurity 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.

We have already deployed IP Phone to our Head Office, Principal Offices, Regional Offices, Corporate and AD branches. Now we are deploying IP Phone to all of our branches. We will launch video conferencing system shortly through which internal of the Bank will be nearly free of cost and external communication will be less costly. Eventually, Pubali Bank will experience standard unified Communication System.

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 2020, we conducted 36 training programs at our Computer Lab on 19 (Nineteen) different Topics/Modules covering 1,015 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 introducing technology based different alternative delivery channels such as Agent Banking, Booth Banking, Mobile Financial Services (MFS) and so on in the line with transforming Pubali Bank Limited to a technology based banking. ICT Operation Division is working hard for achieving this objective within a short period of time.

2.16 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 bank's 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 revised 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 has been 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 of 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.

2.17 Disclosure on fraud and forgeries committed by bank employees

"During the year-2020, 01 instance of fraud and forgery occurred involving Tk.77.82 lac out of which Tk.67.12 lac has been adjusted by creating protested bill and the rest of the amount will be adjusted after submission of required documents by the concerned client(s). Insurance claim lodged on 06/02/2020 to Green Delta Insurance Company Limited against the defalcated bank money.

The said incident was occurred due to fraudulent activities by an employee of the concerned branch who has been absconding himself till date. The Branch Manager of Shiberhat Branch lodged GD No. 1188 dated 27/01/2020 against the delinquent employee with Sandwip Police station and they have forwarded the matter to Anti-Corruption Commission, Integrated District Office, Chattogram which is now under investigation of ACC.

As part of departmental disciplinary action, Head Office, Human Resources Division has also framed charge sheet against the involved person due to his fraudulent activities and 03 other officials due to their negligence to perform duties. Inquiry already completed and report submitted to the concerned department for taking disciplinary action."

2.18 Off Balance Sheet items

Off Balance Sheet Items include various non-derivative financial instruments primarily letter of credit (L/C), letter of guarantee (L/G), acceptance and endorsements, bills for collection etc. and various derivative instruments like forward contracts and currency rate swaps etc.

Provision for Off-balance sheet exposure

"As per BRPD circular No.14 (23 September 2012), BRPD circular No.01 (03 January 2018) and BRPD circular No.07 (21 June 2018) the Bank has recognised @ 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

2.19 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.2 (13 January 2003) and BRPD circular No.13 (07 November 2013) & BRPD circular No. 01 (06 February 2019).

2.20 Authorization of financial statements

The financial statements for the year ended 31 December 2020 have been authorized for issue in accordance with a resolution of the Board of Directors on 12 April 2021.

2.21 Memorandum items

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

2.22 Reporting period

These financial statements cover one calendar year from 01 January 2020 to 31 December 2020.

2.23 Number of employees

The number of employees employed in the Bank as on 31 December 2020 was 8,118 of which 6,779 were male and 1,339 were female. The number of employees per branch was 14.09 excluding 1,326 employees in the head office, Regional Offices and Principal Offices of the Bank.
During the year 2020, the Bank paid remuneration up to Taka 36,000 per employee to 68 persons and exceeding Taka 36,000 per employee to 8,050 persons.

2.24 Training

Training constitutes a basic concept in human resource development. It is concerned with developing a particular skill to a desired standard by instruction and practice. Training is a highly useful tool that can bring an employee into a position where they can do their job correctly, effectively and conscientiously. Training is the act of increasing the knowledge and skill of an employee for doing a particular job.

Training and development is a fundamental human resource management practice for any organization that aimed at a competitive advantage in the contemporary business management. These enable the organization to cope with technological changes and challenges and effectively adopting new rules in the business context.

Training is provided especially for middle and lower level of employees. Training provides all information relating to various aspects of the organization; hence, they can develop required skill and ability to perform the assigned task successfully. It increases the level of knowledge possessed by individuals. It provides the opportunity for employees to impart new skills systematically so that they can perform the task successfully. The ever-changing environmental forces require new and innovative skills and ideas to perform the task. Training helps employees to get acquainted with new skills and knowledge.

Notes to the financial statements
as at and for the year ended 31 December 2020

During the year 2020, the Training Institute had gigantic journey but due to impact of COVID-19 we could not keep the trend and a total of 45 (20 at PBTI Premises, 24 Virtual and 1 Outreach) courses/ workshops have been conducted with participation of 1885 Officers and Executives. Training helps in updating old talents and developing new ones.

Statement of total Training Programmed conducted from January to December 2020.

Sl No	Training courses/workshops/seminars	No. of courses held	Number of participants attended
1	General Banking	1	28
2	Credit Management	1	27
3	International Trade Payment and Finance	1	27
4	Basic Accounting and Financial Statement Analysis	1	26
5	Branch Management (Manager's Induction)	1	25
6	Foundation Training for the Sr. Officers/Officers (Promoted)		33
7	Foundation Training for Junior officer, Junior Officer (cash) and Deputy & Asst. Junior Officer (Cash)	2	66
8	Islamic Banking Operations	2	57
9	Core Risks Management in Bank	1	29
10	Marketing & Customers' Service Development in Banking	1	25
11	Cash Management	1	30
12	Prevention of malpractice, Fraud & Forgery in Banks	1	29
13	SME & Agri. Credit in Bank	2	52
14	Audit & Inspection in Banks	1	24
15	Money Laundering Prevention Act & Anti-Terrorism Act.	1	26
16	Legal Aspects of Securities & Documentation	1	27
17	Ethics & integrity in Banking	1	29
18	Virtual Training on Anti Money Laundering act & Anti-Terrorism Act	1	53
19	Virtual Training on Ethics & Integrity in Banking	1	51
20	Virtual Training, Foreign Trade Business through CTPC of PBL	4	155
21	Virtual Training on Cash Management	3	175
22	Virtual Training on AML, CFT & Trade Based Money	9	525
23	Virtual Training 12 on Islamic Banking Operation	1	68
24	Virtual Training on Enrichment of Branch Credit Portfolio	2	102
25	Virtual Training on Sustainable Finance: (ESRM & Green Banking) and Financial Inclusion	1	51
26	Virtual Training on Audit & Inspection in Banks	1	53
27	Virtual Training on SME & Agri. Credit in Bank	1	50
	Sub Total	44	1,843
	Enhancing human skills in Banking Operation	1	42
	Grand Total	**45**	**1,885**

2.25 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. Fahim Ahmed Faruk Chowdhury	Director	Member	M.Sc in Business Economics (UK)
Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA	Director	Member	B. Eng (Civil), UK, FCMA (UK), CGMA
Ms. Rana Laila Hafiz	Director	Member	MA in English University of Dhaka
Dr. Shahdeen Malik	Independent Director	Member	PhD in Law, London, UK, Obtained LLM degrees from Universities at Moscow & Philadelphia

*Mr. M. Azizul Huq, Chairman of the Audit Committee passed away on November 12, 2020.

2.26 Accounting for Changes in Policy, Accounting Estimates and Errors

IAS - 8 Accounting Policies, Changes in Accounting Estimates and Errors, states that the effect of a change in accounting policy and correction of error if material is to be applied retrospectively and change in an accounting estimate is to be applied prospectively. The carrying amount of assets, liabilities, or equity may be changed following a change in accounting estimates in the period of the change. The Bank followed the same accordingly.

2.27 Events after reporting period

As per IAS - 10 "Events after the Reporting Period" events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of event can be identified:

(a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and

(b) Non adjusting events after the reporting period are those that are indicative of conditions that arose after the reporting period.

2.28 Related party disclosures

Related Party is a party related to an entity if:

(i) Directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under control with, the company; has an interest in the company, that gives it significant influence over the company; or has join control over the company;

(ii) The party is an associate (as defined in IAS 28 Investment in Associates);

(iii) The party is a joint venture in which the entity is a venture (as per IAS 31 Interests in Joint Ventures);

(iv) The party is member of the key management of personnel of the entity or its parent;

(v) The party is a close member of the family of any individual referred to in (i) or (iv);

(vi) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) The party is post-employment benefit plan for the benefit of employees of the entity or of any entity that is related party of the entity.

2.29 Director's responsibilities on financial statement

The Board of Directors takes the responsibilities for the preparation and presentation of these financial statements.

2.30 Segment reporting

As per IFRS 8 "Operating Segments'', an operating segment is a component of an entity:

(i) That engages in business activities from which it may earn revenues and incur expenses (include revenues and expenses relating to transactions with other components of the same entity);

(ii) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and

(iii) For which discrete financial information is available.

The Bank identifies segment based on its business segment as well as its subsidiaries. Business segments are comprised of Conventional Banking, Islamic Banking, Off-shore Banking and Pubali Bank Securities Limited. The Bank reviews the segments at the end of each reporting period to identify which of its segments are reportable and disclose the related information for those reportable segments accordingly.

2.31 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 operational results and value of assets and liabilities.

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
as at and for the year ended 31 December 2020

		2020 Taka	2019 Taka
3	**Cash**		
	Cash In hand (Including foreign currencies)		
	In local currency	4,117,213,715	4,192,403,245
	In foreign currencies	20,252,644	16,042,442
		4,137,466,359	4,208,445,687
	Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currencies)		
	Bangladesh Bank		
	In local currency	17,147,587,030	18,719,679,906
	In foreign currencies	863,108,989	328,973,550
		18,010,696,019	19,048,653,456
	Sonali Bank as agent of Bangladesh Bank		
	In Local currency	1,998,277,244	2,645,889,338
		20,008,973,263	21,694,542,794
		24,146,439,622	**25,902,988,481**

3.1 Cash Reserve Ratio and Statutory Liquidity Ratio

Cash Reserve Ratio and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 33 of Bank Companies Act 1991, MPD circular numbers 1,2 dated 03 April 2018, DOS circular no. 01 dated 19 January 2014 and MPD circular 01 dated 09 April 2020 respectively.

The Cash Reserve Ratio (CRR) required on the Bank's time and demand liabilities at the rate of 4.00% has been calculated and maintained with Bangladesh Bank through the current account and 13% Statutory Liquidity Ratio (SLR) on the same liabilities has also been maintained in the form of Treasury bills and bonds and other eligible securities. Both the reserves maintained by the Bank are in excess of the statutory requirements as shown below:

3.1.1	**Cash Reserve Ratio (CRR)**		
	Required Reserve (4%)	17,238,224,000	20,169,597,000
	Actual Reserve maintained	17,843,331,773	19,637,003,280
	Surplus/(deficit)	**605,107,773**	**(532,593,720)**
3.1.2	**Statutory Liquidity Ratio (SLR)**		
	Required Reserve (13%)	56,597,283,000	47,571,838,000
	Actual Reserve maintained	131,182,627,070	85,638,690,907
	Surplus/(deficit)	**74,585,344,070**	**38,066,852,907**
	Held for Statutory Liquidity Ratio (SLR)		
	Cash in Hand	4,137,466,359	4,208,445,687
	Balance with agent Bank (Sonali Bank Limited)	636,974,820	1,057,860,555
	Excess Cash Reserve	605,107,773	23,439,280
	Government Securities (HTM)	58,946,858,671	51,948,789,690
	Government Securities (HFT)	65,906,570,321	27,450,506,570
	Other Eligible Securities	949,649,126	949,649,125
		131,182,627,070	**85,638,690,907**
3.1.3	**Total required amount of CRR and SLR**		
	Total required reserve (17%)	73,835,507,000	67,741,435,000
	Total actual reserve maintained	148,420,851,070	105,252,254,907
	Total Surplus	**74,585,344,070**	**37,510,819,907**
3(a)	**Consolidated Cash**		
	Cash In hand (Including foreign currencies)		
	Pubali Bank Limited	4,137,466,359	4,208,445,687
	Pubali Bank Securities Limited	-	-
		4,137,466,359	**4,208,445,687**

		2020 Taka	2019 Taka
	Balance with Bangladesh Bank and its agent Bank (s) (Including foreign currencies)		
	Pubali Bank Limited	20,008,973,263	21,694,542,794
	Pubali Bank Securities Limited	-	-
		20,008,973,263	**21,694,542,794**
		24,146,439,622	**25,902,988,481**
4	**Balance with other banks and financial institutions**		
	In Bangladesh (Note 4.1)	17,021,755,202	11,569,394,369
	Outside Bangladesh (Note 4.2)	1,559,048,795	1,517,153,539
		18,580,803,997	**13,086,547,908**
4.1	**In Bangladesh**		
	In fixed/term deposit account (in local currency)		
	Delta Brac Housing and Finance Corporation Ltd.	1,150,000,000	1,150,000,000
	ICB Islamic Bank Ltd, Bangshal Branch, Dhaka	32,417,201	32,429,316
	ICB Islamic Bank Ltd, Principal Office, Dhaka	188,404,923	188,442,153
	Bangladesh Krishi Bank	1,000,000,000	-
	Janata Bank Limited	600,000,000	-
	Southeast Bank Limited	750,000,000	-
	Exim Bank Limited	300,000,000	-
	Social Islami Bank Limited	300,000,000	-
	Investment Corporation of Bangladesh	2,240,000,000	2,650,000,000
	Jamuna Bank Limited	-	600,000,000
	Social Islami Bank Limited	800,000,000	-
	Mutual Trust Bank Limited	1,102,414,300	1,891,450,000
	Dhaka Bank Limited	500,000,000	500,000,000
	GSP Finance Company (Bangladesh) Limited	-	45,000,000
	Mercantile Bank Limited	1,150,000,000	500,000,000
	Southeast Bank Limited	-	424,500,000
	EXIM Bank Limited	500,000,000	600,000,000
	Islami Bank Bangladesh Limited	2,120,027,500	1,273,500,000
	Modhumoti Bank Limited	-	219,800,000
	The City Bank Ltd.	254,403,300	1,188,600,000
	Agrani Bank Limited	-	254,700,000
		12,987,667,224	**11,518,421,469**
	In Savings deposit account		
	Islami Bank Bangladesh Limited	14,656,675	14,161,159
		14,656,675	14,161,159
	In Special Notice Deposit account		
	Sonali Bank Ltd, Shilpa Bhaban Branch, Dhaka	4,008,015,008	25,026,469
	Bank Al Falah Ltd, Principal Branch, Dhaka	1,199,934	1,200,382
	National Bank Ltd, Dilkusha Branch, Dhaka	673,244	660,936
	The City Bank Ltd, Foreign Exchange Branch, Dhaka	891,088	880,049
	Mutual Trust Bank Ltd, Principal Branch, Dhaka	969,292	958,119
	Bangladesh Krishi Bank, Local office, Dhaka	713,551	701,499
	The Hongkong and Shanghai Banking Corp Ltd, Main Branch, Dhaka	-	597,451
	First Security Islami Bank Ltd, Dilkusha Branch, Dhaka	6,452,010	6,281,978
	AB Bank Limited, Islamic Banking Branch, Dhaka	517,176	504,858
		4,019,431,303	**36,811,741**
	Total Deposit in Bank in BDT	**17,021,755,202**	**11,569,394,369**

Notes to the financial statements

as at and for the year ended 31 December 2020

	2020 Taka	2019 Taka

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

Name of Bank	Foreign currency name	2020			2019		
		Conversion rate per unit FC	Amount in foreign currency	Amount in taka	Conversion rate per unit FC	Amount in foreign currency	Amount in taka
SCB Mumbai (AMEX)	ACUD	84.8011	30,177.44	2,559,080	84.9000	30,177.44	2,562,065
Bank of Bhutan, Thimpu	ACUD	84.8011	13,608.31	1,154,000	84.9000	16,013.90	1,359,580
MUFG Bank Ltd. New Delhi	ACUD	84.8011	22,770.00	1,930,921	84.9000	22,770.00	1,933,173
MUFG Bank Ltd. Japan	JPY	0.8206	5,990,262.00	4,915,626	0.7775	8,979,572.00	6,982,010
Commerz Bank , Germany	USD	84.8011	991,059.70	84,042,953	84.9000	368,745.69	31,306,509
Habib Metropolitan Bank, Ltd., Karachi	ACUD	84.8011	72,640.59	6,160,002	84.9000	587,531.23	49,881,401
Habib American Bank, New York	USD	84.8011	1,887,524.26	160,064,134	84.9000	2,011,476.32	170,774,340
HDFC Bank Ltd., Mumbai	ACUD	84.8011	145,846.91	12,367,978	84.9000	690,223.36	58,599,963
Punjab National Bank	ACUD	84.8011	435,407.62	36,923,045	84.9000	370,734.23	31,475,336
HSBC Bank, Mumbai	ACUD	84.8011	64,075.94	5,433,710	84.9000	64,075.94	5,440,047
ICICI Bank Ltd., Kolkata, India	ACUD	84.8011	299,738.92	25,418,190	84.9000	648,513.05	55,058,758
AB Bank, Mumbai	ACUD	84.8011	155,858.82	13,216,999	84.9000	767,750.59	65,182,025
Mashreq Bank PSC, New york	USD	84.8011	3,724,819.05	315,868,753	84.9000	2,704,280.47	229,593,412
Mashreq Bank PSC, New york (OBU)	USD	84.8011	2,122,466.67	179,987,508	84.9000	635,998.67	53,996,287
Mashreq Bank Mumbai,India (OBU)	ACUD	84.8011	221,692.74	18,799,788	84.9000	90,770.96	7,706,455
MCB, Pakistan	ACUD	84.8011	224,187.24	19,011,325	84.9000	13,079.14	1,110,419
Peoples Bank, Colombo	ACUD	84.8011	90,229.49	7,651,560	84.9000	69,306.70	5,884,139
Sonali Bank Ltd, Kolkata	ACUD	84.8011	163,907.54	13,899,540	84.9000	288,546.05	24,497,560
Standard Chartered Bank, Kathmandu	ACUD	84.8011	137,172.72	11,632,398	84.9000	11,148.67	946,522
Standard Chartered Bank, New york	USD	84.8011	2,404,730.24	203,923,770	84.9000	3,235,269.89	274,674,414
Standard Chartered Bank, Mumbai	ACUD	84.8011	507,562.06	43,041,821	84.9000	994,529.88	84,435,587
Standard Chartered Bank, UK	GBP	114.8292	30,240.04	3,472,439	111.3463	26,060.90	2,901,786
ICICI Bank, Kolkata, India	EURO	104.1951	14,537.17	1,514,702	95.0710	14,537.17	1,382,063
UBS AG, Zurich	CHF	96.1028	15,777.75	1,516,286	87.2738	20,782.24	1,813,746
Unicredit S.P.A., Milano, Italy	EURO	104.1951	169,575.07	17,668,893	95.0710	354,027.16	33,657,723
Citi Bank NA. New York	USD	84.8011	1,737,401.19	147,333,532	84.9000	2,216,847.73	188,210,372
Commerz Bank , Germany	EURO	104.1951	255,268.95	26,597,777	95.0710	392,481.26	37,313,593
JP Morgan Chase Bank, New York	USD	84.8011	1,215,092.17	103,041,153	84.9000	1,040,762.30	88,360,719
ABU DHABI Commercial Bank	AED	23.0846	1,608,723.00	37,136,649	23.1115	4,912.50	113,535
AXIS Bank Ltd. India	ACUD	84.8011	622,212.02	52,764,264			
				1,559,048,795			**1,517,153,539**

4.3 Maturity grouping of balance with other banks and financial institutions

Payable on demand	5,593,136,773	1,547,178,444
Up to 3 months	10,492,839,600	10,541,147,995
Over 3 months but not more than 1 year	2,274,005,500	777,350,000
Above 1 year (receivable from former The Oriental Bank Ltd.)	220,822,124	220,871,469
	18,580,803,997	**13,086,547,908**

4(a) Consolidated Balance with other banks and financial institutions

In Bangladesh		
Pubali Bank Limited	17,021,755,202	11,569,394,369
Pubali Bank Securities Limited	1,340,479,296	989,804,123
	18,362,234,498	**12,559,198,492**
Less: Inter Company Transactions	1,340,479,296	989,804,123
	17,021,755,202	**11,569,394,369**

		2020 Taka	2019 Taka
	Outside Bangladesh		
	Pubali Bank Limited	1,559,048,795	1,517,153,539
	Pubali Bank Securities Limited	-	-
		1,559,048,795	**1,517,153,539**
		18,580,803,997	**13,086,547,908**
	Money at call on short notice		
	Banking company (note- 5.1)	11,286,667	111,286,667
	Non-banking Financial Institution (note-5.2)	1,189,500,000	15,500,000
		1,200,786,667	**126,786,667**
5.1	**Banking company**		
	Bangladesh Krishi Bank	-	100,000,000
	ICB Islamic Bank Ltd.	11,286,667	11,286,667
		11,286,667	**111,286,667**
5.2	**Non-banking Financial Institution**		
	GSP Finance Co. (BD) Ltd.	39,500,000	15,500,000
	IDLC Finance Limited	960,000,000	-
	IPDC Finance Limited	190,000,000	-
		1,189,500,000	**15,500,000**
	Investments		
	Government investments		
	Securities		
	Government/ Bangladesh Bank bills - at book value (note 6.1)	26,091,013,587	20,674,682,364
	Government treasury bonds (Note 6.2)	100,309,443,067	58,771,613,897
	National prize bonds	27,572,001	27,248,101
	Total investment in government securities and bonds	**126,428,028,655**	**79,473,544,362**
	Other investments:		
	Shares (Note 6.3)	6,522,869,417	5,835,159,403
	Debentures (Note 6.4)	294,060	344,060
	Prime Bank Limited Bond	500,000,000	500,000,000
	Dhaka Bank Limited Bond	150,000,000	150,000,000
	One Bank Limited Bond -1	-	20,000,000
	Mercantile Bank Limited Bond	20,000,000	40,000,000
	Trust Bank Limited Bond -1	50,000,000	100,000,000
	Southeast Bank Limited Bond -1	60,000,000	120,000,000
	Bank Asia Limited Bond -1	100,000,000	150,000,000
	EXIM Bank Limited Bond -1	120,000,000	180,000,000
	Social Islami Bank Limited Bond -1	40,000,000	80,000,000
	Southeast Bank Limited Bond - 2	600,000,000	800,000,000
	Trust Bank Limited Bond -2	600,000,000	800,000,000
	One Bank Limited Bond -2	600,000,000	800,000,000
	Jamuna Bank Limited Bond	240,000,000	300,000,000
	MTBL Bond -2	760,000,000	950,000,000
	Bank Asia Limited Bond -2	800,000,000	1,000,000,000
	EXIM Bank Limited Bond -2	800,000,000	1,000,000,000
	Dutch- Bangla Bank Limited Bond-1	1,200,000,000	1,500,000,000
	Shahjalal Islami Bank Limited Bond	560,000,000	700,000,000
	Social Islami Bank Limited Bond -2	300,000,000	400,000,000
	The City Bank Limited Bond -2	500,000,000	500,000,000
	Standard Bank Limited Bond	400,000,000	500,000,000
	Islami Bank Bangladesh Limited Bond	800,000,000	1,000,000,000
	UCBL Bond -1	600,000,000	750,000,000
	Southeast Bank Limited-3	150,000,000	150,000,000

	2020 Taka	2019 Taka
The City Bank Limited Bond -3	500,000,000	500,000,000
Dutch- Bangla Bank Limited Bond -2	500,000,000	500,000,000
One Bank Bond-3	300,000,000	300,000,000
Eastern Bank Limited Bond	1,000,000,000	1,000,000,000
Bank Asia Limited Bond -3	500,000,000	500,000,000
Dutch- Bangla Bank Limited Bond-3	500,000,000	-
Trust Bank Limited Bond -3	500,000,000	-
City Bank perpetual Bond	1,000,000,000	-
Al-Arafah Islami Bank Limited Bond	200,000,000	-
Bridge financing advances (Note 6.5)	4,813,910	4,813,910
	21,477,977,387	**21,130,317,373**
	147,906,006,042	**100,603,861,735**

6.1 Government/ Bangladesh Bank bills

30 days Bangladesh Bank bills		-	-
91 days treasury bills		9,197,441,442	8,188,966,229
182 days treasury bills		8,293,075,192	7,387,437,502
1 year treasury bills		8,600,496,953	5,098,278,633
		26,091,013,587	**20,674,682,364**
182 days (REVERSE REPO with other bank)		-	-
1 year (REVERSE REPO with other bank)		-	-
		-	-
		26,091,013,587	**20,674,682,364**

6.2 Government treasury bonds

25 years treasury bond	5.00%	-	1,617,500
20 years treasury bond	8.24% -12.98%	27,620,392,052	22,617,475,448
15 years treasury bond	7.20% - 12.42%	15,529,939,155	14,131,815,322
10 years treasury bond	6.77% - 12.22%	26,221,015,801	16,214,546,383
5 years treasury bond	4.36%- 8.97%	20,871,082,488	5,223,744,673
2 years treasury bond	3.64% - 8.73%	9,800,613,571	525,414,571
		100,043,043,067	**58,714,613,897**
Governmnet Security Bonds		26,400,000	-
6 Months Bangladesh Govt. Islami Investment Bond		240,000,000	57,000,000
		266,400,000	**57,000,000**
		100,309,443,067	**58,771,613,897**

6.3 Shares

Name of company	No of share	Market price	Market value	Cost/Book value	Cost/Book value
The ACME Laboratories Limited	1,723,686	74.70	128,759,344	159,292,379	124,610,826
AND Telecom Limited	-	-	-	-	569,040
Argon Denims Limited	-	-	-	-	2,709,217
Bata Shoe Company (BD) Limited	6,517	702.70	4,579,496	7,452,371	7,452,371
BBS Cables limited	2,123,000	54.80	116,340,400	142,522,636	100,453,274
Beacon Pharma Limited			-	-	31,115,097
Bangladesh Shipping Corporation	356,046	44.70	15,915,256	15,525,120	-
Bangladesh Submarine cable company Limited	185,866	166.10	30,872,343	24,811,041	-
Bangladesh Steel Re-Rolling Mills Limited	1,857,454	60.20	111,818,731	169,376,745	169,046,615
BSRM Steels Limited	1,017,266	42.50	43,233,805	78,756,312	78,756,312
Beximco Pharmaceuticals Limited	-	-	-	-	150,210,748
City Bank Limited	3,500,000	24.80	86,800,000	96,005,823	96,005,823
Confidence Cement Limited	200,000	121.30	24,260,000	21,279,108	23,331,361
Coppertech Industries Limited	-	-		-	47,420

Notes to the financial statements

as at and for the year ended 31 December 2020

					2020 Taka	2019 Taka
6.3	**Shares**					
	Name of company	**No of share**	**Market price**	**Market value**	**Cost/Book value**	**Cost/Book value**
	Crystal Insurance Company Limited	10,878	39.40	428,593	108,780	-
	Delta Brac Housing Finance Corporation Limited	412,425	92.60	38,190,555	44,192,510	43,581,111
	Eastern Bank Limited	17,259,702	36.00	621,349,272	53,051,800	53,051,800
	Esquire knit Composite Limited			-	-	470,025
	Envoy Textile Limited	1,000,000	24.60	24,600,000	44,433,247	48,159,242
	Exim Bank Limited	3,967,581	11.80	46,817,456	52,612,087	52,612,087
	Genex Infosys Limited	-	-	-	-	3,410
	GPH Ispat Limited	2,625,000	30.60	80,325,000	86,248,691	86,248,691
	Grameenphone Limited	940,000	347.10	326,274,000	314,358,531	307,277,390
	ICB Islamic Bank Limited	7,998,300	4.30	34,392,690	79,983,000	79,983,000
	IDLC Finance Ltd	2,557,207	63.40	162,126,924	150,421,230	148,407,959
	Ifad Autos Limited	938,400	47.20	44,292,480	64,605,006	64,605,007
	Islami Bank Bangladesh Limited	1,243,200	26.80	33,317,760	30,169,941	40,042,151
	Jamuna oil Company limited	293,539	165.50	48,580,705	52,392,988	52,392,988
	Khulna Power Company Limited	792,717	45.30	35,910,080	36,903,300	-
	Lafarge Holcim Bangladesh Limited	-	-	-	-	28,891,494
	Lanka Bangla Finance Limited	1,491,656	31.40	46,837,998	53,393,354	53,393,354
	Linde Bangladesh Limited	163,311	1,281.10	209,217,722	227,689,271	227,689,271
	LR Global Bangladesh Mutual Fund One	5,184,672	6.60	34,218,835	50,000,000	50,000,000
	Marico Bangladesh Limited	211,678	2,138.80	452,736,906	303,894,696	395,494,660
	M.I. Cement Factory Limited	-	-	-	-	6,882,724
	Mercantile Bank Limited	2,122,003	12.70	26,949,438	24,371,878	-
	MJL Bangladesh Limited	1,339,807	76.90	103,031,158	143,655,613	138,516,223
	Meghna Petroleum Limited	265,175	198.00	52,504,650	51,168,717	51,168,717
	New Line Clothings Limited	-	-	-	-	40,023
	NCC Bank Limited	1,019,025	13.20	13,451,130	13,929,441	-
	Olympic Industries Limited	2,528,750	191.10	483,244,125	727,221,190	859,263,564
	One Bank Limited	1,785,000	10.60	18,921,000	24,303,354	24,303,354
	Padma Oil Company Limited	109,544	205.10	22,467,474	25,735,997	25,735,997
	Reckitt Benckiser Bangladesh Limited	11,268	4,046.80	45,599,342	18,222,861	18,222,861
	Renata Ltd	168,536	1,106.90	186,552,498	112,713,298	100,949,897
	Ring Shine Textiles Limited	131,995	6.40	844,768	1,136,422	1,136,422
	Robi Axiata Limited	271,254	29.80	8,083,369	2,712,540	
	Runner Automobiles Limited	3,963	50.90	201,717	283,083	283,083
	Sea Pearl Beach Resort & Spa Limited	1,865	79.10	147,522	17,764	37,300
	Silco Pharmaceuticals Limited	-	-	-	-	72,930
	Singer Bangladesh Limited	100,000	175.60	17,560,000	16,573,582	-
	Southeast Bank Limited	6,644,637	12.50	83,057,963	109,106,978	109,106,978
	Shahijibazar Power Company Limited	408,000	73.30	29,906,400	32,335,426	22,422,715
	Square Textile Mills Limited	982,180	29.80	29,268,964	44,948,965	44,948,965
	Square Pharmaceuticals Limited	2,000,000	219.50	439,000,000	418,456,694	279,123,055
	Summit Power Limited	6,085,994	38.90	236,745,167	250,904,661	204,512,820
	Titas Gas Transmission and Distribution Co. Ltd.	-	-	-	-	76,149,069
	Unilever Consumer Care Limited	46,751	2,809.20	131,332,909	79,948,157	79,948,157
	United Power Generation & Distribution Company Ltd	50,000	263.50	13,175,000	13,029,571	-
	Uttara Bank Limited	2,000,000	24.00	48,000,000	47,823,103	46,642,734
	Sub-Total (A)			**4,792,240,946**	**4,518,079,262**	**4,606,079,332**

Notes to the financial statements

as at and for the year ended 31 December 2020

				2020 Taka	2019 Taka
	No of share	Face Value	Market value/NAV	Cost/Book value	Cost/Book value
Unqouted (B)					
Saleh Carpet Mills Limited			-	-	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	11,610,851	10,000,000	10,000,000
Central Depository Bangladesh Limited	2,284,721	10	79,250,428	6,277,770	6,277,770
Lanka Bangla Securities Limited	97,828	10	1,786,422	5,000,000	5,000,000
Sub-Total (B)			**92,647,702**	**22,893,250**	**23,461,250**
Preference Shares (C)	**No of share**	**Face Value**	**Market value/NAV**	**Cost/Book value**	**Cost/Book value**
Raj Lanka Power Company Limited	5,818,182	10	58,181,817	58,181,817	96,969,695
Summit Barisal Power Company Limited	4,400,000	10	44,000,000	44,000,000	54,000,000
Summit Narayangonj Power Company Limited	2,400,000	10	24,000,000	24,000,000	30,000,000
Confidence Power Bogra Unit-2 Limited	7,500,000	10	75,000,000	75,000,000	75,000,000
Kushiara Power Company Limited	23,000,000	10	230,000,000	230,000,000	-
Sub-Total (C)			**431,181,817**	**431,181,817**	**255,969,695**
Non Capital Market Investment Element (D)	**No of share**	**Face Value**	**Market value/NAV**	**Cost/Book value**	**Cost/Book value**
Investment Corporation of Bangladesh	60,520,422	10	949,649,126	949,649,126	949,649,126
The ACME Laboratories Limited	659,499	10	50,890,078	50,890,078	-
IDLC Finance Ltd	863,747	10	49,701,723	49,701,723	-
IPDC Finance Limited	1,650,000	10	46,741,361	46,741,361	-
Jamuna Bank Limited	1,000,000	10	18,352,945	18,352,945	-
Jamuna Oil Company Limited	332,737	10	56,866,924	56,866,924	-
Khulna Power Company Limited	1,000,000	10	50,318,619	50,318,619	-
Linde Bangladesh Limited	43,021	10	52,555,304	52,555,304	-
Meghna Petroleum Limited	328,000	10	66,008,252	66,008,252	-
MJL Bangladeh Limited	74,678	10	5,905,774	5,905,774	-
Padma Oil Company Limited	207,873	10	46,128,499	46,128,499	-
Renata Ltd	47,844	10	44,813,107	44,813,107	-
Square Pharmaceuticals Limited	546,000	10	112,783,376	112,783,376	-
Sub-Total (D)			**1,550,715,088**	**1,550,715,088**	**949,649,126**
Total (A+B+C+D)			**6,866,785,552**	**6,522,869,417**	**5,835,159,403**

			2020 Taka	2019 Taka
6.3.1 Particulars of required provision for investment				
	Market value/NAV at 31 Dec 2020	**Cost/Book value at 31 Dec 2020**	**Required provision 2020**	**Required provision 2019**
Quoted Shares	4,758,022,110	4,468,079,262	-	490,908,448
Mutual Fund	34,218,835	50,000,000	-	9,059,238
Unquoted Shares:				
Provision Required				
Saleh Carpet Mills Limited	-	-	-	568,000
Swan Textile Mills Limited	-	57,800	57,800	57,800
Specialised Jute Yarn & Twine Manufacturing Company Limited	-	198,800	198,800	198,800
Paper Converting & Packaging Limited	-	83,900	83,900	83,900
Ashraf Textile Mills Limited	-	1,274,980	1,274,980	1,274,980
LankaBangla Securities Limited	1,786,422	5,000,000	3,213,578	3,189,562
Provision not Required				
Karmasangsthan Bank	11,610,851	10,000,000	-	-
Central Depository Bangladesh Limited	79,250,428	6,277,770	-	-
Preference Share				
Raj Lanka Power Company Limited	58,181,817	58,181,817	-	-
Summit Barisal Power Company Limited	44,000,000	44,000,000	-	-
Summit Narayanganj Power Company Limited	24,000,000	24,000,000	-	-
Confidence Power Bogra Unit-2 Limited	75,000,000	75,000,000	-	-
Kushiara Power Company Limited	230,000,000	230,000,000		
Non Capital Market Investment Element				
Investment Corporation of Bangladesh	949,649,126	949,649,126	-	-
The ACME Laboratories Limited	50,890,078	50,890,078	-	-
IDLC Finance Ltd	49,701,723	49,701,723	-	-
IPDC Finance Limited	46,741,361	46,741,361	-	-
Jamuna Bank Limited	18,352,945	18,352,945	-	-
Jamuna Oil Company Limited	56,866,924	56,866,924	-	-
Khulna Power Company Limited	50,318,619	50,318,619	-	-
Linde Bangladesh Limited	52,555,304	52,555,304	-	-
Meghna Petroleum Limited	66,008,252	66,008,252	-	-
MJL Bangladeh Limited	5,905,774	5,905,774	-	-
Padma Oil Company Limited	46,128,499	46,128,499	-	-
Renata Ltd	44,813,107	44,813,107	-	-
Square Pharmaceuticals Limited	112,783,376	112,783,376	-	-
	6,866,785,552	6,522,869,417	4,829,058	505,340,728
Bridge finance Advance	-	4,813,910	4,813,910	4,813,910
Debenture - at cost	-	294,060	294,060	344,060
Grand Total	**6,866,785,552**	**6,527,977,387**	**9,937,028**	**510,498,698**

Required provision has been maintained in current year as per BRPD circular no.14 dated 25 June 2003, DOS circular no.04 dated 26 May 2019, DOS circular no.04 dated 24 November 2011 and DOS circular no. 07 dated 25 February 2014.

		2020 Taka	2019 Taka
6.3.2	**Particulars of required provision for Balance with other Bank**		
	In fixed/term deposit account (in local currency)		
	ICB Islamic Bank Ltd, Bangshal Branch, Dhaka	32,417,201	32,429,316
	ICB Islamic Bank Ltd, Principal Office, Dhaka	188,404,923	188,442,153
	Total Fixed/ Term Deposit	**220,822,124**	**220,871,469**
	Money at call on short notice		
	ICB Islamic Bank Ltd.	11,286,667	11,286,667
	Total required provision	**232,108,791**	**232,158,136**
	Total required provision for Investment and Balance with other Bank		
	Investment	9,937,028	510,498,698
	Balance with other Bank	232,108,791	-
	Grand Total	242,045,819	510,498,698
	Provision maintained (note: 14.5)	253,500,000	510,550,000
	Excess/(Shortage)	**11,454,181**	**51,302**
6.4	**Debentures at cost**		
	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
	Ahmed Jutex Mills Limited	75,000	75,000
	Mirzaboo Steel Limited	89,000	89,000
		294,060	**344,060**
6.5	**Bridge financing advances**		
	Bridge financing advances (ICB sponsored)	**4,813,910**	**4,813,910**
6.6	**Maturity grouping of investments**		
	Receivable on demand	5,552,790,831	5,039,969,039
	Not more than 3 months	17,186,090,778	10,912,808,580
	Over 3 months but not more than 1 year	12,157,249,725	12,742,573,784
	Over 1 year but not more than 5 years	39,761,063,202	19,528,844,060
	Over 5 years	73,248,811,506	52,379,666,272
		147,906,006,042	**100,603,861,735**
6.7	**Investment classified as per Bangladesh Bank Circular**		
	Treasury Bill - Held for trading (HFT)	26,091,013,586	20,674,682,364
	Treasury Bond - Held to maturity (HTM)	41,315,584,396	-
	Treasury Bond - Held to maturity (HTM)	58,993,858,671	58,771,613,897
	Approved debenture - Held to maturity (HTM)	294,060	344,060
	Other securities	21,505,255,329	21,157,221,414
		147,906,006,042	**100,603,861,735**

	2020 Taka	2019 Taka

6.8 Repo and Reverse Repo

A.(I) Disclosure regarding outstanding repo as on 31 December 2020

Counter Party Name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
Agrani Bank Limited	27-12-2020	3/1/2021	3,339,379,950
Janata Bank Limited	27-12-2020	3/1/2021	2,491,942,500
Agrani Bank Limited	28-12-2020	4/1/2021	1,972,158,000
Janata Bank Limited	29-12-2020	5/1/2021	1,999,335,200
AB Bank Limited	30-12-2020	4/1/2021	2,082,395,835
Agrani Bank Limited	30-12-2020	6/1/2021	5,093,831,600
Janata Bank Limited	30-12-2020	6/1/2021	998,319,500
Total			**17,977,362,585**

A.(II) Disclosure regarding outstanding Reverse repo as on 31 December 2020

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

B.(I) Disclosure regarding overall transaction of repo and Reverse repo

Particulars	Minimum Outstanding During the year	Maximum Outstanding During the year	Daily average Outstanding During the year
Securities sold under Repo:			
i) With Bangladesh Bank	1,972,718,000	3,070,205,957	35,610,836
ii) With Other Banks and FIs	423,218,380	17,977,362,585	529,156,038
Total	**2,395,936,380**	**21,047,568,542**	**564,766,874**
Securities Purchased under Reverse Repo:			
i) From Bangladesh Bank	-	-	-
ii) From Other Banks and FIs	201,836,165	8,303,052,577	991,789,059
Total	**201,836,165**	**8,303,052,577**	**991,789,059**

6(a) Consolidated Investments

1. Government		
Pubali Bank Limited	126,428,028,655	79,473,544,362
Pubali Bank Securities Limited	-	-
	126,428,028,655	**79,473,544,362**
2. Other		
Pubali Bank Limited	21,477,977,387	21,130,317,373
Pubali Bank Securities Limited	6,633,478,130	6,503,153,698
	28,111,455,517	**27,633,471,071**
	154,539,484,172	**107,107,015,433**

7 Loans, advances and leases

Loans, cash credits and overdrafts, etc. (note 7.1)	299,514,705,921	272,941,903,845
Bills purchased and discounted (note 7.2)	16,064,193,319	14,092,770,183
	315,578,899,240	**287,034,674,028**

		2020 Taka	2019 Taka
7.1	**Loans, cash credits, overdrafts, etc.**		
	In Bangladesh:		
	Loans	119,259,684,348	97,550,311,148
	Cash credits	51,340,450,445	49,763,508,121
	Overdrafts	77,317,682,640	74,284,984,277
	Earnest Money	5,744,912,604	5,287,886,943
	Loan against merchandise	4,240,723	6,099,692
	Packing credits	450,241,175	591,517,685
	Loan against trust receipts	8,280,615,537	10,950,632,463
	Pubali prochesta	174,113,539	167,645,569
	Non-resident Credit Scheme	618,920	626,920
	Pubali Subarna	4,939,541,361	4,505,939,612
	Pubali Karmo Uddog	268,103,173	204,274,186
	Pubali Sujon	35,655,970	32,239,714
	Pubali Utsob	17,018,210	26,228,302
	Payment against documents	5,583,224,697	4,736,173,942
	Consumers loan scheme	12,554,774,362	13,726,281,059
	EDF loan	7,196,070,350	5,104,393,111
	Lease finance (Note 7.13)	6,109,969,755	5,777,741,928
	Credit card	218,752,236	206,218,384
	Others	19,035,876	19,200,789
		299,514,705,921	**272,941,903,845**
	Outside Bangladesh	-	-
		299,514,705,921	**272,941,903,845**
7.1.1	**Maturity grouping of Loans, Advances and Leases**		
	Repayable on demand	7,602,179,457	20,258,698,430
	Up to 3 months	71,587,890,480	78,693,400,793
	Over 3 months but not more than 1 year	98,751,767,493	76,751,003,287
	Over 1 year but not more than 5 years	71,888,955,364	65,102,269,208
	Over 5 years	49,683,913,127	32,136,532,127
		299,514,705,921	**272,941,903,845**
7.2	**Bills purchased and discounted**		
	Payable in Bangladesh:		
	Loans against accepted bills	1,870,355,329	2,520,609,554
	Loans against demand draft purchased	31,565	31,565
		1,870,386,894	**2,520,641,119**
	Payable outside Bangladesh:		
	Foreign bills purchased	14,193,806,425	11,572,129,064
	Foreign draft purchased	-	-
		14,193,806,425	**11,572,129,064**
		16,064,193,319	**14,092,770,183**
7.2.1	**Maturity grouping of Bills purchased and discounted**		
	Receivable on demand	550,484	3,229,703
	Not more than 3 months	4,960,406,990	4,326,399,645
	Over 3 months but not more than 6 months	11,103,235,845	9,763,140,835
		16,064,193,319	**14,092,770,183**

		2020 Taka	2019 Taka
7.3	**Loans and advances including bills purchased and discounted analysed in following broad categories**		
	In Bangladesh		
	Loans	172,726,959,730	151,414,052,566
	Cash credits	51,340,450,445	49,763,508,121
	Overdrafts	77,317,682,640	74,284,984,277
		301,385,092,815	**275,462,544,964**
	Outside Bangladesh	**14,193,806,425**	**11,572,129,064**
		315,578,899,240	**287,034,674,028**
7.4	**Loans and advances on the basis of significant customer concentration including bills purchased and discounted**		
	Advance to directors and others	18,885	-
	Advance to officers and employees	3,654,128,995	3,321,215,690
	Advance to customers group (note 7.9)	116,255,100,000	115,944,060,000
7.5	**Industry wise distribution of loans and advances**		
	Agriculture	6,078,874,158	5,074,865,021
	Jute	157,541,346	168,575,942
	Textile	25,115,135,520	23,935,587,141
	Ready-made garments	24,387,172,355	22,085,914,376
	Steel & engineering	11,985,967,411	12,660,587,054
	Ship breaking	2,961,544,783	2,602,223,875
	Edible oil	9,277,075,594	7,989,163,454
	Cement	6,294,999,986	4,456,437,094
	Pharmaceuticals	7,679,063,363	7,158,350,362
	Food & allied	13,181,603,715	19,965,844,624
	Paper, paper products and packaging	1,713,700,130	1,255,827,228
	Leather	94,438,658	240,637,690
	Printing & Dyeing Industries	6,509,818,788	5,929,263,309
	Others Manufacturing Industries	27,562,142,226	19,418,603,696
	Energy and power	5,434,061,317	5,980,753,006
	Hospitals, Clinics and other health services	5,933,516,575	4,987,101,291
	Construction	15,439,028,416	15,177,399,072
	Housing	12,419,106,551	12,458,441,341
	Transport and communication	3,353,645,880	2,078,788,656
	Others Service Industries	5,026,691,429	5,026,691,429
	Trade & Commerce	64,106,995,361	57,783,551,123
	NBFI (Non Bank Financial Institution)	4,876,746,425	5,871,385,678
	NGO	7,372,897,455	8,128,987,937
	Consumer Finance	27,356,996,133	26,762,459,052
	Others	21,260,135,665	9,837,234,577
		315,578,899,240	**287,034,674,028**

		2020 Taka	2019 Taka
7.6	**Geographical location-wise (based on fund used) distribution of loans and advances including bills purchased and discounted**		
	In Bangladesh - Urban		
	Dhaka	113,869,650,910	114,648,699,801
	Chattogram	30,049,519,411	39,250,832,910
	Sylhet	11,887,694,668	8,568,557,170
	Barishal	3,559,933,982	3,279,136,972
	Khulna	6,558,745,099	6,449,358,010
	Rajshahi	6,627,955,737	6,003,341,088
	Rangpur	5,432,347,370	4,710,835,804
	Mymensingh	5,653,428,138	5,570,099,407
		183,639,275,315	**188,480,861,162**
	In Bangladesh - Rural		
	Dhaka	71,234,296,502	61,814,116,430
	Chattogram	21,632,804,401	6,021,717,827
	Sylhet	9,878,821,578	7,293,336,916
	Barishal	1,171,768,812	897,079,981
	Khulna	3,024,111,719	2,596,230,941
	Rajshahi	2,653,961,425	2,354,795,507
	Rangpur	925,500,826	857,604,461
	Mymensingh	7,224,552,237	5,146,801,739
		117,745,817,500	**86,981,683,802**
	Outside Bangladesh (Foreign bills/drafts purchased)	**14,193,806,425**	**11,572,129,064**
		315,578,899,240	**287,034,674,028**
7.7	**Sector-wise loans and advances including bills purchased and discounted**		
	Public sector	74,017,991	69,509,854
	Private sector	314,918,929,440	286,886,693,428
	Co-operative sector	585,951,809	78,470,746
		315,578,899,240	**287,034,674,028**
7.8	**Security base-wise loans and advances including bills purchased and discounted**		
	Collateral of movable and immovable properties	175,348,157,176	168,896,142,652
	Export documents	4,262,872,162	1,739,619,277
	Fixed/ Term deposit receipts of own Bank	19,686,734,225	14,395,062,476
	FDR of other banks	753,829,628	799,003,000
	Government bonds	303,839	3,594,878
	Corporate Guarantee	57,244,660,964	48,044,047,966
	Personal guarantee	57,080,919,002	49,510,731,860
	Other securities	1,201,422,244	3,646,471,919
		315,578,899,240	**287,034,674,028**

	2020 Taka	2019 Taka

7.9 Advance to customers group (Details of large loans and advances)

Number of clients with amount of outstanding and classified loans to whom loans and advances sanctioned more than 10% of total Regulatory capital of the Bank. Total Regulatory capital of the Bank was Taka 48,242,353,431 as at 31 December 2020.

Number of clients	18	21
Amount of outstanding loans/advances	116,255,100,000	115,944,060,000
Classified amount thereon	-	-
Measures taken for recovery	-	-
*** Details shown in Annexure C**		
Name of borrower		
Meghna Group	9,758,900,000	8,423,200,000
City Group	8,719,200,000	5,681,900,000
Ha-Meem Group	8,438,600,000	7,024,900,000
Max Group	8,392,300,000	8,816,400,000
BRAC Group	7,204,600,000	7,621,100,000
PRAN-RFL Group	7,172,500,000	5,772,700,000
Fair Electronics Limited	6,534,400,000	-
Abul Khair Group	6,102,600,000	6,110,100,000
Paramount Group	5,860,100,000	5,598,100,000
City Seed Crushing Group	5,728,800,000	4,118,800,000
MSA Spining	5,722,200,000	4,427,400,000
Project Builders Group	5,473,700,000	5,805,800,000
Envoy Group	5,408,500,000	4,091,200,000
Keya Group	5,350,700,000	5,364,400,000
Sharmin Group	5,262,800,000	5,732,600,000
Secom Group	5,249,200,000	-
T. K. Group	5,022,200,000	-
Sena Kalyan Group	4,853,800,000	4,709,900,000
DIRD Group	-	4,453,200,000
Popular Group	-	-
GPH Group	-	5,413,360,000
JMI Group	-	4,281,800,000
United Group	-	4,272,700,000
Sheema Group	-	4,149,700,000
BSRM Group	-	4,074,800,000
	116,255,100,000	**115,944,060,000**

7.10 Classification of loans and advances including bills purchased and discounted

Unclassified:		
Standard	292,675,837,444	259,875,309,413
Special mention account (SMA)	10,626,922,632	11,277,548,452
	303,302,760,076	271,152,857,865
Classified:		
Substandard (SS)	1,200,977,784	1,976,721,770
Doubtful (DF)	547,010,405	408,972,198
Bad or loss (BL)	6,874,021,980	10,174,906,505
	8,622,010,169	12,560,600,473
Staff loan	3,654,128,995	3,321,215,690
	315,578,899,240	**287,034,674,028**

Notes to the financial statements
as at and for the year ended 31 December 2020

	Base for Provision	Rate of Provision (%)	2020 Taka	2019 Taka
7.11 Particulars of required provision for loans and advances Status of Classification				
General provision - Unclassified				
Standard	209,507,358,369	1	2,095,073,584	1,834,273,722
Small & Medium Enterprise financing	62,138,546,505	0.25	155,346,366	140,480,767
Loans to BHs/MBs/SDs against share etc.	59,190,566	2	1,183,811	1,111,692
Housing Finance	400,066,744	1	4,000,667	3,383,416
Loan for Professional to setup business	70,416,388	2	1,408,328	523,110
Consumers loan scheme (Credit Card)	122,205,802	2	2,444,116	4,020,786
Consumers loan scheme	14,499,836,285	2	289,996,726	743,038,391
Short Term Agri Credit and Micro credit	5,878,216,785	1	58,782,168	47,737,418
Special mention account (SMEF)	2,178,702,187	0.25	5,446,755	7,096,466
Special mention account (Credit Card)	579,288	2	11,586	6,884
Special mention account (CLS)	132,287,876	2	2,645,758	9,580,784
Special mention account (HF)	4,577,878	1	45,779	72,120
Special mention account (LP)	3,603,098	2	72,062	72,062
Special mention account (Others)	7,174,146,718	1	71,741,467	72,082,014
			2,688,199,173	2,863,479,632
Provision to be kept as per Bangladesh Bank Inspection Team instruction against stay order given by Hon'ble High Court.			2,278,310,000	1,264,510,000
1% Special General Provision COVID-19 has been maintained as per BRPD circular no.56			530,400,000	-
Provision to be kept as per instruction of Bangladesh Bank Inspection Team against poor recovery of some accounts.			400,900,000	-
			5,897,809,173	**4,127,989,632**
Specific provision - Classified				
Substandard (Agri & Micro credit)	1,043,829	5	52,191	122,925
Substandard (small, Cottage, Mirco credit)	240,941,107	5	12,047,055	-
Substandard (Others)	179,626,988	20	35,925,398	244,489,710
Doubtful (Agri & Micro credit)	11,239,050	5	561,953	561,953
Doubtful (small, Cottage, Mirco credit)	136,914,913	20	27,382,983	-
Doubtful (Others)	37,741,761	50	18,870,880	91,341,291
Bad/Loss	10,162,969,021	100	10,162,969,021	11,093,431,288
			10,257,809,481	**11,429,947,167**
Total Required provision (see below)			16,155,618,654	15,557,936,799
Provision maintained (note 14.1)			17,155,618,654	15,559,760,000
Excess provision			1,000,000,000	1,823,201

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	201,253,319,273	184,093,803,006
		36,392,533,085	22,811,678,642
(iii)	Loans considered good being secured by the personal security of one or more parties in addition to the personal security of the debtors.	77,933,046,882	80,129,192,380
(iv)	Loans adversely classified; provision not maintained there against	-	-
		315,578,899,240	**287,034,674,028**

	2020 Taka	2019 Taka
(v) Loans due by directors or officers of the bank or any of them either severally or jointly with any other persons	3,654,147,880	3,321,215,690
(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.	3,654,147,880	3,321,215,690
(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	4,876,746,425	5,871,385,678
(x) Amount of classified loan on which interest /Profit has not been charged as follows		
a) Increase / (decrease) of provision (specific)	(2,064,037,204)	1,223,493,704
b) Amount of written off debt including interest suspense	(1,177,042,952)	(1,162,285,344)
c) Amount of debt recovered against the debt which was previously written off	38,717,790	81,836,802
d) Amount of Provision kept against loans classified as bad or loss	10,162,969,021	11,093,431,288
e) Amount of interest credited in suspense account	4,569,922,382	3,414,216,268
(xi) Cumulative amount of written off from Loans		
Opening Balance	16,596,170,865	15,433,885,521
Amount of written off during the current year	1,177,042,952	1,162,285,344
	17,773,213,817	16,596,170,865
(xii) Amount of written off loans for which law suit has been filed for recovery	17,599,150,872	16,467,352,454

7.13 Lease finance

Lease rental receivable within 1 year	2,279,993,404	2,135,991,220
Lease rental receivable within 5 years	4,666,353,950	4,809,104,088
Lease rental receivable after 5 years	202,473,459	180,475,542
Total lease rental receivable	7,148,820,813	7,125,570,850
Less : Un-earned interest receivable	(1,038,851,058)	(1,347,828,922)
Net Lease finance	6,109,969,755	5,777,741,928

7(a) Consolidated Loans, Advances and Leases

Loans, cash credits, overdrafts, etc.		
Pubali Bank Limited	299,514,705,921	272,941,903,845
Pubali Bank Securities Limited	618,430,307	578,385,912
	300,133,136,228	**273,520,289,757**
Bills purchased and discounted		
Pubali Bank Limited	16,064,193,319	14,092,770,183
Pubali Bank Securities Limited	-	-
	16,064,193,319	**14,092,770,183**
	316,197,329,547	**287,613,059,940**

		2020 Taka	2019 Taka
8	**Fixed Assets including premises, furniture & Fixtures**		
	Tangible Assets		
	Land	2,238,572,430	2,253,745,642
	Building	418,660,966	932,181,493
	Vehicles	342,194,861	308,794,861
	Machinery and equipment	1,082,895,883	956,239,191
	Computer & Computer Accessories	1,382,484,766	1,255,793,507
	Furniture and fixtures	927,005,121	804,489,289
	Total Tangible Assets	**6,391,814,027**	**6,511,243,983**
	Accumulated Depreciation	(2,781,214,194)	(2,522,277,726)
	Net book value of Tangible assets	**3,610,599,833**	**3,988,966,257**
	Intangible Assets		
	Computer Software	**392,408,983**	**340,831,979**
	Accumulated Depreciation	(332,296,620)	(306,931,048)
	Net book value of Intangible assets	**60,112,363**	**33,900,931**
		3,670,712,196	**4,022,867,188**
	Lease assets		
	Right Of Use (ROU) Assets as per IFRS-16	**2,233,725,100**	**1,564,590,118**
	Accumulated Depreciation	(816,444,636)	(406,654,216)
	Net book value of Lease assets	**1,417,280,464**	**1,157,935,902**
	Net book value of total fixed assets at the end of the year	**5,087,992,660**	**5,180,803,090**

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.

During the year 2020, total value of Land & Buildings has been revalued at Tk. 2,657,233,396 resulting total decrease of Tk. 520,443,941 which has been adjusted with assets revalution reserve under other reserve. Further details of above assets are shown in Annexure A.

8(a)	**Consolidated Fixed Assets including premises, furniture & fixtures**		
	Cost		
	Pubali Bank Limited	9,017,948,110	8,416,666,080
	Pubali Bank Securities Limited	10,591,676	10,239,167
		9,028,539,786	**8,426,905,247**
	Less: Accumulated Depreciation		
	Pubali Bank Limited	(3,929,955,450)	(3,235,862,990)
	Pubali Bank Securities Limited	(6,413,822)	(5,373,088)
		(3,936,369,272)	**(3,241,236,078)**
		5,092,170,514	**5,185,669,169**

Notes to the financial statements

as at and for the year ended 31 December 2020

		2020 Taka	2019 Taka
9	**Other Assets**		
	Interest accrued on investments	2,332,061,528	1,807,097,101
	Accrued income on loans & advances	2,427,258,094	272,335,596
	Investment in SWIFT AC	3,387,591	3,387,591
	Advance security deposit, advance rent and prepaid expenses	452,813,423	383,157,688
	Investment in Subsidiary Company	6,599,998,700	6,599,998,700
	Stock dealing account	378,872,920	83,831,178
	Stationery and stamps	98,426,473	99,588,895
	Drafts payable	17,021,131	17,589,526
	Sanchaypatra	16,655,185	78,967,851
	Deferred tax assets * (note 14.9.1)	3,474,570,841	3,718,866,289
	Suspense account (note 9.1)	359,902,851	295,551,874
	Demonetized notes (note 9.2)	1,903,830	1,903,830
	Items in transit (note 9.3)	5,971,619,730	5,240,523,069
	Advance against income tax (note 9.4)	30,675,162,255	27,801,296,414
	Clearing house adjustment	1,383,920	856,821
	Others (note 9.5)	3,562,388	3,562,388
		52,814,600,860	**46,408,514,811**
	Less: Advance Rent (For implementing IFRS 16 Leases, advance rent has been considered separately.)	283,838,040	269,713,929
		52,530,762,820	**46,138,800,882**

* Deferred tax assets of the year 2019 has been restated as per "Paragraph 42 of IAS 8: Accounting Policies, Changes in Accounting estimates and Errors" for amounting TK. 3,718,866,289 due to retrospective restatement of deferred tax income against loan loss provision. It is to be noted that, the detailed calculation of deferred tax has been disclosed under other liabilities sub (note no.14.9.1)

9.1	**Suspense Account**		
	Suspense account general	149,335,381	211,763,171
	Suspense law	976,987	1,001,987
	Protested bills	209,590,483	82,786,716
		359,902,851	**295,551,874**

9.2 Demonetized Notes :TK. 1,903,830

This relates to demonetized notes lying with Bangladesh Bank, after due reimbursement.

9.3 Items in Transit: TK. 5,971,619,730

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 31.12.2020 (Base date: 06.04.2021)

	Number of Un-responded entries		Un-responded entries (Amount in Taka)	
Period of un- reconciliation	Debit	Credit	Debit	Credit
up to 3 months	14	57	2,118,319	1,924,708
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
Over 5 years	498	457	7,723,303	4,607,638

9.4	**Advance income Tax**		
	Balance at the beginning of the year	27,801,296,414	25,360,190,835
	Paid during the year	2,873,865,841	2,441,105,579
	Settlement of previous years tax liability	-	-
	Balance at the end of the year	**30,675,162,255**	**27,801,296,414**

Notes to the financial statements

as at and for the year ended 31 December 2020

		2020 Taka	2019 Taka
9.5	**Others**		
	Property account	162,129	162,129
	Delayed charges of lease rental	45,906	45,906
	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
		3,562,388	**3,562,388**
9.6	**Classification of other assets**		
	Unclassified (UC)	52,312,472,034	46,041,640,051
	Substandard (SS)	-	-
	Doubtful (DF)	-	-
	Bad or Loss (BL)	218,290,786	97,160,831
		52,530,762,820	**46,138,800,882**
9.7	**Particulars of provision for other assets**		

Status of Classification	Base for provision	Rate of Provision (%)		
Doubtful (DF)	-	50	-	-
Bad or Loss (BL)	218,290,786	100	218,290,786	97,160,831
Required provision			218,290,786	97,160,831
Provision maintained (note 14)			218,668,221	404,371,239
Excess provision			**377,435**	**307,210,408**

9(a)	**Consolidated Other Assets**		
	Pubali Bank Limited	52,530,762,820	46,138,800,882
	Pubali Bank Securities Limited	368,391,928	289,357,759
		52,899,154,748	**46,428,158,641**
	Less: Inter company Transactions	(378,886,730)	(83,844,988)
	Pubali Bank Securities Limited	(6,599,998,700)	(6,599,998,700)
		(6,978,885,430)	**(6,683,843,688)**
		45,920,269,318	**39,744,314,953**
10	**Non-banking Assets**		
	Assets of United Bank of India Ltd. (located in Brahmanbaria, Chandpur, Comilla, Barishal, Sadarghat -Dhaka)	**375,246**	**375,246**
11	**Borrowings from other Banks, Financial Institutions and Agents**		
	In Bangladesh (note 11.1)	4,783,592,656	510,555,400
	Outside Bangladesh (note 11.2)	12,703,204,780	16,459,792,905
		17,486,797,436	**16,970,348,305**

		2020 Taka	2019 Taka
11.1	**In Bangladesh**		
	Borrowing from Bangladesh Bank	4,783,592,656	510,555,400
		4,783,592,656	510,555,400
	Call loan borrowing from other banks		
	Sonali Bank Limited	-	-
	Bank Asia Limited	-	-
	NRBC Bank Limited	-	-
	Premier Bank Limited	-	-
		-	-
	FDR borrowing from other Bank		
	Bangladesh Krishi Bank	-	-
	Southeast Bank Ltd.	-	-
		4,783,592,656	**510,555,400**
11.2	**Outside Bangladesh**		
	In demand deposit accounts (non- interest bearing)	-	-
	Placement/ Borrowing from Outside Bangladesh	12,703,204,780	16,459,792,905
		12,703,204,780	**16,459,792,905**
11.3	**Security against borrowing from other banks, financial institutions and agents**		
	Secured	17,486,797,436	16,970,348,305
	Unsecured	-	-
		17,486,797,436	**16,970,348,305**
11.4	**Maturity grouping of borrowing from other banks, financial institutions and agents**		
	Payable on demand	-	-
	Payable within 1 month	848,011,000	2,338,452,752
	Over 1 month but within 6 months	5,936,077,000	5,631,340,153
	Over 6 months but within 1 year	8,298,166,151	8,490,000,000
	Over 1 year but within 5 years	1,645,493,285	-
	Over 5 years and above	759,050,000	510,555,400
		17,486,797,436	**16,970,348,305**
12	**Subordinated bonds**		
	Agrani Bank Limited	4,800,000,000	4,000,000,000
	Janata Bank Limited	1,300,000,000	1,000,000,000
	Rupali Bank Limited	1,800,000,000	1,000,000,000
	Sonali Bank Limited	1,800,000,000	2,000,000,000
	Uttara Bank Limited	1,300,000,000	1,000,000,000
	Delta Life Insurance Company Limited	500,000,000	-
		11,500,000,000	**9,000,000,000**
13	**Deposits and other accounts**		
	Inter-bank deposits	1,401,400,000	712,700,000
	Other deposits	427,941,617,243	358,440,607,134
		429,343,017,243	**359,153,307,134**

	2020 Taka	2019 Taka
13.1 Details of deposits and other accounts		
Current deposits and other accounts :		
Current account	47,706,101,388	38,991,089,341
Cash credit A/C. (Cr. Balance)	949,535,058	526,545,827
Overdraft earnest money (Cr. Balance)	28,800	-
Pubali Prochesta (Cr. Balance)	4,539,040	5,825,454
Credit card A/C	2,487,513	1,860,689
Call deposits	14,844,397	14,882,697
Foreign currency deposits	1,007,291,466	1,180,760,569
Un- claimed drafts payable	3,564	3,564
Un- claimed dividend	18,914	18,914
Unclaimed deposits FDD A/C	17,683,319	17,369,649
	49,702,533,459	40,738,356,704
Bills payable (note 13.1.1)	14,657,445,295	14,602,544,955
Savings Bank accounts	100,270,298,831	82,675,389,187
Term deposits :		
Fixed deposits - from customers	116,998,827,377	94,828,461,687
Special Notice Deposits	53,016,106,853	44,182,822,160
Deposit pension scheme	9,132,824	1,252,804
Interest payable on term deposit	3,814,318,518	4,138,130,920
Pubali pension scheme	37,979,555,430	31,742,278,118
Pubali sanchay prakalpa	3,800,374,432	3,130,057,982
Dwigun Sanchay Prokalpa	20,865,329,697	20,137,272,150
Target Based Small Deposit (Pubali shopnopuron)	9,511,579,968	6,860,144,870
Monthly profit base deposit	3,151,598,651	3,260,424,251
Monthly Profit Based Small Deposit (Pubali shadhin sonchoy)	5,969,873,344	4,983,648,938
Shikhya sanchay prokalpa	198,375,295	212,321,817
	255,315,072,389	213,476,815,697
Other deposits	9,397,667,269	7,660,200,591
	429,343,017,243	**359,153,307,134**
13.1.1 Bills Payable		
Payment orders issued	14,578,202,936	14,513,732,497
Demand Drafts	79,242,359	88,812,458
	14,657,445,295	**14,602,544,955**
13.2 Maturity analysis of inter-bank deposits		
Payable on demand	436,477,091	123,868,126
Payable within 1 month	265,571,853	72,271,832
Over 1 month but within 6 months	608,117,499	516,560,042
Over 6 months but within 1 year	22,372,278	-
Over 1 year but within 5 years	68,861,279	-
Over 5 years and above	-	-
	1,401,400,000	**712,700,000**

	2020 Taka	2019 Taka
13.3 Maturity analysis of other deposits		
Payable on demand	15,004,086,970	21,214,025,564
Payable within 1 month	22,766,494,037	26,269,025,229
Over 1 month but within 6 months	94,018,773,308	89,300,095,285
Over 6 months but within 1 year	92,492,179,664	77,516,392,490
Over 1 year but within 5 years	61,155,544,027	36,916,373,619
Over 5 years and above	142,504,539,236	107,224,694,946
	427,941,617,243	**358,440,607,134**
	429,343,017,243	**359,153,307,134**
13 (a) Consolidated Deposits and other accounts		
Pubali Bank Limited	429,343,017,243	359,153,307,134
Pubali Bank Securities Limited	-	-
	429,343,017,243	**359,153,307,134**
Inter Company Transactions	(1,340,479,296)	(989,804,123)
	428,002,537,947	**358,163,503,011**
14 Other Liabilities		
Accumulated provision for loans and advances (note 14.1.1.1)	9,265,045,514	10,444,281,098
Accumulated provision for consumers loan (note 14.1.1.2)	921,637,266	914,894,251
Accumulated provision for demand loan pubali star (note 14.1.1.3)	71,126,701	70,771,818
	10,257,809,481	11,429,947,167
Provision for unclassified loans and advances (note 14.1.2)	6,367,409,173	4,129,812,833
Special General Provision COVID-19	530,400,000	-
Provision @1% against off-balance sheet exposure (note 14.4)	1,271,950,000	986,400,000
Accumulated interest suspense (note 14.6)	4,569,922,382	3,414,216,268
Provision for rebate on good borrower	17,888,383	17,888,383
Provision for doubtful investment (note 14.5)	253,500,000	510,550,000
Additional profit payable A/C for Islamic banking	1,319,917	1,646,591
I.B. bad debt offsetting reserve	10,703,834	10,703,834
Compensation realised account	6,985,159	2,174,091
Compensation realisable account	11,780,624	13,674,963
Interest suspense on underwriting advances	221,286,952	234,170,921
CLS interest A/C	3,383,619	4,105,800
unclaimed amount in ATMS	65,000	48,000
Consumers deposits	268,488,801	250,548,026
Unclaimed dividend (note 14.17)	326,773,244	266,262,788
Special blocked account (note 14.7)	1,587,720	1,587,720
Provision for Current Tax (note 14.8)	33,244,997,770	31,313,635,515
Deferred Tax Liabilities (note 14.9.2)	-	91,920,888
Valuation adjustment	266,425,808	267,423,252
Exchange adjustment account (note 14.10)	28,666,878	28,666,878
Agri credit guarantee backing reserve (note 14.11)	70,261,300	70,261,300
Excise duty	-	25
Pakistan account (note 14.12)	8,393,039	8,393,039
Pension fund (note 14.13)	1,570,883	1,570,883
L/C cover account in Bangladesh	1,583,640	1,583,640
EDF adjustment	7,352,578,948	5,511,163,652
Pubali Bank Adjustment	34,804,838	171,639,703
Sadaqah fund	17,804,370	17,508,205
Card transaction fee (inter bank)	2,682,090	2,539,840
Foreign currency FCC account	17,363,820	17,363,819

	2020 Taka	2019 Taka
Interest suspense account against 70% agri loan	192,382	192,382
Blocked account of UBI	2,973,186	2,973,186
Property account of UBI	49,617	49,617
Payable to other Banks and Financial Institution	72,136,751	132,687,056
Unearned interest income on ISW	153,498,093	2,253,297
Interest payable on Subordinated Bond	166,200,000	28,000,000
Start-up fund (note 14.18)	83,795,594	-
Lease Liabilities as per IFRS-16	1,181,424,189	935,745,388
Non resident blocked account of UBI	34,487	34,487
	56,570,882,491	48,449,396,270
Provision for expenses: (i) auditors' fees	1,529,500	2,102,500
(ii) advertisement	1,250,000	1,600,000
(iii) bonuses	631,500,000	186,511,850
(iv) others	212,574,930	205,548,131
	846,854,430	395,762,481
Provision for other assets:		
Suspense account(note 14.14)	166,214,468	63,714,468
Demonetized notes (note 14.15)	989,740	989,740
Provision for Un-reconciled General Account debit entries (note 14.16)	13,724,657	13,724,657
ICT Asset Insurance reserve	20,435,365	20,434,763
Reserve for unforeseen losses (note 14.2)	-	285,918,364
Provision for Customers liability and Others (note 14.3)	17,303,991	19,589,247
	218,668,221	404,371,239
	67,894,214,623	**60,679,477,157**
14.1 Accumulated provision for loans and advances		
14.1.1 Specific provision on classified loans and advances		
Provision held at the beginning of the year	10,444,281,098	7,889,705,857
Fully provided debts written off during the year excluding interest suspense	(1,136,785,628)	(1,128,516,011)
Fully provided waived during the year	(23,604,759)	(47,938,506)
Recoveries of amounts previously written off	33,423,246	69,564,845
Provision transferred in/(out) general provision and special General Provision COVID-19	(695,131,944)	1,136,278,602
Provision transferred to off balance sheet exposure	(20,000,000)	-
Reserve transferred from unforseen loss during the year	183,530,864	-
Provision transferred from customers liability and Others during the year	18,183,530	-
Specific provision for the year	461,149,107	2,525,186,311
14.1.1.1 Provision for general loans and advances	**9,265,045,514**	**10,444,281,098**
Provision for consumers loan held at the beginning of the year	914,894,251	857,690,537
Recoveries from risk fund	1,977,597	52,538,745
Amount paid to Agent commission	(529,126)	(7,606,988)
Fully provided debts written off during the year	-	-
Recoveries of amounts previously written off	5,294,544	12,271,957
14.1.1.2 Provision for consumers loan held at the beginning of the year	**921,637,266**	**914,894,251**
14.1.1.3 Accumulated provision for demand loan pubali star	**71,126,701**	**70,771,818**
Provision held at the end of the year	**10,257,809,481**	**11,429,947,167**
14.1.2 General provision for unclassified loans and advances		
Provision held at the beginning of the year	4,129,812,833	4,001,531,339
Provision made during the year	2,072,864,396	1,264,560,096
Provision transferred from specific provision during the year	164,731,944	(1,136,278,602)
Provision held at the end of the year	**6,367,409,173**	**4,129,812,833**
14.1.3 Special General Provision COVID-19	530,400,000	-
	17,155,618,654	**15,559,760,000**

		2020 Taka	2019 Taka
14.2	**Reserve for unforeseen losses**		
	Reserve held at the beginning of the year	285,918,364	241,133,143
	Reserve made during the year	112,500	44,785,221
	Reserve transferred to specific provision during the year	(183,530,864)	-
	Reserve transferred to suspense account during the year	(102,500,000)	-
	Reserve held at the end of the year	-	285,918,364
14.3	**Provision for Customers liability and Others**		
	Provision held at the beginning of the year	19,589,247	53,200,000
	Provision made during the year	18,183,530	15,544,360
	Provision out during the year	(2,285,256)	(49,155,113)
	Provision transferred to specific provision during the year	(18,183,530)	-
	Provision held at the end of the year	17,303,991	19,589,247
14.4	**Provision for exposure against off balance sheet items**		
	Provision held at the beginning of the year	986,400,000	930,000,000
	Provision transferred from doubtful investment during the year	265,550,000	-
	Provision transferred from specific provision during the year	20,000,000	-
	Provision made during the year (note 38)	-	56,400,000
	Provision held at the end of the year	**1,271,950,000**	**986,400,000**
14.5	**Provision for doubtful investment**		
	Provision held at the beginning of the year	510,550,000	96,350,000
	Provision made during the year (note 39)	8,500,000	414,200,000
	Provision transferred to off balance sheet during the year	(265,550,000)	-
	Provision held at the end of the year	**253,500,000**	**510,550,000**
14.6	**Interest suspense account**		
	Balance at the beginning of the year	3,414,216,268	2,312,889,947
	Amount transferred during the year	1,485,054,619	1,531,415,225
	Amount recovered during the year	(289,091,181)	(396,319,571)
	Amount written off during the year	(40,257,324)	(33,769,333)
	Balance at the end of the year	**4,569,922,382**	**3,414,216,268**

14.7 Special blocked account: Tk. 1,587,720

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.

14.8	**Provision for Current tax**		
	Balance at the beginning of the year	31,313,635,515	28,286,610,822
	Provision made for previous years	-	-
	Provision made for current year	1,931,362,255	3,027,024,693
		1,931,362,255	3,027,024,693
	Settlement of previous years tax liability	-	-
	Balance at the end of the year	**33,244,997,770**	**31,313,635,515**

The status of corporate income tax of the Bank has been shown in **Annexure B.**

	Applicable Tax rate	2020	2019	2020 Taka	2019 Taka
14.8.1 Reconciliation of effective tax rate (Solo)					
Profit before income tax as per profit & loss account				5,753,250,256	5,196,151,448
Income tax as per applicable tax rate	37.50%	37.50%	37.50%	2,157,468,846	1,948,556,793
Factors affecting the tax charge in current year					
Tax Savings from reduced tax rates for Capital gain on share	10.00%	-0.19%	-0.07%	(11,042,322)	(3,499,203)
Tax Savings from Tax exempted income	Exempted	-13.90%	-0.23%	(799,980,958)	(12,021,432)
Tax Savings from reduced tax rates for Dividend	20.00%	-0.64%	-1.08%	(36,935,483)	(55,875,807)
Admissible expenses in current Year (i.e. Bad debt write off etc.)	37.50%	-7.56%	-8.49%	(435,146,395)	(441,170,444)
Admissible expenses in current Year	37.50%	-0.57%	-2.65%	(32,596,010)	(137,504,789)
Inadmissible expenses in current year	37.50%	18.06%	31.89%	1,039,594,577	1,656,976,284
Effect of deferred Tax	37.50%	2.65%	0.50%	152,374,560	25,852,538
Provision for uncertainty over Income Tax treatments by NBR	37.50%	0.87%	1.38%	50,000,000	71,563,291
		36.22%	**58.75%**	**2,083,736,815**	**3,052,877,231**
14.9 (a) Consolidated Provision for Current tax					
Pubali Bank Limited				1,931,362,255	3,027,024,693
Pubali Bank Securities Limited				64,832,054	80,593,786
				1,996,194,309	**3,107,618,479**
14.9.1 Deferred tax assets					
Balance at the beginning of the year				3,718,866,289	2,243,188,401
Provision made during the year for loan loss (note 14.9.1.1)				(342,899,301)	1,475,677,888
Deferred tax assets for fixed assets (note 14.9.2.1)				98,603,853	-
Provision held at the end of the year				**3,474,570,841**	**3,718,866,289**
14.9.2 Deferred tax Liabilities					
Balance at the beginning of the year				91,920,888	66,068,350
Provision made during the year * (note 14.9.2.1)				(91,920,888)	25,852,538
Provision held at the end of the year				-	**91,920,888**

Deferred tax assets/(liabilities) have been recognised and measured as per IAS-12: Income taxes and BRPD circular # 11 dated 12 December 2011. No deferred tax liability has been recognised revaluation reserve on land & Building due to the fact that taxes paid at the time of land & Building registration is final discharge of related tax liability under section 82(C) 2(d) of Income tax ordinance 1984. There is no other material temporary timing difference in classified assets/liabilities for which deferred tax assets/liability is required to be accounted for the year 2020.

* In 2019 Tk 91,920,888 has been shown in deferred tax liabilities against fixed assets but during the year 2020 it has been converted to deferred tax assets against fixed assets (note-14.9.2.1). As a consequence it is not required to maintain any deferred tax liability for 2020.

	2020 Taka	2019 Taka
14.9.1.1 Deferred Tax on loan loss provision		
Cumulative Provision made against Bad/loss	10,162,969,021	11,093,431,288
Adjustment of Corresponding provision on write off	1,160,390,387	1,176,454,517
Deductible/(taxable) temporary difference	9,002,578,634	9,916,976,771
Tax Rate	37.50%	37.50%
Closing Deferred tax assets *	3,375,966,988	3,718,866,289
Opening Deferred tax assets	3,718,866,289	2,243,188,401
Deferred tax (expense)/Income	**(342,899,301)**	**1,475,677,888**

* As per BRPD Circular no.11 dated 12 December 2011, total amount of Tk. 3,375,865,762 has been recognized as Deferred Tax Assets (DTA) included in Retained Earnings for 2020 based on the provision against classified loans and such earnings against Deferred Tax Assets (DTA) shall not be distributed as dividend. Moreover, while calculating the Regulatory Eligible capital such Deferred Tax Assets (DTA) also deducted as Regulatory adjustment from Common Equity Tier-1 (CET-1) capital. (Please see note 17)

		2020 Taka	2019 Taka
14.9.2.1	**Deferred Tax on Fixed Assets**		
	Carrying amount	3,670,712,196	4,022,867,188
	Tax Base	3,933,655,804	3,777,744,819
	Deductible/(taxable) temporary difference	(262,943,608)	245,122,369
	Tax Rate	37.50%	37.50%
	Closing Deferred tax assets/(Liabilities)	98,603,853	(91,920,888)
	Opening Deferred tax assets/(Liabilities)	(91,920,888)	(66,068,350)
	Deferred tax (expense)/Income	**190,524,741**	**(25,852,538)**
14.9.2.2	**Deferred tax (expense)/Income (net)**		
	Deferred tax (expense)/Income arisen for charging specific provision (note 14.9.1.1)	(342,899,301)	-
	Deferred tax (expense)/Income arisen in WDV of Fixed Assets (note 14.9.2.1)	190,524,741	(25,852,538)
		(152,374,560)	**(25,852,538)**

Deferred tax income of 2019 is "nil" due to the amount of Tk. 1,475,677,888 has been adjusted with retained earning rather profit of loss A/c for the year 2019 to present retrospective restatement of deferred tax income against loan loss provision.

14.9.1 (a)	**Consolidated Deferred tax (expense)/Income (net)**		
	Pubali Bank Limited	152,374,560	25,852,538
	Pubali Bank Securities Limited	150,720	475,101
		152,525,280	26,327,639
14.9.1 (b)	**Consolidated deferred tax Liabilities (Accumulated)**		
	Balance at the beginning of the year	92,058,382	65,730,743
	Provision transferred to Current tax	-	-
	Provision made during the year	(91,770,168)	26,327,639
	Provision held at the end of the year	288,214	92,058,382
14.9.2	**Tax Provision made during the Year**		
	Current Tax	1,931,362,255	3,027,024,693
	Deferred Tax	152,374,560	25,852,538
		2,083,736,815	3,052,877,231

14.10 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.

14.11 Agri credit guarantee backing reserve: TK. 70,261,300

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

14.12 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.

14.13 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.

14.14	**Provision for suspense:**		
	Provision at the beginning of the year	63,714,468	63,714,468
	Provision made during the year	-	-
	Provision transferred from reserve for unforeseen losses	102,500,000	-
	Provision at the end of the year	**166,214,468**	**63,714,468**

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.

	2020 Taka	2019 Taka

14.15 Provision for demonetized notes:TK. 989,740

This is as per accounts of earlier years. Representing provision out of demonetized notes of Tk. 1,903,830 of 1975 which remains unsettled with Bangladesh Bank.

14.16 Provision for Un-reconciled General Account debit entries

Period of un-reconciliation	Amount	Base for Provision (%)	Provision 2020	Required 2019
Upto 12 months	2,118,319	-	-	-
12 months above but less than 24 months	-	50%	-	-
24 months and above	7,723,303	100%	7,723,303	7,859,115
Required provision			7,723,303	7,859,115
Provision maintained			13,724,657	13,724,657
Excess provision			6,001,354	5,865,542

14.17 Unclaimed dividend in year wise

Year wise Dividend	2020 Total Amount	2019 Total Amount
Year of 1986	165,459	165,459
Year of 1987	198,711	198,711
Year of 1988	311,061	311,061
Year of 2001	1,316,432	1,316,432
Year of 2006	1,004,366	1,004,366
Year of 2007	1,037,633	1,037,633
Year of 2008	1,369,535	1,369,535
Year of 2009	14,576,420	15,813,946
Year of 2010	21,775,560	23,127,503
Year of 2011	16,324,998	18,468,809
Year of 2012	28,270,344	33,628,849
Year of 2013	16,754,934	19,439,336
Year of 2014	30,275,554	35,602,417
Year of 2015	34,522,134	40,892,762
Year of 2016	15,116,946	17,769,209
Year of 2017	15,260,427	18,126,215
Year of 2018	31,852,247	37,990,545
Year of 2019	96,640,483	-
Total	**326,773,244**	**266,262,788**

Amount of Tk 675,231 has been reported as unpaid dividend in 2019 but as per BSEC directives no. BSEC/CMRRCD/2021-386/03 dated 14 January 2021, it has to disclose in the financial statement as a separate line item "Unclaimed Dividend Account". It is noted that the earlier year balance has been restated and actual balance would be tk. 266,262,788. So, the difference amount of tk. 265,587,557/- had been reported in current account under total deposit account in the earlier year (note 13.1).

14.18 Start-up fund

As per Bangladesh Bank SMESPD's Circular no. 04 Dated 29 March 2021, transfer 1% from operating profit (Audited Financial Statements) for creating a start-up fund for the next 5 years since 2020 to onward and which will be disbursed to start-up entrepreneur.

14(a) Consolidated other liabilities

Pubali Bank Limited	67,894,214,623	60,679,477,157
Pubali Bank Securities Limited	2,478,261,905	1,916,174,188
Inter company payables	(378,886,730)	(83,844,988)
	69,993,589,798	**62,511,806,357**

Notes to the financial statements

as at and for the year ended 31 December 2020

		2020 Taka	2019 Taka
15	**Capital**		
15.1	**Authorized Capital**		
	2,000,000,000 ordinary shares of Tk 10 each	20,000,000,000	20,000,000,000
15.2	**Issued, subscribed and paid up capital**		
	1,600,000 ordinary shares of Tk 100 each issued for cash	160,000,000	160,000,000
	400,000 ordinary shares of Tk 100 each as bonus share in 2000	40,000,000	40,000,000
	2,000,000 ordinary shares of Tk 100 each as bonus share in 2004	200,000,000	200,000,000
	8,000,000 ordinary shares of Tk 100 each as bonus share in 2005	800,000,000	800,000,000
	9,000,000 ordinary shares of Tk 100 each as bonus share in 2006	900,000,000	900,000,000
	8,400,000 ordinary shares of Tk 100 each as bonus share in 2007	840,000,000	840,000,000
	8,820,000 ordinary shares of Tk 100 each as bonus share in 2008	882,000,000	882,000,000
	11,466,000 ordinary shares of Tk 100 each as bonus share in 2009	1,146,600,000	1,146,600,000
	173,901,000 ordinary shares of Tk 10 each as bonus share in 2010	1,739,010,000	1,739,010,000
	167,690,250 ordinary shares of Tk 10 each as bonus share in 2011	1,676,902,500	1,676,902,500
	41,922,562 ordinary shares of Tk 10 each as bonus share in 2013	419,225,620	419,225,620
	70,429,904 ordinary shares of Tk 10 each as bonus share in 2016	704,299,040	704,299,040
	47,540,185 ordinary shares of Tk 10 each as bonus share in 2017	475,401,850	475,401,850
	29,950,317 ordinary shares of Tk 10 each as bonus share in 2018	299,503,170	299,503,170
		10,282,942,180	**10,282,942,180**
	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	2020			2019
	No. of share	Percentage (%)	Amount	Amount
Directors	323,772,908	31.49%	3,237,729,080	3,084,933,370
Co-operative societies	9,328,612	0.91%	93,286,120	93,048,160
Banks and financial institutions	45,304,727	4.40%	453,047,270	432,657,020
Government	2,482	0.0002%	24,820	24,820
Other institutions	220,675,583	21.46%	2,206,755,830	2,242,304,510
Non resident Bangladeshi	7,307,425	0.71%	73,074,250	101,845,430
General public	421,902,481	41.03%	4,219,024,810	4,328,128,870
	1,028,294,218	**100.00%**	**10,282,942,180**	**10,282,942,180**

15.4 Range wise shareholdings

Range wise shareholdings	2020			2019
	Number of shareholders	Percentage of holding of shares (%)	Number of Shares	Number of Shares
Up to 500 shares	24,360	0.30%	3,103,719	3,343,117
501 to 5,000 "	12,828	2.06%	21,185,106	22,589,312
5,001 " 10,000 "	1,434	0.88%	9,022,618	9,643,759
10,001 " 20,000 "	618	0.82%	8,470,802	8,957,261
20,001 " 30,000 "	185	0.43%	4,393,717	4,650,677
30,001 " 40,000 "	186	0.59%	6,076,416	6,046,368
40,001 " 50,000 "	60	0.26%	2,647,412	2,986,649
50,001 " 100,000 "	235	1.76%	18,141,449	18,707,990
100,001 and above	317	92.90%	955,252,979	951,369,085
	40,223	**100.00%**	**1,028,294,218**	**1,028,294,218**

	2020 Taka	2019 Taka
15.5 Capital to Risk Weighted Assets Ratio (Solo):		
In terms of section 13 (2) of the Bank Company Act, 1991 and Bangladesh Bank BRPD circulars nos. 14,09,20,10,12,24,31,35,08,16,18 and 05 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, December 21, 2014 and May 31, 2016 and DOS circular no 01 dated January 01, 2015 respectively, required capital of the Bank (solo) at the close of business on 31 December 2020 was Taka 32,749,148,209 as against available going - concern capital of Taka 28,488,798,664 and gone - concern capital of Taka 19,753,554,767 making a total regulatory capital of Taka 48,242,353,431 thereby showing a surplus regulatory capital /equity of Taka 15,493,205,222 at that date. Details are shown below:		
Total assets including off-balance sheet items	702,727,230,237	582,856,183,439
Total risk-weighted assets	327,491,482,092	287,289,995,075
Required Capital (10% of risk weighted assets)	32,749,148,209	28,728,999,508
Regulatory capital held :		
i) Going - concern capital (Tier-1) (note 15.5.1)	28,488,798,664	25,524,315,639
ii) Gone - concern capital (Tier-2) (note 15.5.2)	19,753,554,767	14,116,212,833
	48,242,353,431	**39,640,528,472**
Total Regulatory Capital Surplus /(Deficit)	**15,493,205,222**	**10,911,528,964**
CRAR Based on Basel III Framework:	**14.73%**	**13.80%**
Capital Requirement :	**Held**	**Held**
Tier-1 (Minimum CET-1 @ 4.50%)	8.70%	8.88%
Tier-2 (Maximum upto 4% of total RWA or 88.89% of CET-1 which ever is higher) Balancing	6.03%	4.91%
Total	14.73%	13.80%
15.5.1 Going - concern capital (Tier-1)		
Paid-up Capital	10,282,942,180	10,282,942,180
Statutory Reserve	10,283,000,000	10,283,000,000
General Reserve	11,371,987,166	8,724,067,943
	31,937,929,346	29,290,010,123
Reciprocal crossholdings in the CET -1, Goodwill and other intangible assets	(73,163,694)	(46,828,195)
Deferred Tax assets (DTA) on loan loss provision	(3,375,966,988)	(3,718,866,289)
	28,488,798,664	**25,524,315,639**
15.5.2 Gone - concern capital (Tier-2)		
General provision (Unclassified loans + off-balance sheet exposure)	8,253,554,767	5,116,212,833
Subordinated debt/ instruments issued by the Bank	11,500,000,000	9,000,000,000
Asset revaluation Reserve up to 50% as on 31 December 2014	-	1,449,354,627
Revaluation Reserve for equity instruments up to 10% as on 31 December 2014	-	141,678,310
Revaluation reserve for securities upto 50% as on 31 December 2014	-	18,050,676
	19,753,554,767	15,725,296,446
Regulatory adjustment		
Revaluation reserve for fixed asset, securities & equipment as on 31 December 2014	-	(1,609,083,613)
	19,753,554,767	**14,116,212,833**
Total Regulatory Capital Maintained	**48,242,353,431**	**39,640,528,472**

Capital to Risk Weighted Assets Ratio (Consolidated):

In terms of section 13 (2) of the Bank Company Act, 1991 and Bangladesh Bank BRPD circulars nos. 14,09,20,10,12,24,31,35,08,16,18 and 05 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, December 21, 2014 and May 31, 2016 and DOS circular no 01 dated January 01, 2015 respectively, required capital of the Bank (Consolidated) at the close of business on 31 December 2020 was Taka 32,905,020,308 as against

	2020 Taka	2019 Taka
available going - concern capital of Taka 28,251,521,476 and gone - concern capital of Taka 19,753,554,767 making a total regulatory capital of Taka 48,005,076,243 thereby showing a surplus regulatory capital /equity of Taka 15,100,055,935 at that date. Details are shown below:		
Total assets including off-balance sheet items	703,372,823,026	583,548,103,199
Total risk-weighted assets	329,050,203,081	288,189,250,352
Required Capital (10% of risk weighted assets)	32,905,020,308	28,818,925,035
Regulatory capital held :		
i) Going - concern capital (Tier-1) (note 15.5.3)	28,251,521,476	25,216,407,353
ii) Gone - concern capital (Tier-2) (note 15.5.4)	19,753,554,767	14,116,212,833
	48,005,076,243	**39,332,620,186**
Total Regulatory Capital Surplus /(Deficit)	**15,100,055,935**	**10,513,695,151**
CRAR Based on Basel III Framework:	**14.59%**	**13.65%**
Capital Requirement :	**Held**	**Held**
Tier-1 (Minimum CET-1 @ 4.50%)	8.59%	8.75%
Tier-2 (Maximum upto 4% of total RWA or 88.89% of CET-1 which ever is higher) Balancing	6.00%	4.90%
Total	14.59%	13.65%
15.5.3 Going - concern capital (Tier-1)		
Paid-up Capital	10,282,942,180	10,282,942,180
Statutory Reserve	10,283,000,000	10,283,000,000
General Reserve	11,258,683,182	8,573,461,745
	31,824,625,362	29,139,403,925
Reciprocal crossholdings in the CET -1, Goodwill and other intangible assets	(197,136,898)	(204,130,283)
Deferred Tax assets (DTA) on loan loss provision	(3,375,966,988)	(3,718,866,289)
	28,251,521,476	**25,216,407,353**
15.5.4 Gone - concern capital (Tier-2)		
General provision (Unclassified loans + off-balance sheet exposure)	8,253,554,767	5,116,212,833
Subordinated debt/ instruments issued by the Bank	11,500,000,000	9,000,000,000
Asset revaluation Reserve up to 50% as on 31 December 2014	-	1,449,354,627
Revaluation Reserve for equity instruments up to 10% as on 31 December 2014	-	141,678,310
Revaluation reserve for securities upto 50% as on 31 December 2014	-	18,050,676
	19,753,554,767	15,725,296,446
Regulatory adjustment		
Revaluation reserve for fixed asset, securities & equipment as on 31 December 2014	-	(1,609,083,613)
	19,753,554,767	**14,116,212,833**
Total Regulatory Capital Maintained	**48,005,076,243**	**39,332,620,186**

	2020 Taka	2019 Taka

15.6 Particulars of shareholding of the directors

SL.No	Name of the directors	Status		2020		2019	
				No of shares	Amount (Tk)	No of shares	Amount (Tk)
1	Mr. Monzurur Rahman	Chairman		20,566,639	205,666,390	20,566,639	205,666,390
2	Mr. Moniruddin Ahmed	Director		33,596,545	335,965,450	33,596,545	335,965,450
3	Mr. Habibur Rahman	Director		20,581,213	205,812,130	20,581,213	205,812,130
4	Mr. Fahim Ahmed Faruk Chowdhury	Director		21,101,586	211,015,860	21,101,586	211,015,860
5	Ms. Rumana Sharif	Director	Nominated by Delta Life Insurance Co. Ltd.	51,418,707	514,187,070	51,418,707	514,187,070
			Personal	256,417	2,564,170	256,417	2,564,170
6	Mr. M. Kabiruzzaman Yaqub FCMA (UK),CGMA	Director		20,568,691	205,686,910	20,568,691	205,686,910
7	Mr. Musa Ahmed	Director		20,615,794	206,157,940	20,615,794	206,157,940
8	Mr. Azizur Rahman	Director		22,352,148	223,521,480	22,352,148	223,521,480
9	Mr. Md. Abdur Razzak Mondal	Director	Nominated by That's It fashions Ltd.	35,990,157	359,901,570	35,990,157	359,901,570
			Personal	-	-	-	-
10	Ms. Rana Laila Hafiz	Director		20,565,889	205,658,890	20,565,889	205,658,890
11	Mr. Asif Ahmed Choudhury	Director		20,569,604	205,696,040	20,569,604	205,696,040
12	Mr. Mustafa Ahmed	Director		35,845,935	358,459,350	-	-
13	Dr. Shahdeen Malik	Independent Director		-	-	-	-
14	Mr. M. Azizul Huq	Ex. Independent Director		-	-	-	-
15	Mr. Arif Ahmed Choudhury	Ex. Director		-	-	20,566,364	205,663,640
				324,029,325	**3,240,293,250**	**308,749,754**	**3,087,497,540**

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 2020	Percentage of shareholding at 31 Dec 2019
1	Mr. Monzurur Rahman	Chairman		2.00	2.00
2	Mr. Moniruddin Ahmed	Director		3.27	3.27
3	Mr. Habibur Rahman	Director		2.00	2.00
4	Mr. Fahim Ahmed Faruk Chowdhury	Director		2.05	2.05
5	Ms. Rumana Sharif	Director	Nominated by Delta Life Insurance Co. Ltd.	5.00	5.00
			Personal	0.02	0.02
6	Mr. M. Kabiruzzaman Yaqub FCMA (UK),CGMA	Director		2.00	2.00
7	Mr. Musa Ahmed	Director		2.00	2.00
8	Mr. Azizur Rahman	Director		2.17	2.17
9	Mr. Md. Abdur Razzak Mondal	Director	Nominated by That's It fashions Ltd.	3.50	3.50
			Personal	-	-
10	Ms. Rana Laila Hafiz	Director		2.00	2.00
11	Mr. Asif Ahmed Choudhury	Director		2.00	2.00
12	Mr. Mustafa Ahmed	Director		3.49	-
13	Dr. Shahdeen Malik	Independent Director		-	-
14	Mr. M. Azizul Huq	Ex. Independent Director		-	-
15	Mr. Arif Ahmed Choudhury	Ex. Director		-	2.00

	2020 Taka	2019 Taka

Mr. Mustafa Ahmed was elected as a new member of the Board of Directors by the honorable shareholders in the 37th Annual General Meeting of the Bank held on 30.07.2020 in place of Mr. Arif Ahmed Choudhury. Whereas by judgment and order dated 27.08.2020 passed by the Hon'ble High Court Division of the Supreme Court of Bangladesh in VC Company Matter No. 33 of 2020, Pubali Bank Ltd. has been directed to transact the "Agenda no. 5: To elect/re-elect of Directors" of the said 37th Annual General Meeting again through an Annual General Meeting within 6 (six) weeks of the date of receipt of the certified copy of the judgment upon consultation with BSEC. The Hon'ble High Court Division further directed that the complexion and membership of the Board of the Directors shall be as prevailed immediately prior to the holding of the AGM on 30.07.2020. The operation of the said judgment and order dated 27.08.2020 was stayed by the Hon'ble Appellate Division of the Supreme Court of Bangladesh by order dated 06.09.2020 in CMP No. 466 of 2020 filed by Pubali Bank Ltd. The ensuing Civil Petition No. 1511 of 2020 filed by Pubali Bank Ltd. has been dismissed by the Hon'ble Appellate Division as being not pressed by order dated 04.02.2021 thereby vacating the earlier order of stay dated 06.09.2020. Accordingly Mr. Mustafa Ahmed, who was declared elected a new Director on 30.07.2020 could not continue as a director from 04.02.2021 and Mr. Arif Ahmed Choudhury's position had been restored. After that, Pubali Bank Limited has transacted the "Agenda no. 5: To elect/re-elect of Directors" of the said 37th Annual General Meeting again on 18.03.2021 under BSEC the Directive no. BSEC/CMRRCD/2009-193/08 dated 10/03/2021 and Mr. Mustafa Ahmed has been re-elected as a member of the Board of Directors by the honorable shareholders in place of Mr. Arif Ahmed Choudhury.

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. Monzurur Rahman	Chairman	Rema Tea Company Ltd.	Chairman	12.13%
2	Mr. Moniruddin Ahmed	Director	Pubali Bank Securities Ltd.	Chairman	1 share
3	Mr. Habibur Rahman	Director	1. Delta Hospital Ltd.	Director	3.41%
			2. Pubali Bank Securities Ltd.	Director	1 share
			3. Global Pharmaceutical Company Ltd.	Director	-
4	Mr. Fahim Ahmed Faruk Chowdhury	Director	1. Chittagong Electric Manufacturing Co. Ltd.	Managing Director	15,000 shares
			2. F. A. C Eastern Enterprise Ltd.	Managing Director	413 shares
			3. Ranks FC Properties Ltd.	Managing Director	Representative Director of FC Holdings Ltd.
			4. FC Holdings Ltd.	Managing Director	2,000 shares
			5. CEM Readymix Concrete Ltd.	Managing Director	7,500 shares
			6. CEM UPVC Ltd.	Managing Director	7,000 shares
			7. Surgiscope Hospital Pvt. Ltd.	Director	5,000 shares
			8. Globex Pharmaceuticals Ltd.	Director	6,29,221 shares
			9. Delta Hospital Ltd.	Director	859,894 shares
			10. Euro Petro Product Ltd.	Director	1,50,000 shares
5	Ms. Rumana Sharif	Nominee Director	None	Nil	Nil
6	Mr. M. Kabiruzzaman Yaqub FCMA (UK),CGMA	Director	1 Imagine Properties Ltd.	Chairman	50%
			2. Pubali Bank Securities Ltd.	Director	1 share
7	Mr. Musa Ahmed	Director	1. Popular Jute Exchange Ltd.	Director	22.55%
			2. Popular Jute Mills Ltd.	Director	8.10%
			3. Cumilla Food and Allied Ind. Ltd.	Director	10.88%
			4. Popular Food and Allied Ind. Co. Ltd.	Director	11.35%
			5. Tejgaon Engineering and Construction Co. Ltd.	Director	22.41%
8	Mr. Azizur Rahman	Director	1. Pubali Bank Securities Ltd.	Director	1 share
			2. National Ceramic Industries Ltd.	Managing Director	50,000 shares
			3. Dressmen Fashionwear Ltd.	Director	40%
9	Mr. Md. Abdur Razzak Mondal	Nominee Director	That's It Fashions Ltd.	Nominee	-
10	Ms. Rana Laila Hafiz	Director	1. Trouser Line Ltd.	Managing Director	30.00%
			2. SP Garments Ltd.	Managing Director	25.00%
			3. SP Washing Ltd.	Managing Director	25.00%
			4. Green Valley Plantation Ltd.	Director	-
11	Mr. Asif Ahmed Choudhury	Director	1 Transcon Securities Ltd.	Managing Director	19,000 Shares
			2. Continental Travels Ltd.	Executive Director	2,000 Shares
			3. Pubali Bank Securities Ltd.	Director	1 share
12	Mr. Mustafa Ahmed	Director	Pubali Bank Securities Ltd.	Director	1 share
13	Dr. Shahdeen Malik	Independent Director	Pubali Bank Securities Ltd.	Independent Director	-

	2020 Taka	2019 Taka

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

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

15.7.5 Related party transactions

Sl No	Name of the Related parties	Relationship with Pubali Bank Ltd.	Nature of Transactions	Limit	Outstanding (Tk)
1	Mr. Habibur Rahman	Director	Credit Card	500,000	-
2	Ms. Rumana Sharif	Director	Credit Card	500,000	18,885
3	Mr. Ahmed Shafi Choudhury	Advisor	Credit Card	200,000	-
4	Mr. Md. Abdul Halim Chowdhury	Managing Director	Credit Card	500,000	-

15.7.6 Key Management personnel compensation

Amounts incurred by the Bank for the provision of key Management personnel services for the period January - December 2020 is given below

Particulars	Amount
Short-term employee benefits	107,468,000
post-employment benefits	70,472,501

Key Management personnel are those persons having directly or indirectly authority and responsibility for planning, directing and controlling the activities of the entity. Key Management personnel includes Managing Director & CEO, 02 nos. Additional Managing Directors, 20 nos. General Manager, Company Secretary, Head of Internal Control & Compliance and Chief Financial Officer.

Amount of retirement/post-employment benefits such as Gratuity fund and Providend fund have been incurred by the Bank for 04 nos. of Key Management personnel.

16 Statutory reserve

The Bank is required to transfer at least 20% of its profit before tax to the Statutory Reserve in accordance with provisions of section 24 of the Banking Companies Act, 1991. This is mandatory until such reserve is equal to the paid up capital together with amount in the share premium account.

Balance at the beginning of the year	10,283,000,000	9,983,500,000
Add: Addition during the year	-	299,500,000
Balance at the end of the year	**10,283,000,000**	**10,283,000,000**

17 Retained earnings (general reserve)

Balance at the beginning of the year *	8,724,067,943	6,701,902,909
Addition during the year:	3,669,513,441	1,843,774,217
Deferred tax income against loan loss provision	-	1,475,677,888
Transfer in: Asset revaluation reserve	6,700,000	560,000
	12,400,281,384	**10,021,915,014**
Less: Issue of dividend	(1,028,294,218)	(1,297,847,071)
Balance at the end of the year	**11,371,987,166**	**8,724,067,943**

* Balance at the beginning of the year 2019 has been restated as per "Paragraph 42 of IAS-8: Accounting Policies, Changes in Accounting estimates and Errors" for amounting TK. 2,243,188,401 for the year 2018 and Tk. 1,475,677,888 for the year 2019 due to retrospective restatement of deferred tax income against loan loss provision.

As per BRPD Circular no.11 dated 12 December 2011, total amount of Tk. 3,375,865,762 has been recognized as Deferred Tax Assets (DTA) included in Retained Earnings for 2020 based on the provision against classified loans and such earnings against Deferred Tax Assets (DTA) shall not be distributed as dividend. Moreover, while calculating the Regulatory Eligible capital such Deferred Tax Assets (DTA) also deducted as Regulatory adjustment from Common Equity Tier-1 (CET-1) capital.

Notes to the financial statements
as at and for the year ended 31 December 2020

		2020 Taka	2019 Taka
17(a)	**Consolidated Retained earnings (general reserve)**		
	Pubali Bank Limited	11,371,987,166	8,724,067,943
	Pubali Bank Securities Limited	(113,303,984)	(150,606,198)
		11,258,683,182	**8,573,461,745**
18	**Other reserves**		
18.1	**Assets revaluation reserve**		
	Balance at the beginning of the year	2,943,748,065	2,914,562,739
	Addition on revaluation of Investment During the Year	8,968,673,541	441,363,113
	Disposal on revaluation of Investment during the year	(4,551,567,474)	(411,427,787)
	Revaluation adjustment of Fixed Assets *	(520,443,941)	-
	Transfer out: Fixed Asset revaluation reserve	(8,249,798)	(750,000)
		6,832,160,393	2,943,748,065
	Share forfeiture account	333,984	333,984
	Balance at the end of the year	6,832,494,377	2,944,082,049

* Total value of Land & Buildings has been decreased from Tk. 3,177,677,337 to Tk. 2,657,233,396 resulting total decreased of Tk. 520,443,941 which has been adjusted with the assets revaluation reserve.

18.2	**Exchange Equalization Fund**		
	Balance at the beginning of the year	29,959,972	29,959,972
	Addition during the year	-	-
	Balance at the end of the year	29,959,972	29,959,972
18.3	**Foreign currency translation reserve**		
	Balance at the beginning of the period	7,653,297	6,592,698
	Addition during the period	-	1,060,599
	Balance at the end of the period	7,653,297	7,653,297
		6,870,107,646	**2,981,695,318**
18(a)	**Consolidated Other reserves**		
	Pubali Bank Limited	6,870,107,646	2,981,695,318
	Pubali Bank Securities Limited	-	-
		6,870,107,646	**2,981,695,318**
19	**Profit & loss account surplus**		
	Balance at the beginning of the year	-	-
	Profit after tax during the year	3,669,513,441	2,143,274,217
		3,669,513,441	**2,143,274,217**
	Appropriation for the year		
	Statutory reserve	-	299,500,000
	General reserve	3,669,513,441	1,843,774,217
		3,669,513,441	**2,143,274,217**
	Balance at the end of the year	-	-
19(a)	**Consolidated Profit & loss account surplus**		
	Balance at the beginning of the year	-	-
	Profit after tax during the year	3,706,815,668	2,162,902,429
		3,706,815,668	**2,162,902,429**
	Appropriation for the year		
	Statutory reserve	-	299,500,000
	General reserve	3,706,815,668	1,863,402,429
		3,706,815,668	**2,162,902,429**
	Balance at the end of the year	**-**	**-**

		2020 Taka	2019 Taka
20	**Non-controlling interest**		
	Balance at the beginning of the year	881	874
	Share of current year profit	13	7
		894	**881**
21	**Contingent Liabilities**		
	Acceptances & endorsements (Note 21.1)	53,089,224,132	44,598,746,938
	Letters of guarantee (Note 21.2)	25,345,020,741	21,614,440,241
	Irrevocable letters of credit (Note 21.3)	46,369,281,181	30,104,501,790
	Bills for collection (Note 21.4)	10,515,149,103	9,862,686,330
	Other contingent liabilities	2,376,488,786	2,319,836,392
		137,695,163,943	**108,500,211,691**

* The amount of Tk. 2,347,327,393 has been claimed by the different borrowers against the Bank regarding Loans & Advances and balance amount of Tk. 29,161,393 considered as other contingent liabilities due to a law suit has been filed before the honorable high court division of the supreme court which is still pending.

21.1	**Acceptance & Endorsements**		
	Foreign	49,840,711,945	41,006,848,786
	Local	3,248,512,187	3,591,898,152
		53,089,224,132	44,598,746,938
21.1.1	**Acceptance & Endorsements in favour of:**		
	Government	-	-
	Director/Executives/Officers	-	-
	Bank and other financial institutions	-	-
	Other customer	53,089,224,132	44,598,746,938
		53,089,224,132	44,598,746,938
21.2	**Letter of Guarantee**		
	Foreign	569,065,763	594,841,674
	Local	24,775,954,978	21,019,598,567
		25,345,020,741	21,614,440,241
21.2.1	**Letter of Guarantee in favour of:**		
	Government	-	-
	Director/Executives/Officers	-	-
	Bank and other financial institutions	-	-
	Other customer	25,345,020,741	21,614,440,241
		25,345,020,741	21,614,440,241
21.3	**Letter of Credit**		
	Foreign	40,835,763,883	25,356,446,027
	Local	5,533,517,298	4,748,055,763
		46,369,281,181	30,104,501,790
21.3.1	**Letter of Credit in favour of:**		
	Government	-	-
	Director/Executives/Officers	-	-
	Bank and other financial institutions	-	-
	Other customer	46,369,281,181	30,104,501,790
		46,369,281,181	30,104,501,790
21.4	**Bills for Collection**		
	Foreign	4,057,531,935	3,700,001,011
	Local	6,457,617,168	6,162,685,319
		10,515,149,103	9,862,686,330

		2020 Taka	2019 Taka
21.4.1	**Bills for Collection in favour of:**		
	Government	-	-
	Director/Executives/Officers	-	-
	Bank and other financial institutions	-	-
	Other customer	10,515,149,103	9,862,686,330
		10,515,149,103	9,862,686,330
22	**Interest income**		
	Loans	3,090,109,089	3,071,252,772
	Cash credits	3,937,642,291	4,907,442,359
	Over drafts	5,912,269,578	6,638,686,950
	Loan against imported merchandise	268,351	307,318
	Loan against trust receipt	790,397,727	1,078,747,046
	Inland bill purchased & demand draft purchased	105,119,459	998,840,192
	Foreign bill purchased and Export development fund	97,125,647	106,466,347
	Interest on Export Bill Discounting (EBD)	1,847,811	3,537,659
	Packing credits	30,830,214	31,172,889
	Payments against document	709,279,511	136,840,456
	Agricultural credits & rural credits	5,637,100	12,455,390
	Sundries account	129,244,268	90,314,539
	CLS account	997,701,499	1,409,462,278
	Secured mortgages	1,711,679,606	1,459,628,576
	Loan against Shiksha Sanchay Prokalpa	233,620	391,772
	Loan against Non-resident Credit Scheme	4,840	3,272
	Lease finance	432,194,182	622,739,075
	Loan against Pubali Sanchay Prokalpa	10,783,253	11,804,319
	Term loans	3,777,152,926	4,246,248,347
	Loan against Pubali Pension Scheme	98,883,223	103,661,808
	Interest on loans and advances	**21,838,404,195**	**24,930,003,364**
	Interest on money at call and short notice	84,990,013	102,749,017
	Interest on balance with other banks	293,252,910	194,055,115
	Interest on fixed deposits with other banks	500,235,195	833,844,722
		22,716,882,313	**26,060,652,218**
22(a)	**Consolidated Interest Income**		
	Pubali Bank Limited	22,716,882,313	26,060,652,218
	Pubali Bank Securities Limited	23,188,327	14,069,662
		22,740,070,640	**26,074,721,880**
23	**Interest paid on deposits, borrowings, etc.**		
	Fixed deposit	7,031,593,112	6,281,112,100
	Short-notice deposit	1,977,014,492	1,864,580,959
	Savings bank deposit	1,288,349,591	1,411,043,913
	Deposit pension scheme	518,147	1,645
	Pubali bank pension scheme	3,058,324,421	2,621,817,783
	Monthly monafa based deposit scheme	475,906	3,802,353
	Pubali Sanchay Prokalpa	241,740,539	216,141,653
	Shiksha Sanchay Prokalpa	15,983,614	16,086,443
	Dwigun Sanchay Prokalpa	1,943,227,259	2,082,349,218
	Interest on MPSD	345,478,382	360,351,253
	Interest on TBSD	529,838,693	483,636,100
	Interest on MFD	268,102,432	256,895,077
	Sundry accounts	9,060,476	8,280,876
	Interest paid on Deposits	**16,709,707,064**	**15,606,099,373**
	Interest on call loan	13,800,944	36,194,167
	Interest on borrowings from Bank and Fis	550,630,522	767,456,789

		2020 Taka	2019 Taka
	Interest on repo borrowings	34,275,739	9,587,796
	Interest on Treasury bond	1,566,090,336	757,639,192
	Interest on borrowings from Bangladesh Bank	2,903,372	10,701,498
	Interest on Subordinated Bond	974,434,795	504,093,151
		19,851,842,772	**17,691,771,966**
24	**Investment Income**		
	Interest on treasury bill	1,420,037,458	605,035,520
	Interest on treasury bond	7,423,583,546	4,570,195,186
	Interest on other bond	1,315,879,711	1,483,536,887
	Interest on Bridge Loans & debentures	1,405,324	-
	Gain/ (Loss) on sale of shares	40,153,897	12,724,374
	Interest on Reverse Repo	161,960,099	109,080,391
	Gain on Treasury Bill & Treasury Bond	2,133,282,555	32,057,153
	Dividend on shares	211,059,905	319,290,327
		12,707,362,495	**7,131,919,838**
24(a)	**Consolidated Income from investment**		
	Pubali Bank Limited	12,707,362,495	7,131,919,838
	Pubali Bank Securities Limited	183,550,974	315,142,774
		12,890,913,469	**7,447,062,612**
25	**Commission, exchange and brokerage**		
	SC, LSC, DD, TT, MT and PO	31,798,245	39,777,346
	Foreign L/C-Import/others	333,644,169	294,490,143
	Locl L/C-Import/others	38,076,763	51,334,402
	Issuance of foreign guarantee	6,553,324	4,046,793
	Issuance of local guarantee	272,390,205	225,716,870
	Issuance of traveller's cheque	1,428	4,200
	Other transactions	213,309,067	200,329,212
	Miscellaneous Handling Commission-Import/others	310,433,459	340,950,238
	Consumers credit	1,666,742	2,097,409
	Commission on stationery articles-Import/other	3,237,456	1,807,279
	Income A/C commission Online	-	-
	Total commission	**1,211,110,858**	**1,160,553,892**
	Exchange (Note 25.1)	386,954,118	591,010,322
		1,598,064,976	**1,751,564,214**
25.1	**Exchange**		
	Exchange gain	1,886,311,129	2,084,020,676
	Exchange loss	(1,499,357,011)	(1,493,010,354)
		386,954,118	**591,010,322**
25(a)	**Consolidated Commission, exchange and brokerage**		
	Pubali Bank Limited	1,598,064,976	1,751,564,214
	Pubali Bank Securities Limited	24,547,070	19,957,233
		1,622,612,046	**1,771,521,447**
26	**Other operating income**		
	Rent recovery	4,683,541	2,978,200
	Postage (Import/others) and telecommunication recovery	11,618,786	11,415,227
	Miscellaneous income -Import/others	91,220,884	96,108,834
	Miscellaneous income supervision and monitoring	1,188,680	2,900
	Miscellaneous income transfer fee	917,064	768,025
	Recovered from bad debt written off	-	30,828
	Swift Income-Import/others	81,874,994	118,975,770

		2020 Taka	2019 Taka
	Fee on card transection	9,215,257	8,761,095
	Application fee of CLS account	556,143	772,230
	Account opening charge of CLS account	392,300	847,700
	Service charge	40,551,581	18,362,505
	Income on sale of leased asset	4,032,367	2,849,597
	Processing Fee on Pubali Abashon	29,000	28,000
	Processing Fee on Lease Financing	-	7,300
	Online service charge	445,536,386	443,402,714
	Accounts maintenance fee	267,373,151	316,264,523
	SMS service charges	106,042,427	94,993,488
	Card Fees and charges	26,003,893	23,378,813
	CIB service charges	14,203,900	13,678,075
	LC Acceptance charges	40,253,413	-
	LC Payment & Discrepancy Charges	6,796,487	-
	Income on sale of Bank's property	1,071,933	3,885,542
		1,153,562,187	**1,157,511,366**
26(a)	**Consolidated Other operating income**		
	Pubali Bank Limited	1,153,562,187	1,157,511,366
	Pubali Bank Securities Limited	55,012,365	62,058,575
		1,208,574,552	**1,219,569,941**
27	**Salary and allowances**		
	Basic salary	2,518,383,622	2,322,924,035
	House rent allowances	1,394,343,986	1,359,244,447
	Medical allowances	291,900,286	296,567,120
	House maintenance	189,635,551	192,843,624
	Other allowances	1,208,202,657	631,198,006
	Contributory provident fund	225,203,687	217,749,868
	General provident fund	225,962	304,947
	Bonus to employees	449,319,442	412,798,030
		6,277,215,193	**5,433,630,077**
27(a)	**Consolidated Salary and allowances**		
	Pubali Bank Limited	6,277,215,193	5,433,630,077
	Pubali Bank Securities Limited	29,795,454	34,130,670
		6,307,010,647	**5,467,760,747**
28	**Rent, taxes, insurance, electricity, etc.**		
	Bank premises	576,129,661	495,837,067
	Godown	2,480,223	3,060,770
	Total Rent expenses	578,609,884	498,897,837
	Reversal of rent expenses due to depreciation and interest expenses under IFRS 16	578,609,884	498,897,837
	Rent expenses after reversal	**-**	-
	Rates and taxes	20,931,697	15,398,370
	Insurance (vault)	1,182,819	47,846,191
	Insurance premium	297,108,573	203,651,247
	Electricity	148,037,958	152,572,840
	Electric fittings and fixtures	40,790,008	31,141,236
	Water and sewerage bill	4,991,772	6,206,719
		513,042,827	**456,816,603**

Total rent expenses for the year 2020 was Tk.578,609,884 as per IAS 17. To comply with "IFRS 16 Lease" rent expense has been adjusted with Depreciation Tk 409,790,420 arises against Right of use assets (Annex-A), Interest expense of Tk 96,919,450 and VAT on rent expense of Tk. 72,358,364 under note no. 36.

Notes to the financial statements

as at and for the year ended 31 December 2020

	2020 Taka	2019 Taka
28(a) Consolidated Rent, taxes, insurance, electricity, etc.		
Pubali Bank Limited	513,042,827	456,816,603
Pubali Bank Securities Limited	580,415	650,673
	513,623,242	**457,467,276**
29 Legal expenses		
Lawyers' charges	15,795,830	23,015,327
Court fees and other expenses	3,240,635	7,698,975
	19,036,465	**30,714,302**
29(a) Consolidated Legal expenses		
Pubali Bank Limited	19,036,465	30,714,302
Pubali Bank Securities Limited	-	676,900
	19,036,465	**31,391,202**
30 Postage, stamp, telecommunication, etc.		
Postage	14,125,009	14,264,486
Telegram	376,420	568,284
Stamp	32,952	81,205
Telephone	18,592,079	18,916,984
SWIFT charges	12,421,668	41,217,417
SMS charges	8,262,076	8,327,129
Tele rate/ Router	2,654,846	2,499,386
Internet charges	1,358,258	1,073,795
	57,823,308	**86,948,686**
30(a) Consolidated Postage, stamp, telecommunication, etc.		
Pubali Bank Limited	57,823,308	86,948,686
Pubali Bank Securities Limited	244,738	316,265
	58,068,046	**87,264,951**
31 Stationery, printing, advertisement, etc.		
Table stationery	33,355,134	32,068,669
Computer stationery	28,805,430	25,243,976
Printing and stationery	5,551,795	8,148,029
Consumption of books and forms	10,788,222	14,968,952
Advertisement	39,779,342	58,341,710
	118,279,923	**138,771,336**
31(a) Consolidated Stationery, printing, advertisement, etc.		
Pubali Bank Limited	118,279,923	138,771,336
Pubali Bank Securities Limited	248,143	406,149
	118,528,066	**139,177,485**
32 Managing Director's salary and fees		
Basic pay	8,400,000	8,400,000
Allowances	2,960,000	2,760,000
Bank's contributory provident fund	840,000	840,000
Bonus	2,540,000	2,540,000
	14,740,000	**14,540,000**
33 Directors' fees		
Meeting fees and Honorarium	5,331,600	4,999,166
Meeting expenses	764,219	1,186,977
Meeting related travelling allowances	185,893	755,900
	6,281,712	**6,942,043**

		2020 Taka	2019 Taka
33(a)	**Consolidated Directors' fees**		
	Pubali Bank Limited	6,281,712	6,942,043
	Pubali Bank Securities Limited	1,001,000	801,500
		7,282,712	**7,743,543**

Each director was paid TK 8,000 per meeting per attendance as per BRPD circular no.11 dated 4 October 2015.

34	**Auditors' fees**		
	Statutory audit	1,529,500	1,437,500
		1,529,500	**1,437,500**
34(a)	**Consolidated Auditors' fees**		
	Pubali Bank Limited	1,529,500	1,437,500
	Pubali Bank Securities Limited	162,250	125,000
		1,691,750	**1,562,500**
35	**Depreciation and repair of bank's assets**		
	Repairs to fixed assets	35,260,211	39,651,674
	Maintenance of assets	144,982,007	150,410,759
	Maintenance of assets -Wages	16,515,201	4,073,814
	*Depreciation on fixed assets	768,846,537	699,554,434
		965,603,956	**893,690,681**

*Depreciation on fixed assets included Tk. 409,790,420 for depreciation of ROU (Right Of Use) Assets as per IFRS-16 for the year 2020

35(a)	**Consolidated depreciation and repair of bank's assets**		
	Pubali Bank Limited	965,603,956	893,690,681
	Pubali Bank Securities Limited	2,047,475	1,434,291
		967,651,431	**895,124,972**
36	**Other expenses**		
	Repairs to rented property	2,152,717	1,835,813
	Newspapers	2,558,201	3,424,010
	Renovation under Construction Works	39,903,345	41,479,025
	Petrol consumption	49,568,593	59,807,963
	Travelling	44,625,821	60,516,292
	Donations	245,078,489	98,513,307
	Honorarium	293,242	424,000
	Subscriptions	16,067,539	21,546,086
	Sub-ordinate staff clothing	12,826,529	11,686,910
	Conveyance	21,922,690	24,189,296
	Entertainment	28,765,681	32,929,631
	Training	7,858,933	35,005,088
	Photocopying	114,524	76,587
	Branches' opening expenses	2,507,509	3,232,456
	Shifting expenses	3,991,980	1,579,268
	Carrying expenses	2,587,049	1,590,411
	Professional fees	27,518,096	33,438,245
	Security and Auxiliary Services	139,932,506	113,665,163
	Gun license fees	6,247,315	5,373,851
	Overtime	23,110,128	28,017,619
	Employees recreation (Lunch subsidy)	234,290,501	243,610,144
	Promotional expenses	73,286,780	77,192,328
	Gratuity	557,262,160	600,355,500
	Group insurance	18,302,625	16,615,278
	Car allowance	37,911,333	32,372,300

	2020 Taka	2019 Taka
Chemicals for office equipment's	660,270	664,090
Loss on sale of bank's property	1,986,626	1,621,575
CDBL fees	137,223	224,604
Annual general meeting	158,960	1,717,966
Bandwidth charges	86,385,633	85,940,896
Card expenditure	25,947,792	28,711,602
VAT on Rent Expenses	72,358,364	63,323,173
Interest Expenses for lease liability as per IFRS-16	96,919,450	76,443,863
Bank Charges & Others	2,766,879	595,545
Nostro account charges	11,312,896	8,283,168
Card transection fee	3,993,710	3,810,980
Additional Profit Payable A/C For Islamic Banking	-	600,000
Miscellaneous	69,604,873	67,314,156
	1,970,916,962	**1,887,728,189**
36(a) Consolidated Other expenses		
Pubali Bank Limited	1,970,916,962	1,887,728,189
Pubali Bank Securities Limited	5,590,763	7,333,703
	1,976,507,725	**1,895,061,892**
37 Provision for Loans, Advances, Investments and Other Assets		
Classified loans and advances (note 14.1.1)	461,149,107	2,525,186,311
Unclassified loans and advances (note 14.1.2)	2,072,864,396	1,264,560,096
Provision for bad debt offsetting	-	1,307,265
Provision for diminution in value of Investments	8,500,000	414,200,000
Provision for Start-up fund	83,795,594	-
	2,626,309,097	**4,205,253,672**
37(a) Consolidated Provision for Loans, Advances, Investments and Other Assets		
Pubali Bank Limited	2,626,309,097	4,205,253,672
Pubali Bank Securities Limited	144,343,497	264,655,994
	2,770,652,594	**4,469,909,666**
38 Provision for exposure of off balance sheet items		
Provision for exposure against off-balance sheet items	-	56,400,000
	-	**56,400,000**
38.1 Details of provision for exposure against off-balance sheet items		
Particulars		
Acceptances & endorsements	53,089,224,132	44,598,746,938
Letter of guarantee	25,345,020,741	21,614,440,241
Irrevocable letters of credit	46,369,281,181	30,104,501,790
Bills for collection	10,515,149,103	9,862,686,330
Other contingent liabilities	2,376,488,786	2,319,836,392
Total Contingent Liabilities:	**137,695,163,943**	**108,500,211,691**
Less: Margin		
Letter of guarantee	-	-

			2020 Taka	2019 Taka
Irrevocable letters of credit			-	-
Bills for collection			-	-
			-	-
			137,695,163,943	**108,500,211,691**

	Base for Provision	Rate of Provision (%)		
Acceptances & endorsements	53,089,224,132	1	530,892,241	445,987,469
Letter of guarantee	25,345,020,741	1	253,450,207	216,144,402
Irrevocable letters of credit	46,369,281,181	1	463,692,812	301,045,018
Other contingent liabilities	2,376,488,786	1	23,764,888	23,198,364
Required provision			**1,271,800,148**	**986,375,253**
Provision maintained			1,271,950,000	986,400,000
Excess provision			**149,852**	**24,747**

39 Provision for doubtful investment

Provision for diminution in value of Investments	8,500,000	414,200,000
	8,500,000	**414,200,000**

40 Receipts from other operating activities

Exchange	386,954,118	591,010,322
Other operating income	1,152,490,254	1,157,480,538
	1,539,444,372	**1,748,490,860**

40(a) Consolidated Receipts from other operating activities

Pubali Bank Limited	1,539,444,372	1,748,490,860
Pubali Bank Securities Limited	82,215,925	205,010,206
	1,621,660,297	**1,953,501,066**

41 Cash payments for other operating activities

Rent ,taxes, insurance, electricity etc.	1,136,121,459	456,816,603
Director's fees	6,926,490	6,942,043
Charges on loan losses	-	851,133
Repairs of bank's assets	197,681,324	194,136,247
Other expenses	1,872,125,129	1,887,728,189
	3,212,854,401	**2,546,474,215**

41(a) Consolidated Cash payments for other operating activities

Pubali Bank Limited	3,212,854,401	2,546,474,215
Pubali Bank Securities Limited	9,874,784	11,744,481
	3,222,729,185	**2,558,218,696**

42 Increase/(decrease) of other assets

Closing other assets		
Stationery and Stamps	98,426,473	99,588,895
Advance security deposit, advance rent etc.	181,125,904	113,443,759
Investment in SWIFT AC	3,387,591	3,387,591
Stock dealing account	378,872,920	83,831,178
Suspense Account	359,902,851	295,551,874
Deferred tax assets	3,474,570,841	3,718,866,289
Demonetized Notes	1,903,830	1,903,830
Items in transit	5,971,619,730	5,240,523,069
Drafts payable (Dr. Balance)	17,021,131	17,589,526
Sanchaypatra	16,655,185	78,967,851
Clearing house adjustment	1,383,920	856,821
Others	3,562,388	3,562,388
	10,508,432,764	**9,658,073,071**

	2020 Taka	2019 Taka
Opening other assets		
Stationery and stamps	99,588,895	75,918,940
Advance security deposit, advance rent etc.	113,443,759	273,263,628
Investment in SWIFT AC	3,387,591	3,387,591
Stock dealing account	83,831,178	201,451,496
Deferred tax assets	3,718,866,289	2,243,188,401
Suspense account	295,551,874	352,686,540
Demonetized notes	1,903,830	1,903,830
Items in transit	5,240,523,069	3,910,178,215
Drafts payable (Dr. Balance)	17,589,526	19,763,417
Sanchaypatra	78,967,851	-
Clearing house adjustment	856,821	4,939,349
Others	3,562,388	7,879,385
	9,658,073,071	**7,094,560,792**
	(850,359,693)	**(2,563,512,279)**
42(a) Consolidated increase/(decrease) of other assets		
Pubali Bank Limited	(850,359,693)	(2,563,512,279)
Pubali Bank Securities Limited	(119,078,564)	(97,184,299)
	(969,438,257)	**(2,660,696,578)**
43 Increase/(decrease) of other liabilities		
Closing other liabilities		
Interest suspense	4,569,922,382	3,414,216,268
Interest suspense on underwriting advances	221,286,952	234,170,921
Interest suspense against 70% Agri Loan	192,382	192,382
	4,791,401,716	**3,648,579,571**
Opening other liabilities		
Interest suspense	3,414,216,268	2,312,889,947
Interest suspense on underwriting advances	234,170,921	235,599,888
Interest suspense against 70% Agri Loan	192,382	192,382
	3,648,579,571	**2,548,682,217**
	1,142,822,145	**1,099,897,354**
43(a) Consolidated increase/(decrease) of other liabilities		
Pubali Bank Limited	1,142,822,145	1,099,897,354
Pubali Bank Securities Limited	352,761,446	(136,915,368)
	1,495,583,591	**962,981,986**
44 Cash and Cash Equivalents at End of Period		
Cash in hand (including foreign currencies)	4,137,466,359	4,208,445,687
Balance with Bangladesh Bank and its agent bank(s)	20,008,973,263	21,694,542,794
Balance with other banks and financial institutes	18,580,803,997	13,086,547,908
Prize bonds	27,572,001	27,248,101
Money at call on short notice	1,200,786,667	126,786,667
	43,955,602,287	**39,143,571,157**
44(a) Consolidated Cash and Cash Equivalents at End of Period		
Pubali Bank Limited	43,955,602,287	39,143,571,157
Pubali Bank Securities Limited	1,340,479,296	989,804,123
	45,296,081,583	**40,133,375,280**

		2020 Taka	2019 Taka

45 Assets and liabilities as at 31 December 2020 denominated in foreign currencies have been converted to Bangladesh Taka at the following exchange rates:

Currency	Currency unit	Equivalent Taka
European Currency	EURO	104.1951
Japanese Yen	JPY	0.8206
Pound Sterling	GBP	114.8292
Swiss Franc	CHF	96.1028
US Dollar	USD	84.8011
ACU Dollar	ACUD	84.8011
AED	AED	23.0846

46 Basic and Diluted Earnings Per Share (EPS):

Net profit after taxes	3,669,513,441	2,143,274,217
Number of ordinary shares outstanding	1,028,294,218	1,028,294,218
Basic and Diluted Earnings Per Share (EPS)	**3.57**	**2.08**

46(a) Consolidated Basic and Diluted Earnings Per Share (EPS)

Net profit after tax	3,706,815,668	2,162,902,429
Number of ordinary shares outstanding	1,028,294,218	1,028,294,218
Basic and Diluted Earnings Per Share (EPS)	**3.60**	**2.10**

Earnings per share has been calculated in accordance with BAS-33:"Earnings Per Share (EPS)".

Net Asset Value Per Share (NAVPS):

Total Shareholders' Equity	38,808,036,992	32,271,705,441
Number of ordinary shares outstanding	1,028,294,218	1,028,294,218
	37.74	*** 31.38**

Consolidated Net Asset Value Per Share (NAVPS):

Total Shareholders' Equity	38,694,733,008	32,121,099,243
Number of ordinary shares outstanding	1,028,294,218	1,028,294,218
	37.63	**31.24**

* Restated due to retrospective restatement of deferred tax income against loan loss provision. (Details see note no.17)

Net Operating Cash Flow Per Share (NOCFPS):

Net Cash from/(used in) Operating activities	3,779,561,413	(429,836,189)
Number of ordinary shares outstanding	1,028,294,218	1,028,294,218
	3.68	**(0.42)**

Consolidated Net Operating Cash Flow Per Share (NOCFPS):

Net Cash from/(used in) Operating activities	4,129,548,361	(333,132,705)
Number of ordinary shares outstanding	1,028,294,218	1,028,294,218
	4.02	**(0.32)**

47 Reconciliation of statement of cash flows from operating activities

Profit before provision	**8,379,559,353**	**9,457,805,120**
Adjustment for non cash items		
Depreciation on fixed asset	743,480,965	686,414,321
Amortization on software	25,365,572	13,140,113
	768,846,537	**699,554,434**

Notes to the financial statements
as at and for the year ended 31 December 2020

	2020 Taka	2019 Taka
Adjustment with non-operating activities		
Gain on sale of shares	(40,153,897)	(12,724,374)
Capital gain on sale of treasury bond	(2,133,282,555)	(32,057,153)
Gain on sale of Bank's property	(1,071,933)	(3,885,542)
Loss on sale of bank's property	1,986,626	1,621,575
	(2,172,521,759)	**(47,045,494)**
Changes in operating assets and liabilities		
Changes in loans & advances	(28,544,225,212)	(16,125,164,839)
Changes in deposit and other accounts	70,189,710,109	50,519,120,006
Changes in investment	(40,711,277,888)	(42,862,791,532)
Changes in borrowings	516,449,131	(182,009,823)
Changes in other assets	(3,530,246,618)	(1,231,079,061)
Changes in other liabilities	1,757,133,601	1,782,880,579
	(322,456,877)	(8,099,044,670)
Income Tax Paid	**(2,873,865,841)**	**(2,441,105,579)**
Net cash flows from operating activities	**3,779,561,413**	**(429,836,189)**

48 Highlights on the Overall Activities of the Bank for the period ended 31 December' 2020 and 31 December' 2019

Particulars	2020 Taka	2019 Taka
1. Paid- up Capital	**10,282,942,180**	**10,282,942,180**
2. Total Regulatory Capital	**48,242,353,431**	**39,640,528,472**
3. Regulatory Capital Surplus	**15,493,205,222**	**10,911,528,964**
4. Total Assets	**565,032,066,294**	**478,074,838,037**
5. Total Deposits	**429,343,017,243**	**359,153,307,134**
6. Total Loans & Advances	**315,578,899,240**	**287,034,674,028**
7. Total Contingent Liabilities	**137,695,163,943**	**108,500,211,691**
8. Loan Deposit Ratio (%)	**70.71%**	**76.21%**
9. Ratio of Classified Loan to total Loans & Advances (%)	**2.73%**	**4.38%**
10. Profit after taxation & Provision	**3,669,513,441**	**2,143,274,217**
11. Amount of Classified Loan during the current year	**8,622,010,169**	**12,560,600,473**
12. Provision kept against Classified Loans	**10,257,809,481**	**11,429,947,167**
13. Provision Surplus	**1,000,000,000**	**1,823,201**
14. Cost of Fund (%)	**7.09%**	**7.52%**
15. Interest Earning Assets	**473,085,436,982**	**386,774,116,326**
16. Non Interest Earning Assets	**91,946,629,312**	**91,300,721,711**
17. Return on Investment(ROI) [PAT/ Shareholders' Equity]	**9.46%**	**7.51%**
18. Return on Assets (ROA)	**0.65%**	**0.45%**
19. Income from Investment	**12,707,362,495**	**7,131,919,838**
20. Earnings per Share (Taka)	**3.57**	**2.08**
21. Net Income per Share (Taka)	**3.57**	**2.08**
22. Price Earning Ratio (Times)	**6.75**	**11.51**

Schedule of Fixed Assets as at 31 December, 2020

Annexure- A

Particulars	Cost					Rate (%)	Depreciation/Amortization					Net book value at 31 December 2020 Taka
	Balance at 1 January 2020 Taka	Additions/ Revaluation during the Year Taka	Disposal during the year Taka	Adjustments during the year Taka	Balance at 31 December 2020 Taka		Balance at 1 January 2020 Taka	Charge for the Year Taka	Disposal during the year Taka	Adjustments during the year Taka	Balance at 31 December 2020 Taka	
Land (including leased)	2,253,745,642	(6,923,414)	8,249,798	-	2,238,572,430	Fixed	31,344,513	1,178,971	-	-	32,523,484	2,206,048,946
Building	932,181,493	(513,520,527)	-	-	418,660,966	0.025	247,015,781	17,129,143	-	-	264,144,924	154,516,042
Furniture and Fixture	804,489,289	136,650,443	14,109,760	(24,851)	927,005,121	0.10	340,338,451	53,247,075	10,307,355	79,906	383,358,077	543,647,044
Computer & Computer Accessories	1,255,793,507	161,880,604	35,189,345	-	1,382,484,766	0.30	1,066,104,137	114,472,638	35,127,976	748	1,145,449,547	237,035,219
Machinery and Equipment	956,239,191	154,246,494	27,726,341	136,539	1,082,895,883	0.20	619,707,673	117,222,754	27,567,398	18,008	709,381,037	373,514,846
Vehicles	308,794,861	35,900,000	5,200,000	2,700,000	342,194,861	0.20	217,767,171	30,439,964	4,550,000	2,699,990	246,357,125	95,837,736
Right of use Assets (ROU)	1,564,590,118	669,134,982	-	-	2,233,725,100		406,654,216	409,790,420	-	-	816,444,636	1,417,280,464
At 31 December 2020	**8,075,834,101**	**637,368,582**	**90,475,244**	**2,811,688**	**8,625,539,127**		**2,928,931,942**	**743,480,965**	**77,552,729**	**2,798,652**	**3,597,658,830**	**5,027,880,297**
At 31 December 2019	**6,082,264,281**	**2,088,183,229**	**93,256,966**	**(1,356,443)**	**8,075,834,101**		**2,332,053,102**	**686,414,321**	**88,007,020**	**(1,528,461)**	**2,928,931,942**	**5,146,902,159**

Schedule of Intangible asset as at 31 December, 2020

Particulars	Cost					Rate (%)	Depreciation/Amortization					Net book value at 31 December 2020 Taka
	Balance at 1 January 2020 Taka	Additions/ Revaluation during the Year Taka	Disposal during the year Taka	Adjustments during the year Taka	Balance at 31 December 2020 Taka		Balance at 1 January 2020 Taka	Charge for the Year Taka	Disposal during the year Taka	Adjustments during the year Taka	Balance at 31 December 2020 Taka	
Computer Software	340,831,979	51,577,004	-	-	392,408,983	0.30	306,931,048	25,365,572	-	-	332,296,620	60,112,363
At 31 December 2020	**340,831,979**	**51,577,004**	**-**	**-**	**392,408,983**		**306,931,048**	**25,365,572**	**-**	**-**	**332,296,620**	**60,112,363**
At 31 December 2019	**325,927,379**	**14,904,600**	**-**	**-**	**340,831,979**		**293,790,935**	**13,140,113**	**-**	**-**	**306,931,048**	**33,900,931**
At 31 December 2020	**8,416,666,080**	**688,945,586**	**90,475,244**	**2,811,688**	**9,017,948,110**		**5,180,803,090**	**768,846,537**	**77,552,729**	**2,798,652**	**3,929,955,450**	**5,087,992,660**
At 31 December 2019	**6,408,191,660**	**2,103,087,829**	**93,256,966**	**(1,356,443)**	**8,416,666,080**		**2,625,844,037**	**699,554,434**	**88,007,020**	**(1,528,461)**	**3,235,862,990**	**5,180,803,090**

Tax Status Report (As at 31 December 2020)

Annexure - B

(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	1996	1997-1998	-	-	8,746,578	(8,746,578)	Finalized
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 favour of the Bank but revised DCT assessment not yet received
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)	Finalized
8	2006	2007-2008	14,720,201	14,720,201	45,218,734	(30,498,533)	Case pending with DCT for rectification
9	2007	2008-2009	1,393,494,119	1,389,484,502	1,308,322,065	81,162,437	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	2,541,468,038	2,173,640,035	367,828,003	Reference application filed with High Court under process
17	2015	2016-2017	3,210,437,445	2,948,699,658	2,807,215,394	141,484,264	Reference application filed with High Court under process
18	2016	2017-2018	2,620,944,216	2,500,095,931	2,612,171,061	(112,075,130)	Case pending with TAT
19	2017	2018-2019	2,714,690,189	2,644,918,173	2,504,853,486	140,064,687	Reference application filed with High Court under process
20	2018	2019-2020	2,272,793,912	2,375,866,290	2,194,618,723	181,247,567	Case pending with TAT
21	2019	2020-2021	3,027,024,693	-	2,841,688,297	-	Assessment not yet done
22	2020	2021-2022	1,931,362,255	-	1,323,328,801	-	Return submission date not due
Total			**33,244,997,770**	**27,905,077,769**	**30,675,162,255**	**1,394,932,612**	

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 2020	As at 31 Dec 2019
Number of clients	18	21
Amount of outstanding loans/advances	116,255,100,000	115,944,060,000
Classified amount thereon	-	-
Measures taken for recovery	-	-

Amounts in Taka

Name of the clients	Sanctioned Limit	Status	Outstanding		Total outstanding	
			Funded	Non-funded	At 31 Dec 2020	At 31 Dec 2019
Meghna Group	17,208,600,000	STD	848,500,000	8,910,400,000	9,758,900,000	8,423,200,000
City Group	11,167,200,000	STD	2,393,700,000	6,325,500,000	8,719,200,000	5,681,900,000
Ha-Meem Group	13,210,200,000	STD	3,868,100,000	4,570,500,000	8,438,600,000	7,024,900,000
Max Group	9,688,400,000	STD	4,922,700,000	3,469,600,000	8,392,300,000	8,816,400,000
BRAC Group	10,071,900,000	STD	7,092,100,000	112,500,000	7,204,600,000	7,621,100,000
PRAN-RFL Group	9,039,200,000	STD	3,209,200,000	3,963,300,000	7,172,500,000	5,772,700,000
Fair Electronics Limited	8,842,300,000	STD	1,616,900,000	4,917,500,000	6,534,400,000	-
Abul Khair Group	11,030,000,000	STD	859,100,000	5,243,500,000	6,102,600,000	6,110,100,000
Paramount Group	10,410,000,000	STD	3,747,800,000	2,112,300,000	5,860,100,000	5,598,100,000
City Seed Crushing Group	5,781,300,000	STD	1,118,200,000	4,610,600,000	5,728,800,000	4,118,800,000
MSA Spinning	8,499,300,000	STD	4,281,700,000	1,440,500,000	5,722,200,000	4,427,400,000
Project Builders Group	5,502,900,000	STD	4,177,700,000	1,296,000,000	5,473,700,000	5,805,800,000
Envoy Group	7,437,100,000	STD	3,798,900,000	1,609,600,000	5,408,500,000	4,091,200,000
Keya Group	4,930,900,000	STD	5,345,000,000	5,700,000	5,350,700,000	5,364,400,000
Sharmin Group	8,894,700,000	STD	3,202,800,000	2,060,000,000	5,262,800,000	5,732,600,000
Secom Group	9,854,900,000	STD	4,539,400,000	709,800,000	5,249,200,000	-
T. K. Group	8,698,400,000	STD	972,900,000	4,049,300,000	5,022,200,000	-
Sena Kalyan Group	6,690,000,000	STD	4,351,300,000	502,500,000	4,853,800,000	4,709,900,000
DIRD Group	-	STD	-	-	-	4,453,200,000
Popular Group	-	STD	-	-	-	-
GPH Group	-	STD	-	-	-	5,413,360,000
JMI Group	-	STD	-	-	-	4,281,800,000
United Group	-	STD	-	-	-	4,272,700,000
Sheema Group	-	STD	-	-	-	4,149,700,000
BSRM Group	-	STD	-	-	-	4,074,800,000
	166,957,300,000		**60,346,000,000**	**55,909,100,000**	**116,255,100,000**	**115,944,060,000**

Pubali Bank Limited - Islamic Banking Windows

Distribution of profit for the income year ended 31 December 2020

Annexure - D

Profit and loss of Islamic Banking Windows are calculated annually as at 31 December each year. We follow Investment Income Sharing Ratio (IISR) system for distribution of profit to our Mudarabah Depositors. The actual distributable rate of Investment Income of 2020 stands at 8.35% shown in the column '4' in the following table:

Sl. No		Types of Mudarabah Deposit	ISR for Mudaraba Deposits (Depositor : Bank)	Final Rates of Profit for Mudaraba Deposits for 2020 based on yield @ 8.35%
1		2	3	4
1		**Mudarabah Term Deposit Receipt(MTDR)**		
	(a)	For 1 month	50 : 50	4.18%
	(b)	For 3 months	65 : 35	5.43%
	(c)	For 6 months	70 : 30	5.85%
	(d)	For 12 months	75 : 25	6.26%
	(e)	For 24 months	75 : 25	6.26%
2		**Mudaraba Monthly Profit based term Deposit**	85 : 15	7.10%
3		**Mudaraba Short Notice Deposit (MSND)**		
	(a)	Less than Tk.1.00 Crore	30 : 70	2.51%
	(b)	Tk.1.00 Crore or above but less than Tk.25.00 Crore	35 : 65	2.92%
	(c)	Tk.25.00 Crore or above but less than Tk.50.00 Crore	50 : 50	4.18%
	(d)	Tk.50.00 Crore or above	55 : 45	4.59%
4		**Mudaraba Savings A/C (MSA)**	25 : 75	2.09%
5		**Mudaraba Hajj Savings A/C (MHSA)**	85 : 15	7.10%
6		**Mudaraba Swapno Puran Deposit A/C**	85 : 15	7.10%
7		**Mudaraba Swadhin Sanchay Deposit A/C**	85 : 15	7.10%
8		**Mudaraba Shiksha Sanchay Deposit A/C**	85 : 15	7.10%
9		**Mudaraba Cash Waqf Deposit A/C**	85 : 15	7.10%
10	**Mudaraba Deposit Pension A/C**			
	(a)	For 5 years	80 : 20	6.68%
	(b)	For 10 years	85 : 15	7.10%
9	**Mudaraba Marriage/Muhar Depo. A/C**			
	(a)	For 5 years	80 : 20	6.68%
	(b)	For 10 years	85 : 15	7.10%

A competent Shari'ah Supervisory Committee consisting of Islamic Scholars, Ulamas, Islamic Economists and Islamic Bankers led by Janab Professor M. Mansurur Rahman, oversees the Islamic Banking operations of the Bank. During this accounting year, the Shari'ah Supervisory Committee met in 3 (three) meetings and reviewed different operational issues in line with Islamic Shari'ah. Besides, the Muraquibs (Shari'ah Officer) of the Bank inspected 10 Islamic Banking windows out of 17 during the period and reported no major case of Shariah violation(s) in operation of Windows.

Reconciliation Between Bangladesh Bank statement and Bank's book

Annexure-E

As at 31 December 2020

The reconciling items relates to clearing of the following

a. Bangladesh Bank cheques

b. Foreign currency demand drafts

c. Government bonds, Sanchayapatra, etc.

Local Currency	As per Bangladesh Bank Statement	As per Bank's General ledger	Reconciling Difference
	BDT	BDT	BDT
Bangladesh Bank, Dhaka	17,632,213,369.87	16,944,565,089.71	687,648,280.16
Bangladesh Bank, Dhaka (Al -wadeeah current account)	192,454,746.32	192,454,746.32	-
Bangladesh Bank, Chattogram	2,916,383.91	2,917,403.91	(1,020.00)
Bangladesh Bank, Sylhet	1,863,222.34	1,685,389.84	177,832.50
Bangladesh Bank, Barisal	522,632.76	522,196.76	436.00
Bangladesh Bank, Khulna	8,964,532.14	1,439,537.64	7,524,994.50
Bangladesh Bank,Bogura	2,421,531.93	2,025,885.93	395,646.00
Bangladesh Bank,Rajshahi	68,967.10	70,396.80	(1,429.70)
Bangladesh Bank, Rangpur	1,906,382.96	1,906,382.96	-
Total	**17,843,331,769.33**	**17,147,587,029.87**	**695,744,739.46**

Amount credited by Bank but not debited by Bangladesh Bank	73,688,029.68
Amount debited by Bank but not credited by Bangladesh Bank	-
Amount credited by Bangladesh Bank but not debited by us	762,156,271.23
Amount debited by Bangladesh Bank but not credited by us	(140,099,561.45)
	695,744,739.46

Foreign Currency	As per Bangladesh Bank statement	As per Bank's General ledger		Reconciling Difference
	USD	USD	BDT	USD
USD Clearing Account	10,945,006.91	10,016,459.21	849,406,759.11	928,547.70
Total	10,945,006.91	10,016,459.21	849,406,759.11	928,547.70

Amount credited by Bank but not debited by Bangladesh Bank	3,465,070.20
Amount debited by Bank but not credited by Bangladesh Bank	(3,002,219.00)
Amount credited by Bangladesh Bank but not debited by us	549,860.77
Amount debited by Bangladesh Bank but not credited by us	(84,164.27)
	928,547.70

Foreign Currency	As per Bangladesh Bank statement	As per Bank's General ledger	As per Bank's General ledger	Reconciling Difference
	GBP	GBP	BDT	GBP
GBP Clearing Account	43,103.43	43,103.43	4,949,532.38	-

Foreign Currency	As per Bangladesh Bank statement	As per Bank's General ledger		Reconciling Difference
	EURO	EURO	BDT	EURO
EURO Clearing Account	84,037.35	84,037.35	8,756,280.09	-

Pubali Bank Limited - Islamic Banking Windows

Balance Sheet as at 31 December 2020

Annexure - F (i)

PROPERTY AND ASSETS	Notes	2020 Taka	2019 Taka
Cash	1	**204,630,846**	**103,662,626**
Cash in hand (Including foreign currencies)		12,176,100	5,602,347
Balance with Bangladesh Bank and its agent Bank (s) (Including foreign currencies)		192,454,746	98,060,279
Balance with Other Banks and Financial Institutions	2	**1,321,625,861**	**620,947,995**
In Bangladesh		1,321,625,861	620,947,995
Outside Bangladesh		-	-
Placement with Banks and Other Financial Institutions	3	**-**	**-**
Investments in Shares and Securities	4	**466,400,000**	**57,000,000**
Government		266,400,000	57,000,000
Others		200,000,000	-
Investments	5	**2,707,018,359**	**646,898,731**
General investments		2,705,433,129	646,898,731
Bills purchased & discounted		1,585,230	-
Fixed Assets including Premises, Furniture & Fixtures	6	**16,943,111**	**6,985,182**
Other Assets	7	**28,122,111**	**601,866,563**
Non-banking Assets		**-**	**-**
Total Assets		**4,744,740,288**	**2,037,361,097**
LIABILITIES AND CAPITAL			
Liabilities			
Placement with other Banks, Financial institutions & Agents	8	**25,790,937**	**-**
Deposits and Other Accounts	9	**4,231,664,624**	**1,796,408,418**
Al-Wadia current deposit		487,736,903	139,252,722
Bills payable		70,250,493	22,454,676
Mudaraba savings bank deposit		284,711,029	245,282,039
Mudaraba term deposits		3,374,914,795	1,388,892,063
Other deposits		14,051,404	526,918
Other Liabilities	10	**540,489,393**	**231,962,267**
Total Liabilities		**4,797,944,954**	**2,028,370,685**
Capital / Shareholders' Equity			
Paid up capital		-	-
Statutory reserve		-	-
Retained surplus (general reserve)		-	-
Revaluation gain/(Loss) on investment		-	-
Other reserves		-	-
Profit and loss account surplus		(53,204,666)	8,990,412
Total Shareholders' Equity		**(53,204,666)**	**8,990,412**
Total Liabilities and Shareholders' Equity		**4,744,740,288**	**2,037,361,097**

Pubali Bank Limited - Islamic Banking Windows

Balance Sheet as at 31 December 2020

OFF-BALANCE SHEET ITEMS	Notes	2020 Taka	2019 Taka
Contingent Liabilities			
Acceptances & Endorsements			
Letters of guarantee		15,514,243	150,000
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	
Total Contingent liabilities		**15,514,243**	**150,000**
Other Commitments			
Documentary credits and short term trade related transactions			
Forward assets purchased and forward deposits placed			
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments			
Total		-	-
Total Off-Balance Sheet items including Contingent Liabilities		**15,514,243**	**150,000**

Pubali Bank Limited - Islamic Banking Windows

Profit & Loss Account for the year ended 31 December 2020

Annexure - F (ii)

Operating Income	Notes	2020 Taka	2019 Taka
Investment Income	11	149,619,290	108,571,230
Less :Profit paid on deposits, borrowings, etc.	12	134,848,669	82,257,006
Net Investment Income		**14,770,621**	**26,314,224**
Income from investment in shares /securities	13	4,985,352	-
Commission, exchange and brokerage	14	3,242,225	1,595,796
Other operating income	15	2,661,097	968,175
Total Operating Income		**25,659,295**	**28,878,195**
Operating Expenses			
Salaries and allowances	16	65,207,864	15,290,885
Rent, taxes, insurance, electricity, etc.	17	2,152,055	514,243
Legal expenses	18	-	-
Postage, stamp, telecommunication, etc.	19	186,484	66,932
Stationery, printing, advertisements, etc.	20	674,164	447,959
Depreciation repair and maintenance of fixed assets	21	4,199,108	830,936
Other expenses	22	6,444,286	2,736,828
Total Operating Expenses		**78,863,961**	**19,887,783**
Total Profit/(Loss) before Provision		**(53,204,666)**	**8,990,412**

Pubali Bank Limited - Islamic Banking Windows

Cash Flow Statement for the year ended 31 December 2020

Annexure - F (iii)

	Notes	2020 Taka	2019 Taka
a Cash Flows from Operating Activities			
Investment income in cash		142,965,451	111,675,795
Profit paid		(134,848,669)	(82,257,006)
Fees and commission receipts		3,242,225	1,595,796
Cash payment to employees		(65,207,864)	(14,624,415)
Cash payment to suppliers		(860,648)	(514,891)
Receipts from other operating activities	15	2,661,097	968,175
Cash payments for other operating activities	23	(9,715,808)	(4,234,183)
Operating Profit before Changes in Operating Assets & Liabilities		**(61,764,216)**	**12,609,271**
Increase/ (Decrease) in Operating Assets and Liabilities			
Statutory deposits		(409,400,000)	2,500,000
Investment to customers (other than banks)		(2,060,119,628)	205,922,284
Other assets	24	585,383,643	(586,035,236)
Deposits to/from other banks		25,790,937	-
Deposits from customers (other than banks)		2,435,256,206	669,726,225
Other liabilities account of customers		299,536,714	(406,159,572)
Total Increase/(decrease) in operating assets and liabilities		**876,447,872**	**(114,046,299)**
Net Cash from/(used in) Operating Activities		**814,683,656**	**(101,437,028)**
b Cash Flows from Investing Activities			
Purchase /Sale of property, plant & equipment		(13,037,570)	(56,530,417)
Net Cash from/(used in) Investing Activities		**(13,037,570)**	**(56,530,417)**
c Cash Flows from Financing Activities			
Receipts from issue of Investment capital and debt securities		-	-
Net Cash from/(used in) Financing Activities		**-**	**-**
d Net increase /(decrease) in Cash and Cash equivalents (a+b+c)		**801,646,086**	**(157,967,445)**
e Cash and Cash equivalents at beginning of the period		**724,610,621**	**882,578,066**
f Cash and Cash equivalents at end of the period (d+e)	25	**1,526,256,707**	**724,610,621**

Pubali Bank Limited - Islamic Banking Windows

Notes to the financial statements for the year ended 31 December 2020

Annexure - F (iv)

		2020 Taka	2019 Taka
1	**Cash**		
1.1	**Cash In hand (Including foreign currencies)**		
	In local currency	12,176,100	5,602,347
	In foreign currencies	-	-
		12,176,100	5,602,347
1.2	**Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currencies)**		
	Bangladesh Bank		
	In local currency	192,454,746	98,060,279
	In foreign currencies	-	-
		192,454,746	98,060,279
	Sonali Bank as agent of Bangladesh Bank		
	In local currency	-	-
		192,454,746	98,060,279
		204,630,846	**103,662,626**
1.3	**Cash Reserve Ratio and Statutory Liquidity Ratio**		

Cash Reserve Ratio and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 33 of Bank Companies Act 1991, MPD circular no. 1,2 dated 03 April 2018, DOS circular no. 01 dated 19 January 2014 and MPD circular 01 dated 09 April 2020 respectively.

The Cash Reserve Ratio (CRR) required on the Bank's time and demand liabilities at the rate of 4.00% has been calculated and maintained with Bangladesh Bank through the current account and 5.50% Statutory Liquidity Ratio (SLR), on the same liabilities has also been maintained in the form of Treasury bills and bonds including excess balances of CRR with Bangladesh Bank. Both the reserves maintained by the Bank are in excess of the statutory requirements as shown below:

1.3.1	**Cash Reserve Ratio (CRR)**		
	Required Reserve (4.00%)	169,923,000	74,621,000
	Actual Reserve maintained	192,454,750	98,060,280
	Surplus	**22,531,750**	**23,439,280**
1.3.2	**Statutory Liquidity Ratio (SLR)**		
	Required Reserve (5.50%)	233,644,000	74,621,000
	Actual Reserve maintained	301,107,850	86,041,627
	Surplus	**67,463,850**	**11,420,627**
	Held for Statutory Liquidity Ratio (SLR)		
	Cash in Hand	12,176,100	5,602,347
	Excess Cash Reserve	22,531,750	23,439,280
	Government Securities (HTM)	266,400,000	57,000,000
		301,107,850	**86,041,627**
1.3.3	**Total required amount of CRR and SLR**		
	Total required reserve	403,567,000	149,242,000
	Total actual reserve maintained	471,030,850	160,662,627
	Total Surplus	**67,463,850**	**11,420,627**

		2020 Taka	2019 Taka
2	**Balance with other banks and financial institutions**		
	In Bangladesh (Note 2.1)	1,321,625,861	620,947,995
	Outside Bangladesh	-	-
		1,321,625,861	**620,947,995**
2.1	**In Bangladesh**		
	In Mudaraba fixed/term deposit account (in local currency)		
	EXIM Bank Ltd, Gulshan Branch, Dhaka and Narayangonj Branch, Narayangonj	500,000,000	600,000,000
	Social Islami Bank Limited	800,000,000	-
	Islami Bank Bangladesh Limited, Foreign Exchange Branch	-	-
	First Security Islami Bank Limited, Dilkusha	-	-
	A B Bank Limited	-	-
		1,300,000,000	**600,000,000**
	In Mudaraba Savings deposit account		
	Islami Bank Bangladesh Limited, Foreign Exchange Branch, Dhaka	14,656,675	14,161,159
		14,656,675	**14,161,159**
	In Mudaraba Special Notice Deposit account		
	First Security Islami Bank Ltd., Dilkusha Branch, Dhaka	6,452,010	6,281,978
	AB Bank Limited, Islamic Banking Branch, Dhaka	517,176	504,858
		6,969,186	**6,786,836**
		1,321,625,861	**620,947,995**
2.2	**Maturity grouping of balance with other banks and financial institutions**		
	Payable on demand	21,625,861	-
	Up to 3 months	1,000,000,000	620,947,995
	Over 3 months but not more than 1 year	300,000,000	-
		1,321,625,861	**620,947,995**
3	**Placement with Banks and Other Financial Institutions**	-	-
		-	**-**
4	**Investments in Shares and Securities**		
	Government Treasury Bonds		
	Government Security Bonds	26,400,000	-
	6 months Bangladesh Govt. Islami Investment Bond	240,000,000	57,000,000
	Total investment in Investments in Shares and Securities	**266,400,000**	**57,000,000**
	Other investments		
	Al-Arafah Islami Bank Limited Bond	200,000,000	-
		200,000,000	-
		466,400,000	**57,000,000**
4.1	**Maturity grouping of Investments in Shares and Securities**		
	Repayable on demand	-	-
	Upto 3 months	-	-
	Over 3 months but not more than 1 year	240,000,000	57,000,000
	Over 1 year but not more than 5 years	26,400,000	-
	Over 5 years	200,000,000	-
		466,400,000	**57,000,000**

		2020 Taka	2019 Taka
5	**Investments**		
	General Investments (Note 5.1)	2,705,433,129	646,898,731
	Bills purchased and discounted (Note 5.2)	1,585,230	-
		2,707,018,359	**646,898,731**
5.1	**General Investments**		
	Inside Bangladesh:		
	Quard	55,415,000	57,850,000
	Quard against MDPA	70,000	-
	Quard against E-GP	8,825,800	-
	Bai Muazzal	1,966,768,208	63,979,550
	Bai Istisna	22,043,985	-
	Murabaha Post Import (TR)	289,119,989	320,431,429
	Hire Purchase Shirkatul Melk	329,960,112	204,637,752
	Pubali Islamic Staff House Building	33,230,035	-
		2,705,433,129	**646,898,731**
	Outside Bangladesh	-	-
		2,705,433,129	**646,898,731**
5.1.1	**Maturity grouping of General Investment**		
	Repayable on demand	58,018,694	66,049,039
	Upto 3 months	293,970,793	165,813,788
	Over 3 months but not more than 1 year	1,989,876,284	161,897,463
	Over 1 year but not more than 5 years	236,155,181	148,775,363
	Over 5 years	127,412,177	104,363,078
		2,705,433,129	**646,898,731**
5.2	**Bills purchased and discounted**		
	Payable in Bangladesh		
	Loans against accepted bills	1,585,230	-
	Loans against demand draft purchased	-	-
		1,585,230	**-**
	Payable outside Bangladesh		
	Foreign bills purchased	-	-
	Foreign drafts purchased	-	-
		-	**-**
		1,585,230	**-**
5.2.1	**Maturity grouping of bills purchased and discounted**		
	Receivable on demand	-	-
	Not more than 3 months	-	-
	Over 3 months but not more than 1 year	1,585,230	
	Over 3 months but not more than 6 months	-	-
	6 months or more	-	-
		1,585,230	**-**

		2020 Taka	2019 Taka
5.3	**Geographical location-wise distribution of Investments including bills purchased and discounted**		
	In Bangladesh-Urban		
	Dhaka	2,320,083,290	498,642,112
	Chattogram	49,947,889	-
	Sylhet	150,386,718	148,256,619
	Barisal	21,807,975	-
	Khulna	119,503,155	-
	Rajshahi	38,059,932	-
	Rangpur	-	-
	Mymensingh	7,229,400	-
		2,707,018,359	**646,898,731**
	Rural	-	-
	Outside Bangladesh (Foreign bills/drafts purchased)	-	-
		2,707,018,359	**646,898,731**
5.4	**Sector-wise Investments including bills purchased and discounted**		
	Public sector	-	-
	Private sector	2,707,018,359	646,898,731
	Co-operative sector	-	-
		2,707,018,359	**646,898,731**
5.5	**Security base-wise Investments including bills purchased and discounted**		
	Collateral of movable and immovable properties	1,230,148,000	344,254,431
	Guarantee of local banks and financial institutions	-	-
	Export documents	1,585,230	-
	Fixed deposit receipts (FDR) of own Bank	55,485,000	57,850,000
	FDR of other banks	-	-
	Government bonds	-	-
	Corporate guarantee	1,078,840,708	239,436,633
	Personal guarantee	332,133,621	5,357,667
	Other securities	8,825,800	-
		2,707,018,359	**646,898,731**
5.6	**Classification of Investments including bills purchased and discounted**		
	Unclassified:		
	Standard	2,651,648,005	600,513,799
	Special mention account (SMA)	21,152,567	33,123,369
		2,672,800,572	633,637,168
	Classified:		
	Sub-standard (SS)	-	-
	Doubtful (DF)	-	-
	Bad or loss (BL)	-	-
			-
	Staff loan	34,217,787	13,261,563
		2,707,018,359	**646,898,731**

			2020 Taka	2019 Taka
5.7 Particulars of required provision for Investments				
Status of Classification	Base for Provision	Rate of Provision (%)		
General provision - Unclassified				
Standard (others)	1,458,815,690	1	14,588,157	5,205,299
Standard (SMEF)	1,021,288,029	0.25	2,553,220	179,401
Standard (Consumer Loan Scheme)	168,847,292	2	3,376,946	262,716
Standard (Loan for Professional to setup business)		2	-	-
Housing Finance	2,696,994	1	26,970	29,693
Special mention account (SMEF)		0.25	-	-
Special mention account (Others)	21,152,567	1	211,526	331,234
			20,756,819	6,008,343
Specific provision - Classified				
Sub-standard (SS)	-	20	-	-
Doubtful (DF)	-	50	-	-
Bad/Loss (BL)	-	100	-	-
			-	-
Required provision			20,756,819	6,008,343
Provision maintained by head office			20,756,819	6,008,343
Excess provision			-	-
5.8 Particulars of Investments				
(i) Investments considered good in respect of which the bank is fully secured.			1,296,044,030	402,104,431
(ii) Investments considered good for which the bank holds no other security than the debtors' personal security			332,133,621	5,040,901
(iii) Investments considered good being secured by the personal security of one or more parties in addition to the personal security of the debtors.			1,078,840,708	239,753,399
(iv) Investments adversely classified; provision not maintained there against			-	-
			2,707,018,359	**646,898,731**
(v) Investments due by directors or officers of the bank or any of them either severally or jointly with any other persons			34,217,787	13,261,563
(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.			-	-

	2020 Taka	2019 Taka
(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.	34,217,787	13,261,563
(viii) Maximum total amount of advances, including temporary advances , granted during the year to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies as members.	-	-
(ix) Investments due from banking companies	-	-
(x) Classified Investments for which interest / profit not credited to income	-	-
a) Increase / decrease of provision (specific)	-	-
b) Amount written off debt	-	-
c) Amount of debt recovered against which was previously written off	-	-
d) Amount of Provision kept against Investments classified as bad or loss	-	-
e) Amount of interest credited in suspense account	-	-
(xi) Cumulative amount of written off Investments		
Opening Balance	-	-
Amount of debt written off for the current year	-	-
	-	-
(xii) Amount of written off loans for which case has been filed for recovery	-	-

5.9 Hire Purchase Shirkatul Melk

Lease rental receivable within 1 year	89,796,538	55,295,026
Lease rental receivable within 5 years	118,135,149	59,736,083
Lease rental receivable after 5 years	124,297,513	110,023,346
Total lease rental receivable	**332,229,200**	**225,054,455**
Less : Un-earned Income receivable	2,269,088	20,416,703
Net Lease finance	**329,960,112**	**204,637,752**

		2020 Taka	2019 Taka
6	**Fixed Assets including premises, furniture & Fixture**		
	cost		
	Machinery and equipment	8,174,064	2,791,453
	Computer & Computer Accessories	7,227,770	4,163,249
	Furniture and fixtures	7,654,202	2,836,938
		23,056,036	**9,791,640**
	Less: Accumulated Depreciation	6,112,925	2,806,458
	Net book value at the end of the year	**16,943,111**	**6,985,182**
7	**Other Assets :**		
	Accrued income on Investments	18,896,851	7,257,660
	Income Tax advance A/C	8,802,474	7,056,305
	Stationery and stamps	421,306	174,695
	Suspense account	1,480	503,354
	Pubali bank adjustment a/c	-	586,874,549
		28,122,111	**601,866,563**
8	**Placement with other Banks, Financial Institutions and Agents**		
	In Bangladesh		
	Borrowing from Bangladesh Bank	25,790,937	-
	Outside Bangladesh	-	-
		25,790,937	**-**
9	**Deposits and other accounts**		
	Inter-bank deposits	58,341,659	32,900,415
	Other deposits	4,173,322,965	1,763,508,003
		4,231,664,624	**1,796,408,418**
9.1	**Details of deposits and other Accounts**		
	Current deposits and other accounts :		
	Al-Wadia Current Deposit	487,736,903	139,252,722
		487,736,903	139,252,722
	Bills payable (note 9.1.1)	70,250,493	22,454,676
	Mudaraba Savings Bank Deposit	284,711,029	245,282,039
	Term deposits :		
	Mudaraba Fixed deposits	2,717,393,549	1,154,966,441
	Mudaraba Monthly Term deposit	35,904,200	14,881,350
	Mudaraba Profit Basd Small deposit	219,166	
	Mudaraba Short Notice Deposits	417,300,444	162,552,665
	Target Based Small Deposit	113,774,643	-
	Mudaraba Deposit Pension Scheme	82,192,809	51,545,806
	Mudaraba Marriage / Muhar Deposit	687,413	217,028

		2020 Taka	2019 Taka
	Mudaraba Hajj Savings	7,434,540	4,728,773
	Shikhya sanchay prokalpa	8,031	-
		3,374,914,795	1,388,892,063
	Other deposits	14,051,404	526,918
		4,231,664,624	**1,796,408,418**
9.1.1	**Bills Payable**		
	Payment orders issued	70,250,493	22,454,676
		70,250,493	**22,454,676**
9.2	**Maturity analysis of Inter-bank deposits**		
	Payable on demand	58,341,659	32,900,415
	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	-	-
		58,341,659	**32,900,415**
9.3	**Maturity analysis of other deposits**		
	Payable on demand	871,045,046	276,610,068
	Payable within 1 month	124,577,801	111,260,944
	Over 1 month but within 6 months	1,904,885,671	735,161,199
	Over 6 months but within 1 year	790,639,721	214,191,217
	Over 1 year but within 5 years	311,439,440	347,173,617
	Over 5 years and above	170,735,286	79,110,958
		4,173,322,965	**1,763,508,003**
10	**Other Liabilities :**		
	Unpaid Expenses A/C	8,392	136,471
	Item in Transit (Cr. Balance)	306,881,946	196,214,835
	Card Transaction Fee (Inter Bank)	1,575	405
	Unearned interest income	153,498,093	2,253,297
	Sadaqad Fund	17,804,370	17,508,205
	Compensation Realised Account	6,985,159	2,174,091
	Compensation Realizable Account	11,780,624	13,674,963
	Pubali Bank Adjustment A/C	43,529,234	-
		540,489,393	**231,962,267**

Pubali Bank Limited - Islamic Banking Windows

Notes to the financial statements for the year ended 31 December 2020

		2020 Taka	2019 Taka
11	**Investment income**		
	Bai Muazzal	35,914,342	5,560,955
	Murabaha Post Import (TR)	1,052,145	12,737,612
	Hire Purchase Shirkatul Melk	15,002,234	21,862,513
	Bai ISTISNA	948,617	-
	Inland Bill Purchased	75,016	-
	Quard Against E-GP	24,832	-
	Other Bank	96,602,104	68,410,150
		149,619,290	**108,571,230**
12	**Profit paid on deposits, borrowings, etc.**		
	Mudaraba Term Deposits	115,546,170	63,172,205
	Mudaraba Special Notice Deposits	7,152,847	3,470,616
	Mudaraba Hajj Savings	407,779	256,451
	Mudaraba Savings Bank deposit	3,163,443	3,413,809
	Mudaraba Deposit Pension Scheme	3,812,157	2,941,889
	Mudaraba Monthly Profit deposit	1,614,840	677,593
	Mudaraba Mohor Scheme	25,332	2,525
	Mudaraba Shiksha Sanchay	36	-
	Mudaraba Swapno Puron	3,125,073	-
	Mudaraba Swadhin Sanchay	992	-
	Borrowings from Bangladesh Bank	-	8,321,918
		134,848,669	**82,257,006**
13	**Income from investment in shares /securities**		
	Govt. Bond	2,116,718	-
	Other Bond	2,868,634	-
		4,985,352	**-**
14	**Commission, exchange and brokerage**		
	SC, LSC, DD, TT, MT and PO	107,527	51,850
	Foreign L/C	1,041,571	185,911
	Local L/C	578,340	516,193
	Local Guarantee	310,925	3,000
	Other transactions	121,454	6,595
	Stationery Articles	13,982	-
	Miscellaneous handling commission	1,063,821	832,247
	Total commission	**3,237,620**	**1,595,796**
	Exchange	4,605	-
		3,242,225	**1,595,796**
15	**Other operating income**		
	Miscellaneous income	18,935	875
	Service charge	527,031	93,410
	CIB service charge	22,750	20,930
	Online service charge	1,023,807	377,891

		2020 Taka	2019 Taka
	Account maintenance fee	739,931	323,696
	SMS service charge	264,786	103,473
	Card fees and charges	62,700	47,900
	Sale of Bank's property	1,157	-
		2,661,097	**968,175**
16	**Salary and allowances**		
	Basic salary	29,329,824	7,294,665
	House rent allowances	16,760,061	4,204,077
	Medical allowances	3,593,829	953,903
	House maintenance	3,093,396	666,470
	Other allowances	4,715,212	828,500
	Contributory provident fund	2,748,782	683,500
	Bonus to employees	4,966,760	659,770
		65,207,864	**15,290,885**
17	**Rent, taxes, insurance, electricity, etc.**		
	Electric fittings and fixtures	732,715	225,635
	Bank premises	998,972	61,474
	Rates and taxes	6,728	6,728
	Insurance	30,617	60,064
	Lighting	383,023	160,342
		2,152,055	**514,243**
18	**Legal Expenses**		
	Lawyer Charges	-	-
	Court fees and other expenses	-	-
		-	**-**
19	**Postage, stamp, telecommunication, etc.**		
	Postage	17,368	4,393
	Telephone (office)	152,516	53,639
	Telephone (res)	16,600	8,900
		186,484	**66,932**
20	**Stationery, printing, advertisement, etc.**		
	Table stationery	198,624	168,464
	Computer Stationery	188,741	57,188
	Consumption of books and forms	260,785	214,257
	Advertisement	22,540	8,050
		674,164	**447,959**
21	**Depreciation repair and maintenance of fixed assets**		
	Repairs to fixed assets	142,038	17,229
	Depreciation on fixed assets	3,079,641	514,294
	Maintenance of Bank Premises	610,029	186,868
	Maintenance of assets -Wages	367,400	112,545
		4,199,108	**830,936**

		2020 Taka	2019 Taka
22	**Other expenses**		
	Newspapers	13,775	11,146
	Renovation under Construction Works	664,851	-
	Travelling	469,610	57,188
	Sub-ordinate staff clothing	23,833	9,419
	Conveyance	102,811	23,281
	Entertainment	208,702	162,680
	Carrying Expenses	11,132	400
	Employees recreation (Lunch subsidy)	2,801,300	750,829
	Promotional expenses	-	111,154
	Security and Auxiliary Service	785,299	175,500
	Petrol consumption	25,569	1,360
	Branches' opening expenses	494,424	984,746
	Training	8,400	-
	Photocopy	172	-
	Miscellaneous	834,408	449,125
		6,444,286	**2,736,828**
23	**Cash payments for other operating activities**		
	Rent, tax, Insurance, Lighting etc.	2,152,055	514,243
	Repairing Expenses	1,119,467	316,642
	Other Expenses	6,444,286	3,403,298
		9,715,808	**4,234,183**
24	**Increase/(decrease) of other assets**		
	Closing other Assets		
	Stationery and Stamps	421,306	174,695
	Pubali Bank Adjustment A/C	-	586,874,549
	Income Tax advance A/C	8,802,474	7,056,305
	Suspense account	1,480	503,354
		9,225,260	**594,608,903**
	Opening other Assets		
	Stationery and Stamps	174,695	96,671
	Pubali Bank Adjustment	586,874,549	-
	Accrued interest overdue under CLS	-	4,316,997
	Income Tax advance A/C	7,056,305	4,159,999
	Suspense account	503,354	-
		594,608,903	**8,573,667**
		585,383,643	**(586,035,236)**
25	**Cash and cash equivalents at the end of the year**		
	Cash in hand (including foreign currencies)	12,176,100	5,602,347
	Balance with Bangladesh Bank and its agent bank(s)	192,454,746	98,060,279
	Balance with other banks and financial institutes	1,321,625,861	620,947,995
		1,526,256,707	**724,610,621**

Pubali Bank Limited - Off-shore Banking Unit

Balance Sheet as at 31 December 2020

Annexure - G(i)

	Notes	2020		2019
		USD	Taka	Taka
PROPERTY AND ASSETS				
Cash	3	-	-	-
Cash in hand (Including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currencies)		-	-	-
Balance with Other Banks and Financial Institutions	4	**4,537,780.02**	**384,808,737**	**2,850,852,769**
In Bangladesh		-	-	2,589,450,000
Outside Bangladesh		4,537,780.02	384,808,737	261,402,769
Loans, Advances and Leases	5	**196,939,807.66**	**16,700,712,323**	**14,543,807,182**
Loans, cash credits and overdrafts, etc.		11,851,573.45	1,005,026,465	1,192,683,957
Bills purchased and discounted		185,088,234.21	15,695,685,858	13,351,123,225
Fixed Assets including premises, furniture & fixtures	6	-	-	-
Other Assets	7	**635,256.41**	**53,870,442**	**308,234,828**
Non-banking Assets		-	-	-
Total Assets		**202,112,844.09**	**17,139,391,502**	**17,702,894,779**
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other Banks, Financial Institutions & Agents	8	**199,037,437.38**	**16,878,593,631**	**17,370,507,696**
Deposits and other accounts	9	-	-	-
Current accounts & other accounts		-	-	-
Bills Payable		-	-	-
Savings bank deposits		-	-	-
Term deposits		-	-	-
Other deposits		-	-	-
Other Liabilities	10	**881,786.10**	**74,776,431**	**132,687,056**
Total Liabilities		**199,919,223.48**	**16,953,370,062**	**17,503,194,752**
Capital / Shareholders' Equity				
Paid up Capital		-	-	-
Statutory Reserve		-	-	-
Retained earnings		-	-	-
Foreign currency translation reserves		-		1,060,599
Profit and Loss account surplus		2,193,620.61	186,021,440	198,639,428
Total Shareholders' Equity		**2,193,620.61**	**186,021,440**	**199,700,027**
Total Liabilities and Shareholders' Equity		**202,112,844.09**	**17,139,391,502**	**17,702,894,779**

Pubali Bank Limited - Off-shore Banking Unit

Balance Sheet as at 31 December 2020

	Notes	2020		2019
		USD	Taka	Taka
OFF-BALANCE SHEET ITEMS				
Contingent liabilities				
Acceptances & Endorsements				
Letters of guarantee		-	-	-
Irrevocable letters of credit		-	-	-
Bills for collection		-	-	-
Other Contingent Liabilities		-	-	-
Total Contingent liabilities		-	-	-
Other Commitments				
Documentary credits and short term trade-related transactions		-	-	-
Forward assets purchased and forward deposits placed		-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-	-
Total		-	-	-
Total Off-Balance Sheet items including Contingent Liabilities		-	-	-

Pubali Bank Limited - Off-shore Banking Unit

Profit & Loss Account for the year ended 31 December 2020

Annexure - G (ii)

	Notes	2020		2019
		USD	Taka	Taka
Operating Income				
Interest income	11	8,655,323.14	734,588,527	933,781,339
Interest paid on deposits, borrowings, etc.	12	(6,466,652.50)	(548,833,204)	(751,834,347)
Net Interest Income		**2,188,670.64**	**185,755,323**	**181,946,992**
Commission, exchange and brokerage		-	-	-
Other operating income	13	169,006.76	14,343,823	30,589,432
Total Operating Income		**2,357,677.40**	**200,099,146**	**212,536,424**
Operating Expenses				
Salaries and allowances	14	141,247.71	11,987,876	11,555,985
Rent, taxes, insurance, electricity, etc.		-	-	-
Legal expenses		-	-	-
Postage, stamp, telecommunication, etc.		-	-	-
Stationery, printing, advertisements, etc.	15	1,662.09	141,064	194,515
Auditors' fees		-	-	-
Charges on loan losses		-	-	-
Depreciation and repair of bank's assets		-	-	-
Other expenses	16	21,146.99	1,948,766	2,146,496
Total Operating Expenses		**164,056.79**	**14,077,706**	**13,896,996**
Profit/(Loss) before Provision		**2,193,620.61**	**186,021,440**	**198,639,428**
Provision for loans & advances, investments & other assets				
Provision for classified loans and advances		-	-	-
Provision for unclassified loans and advances		-	-	-
		-	-	-
Other Provisions		-	-	-
Total Provision		**-**	**-**	**-**
Total Profit/(Loss) before taxes		**2,193,620.61**	**186,021,440**	**198,639,428**
Provision for current tax		-	-	-
Provision for deferred tax		-	-	-
Total Provision for taxes		**-**	**-**	**-**
Net Profit/(loss) after Taxation		**2,193,620.61**	**186,021,440**	**198,639,428**

Pubali Bank Limited - Off-shore Banking Unit

Cash Flow Statement for the year ended 31 December 2020

Annexure - G (iii)

	Notes	2020 USD	2020 Taka	2019 Taka
A) Cash flows from operating activities				
Interest receipts in cash		11,773,855.69	999,262,438	933,781,339
Interest payments		(7,180,089.25)	(609,383,509)	(751,834,347)
Receipts from other operating activities		169,006.75	14,343,823	30,589,432
Cash payments for other operating activities		(165,871.22)	(14,077,706)	(13,896,996)
Operating profit before changes in operating assets & liabilities		**4,596,901.97**	**390,145,046**	**198,639,428**
Increase/ (Decrease) in operating assets and liabilities				
Loans and advances to customers (other than banks)		(25,434,872.20)	(2,156,905,141)	159,322,596
Other assets		(121,573.01)	(10,309,525)	(16,288,754)
Other liabilities		31,127.90	2,639,680	(3,297,111)
Total Increase/(decrease) in operating assets and liabilities		**(25,525,317.31)**	**(2,164,574,986)**	**139,736,731**
Net cash from /(used in) operating activities		**(20,928,415.35)**	**(1,774,429,940)**	**338,376,159**
B) Cash flows from investing activities		-	-	-
C) Cash flows from financing activities				
Borrowings from other Banks, Financial Institutions & Agents.		(5,796,000.12)	(491,914,065)	1,316,035,465
Profit transferred to Central Operation.		(2,316,753.49)	(199,700,027)	(212,610,372)
		(8,112,753.61)	**(691,614,092)**	**1,103,425,093**
D) Net increase/(decrease) in cash and cash equivalents (a+b+c)		(29,041,168.96)	(2,466,044,032)	1,441,801,252
E) Effects of exchange rate changes on cash and cash equivalents		-	-	(27,250)
F) Cash and cash equivalents at beginning of the period		33,578,948.98	2,850,852,769	1,409,078,767
G) Cash and cash equivalents at end of the period (D+E+F)		**4,537,780.02**	**384,808,737**	**2,850,852,769**

Pubali Bank Limited - Off-shore Banking Unit

Notes to the financial statements for the year ended 31 December 2020

Annexure - G (iv)

1 Status of the unit

The Bank obtained the permission for operation of Offshore Banking Units (OBUs) vide Bangladesh Bank letter No. BRPD (P-3) 744 (108) / 2010-93 dated January 13, 2010. OBU Principal Branch and OBU Agrabad Branch commenced their operation on January 22, 2015. The OBUs are governed under the rules and guidelines of the Bangladesh Bank. Now, the Bank has 2 (two) Offshore Banking Units – one is situated at A-A Bhaban, Level # 4, 23, Motijheel C/A, Dhaka and the other is at Sattar Chamber, 99, Agrabad C/A, Ground Floor, Chattogram. At present, the units are controlled and supervised by Offshore Banking Division, newly formed by the Board of Directors of the Bank in its 1201st meeting held on 22nd May 2019. The OBD has commenced its operation on 2nd February 2020.

1.1 Principal Activities

The principal activities of the units are operated as per paragraph No. 6 of Policy for Offshore Banking Operation of the Banks in Bangladesh issued under reference No. BRPD Circular No. 2 dated 25 February 2019 and subsequent circular letters issued on different dates by Bangladesh Bank.

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, particularly, Banking Regulation and Policy Department (BRPD) Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRSs) including those that have been so far adopted by the Institute of Chartered Accountants of Bangladesh 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 IAS-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.

	2020		2019
	USD	Taka	Taka
3 Cash			
Cash In hand (Including foreign currencies)			
In local currency	-	-	-
In foreign currencies	-	-	-
		-	-
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)			
Bangladesh Bank			
In local currency	-	-	-
In foreign currencies	-	-	-
		-	-

	2020		2019
	USD	Taka	Taka
3.1 Cash Reserve Ratio and Statutory Liquidity Ratio			

Cash Reserve Ratio and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 33 of Bank Companies Act 1991, MPD circular numbers 1,2 dated 03 April 2018, DOS circular no. 01 dated 19 January 2014, BRPD circular 31 dated 18 June 2020 respectively.

The Cash Reserve Ratio (CRR) required on the Bank's time and demand liabilities at the rate of 2.00% has been calculated and maintained with Bangladesh Bank through the current account and 13% Statutory Liquidity Ratio (SLR) on the same liabilities has also been maintained in the form of Treasury bills and bonds and other eligible securities. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

3.1.1 Cash Reserve Ratio (CRR)			
Required Reserve (2%)		274,357,000	823,428,000
Actual Reserve maintained		274,357,000	823,428,000
Surplus/(deficit)		-	-
3.1.2 Statutory Liquidity Ratio (SLR)			
Required Reserve (13%)		1,783,322,000	1,946,284,000
Actual Reserve maintained		1,783,322,000	1,946,284,000
Surplus/(deficit)		-	-
3.1.3 Total required amount of CRR and SLR			
Total required reserve (15%)		2,057,679,000	2,769,712,000
Total actual reserve maintained		2,057,679,000	2,769,712,000
Total Surplus		-	-
4 Balance with other banks and financial institutions			
In Bangladesh (Note 4.1)	-	-	2,589,450,000
Outside Bangladesh (Note 4.2)	4,537,780.02	384,808,737	261,402,769
	4,537,780.02	**384,808,737**	**2,850,852,769**
4.1 In fixed/term deposit account (in local currency)			
Finance to other Financial Institute		-	2,589,450,000
Finance to Pubali Bank	-	-	-
	-	**-**	**2,589,450,000**
4.2 Outside Bangladesh			
Current A/c (Nostro)			
Mashreq Bank NY, USD	4,316,087.28	366,008,949	253,696,314
Mashreq Bank Mumbai, India-ACUD	221,692.74	18,799,788	7,706,455
	4,537,780.02	**384,808,737**	**261,402,769**
5 Loans, advances and leases			
Loans, cash credits and overdrafts, etc. (note 5.1)	11,851,573.45	1,005,026,465	1,192,683,957
Bills purchased and discounted (note 5.2)	185,088,234.21	15,695,685,858	13,351,123,225
	196,939,807.66	**16,700,712,323**	**14,543,807,182**

	2020		2019
	USD	Taka	Taka
5.1 Loans, cash credits, overdrafts, etc.			
In Bangladesh			
Loans	11,851,573.45	1,005,026,465	1,192,683,957
Cash credits	-	-	-
Overdrafts	-	-	-
	11,851,573.45	**1,005,026,465**	**1,192,683,957**
Outside Bangladesh	-	-	-
	-	-	-
	11,851,573.45	**1,005,026,465**	**1,192,683,957**
5.2 Bills purchased and discounted			
Payable in Bangladesh			
Export Bill Discounting	18,065,131.60	1,531,943,031	1,828,406,400
Loans against demand draft purchased	-	-	-
	18,065,131.60	**1,531,943,031**	**1,828,406,400**
Payable outside Bangladesh			
Discounting -UPAS	167,023,102.61	14,163,742,827	11,522,716,825
Foreign drafts purchased	-	-	-
	167,023,102.61	**14,163,742,827**	**11,522,716,825**
	185,088,234.21	**15,695,685,858**	**13,351,123,225**
5.3 Classification of Investments including bills purchased and discounted			
Unclassified			
Standard		16,700,712,323	14,502,510,880
Special mention account (SMA)		-	41,296,302
		16,700,712,323	14,543,807,182
Classified			
Substandard (SS)		-	-
Doubtful (DF)		-	-
Bad or loss (BL)		-	-
		-	-
Staff loan		-	-
		16,700,712,323	14,543,807,182

5.4 Particulars of required provision for Investments

Status of Classification	Base for Provision	Rate of Provision (%)		
General provision - Unclassified				
Standard (others)	16,593,681,447	1	165,936,814	145,010,398
Standard (SMEF)	107,030,876	0.25	267,577	3,678
SMA (SMEF)	-	-	-	-
SMA (Others)		1	-	412,963
			166,204,391	145,427,039

			2020		2019
			USD	Taka	Taka
Specific provision - Classified					
Substandard (SS)	-	20		-	-
Doubtful (DF)	-	50		-	-
Bad/Loss (BL)	-	100		-	-
				-	-
Required provision				166,204,391	145,427,039
Provision maintained by head office				166,204,391	145,427,039
Excess provision				-	-

6 Fixed Assets including premises, furniture & Fixture

Cost	-	-	-
	-	-	-
Less: Accumulated Depreciation	-	-	-
Net book value at the end of the year	-	-	-

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 cut off date will be decided by bank's senior management.

7 Other Assets

Income generating other assets			
Interest on EBD	-	-	6,308,070
Interest on UPAS Bill	-	-	252,141,645
Interest on Term Loan	-	-	6,224,196
Prepaid expenses	635,256.41	53,870,442	43,560,917
	635,256.41	**53,870,442**	**308,234,828**

8 Borrowings from other Banks, Financial Institutions and Agents

Parents Bank-Pubali Bank Limited	49,237,437.38	4,175,388,851	910,714,791
Others Banks & Financial Institutions	149,800,000.00	12,703,204,780	16,459,792,905
	199,037,437.38	**16,878,593,631**	**17,370,507,696**

9 Deposits and other accounts

Inter-bank deposits	-	-	-
Other deposits	-	-	-
	-	-	-

10 Other Liabilities

Interest payable to :			
Parent bank borrowing	121,410.39	10,295,735	1,018,859
Others Banks & Financial Institutions	729,247.81	61,841,016	131,668,197
Unpaid expenses	31,127.90	2,639,680	-
	881,786.10	**74,776,431**	**132,687,056**

Pubali Bank Limited - Off-shore Banking Unit

Notes to the financial statements for the year ended 31 December 2020

		2020		2019
		USD	Taka	Taka
11	**Interest income**			
	Interest on EBD	682,919.95	57,960,304	98,317,992
	Interest on UPAS Bill	6,767,142.02	574,336,141	771,114,989
	Interest on Term loan	631,916.43	53,631,569	38,825,963
	Interest on Finance to other financial Institution	573,344.74	48,660,513	25,522,395
		8,655,323.14	**734,588,527**	**933,781,339**
12	**Interest paid on deposits, borrowings, etc.**			
	Interest on Borrowings from Parent Bank	719,940.72	61,102,305	62,560,081
	Interest on Borrowings from other banks & Financial Institutions	5,746,711.78	487,730,899	689,274,266
		6,466,652.50	**548,833,204**	**751,834,347**
13	**Other operating income**			
	Rebate received from Nostro A/C	42,915.18	3,642,267	4,502,795
	Reimbursement fee received	75,048.30	6,369,447	7,365,243
	Overdue interest	38,829.97	3,295,550	11,009,166
	AIP received from Nostro A/C	12,213.31	1,036,559	7,712,228
		169,006.76	**14,343,823**	**30,589,432**
14	**Salaries and allowances**			
	Basic salary	62,228.03	5,281,374	5,338,808
	House rent allowances	35,714.10	3,031,102	3,038,745
	Medical allowances	6,910.16	586,474	608,400
	Other allowances	3,089.79	262,234	343,199
	House maintenance	8,324.25	706,490	728,400
	Leave fare Assistance	860.20	73,006	-
	Contributory provident fund	6,109.67	518,536	523,921
	Bonus to employees	18,011.51	1,528,660	974,512
		141,247.71	**11,987,876**	**11,555,985**
15	**Stationery, printing, advertisements, etc.**			
	Table Stationery	1,645.61	139,665	116,634
	Computer Stationery	16.48	1,399	77,881
		1,662.09	**141,064**	**194,515**
16	**Other expenses**			
	Bank charges of Nostro A/C (Mashreq Bank)	16,722.16	1,419,231	1,762,496
	Foreign Currency translation loss	-	153,994	-
	Newspaper	29.43	2,498	-
	Entertainment	577.42	49,006	60,000
	Employees recreation (Lunch subsidy)	3,817.98	324,037	324,000
		21,146.99	**1,948,766**	**2,146,496**

KMHCO. SINCE1984
কে. এম. হাসান এন্ড কোং
K. M. HASAN & CO.
Chartered Accountants
Hometown Apartments (8th & 9th Floor) 87,
New Eskaton Road, Dhaka-1000
Phone: 58311559, 9351564, 9351457,
Fax: 88-02-9345792
E-mail: info@kmhasan.com.bd
website: www.kmhasan.com.bd
McMillan Woods International
Professionalism at the forefront

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF Pubali Bank Securities Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Pubali Bank Securities Limited**, which comprise the statement of financial position as at 31 December 2020, and the 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as on 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Financial Statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially in consistent with the financial statements of our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management of those charged with governance for the financial statements

Management of **Pubali Bank Securities Limited** is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable Laws and Regulation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedure that as appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant and findings, including any significant deficiencies in internal control. That we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, We also report the following:

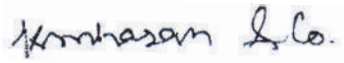
(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

(c) the 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; and

(d) the expenditure incurred was for the purposes of the company's business.

Place: Dhaka, Bangladesh
Dated: 04 April 2021
DVC no. 2104071758AS576190



Md.Shahidul Islam FCA
Partner, Eroll. No. 1758
K. M. Hasan & Co.
Chartered Accountants

Pubali Bank Securities Limited

Statement of Financial Position as at 31 December 2020

Annexure-H (i)

Assets	Notes	Amount in Taka 2020	2019
Current Assets			
Cash and bank balances	3	1,340,479,296	989,804,123
Receivable from securities trading	4	91,690,967	92,238,041
Investment in securities (Own portfolio)	5	6,583,175,288	6,452,850,856
Receivable from other clients	6	618,430,307	578,385,912
Other assets	7	1,258,000	1,053,000
Advance income tax	8	275,442,961	196,066,718
Total current assets		**8,910,476,819**	**8,310,398,650**
Non-current assets			
Fixed assets	9	4,177,854	4,866,079
Value of investment in exchange (against membership value)	10	14,000,000	14,000,000
Investment in securities	11	36,302,842	36,302,842
Other long term assets	12	-	-
Total non-current assets		**54,480,696**	**55,168,921**
Total Assets		**8,964,957,515**	**8,365,567,571**
Equity and Liabilities			
Liability			
Current liabilities			
Payable to clients	13	444,816,867	114,716,924
Payable to exchanges	14	20,155,069	2,594,895
Other liabilities and provisions	15	2,013,289,969	1,798,862,369
Total current liabilities		**2,478,261,905**	**1,916,174,188**
Non-current liabilities			
Long term loan liabilities (other than current portion amount)	16	3,000,000,000	3,000,000,000
Total Non-current liabilities		**3,000,000,000**	**3,000,000,000**
Shareholders' equity			
Share capital	17	3,600,000,000	3,600,000,000
Retained earnings	18	(113,304,390)	(150,606,617)
Total Equity		**3,486,695,610**	**3,449,393,383**
Total Equity and Liabilities		**8,964,957,515**	**8,365,567,571**

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 2020

Annexure-H (ii)

	Notes	Amount in Taka	
		2020	2019
Operating income	19	286,298,736	411,228,244
Less: Operating expenses	20	5,250,783	6,034,455
Gross Profit		**281,047,953**	**405,193,789**
Less: Administrative and general expenses	21	34,419,455	39,840,696
Operating profit		**246,628,498**	**365,353,093**
Add: Other income		-	-
Profit before provision and income tax		**246,628,498**	**365,353,093**
Less: Provision for diminution in value of investment	15.2	144,343,497	200,518,435
provision for impairment of clients' margin loan	15.4	-	64,137,559
Profit before income tax		**102,285,001**	**100,697,099**
Less: Provision for income tax			
Current tax	15.3	64,832,054	80,593,786
Deferred tax	12.1 & 15.1	150,720	475,101
Net profit after income tax		**37,302,227**	**19,628,212**
Add: Other comprehensive income		-	-
Total comprehensive income		**37,302,227**	**19,628,212**

These financial statements should be read conjunction with annexed notes

Pubali Bank Securities Limited

Statement of Cash Flow for the year ended 31 December 2020

Annexure-H (iii)

		Amount in Taka	
		2020	2019
A)	**Cash flows from operating activities**		
	Net profit before income tax	**102,285,001**	**100,697,099**
	Add: Adjustment for non-cash items:		
	Depreciation & amortization charged	1,040,734	414,833
	Provision for investment & clients margin loan	144,343,497	264,655,994
	Operating profit before changes in operating assets and liabilities	**145,384,231**	**265,070,827**
	Increase/decrease in operating assets and liabilities		
	(Increase)/ decrease in operating assets	(170,026,753)	(53,483,161)
	Increase/ (decrease) in operating liabilities	352,761,446	(136,915,368)
	Income tax paid	(79,376,243)	(78,251,080)
		103,358,450	**(268,649,609)**
	Net cash from/(used in) operating activities	**351,027,682**	**97,118,317**
B)	**Cash flows from investing activities**		
	Acquisition of property, plant and equipment	(352,509)	(3,681,312)
	Disposal of property, plant and equipment	-	6,461
	Investment in dealer account	-	-
	Cash proceed from sale of strategic investment in shares (DSE)	-	-
	Net cash from/(used in) investing activities	**(352,509)**	**(3,674,851)**
C)	**Cash flows from financing activities**		
	Proceeds/(payments) from short term business liabilities	-	-
	Proceeds/(payments) long term loan liabilities	-	-
	Net cash flows from financing activities	-	-
D)	**Net cash increase / (decrease)**	**350,675,173**	**93,443,466**
E)	**Cash and cash equivalents at the beginning of the Year**	989,804,123	896,360,657
F)	**Cash and cash equivalents at the end of the Year**	**1,340,479,296**	**989,804,123**

Pubali Bank Securities Limited

Statement of Changes in Equity For the year ended 31 December 2020

Annexure-H (iv)

Amount in Taka

Particulars	Ordinary Share Capital	Retained Earnings	Total
Balance as at 1 January, 2020	3,600,000,000	(150,606,617)	3,449,393,383
Net Profit after tax for the year	-	37,302,227	37,302,227
Balance as at 31 December 2020	**3,600,000,000**	**(113,304,390)**	**3,486,695,610**

For the year ended 31 December 2019

Amount in Taka

Particulars	Ordinary Share Capital	Retained Earnings	Total
Balance as at 1 January, 2019	3,600,000,000	(170,234,829)	3,429,765,171
Net Profit after tax for the year	-	19,628,212	19,628,212
Balance as at 31 December 2019	**3,600,000,000**	**(150,606,617)**	**3,449,393,383**

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2020

Annexure-H (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 International Financial Reporting Standards (IFRSs), 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 Components of Financial Statements

The financial statements referred to here comprises:

a) Statement of Financial Position

b) Statement of Profit or Loss and other Comprehensive Income

c) Statement of Changes in Equity

d) Statement of Cash Flow and

e) Notes to the Financial Statements

2.5 Statement of cash flow

Statement of cash flow is prepared in accordance with the International Accounting Standard (IAS-7) " Statement of Cash Flows" under indirect method.

2.6 Reporting period

These financial statements cover period from 1 January 2020 to 31 December 2020.

2.7 Share capital

Share capital consists of all funds raised by a company in exchange for shares of either common or preferred shares of stock.

2.8 Property, plant and equipment

All fixed assets are stated at cost less accumulated depreciation as per IAS-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.

2.9 Right of Use (ROU) asset. (IFRS 16)

The company has complied with International Finacial Reporting Standards IFRS (16): Lease and accordingly accounted for asset under appropriate head. However upon review of companys lease rental agreement, termination clause include a clause like "Both party can cancell the agreement with 3 (Three) months prior notice, which indicates that lease term is not more then 1 year. So company need not to include in Right of Use (ROU) assets".

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 are 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 transactions of broker & dealer operation. Tax deduction on interest income and dividend income are also included here.

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 IAS-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 IAS 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 International Financial Reporting Standards (IFRS)-15 “Revenue from Contracts with Customers”:

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/SRI/Policy/3/2020/68 dated 12 January 2020 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# 15.

2.21 Convertion of Preference Share Capital into Ordinary share capital

The preferance shares of Tk. 300,00,00,000 was 5% redimable/convertable and the redumption /convertion started from 26.09.2020. Under this situation The Board of Directors of Pubali Bank Limited in its 1277th meeting held on 24th March 2021 has decided to exercise the option of conversion of preference share BDT 300.00 (three hundred) crore into ordinary share capital w.e.f 26.09.2020 as stated in the previous approval of the BSEC vide letter no BSEC/CI/CPLC-547/2016/517.(please see note no. 16)

2.22 Related Party Disclosures

As per International Accounting Standards (IAS)-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.

2.22.1 Particulars of Directors and Shareholders and their shareholdings

Name of the directors	Designation	Number of Share holding as 31 December 2020
Mr. Moniruddin Ahmed	Chairman	Nil
Mr. Ahmed Shafi Choudhury (Nominated by Pubali Bank Limited)	Director	Nil
Mr. Habibur Rahman	Director	1
Mr. Azizur Rahman	Director	1
Mr. Muhammed Kabiruzzaman Yaqub	Director	1
Mr. Mustafa Ahmed	Director	1
Ms. Runa Fowzia 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. Asif A. Choudhury	Director	1
Mr. Md. Abdul Halim Chowdhury (Nominated by Pubali Bank Limited)	Director	NIL
Mr. Shahdeen Malik	Independent Director	NIL
Mr. Giashuddin Ahamed	Shareholder	1
Ms. Rumana Sharif	Shareholder	1
Pubali Bank Limited	Shareholder	Ordinary: 35,999,987 Preference: 30,000,000

2.22.2 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	3.27%
Mr. Ahmed Shafi Choudhury (Nominated by Pubali Bank Limited)	Director	Advisor	Pubali Bank Limited	0.01%
Mr. Habibur Rahman	Director	Director	Pubali Bank Limited	2.00%
Mr. Azizur Rahman	Director	Director	Pubali Bank Limited	2.17%
Mr. Muhammed Kabiruzzaman Yaqub	Director	Director	Pubali Bank Limited	2.00%
Mr. Mustafa Ahmed	Director	Director	Pubali Bank Limited	3.49%
Ms. Runa Fowzia Hafiz	Director	-	Not Applicable	-
Mr. Ahmed Salah Sater	Director	-	Not Applicable	-
Mrs. Ayesha Farha Chowdhury	Director	-	Not Applicable	-
Mr. Rezwan Rahman	Director	-	Not Applicable	-
Mr. Zeyad Rahman	Director	-	Not Applicable	-
Mr. Asif A. Choudhury	Director	Director	Pubali Bank Limited	2.00%
Mr. Md. Abdul Halim Chowdhury (Nominated by Pubali Bank Limited)	Director	Managing Director & CEO	Pubali Bank Limited	-
Mr. Shahdeen Malik	Independent Director	Independent Director	Pubali Bank Limited	-

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 CEO will get existing and future benefits of the same Bank during the period of their service at Pubali Bank Securities Limited. All the employees except Managing Director and CEO 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

a) 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.

b) The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the Company.

c) Figures of previous year have been rearranged whenever necessary to conform to current year's presentation.

			Amount in Taka	
			2020	2019
3	**Cash and bank balances**			
	Current account:			
	Pubali Bank Ltd. A/C-3555901034012 Securities Trading Division		-	-
	Pubali Bank Ltd. A/C-3555901034027 Customers Security Deposit		2,316,908	2,430,380
	Pubali Bank Ltd. A/C-3555901034031 Other Income		-	165,870
	Pubali Bank Ltd. A/C-3555102001901 Documentation fee		-	54,172
	Pubali Bank Ltd. A/C-3555901037490 PBL Investment A/C		-	719,480
	Pubali Bank Ltd. A/C-2905901048064 Strategic Investment A/C		934,346	27,499
	Pubali Bank Ltd. A/C-2905901042129 Consolidated customer A/C		516,532,979	221,663,016
	Pubali Bank Ltd. A/C-2905901042114 Dealer A/C		38,220,187	4,490,955
	Sub total		**558,004,420**	**229,551,372**
	Special notice deposit account :			
	Pubali Bank Ltd. A/C-2905102001105 Public Issue Application A/C		3,193,295	356,251
	Pubali Bank Ltd. A/C-290510200993 Sundry Deposit A/C			346,216
	Pubali Bank Ltd. A/C -2905102001047 Income& Expenditure A/C		23,364,774	40,210,622
	Sub total		**26,558,069**	**40,913,089**
	Fixed deposit rate (FDR)			
	Pubali Bank Ltd.		755,916,807	719,339,662
	Total		**1,340,479,296**	**989,804,123**
3.1	**Investment in FDR**	**FDR No.**		
	Pubali Bank Limited	977310	124,368,407	115,523,826
	Pubali Bank Limited	977311	62,122,157	57,722,404
	Pubali Bank Limited	977312	62,122,157	57,722,404
	Pubali Bank Limited	977313	62,122,157	57,722,404
	Pubali Bank Limited	977314	62,122,157	57,722,404
		977703	103,162,500	-
	Pubali Bank Limited	977390	-	112,102,544
	Pubali Bank Limited	977509	57,337,312	53,633,676
	Pubali Bank Limited	977542	111,279,980	103,595,000
	Pubali Bank Limited	977543	111,279,980	103,595,000
			755,916,807	**719,339,662**
	A schedule of Investment in FDR is given in "Annexure-H(ix)".			
4	**Receivable from securities trading**			
	Receivable from stock-broker/stock- dealer		2,654,928	458,611
	Receivable from dividend		71,176,189	67,985,001
	Dividend Receivable from-strategic investment		695,141	664,197
	Receivable from client		2,348,777	2,266,778
	Receivable from others (Accrued interest of FDR) - (Annexure-H(ix))		14,815,932	20,863,454
			91,690,967	**92,238,041**

Pubali Bank Securities Limited

Notes to the financial statements for the year ended 31 December 2020

		Amount in Taka	
		2020	2019
5	**Investment in securities (Own portfolio)**		
	Investment in securities (Own portfolio) at cost (Annexure-H(vii))	6,583,175,288	6,452,850,856
		6,583,175,288	**6,452,850,856**
6	**Receivable from other clients**		
	Margin loan from clients	618,430,307	578,385,912
		618,430,307	**578,385,912**
7	**Other assets**		
	Prepaid expenses (Note 7.1)	1,258,000	1,053,000
		1,258,000	**1,053,000**
7.1	**Prepaid expenses**		
	Balance at the beginning of the year	1,053,000	960,000
	Add: Advances made during the year	1,919,350	2,142,700
	Less: Adjustment made during the year	(1,714,350)	(2,049,700)
	Balance at the end of the year	**1,258,000**	**1,053,000**
8	**Advance income tax**		
	Opening balance	196,066,718	159,773,730
	Add: Advance income tax paid during the year	39,281,088	38,831,586
		235,347,806	198,605,316
	Add: Tax deducted at source during the year	34,061,079	35,345,038
		269,408,885	233,950,354
	Add: Tax deducted at source against bank interest & others	6,034,076	4,074,456
		275,442,961	238,024,810
	Less: Adjustment during the year (Assessment year 2016-2017)	-	(41,958,092)
		275,442,961	**196,066,718**
9	**Fixed assets (net off depreciation & amortization):**		
	Computer & computer accessories	553,755	399,888
	Machinery & equipment	124,572	232,407
	Vehicle	2,582,506	3,228,133
	Furniture & fixtures	917,021	1,003,151
		4,177,854	**4,863,579**
	Intangible assets :		
	Systems & software	-	**2,500**
		-	**2,500**
		4,177,854	**4,866,079**
	A schedule of property, plant and equipment is given in Annexure-H(vi).		
10	**Value of investment in exchange (Against membership value)**		
	Dhaka stock exchange Ltd. (Note 10.1)	6,000,000	6,000,000
	Chittagong stock exchange Ltd. (Note 10.2)	8,000,000	8,000,000
		14,000,000	**14,000,000**

		Amount in Taka	
		2020	2019
10.1	**Dhaka stock exchange Ltd.**		
	Opening balance	6,000,000	6,000,000
	Add: Investment made during the year	-	-
		6,000,000	6,000,000
	Less: Sale/ recovery during the year	-	-
	Closing balance	**6,000,000**	**6,000,000**

* This represents total face value of the shares allotted by DSE in favor of the company against the DSE 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) in favor of the company against the membership of DSE respectively. Out of the above, DSE transferred 2,886,042 shares directly to the credit of the Beneficiary Owner's account of the company. TRECs out of (DSE) alloted total 7,215,106 shares. DSE sold 1,803,777 shares which is 25% of total shares to Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange (SSE). 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.

10.2	**Chittagong stock exchange Ltd.**		
	Opening balance	8,000,000	8,000,000
	Add: Investment made during the year	-	-
		8,000,000	**8,000,000**
	Less: Sale/ recovery during the year	-	-
	Closing balance	**8,000,000**	**8,000,000**

* This represents total face value of the shares allotted by CSE in favor of the company against the 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, 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 CSE respectively. Out of the above, 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 CSE 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.

11	**Investment In securities**		
	Investment In securities (Strategic investment) at cost (Annexure-H(VIII))	36,302,842	36,302,842
		36,302,842	**36,302,842**
12	**Other long term assets**		
	Deferred tax assets (Note-12.1)	-	-
		-	**-**
12.1	**Deferred tax assets**		
	Opening balance	-	337,607
	Addition/(deduction) during the year charged in P&L	-	(475,101)
	Closing balance	**-**	**(137,494)**

		Amount in Taka	
		2020	2019
13	**Payable to clients**		
	General client	444,816,867	114,716,924
		444,816,867	**114,716,924**
14	**Payable to exchanges**		
	Payable to DSE & CSE broker	102,394	79,652
	Payable to DSE & CSE dealer	17,312,004	-
	Payable to Pubali Bank	13,810	13,810
	Payable for CDBL	404,941	69,513
	Payable to Sundry Deposit	2,321,920	2,431,920
		20,155,069	**2,594,895**
15	**Other liabilities and provisions**		
	Deferred tax and other deferred liabilities (Note 15.1)	288,214	137,494
	Provision for diminution in value of investment (Note 15.2)	1,534,588,209	1,324,827,130
	Provision for tax (Note 15.3)	285,965,182	221,133,128
	Provision for impairment of clients' margin loan (Note 15.4)	184,543,373	249,960,955
	Provision for rent, tax, insurance, electricity expense	109,905	104,421
	Provision for postage, stamp, telecommunication etc.	131,009	105,851
	Provision for stationery, printing, advertisement expenses.	2,933	1,408
	Provision for repair of machinery equipment expenses.	255	255
	Provision for other expenses.	262,696	735,931
	Legal fees payable	959,875	959,875
	Payable to software provider	130,539	235,539
	Payable to suppliers	51,712	193,150
	Sundry deposit	62,576	62,576
	Sundry payable	520	520
	Provision for audit fees payable	143,500	125,000
	Payable for IPO fund	5,875,800	-
	VAT payable	52,470	41,058
	TAX payable	121,201	238,078
		2,013,289,969	**1,798,862,369**
15.1	**Deferred tax liability**		
	Deferred tax liability has been recognized in accordance with the provisions of IAS 12: Income Taxes, is arrived at as follows:		
	Opening balance	137,494	-
	Addition/(deduction) during the year charged in P&L	150,720	137,494
	Closing balance	**288,214**	**137,494**
15.2	**Provision for diminution in value of investment**		
	Opening balance	1,324,827,130	1,124,308,695
	Add: Provision made during the year	144,343,497	200,518,435
	Add: Provision Transfer in from provision from impairment of clients'	65,417,582	-
	margin loan note no. 15.4	1,534,588,209	1,324,827,130
	Less : Adjusted during the year	-	-
	Closing balance	**1,534,588,209**	**1,324,827,130**

As per directive no.BSEC/SRI/Policy/3/2020/68 dated 12 January 2020 of Bangladesh Securities and Exchange Commission, has allowed the stock dealer to make provision against un-realised loss on investment in Dealer account in equal quarterly installment upto 31 December 2022 as well as margin loan. Meanwhile we have made provision of Tk. 153,45,88,209/- i.e. 75% of un realised loss in dealer account.

		Amount in Taka	
		2020	2019
15.3	**Provision for tax**		
	Opening balance	221,133,128	182,497,434
	Add: Provision made during the year	64,832,054	80,593,786
		285,965,182	263,091,220
	Add: Adjustment made during the year	-	(41,958,092)
	Closing balance	**285,965,182**	**221,133,128**
15.4	**Provision for impairment of clients margin loan**		
	Opening balance	249,960,955	185,823,396
	Add: Provision made during the year	-	64,137,559
		249,960,955	249,960,955
	Less: Provision transfer out provision for diminution in value of investment note no. 15.2	(65,417,582)	-
	Closing balance	**184,543,373**	**249,960,955**
	100% provision for impairment of clients' margin loan		
16	**Long term liabilities (Other than current portion amount)**		
	Preference share capital	3,000,000,000	3,000,000,000
		3,000,000,000	**3,000,000,000**

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

Date of issue: 26.09.2016

Upto year 3 (Upto 26.09.2019)	No Redemption
Year End 4 (Upto 26.09.2020)	20% of 300 crore
Year End 5 (Upto 26.09.2021)	20% of 300 crore
Year End 6 (Upto 26.09.2022)	20% of 300 crore
Year End 7 (Upto 26.09.2023)	20% of 300 crore
Year End 8 (Upto 26.09.2024)	20% of 300 crore

These preference share now converted to ordinary share capital as per previous approval of BSEC vide letter no BSEC/CI/CPLC-547/2016/517 which was accorded by the Board of Pubali Bank Limited in its 1277th meeting held on 24th March 2021.Therefore in the year 2021 and later on the total paid up capital will be 660,00,00,000/- (Six hundred sixty crore). (Please see note no 2.21)

17	**Share capital**			
	Authorized capital			
	70,000,000 Ordinary Shares of Tk. 100/- each.		**7,000,000,000**	**7,000,000,000**
	Issued, subscribed and paid-up capital			
	Ordinary Share capital			
	Total 36,000,000 Ordinary shares of Tk. 100 each		**3,600,000,000**	**3,600,000,000**
	Sl	**Name of the shareholders**	**No. of shares**	
	1	Mr. Moniruddin Ahmed	1	100	100
	2	Mr. Ahmed Shafi Choudhury	Nil	-	-
		(Nominated by Pubali Bank Limited)			
	3	Mr. Habibur Rahman	1	100	100
	4	Mr. Azizur Rahman	1	100	100

				Amount in Taka	
				2020	2019
5	Mr. Muhammed Kabiruzzaman Yaqub	1		100	100
6	Mr. Mustafa Ahmed	1		100	100
7	Ms. Runa Fowzia Hafiz	1		100	100
8	Mr. Ahmed Salah Sater	1		100	100
9	Mrs. Ayesha Farha Chowdhury	1		100	100
10	Mr. Rezwan Rahman	1		100	100
11	Mr. Zeyad Rahman	1		100	100
12	Mr. Asif A. Choudhury	1		100	100
13	Mr. Md. Abdul Halim Chowdhury (Nominated by Pubali Bank Limited)	Nil		-	-
14	Mr. Shahdeen Malik	Nil		-	-
15	Mr. Giashuddin Ahamed	1		100	100
16	Ms. Rumana Sharif	1		100	100
17	Pubali Bank Limited	35,999,987		3,599,998,700	3,599,998,700
		36,000,000		**3,600,000,000**	**3,600,000,000**
18	**Retained earnings**				
	Opening balance			(150,606,617)	(170,234,829)
	Net profit/(loss) during the year			37,302,227	19,628,212
				(113,304,390)	(150,606,617)
	Adjustment during the year			-	-
	Closing balance			**(113,304,390)**	**(150,606,617)**
19	**Operating income**				
	Brokerage commission DSE & CSE			24,547,070	19,957,233
	Interest on margin loan			23,188,327	14,069,662
	Revenue from CDBL charge & annual maintenance fee & others			37,546	399,866
	Dividend income DSE & CSE			1,180,141	986,697
	Dividend income from dealer A/C			155,167,273	171,204,446
	Capital gain from DSE & CSE			-	-
	Capital gain from Dealer A/C			27,203,560	142,951,631
	BO opening charge, margin documentation fees, FDR interest income & IPO			54,974,819	61,658,709
				286,298,736	**411,228,244**
20	**Operating expenses**				
	Howla & laga charge DSE & CSE			1,728,728	1,553,443
	CDBL charges			949,107	2,417,819
	Directors fees			1,001,000	801,500
	Bank charges & excise duty			531,214	307,621
	DSE, CSE fees & others			-	539,239
	Depreciation expenses			1,040,734	414,833
				5,250,783	**6,034,455**
21	**Administrative and general expenses**				
	Salaries & allowances (Note- 21.1)			29,795,454	34,130,670
	Rent expense			300,618	309,554
	Electricity & electric fittings expense			182,849	203,449
	Audit fees			162,250	125,000

	Amount in Taka	
	2020	2019
Insurance expense	48,715	78,232
Postage, stamp, telecommunication etc.	239,290	312,020
Stationery printing & advertisement expense	230,893	313,827
Repairs of machinery and equipment	160,852	163,381
Investment protection fund	103	384
Legal fees	-	676,900
Professional fees	60,000	-
Advertising expenses	17,250	92,322
Newspapers & periodicals	6,244	21,975
Fuel expense	139,841	152,715
Overtime allowance	142,312	304,321
Traveling allowance	10,900	51,900
Maintenance of bank premises	75,600	95,600
Software development expenses	-	105,000
DSE & CSE charge	9,118	-
Subscription	12,500	12,500
Conveyance charge	408,382	231,245
Entertainment expense for office & clients	380,031	587,556
Internet connection fee	5,448	4,245
Car expenses & maintenance	770,289	655,477
Bandwidth service charge	385,545	373,130
Renewal & registration expense	370,685	383,290
Water & sewerage	48,233	59,438
Security & auxiliary service	100,041	123,770
IPO expense	27,000	15,000
Miscellaneous expense	329,012	257,795
	34,419,455	**39,840,696**

21.1 Salaries & allowances

Basic salary	12,555,646	12,266,584
House rent allowances	7,194,883	7,168,900
Medical allowances	1,626,558	1,538,300
Other allowances	3,253,490	3,463,116
Contributory provident fund	1,212,927	1,215,290
Bonus to employees	3,951,950	8,478,480
	29,795,454	**34,130,670**

22 Related party disclosures

Received from related party

Name of related party	Related to	Nature of instrument	Balance in Taka	
			As on 31.12.20	As on 31.12.19
Pubali Bank Limited	Parent company	Different types of deposits	1,340,479,296	989,804,123

23 Events after the reporting period

i) The Board of Directors in its meeting held on Dated 04 April 2021 approved the financial statements of the company for the year ended 31 December 2020 and authorized the same for issue.

ii) No material events occurred after the date of statement of financial position, non-disclosure of which could affect the ability of the users of these financial statements to make appropriate evaluation.

24 Employee position for Pubali Bank Securities Ltd (as at 31 December 2020)

Officer & Staff		Total Employee	Amount in Taka
Head Office	Gulshan Office		
24	6	30	29,795,454
		30	**29,795,454**

Pubali Bank Securities Limited

Schedule of Fixed Assets as at 31 December 2020

Annexure-H (vi)

Particulars	Cost				Depreciation					Written down value at 31 December 2020
	Balance at 1 January 2020	Addition during the year	Disposal during the year	Balance at 31 December 2020	Rate	Balance at 1 January 2020	Charged during the year	Disposal during the year	Balance at 31 December 2020	
Computer & Computer accessories	3,318,548	336,713	-	3,655,261	30%	2,918,660	182,846	-	3,101,506	553,755
Machinery & Equipment	1,295,362	-	-	1,295,362	20%	1,062,955	107,835	-	1,170,790	124,572
Vehicles	3,228,133	-	-	3,228,133	20%	-	645,627	-	645,627	2,582,506
Furniture & fixtures	2,372,124	15,796	-	2,387,920	10%	1,368,973	101,926	-	1,470,899	917,021
Total as at 31 December 2020	**10,214,167**	**352,509**	**-**	**10,566,676**		**5,350,588**	**1,038,234**	**-**	**6,388,822**	**4,177,854**
Total as at 31 December 2019	**7,901,391**	**3,681,312**	**1,368,536**	**10,214,167**		**6,305,340**	**407,323**	**1,362,075**	**5,350,588**	**4,863,579**

Schedule of Intangible asset
As at 31 December 2020

Particulars	Cost				Amortization					Written down value at 31 December 2020
	Balance at 1 January 2020	Addition during the year	Disposal during the year	Balance at 31 December 2020	Rate	Balance at 1 January 2020	Charged during the year	Disposal during the year	Balance at 31 December 2020	
Systems & Software	25,000	-	-	25,000	30%	22,500	2,500	-	25,000	-
Total as at 31 December 2020	**25,000**	**-**	**-**	**25,000**		**22,500**	**2,500**	**-**	**25,000**	**-**
Total as at 31 December 2019	**725,000**	**-**	**700,000**	**25,000**		**714,990**	**7,510**	**700,000**	**22,500**	**2,500**

Pubali Bank Securities Ltd.

Portfolio Investment under Stock Dealing

Annexure-H (vii)

Sl	Name of the Company	Cost Value		Market Value	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
	Banks				
1	ABBANK	89,898,718	89,898,718	27,175,838	16,898,005
2	ALARABANK	16,054,316	8,178,773	16,120,774	6,275,678
3	BRACBANK	-	-	-	-
4	CITYBANK	84,239,195	84,239,195	56,801,102	48,326,744
5	DUTCHBANGL	2,373,569	-	2,444,520	-
6	IFIC	2,043,225	5,561,731	2,692,163	4,339,051
7	ISLAMIBANK	35,925,046	35,340,621	32,190,204	22,357,658
8	MERCANBANK	42,379,951	29,811,181	31,750,000	18,296,296
9	NBL	52,934,160	52,934,160	25,354,560	27,941,760
10	NCCBANK	32,390,150	32,213,150	22,267,397	19,666,176
11	PRIMEBANK	109,343,604	108,586,937	67,266,048	70,746,003
12	SHAHJABANK	38,988,559	28,059,786	35,266,893	23,178,028
13	TRUSTBANK	-	4,089,312	-	3,787,858
14	UTTARABANK	100,234,136	95,138,351	96,000,000	83,755,382
	Non Bank Financial Institution				
1	IDLC	95,856,997	95,856,997	95,100,000	68,100,000
2	ILFSL	49,644,449	49,644,449	4,961,544	4,961,544
3	LANKABAFIN	14,862,557	12,357,809	12,534,440	5,226,516
4	UNITEDFIN	28,845,290	28,845,290	21,479,623	20,994,207
5	UNIONCAP	16,107,188	16,107,188	3,427,528	2,570,646
6	UTTARAFIN	55,491,674	55,030,342	42,104,860	46,644,895
	Mutual Funds				
1	AIBL1STIMF	50,000,000	50,000,000	42,000,000	36,000,000
2	DBH1STMF	30,784,857	30,784,857	22,687,000	27,224,400

Pubali Bank Securities Ltd.

Portfolio Investment under Stock Dealing

Sl	Name of the Company	Cost Value		Market Value	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
3	EBL1STMF	1,625,463	1,625,463	1,270,488	834,350
4	GRAMEENS2	24,387,729	24,387,729	14,326,200	10,062,450
5	GREENDELMF	44,478,302	44,478,302	38,500,000	40,000,000
6	MBL1STMF	50,000,000	50,000,000	37,500,000	30,500,000
7	PHPMF1	50,000,000	50,000,000	39,465,037	29,598,778
8	PRIME1ICBA	5,977,600	5,977,600	2,840,000	1,960,000
	Engineering				
1	ATLASBANG	113,543,620	113,543,620	52,625,338	52,673,442
2	BBS	71,495,210	71,495,210	36,027,215	28,518,768
3	BBSCABLES	24,644,447	3,263,888	23,317,400	2,218,583
4	BSRMSTEEL	201,153,596	201,153,596	52,251,073	48,193,930
5	COPPERTECH	-	47,410	-	111,414
6	DESHBANDHU	7,002,863	7,002,863	1,499,577	1,447,418
7	GPHISPAT	71,132,236	58,650,691	64,700,609	38,935,755
8	GOLDENSON	23,014,497	26,883,401	3,812,099	2,663,813
9	IFADAUTOS	31,547,640	17,445,909	24,094,656	10,190,149
10	NAVANACNG	129,094,550	129,094,550	39,167,027	36,316,596
11	RANFOUNDRY	44,671,791	44,308,679	43,259,351	41,543,552
12	RUNNERAUTO	540,450	540,450	385,109	450,177
13	SINGERBD	38,991,704	17,706,087	37,859,184	15,558,237
	Textile				
1	APEXWEAV	6,501,134	6,501,134	4,612,300	4,612,300
2	ENVOYTEX	101,816,877	101,816,877	71,136,583	72,004,102
3	ESQUIRENIT	940,050	940,050	549,407	591,187
4	MALEKSPIN	101,086,723	101,086,724	53,934,738	38,755,500
5	METROSPIN (B)	42,471,093	42,471,093	6,748,402	4,694,541
6	NEWLINE	-	40,023	-	63,374
7	RINGSHINE	1,136,422	1,136,422	844,768	1,190,773
8	SQUARETEXT	57,325,714	57,325,714	30,027,434	31,236,592
9	TALLUSPIN	8,687,496	10,368,438	2,677,653	2,059,484

Pubali Bank Securities Ltd.

Portfolio Investment under Stock Dealing

Sl	Name of the Company	Cost Value		Market Value	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
	Food & Allied				
1	AMCL(PRAN)	40,160,750	35,202,878	37,549,453	28,350,044
2	BATBC	45,012,124	47,453,674	61,218,576	54,699,450
3	OLYMPIC	212,581,855	212,581,855	137,179,033	118,443,435
	Fuel & Power				
1	BARKAPOWER	5,276,036	1,611,236	5,140,000	1,574,699
2	DESCO	171,133,802	171,133,802	104,699,384	111,318,311
3	KPCL	181,026,311	181,026,311	94,551,474	97,473,594
4	ENERGYPRIMA	47,500,000	47,500,000	47,500,000	47,500,000
5	JAMUNAOIL	74,413,338	59,892,491	72,208,147	48,941,310
6	LINDEBD	254,810,402	284,351,137	261,555,782	294,774,276
7	MPETROLEUM	113,265,245	113,851,077	117,054,234	96,943,556
8	PADMAOIL	53,693,431	44,136,900	49,904,727	37,505,716
9	SUMITPOWER	111,955,571	111,955,571	86,829,468	81,025,956
10	TITASGAS	122,242,280	122,242,280	46,968,214	47,120,708
11	MJLBD	331,499,981	331,499,981	238,914,612	196,661,833
12	SPCL	107,554,285	91,945,503	91,755,474	70,000,000
	Pharmaceuticals & Chemicals				
1	ACI	311,221,966	311,221,966	254,977,770	171,021,824
2	ACMELAB	9,699,376	-	9,711,000	-
2	ACIFORMULA	75,374,281	75,374,281	55,392,443	43,010,051
3	ACTIVEFINE	154,101,584	154,101,584	80,956,036	70,417,381
6	SILCOPHL	-	72,940	-	221,008
7	SQURPHARMA	416,780,945	407,364,364	472,907,262	373,065,380
8	RENATA	2,414,639	2,414,639	3,692,618	3,325,685
	Services & Real estate				
1	SAPORTL	105,315,572	105,315,572	70,505,005	35,804,800
	Cement				
1	CONFIDCEM	13,347,660	3,332,739	13,288,536	2,668,203

Pubali Bank Securities Ltd.

Portfolio Investment under Stock Dealing

Sl	Name of the Company	Cost Value		Market Value	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
2	MEGHNACEM	114,426,945	114,426,945	25,621,266	20,294,340
3	MICEMENT	60,748,274	60,428,373	35,034,784	29,125,512
4	LHBL	481,735,612	481,735,613	289,666,805	203,615,160
5	HEIDELBCEM	151,402,959	151,402,959	45,297,533	49,899,957
6	PREMIERCEM	48,868,190	48,868,190	32,071,390	23,200,580
	IT & Telecom Sector				
1	GP	131,422,494	127,773,125	114,851,572	91,272,802
2	ROBI	2,712,540	-	8,083,369	-
3	ADNTEL	-	569,040	-	512,136
4	BSCCL	-	5,382,966	-	4,123,260
5	GENEXIL	-	3,409	-	26,421
	Insurance				
1	BGIC	27,078,751	27,078,751	14,428,109	8,297,856
2	CONTININS	-	11,807,085	-	10,038,072
3	CRYSTALINS	108,780		428,593	
4	DELTALIFE	125,376,000	125,376,000	86,552,893	99,624,664
5	FAREASTLIF	5,846,420	2,366,120	4,994,821	1,539,931
6	GREENDELT	3,607,129	3,818,258	3,718,545	3,065,288
7	MEGHNALIFE	4,578,126	3,742,081	4,321,733	2,737,153
8	PIONEERINS	-	4,393,750	-	3,385,800
9	PRAGATIINS	-	2,330,955	-	1,964,732
10	PRIMELIFE	5,242,846	5,242,846	3,749,723	3,626,900
	Travel and Leisure				
1	SEAPEARL	17,764	37,300	147,521	154,049
2	UNIQUEHRL	129,903,250	129,903,250	65,637,000	72,764,250
3	UNITEDAIR	54,762,090	55,319,455	5,440,005	4,808,451
	Jute, Tannery & Misc.				
1	BEXIMCO	21,614,609	21,614,609	8,215,695	1,989,063
2	BATASHOE	51,676,227	51,676,227	31,280,690	30,986,892
	Total	**6,583,175,288**	**6,452,850,856**	**4,537,057,437**	**3,803,196,597**

Pubali Bank Securities Ltd.

Portfolio of Stratigic Investment

Annexure-H (viii)

SL No	Name of the Company	Cost Value		Market Value	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
1	ACIFORMULA	3,124,140	3,124,140	2,480,100	1,925,700
2	GP	1,799,469	1,799,469	1,735,500	1,429,000
3	JAMUNAOIL	1,831,410	1,831,410	1,655,000	1,419,000
4	MJLBD	7,386,183	7,386,183	6,075,100	5,000,700
5	MICEMENT	196,657	196,657	134,421	112,983
6	MPETROLEUM	1,528,088	1,528,088	1,584,000	1,310,400
7	RENATA	376,774	376,774	441,653	398,030
8	SAIFPOWER	6,967,689	6,967,689	6,210,540	4,403,240
9	SQURPHARMA	6,323,303	6,323,303	6,165,096	5,082,500
10	UTTARAFIN	6,769,129	6,769,129	4,903,500	5,500,000
Total		**36,302,842**	**36,302,842**	**31,384,910**	**26,581,553**

Pubali Bank Securities Limited

Schedule of Investment For the year ended on 31 December 2020

Annexure-H (ix)

Amount in Taka

SL. NO.	Purchased from	A/C No.	FDR No.	Beginning Balance		Addition during the Year									Encash during the Year		Closing Balance
										Interest Income			Bank Charge				
				Principal	Accrued Interest	Principal	Rate of Interest	Day Considered	Length Months	Cash	Accrued	Total	TDS	Excise duty	Principal	Interest	
1	Pubali Bank Limited	149886	977310	115,523,826	-	-	6.00%	-	12	9,871,757	2,280,821	9,871,757	987,176	40,000	-	-	124,368,407
2	Pubali Bank Limited	149,894	977311	57,722,404	-	-	6.00%	-	12	4,933,059	1,139,640	4,933,059	493,306	40,000	-	-	62,122,157
3	Pubali Bank Limited	149909	977312	57,722,404	-	-	6.00%	-	12	4,933,059	1,139,640	4,933,059	493,306	40,000	-	-	62,122,157
4	Pubali Bank Limited	149913	977313	57,722,404	-	-	6.00%	-	12	4,933,059	1,139,640	4,933,059	493,306	40,000	-	-	62,122,157
5	Pubali Bank Limited	149921	977314	57,722,404	-	-	6.00%	-	12	4,933,059	1,139,640	4,933,059	493,306	40,000	-	-	62,122,157
6	Pubali Bank Limited	153649	977703		-	100,000,000	6.00%	244		3,558,333	1,152,428	3,558,333	355,833	40,000			103,162,500
7	Pubali Bank Limited	150673	977390	112,102,544	-					4,818,370		4,818,370	481,837	25,000	100,000,000	16,414,077	-
8	Pubali Bank Limited	151764	977509	53,633,676	-	-	6.00%	-	12	4,159,595	812,845	4,159,595	415,959	40,000	-	-	57,337,312
9	Pubali Bank Limited	152087	977542	103,595,000			6.00%	-	12	8,583,311	3,005,639	8,583,311	858,331	40,000	-	-	111,279,980
10	Pubali Bank Limited	152096	977543	103,595,000	-		6.00%	-	12	8,583,311	3,005,639	8,583,311	858,331	40,000	-	-	111,279,980
Total				**719,339,662**	**-**	**100,000,000**				**59,306,913**	**14,815,932**	**59,306,913**	**5,930,691**	**385,000**	**100,000,000**	**16,414,077**	**755,916,807**


Pragmatic Thinking & Learning
INSPIRING & EXECUTING INNOVATION
BUILDING BETTER TEAMS
LE PETIT DRUIDE DES SYNONYMES
IMPORTANT INFORMATION

Integrated Reporting Checklist

SL.	Particulars	Chapters/Section reference	Page
1	**Elements of an Integrated Reporting**		
1.1	Organizational overview and external environment		19
	An integrated report should disclose the main activities of the organization and the environment in which it operates.	Corporate Profile	19, 26
	An integrated report should identify the organization's mission and vision, and provide essential context by identifying matters such as:		16
	The organization		
	Culture, ethics and values	Vision, Mission &Values	16-18
	Ownership and operating structure including size of the organization location of its operations	Pattern of shareholding	90
	Principal activities and markets	Corporate Profile	19
	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, bargaining power of customers and suppliers and the intensity of competitive rivalry)	Competitive intensity and Strategic Response	162
	Key quantitative informati on		
	The number of employees, revenue and number of countries in which the organization operates highlighting, in particular, significant changes from prior periods	Human capital, core financial highlights, five year financial summary	211-216
	Significant factors affecting the external environment and the organization's response	PESTLE analysis	158-159
	Macro and micro economic conditions, such as economic stability, globalization, and industry trends	Global and Bangladesh review in the Director's Report	60-66
	Market forces, such as the relative strengths and weaknesses of competitors and customer demand	SWOT analysis	161
	The speed and effect of technological change	PESTLE analysis- Technological	158-159
	Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems	PESTLE analysis- Social	158-159
	Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached	PESTLE analysis- Environmental	158-159
	The legislative and regulatory environment in which the organization operates	PESTLE analysis- Legal	158-159
	The political environment in countries where the organization operates and other countries that may affect the ability of the organization to implement its strategy	PESTLE analysis- Political	158-159
1.2	**Governance**		
	An integrated report should show how does the organization's governance structure support its ability to create value in the short, medium and long term.	Corporate Governance Compliance Report, Human Capital	84-99 211-216
	An integrated report needs to provide an insight about how such matters as the following are linked to its ability to create value:		
	The organization's leadership structure, including the skills and diversity	Board of Directors	30
	Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues	Corporate Governance	85-99
	Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management	Corporate Governance, Risk Management Committee Meetings	85-99
	How the organization's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders	Corporate Governance	85-99

SL.	Particulars	Chapters/Section reference	Page
	Whether the organization is implementing governance practices that exceed legal requirements/ key policies	Corporate Governance	85-99
	The responsibility those charged with governance take for promoting and enabling innovation	Corporate Governance, Management Committee, Senior Management Team	85-99
1.3	**Stakeholder identification/ relationships**		
	An integrated report needs to provide insight about the resources and the relationships used and affected by the organization, which are referred to collectively as the capitals and how the organization interacts with the capitals to create value over the short, medium and long term.	Business Model	26
	An integrated report needs to identify the various forms of capitals which are essential for the success of its business operations e.g. financial, manufactured, intellectual, human, social and relationship and natural.	Business Model	26
1.4	**Business model**		
	An integrated report needs to describe the business model including key:	Business Model	26
	Inputs		
	Business activities		
	Outputs		
	Outcomes		
	Connection to information covered by other Content Elements, such as strategy, risks and opportunities, and performance (including KPIs and financial considerations, like cost containment and revenues)	Core Financial Highlights, Message from our Chairman, Massage from the Managing Director & CEO, Directors' Report	54-57
	Inputs - An integrated report shows how key inputs relate to the capitals on which the organization depends, or that provide a source of differentiation for the organization, to the extent they are material to understanding the robustness and resilience of the business model.	Business Model	26
	Business activities		
	An integrated report describes key business activities. This can include:		229
	How the organization approaches the need to innovate	Business Model	26
	Outputs - An integrated report identifies an organization's key products and services.	Business Model	26
	Outcomes: An integrated report describes key outcomes, including: Both internal outcomes, and external outcomes, Both positive outcomes and negative outcomes	Business Model	26
1.5	**Performance**		
	An integrated report needs to explain the extent to which the organization has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals	Core Financial Highlights, Message from our Chairman, Massage from the Managing Director & CEO, Directors' Report	54-57
	An integrated report should contain qualitative and quantitative information about performance that may include matters such as:		
	Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications and the methods and assumptions used in compiling them	Competitive intensity and strategic response	162

SL.	Particulars	Chapters/Section reference	Page
	The linkages between past and current performance and between current performance and the organization's outlook.	Core Financial Highlights, Message from our Chairman, Massage from the Managing Director & CEO, Directors' Report	54-57
	KPIs that combine financial measures with other components or narrative that explains the financial implications of significant effects on other capitals and other causal relationships may be used to demonstrate the connectivity of financial performance with performance relating to other capitals. In some cases, this may also include monetizing certain effects on the capitals.	Core financial highlights	237
	Include instances where regulations have a significant effect on performance (e.g., a constraint on revenues as a result of regulatory rate setting) or the organization's non- compliance with laws or regulations may significantly affect its operations.	-	-
1.6	**Risks and opportunities**		
	An integrated report should explain what are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long-term and how is the organization dealing with them	Competitive intensity and our Strategic Response	162
	This can include identifying:		
	The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two	Risk management framework, Risk management methodology	170
	The organization's assessment of the likelihood that the risk or opportunity will come to fruition and the magnitude of its effect if it does	Risk management framework, Risk management methodology	170
	The specific steps being taken to mitigate or manage key risks or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs	Risk management framework, Risk management methodology	170
	Risk management report (which includes details about risk, root cause, etc.)	From the desk of the Chief Risk Officer	56-57
	Response on the effectiveness of the internal controls and the Board's responsibility for the disclosures on internal controls to safeguard stakeholder interest	Statement of the Board Audit Committee	116
1.7	**Outlook**		
	An integrated report describes its basis of preparation and presentation, including:	Core Financial Highlights, Message from our Chairman, Massage from the Managing Director & CEO, Directors' Report	54-57
	The organization's expectations about the external environment the organization is likely to face in the short, medium and long-term	Business Model, SWOT analysis, PESTLE analysis	26,161, 158-159
	How that will affect the organization	SWOT analysis	161
	How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise	SWOT analysis	161
	The discussion of the potential implications, including implications for future financial performance may include:		
	The external environment and risks and opportunities, with an analysis of how these could affect the achievement of strategic objectives	Business model- External factors, SWOT analysis, PESTLE analysis	26,161, 158-159

SL.	Particulars	Chapters/Section reference	Page
	An integrated report may also provide lead indicators, KPIs or objectives, relevant information from recognized external sources and sensitivity analyses. If forecasts or projections are included in reporting the organization's outlook, a summary of related assumptions is useful. Comparisons of actual performance to previously identified targets further enables evaluation of the current outlook	Director's Report	60-79
	Disclosures about an organization's outlook in an integrated report should consider the legal or regulatory requirements to which the organization is subject	Integrated Report	221-223
1.8	**Basis of preparation and presentation**		
	An integrated report should answer the question: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?	Integrated Report	221-223
	An integrated report describes its basis of preparation and presentation, including:	Integrated Report	221-223
	Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters	Integrated Report	221-223
	A description of the reporting boundary and how it has been determined	Integrated Report	221-223
2	**Responsibility for an integrated report**		
	An integrated report should include a statement from those charged with governance that includes:	Director' Report	60-79
	An acknowledgment of their responsibility to ensure the integrity of the integrated report	Integrated Report	221-223
	An acknowledgment that they have applied their collective mind to the preparation and presentation of the integrated report	Integrated Report	221-223
	Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework	Integrated Report	221-223
3	**Other qualitative characteristics of an Integrated Report**		
	Consistency and comparability		
	The information in an integrated report should be presented:		
	On a basis that is consistent over time	Directors' Report	60-79
	Using benchmark data		
	Presenting information in the form of ratios	Five years' financial summary	246-247
	Reporting quantitative indicators commonly used by other organizations with similar activities, particularly when standardized definitions are stipulated by an independent organization	Five years' financial summary	246-247
	Connectivity of information		
	An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time.		221-223
	Content elements	Core financial highlights	237
	Past, present & future	Core Financial Highlights, Message from our Chairman, Massage from the Managing Director & CEO, Directors' Report	54-57
	Finance and other information	Five years' financial summary	
	Assurance on the Report		
	The policy and practice relating to seeking assurance on the report, the nature and scope of assurance provided for this particular report, any qualifications arising from the assurance, and the nature of the relationship between the organization and the assurance providers	Directors' Report, Independent Auditor's Report	60-79

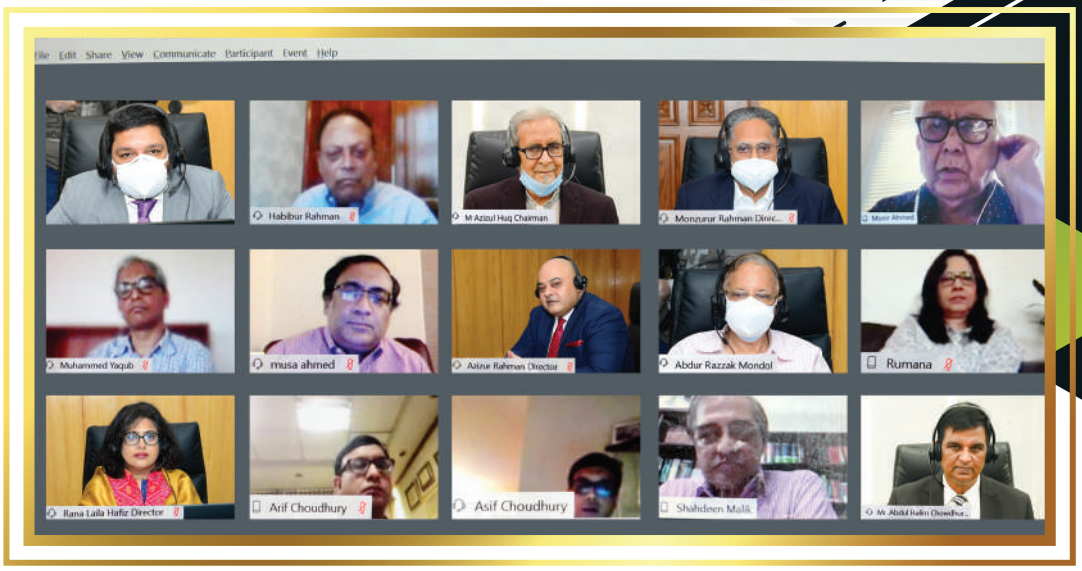
CORPORATE GOVERNANCE DISCLOSURE CHECKLIST

[In Line with South Asian Federation of Accountants (SAFA) Guidelines]

SL	Items	Compliance Status	Ref Page No
1	**BOARD OF DIRECTORS, CHAIRMAN AND CEO**		
1.1	Company's policy on appointment of directors disclosed	complied	85
1.2	Adequate representation of non-executive directors i.e. one third of the board, subject to a minimum of two	complied	85
1.3	At least one independent director on the board and disclosure/ affirmation of the board on such director's independence	complied	85
1.4	Chairman to be independent of CEO	complied	88
1.5	Responsibilities of the Chairman of the board appropriately defined and disclosed. Disclosure of independence of Non-Executive Directors	complied	88
1.6	Existence of a scheme for annual appraisal of the boards performance and disclosure of the same	complied	94
1.7	Disclosure of policy on annual evaluation of the CEO by the Board	complied	95
1.8	Disclosure of policy on training (including details of the counting training program) of directors and type and nature of training courses organized for directors during the year existence of a scheme for annual appraisal of the boards performance	complied	94
1.9	At least one director having through knowledge and expertise finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting	complied	94
1.10	Disclosure of number of meetings of the board and participation of each directors (at least 4 meetings are required to be held)	complied	89
1.11	Directors issue a report on compliance with best practices on corporate governance that is reviewed by external auditors	complied	60-80
2	**VISION/MISSION AND STRATEGY**		
2.1	Company's vision/mission statements are approved by the board and disclosed in the annual report	complied	16-17
2.2	Identification of business objectives and areas of business focus disclosed	complied	26-78
2.3	General description of strategies to achieve the company's business objectives	complied	78
3	**AUDIT COMMITTEE**		
3.1	Appointment and Composition	complied	116-119
3.1.1	Whether the audit committee chairman is an independent Non-executive Director and Professionally Qualified	complied	116-119
3.1.2	Whether it has specific terms of reference and whether it is empowered to investigate/ question employees and retain external counsel	complied	116-119
3.1.3	More than two thirds of the members are to be Non-Executive Directors	complied	116-119
3.1.4	All members of the audit committee to be suitably qualified and at least one member to have expert knowledge of finance and accounting	complied	116-119
3.1.5	Head of internal audit to have direct access to audit committee	complied	116-119
3.1.6	The committee to meet at least 4 times a year and the number of meetings and attendance by individuals members disclosed in the annual report	complied	116-119
3.2	**OBJECTIVE AND ACTIVITIES**		
3.2.1	Statement of Audit Committees review to ensure that internal controls are well conceived properly administered and satisfactorily monitored	complied	117
3.2.2	Statement to indicate audit committees role in ensuring compliance with Laws, Regulations and timely settlements of statutory dues	complied	117-118
3.2.3	Statement of Audit Committee involvement in the review of external audit function	complied	
	Ensure effective coordination of external audit function	complied	117-118
	Ensure independence of external auditors	complied	117-118
	To review the external auditors findings in order to be satisfied that appropriate action is being taken	complied	117-118
	Review and approve any non-audit work assigned to the external auditor and ensure that such work does not compromise the independence of external auditors	complied	117-118
	Recommend external auditor for appointment/reappointment	complied	117-118
3.2.4	Statement on Audit committee involvement in selection of appropriate accounting policies that are in line with applicable accounting standards and annual review	complied	117-118

SL	Items	Compliance Status	Ref Page No
3.2.5	Statement on Audit commi ee involvement in the review and recommend to the board of directors, annual and interim nancial releases	complied	117-118
3.2.6	Reliability of the management informa on used for such computa on	complied	114
4	**INTERNAL CONTROL & RISK MANAGEMENT**		
4.1	Statement of director's responsibility to establish appropriate system of internal control	complied	155-156, 170
4.2	Narra ve descrip on of key features of the internal control system and the manner in which the system is monitored by the Board, Audit Commi ee or Senior Management	complied	155-156, 170
4.3	Statement that the directors have reviewed the adequacy of the system of internal controls	complied	155-156, 170
4.4	Disclosure of the iden ca on of risk the company is exposed to both internally and externally	complied	170
4.5	Disclosure of the strategies adopted to manage and mi gate the risks	complied	170
5	**ETHICS AND COMPLIANCE**		
5.1	Disclosure of statement of ethics and values, covering basic principles such as integrity, con ict of interest, compliance with laws and regula on etc.	complied	17, 84-99
5.2	Dissemina on/communica on of the statement of ethics & business prac ces to all directors and employees and their acknowledgement of the same.	complied	84-99
5.3	Board's statement on its commitment to establishing high level of ethics and compliance within the organiza on	complied	60-79
5.4	Establishing e ec ve an -fraud programs and controls, including e ec ve protec on of whistle blowers, establishing a hot line repor ng of irregulari es etc.	complied	60-79
6	**REMUNERATION COMMITTEE**		
6.1	Disclosure of the charter (role and responsibili es) of the commi ee	complied	123-125
6.2	Disclosure of the composi on of the commi ee (majority of the commi ee should be non-execu ve directors, but should also include some execu ve directors)	complied	123-125
6.3	Disclosure of key policies with regard to remunera on of directors, senior management and employees	complied	100
6.4	Disclosure of number of mee ngs and work performed	-	-
6.5	Disclosure of remunera on of directors, chairman, chief execu ve and senior execu ves	complied	123-125
7	**HUMAN CAPITAL**		
7.1	Disclosure of general descrip on of the policies and prac ces codi ed and adopted by the company with respect to Human Resource Development and Management, including succession planning, merit based recruitment, performance appraisal system, promo on and reward and mo va on, training and development, grievance management and counseling	complied	211
7.2	Organiza onal Chart	complied	24
8	**COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS**		
8.1	Disclosure of the company's policy/strategy to facilitate e ec ve communica on with shareholders and other stakeholders	complied	23
8.2	Disclosure of company's policy on ensuring par cipa on of shareholders in the Annual General Mee ng and providing reasonable opportunity for the shareholder par cipa on in the AGM	complied	11-13
9	**ENVIRONMENTAL AND SOCIAL OBLIGATIONS**		
9.1	Disclosure of general descrip on of the company's policies and prac ces rela ng to social and environmental responsibility of the en ty	complied	204
9.2	Disclosure of speci c ac vi es undertaken by the en ty in pursuance of these policies and prac ces	complied	218

EVENTFUL YEAR 2020



A moment of 37th Annual General Meeting held using digital platform. Mr. M. Azizul Huq, erstwhile Chairman, Board of Directors of Pubali Bank Limited connected with the honorable Directors, Sr. Executives and shareholders virtually.



Mr. Monzurur Rahman, honorable Chairman of the Board of Directors of Pubali Bank Limited handing over a sample of blanket to Dr. Ahmad Kaikaus, Prime Minister's Principal Secretary at the Prime Minister office. Blankets worth Tk. 1.57 crore had been donated to help the cold stricken people of the country as a part of CSR.

EVENTFUL YEAR 2020



A moment of celebrating the birth centenary of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman at the bank's head office. Mr. M. Azizul Huq, erstwhile Chairman, Board of Directors inaugurating the ceremony with the presence of honorable Directors and the Management team.



Mr. Safiul Alam Khan Chowdhury, Managing Director & CEO delivering his speech as the chief guest at the 1st Managers' Conference-2020 of Moulvibazar Region participated by all the Managers. Mr. M. Shahnawaz Chowdhury, General Manager of Head Office and Mr. Ershadul Haque, General Manager of Sylhet Principal Office also present.

EVENTFUL YEAR 2020



Mr. Fahim Ahmed Faruk Chowdhury, Honorable Director, Ms. Rana Laila Hafiz Honorable Director of Pubali Bank Limited are handing over a cheque of Tk. 1.50 crore as a part of the bank's CSR to Mr. Mohammad Jainul Bari, Secretary of the Ministry of Social Welfare for an organization named "Alor Pothe" for the development of disadvantaged Children.



Mr. Md. Abdul Halim Chowdhury, Ex-Managing Director & CEO on behalf of Pubali Bank Limited, receiving "Top Ten Remittance Award" and "Branding Award 2019" from Dr. A. K. Abdul Momen MP, Honorable Foreign Minister of Bangladesh Government, for contribution of the bank to increasing the flow of inward foreign remittance.

EVENTFUL YEAR 2020



Mr. M. Azizul Huq, erstwhile Chairman, Board of Directors of Pubali Bank Limited with the honorable Directors of the Bank and the Sr. Executives of Head Office at the Annual Managers' Conference 2020' held at Hotel Long Beach Auditorium, Cox's Bazar which was presided over by Mr. Md. Abdul Halim Chowdhury, Ex-Managing Director & CEO and participated by all the Branch Managers and Regional Managers.



Mr. M. Kabiruzzaman Yaqub FCMA (UK), CGMA, honorable Director of Pubali Bank Limited with Mr. Md. Abdul Halim Chowdhury, Ex-Managing Director & CEO, Mr. Safiul Alam Khan Chowdhury, Managing Director & CEO and Mr. Mohammad Ali, Additional Managing Director & COO present at the 1st Conference-2020 of Regional and Corporate Branch Managers at the bank's Head Office.

EVENTFUL YEAR 2020



Mr. Md. Abdul Halim Chowdhury, Ex-Managing Director & CEO as the chief guest at the ceremony of Shantinagar branch which was renovated for better services of the customers. Mr. Safiul Alam Khan Chowdhury, Managing Director & CEO on the left and Mr. Mohammad Ali, Additional Managing Director & COO on the right.

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.
Canada	U Remit International Exchange.
KSA	Al Rajhi Bank, Bank Al Bilad.
Kuwait	Al Mulla International Exchange Company, Al Muzaini Exchange Co., Bahrain Exchange Company, City International Exchange Co., Dollarco Exchange Co., Alnada Exchange Company.
Malaysia	NBL Money Transfer Sdn. Bhd., Merchantrade Asia Sdn. Bhd.; CBL Money Transfer, Prabhu Money Transfer Sdn. Bhd., Max Money exchange Company.
Oman	Unimoni, 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, Joyalukkas 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 Ghurair Exchange Company, Al Mona Exchange Co., Al Rostamani International Exchange, Index Exchange, Lari Exchange, National Exchange Company, UAE Exchange Centre LLC, 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, Placid NK Corporation (DBA Placid Express), Standard Express.
Italy	First Security Islami Exchange.
Global	Western Union Network (France) SAS, MoneyGram Payment System Inc., Trans-Fast Remittance LLC, Xpress Money Services, RIA Financial Services Ltd., Prabhu Group Inc.



Name of the Regions/Branches	District
CORPORATE BRANCHES	
Principal (AD)	Dhaka
Motijheel (AD)	Dhaka
Foreign Exchange (AD)	Dhaka
Bangabandhu Avenue (AD)	Dhaka
Dhaka Stadium (AD)	Dhaka
Kawran Bazar (AD)	Dhaka
Mohakhali (AD)	Dhaka
Gulshan Corporate (AD)	Dhaka
CDA (AD)	Chittagong
Agrabad (AD)	Chittagong
DHAKA NORTH REGION	
Farmgate (AD)	Dhaka
Asad Avenue	Dhaka
Mohammadpur	Dhaka
Satmosjid Road	Dhaka
Tejgaon	Dhaka
Gulshan Circle-1	Dhaka
International Airport	Dhaka
Darussalam Road	Dhaka
Mirpur	Dhaka
Kafrul	Dhaka
Shewrapara	Dhaka
Khamarbari	Dhaka
Banani	Dhaka
Progati Sarani	Dhaka
Kuril Bishwa Road	Dhaka
Uttara Model Town	Dhaka
Baridhara	Dhaka
Pallabi	Dhaka
Dakshin Khan	Dhaka
Ring Road	Dhaka
Pirerbag	Dhaka
Sonargaon Janapath	Dhaka
DHAKA CENTRAL REGION	
Malibagh	Dhaka
Laboratory Road	Dhaka
Dhaka Railway Station	Dhaka
Shahbagh Avenue	Dhaka

Name of the Regions/Branches	District
R.K. Mission Road	Dhaka
Bashaboo	Dhaka
Nayapaltan (AD)	Dhaka
Dhaka Shishupark	Dhaka
Shantinagor	Dhaka
Khilgaon	Dhaka
Sonargaon Road	Dhaka
Moghbazar (AD)	Dhaka
Fakirapool Bazar	Dhaka
Rampura	Dhaka
New Market	Dhaka
Elephant Road	Dhaka
Hotel Osmani International	Dhaka
Shipahibagh Bazar	Dhaka
Panthapath (AD)	Dhaka
Banasree	Dhaka
Sonargaon Hotel	Dhaka
DHAKA SOUTH REGION	
Moghaltully	Dhaka
Peelkhana	Dhaka
Bar Library	Dhaka
Nawabpur Road	Dhaka
Bangshal (AD)	Dhaka
Nazimuddin Road	Dhaka
Sadarghat (AD)	Dhaka
Chawk bazar (AD)	Dhaka
Jhonson Road	Dhaka
Babu Bazar	Dhaka
Sutrapur	Dhaka
Begum Bazar	Dhaka
Islampur	Dhaka
Imamgonj	Dhaka
Nayabazar	Dhaka
Komorgonj	Dhaka
Dolaipar	Dhaka
Ati Bazar	Dhaka
Dania	Dhaka
Jurain	Dhaka
Kamrangirchar	Dhaka
Keranigonj	Dhaka

BRANCH NETWORK

Name of the Regions/Branches	District
Ruhitpur	Dhaka
GAZIPUR REGION	
Board Bazar	Gazipur
Joydevpur	Gazipur
Kaligonj	Gazipur
Kashimpur	Gazipur
Mawna	Gazipur
Salna	Gazipur
Tongi	Gazipur
Kapashia	Gazipur
Daulatpur	Manikgonj
Manikgonj	Manikgonj
Singair	Manikgonj
Asulia	Dhaka
Savar	Dhaka
Palash	Narsingdi
Charsindur	Narsingdi
Ghorashal	Narsingdi
NARAYANGONJ REGION	
Narayangonj (AD)	Narayangonj
Tanbazar	Narayangonj
Kalirbazar	Narayangonj
Araihazar	Narayangonj
Duptara	Narayangonj
Shibu Market	Narayangonj
Netaigonj	Narayangonj
Narsingdi	Narsingdi
Madhabdi	Narsingdi
Belabo	Narsingdi
Raipura	Narsingdi
Munshigonj	Munshigonj
Aldibazar	Munshigonj
Nurpur	Munshigonj
Dhalagaon	Munshigonj
Gazaria	Munshigonj
Bhaberchar	Munshigonj
Naopara	Munshigonj
Sreenagar Bazar	Munshigonj
Siddirgonj	Narayangonj

Name of the Regions/Branches	District
Bhulta	Narayangonj
Fatullah	Narayangonj
CHITTAGONG NORTH REGION	
Kulgaon	Chittagong
Aman Bazar	Chittagong
Shitakundo SME/Krishi	Chittagong
Laldighi East (AD)	Chittagong
Nazirhat	Chittagong
Bibirhat	Chittagong
Dharmapur	Chittagong
Nanupur	Chittagong
Madhunaghat	Chittagong
Rangunia	Chittagong
Raozan	Chittagong
Katirhat	Chittagong
Mithachara Bazar	Chittagong
Baratakia Bazar	Chittagong
Baroirhat	Chittagong
Shiberhat	Chittagong
Sandwip	Chittagong
Colonel Hat	Chittagong
Hathazari	Chittagong
Khagrachari	Khagrachari
CHITTAGONG CENTRAL REGION	
Pathergata	Chittagong
Jubilee Road	Chittagong
Korbanigonj	Chittagong
Industrial Area	Chittagong
Chawk Bazar	Chittagong
Terribazar	Chittagong
Khatungonj (AD)	Chittagong
Asadgonj	Chittagong
Chaktai	Chittagong
Anderkilla	Chittagong
College Road	Chittagong
Bahadderhat	Chittagong
Mehdibagh	Chittagong
Ranirhat	Chittagong
Pahartali	Chittagong

Name of the Regions/Branches	District
Shaikh Mujib Road	Chittagong
Kadamtali	Chittagong
Reazuddin Bazar	Chittagong
Halishahor	Chittagong
Rangamati	Rangamati
CHITTAGONG SOUTH REGION	
Anowara	Chittagong
Hadipara	Chittagong
Lohagora	Chittagong
North Potenga	Chittagong
E.P.Z.	Chittagong
Sadarghat	Chittagong
Port	Chittagong
Patiya	Chittagong
Shantirhat	Chittagong
Banshkhali	Chittagong
Satkania	Chittagong
Chandanaish	Chittagong
Padua	Chittagong
Keranihat	Chittagong
Cox's Bazar	Cox's Bazar
Moheshkhali	Cox's Bazar
Ukhiya	Cox's Bazar
Chokaria	Cox's Bazar
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

Name of the Regions/Branches	District
Golapgonj	Sylhet
Gowainghat	Sylhet
Hetimgonj	Sylhet
Kadamtali	Sylhet
Kalighat Road	Sylhet
Kaligonj	Sylhet
Kanaighat	Sylhet
Mirgonj Bazar	Sylhet
Mohila College	Sylhet
Mokam Bazar	Sylhet
Shahjalal Upashahar	Sylhet
Shahgali Bazar	Sylhet
Shahi Eidgah	Sylhet
Shahparan Gate	Sylhet
Sylhet Main (AD)	Sylhet
Zakigonj	Sylhet
Companygonj	Sylhet
Shibgonj	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
Rasulgonj	Sunamgonj

BRANCH NETWORK

Name of the Regions/Branches	District
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
Rabir Bazar	Moulvibazar
Bhatera Bazar	Moulvibazar
Munshi Bazar	Moulvibazar
Jogidahar	Moulvibazar
Syedpur Bazar	Habigonj
Ajmerigonj	Habigonj
Gazipur	Habigonj
Baniachong	Habigonj
Nabigonj	Habigonj
Dharmaghar	Habigonj
Sutang Bazar	Habigonj
Habigonj	Habigonj
Town Mosjid Road	Habigonj
Bar Libarary	Habigonj
Chunarughat	Habigonj
Shaistagonj	Habigonj
Madhabpur	Habigonj
Guningonj Bazar	Habigonj
Gajnaipur Bazar	Habigonj
Putijuri SME/Krishi	Habigonj
Razar Bazar	Habigonj
Olipur Bazar	Habigonj

Name of the Regions/Branches	District
Mirpur Bazar	Habigonj
CUMILLA REGION	
Cumilla Main (AD)	Cumilla
Victoria College	Cumilla
Zilla Parishad	Cumilla
Daulatgonj	Cumilla
Cheora	Cumilla
Chawk Bazar	Cumilla
Meah Bazar	Cumilla
Dollai Nawabpur	Cumilla
Bangodda Bazar	Cumilla
Paduar Bazar	Cumilla
Gouripur Bazar	Cumilla
Doulkhar Bazar	Cumilla
Maynamati	Cumilla
Debidwar	Cumilla
Daudkandi	Cumilla
Chouddagram	Cumilla
Gunabati Bazar	Cumilla
Bhuschi Bazar	Cumilla
Chandina	Cumilla
Chhangarchar	Chandpur
Rampur Bazar	Chandpur
Chandpur	Chandpur
Motlab bazar	Chandpur
Ashrafpur Bazar	Chandpur
Gridakalindia Bazar	Chandpur
Hajigonj	Chandpur
Kachua	Chandpur
Nayergaon Bazar	Chandpur
Natun bazar	Chandpur
Baburhat	Chandpur
Brahmanbaria	Brahman baria
Akhaura	Brahman baria
Ashugonj	Brahman baria
Sarak Bazar	Brahman baria
Kuti Bazar	Brahman baria
NOAKHALI REGION	
Feni (Main)	Feni

Name of the Regions/Branches	District
Sonagazi	Feni
Kazirhat	Feni
Feni Bazar	Feni
Chhagalnaiya	Feni
Fulgazi	Feni
Bangla Bazar	Feni
Dagon Bhuiyan	Feni
Lemua Bazar	Feni
Maijdee Court	Noakhali
Samir Munshirhat	Noakhali
Chaumuhani	Noakhali
Hatiya	Noakhali
Sonaimuri	Noakhali
Bashurhat	Noakhali
Datterhat	Noakhali
Laxmipur	Laxmipur
Raipur	Laxmipur
Ramgonj	Laxmipur
Mirerhat	Laxmipur
Maizdee Bazar	Noakhali
MYMENSINGH REGION	
Mymensingh Main (AD)	Mymensingh
Swadeshi Bazar	Mymensingh
Taltola Bazar	Mymensingh
Trishal	Mymensingh
University Campus	Mymensingh
Charpara	Mymensingh
Muktagacha	Mymensingh
Bhaluka	Mymensingh
Fulbaria	Mymensingh
Kishorgonj	Kishorgonj
Bhairab Bazar	Kishorgonj
Kamalpur	Kishorgonj
Kathiadi	Kishorgonj
Netrokona (Town)	Netrokona
Mohanganj	Netrokona
Madan	Netrokona
Jamalpur	Jamalpur
Nandina Bazar	Jamalpur
Bakultala	Jamalpur

Name of the Regions/Branches	District
Sarishabari	Jamalpur
Melandah Bazar	Jamalpur
Sherpur Town	Sherpur
Pathrail Bazar	Tangail
Kalihati	Tangail
Tangail Main	Tangail
Akur Takur	Tangail
Gopalpur	Tangail
Zilla Sarak	Tangail
Pakutia	Tangail
Karatia	Tangail
Bhaighat Bazar	Tangail
RAJSHAHI REGION	
Rajshahi (AD)	Rajshahi
New Market	Rajshahi
Sericulture	Rajshahi
Katakhali Bazar	Rajshahi
Baneswar	Rajshahi
Bhawanigonj	Rajshahi
Bagha	Rajshahi
Courtbazar	Rajshahi
Natore	Natore
Kushumbi Kaligonj	Natore
Chapai Nawabgonj	Chapai Nawabgonj
Moharajpur	Chapai Nawabgonj
Pabna	Pabna
Salgaria	Pabna
Ataikula	Pabna
Tebunia	Pabna
Ishurdi	Pabna
RANGPUR REGION	
Rangpur	Rangpur
Station Road	Rangpur
Shapla Chattar	Rangpur
Dhap	Rangpur
Kurigram	Kurigram
Fulbari	Kurigram
Nageshwari	Kurigram
Parbatipur	Dinajpur

BRANCH NETWORK

Name of the Regions/Branches	District
Dinajpur	Dinajpur
Fulbari	Dinajpur
Pulhat	Dinajpur
Lalmonirhat	Lalmonirhat
Tushbander	Lalmonirhat
Nilphamari	Nilphamari
Saidpur	Nilphamari
Shutibari	Nilphamari
Thakurgaon (Town)	Thakurgaon
Thakurgaon Road	Thakurgaon
Panchagarh	Panchagarh
Nekmorod	Thakurgaon
Pirganj	Thakurgaon
Birgonj	Dinajpur
BAGURA REGION	
Sirajgonj	Sirajgonj
Khamargram	Sirajgonj
Tarash	Sirajgonj
Ullapara	Sirajgonj
Satmatha	Bogra
New Market	Bogra
Bogra	Bogra
Murail SME/Krishi	Bogra
Santahar	Bogra
Jaipurhat	Jaipurhat
Jamalgonj	Jaipurhat
Naogaon	Naogaon
Mohadevpur	Naogaon
Deluabari	Naogaon
Gaibandha	Gaibadha
Mahimagonj	Gaibadha
Park Road	Gaibadha
Gobindagonj	Gaibadha
KHULNA REGION	
Upper Jessore Road	Khulna
Khulna Main (AD)	Khulna
Batiaghata	Khulna
Khalishpur	Khulna
Doulatpur	Khulna

Name of the Regions/Branches	District
Mirerdanga	Khulna
Sheikhpara Bazar	Khulna
Kayerbazar	Khulna
Phultala	Khulna
Chuknagar	Khulna
Bagerhat	Bagerhat
Mongla	Bagerhat
Satkhira	Satkhira
Patkelghata	Satkhira
Kalaroa	Satkhira
Meherpur	Meherpur
Chuadanga	Chuadanga
Saratgonj	Chuadanga
Alukdia Bazar	Chuadanga
Alamdanga	Chuadanga
Jessore (AD)	Jessore
Noapara bazar	Jessore
Benapole	Jessore
Monirampur	Jessore
Navaran Bazar	Jessore
BSCIC	Jessore
Narail	Narail
Jhenaidah	Jhenaidah
BARISAL REGION	
Barisal (AD)	Barisal
Madhabpasha	Barisal
Rupatoli	Barisal
Babugonj	Barisal
Mehendigonj	Barisal
Bazar Road	Barisal
Hospital Road	Barisal
Hizla	Barisal
Muladi	Barisal
Tarki Bandar	Barisal
Pirojpur	Pirojpur
Nazirpur	Pirojpur
Matbaria	Pirojpur
Bhandaria	Pirojpur
Sarshina	Pirojpur
Mearhat	Pirojpur

Name of the Regions/Branches	District
Rajapur	Jhalakhathi
Nalcity	Jhalakhathi
Jhalakathi	Jhalakhathi
Bhola	Bhola
Charfashion	Bhola
Kalaiya Bandar	Patuakhali
Patuakhali	Patuakhali
Golachipa	Patuakhali
Subidkhali	Patuakhali
Kalapara	Patuakhali
Barguna	Barguna
Bamna	Barguna

FARIDPUR REGION	
Kanaipur	Faridpur
Bhanga	Faridpur
Faridpur	Faridpur

Name of the Regions/Branches	District
Sadarpur	Faridpur
Madhukhali	Faridpur
Gopalgonj	Gopalgonj
Madaripur	Madaripur
Shibchar	Madaripur
Rajbari	Rajbari
Pangsha SME/Krishi	Rajbari
Kushtia	Kushtia
Bheramara	Kushtia
Magura	Magura
Sariatpur	Sariatpur
Kashiani	Gopalgonj
Bhojeshwar Bazar SME/Krishi	Shariatpur
Kumarkhali	Kushtia

Pubali Bank Securities Limited

(A Subsidiary of Pubali Bank Limited)
A-A Bhaban (7th Floor)
23, Motijheel C/A, Dhaka-1000
Tel: 9589628, 9576147, 9589632, 9564882
Fax: 880-2-9590536
E-mail: pblsecurities@gmail.com

BAPLC CERTIFICATE



BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2021/045

BAPLC

Date of issue : January 26, 2021

Renewed Certificate

This is to certify that

PUBALI BANK LIMITED

is an Ordinary Member of **Bangladesh Association of Publicly Listed Companies** *and is entitled to all the rights and privileges appertaining thereto.*

This certificate remains current until 31st December **2021.**

BAPLC

Secretary-General

PUBALI BANK LIMITED

Registered office, 26, Dilkusha C/A, Dhaka-1000

PROXY / Authorization Form

I / We .....of.....

..... being a shareholder(s) of Pubali Bank Limited do hereby appoint ..... of.....

..... or failing him / her..... of ..... as my / our Proxy, to attend and vote on my / our behalf at the 38th Annual General Meeting of the bank to be held on **03rd June, 2021** at **10:30 AM** physically at **Pubali Bank Auditorium, Head Office, 26 Dilkusha C/A, Dhaka** and virtually through video conference and at any adjournment thereof.

As wished, I / We have attested Signature of the Proxy Holder on .....day of ..... 2021.

Signature of the Shareholder(s)

Revenue Stamp Tk. 20.00

Signature of the Proxy Holder

No. of Shares held :

Folio No.	
BO ID No.	
E-mail of Shareholder	
Mobile of Shareholder	
E-mail of Proxy Holder(1)	
Mobile of Proxy Holder(1)	
E-mail of Proxy Holder(2)	
Mobile of Proxy Holder(2)	

NOTES:

1. A Member entitled to attend and vote at the 38th Annual General Meeting (AGM) may appoint a PROXY to attend and vote on his / her behalf.
2. Signature of the Shareholder(s) must agree with the Specimen Signature recorded with the Bank.
3. The Honorable Shareholder (s) will submit their Proxy form through online/Manual no later than 48 hours before commencement of the AGM i.e 01 June 2021 at 10:30 AM. Proxy is invalid if not signed and stamped as explained above.

ANNUAL REPORT 2020

Pubali Bank Bhaban
26 Dilkusha C/A, Dhaka, Bangladesh
GPO Box No: 853
PABX: 9551614; FAX: 88 02 9564009
Email: info@pubalibankbd.com
Website: www.pubalibangla.com
SWIFT: PUBABDDH