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INFORMATION MEMORANDUM

**Non-convertible Privately Placed 3rd
Subordinated Floating Rate Bond of BDT 7,000 million**



পূবালী ব্যাংক লিমিটেড
PUBALI BANK LIMITED

Issuer: Pubali Bank Limited

Corporate Head Office:

26 Dilkusha Commercial Area, Dhaka-1000

Trustee: DBH Finance PLC.

Type of Security: Subordinated Unsecured Floating Rate Bond

Total Face Value: Up to BDT 7,000 million

Face Value of Each Bond is: BDT 10,000,000

Issue Price of Each Bond is: BDT 10,000,000

Number of Securities: 700 **Total Issue Amount:** BDT 7,000,000,000

Coupon Rate/discount rate and YTM: Floating

Credit Rating Status of the Issue: AA

Long Term Rating: AA, **Outlook:** Stable

"If you have any query about this document, you may consult the issuer and the trustee."

Mandated Lead Arranger
Standard Chartered Bank

08 DEC 2022

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

08 DEC 2022

Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

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ZAHID AHSAN
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.



ARRANGER'S DISCLAIMER

Pubali Bank Limited (the "Issuer") has authorized Standard Chartered Bank ("Standard Chartered" or the "Arranger") to distribute this Information Memorandum in connection with the proposed transaction outlined in it (the "Transaction") and the bond proposed to be issued in the Transaction (the "Bond").

"Standard Chartered Bank" means Standard Chartered and any group, subsidiary, associate or affiliate of Standard Chartered and their respective directors, representatives or employees and/or any persons connected with them.

Nothing in this Information Memorandum constitutes an offer of securities for sale in the United States or any other jurisdiction where such offer or placement would be in violation of any law, rule or regulation.

The Issuer has prepared this Information Memorandum and the Issuer is solely responsible for its contents. The Issuer will comply with all laws, rules and regulations and has obtained all regulatory, governmental, and corporate approvals for the issuance of the Bond. All the information contained in this Information Memorandum has been provided by the Issuer or is from publicly available information, and such information has not been independently verified by the Arranger. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Arranger or its affiliates for the accuracy, completeness, reliability, correctness or fairness of this Information Memorandum or any of the information or opinions contained therein, and the Arranger hereby expressly disclaim, to the fullest extent permitted by law, any responsibility for the contents of this Information memorandum and any liability, whether arising in tort or contract or otherwise, relating to or resulting from this Information Memorandum or any information or errors contained therein or any omissions therefrom. By accepting this Information Memorandum, you agree that the Arranger will not have any such liability.

You should carefully read and retain this Information Memorandum. However, you are not to construe the contents of this Information Memorandum as investment, legal, accounting, regulatory or tax advice, and you should consult with your own advisors as to all legal, accounting, regulatory, tax, financial and related matters concerning an investment in the Bond.

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ISSUER'S DISCLAIMER

This Information Memorandum is neither a prospectus nor a statement in lieu of prospectus. The issue of Unsecured Subordinated Floating Rate Bond is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. It does not constitute and shall not be deemed to constitute an offer or an invitation to subscribe to the bond issue to the public in general. Apart from this Information Memorandum, no information memorandum or prospectus has been prepared in connection with the offering of this issue.

This Information Memorandum has been prepared to provide general information about the issuer to potential investors to whom it is addressed and who are willing and eligible to subscribe to the bond issue. This Information Memorandum does not purport to contain all the information that any potential investor may require. Neither does this Information Memorandum nor any other information supplied in connection with the bond issue is intended to provide the basis of any credit or other evaluation and any recipient of this Information Memorandum should not consider such receipt a recommendation to purchase any bonds. Each potential investor contemplating the purchase of any bonds should make his/her own independent investigation of the financial condition and affairs of the issuer and his/her own appraisal of the creditworthiness of the issuer.

Potential investors should consult their own financial, legal, tax, and other professional advisors as to the risks and investment considerations arising from an investment in the bonds and should possess the appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances.

The information relating to the company contained in this Information Memorandum is believed by the issuing company to be accurate in all respects as to the date hereof.

It is the responsibility of potential investors to also ensure that they will sell/transfer these Bonds in strict accordance with this Information Memorandum and other applicable laws. None of the intermediaries or their agents or advisors associated with this issue undertake to review the financial condition or affairs of the issuer during the life of the arrangements contemplated by this Information Memorandum or have any responsibility to advise any investor or potential investor in the bonds of any information available with or subsequently coming to the attention of the intermediaries, agents or advisors.

No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Information Memorandum or in any material made available by the issuer to any potential investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the issuer.

The contents of this Information Memorandum are intended to be used only by those potential investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

The person who is in receipt of this Information Memorandum shall maintain utmost confidentiality regarding the contents of this Information Memorandum and shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding its contents, without the prior written consent of the issuer till the time the Information Memorandum comes within public domain. Notwithstanding the foregoing, a bondholder may provide this Information Memorandum to a potential investor for the sole purpose of transferring the bonds.

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Each person receiving this Information Memorandum acknowledges that:

- Such person has been afforded an opportunity to request and to review and has reviewed and received this Information Memorandum and all additional information considered by an individual to be necessary to verify the accuracy or to supplement the information herein; and
- Such person has not relied on any intermediary that may be associated with the issuance of the bonds in connection with his/her investigation of the accuracy of such information or his/her investment decision.

The issuer does not undertake to update the Information Memorandum to reflect subsequent events after the date of the Information Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the issuer. Neither the delivery of this Information Memorandum nor any sale of bonds made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the issuer since the date hereof.

This Information Memorandum does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the bonds or the distribution of this Information Memorandum in any jurisdiction where such action is required. The distribution of this Information Memorandum and the offering and sale of the bonds may be restricted by law in certain jurisdiction. Persons into whose possession this Information Memorandum comes are required to inform themselves about and to observe any such restrictions.

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পুবালী ব্যাংক লিমিটেড
PUBALI BANK LIMITED

LETTER OF AUTHORITY

13 October 2022

Mr. Md. Maroof ur Rahman Mazumder
Executive Director & Head of Capital Markets
Standard Chartered Bank
67, Gulshan Avenue
Dhaka-1212, Bangladesh

LETTER OF AUTHORITY

Dear Sir,

We refer to the Subordinated Floating Rate Bond Issue of BDT 07 Billion (the "Bonds") which, you (the Arranger) are arranging at our request, the principal terms and conditions of which are set forth in the attached Information Memorandum (the "Information Memorandum"): Pubali Bank Limited (the Issuer), the undersigned, confirms that:

- Except as otherwise provided in the Information Memorandum, all the information contained therein relating to the company and its business has been provided to you by us.
- We confirm that we are fully responsible for all material statements, facts and opinions in the Information Memorandum.
- To the best of our knowledge the Information Memorandum does not omit any fact in the context of the proposed facility although the Information Memorandum does not purport to be all the information which investors may require in order to evaluate the issuer's business.
- The forecasts contained in the Information Memorandum were made after due and careful consideration on our part based on the best information available to us and we consider them fair and reasonable on the circumstances now prevailing; and
- The information (including forecast) in the Information Memorandum fairly represents the basis on which the Issuer and its shareholders are proceeding with the business.

The Issuer does not however make any expression of implied representation of warranty as to the fairness, accuracy, or completeness of the information (including statements of opinion) or forecasts. Appropriate warranties or other undertakings in relation to the information and forecasts will be given on the bond documents and no representations or warranties other than those specially set forth on the bond documents shall be deemed to be given to any party.

We hereby request and authorize you to distribute this Information Memorandum to prospective investors who may subscribe the Bonds. We understand that as per local practice, no confidentiality agreement will be signed between the Arranger and the prospective participants (including their relevant staff members and board of directors) to whom the Information Memorandum shall be placed, and we confirm our consent to the distribution of "Information Memorandum" and other relevant documents to prospective investors distributed in this manner.

Sincerely,

Sd/-
Mohammad Ali
Managing Director & CEO (CC)
Pubali Bank Limited

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3. RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS

The following matters should be considered carefully before making any investment decision with respect to the Issuer or the Bonds. This Section contains a list of risks usually associated with the Issuer and the Bonds that It is issuing. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences. This list of risk factors is not meant to be a comprehensive description of all risks which may be relevant to a decision to invest in the Bonds. It does not take into consideration an investor's specific knowledge and/or understanding about the risks typically associated with the Issuer and the purchase and ownership of the Bonds. You are advised to review the risks below, if necessary, with the assistance of your own professional advisors, prior to making any investment decisions. If any of the risks described materialize, they could have a serious effect on the Issuer's financial results, and the ability of the Issuer to fulfill its obligations under the Bonds to be issued.

a) Interest Rate Risks

Interest Rate Risk can be defined as the risk of change in the value of an asset due to volatility in interest rates rendering the security in question non-competitive or increasing its value. Though the risk is said to arise due to an unexpected move, generally, investors are concerned with downside risk. This risk directly affects the fixed-rate security holder. Whenever the interest rate rises, the price of the fixed-income bearing security falls and vice-a-versa. For a bank, this risk arises from differences in the repricing profile, interest rate basis, and optionality of banking book assets, liabilities and off-balance sheet items. Interest Rate Risk represents an economic and commercial risk to the Bank and its capital adequacy.

Management's Perception

The vulnerability of an institution towards the advanced movement of the interest rate can be gauged by using Duration GAP under Stress Testing Analysis. Bank 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%.

b) Foreign Exchange Risks with Risk Mitigation Policy

Foreign exchange risk is the risk that a business' financial performance or financial position will be impacted by fluctuations in the exchange rates between currencies. The risk can manifest itself through a bank's holdings of assets (or liabilities) with net payment streams denominated in a foreign currency. Foreign exchange rate fluctuations alter the domestic currency values of such assets. Foreign exchange risk is not confined to proprietary positions taken by a bank and client driven transactions but can also arise from known profit flows in foreign currency, and provisions for bad debts denominated in foreign currency. It is important that these exposures are identified and, where necessary, hedged, on a timely basis with the proper mitigants at place.

Management's Perception

The treasury division independently conducts the transactions, and the back office is responsible for verifying the deal and passes necessary accounting entries. As advised by Bangladesh Bank on month-

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end all foreign exchange-related transactions are revalued at mark-to-market rate. All Nostro accounts are reconciled on daily basis and outstanding entries beyond 30 days are reviewed by management for settlement. It is mentionable that bank management is looking forward to establishing treasury mid-office to effectively perform the reconciliation activities. Similar to credit risk, RMU is in the process of implementation of Value-at-Risk (VaR) to assess the foreign exchange risk more effectively.

c) Non-repayment Risks

Non-repayment risk is defined as the potential risk that a bank's borrower or counterparty may fail to meet its obligations in accordance with agreed terms, resulting into an adverse impact on the quality of bank's assets and profitability. Non-repayment risk also refers to the bank's risk of having its cash flows interrupted when a borrower fails to make their repayment. Such a scenario results into having the loan classified in separate categories, the extreme one being Non-Performing Loans (NPL) which adversely impacts the bank's profitability due to higher required provisioning.

In the case of an unpaid loan, non-repayment risk can result in the loss of both interest on the debt and unpaid principal, whereas in the case of an unpaid account receivable, there is no loss of interest. In both cases, the party granting the credit may also incur incremental collection costs.

Management's Perception

To ensure portfolio health, the bank has distributed the overall credit concentration among different segments/industries/trading. For example, branches are primarily responsible for sourcing potential clients and initiate limit (credit) approval process for review of Credit Division (CD), this division (CD) ensure the quality of credit proposal before limit approval, a separate division known as Credit Administration Monitoring and Recovery Division (CAMRD) monitors the documentation aspects of approved credits and finally, the Law Division manages the deteriorated accounts. It is mentionable that the bank has its own credit risk management guideline. All other remaining risks in regard to credit portfolio are addressed by the Risk Management Division (RMD), the primary responsibility of this unit is to identify and assess the severity of risks and highlight the same to the management for strategic decision making.

d) Pre-payment, Call or Refunding Risks

Call risk is the risk that the bond an investor has invested in will be redeemed by the issuer before its maturity date, thereby raising the risk for the investor as they would have to reinvest the redeemed amount at a much lower rate or in an unfavorable investing market scenario. If the bond is called at or close to par value, as is usually the case, investors who paid premium for their bond also risk a loss of principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.

Management's Perception

The bond that PBL intends to issue is non-callable, thus mitigating such risk.

e) Security Risks

The risk of loss arising from errors in the nature, quantity, pricing, or characteristics of collateral securing a transaction with credit risk. Institutions that actively accept and deliver collateral and are unable to manage the process accurately are susceptible to loss.

Management's Perception

Since this is an unsecured debt, this particular risk is not applicable here.

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f) Liquidity Risks

Liquidity is a bank's ability to meet its cash and collateral obligations without sustaining unacceptable losses. Liquidity risk refers to how a bank's inability to meet its obligations (whether real or perceived) threatens its financial position or existence. Institutions manage their liquidity risk through effective asset liability management (ALM).

Management's Perception

The management of Pubali Bank is well aware of the risks involving liquidity constraints and is capable of handling such risks by practicing modern Asset Liability Management (ALM) techniques. The ALM committee regularly monitors the overall liquidity position of the bank and proactively makes policy changes in due course of time. Therefore, it is highly unlikely that the bondholders will face any material loss from liquidity risk.

g) Management Risks

The risk associated with the management in charge of running the company. Ineffective, myopic, or inadequate strategies undertaken by the management hurt the shareholders and in turn, expose the company to management risk. Lack of proper succession planning and experience of the management are also some key variables in considering the said risk.

Management's Perception

Pubali Bank Ltd.'s management comprises a group of highly professional individuals with considerable experience and reputation in the country's financial industry. Therefore, it is very unlikely that the management will conduct in such an unprofessional manner. Moreover, the management of the bank is constantly supervised by a board of directors consisting of seasoned professionals and entrepreneurs who work hard to ensure that the interest of all the stakeholders is served by management. Being operated in the highly regulated banking industry is also a safeguard against this risk as Bangladesh Bank monitors the management to ensure best practice in the industry.

h) Operational Risk

Operational risk is the risk of loss due to failed internal processes or external events at an organization. Operational risk involves the legal and compliance risks in response to the disruption of day-to-day business operations. It also involves risk of losses suffered by the institutions stemming from the operational errors or mismatches in the process flows inherent in the lines of businesses.

Due to rising customer expectations, increasing regulatory requirements, proliferating financial engineering, uprising technological innovation and mounting competition, banks and financial institutions are undergoing changes. This has increased the probability of failure or mistakes from the operational point of view that can result in increased focus on managing operational risks.

Management's Perception

Internal control and internal audit systems are used as the primary means. Pubali Bank Ltd. manages this risk through a control-based environment in which processes are documented, authorization is independent, and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the bank stays in line with industry best practices and takes account of lessons learned from publicized operational failures within the financial services industry.

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Pubali Bank Ltd has operational risk management process which explains how the bank manages its operational risk by identifying, assessing, monitoring, controlling, and mitigating the risk, rectifying operational risk events, and implementing any additional procedures required for compliance with central bank requirements. Operational risk management responsibility is assigned to a different level of management within the business operation. Information systems are used to record the identification and assessment of operational risks and to generate appropriate regular management reporting.

Risk assessment incorporates a regular review of identified risks to monitor significant changes. On top of that, as part of recent development, the bank is in the process of adopting of globally recognized operational risk assessment tools, e.g., Risk Control Self-Assessment for assessment of all possible operational risk and adoption of Key Risk Indicator (KRI) to help the bank to set operational risk trigger parameters.

i) Business Risks

Business risk is the possibility that an organization's operations or competitive environment will cause it to generate financial results that are worse than expected. An entity with high business risk should be operated in a more conservative manner, keeping the debt level as low as possible. Business risk is influenced by a lot of factors, including revenue, costs, competition, and overall economic climate and government regulations.

Management's Perception

Pubali Bank Ltd. has a robust risk management system to counter any adverse business risk and to manoeuvres in a hostile business environment. Most business risks have been covered in Credit, Liquidity, and Interest Rate Risk. To counter and mitigate business risk, the following mitigation measures are in place:

- Regular review of impact of global economic meltdown and take appropriate measures
- Innovative and convenient financial products and services.
- Taking prompt action on customer complaints.
- Frequent assessment of clients' satisfaction.
- Regular review of performance against budget and targets.
- Review and analysis of competitors' performance.

Prevention of risk by forecasting future market conditions gives Pubali Bank Ltd. a competitive edge over other competitors in the local market. In order to mitigate prospective risks of the market, the equity and research team regularly assesses the market information. This assessment updates the Management about the current market situation, growth of certain industries, current global phenomena, the price index of raw materials, refinance scheme taken by the central bank, and regulatory steps taken by various regulatory bodies. This also helps to make a future prediction on any industry and the market as a whole.


j) Industry Risks

Industry risk is the systematic risk inherent in a particular industry affecting all the entities. The risk can manifest itself through increased competition in the industry, threats of substitutes, bargaining power of supply chain entities etc. Macro-economic conditions also impact the ecosystem of the industry a particular company is a part of. Specially for the financial sector, there can be certain economic events or anomalies that adversely affect the industry sending it on a decline.


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Management's Perception

Pubali Bank Ltd. has always been careful in offering innovative, convenient, and cost-effective financial products and services which in turn minimizes its industry risk exposure. Since it has a wide Networks, the bank contributes significantly in harnessing deposits by launching different attractive schemes befitting the requirement of different segments of customers. The bank actively encourages feedback from the customers and regards complaints as constructive comments that help to build customer relationships and improve business. The Bank has also succeeded in diversifying its business portfolio across the thrust sectors of the economy and always takes special care for superior value addition in its services to clients.

k) Market and Technology-related Risks

Market risk can be defined as the risk of losses in on and off-balance sheet positions arising from adverse movements in market prices. Market risk stems from all the positions included in the Bank's trading book, foreign exchange risk as well as from commodity positions.

Technology risk, or information technology risk, is the potential for any technology failure to disrupt the flow of a Bank's business. Banks face many types of technology risks, such as information security incidents, cyberattacks, password theft, service outages, and more. Every type of technology risk has the potential to cause financial, reputational, regulatory, and/or strategic risk. As such, it's critical to have an effective technology risk management strategy in place to anticipate potential problems.

Management's Perception

Over the last few years, Pubali Bank Ltd. had taken different initiatives to minimize ICT risks. Throughout the year, the bank had initiated different projects considering Risk Management into consideration. We have established our Data Center at IT 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 an Exadata storage solution for enhancing the 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. The audit recommendations and suggestions were considered and accordingly steps were taken to minimize associated ICT Risks. Bank has arranged awareness programs and trainings on the field of ICT Risk and its mitigation for both business and technical human resources, from top management to the trainee officers. The idea behind this practice was to increase the average ICT knowledge of the Bank through which the probability of occurrence of policy noncompliance in the Bank will be minimized.

The Treasury Division manages market risk covering liquidity, profit rate, and foreign exchange with oversight from the Asset Liability Management Committee (ALCO) comprising Senior Executives of the Bank. ALCO is headed by the Managing Director.

l) Risks related to potential or existing Government Regulations

Excessive growth of risk weighted assets against the growth of eligible regulatory capital of Pubali Bank Limited might breach the Bangladesh Bank's criteria of minimum capital requirement. Also, the Bank might fail to comply with the laws, regulations or codes applicable to the financial services industry.

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Managing Director & CEO
DBH Finance PLC.



Management's Perception

Unless any policy change may negatively and significantly affect the industry as a whole, the business of the bank is expected not to be affected materially. Like all scheduled banks in Bangladesh, Pubali Bank Ltd. has been funding their assets from their deposits after maintaining the required SLR including CRR has the bank has been consistently compliant to any such changes.

The bank is capable of dealing with the consequences of unfavorable policy or regulatory changes made by the government. The Government is taking initiatives to improve the attractiveness of the country as an investment destination. Accordingly, it is expected that any changes to the existing laws will seek to improve the overall business and investment environment.

m) Risks related to potential changes in Global or National Policies

Risk associated with any potential global issues (i.e., a global financial crisis or a massive volatility in an international currency) or a national policy change (i.e., regulatory changes made by the Bangladesh Bank or the Bangladesh Securities and Exchange Commission).

Management's Perception

Since this security would be issued in the local market, potential global changes are unlikely to have any impact. Since this security would be issued in the local market, potential global changes are unlikely to have any impact on the security issued. Moreover, Pubali Bank Ltd. has a robust risk management team and has the capability to adapt to any global scenario that might affect the local market in the security issued. Moreover, PBL has a robust risk management team and has the capability to adapt to any global scenario that might affect the local market.

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4. DETAILED DESCRIPTION AND INFORMATION OF ISSUER'S APPLICATION

1. Particulars of the Issuer, Pubali Bank Limited

(a)	Name of the Issuer	:	Pubali Bank Limited (PBL)
(b)	Legal status of the issuer	:	Public limited company (listed), private commercial bank
(c)	Details of Contact Information	:	Mohammad Liton Miah FCA GM, Division Head & CFO, Central Accounts Division Level 9, 26 Dilkusha C/A, Dhaka – 1000. Phone: +880 2 9566994 +880 2 9551614 Ext. 307 Mobile: +880 1917704870 E-mail: cad@pubalibankbd.com
(d)	Date of incorporation	:	June 30 1983
(e)	Date of commencement of business	:	August 11, 1983
(f)	Authorized capital	:	BDT 20,000,000,000 as of 30 September 2022
(g)	Paid-up capital	:	BDT 10,282,942,180 as of 30 September 2022
(h)	Total equity	:	BDT 42,602,913,407 as of 30 September 2022
(i)	Total liabilities	:	BDT 665,517,031,466 as of 30 September 2022
(j)	Total assets	:	BDT 708,119,944,873 as of 30 September 2022
(k)	Others	:	Not Applicable

2. Particulars of Issue Manager: Not applicable

3. Particulars of the Issue:

(a)	Name of the issue	:	Pubali Bank 3rd Non-convertible Subordinated Floating Rate Bond of BDT 7,000 million.
(b)	Type of instruments to be issued	:	Non-convertible Unsecured Floating Rate Fully Redeemable Subordinated Bond
(c)	Purpose of the issue	:	The issuance is to generate liquidity to strengthen Tier II capital of the bank.
(d)	Number of securities and total size of the issue to be offered	:	700 bonds for total issue amount of BDT 7,000,000,000.
(e)	Face value and issue price of securities mentioning discount or premium thereof	:	Face Value of Each Bond is: BDT 10,000,000 Issue Price of Each Bond is: BDT 10,000,000
(f)	Coupon rate /discount rate and YTM	:	To Be Determined as a sum of Benchmark Rate & Margin; However, during the tenor of each issue, the yield [benchmark + margin] will be floored at 6.00% and capped at [benchmark + margin] 9.00%.
(g)	Tenor or maturity	:	Up to 7 years from the Issue Date

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(h)	Details of conversion/ exchange option features	:	Not applicable as the bond is non-convertible.
(i)	Mode of redemption or conversion/ exchange	:	To be redeemed in 5 equal yearly instalments, starting from the end of 3rd year from the Issue Date, subject to regulatory approvals and as defined in the agreements.
(j)	Mode of option (call or put), if any, in case of redemption or conversion/exchange and discount or premium thereof	:	Not applicable as the bond is non-convertible and fully redeemable.
(k)	Rate of return	:	Floating rate bond with YTM floored at 6.00% and capped at 9.00%
(l)	Applicable tax rate	:	As per applicable Tax Laws of Bangladesh
(m)	Default protection mechanism (details of credit enhancement arrangement/ agreement, redemption reserve, sinking fund etc.), if any	:	Not applicable
(n)	Type of collateral securities being offered, if any	:	Unsecured
(o)	Status of securities holders in case of priority of payment	:	<p>The Claims of the Investors/Bondholders shall:</p> <ul style="list-style-type: none"> (i) be superior to the claims of investors in equity shares; (ii) be subordinated to the claims of depositors and general creditors of the bank; (iii) be subordinated to the claims of Bank's existing non-convertible, listed, debt instrument; (iv) pari passu without preference amongst themselves and other unsecured debt instruments classifying as Additional Tier 1 (AT1) Capital and Tier 2 in terms of Basel III Guidelines whether currently outstanding or issued at any time in the future.; and (v) neither be secured nor covered by a guarantee of the Issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors. <p>Tier 1 Capital and Tier 2 Capital shall have the meaning ascribed to such terms in the Basel III Guidelines.</p>
(p)	Period within which securities to be issued	:	Within 6 (six) months of regulatory approval in Single or Multiple Tranches
(q)	Nature of tradability or listing in the stock exchange(s) (Main Board / ATB /any other platform, mentioning the name of the stock exchange)	:	As per regulatory approval as per the guidance of BSEC
(r)	Others	:	Not Applicable

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4. Particulars of the Trustee:

(a)	Name of the trustee	:	DBH Finance PLC.
(b)	Paid-up capital of the trustee	:	BDT 1,772.64 Million (As on 31 December 2021)
(c)	Net worth of the trustee	:	BDT 7,244.13 Million (as of 31 December 2021)
(d)	Name of the issue(s) where performing as trustee	:	UCBL 5th Subordinated Bond, 5th Premier Bank Subordinated Bond
(e)	Others	:	Not Applicable

5. Particulars of the Credit Rating Company:

(a)	Name of credit rating company	:	Issuer Credit Rating Information & Services Limited Issue Alpha Credit Rating Ltd
(b)	Credit rating status of the issuer or originator	:	Long Term: AA+ Short Term: ST-1 Outlook: Stable
(c)	Credit rating status of the issue	:	Long Term: AA Outlook: Stable
(d)	Date and validity of rating along with surveillance rating for the issuer or originator and for the issue	:	Issuer Declaration Date: 25 July, 2022 Expiry Date: 24 July, 2023 Issue Declaration Date: 26 June, 2022 Expiry Date: 25 June, 2023
(e)	Latest default rate of the credit rating company	:	0.00%
(f)	Average time to default of the rated category	:	Not Applicable
(g)	Rating trigger, if any	:	Not Applicable
(h)	Others	:	Not Applicable

6. Particulars of originators, if any: Not applicable

7. Particulars of other contractual parties:

(a)	Name of the Mandated Lead Arranger	:	Standard Chartered Bank acting through its Bangladesh Branch
(b)	Legal status of the Mandated Lead Arranger	:	Foreign Commercial Bank
(c)	Details of contact information of the Mandated Lead Arranger	:	Md. Maroof Ur Rahman Mazumder Executive Director & Head of Capital Markets, Bangladesh Address: Level 3, 67 Gulshan Avenue, Dhaka – 1212 Phone: + 88-02-8833003-4 ext. 53031 Fax: + 88-02-8837810 Mobile: + 880171-3009646 E-mail: md-marooofur.rahman@sc.com

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(d)	Name of the issue managed by the Mandated Lead Arranger	:	List attached in annexure 5
(e)	Others	:	Not Applicable

5. DETAILS OF THE UTILIZATION OF PROCEEDS

Purpose of Issuance of Subordinated Bond

Pubali Bank Limited (PBL) has decided to raise Tier-II Capital through the issuance of Subordinated Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk-Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III). The proposed bond issue will allow the bank to enhance its capital strength and continue to grow its balance sheet in the future years.

Plan Regarding Use of Proceeds from Subordinated Bond

The proposed bond will qualify as part of PBL's Tier-II capital and will help maintain healthy capital adequacy ratios in the next few years. Besides, the BDT 7 billion funds will be used for undertaking general business activities of the bank including strengthening of the loan portfolio and other securities. The proceeds will primarily be used for:

- Growing the bank's loan portfolio in SME, Cards, and Retail segments
- Investing in other high-yield instruments

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6. FEATURES OF THE DEBT SECURITY TO BE ISSUED

a. Basic Features of the Instrument

Issuer:	Pubali Bank Limited (PBL)
The Issue:	BDT Floating Rate Non-Convertible Subordinated Bond
Issue Type:	BASEL III compliant Tier 2 Debt instruments for inclusion in Tier 2 Capital for capital adequacy purposes.
Mandated Lead Arranger:	Standard Chartered Bank ("SCB") and referred to as the "Mandated Lead Arranger" or the "MLA"
Trustee:	DBH Finance PLC.
Purpose:	To strengthen Tier II Capital Base
Arrangement Basis:	Best Efforts / Strictly Non-Underwritten
Purpose:	To strengthen Tier II Capital Base
Investors:	Local Financial Institutions, Insurance Companies, Funds, Corporate etc. and any other eligible investors
Currency:	Bangladeshi Taka (BDT)
Face Value:	BDT 7,000 million
Denomination:	Denomination of each lot of Bond is indicated at BDT 10,000,000 Face Value
Number of Issuing Unit	700 units/bond
Market Lot	05(five) units/bonds and in multiples of 01 unit/bond thereafter.
Minimum Application	BDT 10,000,000
Minimum Application	1 (one) lot
Mode of Placement:	Private Placement
Issue Price:	100% at Par
Maturity:	End of 7 years from the Issue Date
Nature of Debt Instrument	Subordinated Bond
Status of Debt:	Subordinated
Security:	Unsecured
Form:	Registered
Listing:	As per BSEC Consent Letter
Credit Rating of the Issue:	Long Term: AA Outlook: Stable Date of Declaration: 26 June, 2022 Valid till: 25 June, 2023
Coupon Rate:	To be determined as a sum of Benchmark Rate & Margin; However, during the tenor the yield [benchmark + margin] will be floored at 6.00% and capped at [benchmark + margin] 9.00%
Benchmark Rate:	Average of most recent month's published highest fixed deposit rates (6 months' tenor) of all Private Commercial Banks (excluding Islami Banks and Foreign Banks). The issuer's 6 months' tenor deposit rate to be considered at the time of calculating the average. The published deposit rate to be taken from Bangladesh Bank sources. This will be fixed semi-annually. The Benchmark rate will be fixed by the Trustee semi-annually on ("Interest Reset Date") the immediately preceding business day of the issuance and afterwards semi-annually throughout

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	the tenor of the bond. For avoidance of doubt, the Benchmark Rate shall be calculated by the Trustee and notified to the Issuer and all Investors on every Interest Reset Date		
Margin with Rate of Return	2.00%		
Payment of Coupon	Semi-annually not later than 60 days from expiry of 6 months and 12 months of each year from the issuance of the Bond		
Redemption Schedule:	20% of the total bond value to be redeemed at the end of each year starting from 3 rd year and the repayment schedule is depicted below:		
	Issue Size (BDT)	7,000,000,000	
	Years	Repayment (BDT)	Balance
	1		7,000,000,000
	2		7,000,000,000
	3	1,400,000,000	5,600,000,000
	4	1,400,000,000	4,200,000,000
	5	1,400,000,000	2,800,000,000
	6	1,400,000,000	1,400,000,000
7	1,400,000,000	0	
Late Redemption:	Incremental charge at the rate of 2% per annum payable by the Issuer to the Bondholders above the amount to be paid by the Issuer to the Bondholders on the Redemption Date for failure of the Issuer to make payment to the Bondholders on the Redemption Date.		
Over Subscription:	In event of this issue of the bond being oversubscribed, the allotment will be a first come first serve basis		
Under Subscription:	Any under-subscribed portion will be re-offered for fresh subscription depending on prevailing market conditions.		
Documentation:	Will include but not limited to the followings: <ul style="list-style-type: none">• Term Sheet• Bond Subscription Agreement• Trust Deed• Any other documentation related to the transaction Customary documentation including force majeure, negative pledge, cross default and indemnity provisions.		
Governing Law:	The Laws of The People's Republic of Bangladesh The Bonds are governed by and shall be construed in accordance with the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021. Any dispute arising thereof shall be subject to the jurisdiction of the competent courts of Bangladesh.		
Applicable Bangladesh Bank Guidelines:	The Bonds are being made in pursuance of "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" on Basel III capital regulations issued by Bangladesh Bank vide BRPD Circular No- 18 dated December 21, 2014 (herein after Basel III Regulations/ Basel III Guidelines/ Bangladesh Bank RBCA Guidelines-2014) covering criteria for inclusion of instruments in Regulatory Capital (Specific Eligibility Criteria for Subordinated Debt to Qualify as Tier 2 Capital stated in ANNEX-4 of Bangladesh Bank RBCA Guidelines-2014). The		

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	issue of Bonds and terms and conditions of the Bonds will be subject to the applicable guidelines/orders /rules/circulars issued by Bangladesh Bank and Bangladesh Securities and Exchange Commission from time to time.
Regulatory Approval	Upon approval from the Bangladesh Securities and Exchange Commission and No-Objection Certificate from Bangladesh Bank, the Issuer will issue the Bonds.
Validity of the Consent (to be issued by BSEC)	The consent for issuance of securities under private offer shall remain valid for 06 (six) months from the date of consent or for such a period as determined by the BSEC in the consent letter.
Transferability:	Freely transferable subject to the terms and conditions of the Bond documents.
Liquidity:	Freely transferable subject to the terms and conditions of the Bond documents.
Prepayment:	No Prepayment option.
Call:	Bond is non-callable
Refunding:	Not applicable
Conversion features:	Bond is non-convertible
Exchange options:	Not applicable
Early Redemption:	Not applicable
Compliance	The bond indenture to be aligned, where applicable, for compliance with "Guideline of Risk Based Capital Adequacy" issued by Bangladesh Bank (BB). Rules & Regulations of Bangladesh Securities & Exchange Commission (BSEC) and applicable Laws of the land.
Tax Features:	All payments made by the Issuer or under or in respect of the Trust Deed or the Bonds will be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Bangladesh or any political subdivision thereof or any authority thereof or therein having power to tax. The Issuer will not be Obligated pay any additional amounts in respect of such taxes, duties, assessments or governmental charges that may from time to time be deducted or withheld from such payments but will provide or procure the provision of original or authenticated tax receipts relating to any such deductions or withholdings to Bondholders.
Cost Related to the Issue:	Arrangement Fee: Total of 0.50% of the Face Value Amount of the Bonds + VAT Trustee Fee: <ul style="list-style-type: none">• BDT 400,000 per annum + VAT Credit Rating Fee: <ul style="list-style-type: none">• BDT 100,000 per annum + VAT Application Fee to BSEC: BDT 10,000 Consent Fee to BSEC: 0.10% on the Face Value Other/Legal/Regulatory Cost (if any): At Actual
Credit enhancement or guarantee, if any:	Not Applicable

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Enforcement of charges over securities:	Not Applicable
Conditions Precedent:	In form and substance satisfactory to the MLA including without limitation: (i) due diligence having been conducted and completed, (ii) documentation for Financing and appropriate business description disclosure in the offering circular, (iii) receipt by the MLA of appropriate legal opinions from external counsel, (iv) the Issuer having obtained all relevant approvals for Financing.
Enforcement of Charges over securities:	At any time after the Bonds have become due and repayable, the Trustee may, and without further notice in writing, take such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 66 ² / ₃ per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.
Basel Accords	Global minimum standards for the prudential regulation of banks set by the Basel Committee on Bank Supervision, housed with the Bank for International Settlements. The Basel Accords do not have legal force. The standards need to be incorporated into local legal frameworks through each jurisdiction's rule-making process within the predefined time frame established by the Basel Committee on Bank Supervision. There are three main sets of these agreements, which are commonly known as Basel I, II, and III.
Basel III	Means the Basel III International regulatory framework for banks. Basel III framework was drafted by the Basel Committee on Banking Supervision, which is a Committee of Bank of International Settlements. It is the risk-based capital framework to be followed by banks across countries and it has been designed to be risk sensitive across various types of banking assets, including securitization exposure. Basel III is based on the following three mutually reinforcing pillars that allow banks and supervisors to evaluate properly the various risks that banks face: <ul style="list-style-type: none"> (i) minimum capital requirements, which seek to refine the present measurement framework; (ii) supervisory review of an institution's capital adequacy and internal assessment process; and market discipline through effective disclosure to encourage safe and sound banking practices.
Additional Tier 1 (AT1) capital	Capital instruments that meet the criteria for inclusion in the additional tier 1 capital as defined by the Bangladesh Bank, the Central Bank of Bangladesh.
Tier 2 capital	Sum of Capital instruments that meet the criteria for inclusion in the tier 2 capital (gone-concern capital) as defined by the Bangladesh Bank, the Central Bank of Bangladesh.

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Basel III Regulations/ Basel III Guidelines/ Bangladesh Bank RBCA Guidelines-2014

BRPD Circular No.-18 dated December 21, 2014 issued by the Bangladesh Bank (the central Bank of Bangladesh) on Basel III Capital Regulations (Guidelines on Risk Based Capital Adequacy, Revised Regulatory Capital Framework for banks in line with Basel III), as amended from time to time covering terms and conditions for issue of debt instruments for inclusion in regulatory capital (Annex 4 of the Guidelines on Risk Based Capital Adequacy, Revised Regulatory Capital Framework for banks in line with Basel III). In the case of any discrepancy or inconsistency between the terms of the Bonds or any other Transaction Document and the Basel III Guidelines, the provisions of the Basel III Guidelines as per Bangladesh Bank shall prevail. The issue of Bonds and the terms and conditions of the Bonds will primarily be subject to and govern by the applicable guidelines issued by the Bangladesh Bank from time to time and the Rules and Regulations of Bangladesh Securities and Exchange Commission as amended from time to time.

6(b) Rate of Return, Yield to Maturity, Coupon/Discount Rate:

Floating Rate and total return on the Bonds will be calculated by Benchmark rate/coupon rate plus a predetermined additional profit rate/margin @2.00% per annum on the outstanding balance of the Bonds to be paid semi-annually. The Benchmark rate will be calculated and duly notified by the Trustee on every Coupon Rate Determination Date throughout tenor of the bond.

6(c) Transferability/Liquidity:

Transfer and transmission of the Bonds shall be subject to the Depositories Act, 1999, the rules made thereunder, the byelaws, rules and regulations of the Depositories as amended from time to time.

6(d) Prepayment, Call, Refunding, Conversion Feature:

Not applicable

6(e) Early redemption or late redemption:

Early redemption-Not applicable but Penalty rate on delay repayment (as fixed by the Regulator@ 2% (two percent) per annum above the usual rate of return of the debt instrument as per rule 14(1-h) of Bangladesh Securities and Exchange (Debt Securities) Rules, 2021.

6(f) Tax Features:

Deduction of tax at source at the rates prevailing from time to time under the provisions of the Income-tax Ordinance, 1984, or any other statutory modification or re-enactment thereof

6(f) Cost related to the issue

Particulars	Basis of Calculation	Amount in BDT
BSEC fees:		
Application Fee to BSEC	Fixed	BDT 10,000
Consent Fee to BSEC	@ 0.10% of total Issue size	BDT 70,00,000

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The estimated other cost(fees, commissions & misc. expenses):	
Trustee Fee (yearly)	BDT 400,000 per annum only per year excluding VAT and trust management fee (at actual).
Arranger fees	@0.50% (excluding VAT) on total Issue size
Rating Agency fee with periodic review	BDT 1,00,000 per rating (excluding VAT)
Legal Consultant fee	BDT 1,50,000 only (excluding VAT). Besides Professional Fee, all ancillary cost (i.e. notarization, registration, filing, non-judicial stamp, cartridge paper, printing, etc.) to be borne by the Bank At actual.

6(h) Repayment Schedule

20% of the total bond value to be redeemed at the end of each year starting from 3rd year and the repayment schedule is depicted below:

Issue Size (BDT)	7,000,000,000	
Years	Repayment (BDT)	Balance
End of 1 st year	-	7,000,000,000
End of 2 nd year	-	7,000,000,000
End of 3 rd year	1,400,000,000	5,600,000,000
End of 4 th year	1,400,000,000	4,200,000,000
End of 5 th year	1,400,000,000	2,800,000,000
End of 6 th year	1,400,000,000	1,400,000,000
End of 7 th year	1,400,000,000	0

6(i) Call or put option, and premium or discount thereof, if any:

Not applicable

6(j) Credit enhancement or guarantee, if any:

Not applicable

6(k) Enforcement of Charges over securities

At any time after the Bonds have become due and repayable, the Trustee may, at its sole discretion and without further notice in writing, take such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 66²/₃ per cent in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

6(l) Force Majeure:

Notwithstanding anything contained in this Letter, SCB may by notice in writing to the Issuer terminate this Letter at any time before the time on the Closing Date when payment would otherwise be due under this Letter to the Issuer in respect of the Bond if, in the opinion of the MLA, there is a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in their view be likely to prejudice materially the success of the offering and distribution

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Nasimul Baten
 Managing Director & CEO
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of the Bond and, upon notice being given, the parties to this Letter shall (except for the liability of the Issuer in relation to expenses related to the Transaction and except for any liability arising before or in relation to such termination) be released and discharged from their respective obligations under this Letter.

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7. DESCRIPTION OF COLLATERAL SECURITY AND TYPE OF CHARGES TO BE CREATED AGAINST ISSUE

The issue is an unsecured corporate bond hence no charge on Assets to be created. The issuer only owes the bondholders an indebtedness which is secured by claims over all present and future assets of the issuer subsequent to all secured lenders/investors.

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8. RIGHTS & OBLIGATIONS OF THE ISSUER

- **Issue of the Bonds:** Upon receipt of amount in accordance with the Subscription Agreement to be entered with each investor the Issuer shall issue Bonds in electronic dematerialised form as per the CDBL Bye Laws akin to a Bond Certificate subject to and in accordance with the provisions of the Trust Deed, Agency Agreement and the Subscription Agreement. The Issuer shall apply to the Central Depository Bangladesh Ltd (CDBL) for dematerialization of the allotted securities/bonds in order to enable the Bondholders to hold and transfer their respective units/bonds in dematerialized form.
- **Covenant to Repay:** The Issuer has obligation that it will, as and when the Bonds or any of them become due to be redeemed or any principal on the Bonds or any of them becomes due to be repaid unconditionally pay or procure to be paid to or to the order of the Trustee in Bangladesh Taka in Dhaka in accordance with the terms and conditions of the Bond in immediately available freely transferable funds the principal amount of the Bonds or any of them becoming due for redemption or repayment on that date and shall (subject to the terms and conditions of the Bond) until all such payments (both before and after judgment or other order) are duly made unconditionally pay or procure to be paid to or to the order of the Trustee on the relevant dates provided for in the terms and conditions interest on the principal amount of the Bonds or any of them outstanding from time to time as set out in the Conditions provided that:
 - (i) every payment of principal or interest in respect of the Bonds or any of them made to or to the account of the Paying Agent in the manner provided in the Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in this Clause except to the extent that there is default in the subsequent payment thereof to the Bondholders in accordance with the Conditions;
 - (ii) if any payment of principal or interest in respect of the Bonds or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the Bondholders or, if earlier, the seventh day after notice has been given to the Bondholders in accordance with the Conditions that the full amount has been received by the Paying Agent or the Trustee except, in the case of payment to the Paying Agent, to the extent that there is failure in the subsequent payment to the Bondholders under the Conditions; and
 - (iii) in any case where payment of the whole or any part of the principal amount due in respect of any Bond is improperly withheld or refused upon due presentation of a Bond Certificate, interest shall accrue at applicable interest rate for the Bond on the whole or such part of such principal amount from the date of such withholding or refusal until the date either on which such principal amount due is paid to the Bondholders or, if earlier, the seventh day after which notice is given to the Bondholders in accordance with the terms and conditions that the full amount payable in respect of the said principal amount is available for collection by the Bondholders provided that on further due presentation thereof such payment is in fact made.

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- **Observe instruction of the Trustee:** At any time after any Event of Default shall have occurred, the Issuer shall comply with the instruction of the Trustee subject to provision of the terms and conditions of the Bond.
- **Observe Bond Documents:** The Issuer shall have obligation to comply with, perform and observe all those provisions of this Trust Deed, the Agency Agreement, the terms and conditions of the Bond which are expressed to be binding on it and to perform and observe the same. The Bonds are subject to the provisions contained in this Trust Deed, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them respectively.
- **Observe Applicable Law:** The Issuer shall have obligation to comply with, perform and observe all those provisions of the applicable law including but is not limited to The Securities and Exchange Commission (Private Placement of Debt Securities) Rules 2012. The Issuer agrees that Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, the applicable law and will be deemed to have notice of all of the provisions of the applicable law applicable to them.
- **Books of Account:** The Issuer shall at all times keep and procure that all its Subsidiaries keep such books of account as may be necessary to comply with all applicable laws and so as to enable the financial statements of the Issuer to be prepared and allow, subject to confidentiality obligations under applicable law, the Trustee and any person appointed by it free access to the same at all reasonable times and to discuss the same with responsible officers of the Issuer;
- **Notice of Event of Default:** The Issuer shall give notice in writing to the Trustee forthwith upon becoming aware of any Event of Default and without waiting for the Trustee to take any further action.
- **Corporate Governance:** The Issuer shall comply in all material respects with the corporate governance guidelines set out by the Bangladesh Bank and the Securities and Exchange Commission.
- **Information:** So far as permitted by applicable law, the Issuer shall at all times give to the Trustee such information, opinions, certificates and other evidence as it shall require and, in such form, as it shall require in relation to Issuer for the performance of its obligations under the Bond Documents.
- **Execution of further Documents:** So far as permitted by applicable law, the Issuer shall at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to the provisions of this Trust Deed.
- **Notices to Bondholders:** The Issuer shall send or procure to be sent to the Trustee not less than 5 (five) business days prior to the date of publication, one copy of each notice to be given to the Bondholders in accordance with the Conditions and, upon publication, send to the Trustee two copies of such notice;
- **Notification of non-payment:** The Issuer shall notify the Trustee forthwith in the event that it does not, on or before the due date for payment in respect of the Bonds or any of them, pay

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unconditionally the full amount in the relevant currency of the moneys payable on such due date on all such Bonds.

- **Notification of late payment:** In the event of the unconditional payment to the Trustee of any sum due in respect of the Bonds or any of them being made after the due date for payment thereof, forthwith give notice to the Bondholders that such payment has been made.
- **Notification of redemption or repayment:** The Issuer shall within 14 (Fourteen) days prior to the Redemption Dates or purchase in respect of any Bond, give to the Trustee notice in writing of the amount of such redemption or purchase pursuant to the Conditions and duly proceed to redeem or purchase such Bonds accordingly.
- **Obligation of Agents:** The Issuer shall Observe and ensure agents comply with its obligations under the Agency Agreement; maintain the Register; and notify the Trustee immediately it becomes aware of any material breach of such obligations, or failure by any Agent to comply with such obligations, in relation to the Bonds;
- **Authorized Signatories:** The Issuer shall upon the execution hereof and thereafter forthwith upon any change of the same, deliver to the Trustee a list of the Authorized Signatories of the Issuer, together with certified specimen signatures of the same; and
- **Payments:** The Issuer shall Pay moneys payable by it to the Trustee hereunder without set off, counterclaim, deduction or withholding, unless otherwise compelled by law and in the event of any deduction or withholding compelled by law will pay such additional amount as will result in the payment to the Trustee of the amount which would otherwise have been payable by it to the Trustee hereunder.
- **Audited Financials and Annual General Meeting:** The Issuer shall complete audit of its financial statements and hold its annual general meeting within such period as may be specific by the SEC. If no such period is prescribed, Issuer shall complete audit of its financial statements and hold its general meeting in accordance with law of its jurisdiction of incorporation. The Issuer shall submit copy of its audited financial statements along with its annual report and the minutes of its annual general meeting with the SEC with a copy to the Bondholders within 14 days (or such other period agreed by SEC) of the completion of audit or, as the case may be, holding of the annual general meeting.

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9. RIGHTS & OBLIGATIONS OF THE TRUSTEE

Rights of the Trustee of Non-Convertible Floating Rate Subordinated Bond are, inter alia:

- **Trustee's determination:** The Trustee may determine whether or not a default in the performance or observance by the Issuer of any Obligation under the provisions of the Trust Deed or contained in the Bonds is capable of remedy and if the Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer and the Bondholders.
- **Determination of questions:** The Trustee as between itself and the Bondholders shall have full power to determine all questions and doubts arising in relation to any of the provisions of the Trust Deed and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders.
- **Trustee's discretion:** The Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by the Trust Deed or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any Liability that may result from the exercise or non-exercise thereof (save as otherwise provided by applicable law) but whenever the Trustee is under the provisions of the Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing.
- **Trustee's consent:** Any consent given by the Trustee for the purposes of the Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require.
- **Conversion of currency:** Where it is necessary or desirable for any purpose in connection with the Trust Deed to convert any sum from one currency to another it shall (unless otherwise provided by the Trust Deed or required by law) be converted at such rate or rates available to the Trustee on the relevant date, in accordance with such method and as at such date for the determination of such rate of exchange, as may be specified by the Trustee in its absolute discretion as relevant and any rate, method and date so specified shall be binding on the Issuer and the Bondholders.
- **Application of proceeds:** The Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Bonds or the delivery of any Bond Certificate to the persons entitled to it.
- **Error of judgment:** The Trustee shall not be liable for any error of judgment made in good faith by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters.
- **Agents:** The Trustee may, in the conduct of the trusts of the Trust Deed instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money) and the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission

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or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person provided that the Trustee had exercised reasonable care in the appointment of such person.

- **Delegation:** The Trustee may, in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by the Trust Deed and having exercised reasonable care in so doing, act by responsible officers or a responsible officer for the time being of the Trustee and the Trustee may also whenever it thinks fit, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons (whether being a joint trustee of the Trust Deed or not) all or any of the trusts, powers, authorities and discretions vested in it by the Trust Deed and any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub - delegate with the consent of the Trustee) as the Trustee may think fit in the interests of the Bondholders and the Trustee shall not be bound to supervise the proceedings or acts of and shall not in any way or to any extent be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of such delegate or sub-delegate provided that the Trustee had exercised reasonable care in the appointment of such delegate.
- **Custodians and nominees:** The Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trust as the Trustee may determine, including for the purpose of depositing with a custodian the Trust Deed or any document relating to the trust created hereunder and the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person provided that the Trustee had exercised reasonable care in the appointment of such person; the Trustee is not Obligated to appoint a custodian if the Trustee invests in securities payable to bearer.
- **Confidential information:** The Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder confidential information or other information made available to the Trustee by the Issuer in connection with the Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information.

Obligations of the Trustee of Non-Convertible Floating Rate Subordinated Bond are, inter alia:

- To hold the benefit of the covenants made by the Issuer in the Trust Deed and the Conditions on trust for the Bondholders.
- To open such accounts as the Trustee deems necessary for discharging the functions of Trustee.
- To keep the money and assets representing the Trust Assets (including enforcement proceeds) and to deposit and withdraw such moneys and assets as may be required from time to time and in accordance with the terms of the Trust Deed.
- To undertake all such actions for the recoveries of any outstanding payments in accordance with the provisions of the Trust Deed and to execute all such documents, deeds and papers and to do all acts in relation thereto.
- To manage and administer the Bonds in accordance with the terms of the Trust Deed and to execute, acknowledge, confirm or endorse any agreements, documents, deeds, instruments and papers in connection therewith.

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- To convene any meeting of the Bondholders in accordance with the provisions of the Trust Deed and the Conditions, and to facilitate the proceedings of such meeting as it deems appropriate in accordance with the terms of the Trust Deed.
- To implement, give effect to and facilitate the Conditions and such other documents, deeds and agreements in contemplation thereof or in connection therewith.
- Upon receipt of the instructions of such requisite majority of the Bondholders in accordance with the terms of the Trust Deed, to sell or otherwise dispose of the Trust Assets and close any bank accounts that may have been opened in pursuance of the Trust Deed after the distribution of amounts standing to their credit; and
- To do all such other acts, deeds and things as may be necessary and incidental to the above provisions unless such acts require the prior consent of the Bondholders in accordance with the terms of the Trust Deed.

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10. RIGHTS & OBLIGATIONS OF THE ARRANGER

The Issuer has appointed Standard Chartered Bank acting through its Bangladesh Branch as the Mandated Lead Arranger of the proposed Bonds.

Rights and Obligations of the Arranger of the Non-Convertible Floating Rate Subordinated Bond include:

- Due diligence of the issue prior to submission of the proposed bonds to external parties.
- Coordinate and provide integral support for preparation of Information Memorandum and appointment of relevant parties.
- Ensure proper documentation completion and compliance with regulatory requirements, prior to submission to regulators.
- Engage with regulators and Issuer for approval of the bonds.
- Support due diligence of prospective investors for investing in the bonds.
- Complete documentation of the bonds prior to subscription of the bonds.
- Monitor compliance with conditions precedent prior to issuance of the bonds.

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11. RIGHTS & OBLIGATIONS OF ELIGIBLE INVESTORS

Rights and Obligations of the eligible Investors of the Non-Convertible Floating Rate Subordinated Bond, inter alia:

- **Ownership of the Bond:** Each of the Issuer, the Trustee and any Agent may deem and treat the registered holder of a Bond as the absolute owner of such Bond, free of any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate Holder of such Bond (whether or not the Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon or any notice of previous loss or theft of the Bond Certificate issued in respect of that Bond) for all purposes and, except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Trustee and the Agents shall not be affected by any notice to the contrary.
- **Right to receive payment:** Subject to terms and conditions of the Bond, each Bondholder shall have a right to receive payment of principal amount of the Bond on the redemption date and interest amount of the Bond on each Interest Payment Date.
- **Transfer of Bonds:** Subject to terms and conditions of the Bond Documents each Bondholder shall have the right to transfer the Bonds freely
- **Basic Rights:** Basic rights of the Bondholders/Investors include but are not limited to: (i) secure methods of ownership registration; (ii) obtain relevant information on the company on a timely and regular basis; (iv) participate and vote in bondholders' meetings.

The rights of the Eligible Investors are ensured through the Trust Deed.

- **Rights Subordinated:** The rights of the holders of Bonds against the Issuer (including for principal and interest) are subordinated and junior in right of payment to its Obligations (a) to its depositors, (b) under bankers' acceptances and letters of credit issued by the Issuer, (c) to Senior Creditors (including the Bangladesh Bank and the Deposit Insurance Trust Fund). In the event of any insolvency, receivership, conservatorship, re-organisation, readjustment of debt or similar proceedings or any liquidation or winding up of or relating to the Issuer, whether voluntary or involuntary, all such Obligations of the Issuer shall be entitled to be paid in full before any payment shall be made to the Bondholders in respect of the Bonds. In the event of any such proceedings, after payment in full of all sums owing on such prior Obligations, the Bondholders and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank pari passu with the Bonds, shall be entitled to be paid from the remaining assets of the Issuer, the unpaid principal thereof and any unpaid premium, if any, and interest before any payment or other distribution, whether in cash, property or otherwise, shall be made on account of any capital stock or any Obligations of the Issuer ranking junior to the Bonds.

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12. DESCRIPTION OF THE ISSUER: PUBALI BANK LIMITED

Pubali Bank started its journey in 1959 as Eastern Mercantile Bank Limited, prior to the independence of Bangladesh. It was later incorporated in 1983 as a public limited company and registered with Bangladesh Bank as a private commercial bank. The bank has been listed in both the stock exchanges, DSE and CSE. Its shareholding structure consists of sponsor directors, institutions, and general public.

Pubali Bank Limited is currently the largest private commercial bank in the non-Islami space. It is engaged in commercial banking services including wholesale banking, retail banking, international trade financing, small and medium enterprises (SME) banking, Islamic finance, NRB banking, privilege banking, card services, treasury operations, etc. To build capacity for its clients' superior service experience, Pubali has implemented business process re-engineering over the years. The bank is rated as AA+ and ST-1 with Stable outlook.

A. CAPITAL STRUCTURE

- **Authorized capital:** BDT 20,000,000,000 (as of 30 September 2022)
- **Paid-up capital:** BDT 10,282,942,180 (as of 30 September 2022)

Shareholding Structure

Particulars	September 2022		December 2021	
	No. of share	Percentage (%)	No. of share	Percentage (%)
Directors	323,911,299	31.50%	323,911,299	31.50%
Co-operative societies	8,874,928	0.86%	8,858,921	0.86%
Banks and financial institutions	51,786,487	5.04%	49,853,273	4.85%
Government	2,482	0.0002%	2,482	0.0002%
Other institutions	224,300,453	21.81%	219,040,194	21.30%
Nonresident Bangladeshi	2,277,644	0.22%	2,294,390	0.22%
General public	417,140,925	40.57%	424,333,659	41.27%
	1,028,294,218	100.00%	1,028,294,218	100.00%

Issuer's Capital Sources

Particulars (In BDT MM)	As of 30 September 2022	
	Amount	% of Total Assets
Liabilities		
Borrowings from other banks, financial institutions, and agents	44,767	6.32%
Deposits and other Accounts	510,346	72.07%
Subordinated Bonds	10,500	1.48%
Perpetual Bonds	4,500	0.64%
Other Liabilities	95,404	13.47%
Total Liabilities	665,517	93.98%
Capital/Shareholders' Equity		
Paid up capital	10,283	1.45%
Statutory reserve	10,283	1.45%
Other reserve	3,478	0.49%
Retained earnings	18,559	2.62%
Total Shareholders' Equity	42,603	6.02%
Total Liabilities & Shareholders' Equity	708,120	100.00%

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Total Regulatory Capital of PBL (Consolidated) as of 30 September 2022

Particulars	September 2022
Total assets including off-balance sheet items	855,555,898,908
Total risk-weighted assets	421,333,526,079
Required Capital (10% of risk weighted assets)	42,133,352,608
Regulatory capital held :	
i) Common Equity Tier I Capital	34,625,451,439
ii) Additional Tier I Capital	4,500,000,000
iii) Tier II Capital	19,668,632,978
	58,794,084,417
Total Regulatory Capital Surplus/(Deficit)	16,660,731,809
CRAR Based on Basel III Framework:	13.95%
Capital Requirement :	Held
Common Equity Tier I Capital	8.22%
Additional Tier I Capital	1.07%
Tier I Capital	9.29%
Tier II Capital	4.67%
Total	13.95%

B. BUSINESS

Pubali Bank Limited has a long historical background in banking business since 1959 under the name and style of Eastern Mercantile Bank Limited. Subsequently, the Bank was denationalized in the year 1983 and the government transferred the entire undertaking of Pubali Bank to Pubali Bank Limited, which took over the same as a going concern. The Bank is engaged in all types of commercial banking services including wholesale banking, retail banking, international trade financing, small and medium enterprises (SME) banking, NRB banking, privilege banking, card services, treasury operations etc. as per guidelines laid down in Banking Companies Act 1991 and directives received from Bangladesh Bank from time to time. At present, the bank is operating its business activities through 482 branches with 245 ATMs throughout the country. It is listed in the stock exchange of Dhaka and Chittagong as a publicly traded company.

Products and Services**DEPOSIT PRODUCTS & SERVICES****a) Chequing Accounts**

- 1) Savings Bank (SB) Account:** Savings Bank Deposit Account is meant for individual savers. The account bears an attractive interest on fulfillment of conditions. Opening of the account requires a minimum deposit of BDT 500 both for urban and rural area. The same deposit needs to be maintained as minimum balance for receiving interest.
- 2) Current Deposit (CD) Account:** Current Deposit Account is meant for facilitating day to day transactions of different business entities, nonprofit organizations, Government, Semi Government, Autonomous bodies, Sector corporations and different other organizations/ institutions, club, societies, Trust etc. Minimum initial deposit is Tk.2,000 for Individual and Tk.5,000 Business unit.
- 3) Short Notice Deposit (SND) Account:** Short Notice Deposit Account is meant for facilitating transactions on a short intervals of different business entities, nonprofit

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General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

ZAHID AHSAN
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
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Nasimul Baten
Managing Director & CEO
DBH Finance PLC.



organizations, Government, Semi Government, Autonomous bodies, Sector corporations and different other organizations/institutions, club, societies, Trust etc. The account bears an attractive interest on fulfillment of conditions. Opening of the account requires a minimum deposit of BDT 2,000 to BDT 5,000 for rural area. The same deposit needs to be maintained as minimum balance for receiving interest.

b) Recurring Deposits

- Pubali Pension Scheme (PPS)
- Pubali Sanchaya Prakaalpa (PSP)
- Shiksha Sanchaya Prakaalpa (SSP)

c) Term Deposits

- Fixed Deposit (FDR)
- Dwigun Sanchaya Prakaalpa
- Monthly Profit Based Fixed Deposit
- Deposit Pension Scheme (DPS)
- Monthly Profit Based Small Deposit
- Target Based Small Deposit (TBSD)

d) Ancillary Services

- Demand Draft (DD)
- Telegraphic/Telephonic Transfer (TT)
- Payment Order (PO)
- Teller (Cash Counter) Transaction
- Locker Service

LOANS AND ADVANCES

a) Corporate Banking

- 1) **Secured Overdraft (OD):** Advances in the form of overdraft is allowed in Current Account operated upon by cheques. The Customer is sanctioned a certain limit up to which he can overdraw his current account within a specified period. Withdrawals and deposits can be made any number of times at the convenience of the borrower provided that the total amount overdrawn does not at any time exceed the agreed limit. Interest is calculated and charged only on the actual debit balances on daily product basis and applied to customer's account at quarterly rests.
- 2) **Cash Credit (CC):** To meet up day to day operational expenses to the business concerns that need to maintain stock as working capital.
- 3) **Demand Loan (DL):** Demand loans are sanctioned to Corporate/Companies or Business Concerns or Government or Partnership companies, Proprietorship companies or any individuals and staffs.

b) Personal Loans

- Car Loan
- Flat Purchase Loan
- Pubali Star

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- Household Durable Loans
- Medical Equipment Loan
- Govt. Primary School Teacher Loan

c) Lease Financing

- Capital Machinery
- Medical Equipment/Instrument
- General Equipment, AC, Lift,
- Generator etc.
- Car/Vehicle/Covered Van etc.
- Others

d) SME Financing

- PBL Subarna
- Pubali Protiva
- PBL Karma Uddog
- PBL Sujan
- Pubali Prochesta

e) Trade Finance

- Export LC
- Import LC
- Back to Back L/C
- EDF LC
- Loan against Trust Receipt
- Packing Credit
- Documents against Payment (D/P)
- Loan Against Imported Merchandise
- Foreign Bill Purchase (FBP)

f) Agri and Rural Credit

- Animal Husbandry and Biogas Plant Loan
- Beef Fattening Loan
- Bullock Loan
- Irrigation/Agricultural Equipment Loan
- Milch Cow/Buffalo Loan
- Poultry Firm Loan

ISLAMI BANKING

Pubali Bank Limited pursues Islamic Banking beside Conventional one since 2010. Out of total 491 branches, 17(Seventeen) Islamic Banking Windows have been providing Islamic Banking to join the caravan to utilize the largest Branch Banking network of the country along with good market reputation in the Banking sector. Moreover, we have a strong desire to introduction of Islamic Banking Service Desk (IBSD) in other Conventional Banking Branches through Online Banking facilities. And we are going to set up Dashboard, an information management tool, in front of all Islamic Banking Windows and to display Investment Income Sharing Ratio (IISR) for Mudaraba Depositors of the Bank and Rate of Investment Income earned by PBL Islamic Banking till the previous month, as a ready reference for customers for the sake of clarity and easy understanding of Islamic Finance.

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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 PIIBS (Pubali Integrated Islamic Banking Systems). At present, 21 staff members are working both in the field level Islamic Banking Windows and in the Head Office namely Islamic Banking Wing. The Bank arranges regular training programs for Islamic Banking personnel, as well as, for other employees of the Bank on Islamic Banking operations. Our 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 Maysir in any of its operations.

Financial Analysis

Since inception in 2010, Islamic Banking business of Pubali Bank Limited noted remarkable growth in all areas - Deposit, Investment and Profit. With only 2 windows, around 0.50% of Pubali Bank's business (in terms of profit) is being achieved from Islamic Banking operation with only 0.27% of manpower. 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 2021 is also reflected in its Balance Sheet and Profit & Loss Accounts accommodated within this cover.

Pubali Debit and Credit Card

To create a high potential in today's market with the plastic Card, Card Division of Pubali Bank Limited is under constant persuasion of efficient, accurate and timely management of the Card transaction and services for our large number of Card users. Each of our cards offer a host of features and benefits that make the life simpler and more convenient.

Pubali Debit Card:

Since 2nd September 2013, we are issuing Debit Card and developing our Card business to make the plastic money popular for our valued customer. At present, we have more than 1.3 Lac Debit Card and the number is increasing day by day. We offer a secure Debit Card with some productive features for our customers.

1. We are providing Debit Card free of cost for the initial year.
2. Lowest annual fee in comparative to the market.
3. Free of cost ATM Fund Transfer facilities through our ATM to any account of Pubali Bank and listed other Banks.
4. Local e-commerce facility.
5. We provide EMV Chip based Debit Card.

Pubali Credit Card:

Credit Card is a unique consumer financial product that offers credit for buy now pay later. It is no wonder that Credit Card is becoming popular in Bangladesh day by day and eventually will become centre to the financial lives of the most Bangladeshi consumers in future. We offer a cashless society for our valued Credit Card holders by offering the best brands in the world (i.e; VISA and MasterCard).

Our Credit Card Facilities:

We have the right solution for Credit Card holders with a combination of benefits and smooth services. Each of our Card also carries a range of value added benefits to suit with lifestyle. Already, we have tagged with more than 90 discount partners which includes Top Airlines, Electronic Brands, Hotels, Fashion Houses and Restaurants.

Our Global Credit Card members will get access to Balaka Executive Lounge at Hazrat Shahjalal International Airport and avail all services there. We are offering the lowest interest rate in the market i.e; 17% per annum only.

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Managing Director & CEO
DBH Finance PLC.



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

- ✓ Dual Currency International Credit Card.
- ✓ 03 no. of free Supplementary Card against 01 Principal Card.
- ✓ Maximum 45 days interest free period
- ✓ We will provide EMV Chip based Contactless Credit Card very shortly.
- ✓ Lowest Annual Fee.
- ✓ Lowest interest rate in the market (i.e; 17% per annum) and no hidden charge.
- ✓ Fund transfer facilities through our ATM upto 90% of Credit limit with 1% processing fee.

SUBSIDIARY: PUBALI BANK SECURITIES LIMITED

Pubali Bank Securities Limited (PBSL) was incorporated on June 21, 2010, under the Companies Act 1994 as a public limited company as a subsidiary company of Pubali Bank Limited. It offers full-fledged high standard brokerage service for retail and institutional clients. The company is a corporate member of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. As of 30 September 2022, the company's paid-up capital is BDT 6,600 million and authorized capital is BDT 7,000 million.

The company offers full-fledged high standard brokerage services for retail and institutional clients and operates stock trades for its own investment purposes.

C. MANAGEMENT

Board of Directors:

Sl No	Name	Designation
1	Mr. Monzurur Rahman	Chairman
2	Mr. Moniruddin Ahmed	Director
3	Mr. Habibur Rahman	Director
4	Mr. Ahmed Shafi Choudhury	Director
5	Mr. Fahim Ahmed Faruk Chowdhury	Director
6	Ms. Rumana Sharif	Director
7	Mr. M. Kabiruzzaman Yaqub FCMA(UK) & CGMA	Director
8	Mr. Musa Ahmed	Director
9	Mr. Azizur Rahman	Director
10	Mr. Md. Abdur Razzak Mondal	Director
11	Ms. Rana Laila Hafiz	Director
12	Mr. Mustafa Ahmed	Director
13	Dr. Shahdeen Malik	Independent Director
14	Mr. Mohammad Naushad Ali Chowdhury	Independent Director
15	Mr. Mohammad Ali	Managing Director & CEO (CC)

Management Team:

SL	Name	Designation
1.	Mr. Mohammad Ali	Managing Director & CEO (CC)
2.	Mr. Zahid Ahsan	Deputy Managing Director & Company Secretary
3.	Mr. Mohammad Esha	Deputy Managing Director
4.	Mr. Mohammad Shahadat Hossain	Deputy Managing Director
5.	Mr. Mohammad Shahnawaz Chowdhury	GM, Audit & Inspection Division
6.	Mr. Dewan Jamil Masud	GM, Islamic Banking Wing

¹Client to check if update needs to be made

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7.	Mr. A.S. Sirajul Haque Chowdhury	GM, RO, Dhaka North
8.	Mosammat Shahida Begum	GM, Research & Development Division
9.	Mrs. Rubina Begum	GM, Monitoring Division
10.	Mr. Nitish Kumar Roy	GM, Risk Management Division
11.	Mr. Ahmed Enayet Manzur	GM, Human Resources Division
12.	Mr. Md. Helal Uddin	GM, ICT Operation Division
13.	Mr. Md. Shahnewaz Khan	GM, Credit Division
14.	Mr. Mohammad Anisuzzaman	GM, Principal Branch
15.	Mr. Dilip Kumar Paul	GM, Establishment Division
16.	Ms. Sultana Sarifun Nahar	GM, RO, Dhaka Central
17.	Mr. Naresh Chandra Basak	GM, Credit Division
18.	Mr. Mohammad Liton Miah FCA	GM & CFO, Central Accounts Division
19.	Mr. Md. Monjurul Islam Mojumder	GM, Motijheel Corporate Branch
20.	Mr. Md. Faizul Hoque Sharif	GM, General Services & Development Division
21.	Ms. Nishat Maisura Rahman	GM, International Division
22.	Mr. Sukanta Chandra Banik	GM, Mohakhali Corporate Branch
23.	Mr. Md. Kamruzzaman	GM, RO, Dhaka South
24.	Mr. Ashim Kumar Roy	GM, Card Division
25.	Mr. Endra Mohan Sutradhar	GM, Software Development Division
26.	Mr. Md. Faisal Ahmed	GM, Foreign Exchange Corporate Branch
27.	Mrs. Ismat Ara Huq	GM, Human Resources Division
28.	Mr. Md. Shahin Shahria	GM, Gulshan Corporate Branch
29.	Mr. Ajuba Khandaker	GM, Software Development Division
30.	Mr. Abu Laich Md. Samsujjaman	GM, Principal Office, Sylhet
31.	Mr. Mohammad Abdur Rahim	GM, RO, Chattogram Central
32.	Mr. Javed Hasan	GM & CTO, Head Office, Dhaka
33.	Mr. Mohammed Ahsan Ullah	MD & CEO of PBSL, Pubali Bank Securities Limited
34.	Mr. Md. Shah Alam	GM & CHIEF PROTOCOL OFFICER, Pubali Bank Securities Limited

D. DESCRIPTION OF ENCUMBERED AND UNENCUMBERED ASSETS WITH VALUE THEREOF

Assets of Pubali Bank Limited are unencumbered. The value of the assets of PBL comprising of Cash, Loans and Advances/Investments, Placements, Fixed Assets including premises, etc. as of 30 September 2022 is BDT 708,120 million only, total value of which is unencumbered.

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Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

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Zahid Ahsan
ZAHID AHSAN
Deputy Managing Director
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Mohammad Ali
Mohammad Ali
Managing Director & CEO
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E. BRIEF PROFILE OF THE DIRECTORS/OWNERS OF THE ISSUER**Mr. 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 55 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. and an Independent Director of Lafarge Holcim Bangladesh Limited. He was an elected member of the Executive Committee of Bangladesh Association of Publicly Listed Companies (BAPLC).

Mr. Moniruddin Ahmed
Director

Mr. Moniruddin Ahmed has long 64 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.

Mr. Habibur Rahman
Director

Mr. Habibur Rahman is a reputed business leader with long 64 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.

Mr. Ahmed Shafi Choudhury
Director

Mr. Ahmed Shafi Choudhury is acting as Director of the Board of Pubali bank limited. Previously he was a member of the Audit Committee and Shari'ah Supervisory Committee. He has long 54 years of experience in tea plantation, production business and in commercial banking. He is an independent Director of Bangladesh Lamps Ltd. and Eskayef Pharmaceuticals Limited.

Mr. Fahim Ahmed Faruk Chowdhury
Director

Mr. Fahim Ahmed Faruk Chowdhury has long 31 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 and 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., Surjiscopes Hospital Pvt. Limited, Delta Hospital Ltd. and Euro Petro Product Ltd. Formerly he served as Vice-Chairman of Pubali Bank Limited and Director of Chittagong Chamber of Commerce & Industry. He is also involved in many social activities.

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DBH Finance PLC.



Ms. Rumana Sharif
Director

Ms. Rumana Sharif obtained her M.Sc. degree in Biochemistry from Dhaka University. She has long 30 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.

Mr. 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 33 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.

Mr. Musa Ahmed
Director

Mr. Musa Ahmed obtained B.Sc. and MBA degree from the USA. He has long 23 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.

Mr. Azizur Rahman
Director

Mr. Azizur Rahman is a renowned business leader with long 24 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.

Mr. Md. Abdur Razzak Mondal
Director

Mr. Md. Abdur Razzak Mondal obtained his MBA degree from IBA of Dhaka University. He has long 47 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

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Managing Director & CEO
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of That's It Fashions Ltd. He engages himself in different humanitarian activities out of his responsibility towards the society.

Ms. Rana Laila Hafiz
Director

Ms. Rana Laila Hafiz is a renowned woman entrepreneur of the country with long 17 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. Out of her personal obligation to the society and fellow beings, she engages herself in many social welfare activities.

Mr. Mustafa Ahmed
Director

Mr. Mustafa Ahmed is a reputed business leader with long 29 years' experience in banking and other business. He achieved his BBA degree from the USA. He joined the Board of Directors of Pubali Bank Limited on July 31, 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.

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 34 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.

Mr. Mohammad Naushad Ali Chowdhury
Independent Director

Mr. Mohammad Naushad Ali Chowdhury joined Pubali Bank Limited as an Independent Director in May 2021. He is also the Chairman of the Audit Committee of Pubali Bank Limited. Mr. Chowdhury a former Executive Director of Bangladesh Bank served as the Deputy Head of Bangladesh Financial Intelligence Unit (BFIU), Member & observer of Board of Directors of Karmasangstan Bank & Sonali Bank Limited respectively. He has an extensive working experience in the Bangladesh Bank specially in the sectors of Bank Supervision, Foreign Exchange Policy, Internal Audit, Financial Inclusion & Sustainable Development. After the retirement from Bangladesh Bank he served in The Institute of Bankers Bangladesh (IBB) as a Secretary General from March 2017 to March 2021. IBB is a professional body of Banks & Financial Institutions in Bangladesh established in 1973 for developing competent and skilled professionalism. Mr. Chowdhury attended many seminars & professional training courses in home and abroad. He obtained his MSc (Physics) & MBA degrees from the University of Chittagong and Bangladesh Open University respectively.

Mr. Mohammad Ali
Managing Director & CEO (CC)

Mr. Mohammad Ali joined Pubali Bank as General Manager and Chief Technical Officer in 2008. He completed his graduation and post-graduation in Computer Science and Engineering from Bangladesh University of Engineering and Technology (BUET), Master's Degree in Development Studies from Dhaka University, Executive MBA (Marketing) from IBA and MBA (Finance) from AUST. During his tenure at Pubali Bank, he led the affairs of Information Technology, Card, Business Development, Marketing Division, Research Division, Treasury Division, International Division, Consumers' Credit Division, Lease Division, Risk Management Division and Corporate matters.

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F. Description of Assets and Liabilities (Consolidated)

Assets (as of 30 September 2022)

Particulars	30.09.2022
	Amount in BDT
Property and Assets	
Cash	
Cash in hand (Including Foreign Currencies)	6,966,868,563
Balance with Bangladesh Bank and its agent Bank (s) (Including foreign currencies)	21,347,059,812
	28,313,928,375
Balance with other Banks and Financial Institutions	
Inside Bangladesh	8,104,115,160
Outside Bangladesh	159,527,841
	8,263,643,001
Money at Call on Short Notice	238,986,667
Investments	
Government	141,901,704,522
Others	27,314,862,457
	169,216,566,979
Loans, Advances and Leases	
Loans, cash credits and overdrafts, etc.	403,019,497,988
Bills purchased & discounted	41,601,141,117
	444,620,639,105
Fixed Assets including Premises, Furniture & Fixtures	6,061,585,654
Other Assets	51,404,219,846
Non-Banking Assets	375,246
Total Property and Assets	708,119,944,873

Liabilities (as of 30 September 2022)

Particulars	30.09.2022
	Amount in BDT
Liabilities and Capital	
Liabilities	
Borrowings from other Banks, Financial Institutions & Agents	44,766,997,397
Subordinated bonds	10,500,000,000
Perpetual Bond	4,500,000,000
Deposits and other Accounts	
Current accounts & other accounts	59,299,729,229
Bills payable	12,193,819,875
Savings bank deposits	121,704,644,597
Term deposits	301,649,754,553
Other deposits	15,497,924,332
	510,345,872,586
Other Liabilities	95,404,161,483
Total Liabilities	665,517,031,466
Capital / Shareholders' Equity	

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Paid up capital	10,282,942,180
Statutory reserve	10,283,000,000
Retained earnings (general reserve)	18,559,249,140
Other reserves	3,477,720,982
Profit and Loss account surplus	-
	42,602,912,302
Non-controlling Interest	1,105
Total Shareholders' Equity	42,602,913,407
Total Liabilities & Capital/Shareholders' Equity	708,119,944,873

G. DESCRIPTION OF PREVIOUSLY ISSUED DEBT OR SECURITIES

Previously issued debt or securities

Non-Convertible Floating Rate Subordinated Bond 2017:

Tier 2 Capital: Issue Total BDT 5,000,000,000

Outstanding: BDT 3,000,000,000

Expiry: 2024

Subscribers:

Name of the subscribers	Amount
Agrani Bank Limited	Tk.100,00,00,000/- (Taka One hundred Crore)
Janata Bank Limited	Tk.100,00,00,000/- (Taka One hundred Crore)
Rupali Bank Limited	Tk.100,00,00,000/- (Taka One hundred Crore)
Sonali Bank Limited	Tk.100,00,00,000/- (Taka One hundred Crore)
Uttara Bank Limited	Tk.100,00,00,000/- (Taka One hundred Crore)
Total	Tk.500,00,00,000/- (Taka Five hundred Crore)

Non-Convertible Floating Rate Subordinated Bond 2019:

Tier 2 Capital: Issue Total BDT 7,500,000,000/-

Outstanding: BDT 7,500,000,000/-

Expiry: 2026

Subscribers:

Name of the subscribers	Amount
Agrani Bank Limited	Tk.400,00,00,000/- (Taka Four hundred Crore)
Rupali Bank Limited	Tk.100,00,00,000/- (Taka One hundred Crore)
Sonali Bank Limited	Tk.100,00,00,000/- (Taka One hundred Crore)
Janata Bank Limited	Tk.50,00,00,000/- (Taka Fifty Crore)
Uttara Bank Limited	Tk.50,00,00,000/- (Taka Fifty Crore)
Delta Life Insurance Co. Ltd.	Tk.50,00,00,000/- (Taka Fifty Crore)
Total	Tk.750,00,00,000/- (Taka Seven hundred & fifty Crore)

Contingent-Convertible Floating Rate Perpetual Bond 2021:

Additional Tier-1 Capital: Issue Total BDT 5000,000,000/-

Outstanding: BDT 5,000,000,000/-

Subscribers:

Name of the subscribers	Amount
Trust Bank Limited	Tk.100,00,00,000/- (Taka One hundred Crore)
AB Bank Limited	Tk.100,00,00,000/- (Taka One hundred Crore)
Jamuna Bank Limited	Tk.45,00,00,000/- (Taka Forty five Crore)

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Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

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ZAHID AHSAN
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& Company Secretary
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Nasimul Baten
Managing Director & CEO
DBH Finance PLC.



পূবালী ব্যাংক লিমিটেড
PUBALI BANK LIMITED

One Bank Limited	Tk.35,00,00,000/- (Taka Thirty Five Crore)
Bank Asia Limited	Tk.100,00,00,000/- (Taka One hundred Crore)
Community Bank Bangladesh Limited	Tk.20,00,00,000/- (Taka Twenty Crore)
Southeast Bank Limited	Tk. 50,00,00,000/- (Taka Fifty Crore)
Public Issue	Tk.50,00,00,000/- (Taka Fifty Crore)
Total	Tk.500,00,00,000/- (Taka Five hundred Crore)

▪ **Initial Public Offering (IPO)**

Pubali Bank Limited issued 1,600,000 shares @ BDT 100 each in BDT 160,000,000. The company was listed in Dhaka Stock Exchange in the year 25 September 1984 and Chittagong Stock Exchange on 31 December 1995.

▪ **Rights Issue**

No Right share was issued.

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Nasimul Baten,
Managing Director & CEO
DBH Finance PLC.



13. AUDITOR'S REPORT AND AUDITED FINANCIAL STATEMENTS OF THE ISSUER, PUBALI BANK LIMITED

Auditor's report along with audited financial statements of Pubali Bank Limited for the period ended 30 September 2022 has been annexed with this Information Memorandum. Please see Annexure-3

14. COMPARATIVE FINANCIAL STATEMENTS

A. Statement of Financial Position

Particulars	30.09.2022	31.12.2021	31.12.2020	31.12.2019
	Amount in BDT	Amount in BDT	Amount in BDT	Amount in BDT
Property and Assets				
Cash				
Cash in hand (Including Foreign Currencies)	6,966,868,563	5,088,411,673	4,137,466,359	4,208,445,687
Balance with Bangladesh Bank and its agent Bank (s) (Including foreign currencies)	21,347,059,812	19,557,920,907	20,008,973,263	21,694,542,794
	28,313,928,375	24,646,332,580	24,146,439,622	25,902,988,481
Balance with other Banks and Financial Institutions				
Inside Bangladesh	8,104,115,160	20,460,626,000	17,021,755,202	11,569,394,369
Outside Bangladesh	159,527,841	1,231,239,880	1,559,048,795	1,517,153,539
	8,263,643,001	21,691,865,880	18,580,803,997	13,086,547,908
Money at Call on Short Notice	238,986,667	241,986,667	1,200,786,667	126,786,667
Investments				
Government	141,901,704,522	125,104,787,314	126,428,028,655	79,473,544,362
Others	27,314,862,457	26,822,789,838	28,111,455,517	27,633,471,071
	169,216,566,979	151,927,577,152	154,539,484,172	107,107,015,433
Loans, Advances and Leases				
Loans, cash credits and overdrafts, etc.	403,019,497,988	350,407,454,307	300,133,136,228	273,520,289,757
Bills purchased & discounted	41,601,141,117	27,030,040,348	16,064,193,319	14,092,770,183
	444,620,639,105	377,437,494,655	316,197,329,547	287,613,059,940
Fixed Assets including Premises, Furniture & Fixtures	6,061,585,654	5,789,396,646	5,092,170,514	5,185,669,169
Other Assets	51,404,219,846	48,365,282,374	45,920,269,318	39,744,314,953
Non-Banking Assets	375,246	375,246	375,246	375,246
Total Property and Assets	708,119,944,873	630,100,311,200	565,677,659,083	478,766,757,797
Liabilities and Capital				
Liabilities				
Borrowings from other Banks, Financial Institutions & Agents	44,766,997,397	30,019,839,923	17,486,797,436	16,970,348,305
Subordinated bonds	10,500,000,000	10,500,000,000	11,500,000,000	9,000,000,000
Perpetual Bond	4,500,000,000	2,800,000,000	-	-
Deposits and other Accounts				
Current accounts & other accounts	59,299,729,229	59,104,754,646	49,144,529,039	40,508,805,332
Bills payable	12,193,819,875	13,829,749,009	14,657,445,295	14,602,544,955
Savings bank deposits	121,704,644,597	115,249,019,676	100,270,298,831	82,675,389,187
Term deposits	301,649,754,553	261,951,557,060	254,532,597,513	212,716,562,946
Other deposits	15,497,924,332	10,527,765,184	9,397,667,269	7,660,200,591

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	510,345,872,586	460,662,845,575	428,002,537,947	358,163,503,011
Other Liabilities	95,404,161,483	86,330,156,477	69,993,589,798	62,511,806,357
Total Liabilities	665,517,031,466	590,312,841,975	526,982,925,181	446,645,657,673
Capital / Shareholders' Equity				
Paid up capital	10,282,942,180	10,282,942,180	10,282,942,180	10,282,942,180
Statutory reserve	10,283,000,000	10,283,000,000	10,283,000,000	10,283,000,000
Retained earnings (general reserve)	18,559,249,140	14,760,651,431	11,258,683,182	8,573,461,745
Other reserves	3,477,720,982	4,460,874,559	6,870,107,646	2,981,695,318
Profit and Loss account surplus	-	-	-	-
	42,602,912,302	39,787,468,170	38,694,733,008	32,121,099,243
Non-controlling Interest	1,105	1,055	894	881
Total Shareholders' Equity	42,602,913,407	39,787,469,225	38,694,733,902	32,121,100,124
Total Liabilities & Capital/Shareholders' Equity	708,119,944,873	630,100,311,200	565,677,659,083	478,766,757,797

B. Statement of Profit or Loss and Other Comprehensive Income

Particulars	30.09.2022	31.12.2021	31.12.2010	31.12.2019
	Amount in BDT	Amount in BDT	Amount in BDT	Amount in BDT
Operating Income				
Interest income	21,386,923,015	22,790,938,427	22,740,070,640	26,074,721,880
Interest paid on deposits, borrowings, etc.	17,522,284,544	-21,900,920,809	-19,851,842,772	-17,691,771,966
Net Interest Income	3,864,638,471	890,017,618	2,888,227,868	8,382,949,914
Investment income	10,891,365,472	16,106,453,304	12,890,913,469	7,447,062,612
Commission, exchange and brokerage	2,601,733,113	2,411,721,642	1,622,612,046	1,771,521,447
Other operating income	960,960,436	1,310,732,909	1,208,574,552	1,219,569,941
Total Operating Income	18,318,697,492	20,718,925,473	18,610,327,935	18,821,103,914
Operating Expenses				
Salaries and allowances	5,048,231,309	6,521,589,306	6,307,010,647	5,467,760,747
Rent, taxes, insurance, electricity, etc.	468,929,909	552,987,597	513,623,242	457,467,276
Legal expenses	11,553,564	20,133,676	19,036,465	31,391,202
Postage, stamp, telecommunication, etc.	72,230,987	92,387,556	58,068,046	87,264,951
Stationery, printing, advertisements, etc.	94,312,382	135,835,521	118,528,066	139,177,485
Managing Director's salary and fees	9,420,000	14,426,666	14,740,000	14,540,000
Directors' fees	6,948,689	9,645,045	7,282,712	7,743,543
Auditors' fees	-	1,684,500	1,691,750	1,562,500
Charges on loan losses	-	-	-	851,133
Depreciation and repair of bank's assets	996,665,234	1,122,232,664	967,651,431	895,124,972
Other expenses	1,698,551,045	2,261,529,949	1,976,507,725	1,895,061,892
Total Operating Expenses	8,406,843,119	10,732,452,480	9,984,140,084	8,997,945,701
Profit/(Loss) before Provision	9,911,854,373	9,986,472,993	8,626,187,851	9,823,158,213
Provision for Loans, Advances, Investments and other Assets				

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Nasimul Baten
Managing Director & CEO
DBH Finance PLC.



Provision for classified loans and advances	1,450,902,384	1,544,301,000	461,149,107	2,525,186,311
Provision for unclassified loans and advances	693,103,417	1,859,148,000	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	-	7,352,546	-	1,307,265
Provision for other assets	48,800,000	22,000,000	-	-
Provision for Start-up fund	-	-	83,795,594	-
	2,192,805,801	3,432,801,546	2,770,652,594	4,469,909,666
Provision for exposure of off-balance sheet items	40,100,000	811,000,000	-	56,400,000
Total Provision	2,232,905,801	4,243,801,546	2,770,652,594	4,526,309,666
Total Profit/(Loss) before Taxes	7,678,948,572	5,742,671,447	5,855,535,257	5,296,848,547
Provision for current tax	2,859,375,124	1,501,245,368	1,996,194,309	3,107,618,479
Provision for deferred tax	-436,793,587	-110,343,709	152,525,280	26,327,639
Total Provision for Taxes	2,422,581,537	1,390,901,659	2,148,719,589	3,133,946,118
Net Profit after Taxation	5,256,367,035	4,351,769,788	3,706,815,668	2,162,902,429
Profit Attributable to				
Equity holders of parent	5,256,366,985	4,351,769,627	-	3,706,815,655
Non- controlling interest	50	161	13	7
Appropriations	5,256,367,035	4,351,769,788	3,706,815,668	2,162,902,429
Statutory reserve	-	-	-	299,500,000
Coupon/Dividend on Perpetual Bond	173214193	-	-	-
Retained surplus (general reserve) carried forward	5,083,152,842	4,351,769,788	3,706,815,668	1,863,402,429

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C. Statement of Cash Flows

Particulars	30.09.2022	31.12.2021	31.12.2020	31.12.2019
	Amount in BDT	Amount in BDT	Amount in BDT	Amount in BDT
a. Cash flows from Operating Activities				
Interest receipts in cash	30,134,928,377	39,976,613,650	32,556,486,305	32,740,221,179
Interest payments	-12,928,043,076	-22,584,235,462	-20,037,455,174	-16,840,185,239
Dividend receipts	528,986,165	468,903,025	367,407,319	491,481,470
Fees and commission receipts	1,640,546,667	1,892,815,594	1,235,657,928	1,180,511,125
Recoveries of loans previously written-off	88,944,739	119,640,242	38,717,790	81,867,630
Cash payment to employees	-5,057,651,309	-6,351,825,152	-5,800,118,855	-5,482,300,747
Cash payment to suppliers	-177,692,398	-234,832,985	-203,385,558	-257,871,824
Current income tax paid	-1,376,927,152	-1,809,442,190	-2,873,865,841	-2,441,105,579
Receipts from other operating activities	2,057,191,890	2,067,797,864	1,621,660,297	1,953,501,066
Cash payments for other operating activities	-2,399,368,044	-3,551,879,165	-3,222,729,185	-2,558,218,696
Operating Profit before changes in Operating Assets & Liabilities	12,510,915,859	9,993,555,421	3,682,375,026	8,867,900,385
Increase/ (Decrease) in Operating Assets and Liabilities				
Statutory deposits	-17,831,278,505	-1,007,225,797	-42,537,054,326	-41,675,550,355
(Purchase)/sale of trading securities	-492,072,619	1,288,665,679	-477,984,446	-1,266,572,646
Loans and advances to customers (other than banks)	-67,188,713,255	-61,077,532,698	-28,544,225,212	-16,125,164,839
Other assets	-250,434,311	-1,972,119,999	-969,438,257	-2,660,696,578
Deposits to/from other banks	14,747,157,474	12,533,042,487	516,449,131	-182,009,823
Deposits from customers (other than banks)	44,841,141,492	33,688,316,097	70,513,522,511	49,401,945,722
Other liabilities account of customers	4,328,221,529	8,403,935,424	450,320,343	2,344,033,443
Other liabilities	74,671,833	1,524,533,644	1,495,583,591	962,981,986
Total Increase/ (Decrease) in Operating Assets and Liabilities	-21,771,306,362	-6,618,385,163	447,173,335	-9,201,033,090
Net Cash from/(used in) Operating Activities	-9,260,390,503	3,375,170,258	4,129,548,361	-333,132,705
b. Cash flows from Investing Activities				
Proceeds from sale of securities	-	-	-	-
(Purchase)/Sale of property, plant & equipment	-1,043,506,386	-690,661,807	-499,058,296	-2,101,459,919
Net Cash from/(used in) Investing Activities	-1,043,506,386	-690,661,807	-499,058,296	-2,101,459,919
c. Cash flows from Financing Activities				
Payment for redemption of loan capital and debt security	-	-	-	-
Receipts from issue of Perpetual bonds	1,700,000,000	2,800,000,000	-	-

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DBH Finance PLC.



Receipts from issue of Subordinated bonds	-173,214,193	-1,000,000,000	2,500,000,000	4,000,000,000
Effects of exchange rate changes on cash and cash equivalents	41,030,531	2,223,951	-	1,060,599
Dividend Paid	-1,285,367,773	-1,440,237,955	-967,783,762	-998,343,901
Net Cash from/(used in) Financing Activities	282,448,565	361,985,996	1,532,216,238	3,002,716,698.00
d. Net Increase/ (Decrease) in Cash and Cash equivalents (a+b+c)	-10,021,448,324	3,046,494,447	5,162,706,303	568,124,074
e. Cash and Cash equivalents at beginning of the period	48,342,576,030	45,296,081,583	40,133,375,280	39,565,251,206
f. Cash and Cash equivalents at end of the period (d+e)	38,321,127,706	48,342,576,030	45,296,081,583	40,133,375,280

15. KEY RATIOS

Sl.	Particulars	Sept 2022	2021	2020	2019
1.	Current Ratio	N/A	N/A	N/A	N/A
2.	Quick Ratio	N/A	N/A	N/A	N/A
3.	Break Even Point Ratio	N/A	N/A	N/A	N/A
4.	Debt to Equity Ratio (times)	15.82	14.83	13.41	13.81
5.	Debt to Total Assets Ratio	94.05%	93.68%	93.13%	93.25%
6.	Accounts Receivable Ratio	N/A	N/A	N/A	N/A
7.	Gross Margin Ratio	N/A	N/A	N/A	N/A
8.	Operating Income Ratio	N/A	N/A	N/A	N/A
9.	Net Income Ratio	N/A	N/A	N/A	N/A
10.	Return on Assets	0.75%	0.65%	0.70%	0.48%
11.	Return on Equity	11.91%	9.90%	9.46%	7.51%
12.	Earnings per Share (EPS)	4.86	3.80	3.57	2.08
13.	Net Asset Value (NAV)	40.86	38.37	37.74	31.38
14.	Net Operating Cash Flow to Net Income	-0.51	0.77	1.03	(0.20)
15.	Total Debt to Tangible Assets Ratio	168.44	154.34	145.74	111.76
16.	Credit Deposit Ratio	80.91%	77.58%	70.71%	76.21%
17.	Operating Profit Margin	27.08%	22.47%	21.95%	26.20%
18.	Non-performing loan to total loan and advances	3.86%	3.05%	2.73%	4.38%
19.	Tier 1 Capital to Risk Weighted Asset Ratio	9.01%	9.10%	8.70%	8.88%
20.	Tier 2 Capital to Risk Weighted Asset Ratio	4.59%	5.13%	6.03%	4.91%
21.	Capital to Risk Weighted Asset Ratio (CRAR)	13.60%	14.23%	14.73%	13.80%

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16. CREDIT RATING REPORT OF THE ISSUE AND THE ISSUER

Credit Rating of Issuer: Pubali Bank Limited

Date of Declaration	Valid Till	Rating Action	Long Term	Short Term	Rated By	Outlook
25 July 2022	24 July 2023	Entity	AA+	ST-1	CRISL	Stable

Rationale:

CRISL has retained the existing ratings (AA+ in long term and ST-1 in short term) of Pubali Bank Limited after duly considering the financial performance, quality of corporate governance and management, risk management framework, compliance with regulatory body and prevailing economic situation in Bangladesh.

Pubali Bank Limited has been practicing good governance as evident from BSEC checklist on Corporate Governance. Management's expertise and experience in banking industry and robust risk management framework throughout the bank have positive impact on the ratings. The Bank has also been establishing wide network of branches and ATM booths around the country. Further the Bank plans to focus on retail banking and to increase small sized loan portfolio during the year 2020. The Bank is also implementing green practice in different areas of operation such as in-house environment management, green marketing, green office guide and green finance etc.

The financial analysis of Pubali Bank Limited shows that the core activity-loan, advances and leases increased by 12.00% and non-performing loan declined by 31.36% while reschedule loan amount increased by 142.53% in 2020. The investment of the bank was composed of 81.81% government securities and increased by 59.08% in 2020.

Credit Rating of the Issue: 3rd Floating Rate Subordinated Bond

Date of Declaration	Valid Till	Rating Type	Long Term	Rated By	Outlook
26 June, 2022	25 June, 2023	Initial	AA	ACRL	Stable

Credit Rating Report of the Pubali Bank Limited's 3rd Floating Rate Subordinated Bond has been done by Alpha Credit Ratings Limited based (ACRL) on Audited Financial Statement up to 31 December 2021 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

For Detailed Credit Rating Report, please see Annexure-4.

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17. LATEST DEFAULT MATRIX AND TRANSITION STATISTICS OF CRC

Source of Information: <http://crislbd.com/page/default-statistics>

<http://crislbd.com/page/transition-matrix-sme>

<http://crislbd.com/page/transition-matrix-corporate>

Calculation of Weighted Average MDR (wMDR) for 2015, 2016, 2017			
	wMDR for year 1	wMDR for Year 2	wMDR for Year 3
Se/ Me1	0.00%	0.00%	0.00%
Se/ Me2	0.00%	0.00%	0.00%
Se/ Me3	1.22%	0.00%	0.00%
Se/ Me4	3.39%	0.14%	0.18%
Investment Grade (Se/ME1-Se/Me4)	2.85%	0.11%	0.14%
Se/Me-5	59.49%	2.39%	2.48%
Se/Me-6	76.92%	0.00%	0.00%
Se/Me-7	100.00%	0.00%	0.00%
Se/Me-8	0.00%	0.00%	0.00%
Se/Me-9	0.00%	0.00%	0.00%

Calculation of 3-years Cumulative Default Rate (CDR3) for 2015, 2016, 2017	
	CDR3
Se/ Me1	0.00%
Se/ Me2	0.00%
Se/ Me3	1.22%
Se/ Me4	3.71%
Investment Grade (Se/ME1-Se/Me4)	3.090%
Se/Me-5	61.44%
Se/Me-6	76.92%
Se/Me-7	100.00%
Se/Me-8	0.00%
Se/Me-9	0.00%

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Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

ZAHID AHSAN
Deputy Managing Director
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08 DEC 2022

Mohammad Ali
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(Current Charge)
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Head Office, Dhaka.

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Nasimul Baten
Managing Director & CEO
DBH Finance PLC.



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Calculation of Weighted Average MDR (wMDR) for 2011, 2012, 2013			
	wMDR for year 1	wMDR for Year 2	wMDR for Year 3
AAA	0.00%	0.00%	0.00%
AA	0.00%	0.00%	0.00%
A	0.30%	0.77%	0.47%
BBB	0.91%	1.58%	0.94%
Investment Grade (AAA-BBB)	0.57%	1.08%	0.65%
BB	0.00%	0.00%	5.71%
B	0.00%	10.00%	0.00%
CCC	0.00%	0.00%	0.00%
CC	0.00%	0.00%	0.00%
C	50.00%	50.00%	0.00%

Calculation of Weighted Average MDR (wMDR) for 2011, 2012, 2013			
	wMDR for year 1	wMDR for Year 2	wMDR for Year 3
AAA	0.00%	0.00%	0.00%
AA	0.00%	0.00%	0.00%
A	0.30%	0.77%	0.47%
BBB	0.91%	1.58%	0.94%
Investment Grade (AAA-BBB)	0.57%	1.08%	0.65%
BB	0.00%	0.00%	5.71%
B	0.00%	10.00%	0.00%
CCC	0.00%	0.00%	0.00%
CC	0.00%	0.00%	0.00%
C	50.00%	50.00%	0.00%

CRISL SME Rating Transition Matrix (2016-2019)

	SME-1	SME-2	SME-3	SME-4	SME-5	SME-6	SME-7	SME-8	SME-9	SME-10
SME-1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-2	0.00%	75.00%	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-3	0.00%	1.48%	96.84%	1.48%	0.10%	0.10%	0.00%	0.00%	0.00%	0.00%
SME-4	0.00%	0.57%	25.01%	74.16%	0.16%	0.00%	0.00%	0.00%	0.00%	0.10%
SME-5	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-6	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-7	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%
SME-8	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-9	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-10	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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Nasimul Baten
Managing Director & CEO
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Deputy Managing Director
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Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.



CRISL Corporate Rating Transition Matrix (2014-2019)

	AAA	AA	A	BBB	BB	B	CCC	CC	C	D
AAA	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AA	7.58%	84.85%	7.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A	0.00%	14.77%	81.82%	2.65%	0.38%	0.00%	0.38%	0.00%	0.00%	0.00%
BBB	0.00%	0.33%	18.33%	76.67%	4.34%	0.33%	0.00%	0.00%	0.00%	0.00%
BB	0.00%	0.00%	0.00%	9.09%	81.82%	9.09%	0.00%	0.00%	0.00%	0.00%
B	0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%	0.00%	0.00%	0.00%
CCC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
C	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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Nasimul Baten
Managing Director & CEO
DBM Finance PLC.

08 DEC 2022

Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
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08 DEC 2022

ZAHID AHSAN
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

18. DESCRIPTION OF THE TRUSTEE: DBH FINANCE PLC.

DBH Finance PLC. is the pioneer, largest and specialist Housing Finance Institution in the private sector of the country. After commencing operation in 1996 the company has registered commendable growth in creating home ownership in Dhaka and other major cities of the country. At the same time, the company has been playing an active role in promoting the real estate sector to the large cross sections of prospective clients who had yet unfulfilled dreams of owning a home.

Among all Banks and Financial Institutions of Bangladesh, only DBH has been rated the highest 'AAA' credit rating for 16 consecutive years. The level of credit rating provides a very important indication of the financial safety, security and strength of the concerned Bank or Financial Institution and is particularly relevant to its depositors and other investors such as shareholders and lenders.

- Incorporated as public ltd. Company: May 11, 1996
- Date of certificate of commencement of business: May 11, 1996
- License from Bangladesh Bank: July 15, 1996
- Initial public offering (IPO): March 2008
- Stock exchange listings: 24th April, 2008

• Business lines:

i) The principal activities of the Company during the year were providing loans for the construction of houses, purchases of flats or houses, extension and improvement of existing houses or flats and purchase of housing plots.

ii) The Company also has various investment and financing products like term deposit scheme, cumulative deposit, triple money deposit, double money deposit, annual income deposit, quarterly income deposit, monthly income deposit, easy way deposit, profit first deposit etc. for its individual and corporate clients.

- Authorized Capital: BDT. 2,000,000,000/- (as of 31 December 2021)
- Paid up Capital: BDT 1,772,639,680/- (as of 31 December 2021)
- Institutional Sponsor of: DBH 1st Mutual Fund (Inception date 4th February, 2010)
- Net Worth: BDT 7,244,131,090/-

Vision:

To be the leading financial institution in the country with satisfied customers and employees and to generate value for our shareholders while contributing to the wellbeing of the society

Mission:

To strengthen the society of the country by continually expanding home ownership

Core Values:

- Honesty, integrity and ethics in all aspects of business
- Outstanding service to the customer, above all else
- Individual opportunity, responsibility and reward based on merit
- Hard work and continuous self-improvement, never being satisfied
- Respect and concern for the individual employee

Strategic Objective:

- Focus on building deep and long-standing relationships with our clients, customers as well as real-estate developers, and constantly look to improve the quality of our products and services.
- Focus on developing our human resource talents.
- Ensure balanced growth with a disciplined approach to the management of risks and costs.
- Ensure adequate capital and liquidity to sustain our business over the long term.

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 (Current Charge)
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Nasimul Baten
 Managing Director & CEO
 DBH Finance PLC.



Operational & Financial Highlights:

Operational Highlights	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21
Loan approvals	15,198	8,632	8,934	7,527	10,896
Loan disbursement	14,711	10,273	10,112	7,028	10,803
Cumulative disbursement	93,001	103,274	113,386	120,414	131,217
Cumulative sanction	97,148	105,780	114,714	122,241	133,137

Financial Highlights	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21
Profit before tax	1,492	1,607	1,555	1,498	1,721
Profit after tax	949	1,048	1,073	891	1,044
Shareholders' fund	4,358	5,040	5,809	6,431	7,244
Total deposit	41,188	43,319	43,411	43,827	43,978
Long term borrowing	2,610	2,219	1,954	1,709	2,223
Loan portfolio	42,243	43,848	44,522	42,750	43,831
Total balance sheet size	54,581	57,499	59,280	58,607	60,279
NPL ratio (%)	0.27%	0.30%	0.45%	0.41%	0.63%
Return on equity (average equity)	23.88%	22.30%	19.79%	14.56%	15.27%
Earnings per share	7.79	8.60	8.04	5.78	5.89
Earnings per share (restated)	5.35	5.91	6.05	5.03	5.89
Book value per share	35.76	41.36	43.36	41.72	40.87
Dividend cover ratio	2.60	2.46	2.30	1.93	2.36

Shareholding Position:

Group Name	No. of Share holders	No. of Shares	Percent (%)
Sponsors/ Directors	5	90,973,942	51.32
General Public	8,405	19,874,009	11.21
Financial Institutions & other Companies	242	32,158,162	18.14
Foreign Investors	15	34,257,855	19.33
Total:	8,667	177,263,968	100.00

Business Activities:

DBH Finance PLC. is the pioneer, largest and specialist in Housing Finance Institution in the private sector of the country.

DBH is the major player in the housing finance sector in Bangladesh since 1997 and remains one of the leading non-bank financial institutions. Today, we are an acclaimed brand for a high level of customer service; and respected for ethics, values and corporate governance. We have developed an attractive suite of products that cater to all customer segments, with our primary focus to strengthen the society by expanding home ownership. By leveraging our understanding

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Nasimul Baten
Managing Director & CEO
DBH Finance PLC.



of customers from different economic segments, we are today in a position to extend a range of products and services in loans through our specialized team members.

DBH is the only Financial institution with exclusive focus in housing finance. DBH provides loans for Flat Purchase, Construction, Extension, Renovation, Group construction, Home equity loan.

Besides, DBH has kept its focus on deposit collection as its main source of funding mechanism. As a result, DBH has managed to fund over 80% of its home loan operation through deposit. At present the Company offers a diverse deposit product line including Annual Income Deposit, Monthly Income Deposit, Quarterly Income Deposit, Cumulative Deposit, DBH Platinum Deposit and Day-wise Deposit.

Board of Directors:

Name of the Directors	Designation
Mr. Nasir A. Choudhury	Chairman
Dr. A M R Chowdhury	Vice Chairman
Ms. Mehreen Hassan, Bar- at- Law	Director
Mr. Md. Mujibur Rahman	Director
Mr. Syed Moinuddin Ahmed	Director
Mr. M. Anisul Haque, FCMA	Director
Mr. Mohammad Anisur Rahman	Director
Ms. Rasheda K. Choudhury	Independent Director
Major General Syeed Ahmed, BP (Retd.)	Independent Director

For Due Diligence Certificate of the Trustee, please refer to Annexure 2.

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Managing Director & CEO
DBH Finance PLC.

19. MODUS OPERANDI OF THE ISSUE

Any Schedule Banks, Corporate, Financial Institutions and/or Insurance Companies duly registered in Bangladesh and operating its business under the license or approval duly issued by the respective competent authority or institution of the Government of Bangladesh.

a. Application Procedure:

The Bonds shall be distributed through private placement.

Each investor (Bondholder) shall enter into a separate Subscription Agreement with the Issuer and shall be bound by the terms and conditions contained in such Subscription Agreement containing in details the rights and Obligations of the investors.

Undertaking to Issue

The Issuer will, subject to and in accordance with the provisions of the Subscription Agreement, on the Closing Date, duly execute and deliver to the Bondholder a Bond Certificate attached with the Conditions, representing the allocation amount of Bonds subscribed.

Undertaking to Subscribe

The investor will, subject to and in accordance with the provisions of the Subscription Agreement, on the Closing Date, subscribe and pay the aggregate purchase price for the allocation, in Bangladesh Taka for same day value to such account as the Issuer designates.

Closing

Subscription and Closing

Subject to the conditions precedent contained in the Subscription Agreement, the closing of the issue of the Bonds shall take place on the Closing Date.

Investor Representation Letter: On the date indicated in the Subscription Agreement, the Bondholders will execute and deliver a letter addressed to the Issuer.

Payment of net issue proceeds: On each Closing Date, of the Bondholders shall pay the purchase price of Bonds to the Issuer in Bangladesh Taka.

Bond Certificates:

Registration: On each Closing Date, the Issuer shall procure that the principal amount of Bonds subscribed for by the Bondholders for which payment has been received in accordance with the Subscription Agreement and are registered in name of the Bondholders (with a notation on the Register and on each Bond Certificate identifying the Issue Date of such Bond Certificate).

Issue: On the Closing Date, the Issuer shall duly execute and deliver the Bond Certificates to the Trustee for authentication. Promptly following the Closing Date, the Issuer will deliver to each Bondholder Bond Certificates, duly authenticated by the Trustee and representing such Investor's entire holding of Bonds.

b. Allotment:

On the closing date, to be determined, the Issuer shall allot and issue the Bonds, in registered form in a minimum denomination of BDT 1,000,000 and integral multiples thereof. A bond certificate (each a

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DBH Finance PLC.

"Bond Certificate") will be issued to each Bondholder in respect of its registered holding of each series of Bonds. Each Bond and each Bond Certificate will be numbered serially with an identifying number which will be recorded on the relevant Bond Certificate and in the register of Bondholders (the "Register"), which will be kept by Registrar on behalf of the Issuer.

Each of the Issuer, the Trustee and any Agent may deem and treat the registered holder of a Bond as the absolute owner of such Bond, free of any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate Holder of such Bond (whether or not the Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon or any notice of previous loss or theft of the Bond Certificate issued in respect of that Bond) for all purposes and, except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Trustee and the Agents shall not be affected by any notice to the contrary.

c. Refund:

Not applicable at the time of Issuance. However, subject to receiving proper consent from the regulatory authorities Refund in relation to the subscription may be possible upon mutual agreement between the Issuer and each Bondholder.

d. Transfer:

Subject to the terms and conditions as to be implemented in the Trust Deed, a Bond may be transferred to another person in Bangladesh (a "Transferee") upon surrender of the Bond Certificate issued in respect of that Bond, together with a duly completed and executed instrument of transfer (a "Instrument of Transfer") by the registered holder of the Bond, as transferor (the "Transferor") or the proposed Transferee.

A valid Instrument of Transfer shall be duly stamped, completed and executed by both the Transferor and the Transferee. If the Transferor or the Transferee is a body corporate, such Instrument of Transfer shall be executed by the authorised persons of the Transferor or the Transferee, as the case may be.

Upon receipt of the Bond Certificate issued in respect of the Bond to be transferred along with the duly completed and executed Instrument of Transfer at the specified office of the Transfer Agent, together with such evidence as such Transfer Agent may reasonably require to prove (i) the title of the Transferor and (ii) the signature and authority of each of the individuals who have executed the Instrument of Transfer on behalf of the Transferor and the Transferee.

Upon receipt of the Bond Certificate, the Instrument of Transfer and the other supporting documents named above, the Transfer Agent, as the duly authorized delegate of the Issuer's Board of Directors, shall approve and certify the transfer on behalf of the Board of Directors of the Issuer. If the Transfer Agent refuses to register the transfer of any Bond it shall immediately provide notice of such refusal to the Issuer. If the Issuer does not agree with the Transfer Agent's refusal to approve and certify such transfer, it shall within 3 (three) Business Days of receipt of such notice from the Transfer Agent, direct the Transfer Agent to approve and certify the transfer as requested in the relevant Instrument of Transfer. If the Issuer agrees with Transfer Agent that the requested transfer should be refused, the Issuer shall, within 30 (thirty) days from the date on which the relevant Instrument of Transfer was lodged with the Transfer Agent, send or cause to be sent notice of such refusal to both the Transferor and the Transferee.

Where it is proved to the satisfaction of the Issuer that a duly completed and executed Instrument of Transfer has been lost, the Issuer may, in its discretion, on application in writing made by the Transferee and bearing such stamp as is required by an Instrument of Transfer, register such transfer on such

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Nasimul Baen
 Managing Director & CEO
 DBH Finance PLC.

terms as to indemnity as the Issuer may think fit. Where not all the Bonds represented by the surrendered Bond Certificate are the subject of the transfer, a new Bond Certificate in respect of the balance of the Bonds will be issued to the transferor.

e. Trading or Listing with Stock Exchange

The Bonds will be issued on private placement basis among the Eligible Investors. It will not be issued publicly and hence will not be listed on the Stock Exchange. Subject to regulatory approval for trading on the Alternative Trading Board, the Bonds may be traded after issuance as per trading guidelines of the relevant exchange.

f. Repayment and Coupon Payment:

Unless previously redeemed or purchased and cancelled, the principal on the Bonds will be amortized and paid annually on a pro rata basis to the Bondholder in instalments of 20% per year commencing at the third anniversary of the Bonds from the Issue Date. The final maturity of the Bonds will be at the end of seventh year of the Bonds from the Issue Date. Payments on the Bonds shall be made without deduction for or on account of taxes in Bangladesh.

To be redeemed in 5 equal annual Instalments starting from end of 3rd year and each 12 months from there after as per following table for the Bond: -

Redemption Schedule		
Issue Size (BDT)	7,000,000,000	
Years	Repayment (BDT)	Balance
1		7,000,000,000
2		7,000,000,000
3	1,400,000,000	5,600,000,000
4	1,400,000,000	4,200,000,000
5	1,400,000,000	2,800,000,000
6	1,400,000,000	1,400,000,000
7	1,400,000,000	0

Incremental charge at the rate of 2% per annum payable by the Issuer to the Bondholders above the amount to be paid by the Issuer to the Bondholders on the Redemption Date for failure of the Issuer to make payment to the Bondholders on the Redemption Date.

Interest on the "Bond" is to be paid semi-annual basis on the interest payment dates. The interest payment dates shall be determined depending upon bond issue date. Interest payment will be calculated on the actual number of days over a 365-day basis, irrespective of leap year, and will be payable semi-annually.

g. Redemption or conversion or exchange:

The bond will be fully redeemed. There is no option of convertibility or exchange of the bond. The bond is to be redeemed in 5 equal annual Instalments starting from the end of the 3rd year and each 12 months thereafter as per the table given above.

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 DBH Finance PLC.

h. Details of conversion or exchange option exercise procedures, if applicable:

The bond is non-convertible and fully redeemable, hence conversion or exchange options are not applicable for this issue.

i. Termination and Final Settlement of the Proposed Bond

Date of Commencement of the Trust:

The Trust hereby created shall be established from the date of this Trust Deed.

Date of Termination and final settlement of the Trust (Bond):

The Trust shall continue to exist until all liabilities including the principal, premium (if any) and interest are repaid in full in accordance with the terms and conditions of the Bonds and Trust Deed.

20. DETAILS OF FEE STRUCTURE AND EXPENSES

The issuance of this bond will incur following fees and expenses:

Fee Type	Party to be Paid	Fee Structure/Amount
Regulatory Fees	Bangladesh Securities and Exchange Commission	<ul style="list-style-type: none"> Application Fee to BSEC: BDT 10,000 Consent Fee to BSEC: 0.10% on the Face Value
Arrangement Fee	Standard Chartered Bank	Total of 0.50% of the Face Value Amount of the Bonds + VAT
Trustee Fee	DBH Finance PLC.	BDT 400,000 per annum + VAT
Credit Rating Fee	Alpha Credit Rating Limited	BDT 100,000 per annum + VAT
Legal Expenses	Lex Juris	BDT 150,000 per annum + VAT
Miscellaneous	Other Expenses	As required related to the issuance of the Bond. e.g., Application fee, Bond Registration fee, Trustee Registration fee, ATB Expenditure, Listing Expenditure etc.

All fees are quoted net of applicable VAT.

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 Managing Director & CEO
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08 DEC 2022


Mohammad Ali
 Managing Director & CEO
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**ANNEXURE 1: DECLARATION ABOUT THE RESPONSIBILITY OF THE
DIRECTORS, INCLUDING THE CEO OF THE ISSUER OR ORIGINATOR
IN RESPECT OF THE INFORMATION MEMORANDUM**

08 DEC 2022

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

08 DEC 2022

Mohammad Liton Miah FCA
General Manager & CFO
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পূবালী ব্যাংক লিমিটেড
PUBALI BANK LIMITED

CENTRAL ACCOUNTS DIVISION

Head Office, Pubali Bank Limited
Level 9, 26 Dilkusha C/A, Dhaka 1000
Tel: 88 02 9551614 (PABX), Ext. 307, 309
cad@pubalibankbd.com | www.pubalibangla.com

Ref: PBL/HO/MD'S SECTT/ S.BOND/ 56/4 /2022

Date: 23 October 2022

**Declaration about the responsibility of the directors, including the CEO
of the issuer or originator in respect of the information memorandum**

[Rule 4(2)(a)]

This information memorandum has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents, the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative actions against any or all of us as it may deem fit.

We also confirm that full and fair disclosures have been made in this information memorandum to enable the investors to make a well-informed decision for investment.

Mohammad Liton Miah FCA
GM, Division Head & CFO

Mohammad Ali
Managing Director & CEO (CC)

Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

ZAHID AHSAN
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

Ahmed Saifuddin Chowdhury
Managing Director & CEO
Jangladesh General Insurance Co. Ltd
42, Dilkusha C/A, Dhaka-1000

08 DEC 2022

Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

ZAHID AHSAN
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022



Nasimul Baten
Managing Director & CEO
DBH Finance PLC.



ANNEXURE 2: DUE DILIGENCE CERTIFICATE OF TRUSTEE

08 DEC 2022


Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022


ZAHID AHSAN
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022


Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022


Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

DBH Finance PLC.



Due diligence certificate of the Trustee

DBH Finance PLC.

To

The Bangladesh Securities and Exchange Commission

Sub: Issuance 700 numbers of redeemable non-convertible unsecured subordinated bond of BDT 10,000,000 each of Pubali Bank Limited.

We, the under-noted trustee to the above-mentioned forthcoming issue, state as follows:

1. We, while act as trustee to the above-mentioned issue on behalf of the investors, have examined the draft Information Memorandum, legal and other documents and materials as relevant to our decision; and
2. On the basis of such examination and the discussions with the issuer, its directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer.

WE CONFIRM THAT:

- (a) all information and documents as are relevant to the issue have been received and examined by us and the draft IM, draft deed of trust and draft subscription agreement forwarded to the Commission has been approved by us;
- (b) we have also examined all documents of the assets to be charged with the trust and are satisfied that the assets bear the value, title and charge status as disclosed in the IM: N/A;
- (c) while examining the above documents, we find that all the requirements of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 have been complied with;
- (d) we shall act as trustee to the issue as mentioned above as per provisions of the deed of trust to be executed with the issuer or the originator, as applicable and shall assume the duties and responsibilities as described in the deed of trust and in the IM;
- (e) we shall also abide by the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 and conditions imposed by the Commission as regards of the issue; and
- (f) the above declarations are unequivocal and irrevocable.

For Trustee

Managing Director & CEO
DBH Finance PLC.

Date: November 24, 2022

08 DEC 2022

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

08 DEC 2022

Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

ZAHID AHMED
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

HEAD OFFICE : LANDMARK BUILDING (9TH FLOOR), 12-14 GULSHAN NORTH C/A, GULSHAN-1, DHAKA-1212, BANGLADESH. © 16562, WEB : www.dbhfinance.com
TELEPHONE : 88-09612334455, 02-58816001, 222282374 (HUNTING), 02-58816002, 222282375, 02-58816003, 222282376, 02-58816004, 02-58816005, 02-58816006, 02-58816007, 02-58816008, 02-58816009, 02-58816010, E-MAIL : dbh@dbhfinance.com

DBH Finance PLC.



Status of Debt Securities issued under the Trusteeship of DBH

Name of the Issuer	Name of the Issue	Maturity Period	IM issue date	Date of completion of the Subscription	Issue Amount	Re-payment amount	Out-standing	Default s (if any)	Remarks
United Commercial Bank Limited	UCBL 5th Subordinated Bond	7 Years	N/A	N/A	BDT 10,000,000,000	N/A	N/A	No	Trustee Certificate Issued on July 26 2022
Premier Bank Limited	5th PBL Subordinated Bond	7 Years	N/A	N/A	BDT 6,000,000,000	N/A	N/A	No	Trustee Certificate Issued on September 22, 2022

08 DEC 2022

[Signature]

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

[Signature]

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

08 DEC 2022

[Signature]

Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

ZAHID AHSEN
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

HEAD OFFICE : LANDMARK BUILDING (9TH FLOOR), 12-14 GULSHAN NORTH C/A, GULSHAN-2, DHAKA-1212, BANGLADESH, © 16562, WEB : www.dbhfinance.com
PHONE : 88-09612334455, 02-58816001, 222262374 (HUNTING), FAX : [88-02] 222282110, E-MAIL : dbh@dbhfinance.com



**ANNEXURE 3: AUDITED FINANCIAL STATEMENTS PUBALI BANK
LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2022**

08 DEC 2022

Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

ZAHID AHSAN
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.



ANNEXURE 4: CREDIT RATING REPORT OF THE ISSUE

08 DEC 2022


Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022


ZAHID AHSAN
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

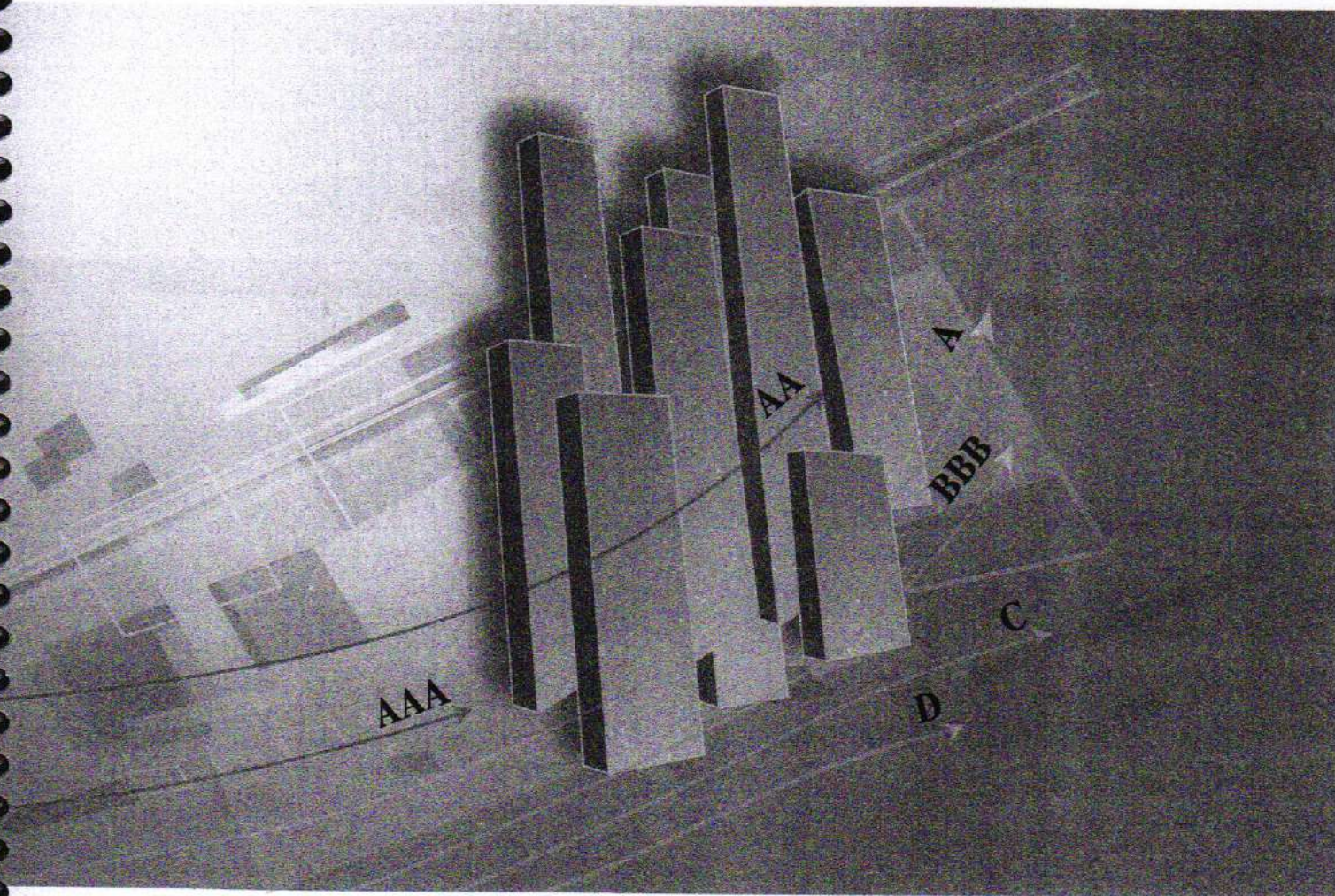

Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022


Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Strictly Private & Confidential

Credit Rating Report



08 DEC 2022

Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

ZAHID AHSAN
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Alpha Credit Rating Limited

AlphaRating

BDT 7,000 MILLION FLOATING RATE NON-CONVERTIBLE SUBORDINATED BOND

Issued By: PUBALI BANK LIMITED

(26, Dilkusha Commercial Area, Dhaka-1000, Bangladesh)

2022

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08 DEC 2022



Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

08 DEC 2022



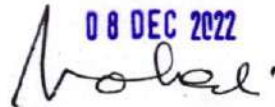
Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022



ZAHID AHSAN
Deputy Managing Director
& Company Secretary
Pubali Bank Limited

08 DEC 2022



Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited

Alpha Credit Rating Limited, Sadharan Bima Bhavan-2, 159 Motijheel C/A, Dhaka-1000
Tel: + 880-2- 9573026 – 28. Web: www.alpharating.com.bd

26 June, 2022

Managing Director & CEO (CC)
Pubali Bank Limited
26, Dilkusha Commercial Area, Dhaka-1000, Bangladesh

Subject: Credit Rating of BDT 7,000 million Floating Rate Non-Convertible Subordinated Bond issued by Pubali Bank Limited

Dear Sir,

We are pleased to inform you that Alpha Credit Rating Limited (AlphaRating) has assigned the following rating to **BDT 7,000 million Floating Rate Non-Convertible Subordinated Bond** issued by **Pubali Bank Limited**:

Date of Declaration	Valid Till	Review Date	Bond Rating	Outlook
26 June, 2022	25 June, 2023	6 November, 2022	AA	Stable

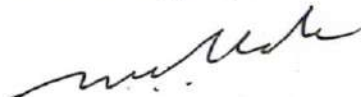
The rating may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We, Alpha Credit Rating Limited, while assigning this rating to **BDT 7,000 million Floating Rate Non-Convertible Subordinated Bond** issued by **Pubali Bank Limited**, hereby solemnly declare that:

- (i) We, Alpha Credit Rating Limited as well as the analysts of the rating have examined, prepared, finalized and issued this report without compromising with the matters of our conflict of interest, if there be any; and
- (ii) We have complied with all the requirements, policy and procedures of these rules as prescribed by the Bangladesh Securities and Exchange Commission in respect of this rating.

We hope the rating will serve the intended purpose of your organization.

With Kind Regards,



Muhammed Asadullah
Managing Director & CEO

08 DEC 2022



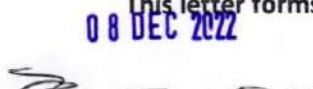
Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

08 DEC 2022



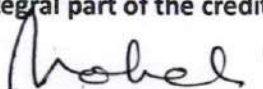
Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022



ZAHID AHSAN
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022



Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

This letter forms an integral part of the credit rating report.

BDT 7,000 MILLION FLOATING RATE NON-CONVERTIBLE SUBORDINATED BOND**AA** Bond Rating**Stable** Outlook**Date of Declaration** 26 June, 2022**Valid Till** 25 June, 2023**Review Date** 6 November, 2022Industry Risk
HighCapital Adequacy
GoodSolvency Score
GoodAsset Quality
GoodProfitability
GoodManagement Quality
Experienced

Rationale

Jahannoor Khan
jahannur@alpharating.com.bd
Tanmoy Saha
tanmoy@alpharating.com.bd

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Rationale	2
Company Profile	3
Industry Analysis	5
Issue Overview	7
Business Risk Analysis	14
Financial Risk Analysis	16
Management & Other Qualitative Factor	22
Company Information	24

Date of Incorporation:
30th June, 1983

Chairman:
Monzurur Rahman

Managing Director & CEO (CC):
Mohammad Ali

Issue:
BDT 7,000 Million Floating Rate
Non-Convertible Subordinated
Bond

Issue Size:
BDT 7,000 million

Tenure:
7 years

Arranger:
Standard Chartered Bank (SCB)

Trustee:
Bangladesh General Insurance
Company Limited

AlphaRating assigns bond rating "AA" (pronounced as 'Double A') in favor of BDT 7,000 million Floating Rate Non-Convertible Subordinated Bond. For instrument rating of Pubali Bank Limited (herein after referred as 'the company or PBL') AlphaRating mainly emphasizes on issue specific risk, and Transaction Dimension which covers priority, security & covenants of the bond. Moreover, audited financial statements for the year ended 31st December, FY 2019-2021 & 3rd Quarter of FY 2022, related business risks and management quality of the entity have also been considered for the rating.

Issue specific risk analysis revealed that, the risk of late payment will be compensated by charging 2% default charge on top of the coupon rate. The company is expecting to generate good profitability as well as positive cash flow when the installments of the bond will fall due reducing the redemption risk to some extent. All these issues has impacted the rating positively and encouraged us to confirm the **Stable** outlook in favor of instrument rating.

Analysis of Bond Transaction Dimension has revealed that the bonds are transferrable in accordance with the provisions of the Trust Deed. The covenant to the Bondholders is not quite stringent securing the rights of the bondholders at a maximum level. However, being an unsecured bond, it eliminates the requirement of the bond to be secured against collateral, which has hindered the priority of the bondholders below secured debt holders and all other obligators upon liquidation or winding up. Further, the coupon rate of the bond will be floating during the tenure period. Above limitations of these two components of transaction dimension have resisted the progress of rating to a great extent.

AlphaRating scrutinize both financial and non-financial indicator of the bank while assigning the rating. Financial analysis of PBL revealed strong loan portfolio, well diversified loan portfolio, improved assets base, increasing net interest income, decreasing cost income ratio, lower ADR ratio than the regulatory requirement, increased deposit and automation process of overall banking system has also supported the rating to some extent. In addition to the financial performances, PBL has also performed well in non-financial sectors such as placing experienced and well qualified management team, satisfactory compliance level undertaking corporate social activities, geographic and business line diversification and maintaining green banking policy which further boosted the qualitative aspects of PBL.

Despite having better performance all through the years, PBL's performance slightly deteriorated in some area during FY 2021 such as increasing Gross NPL ratio & decreasing ROA & ROE, which desisted AlphaRating from assigning higher ratings. Nevertheless, PBL still has scope to improve its performance in future. Taking into account all the above factors, considering the size and importance of the bank to the country's economy, inflation rates and post Covid-19 recovery plan. AlphaRating assigns the rating of AA.

08 DEC 2022

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

08 DEC 2022

Muhammed Asadullah
Managing Director & CEO
Alpha Credit Rating Limited

08 DEC 2022

Mohammad Liten Khan
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

Mohammad Ali
Deputy Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

Company Profile

Pubali Bank limited (the Bank) was incorporated in the year 1959 under the name 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 (Nationalization) 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 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. Since inception this Bank has been playing a vital role in socio-economic, industrial and agricultural development as well as in the overall economic development of the country through savings mobilization and investment of funds. The Head office of the bank is located at 26, Dilkusha C/A, Dhaka-1000.

Subsidiary

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 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

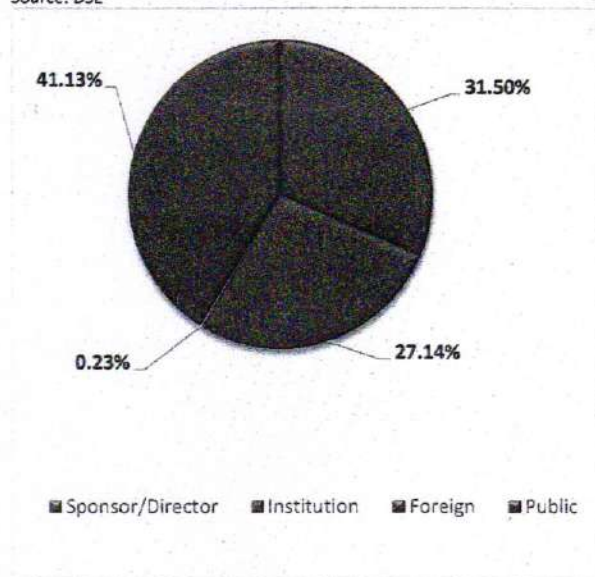
Branch Network

PBL has expanded its banking network throughout the country by establishing several numbers of branches in various places. PBL is the largest commercial private bank having 482 branches including 29 AD branches & 05 SME/Krishi branches spread across the country with total manpower of 8,022. However, PBL conducting their banking activities covering major financial centers of Dhaka, Chittagong, Sylhet, Khulna, Rajshahi, Rangpur & Barisal. Moreover, PBL has total 245 ATM booths across the country.

Shareholding Position

The authorized capital of the company is BDT 20,000.00 million divided into 2,000.00 million shares of BDT 10.00 each. The current paid up capital is BDT 10,282.94 million divided into 1,028.29 million share of BDT 10.00 each (all share have been converted to BDT 10.00 each in EGM held on 15 July, 2010). The present shareholding position as on 31 May, 2022 is as follows:

Source: DSE



Market Capitalization

Pubali Bank Limited started its first journey with a capital of BDT 160 million in the year 1983. As on 22 June, 2022 PBL's total size of capital is 10,282.94 million. PBL is active member of capital market having BDT 26,838.479 million market capitalization as on 22 June, 2022. PBL became listed in the year of 1984. According to DSE, market share of the company is categorized as "A" and "Y" electronic shares. The company has issued 12.50% cash dividend in FY 2021 (12.50% 2020, 10.00% 2019 and 10.00% 2018) and 3% stock dividend in FY 2018 (5% 2017, 8% 2016, 5% 2013, 25% 2011, 35% 2010, 30% 2009).

08 DEC 2022

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

08 DEC 2022

08 DEC 2022

08 DEC 2022

Mohammad Bhatia, FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

Mohammad Ali
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

Company Profile
Financial Risk Analysis

Industry Overview
Management & Other Qualitative Factor

Issue Overview

Business Risk Analysis
Company Information

Product & Services

SERVICES	NATURE OF SERVICES
DEPOSIT PRODUCTS	Savings Bank Account, Current Deposit Account, Special Notice Deposit, School Banking Savings Account, Pubali Pension Scheme (PPS), Pubali Sanchay Prokalpo (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 Purno) Patho Shishu Account.
LOAN PRODUCTS	<p>Continuous Loan Cash Credit, Secured Over Draft (SOD), Pubali Prochesta (Continuous SME), Pubali Protiva (Common)</p> <p>Short Term Finance Loan against Term Deposits, PBL Uttshob (Seasonal Business), Agri Credits Probash Bondhu (For Foreign Remitter), Pubali Green Prantik</p> <p>Long Term Finance Term Loans, House Building Loan, Term Loans to FIs, Pubali Mortgage, Term Loans for SME, Pubali Protiva (Term), Term Loan under direct Green Finance</p> <p>Work Order/ Construction Business Finance Over Draft (Bid Bond), Overdraft (Earnest Money), Bank Guarantee/ Performance Guarantee, Over Draft (Work Order)</p> <p>Consumer Loans Personal Loan, Pubali Star (Demand Loan for Professionals), Car Loan, Flat Purchase Loan, House hold Durable Loan, Medical Equipment Loan, Teacher's Loan Scheme, Non-Resident Credit, House Renovation Loan, Education Loan, Pubali Abashon</p> <p>Special SME Loans Pubali Subomo, Pubali Sujon, Pubali Kormouddug, Pubali Prochesta (Continuous)</p> <p>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 farm Loan, Agri Credit under concessional rate</p> <p>Lease Financing, Loan Under Re-Finance Scheme</p>
TRADE FINANCE	<p>Import Finance Letter of Credit (L/C), Loan Against Trust Receipt (LATR), Loan Against Import Merchandise (UM)</p> <p>Export Finance Back to Back Letter of Credit (L/C), Packing Credit (PC)</p> <p>Bills Payment Against Document (PAD), Foreign Bill Purchase (FBP), Inland Bill Purchase (IBP)</p> <p>Foreign Bank Guarantee</p>
PUBALI CARD	Pubali Debit Card, Pubali Credit Card
SERVICES	ATM Service, Remittance Service, Locker Service, Online Banking, Internet Banking, Pubali Cash (Fund Transfer facilities for unbanked people)
TREASURY OPERATION	<p>Money Market Inter-Bank Call/Over Night Lending & Borrowing, Term Money lending & Borrowing, SWAP & DEPO, Repo/Reverse Repo, Fixed Income & Investment, Treasury Bills/Bonds to Inter-bank Term, Placement to NBFI, Equity Installment, Subordinated Bond</p> <p>Foreign Exchange & Corporate Sales Spot/Forward in USD/BDT, Spot/Forward In Major Cross Currencies</p>
OFF-SHORE BANKING UNIT (OBU)	Bill Discounting UPAS, Financing to AD for export bill discounting Term Loan
ISLAMIC BANKING	<p>Deposit Products Al-Wadeeah Current Account, Mudaraba Savings Account, Mudaraba SND Account, Mudaraba Term Deposit, Mudaraba Deposit Pension Account, Mudaraba Hajj Sanchay Account</p> <p>Investment Products Bal Muazzai, Hire Purchase under Shirkatul Melk (Project Finance, Term Finance, House Building Finance, Car Finance, Flat Purchase Finance, House Hold Durable Finance, Medical Equipment Finance), Bi Istisna, Murabaha Post Import (TR), Quard</p>

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

08 DEC 2022

08 DEC 2022

08 DEC 2022

Mohammad Liton Miah FCA
General Manager & CFO
Central Accounts Division
Pubali Bank Limited
Head Office, Dhaka.

SAHID AHSEN
Managing Director & CEO
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

Industry Analysis

The financial system of Bangladesh consists of scheduled and non-scheduled banks, non-bank financial institutions, microfinance institutions, insurance companies, co-operative banks, credit rating companies, merchant banks, brokerage houses and stock exchanges. Broadly, the Bangladesh financial system is bank-based financed via financial intermediaries and remains dominated by the banking sector. At the recent date, the total number of scheduled banks increased to 61 due to opening of new domestic private commercial banks (PCBs) during the year. Bangladesh Bank (BB) implemented a number of policy measures to emphasize risk management and corporate governance in the banks, periodic review of stability of the individual bank as well as the whole banking system, stress testing, monitoring of large borrowers, fraud-forgeries and strengthening internal control and compliance through self-assessment of anti-fraud internal controls etc. Throughout the period the balance sheet size grew to a notable extent. All of the portions of asset composition have increased other than Govt. Bill and Bond. Total assets of the banking industry increased by 11.45% and stood at BDT 18,406.00 billion. During the same period, the banking sector indicators showed some improvements compared to that of the preceding year led by the good performance of Private Commercial Banks (PCBs). Asset quality, measured by non-performing investments to aggregate investment portfolio, & NPL to regulatory capital showed mixed performance over the preceding year. The ratio of gross NPL to the total outstanding investments of the banking sector has been decreased to 8.20% as of June, 2021 compared to 7.70% in FY 2020. Moreover, the ratio of net NPL to the total outstanding investments of the banking sector reduced to (0.50) percent as on June 2021. Capital to Risk Weighted Assets Ratio (CRAR) has decreased than that of December 2020 & stood at 11.60 percent in as on June, 2021. The provision shortfall increased significantly. Higher shortfall in provision and lower CRAR shows that position of the banking sector has decreased in Q2 FY 2021.

The provision maintenance ratio at end of Q2 FY 2021, reached 92.10% as opposed to 99.80% recorded at end December 2020.

Key profitability indicators i.e. ROA & ROE increased significantly in last quarter. Return on Asset (ROA) risen up at 0.50 percent at the end of Q2FY2021 from 0.25 percent at the end of December 2020. In addition, Return on Equity (ROE) also increased to 8.26 percent at the end of Q2FY2021 from 4.28 percent at the end of December 2020. In June 2021, banking sector has been able to maintain a significant leverage ratio compared to the maintained satisfactory liquidity position throughout the year. In Q2FY2021, banking sector as a whole has been able to maintain a leverage ratio of 4.40% on solo basis; 50 out of 61 banks have successfully maintained leverage ratio of 3.00%. At the end of December 2020, the growth rate (year-on-year) of deposits was higher than that of advances (less than 1 percentage point). The Advance-Deposit Ratio (ADR) stood at 71.60 percent at the end of Q2FY2021. The prudential limits of ADR for Conventional and Islamic Shariah based banks were 87.0 percent and 92.0 percent respectively. The liquidity position in the banking sector as a whole was comfortable at the end of Q2FY2021; leading to a further easing of money market conditions. Net Interest Margin (NIM) of the banking industry stood at 2.48 percent in Q2FY2021, which was 2.67 percent in FY 2020. The NIM of all banking sectors has decreased in Q2FY2021 compared to FY 2020. Analysis of the indicator reveals that NIM for PCBs and FCBs was higher than the industry average. Furthermore, banking sector, as a whole, had no shortfall in Cash Reserve Ratio (CRR). Along with this, the banking sector was found to be fairly resilient in the face of various market risk shocks. Moreover, the individual banks & the banking system as a whole were found to be well resilient against various liquidity stress scenarios as of end Q2 FY 2021.

08 DEC 2022

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08 DEC 2022

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Mohammad Liton Miah FCA
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Head Office, Dhaka.

Mohammad Ali
Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

According to Bangladesh Bank's quarterly stability reports State-owned commercial banks are facing difficulty to continue business. The problems are poor capitalization, weak asset quality and substandard management quality etc. However, government has taken several steps to reform the sector, according to a recent analysis. The report (Source BMI Research a London based research firm) said Bangladesh's banking sector is one of the weakest in emerging Asia, as factors, such as low capital adequacy and poor asset and management quality, continue to challenge solvency and profitability. But in recent days this situation is changing. Under the Basel III framework, Bangladeshi banks are legally required to maintain a capital to risk-weighted asset ratio (CRAR) of at least 10 percent and a tier 1 capital ratio of at least 5.5 percent. The banking sector as a whole was able to maintain its CRAR above the minimum requisite. However, it is observed that the CRAR of SCBs, PCBs and FCBs were 6.80, 13.30 and 28.50 percent respectively as on 30 June 2021. Both the SBs failed to maintain MCR on risk weighted assets basis. Besides, 2 SBs, 5 SCBs and 4 PCBs could not maintain the minimum required CRAR. The CRAR of the banking industry as a whole was 11.60 percent at the end of June 2021.

(In percent)

Bank Types	2012	2013	2014	2015	2016	2017	2018	2019	2020	End June 2021
SCBs	8.1	10.8	8.3	6.4	5.9	7.0	10.3	5.0	9.6	6.8
SBs	-7.8	-9.7	-17.3	-32.0	-33.7	-32.8	-31.7	-32.0	-32.9	-32.2
PCBs	11.4	12.6	12.5	12.4	12.4	12.2	12.8	13.6	13.7	13.3
FCBs	20.6	20.2	22.6	25.6	25.4	23.3	25.9	24.5	28.4	28.5
Total	10.5	11.5	11.3	10.8	10.8	10.8	12.1	11.6	12.5	11.6

Source: Department of Off-site Supervision, Bangladesh Bank.

Fig: Capital to Risk Weighted Assets Ratio by Type of Banks

However, Bangladesh Bank has taken a number of initiatives throughout 2021 having implications for financial stability. For instance Bangladesh bank has amended guidelines on internal control & compliance risk management, credit risk management etc. Besides Bangladesh Bank has issued integrated risk management guidelines for financial institutions to strengthen the overall risk management framework & introduces techniques of managing all possible risk under formal organizational set up with standard policies & procedure.

Bond Market

In recent years, banks in Bangladesh have raised a sizable amount of funds by issuing bonds chiefly to comply with regulatory standards to raise capital by issuing subordinated debt in order to meet the Basel-III requirement. Corporates have also borrowed using the tool to cut their cost of funds and as a hedge against any future interest rate spike. Currently government debt instruments dominate the market. The slow growth of the bond market in Bangladesh has been recognized due to limited numbers of investors, attraction to capital gain, high return from risk free government bond. The amount of funds raised through issuance of bonds rose 13 per cent year-on-year to BDT 99,670.00 crore in fiscal 2020-21. This was 13 times the BDT 6,860.00 crore raised in fiscal 2010-11, according to data of the Bangladesh Securities and Exchange Commission (BSEC). So far, BRAC Bank, IBBL, Dutch-Bangla Bank, Janata Bank, United Commercial, SIBL, Southeast Bank, Shahjalal Islami Bank, One Bank, Al-Arafah Islami Bank, Trust Bank, The City Bank, Mercantile Bank, Rupali Bank, NCC Bank, Prime Bank, National Bank, Pubali Bank, Premier Bank, Jamuna Bank, EXIM Bank, Standard Bank, Mutual Trust Bank, AB Bank, Eastern Bank, Bank Asia, Dhaka Bank have already issued several bond. Issuance of such bond makes other commercial banks interested to issue bond as an alternative source of fund. At the same time, many NBFIs have already issued several type of bonds to strengthen their fund base. Other than commercial banks & NBFIs, several companies have been increased capital base through issuing bond, which are Bangla Trac, BSRM, Best Holdings, Impress-Newtux Composite Textiles, Doreen Power Generation and Systems, Flamingo Fashion, Generation Next Fashions, Golden Harvest Agro Industries, H. Akbarali & Co., Orion Infrastructure, Rahimafrooz Energy Services, Rakeen Development Company (BD), Rangs, Regent Spinning Mills, Shanta Holdings, Tarasima Apparels, United Airways Bangladesh.

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Issue Overview

Issue Objective

The objective of issuing this bond is to raise subordinated debt as part of the Tire-II Regulatory Capital following "Guideline of Risk Based Capital Adequacy" of Bangladesh Bank i.e. Basel-III.

Sponsors' Status

PBL will issue 7 years Floating Rate Non-convertible Subordinated Bond of BDT 7,000 million. Investors of the issue will be local financial institutions, insurance companies, funds, corporate etc. and any other eligible investor. Face value of per bond is BDT 10.00 million. The bond is unsecured & non-convertible.

As per previous IM & trust Deed the subordinate bond was BDT 10,000 million but now the above amount is changed as per the letter issued by Bangladesh bank vide letter: BRPD(BS)661/14b(p)/2022/10192.

Interest

To be determined as a sum of Benchmark Rate & Margin; However during the tenor the yield (benchmark + margin) will be floored at 6.00% and capped at (benchmark + margin) 9.00%.

As per previous IM & trust Deed the floor & cap rate were 7.50% & 10.50% respectively but now the above rate is presented as per the letter issued by Bangladesh bank vide letter: BRPD(BS)661/14b(p)/2022/10192.

Benchmark

Average of most recent month's published highest fixed deposit rates (6 months tenor) of all Private Commercial Banks (excluding Islami banks and Foreign Banks). The issuer's 6 months tenor deposit rate to be considered at the time of calculating the average. This will be fixed semi-annually.

Redemption Schedule

Redemption of the bond will take Place annually in years of 3, 4, 5, 6, 7 amounting 20% of total bond value. The redemption schedule is presented below:

Years	Repayment (BDT)	Balance
End of 1 st year	-	7,000,000,000
End of 2 nd year	-	7,000,000,000
End of 3 rd year	1,400,000,000	5,600,000,000
End of 4 th year	1,400,000,000	4,200,000,000
End of 5 th year	1,400,000,000	2,800,000,000
End of 6 th year	1,400,000,000	1,400,000,000
End of 7 th year	1,400,000,000	0

As per previous IM & trust Deed the repayment amount was BDT 2000.00 million per year but now the above table is presented as per the letter issued by Bangladesh bank vide letter: BRPD(BS)661/14b(p)/2022/10192.

Rating Report – BUL 7,000 Million Floating Rate Non-convertible Subordinated Bond

Feature of the Bonds

Particulars	Details
Issuer	Pubali Bank Limited (PBL)
Trustee	Bangladesh General Insurance Company Limited
Mandated Lead Arranger	Standard Chartered Bank (SCB)
The Issue	BDT 7,000 million Floating Rate Non-Convertible Subordinated Bond
Issue Size	BDT 7,000 million
Face Value	BDT 10.00 million each bond
No. of issuing Units	700
Issue Price	100% At Par
Mode of Placement	Private Placement
Tenure	7 years from the date of issue.
Coupon Rate*	<ul style="list-style-type: none"> Margin: 2.00% p.a. on top of base rate. Coupon Floor Rate: 6.00% p.a. Coupon Ceiling Rate: 9.00% p.a.
Security	Unsecured
Transferability	Freely transferable subject to the terms and conditions of the bond documents.
Late Redemption	Incremental charge at the rate of 2% per annum payable by the issuer to the bondholders above the amount to be paid by the issuer to the bondholders on the redemption date for failure of the issuer to make payment to the bondholder of the date.
Listing	Unlisted
Convertibility	Non-convertible

*As per previous IM & trust Deed the Margin, floor & cap rate were 2.50%, 7.50% & 10.50% respectively but now the above rate as per the letter issued by Bangladesh bank vide letter: BRPD(BS)661/14b(p)/2022/10192.

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Subscribers Status of BDT 7,500 Million Floating Rate Non-Convertible Subordinated Bond

PBL Issued 7 Years Floating Rate Non-Convertible Subordinated Bond With Partial Subscription Of BDT 4,000 Million On 22 December, 2019. Face Value of Per Bond Is BDT 50.00 Million. Name and Status of Investors of Partial Subscription of BDT 4,000 Million Bond Is Presented Below:

Investors Name	Amount (BDT In Million)	Due Date Of First Reimbursement
Agrani Bank Limited	3,000.00	22.12.2022
Sonali Bank Limited	1,000.00	22.12.2022
Total	4,000.00	

Moreover, the Rest of BDT 3,500 Million Bond Subscribed as on 18 August, 2020. Name & Status of Investors of Rest BDT 3,500 Million Bond Is Presented Below:

Investors Name	Amount (BDT In Million)	Due Date Of First Reimbursement
Rupali Bank Limited	1,000.00	18.08.2023
Agrani Bank Limited	1,000.00	18.08.2023
Janata Bank Limited	500.00	18.08.2023
Uttara Bank Limited	500.00	18.08.2023
Delta Life Insurance Company Limited	500.00	18.08.2023
Total	3,500.00	

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Interest Payment Schedule

Interest Payment Schedule For Partial Subscription Of BDT 4,000 Million Floating Rate Non-Convertible Subordinated Bond Issued By Pubali Bank Limited For The Period from 22.12.2019 To 19.06.2022 Is Presented Below:

Day From	Days To	Days	Bond Amount (BDT In Million)	Interest Rate	Interest Paid (BDT In Million)
22.12.2019	21.06.2020	183	4,000.00	10.00%	200.54
22.06.2020	21.12.2020	182	4,000.00	7.96%	159.60
22.12.2020	21.06.2021	181	4,000.00	7.50%	149.59
20.06.2021	19.12.2021	182	4,000.00	7.50%	150.41
20.12.2021	19.06.2022	181	4,000.00	7.50%	149.59

Interest Payment Schedule For Partial Subscription Of BDT 3,500.00 Million Floating Rate Non-Convertible Subordinated Bond Issued By Pubali Bank Limited For The Period from 18.08.2020 To 17.02.2022 Is Presented Below:

Day From	Days To	Days	Bond Amount (BDT In Million)	Interest Rate	Interest Paid (BDT In Million)
18.08.2020	17.02.2021	184	3,500.00	7.85%	138.50
18.02.2021	17.08.2021	181	3,500.00	7.50%	130.17
18.08.2021	17.02.2022	183	3,500.00	7.50%	132.33

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Status of BDT 5,000 million Floating Rate Non-convertible Subordinated Bond**Subscribers Status**

PBL issued 7 years Floating Rate Non-convertible Subordinated Bond of BDT 5,000 million on 20 December, 2017. Name and status of investors of this bond is presented below:

Investors Name	Amount (BDT in Million)	Due Date of First Reimbursement
Agrani Bank Limited	1,000.00	20.12.2020
Janata Bank Limited	1,000.00	20.12.2020
Rupali Bank Limited	1,000.00	20.12.2020
Sonali Bank Limited	1,000.00	20.12.2020
Uttara Bank Limited	1,000.00	20.12.2020
Total	5,000.00	

Redemption Schedule

Redemption of the bond will take Place annually in years of 3, 4, 5, 6, 7 amounting 20% of total bond value. The redemption schedule is presented below:

Name of Bond Holder	Bond Value (BDT in millions)	1 st & 2 nd Redemption Amount (BDT in millions)	After Redemption Amount (BDT in millions)
Agrani Bank Limited	1,000.00	400.00	600.00
Janata Bank Limited	1,000.00	400.00	600.00
Rupali Bank Limited	1,000.00	400.00	600.00
Sonali Bank Limited	1,000.00	400.00	600.00
Uttara Bank Limited	1,000.00	400.00	600.00
Total	5,000.00	2,000.00	3,000.00

Interest Payment Schedule

Interest payment schedule for BDT 5,000 million Floating Rate Non-convertible Subordinated Bond issued by Pubali Bank Limited for the period from 20.12.2017 to 19.06.2022 is presented below:

Day From	Days To	Days	Bond Amount (BDT in million)	Interest Rate	Interest Paid (BDT in million)
20.12.2017	19.06.2018	183	5,000.00	8.82%	219.90
20.06.2018	19.12.2018	183	5,000.00	10.50%	263.22
20.12.2018	19.06.2019	183	5,000.00	9.14%	227.87
20.06.2019	19.12.2019	183	5,000.00	10.50%	263.22
20.12.2019	19.06.2020	183	5,000.00	10.50%	263.22
20.06.2020	19.12.2020	183	5,000.00	8.49%	212.83
20.12.2020	19.06.2021	183	5,000.00	7.50%	149.59
20.06.2021	19.12.2021	183	5,000.00	7.50%	150.41
20.12.2021	19.06.2022	183	5,000.00	7.50%	121.02

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Issue Specific Risk

Non Payment Risk

Non-repayment risk is defined as the potential risk that a bank's borrower or counterparty may fail to meet its obligations in accordance with agreed terms, resulting into an adverse impact on the quality of bank's assets and profitability. Non-repayment risk also refers to the bank's risk of having its cash flows interrupted when a borrower fails to make their repayment. Such a scenario results into having the loan classified in separate categories, the extreme one being Non-performing Loans (NPL) which adversely impacts the bank's profitability due to higher required provisioning. In the case of an unpaid loan, non-repayment risk can result in the loss of both interest on the debt and unpaid principal, whereas in the case of an unpaid account receivable, there is no loss of interest. In both cases, the party granting the credit may also incur incremental collection costs.

To ensure portfolio health, the bank has distributed the overall credit concentration among different segments/industries/trading. For example, branches are primarily responsible for sourcing potential clients and initiate limit (credit) approval process for review of Credit Division (CD), this division (CD) ensure the quality of credit proposal before limit approval, a separate division known as Credit Administration Monitoring and Recovery Division (CAMRD) monitors the documentation aspects of approved credits and finally, the Law Division manages the deteriorated accounts. It is mentionable that the bank has its own credit risk management guideline. All other remaining risks in regard to credit portfolio are addressed by the Risk Management Division (RMD), the primary responsibility of this unit is to identify and assess the severity of risks and highlight the same to the management for strategic decision making.

Interest Rate Risk

Interest Rate Risk can be defined as the risk of change in the value of an asset due to volatility in interest rates rendering the security in question non-competitive or increasing its value. Though the risk is said to arise due to an unexpected move, generally, investors are concerned with downside risk. This risk directly affects the fixed-rate security holder. Whenever the interest rate rises, the price of the fixed income bearing security falls and vice-a-versa. For a bank, this risk arises from differences in the repricing profile, interest rate basis, and optionality of banking book assets, liabilities and off-balance sheet items. Interest Rate Risk represents an economic and commercial risk to the Bank and its capital adequacy.

The vulnerability of an institution towards the advanced movement of the interest rate can be gauged by using Duration GAP under Stress Testing Analysis. Bank 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%.

Liquidity Risk

Liquidity is a bank's ability to meet its cash and collateral obligations without sustaining unacceptable losses. Liquidity risk refers to how a bank's inability to meet its obligations (whether real or perceived) threatens its financial position or existence. Institutions manage their liquidity risk through effective asset liability management (ALM).

The management of Pubali Bank is well aware of the risks involving liquidity constraints and is capable of handling such risks by practicing modern Asset Liability Management (ALM) techniques. The ALM committee regularly monitors the overall liquidity position of the bank and proactively makes policy changes in due course of time. Therefore, it is highly unlikely that the bondholders will face any material loss from liquidity risk.

Prepayment, Call or Refunding Risks

Call risk is the risk that the bond an investor has invested in will be redeemed by the issuer before its maturity date, thereby raising the risk for the investor as they would have to reinvest the redeemed amount at a much lower rate or in an unfavorable investing market scenario. If the bond is called at or close to par value, as is usually the case, investors who paid premium for their bond also risk a loss of principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called. The bond is non-callable, thus mitigating such risk.

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Bond Transaction Dimension

Priority

The Bonds shall constitute direct, subordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Issuer in respect of the Bonds (whether on account of principal, interest or otherwise) will be subordinated to all unsubordinated payment obligations of the Issuer in the manner described below but will rank pari passu with all other subordinated payment obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the payment obligations of the Issuer under the Bonds and in priority to all claims of shareholders of the Issuer.

The rights of the holders of Bonds against the Issuer (including for principal and interest) are subordinated and junior in right of payment to its obligations (a) to its depositors, (b) under bankers' acceptances and letters of credit issued by the Issuer, (c) to Senior Creditors (including the Bangladesh Bank and the Deposit Insurance Trust Fund). In the event of any insolvency, receivership, conservatorship, reorganization, readjustment of debt or similar proceedings or any liquidation or winding up of or relating to the Issuer, whether voluntary or involuntary, all such obligations of the Issuer shall be entitled to be paid in full before any payment shall be made to the Bondholders in respect of the Bonds. In the event of any such proceedings, after payment in full of all sums owing on such prior obligations, the Bondholders and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank pari passu with the Bonds, shall be entitled to be paid from the remaining assets of the Issuer, the unpaid principal thereof and any unpaid premium (if any) and interest before any payment or other distribution, whether in cash, property or otherwise, shall be made on account of any capital stock or any obligations of the Issuer ranking junior to the Bonds. Nothing herein shall impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and any premium and interest on the Bonds according to these Conditions. For this purpose, "Senior Creditors" shall mean creditors of the Issuer (including depositors) other than creditors in respect of indebtedness where, by the terms of such indebtedness, the claims of the holders of that indebtedness rank or are expressed to rank pari passu with, or junior to, the claims of the Bondholders.

The Bonds are not a deposit and are not insured by the Deposit Insurance Scheme as per The Bank Deposit Insurance Act 2000. The Bonds are ineligible for as collateral for a loan by the Issuer.

Security

Security can be in the form of specific collateral or a lien on all assets. For an issue secured with specific collateral to be rated above the "nature" or "stand alone". If the security is separated from the estate of the company in the event of bankruptcy and the security will maintain value regardless of the company's fortunes, then the risk of the bond might be minimized.

The issuance bond of PBL is unsecured bond hence no charge on Assets to be created. No collateral is or will be given for the payment obligations under the Bonds and any collateral that may have been or may in the future be given in connection with other indebtedness of the issuer shall not secure the payment obligations under the Bonds.

Covenants

Covenants are defined broadly as provisions contained in the transaction documents agreed by all parties to the transaction. Some covenants are borrower representations and warranties that provide some comfort that the borrower will not act to cause impairment of the credit quality of the transaction. The inclusion of such covenants is a statement by the borrower that it is willing to operate within certain boundaries, and as such should be viewed positively. Of course, a firm's agreeing to abide by indenture covenants doesn't necessarily mean that it will be able to do so.

The Issuer covenants with the Trustee that it will, as and when the Bonds or any of them become due to be redeemed or any principal on the Bonds or any of them becomes due to be repaid in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustee in Bangladesh Taka in Dhaka in immediately available freely transferable funds the principal amount of the Bonds or any of them becoming due for redemption or repayment on that date and shall (subject to the provisions of the Conditions) until all such payments (both before and after judgment or other order) are duly made unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates provided for in the Conditions interest on the principal amount of the Bonds or any of them outstanding from time to time as set out in the Conditions provided that:

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1. every payment of principal or interest in respect of the Bonds or any of them made to or to the account of the Bondholders shall satisfy, to the extent of such payment.
2. if any payment of principal or interest in respect of the Bonds or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the Bondholders or, if earlier, the seventh day after notice has been given to the Bondholders in accordance with the Conditions that the full amount has been received by the Trustee to the extent that there is failure in the subsequent payment to the Bondholders under the Conditions; and
3. in any case where payment of the whole or any part of the principal amount due in respect of any Bond is improperly withheld or refused interest shall accrue at applicable interest rate for the Bond on the whole or such part of such principal amount from the date of such withholding or refusal until the date either on which such principal amount due is paid to the Bondholders or, if earlier, the seventh day after which notice is given to the Bondholders in accordance with the Conditions that the full amount payable in respect of the said principal amount is available for collection by the Bondholders such payment is in fact made. The bank has to pay an incremental charge at the rate of 2% per annum payable by the Issuer to the Bondholders above the amount to be paid by the Issuer to the Bondholders on the Redemption Date for failure of the Issuer to make payment to the Bondholders on the Redemption date.

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Risk weighted assets (RWA) (amount in crore)					
	2022	2023	2024	2025	2026
Risk weighted assets (RWA) (Solo)	39,850	43,567	47,797	52,598	58,233
Risk weighted assets (RWA) (Conso)	40,129	43,872	48,132	52,966	58,640
Credit Risk	34,494	37,722	41,461	45,821	50,940
On-Balance sheet	27,669	29,191	30,797	32,490	34,277
Off-Balance sheet	6,825	8,531	10,664	13,330	16,663
Market Risk	1,763	1,888	1,945	2,003	2,062
Operational Risk	3,593	3,957	4,392	4,775	5,231
Total regulatory capital maintained (Solo)	6,210	6,898	7,251	7,728	8,488
Total regulatory capital maintained (Conso)	6,272	6,967	7,323	7,805	8,573
Common Equity Tier-1 Capital	3,492	3,973	4,496	5,256	6,211
Additional Tier-1 Capital (Perpetual Bond)	500	500	500	500	500
Tier-1 Capital	3,992	4,473	4,996	5,756	6,711
Tier-1 Ratio	10.02%	10.27%	10.45%	10.94%	11.52%
Tier-2 Ratio	4.81%	4.88%	4.09%	3.18%	2.54%
Tier-2 Capital (Sub Bond & UC provision)	1,918	2,125	1,954	1,672	1,477
CRAR (SOLO)	15.58%	15.83%	15.17%	14.69%	14.58%
CRAR (Consolidated)	15.63%	15.88%	15.21%	14.74%	14.62%
Required Capital (12.50% of RWA)	4,981	5,446	5,975	6,575	7,279
Capital Maintained	5,910	6,598	6,950	7,428	8,188
Surplus/(Shortfall)	929	1,153	976	853	909
Subordinated bond	1,320	1,070	720	370	100
1st Subordinated Bond	500	500	-	500	500
Redemption of 1st Bond	(400)	(500)	-	(500)	(500)
2nd Subordinated Bond	750	750	750	750	750
Redemption of 2nd Bond	(230)	(380)	(530)	(680)	(750)
Perpetual Bond	500	500	500	500	500
3rd Subordinated Bond	700	700	700	700	700
Redemption of 3rd Bond	-	-	(200)	(400)	(600)
Dividend (Cash)	15.00%	15.00%	15.00%	15.00%	15.00%

Impact of Bond

Policy of PBL is to move forward with initiatives to enhance the level of risk based capital requirement of the Bank. The 5 years Capital Projection reflects that, by introducing this bond, PBL maintains a sufficient level of capital that allows it to operate over its strategic horizon with an agreed risk appetite in pursuit of its business strategy, taking into account regulatory requirements, and support for customers and to provide confidence to stakeholders. The Bank issued two Subordinated bond for BDT 5,000 million & BDT 7,500 million in FY 2017 & FY 2019. Redemptions of BDT 5,000 million bond has started from 19.12.2020 & redemption of BDT 7,500 million bond will start from 21.12.2022. The bank also issued perpetual bond of BDT 5,000 million in 2021. Besides, the Bank is able to accumulate additional capital through the increase in Risk Weighted Assets & accumulation of profits over time.

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Business Risk Analysis

Credit Risk

Credit risk refers to a risk that a borrower may fail to meet its obligations in accordance with agreed terms to the institution. PBL has a comprehensive credit risk management policy, which deals with identification, assessment, measurement and mitigation of credit risk. PBL 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 (CRM & RD) are playing the key activities i.e. credit approval, credit admiration, monitoring, recovery function etc. Beside law division 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. PBL gives all-out effort to mitigate risk associated with credit accounts through suitable collateral, guarantors, insurance coverage etc. During credit approval and loan classification, bank follows Bangladesh Bank guidelines & instructions strictly.

Foreign Exchange Risk

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 of the capital position of bank. Nonetheless, PBL'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. PBL has well defined policies and guidelines with central bank's directives related foreign exchange risk. Moreover, to adopt the changing environment, PBL established dealing room and centralized foreign exchange and money activities under a single functional area, which is functioning under Treasury Division.

Liquidity Risk

Liquidity risk refers to the probability that the bank will incur financial losses due to its inability to meet its financial obligations in full, in a timely manner and at minimal expense. To avoid liquidity crisis, PBL manages its assets and liability in such a way that facilitate the bank to meet client's obligation immediately without hampering the solvency. Apart from this, PBL also formulated Liquidity Contingency Plan to deal with potential liquidity crisis.

Asset & Liability Management

Asset & 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. The Asset & Liability Management Committee (ALCO) of PBL reflects key responsibilities 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 plays the vital role. At present Treasury Division of PBL is working thoroughly for asset & liability management.

Operational Risk

Operational risk arises due to failure in internal process, people and system or from external events. PBL is managing this risk through arranging regular training and awareness programs on these issues for employees. More over the ICC department of the bank conducts periodical and special audits of the branches & divisions and reviews the operation & compliance status of the bank in an effort to mitigate this risk.

Market Risk

Market risks arise from the adverse movements of interest rate, foreign exchange rates, equity price, credit spread and so on. PBL's 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.

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.

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Information and Communication Technology Risk

Information Technology risk management can be considered a wide enterprise risk. Financial information are mostly processed and delivered through technological platform. This inherently contains the risk of security breach, disaster and data contamination. Continuity of company's operation and service completely depend on strong, reliable and secured technology.

PBL 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 PBL has therefore gained much importance, and it is vital for the bank to ensure that the risks are properly identified and managed. It is bank's 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, PBL has upgraded its ICT Security Guideline considering the updated guideline of Bangladesh Bank and introducing the security measures accordingly.

Internal Control and Compliance Risk

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 personal 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.

PBL has a well-structured Internal Control and Compliance (ICC) wing. Under ICC wing 03 divisions i.e. Audit & Inspection Division, Compliance Division & Monitoring Division are functioning separately and independently.

Money Laundering Risk

Money Laundering Risk arises from non-compliance of money laundering related instruction of the regulatory body. To prevent money laundering and combat terrorist financing, CCU, RCU & BCU have been formed headed by a CAMLCO, RAMLO & BAMLO at head office, regional offices & branches respectively. Moreover, PBL has introduced uniform account opening form, conduct audit using Independent Testing Procedures (ITP), Reporting of Cash Transaction Report (CTR) on monthly basis, report unusual & suspicious transaction etc. On the other hand, Training and awareness programs are continuously arranged by the bank in an effort to aware employees about money laundering prevention & combating terrorism.

Interest Rate Risk

Interest rate risk is the risk that arise due to adverse movement in Interest rates on a bank's financial condition. Treasury Division of PBL monitors interest rate risk through duration gap analysis, sensitivity analysis, daily earning. At risk analysis, impact on Net Interest Income (NII) due to change in interest rate etc. The ACLO monitor the effect in NII caused by the change in interest rate & re-adjust Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) into different maturity buckets accordingly. PBL has adequate information systems for measuring, monitoring, controlling and reporting interest rate exposure.

Equity Risk

Equity risk arises from the probability of unfavorable changes in market price of equity held. To manage this risk, PBL regularly conducts market valuation of share investment portfolio to know about the movement of market price of share investment.

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Financial Risk Analysis

The financial analysis is built on the company's policies in relation with the operating strategies, asset quality, composition and trend, fund management, capital adequacy, liquidity management, risk management and ultimate financial goals of the bank based on both qualitative and quantitative aspects of the institution. Detailed analysis is presented below:

Asset Composition

Total assets size of PBL has increased to BDT 629,184.67 million in FY 2021. The asset growth rate of PBL was positive for the last five consecutive years under consideration and reached to 11.27% in FY 2021 from 18.28% as reported in FY 2020. Further Analysis revealed that, increase in asset base is backed by increased loans & advances, other assets, balance with other banks & financial institutions and fixed assets.

While analyzing the fund application of PBL, it has been observed that, 59.86% of total asset base is composed of Loan and Advances. Loans & advances, other assets, balance with other banks & financial institutions, fixed assets & cash have been increased by 19.35%, 3.35%, 15.61%, 13.71% & 2.07% respectively in FY 2021 than that of last year. Whereas PBL's investments in government & others security & Money at call on short notice has been decreased in FY 2021.

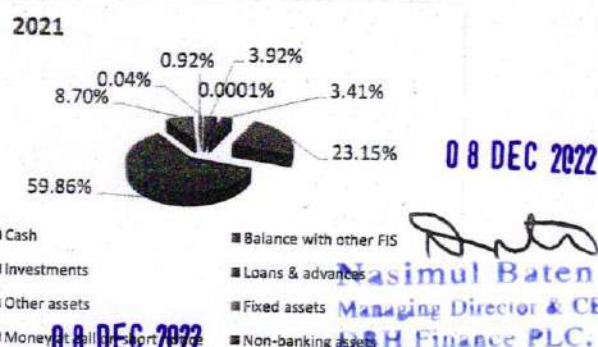
In depth Analysis revealed that 92.82% of total loan & advances is consisted of loans, CC & OD which has been increased by 16.73% in FY 2021 and rest of the amount under bills purchased & discount which was increased by 68.26% from that of the previous year.

Further analysis revealed that, 73.49% of total asset is financed by deposits & rests has been financed by Borrowings from other Banks & FIs, subordinate bonds, shareholders equity & other liabilities. Deposits has been increased by 7.70% in FY 2021 than that of last year.

FY 31 December	3 rd Quarter of 2022	2021	2020	2019
Total Asset (Million)	706,717.04	629,184.67	565,467.21	478,074.84
Asset Growth (%)	12.32	11.27	18.28	16.68
Gross Loan (Million)	443,845.15	376,656.43	315,578.90	287,034.67
Loan Growth (%)	17.84	19.35	9.94	5.95
Gross NPL (Million)	17,133.23	11,480.11	8,622.01	12,560.60
Gross NPL Ratio (%)	3.86	3.05	2.73	4.38
Net NPL (Million)	(9,257.73)	(13,914.19)	(13,103.53)	(5,413.38)
Net NPL Ratio (%)	(2.09)	(3.69)	(4.15)	(2.23)
Net NPL without considering general provision (BDT in million)	(559.28)	(5,750.98)	(6,205.72)	2,283.56
Net NPL Ratio % (without considering general provision)	(0.13)	(1.53)	(1.97)	(0.80)
Loan Loss Reserves/Gross NPLs (%)	117.83	167.71	198.97	123.88
General Reserves/Net NPLs (%)	(93.96)	(58.67)	(52.64)	(64.39)
Specific Reserves/Gross NPLs (%)	67.06	96.60	118.97	91.00
Gross NPL/ (Equity + Loan Loss Reserve) (%)	27.54	19.56	15.29	26.26

Data obtain from audited financial statement of FY 2019 to 3rd Quarter of 2022

At the end of 3rd quarter 2022 composition of assets remained almost similar as 2021. Likewise 2021, the asset base is largely comprised of loans & advances and investment. All portions of assets other money at call on short notice & Balance with other banks & FI's has increased than that of FY 2021.



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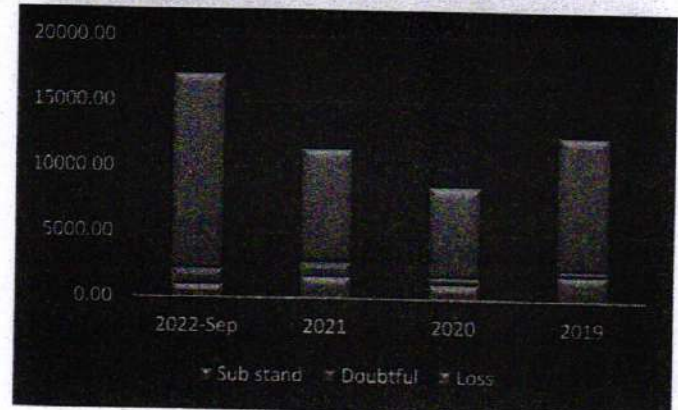
Asset Quality

It has been appeared that, among all asset items of PBL Loan and Advances have comprised a major portion of assets base, representing 59.86% of total assets and it has been increased by 19.35% in FY 2021 than that of FY 2020. This increment of loan & advances were mainly because of increasing loans, Cash credits, overdrafts & overseas by 20.36%, 17.94%, 9.59% and 65.37% respectively under broad categories of loan & advances. However, Investment of PBL has captured second major portion of assets base, representing 23.15% of total assets but it has been decreased by 1.54% in FY 2021. This was mainly due to decrease in investment on Government/ Bangladesh Bank bills, national prize bonds and other securities under investment classified as per BB circular. In addition to, 36.71% investment will mature over 1 years and rest 63.29% investment matures within 1 year under maturity wise grouping of investment.

It appears that, total Non-Performing Loan (NPL) in FY 2021 has been increased to BDT 11,480.11 million, which was 33.15% higher than previous year. Out of the total loan portfolio, BDT 365,176.32 million is unclassified, which makes up 96.95% of the total loan portfolio and rest of the gross NPL makes up 3.05%. BRPD circular no-19 states that if borrowers pays at least 25.00% of total loans & advances within 31 December, 2021 then loans & advances can't be classified. In this regard, AlphaRating can't measure actual performance of PBL. Actual performance can only be measured when BB promotion will be withdrawn coming in FY 2022. However, In FY 2021, PBL reported gross NPL ratio 3.05%, which was lower than the industry average of 8.20% at the year ended June, FY 2021 which suggest better NPL ratio of the company compared to the industry as a whole.

Total NPL is composed of sub-standard 14.97%, 9.60% doubtful and rest Bad or loss 75.42%. However, In FY 2021, PBL has recovered amounting to BDT 119.55 million and amount of the total recovery of loan has been increased by BDT 80.83 and closing balance of law suits for total write off loan & advances has reported to BDT 19,184.95 million which has been increased by BDT 1585.80 million. This analysis suggests that PBL was unable to undertake proper measures to recover the write off loan & advances. If PBL does not become more careful about future recovery of write off loan & advances then it will be exposed to higher credit risk and this could affect the quality of assets. Thus, to mitigate default risk it is highly recommended to give particular attention for recovery from such clients by forming special recovery team.

During first quarter ended in FY 2022, the bank's total investment portfolio increased to BDT 160,075.32 million where classified loans increased to 12,303.09 million, hence reporting NPL ratio of 3.23%. Investment in shares & securities stood at BDT 27,761.71 million.

Figure in million

As per Central Bank's guideline, PBL was required to maintain provision of BDT 19,242.43 million against total loans and PBL has maintained the provision successfully. Total provision of BDT 8,163.22 million has been maintained for unclassified loans and BDT 11,089.95 million has been kept against classified loan. PBL has maintained provisions in FY 2021. Specific provision of PBL represents 96.60% of its Gross NPL and the total reserve represents 167.71% of its gross NPL, which state that the bank is in quite comfortable position to cover up the NPL even though in the worst-case scenario without hampering its core capital.

After third quarter ended in 2022, PBL reported Sub stand, Doubtful & Loss loans of BDT 1057.98 million, BDT 1216.31 million & BDT 14858.91 million respectively.

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Rating Report – BDT 7,000 Million Floating Rate Non-convertible
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Loan Diversification & Concentration

To reduce the level of unsystematic risk, every bank and financial institute must diversify its investment portfolio sector wise, division wise, industry wise, nature wise etc.

Name of Industry (BDT in million)	2021		2020	
	Outstanding	NPL (%)	Outstanding	NPL (%)
Agriculture	6,970.40	0.87	6,077.90	0.77
RMG	28,003.10	6.05	24,387.20	3.31
Textile	35,183.60	2.37	24,832.30	2.61
Ship building	152.50	35.61	190.50	-
Ship breaking	2,908.60	-	2,961.50	4.92
Other manufacturing industry	93,040.00	0.30	60,953.10	0.81
SME loans	79,820.60	6.38	68,667.40	5.64
Construction	15,615.10	4.53	15,439.00	0.35
Power, gas	7,866.50	-	5,344.10	-
Transport, storage and communication	2,257.90	0.80	3,353.60	2.41
Trade service	36,160.90	1.15	30,154.20	1.48
Commercial real estate financing	9,361.00	6.37	8,427.40	8.84
Residential real estate financing	3,758.20	1.82	3,991.70	1.66
Consumer credit	32,353.70	2.36	27,639.80	2.33
Capital market	55.60	-	100.10	-
Non-bank financial institutions	4,104.60	7.88	4,876.70	4.22
Others	19,044.10	0.08	28,182.40	0.05
Total	376,656.43	76.58	315,578.90	39.40

Sector wise disbursement & NPL exposure of FY 2020 & 2021

While analyzing the industry wise investment portfolio, it has been observed that, the PBL has maintained a well-diversified loan portfolio and covers funding to a wide spectrum of business and industries; thus unsystematic risk related to industry, seems lower. Major sectors where the bank has extended credit in FY 2021 includes RMG, textile, other manufacturing industries, construction, trade & commerce, food & allied, consumer finance & others. Besides, the bank continued to support small and medium enterprises and expanded credit facilities to them through its SME division.

PBL has reported highest NPL of 35.61% in Ship building and Non-bank financial institutions is second major portion and then SME Loans, Commercial real estate financing, RMG, Construction, Textile, consumer credit, came into third, fourth, fifth, sixth, seventh and eighth position having NPL of 6.38%, 6.37%, 6.05%, 4.53%, 2.37% and 2.36% respectively in FY 2021. Additionally, despite having decreased total loans & advances in Ship building and Non-bank financial institutions, PBL has reported higher NPL into these sectors which has led the bank to deteriorate its assets quality. However, proper scrutiny of loan disbursement based on sector wise performance is likely to reduce the unsystematic risk of the bank.

The Region Wise Loan Concentration of the bank reflects that, although the bank spread its concentration almost in all regions of the country. However, Dhaka Region alone grabbed almost 55.67% (both urban and rural) of total loan portfolio, seems quite significant and this consequently increases the unsystematic risk exposure for the bank. Following to this, Chattogram in second position capturing 15.34% of total loan portfolio. Further analysis reflects that, the bank mainly concentrated in Urban Side and urban area of 8 regions has grabbed 54.69% of total loan and advances.

Performance of Rescheduled Loan

PBL has rescheduled 825 accounts in FY 2020 and the total amount of the rescheduled loan was BDT 3,662.73 million which is 0.65% of the bank's total loans and advances. During FY 2021, total number of accounts and amount of rescheduled loans have been increased to 1428 accounts and BDT 10,057.29 million respectively. Total amount of rescheduled loans represent 2.67% of total loan and advances.

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Rating Report – BDT 7,000 Million Floating Rate Non-convertible Subordinated Debt

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Large Loan Exposure

As per BRPD Circular No. 5 issued by Bangladesh bank, disclosure on large loan, borrowers who have investment amount more than 10% of bank's total capital will be recognized as large loan exposure for any commercial bank.

According to the audit report PBL has (27) accounts large loan exposure in FY 2021 and previously the bank had (18) accounts large loan exposure. In FY 2021, PBL has reported large loan amounting to BDT 211,411.10 million which represents 56.13% of total loan and advances. The total funded outstanding against large loan accounts was BDT 91,628.40 million and non-funded outstanding liability was BDT 119,782.70 million and all the accounts were unclassified indicating efficient credit risk management of PBL against Large loan. Along with this, large loan portfolio was variedly diversified amongst different industries from agriculture industries to manufacturing to even transporting industries.

However, In FY 2021 large loan exposure has been increased by BDT 95,156.00 million than that of FY 2020. Analysis found that, the large loan shows dependency on a single group of borrowers have been increased, i.e. Meghna Group, City Group, Ha-Meem Group, PRAN-RFL Group, FEL, Paramount Group, City Seed Crushing Group, MSA Spinning, Envoy Group, Secom Group and T.K. Group. This suggest that increasing in large loan also increases the credit risk of the bank.

Capital Adequacy

FY 31 December	2021	2020	2019
Required CRAR (%)	12.50	12.50	12.50
CRAR (%)	14.23	14.73	13.80
Tier-I ratio (%)	9.10	8.70	8.88
Tier-II ratio (%)	5.13	6.03	4.91

Data obtain from audited financial statement of FY 2019-2021

In FY 2021, total regulatory capital of PBL's is BDT 52,591.30 million, which has been increased by 9.01% from that of the previous year. This increment in equity is mainly attributable to increase in general provision, retained earnings and perpetual bond.

All commercial bank needs to fulfill or satisfy the requirement of Basel III guidelines regarding risk based capital adequacy. It has been observed that, PBL has been maintaining surplus capital in all of the five years. In FY 2021, the bank had reported a surplus capital of BDT 5,117.71 million, which is 0.91% higher than that of FY 2020.

PBL's total Tier 1 capital stood at BDT 30,845.13 million in FY 2021 which included paid up capital, statutory reserve and general reserve. In addition of this, the bank has considered BDT 18,946.17 million as Tier II or Supplementary capital which included general provision and subordinated bond. Capital to Risk Weighted Asset Ratio (CRAR) of the bank in FY 2021 is 14.23% (14.73% in FY 2020), is considerably higher than the regulatory requirement of 12.50% prescribed by Bangladesh Bank under Basel III implementation plan. Therefore, in the context of capital adequacy PBL has fulfilled the statutory requirement of CRAR which is very impressive.

Funding & Liquidity

Fund Management

FY 31 December	3rd Quarter of 2022	2021	2020	2019
Advance / Deposits (%)	86.72	81.46	73.50	79.86
Deposit Growth (%)	10.69	7.70	19.54	16.35
Net Loans / Stable Funding Base (%)	-	132.54	117.94	149.41
Net Loans / Customer Deposits (%)	82.77	77.29	69.51	75.59
Deposit / Total Liability & Equity (%)	79.40	78.71	79.02	78.67
Interbank Liabilities/Total Funding Base (%)	8.17	6.14	3.60	5.18

Data obtain from audited financial statement of FY 2019 to 3rd Quarter of 2022

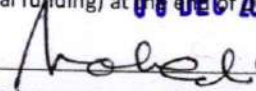
Deposit from customers is found to be the major source of fund. While analyzing the fund and liquidity management of the bank, it has been observed that, PBL is mainly depending on deposit for funding purpose and almost 73.49% of total assets have been financed by deposit which has been increased by 7.70% in FY 2021 from that of last year. However, the deposit is mostly comprised of term & saving deposits.

PBL has a greater reliance on fixed deposit as always and it is regarded as stable funding. Term deposit comprised 56.84% of total deposit which has been increased by 2.95% in FY 2021. Total Deposit of PBL also includes Current & Other Accounts, Bills Payable, Saving Bank Deposit and other Deposit etc. Other portion of financial statements include borrowings from other banks, financial institute of BDT 30,019.84 million (4.77% of total funding), shareholders equity are 39,453.55 (6.27% of total funding), other liabilities 84,011.06 (13.35% of total funding) at the end of December 31, 2021.

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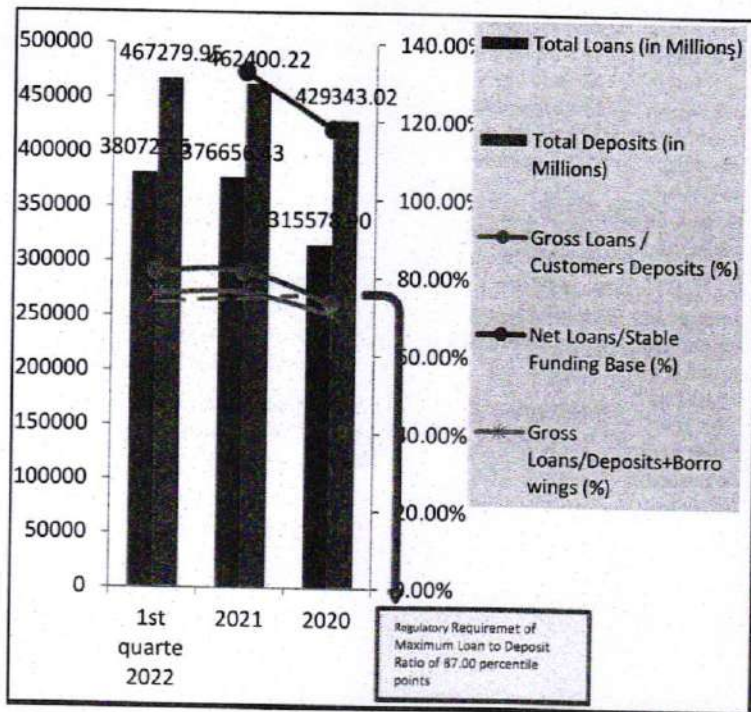
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The relation between loans to customer deposit depends on the structure of the domestic financial system. The lower ratio means that, the bank is not using its deposits to disburse loans to earn profit and the higher ratio means the bank could be in liquidity crisis. To avoid those situations the bank should balance the ratio efficiently. According to directive issued by Central Bank all conventional banks have to maintain their ADR at 87.00%. It is observed that Loan to Deposit Ratio of the bank stood at 81.46% in FY 2021 which is lower than the regulatory requirement. It states that the bank is exposed to minimum liquidity risk. Though, the strategy to keep the Loan to Deposit ratio under 87.00% exposes minimal risk to the organization but hinder the profitability as opportunity cost.

PBL'S Net Loans to stable funding has been increased FY 2021 and reached to 132.54% in FY 2021. This suggests that the PBL is more reliant on stable funding base than short term funding compared to that of last year.

Liquidity Management

Liquidity Profile FY 2021

(BDT in millions)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Above 5 Years	Total
Assets	54,063.64	127,379.90	137,804.67	141,653.80	168,282.65	629,184.67
Liabilities	48,498.67	118,457.21	132,639.63	132,994.02	157,141.58	589,731.12
Net Excess/(Shortage)	5,564.97	8,922.68	5,165.04	8,659.78	11,141.07	39,453.55

Data obtain from audited financial statement of FY 2021, year ended 31 December.

Liquidity Profile FY 2020

(BDT in millions)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Above 5 Years	Total
Assets	44,608.24	108,986.55	124,435.59	125,055.78	161,945.90	565,032.07
Liabilities	41,991.61	100,562.97	114,599.80	118,212.13	150,857.51	526,224.03
Net Excess/(Shortage)	2,616.63	8,423.58	9,835.79	6,843.65	11,088.39	38,808.04

Data obtain from audited financial statement of FY 2020, year ended 31 December.

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Maturity analysis of Assets and Liabilities reveals that PBL was able to maintain surplus liquidity for all short-term & long-term buckets in FY 2021 and FY 2020 showing a strong liquidity position of the bank. In FY 2021 the positive liquidity gap was BDT 39,453.55 million representing 6.27% of total asset base. Due to having positive balance in all five buckets, PBL remained at a very comfortable liquidity position.

The bank is required to maintain CRR of 4.00% and SLR of 13% of average demand and time liabilities as per Central Bank's guideline. It has observed that, PBL had cash well in excess of regulatory requirement in every case. In December FY 2020, the bank has kept sufficient cash and liquidity against the statutory requirement. Total SLR show adequate reserve with a surplus of BDT 70,142.03 million But CRR shows a deficit of BDT 562.27 million.

Analysis of the asset-liability maturity statement of PBL states that the company has strong liquidity for both short-term & long-term in FY 2021.

Return on assets is a measure used for evaluating the ability of an entity to generate profit by utilizing its assets whereas return on equity measures profitability as a percentage of the organization's total equity base. It has been observed that both ROA and ROE of PBL has been decreased in Both 1st quarter of 2022 & FY 2021 than that of FY 2020 but ROA and ROE stand at a higher level than the industry average of 0.50% and 8.26% as on 30 June, 2021. Scrutiny revealed that, total asset base & equity base have increased at higher rate than that of profitability which was the main reason behind having declined ROA & ROE.

Net interest margin (NIM) is a measure of the difference between the interest income generated by banks and the amount of interest paid out to their lenders (for example, depositors), relative to the amount of their (interest-earning) assets. In FY 2021, PBL has experienced lower net interest margin of 0.17% than that of FY 2020 and as on 30 June, 2021 it was below the industry average of 2.48% as net interest income has decreased whereas average interest earning asset has increased.

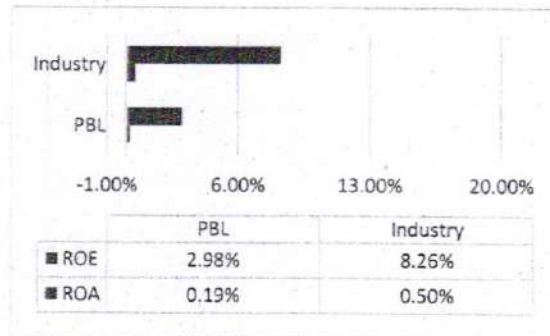
Earning Trend & Profitability

FY 31 December	3rd Quarter of 2022	2021	2020	2019
Net Interest Income (Million)	1,525.41	836.88	2,865.04	8,368.88
Non-Interest Income (Million)	12,912.16	19,287.93	15,458.98	10,040.99
Pre-Tax Profit (Million)	6,196.70	5,199.66	5,753.25	5,196.15
Post - Tax ROA (%)	0.66	0.65	0.70	0.48
Post - Tax ROE (%)	10.78	9.92	10.26	7.19
Net Interest Margin (%)	-	0.17	0.67	2.34
Cost to Income Ratio (%)	-	53.08	54.27	48.63
Average Earning Asset (Million)	-	502,193.62	429,929.78	357,619.08
Cost of Fund (%)	-	6.80	7.09	7.52
Interest on Avg. Earning Asset (%)	-	4.53	5.28	7.29
Interest Spread (%)	-	4.24	2.96	4.70

Data obtain from audited financial statement of FY 2019 to 3rd Quarter of 2022

Net Interest Income (NII) of PBL has been shown fluctuating trend since FY 2017. In FY 2021, (NII) of PBL has been decreased by 70.79% and reported to BDT 836.88 million than that of FY 2020. The reason behind of this fall was mainly because of imposing lending interest rate of 9.00% (capped by BB) whereas the bank has to pay higher interest rate on fixed & short-notice deposit, PBL pension scheme, treasury and subordinate bond at commitment rate.

On the other hand, PBL has reported 24.77% of higher non-interest income in FY 2021 compared to last financial year. This improvement of non-interest income was mainly attributable to higher growth in income from investment. PBL's Pre-Tax Profit has been decreased by BDT 553.59 million in FY 2021 due to increase in total provision by BDT 1,617.49 million.



On the other hand, Cost-to-income ratio is important parameter for determining the profitability position of a bank as the ratio gives clear view of how efficiently the bank is being operated. In FY 2021, this ratio has decreased by 1.19%, which means that cost efficiency compared to the level of income generated during this period has been improved for PBL.

Moreover, PBL has shown a trend of increasing earning assets since FY 2017 but earned a decreased interest on average earning assets in FY 2021.

The interest spread is the difference between the interest rate a bank pays to depositors and the interest rate it receives from its customers for loans. The net interest rate spread is instrumental to a bank's profitability. In FY 2021, PBL has Interest Spread of 4.24% and it has been increased by 1.28% and this ratio was higher than the industry average of 3.39% as on 31.07.2021. This was mainly due to decrease of net interest income and higher interest paid on deposits.

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Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

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Mohammad Ali Baten
General Manager & CFO
Central Accounts Division
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Head Office, Dhaka.

08 DEC 2022
Mohammad Ali Baten
Deputy Managing Director
& Company Secretary
Pubali Bank Limited
Head Office, Dhaka.

08 DEC 2022
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Managing Director & CEO
(Current Charge)
Pubali Bank Limited
Head Office, Dhaka.

Management & Other Qualitative Factors

Corporate Governance

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

PBL has always strived to maintain the highest standard of corporate governance and business conduct to create so as to create and maintained sustainable shareholders value, safeguard stockholder's interest and maintain investors trust and confidence. PBL, at the same time, expects acts of honesty and integrity from its board of directors, employees and stockholders. However, PBL has attained compliance certificate on corporate governance from Suraiya Parveen & Associates. Chartered Secretaries, Financial & Management Consultant.

Board of Directors

The Board of PBL consists of 15 Members including the Managing Director, 12 directors & 2 Independent Director. The Chairman of the Board and the managing director are different individuals. Appointment of new director is made with the consent of all senior directors. The Board handles company's affairs and ensures that the organization is in right track all time. During 2021, the Board of Directors held 53 meetings.

Chairman

The Chairman of the Board is elected by the directors. He is a Non-executive Director, the Board considers that the Chairman works independently. As per guidelines of Bangladesh Bank the Chairman of the Board and managing director are different individuals with different roles and responsibilities, thereby preventing unregulated powers of decision making on a single hand. The Chairman of the Board shall be responsible for the management, development and effective performance of the Board of Directors. In particular, he will responsible to ensure effective operation with highest standard of corporate governance, ensure effective communication with stockholders, support management in strategy formulation, ensure effective relationship among directors etc.

Management

Mohammad Ali is the Managing Director & CEO (CC) of the bank. The management of the bank is headed by Managing Director & CEO (CC) who is being assisted by other senior members of the team is running day to day operation & formulates line of action towards increasing profitability of the bank. The management operates through several committees. The committees are Management Committee (MANCOM), Asset Liability Management Committee (ALCO).

Executive Committee

The Executive Committee comprised of 07 Board members. The committee is headed by Md. Abdur Razzak Mondal, Chairman of executive committee. The committee reviews the policies & guidelines issued by Bangladesh bank regarding credit & other operations. The committee met 04 times during 2021 in order to approve strategic plans and policy guidelines.

Audit Committee

The Audit Committee of PBL is consisted of 05 members reconstituted by the Board in compliance with the relevant provision contained in BRPD Circular No. 11 dated 27 October, 2013 of Bangladesh Bank. The role of Audit Committee is to oversee the financial reporting process, to monitor choice of accounting policies & principles, to monitor internal audit and compliance process, to act on any other matters as may be directed by the board etc. The committee is headed by independent director Mohammad Naushad ali Chowdhury Malik. The committee held 17 meetings during FY 2021.

Risk Management Committee

Risk Management Committee is composed of 5 members of the board which is headed by M. Kabiruzzaman Yaqub FCMA (UK), CGMA. 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 risks and keeping adequate provision and capital against the risks. Moreover, the decisions and recommendations of the RMC were submitted before the board of directors and the board closely reviewed and ratified them. The committee held 04 meetings during FY 2021.

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Asset 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 exposure such as liquidity risk, interest rate risk and foreign exchange risk. ALCO conduct meetings for the implementation of asset and liability management in the bank.

Shari'ah Supervisory Committee

The Shari'ah Supervisory Committee is headed by Professor M. Mansurur Rahman. 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.

Communication to Shareholders

PBL keeps its shareholders and stakeholders always in touch to serve and to inform company related information. To hold successful Annual General Meeting (AGM) PBL declares date of AGM at a stipulated time, send Annual Reports and other required documents and arranges AGM in a convenient place and time. The shareholders are completely free to speak in the meeting. The complaints, suggestions, proposals of the shareholders are recorded in minutes for consideration and implementation.

Nomination & Remuneration Committee (NRC)

In compliance with BSEC's Corporate Governance Code dated 3 June 2018, NRC has been constituted by the Board of Directors. The responsibility of NRC are 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, To formulate the criteria for evaluation of performance of independent directors and the Board and to develop, recommend and review annually the bank's human resources and training policies etc. NRC is independent and responsible or accountable to the Board & to the shareholders and also make report with recommendation to the Board.

Off-Shore Banking Unit

Off-Shore Banking Unit (OBU) is aimed to facilitate international trade with asset and liabilities denominated in foreign currencies like an overseas branch of the bank. Since inception, 02 Off-Shore Banking Units were established on 22nd January, 2015 located at Dhaka and Chittagong. Off-Shore Banking Unit is governed under the rules and guidelines of Bangladesh Bank.

Internal Control and Compliance (ICC)

PBL has established its Internal Control and Compliance Divisions in order to ensure proper maintenance of internal control procedure. The company has designed its own internal control system to address internal control deficiencies and take proper measures to overcome this. Additionally, effectiveness of this system is closely monitored by the Audit Committee of PBL.

Green Banking

PBL has taken initiatives to formulate its Green Banking policy in line with the instruction of Bangladesh Bank. PBL facilitates the eco-friendly business project or green finance like solar energy, ETP etc. PBL takes necessary steps by creating awareness among the employees for efficient use of water, electricity & paper and giving preference to eco-friendly projects.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) has been a long-standing commitment for PBL. In PBL, CSR is taken very seriously. PBL contribution to social sector development includes several pioneering intervention and is implemented through the involvement of stakeholders within the bank and through the border community. In FY 2021, PBL spent total BDT 120.52 million as donations for education, sports, art & culture, disaster management, health-care, community development, relief operation, winter-clothes for the cold-hit poor people etc.

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Company Information:

Board of Directors

Monzurur Rahman	Chairman
Moniruddin Ahmed	Director
Habibur Rahman	Director
Ahmed Shafi Choudhury	Director
Fahim Ahmed Faruk Chowdhury	Director
Rumana Sharif	Director
M. Kabiruzzaman Yaqub FCMA(UK) & CGMA	Director
Musa Ahmed	Director
Azizur Rahman	Director
Md. Abdur Razzak Mondal	Director
Rana Laila Hafiz	Director
Mustafa Ahmed	Director
Dr. Shahdeen Malik	Independent Director
Mohammad Naushad Ali Chowdhury	Independent Director
Mohammad Ali	Managing Director & CEO (CC)

Shareholdings (As on 31 May, 2022) (Source: DSE)

Name	Percentage (%)
Sponsor/Director	31.50
Institution	27.14
Foreign	0.23
Public	41.13
Total	100.00

Auditors

Howlader Yunus & Co.
Chartered Accountants
House No.14 (Level 4 & 5), Road No.16A, Gulshan-1, Dhaka-1212

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Company Profile Industry Overview Issue Overview Business Risk Analysis
Financial Risk Analysis Management & Other Qualitative Factor Company Information

Corporate Governance Compliance Auditor

Mohammad Sanaullah & Associates
Chartered Secretaries, Management Consultant.

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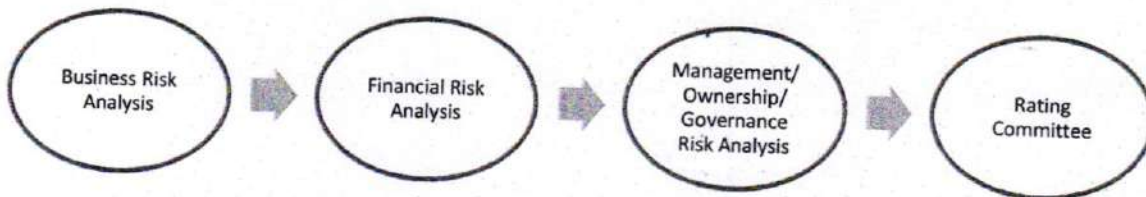
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AlphaRating's Research Methodology for Determining Financial Institutions Rating



Analysis is segmented into two or three sub sectors:

- ▶ Industry Outlook
- ▶ Competitive Position
- ▶ Operational Analysis

Analysis is segmented into four sub sectors:

- ▶ Earnings
- ▶ Cash Flow Generating Ability & Debt Servicing Capacity
- ▶ Capital Adequacy
- ▶ Financial Flexibility

It is one of the key elements of the rating methodology since management decides what businesses to be in, what strategies should be pursued and how these activities should be financed.

Senior personnel review each company to determine the appropriate final credit rating.

- ▶ Review Modeling Assumption
- ▶ Approve Company-Specific Adjustments

Rating Outlook

ST-4 ST-5
ST-1 ST-2
ST-6 ST-3

BB A BBB
CC AAA D
B AA CCC

POSITIVE	Rating may be raised
NEGATIVE	Rating may be lowered
STABLE	Rating is likely to remain unchanged
DEVELOPING	Rating may be raised, lowered or remain unchanged.

ST-1	Superior Capacity
ST-2	Strong Capacity
ST-3	Adequate Capacity
ST-4	Inadequate Capacity
ST-5	High Likelihood of Default, with little Capacity to Address Further Adverse Changes in Financial Circumstances
ST-6	Payment in Default

AAA	Exceptionally Strong Capacity
AA	Very Strong Capacity
A	Strong Capacity
BBB	Adequate Capacity
BB	Some Obvious Weakness in Operating Practices & Key Financial Indicators
B	Fundamental Weakness in Operating Practices & Key Financial Indicators
C	Several Immediate Problems of a Serious Nature
D	Requires Sustained External Support without which its Continued Viability is in Doubt

Notes: Ratings from AA to B may be modified by the addition of a plus (+) or minus (-) suffix to show relative standing within the major rating categories.

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