

### Independent Auditor's Report to the Shareholders of The City Bank Limited Report on the Audit of the Consolidated and Separate Financial Statements

**Opinion**  
We have audited the consolidated financial statements of The City Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of The City Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2018 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2018, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

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

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

Description of key audit matters	Our response to key audit matters
<p><b>Measurement of provision for loans, advances and leases</b> The process for provisioning focusing on the following:</p> <ul style="list-style-type: none"> <li>• We tested the design and operating effectiveness of key controls for loans, advances and leases portfolio associated with credit risk is significant and complex.</li> <li>• For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for credit transactions.</li> <li>• For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.</li> <li>• At year end the Group and the Bank reported total gross loans and advances of BDT 231,875 million (2017: BDT 197,073 million) and BDT 231,391 million (2017: BDT 196,596 million) respectively, the Bank reported provision for loans and advances of BDT 7,974 million (2017: BDT 6,047 million).</li> </ul>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>• Identification of loss events, including early warning and default warning indicators;</li> <li>• Reviewed quarterly Classification of Loans (CL).</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;</li> <li>• Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> <li>• Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> <li>• Finally, compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained.</li> </ul>

See note no 8 and 16 to the financial statements

Valuation of treasury bill and treasury bond	Our response to key audit matters
<p>The classification and measurement of T-Bill and T-Bond require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.</p>	<p>We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments. We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

See note no 7 to the financial statements

Impairment assessment of unquoted investments	Our response to key audit matters
<p>In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment.</p>	<p>We have assessed the processes and controls put in place by the Company to ensure all major investment decisions are undertaken through a proper due diligence process. We tested a sample of investments valuation as at 31 December 2018 and compared our results to the recorded value. Finally we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

See note no 7 to the financial statements

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

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

Carrying value of investments in subsidiaries by the Bank	Our response to key audit matters
<p>The Bank has invested in equity shares of its three subsidiaries, namely City Brokerage Limited, City Bank Capital Resources Limited and CBI Money Transfer Sdn. Bhd. as at 31 December 2018 the carrying value of this investment is BDT 6,050 million. At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in all the above subsidiaries stated at cost. Management has conducted impairment assessment and calculated recoverable value of its individual subsidiaries in accordance with IAS 36.</p>	<p>We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36. In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation. We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.</p>

**Reporting on other information**  
Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.  
Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.  
In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.  
When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls**  
Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgery.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.  
Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.  
**Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**  
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgery as stated under the Management's Responsibility for the financial statements and internal control:
  - internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
  - nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or any other detrimental committed by employees of the Group and its related entities (other than matters disclosed in these financial statements);
- Consolidated financial statements of the Bank include three subsidiaries, namely City Brokerage Limited, City Bank Capital Resources Limited and CBI Money Transfer Sdn Bhd. reflect total assets of BDT. 32,694.04 million as at 31 December 2018 and total revenue of BDT. 16,604.80 million for the year ended 31 December 2018. These three subsidiaries of the Bank have been audited by other component auditors who have expressed unqualified audit opinion. The results of these subsidiaries have been properly reflected in the Group's consolidated financial statements;
- in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- the expenditures incurred were for the purpose of the Bank's business for the year;
- the consolidated financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- the information and explanations required by us have been received and found satisfactory;
- we have reviewed over 80% of the risk weighted assets of the Bank and spent over 3,200 person hours; and
- Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Hoda Vasi Chowdhury & Co.  
Chartered Accountants

### Consolidated Balance Sheet as at 31 December 2018

PROPERTY AND ASSETS	Note	2018		2017	
		Taka	Taka	Taka	Taka
<b>Cash</b>					
In hand (including foreign currencies)	4	5,423,445,923	4,447,800,960		
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	4.a.2	14,016,977,760	19,339,302,948		
		<b>19,440,423,683</b>	<b>23,787,103,908</b>		
<b>Balance with other banks and financial institutions</b>	5				
In Bangladesh		27,798,009,404	12,704,276,112		
Outside Bangladesh		700,375,538	989,369,438		
		<b>28,498,384,942</b>	<b>13,693,645,550</b>		
<b>Money at call and short notice</b>	6				
Investments	7				
Government		23,636,105,055	22,099,527,532		
Others		9,852,115,182	9,832,026,841		
		<b>33,488,220,237</b>	<b>31,931,554,373</b>		
<b>Loans and advances/investments</b>	8				
Loans, cash credits, overdrafts, etc./investments		228,564,323,030	192,350,678,263		
Bills purchased and discounted	9	3,310,631,492	4,722,154,652		
		<b>231,874,954,522</b>	<b>197,072,832,915</b>		
<b>Fixed assets including premises, furniture and fixtures</b>	10				
Other assets	11	3,989,868,437	3,642,729,555		
Non-banking assets	12	8,525,506,505	6,968,167,092		
		1,033,701,289	881,668,179		
		<b>326,940,438,782</b>	<b>278,067,080,739</b>		
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities</b>					
<b>Tier-II subordinated bond</b>	13	<b>8,800,000,000</b>	<b>7,250,000,000</b>		
<b>Borrowings from other banks, financial institutions and agents</b>	14	<b>61,249,736,296</b>	<b>38,729,567,834</b>		
<b>Deposits and other accounts</b>	15				
Current deposits and other accounts		27,381,535,632	25,072,617,911		
Bills payable		1,521,442,000	1,355,732,100		
Savings bank deposits		44,278,439,530	39,082,904,954		
Fixed deposits		131,679,045,353	117,391,667,208		
Bearer certificate of deposit		-	-		
		<b>204,860,462,516</b>	<b>182,902,922,171</b>		
<b>Other liabilities</b>	16	<b>27,112,955,062</b>	<b>23,005,504,719</b>		
<b>Total liabilities</b>		<b>302,023,153,874</b>	<b>251,887,994,727</b>		
<b>Capital/shareholders' equity</b>					
Paid up capital	17.2	9,679,872,970	9,218,926,640		
Statutory reserve	18	8,001,559,112	7,130,574,430		
Share premium	19	1,504,388,797	1,504,388,797		
Dividend equalization reserve	20	530,786,631	530,786,631		
Other reserve	21	3,131,663,748	4,848,228,604		
Surplus in profit and loss account	22	2,068,909,234	2,946,080,404		
		<b>24,917,180,492</b>	<b>26,178,985,506</b>		
Non controlling interest	23	104,416	100,506		
		<b>24,917,284,908</b>	<b>26,179,086,012</b>		
<b>Total liabilities and shareholders' equity</b>		<b>326,940,438,782</b>	<b>278,067,080,739</b>		
<b>OFF-BALANCE SHEET ITEMS</b>					
<b>Contingent liabilities</b>					
Acceptances and endorsements		75,254,746,099	38,906,348,292		
Letters of guarantee	24.1	12,725,190,853	13,060,162,726		
Irrevocable letters of credit	24.2	23,273,124,173	36,220,551,100		
Bills for collection	24.3	7,575,806,178	8,216,203,691		
Other contingent liabilities		3,090,178,860	-		
		<b>121,919,046,163</b>	<b>96,403,265,809</b>		
<b>Other commitments</b>					
Documentary credits and short term trade-related transactions		-	-		
Forward assets purchased and forward deposits placed	24.4	13,829,048,186	2,441,633,159		
Undrawn note issuance and revolving underwriting facilities		-	-		
Undrawn formal standby facilities, credit lines and other commitments		-	-		
Other commitments		-	-		
		<b>13,829,048,186</b>	<b>2,441,633,159</b>		
<b>Total Off-Balance Sheet Items including contingent liabilities</b>		<b>135,748,094,349</b>	<b>98,844,898,968</b>		

The annexed notes 1 to 52 form an integral part of these financial statements.

Balance Sheet as at 31 December 2018			
PROPERTY AND ASSETS	Note	2018	2017
		Taka	Taka
<b>Cash</b>			
In hand (including foreign currencies)	4.a.1	5,418,430,686	4,447,677,389
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	4.a.2	14,016,977,760	19,339,302,948
		<b>19,435,408,446</b>	<b>23,786,980,337</b>
<b>Balance with other banks and financial institutions</b>	5.a		
In Bangladesh		27,353,384,864	12,125,956,169
Outside Bangladesh		(100,797,998)	603,628,965
		<b>27,252,586,866</b>	<b>12,729,585,134</b>
<b>Money at call and short notice</b>	6		
Investments	7.a		
Government		23,636,105,055	22,099,527,532
Others		4,245,929,247	3,408,912,369
		<b>27,882,034,302</b>	<b>25,508,439,902</b>
<b>Loans and advances/investments</b>	8.a		
Loans, cash credits, overdrafts, etc./investments		228,080,337,959	191,873,705,133
Bills purchased and discounted	9	3,310,631,492	4,722,154,652
		<b>231,391,469,451</b>	<b>196,595,859,785</b>
<b>Fixed assets including premises, furniture and fixtures</b>	10.a		
Other assets	11.a	14,176,321,705	12,662,485,803
Non-banking assets	12	1,033,701,289	881,668,179
		<b>324,780,287,696</b>	<b>275,531,428,634</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Tier-II subordinated bond</b>	13	<b>8,800,000,000</b>	<b>7,250,000,000</b>
<b>Borrowings from other banks, financial institutions and agents</b>	14.a	<b>60,453,052,237</b>	<b>37,906,297,408</b>
<b>Deposits and other accounts</b>	15.a		
Current deposits and other accounts		27,589,302,759	25,512,834,069
Bills payable		1,521,442,000	1,355,732,100
Savings bank deposits		44,278,439,530	39,082,904,954
Fixed deposits		131,781,015,273	117,541,293,344
Bearer certificate of deposit		-	-
		<b>205,170,199,568</b>	<b>183,492,764,461</b>
<b>Other liabilities</b>	16.a	<b>25,927,109,068</b>	<b>22,013,024,611</b>
<b>Total liabilities</b>		<b>300,350,360,867</b>	<b>250,662,086,487</b>
<b>Capital/shareholders' equity</b>			
Paid up capital	17.2	9,679,872,970	9,218,926,640
Statutory reserve	18	8,001,559,112	7,130,574,430
Share premium	19	1,504,388,797	1,504,388,797
Dividend equalization reserve	20	530,786,631	530,786,631
Other reserve	21.a	1,830,462,576	2,519,404,380
Surplus in profit and loss account	22.a	2,882,856,744	3,965,261,289
		<b>24,429,926,829</b>	<b>24,869,342,148</b>
<b>Total liabilities and shareholders' equity</b>		<b>324,780,28</b>	





# The City Bank Limited

## Report and Financial Statements as at and for the year ended 31 December 2018

### Profit and Loss Account for the year ended 31 December 2018

	2018	2017	
Note	Taka	Taka	
Interest income/profit on investments	26.a	22,916,894,717	16,783,959,931
Interest paid/profit shared on deposits and borrowings etc.	27.a	(13,216,355,902)	(9,288,627,590)
<b>Net interest income/profit on investments</b>		<b>9,700,538,815</b>	<b>7,495,331,339</b>
Investment income	28.a	1,842,359,857	2,790,987,000
Commission, exchange and brokerage	29.a	3,254,028,220	2,851,849,621
Other operating income	30.a	5,605,110,593	1,777,944,806
		<b>6,701,498,670</b>	<b>7,420,781,427</b>
<b>Total operating income (A)</b>		<b>15,902,037,484</b>	<b>14,916,112,766</b>
Salaries and allowances	31	4,835,648,658	4,209,317,272
Rent, taxes, insurance, electricity, etc.	32.a	995,738,472	911,604,504
Legal expenses	33.a	59,573,011	50,601,079
Postage, stamp, telecommunication, etc.	34.a	103,412,042	77,304,848
Stationery, printing, advertisements, etc.	35.a	244,899,590	210,914,296
Chief Executive's salary and fees	36	18,624,195	17,594,152
Directors' fees	37.a	1,746,000	1,758,000
Auditors' fees		1,770,000	2,328,250
Depreciation and repair of Bank's assets	38.a	1,112,883,922	1,019,049,698
Other expenses	39.a	1,848,548,625	1,546,153,421
<b>Total operating expenses (B)</b>		<b>9,222,844,563</b>	<b>8,046,029,520</b>
<b>Provision for taxation (C = A-B)</b>		<b>6,679,192,921</b>	<b>6,849,487,246</b>
Provision for loans and advances/investments	40.a	(1,841,325,799)	(1,257,823,728)
Provision for off-balance sheet exposures		(165,977,525)	(180,000,000)
Other provision	40.b	(316,966,186)	(279,750,000)
<b>Total provision (D)</b>		<b>(2,324,269,510)</b>	<b>(1,717,573,728)</b>
<b>Total profit before taxes (E = C+D)</b>		<b>4,354,923,411</b>	<b>5,151,913,517</b>
<b>Provision for taxation (F)</b>		<b>(2,271,498,375)</b>	<b>(1,765,196,934)</b>
Current tax expense	41.a	(2,271,498,375)	(1,765,196,934)
Deferred tax income/(expense)		(65,494,161)	241,732,134
<b>Total provision for tax (G = E+F)</b>		<b>(2,336,992,791)</b>	<b>(1,523,464,800)</b>
<b>Net profit after tax (G = E+F)</b>		<b>2,017,930,620</b>	<b>3,628,448,718</b>

	2018	2017	
Note	Taka	Taka	
<b>Appropriations</b>			
Statutory reserve		870,984,682	1,030,382,703
General reserve		-	-
<b>Retained surplus for the year</b>		<b>870,984,682</b>	<b>1,030,382,703</b>
<b>Earnings per share (EPS)</b>	46.a	<b>2.08</b>	<b>3.75</b>

The annexed notes 1 to 52 form an integral part of these financial statements.

Managing Director (Acting) \_\_\_\_\_  
 Director \_\_\_\_\_  
 Director \_\_\_\_\_  
 Chairman \_\_\_\_\_

As per our report of same date.

Hoda Vasti Chowdhury & Co.  
 Chartered Accountants

### Statement of Changes in Equity for the year ended 31 December 2018

Particulars	Paid-up capital	Statutory reserve	Share Premium	General reserve	Revaluation gain/(loss) on investment	Dividend Equalization Reserve	Surplus in profit and loss account	Total equity
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2018	9,218,926,640	7,130,574,430	1,504,388,797	11,394,928	2,508,099,452	530,786,631	3,965,261,269	24,869,342,148
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	(888,941,804)	-	(888,941,804)	(888,941,804)
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	1,406,476,167	-	1,406,476,167	1,406,476,167
Adjustment for sale of revalued assets	-	-	-	-	-	-	-	-
Adjustment of revaluation reserve with retained earnings for charging depreciation of revalued carrying amount	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	2,017,930,620	2,017,930,620	2,017,930,620
Transfer to dividend equalization fund	-	-	-	-	-	-	-	-
Dividend (Cash)	-	-	-	-	-	(1,768,404,133)	(1,768,404,133)	(1,768,404,133)
Dividend (Bonus Share)	460,946,330	-	-	-	-	(460,946,330)	-	-
Appropriation made during year	-	870,984,682	-	-	-	(870,984,682)	-	-
<b>Balance as at 31 December 2018</b>	<b>9,679,872,970</b>	<b>8,001,559,112</b>	<b>1,504,388,797</b>	<b>11,394,928</b>	<b>1,819,067,648</b>	<b>530,786,631</b>	<b>3,965,261,269</b>	<b>24,429,928,829</b>

Particulars	Paid-up capital	Statutory reserve	Share Premium	General reserve	Revaluation gain/(loss) on investment	Dividend Equalization Reserve	Surplus in profit and loss account	Total equity
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2017	8,757,980,310	6,100,191,727	660,857,013	11,394,928	1,101,533,285	176,928,877	3,841,199,530	20,653,085,670
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	1,406,476,167	-	1,406,476,167	1,406,476,167
Adjustment for sale of revalued assets	-	-	-	-	-	-	-	-
Adjustment of revaluation reserve with retained earnings for charging depreciation of revalued carrying amount	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	3,628,448,718	3,628,448,718
Fresh issue of shares	460,946,330	-	843,531,784	-	-	-	-	1,304,478,114
Transfer to dividend equalization fund	-	-	-	-	-	353,857,754	(353,857,754)	-
Dividend (Cash)	-	-	-	-	-	(2,123,146,521)	(2,123,146,521)	(2,123,146,521)
Appropriation made during year	-	1,030,382,703	-	-	-	(1,030,382,703)	-	-
<b>Balance as at 31 December 2017</b>	<b>9,218,926,640</b>	<b>7,130,574,430</b>	<b>1,504,388,797</b>	<b>11,394,928</b>	<b>2,508,099,452</b>	<b>530,786,631</b>	<b>3,965,261,269</b>	<b>24,869,342,148</b>

### Cash Flow Statement for the year ended 31 December 2018

Note	2018	2017
	Taka	Taka
<b>A) Cash flows from operating activities</b>		
Interest receipts/investment income receipts in cash	22,071,761,832	16,648,103,419
Interest payments/profit paid on deposits	(13,565,766,029)	(12,116,780,235)
Dividend receipts	303,276,198	324,926,533
Fees and commission receipts in cash	2,099,207,890	1,516,260,624
Recoveries of loans previously written off	325,045,335	187,182,883
Cash payments to employees	(4,519,813,770)	(4,226,329,907)
Cash payments to suppliers	(149,532,768)	(126,913,657)
Income taxes paid	(1,843,901,827)	(1,517,697,121)
Receipts from other operating activities	3,128,236,892	4,412,316,004
Payments for other operating activities	(3,420,282,963)	(3,131,638,762)
Cash generated from operating activities before changes in operating assets and liabilities (i)	<b>4,427,230,790</b>	<b>1,969,429,780</b>
<b>Increase/decrease in operating assets and liabilities</b>		
Loans and advances to customers	(34,795,609,666)	(21,570,783,126)
Other assets	(388,664,446)	899,477,189
Deposits from other banks/borrowings	29,460,059,773	6,752,640,296
Deposits from customers	14,764,130,151	8,256,126,810
Other liabilities	(196,569,031)	(1,925,040,536)
Cash generated from operating assets and liabilities (ii)	<b>8,843,346,781</b>	<b>(7,587,579,367)</b>
<b>Net cash from operating activities (i+ii)</b>	<b>13,270,577,571</b>	<b>(5,618,149,586)</b>
<b>B) Cash flows from investing activities</b>		
Proceeds from sale of securities	5,391,085,739	419,149,227
Payment for purchase of securities	(1,446,144,187)	(5,080,723,720)
Purchase/sale of property, plant and equipment	(1,004,571,111)	(254,645,876)
Investment in subsidiaries	(10,651,613)	(20,040,421)
<b>Net cash used in investing activities</b>	<b>2,929,718,828</b>	<b>(4,938,260,791)</b>
<b>C) Cash flows from financing activities</b>		
Issuance of tier-II subordinated bond - (ii)	3,800,000,000	5,000,000,000
Redeemed of tier-II subordinated bond - (i)	(2,250,000,000)	(750,000,000)
Receipts for issue of ordinary shares	-	1,304,478,114
Dividend paid	(1,768,404,133)	(2,123,146,521)
<b>Net cash from financing activities</b>	<b>(18,404,133)</b>	<b>3,431,331,593</b>
Net increase in cash and cash equivalents (A+B+C)	15,981,892,266	(7,125,078,784)
Effects of exchange rate changes on cash and cash equivalents	1,155,820,331	1,335,588,997
Cash and cash equivalents at beginning of the year	38,971,451,047	44,760,940,834
<b>Cash and cash equivalents at end of the year (D+E+F)</b>	<b>56,109,163,643</b>	<b>38,971,451,047</b>

**Cash and cash equivalents at end of the year consists of:**  
 Cash in hand (including foreign currencies) 5,418,430,686 4,447,677,389  
 Balance with Bangladesh Bank and its agent banks (including foreign currencies) 14,016,977,760 19,339,302,948  
 Balance with other banks and financial institutions 27,252,586,866 12,729,585,134  
 Money at call and short notice 89,379,167 89,379,167  
 Government securities 9,331,789,165 2,365,506,410  
**56,109,163,643 38,971,451,047**

### Notes to the Financial Statements as at and for the year ended 31 December 2018

**1. Reporting entity - The Bank and its activities**

**1.1 Legal Status and nature of the entity**

The City Bank Limited ("the Bank") was incorporated as a public limited company in Bangladesh under The Companies Act 1913. It commenced its banking business from 14 March 1983 under the license issued by Bangladesh Bank. The Bank has 119 (2017:118) branches, 11 (2017: 11) SME/Agri branches and 1 (2017:1) SME centre in Bangladesh as at 31 December 2018. The Bank had no overseas branches as at 31 December 2018. Out of the above 131 branches, 1 branch is designated as Islamic Banking Branch complying with the rules of Islamic Shariah, the modus operandi of which is substantially different from other branches run on conventional basis. It has 338 (2017: 339) ATMs as at 31 December 2018. The Bank was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company on 03 February 1987 and 27 December 1995. It is operating as City Group with its three subsidiaries.

The registered office of the Bank is located at 136, Bir Uttam Mir Shawkat Sarak (Gulshan Avenue), Gulshan-2, Dhaka-1212.

**1.2 Principal activities of the Bank**

The principal activities of the Bank are to provide wide array of financial products (loans and deposits) and services that includes all kinds of conventional and Islamic banking services to its customers. It offers commercial banking, consumer banking, trade services, cash management, treasury, SME, retail, custodial and clearing services to its customers. These activities are conducted through its branches, SME centres, Islamic windows and vibrant alternative delivery channels (ATM booths, internet banking) in Bangladesh. City Touch Digital Banking Service is the bank's flagship product to provide internet based banking solutions. City Touch offers online banking facilities like - fund transfer to utility bills payment, buying air tickets, paying bills of mobile phones, credit cards and insurance premiums and then tracking of accounts and even shopping from over 100 retailers. City Touch is integrated with bkash payment system as well. The Bank also provides off-shore banking services through its Off-Shore Banking Units (OSBU) and Islamic banking services through its Islamic Bank Branch.

**1.3 Offshore Banking**

Offshore Banking Unit (OSBU) is a separate business unit of the Bank, operates its business through a separate counter as governed under the rules and guidelines vide Bangladesh Bank letter reference No. BRPD(P-3)7441(01)/2010-4129 dated 10 November 2009. It gives loans (on and off-balance sheet exposures) and takes deposits in freely convertible foreign currencies to and from person/institution not resident in Bangladesh and Type-A (wholly foreign owned) units in EPZs in Bangladesh. It also gives long term loans to industrial units outside EPZs and Type-B and Type-C industrial units within the EPZs subject to compliance by the industrial units with the guidelines of Bangladesh Investment Development Authority (BIDA) and Bangladesh Bank. Besides, this unit provides bill discounting/financing facilities accepted by Authorised Dealer (AD) in Bangladesh against usance LCs in accordance with Bangladesh Bank (BB) guidelines. Separate financial statements of Off-Shore Banking Units are shown in Annexures J(1) and J(2).

**1.4 Islamic Banking**

The Bank obtained permission for Islamic Banking Branch from Bangladesh Bank vide letter no. BL/DA/6852/2003 dated 16 July 2003. Through the Islamic Banking Branch the Bank extends all types of Islamic Shariah compliant finance like lease, hire purchase shirkatul melk (HPSM), bai muazzal, household scheme etc. and different types of deposits like mudaraba/manarah savings deposits, mudaraba/manarah term deposits, al-wadeeah current deposits, monthly/qudariy profit paying scheme etc. Separate financial statements of Islamic Banking Branch are shown in Annexures I(1) and I(2).

**1.5 Subsidiaries of the Bank**

The Bank has three subsidiaries. All of them have been in operations on the reporting date. These are City Brokerage Limited, City Bank Capital Resources Limited and CBL Money Transfer Sdn. Bhd. Detail of the subsidiaries have been presented in note no. 1.5.1 to 1.5.3.

**1.5.1 City Brokerage Limited**

City Brokerage Limited ("the company") was incorporated in Bangladesh as a private limited company on 31 March 2010 vide registration no. C-83616/10 under the Companies Act, 1994. The legal status of the company has been converted into public limited company from private limited company in June 2012 in compliance with Bangladesh Securities and Exchange Commission Rules 2000. Previously the Bank launched its brokerage division on 4 August 2009 which was subsequently separated from the Bank on 15 November 2010. On 31 December 2018 the Bank held 99.9963% shares of the company.

The financial statements, audited by S.F. Ahmed & Co, Chartered Accountants, have been enclosed in Appendix A.

**1.5.2 City Bank Capital Resources Limited**

City Bank Capital Resources Limited (CBCRL) was incorporated in Bangladesh as a private limited company on 17 August 2009 vide registration no. C-79186/09 under the Companies Act, 1994. The registered office of CBCRL is at 10 Diluksha Commercial Area, Jibon Bima Tower, Dhaka - 1000. CBCRL delivers a whole range of investment banking services including merchant banking activities such as issue management, underwriting, portfolio management and corporate advisory. On 31 December 2018 the Bank held 99.9933% shares of CBCRL.

The financial statements, audited by S.F. Ahmed & Co, Chartered Accountants, have been enclosed in Appendix B.

**1.5.3 CBL Money Transfer Sdn. Bhd. (CMTS)**

CBL Money Transfer Sdn. Bhd. (CMTS) is a private limited company by shares incorporated under the laws of Malaysia and registered with the Companies Commission of Malaysia with Registration No. 7692121M carrying on money services business under the Money Services Business Act 2011 under a Class B License No. 00127 from the Bank Negara Malaysia. CMTS is principally engaged as inbound and outbound remittance service provider.

The Bank entered into an agreement on 4 April 2013 to purchase 75% of ordinary shares of CMTS with an agreement to acquire 100% shares of CMTS ultimately and the company became and started as subsidiary of the Bank since 5 August 2013. On 31 December 2018 the Bank held 100% shares of CMTS.

The financial statements of CMTS, audited by Nasharuddin Wong & Co, Chartered Accountants, have been enclosed in Appendix C.

**2. Basis of Preparation:**

The separate financial statements of the Bank as at and for the year ended 31 December 2018 comprise those of Domestic Banking Unit (Main operations) and Offshore Banking Unit (OSBU) and the consolidated financial statements of the group comprise those of the Bank (parent company) and its subsidiaries. There were no significant changes in the nature of principal business activities of the Bank and the subsidiaries during the financial year.

**2.1 Statement of Compliance**

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is formed and it is yet to issue financial reporting standards for public interest entities such as banks. The Bank Company Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as approved by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

As the FRS is yet to be issued as per the provisions of the FRA, the consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS), "First Schedule" (Section 38) of the Bank Company Act 1991 (Amended Upto 2018) as amended by BRPD circular no. 14 dated 25 June 2003 and DFIM Circular # 11, dated December 23, 2009, etc. The Bank complied with the requirements of the following rules and regulation:

The Bank Companies Act, 1991 (Amended Upto 2018);  
 The Companies Act 1994;  
 Rules, regulations and circulars issued by the Bangladesh Bank from time to time;  
 The Securities and Exchange Ordinance 1969;  
 Bangladesh Securities and Exchange Commission Act 1993;  
 Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015;  
 Income Tax Ordinance and rules 1984;  
 Value Added Tax Act 1991; and  
 Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE) and Central Depository Bangladesh Ltd. (CDBL) rules and regulations.

In addition to foregoing directives and standards, the operation of Islamic Banking branches are accounted for in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, Bahrain, and BRPD circular no-15, dated November 09, 2009. A separate balance sheet, profit and loss account and a statement of profit paid on deposits are shown in Annexure-I(1) and I(2) and the figures appearing in the annexure have been incorporated in the related heads of these financial statements as recommended by the Central Shariah Board for Islamic Banks in Bangladesh.

In case any requirement of the Bank Companies Act, 1991 (Amended Upto 2018) and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Bank Companies Act, 1991 (Amended Upto 2018), and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of IFRS are as follows:

**i) Presentation of Financial Statements**

**IFRS:** As per IAS 1, a complete set of financial statements comprises a statement of financial position, a statement of profit and loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information and comparative information. IAS 1 has also stated the entity to disclose assets and liabilities under current and non-current classification separately in its statement of financial position.

**Bangladesh Bank:** The presentation of these financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) and certain disclosures thereon are guided by the First Schedule (section-38) of the Bank Companies Act, 1991 (Amended Upto 2018) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of Bangladesh Bank. In the prescribed format there is no option to present assets and liabilities under current and non-current classification.

**ii) Investment in Shares, Mutual Fund and Other Securities**

**IFRS:** As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003 investments in quoted and unquoted shares are revalued on the bases of year-end market price and Net Assets Value (NAV) of last audited balance sheet respectively. As per instruction of another DOS circular letter no. 3 dated 12 March 2015, investment in mutual fund (close-end) is revalued at lower of cost and higher of market value and 85% of NAV. As such, provision is made for any loss arising from diminution in value of investments (portfolio basis); otherwise investments are recognised at costs.

**iii) Revaluation Gain/Loss on Government Securities**

**IFRS:** As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

**Bangladesh Bank:** According to DOS circular no. 5 dated 26 May 2008 and subsequent clarification in DOS circular no. 5 dated 28 January 2008, HFT securities are revalued on the basis of market to market and any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount is recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized and gains or losses on amortization are recognized in other reserve as a part of equity.

**iv) Repo and Reverse Repo Transactions**

**IFRS:** As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

**Bangladesh Bank:** As per Department of Off-Site Supervision (DOS) Circular letter no. 06 dated 15 July 2010 and subsequent clarification in DOS circular no. 02 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial asset is derecognised in the seller's book and recognised in the buyer's book.

**v) Provision on Loans and Advances**

**IFRS:** As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 1



### 3.2 Foreign currency transactions

According to IAS 21 "The Effects of Changes in Foreign Exchange Rates" transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the profit and loss statement.

### 3.3 Assets and basis of their valuation

#### 3.3.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, ATM, unrestricted balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, money at call and short notice, investments in treasury bills, Bangladesh Bank bill and prize bonds.

#### 3.3.2 Investments

All investments (other than government treasury securities) are initially recognized at cost including acquisition charges associated with the investment. Premiums are amortized and discount accredited using the effective or historical yield method. Accounting treatment of government treasury bills and bonds (categorized as HFT and HTM) are made in accordance with Bangladesh Bank DOS Circular letter no. 05, dated 26 May 2008 and subsequent clarifications DOS Circular letter no. 05 dated 28 January 2009.

#### Held to Maturity

Investments which have 'fixed or determinable payments' and are intended to be held to maturity are classified as 'Held to Maturity'. These are measured at amortized cost at each year end by taking into account any discount or premium in acquisition. Any increase or decrease in value of such investments are booked under equity and in the profit and loss statement respectively.

#### Held for Trading

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or as designated as such by the management. After initial recognition, investments are marked to market weekly and any decrease in the present value is recognized in the Profit and Loss Account and any increase is booked to Revaluation Reserve Account through Profit and Loss Account as per DOS Circular no. 05 dated 28 January 2009.

#### Investment in quoted shares

These securities are bought and held primarily for the purpose of selling them in future or held for dividend income. These are valued and reported at market price as per Bangladesh Bank's guidelines. Booking of provision for investment in securities (gain/loss net off basis) are made as per DOS Circular no.4 dated 14 November 2011.

#### Investment in unquoted shares

Investment in unquoted shares are recognized at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unquoted shares.

Value of investments has been shown as under:

Investment Class	Initial Recognition	Measurement after initial recognition	Recording of changes
Govt. treasury securities - Held to Maturity (HTM)	Cost	Amortized cost	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Govt. treasury securities - Held for Trading (HFT)	Cost	Fair value	Loss to Profit and Loss Account, gain to Revaluation Reserve through Profit and Loss Account.
Debenture/Bond	Face value	Face value	None
Shares (Quoted) *	Cost	Lower of cost or market value (overall portfolio)	Loss (net off gain) to profit and loss account but no unrealized gain booking.
Shares (Unquoted)*	Cost	Lower of cost or Net Asset Value (NAV)	Loss to profit and loss account but no unrealized gain booking.
Prize bond	Cost	Cost	None

\* Provision for shares against unrealized loss (gain net off) has been taken into account according to DOS circular no. 4 dated 24 November 2011 and for mutual funds (closed-end) as per DOS circular letter no. 3 dated 12 March 2013 of Bangladesh Bank.

### Investment in Subsidiaries

Investments in subsidiaries are accounted for under the cost method of accounting in the Bank's financial statements in accordance with IAS 27 Consolidated and Separate Financial Statements and IFRS 10 Consolidated Financial Statements. Impairment of investment in subsidiaries (if any) the bank takes it into account made as per the provision of IAS 36 Impairment of Assets.

### 3.3.3 Loans and advances/investments and provisions for loans and advances/investments

a) Loans and advances of conventional Banking/investments of Islamic Banking branches are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not sell in the normal course of business.

b) At each balance sheet date and periodically throughout the year, the Bank reviews loans and advances to assess whether objective evidence that impairment of a loan or portfolio of loans has arisen supporting a change in the classification of loans and advances, which may result in a change in the provision required in accordance with BRPD circular No.1 (20 February 2018), BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013). The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. The provisioning rates are as follows:

Types of loans and advances	Provision				
	STD	SMA	SS	DF	BL
Consumer:					
House building and professional	1.00%	2.00%	1.00%	2.00%	50.00%
Other than housing finance & professionals to setup business	2.00%	5.00%	2.00%	5.00%	50.00%
Provision for loan to broker house, merchant banks, stock dealers, etc.	2.00%	2.00%	2.00%	5.00%	100.00%
Short-term agri-credit and micro credit	1.00%	1.00%	5.00%	5.00%	100.00%
Small and medium enterprise finance	0.25%	0.25%	2.00%	5.00%	100.00%
Others	1.00%	1.00%	2.00%	5.00%	100.00%

BRPD Circular No.14 (23 September 2012) as amended by BRPD Circular No. 19 (27 December 2012) also provides scope for further provisioning based on qualitative judgments. In these circumstances impairment losses are calculated on individual loans considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach above, the higher of the two is recognized in liabilities under 'Provision for loans and advances' with any movement in the provision charged/released in the profit and loss account. Classified loans are categorized into sub-standard, doubtful and bad/loss based on the criteria stipulated by Bangladesh Bank guideline.

c) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, and (ii) against which legal cases are filed, where required and classified as bad/loss as per guidelines of Bangladesh Bank. These write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such written off accounts are maintained and followed up.

d) Amounts receivable on credit cards are included in advances to customers at the amounts expected to be recovered.

### 3.3.4 Staff loan

House building and car loan are provided to the permanent staff at a subsidized rate. Criteria and detail of type wise staff loan are given below:

House building loan: A permanent staff completing 5 years of service can avail house building loan subject to getting approval from Managing Director, CEO and recommended by the concerned divisional head.

Car loan: All permanent staff from AVP can avail car loan subject to getting approval from Managing Director, CEO and recommended by the concerned divisional head.

### 3.3.5 Fixed assets (property and equipment)

#### Recognition and measurement

As per IAS 16 "Property and Equipment" items of fixed assets excluding land are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land and building are carried at cost.

Purchase of software that is integral to the related equipment is capitalized as part of that equipment. Cost includes expenditure that are directly attributable to the acquisition of asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner.

When significant parts of an item of fixed asset have different useful lives, they are accounted for as separate items (major components) of fixed assets.

The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the item of fixed asset, and is recognized in other income/other expenses in profit or loss.

#### Subsequent costs

The cost of replacing a component of an item of fixed asset is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of fixed assets are recognized in the profit and loss statement as incurred.

#### Depreciation

Depreciation on fixed assets are recognized in the profit and loss statement on straight line method over its estimated useful lives. In case of acquisition of fixed assets, depreciation is charged from the month of acquisition, whereas depreciation on disposed off fixed assets are charged up to the month prior to the disposal. Asset category wise depreciation rates for the current and comparative periods are as follows:

Category of assets	Rate of depreciation
Land	Nil
Building	2.5%
Furniture and fixtures	10%
Office equipment and machinery	20%
Software	10%
Vehicles	20%

### 3.3.6 Non-banking assets

Non-banking assets were acquired by the entity due to failure of borrowers to repay the loan in time taken against mortgaged property. The Bank was awarded absolute ownership on few mortgaged properties (mostly land) through the verdict of honorable court under section 33 (7) of the Artharin Adalat Act 2003. The value of the properties has been recognized in the financial statements as non-earning assets on the basis of third party valuation report. Party wise details (including possession date) of the properties are separately presented in note 12.

### 3.3.7 Provisions for other assets

BRPD Circular No.14 (25 June 2001) requires a provision of 100% on other assets which are outstanding for one year and above. The Bank maintains provisions in line with this circular unless it assesses there is no doubt of recovery on items of other assets in which case no provision is kept.

### 3.3.8 Intangible assets and its amortization

Intangible assets comprise separately identifiable intangible items arising from use of franchise of AMEX and the use of Finance from Infosys. Intangible assets are recognized at cost. Intangible assets with a definite useful life are amortized using the straight-line method over its estimated useful economic life.

### 3.3.9 Reconciliation of inter-bank and inter-branch account

Account with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly. Un-reconciled entries/balances in the case of inter-branch transactions on the reporting date are not material.

### 3.4 Liabilities and basis of their valuation

#### 3.4.1 Tier-II Subordinated Bond

Tier-II Subordinated bond includes fund raised from several banks, financial institutions and other organization through issuance of 7 (seven) years Bonds for Tk. 5,000,000,000 during 2017 and 7 (Seven) years Bonds for Tk. 3,800,000,000 during 2018. Details are shown in note 13.

#### 3.4.2 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents includes refinance from Bangladesh Bank against approved credit, SME Loan etc., interest-bearing borrowings against securities from Bangladesh Bank and call borrowing from other banks. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in note 13.

#### 3.4.3 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, interest bearing on demand and short-term deposits, savings deposit and fixed deposit. These items are brought into financial statements at the gross value of outstanding balance. Details are shown in note 15.

#### 3.4.4 Provision for liabilities

As per IAS 37, provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation.

### 3.4.5 Provision for Off-balance sheet exposure

As per BRPD circular No.14 (23 September 2012) the Bank has recognised 1% General Provision on the following off balance sheet exposures as defined in BRPD circular No.10 (24 November 2002) considering the exemption as provided through BRPD circular No.01 (03 January 2018), BRPD circular No.7 (21 June 2018) and BRPD circular No.13 (18 October 2018).

- Acceptance and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Foreign exchange contracts

### 3.4.6 Provisions on balances with other banks and financial institutions (Nostr accounts)

Provision for unsettled transactions on nostro accounts is made as per Foreign Exchange Policy Department (FEPD) circular no. FEPP (FEMO) / 01/2005-677 dated 13 September 2005 of Foreign Exchange Policy Department (FEPP) of Bangladesh Bank and reviewed semi-annually by our management along with duly certified by the external auditor. On the reporting date, the Bank has no unsettled transactions outstanding for more than 3 months and no provision has been made in this regard.

### 3.4.7 Provision for rebate to good borrower

As per BRPD Circular No. 06 (19 March 2015) and BRPD Circular Letter No 03 (16 February 2016) of the Banking Regulation and Policy Department (BRPD) of Bangladesh Bank, commercial banks are required to provide 10% rebate on the interest closed from "good borrowers" subject to some qualifying criteria. Accordingly, the Bank has kept provision in the financial statements for the year ended 31 December 2018.

### 3.4.8 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognized in the balance sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance, 1984 and internal policy of the Bank.

### 3.5 Capital/Shareholders' equity

#### 3.5.1 Authorised capital

Authorised capital is the maximum amount of share capital that the Bank is authorized by its Memorandum and Articles of Association to issue (allocate) among shareholders. This amount can be changed by shareholders' approval upon fulfillment of relevant provisions of the Companies Act, 1994. Part of the authorised capital usually remains unissued. The part of the authorised capital already issued to shareholders is referred to as the issued share capital of the Bank.

#### 3.5.2 Paid up capital

Paid up capital represents total amount of shareholders' capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

#### 3.5.3 Share premium

Share premium is the capital that the Bank raises upon issuing shares for a price in excess of the nominal value of shares. The share premium shall be utilized in accordance with provision of section 57 of the Companies Act, 1994 and as directed by Securities and Exchange Commission in this respect.

#### 3.5.4 Statutory reserve

Statutory reserve has been maintained at the rate of 20% of profit before tax in accordance with provisions of section 24 of the Bank Companies Act, 1991 (Amended Up to 2018). Such transfer shall continue until the reserve balance equals its paid up capital together with the share premium.

#### 3.5.5 Revaluation reserve for government securities

Revaluation reserve for government securities arises from the revaluation of treasury bills, Bangladesh Bank bills and treasury bonds (HFT and HTM) in accordance with the DOS Circular no. 5 dated 26 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010.

#### 3.5.6 Capital management

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve the following objectives:

- To comply with the capital requirements set by the regulators;
  - To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
  - To maintain a strong capital base to support the development of its business.
- Capital is managed in accordance with the Board approved Capital Management Planning. Senior management develops the capital strategy and oversees the capital management planning of the Bank. The Bank's finance, treasury and risk management departments are key participants in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal metrics.

### 3.6 Revenue recognition

#### 3.6.1 Interest income

Interest on loans and advances is calculated on daily product basis and accrued at the end of each month, but charged to customers' accounts on quarterly basis.

In accordance with BRPD Circular No.14 (23 September 2012) as amended by BRPD Circular No. 19 (27 December 2012) interest accrued on sub-standard loans and doubtful loans are credited to an "Interest Suspense Account" which is included within "Other liabilities". Interest from loans and advances ceases to be accrued when they are classified as bad/loss. It is then kept in interest suspense in a memorandum account.

#### 3.6.2 Profit on investment (Islamic Banking)

Mark-up on investment is taken into income account proportionately from profit receivable account. Overdue charge/compensation on classified investments are transferred to profit suspense account instead of income account.

#### 3.6.3 Investment income

Income on investments are recognized on accrual basis. Investment income includes discount on treasury bills and Bangladesh Bank bills, interest on treasury bonds and fixed deposit with other banks. Capital gain on investments in shares are also included in investment income. Capital gain is recognized when it is realized.

#### 3.6.4 Fees and commission income

The Bank earns commission and fee income from a diverse range of service provided to its customers. Commission and fee income is accounted for as follows:

- income earned on the execution of a significant act is recognized as revenue when the act is completed
- income earned from services provided is recognized as revenue as the services are provided
- Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

#### 3.7 Interest paid on Subordinated Bond, borrowing and other deposits (Conventional banking)

Interest paid and other expenses are recognized on accrual basis.

#### 3.8 Profit shared on deposits (Islamic banking)

Profit shared to mudaraba deposits are recognized on accrual basis.

#### 3.9 Dividend income

Dividend income is recognized when the right to receive income is established. Dividends are presented under investment income.

#### 3.10 Lease payments

Payments made under operating leases are recognized in the profit and loss statement on a straight-line basis over the terms of the lease. Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### 3.11 Others

##### Foreign exchange gain/loss

Exchange income includes all gain and losses from foreign currency day to day transactions, conversions and revaluation of non monetary items.

#### 3.12 Employee benefits

##### 3.12.1 Provident Fund

Provident Fund benefits are given to the permanent staff of the Bank in accordance with the registered Provident Fund rules. The Commissioner of Income Tax, Taxes Zone - 4, Dhaka, has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The reorganization took effect on 31 October 1987. The Provident Fund is operated by a Board of Trustees consisting of 6 members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the Provident Fund. The Bank also contributes equal amount to the Provident Fund. Contributions made by the Bank are charged as expense and the Bank bears no further liability. Interest earned from the investments is credited to the members' account on yearly basis. Members are eligible to get both the contribution after 5 years of continuous service from the date of their membership. By Law the Provident fund is duly audited by Snehasis Mahmud & Co. Chartered Accounts.

##### 3.12.2 Gratuity Fund

Gratuity Fund benefits are given to the staff of the Bank in accordance with the approved Gratuity Fund rules. National Board of Revenue has approved the Gratuity Fund as a recognized gratuity fund with effect from 3 June 2012. The Gratuity Fund is operated by a Board of Trustee consists of 7 members of the Bank. Employees are entitled to get gratuity benefit after completion of minimum 5 years of service in the Bank. Provision for gratuity is made annually covering all its permanent eligible employees. A valuation of gratuity scheme had been made in 2016 by a professional Actuarial & Pension Consultants T. Halim & Associates considering the changes in Labour Act 2013 (Amendment) to assess the adequacy of the liabilities provided for the scheme as per IAS 19 'Employee Benefits'. On continuing fund basis valuation, the Bank has been maintaining adequate provision against gratuity scheme.

##### 3.12.3 Other employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Bank has following short term employee benefit schemes:

##### Hospitalization insurance

The Bank has a health insurance scheme to its confirmed employees and their respective dependents at rates provided in health insurance coverage policy.

##### Life insurance

The Bank has a group life insurance scheme to its confirmed employees and the benefit of the scheme is available to the family of the employee on the occurrence of natural death of the employee during the tenure of his/her service.

##### Performance bonus

Provision of Workers' Profit Participation Fund and Welfare Fund mentioned in Bangladesh Labour (Amendments) Act, 2013 contradicts Bank Company Act, 1991 through which Bank Companies are regulated. Section-11 of Bank Company Act, 1991 restricts to employ anyone who receives remuneration or part of remuneration as share of profit of the company and remuneration includes salary and other benefit. Accordingly, we obtained a legal opinion from Nurul Alam & Associates, Advocates and Consultants, wherein it is opined that Worker's Profit Participation and Welfare Fund shall not be applicable for Bank Companies, as there is no non-obstante clause. Unless Government of Peoples Republic of Bangladesh amends section 11 of Bank Company Act or frames rules, giving overriding effect to Bank Company Act, 1991, section 223 of Bangladesh Labour (Amendments) Act, 2013 will not be applicable for banks.

Moreover, in the Bank, performance bonus provision is there, which is distributed among the employees on the basis of individual employee's yearly performance with a view to recognize welfare of the employees and reward their participation and contribution to the company.

#### 3.13 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the profit and loss statement except to the extent that it relates to items recognized directly in equity.

##### 3.13.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Details are shown in note 16.a.6.

##### 3.13.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they tend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3.13.3 Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### 3.14 Impairment of non-financial assets

The carrying amounts of the Group's and the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 3.15 Earnings per share

The Group and the Bank present basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary





# The City Bank Limited

Report and Financial Statements as at and for the year ended 31 December 2018

4 Consolidated cash in hand		2018 Taka	2017 Taka
The City Bank Limited (note 4.a)		5,418,430,686	4,447,677,389
City Brokerage Limited		77,500	77,500
City Bank Capital Resources Limited		3,563	128
CBL Money Transfer Sdn. Bhd.		4,934	45,263
		<b>5,423,445,923</b>	<b>4,447,800,960</b>

4.a Cash - The City Bank Limited		2018 Taka	2017 Taka
In hand - including foreign currencies (note 4.a.1)		5,418,430,686	4,447,677,389
Balance with Bangladesh Bank and its agent bank (s) - including foreign currencies (note 4.a.2)		14,016,977,760	19,339,302,948
		<b>19,435,408,446</b>	<b>23,786,980,337</b>

4.a.1 Cash in hand		2018 Taka	2017 Taka
Local currency		5,104,024,864	4,329,389,888
Foreign currency		314,405,822	118,287,501
		<b>5,418,430,686</b>	<b>4,447,677,389</b>

4.a.2 Balance with Bangladesh Bank and its agent banks (s)		2018 Taka	2017 Taka
Local currency		14,010,112,125	13,606,320,435
Foreign currency		(589,563,124)	(5,164,707,048)
		13,420,549,001	18,771,027,483
Sonali Bank Limited as agent of Bangladesh Bank (local currency)		596,428,759	568,275,465
		<b>14,016,977,760</b>	<b>19,339,302,948</b>

The above balance represents amount as per Bank book. The difference due to reconciling items with Bangladesh Bank are subsequently adjusted.

4.a.2 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)		2018 Taka	2017 Taka
Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 33 of Banking Companies Act, 1991, BRPD circular no.11 and 12, dated 25 August 2005, MPD circular no.116/2010-1713 dated 1 December 2010 and MPD Circular No. 1 dated 23 June 2014.			

The minimum Cash Reserve Ratio on the Bank's time and demand liabilities at the rate of 5.5% on bi-weekly basis has been calculated and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio, excluding CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including foreign currency balances with Bangladesh Bank (CRR and SLR of December 2018 is based on weekly average time and demand liabilities balance of October 2018). Both reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

a) Cash Reserve Ratio (CRR)		2018 Taka	2017 Taka
Required reserve		11,243,154,950	11,974,841,584
Actual reserve maintained		14,119,629,930	19,339,302,948
Surplus		<b>2,876,474,980</b>	<b>7,364,461,364</b>

b) Statutory Liquidity Ratio (SLR)		2018 Taka	2017 Taka
Required reserve		28,925,021,320	23,690,908,758
Actual reserve maintained (note 4.a.3)		32,526,857,395	28,855,868,506
Surplus		<b>3,601,836,075</b>	<b>5,164,959,748</b>

4.a.3 Held for Statutory Liquidity Ratio (SLR)		2018 Taka	2017 Taka
Cash in hand		5,418,430,686	4,447,677,389
Sonali Bank Limited as agent of Bangladesh Bank as per statement balance		595,847,675	582,900,058
Surplus of CRR - balance with Bangladesh Bank		2,876,474,980	7,364,461,364
Government securities and bonds		23,636,105,055	22,099,527,532
		<b>32,526,857,395</b>	<b>28,855,868,506</b>

5 Consolidated balance with other banks and financial institutions		2018 Taka	2017 Taka
In Bangladesh		27,353,384,864	12,125,956,169
The City Bank Limited (note 5.a)		27,353,384,864	12,125,956,169
City Brokerage Limited		972,208,133	1,202,747,029
City Bank Capital Resources Limited		273,725,926	332,079,906
		28,599,368,973	13,661,732,103
Mutual indebtedness:			
Deposit with The City Bank Limited - City Brokerage Limited		(688,873,976)	(807,820,818)
Deposit with The City Bank Limited - CBL Money Transfer Sdn. Bhd.		(112,485,593)	(149,635,173)
Deposit with The City Bank Limited - City Bank Capital Resources Limited		(801,359,569)	(957,455,991)
Adjustments for Consolidation - City Brokerage Limited		-	-
Total in Bangladesh		<b>27,798,009,404</b>	<b>12,704,276,112</b>
Outside Bangladesh		(100,797,998)	603,628,965
CBL Money Transfer Sdn. Bhd.		801,173,536	385,749,473
		<b>700,375,538</b>	<b>989,369,438</b>
<b>Grand total</b>		<b>28,498,384,942</b>	<b>13,693,645,550</b>

5.a Balance with other banks and financial institutions - The City Bank Limited		2018 Taka	2017 Taka
In Bangladesh (note 5.a.1)		27,353,384,864	12,125,956,169
Outside Bangladesh (note 5.a.2)		(100,797,998)	603,628,965
		<b>27,252,586,866</b>	<b>12,729,585,134</b>

5.a.1 In Bangladesh		2018 Taka	2017 Taka
Current accounts			
Ananta Bank Limited		899,370	902,860
Agribank Limited		45,954,834	20,780,534
Sonali Bank Limited		51,416,285	54,679,341
<b>Sub total</b>		<b>98,270,489</b>	<b>76,362,551</b>
Short notice deposit accounts			
Social Islami Bank Limited		1,545,849	1,508,373
Dutch-Bangla Bank Limited		11,123	11,986
Standard Chartered Bank		170,633,666	129,563,788
Rupali Bank Limited		83,924,759	53,251,994
AB Bank Limited		14,937,378	8,644,172
Trust Bank Limited		1,536,141	6,555,095
Bank Al-Falah Limited		2,078,746	2,096,175
Prime Bank Ltd.		826,650	718,750
Exim Bank Limited		342,671,830	-
Southeast Bank Limited		10,135,610	9,921,282
<b>Sub total</b>		<b>628,301,654</b>	<b>212,271,614</b>

Savings accounts		2018 Taka	2017 Taka
Social Islami Bank Limited		-	-
Southeast Bank Limited		-	-
<b>Sub total</b>		<b>-</b>	<b>-</b>

Fixed deposit receipts		2018 Taka	2017 Taka
Export Import Bank of Bangladesh Limited		1,000,000,000	-
Jamuna Bank Limited		200,000,000	-
National Bank of Pakistan		-	80,000,000
One Bank Limited		67,025,28	-
Mudhumoti Bank Limited		-	153,822,000
Mutual Trust Bank Limited		1,797,443,921	-
Trust Bank Limited		-	413,500,000
Eastern Bank Limited		180,456,020	-
Prime Bank Ltd.		1,000,000,000	-
Lankabangla Finance Limited		3,200,000,000	1,300,000,000
IDLC Finance Limited		4,300,000,000	2,590,000,000
United Finance Limited		1,300,000,000	300,000,000
Industrial and Infrastructure Development Finance Company Limited		1,050,000,000	200,000,000
Uttara Finance and Investment Limited		1,400,000,000	400,000,000
Investment Corporation of Bangladesh		6,750,000,000	4,500,000,000
Phoenix Finance & Investments Limited		350,000,000	300,000,000
Delta Brac Housing Finance Corporation Limited		1,000,000,000	-
Industrial Promotion and Development Company of Bangladesh Limited		2,331,887,500	1,500,000,000
National Housing Finance and Investment Limited		200,000,000	100,000,000
Bangladesh Finance and Investment Company Limited		290,000,000	-
<b>Sub total</b>		<b>26,626,812,721</b>	<b>11,837,322,000</b>
<b>Total</b>		<b>27,353,384,864</b>	<b>12,125,956,169</b>

5.a.2 Outside Bangladesh (Nostro accounts)		2018 Taka	2017 Taka
Current accounts	Currency		
Mashreq Bank, New York, USA	USD	(49,815,882)	79,846,502
Habib American Bank, New York, USA	USD	(24,516,367)	64,149,207
Citibank N.A., New York, USA	USD	(112,556,469)	(120,697,185)
Standard Chartered Bank, New York, USA	USD	(107,184,024)	(98,664,261)
Standard Chartered Bank, Frankfurt	EUR	(10,423,211)	(38,359,898)
Bank of Tokyo Mitsubishi Ltd., Japan	JPY	10,832,009	14,027,335
Bank of Tokyo Mitsubishi Ltd., New Delhi, India	INR	718,058	704,057
AB Bank Ltd., Mumbai, India	ACUD	64,375,792	(3,121,480)
Sonali Bank Ltd., Kolkata, India	ACUD	30,270,386	1,759,959
NIB Bank Limited, Karachi, Pakistan	ACUD	185,834,474	21,879,514
Standard Chartered Bank, Nepal	ACUD	1,163,663	1,777,775
Commerz Bank AG, Frankfurt, Germany	CHF	172,843,977	54,631,685
Commercial Bank of Ceylon, Colombo, Sri Lanka	ACUD	2,747,754	7,654,797
Bank of Bhutan, Bhutan	ACUD	241,213	765,595
Commerz Bank AG, Frankfurt, Germany	EUR	43,993,295	83,273,839
Commerz Bank AG, Frankfurt, Germany	CHF	336,792	473,341
Mashreq Bank, Mumbai, India	ACUD	144,996,634	13,669,527
Mashreq Bank, Mumbai, India	EUR	165,143	163,430
HDFC Bank Ltd., Mumbai, India	USD	32,797,861	6,887,665
Standard Chartered Bank, London	GBP	2,112,052	2,112,052
Mashreq Bank, London	GBP	3,018,663	4,750,598
Kookmin Bank, Korea	USD	2,167,676	3,286,720
Commerz Bank AG, Frankfurt	AUD	720,557	2,578,515
Standard Chartered Bank, Mumbai, India	ACUD	118,255,995	21,766,098
Mashreq Bank, Dubai	AED	1,162,331	5,669
Mashreq Bank, New York, USA (For OBU Operation)	USD	323,439,161	444,049,578
Commerz Bank AG, Frankfurt, Germany (For OBU Operation)	USD	(6,540,878)	14,468,337
Commerz Bank AG, Frankfurt, Germany (For OBU Operation)	EUR	33,962,612	20,716,811
<b>Sub total</b>		<b>(101,480,343)</b>	<b>602,956,379</b>

Term deposits		2018 Taka	2017 Taka
Sonali Bank, Kolkata, India	ACUD	682,345	672,586
<b>Sub total</b>		<b>682,345</b>	<b>672,586</b>
Total		<b>(100,797,998)</b>	<b>603,628,965</b>

Details are shown in Annexure-B.

5.a.3 Maturity grouping of balance with other banks and financial institutions		2018 Taka	2017 Taka
Payable on demand		1,697,963	540,880,280
Up to 1 month		7,937,445,612	1,844,535,114
Over 1 month but not more than 3 months		15,624,751,827	9,826,749,764
Over 3 months but not more than 1 year		3,688,691,464	517,419,975
Over 5 years		-	-
		<b>27,252,586,866</b>	<b>12,729,585,134</b>

6 Money at call and short notice		2018 Taka	2017 Taka
Banking companies			
ICB Islamic Bank Limited (note 6.1)		89,379,167	89,379,167
		<b>89,379,167</b>	<b>89,379,167</b>

6.1 This represents a call loan with ICB Islamic Bank Limited, formerly The Oriental Bank Limited, since 2007. Bangladesh Bank has issued a notification dated 2 August 2007- BRPD(R-1651)/991002007-447 and approved a scheme of reconstruction of the former The Oriental Bank Limited in which payment of liabilities of the bank has been finalized and based on earlier issued and recent (BRPD circular letter no. 15 dated 03 November 2016) schedule and of payment the Bank (CBL) has already received first 18th installments.

7 Consolidated Investments		2018 Taka	2017 Taka
Government securities			
The City Bank Limited (note 7.a.1.i)		23,636,105,055	22,099,527,532
Others		<b>23,636,105,055</b>	<b>22,099,527,532</b>
The City Bank Limited (note 7.a.1.ii)		4,245,929,247	3,408,912,369
City Brokerage Limited (note 7.b)		2,724,674,002	2,853,030,414
City Bank Capital Resources Limited (note 7.c)		2,881,511,933	3,570,084,058
		<b>9,852,111,182</b>	<b>9,832,026,841</b>
<b>Sub total</b>		<b>33,488,220,237</b>	<b>31,931,554,373</b>

7.a Investments - The City Bank Limited		2018 Taka	2017 Taka
Government (note 7.a.1.i)		23,636,105,055	22,099,527,532
Others (note 7.a.1.ii)		4,245,929,247	3,408,912,369
		<b>27,882,034,302</b>	<b>25,508,439,902</b>

7.a.1 Investment securities are classified as follows		2018 Taka	2017 Taka
i) Government bonds		3,546,400	3,048,500
Government bonds - (note 7.a.4)		23,636,105,055	22,099,527,532
ii) Other investments			
Debenture of Bangladesh Welding Electrodes Limited		122,273	122,273
Investment in Subordinated Bond		1,300,000,000	-
Mutual fund		52,643,886	64,379,557
Shares (note 7.a.5)		2,893,163,088	3,344,410,539
		<b>4,245,929,247</b>	<b>3,408,912,369</b>
		<b>27,882,034,302</b>	<b>25,508,439,902</b>

7.a.2 Investment classified as per Bangladesh Bank Circular		2018 Taka	2017 Taka
91 days Treasury bills		6,084,044,254	2,416,197,264
Held for Trading (HFT)		14,209,610,374	19,683,330,269
Held to Maturity (HTM)		3,342,450,427	-
Reverse Repo		4,253,929,427	3,408,912,369
Other Securities		<b>27,882,034,302</b>	<b>25,508,439,902</b>

Disclosure relating to REPO & Reverse REPO is presented in Annexure - G

7.a.3 Maturity grouping of investments		2018 Taka	2017 Taka
On demand		3,546,400	3,048,500
Over 1 month but not more than 3 months		5,648,389,222	8,172,580,804
Over 3 months but not more than 1 year		499,820,190	1,017,734,439
Over 1 year but not more than 5 years		4,136,539,052	17,171,188,167
Over 5 years		17,595,739,438	9,328,828,021
		<b>27,882,034,302</b>	<b>25,508,439,902</b>

7.a.4 Government bonds		2018 Taka	2017 Taka
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# The City Bank Limited

## Report and Financial Statements as at and for the year ended 31 December 2018

	2018 Taka	2017 Taka
<b>10.b Fixed assets including premises, furniture and fixtures - City Brokerage Limited</b>		
<b>Cost</b>		
Furniture and fixtures	31,015,197	21,377,353
Office equipment and machinery	52,206,207	34,406,780
Vehicle	6,220,770	5,041,586
Lease Hold Property	850,000	850,000
Land and Building	292,849,538	292,849,538
Software	11,028,599	4,147,609
	<b>394,240,311</b>	<b>658,672,866</b>
<b>Accumulated depreciation and amortization</b>	<b>(58,356,881)</b>	<b>(48,634,680)</b>
<b>Written down value</b>	<b>335,883,430</b>	<b>610,038,186</b>

	2018 Taka	2017 Taka
<b>10.c Fixed assets including premises, furniture and fixtures - City Bank Capital Resources Limited</b>		
<b>Cost</b>		
Furniture and fixtures	7,570,434	3,578,043
Office equipment and machinery	6,940,372	1,654,578
Software	2,200,000	2,200,000
Land and Building (Capital work in progress)	570,972,477	499,886,319
Vehicle	11,201,065	11,201,065
	<b>598,884,238</b>	<b>510,520,005</b>
<b>Accumulated depreciation and amortization</b>	<b>(12,557,710)</b>	<b>(7,403,328)</b>
<b>Written down value</b>	<b>586,326,528</b>	<b>511,116,677</b>

	2018 Taka	2017 Taka
<b>10.d Fixed assets including premises, furniture and fixtures - CBL Money Transfer Sdn. Bhd.</b>		
<b>Cost</b>		
Furniture and fixtures	18,703,112	14,425,163
Office equipment and machinery	14,609,671	12,124,853
Vehicle	2,076,692	2,096,943
	<b>35,389,475</b>	<b>28,646,959</b>
<b>Accumulated depreciation</b>	<b>(17,165,618)</b>	<b>(14,150,636)</b>
<b>Written down value</b>	<b>18,223,857</b>	<b>14,496,323</b>

	2018 Taka	2017 Taka
<b>11 Consolidated other assets</b>		
The City Bank Limited (note 11.a)	14,176,321,705	12,662,485,803
City Brokerage Limited (note 11.b)	25,629,671	189,553,593
City Bank Capital Resources Limited (note 11.c)	152,365,970	128,321,021
CBL Money Transfer Sdn. Bhd. (note 11.d)	10,874,079	8,743,304
Goodwill arising on investment in subsidiaries	14,590,022,149	12,989,103,727
Mutual indebtedness:	34,455,982	34,790,917
Payable to City Bank Limited - City Brokerage Limited	-	(109,839)
Payable to City Bank Limited - City Bank Capital Resources Limited	(5,750,000)	(1,151,394)
Payable to City Bank Limited - CBL Money Transfer Sdn. Bhd.	(6,702,580)	-
Payable to City Bank Capital Resources Limited - City Bank Limited	(3,944,926)	-
Payable to City Bank Capital Resources Limited - City Brokerage Limited	(33,870,209)	(15,415,600)
Investment in subsidiaries	(6,049,702,332)	(6,039,050,718)
	<b>(6,098,971,625)</b>	<b>(6,055,232,552)</b>
<b>Total consolidated other assets</b>	<b>8,525,506,505</b>	<b>6,968,167,092</b>

	2018 Taka	2017 Taka
<b>11.a Other assets - The City Bank Limited</b>		
<b>Income generating other assets</b>		
Interest income receivable (note 11.a.1)	1,751,347,078	810,258,404
Investment in subsidiaries (note 11.a.2)	6,049,702,332	6,039,050,718
<b>Non income generating other assets</b>		
Stationery and stamps	18,187,540	17,606,254
Advance against rent and advertisement	521,124,808	461,876,694
Security deposits	64,727,469	35,671,675
Prepaid expenses	109,497,230	99,490,287
Advance payment of tax (note 11.a.3)	3,067,137,569	2,748,213,553
Branch adjustment account	5,062,136	17,703,765
Deferred tax assets (note 11.a.4)	1,042,663,558	1,108,157,974
Accounts receivables (note 11.a.5)	1,301,379,656	958,450,966
Receivable from City Brokerage Limited	-	1,536,264
Receivable from City Bank Capital Resources Limited	-	79,998,431
Dividend receivable	5,842,887	5,842,887
Protested bill	248,949,440	278,472,573
Intangible assets (note 11.a.6)	14,176,321,705	12,662,485,803

	2018 Taka	2017 Taka
<b>11.a.1 Interest income receivable</b>		
Interest receivable from Loans	667,199,357	253,254,741
Interest receivable from Placement	536,307,205	105,118,936
Interest receivable from Government Security	547,840,517	451,884,727
	<b>1,751,347,078</b>	<b>810,258,404</b>

	2018 Taka	2017 Taka
<b>11.a.2 Investment in subsidiary</b>		
In Bangladesh		
City Brokerage Limited	3,400,000,000	3,400,000,000
City Bank Capital Resources Limited	2,550,000,000	2,550,000,000
	5,950,000,000	5,950,000,000
Outside Bangladesh		
CBL Money Transfer Sdn. Bhd.	99,702,332	89,050,718
	<b>6,049,702,332</b>	<b>6,039,050,718</b>

	2018 Taka	2017 Taka
<b>11.a.3 Advance payment of tax</b>		
Opening balance	2,748,213,553	2,918,221,017
Paid during the year	1,843,901,827	1,373,801,905
Adjustment for previous years tax liability	(1,524,977,811)	(1,687,204,585)
Closing balance	<b>3,067,137,569</b>	<b>2,748,213,553</b>

	2018 Taka	2017 Taka
<b>11.a.4 Deferred tax assets</b>		
Deferred tax asset	1,042,663,558	1,108,157,974

	2018 Taka	2017 Taka	
<b>Detail calculation on deferred tax assets:</b>			
<b>Book value</b>	<b>Tax base</b>	<b>Taxable/(deductible) temporary difference</b>	<b>Deferred tax (assets)/liability</b>
<b>Taka</b>	<b>Taka</b>	<b>Taka</b>	<b>Taka</b>
Fixed assets	2,966,692,653	3,406,573,213	(439,580,560)
Unrealized gain on share	20,810,420	-	20,810,420
Provision on Interest Income-T bond	546,894,961	-	546,894,961
Provision against classified loan	(2,893,300,000)	-	(2,893,300,000)
<b>Deferred tax liability/(asset)</b>			<b>(1,042,663,558)</b>
<b>Deferred tax asset up to last year</b>			<b>1,108,157,974</b>
<b>Deferred tax (income)/expense</b>			<b>65,494,416</b>

	2018 Taka	2017 Taka
<b>11.a.5 Accounts receivables:</b>		
Advance against remittance	232,688,688	216,259,018
Receivable against card operation	481,704,186	1,373,801,905
Receivable against fraud forgeries	24,076,333	24,076,333
Receivable against sales proceeds of shares	2,005,644	2,066,170
Receivable against encashment -SP/BSP/PSC	454,422,926	290,140,465
Advance to vendor for expense	17,052,660	21,671,949
Unreconciled nostro entry	8,691,904	8,691,904
Receivable under VAT current account	1,808,418	2,782,301
Advance to staff for expense	1,855,348	2,474,676
Advance for right share	29,316,440	-
Sundry debtors	47,759,108	16,486,245
	<b>1,301,379,656</b>	<b>958,450,966</b>

	2018 Taka	2017 Taka
<b>11.a.6 Intangible assets</b>		
Users license	21,976,567	24,188,743
Royalty	226,972,873	254,283,830
	<b>248,949,440</b>	<b>278,472,573</b>

	2018 Taka	2017 Taka
<b>11.a.6.1 Movement of intangible assets</b>		
Opening balance	278,472,573	28,011,476
Addition during the year	54,840,699	327,544,682
Amortization during the year	(84,363,832)	(77,083,585)
Closing balance	<b>248,949,440</b>	<b>278,472,573</b>

	2018 Taka	2017 Taka
<b>11.b Other assets - City Brokerage Limited</b>		
Advances, deposits and prepayments	33,460,755	33,366,672
Receivable from DSE	16,154,918	-
Receivable from CSE	41,850,727	47,942,619
Advance payment of tax	158,993,996	108,243,308
	<b>250,460,395</b>	<b>189,553,599</b>

	2018 Taka	2017 Taka
<b>11.c Other assets - City Bank Capital Resources Limited</b>		
Advances, deposits and prepayments	14,831,657	8,761,869
Advance income tax	89,927,969	52,496,987
Deferred tax assets	33,032	10,661
Stamps in hand	21,500	21,500
Account receivable	47,551,811	67,042,253
	<b>152,365,970</b>	<b>128,321,021</b>

	2018 Taka	2017 Taka
<b>11.d Other assets - CBL Money Transfer Sdn. Bhd.</b>		
Advances, deposits and prepayments	10,874,079	8,743,304

	2018 Taka	2017 Taka
<b>12 Non-banking assets</b>		
Income generating:		
Share (note 12.a)	109,505,000	150,700,000
Non-income generating:		
Land (note 12.b)	924,196,289	730,968,179
	<b>1,033,701,289</b>	<b>881,668,179</b>

The City Bank Limited has been awarded absolute ownership on 46 mortgage properties through verdict of honourable Court under section 33 (7) of Artha Rin Adalat Ain, 2003. The Bank also acquired some lien shares as settlement of loan. These have been recorded at Taka 1,033,701,289 as non-banking assets.

Name of Parties	Type of assets	Booking Date	2018 Taka	2017 Taka
<b>12.a Income generating:</b>				
Abnar Steel Mills Ltd.	Prime Bank Ltd's share	15/Nov/12	109,505,000	150,700,000
			<b>109,505,000</b>	<b>150,700,000</b>
<b>12.b Non-income generating:</b>				
M/S Overseas Liner Agency	953 decimal land	29/Dec/11	11,436,000	11,436,000
M/S Habib Bastro Bldg	16.50 decimal land	29/Dec/11	1,485,000	1,485,000
M/S Misti Enterprise	16.50 decimal land	29/Dec/11	819,523	819,523
M/S Chowdhury Electronics	2.7 decimal land	29/Dec/11	1,657,880	-
M/S Silva Synthetic Fabrics	67.5 decimal land in Narayanong	29/Dec/11 & 29/Dec/15	27,000,000	27,000,000
LJS Enterprise	181.96 decimal land	29/Dec/11	3,677,959	3,677,959
M/S Sikder Construction	14 decimal land	29/Dec/11	12,131,206	12,131,206
M/s. Nan Business Associates	5 decimal land & 1,518 sft floor	27/Dec/12	8,340,000	8,340,000
Mr. Sharifuzzaman (Nawab)	20.5 decimal land	24/Dec/12	2,950,867	-
M/s. Ananna Enterprise	17.32 decimal land	27/Dec/12	10,240,097	10,240,097
Shipbur Rice Mill	150.75 decimal land	27/Dec/12	1,829,498	1,829,498
Tajlil Store	5.80 decimal land	27/Dec/12	-	2,461,873
Rahman Traders	22.80 decimal land	27/Dec/12	1,171,273	-
M/s. Chand & Sons	6.60 decimal land	10/Oct/13	1,850,139	1,850,139
M/s. Ashraf Traders	12 decimal land	20/Oct/13	3,352,735	3,352,735
M/s. Rafique Repairing & Motor	8 acre land	20/Oct/13	1,371,088	1,371,088
Machinery Parts	225.35 decimal land	3/Mar/14	14,888,087	14,888,087
Friends International	7.89 decimal land	29/Jun/15	130,326,220	130,326,220
Lucky Trade Concern	2.7 decimal land	20/Dec/15	-	747,144
M/s Mostafa Store	375.5 decimal land	20/Dec/15	1,905,964	1,905,964
M/s General Services	8.25 decimal land	22/Dec/15	3,507,045	3,507,045
M/s Galeeb International	7 katha land	22/Dec/15	6,390,367	6,390,367
M/s Balaka Industries	4.51 decimal land	22/Dec/15	13,647,649	13,647,649
Alif Builders & Co.	34 decimal land	23/Dec/15	4,710,476	4,710,476
M/s Dhaka Eylet & Barback Center	25.00 katha land and 8.25 decimal land	23/Dec/15	2,340,929	2,340,929
M/s Alamin Engineering	12.30 decimal land and 3 acre land	24/Dec/15	4,496,291	4,496,291
M/s. Nan Business Associates	256 decimal land	28/Dec/15	55,181,250	55,181,250
M/s Tajco Ltd	15.04 acre land	30/Dec/15	15,049,194	15,049,194
Atlas food and Beverage Limited	263.68 decimal land	29/Jun/16	65,366,934	65,366,934
			<b>466,143,547</b>	<b>475,791,297</b>

Name of Parties	Type of assets	Booking Date	2018 Taka	2017 Taka
<b>Brought forward</b>			<b>466,143,547</b>	<b>475,791,297</b>
Srstr Traders	21.50 decimal land	29/Jun/16	26,322,125	25,800,000
Rafy Sweaters Limited	100 decimal land and 02 storied building measuring +42,000 sft	29/Dec/16	71,140,000	71,140,000
Saleh Fashion Ltd.	14.56 dec land and 30 dec land	21/Jun/17	17,592,323	17,592,323
M/S Hasan Enterprise	4.587 dec land with building and 0.0412 decimal land	30/Dec/17	21,055,559	21,055,559
M/s. Noor Enterprise	84.87 decimal land	30/Dec/17	79,884,000	79,884,000
M/s. McCoy Knitwear	22.50 decimal land and 5.00 decimal land. Total 27.5 decimal land	30/Dec/17	2,625,000	2,625,000
M/s. Rupchanda Food Products	21 decimals vacant land at Sreemongal	30/Dec/17	1,680,000	1,680,000
M/s. Union Steel	75.5 decimal land	30/Dec/17	35,400,000	35,400,000
Mohd. Elias Bros (Pvt) Ltd.	18.92 decimal land	28/Jun/18	69,300,000	-
M/s Momin Monu Auto Rice Mill	117.50 decimal land at Jamalpur	28/Jun/18	9,400,000	-
S. M Enterprise	94.32 decimal land with 3 storied building	26/Dec/18	98,033,679	-
M/s. Motors	29.30 decimal and 27.69 decimal land	27/Oct/18	231,118,000	-
M/s Rabeeya Bastraly	7.0 decimal and 5.5 decimal land	27/Dec/18	2,502,056	-
			<b>924,196,289</b>	<b>730,968,179</b>

**13 Tier-II subordinated bond**  
The Bank already had its 1st & 2nd subordinated bonds raised in 2014 & 2017, worth BDT 3,000 million & BDT 5,000 million respectively. Banks, financial institutions





# The City Bank Limited

## Report and Financial Statements as at and for the year ended 31 December 2018

	2018 Taka	2017 Taka
<b>16.a.5.2 Movement of Provision against good borrower</b>		
Opening balance	51,469,389	47,410,400
Addition during the year	44,000,000	40,000,000
Rebate allowed to Good Borrower	-	(35,941,011)
Closing balance	<b>95,469,389</b>	<b>51,469,389</b>

	2018 Taka	2017 Taka
<b>16.a.6 Provision for income tax</b>		
Opening balance	4,224,885,976	4,147,393,628
Adjustment for settlement of tax (1,524,977,811)	(1,524,977,811)	(1,687,704,585)
Provision during the year (note 16.a.6.1)	2,271,498,375	1,765,196,934
Adjustment of deferred tax liability/(asset) (note 16.a.6.2)	-	-
Closing balance	<b>4,971,406,540</b>	<b>4,224,885,976</b>

**16.a.6.1** Provision for current tax of Taka 2,271,498,375 @ 37.5% and provision for prior year Taka 1,765,196,934 have been made, as prescribed by Finance Act, of the accounting profit of the bank after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance, 1984.

Corporate tax position of the bank has been shown in Annexure-E

	2018 Taka	2017 Taka
<b>16.b Other liabilities - City Brokerage Limited</b>		
Interest suspense	166,005,080	166,005,080
Provision for loans and advances	231,099,212	260,759,167
Accounts payable	176,514,673	102,703,505
Accrued expenses	70,000	80,500
Payable to The City Bank Limited	-	-
Provision for taxation and VAT	1,352,733	124,062,482
	<b>575,041,699</b>	<b>653,620,733</b>

	2018 Taka	2017 Taka
<b>16.c Other liabilities - City Bank Capital Resources Limited</b>		
Payable to The City Bank Limited	-	1,151,394
Payable to City Brokerage Limited	-	8,140,836
VAT and TDS Payable	7,842,909	10,771,261
Accrued expenses	1,177,768	7,004,591
Other payables	3,237,264	80,729,793
Provision for diminution in value of investment	14,254,723	765,486
Provision for taxation	118,327,121	63,937,694
	<b>144,839,786</b>	<b>172,501,055</b>

	2018 Taka	2017 Taka
<b>16.d Other liabilities - CBL Money Transfer Sdn. Bhd.</b>		
Settlement Obligation	499,657,086	172,531,676
Accrued expenses	2,473,217	2,446,811
Others payable	-	781,898
Provision for taxation	36,360	-
	<b>502,166,663</b>	<b>175,760,385</b>

**17 Share capital**

**17.1 Authorized:** 1,500,000,000 ordinary shares of Taka 10.00 each **15,000,000,000** **15,000,000,000**

Authorized Share Capital of the Bank has been increased to Taka 15,000,000,000 from Taka 10,000,000,000 by a special resolution dated 28 June 2015.

	No. of shares	2018 Taka	2017 Taka
<b>17.2 Issued, subscribed and fully paid up:</b>			
Ordinary shares of Taka 10.00 each issued for cash up to 31 December 16	240,463,470	2,404,634,700	2,404,634,700
Ordinary shares of Taka 10.00 each issued for cash to IFC during October 17	46,094,633	460,946,330	460,946,330
Ordinary shares of Taka 10.00 each issued as bonus share up to 31 December 17	681,429,194	6,814,291,940	6,353,345,610
	<b>967,987,297</b>	<b>9,679,872,970</b>	<b>9,218,926,640</b>

The City Bank Ltd. issued 46,094,633 no. of fresh ordinary shares @ Tk. 28.30 each (including a premium of Tk. 18.30 per share) to International Finance Corporation (IFC) on 03 October 2017. After complying with all regulatory requirements.

The Bank offered 1:1 right share during the year 2010 and on the record date the outstanding number of shares was 19,639,125 as the bonus for 2009 was credited before the record date for right share. During the course of right exercise the honorable High Court issued an injunction order against 392,778 shares. The verdict of the Court was to restrain exercise of right shares against the said 392,778 shares and also asked to maintain provision for future dividend, which may be declared on the aforementioned shares. Accordingly, the Bank maintained a reserve of Taka 53,608,909 till 31 December 2018 for subsequent declared stock dividend for the prejudice shares, which is shown under surplus in profit and loss account.

Accounting year	Declaration	No. of share	Value of capital	Cumulative
1983	Opening capital	3,400,000	34,000,000	34,000,000
1985	Further subscription	1,000,000	10,000,000	44,000,000
1987	Initial public offer	3,600,000	36,000,000	80,000,000
1990	1:1 Right issue	8,000,000	80,000,000	160,000,000
2002	1:2 Right issue	8,000,000	80,000,000	240,000,000
2004	1:1 Right issue	24,000,000	240,000,000	480,000,000
2005	50% stock dividend	24,000,000	240,000,000	720,000,000
2006	50% stock dividend	36,000,000	360,000,000	1,080,000,000
2007	10% stock dividend	10,800,000	108,000,000	1,188,000,000
2008	15% stock dividend	17,820,000	178,200,000	1,366,200,000
2009	15% stock dividend	20,493,000	204,930,000	1,571,130,000
2010	25% stock dividend	39,278,250	392,782,500	1,963,912,500
2010	1:1 Right issue	192,463,470	1,924,634,700	3,888,547,200
2011	30% stock dividend	116,656,410	1,166,564,100	5,055,111,300
2012	25% stock dividend	126,377,782	1,263,777,820	6,318,889,120
2013	10% stock dividend	63,188,991	631,889,910	6,950,778,030
2014	20% stock dividend	139,015,560	1,390,155,600	8,340,933,630
2015	5% stock dividend	41,704,668	417,046,680	8,757,980,310
2017	Fresh share issued to IFC	46,094,633	460,946,330	9,218,926,640
2018	5% stock dividend	46,094,633	460,946,330	9,679,872,970
		<b>967,987,297</b>	<b>9,679,872,970</b>	

Although face value of paid up capital was split into Taka 10 from Taka 10.00 during the year 2011, we considered face value of share @ Taka 10 from the inception of the bank for this statement.

Particulars	2018		2017	
	Taka	Percentage(%)	Taka	Percentage(%)
Sponsors and general public	7,540,702,380	77.90%	7,502,092,080	81.38%
Financial institutions	2,139,170,590	22.10%	1,716,834,560	18.62%
	<b>9,679,872,970</b>	<b>100.00%</b>	<b>9,218,926,640</b>	<b>100.00%</b>

Classification of shareholders by holding	2018			2017		
	Number of share holders	No. of Shares	% of total holding	Number of share holders	No. of Shares	% of total holding
01 - 500 shares	18,686	2,599,230	0.27%	20,447	20,447	0.23%
501 - 5,000 shares	11,406	20,484,670	2.12%	10,645	10,645	0.12%
5,001 - 10,000 shares	1,788	12,745,283	1.32%	1,535	1,535	0.02%
10,001 - 20,000 shares	1,108	15,603,040	1.61%	874	874	0.01%
20,001 - 30,000 shares	372	9,090,729	0.94%	907	907	0.01%
30,001 - 40,000 shares	159	5,524,410	0.57%	141	141	0.00%
40,001 - 50,000 shares	122	5,562,093	0.57%	126	126	0.00%
50,001 - 100,000 shares	261	18,784,420	1.94%	232	232	0.00%
100,001 - 1,000,000 shares	308	90,669,215	9.37%	282	282	0.00%
Over 1,000,000 shares	123	786,924,207	81.29%	111	111	0.00%
	<b>34,333</b>	<b>967,987,297</b>	<b>100.00%</b>	<b>34,700</b>	<b>34,700</b>	<b>100.00%</b>

**17.5 Consolidated Capital Adequacy Ratio**

As per Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III), all scheduled banks are required to calculate Capital Adequacy Ratio based on 'Solo' basis as well as on 'Consolidated' basis. Capital Adequacy Ratio is calculated in accordance with the phase-in arrangements for Basel III implementation since 2015. All amounts are stated in Taka crores except for those, if any, stated otherwise.

	2018 Taka in crore	2017 Taka in crore
<b>Common Equity Tier 1 Capital (CET1)</b>		
Paid up capital	967.99	921.89
Non-repayable share premium account	150.44	150.44
Statutory reserve	800.16	713.06
General reserve	1.14	1.14
Retained earnings (note 22)	206.89	294.61
Dividend equalization reserve	53.08	53.08
Minority interest in subsidiaries	0.01	0.01
	<b>2,179.70</b>	<b>2,134.22</b>

	2018 Taka in crore	2017 Taka in crore
<b>Regulatory Adjustments / Deductions from CET1</b>		
Deferred tax assets	(104.26)	(110.82)
80% of Excess Investment in other banks, FI and Ins. Co.	(197.00)	(360.11)
Book value of goodwill and value of any contingent assets which are shown as assets	(3.45)	(3.48)
	<b>1,874.99</b>	<b>1,659.81</b>

	2018 Taka in crore	2017 Taka in crore
<b>Tier 2 Capital</b>		
Tier-II subordinated bond	880.00	590.00
General provision (note 17.5.2)	447.64	313.46
Revaluation reserve for equity instruments (up to 10%)	28.27	28.27
Revaluation reserve for HTM securities (up to 50%)	1.10	1.10
Revaluation reserve for HFT (up to 50%)	20.33	20.33
	<b>1,377.34</b>	<b>953.16</b>

	2018 Taka in crore	2017 Taka in crore
<b>Regulatory Adjustments / Deductions from Tier 2 capital</b>		
80% of Excess Investment in other banks, FI and Ins. Co.	(25.23)	-
80% of revaluation reserve for fixed assets and securities	(39.76)	(29.82)
	<b>1,312.35</b>	<b>923.34</b>
	<b>3,187.34</b>	<b>2,583.16</b>

	2018 Taka in crore	2017 Taka in crore
<b>Total capital</b>		
Total assets	32,694.04	27,806.71
Total risk weighted assets (note 17.5.1)	26,154.38	20,324.37
Required capital with capital conservation buffer (11.875% and 11.250% of risk weighted assets for 2018 and 2017 respectively)	3,105.83	2,286.49
Surplus	81.51	296.67

	2018 Taka in crore	2017 Taka in crore
<b>Total Capital Ratio</b>	12.19%	12.71%
<b>T-1 Capital Ratio</b>	7.17%	8.17%
<b>Leverage Ratio</b>	4.56%	5.15%
<b>Liquidity Coverage Ratio</b>	116.94%	132.63%
<b>Net Stable Funding Ratio</b>	108.26%	107.77%

	2018 Taka	2017 Taka
<b>17.5.1 Risk weighted assets</b>		
<b>A. Credit Risk</b>		
On-Balance sheet	16,512.57	13,689.96
Off-Balance sheet	5,709.06	3,251.42
	<b>22,221.62</b>	<b>16,941.38</b>
<b>B. Market Risk</b>	1,494.19	1,228.78
<b>C. Operational Risk</b>	2,438.57	2,154.21
<b>Total Risk weighted assets (A+B+C)</b>	<b>26,154.38</b>	<b>20,324.37</b>

	2018 Taka	2017 Taka
<b>17.5.2 General provision maintained against unclassified loan/investments &amp; outstanding off-balance sheet exposures</b>		
General provision maintained against unclassified loan/investments (note 16.a.1)	348.59	231.01
General provision maintained against outstanding off-balance sheet exposures (note 16.a.2)	99.05	82.46
	<b>447.64</b>	<b>313.46</b>

	2018 Taka	2017 Taka
<b>17.5.a Capital Adequacy Ratio - The City Bank Limited</b>		
<b>Common Equity Tier 1 Capital (CET1)</b>		
Paid up capital	967.99	921.89
Non-repayable share premium account	150.44	150.44
Statutory reserve	800.16	713.06
General reserve	1.14	1.14
Dividend equalization reserve	53.08	53.08
Retained earnings (note 22.a)	288.29	396.53
	<b>2,261.09</b>	<b>2,236.13</b>
<b>Regulatory Adjustments / Deductions from CET1</b>		
Deferred tax assets	(104.27)	(110.82)
80% of Excess Investment in other banks, FI and Ins. Co.	(6.11)	(73.08)
	<b>2,150.71</b>	<b>2,052.24</b>

	2018 Taka	2017 Taka
<b>Tier 2 Capital</b>		
Tier-II subordinated bond	880.00	590.00
General provision (note 17.5.a.2)	447.64	313.46
Revaluation reserve for equity instruments (up to 10%)	27.93	27.93
Revaluation reserve for HTM securities (up to 50%)	1.10	1.10
Revaluation reserve for HFT (up to 50%)	20.33	20.33
	<b>1,377.01</b>	<b>952.83</b>

	2018 Taka	2017 Taka
<b>Regulatory Adjustments / Deductions from Tier 2 capital</b>		
80% of Excess Investment in other banks, FI and Ins. Co.	(7.11)	-
80% of revaluation reserve for fixed assets and securities	(39.49)	(29.62)
	<b>1,330.40</b>	<b>923.21</b>
	<b>3,481.11</b>	<b>2,975.45</b>

	2018 Taka	2017 Taka
<b>Total capital</b>		
Total assets	32,478.03	27,552.14
Total risk weighted assets (note 17.5.a.1)	25,941.28	20,221.04
Required capital with capital conservation buffer (11.875% and 11.250% of risk weighted assets for 2018 and 2017 respectively)	3,080.53	2,274.87
Surplus	400.59	700.58

	2018 Taka	2017 Taka
<b>T-1 Capital Ratio</b>	13.42%	14.71%
<b>Leverage Ratio</b>	8.29%	10.15%
<b>Liquidity Coverage Ratio</b>	115.33%	131.90%
<b>Net Stable Funding Ratio</b>	107.35%	110.55%

	2018 Taka	2017 Taka
<b>17.5.a.1 Risk weighted assets</b>		
<b>A. Credit Risk</b>		
On-Balance sheet	17,015.96	14,208.77
Off-Balance sheet	5,709.06	3,251.42
	<b>22,725.01</b>	<b>17,460.19</b>
<b>B. Market Risk</b>	886.76	656.04
<b>C. Operational Risk</b>	2,329.50	2,104.81
<b>Total Risk weighted assets (A+B+C)</b>	<b>25,941.28</b>	<b>20,221.04</b>





# The City Bank Limited

Report and Financial Statements as at and for the year ended 31 December 2018

	2018 Taka	2017 Taka
<b>32.a Rent, taxes, insurance, electricity etc. - The City Bank Limited</b>		
Rent	574,756,971	498,625,154
Rates and taxes	70,730,501	98,390,695
Insurance	202,463,673	188,714,385
Power and electricity	147,787,326	125,874,269
	<b>995,738,472</b>	<b>911,604,504</b>
<b>32.b Rent, taxes, insurance, electricity etc. - City Brokerage Limited</b>		
Rent	14,193,924	17,217,029
Rates and taxes	15,639,316	25,012,963
Insurance	1,942,560	329,945
Power and electricity	2,118,959	4,108,279
	<b>33,894,758</b>	<b>46,668,216</b>
<b>33 Consolidated legal expenses</b>		
The City Bank Limited (note 33.a)	59,573,011	50,601,079
City Brokerage Limited	1,321,250	987,745
City Bank Capital Resources Limited	365,174	846,086
CBL Money Transfer Sdn. Bhd.	-	410,885
	<b>61,259,435</b>	<b>52,845,795</b>
<b>33.a Legal expenses - The City Bank Limited</b>		
Legal expenses	58,954,341	50,208,657
Others	618,670	392,422
	<b>59,573,011</b>	<b>50,601,079</b>
<b>34 Consolidated postage, stamps, telecommunication etc.</b>		
The City Bank Limited (note 34.a)	103,412,042	77,304,848
City Brokerage Limited (note 34.b)	3,039,135	3,267,426
City Bank Capital Resources Limited	884,619	1,141,331
CBL Money Transfer Sdn. Bhd.	2,515,592	1,566,894
	<b>109,851,388</b>	<b>83,280,499</b>
<b>34.a Postage, stamps, telecommunication etc. - The City Bank Limited</b>		
Postage/courier service	30,084,940	24,973,477
Telegram, telex, fax & swift charge	2,236,487	6,264,774
Telephone - office	60,437,062	36,669,593
Telephone - residence	10,653,552	9,397,004
	<b>103,412,042</b>	<b>77,304,848</b>
<b>34.b Postage, stamps, telecommunication etc. - City Brokerage Limited</b>		
Postage	15,865	16,234
Telegram, telex, fax and e-mail	2,416,593	2,381,080
Telephone bill	606,677	870,112
	<b>3,039,135</b>	<b>3,267,426</b>
<b>35 Consolidated stationery, printing and advertisements etc.</b>		
The City Bank Limited (note 35.a)	244,899,590	210,914,296
City Brokerage Limited	1,419,484	2,315,154
City Bank Capital Resources Limited	3,011,230	1,762,016
CBL Money Transfer Sdn. Bhd.	21,451,330	14,147,075
	<b>270,781,634</b>	<b>219,048,541</b>
<b>35.a Stationery, printing and advertisements etc. - The City Bank Limited</b>		
Office and security stationery (note 35.a.1)	133,402,375	110,901,380
Computer consumable stationery	16,130,393	16,012,277
Publicity and advertisement (note 35.a.2)	95,366,822	84,000,639
	<b>244,899,590</b>	<b>210,914,296</b>
<b>35.a.1 Office and security stationery</b>		
Office stationery	81,764,098	77,263,595
Security stationery	51,638,277	33,637,785
	<b>133,402,375</b>	<b>110,901,380</b>
<b>35.a.2 Publicity and advertisement</b>		
Advertisement Sponsorship-Magazine	45,618,774	35,578,091
Advertisement Sponsorship-Others	18,583,424	27,587,765
Advertisement-Television and radio	18,430,000	18,496,480
Advertisement-Miscellaneous	4,744,624	2,338,303
	<b>95,366,822</b>	<b>84,000,639</b>
<b>36 Chief Executive's salary and fees</b>		
Basic salary	9,727,179	9,048,542
Festival bonus and other allowances	8,897,016	8,545,610
	<b>18,624,195</b>	<b>17,594,152</b>
<b>37 Consolidated Directors' fees</b>		
The City Bank Limited (note 37.a)	1,746,000	1,758,000
City Brokerage Limited	75,000	115,000
City Bank Capital Resources Limited	156,250	119,576
CBL Money Transfer Sdn. Bhd.	2,152,387	-
	<b>4,129,637</b>	<b>1,992,576</b>
<b>37.a Directors' fees - The City Bank Limited</b>		
Meeting fees	1,746,000	1,758,000
	<b>1,746,000</b>	<b>1,758,000</b>
As per BRPD Circular No. 3, dated 18 January 2010, each director was entitled to have Taka 5,000 as honorarium for attending each meeting till 3 October 2015. After issuing Bangladesh Bank's Circular, BRPD Circular No. 11, dated 4 October 2015, directors' entitlement as honorarium for attending each meeting was revised to Taka 8,000.		
<b>38 Consolidated depreciation and repair</b>		
The City Bank Limited (note 38.a)	1,112,883,922	1,019,049,698
City Brokerage Limited (note 38.b)	19,203,878	8,714,410
City Bank Capital Resources Limited (note 38.c)	8,084,605	5,744,862
CBL Money Transfer Sdn. Bhd.	4,446,120	3,705,921
	<b>1,144,618,525</b>	<b>1,037,514,891</b>
<b>38.a Depreciation and repair of bank's assets - The City Bank Limited</b>		
<b>Depreciation</b>	<b>568,986,856</b>	<b>510,751,590</b>
<b>Repairs and maintenance:</b>		
Fixed Assets	537,553,058	501,622,715
Others	6,344,008	6,675,392
	<b>543,897,066</b>	<b>508,298,108</b>
See Annexure D for details of depreciation.		
<b>38.b Depreciation and repair - City Brokerage Limited</b>		
<b>Depreciation:</b>		
Furniture and fixtures	2,590,348	2,009,622
Office equipment	3,060,006	1,228,127
Vehicle	899,470	84,037
Building	7,321,237	610,103
Software	836,701	409,102
	<b>14,707,762</b>	<b>4,340,991</b>
<b>Repairs and maintenance:</b>		
Fixed Assets	4,496,116	4,373,419
Others	4,496,116	4,373,419
	<b>8,992,232</b>	<b>8,746,838</b>
<b>38.c Depreciation and repair - City Bank Capital Resources Limited</b>		
<b>Depreciation:</b>		
Furniture and fixtures	1,438,960	32,016
Office equipment	1,146,738	619,114
Vehicle	2,240,220	2,074,988
Building	-	268,284
Software	328,464	328,464
	<b>5,154,382</b>	<b>3,322,866</b>
<b>Repairs and maintenance:</b>		
Fixed Assets	2,930,223	2,421,996
Others	2,930,223	2,421,996
	<b>5,860,446</b>	<b>4,843,992</b>
<b>39 Consolidated other expenses</b>		
The City Bank Limited (note 39.a)	1,848,548,675	1,546,153,421
City Brokerage Limited	33,332,575	22,938,050
City Bank Capital Resources Limited	9,241,578	51,909,973
CBL Money Transfer Sdn. Bhd.	4,282,293	7,211,668
	<b>1,895,405,121</b>	<b>1,628,213,112</b>
Inter-company transactions	(19,000,000)	-
City Bank Capital Resources Limited with The City Bank Limited	<b>1,876,405,121</b>	<b>1,628,213,112</b>
<b>39.a Other expenses - The City Bank Limited</b>		
Entertainment	24,605,603	23,991,610
Books, magazines and newspapers etc.	1,736,793	1,456,805
Medical	2,024,317	1,338,481
Cash carrying charges	25,779,987	22,469,009
Subscription to institutions	12,437,612	8,766,851
Donations	76,201,210	140,963,348
Professional fees	138,308,878	61,331,868
Travelling expenditure and conveyance - Staff	58,719,991	53,820,257
Business Expansion Cost	397,963,355	302,380,086
Annual general meeting	2,416,632	1,834,300
Guard salary	137,779,535	120,137,648
Security expenses	34,904,150	52,294,680
Business Process Outsourcing-Online	52,015,226	54,478,123
Vehicle rental expenditure	9,992,000	11,748,960
Staff activities and welfare	13,601,819	18,281,588
Washing and cleaning	35,519,088	35,967,286
Credit card (note 39.a.1)	544,960,149	402,408,938
IT Support & Software maintenance	14,005,841	25,420,302
Royalty adjustment	84,363,832	75,473,028
CIB Charges	2,078,028	1,394,748
Remittance charges	82,417	72,520
Fuel	28,853,747	31,403,518
Loss from sale of fixed assets	4,251	9,670,625
Others (note 39.a.2)	150,201,212	89,048,242
	<b>1,848,548,675</b>	<b>1,546,153,421</b>
<b>39.a.1 Credit card expenses</b>		
Card processing and personalization	43,125,255	33,213,757
VISA international expenses	116,997,160	83,706,941
ATM expenditure - IT support	6,672,781	6,288,398
Other expenditure - cards	378,164,954	279,199,844
	<b>544,960,149</b>	<b>402,408,938</b>
<b>39.a.2 Others include Capital raising expenses, Staff recruitment expenses, NRB bank charges etc.</b>		
<b>40 Consolidated provision for loans and advances/investments</b>		
The City Bank Limited (note 40.a)	1,841,325,799	1,257,823,728
City Brokerage Limited	(29,669,955)	(30,446,000)
City Bank Capital Resources Limited	3,193,025	-
	<b>1,814,848,869</b>	<b>1,227,377,728</b>
<b>40.a Provision for loans and advances/investments - The City Bank Limited</b>		
Provision for classified loans and advances/investments	321,814,047	1,238,323,530
Provision for unclassified loans and advances/investments	1,175,811,752	19,500,199
Provision for Partially write off	343,700,000	-
	<b>1,841,325,799</b>	<b>1,257,823,728</b>
<b>40.b Other provision - The City Bank Limited</b>		
Provision for non-banking assets	313,966,186	279,750,000
Provision for investment	3,000,000	-
	<b>316,966,186</b>	<b>279,750,000</b>
During 2018 an amount of Tk. 313,966,186 was charged for maintaining provision against non-banking assets.		

	2018 Taka	2017 Taka
<b>41 Consolidated provision for taxation</b>		
Current tax:		
The City Bank Limited (note 41.a)	2,271,498,375	1,765,196,934
City Brokerage Limited	67,050,307	87,605,558
City Bank Capital Resources Limited	54,389,428	40,012,707
CBL Money Transfer Sdn. Bhd.	37,460	-
	<b>2,392,975,570</b>	<b>1,892,815,199</b>
Deferred tax:		
The City Bank Limited (note 41.a)	65,494,416	(241,732,134)
City Bank Capital Resources Limited	(22,372)	4,233,207
	<b>65,472,044</b>	<b>(237,498,927)</b>
<b>Income tax on profit</b>	<b>2,458,447,614</b>	<b>1,655,406,271</b>
<b>41.a Provision for Taxation - The City Bank Limited</b>		
Current tax:		
Provision for income tax has been made according to Income Tax Ordinance, 1984. During the year, an amount of Taka 2,271,498,375 for prior year (2017:Taka 1,765,196,934) has been kept as provision for income tax.		
Deferred tax:		
Deferred tax is provided using the Balance sheet method for timing difference arising between the tax base of assets and liabilities and their carrying values for reporting purposes as per Bangladesh Accounting Standard (BAS) - 12. During the year, net amount of Taka 65,494,416 has been recognized as deferred tax expense, which was Taka 241,732,134 as deferred tax income in prior year.		
The charge for taxation is based upon profit for the year comprises:		
Current tax on taxable income @ 37.5%	2,570,329,253	1,765,196,934
Adjustment for prior year	(298,830,878)	-
	<b>2,271,498,375</b>	<b>1,765,196,934</b>
Net deferred tax liability/(asset) originated for temporary differences	65,494,416	(241,732,134)
<b>Income tax on profit</b>	<b>2,336,992,791</b>	<b>1,523,464,800</b>
<b>42 Consolidated receipts from other operating activities</b>		
The City Bank Limited (note 42.a)	3,128,236,892	4,412,316,004
City Brokerage Limited	160,990,446	127,643,908
City Bank Capital Resources Limited	5,762,785	104,755,931
CBL Money Transfer Sdn. Bhd.	2,454,606	1,825,788
	<b>3,297,444,729</b>	<b>4,646,361,630</b>
<b>42.a Receipts from other operating activities - The City Bank Limited</b>		
Interest on bonds, debentures and treasury bills	1,523,126,300	2,634,371,197
Rent recovered	12,865,313	12,864,238
Postage/telex/fax/swift charge recoveries	53,187,972	53,423,911
Income from sale of Bank's property	18,619,398	516,669,123
Credit card income	1,450,545,665	1,118,685,514
Rebate received from foreign banks	62,517,394	64,037,435
Miscellaneous earnings	7,374,850	12,264,584
	<b>3,128,236,892</b>	<b>4,412,316,004</b>
<b>43 Consolidated payments for other operating activities</b>		
The City Bank Limited (note 43.a)	3,420,282,963	3,131,638,762
City Brokerage Limited	76,491,746	78,919,254
City Bank Capital Resources Limited	30,147,760	66,379,814
CBL Money Transfer Sdn. Bhd.	99,169,869	27,601,310
	<b>3,626,092,338</b>	<b>3,304,539,140</b>
<b>43.a Payments for other operating activities - The City Bank Limited</b>		
Rent, taxes, insurance and electricity	917,289,054	900,921,353
Legal expenses	58,128,574	53,481,900
Postage, stamp and telecommunication	84,730,477	71,605,939
Advertisement expenses	88,523,259	90,863,089
Directors' fees	2,192,000	1,762,000
Auditors' fees	2,601,500	1,060,000
Repair to Bank's assets	544,482,740	501,429,538
Other expenses	1,722,335,359	1,510,514,943
	<b>3,420,282,963</b>	<b>3,131,638,762</b>
<b>44 Consolidated (increase) / decrease of other assets</b>		
The City Bank Limited (note 44.a)	(388,664,464)	899,477,189
City Brokerage Limited	(10,157,108)	16,075,804
City Bank Capital Resources Limited	13,420,654	68,569,599
CBL Money Transfer Sdn. Bhd.	(2,215,215)	848,593
	<b>(387,616,115)</b>	<b>984,971,185</b>
Adjustment for consolidation-The City Bank Ltd.	49,514,503	(88,423,488)
	<b>(338,101,611)</b>	<b>896,547,697</b>
<b>44.a (Increase) / decrease of other assets - The City Bank Limited</b>		
Stationery and stamps	(581,286)	(2,282,444)
Advance deposits and advance rent	(59,248,114)	(60,672,505)
Prepaid expenses	(706,382)	(42,568,152)
Branch adjustment account	12,641,629	(17,549,539)
Account receivables	(342,928,690)	1,248,616,295
Security deposits	(29,055,793)	(6,046,523)
Receivable from City Brokerage Ltd.	154,794	(112,105)
Receivable from City Bank Capital Resources Ltd.	1,536,264	285,523,260
Intangible assets	29,523,133	(250,461,097)
	<b>(388,664,464)</b>	<b>899,477,189</b>
<b>45 Consolidated increase/ (decrease) of other liabilities</b>		
The City Bank Limited (note 45.a)	(196,569,031)	(1,925,040,536)
City Brokerage Limited	(101,361,271)	(276,144,399)
City Bank Capital Resources Limited	(15,339,934)	(111,950,094)
CBL Money Transfer Sdn. Bhd.	328,067,345	53,368,624
	<b>(149,592,111)</b>	<b>(2,158,766,405)</b>
Adjustment for consolidation-The City Bank Ltd.	(106,798,519)	114,294,296
	<b>(256,390,630)</b>	<b>(2,044,472,109)</b>
<b>45</b>		



### 52 General

#### 52.1 Core risk management

BRPD circular no.17 (7 October 2003) and BRPD circular no.4 (5 March 2007) require banks to put in place an effective risk management system. Bangladesh Bank monitors the progress of implementation of these guidelines through its on-site inspection teams through routine inspection. The risk management systems in place at the Bank are discussed below.

#### 52.1.1 Credit risk

It arises mainly from lending, trade finance, leasing and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counter party or decline in his/her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues.

The Bank has segregated duties of the officers/executives, involved in credit related activities. Separate Corporate/SME/Retail divisions have been formed at Head Office which are entrusted with the duties of maintaining effective relationship with customers, marketing of credit products, exploring new business opportunities etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, three separate units have been formed within the Credit Risk Management (CRM) Division. These are (a) Credit Risk Management Unit (b) Credit Administration Unit and (c) Credit Monitoring and Recovery Unit. Credit Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending, sanctioning credit, formulating policy/strategy for lending operation, etc. For retail lending, a separate Retail Finance Centre (RFC) has been formed to assess risk, approve and monitor retail loans.

A thorough risk assessment is done before sanction of any credit facility at Credit Risk Management Units. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the credit facility etc. The assessment process starts at the relationship level and ends at Credit Risk Management Unit when it is approved/declined by the competent authority. Credit approval authority has been delegated to the individual executives. Proposals beyond their delegation are approved/declined by the Executive Committee and/or the Board of Directors of the Bank.

In determining Single borrower/Large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at regular intervals to ensure compliance of Bank's and Regulatory policies. Loans are classified as per Bangladesh Bank's guidelines.

#### 52.1.2 Asset liability management risk

For better management of asset and liability risk, the Bank has established Assets Liability Committee (ALCO) which meets at least once a month. The members of ALCO as at 31 December 2018 were as follows:

Mr. Sohai R K Hussain*	Managing Director & Chief Executive Officer
Mr. Mashur Arefin	AMD & Head of Branch Banking
Mr. Sheikh Mohammad Maroof	DMD & Head of Wholesale Banking
Mr. Md. Abdul Wadud	DMD, Head of Commercial & Trade Business and CAMLCO
Ms. Mahia Juned	DMD, Head of Operations and Head of Islamic Banking
Mr. Mohammad Mahabubur Rahman	DMD & CFO
Mr. Serajul Amin Ahmad	Head of Treasury
Mr. Md. Kaf Khan	Company Secretary & Acting Head of Risk Management
Mr. Muhammed Shah Alam	Head of ALM & Money Market

\*Mr. Mashur Arefin has been appointed as MD & CEO on 17 January 2019.

The ALCO's primary function is to formulate policies and guidelines for the strategic management of the bank using pertinent information that has been provided through the ALCO process together with knowledge of the individual businesses managed by members of the committee. ALCO regularly reviews the Bank's overall asset and liability position, forward looking asset and liability pipeline, overall economic position, the Bank's liquidity position, capital adequacy, balance sheet risk, interest risk and makes necessary changes in its mix as and when required.

The Bank maintains various liquidity and funding ratio limits to ensure financial flexibility to cope with unexpected future cash demands. ALCO monitors the liquidity and funding ratios on an ongoing basis and ascertains liquidity requirements under various stress situations. In order to ensure liquidity against all commitments, the Bank reviews the behaviour patterns of liquidity requirements. The Bank has an approved Liquidity Contingency Plan (LCP) which is reviewed and updated on an annual basis by ALCO. All regulatory requirements including CLR, SLR and RWA are reviewed by ALCO.

#### 52.1.3 Foreign exchange risk

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements.

Treasury Department independently conducts the transactions and the back office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are valued at Mark-to-Market rate as determined by Bangladesh Bank at the month-end. The Bank maintains various nostro accounts in order to conduct operations in different currencies including TK. The senior management of the Bank sets limits for handling nostro account transactions. All Nostro accounts are reconciled on a monthly basis and outstanding entries beyond 30 days are reviewed by the management for its settlement.

As at 31 December 2018, no debit entry was unreconciled for 3 months or more, therefore no provision is kept in accordance with FPD circular no. 677 (13 September 2005).

#### 52.1.4 Internal control and compliance

Effective internal controls are the foundation of safe and sound banking. A properly designed and consistently enforced system of operational and financial internal control helps a bank's management safeguard the bank's resources, produce reliable financial reports and comply with laws and regulations. Effective internal control also reduces the possibility of significant errors and irregularities and assists in their timely detection when they do occur.

Internal Control and Compliance (ICC) operates independently as a division consisting three units (Audit & Inspection, Monitoring and Compliance) with prime responsibility to determine risks by evaluating overall Business, Operations & Credit Portfolios of the Bank. The key objective of ICC is to assist and guide in all aspects of the bank using adequate resources for identification of weaknesses and taking appropriate measures to overcome the same to be a compliant bank.

ICC has a unique reporting line to the Bank's Board of Directors through the Audit Committee and to the Managing Director & CEO. Thus it acts as a bridge between the board and the Bank's management. An effective organizational structure has been established by exercising durable Internal Control culture within the Bank.

#### 52.1.5 Reputation risk arising from money laundering incidences

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has a designated Chief Compliance Officer at Head Office and Compliance Officers at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been established and Transaction profile has been introduced. Training is continuously given to all the category of Officers and Executives for developing awareness and skill for identifying suspicious activities/transactions.

#### 52.1.6 Information technology

The Bank's IT has gone through a gigantic transformation from where it started. After several years of continuous efforts, standardization of both back-end as well as front-end operations of bank is complete. Now through wide array of customizable products and services, it can bring about equivalent contribution to profits.

Relevant hardware, software and networking equipment is in place to support operations of online branches, internet banking, SMS service, call centre, Tele Banking, POS and ATM network. These devices are providing superior performance resulting in better end-user satisfaction. To ensure uninterrupted and smooth customer service in all branches and SME centres, IT division continuously work on performance tuning for database and application, networking and server hardware on regular basis. Continuous investments are going on to do the necessary upgradation on hardware and software to increase the Bank's centralised online banking and other peripheral service requirements.

#### 52.2 Audit Committee

According to BRPD circular no.12 (23 December 2002), all banks are advised to constitute an audit committee comprising members of the Board. The audit committee will assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board for effective functioning of the bank. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.

The Bank, being a listed entity, have a board of directors from whom to select an audit committee. The Audit Committee of the Board of Directors consist of four members of the Board, which meets on a regular basis with the senior management of the Bank, and with the internal and external auditors to consider and review the nature and scope of the reviews and the effectiveness of the systems of internal control and compliance as well as the financial statements of the Bank. All audit reports issued by internal and external auditors and all inspection/audit reports issued by Bangladesh Bank are sent to the Audit Committee.

#### 52.2.1 Particulars of audit committee

Pursuant to the BRPD Circular no. 12 dated 23 December 2002, the Audit Committee of the Board of Directors as at December 2018 consisted of the following 5 members of the Board:

Name	Status with bank	Status with committee	Educational qualification
Mr. Tanjib-Ul Alam	Independent Director	Convener	LL.B
Mrs. Syeda Shaireen Aziz	Director	Member	BBA
Mr. Rafiqul Islam Khan	Director	Member	HSC
Mrs. Savera H. Mahmood	Director	Member	MSS
Mr. Farooq Sobhan	Independent Director	Member	B.A (Hon') MA

#### 52.2.2 Meetings held by the Audit Committee with senior management to consider and review the Bank's Financial Statements:

During the period under review the Audit Committee held several meetings to oversee/review various functions including reviewing the quarterly financial statements in compliance with the Bangladesh Bank circular.

#### Meetings held by the committee during the year by date:

- 62th Audit Committee Meeting held on 06 February 2018
- 63th Audit Committee Meeting held on 18 April 2018
- 64th Audit Committee Meeting held on 30 April 2018
- 65th Audit Committee Meeting held on 08 May 2018
- 66th Audit Committee Meeting held on 18 July 2018
- 67th Audit Committee Meeting held on 26 July 2018
- 68th Audit Committee Meeting held on 17 October 2018
- 69th Audit Committee Meeting held on 11 December 2018

#### 52.2.3 Steps taken for implementation of an effective internal control procedure of the Bank:

Through circular the Audit Committee placed its report regularly to the Board of Directors of the Bank mentioning its review results and recommendations on internal control system, compliance of rules and regulations and establishment of good governance within stipulated time.

#### 52.3 Interest rate risk

Interest rate risk may arise either from trading portfolio or from non-trading portfolio. The trading portfolio of the Bank consists of Government treasury bills and bonds of different maturities. Interest rate risk arising from mismatches between the future yield of an asset and their funding cost. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis and Treasury Division actively manages the Balance Sheet gap profitably on a regular basis.

#### 52.4 Equity risk

Equity risk arises from movement in market value of equities held. The risks are monitored by Special Banking Wing under a well designed policy framework. The total market value of equities held was higher than the total cost price at the balance sheet date (Annexure-C).

#### 52.5 Operational risk

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Bank. Internal Control and Compliance Division undertakes periodic and special audit of the branches and departments at the Head Office for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.

#### 52.6 Implementation of BASEL-III

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy.

The Committee introduced transitional arrangements to implement the new standards that help to ensure that the banking sector can meet the higher capital standards through reasonable earnings retention and capital raising, while still supporting lending to the economy. In line with the Basel framework, Bangladesh Bank issued transitional arrangements for Basel III implementation in Bangladesh. The phase-in arrangements for Basel III implementation in Bangladesh has been effective from 1 January 2015 in accordance with BRPD Circular no-18 dated 21 December 2014.

#### Internal Capital Adequacy Assessment Process (ICAAP)

Internal Capital Adequacy Assessment Process (ICAAP) represents the Bank's own assessment of its internal capital requirements. The Bank's approach to calculating its own internal capital requirement has been to take the minimum capital required for credit risk, market risk and operational risk under Pillar-I as the starting point, assess whether this is sufficient to cover those risks and then identify other risks (Pillar-II) and assess prudent level of capital to meet them.

The assessment is undertaken using time series of data and Bangladesh Bank's guidelines on Risk Based Capital Adequacy to assess the likelihood of occurrence and potential impact. Purposes of Internal Capital Adequacy Assessment Process are to:

- (i) Inform the Board of Directors about - assessing risks - initiatives to mitigate identified risks - capital requirement to support the operations in light of identified risks
- (ii) Comply with Bangladesh Bank's requirement.

#### 52.7 Exchange rates

The assets and liabilities as at 31 December in foreign currencies have been converted to TK at the following rates:

	2018 Taka	2017 Taka
USD 1 =	83.9000	82.7000
ACU 1 =	83.9000	82.7000
GBP 1 =	106.1964	118.9793
AUD 1 =	59.2250	64.3695
EUR 1 =	95.4992	98.4957
CHF 1 =	84.5383	83.9722
JPY 1 =	0.7562	0.7308
SAR 1 =	22.3593	22.0522
MYR 1 =	20.0886	20.2845
KWD 1 =	275.9668	273.7912
SGD 1 =	61.1093	61.7418
AED 1 =	22.8414	22.5153

#### 52.8 Credit Rating of the Bank

As per the BRPD instruction circular no.6 dated 5 July 2006, the Bank has done its credit rating by Credit Rating Agency of Bangladesh Limited (CRAB) based on the financial statements dated 31 December 2017.

Particulars	Date of Rating	Long term	Short term	Rating Valid
Entity Rating	11-Jun-18	AA2	ST-2	30-Jun-19
		Very strong capacity & very high quality	Strong capacity for timely repayment	

#### 52.9 Fraud and administrative error

In the year 2018, total number & amount of fraud forgeries detected in the Bank were 22 nos. & BDT 6,00,00,000 respectively. All of the 22 incidences were occurred by external fraudsters and the entire fraud amount of BDT 6,00,00,000 has been booked into the loss of the bank and is under process for recovery through appropriate legal actions. To prevent fraud and administrative errors, the bank has taken appropriate corrective measures so that the same incidences can be prevented in future.

#### 52.10 Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of TK 36,00,00,000 p.a. or above were 3,858 at the end of December 2018 as against 3,230 at the end of December 2017.

#### 52.11 Previous year's figures have been rearranged, wherever necessary, to conform with the current year's presentation.

Particulars	Date of Rating	Long term	Short term	Rating Valid
Entity Rating	11-Jun-18	AA2	ST-2	30-Jun-19
		Very strong capacity & very high quality	Strong capacity for timely repayment	

Dhaka, 17 April 2019

### Annexure-A

#### Consolidated Liquidity Statement (Analysis of maturity of assets and liabilities) as at 31 December 2018

Particulars	Up to 1 month						1-3 months						3-12 months						1-5 years						More than 5 years						Total
	Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka						
<b>Assets</b>																															
Cash in hand	8,197,268,733																								11,243,154,950		19,440,423,683				
Balance with other banks and financial institutions	8,201,383,666		15,878,104,885		4,418,896,391																						28,498,384,942				
Money at call and short notice																											89,379,167				
Investments	3,546,400		6,858,259,828		499,820,190		4,136,539,052		21,990,054,767		33,488,220,237																3,989,868,437				
Loans and advances/investments	26,774,935,964		40,097,502,272		69,628,612,328		24,127,977,738		231,874,954,522		3,989,868,437																8,525,596,505				
Fixed assets including premises, furniture and fixtures																											1,033,701,289				
Other assets	1,237,065,547		1,924,596,739		3,172,178,048		2,110,159,249		81,506,923		8,525,596,505																				
Non banking assets																															
<b>Total assets (A)</b>	<b>44,414,200,510</b>		<b>64,758,463,725</b>		<b>77,776,056,644</b>		<b>78,559,155,681</b>		<b>61,432,562,814</b>		<b>326,940,438,782</b>																				
<b>Liabilities</b>																															
Tier-II subordinated bond																															
Borrowings from other banks, financial institutions and agents	18,819,263,229		5,767,098,924		28,977,957,522		7,170,849,921		514,566,699		61,249,736,296																				
Deposits	29,659,820,532		37,826,505,085		60,145,377,042		65,954,019,825		4,431,175,566		198,016,898,500																				
Other accounts	1,642,455,472		3,284,910,944		1,916,198,050						6,843,564,466																				
Provision and other liabilities	581,681,941		2,579,267,290		2,963,998,966		19,158,128,542		12,829,878,322		27,112,956,042																				
<b>Total liabilities (B)</b>	<b>50,703,221,175</b>		<b>49,457,782,244</b>		<b>94,003,531,581</b>		<b>95,282,998,287</b>		<b>12,575,620,587</b>		<b>302,023,153,874</b>																				
<b>Net liquidity gap (A - B)</b>	<b>(6,289,020,665)</b>		<b>15,300,681,481</b>		<b>(16,227,474,937)</b>		<b>(16,723,842,999)</b>		<b>48,856,942,228</b>		<b>24,917,284,908</b>																				

#### As at 31 December 2017

Particulars	Up to 1 month						1-3 months						3-12 months						1-5 years						More than 5 years						Total
	Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka		Taka				
<b>Assets</b>																															
Cash in hand	11,812,262,325																										11,974,841,584		23,787,103,908		
Balance with other banks and financial institutions	2,461,607,266		9,980,999,431		1,251,038,853																								13,693,645,550		
Money at call and short notice																													89,379,167		
Investments	3,048,500		14,595,695,275		1,017,734,439		7,177,188,167		9,137,887,992		31,931,554,373																		3,931,554,373		
Loans and advances/investments	15,454,739,218		57,732,928,227		46,371,847,621		55,047,527,528		22,465,790,992		197,072,832,915																		3,642,729,555		
Fixed assets including premises, furniture and fixtures																													1,033,701,289		
Other assets	929,867,876		1,012,712,268		3,110,123,185		1,860,8																								



Sl. no.	Name	Designation	Company Name	Shareholding (%)
9	Mrs. Syeda Shaireen Aziz	Director	Director, Partex Corporate Limited, Sartar Glass Factory Limited, Sakhi Fisheries Limited	20.00%, 20.00%, 10.00%
10	Mr. Md. Rafiqul Islam Khan	Director	Managing Director, Pakiza Dyeing & Printing Industries (Pvt.) Ltd., Gaiden Textile Mills (Pvt.) Limited, Pakiza Textiles Limited, Pakiza Spinning Mills Limited, Pakiza Cotton Spinning Mills (Pvt.) Limited	85.00%, 75.00%, 50.00%, 60.00%, 55.00%
11	Mrs. Savera H. Mahmood (Representative of Partex Corporate Limited)	Nominated Director	Chairman, Pakiza Knit Composite Limited, Pakiza Apparel Limited, Pakiza Woven Fashion Limited, Pakiza Garments Limited, Pakiza Techno Vation Limited	25.00%, 20.00%, 20.00%, 20.00%, 20.00%
12	Mr. K.M. Tanjib-Ul Alam	Independent Director	Proprietor, Pakiza Fabrics	8.00%, 100.00%
13	Mr. Farooq Sobhan	Independent Director	Partner, Pakiza Textile	50.00%

Annexure-G

**A. Disclosure regarding outstanding REPO as at 31 December 2018**

Sl. no.	Counterparty name	Agreement date	Reversal date	Amount (1st leg cash consideration)
	Nil	Nil	Nil	Nil

**B. Disclosure regarding outstanding Reverse REPO as at 31 December 2018**

Sl. no.	Counterparty name	Agreement date	Reversal date	Amount (1st leg cash consideration)
1	AB Bank Ltd	27 December 2018	03 January 2019	2,725,532,575.00
2	National Bank Ltd	27 December 2018	03 January 2019	308,346,600.00
3	Jamuna Bank Ltd	27 December 2018	01 January 2019	308,874,020.00

**C. Disclosure regarding overall transactions of REPO and Reverse REPO as at 31 December 2018**

Sl. no.	Securities sold under REPO	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
1	with Bangladesh Bank	1,000,000,000.00	2,991,216,000.00	71,016,334.25
2	with other Banks & Financial Institutions	288,864,324.92	2,720,075,106.72	128,884,094.24

Sl. no.	Securities purchased under Reverse REPO	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
1	with Bangladesh Bank	Nil	Nil	Nil
2	with other Banks & Financial Institutions	186,976,740.96	8,372,621,002.82	1,959,668,932.89

Annexure-H

Amount in Taka

**Geographical Segment Reporting as at 31 December 2018**

Division	Dhaka Division	Chattogram Division	Rajshahi Division	Khulna Division	Sylhet Division	Rangpur Division	Barisal Division	Mymensingh Division	Total
Interest Income	18,784,213.85	2,937,356.157	587,250,417	258,560,244	112,048,539	174,223,677	33,324,500	29,917,347	22,916,894,717
Interest Expenses	(9,574,587,488)	(2,458,859,955)	(241,274,739)	(172,333,856)	(680,093,387)	(109,656,621)	(35,866,449)	(63,733,407)	(13,716,335,902)
Nil	8,809,626,349	498,540,202	345,975,678	86,226,389	(568,044,849)	(4,567,054)	(2,541,949)	(33,816,060)	9,200,558,815
Pool Income	20,280,620,811	2,673,017,960	124,423,364	192,280,745	835,390,923	128,133,533	32,709,737	69,875,910	24,456,453,004
Pool Expenses	(21,856,147,386)	(1,525,856,715)	(845,118,086)	(141,641,904)	(11,196,350)	(141,655,743)	(10,703,984)	(4,132,835)	(24,436,653,004)
NPI	(1,575,526,574)	747,161,245	(120,694,723)	50,638,841	824,194,573	(13,521,190)	22,085,753	65,745,075	-
Interest Income on Investments	1,842,359,857	-	-	-	-	-	-	-	1,842,359,857
Commission Income	1,960,736,670	107,859,431	7,839,849	20,127,110	597,473	124,486	663,431	289,441	2,088,207,890
Exchange Gain / Loss	1,152,065,641	2,605,927	446,175	302,487	253,313	129,853	4,210	12,715	1,155,820,331
Fees and other income	1,392,837,231	136,021,551	24,879,412	14,662,810	20,393,896	8,848,157	3,421,381	4,046,154	1,605,110,593
Total other income	6,347,969,399	246,486,909	33,165,436	35,092,406	21,244,681	9,102,506	4,089,022	4,348,310	6,701,498,670
Operating Income	13,582,049,172	1,492,194,356	258,446,391	171,967,637	277,394,405	60,147,372	23,552,827	36,275,324	15,902,037,484
Staff Cost	3,997,635,038	439,933,234	125,998,138	84,092,767	114,428,730	55,749,643	18,004,008	18,431,293	4,854,272,852
Other Cost	3,988,962,569	223,461,050	42,332,250	29,153,248	49,865,470	18,298,573	8,194,763	8,321,787	4,368,571,711
Total Operating Expenses	7,986,597,608	663,394,284	168,330,388	113,228,016	164,294,200	74,048,216	26,198,771	26,753,000	9,222,844,563
Operating Profit	5,595,471,565	828,800,071	90,116,003	58,739,621	113,100,205	(13,900,844)	(2,645,944)	9,522,244	6,679,192,921
Provision for loans & others	(1,437,307,650)	(494,765,578)	(79,388,605)	(60,407,475)	(17,568,069)	(28,276,402)	(2,351,697)	(4,209,036)	(2,324,269,510)
PBT	4,158,163,914	334,034,494	10,727,398	(1,677,854)	95,532,139	(242,177,246)	(4,997,641)	5,313,208	4,354,923,411
Provision for taxation	-	-	-	-	-	-	-	-	(2,336,992,791)
PAT	-	-	-	-	-	-	-	-	2,017,930,620
Segment wise Advances	188,754,077,762	29,981,366,457	5,819,520,488	2,750,999,441	1,063,965,611	2,165,158,734	343,252,006	573,188,952	231,391,469,451
Segment wise Deposits	149,128,675,616	36,339,216,942	4,091,841,597	3,164,946,849	6,781,929,072	1,974,549,790	604,233,283	3,084,806,413	205,170,199,563

Annexure-I(1)

**Balance Sheet of Islamic Banking Branch as at 31 December 2018**

PROPERTY AND ASSETS	Note	2018 Taka	2017 Taka
<b>Cash</b>			
Cash in hand (including foreign currencies)	1	6,331,393	7,060,135
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		1,240,843,193	1,747,812,509
<b>Balance with other banks and financial institutions</b>			
In Bangladesh	2	2,572,196,064	22,888,752
Outside Bangladesh		-	-
<b>Placement with banks &amp; other financial institutions</b>			
<b>Investments in shares &amp; securities</b>			
Government	3	-	150,000,000
Others		-	-
<b>Investments</b>			
General investments etc.	4	1,569,727,069	2,361,243,643
Bills purchased and discounted		2,781,300	4,308,700
<b>Fixed assets including premises, furniture and fixtures</b>			
Other assets	5	5,191,794	6,633,104
Non-banking assets	6	27,243,133	23,083,759
<b>Total assets</b>		<b>5,424,313,946</b>	<b>4,323,030,603</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities:</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	7	-	-
<b>Deposits and other Accounts</b>			
Mudaraba and Manarah savings deposits		754,549,776	700,586,193
Mudaraba term deposits		3,923,293,824	2,716,499,570
Al-wahida and Manarah current deposits and other accounts		376,637,745	105,018,534
Bills payable		16,801,084	9,723,790
<b>Other liabilities</b>	8	5,071,282,429	3,531,828,086
<b>Total liabilities</b>		<b>5,424,313,946</b>	<b>4,323,030,603</b>
<b>Capital/shareholders' equity</b>			
Paid up capital		-	-
Statutory reserve		-	-
Share premium		-	-
Other reserve		-	-
Surplus in profit and loss account/Retained earnings		-	-
<b>Total shareholders' equity</b>		<b>5,424,313,946</b>	<b>4,323,030,603</b>
<b>Total liabilities and shareholders' equity</b>		<b>5,424,313,946</b>	<b>4,323,030,603</b>

**OFF-BALANCE SHEET ITEMS**

Contingent liabilities	2018 Taka	2017 Taka
Acceptances and endorsements	1,027,752,833	444,388,033
Letters of guarantee	85,938,388	34,938,388
Irrevocable letters of credit	317,847,943	313,764,601
Bills for collection	3,190,132	582,882,267
Other contingent liabilities	-	-
<b>Other commitments</b>	1,434,729,295	1,375,973,289
<b>Total Off-Balance Sheet items including contingent liabilities</b>	<b>1,434,729,295</b>	<b>1,375,973,289</b>

Annexure-I(2)

**Profit and Loss Account of Islamic Banking Branch for the year ended 31 December 2018**

	Note	2018 Taka	2017 Taka
Profit and investment income		230,048,441	363,558,613
Profit paid on deposits and borrowings etc.		(144,274,862)	(201,712,464)
<b>Net investment income</b>		<b>85,773,579</b>	<b>161,846,149</b>
Investment income		2,179,572	4,680,888
Commission, exchange and brokerage	9	21,361,270	13,599,192
Other operating income	10	1,573,066	1,505,562
<b>Total operating income</b>		<b>110,887,487</b>	<b>181,631,791</b>
Salaries and allowances		30,229,916	26,605,310
Rent, taxes, insurance, electricity etc.		16,743,344	22,085,890
Legal expenses		84,775	212,900
Postage, stamp, telecommunication etc.		117,573	98,423
Stationery, printing, advertisement etc.		423,541	455,890
Depreciation and repair of Bank's assets		4,172,838	4,088,373
Other expenses	11	2,939,486	3,789,405
<b>Total operating expenses</b>		<b>54,711,473</b>	<b>57,336,190</b>
<b>Net operating profit</b>		<b>56,176,014</b>	<b>124,295,601</b>
Provision for loans and advances/investments		(1,689,223)	(71,207,777)
Provision for Off-Balance Sheet exposures		(614,168)	(3,123,549)
<b>Total provision</b>		<b>(2,303,391)</b>	<b>(74,331,326)</b>
<b>Total profit before taxes</b>		<b>57,251,069</b>	<b>198,626,927</b>

**Notes to the Balance Sheet and Profit and Loss Account of Islamic Banking Branch as at and for the year ended 31 December 2018**

<b>1. Cash</b>			
<b>1.1 Cash in hand</b>			
In local currency	6,331,393	7,060,135	
In foreign currency	-	-	
	<b>6,331,393</b>	<b>7,060,135</b>	
<b>1.2 Balance with Bangladesh Bank and its agent banks (s)</b>			
In local currency	1,240,843,193	1,747,812,509	
In foreign currency	-	-	
	<b>1,240,843,193</b>	<b>1,747,812,509</b>	
<b>2. Balance with other banks and financial institutions</b>			
In Bangladesh (Note - 2.1)	2,572,196,064	22,888,752	
Outside Bangladesh	-	-	
	<b>2,572,196,064</b>	<b>22,888,752</b>	
<b>2.1 In Bangladesh</b>			
<b>Mudaraba savings deposit accounts</b>			
Social Islami Bank Ltd.	-	1,508,373	
	-	<b>1,508,373</b>	
<b>Mudaraba Short Notice Deposits</b>			
AB Bank Ltd. IBB	14,937,378	8,644,172	
Bank Alfalah Ltd.	2,078,746	2,096,175	
South East Bank Ltd. IBB	10,135,610	9,921,282	
Social Islami Bank Ltd.	1,545,849	-	
Export Import Bank of Bangladesh Ltd.	342,671,830	-	
Prime Bank Ltd.	826,650	718,750	
	<b>372,196,064</b>	<b>21,380,379</b>	
<b>Mudaraba term deposit accounts</b>			
Export Import Bank of Bangladesh Ltd.	1,000,000,000	-	
Prime Bank Ltd.	1,000,000,000	-	
Jamuna Bank Ltd.	200,000,000	-	
	<b>2,200,000,000</b>	<b>-</b>	
	<b>2,572,196,064</b>	<b>22,888,752</b>	
<b>3. Investments in shares &amp; securities</b>			
<b>i) Investment classified as per Bangladesh Bank Circular</b>			
Held to Maturity (HTM)	-	150,000,000	
	-	<b>150,000,000</b>	
<b>ii) Investment securities are classified as follows</b>			
<b>a) Government bond</b>			
6 months Islamic bonds	-	150,000,000	
2 years Islamic bond	-	-	
<b>b) Other investments</b>			
	-	-	
	-	<b>150,000,000</b>	
<b>4. Investments</b>			
<b>i) Investments</b>			
<b>Inside Bangladesh</b>			
Bai-muazzal	-	2,202,437	2,728,400
Murabaha	797,330,122	1,766,162,384	
Hire purchase shirkat melk (HPSM)	770,194,510	592,352,858	
	<b>1,569,727,069</b>	<b>2,361,243,643</b>	
<b>Outside Bangladesh</b>			
<b>ii) Bills purchased and discounted</b>			
<b>Payable Inside Bangladesh</b>			
Inland bills purchased	2,781,300	4,308,700	
<b>Payable Outside Bangladesh</b>			
Foreign bills purchased and discounted	-	-	
	<b>2,781,300</b>	<b>4,308,700</b>	
	<b>1,572,508,369</b>	<b>2,365,552,343</b>	
<b>5. Fixed assets including premises, furniture and fixtures</b>			
<b>Cost</b>			
Furniture and fixtures	14,769,649	14,763,649	
Office equipment and machinery	17,441,376	17,198,126	
	<b>32,211,024</b>	<b>31,961,774</b>	