



The City Bank Limited

Financial Statements as at and for the year ended 31 December 2019

Independent Auditor's Report and Consolidated & Separate Financial Statements as at and for the year ended 31 December 2019

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 2019 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.

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 balance sheet of the Group and the separate balance sheet of the Bank as at 31 December 2019, and of its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.1.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional 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.

1. Measurement of provision for loans and advances

See notes no. 3.3.3, 8.a.16, 8.a.17, 16.a.1 and 16.b to the financial statements.

The key audit matter The process of estimating provision for loans and advances associated with credit risk is judgmental and complex. While estimating such provision certain judgmental factors need to be considered including:

- Future business performance of the borrower;
- Key assumptions relating to further business performance of the borrower;
- Market value of the collateral; and
- Ability to repossess collateral; and
- Recovery rates.

Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:

- Reviewed the adequacy of the Bank's general and specific provisions;
- Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and
- Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

At year end the Group and Bank reported total gross loans and advances of BDT 247,778 million (2018: BDT 231,875 million) and BDT 246,944 million (2018: BDT 231,391 million) respectively and provision for loans and advances of BDT 10,117 million (2018: BDT 8,205 million) and BDT 10,069 million (2018: BDT 7,974 million) respectively.

2. Loans and advances See note no. 2.1 and 8 to the financial statements.
The key audit matter The Group and Bank have recognised deferred tax assets for deductible temporary differences that they believe are recoverable.
The recoverability of recognised deferred tax assets is in part dependent on the Bank's ability to generate future taxable profits sufficient to utilise deductible temporary differences.
We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences where significant judgement is involved.

Our audit procedures in this area included, among others:

- using our own tax specialists to evaluate the tax strategies that the Bank expects successful recovery of the recognised deferred tax assets;
- assessing the accuracy of forecast future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit; and
- evaluating the adequacy of the financial statement disclosures as per IAS 12 Income Tax and Bangladesh Bank guideline.

3. Recognition of deferred tax assets ("DTA") See note no. 3.12.2, 11.a.5, 11.c and 16.e to the financial statements.
The key audit matter The Group and Bank have recognised deferred tax assets for deductible temporary differences that they believe are recoverable.
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- using our own tax specialists to evaluate the tax strategies that the Bank expects successful recovery of the recognised deferred tax assets;
- assessing the accuracy of forecast future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit; and
- evaluating the adequacy of the financial statement disclosures as per IAS 12 Income Tax and Bangladesh Bank guideline.

4. Legal and regulatory matters See note no. 3.3.2 and 11.a.5, 11.c and 16.e to the financial statements.
The key audit matter We focused on legal and regulatory matters because the Group and the Bank operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.
These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions and other contingent liabilities.
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 Group and the Bank's provisions and contingent liabilities disclosure.

5. IT systems and controls See note no. 3.3.2 and 11.a.1 to the financial statements.
The key audit matter 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 manual with automated (IT dependent) controls.
We have focused on user access management, developer access to the production environment and changes to the IT environment. These are key to ensure that manual with automated control and automated controls are operating effectively.

6. Recoverability of investments in subsidiaries by the Bank See note no. 3.3.2 and 11.a.1 to the financial statements.
The key audit matter The Bank has invested in equity shares of its subsidiaries namely City Brokerage Limited, City Bank Capital Resources Limited, CBL Money Transfer Sdn. Bhd. and City Hong Kong Limited, as at 31 December 2019 the carrying value of these investment is BDT 6,086 million.
The Bank is required to perform impairment test of investment in subsidiary when impairment indication exists. The impairment testing is considered to be a key audit matter due to the complexity and judgements required in determining the assumptions to be used to estimate the recoverable amount which is higher of fair value less costs to sell and value in use.
Management has conducted impairment assessment and calculated recoverable value of all its subsidiaries in accordance with IAS 36.

7. Recognition of interest income from loans and advances See note no. 20 to the financial statements.
The key audit matter Recognition of interest income has significant and wide influence on financial statements.
Recognition and measurement of interest income has involvement of complex IT environment.
We identify recognition of interest income from loans and advances as a key audit matter because this is one of the key performance indicators of the Bank and therefore there is an inherent risk of fraud and error in recognition of interest by management to meet specific targets or expectations.

8. Cash in hand See note no. 4.a.1 to the financial statements.
The key audit matter Cash in hand is preserved at different branch of The City Bank Limited. Custodians of vault are responsible for security and reconciliation of cash movement at branches and Alternative Distribution Channel.
We have identified cash in hand as key audit matters due to its decentralised control which increase the likelihood of misappropriations of cash in hand.

Other Matter The consolidated financial statements of the Group and also separate financial statements of the Bank as at and for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 17 April 2019.

Other Information Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated and separate financial statements and our auditor's report thereon. The Annual Report is expected to be 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 consolidated and separate 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 of the consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with IFRSs as explained in note 2.1, 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 Group and the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank 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 Responsibilities for the Audit of the Consolidated and Separate Financial Statements section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls for the financial statements and internal control:
 - Internal audit, internal control and risk management arrangements of the Group and the Bank 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 anything detrimental committed by employees of the Bank and its related entities;
- financial statements for the period ended 31 December 2019 of two subsidiaries namely City Brokerage Limited and City Bank Capital Resources Limited have been audited by S.F. Ahmed & Co, Chartered Accountants and other two subsidiaries namely CBL Money Transfer Sdn. Bhd. and City Hong Kong Limited have been audited by Nasheduddin Wong & Co, Chartered Accountants and Akin CPA Limited, Certified Public Accountants respectively and have been properly reflected in the consolidated financial statements;
- in our opinion, proper books of accounts 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 by the bank were for the purpose of the Bank's business for the year;
- the consolidated financial statements of the Group and the separate financial statements of the Bank 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 4,831 person hours; and
- Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

The engagement partner on the audit resulting in this independent auditor's report is Ali Ashfaq.

Rahman Rahman Huq
Rahman Rahman Huq
Chartered Accountants

Consolidated Balance Sheet as at 31 December 2019

	Note	2019 Taka	2018 Taka
PROPERTY AND ASSETS			
Cash	4	6,136,396,417	5,423,445,923
In hand (including foreign currencies)			
Balance with Bangladesh Bank and its agent bank(s)		19,776,258,104	14,016,977,760
(including foreign currencies)	4.a.2	25,912,654,521	19,440,423,683
Balance with other banks and financial institutions	5	19,084,846,966	27,799,009,404
In Bangladesh		4,360,632,299	700,375,538
Outside Bangladesh		23,445,479,265	28,498,384,942
Money at call and short notice	6	89,379,167	89,379,167
Investments	7	36,085,210,195	23,636,105,055
Government		7,563,438,277	9,852,115,182
Others		43,648,648,472	33,488,220,237
Loans and advances/investments	8	245,024,807,640	228,564,323,030
Loans, cash credits, overdrafts, etc./investments		2,752,926,612	3,310,631,492
Bills purchased and discounted		247,777,734,252	231,874,954,522
Fixed assets including premises, furniture and fixtures	10	6,299,251,369	3,899,868,437
Other assets	11	8,627,907,980	8,525,506,505
Non-banking assets	12	1,152,338,991	1,033,701,289
Total assets		356,953,394,037	326,940,438,782
LIABILITIES AND CAPITAL			
Liabilities			
Tier-II subordinated bond	13	9,200,000,000	8,800,000,000
Borrowings from other banks, financial institutions and agents	14	45,147,496,824	61,249,736,296
Deposits and other accounts	15	40,869,697,059	27,381,535,632
Current deposits and other accounts		1,884,096,479	1,521,442,000
Bills payable		46,367,253,617	44,278,439,530
Savings bank deposits		157,319,657,916	131,679,045,353
Fixed deposits		-	-
Bearer certificate of deposit		-	-
Other liabilities	16	332,414,053,964	302,023,153,874
Total liabilities		332,414,053,964	302,023,153,874
Capital/shareholders' equity			
Paid up capital	17.2	10,163,866,610	9,679,872,970
Statutory reserve	18	8,653,477,813	8,001,559,112
Share premium	19	1,504,388,797	1,504,388,797
Dividend equalisation reserve	20	530,786,631	530,786,631
Other reserve	21	701,793,785	3,131,663,748
Surplus in profit and loss account	22	2,978,918,631	2,069,909,234
Total shareholders' equity		24,539,232,267	24,917,180,492
Non-controlling interest	23	107,806	104,416
Total equity		24,539,340,073	24,917,284,908
Total liabilities and shareholders' equity		356,953,394,037	326,940,438,782
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements	24.1	51,796,238,358	75,254,746,099
Letters of guarantee		11,763,748,842	12,725,190,853
Irrevocable letters of credit	24.2	29,545,447,726	23,273,124,173
Bills for collection	24.3	7,915,163,524	7,575,806,178
Other contingent liabilities for ECA financing		12,152,921,351	3,090,178,860
Total		113,173,519,801	121,919,046,163
Other commitments	24.4	5,224,685,808	13,829,048,186
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Other commitments		-	-
Total		5,224,685,808	13,829,048,186
Total Off-Balance Sheet items including contingent liabilities		118,398,205,609	135,748,094,349

The annexed notes 1 to 53 form an integral part of these financial statements.

M. Afzal Managing Director & CEO
Ali Ashfaq Director
Som Director
Rahman Rahman Huq Chairman

As per our report of same date.
Rahman Rahman Huq
Rahman Rahman Huq
Chartered Accountants

Dhaka, 22 June 2020

Consolidated Profit and Loss Account for the year ended 31 December 2019

Note	2019 Taka	2018 Taka	
Interest income/profit on investments	26	26,924,949,586	22,970,784,588
Interest paid/profit earned on deposits and borrowings etc.	27	(16,013,724,643)	(13,740,629,139)
Net interest income/profit on investments		10,911,224,943	9,230,164,390
Investment income	28	2,361,557,548	2,151,408,490
Commission, exchange and brokerage	29	3,722,530,724	3,614,286,792
Other operating income	30	1,987,642,988	1,660,872,312
8,071,371,260		7,426,209,594	
Total operating expenses (A)		18,982,956,203	16,656,373,985
Operating expenses			
Salaries and allowances	31	5,447,575,825	5,011,270,082
Rent, taxes, insurance, electricity, etc.	32	569,270,621	1,111,172,672
Legal expenses	33	48,751,265	61,259,435
Postage, stamp, telecommunication, etc.	34	91,976,013	109,851,388
Stationery, printing, advertisements, etc.	35	258,473,602	270,781,634
Chief executive's salary and fees	36	18,960,006	18,624,195
Directors' fees	37	4,833,773	4,129,637
Auditors' fees		2,581,060	2,232,102
Depreciation and repair	38	1,671,060,493	1,444,618,525
Other expenses	39	2,261,306,283	1,927,978,058
Total operating expenses (B)		10,374,788,961	9,661,917,737
Profit before provision (C = A-B)		8,696,167,242	6,994,456,242
Provision for loans and advances/investments	40	(2,599,940,627)	(1,814,848,869)
Provision for off-balance sheet exposures		(41,344,313)	(165,977,525)
Provision for diminution in value of investments		(31,120,749)	(16,408,237)
Other provision		70,632,689	(13,866,159)
Total provision (D)		(2,601,773,100)	(2,011,281,817)
Total profit before tax (E = C+D)		6,094,394,142	4,983,174,430
Provision for taxation (F)	41	(3,161,628,378)	(2,392,975,570)
Current tax expense		(209,603,620)	(65,472,044)
Deferred tax income/(expense)		(3,371,231,998)	(2,458,447,614)
Total provision for tax (G = E+F)		2,635,162,139	2,724,726,816
Net profit after tax attributable to:			
Equity holders of the bank		2,635,158,749	2,224,721,063
Non-controlling interest		2,635,158,749	2,224,721,063
Appropriations			
Statutory reserve		657,918,701	870,984,682
General reserve		-	-
Retained surplus for the year	46	1,977,240,048	1,353,736,381
Earnings per share (EPS)		2.59	2.19

The annexed notes 1 to 53 form an integral part of these financial statements.

M. Afzal Managing Director & CEO
Ali Ashfaq Director
Som Director
Rahman Rahman Huq Chairman

As per our report of same date.
Rahman Rahman Huq
Rahman Rahman Huq
Chartered Accountants

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The City Bank Limited

Financial Statements as at and for the year ended 31 December 2019

Note	2019 Taka	2018 Taka
OFF-BALANCE SHEET ITEMS		
Contingent liabilities		
Acceptances and endorsements	51,796,238,358	75,254,746,099
Letters of guarantee	11,763,748,842	12,725,190,853
Irrevocable letters of credit	29,545,447,726	23,273,124,173
Bills for collection	7,846,319,339	5,775,806,178
Other contingent liabilities for ECA Financing	12,152,921,351	3,090,178,860
Total	113,104,675,616	121,919,046,163
Other commitments		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	5,224,685,808	13,829,048,186
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Other commitments	-	-
Total	5,224,685,808	13,829,048,186
Total Off-Balance Sheet Items including contingent liabilities	118,329,361,424	135,748,094,349

The annexed notes 1 to 53 form an integral part of these financial statements.

M. Afzal Managing Director & CEO
S. Ahmed Director
P. M. M. M. Director
A. H. H. Chairman

As per our report of same date.

Rahman Rahman Huq
 Rahman Rahman Huq
 Chartered Accountants

Dhaka, 22 June 2020

Note	2019 Taka	2018 Taka
Profit and Loss Account for the year ended 31 December 2019		
Interest income/profit on investments	26,819,239,518	22,916,894,717
Interest paid/profit shared on deposits and borrowings etc.	(15,987,236,351)	(13,716,355,902)
Net interest income/profit on investments	10,832,003,167	9,200,538,815
Investment income	2,066,159,974	1,842,359,857
Commission, exchange and brokerage	3,380,963,967	3,254,028,220
Other operating income	1,985,585,042	1,656,683,530
Total operating income (A)	7,452,708,983	6,753,071,807
	18,284,712,150	15,953,610,422
Salaries and allowances	5,247,455,559	4,835,648,558
Rent, taxes, insurance, electricity, etc.	517,834,384	995,738,472
Legal expenses	46,008,032	50,373,011
Postage, stamp, telecommunication, etc.	85,291,432	103,412,042
Stationery, printing, advertisements, etc.	235,989,626	244,899,590
Chief executive's salary and fees	18,960,006	18,624,195
Directors' fees	1,640,000	1,746,000
Auditors' fees	1,770,000	1,770,000
Depreciation and repair of Bank's assets	1,599,749,332	1,112,883,922
Other expenses	2,242,861,796	1,900,121,612
Total operating expenses (B)	9,997,560,162	9,274,417,501
Profit before provision (C = A - B)	8,287,151,988	6,679,192,921
Provision for loans and advances/investments	(2,585,079,302)	(1,841,325,799)
Provision for off-balance sheet exposures	(41,344,313)	(165,977,525)
Provision for diminution in value of investments	-	(3,000,000)
Other provision	70,632,584	(313,966,186)
Total provision (D)	(2,555,791,031)	(2,324,268,510)
Total profit before taxes (E = C + D)	5,731,360,957	4,354,923,411
Provision for taxation (F)	(1,813,721,257)	(1,146,944,682)
Current tax expense	(3,045,860,580)	(2,271,498,375)
Deferred tax income/(expense)	(213,860,419)	(65,494,416)
Total provision for tax (G)	(3,259,720,999)	(2,336,992,791)
Net profit after tax (H = E + F - G)	2,471,639,958	2,017,930,620
Appropriations		
Statutory reserve	657,918,701	870,984,682
General reserve	657,918,701	870,984,682
Retained surplus for the year	1,813,721,257	1,146,944,682
Earnings per share (EPS)	2.43	1.99

The annexed notes 1 to 53 form an integral part of these financial statements.

M. Afzal Managing Director & CEO
S. Ahmed Director
P. M. M. M. Director
A. H. H. Chairman

As per our report of same date.

Rahman Rahman Huq
 Rahman Rahman Huq
 Chartered Accountants

Dhaka, 22 June 2020

Particulars	Paid-up capital	Statutory reserve	Share premium	General reserve	Revaluation gain/(loss) on investment	Dividend Equalisation Reserve	Surplus in profit and loss account	Total equity
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2019	9,679,872,970	8,001,559,112	1,504,388,797	11,394,923	1,819,067,640	530,786,631	2,882,856,744	24,429,928,829
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	(899,594,832)	-	-	(899,594,832)
Net profit for the year	-	-	-	-	-	2,471,639,958	2,471,639,958	2,471,639,958
Dividend (Cash)	-	-	-	-	-	(586,365,580)	(586,365,580)	(586,365,580)
Dividend (Bonus Share)	483,993,640	-	-	-	-	(483,993,640)	-	-
Appropriation made during year	-	657,918,701	-	-	-	(657,918,701)	-	-
Balance as at 31 December 2019	10,163,866,610	8,659,477,813	1,504,388,797	11,394,923	919,502,816	530,786,631	3,262,218,771	25,415,636,375

Particulars	Paid-up capital	Statutory reserve	Share premium	General reserve	Revaluation gain/(loss) on investment	Dividend Equalisation 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	11,394,923	2,500,009,452	530,786,631	3,985,261,289	24,869,342,148
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	(688,941,804)	-	-	(688,941,804)
Adjustment for sale of revalued assets	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	2,017,930,620	2,017,930,620	2,017,930,620
Dividend (Cash)	-	-	-	-	-	(1,768,404,133)	(1,768,404,133)	(1,768,404,133)
Dividend (Bonus Share)	480,946,330	-	-	-	-	(480,946,330)	-	-
Appropriation made during year	-	670,984,682	-	-	-	(670,984,682)	-	-
Balance as at 31 December 2018	9,679,872,970	8,001,559,112	1,504,388,797	11,394,923	1,819,067,640	530,786,631	2,882,856,744	24,429,928,829

The annexed notes 1 to 53 form an integral part of these financial statements.

Note	2019 Taka	2018 Taka
Cash Flow Statement for the year ended 31 December 2019		
A) Cash flows from operating activities		
Interest receipts/investment income receipts in cash	26,966,625,873	22,071,761,832
Interest payments/profit paid on deposits	(16,899,589,867)	(13,565,766,029)
Dividend receipts	158,414,665	303,276,198
Fees and commission receipts in cash	2,109,789,225	2,098,207,890
Recoveries of loans previously written off	228,668,430	325,045,335
Cash payments to employees	(5,180,893,353)	(4,519,813,770)
Cash payments to suppliers	(148,661,781)	(149,532,768)
Income taxes paid	(2,084,010,570)	(1,847,901,827)
Receipts from other operating activities	3,925,581,963	3,179,809,830
Payments from other operating activities	(3,897,769,299)	(3,471,855,900)
Cash generated from operating activities before changes in operating assets and liabilities (i)	4,579,155,286	4,427,230,790
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(15,552,181,272)	(34,795,609,666)
Other assets	(417,401,938)	(388,664,446)
Deposits from other banks/borrowings	(21,317,136,660)	29,460,059,773
Deposits from customers	46,565,840,903	14,764,130,151
Other liabilities	541,781,906	(196,569,031)
Cash generated from operating assets and liabilities (ii)	9,820,802,984	8,243,346,781
Net cash from operating activities (i+ii)	14,400,058,280	13,270,577,571
B) Cash flows from investing activities		
Proceeds from sale of securities	(6,546,602)	5,391,085,739
Payment for purchase of securities	(5,457,509,960)	(1,446,144,187)
Purchase/sale of property, plant and equipment	(724,216,352)	(1,004,571,111)
Investment in subsidiaries	(5,879,702)	(1,065,111)
Net cash (used in)/generated from investing activities	(6,224,152,622)	2,929,718,828
C) Cash flows from financing activities		
Issuance of 3rd tier-II subordinated bond	400,000,000	3,800,000,000
Redemption of 1st tier-II subordinated bond	(586,365,580)	(1,768,404,133)
Dividend paid	(186,365,580)	(1,768,404,133)
Net cash used in financing activities	(372,731,160)	(1,736,808,266)
D) Net increase in cash and cash equivalents (A+B+C)	7,989,540,078	15,981,892,266
E) Effects of exchange rate changes on cash and cash equivalents	1,271,174,742	1,155,820,331
F) Cash and cash equivalents at beginning of the year	56,109,163,643	38,971,451,047
G) Cash and cash equivalents at end of the year (D+E+F)	65,369,878,463	56,109,163,643
Cash and cash equivalents at end of the year consists of:		
Cash in hand (including foreign currencies)	6,130,572,909	5,418,430,686
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	19,776,258,104	14,016,977,760
Balance with other banks and financial institutions	23,036,295,521	27,252,586,866
Money at call and short notice	89,379,167	89,379,167
Government securities	16,337,979,762	9,331,789,165
Total	65,369,878,463	56,109,163,643

Notes to the Financial Statements as at and for the year ended 31 December 2019

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 121 (2018:120) branches and 11 (2018: 11) SME/Agri branches in Bangladesh as at 31 December 2019. The Bank had no overseas branches as at 31 December 2019. Out of the above 132 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 343 (2018: 338) ATMs as at 31 December 2019. 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 four subsidiaries.

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

The consolidated financial statements of the Bank as at and for the year ended 31 December 2019 comprise the Bank and its subsidiaries (collectively the 'Group' and individually 'Group entities').

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/Agri branches, 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 iKash 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 charter as governed under the rules and guidelines vide Bangladesh Bank's letter reference no. BRPD/P-37444(101)2010-4129 dated 10 November 2009 and a Policy for Offshore Banking Operation issued by Bangladesh Bank through BRPD circular no. 02, dated 25 February 2019 and BRPD circular letter no. 09, dated 27 May 2019. It gives loans 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 Authorized 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/852/2003 dated 16 July 2003. Through the Islamic Banking Branch the Bank extends all types of Islamic Shariah compliant lease, hire purchase, stirkati milk (HPSM), bai muazzal, household scheme etc. and different types of deposits like mudarabah/manarah savings deposits, mudarabah/manarah term deposits, al-wadeeah current deposits, monthly/quarterly profit paying scheme etc. Separate financial statements of Islamic Banking Branch are shown in Annexures I(1) and I(2).

1.5 Custodian Service

The Bank obtained permission to work as a security custodian from Bangladesh Securities and Exchange Commission vide its certificate no. SC-09/2009, dated 17 June 2009 under the Securities and Exchange Commission (Securities Custodian Service) Rules 2003. Financial performance of Security Custodial Services have been separately reported in Annexure K along with Bank's audited financial statements in compliance with the requirement u/s 10(2) of Security Custodial Services Rules 2003. The due certificate from external auditors has been obtained on internal control and financial statements of security custodial operations of the Bank.

1.6 Subsidiaries of the Bank

The Bank has four subsidiaries. All of them have been in operations on the reporting date. These are City Brokerage Limited, City Bank Capital Resources Limited, CBL Money Transfer Sdn. Bhd. and City Hong Kong Limited. Detail of the subsidiaries have been presented in note no. 1.6.1 to 1.6.4.

1.6.1 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 2019 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.

1.6.2 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 Dilkusha 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 2019 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.

1.6.3 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. 769212M 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 2019 the Bank held 100% shares of CMTS.

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

1.6.4 City Hong Kong Ltd

City Hong Kong Limited ("the Company") is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Units 904 & 906, 9th Floor, Austin Tower, Nos. 22-26 Austin Avenue, Tsinghsui, Kowloon, Hong Kong. City Hong Kong Limited is a fully owned (100% shares) subsidiary of The City Bank Limited established at the end of 2019 to facilitate international trade business through advising letter of credits, handling documentary collections and bill financing (discounting) against letters of credit.

The financial statements of City Hong Kong Ltd, audited by Akin CPA Limited, Certified Public Accountants, have been enclosed in Appendix D.

2. Basis of Preparation

The separate financial statements of the Bank as at and for the year ended 31 December 2019 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 any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

As the Financial Reporting Standards (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 no. 11, dated December 23, 2009, etc. The Bank complied with the requirements of the following rules and regulations:

- 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;
- Value Added Tax and Supplementary Duty Act, 2012;
- Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE) and Central Depository Bangladesh Ltd. (CDBL) rules and regulations; and
- Financial Reporting Act 2015.

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-(I1) and (I2) 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.

This is the first set of the Bank's and the Group's annual financial statements in which IFRS

- Provision for loan and advances/investments- as explained in note 3.3.3
- Employee benefit -as explained in note 3.11
- Income tax - as explained in note 3.12
- Deferred tax assets/liabilities - as explained in note 11.a.5
- Useful lives of depreciable assets regarded to noncurrent assets - as stated in Annexure-D

However, underlying assumptions on estimates are reviewed on a going concern basis and revisions thereon are recognised in the period in which the estimates are revised. It is also required to disclose the contingent assets and liabilities at the date of the financial statements in accordance with the guidelines as prescribed by IAS 37: "Provisions, Contingent Liabilities and Contingent Assets".

Provision

Provisions are liabilities that are uncertain in timing or amount. Provisions are recognised in the following situations:
- the entity has a present (legal or constructive) obligation as a result of past events;
- probable outflow of resources to settle the obligation and the obligation can be measured reliably;
- it is more likely than not that outflow of resources will be required to settle the present obligation exists at the end of reporting period.

Contingent Liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events. A contingent liability arises when some, but not all, of the criteria for recognizing a provision are met.

IAS 37 applies prudence by deeming a past event to give rise to a present obligation and an entity shall not recognize a contingent liability. However, if it is possible rather than probable that an obligation exists, a contingent liability will exist, not a provision in the financial statements. An entity shall disclose for each class of transaction of contingent liability at the end of the reporting period if the contingent liability is not remote.

Contingent Assets

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity. Contingent assets are never recognised; rather they are disclosed in the financial statements when they arise.

The most significant areas where estimates and judgments have been applied are to calculate provision for loans, advances and investments as per Bangladesh Bank guideline.

2.6 Reporting period

These financial statements cover one calendar year from 1 January 2019 to 31 December 2019.

2.7 Date of authorization

The Board of Directors has authorised this financial statements for public issue on 22 June 2020.

2.8 Cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. Cash Flow Statements considering the requirements specified in BRPD circular no. 14 dated 25 June 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

2.9 Statement of changes in equity

The Statement of changes in equity reflects information about the increase or decrease in net assets or wealth. Statement of changes in equity is prepared principally in accordance with IAS-1 "Presentation of Financial Statements" and under the guidelines of Bangladesh Bank's BRPD Circular no. 14 dated 25 June 2003.

2.10 Liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on the following basis:

Particulars	Basis
Cash, balance with other banks and financial institutions, money at call and short notice, etc.	Stated maturity/observed behavioural trend.
Investments	Residual maturity term.
Loan and advance/investment	Repayment/maturity schedule and behavioural trend (non-maturity products)
Fixed assets	Useful life
Other assets	Realisation/amortisation basis
Borrowing from other banks and financial institutions	Maturity/repayment term
Deposits and other accounts	Maturity/behavioural trend (non-maturity products)
Other long term liabilities	Maturity term
Provisions and other liabilities	Settlement/adjustment schedule basis

2.11 Financial Statements for Offshore Banking Unit (OBU)

Reporting currency of Offshore Banking Unit is US Dollar. However, foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per IAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of Inter Bank market as determined by Bangladesh Bank on the closing date of the reporting period.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements of the group and those of the bank have been applied consistently except otherwise instructed by Bangladesh Bank as the prime regulator. Certain comparative amounts in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

Accounting policies of subsidiaries

The financial statements of subsidiaries (City Brokerage Limited, City Bank Capital Resources Limited, CBL Money Transfer Sdn. Bhd. and City Hong Kong Limited) which are included in the Consolidated Financial Statements of the Group have been prepared using uniform accounting policies of the Bank (Parent) for transactions and other events in similar nature. There is no significant restriction on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans and advances. All subsidiaries of the Bank have been incorporated in Bangladesh except for CBL Money Transfer Sdn. Bhd. and City Hong Kong Limited which are incorporated in Malaysia and Hong Kong respectively.

3.1 Changes in significant accounting policies

The Bank initially applied IFRS 16: Leases from 1 January 2019.

The Bank applied IFRS 16 using the modified retrospective approach, under which there are no cumulative effect of initial application in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

3.1.1 Nature and impact of changes

3.1.1.a Definition of a lease

Previously, the Bank determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Bank now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 3.1.2.

As a lessee, the Bank leases for various types of premises. The Bank previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Bank. Under IFRS 16, the Bank recognises right-of-use assets and lease liabilities for all of these leases - i.e. these leases are on-balance sheet items. At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Leases classified as operating leases under IAS 17

Previously, the Bank classified leases for various types of premises as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Bank's incremental borrowing rate as at 1 January 2019 (see note 3.1.2).

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Bank has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Bank used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Bank did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application.

Leases classified as finance leases under IAS 17

For leases that were classified as finance leases under IAS 17 (if any), the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease (if any).

Impact on financial statements

The Bank has lease contracts related to the rental agreement of various premises. The table below shows the impacts arising from IFRS 16 at the beginning of 2019:

Particulars	1 January 2019	
	The Group	The City Bank
Lease liabilities	2,146,484,291	2,051,751,071
Advance for rent	568,207,066	554,617,186
Right of use of assets	2,714,691,357	2,606,368,257

Right-of-use assets:

Right-of-use assets of BDT 2,714,691,357 for the Group and BDT 2,606,368,257 for the Bank were recognised at the beginning of 2019 and presented in the consolidated and the Bank's balance sheet under fixed assets. This includes the lease liabilities & prepayments for office rent.

Leases Liabilities:

Lease liabilities derived from present value of all rental payments for various premises amounted to BDT 2,146,484,291 for the Group and BDT 2,051,751,071 for the Bank were recognised and presented in the consolidated and the Bank's balance sheet under the head "other liabilities".

Advance for rent:

As at 1 January 2019 advance rent of BDT 568,207,066 and BDT 554,617,186 were presented in the consolidated and the Bank's balance sheet under the head "other assets" respectively.

When measuring lease liabilities, the Bank discounted lease payments using its incremental borrowing rate of (6.00%) at 1 January 2019.

3.1.1.b The following summarises the impact of adopting IFRS 16 on the Bank's consolidated & solo balance sheet and profit & loss account for the period then ended 31 December 2019, for each of the line items affected. Impact for implementation of IFRS-16 is depicted below. Amount without adoption of IFRS-16 + Adjustment for IFRS-16= Amount after implementation of IFRS-16.

Particulars	Impact on the Consolidated Balance Sheet as at 31 December 2019		
	Amount without adoption of IFRS-16	Adjustment for IFRS 16	Amount after implementation of IFRS-16
	Taka	Taka	Taka
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)	6,136,396,417	-	6,136,396,417
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	19,776,258,104	-	19,776,258,104
	25,912,654,521	-	25,912,654,521
Balance with other banks and financial institutions			
In Bangladesh	19,084,846,966	-	19,084,846,966
Outside Bangladesh	4,360,632,299	-	4,360,632,299
	23,445,479,265	-	23,445,479,265
Money at call and short notice			
Investments	89,379,167	-	89,379,167
Government	36,085,210,195	-	36,085,210,195
Others	7,563,438,277	-	7,563,438,277
	43,648,648,472	-	43,648,648,472
Loans and advances/investments			
Loans, cash credits, overdrafts, etc./investments	245,024,807,640	-	245,024,807,640
Bills purchased and discounted	2,752,926,612	-	2,752,926,612
	247,777,734,252	-	247,777,734,252
Fixed assets including premises, furniture and fixtures			
Other assets	4,171,417,795	2,127,833,594	6,299,251,389
Non-banking assets	9,034,018,631	(406,110,651)	8,627,907,980
Other assets	1,152,338,991	-	1,152,338,991
	355,231,671,094	1,721,722,943	356,953,394,037

Particulars	Impact on the Consolidated Profit and Loss Account for the year ended 31 December 2019		
	Amount without adoption of IFRS-16	Adjustment for IFRS 16	Amount after implementation of IFRS-16
	Taka	Taka	Taka
LIABILITIES AND CAPITAL			
Liabilities			
Tier-II subordinated bond	9,200,000,000	-	9,200,000,000
Borrowings from other banks, financial institutions and agents	45,147,496,824	-	45,147,496,824
Deposits and other accounts			
Current deposits and other accounts	40,869,697,059	-	40,869,697,059
Bills payable	1,884,096,479	-	1,884,096,479
Savings bank deposits	46,367,253,617	-	46,367,253,617
Fixed deposits	157,319,657,916	-	157,319,657,916
Bearer certificate of deposit	-	-	-
	246,440,705,071	-	246,440,705,071
Other liabilities	29,845,673,610	1,780,178,459	31,625,852,069
Total liabilities	330,633,875,505	1,780,178,459	332,414,053,964
Capital/shareholders' equity			
Paid up capital	10,163,866,610	-	10,163,866,610
Statutory reserve	8,677,216,487	(17,738,674)	8,659,477,813
Share premium	1,504,388,797	-	1,504,388,797
Dividend equalisation reserve	530,786,631	-	530,786,631
Other reserve	701,793,785	-	701,793,785
Surplus in profit and loss account	3,019,635,420	(40,716,789)	2,978,918,631
Total shareholders' equity	24,597,687,730	(58,455,463)	24,539,232,267
Non controlling interest	107,859	(53)	107,806
Total equity	24,597,795,589	(58,455,516)	24,539,340,073
Total liabilities and shareholders' equity	355,231,671,094	1,721,722,943	356,953,394,037

Particulars	Impact on the Balance Sheet as at 31 December 2019		
	Amount without adoption of IFRS-16	Adjustment for IFRS 16	Amount after implementation of IFRS-16
	Taka	Taka	Taka
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)	6,130,572,909	-	6,130,572,909
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	19,776,258,104	-	19,776,258,104
	25,906,831,013	-	25,906,831,013
Balance with other banks and financial institutions			
In Bangladesh	18,731,082,702	-	18,731,082,702
Outside Bangladesh	4,305,212,819	-	4,305,212,819
	23,036,295,521	-	23,036,295,521
Money at call and short notice			
Investments	89,379,167	-	89,379,167
Government	36,085,210,195	-	36,085,210,195
Others	3,366,294,433	-	3,366,294,433
	39,451,504,628	-	39,451,504,628
Loans and advances/investments			
Loans, cash credits, overdrafts, etc./investments	244,204,761,679	-	244,204,761,679
Bills purchased and discounted	2,738,889,044	-	2,738,889,044
	246,943,650,723	-	246,943,650,723
Fixed assets including premises, furniture and fixtures			
Other assets	3,619,386,923	2,055,589,162	5,674,976,085
Non-banking assets	12,831,368,174	(397,627,964)	12,433,740,210
Non-banking assets	1,152,338,991	-	1,152,338,991
	353,030,756,140	1,658,231,198	354,688,987,338

Particulars	Impact on the Profit and Loss Account for the year ended 31 December 2019		
	Amount without adoption of IFRS-16	Adjustment for IFRS 16	Amount after implementation of IFRS-16
	Taka	Taka	Taka
LIABILITIES AND CAPITAL			
Liabilities			
Tier-II subordinated bond	9,200,000,000	-	9,200,000,000
Borrowings from other banks, financial institutions and agents	44,168,290,655	-	44,168,290,655
Deposits and other accounts			
Current deposits and other accounts	40,790,426,287	-	40,790,426,287
Bills payable	1,884,096,479	-	1,884,096,479
Savings bank deposits	46,367,253,617	-	46,367,253,617
Fixed deposits	157,661,889,059	-	157,661,889,059
Bearer certificate of deposit	-	-	-
	246,703,665,442	-	246,703,665,442
Other liabilities	27,488,327,974	1,713,066,892	29,201,394,866
Total liabilities	327,560,284,071	1,713,066,892	329,273,350,963
Capital/shareholders' equity			
Paid up capital	10,163,866,610	-	10,163,866,610
Statutory reserve	8,677,216,487	(17,738,674)	8,659,477,813
Share premium	1,504,388,797	-	1,504,388,797
Dividend equalisation reserve	530,786,631	-	530,786,631
Other reserve	930,897,743	-	930,897,743
Surplus in profit and loss account	3,663,315,801	(37,097,020)	3,626,218,781
Total shareholders' equity	25,470,472,069	(54,835,694)	25,415,636,375
Total liabilities and shareholders' equity	353,030,756,140	1,658,231,198	354,688,987,338

Particulars	Impact on the Profit and Loss Account for the year ended 31 December 2019		
	Amount without adoption of IFRS-16	Adjustment for IFRS 16	Amount after implementation of IFRS-16
	Taka	Taka	Taka
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)	6,130,572,909	-	6,130,572,909
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	19,776,258,104	-	19,776,258,104
	25,906,831,013	-	25,906,831,013
Balance with other banks and financial institutions			
In Bangladesh	18,731,082,702	-	18,731,082,702
Outside Bangladesh	4,305,212,819	-	4,305,212,819
	23,036,295,521	-	23,036,295,521
Money at call and short notice			
Investments	89,379,167	-	89,379,167
Government	36,085,210,195	-	36,085,210,195
Others	3,366,294,433	-	3,366,294,433
	39,451,504,628	-	39,451,504,628
Loans and advances/investments			
Loans, cash credits, overdrafts, etc./investments	244,204,761,679	-	244,204,761,679
Bills purchased and discounted	2,738,889,044	-	2,738,889,044
	246,943,650,723	-	246,943,650,723
Fixed assets including premises, furniture and fixtures			
Other assets	3,619,386,923	2,055,589,162	5,674,976,085
Non-banking assets	12,831,368,174	(397,627,964)	12,433,740,210
Non-banking assets	1,152,338,991	-	1,152,338,991
	353,030,756,140	1,658,231,198	354,688,987,338

Particulars			
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Investment in unquoted shares

Investment in unquoted shares are recognised 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	Amortised 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 unrealised gain booking.
Shares (Unquoted)*	Cost	Lower of cost or Net Asset Value (NAV)	Loss to profit and loss account but no unrealised gain booking.
Prize bond	Cost	Cost	None

* Provision for shares against unrealised 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 2015 and for mutual funds (open-end) as per DOS circular letter no. 10 dated 28 June 2015 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 recognised in accordance with BRPD circular no. 03 (21 April 2019), BRPD circular no. 1 (20 February 2018), BRPD circular no. 15 (27 September 2017), BRPD circular no. 16 (18 November 2014), BRPD circular no. 05 (29 May 2013), BRPD circular no. 14 (23 September 2012) and BRPD circular no. 19 (27 December 2012). 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%	20.00%	50.00%	100.00%
Other than housing finance & professionals to setup business	2.00% - 5.00%	2.00% - 5.00%	20.00%	50.00%	100.00%
Provision for loan to broker house, merchant banks, stock dealers, etc.	2.00%	2.00%	20.00%	50.00%	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%	20.00%	50.00%	100.00%
Others	1.00%	1.00%	20.00%	50.00%	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 recognised 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 categorised 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 BRPD circular no. 02 dated 13 January 2003, BRPD circular no. 13 dated 07 November 2013 and BRPD circular no. 01 dated 06 February 2019 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 subsidised 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, plant 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 is carried at cost.

Purchase of software that is integral to the related equipment is capitalised 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 recognised in other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of fixed asset is recognised 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 parts is derecognised. The costs of the day to day servicing of fixed assets are recognised in the profit and loss statement as incurred.

Depreciation

Depreciation on fixed assets are recognised 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 honourable court under section 33 (7) of the Artharin Adalat Act 2003. The value of the properties has been recognised 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 amortisation

Intangible assets comprise separately identifiable intangible items arising from use of franchise of AMEX and the use of Finance from Infosys. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised 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 balances/ entries 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. 4,200,000,000 during 2018 to January 2019. 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 agro-based credit, SME and EDF Loan etc., interest-bearing borrowings against securities from Bangladesh Bank, call borrowing from other banks and borrowing from other multilateral organisations. These items are brought in financial statements at the gross value of the outstanding balance. Details are shown in note 14.

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 are 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), BRPD circular no.13 (18 October 2018), BRPD circular no.02 (25 February 2019), BRPD circular no.09 (27 May 2019) and BRPD circular letter no.BRPD(P-1)/6611/13/2019-354 (13 January 2020).

- 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 (Nostro accounts)

Provision for unsettled transactions on nostro accounts is made as per Foreign Exchange Policy Department (FEPD) circular no. FEPD (FEMO) / 01/2005-677 dated 13 September 2005 of Foreign Exchange Policy Department (FEPD) 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 charged from "good borrowers" subject to some qualifying criteria.

Accordingly, the Bank has kept provision in the financial statements for the year ended 31 December 2019.

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, lease obligation etc. Other liabilities are recognised 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 authorised 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 utilised 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 matrix.

3.6 Revenue recognition

3.6.1 Interest income

Interest on loans and advances is calculated on daily product basis. Based on product features, interest is accrued or charged to customers' accounts on monthly/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 recognised 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 recognised when it is realised.

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 recognised as revenue when the act is completed

- Income earned from services provided is recognised 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 recognised on accrual basis.

3.8 Profit shared on deposits (Islamic banking)

Profit shared to mudaraba deposits are recognised on accrual basis.

3.9 Dividend income

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

3.10 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.

3.11 Employee benefits

3.11.1 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 5 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 Accountants.

3.11.2 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 5 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 2018 by a professional Actuarial & Pension Consultants, Z. 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.

3.11.3 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 recognised 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:

Hospitalisation 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 232 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.

3.12 Tax expense

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

3.12.1 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.

3.12.2 Deferred tax

Deferred tax is recognised 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 recognised 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 intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised 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 utilised. 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 realised.

3.12.3 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.

3.13 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 recognised 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 recognised in profit or loss. Impairment losses recognised 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 recognised 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 amortisation, if no impairment loss had been recognised.

3.14 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 shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

No diluted earnings per share is required to be calculated for the period.

3.15 Compliance of International Financial Reporting Standard (IFRS)

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as banks. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS), International Accounting Standard (IAS) as issued by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable. While preparing the financial statements, the Bank applied most of IAS and IFRS as adopted by ICAB. Details are given below:

Name of the standards	IFRS Ref	Implementation status by the Bank
First-time Adoption of Bangladesh Financial Reporting Standards	IFRS-1	Not applicable
Share-based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Not applicable
Insurance Contracts	IFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied with some departure (note 2.1)
Operating Segments	IFRS-8	Applied with some departure (note 3.19)
Financial Instruments	IFRS-9	Applied with some departure (note 2.1)
Consolidated Financial Statements	IFRS-10	Applied
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interest in Other Entities	IFRS-12	Applied

	2019 Taka	2018 Taka
4 Consolidated cash in hand		
The City Bank Limited (note 4.a)	6,130,572,909	5,418,430,686
City Brokerage Limited	77,500	73,500
City Capital Resources Limited	51,781	3,563
CBL Money Transfer Sdn. Bhd.	5,694,227	4,934,174
	6,136,396,417	5,423,445,923
Adjustments for Consolidation - The City Bank Limited		
	6,136,396,417	5,423,445,923

	2019 Taka	2018 Taka
4.a Cash - The City Bank Limited		
In hand - including foreign currencies (note 4.a.1)	6,130,572,909	5,418,430,686
Balance with Bangladesh Bank and its agent bank (s) - including foreign currencies (note 4.a.2)	19,776,258,104	14,016,977,760
	25,906,831,013	19,435,408,446

	2019 Taka	2018 Taka
4.a.1 Cash in hand		
Local currency	5,971,965,140	5,104,024,864
Foreign currency	158,607,769	314,405,822
	6,130,572,909	5,418,430,686

	2019 Taka	2018 Taka
4.a.2 Balance with Bangladesh Bank and its agent bank(s)		
Local currency	17,923,225,521	14,010,112,125
Foreign currency	1,853,032,583	(893,134,365)
	19,776,258,104	13,116,977,760
Sonali Bank Limited as agent of Bangladesh Bank (local currency)	551,640,725	596,428,759
	19,776,258,104	14,016,977,760

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

Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 33 of Banking Companies Act, 1991 (Amended upto 2018), BRPD circular no.11 and 12, dated 25 August 2005, MPD circular no. 116/2010-1713 dated 1 December 2010, MPD Circular no. 1 dated 23 June 2014 and MPD circular No. 01 dated 03 April 2018.

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 2019) is based on weekly average time and demand liabilities balance of October 2019). Both reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

a) Cash Reserve Ratio (CRR)	2019 Taka	2018 Taka
Required reserve	14,517,286,080	11,243,154,950
Actual reserve maintained	17,749,947,187	14,119,628,930
Surplus	3,232,661,107	2,876,473,980

b) Statutory Liquidity Ratio (SLR)	2019 Taka	2018 Taka
Required reserve	33,741,277,080	28,925,021,320
Actual reserve maintained (note 4.a.3)	45,462,557,136	32,526,857,395
Surplus	11,721,280,056	3,601,836,075

4.a.3 Held for Statutory Liquidity Ratio (SLR)	2019 Taka	2018 Taka
Cash in hand	6,130,572,909	5,418,430,686
Sonali Bank Limited as agent of Bangladesh Bank as per statement balance	550,513,355	595,847,675
Surplus of CRR - balance with Bangladesh Bank	3,232,661,107	2,876,473,980
Government securities and bonds	38,546,809,765	23,538,105,059
	45,462,557,136	32,526,857,395

As on December 31, 2019, value of bank's investment in approved securities was Tk. 36,085,210,195. Out of total investment in approved securities valued at Tk. 535,400,430 was pledged as securities for taking loans from Bangladesh Bank. Consequently, the said pledged securities were not eligible as a component of SLR.

5 Consolidated balance with other banks and financial institutions

In Bangladesh	2019 Taka	2018 Taka
The City Bank Limited (note 5.a)	18,731,082,702	27,353,384,864
City Brokerage Limited	372,036,096	972,208,133
City Capital Resources Limited	463,331,140	273,775,378
	19,567,449,938	28,599,368,375
Mutual indebtedness:		
Deposit with The City Bank Limited - City Brokerage Limited	(140,464,390)	(688,873,976)
Deposit with The City Bank Limited - City Capital Resources Limited	(342,138,582)	(112,485,593)
Deposit with The City Bank Limited - CBL Money Transfer Sdn. Bhd.	-	-
	(482,602,972)	(801,359,569)
Adjustments for Consolidation - City Brokerage Limited		
Total in Bangladesh	19,084,846,966	27,798,008,404

Outside Bangladesh	2019 Taka	2018 Taka
The City Bank Limited (note 5.a)	4,305,212,819	(100,797,998)
CBL Money Transfer Sdn. Bhd.	44,517,960	801,173,536
City Hong Kong Limited	10,501,520	-
	4,360,232,299	700,375,538
Grand total	23,445,079,265	28,498,383,942

5.a Balance with other banks and financial institutions - The City Bank Limited

In Bangladesh (note 5.a.1)	2019 Taka	2018 Taka
18,731,082,702	27,353,384,864	
Outside Bangladesh (note 5.a.2)	4,305,212,819	(100,797,998)
	23,036,295,521	27,252,586,866

5.a.1 In Bangladesh

Current accounts	2019 Taka	2018 Taka
Sonali Bank Limited	108,525,306	51,416,285
Agrani Bank Limited	85,287,419	45,954,834
Janata Bank Limited	897,490	899,370
Sub total	195,710,215	98,270,489

Short notice deposit accounts	2019 Taka	2018 Taka
Standard Chartered Bank	269,693,615	170,633,666
Rupali Bank Limited	55,444,163	83,924,759
AB Bank Limited	14,937,376	273,775,378
Southeast Bank Limited	10,135,610	10,135,610
Trust Bank Limited	9,209,187	1,536,141
Exim Bank Limited	2,671,830	342,671,830
Bank Al-Falah Limited	2,078,746	2,078,746
Social Islami Bank Limited	1,545,849	1,545,849
Prime Bank Limited	826,650	826,650
Mutual Trust Bank Limited	132,975	-
Dutch-Bangla Bank Limited	10,089	11,023
Sub total	366,686,991	628,301,654

Fixed deposit receipts	2019 Taka	2018 Taka
National Credit & Commerce Bank Limited	1,214,167,635	-
Agrani Bank Limited	849,000,000	200,000,000
Jamuna Bank Limited	800,000,000	200,000,000
Export Import Bank of Bangladesh Limited	-	67,025,281
One Bank Limited	-	1,797,443,921
Mutual Trust Bank Limited	-	180,456,020
Eastern Bank Limited	-	1,000,376,000
Prime Bank Limited	7,250,000,000	6,750,000,000
Investment Corporation of Bangladesh	2,000,000,000	1,400,000,000
Utara Finance and Investment Limited	1,830,000,000	3,200,000,000
Lankabangla Finance Limited	1,825,609,765	2,331,857,059
Industrial Promotion and Development Company of Bangladesh Limited	850,000,000	1,050,000,000
Industrial and Infrastructure Development Finance Company Limited	600,000,000	500,000,000
DLI Finance Limited	430,000,000	430,000,000
Phoenix Finance & Investments Limited	350,000,000	350,000,000
National Housing Finance and Investment Limited	200,000,000	200,000,000
GSF Finance Company (BD) Limited	150,000,000	-
United Finance Limited	-	1,300,000,000
Delta Brac Housing Finance Corporation Limited	-	1,000,000,000
Sub total	18,168,686,396	26,626,812,721
Total	18,731,082,702	27,353,384,864

5.a.2 Outside Bangladesh (Nostro accounts)

Current accounts	2019 Taka	2018 Taka
Standard Chartered Bank, New York, USA	USD 1,073,668,815	(1,071,184,024)
Citibank N.A. New York, USA	USD 721,079,813	(112,556,489)
Mashreq Bank, New York, USA	USD 516,551,989	(49,815,882)
HDFC Bank Ltd., Mumbai, India	ACUD 170,439,592	32,977,861
Habib American Bank, New York, USA	USD 122,565,620	(24,516,367)
Standard Chartered Bank, Mumbai, India	ACUD 56,121,773	118,255,595
AB Bank Ltd., Mumbai, India	ACUD 46,879,719	64,376,000
Standard Chartered Bank, Frankfurt, Germany	EUR 45,474,214	(12,042,321)
Commerz Bank AG, Frankfurt, Germany	EUR 38,134,450	43,993,295
Commerz Bank AG, Frankfurt, Germany	USD 16,937,170	172,843,977
Standard Chartered Bank, London	GBP 1,177,532	1,132,052
NIB Bank Limited, Karachi, Pakistan	ACUD 11,827,394	185,834,474
Kookmin Bank, Korea	USD 7,731,716	2,167,676
Commerz Bank AG, Frankfurt, Germany	ACUD 2,564,790	336,792
Sonali Bank Ltd., Kolkata, India	ACUD 2,203,431	30,270,386
Commercial Bank of Ceylon, Colombo, Sri Lanka	ACUD 2,178,817	2,747,754
Bank of Bhutan, Bhutan	ACUD 1,685,265	241,213
Standard Chartered Bank, Nepal	ACUD 1,177,532	1,163,663
Mashreq Bank, Dubai	AED 971,571	1,162,331
Commerz Bank AG, Frankfurt	AUD 845,566	720,557
Bank of Tokyo Mitsubishi Ltd., New Delhi, India	ACUD 733,046	178,058
Mashreq Bank, London	GBP 609,394	3,019,664
Bank of Tokyo Mitsubishi Ltd., Japan	JPY 301,064	10,832,009
Mashreq Bank, Mumbai, India	EUR 188,424	165,143
Mashreq Bank, Mumbai, India	ACUD (60,707,245)	144,996,206
Mashreq Bank, New York, USA (For OBU Operation)	USD 1,351,885,987	323,439,161
Commerz Bank AG, Frankfurt, Germany (For OBU Operation)	EUR 117,130,094	33,962,612
Commerz Bank AG, Frankfurt, Germany (For OBU Operation)	USD 40,840,765	(6,540,878)
Sub total	4,305,212,819	(100,797,998)

Term deposits

2019 Taka	2018 Taka
690,478	682,345
Sub total	690,478
Total	4,305,212,819

Details are shown in Annexure-B.

5.a.3 Maturity grouping of balance with other banks and financial institutions

	2019 Taka	2018 Taka
Payable on demand	-	1,697,963
Up to 1 month	8,738,330,685	7,937,445,612
Over 1 month but not more than 3 months	9,142,446,075	15,624,751,827
Over 3 months but not more than 1 year	5,155,518,761	3,688,691,464
Over 1 year but not more than 5 years	-	-
	23,036,295,521	27,252,586,866

6 Money at call and short notice

Banking companies	2019 Taka	2018 Taka
ICB Islamic Bank Limited (note 6.1)	89,379,167	89,379,167
	89,379,167	89,379,167

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-1)651/1991/1002007-447 and approved a scheme of reconstruction of the former The Oriental Bank Limited in which payment of liabilities of the bank has been finalised 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 instalments.

7 Consolidated Investments

Government securities	2019 Taka	2018 Taka
The City Bank Limited (note 7.a.1.i)	36,085,210,195	23,636,105,055
	36,085,210,195	23,636,105,055

Others

2019 Taka	2018 Taka
3,366,294,433	4,245,929,247
2,303,997,855	2,724,674,002
1,893,145,989	2,881,511,333
7,663,439,217	9,862,115,332
45,648,648,472	33,488,220,237

7.a Investments - The City Bank Limited

Government (note 7.a.1.i)	2019 Taka	2018 Taka
36,085,210,195	23,636,105,055	
Others (note 7.a.1.ii)	3,366,294,433	4,245,929,247
	39,451,504,628	27,882,034,302

7.a.1 Investment securities are classified as follows

i) Government bonds	2019 Taka	2018 Taka
Government bonds - (note 7.a.4)	36,081,759,195	23,632,558,655
Prize bonds	3,451,000	3,546,400
	36,085,210,195	23,636,105,055

ii) Other investments

2019 Taka	2018 Taka
2,014,440,314	2,993,163,088
1,300,000,000	1,300,000,000
51,781,846	54,833,886
122,273	122,273
3,766,339,889	4,245,929,247
39,451,504,628	27,882,034,302

7.a.2 Investment classified as per Bangladesh Bank Circular

	2019 Taka	2018 Taka
Held to Maturity (HTM)	19,704,778,112	14,209,610,374
Held for Trading (HFT)	16,380,432,063	6,084,044,254
Reverse Repo	-	3,342,504,427
Other Securities	3,366,294,433	4,245,929,247
	39,451,504,628	27,882,034,302

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

7.a.3 Maturity grouping of investments

	2019 Taka	2018 Taka
On demand	3,451,000	3,546,400
Over 1 month but not more than 3 months	4,569,925,181	5,646,389,222
Over 3 months but not more than 1 year	13,092,019,409	499,820,190
Over 1 year but not more than 5 years	19,465,047,343	4,136,538,052
Over 5 years	2,321,061,695	17,595,739,438
	39,451,504,628	27,882,034,302

7.a.4 Government bills/bonds

Name of the bills/bonds	2019 Taka	2018 Taka
182 days Treasury bills	6,952,852,680	-
364 days Treasury bills		



T City Bank Limited

Financial Statements as at and for the year ended 31 December 2019

	2019 Taka	2018 Taka		
10.a Fixed assets including premises, furniture and fixtures - The City Bank Limited				
Cost				
Office equipment and machinery	3,346,400,131	2,963,255,182		
Building	1,789,452,122	1,789,452,122		
Work-in-progress - building	82,285,716	82,285,716		
Furniture and fixtures	1,429,367,802	1,299,802,351		
Software	514,272,601	472,745,186		
Work-in-progress - software	92,104,758	63,410,632		
Bank's vehicles	388,194,209	364,942,497		
Land	168,630,265	168,630,265		
Right of use assets	2,636,359,257	2,636,359,257		
Accumulated depreciation and amortisation	(4,741,829,776)	(3,685,137,480)		
Written down value	5,675,246,085	5,319,386,471		
See Annexure - D for details.				
10.b Fixed assets including premises, furniture and fixtures - City Brokerage Limited				
Cost				
Land and Building	292,849,538	292,849,538		
Office equipment and machinery	55,800,462	52,206,207		
Furniture and fixtures	31,311,255	31,015,197		
Software	8,757,936	11,098,599		
Vehicles	6,220,770	6,220,770		
Lease hold property	850,000	850,000		
Right of use assets	49,881,498	-		
Accumulated depreciation and amortisation	(67,700,650)	(59,356,811)		
Written down value	357,970,899	335,853,430		
10.c Fixed assets including premises, furniture and fixtures - City Bank Capital Resources Limited				
Cost				
Land and building (capital work in progress)	668,895,984	570,972,477		
Vehicle	11,201,065	11,201,065		
Furniture and fixtures	7,584,304	7,570,434		
Office equipment and machinery	7,766,995	6,940,372		
Software	2,000,000	2,000,000		
Right of use assets	14,915,594	-		
Accumulated depreciation and amortisation	(12,564,822)	(596,884,348)		
Written down value	690,923,540	683,853,639		
10.d Fixed assets including premises, furniture and fixtures - CBL Money Transfer Sdn. Bhd.				
Cost				
Furniture and fixtures	21,395,692	18,703,112		
Office equipment and machinery	16,622,669	14,609,617		
Vehicle	2,133,632	2,076,692		
Right of use assets	34,069,800	-		
Accumulated depreciation	(74,221,793)	(35,389,475)		
Written down value	(35,942,958)	(17,165,818)		
10.e Fixed assets including premises, furniture and fixtures - CBL Hong Kong Limited				
Cost				
Office equipment and machinery	1,434,975	-		
Furniture and fixtures	672,873	-		
Vehicle	9,637,353	-		
Right of use assets	11,745,201	-		
Accumulated depreciation	(4,864,121)	-		
Written down value	6,784,080	-		
11 Consolidated other assets				
The City Bank Limited (note 11.a)	12,433,741,210	14,176,321,705		
City Brokerage Limited (note 11.b)	241,529,983	250,460,395		
City Bank Capital Resources Limited (note 11.c)	106,920,305	152,365,970		
CBL Money Transfer Sdn. Bhd. (note 11.d)	2,079,713,480	10,874,079		
City Hong Kong Limited (note 11.e)	1,594,306	-		
Goodwill arising on investment in subsidiaries	14,863,499,294	14,590,022,149		
Mutual indebtedness:				
Payable to City Bank Limited - City Brokerage Limited	(167,409,618)	-		
Payable to City Bank Limited - City Bank Capital Resources Limited	(68,124)	(5,750,000)		
Payable to City Bank Limited - CBL Money Transfer Sdn. Bhd.	(882,145)	(5,704,158)		
Payable to City Bank Capital Resources Limited - City Bank Limited	(2,642,188)	(3,944,922)		
Payable to City Bank Capital Resources Limited - City Brokerage Limited	(13,809,887)	(33,870,209)		
Investment in subsidiaries	(6,085,582,040)	(6,049,702,332)		
Adjustments for Consolidation - City Brokerage Limited	(6,270,989,002)	(6,098,971,625)		
Total consolidated other assets	8,627,907,980	8,525,506,505		
11.a Other assets - The City Bank Limited				
Income generating other assets				
Investment in subsidiaries (note 11.a.1)	6,085,582,040	6,049,702,332		
Interest income receivable (note 11.a.2)	1,591,709,111	1,751,347,078		
Non income generating other assets				
Accounts receivables (note 11.a.3)	1,898,626,651	1,301,379,656		
Advance payment of tax (note 11.a.4)	1,676,259,455	3,067,137,569		
Deferred tax assets (note 11.a.5)	828,803,139	1,042,663,558		
Intangible assets (note 11.a.6)	219,250,895	248,949,440		
Prepaid expenses	51,513,950	100,197,230		
Security deposits	45,597,814	64,727,469		
Stationery and stamps	15,960,334	18,187,540		
Advance against rent and advertisement	5,459,718	5,211,248		
Branch adjustment account	6,064,171	5,062,136		
Protested bill	5,842,887	5,842,887		
Receivable from CBL Money Transfer	882,145	-		
	12,433,741,210	14,176,321,705		
11.a.1 Investment in subsidiary				
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		
Outside Bangladesh				
CBL Money Transfer Sdn. Bhd.	99,702,332	99,702,332		
City Hong Kong Limited	35,879,708	-		
	135,582,040	99,702,332		
	6,085,582,040	6,049,702,332		
11.a.2 Interest income receivable				
Interest receivable from placement	543,233,594	536,307,205		
Interest receivable from government security	535,588,904	547,840,517		
Interest receivable from loans & advances	512,886,613	687,199,357		
	1,591,709,111	1,751,347,078		
11.a.3 Accounts receivables				
Receivable against card operation	630,965,633	481,704,186		
Advance against remittance	590,178,834	232,686,688		
Receivable against encashment -SP/BSP/PSC	299,506,877	454,422,926		
Receivable against sales proceeds of shares	167,416,457	2,005,644		
Sundry debtors	82,786,114	47,769,108		
Advance to vendor for expense	60,194,256	17,052,660		
Advance for right share	29,316,440	29,316,440		
Receivable against fraud forgeries	26,491,503	24,076,333		
Unreconciled nostro entry	8,691,904	8,691,904		
Advance to staff for expense	3,068,633	1,855,348		
Receivable under vat current account	-	1,808,418		
	1,898,626,651	1,301,379,656		
11.a.4 Advance payment of tax				
Opening balance	3,067,137,569	2,748,213,553		
Paid during the year	2,684,010,570	1,843,901,827		
Adjustment for previous years tax liability	(4,074,888,684)	(1,524,977,811)		
Closing balance	1,676,259,455	3,067,137,569		
11.a.5 Deferred tax assets				
Deferred tax asset	828,803,139	1,042,663,558		
Detail calculation on deferred tax assets:				
	Book value	Tax base	Taxable/ (deductible) temporary difference	Deferred tax (assets) / liability
	Taka	Taka	Taka	Taka
Fixed assets	2,915,350,527	3,520,829,816	(605,479,289)	(227,054,734)
Unrealised gain on share	2,583,756	-	2,583,756	258,376
Receivable on Interest - T bond	534,200,016	-	534,200,016	300,325,006
Provision against classified loan	(2,049,264,296)	-	(2,049,264,296)	(788,474,111)
Right of use of assets	1,622,779,754	-	1,622,779,754	608,542,408
Lease obligation	(1,713,066,891)	-	(1,713,066,891)	(642,400,084)
Deferred tax liability/(asset)	-	-	-	(828,803,139)
Deferred tax asset up to last year	-	-	-	(1,042,663,558)
Deferred tax (income)/expense	-	-	-	213,860,419
11.a.6 Intangible assets				
Royalty	199,486,504	226,972,873		
Users license	19,764,391	21,976,567		
	219,250,895	248,949,440		
11.a.6.1 Movement of intangible assets				
Opening balance	248,949,440	278,472,573		
Addition during the year	50,571,842	54,840,699		
Amortisation during the year	(80,270,387)	(84,363,832)		
Closing balance	219,250,895	248,949,440		
11.b Other assets - City Brokerage Limited				
Advance payment of tax	220,158,834	158,993,996		
Advances, deposits and prepayments	21,371,149	33,464,735		
Receivable from DSE	-	16,154,918		
Receivable from CSE	-	41,850,727		
	241,529,983	250,460,395		
11.c Other assets - City Bank Capital Resources Limited				
Advance income tax	84,758,025	89,927,969		
Advances, deposits and prepayments	12,788,559	14,831,657		
Account receivable	4,791,251	47,551,211		
Deferred tax assets	4,578,590	33,032		
Stamps in hand	3,780	21,500		
	106,920,305	152,365,970		
11.d Other assets - CBL Money Transfer Sdn. Bhd.				
Advances, deposits and prepayments	2,079,713,480	10,874,079		
11.e Other assets - City Hong Kong Limited				
Security deposits	1,594,306	-		
	1,594,306	-		
12 Non - banking assets				
Income generating:				
Share (note 12.a)	110,110,000	109,505,000		
Non-income generating:				
Land (note 12.b)	1,042,228,991	924,196,289		
	1,152,338,991	1,033,701,289		
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 1,152,338,991 as non-banking assets.				

	2019 Taka	2018 Taka
12.a Income generating:		
Name of Parties	Type of assets	Booking Date
Abraar Steel Mills Ltd.	Prime Bank Ltd.'s share	15/Nov/12
		110,110,000
		109,505,000
12.b Non-income generating:		
M/S Overseas Liner Agency	953 decimal land	29/Dec/11
M/S Habib Bastra Bitan	16.50 decimal land	29/Dec/11
M/S Mist Enterprise	16.50 decimal land	29/Dec/11
M/S Silva Synthetic Fabrics	6.51 decimal land in Narayanong	29/Dec/11 & 29/Dec/15
L.J.S Enterprise	19.91 decimal land	29/Dec/11
M/S Sikder Construction	14 decimal land	29/Dec/11
M/S. Nan Business Associates	5 decimal land & 1,518 sft floor	27/Dec/12
M/S. Ananna Enterprise	17.32 decimal land	27/Dec/12
Shibpur Rice Mill	15.70 decimal land	10/Dec/12
M/S. Chand & Sons	6.50 decimal land	20/Oct/13
M/S. Ashraf Traders	12 decimal land	20/Oct/13
M/S. Rafique Repairing & Motor	8 decimal land along with two storied building	20/Oct/13
Machinery Parts	225.35 decimal land	3/Mar/14
Friends International	7.89 decimal land	29/Jun/15
M/S General Services	375.5 decimal land	20/Dec/15
M/S Galeeb International	8.25 decimal land	22/Dec/15
M/S Baluka Industries	7 katha land	22/Dec/15
AIF Builders & Co.	4.51 decimal land	22/Dec/15
M/S Dhaka Eylet & Bartack Center	34 decimal land	23/Dec/15
M/S Alamin Engineering	2.50 katha and 8.25 decimal land	23/Dec/15
M/S S P Poultry Feed	12.32 decimal land	23/Dec/15
M/S Sath Foods & Oil Industries	15 decimal land	23/Dec/15
M/S MIM Pictures International	51.5 decimal land	24/Dec/15
M/S Shaans Denim	1670 sft flat	24/Dec/15
M/S Apparel King Limited	15.34 decimal land	24/Dec/15
M/S Suchi Enterprise	50.24 decimal land	24/Dec/15
M/S A B Traders	3.63 acre land	24/Dec/15
M/S The Media Advertising	17.50 decimal and 5 katha land	24/Dec/15
M/S Mondra Media	12.20 decimal and 3 acre land	24/Dec/15
M/S. Nan Business Associates	256 decimal land	28/Dec/15
M/S Tajoo Ltd	1.60 acre land	30/Dec/15
Atlas food and Beverage Limited	233.80 decimal land	28/Jun/16
Srisy Traders	117.50 decimal land at Jamalpur	28/Jun/16
Rafy Sweaters Limited	100 decimal land and 02 storied building measuring +42,000 sft	29/Dec/16
Saleh Fashion Ltd.	14.56 decimal and 30 decimal land	21/Jun/17
M/S Hasnat Enterprise	4.987 decimal land with building and 4.125 decimal land	30/Dec/17
M/S. Noor Enterprise	84.87 decimal land	30/Dec/17
M/S. McCoy Knitwear	22.50 decimal land and 5.00 decimal land. Total 27.5 decimal land	30/Dec/17
M/S. Rupchanda Food Products	21 decimal vacant land	30/Dec/17
M/S. Unique Steel	75.5 decimal land	30/Dec/17
Mohd. Elias Bros (Pvt.) Ltd	15.92 decimal land	28/Jun/18
M/S Momn Monu Auto Rice Mill	117.50 decimal land at Jamalpur	28/Jun/18
S. M Enterprise	94.32 decimal land with 3 storied commercial building	26/Dec/18
S. K. Motors	29.30 decimal and 27.69 decimal land	27/Dec/18
M/S Rabeya Bastraly	7.0 decimal and 5.5 decimal land	27/Dec/18
Emdadul Haque Bhuyyan	1,336.29 decimal land	30/Jun/19 & 29/Jun/19
		126,627,474
		1,042,228,991
		924,196,289
13 Tier-II subordinated bond		
Tier-II Subordinated bond includes fund raised from several banks, financial institutions and other organisation through issuance of 7 (Seven) years Bond during 2017 and 2018, worth BDT 5000 million and BDT 7000 million respectively. Out of this BDT 7,000 million, BDT 3,800 million and 400 million has been subscribed within 31 December 2018 and 31 December 2019, respectively.		
The bank holds two Subordinated Bonds with outstanding amounts of BDT 5,000 million and BDT 4,200 million respectively as on 31 December 2019. Institution wise subscription to the bonds are:		
City Bank 2nd subordinated bond		
	2019 Taka	2018 Taka
ONE Bank Limited	1,000,000,000	1,000,000,000
Rupali Bank Limited	800,000,000	800,000,000
Janata Bank Limited	750,000,000	750,000,000
Sonal Bank Limited	500,000,000	500,000,000
Pubali Bank Limited	500,000,000	500,000,000
Mercantile Bank Limited	400,000,000	400,000,000
Uttara Bank Limited	350,000,000	350,000,000
Dhaka Stock Exchange Limited	300,000,000	300,000,000
Agrani Bank Limited	200,000,000	200,000,000
Dhaka Bank Limited	100,000,000	100,000,000
Standard Bank Limited	100,000,000	100,000,000
	5,000,000,000	5,000,000,000
City Bank 3rd subordinated bond		
ONE Bank Limited	1,300,000,000	1,300,000,000
Sonal Bank Limited	1,000,000,000	1,000,000,000
Agrani Bank Limited	1,000,000,000	1,000,000,000
Pubali Bank Limited	500,000,000	500,000,000
Dhaka Bank Limited	400,000,000	400,000,000
	4,200,000,000	3,800,000,000
	9,200,000,000	8,800,000,000
14 Consolidated borrowings from other banks, financial institutions and agents		
The City Bank Limited (note 14.a)	44,168,290,655	60,453,052,237
City Brokerage Limited (note 14.b)	97,452,019	1,304,319,878
City Bank Capital Resources Limited (note 14.c		



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	2019 Taka	2018 Taka
16.a.4 Movement of interest suspense account		
Opening balance	1,391,564,567	1,087,929,519
Amount transferred to "interest suspense" account during the year	1,558,634,487	1,339,689,160
Amount recovered from "interest suspense" account during the year	(789,015,879)	(547,010,085)
Amount waived during the year	(52,095,805)	(272,975,847)
Amount written off during the year	(7,986,728)	(216,068,179)
Closing balance	2,034,100,642	1,391,564,567

	2019 Taka	2018 Taka
16.a.5 Other provision		
Provision against employee bonus	346,879,428	275,242,464
Provision against good borrower (note 16.a.5.2)	155,469,389	95,469,389
Provision against other assets	132,452,901	103,790,774
Provision against investment	24,150,000	24,150,000
Provision against interest receivable	6,131,866	7,674,994
Provision against protested bills	5,842,887	5,842,887
	670,926,471	512,170,507

	2019 Taka	2018 Taka
16.a.5.1 Movement of other provision		
Opening balance	512,170,507	429,784,624
Adjustment during the year	328,211,426	301,000,000
Adjustment during the year	(170,055,462)	(218,614,117)
Closing balance	670,926,471	512,170,507

	2019 Taka	2018 Taka
16.a.5.2 Movement of Provision against good borrower		
Opening balance	95,469,389	51,469,389
Addition during the year	60,000,000	44,000,000
Rebate allowed to good borrower	-	-
Closing balance	155,469,389	95,469,389

	2019 Taka	2018 Taka
16.a.6 Provision for income tax		
Opening balance	4,971,406,540	4,224,885,976
Adjustment for settlement of tax	(4,074,888,684)	(1,524,977,811)
Provision during the year (note 16.a.6.1)	3,045,860,580	2,271,498,375
Adjustment of deferred tax liability (asset) (note 16.a.6.2)	181,054	3,227,294
Closing balance	3,942,378,436	4,971,406,540

16.a.6.1 Provision for current tax of Taka 3,045,860,580 @ 37.5% and provision for prior year Tax 2,271,498,375 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

	2019 Taka	2018 Taka
16.a.6.2 Deferred tax liability		
Opening balance	-	-
Adjustment (during the year)	-	-
Closing balance	-	-

	2019 Taka	2018 Taka
16.b Other liabilities - City Brokerage Limited		
Provision for taxation and VAT	230,014,640	176,514,673
Interest suspense	92,222,991	166,005,080
Provision on loans and advances	48,047,979	231,099,212
Lease obligation	29,569,463	-
Provision for diminution in value of investments	25,630,424	-
Accounts payable	2,413,022	1,352,733
Accrued expenses	181,054	70,000
	427,990,339	575,041,698

	2019 Taka	2018 Taka
16.c Other liabilities - City Bank Capital Resources Limited		
Provision for taxation	119,562,662	118,327,121
Provision for diminution in value of investment	19,745,048	14,254,723
VAT and TDS payable	3,259,803	7,842,969
Other payables	220,444	3,227,294
Accrued expenses	1,013,585	1,177,768
Lease obligation	11,849,239	-
	158,150,781	144,839,786

	2019 Taka	2018 Taka
16.d Other liabilities - CBL Money Transfer Sdn. Bhd.		
Settlement obligation	1,815,041,412	499,657,086
Lease obligation	20,526,904	-
Accrued expenses	4,773,503	2,473,217
Provision for taxation	51,999	36,380
	1,840,393,418	502,166,683

	2019 Taka	2018 Taka
16.e Other liabilities - CBL Hong Kong Limited		
Payable against others	10,196,940	-
Lease obligation	5,165,962	-
Deferred tax liabilities	288,759	-
Provision for auditor fee	181,054	-
Provision against staff	87,294	-
	15,920,009	-

17 Share capital

17.1 Authorised:

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

Authorised 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	2019 Taka	2018 Taka
17.2 Issued, subscribed and fully paid up:			
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 shares up to 31 December '19	729,828,558	7,298,285,580	6,814,291,940
	1,016,386,661	10,163,866,610	9,679,872,970

The City Bank Ltd. issued 46,094,633 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 58,253,259 till 31 December 2019 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	17,200,000	172,000,000	1,360,000,000
2009	15% stock dividend	20,463,470	204,634,700	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	116,856,410	1,168,564,100	5,055,111,300
2012	12.5% stock dividend	126,377,782	1,263,777,820	6,318,889,120
2013	10% stock dividend	63,188,911	631,889,110	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	15% stock dividend to IFC	46,094,633	460,946,330	9,218,926,640
2018	5% stock dividend	48,399,364	483,993,640	9,702,920,280
2019	5% stock dividend	48,399,364	483,993,640	10,186,913,920
		1,016,386,661	10,163,866,610	

Although face value of paid up capital was split into Taka 10 from Taka 100 during the year 2011, we considered face value of share @ Taka 10 from the inception of the bank by this statement.

Particulars	2019		2018	
	Taka	Percentage(%)	Taka	Percentage(%)
Sponsors and general public	7,930,915,400	78.03%	7,540,702,380	77.90%
Financial institutions	2,232,951,210	21.97%	2,139,170,590	22.10%
	10,163,866,610	100.00%	9,679,872,970	100.00%

	2019			2018		
	Number of share holders	No. of Shares	% of total holding	Number of share holders	No. of Shares	% of total holding
01 - 500 shares	17,740	2,495,420	0.25%	18,686	0.27%	
501 - 5,000 shares	11,683	21,340,364	2.10%	11,406	2.12%	
5,001 - 10,000 shares	2,109	14,902,182	1.47%	1,788	1.32%	
10,001 - 20,000 shares	1,340	18,675,790	1.84%	1,108	1.61%	
20,001 - 30,000 shares	470	11,534,987	1.13%	372	0.94%	
30,001 - 40,000 shares	224	7,783,577	0.77%	159	0.57%	
40,001 - 50,000 shares	153	6,963,870	0.69%	122	0.57%	
50,001 - 100,000 shares	292	20,744,237	2.04%	219	1.34%	
100,001 - 1,000,000 shares	385	116,486,228	11.46%	308	9.37%	
Over 1,000,000 shares	134	795,459,998	78.26%	123	81.29%	
	34,540	1,016,386,661	100.00%	34,333	100.00%	

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 "SoL" basis as well as on "Consolidated" basis. Capital Adequacy Ratio is calculated in accordance with the phase-in arrangements for Basel III implementation in 2015 and in accordance with Basel III in 2014. All amounts are stated in Taka crores except for those, if any, stated otherwise.

	2019 Taka in crore	2018 Taka in crore
Common Equity Tier 1 Capital (CET1)		
Paid up capital	1,016.39	967.99
Non-repayable share premium account	150.44	150.44
Statutory reserve	865.95	800.16
General reserve	1.14	1.14
Retained earnings (note 22)	297.89	206.89
Dividend equalisation reserve	53.08	53.08
Minority interest in subsidiaries	0.01	0.01
	2,384.89	2,179.70
Regulatory Adjustments / Deductions from CET1		
Deferred tax assets	(83.31)	(104.26)
100% of Excess Investment in other banks, FI and Ins. Co.	(204.94)	(197.00)
Book value of goodwill and value of any contingent assets which are shown as assets	(3.54)	(3.45)
	2,093.11	1,874.99
Tier 2 Capital		
Tier-II subordinated bond	820.00	880.00
General provision (note 17.5.2)	527.15	447.64
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
	1,396.85	1,377.34
Regulatory Adjustments / Deductions from Tier 2 capital		
100% of Excess Investment in other banks, FI and Ins. Co.	(32.95)	(26.23)
100% of Revaluation reserve for fixed assets and securities	(49.70)	(39.75)
	1,314.20	1,311.36
Total capital	3,407.31	3,487.34
Total assets	35,695.34	32,694.04
Total risk weighted assets (note 17.5.1)	24,508.21	26,154.38
Required capital with capital conservation buffer (12.50% and 11.875% of risk weighted assets for 2019 and 2018 respectively)	3,063.53	3,105.83
Surplus	343.78	81.51
Capital to risk weighted assets ratio	13.90%	12.19%
Tier-1 Capital Ratio	8.54%	7.17%
Leverage Ratio	4.83%	4.56%
17.5.1 Risk weighted assets		
A. Credit Risk		
On-Balance sheet	16,454.63	16,512.57
Off-Balance sheet	4,584.58	5,709.06
	21,039.21	22,221.62
B. Market Risk	83.17	83.19
C. Operational Risk	2,635.84	2,438.57
Total Risk weighted assets (A+B+C)	24,508.21	26,154.38

	2019 Taka in crore	2018 Taka in crore
17.5.2 General provision maintained against unclassified loan / investments & outstanding off-balance sheet exposures		
General provision maintained against unclassified loan/investments (note 16.a.1)	423.96	348.59
General provision maintained against outstanding off-balance sheet exposures (note 16.a.2)	103.19	99.05
	527.15	447.64

	2019 Taka in crore	2018 Taka in crore
17.5.a Capital Adequacy Ratio - The City Bank Limited		
Common Equity Tier 1 Capital (CET1)		
Paid up capital	1,016.39	967.99
Non-repayable share premium account	150.44	150.44
Statutory reserve	865.95	800.16
General reserve	1.14	1.14
Retained earnings (note 22.a)	362.62	288.29
Dividend equalisation reserve	53.08	53.08
	2,449.61	2,261.09
Regulatory Adjustments / Deductions from CET1		
Deferred tax assets	(82.88)	(104.27)
100% of Excess Investment in other banks, FI and Ins. Co.	(0.30)	(6.11)
	2,366.43	2,150.71
Tier 2 Capital		
Tier-II subordinated bond	820.00	880.00
General provision (note 17.5.a.2)	527.15	447.64
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
	1,396.51	1,377.01
Regulatory Adjustments / Deductions from Tier 2 capital		
100% of Excess Investment in other banks, FI and Ins. Co.	-	(7.11)
100% of revaluation reserve for fixed assets and securities	(49.37)	(39.49)
	1,347.14	1,330.40



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	2019 Taka	2018 Taka
33 Consolidated legal expenses		
The City Bank Limited (note 33.a)	46,008,027	59,573,011
City Brokerage Limited	893,024	1,321,250
City Bank Capital Resources Limited	1,735,531	365,174
CBL Money Transfer Sdn. Bhd.	82,471	-
City Hong Kong Limited	32,212	-
	48,751,265	61,259,435
33.a Legal expenses - The City Bank Limited		
Legal expenses	45,029,887	58,954,341
Others	978,140	618,670
	46,008,027	59,573,011
34 Consolidated postage, stamps, telecommunication etc.		
The City Bank Limited (note 34.a)	85,291,432	103,412,042
City Brokerage Limited (note 34.b)	3,062,552	3,039,135
City Bank Capital Resources Limited	1,002,794	261,919
CBL Money Transfer Sdn. Bhd.	2,322,224	2,155,592
City Hong Kong Limited	293,011	-
	91,976,013	109,851,388
34.a Postage, stamps, telecommunication etc. - The City Bank Limited		
Telephone - office	37,214,323	60,437,062
Postage/courier service	28,400,461	30,084,940
Telephone - residence	14,904,287	10,653,552
Telegram, telefax, fax & swift charge	4,772,361	2,236,487
	85,291,432	103,412,042
34.b Postage, stamps, telecommunication etc. - City Brokerage Limited		
Telephone, telefax, fax and e-mail	2,369,272	2,416,593
Telephone bill	659,115	606,677
Postage	34,165	15,865
	3,062,552	3,039,135
35 Consolidated stationery, printing and advertisements etc.		
The City Bank Limited (note 35.a)	235,989,626	244,899,590
City Brokerage Limited	1,108,283	1,419,484
City Bank Capital Resources Limited	1,461,402	3,011,230
CBL Money Transfer Sdn. Bhd.	19,773,141	21,451,330
City Hong Kong Limited	141,150	-
	258,473,602	270,781,634
35.a Stationery, printing and advertisements etc. - The City Bank Limited		
Office and security stationery (note 35.a.1)	147,210,627	133,402,375
Publicity and advertisement (note 35.a.2)	87,327,845	95,366,822
Computer consumable stationery	1,451,154	16,330,393
	235,989,626	244,899,590
35.a.1 Office and security stationery		
Office stationery	97,923,860	81,764,098
Security stationery	49,286,767	51,638,277
	147,210,627	133,402,375
35.a.2 Publicity and advertisement		
Advertisement sponsorship-magazine	42,797,988	45,618,774
Advertisement sponsorship-others	32,688,656	26,583,424
Advertisement-television and radio	11,694,200	18,420,000
Advertisement-miscellaneous	146,801	4,744,624
	87,327,845	95,366,822
36 Chief Executive's salary and fees		
Basic salary	7,494,553	9,727,179
Festival bonus and other allowances	11,465,453	8,857,016
	18,960,006	18,584,195
37 Consolidated Directors' fees		
The City Bank Limited (note 37.a)	1,640,000	1,746,000
City Brokerage Limited	90,000	75,000
City Bank Capital Resources Limited	87,500	86,250
CBL Money Transfer Sdn. Bhd.	3,016,273	2,152,387
City Hong Kong Limited	4,833,773	4,129,637
	10,467,546	9,189,274
37.a Directors' fees - The City Bank Limited		
Meeting fees	1,640,000	1,746,000
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.		
38 Consolidated depreciation and repair		
The City Bank Limited (note 38.a)	1,599,749,332	1,112,883,922
City Brokerage Limited (note 38.b)	36,897,207	19,203,878
City Bank Capital Resources Limited (note 38.c)	10,176,397	8,050,505
CBL Money Transfer Sdn. Bhd.	19,276,435	4,446,120
City Hong Kong Limited	4,961,122	-
	1,671,060,493	1,144,616,525
38.a Depreciation and repair of bank's assets - The City Bank Limited		
Depreciation		
Depreciation on leased assets	550,509,095	-
Depreciation on fixed assets	506,183,201	569,986,856
	1,056,692,296	569,986,856
Repairs and maintenance:		
Fixed assets	535,574,541	537,553,058
Others	7,482,495	6,342,008
	543,057,036	543,895,066
See Annexure D for details of depreciation.		
38.b Depreciation and repair - City Brokerage Limited		
Depreciation:		
Leased assets	13,233,739	-
Building	7,321,236	7,321,237
Office equipment	5,547,236	3,060,006
Furniture and fixtures	2,784,404	2,590,348
Vehicle	1,244,160	899,470
Software	1,655,908	836,701
	31,786,683	14,707,762
Repairs and maintenance:		
Fixed assets	5,110,524	4,496,116
Others	5,110,524	4,496,116
	10,221,048	8,992,232
38.c Depreciation and repair - City Bank Capital Resources Limited		
Depreciation:		
Leased assets	4,052,773	-
Vehicle	2,240,202	2,240,220
Furniture and fixtures	1,334,216	1,438,960
Office equipment	1,127,572	1,146,738
Building	-	-
Software	328,509	328,464
	9,083,372	5,154,382
Repairs and maintenance:		
Fixed assets	1,093,025	2,930,223
Others	1,093,025	2,930,223
	2,186,050	5,860,446
39 Consolidated other expenses		
The City Bank Limited (note 39.a)	2,242,861,796	1,900,121,612
City Brokerage Limited	19,865,232	33,332,575
City Bank Capital Resources Limited	10,466,278	9,241,578
CBL Money Transfer Sdn. Bhd.	5,027,009	4,282,293
City Hong Kong Limited	2,885,968	-
Inter-company transactions	2,281,106,283	1,946,978,058
City Bank Capital Resources Limited with The City Bank Limited	(19,800,000)	(19,000,000)
	2,261,306,283	1,927,978,058
39.a Other expenses - The City Bank Limited		
Credit card (note 39.a.1)	615,251,421	596,533,086
Others (note 39.a.2)	430,482,979	150,201,212
Business expansion cost	400,921,328	397,963,355
Donations	151,936,200	76,201,210
Professional fees	126,643,245	138,308,878
Guard salary	125,669,926	137,779,539
Royalty adjustment	84,967,827	84,363,832
Traveling expenditure and conveyance - Staff	72,253,241	58,719,991
IT support & software maintenance	42,465,414	14,005,841
Business process outsourcing - online	40,940,873	52,015,226
Security expenses	31,417,482	34,904,150
Fuel	27,193,839	28,853,747
Cash carrying charges	22,264,268	25,772,987
Entertainment	22,247,588	24,605,603
Washing and cleaning	16,161,392	35,519,088
Subscription to institutions	13,854,928	12,193,025
Staff activities and welfare	9,602,317	13,601,819
CIB Charges	2,377,286	2,078,028
Vehicle rental expenditure	2,259,115	9,992,000
Annual general meeting	2,177,776	2,416,632
Books, magazines and newspapers etc.	1,525,276	1,736,793
Medical	325,894	2,024,317
Remittance charges	82,179	82,417
Loss from sale of fixed assets	-	4,251
	2,242,861,796	1,900,121,612
39.a.1 Credit card expenses		
Inter charges fee	357,411,245	362,512,188
VISA International fees	126,335,354	116,997,160
ATM service charges	50,105,713	58,245,119
Processing and personalisation fees	49,636,617	43,125,255
Complementary campaign expenses	31,762,942	15,652,766
	615,251,421	596,533,086
39.a.2 Others include capital raising expenses, staff recruitment expenses, NRB bank charges etc.		
40 Consolidated provision for loans and advances/investments		
The City Bank Limited (note 40.a)	2,585,079,302	1,841,325,799
City Brokerage Limited	14,861,325	(29,669,955)
City Bank Capital Resources Limited	68,189	2,193,025
	2,599,940,627	1,814,848,869
40.a Provision for loans and advances/investments - The City Bank Limited		
Provision for unclassified loans and advances/investments	753,707,394	1,175,811,752
Provision for classified loans and advances/investments	401,644,128	321,814,047
Provision for partially write off	1,423,727,080	343,702,000
	2,585,079,302	1,841,325,799
40.b Provision for diminution in value of investments - The City Bank Limited		
Provision for investment	-	3,000,000
	-	3,000,000
40.c Other provision - The City Bank Limited		
Provision for non-banking assets	(70,632,584)	313,966,186
	(70,632,584)	313,966,186
41 Consolidated provision for taxation		
Current tax:		
The City Bank Limited (note 41.a)	3,045,860,580	2,271,498,375
City Brokerage Limited	53,499,787	67,500,307
City Bank Capital Resources Limited	62,199,822	54,389,428
CBL Money Transfer Sdn. Bhd.	68,189	68,189
	3,161,628,378	2,392,975,570
Deferred tax:		
The City Bank Limited (note 41.a)	213,860,419	65,494,416
City Brokerage Limited	(4,545,558)	(22,372)
City Bank Capital Resources Limited	288,759	-
City Hong Kong Limited	209,603,620	65,472,044
	427,207,420	108,194,088
Income tax on profit	3,588,835,798	2,501,169,658

	2019 Taka	2018 Taka
41.a Provision for Taxation - The City Bank Limited		
Current tax:		
Provision for income tax has been made according to Income Tax Ordinance, 1984. During the year, an amount of Taka 3,045,860,580 for prior year (2018: Taka 2,271,498,375) 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 International Accounting Standard (IAS) - 12. During the year, net amount of Taka 213,860,419 has been recognised as deferred tax expense, which was Taka 65,494,416 as deferred tax expense in prior year.		
The charge for taxation is based upon profit for the year comprises:		
Current tax on taxable income @ 37.5%	3,045,860,580	2,270,329,253
Adjustment for prior year	-	(298,830,878)
	3,045,860,580	2,271,498,375
Net deferred tax liability/(asset) originated for temporary differences	213,860,419	65,494,416
Income tax on profit	3,259,720,999	2,336,992,791
41.b Reconciliation of effective tax rate - The City Bank Limited		
	2019	2018
	%	%
Profit before income tax as per profit and loss account	5,731,380,957	4,354,923,411
Income tax as per applicable tax rate	37.50%	37.50%
Factors affecting the tax charge for current year		
Non deductible expenses	10.50%	8.58%
Inadmissible expenses/provisions	16.72%	20.01%
Admissible expenses	(11.08%)	(5.80%)
Tax exempted income for dividend	0.00%	(0.81%)
Tax savings from reduced tax rates for dividend	(0.48%)	(0.52%)
Tax loss/(savings) from reduced tax rates for capital gain	(0.01%)	0.00%
Income from gain on sale of fixed assets	0.00%	(0.14%)
Last year adjustment for 2016 & 2017	0.00%	(6.86%)
Total income tax expenses	53.14%	52.16%
	3,045,860,580	2,271,498,375
42 Consolidated receipts from other operating activities		
The City Bank Limited (note 42.a)	3,925,581,963	3,179,809,830
City Brokerage Limited	59,702,382	160,990,446
City Bank Capital Resources Limited	(1,516,640)	29,000,000
CBL Money Transfer Sdn. Bhd.	1,545,686	2,454,806
City Hong Kong Limited	-	-
	3,985,313,391	3,370,254,882
Adjustment for consolidation-The City Bank Ltd.	(18,338,349)	(23,237,215)
	3,976,975,042	3,347,017,667
42.a Receipts from other operating activities - The City Bank Limited		
Interest on bonds, debentures and treasury bills	1,939,996,921	1,523,126,300
Credit card income	1,830,347,867	1,502,118,603
Rebate received from foreign banks	89,910,124	62,517,394
Postage/telefax/swift charge recoveries	62,317,710	53,187,372
Retention recovered	13,024,850	12,865,313
Miscellaneous earnings	9,930,491	7,374,850
Income from sale of bank's property	-	-
	3,925,581,963	3,179,809,830
43 Consolidated payments for other operating activities		
The City Bank Limited (note 43.a)	3,897,769,299	3,471,855,900
City Brokerage Limited	64,267,565	75,481,748
City Bank Capital Resources Limited	25,279,903	30,147,760
CBL Money Transfer Sdn. Bhd.	64,815,343	99,169,869
City Hong Kong Limited	7,775,743	-
	4,059,908,853	3,677,665,275
Adjustment for consolidation-The City Bank Ltd.	(32,179,200)	-
	4,027,729,653	3,677,665,275
43.a Payments for other operating activities - The City Bank Limited		
Other expenses	2,599,208,356	1,773,908,296
Rent, taxes, insurance and electricity	545,552,529	917,289,054
Repair to bank's assets	540,670,924	58,128,574
Postage, stamp and telecommunication	103,450,538	82,517,394
Advertisement expenses	80,466,453	88,523,259
Legal expenses	44,539,371	2,192,000
Auditors' fees	2,185,000	2,601,500
Directors' fees	1,594,300	544,482,740
	3,897,769,299	3,471,855,900
44 Consolidated (increase) / decrease of other assets		
The City Bank Limited (note 44.a)	(417,401,938)	(388,664,446)
City Brokerage Limited	(10,157,108)	(10,157,108)
City Bank Capital Resources Limited	44,717,779	13,420,654
CBL Money Transfer Sdn. Bhd.	(2,068,541,249)	(2,215,215)
City Hong Kong Limited	-	-
	(4,381,874,802)	(387,616,115)
Adjustment for consolidation-The City Bank Ltd.	151,242,706	49,514,503
	(4,229,942,096)	(338,101,611)



The City Bank Limited

Financial Statements as at and for the year ended 31 December 2019

53.2 Asset liability management risk

For better management of asset and liability risk, the Bank has an established Assets Liability Committee (ALCO) which meets at least once a month. The members of ALCO as at 31 December 2019 were as follows:

Mr. Mashrur Arefin	Managing Director & Chief Executive Officer
Mr. Sheikh Mohammad Maroof	AMD, Head of Wholesale Banking & Head of SME - Small & Micro Finance
Mr. Md. Abdul Wadud	DMD, Head of Commercial, Trade and Medium Business
Ms. Mahia Juned	DMD & COO
Mr. Mohammad Mahbubur Rahman	DMD & CFO
Mr. Md. Zaidul Iqbal	Chief Risk Officer
Mr. Md Arup Haider	Head of Retail Banking
Mr. Muhammed Shah Alam	Head of Treasury

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 through 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 specified 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 CRR, SLR and RWA are reviewed by ALCO.

53.1.3 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 bank 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 evaluated 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 2019, no debit entry was unrecorded for 3 months or more, therefore no provision is kept in accordance with FEPD circular no. 677 (13 September 2005).

53.1.4 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.

53.1.5 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 Head of Internal Control & Compliance 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 training 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.

53.1.6 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 center, 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 centers, 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.

53.2 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 bank, 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.

53.2.1 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 31 December 2019 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	LLB
Mrs. Syeda Shaheen 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) M.A

53.2.2 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:

- 70th Audit Committee Meeting held on 13 January 2019
- 71st Audit Committee Meeting held on 12 February 2019
- 72nd Audit Committee Meeting held on 06 March 2019
- 73rd Audit Committee Meeting held on 17 April 2019
- 74th Audit Committee Meeting held on 02 July 2019
- 75th Audit Committee Meeting held on 24 July 2019
- 76th Audit Committee Meeting held on 04 September 2019
- 77th Audit Committee Meeting held on 02 October 2019
- 78th Audit Committee Meeting held on 15 October 2019
- 79th Audit Committee Meeting held on 08 November 2019
- 80th Audit Committee Meeting held on 08 December 2019

53.2.3 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.

53.3 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 arises from mismatches between the future yield of an asset and their funding cost. Asset Liability Committee (ALCO) monitors the interest rate risk on a regular basis and Treasury Division actively manages the Balance Sheet gap profitably on a regular basis.

53.4 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).

53.5 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.

53.6 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 spill over 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 2019 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:

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

53.7 Exchange rates

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

Currencies	2019	2018
	Taka	Taka
USD 1 =	84.9000	83.9000
ACU 1 =	84.9000	83.9000
GBP 1 =	111.3506	106.1964
AUD 1 =	59.3791	59.2250
EUR 1 =	95.0880	95.4992
CHF 1 =	87.3053	84.5383
JPY 1 =	0.7778	0.7562
SAR 1 =	22.6231	22.3593
MYR 1 =	20.6394	20.0886
KWD 1 =	279.5752	275.9868
SGD 1 =	62.9215	61.1093
AED 1 =	23.1137	22.8414

53.8 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 2019.

Particulars	Date of Rating	Long term	Short term	Rating Valid
		AA2	ST-2	
Entity Rating	29-May-19	Very strong capacity & very high quality	Strong capacity for timely repayment	30-Jun-20

53.9 Fraud and administrative error

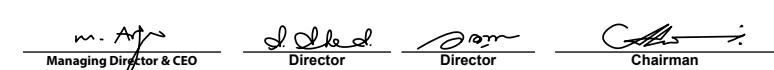
In the year 2019, total number & amount of fraud forgeries detected in the Bank were 2 nos. & BDT 84,75,000.00 respectively. One of the incidences occurred by internal and other occurred by external fraudsters. Out of total fraud amount of BDT 84,75,000.00, BDT 57,75,000.00 was recovered from the fraudsters and the remaining amount of BDT 27,00,000.00 was booked into the loss of the bank which is under process for recovery through appropriate administrative action (for internal fraudster) as well as legal actions (for both). To prevent fraud and administrative errors, the bank has taken appropriate corrective measures so that the same incidences can be prevented in future.

53.10 Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of TK 36,000 p.a. or above were 4,493 at the end of December 2019 as against 3,858 at the end of December 2018.

53.11 Previous year's figures have been re-arranged, wherever necessary, to conform with the current year's presentation.

The annexed notes 1 to 53 form an integral part of these financial statements.



Dhaka, 22 June 2020

Annexure-A Consolidated Liquidity Statement (Analysis of maturity of assets and liabilities) as at 31 December 2019

Particulars	Up to 1 month					Total
	Taka	Taka	Taka	Taka	Taka	
Assets						
Cash in hand	11,395,386,441	-	-	-	-	11,395,386,441
Balance with other banks and financial institutions	9,157,844,647	9,134,309,268	5,072,266,509	54,159,227	27,079,614	23,447,476,265
Money at call and short notice	-	-	-	89,379,167	-	89,379,167
Investments	3,390,961,454	3,102,503,666	13,151,527,772	20,100,366,467	3,903,289,113	43,846,846,472
Loans and advances/investments	14,071,055,337	64,814,938,701	56,557,097,368	84,015,530,984	28,312,111,842	241,777,734,252
Fixed assets including premises, furniture and fixtures	-	-	-	-	-	6,292,251,389
Other assets	3,427,435,528	1,994,805,645	2,190,400,750	1,014,866,057	400,000	6,627,907,980
Non banking assets	-	-	-	-	-	1,152,338,991
Total assets (A)	41,442,465,407	79,046,557,280	79,027,862,107	106,370,901,205	51,066,418,038	355,953,394,037
Liabilities						
Tier-II subordinated bond	-	-	-	8,280,000,000	920,000,000	9,200,000,000
Borrowings from other banks, financial institutions and agents	13,722,421,380	10,983,325,383	12,322,556,210	7,679,247,569	439,946,282	45,147,496,824
Deposits	28,937,825,743	43,377,343,460	98,952,834,670	47,564,025,268	15,622,137,615	234,454,166,756
Other accounts	3,548,400	6,858,259,828	499,820,190	4,136,530,052	21,990,054,767	33,492,235,237
Loans and advances/investments	26,774,935,964	40,997,502,272	69,628,612,328	71,245,926,220	24,127,977,738	231,874,954,522
Fixed assets including premises, furniture and fixtures	-	-	-	-	-	3,989,868,437
Other assets	1,237,065,547	1,924,596,739	3,172,178,048	2,110,159,249	81,506,923	6,525,506,505
Non banking assets	-	-	-	-	-	1,033,701,289
Total liabilities (B)	44,142,200,310	64,758,463,725	77,776,056,644	78,559,155,289	61,432,562,814	326,940,438,782
Net liquidity gap (A - B)	(2,699,734,903)	14,288,093,555	1,251,805,463	27,811,745,916	(10,366,144,776)	129,012,955,255

Annexure-B Liquidity Statement (Analysis of maturity of assets and liabilities) as at 31 December 2019

Particulars	Up to 1 month					Total
	Taka	Taka	Taka	Taka	Taka	
Assets						
Cash in hand	8,197,268,373	-	-	-	-	8,197,268,373
Balance with other banks and financial institutions	8,201,383,666	15,878,104,885	4,418,896,391	-	-	28,494,384,942
Money at call and short notice	-	-	-	89,379,167	-	89,379,167
Investments	3,548,400	6,858,259,828	499,820,190	4,136,530,052	21,990,054,767	33,492,235,237
Loans and advances/investments	26,774,935,964	40,997,502,272	69,628,612,328	71,245,926,220	24,127,977,738	231,874,954,522
Fixed assets including premises, furniture and fixtures	-	-	-	-	-	3,989,868,437
Other assets	1,237,065,547	1,924,596,739	3,172,178,048	2,110,159,249	81,506,923	6,525,506,505
Non banking assets	-	-	-	-	-	1,033,701,289
Total assets (A)	44,142,200,310	64,758,463,725	77,776,056,644	78,559,155,289	61,432,562,814	326,940,438,782
Liabilities						
Tier-II subordinated bond	-	-	-	8,280,000,000	920,000,000	9,200,000,000
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	198,016,898,050
Other accounts	1,642,455,472	3,284,910,944	1,916,198,050	1,916,198,050	-	8,844,564,466
Loans and advances/investments	531,881,241	2,579,827,290	2,383,088,069	68,793,243,837	189,878,322	184,644,283,279
Fixed assets including premises, furniture and fixtures	-	-	-	-	-	3,989,868,437
Other assets	1,135,507,821	1,946,464,706	2,157,298,276	1,046,725,275	6,145,747,132	12,453,741,210
Non banking assets	-	-	-	-	-	1,033,701,289
Total liabilities (B)	48,585,162,708	64,760,178,871	117,412,981,212	88,564,953,256	28,700,053,911	329,273,350,963
Net liquidity gap (A - B)	(4,442,962,398)	14,998,284,854	(39,636,924,568)	(10,005,797,967)	(32,267,491,097)	(102,332,912,181)

Annexure-C Liquidity Statement (Analysis of maturity of assets and liabilities) as at 31 December 2019

Particulars	Up to 1 month					Total
	Taka	Taka	Taka	Taka	Taka	
Assets						
Cash in hand	11,395,386,441	-	-	-	-	11,395,386,441
Balance with other banks and financial institutions	9,157,844,647	9,134,309,268	5,072,266,509	54,159,227	27,079,614	23,447,476,265
Money at call and short notice	-	-	-	89,379,167	-	89,379,167
Investments	3,390,961,454	3,102,503,666	13,151,527,772	20,100,366,467	3,903,289,113	43,846,846,472
Loans and advances/investments	14,071,055,337	64,814,938,701	56,557,097,368	84,015,530,984	28,312,111,842	241,777,734,252
Fixed assets including premises, furniture and fixtures	-	-	-	-	-	6,292,251,389
Other assets	3,427,435,528	1,994,805,645	2,190,400,750	1,014,866,057	400,000	6,627,907,980
Non banking assets	-	-	-	-	-	1,152,338,991
Total assets (A)	41,442,465,407	79,046,557,280	79,027,862,107	106,370,901,205	51,066,418,038	355,953,394,037
Liabilities						
Tier-II subordinated bond						

Annexure-G

A. Disclosure regarding outstanding REPO as at 31 December 2019

Sl. no.	Counterparty name	Agreement date	Reversal date	Amount (1st leg cash consideration)
1	Standard Chartered Bank	29 December 2019	01 January 2020	1,474,318,500
2	Bangladesh Bank	09 December 2019	06 January 2020	500,000,000

B. Disclosure regarding outstanding Reverse REPO as at 31 December 2019

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

C. Disclosure regarding overall transactions of REPO and Reverse REPO as at 31 December 2019

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	483,568,500	4,943,371,460	587,880,619
2	with other Banks & Financial Institutions	197,708,400	2,966,878,860	608,275,699

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	98,563,400	6,221,409,438	208,350,355

Annexure-H

Geographical Segment Reporting as at 31 December 2019

Division	Dhaka Division	Chattogram Division	Rajshahi Division	Khulna Division	Sylhet Division	Rangpur Division	Barisal Division	Mymensingh Division	Total
Interest income	22,405,767,714	2,866,391,665	650,182,822	369,016,954	143,316,207	170,013,469	51,803,314	34,747,373	26,819,238,510
Interest expenses	(12,298,703,542)	(2,402,848,109)	(276,812,006)	(187,862,147)	(606,294,935)	(120,425,811)	(41,389,950)	(53,099,843)	(15,987,238,351)
Net interest income	10,107,064,172	893,543,556	373,370,816	181,154,807	(62,978,728)	57,587,658	10,413,364	(18,352,470)	10,832,000,159
Pool income	21,209,135,665	2,538,086,237	248,413,971	204,663,707	716,448,322	130,751,636	40,404,468	60,346,417	25,150,251,453
Pool expenses	(22,779,481,863)	(1,646,535,479)	(354,980,329)	(186,842,100)	(18,853,865)	(142,299,830)	(16,070,079)	(52,217,878)	(25,150,251,453)
NPI	(1,570,346,198)	891,580,759	(106,566,358)	17,821,607	699,585,467	(11,548,194)	24,334,389	52,128,539	-
Interest income on investments	2,086,159,974	-	-	-	-	-	-	-	2,086,159,974
Commission income	1,967,024,596	116,567,098	6,308,798	17,715,413	481,902	160,142	712,248	619,048	2,108,789,225
Exchange gain/loss	1,267,087,462	2,344,743	440,826	647,219	410,847	131,581	7,140	104,944	1,271,174,742
Fees and other income	1,763,080,030	138,451,202	27,050,117	16,072,229	22,316,909	11,506,516	3,211,036	3,847,313	1,985,585,042
Total other income	7,863,362,852	257,343,843	33,999,731	34,434,861	23,299,588	11,859,289	3,930,424	4,571,385	7,492,768,963
Operating income	15,620,080,026	1,732,467,357	300,804,189	233,611,275	259,608,087	57,897,873	38,678,169	41,347,374	16,824,712,150
Staff cost	4,459,692,657	417,542,728	123,194,495	85,192,629	110,409,313	47,411,669	19,483,472	20,492,211	5,266,415,355
Other cost	4,377,225,099	207,359,842	41,375,194	27,489,182	45,590,453	15,715,287	7,306,078	7,724,098	4,731,144,597
Total operating expenses	8,836,917,856	624,902,570	164,569,689	112,681,811	156,009,866	63,126,956	27,389,550	28,216,309	9,897,589,162
Operating profit	6,803,162,170	1,107,564,787	136,234,500	120,929,464	103,598,221	(5,229,083)	11,288,619	13,065,065	6,927,122,988
Provision for loans & others	(1,352,916,659)	(768,429,587)	(249,028,714)	(75,845,494)	(30,869,639)	(69,292,492)	(1,842,596)	(1,553,722)	(2,552,791,801)
Profit before tax (PBT)	5,450,245,511	319,135,199	(114,162,174)	45,073,970	66,697,644	(63,521,755)	10,211,215	11,661,343	5,724,369,987
Provision for taxation	-	-	-	-	-	-	-	-	(2,259,720,990)
Net profit after tax (PAT)	-	-	-	-	-	-	-	-	2,471,638,997
Segment wise loans & advances	203,209,819,690	28,306,058,113	6,553,275,059	3,544,898,901	1,315,381,387	2,510,281,500	610,666,616	285,281,457	246,843,650,723
Segment wise deposits	184,083,266,693	40,979,955,928	5,167,345,913	3,415,432,227	814,268,571	2,304,217,132	758,730,899	957,788,934	246,703,665,442

Annexure-I(1)

Balance Sheet of Islamic Banking Branch as at 31 December 2019

	Note	2019 Taka	2018 Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand (including foreign currencies)	1	996,941	6,331,393
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		2,625,766,099	1,240,843,193
Balance with other banks and financial institutions	2	32,196,064	2,572,196,064
In Bangladesh		32,196,064	2,572,196,064
Outside Bangladesh		-	-
Placement with banks & other financial institutions		32,196,064	2,572,196,064
Investments in shares & securities	3	500,000,000	-
Government		500,000,000	-
Others		-	-
Investments	4	5,195,879,011	1,569,727,069
General investments etc.		2,638,900	2,781,300
Bills purchased and discounted		5,195,879,011	1,572,508,369
Fixed assets including premises, furniture and fixtures	5	3,707,520	5,191,794
Other assets	6	15,486,290	27,243,133
Non-banking assets		8,376,670,726	5,424,313,946
LIABILITIES AND CAPITAL			
LIABILITIES:			
Borrowings from other banks, financial institutions and agents	7	-	-
Deposits and other accounts			
Mudaraba and Manarah savings deposits		1,118,185,641	754,549,776
Mudaraba term deposits		5,984,296,683	3,923,293,824
Al-wahdia and Manarah current deposits and other accounts		520,778,307	376,637,745
Bills payable		14,764,728	16,801,084
7,618,015,362		5,071,282,429	
Other liabilities	8	758,655,363	353,031,516
Total liabilities		8,376,670,726	5,424,313,946
Capital/shareholders' equity			
Paid up capital		-	-
Statutory reserve		-	-
Share premium		-	-
Other reserve		-	-
Surplus in profit and loss account/Retained earnings		-	-
Total shareholders' equity		-	-
Total liabilities and shareholders' equity		8,376,670,726	5,424,313,946
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		661,929,833	1,027,752,833
Letters of guarantee		159,420,282	85,938,388
Irrevocable letters of credit		632,569,816	317,847,943
Bills for collection		3,326,463	3,190,132
Other contingent liabilities		-	-
1,457,246,394		1,434,729,295	
Other commitments			
Total off-balance sheet items including contingent liabilities		1,457,246,394	1,434,729,295

Annexure-I(2)

Profit and Loss Account of Islamic Banking Branch for the year ended 31 December 2019

Note	2019 Taka	2018 Taka
Profit and investment income	720,807,870	230,048,441
Profit paid on deposits and borrowings etc.	(506,741,070)	(144,274,862)
Net investment income	214,066,800	85,773,579
Investment income	4,993,115	2,179,572
Commission, exchange and brokerage	18,988,953	21,361,270
Other operating income	2,013,105	1,573,066
Total operating income	240,061,972	110,887,487
Salaries and allowances	30,876,679	30,229,916
Rent, taxes, insurance, electricity etc.	18,638,618	16,743,344
Legal expenses	192,700	84,775
Postage, stamp, telecommunication etc.	1,119,166	117,573
Stationery, printing, advertisement etc.	605,044	423,541
Depreciation and repair of bank's assets	3,948,193	4,172,838
Other expenses	6,842,932	2,939,486
Total operating expenses	62,223,332	54,711,473
Net operating profit	177,838,640	56,176,014
Provision for loans and advances/investments	(33,082,106)	1,689,223
Provision for off-balance sheet exposures	-	(614,168)
Total provision	(33,082,106)	1,075,055
Total profit before taxes	144,756,534	57,251,069

Notes to the Balance Sheet and Profit and Loss Account of Islamic Banking Branch for the year ended 31 December 2019

	2019 Taka	2018 Taka
1. Cash		
1.1 Cash in hand		
In local currency	996,941	6,331,393
In foreign currency	-	-
996,941	6,331,393	
1.2 Balance with Bangladesh Bank and its agent bank(s)		
In local currency	2,625,766,099	1,240,843,193
In foreign currency	-	-
2,625,766,099	1,240,843,193	
2. Balance with other banks and financial institutions		
In Bangladesh (Note - 2.1)	32,196,064	2,572,196,064
Outside Bangladesh	-	-
32,196,064	2,572,196,064	
2.1 In Bangladesh		
Mudaraba savings deposit accounts		
Social Islami Bank Ltd.	-	-
Mudaraba Short Notice Deposits		
AB Bank Ltd. IBB	14,937,378	14,937,378
Bank Alfalah Ltd.	2,078,746	2,078,746
South East Bank Ltd. IBB	10,135,610	10,135,610
Social Islami Bank Ltd.	1,545,849	1,545,849
Export Import Bank of Bangladesh Ltd.	2,671,830	342,671,830
Prime Bank Ltd.	826,650	826,650
32,196,064	372,196,064	
Mudaraba term deposit accounts		
Export Import Bank of Bangladesh Ltd.	-	1,000,000,000
Prime Bank Ltd.	-	1,000,000,000
Jamuna Bank Ltd.	-	200,000,000
32,196,064	2,572,196,064	

2019 Taka

2018 Taka

3 Investments in shares & securities

i) Investment classified as per Bangladesh Bank circular

Held to Maturity (HTM)	500,000,000	-
500,000,000	-	

ii) Investment securities are classified as follows

a) Government bond		
6 months Islamic bonds	500,000,000	-
6 years Islamic bond	-	-
b) Other investments	500,000,000	-

4 Investments

i) Investments

	2019 Taka	2018 Taka
Inside Bangladesh		
Bai-muazzal	2,176,715	2,202,437
Murabaha	4,258,225,729	797,330,122
Hire purchase shirkatul melk (HPSM)	935,476,568	770,194,510
Quard	-	-
5,195,879,011	1,569,727,069	
Outside Bangladesh	5,195,879,011	1,569,727,069

ii) Bills purchased and discounted

Payable Inside Bangladesh		
Inland bills purchased	2,638,800	2,781,300
Payable Outside Bangladesh		
Foreign bills purchased and discounted	-	-
2,638,800	2,781,300	
5,195,879,011	1,572,508,369	

5 Fixed assets including premises, furniture and fixtures

Cost		
Furniture and fixtures	14,789,649	14,769,649
Office equipment and machinery	17,906,721	17,441,378
32,696,369	32,211,024	
Accumulated depreciation	(28,988,849)	(27,019,230)
3,707,520	5,191,794	

6 Other assets

Stationery and stamps	267,946	129,046
Advance deposits and advance rent	3,487,943	7,143,623
Advance tax	3,174,915	2,856,828
Profit receivable from Investment	8,376,153	14,352,148
Sundry debtors	179,333	2,761,488
15,486,290	27,243,133	

7 Borrowings from other banks, financial institutions and agents

In Bangladesh (Note- 7.1
