Integrated Annual Report 2019

city bank™

Bank that generations bank on!



City Bank:
Bank that generations bank on!

At City Bank, by serving many generations of customers – from small branches earlier to now offering cutting-edge digital services accessible from the comfort of one's home or one's office – City Bank has rapidly evolved to become one of the largest and most respected financial institutions of Bangladesh.

Today, City Bank offers a wide range of both conventional and Islamic financial solutions and services, including wholesale banking, corporate banking and retail banking, with the explicit purpose of helping individuals and businesses succeed commercially, financially and socially. Such a purpose demonstrates our renewed vision to bolster sustenance, improvement and growth in key segments and products.

Further, as a future-facing bank that is committed to holistic customer service, City Bank's digital journey is anchored on making banking an easy, fast, simple and enjoyable experience for our valued customers across all touch-points, including branches, online and mobile. Today, we are accelerating the next-phase of our digital capabilities with a comprehensive digital roadmap that focuses on integrating our services into the lives of our customers in an innovative and cost-effective way.

Indeed, our sustained multi-decade growth has been accomplished by staying true to our ability of placing our customer at the centre of our universe and constantly embracing innovation, while incorporating best practices in sustainability in our pursuit of meeting the needs and aspirations of our stakeholders – today and of future generations!

Scan this QR code with your mobile device for quick access to this annual report.

Letter of transmittal

To
All Shareholders
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Sub: Annual Report for the year ended 31 December, 2019

Dear Sir(s)/Madam(s),

We are pleased to present before you The City Bank's Annual Report 2019 along with the audited Financial Statements (Consolidated and Separate) including Balance Sheet as at 31 December, 2019 and Income Statement and Cash Flow Statement for the year ended 31 December, 2019 along with notes.

Financial Statements of the Bank comprise those of CBL On-Shore (main operations) and Off-Shore Banking Unit whereas Consolidated Financial Statements comprise Financial Statements of the Bank and those of its subsidiaries (City Brokerage Ltd., City Bank Capital Resources Ltd., CBL Money Transfer Sdn. Bhd., Malaysia and City Hong Kong Ltd.) presented separately. Analyses of this report, unless explicitly mentioned otherwise, are based on the financials of the Bank and not the consolidated financials.

Yours Sincerely,



Md. Kafi Khan
Company Secretary

CONTENTS, 2019

Hello! We are pleased to present our 2019 Integrated Annual Report to our stakeholders.

This segment of our report provides an introductory narration, including aspects on document control and reporting alignment with the IIRC's six capitals.

Overview of City Bank

In this segment, we articulate our business identity and elaborate on our theme of "Bank that generations bank on".

Leadership statements

This segment of our report provides readers with a holistic strategic and tactical review by our leadership team, comprising our Chairman, MD & CEO and CFO.

Foundations of City Bank

This segment demonstrates how the Bank was conceived by stalwarts and is now being led by specialist professional teams with diversified experience in business.

Integrated reporting framework

As an organisation, we are aligned with best practices in integrated reporting, we have incorporated a strategic overview of our business with respect to our operating landscape which is elaborated in this section.

Performance Review

This segment of our report provides readers with insights into our historical and current financial and non-financial performance.

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View our report online and on the go
Our Annual Report, accounts and other information about CBL can be found at www.citybank.com.bd

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2019 Report compilation

Navigation

Icons are used in this report to assist our readers with navigating the information.

Cross-referencing to supporting information in this report

Information that can be found online on our corporate website

Our capitals

At City Bank, we rely on the six capitals to create and sustain value and have adapted the terminology to suit our business purpose.

City Bank's six capitals

Financial Capital | Human Capital | Intellectual Capital | Infrastructure Capital | Social and relationship Capital | Natural Capital

Our material matters

At City Bank, our material matters are key constituents to our goals and ensure that we remain on track to achieve our objectives.

City Bank's key strategic material matters

- Serve the widest customer needs
- Optimise our capital management strategies
- Enhance our financial performance
- Focus on continuous skills transformation
- Ensure regulatory compliance
- Adhere to environmental best practices

Feedback

We continue to strive to improve the quality of our reporting and feedback on this Integrated Annual Report can be emailed to us at investorrelations@citybank.com

To assist in the Company's endeavours to promote a more sustainable environment, we urge our stakeholders to make use of our reporting suite on or corporate website, where all our reports and latest financial results presentations can be viewed.

Reporting suite

The City Bank Limited's Integrated Annual Report 2019 has been prepared in accordance with the IIRC's International <IR> Framework and aims to provide our stakeholders with a concise, material and transparent assessment of how we create value over time.

Introduction

We are pleased to present our 2019 Integrated Annual Report (IAR). This is our primary report to our shareholders and other stakeholders.

Scope and boundary of this report

This integrated annual report covers the period from 1 January, 2019 to 31 December, 2019. It addresses the performance of The City Bank Limited and its subsidiaries (together referred to as the Group) in all territories where the company operates.

At City Bank, we continue to strive to report more transparently across a wider range of performance indicators than in prior years. While every effort has been made to disclose information as extensively as possible, we are cognisant that further improvements are possible and the intention is to enhance this reporting constantly as a part of our vision to augment our reporting practices and standards.

For the most part, statistics in this document relate to our business in Bangladesh (standalone performance, unless otherwise stated). Where information refers to a specific geographic territory, we have denoted it as such.

We report on our three core operations: lending on the assets side, borrowings on the liability side and investments (the latter two comprising our integrated funds chain).

The scope of this report covers our financial performance as well as non-financial performance. We report on strategy, the six capitals on which we rely and the opportunities, risks and outcomes attributable to or associated with our key stakeholders, who significantly influence our ability to create value.

There has been no material change in the scope and boundary of the IAR 2019, compared to the prior year or to historical financial data.

Materiality

The legitimate and strategic interests of all our key stakeholders were taken into account in determining information that is considered to be material for inclusion in this report. Our key stakeholder information is contained in the report.

Key stakeholder relationships – page 69-70

We define strategic material matters as those which are most material to the development and execution of our strategy and those that have the potential to significantly affect our ability to create stakeholder value and contribute to the future sustainability of the Group.

Key material matters – page 66

Combined assurance

The Board, with the support of the Audit and Risk Committee, is ultimately responsible for combined assurance by setting the direction concerning the arrangements for assurance services and functions. The assurance role providers ensure that ethics and effective risk management are embedded in our internal growth agenda.

Our assurance has been provided by:

FINANCIAL STATEMENTS AUDIT

Rahman Rahman Huq, Chartered Accountants

CORPORATE GOVERNANCE COMPLIANCE

Howlader Younus & Co. Chartered Accountants

TAX CONSULTANT

ACNABIN Chartered Accountants

LEGAL ADVISORS

Law Valley

CREDIT RATING AGENCY

International: Moody's
Local: Credit Rating Agency of Bangladesh (CRAB)

Internal and external audit plans are approved by the Audit and Risk Committee to ensure risk areas are covered in a collaborative and coordinated manner. Key risks facing the business are identified and the necessary internal controls are implemented. As part of the combined assurance model, internal audit has embarked on a process of collaborating with other assurance providers on providing assurance on financial and ESG risks to ensure that the Board continues to have line of sight on current and emerging risks.

While our assurance providers cover key controls and accounting matters in the course of their audits, other levels of external assurance are obtained as and when required.

These processes inform the content of this report which contains both financial and non-financial indicators.

Financial information

The audited 2019 annual financial statements are also available online

Reporting suite and principles

We are committed to reporting transparently to our stakeholders. Our Integrated Annual Report is the primary report to and a major communication interface with our shareholders and stakeholders, and demonstrates the relationship between the interdependent elements which comprise our value creation process, in compliance with the requirements of:

- *Banking Companies Act, 1991 (Amendment in 2013)*
- *Bangladesh Bank Regulations*
- *Companies Act, 1994*
- *Bangladesh Accounting Standards*
- *Bangladesh Financial Reporting Standards*
- *Financial Institutions Act, 1993*
- *Securities and Exchange Rules, 1987*
- *The Income Tax Ordinance, 1984*
- *Other applicable laws and regulations of the bank*

Forward-looking statements disclaimer

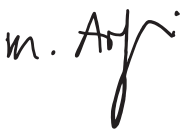
This report contains forward-looking statements which are based on assumptions and best estimates made by the management with respect to the bank's performance in the future. Such statements are, by their intrinsic nature, subject to risks and uncertainties which may result in the bank's actual performance in the future being different from that expressed or implied in any forward-looking statements. These statements have not been audited by the bank's external auditors.

The bank neither accepts any responsibility for any loss arising from the use of information contained in this report, nor undertakes to publicly update or revise any of its forward-looking statements.

Board responsibility statement

The Board, assisted by the Audit and Risk Committee, acknowledges its responsibility for ensuring the integrity of this IAR for the year 2019, and has applied its collective mind in the preparation thereof. The Board believes that the report has, in all material respects, been presented in accordance with the IIRC's Integrated Reporting Framework.

The Board authorised this report for release on 26 July, 2020.



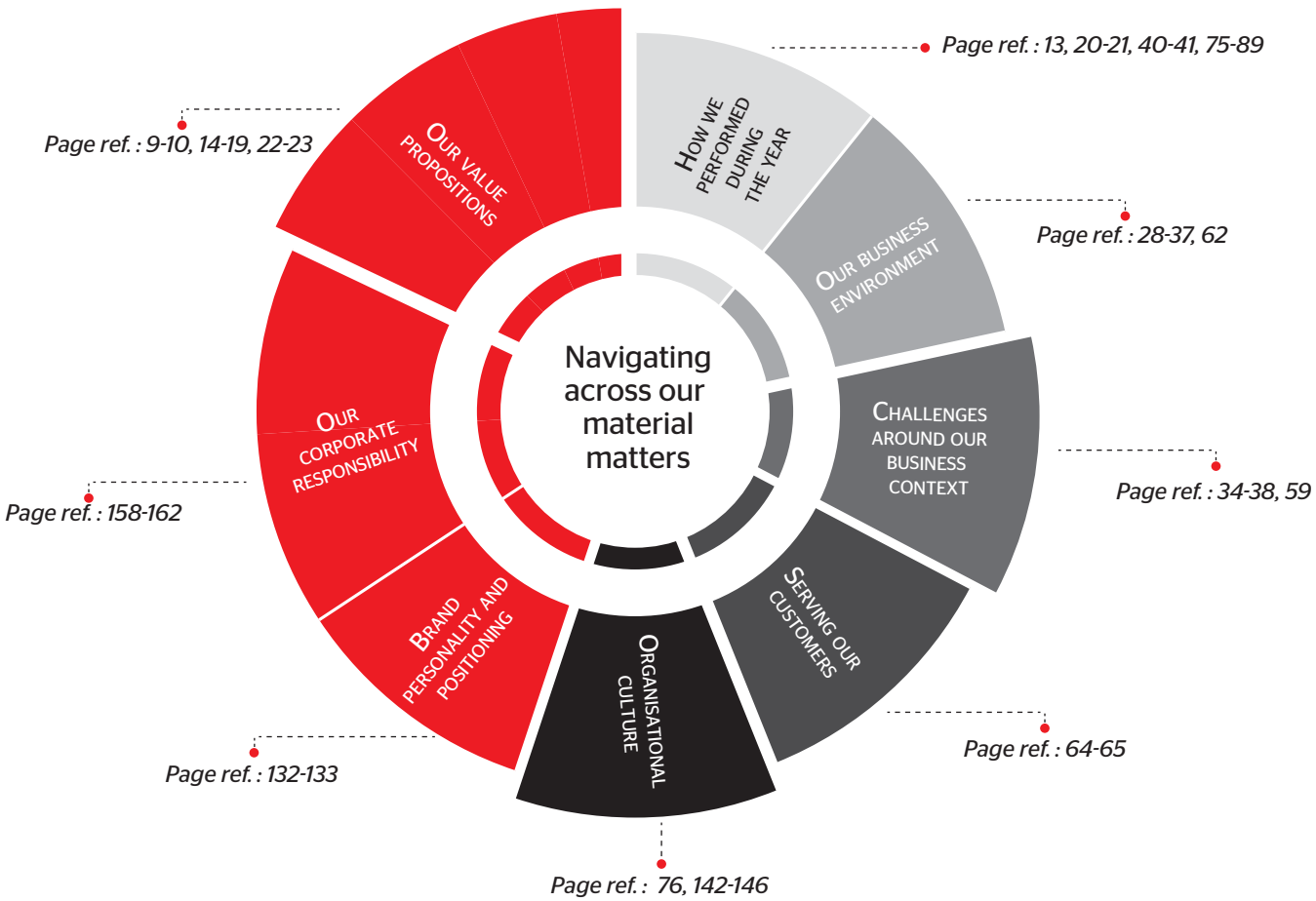
Mashrur Arefin
Managing Director & CEO



Aziz Al Kaiser
Chairman

Making material information easily accessible

To provide a comprehensive understanding of our operating context and how our strategies evolve to create value in the long run for our key stakeholders, is the main objective of this report. Our core operations are centered on six capitals and all our activities are focused on sustainable value creation for our stakeholders. In this report, we have discussed our recent financial as well as non-financial performance, strategy-setting process, the six capitals on which we rely on, and the opportunities, risks and outcomes attributable to our key stakeholders. For ease of navigating to key material information across this report, the following illustration will be helpful:



Continuing our value creation journey in 2019

What we depend on to create value

Our ability to create sustainable stakeholder value depends on the use of our six broad capitals across varying intensity to obtain the desirable impact:



- Financial capital
- Human capital
- Intellectual capital
- Social and relationship capital
- Natural capital
- Manufactured capital

Refer to the 'Integrated Reporting' section of this report on page 75-77 for more information

The relationships we rely on

We are committed to transparent and constructive engagement with our stakeholders. Our business model and strategy consider and address issues and concerns most relevant to our key stakeholders in order to create lasting value.



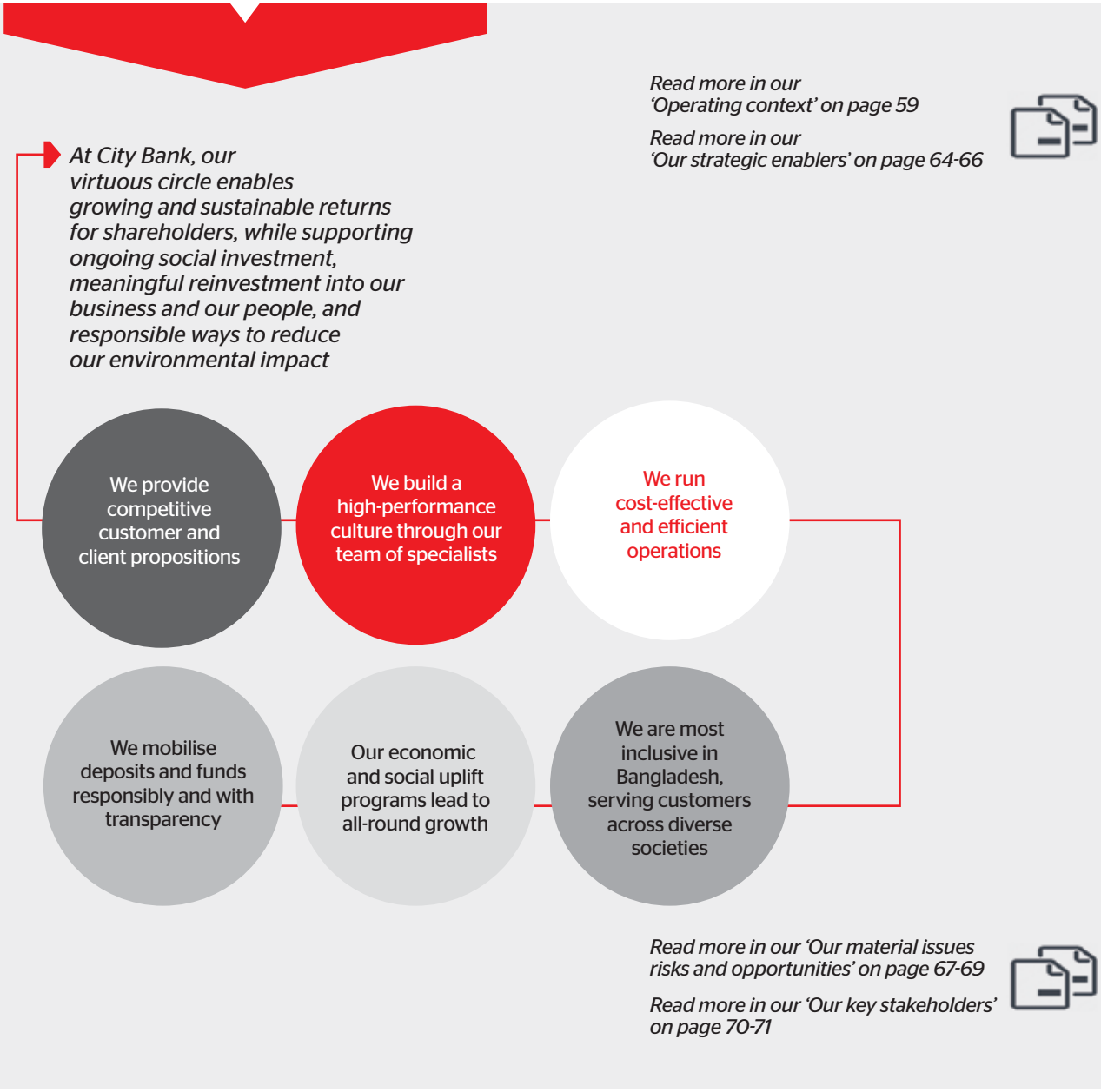
Refer to the 'Our key stakeholders' section of this report on page 70-71 for more information

How we create value

City Bank has played a pivotal role in the economic and social development of Bangladesh for over three decades – and our belief that doing good business ensures that we are focused on creating value not only for our shareholders but for all our stakeholders.

Our ability to create perpetual value depends on the successful execution of a customer-led, innovative and forward-looking strategy. Sustainable value creation requires the effective management of trade-offs between the capitals we rely on in our business, meaningful and balanced interactions between our diverse stakeholder groups within regulatory, market, social and environmental contexts in which we operate.

In response, our business maintains a virtuous circle, the details of which are explained throughout this report, with a focus on sustainable strategy execution that considers our stakeholders, our operating context and our material issues, risks and opportunities.



Read more in our 'Operating context' on page 59

Read more in our 'Our strategic enablers' on page 64-66

Read more in our 'Our material issues risks and opportunities' on page 67-69

Read more in our 'Our key stakeholders' on page 70-71

Value we create for our stakeholders

- We provide to an inclusive and diverse spectrum of customers in Bangladesh with convenient and reliable access to savings/deposits as well as lending/financial products and value-added services, underpinned by excellent service.
- We provide direct employment to 4,493 people (as on end 2019) across our businesses – augmented by a focus on training and skills development and a commitment to diversity and career advancement based on fairness and meritocracy.
- We create substantial economic development and employment opportunities across our value chain through our lending activities, while also procuring services from several local suppliers and business service providers.
- We give back to the communities we serve through investment aimed at economic and social upliftment.
- We support our branches, outlets and agent banking centres to build profitable and sustainable businesses through mutually-beneficial relationships built on the strength of the City Bank brand and supported by efficient administrative platforms.
- We provide our shareholders with a consistent and sustainable return on investment through a rigorous focus on capital efficiency and strategy execution that takes into cognisance a sustainable long-term view.

The UN SDGs most relevant to our business

Our sustainability strategy is inextricably linked to our business strategy and is aligned with our stakeholder needs and with the nine United Nations Sustainable Development Goals (UN SDGs) most relevant to our business.

Our impact SDGs

- 01 NO POVERTY
- 03 GOOD HEALTH AND WELL-BEING
- 05 GENDER EQUALITY
- 08 DECENT WORK AND ECONOMIC GROWTH
- 09 INDUSTRY INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 17 PARTNERSHIPS FOR THE GOALS



About us

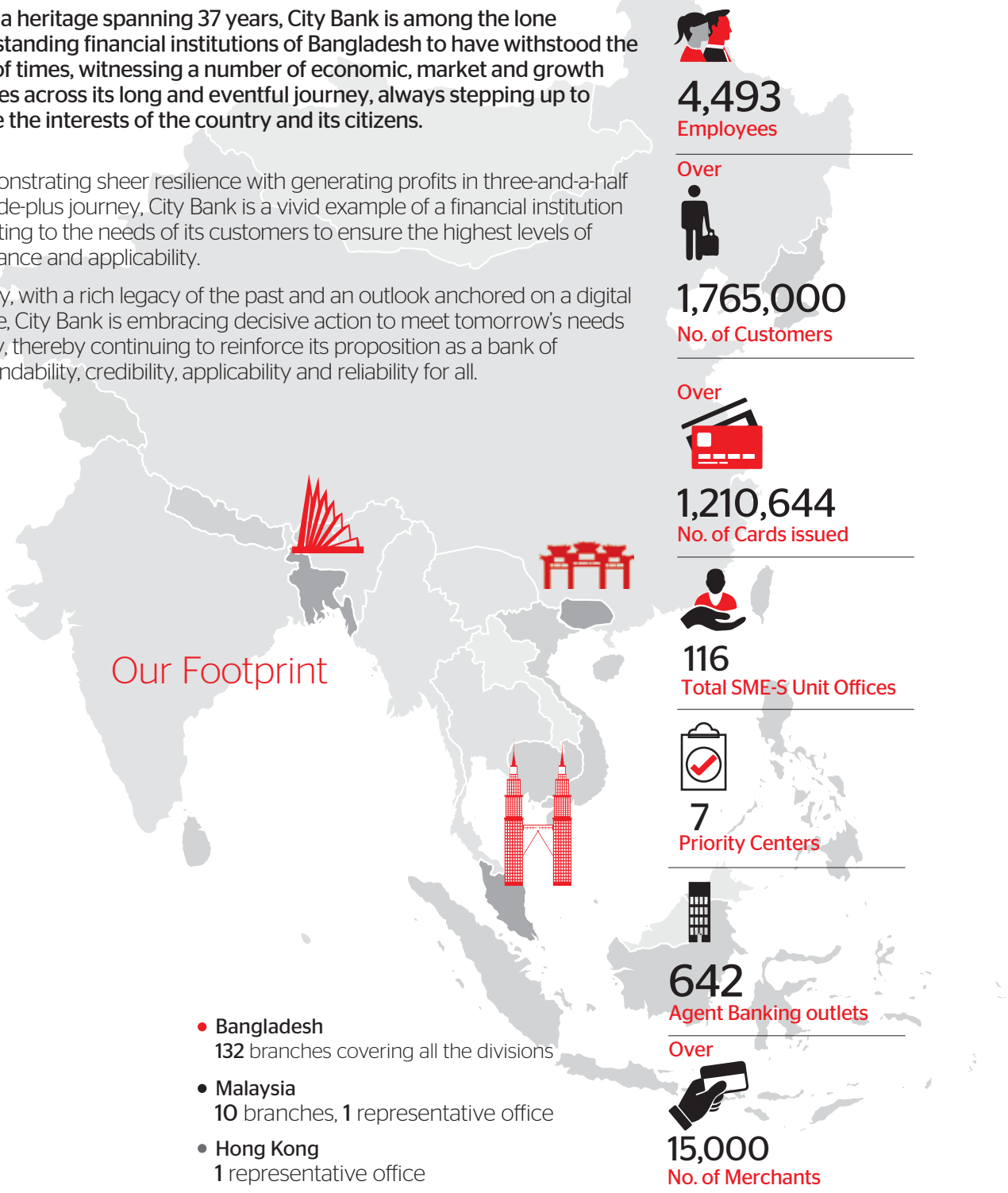
City Bank: Bank of dependability, credibility, applicability and reliability for all!

With a heritage spanning 37 years, City Bank is among the lone longstanding financial institutions of Bangladesh to have withstood the test of times, witnessing a number of economic, market and growth phases across its long and eventful journey, always stepping up to serve the interests of the country and its citizens.

Demonstrating sheer resilience with generating profits in three-and-a-half decade-plus journey, City Bank is a vivid example of a financial institution adapting to the needs of its customers to ensure the highest levels of relevance and applicability.

Today, with a rich legacy of the past and an outlook anchored on a digital future, City Bank is embracing decisive action to meet tomorrow's needs today, thereby continuing to reinforce its proposition as a bank of dependability, credibility, applicability and reliability for all.

Our Footprint



- **Bangladesh**
  132 branches covering all the divisions
- **Malaysia**
  10 branches, **1** representative office
- **Hong Kong**
  1 representative office

4,493
Employees

Over

1,765,000
No. of Customers

Over

1,210,644
No. of Cards issued

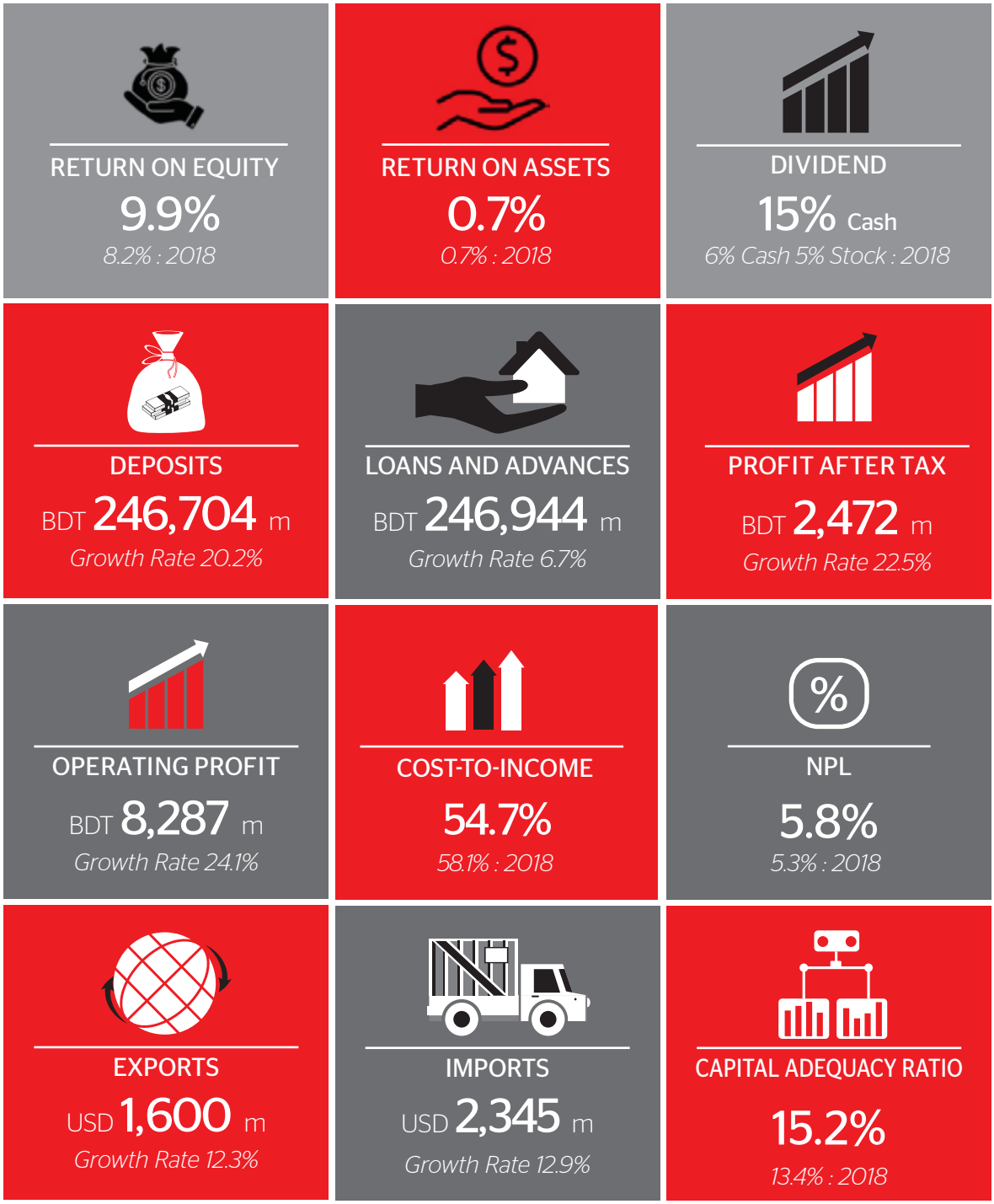
116
Total SME-S Unit Offices

7
Priority Centers

642
Agent Banking outlets

Over

15,000
No. of Merchants



Group net profit

BDT m

2015	2016	2017	2018	2019
3,614	4,004	3,459	2,225	2,635

Purpose-driven and customer-centric financial institution

As a long-standing bank of Bangladesh with a rich heritage, our sustainability credentials are drawn from our vision, mission and values that underpin everything we do. Over the years, we have built a solid foundation across the different dimensions sustaining the business, rooted in our ability to put our customers' aspirations and desires at the front and centre.



Together, through generations

At City Bank, we are more than a retail bank. We go beyond a corporate bank too. We are greater than an investment bank as well. In fact, what would describe our identity and our purpose the best is that we are a bank for all generations of Bangladeshis.

Serving the broader society

We are focused on contributing to customer fulfillment and thus sustainable national development by offering highly diversified and accessible financial solutions, products and services. Our solid foundations that are supported by our guiding principles enable us to pursue and evolve a strategy which has customers in its core. In doing so, we create value for them and other stakeholders in our network, contributing to the longevity of our organisation and the sustainable development of the broader society.

Emerging as a bank of choice

We continually appraise our relevance to our customers, which enable us to proactively identify their needs and requirements. This has sustained our positioning as their bank of choice, both in the physical and digital environments, on considerations of our competence that include our ability to delivering differentiated and efficient services to all customer/market segments at all times.

Focused on sustainable relationships

We are not transactional; rather, we focus on relationships and are advisors, consultants and long-term partners to our customers. We help our customer communities by being professional, reliable and fast and providing the best possible services. By serving them thus, we earn their trust and create deep, meaningful and sustainable relationships.

Looking inwards, excelling outwards

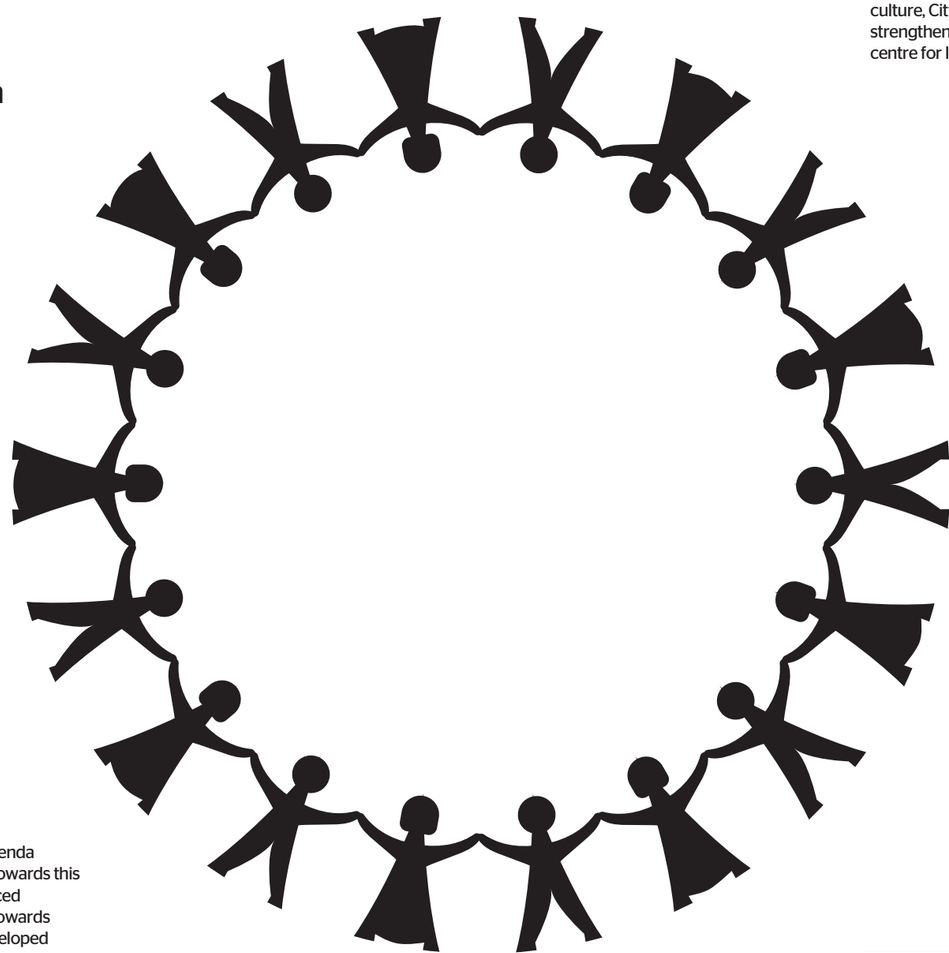
We believe in consistent and long-term growth for our customers, for our people and for our business. We contribute to empowering our customers and our people to achieve their aspirations. While internally, we emphasise on performance, teamwork, collaboration and fellowship to achieve our ambitions, externally, we focus on helping our customers to realise their expectations out of us.

Transforming with the times

We are driven to becoming a bank of the future. Our strategic journey in striving for excellence and in meeting our customers' expectations has kept pace with the changes in technology in the financial services industry, thus enabling us to take rapidly forward our customer-centric, differentiated, solid and secure solutions in a faster and more cost-effective manner.

Bringing responsibility to banking

At City Bank, we have played a pioneering role in financial intermediation and inclusion, bringing unique and differentiated services to the doorstep of our customers. As a bank that is innovations-driven and aspires to be ahead on the digital curve, we have brought forth a number of products and solutions that enhance customer convenience and enrich their journey with us.



Promoting e-banking

Changing consumer preferences increasingly requires real-time products and services to be delivered, with banks having to adapt and bolster existing capabilities to deliver simplified, safe and seamless solutions. At City Bank, our online and mobile banking platform, known as Citytouch, has fostered a perceptible shift in the way people perform their banking transactions from over the counter to online and mobile banking, which increased by 32.5% since 2017.

Being the best bank for all

City Bank is focused on supporting Bangladesh's agenda for progressive, sustainable and inclusive growth. Towards this extent, the bank has developed efficient and advanced e-payment infrastructure to support the transition towards becoming a cashless society. The bank has also developed a vibrant, innovative and sustainable funding ecosystem to catalyse growth of economic activities – from large corporates to SMEs.

Serving national interests

As a bank that is rooted in Bangladesh's soil, City Bank is focused on preserving the stability and resilience of the financial system through embracing a more robust surveillance, regulatory and supervisory mechanism, while continually raising the standards of governance. Further, as a bank that respects the local culture, City Bank is also diligently contributing to strengthening Bangladesh's position as an international centre for Islamic finance.

Creating pools of opportunity

SMEs are a key client segment for City Bank and the potential for growth in the SME market is tremendous. With a view to impart a granular focus on this segment, City Bank carved out a dedicated SME-S segment to cater to this large, wide and growing space. Total loans extended by SME-S grew significantly to BDT 6,843 m and comprises almost 20% of our total SME loan base. We believe that a bank for SMEs must have the ability to create holistic relationships with our SME clients that go beyond financing. We aspire to provide SMEs with solutions that cater to different business models at different stages of their lifecycle, accompanied by additional support through digital and developmental initiatives.

Bringing City Bank to the customers' doorstep

At City Bank, we possess a large and growing agent banking network that enables us to provide branch-like services to rural and semi-urban customers within their own familiar settings. Not only does this platform contribute to financial inclusion, it also helps us create meaningful bonds with those customer communities that need the support of institutional finance the most. Through our agent banking network, our customers can enable cash deposits/withdrawals, activate fund transfers, receive remittances, deposit clearing cheques, receive insurance premium, etc.

Leveraging banking for women empowerment

At City Bank, we have instituted a dedicated financial services brand exclusively for women under our City Alo platform. Through such a foundation, City Bank's women customers can access a plethora of customised and benefits-rich banking products and services, including capacity building and training and development programs. Further, in a unique first-of-its-kind initiative, the bank also established a City Bank branch café concept in an upscale location in Dhaka to especially enable City Alo customers to complete their banking requirements while having a coffee or sandwich. Indeed, City Alo has contributed to women environment in a country where almost half of the population comprises women.

Preparing ourselves for the future

We are undergoing a period of profound transformation, both in society as a whole and in Bangladesh's economy in particular. In society, changes are being driven by the digitisation of social and business relations and by a growing desire for a more sustainable world. In the Bangladeshi economy, the current measure like capped lending rates are likely to usher further structural change, with frontline private sector financial institutions well-positioned to emerge as the primary driver of development in the country over the coming years.

Financial conduit of choice

In the financial services industry, opportunities are being unlocked by the fiscal and relief measures being possibly transmitted through financial institutions in funding economic growth revival. At City Bank, we are well-poised in this regard, thus also enabling us to deepen and widen relationships with existing and new customers. Meanwhile, our robust digital financial services platform is being geared to deal with new competitors, including pure-play fintechs.

Simplifying e-payments



At City Bank, we are the sole issuer of American Express Cards in Bangladesh, enabling us to offer a whole host of cards and accompanying benefits to suit the varying requirements of our discerning customers. This partnership has also opened up our ability to issue co-branded cards, including the University of Dhaka American Express Credit Card and The Biman Bangladesh American Express Credit Card, among several others, that have allowed our card-members the convenience of payments simplification.



Digitalising financial services

At City Bank, we have constituted a full-fledged and dedicated Digital Financial Services (DFS) unit that is entrusted with the responsibility of leading our digital ambitions in banking. We are among the few in the private sector banking space to have such a focused unit, which only goes on to showcase our relentless intent in being ready for tomorrow by emphasising on being an innovative and digital bank of choice.

Bringing convenience to banking

Citytouch, the digital banking platform from City Bank offers our customers the simplest, most convenient and enjoyable way to access banking. The service brings together the full spectrum of convenience of branch-based banking right to the screen of their internet-enabled devices and thus to their fingertips. With this, our customers can engage in a whole host of activities, including shopping from their favourite retailers, purchasing air tickets, paying utility bills, including those of mobile phones, credit cards and schools, transferring funds, keeping track of their accounts, and much more.

Enabling banking on the go

In our quest to enhance convenience for our customers, we introduced a new service that enables them to transfer money from Citytouch to bKash. Under this innovative platform, City Bank account holders can transfer funds as per their requirements to their bKash account through Citytouch. An exciting example of enabling our customers to experience banking on the go, this service is fully free of charge.

Providing timely mobility solutions

City Bank, under City Bank Auto Loan, has brought forth an innovative proposition that accelerates the own mobility requirements of customers. Under this platform, the bank offers the 'buy now pay later' option to ease the financial convenience of customers and enable them to travel comfortably, safely and with peace-of-mind in their own vehicle. For this, City Bank has tied up with AG Auto Division to bring to customers exciting offers when they buy select models of Peugeot or Ford cars. Some of the scheme benefits include 0% interest for the first year, 3 months deferred payment, 50% waiver on processing fee and an extended loan tenor of 6 years.

2019 Key financial metrics

Resilient profit generation despite challenging macro environment

In 2019, once again, our business model demonstrated strength and resilience, supported by a disciplined execution against our strategic priorities.

Total Assets	354,689 m 2018 : 324,780 m	Shareholders' Equity	25,416 m 2018 : 24,430 m
Loans & Advances	246,944 m 2018 : 231,391 m	Deposits	246,704 m 2018 : 205,170 m
Net Interest Income	10,832 m 2018 : 9,201 m	Net Interest Margin	4.6% 2018 : 4.1%
Operating Expenses	9,998 m 2018 : 9,274 m	Cost to Income	54.7% 2018 : 58.1%
Operating Profit	8,287 m 2018 : 6,679 m	Profit after Tax	2,472 m 2018 : 2,018
Gross NPL	5.8% 2018 : 5.3%	Net NPL	3.4% 2018 : 3.4%
Provisions	2,556 m 2018 : 2,324 m	Provision Coverage	77.9% 2018 : 72.7%
CRAR [Solo]	15.2% 2018 : 13.4%	CRAR [Conso]	13.9% 2018 : 12.2%
Liquidity Coverage Ratio [LCR]	142.6% 2018 : 115.3%	Net Stable Funding Ratio [NSFR]	107.4% 2018 : 107.3%

All figures are in BDT, unless otherwise stated

Return on Equity	9.9% 2018 : 8.2%	Return on Assets	0.7% 2018 : 0.7%
Earnings per Share	2.4 2018 : 2.1	NAV per Share	25.0 2018 : 25.2
P/E Ratio [times]	8.7 2018 : 14.5	Market Price	21.1 2018 : 30.2
Dividend declared	15% Cash 2018 : 6% Cash 5% Stock	Revenue per Employee	4.1 m 2018 : 4.1 m
Employee Base	4,493 2018 : 3,858	Women representation in workforce	17% 2018 : 16%
CASA	36.1% 2018 : 35.8%	No. of CASA	987,896 2018 : 839,402
Branch Network	132 2018 : 131	ATM & CDM	403 2018 : 368
SME Outlets	116 2018 : 20	Agent Banking Outlets	331 2018 : 154
No. of POS	26,000+ 2018 : 24,000	No. of Merchants	15,000+ 2018 : 13,000+

All figures are in BDT, unless otherwise stated

What sets us apart

"At City Bank, what truly sets us apart is our authentic and organic focus to anticipate even the unstated needs of our clients and offer these to them better and faster than anyone else in the country. Examples abound: City Alo, our award-winning women financial services platform has revolutionised banking for women in Bangladesh, or Citygem, yet again an award-winning premium banking platform exclusively created for our priority customers. On the other side of the arch, our SME-S banking service is gaining unprecedented credence, having amassed a robust asset portfolio within a short period, thus showcasing its high relevance among its customer community. Take the example of our employee banking or agent banking networks that have created their own thriving financial ecosystems, enabling us to meet the national purpose of financial inclusion and growth through formal finance."

- Aziz Al Kaiser, Chairman

Our resources	How we create value
	Our commitment to customer trust
 Customer relationships	We keep customers and clients at the heart of our business. This philosophy informs everything we do, from how we manage their expectations to how we serve them, especially how we design our virtual banking interface. Putting customers and clients first means we work hard to understand their diverse and changing needs and how we can serve them better. We serve customers across a diverse spectrum of society and today, we are expanding our reach further into Bangladesh, especially through our dedicated digital financial services department that enables virtual access, and also through our agent banking network that reaches out to customers and clients located deep in mofussil areas.
	Outstanding access and convenience
 Network	The bank has a large branch network (132 as on 31 December, 2019) that strategically covers the full expanse of the country. Further, our branches have been designed to provide customers with all major deposit/savings products, loan/financing products and services under one-roof, where they can engage with us seamlessly and swiftly. Furthermore we have also reimagined the concept of women banking by making financial services much more friendly, accessible and convenient for them. For instance, our flagship women banking branch in Dhaka has been conceived as a large open social space with a full-fledged café where our women customers can enjoy a cappuccino and catch up with their

friends and peers while completing their banking tasks. Besides, our online platform gives customers the opportunity to access banking conveniently from their homes or offices.



Client offering

Leading customer propositions

Our customer and client propositions appeal broadly across all sectors of the society and people from all walks of life. We seek to move hand-in-hand with the changing needs, aspirations and expectations of our customers, and this adaptability has enabled us to reinforce our applicability and relevance across time. We are among the very few banks in Bangladesh to offer leading value-added propositions to our HNI/priority customers, designed specifically to suit their lifestyle needs. Further, our women banking solutions also adequately reflect the changing needs of this large and thriving customer segment that expects banking to be much more than a mere chore. On the other side of our services spectrum, our corporate and SMEs lending practice provides a wide range of solutions – from standard to sophisticated that supplicate the financial needs and expectations of a range of companies and industries across diverse financial profiles.



Information technology

Focus on operating efficiency through technology

Improving operating efficiency provides the bank with the space to invest in an improved customer/client experience. We work in partnership with suppliers and service providers to bring value and convenience to our customers. The scale of our business enables us to give our suppliers sufficient volume so they can plan and manage their operations to reduce costs. Further, our focus on centralisation and leveraging common infrastructure and support services help expand business efficiencies while optimising costs. Furthermore, the bank also benefits from outstanding information technology infrastructure. This includes an end-to-end CBS system that enables automated and centralised processing. Our point-of-sale technology through CityPay enables payment services across a thriving merchant network across the country. Besides, our customers are also able to access a large number of banking transactions, including money transfers, directly through our digital app. Further, our dispersed agent banking network also tremendously facilitates our customers to access banking services very similar to what they receive at a branch.



Winning culture

Our winning team

We employ over 6,000+ (FTE & Contractual) people across our head office, branches, service centres and other offices across the country. Our operations create more other indirect jobs across the country. Working at City Bank is more than a job; it is an opportunity to learn, develop new skills, benefit through teamwork and build a career. We are committed to training and empowering our people and providing a fair, meritocratic and diverse work environment with emphasis on KPI-driven productivity and evaluation.

Corporate philosophy

City Bank and Bangladesh –

We are working hand-in-hand to create a platform for shared and sustainable prosperity

At City Bank, we aspire to become a strong banking platform for Bangladesh, delivering consistent value to our customers and shareholders and positively impacting the society.

City Bank, including its subsidiaries, is a diversified financial services provider, offering an integrated set of products and services across personal and business banking, cards, corporate and investment banking and wealth and investment management. With our long-standing presence in a majority of the districts of the country, and our regional and international expertise, we possess a strong platform to capture the growth opportunities in Bangladesh.

We are driven by our **Vision** of emerging as a financial supermarket with a winning culture, while offering enjoyable experiences to our stakeholders

We are focused on our **Mission** of becoming the financial services group of choice in Bangladesh. Towards this extent, we intend to:

- Offer a wide array of products and services that differentiate and excite all customer segments
- Be the 'Employer of choice' by offering an environment where people excel and leadership is created
- Continuously challenge processes and platforms to enhance effectiveness and efficiency
- Promote innovation and automation with a view to guaranteeing and enhancing excellence in service
- Ensure respect for the community, good governance and compliance in everything we do

Our **Values** define the way we think, work and act. We believe that we can realise our **Vision** and **Mission** when the expected behaviour from our employees is clearly defined. Our core values reflect the following:

- We are 'results-driven'
- We are 'engaged' and 'inspired'
- We are 'accountable' and 'transparent'
- We are 'courageous' and 'respectful'
- We are focused on 'customer delight'

We are committed to **Shared Growth**, which for us means partnering the Government in achieving nationalistic goals, having a positive lasting impact on the society and delivering shareholder value over the long-term. We possess a holistic approach to deliver commercial returns, while proactively responding to stakeholder needs.

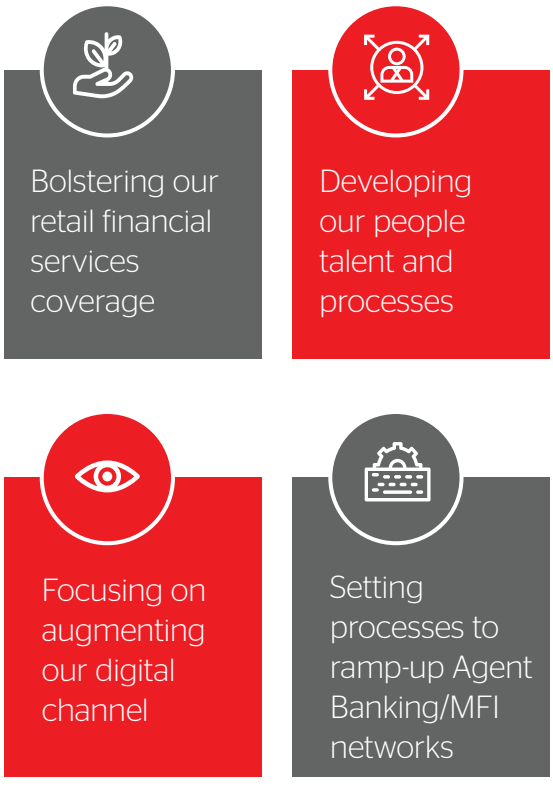
We leverage our competitive advantage in our strategy to serve Bangladesh

We are strongly positioned as a fully local bank with regional and international expertise, and aspire to build a leading financial services platform that caters to customers holistically in our chosen markets of Bangladesh and in our selected customer and client segments. We focus on remaining locally relevant and competitive in our product suite and within our geographic coverage.

Importantly, our strategy is underpinned by four clear themes.

- First, as a financial services provider, we disburse eligible loans for fostering growth opportunities and also connect Bangladesh to international markets, thereby also enhancing local competitiveness
- Second, we place customer and client convenience at the heart of our business model and pivot ideas and innovation to help meet this central objective
- Third, we are simplifying and reorganising our business segments and processes to serve our customers and clients better, while also ensuring sustainable cost optimisation and efficiency improvement
- Fourth, we continue to unlock the power of a knowledgeable and agile workforce, assisted by state-of-the-art information technology (IT), automation and innovation, to delight our customers and clients

In our journey of constant evolution, we identify opportunities that enable us to enhance our market relevance. In this respect, in 2019, we formulated a more clear strategy pivoted around the following:



Read more in 'Statement from our MD & CEO' on page 34

Our strategic priorities

Improve the digital customer experience

With customers increasingly making decisions based on the ease with which they can interact with their banks/financial institutions, we are focusing on strengthening our customer experience propositions. Towards this extent, we pioneered the Citytouch app through which our customers can access a suite of financial services, and today we are incorporating a larger range of features to further ease customer convenience.

Enable on-the-go banking

Our customers can enjoy banking on-the-go, including the purchase of air tickets, make utility bill payments, pay school fees, transfer funds and keep track of their finances digitally on their smart-phone. Also, we have associated with bKash that enables our customers to transfer funds from Citytouch to bKash and that too free of charge. Going forward, we expect to further innovate around strengthening our customer service propositions, while enabling on-the-move banking around different digital channels.

Improve our decision-making capabilities by leveraging technology

Our focus on strengthening our digital technology backbone, coupled with ensuring the highest security standards, especially with respect to customer privacy, enables us to yield rich data patterns. We expect to harvest this responsibly with a view to take decisions that enable us to further enhance our customer service standards and responsiveness. For instance, we established City Alo, a dedicated women banking platform, especially designed and curated to meet the requirements of our women customers. We are among the few in the country to offer a dedicated platform for women banking. The insights for this came up after considering the fact that almost 50% of the population comprises women and the number of women entrepreneurs is growing in the country.

Enhance our Retail Banking platform

There exists huge opportunity in reaching out to the masses located in the far corners of the country by leveraging technology. We are engaged in precisely this as we focus on augmenting our Retail Banking platform by extending the reach of our large product basket to retail customers. Specifically, we are focusing on Employee Banking, SME-S, Cards, Personal Loans and Mortgage Finance with a view to serve the needs of our customers in a responsible and risk-efficient way.

Meet the evolving regulatory and compliance requirements

Operating in a dynamic environment, we have a proactive stance in meeting the evolving regulatory requirements. Towards this extent, we are also engaging in consultations with relevant authorities to enhance the implementation of statutory capital requirements, disclosures, reporting and loan classification criteria. Importantly, we are embedding the culture of compliance as an essential part of our business strategy.

Code of conduct and ethical guidelines

At City Bank, we believe that upholding ethics and transparency and alignment to the highest standards of governance is not just good from a sustainability point of view, but is a must from the perspective of our credibility, reputation and heritage.

We have established sophisticated processes and structures that are detailed in our Code of Conduct (CoC) and ethical guidelines for facilitating responsible and values-driven management and control. Importantly, our CoC and ethical guidelines reflect our commitment to international standards and industry best practices, and are expressed in the following principles:

Rigorous compliance with laws and statutes

All employees follow and comply with the laws of the land and the internal rules, regulations and guidelines of the bank.

Integrity of records

All our employees are expected to maintain books and records with integrity and ensure accuracy and timely documentation of all transactions, while maintaining privacy and security of customer data. As per our rules, employees are barred from divulging the bank's plans, methods, activities and other such information that is considered to be proprietary, sensitive and classified as confidential, without proper authorisation. This helps in ringfencing the integrity of our classified records and documents.

Misappropriation of assets

Employees of the bank are strictly restricted from converting any funds or property that is not legitimately theirs for their own use and benefit, nor are they expected to deliberately assist any other person in such misuse and exploitation.

Money laundering and terrorist financing

City Bank strongly opposes all forms of money laundering and shall take all the necessary steps to prevent its financial channels from being used by others for the purpose of laundering money. Employees responsible for opening accounts are required to fulfil all formalities, and also review accounts periodically, as per regulatory guidelines. Further, employees are expected to remain vigilant of suspected transaction/s of funds and require to report as per guidelines with an aim to combat any sort of terrorist financing activity.

Conflict of interest

Employees must not use their position in the bank for any kind of personal benefits for themselves together with members of their families/friends. Employees who are members of different school boards, societies or recreational bodies should be aware of conflicts of interest and declare any such conflict.

Honesty and integrity

Employees are expected to act honestly and with integrity at all times. They should act in an upright, ethical and equitable way while dealing with the public and their co-workers.

Acceptance of gifts

Employees are discouraged to accept gifts, benefits or any sort of invitations of questionable nature from customers and persons with business interests with the bank.

Harassment, discrimination and inappropriate behaviour

City Bank is committed to the principles of equality and meritocracy in its employment practice and fosters a work environment that respects diversity and individual differences. It does not tolerate discrimination, intimidation, harassment, bias or retaliation, whether direct or indirect, by its employees towards anyone else.

Work environment

It is expected that employees should conduct themselves with the highest standards of integrity and professionalism in the workplace, or any other location while on business, and shall ensure that none of his/her actions cause any nuisance, disturbance and devolve the image, goodwill or reputation of others or of the bank. Employees shall treat all City Bank customers, suppliers, co-workers and others with due respect.

Ethical responsibility

City Bank's goal is to do business ethically and to prevent improper business practices. Hence, the bank places importance on ethical validation and appropriate authorisation of all decisions and actions of the bank's employees before they are initiated.

Letter from our Chairman



City Bank is more than just a financial institution. It is a group of passionate, committed and dedicated individuals with a mission to improve the lives of clients and customers.

Aziz Al Kaiser

10,832 m

Net interest income
9,201 m, 2018

2,472 m

Profit after tax
2018 m, 2018

15%

Dividend
11%, 2018

The year 2019 compares favourably with the previous year that was characterised by rebuilding and transformation. During the year under review, our net interest income was up by 17.7% to Tk. 10,832 m and our net profit expanded by 22.5% to Tk. 2,472 m Going into 2020 however, we expect some disruptions in business that we're trying to control in the most applicable and suitable ways possible, aligning with the Government's directive on reduced lending rates.

Dear Stakeholders,

It is fair to say that 2019 was a relatively challenging year that tested our resilience and the strength of our business model. Yet, we navigated through the times with skill and dexterity with the result that the bank reported substantial growth in net profit, which expanded our capacity to increase dividend in the hands of our shareholders – Tk. 1.5 per share for 2019 (announced), vs. Tk. 1.1 per share disbursed in 2018.

As a developing country, Bangladesh is faced with significant economic, environmental and social challenges. Although the government is engaging and dealing with most of these issues at a policy and governance level, the recent COVID-19 health pandemic has morphed into an economic crisis and it remains to be seen how it will fully pan out. However, even in the midst of a negative outlook, there exists opportunities for resilient and agile businesses like ours that can respond to evolving challenges by providing solutions that make a difference in people's lives.

I strongly believe that City Bank's purpose of transforming lives through financial and related services is part of the solution. We believe that despite the economic challenges, we will be successful if we continue to build on our reputation of putting the interests of our customers at the centre of what we do, and strengthen partnership with our staff and other key stakeholders to innovate and grow the business. It is against this background that the journey of City Bank is shaped and the Board is playing a key role in directing the continued success of the bank.

Meeting our responsibilities as a Board

During the year under review, we reflected on and responded well to the challenges facing our country and our customers. I am proud that City Bank is among the few banks that has been able to survive and thrive over a relatively long cycle and much of this is due to our ability to serve a wide breadth of customers across the age, income and aspiration spectrum. Today, more than ever before, it is incumbent upon the Board to ensure that the bank's business is conducted prudently, with the intention of building a successful and sustainable bank for all, which is an investable proposition too.

2020 Focus Areas

- Enhancing our digital/ data infrastructure by upgrading our data centres and moving from virtual private cloud to hybrid, multi-cloud infrastructure
- Scaling the use of data, AI and ML
- Experimenting with emerging technologies like 5G, AR/ VR and IoT
- Continuing to drive efficiencies the way we build and operate our digital assets and infrastructure
- Attracting talent globally

The Board performs its responsibilities against the background of a well-established governance framework and is cognisant of its accountability to all stakeholders. As a Board, we ensure that the bank has an effective internal governance framework, resourced by appropriately skilled members, which continue to build the faith and trust of external stakeholders who rely on us. We believe that the governance framework is fit for our purpose and is implemented and adhered to at all levels.

2019: A definitive year of progress

City Bank's transformation journey towards being a diversified, yet highly customer-centric bank continued to gain momentum during the year.

The recurrent theme that united our actions across all segments of our business comprised measured scale-up. It is encouraging that the bank's transformation journey is being achieved in an increasingly competitive landscape. Existing banks are transforming their customer offering, becoming increasingly more digital and customer-centric than has been the case in the past. In the face of this, we believe that City Bank has the right strategy in place. We have carefully considered the allocation of our resources to ensure that the bank has the right propositions and is positioned appropriately, so that it can be differentiated and successful in an increasingly crowded space.

Anchored on City Bank's deep credibility among large corporate business houses and our ability to offer sophisticated financial solutions, our corporate business amassed an asset portfolio of Tk. 137,634 m during the year, representing a decent growth, with NPLs at industry-low of 2.8%. On the other side of the arch, our SME-S business gained rapid credibility among small businesses dotting the country, accruing an asset book of Tk. 6,843 m during the year with NPLs contained at a mere 0.1%. With these segments, City Bank is able to cater to varying requirements of a wide breadth of customers.

Focused efforts in scaling-up our employee, agent and women banking segments enabled us to build a stronger franchisee among the public, facilitating us to cater to the requirements of both urban metropolitan and rural customers, thus spreading our presence across the geographic mass of Bangladesh.

Our SME-M and emerging corporate businesses continued to make progress in addressing legacy issues against a detailed business restoration roadmap. Though the road is long and arduous, I am confident that the progress made will accelerate transformation and, eventually, performance.

Our strong deposit offering witnessed the opening of over 180,000 CASA during the year 2019, and the significant growth trajectory of our retail deposit book to well over Tk. 164,010 m demonstrates the growing trust in our brand. These accomplishments are particularly notable, considering that deposit rates were on a decline, especially during the second half of the year. The fact that retail balances now represent 57% of total funding demonstrates meaningful progress towards a diversified funding base.

I firmly believe that the continued progress made towards achieving our strategic targets, while increasing profits and maintaining a strong balance sheet, sends a clear message to our stakeholders. This reputation of stability and sustainability means that our customers' deposits are in safe hands and we have a compelling investment proposition for the broader investor community.

Transparency, trust and reputation

City Bank's identity continues to resonate with its customer and client base and this unparalleled brand equity is a huge institutional resource that we are proud of.

Our ability to think ahead of the times and provide our customers with applicable, relevant and impact-driven products and services has facilitated our reputation of a financial institution that is tested and trusted. This trust, sowed in our senior generation customers is being harvested among our younger customers too, and I would even venture to say that City Bank runs in the family with many generations of customers finding us as their bank of preference.

Our solid foundations through over 37 years of being in existence represent an excellent platform for us to continue to move with the times. Today, by establishing a dedicated digital financial services wing, we are not only re-energising our identity as a digital bank, but are also showcasing our intent in making banking simple, accessible, convenient and widespread.

Shareholders' support

The bank's shareholders have, and continue to be, supportive of our ambitions and objectives. We are indeed fortunate to have such a strong and stable shareholder base, while the bank has developed and continues to implement its strategy that has found resonance among our investor community.

Our shareholders and investors have come to depend upon us to lead the financial services space and value our ability to work our way amidst a crowded space and yet deliver consistent and sustainable results, while also ensuring that we serve national interests of financial inclusion and employment generation.



City Bank extends support to Bangabandhu's birth centenary

City Bank has extended support to the observation of birth centenary of Bangabandhu Sheikh Mujibur Rahman. The bank donated Tk. 100 million to the Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust. City Bank Chairman Mr. Aziz Al Kaiser, along with Managing Director & CEO Mr. Mashrur Arefin, handed over the cheque to the Prime Minister Sheikh Hasina at Gonobhaban on 6 January, 2020.

Outlook

The state of today's volatile world and its macro-economy continues to remain unknown, exacerbated by the economic impact of a major public health issue. While China, the perceived origin of the coronavirus, is wobbling towards normalcy, the spread of the virus to several countries around the world and the unprecedented clampdown enforced by governments to curtail the spread of virulence will enforce a substantive economic toll and already there are estimations of how this has tilted the world into recession.

Bangladesh, though relatively insulated as of now, can witness a surge in infections, especially considering how densely compact our urban centres are and how social distancing remains impossible for many working-class people. If the Government looks to effectively flatten the disease curve and control the spread of the infection, then the country will remain relatively unaffected. However, this remains unpredictable considering how Bangladesh will respond to the threat.

Internally also, most urban Bangladeshi consumers are burdened by relatively high levels of debt, and the lack of major economic opportunity. Challenging job growth and weak consumer confidence especially because of the coronavirus will continue to inhibit the bank's ability to grow its asset book. Further, possible flight of capital from Bangladesh to safe havens considering the public health upheaval may cause significant economic disruption. All of these factors have led us to maintain a cautious and conservative approach to credit risk.

I am also concerned about the potential impact of new financial sector regulations that were recently implemented on 1 April, 2020 by the Government and our banking regulators. The new regulations that fix lending rates to a uniform 9% is challenging to absorb and manage, especially considering our operating costs in a highly competitive banking environment, and our own capital expenditure expectations. The increased complexity and need to amend product and process will add to costs and will impact profitability.

However, we support the Government's intention to protect borrowers from predatory financial practices and to bring greater transparency and certainty to the banking and credit sectors. In alignment with the new regulations, we have already recalibrated our cost of borrowing to adjust with the new lending rates and we have so far not seen any major deposit erosions, which gives me the confidence that consumers have readjusted their expectations. On the other side, we will reinforce our value-added services pool to ensure that these somewhat make up for the expected loss of income from our industrial lending activities.

Acknowledgements

As I conclude this letter, I would like to thank the Board for diligently assuming accountability for the City Bank Group, providing wise and supportive counsel to help us navigate through the ongoing deep-rooted change. I also thank our people who have stood tall against the challenges and I know their resilience and ability to step up will add value to our bank.

Finally, we are grateful to Mashrur Arefin for taking on the challenges with courage and fortitude and leading our executive team from the front, ultimately preserving the interests of our customers and our people, while ensuring that the bank yet again stays true to its history of being able to adapt to the times.

I have no doubt that City Bank will continue to be a bank that generations bank on today and well into the future.

Thank you.



Aziz Al Kaiser
Chairman





















City Bank and American Express® celebrates 10 years in Bangladesh

City Bank celebrated its 10th anniversary with American Express Cards in Bangladesh in December 2019. The celebration was organised with great extravaganza comprising of a month-long customer benefit campaign and a grand musical soiree by renowned artists for cardmembers and merchants. Internationally-acclaimed singer Runa Laila's composition titled "Legends Forever" was released at the event and Indian playback singer Hariharan entertained guests with solo performance.

Statement from our MD & CEO



City Bank is at the forefront of change through its transition to becoming a digital, yet humane organisation that caters to myriad expectations and aspirations of a diverse set of customers.

Mashrur Arefin

246,704 m

Deposits
205,170 m, 2018

8,287 m

Operating profit
6,679 m, 2018

403

ATMs/CDMs
368, 2018

Like every business, City Bank operates in a world that is changing fast, creating new challenges and opportunities. Using the results of the materiality assessment, we have identified two core opportunities - the opportunity of the new business environment, and the opportunity of inclusive and sustainable growth. During the year 2019, we continued to make progress on these fronts, with the result that the bank delivered a pleasing performance for the year, despite a challenging macro-economic environment.

Dear shareholders,

City Bank turned in a creditable performance for the year 2019.

- Our net interest income increased by 17.7% to Tk. 10,832 m
- We achieved a significant milestone in our journey of becoming a digital bank with the establishment of a dedicated and well-resourced digital finance unit
- We recorded a 34% year-on-year increase in retail deposits, which signals good momentum towards building a strong retail deposit franchise and a diversified funding base, which is a core component of our strategy
- We tightened our credit underwriting capabilities, which resulted in the quality of our advances book consistently improving, with over 15% of new business written to low risk customers
- We realised net profit growth of 22.5% to Tk. 2,472 m, achieved against significant organisational transformation and amidst high competition
- We attained strong levels of employee satisfaction with net attrition, if compared favourable against the industry average

I am happy to note that all these outcomes are evidence of real traction on delivering on our strategy and meeting our commitments to our stakeholders.

New Business Environment

- City Bank, like all businesses, needs a motivated, diverse and skilled workforce that is able to deliver what customers want, harnessing the power of new technology. Meanwhile, we face new regulations and laws. These trends create the challenge of capitalising on the new business environment in which we operate. Our task is to exceed our stakeholders' expectations, to do the basic right every day. The key to this is by fostering a strong culture.

Read more in our 'Human capital report' on page 142

Inclusive and Sustainable Growth

- We play a major role in helping ensure growth that is both inclusive and sustainable. Inclusive: by meeting all our customers' needs, helping entrepreneurs and creating employment, strengthening local micro-economies and improving financial access, inclusion and empowerment. Sustainable: by responsible financing and by supporting eco-friendly practices. We do this while actively contributing to a more balanced and inclusive economic and social system.

Working hard to secure our presence in a new business environment

Strategy is not an abstract or static concept and one has to adapt and evolve strategy as circumstances change. The year 2019 witnessed customer demand for greater convenience, personalisation and even sophistication and in response to this new business environment, we ensured that our co-workers, fortified by ongoing training and skills development, were ready to meet these expectations. The heavy-lifting that we have done in human resource capacity augmentation over the past few years has put us in a sound position to evolve the strategy of meeting diverse and evolving customer aspirations and expectations in meaningful ways.

Complementing our capacity building initiatives, we also placed focus on innovation to elevate customer banking experience to a whole new level. For example, we established the unique and industry-first work café concept, reflecting our commitment to customer service and investment in our branch network. This innovative space, especially conceived for our City Alo women customers to make them feel more at ease, brings a bank, a lively working area and a coffee house together in a single place. It is a collaborative space open to all, where one can work, surf the internet, hold meetings, attend events and engage in banking transactions just like a branch. Thoughtfully, the work café has been designed to have a large and spacious facility for holding conferences, trainings, etc., and also a crèche.

The management team has made significant changes that have put the bank on a solid platform to pursue the adoption of digital banking. Digitisation has gathered pace in the financial services industry and has recently been accelerated by the anticipated entry of new digital-first banks. In response to these developments, we have crafted a strategic framework to enable us to offer our customers a compelling digital experience through Citytouch - our digital banking platform that brings a plethora of services right to a customer's fingertips. We especially made progress in self-assisted digital onboarding that enabled our customers to be a part of our bank quickly and seamlessly; enhanced our digital payment gateways through building capabilities, especially in QR, for ensuring quick and hassle-free payment across a large merchant universe; reinforced our agent banking platform through improved connectivity with our own central IT systems, while also ensuring that we offer other relevant value-added services to our customers, including low-cost insurance; and strengthened our contactless banking proposition, which we believe to be the future of banking. Amidst this, we secured customer privacy and data through the highest levels of encryption.

Meeting aspirations and expectations of a generation of stakeholders

We recognise that our customers require greater personalisation and convenience, across a greater variety of products, all delivered at a low cost. We have therefore continued with our journey of re-platforming our technological architecture, in preparation for leveraging the platform to deliver on the needs of our customers. We have evolved our strategy and are focusing on simplification as a means to attain our purpose of providing financial and related services to suit a generation of customers.

In a major reshuffle that picked up pace in 2019, we disaggregated SME-M from Retail, and the most effective way we did this is through location-wise reclassification of our branch network. The idea behind this disaggregation is rooted in our understanding that the needs of both these customer segments is very different and diverse, requiring specialised focus. Moreover, we have established SME-S as an independent business division of the bank, reflecting our emphasis on creating highly specialised units focused on their respective businesses.

Location-wise too, while we emphasised on shared premises to leverage fixed costs better, we ensured that our branches meet customer needs on a comprehensive basis, yet offered tailor-made services to suit specific requirements. We took this strategic approach to our non-metro branches too, thus ensuring a much larger and diversified customer coverage. The services at our branches also reflected more the needs of the immediate society they served. Our ADC channel too reflects geographic diversity and coverage with a base of 403 ATMs/CDMs as on end 2019, bringing banking closer to our customers. Citytouch, which was under ADC earlier, was demerged and housed in our digital financial services unit to manifest segregation of virtual banking from physical.

Employee banking within retail also made strong progress during the year, as it evolved to providing tailored banking propositions to institutional customers, while also achieving success in cross-sales, which will be a tremendous opportunity, going forward. Further, in our journey to meet the expectations of our customers better, we reinforced our Citygem premium banking offering to align closer to the expectations and needs of a sophisticated customer set.



City Bank wins 'Syndicated Loan of the Year Bangladesh Award 2019'

City Bank has received the 'Syndicated Loan of the Year Bangladesh Award 2019' from Asian Banking & Finance. Managing Director and CEO Mr. Mashrur Arefin received the award on behalf of the Bank in an event in Singapore.

Our corporate banking business continued to remain our torchbearer amongst large institutional customers with whom we have stable relationships. I am also enthused by the performance of our cards division that is truly the flag bearer of American Express cards in Bangladesh. Through ongoing customer awareness and engagement programs, our cards business has strong potential considering the very low penetration of debit and credit cards in the country.

Being stakeholder-focused and governance-centric

Everything we do must be in service of advancing the lives of our customers, our employees and our broader community of stakeholders. Our strategy is supported by the pillars of culture, customer-centricity and data and collaboration.

Culture

Successful organisations are invariably purpose-driven. In the context of an emerging digital world, successful digital organisations are also customer-centric and data-centric. Accordingly, we have refined the expression of our culture to be of our aspirations to create solutions that advance lives. We have recognised that the adoption of a successful culture is a complex process and to facilitate this change we ran ongoing programmes throughout the year that supported training and development to equip our people with the relevant skills and inculcate values necessary to succeed in a digital organisation and fulfil our aspirations.

Customer-centricity

Customers' needs for greater personalisation and convenience are evolving at a rapid pace, as technology becomes further embedded in our daily lives. Especially, we see the smart-phone as ubiquitous and a tool to complete a number of everyday tasks and chores. Banking has shifted to the smartphone and we see a rising number of customers access City Bank through their phones. Our ability to respond to these needs quickly and effectively and do so in a secure and regulatory-compliant way will enable us to attract new customers and increase customer retention. The establishment of our exclusive digital wing will significantly improve our ability to understand our customers, especially the youth, and to become more responsive to their needs.

Data and collaboration

Our ability to anticipate and meet customer needs will depend in large part on managing, enriching and interpreting data. We anticipate that in the years ahead, data will become our most important asset. To that end, we are building on our existing data capabilities to gain a richer understanding of our customers and how to serve them more effectively. Further, we are strengthening our data analytics capabilities to enable us to extract cost and productivity efficiencies and to serve the evolving needs of our customers. With shared technology, we are also looking at deepening collaboration across our various divisions with a view to serve our customers better, get a bigger share of their wallet and optimise customer service and acquisition costs.

Importantly, the three pillars of our strategy are themselves underpinned by a continued commitment to good governance and compliance, with a strong focus on values. Our values play an important part in how we do things at City Bank. We believe that doing business ethically is value-accretive and our longstanding presence of over three decades is proof of our compliance and conformance standards. Besides, our determinedly ethical and humane approach to collections has resulted in us having one of the best collection records in the banking industry in 2019.



City Bank celebrates the birth centenary of the Father of the Nation

City Bank has celebrated the birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman with due solemnity. On this occasion, in front of the bank's head office our staffs wore the special T-shirt with logo of "Mujib Borsho" & special hand-held placards exhibiting the same to celebrate the occasion.

What will the year 2019 be remembered for

2019 was truly a seminal year for City Bank, as we re-platform our business, introduce leading-edge technologies and drive a culture of transformative change to enable us to be more nimble and responsive to the evolving digital landscape. Our key intention is to offer a platform for our diverse customers that can be accessed through an interoperable and omni-channel network. We believe that by offering customers a choice of where and how they bank, we will be able to secure our growth prospects over the foreseeable future.

To support the attainment of our strategic objectives, we have strengthened our team through the appointment of specialised talent that has deep technology expertise, which has become essential in the context of our digital strategy.

Meeting our future commitments

The repricing and refinancing of our maturing liabilities will be a major focus area for our executive team in 2020, as we align to the new regulatory environment.

We expect 2020 to be particularly challenging, as the banking industry in Bangladesh is expected to struggle to align with the new regulations. Further, our customers will be impacted by the escalating Covid-19 pandemic, which is bound to depress consumption, industrial growth, inflation and budget deficit targets and may result in possible job losses. Yet, we hope that political leadership will provide stimulus that will help in restoration in the aftermath. In anticipation of the challenging economic outlook, we turn even more conservative, ensuring that we continue to only write loans that are within our credit risk appetite.

While the business has robust levels of both capital and liquidity, we recognise that it may be challenging to fully re-integrate ourselves into this new environment, and we will continue to do what has come to become a part of our identity – the ability to adapt. This is a significant period of uncertainty and transformation and we will use the opportunity to reposition City Bank as a formidable financial institution in a fast-evolving landscape.

I look forward to your support as we tackle the year ahead.

Best regards,



Mashrur Arefin
Managing Director & CEO



City Bank: Embracing Tomorrow

City Bank launched a Corporate AV to represent its glorious journey of 37 years. Being a bank that has been providing world-class service for 3 generations and making dreams come true, City Bank has come a long way. As the nation continues to move forward, so does City Bank, with its promises to always perform its best and be right beside its customers for years to come.

Scan this QR code with your mobile device for quick access to this AV.

Chief Financial Officer's report

City Bank achieved good results during 2019 in a challenging environment. Few particular highlights for the year comprised the balance sheet reshaping for more profitable and sustainable business model to take the bank to the next level of transformation.

– Md. Mahbubur Rahman



Positioning of City Bank

City Bank is one of the largest and among the oldest private sector banks in Bangladesh. As at end of December 2019, our market capitalisation was Tk. 21,446 m, with approximately 34K shareholders. We have Tk. 354,689 m of assets on our balance sheet and Tk. 25,416 m as shareholder's equity.

As a bank, our primary purpose is to help people and businesses prosper in a sustainable way. We strive to meet the aspirations and expectations of our deposit-holders and customers from segments and we always offer more innovative and higher value proposition for the value creation for both the customers and the bank. As such, we focus on the areas where, as a bank, our activity can have the greatest impact, helping more people and businesses prosper, in an inclusive and sustainable way.

Our scale, business model and diversification enable us to aim to be the best digital financial services platform, acting responsibly and earning the lasting loyalty of our stakeholders (customers, shareholders, people and communities). Our journey for women banking, small micro finance, supply chain and distributor finance, and many more will not only improve the quality of the financial position for our bank but also help the economy and society with the more financial emancipation for these sectors which used to have lower access to finance traditionally.

We interact with our customers through a network of 132 branches, 116 SME Centers and 331 Agent Banking Outlets. We are emerging as one of the most compact and productive branch networks amongst private sector banks in the country. Our branches offer both, general as well as specialised banking, engaging and interacting with wide customer segments. We have also pioneered the concept of work café in Bangladesh that goes beyond meeting the banking needs of our customers by providing them with a café and a collaborative and energising workspace. Alongside our branch network,

we have a 24x7 contact centre that helps advance our customer service expectations.

In addition, our progress in banking digitalisation has been key to increasing our number of customers and improving their experience with us.

Analysis of 2019 financial performance

We were able to achieve improvements in our financial results in 2019 in comparison to the previous period. This was primarily due to improved results in the corporate, retail and SME-S businesses, as a result of a lower provisioning charges, complemented by improvement in fee-based income and a more efficient balance sheet. These positive impacts were partially offset by general cost increases, and continued pressure, though lessening, on the SME-M and commercial or emerging corporate businesses. With a revamped retail banking we are acquiring more and more profitable customer base for the bank, which will eventually help to build a stronger base of revenue and profitability in a sustainable way.

The bank's balance sheet remains liquid with high availability of cash resources to the tune of Tk. 48.9 b. Further, CRAR also continues to remain above the statutory limit of at 12.5% of total RWA and stands at 15.2% on solo basis.

The bank reported a net profit after tax of Tk. 2,472 m for the year ended 31 December, 2019 (2018: Tk. 2,018 m). Further, RoE of 9.9% (2018: 8.2%) was achieved despite materially higher capital levels.

The two most notable year-on-year changes were in the net interest income which expanded by 17.7% to Tk. 10,832 m, and operating expenses, growth rate moderating to 7.8% from 15.3% in the previous year.

The growth in net interest income was the result of healthy advances achieved across almost all the business lines. Our NPLs stood favourably as compared to the industry average, reflecting our strengthening credit underwriting standards and efficiency of our collections.

Interest income of Tk. 26,819 m (2018: Tk. 22,917 m) increased by 17%, while interest expense and similar charges of Tk. 15,987 m (2018: Tk. 13,716 m) increased by 16.6%, resulting significant growth in net interest income reduction in the net interest charge This has been due to continued focus on diversification of our borrowings and improved liability management.

Operating expenditure reported at Tk. 9,998 m (2018: Tk. 9,274 m) increased by 7.8% compared to the prior year. The increase in overall operating costs was primarily as a result of an increase in staff costs to support increased credit disbursements, additional recruitment and technology spends, as we continue our strategic transformation journey to strengthen our digital banking offering.

The bank's cost-to-income ratio stood at 54.7% (2018: 58.1%) as a result of enhancing productivity against our operational costs, and leaning on shared infrastructure, especially across our branches, with a view to improve premise utilisation and extract better value out of the fixed costs.

As part of our sensitivity analysis exercise, I must assure shareholders that we have a diversified asset and liability book which is robust and capable of absorbing risks, while providing a secure platform for sustainable growth. Given the environment in which we operate and the current economic conditions expected to worsen with the impact of Covid-19 on the economic landscape, we believe our balance sheet is well-capitalised to absorb any exigent shocks.

Further, the health pandemic now playing out in full glare, the Government announced a stimulus plan that supports cushioning the impact of the ensuing lockdown to contain the spread of virus. Such a stimulus package will enhance liquidity in the banking system and will be anchored on encouraging credit offtake, which can transpire through our channels. Hence, we can capitalise on this scenario, which is uncertain now, but will become clearer with the passage of time.

Dividend and outlook

Our financial performance and value creation for stakeholders is demonstrated by the increase in distributable income per share and the growth in tangible net asset value (NAV) per share, which together produced a return of 15% for the year 2019 (2018: 11%) as dividend.

We look forward to engaging with you on a regular basis in 2020 to share our evolving plans and projections as we engage in extensive scenario planning. As a bank that is lean, resilient, agile and adaptable, I am certain that we will be able to navigate the difficult oncoming period and continue on our journey to create long-term value for our shareholders.

Thank you for being a part of our journey.

Best wishes,



Md. Mahbubur Rahman
DMD & Chief Financial Officer

Corporate directory

City Bank and its subsidiaries

Name of entity

The City Bank Limited

Year of incorporation

1983

Legal form

A public limited company incorporated in Bangladesh on 14 March, 1983 with the primary objective of carrying out banking businesses in and outside of Bangladesh. The Bank commenced banking operations on 27 March, 1983.

Group composition structure

Bank

The City Bank Limited

Subsidiaries (fully owned)

- City Brokerage Limited (Stock brokerage)
- City Bank Capital Resources Limited (Merchant banking operations)
- CBL Money Transfer Sdn. Bhd., Malaysia (Remittance services)
- City Hong Kong Limited (International trade)

Board of Directors

Mr. Aziz Al Kaiser – Chairman

Directors (Other than Chairman)

Name	Position
Mr. Hossain Khaled	Vice-Chairman
Mr. Hossain Mehmood	Nominated Director
Ms. Tabassum Kaiser	Director
Mr. Rajibul Huq Chowdhury	Director
Mrs. Syeda Shaireen Aziz	Director
Mr. Rafiqul Islam Khan	Director
Mrs. Savera H. Mahmood	Nominated Director
Mr. Farooq Sobhan	Independent Director
Mr. Dr. Selim Mahmud	Independent Director

Company secretary: Mr. Md. Kafi Khan

Core business

- City Bank is a leading private commercial bank of Bangladesh with established leadership in corporate banking and a growing focus on SME and consumer businesses.
- The Bank is also among the few in the country to be offering both conventional as well as Islamic Banking products and services.
- The Bank offers a wide range of depository, loan and card products and a holistic range of services to cater to virtually every customer segment.
- From student banking to priority banking to Amex credit cards, City Bank offers an expansive range of banking products.
- On a granular level, the product basket includes:
  - Savings and current accounts
  - Personal loans
  - Debit cards
  - Credit cards, & Pre-paid cards
  - Internet banking
  - Corporate banking
  - SME banking
  - Investment banking
  - Treasury and syndication services
  - Supply chain finance
  - Agent banking
  - Citygem priority banking
  - City Alo-women banking
  - Two wheeler loans
  - Distributor finance

Network

City Bank's businesses are broadly segmented into following divisions:

- Corporate
- Commercial
- Retail
- Cards
- SME
- Agent banking

The Corporate Banking division has 4 clusters and under these clusters, there are 12 relationship units - 9 in Dhaka and 3 in Chittagong. To facilitate and comprehensively support the business units, the Bank has three product-specific solutions-based units:

- Structured Finance Unit (SFU)
- Transaction Banking (TB)
- Corporate Strategy Business Management (CSBM)
- Financial Institutions (FI)

Though City Bank's operations are geographically centralised in Dhaka and Chittagong, it has nationwide branches, correspondent banks and affiliated networks worldwide to serve the individual, SME and large corporate banking needs of clients located across the country.

Branch Banking customers are served through a pervasive countrywide network of 132 branches, 340 ATMs, 63 Cash Deposits Machines, 116 SME-S Unit Offices, 331 Agent Outlets and 7 Priority Centres [as on 31 Dec, 2019].

The Bank enjoys a well-entrenched presence in major cities/towns of Bangladesh, including Dhaka, Chittagong, Sylhet, Khulna, Barisal, Rajshahi and Rangpur. Branch Banking covers both SMEs and retail customers.

City Bank is a pioneer in credit cards in Bangladesh. The Bank provides a host of credit cards, including Amex (Platinum, Gold, Green and Blue), Master and VISA cards, and is continuously adding value for enhancing product functionality for the satisfaction of its valued customers.

Credit rating

As per BRPD Circular no. 6 dated 5 July 2006, the Bank has completed its credit rating conducted by Credit Rating Agency of Bangladesh (CRAB), based on the financial statements as at and for the year ended 31 December, 2018. City Bank has also been awarded **B1** by renowned rating agency Moody's.

B1

Rating by Moody's

AA2

Surveillance Rating 2019

Outlook	Stable

Particulars	Base Period	Date of rating	Long-term	Short-term
Entity Rating	January to December 2018	29-May-19	AA2	ST-2
Entity Rating	January to December 2017	11-Jun-18	AA2	ST-2
Entity Rating	January to December 2016	28-May-17	AA2	ST-2
Entity Rating	January to December 2015	23-Jun-16	AA2	ST-2
Entity Rating	January to December 2014	25-Jun-15	AA2	ST-2

CRAB assigned rating 'AA2' and 'ST-2' to The City Bank Ltd. during the January-December 2018 period.

Committees of the Board of Directors

Executive Committee

Name	Status with Bank	Status with Committee
Mr. Aziz Al Kaiser	Chairman	Member
Mr. Hossain Mehmood	Nominated Director	Member
Mr. Hossain Khaled	Vice-Chairman	Member
Mr. Rajibul Huq Chowdhury	Director	Member

Secretary: Mr. Md. Kafi Khan

Audit Committee

Name	Status with Bank	Status with Committee
Mr. Farooq Sobhan	Independent Director	Convener
Mrs. Syeda Shaireen Aziz	Director	Member
Mr. Rafiqul Islam Khan	Director	Member
Mrs. Savera H. Mahmood	Nominated Director	Member

Secretary: Mr. Md. Kafi Khan
This committee was reconstituted on 19 February, 2020

Board's Risk Management Committee

Name	Status with Bank	Status with Committee
Mr. Hossain Khaled	Vice-Chairman	Convener
Mr. Hossain Mehmood	Nominated Director	Member
Mr. Rajibul Huq Chowdhury	Director	Member

This committee was formed on 25 January, 2014

Shariah Supervisory Committee

Chairman
Mr. M. Azizul Huq

Members
Prof. Maulana Muhammad Salahuddin
Principal Maulana Zainul Abedin
Dr. ANM Rafiqur Rahman Madani
Mr. Md. Fariduddin Ahmed
Advocate Muhammad Nazrul Islam
Maulana Md. Anwar Hossain Molla

Risk Management Committee

The RMC provides oversight and supervision with regards to the identification and evaluation of major strategic, operational, regulatory, information and external risks inherent in the Bank's business and the control processes with respect to such risks. Assistance is extended to review, guide and manage various risks resulting from the implementation of strategies and action plans approved by the Board of Directors.

Combating corruption

Committee on Morals, Ethics and Integrity

As part of the effort of combating corruption, promoting integrity and establishing good governance, the Government of Bangladesh has adopted a 'Commitment for Golden Bengal: National Integrity Strategy (NIS) of Bangladesh'. A high-level 'National Integrity Advisory Council' has been constituted for its implementation. Bangladesh Bank is entrusted with the responsibility of implementing the National Integrity Strategy (NIS) in the country's financial sector.

In line with the implementation of NIS, the Bank has established a 'Committee on Morale, Ethics and Integrity' to implement the NIS directives within the Bank. Additionally, the committee is mandated with the task of identifying ways to protect the culture of loan defaults and promote consciousness with a view to reduce frauds, forgeries, irregularities and other sources of corruption across the Bank.

Ownership composition

As of 31 December, 2019, shareholding position of The City Bank Limited by the Directors, General Public and Financial Institutions is presented below:

Composition	Status	
	No. of shares	Percentage (%) of total shares
Directors & Sponsors	286,539,405	28.19%
General Public	407,299,634	40.07%
Financial Institutions	223,295,121	21.97%
Foreign Shareholders	99,252,501	9.77%
Total	**1,016,386,661**	**100.00%**

Capital: 31 December, 2019

Authorised Capital

Tk. 15,000,000,000

(1,500,000,000 ordinary shares of Tk. 10 each)

Paid-up capital

Tk. 10,163,866,610

(1,016,386,661 ordinary shares of Tk. 10 each)

Listing dates

- Dhaka Stock Exchange Ltd.: 3 February, 1987
- Chittagong Stock Exchange Ltd.: 27 December, 1995

Listing

Ordinary shares of the Bank are listed on both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Shares of City Bank are categorised as 'A' in the stock exchanges and the stock symbol is CITYBANK.

Accounting year-end: 31 December, 2019

Corporate information

Chief Financial Officer
Mr. Md. Mahbubur Rahman

Head of Internal Control & Compliance
Mr. A K M Saif Ullah Kowchar

Auditors
Rahman Rahman Huq
Chartered Accountants

Tax Consultant
ACNABIN
Chartered Accountants

Legal Retainer
Law Valley

Bangladesh Bank
License Number- BCD(D)200/37-261
dated 23 March, 1983

Registered Office/ Head Office
136 Bir Uttam Mir Shawkat Sarak
(Gulshan Avenue), Gulshan-2
Dhaka-1212, Bangladesh
Telephone No: 880-2-58813483,
880-2-58814375 and 880-2-58813126
Fax: 880-2-9884446, SWIFT: CIBLBDDH
E-mail: info@thecitybank.com
Web: www.thecitybank.com

The change makers



We salute the founding fathers of this institution. It was the visionary entrepreneurship of 12 young businessmen who braved the uncertainties and risks with courage and zeal in order to set up the country's first private commercial bank back in 1983. Today, we continue to draw inspiration from their deep spirit of enterprise and their relentless focus on excellence. They are (from left to right): Mr. Monowar Ali, Mr. Ibrahim Mia (late), Mr. Abdul Hadi (late), Mr. M.A. Hashem, Mr. Anwar Hossain, Mr. Abdul Barik Choudhury (late), Mr. Deen Mohammad, Mr. A.B.M. Feroz, Mr. Md. Ali Hossain, Mr. Azizul Haque Chowdhury, Mr. N.A. Chowdhury (late) and Mr. A.K. Mehmood.

City Bank is among the five largest private sector banks in Bangladesh with a market capitalisation of BDT 21,446 m (as on 31 December, 2019).

Our Directors' profile

At City Bank, we have a committed, balanced and diverse Board of Directors comprising 11 members, of which 2 are Independent Directors and 3 are Female Directors.

During the course of the year 2019, the Board discussed a wide range of issues, including responsible banking, sustainability, human resources and culture, regulatory compliance and non-performing loan provisions and recovery, among others.



Meetings of the Board of Directors held in 2019

Aziz Al Kaiser

Chairman

Appointed to the City Bank Board on 23 August, 1999

Aziz Al Kaiser is a prominent entrepreneur of Bangladesh. A graduate from U.S. International University and Watford, London, UK, Kaiser is involved in a diverse range of businesses, including shipping, food, telecoms, ICT, banking, leasing and real estate, among others. He is also the Managing Director and Director in a number of Partex Star Group Companies. A member of the Executive Committee of the Board of Directors of City Bank, Kaiser is the chairman of City Bank's subsidiary in Malaysia – CBL Money Transfer Sdn. Bhd. He takes keen interest in cricket and he was a Director of Bangladesh Cricket Board and also Chairman of the Marketing & Commercial Committee of the Bangladesh Cricket Board.

Hossain Khaled

Vice Chairman

Appointed to the City Bank Board on 09 November, 2000

Hossain Khaled is a versatile new-age businessperson. He obtained his BBA in Accounting from the University of Toledo, Ohio, and MBA from International Banking from A&M University (TAMU), Texas, USA. Khaled joined the family conglomerate of Anwar Group of Industries in the year 2000. Since then, he has helmed many group company portfolios and also achieved several milestones, including becoming the youngest President of Dhaka Chamber of Commerce & Industry and also Co-Chairman of Bangladesh Better Business Forum. In fact, he was appointed as the President of Dhaka Chamber of Commerce & Industry two times. Khaled is also a Director in a number of companies of Anwar Group. At City Bank, he is a member of the Executive Committee of the Board of Directors and also Convener of the Bank's Risk Management Committee. He is also the Chairman of City Brokerage Ltd. and President of Entrepreneurs' Organization (EO) Bangladesh.

Tabassum Kaiser

Director

Appointed to the City Bank Board 6 March, 2002

Through her rich and varied experience in business, Tabassum Kaiser also serves as a Director in various companies, including Fairhope Housing Ltd and Partex Agro Ltd. She is also a shareholder of GSP Finance. Kaiser holds a MBA degree from North South University, Bangladesh.

Board of Directors



AZIZ AL KAISER
CHAIRMAN



HOSSAIN KHALED
VICE CHAIRMAN



TABASSUM KAISER
DIRECTOR



SYEDA SHAIREEN AZIZ
DIRECTOR



RAJIBUL HUQ CHOWDHURY
DIRECTOR



HOSSAIN MEHMOOD
DIRECTOR



RAFIQUL ISLAM KHAN
DIRECTOR



FAROOQ SOBHAN
INDEPENDENT DIRECTOR



DR. SELIM MAHMUD
INDEPENDENT DIRECTOR



MASHRUR AREFIN
MANAGING DIRECTOR & CEO



SAVERA H. MAHMOOD
DIRECTOR

City Bank's Board is lit up by a group of 11 individuals who are driven by self-motivation. The Board is committed to helping the bank achieve long-term success. The Board provides direction to the management by setting the strategy and overseeing its implementation.



Gender diversity

Three of eleven directors are female.



Mix of experience

Work experience of the directors ranges from 15 to 50 years. A great mix of youth and experience.

Hossain Mehmood

Director

Appointed to the City Bank Board on 23 March, 2002

A prominent entrepreneur, Hossain Mehmood is the Representative Director of A-One Polymer Ltd. He has successfully set up and executed a number of industrial undertakings and has also served as the Vice Chairman of the Board of Directors of City Bank. Mehmood is also a member of the Executive Committee of the Bank and is Sponsor Director of a number of companies of Anwar Group of Industries. He is also the Chairman of A-One Polymer Ltd., Anwar Ispat Ltd and AG Automobiles Ltd. and the Managing Director of Hossain Dyeing & Printing Mills Ltd, Mehmood Industries (Pvt.) Ltd, Anwar Silk Mills Ltd, Anwar Galvanizing Ltd and Anwar Pulp Ltd. He is Chairman of the Bangladesh Terry Towel and Linen Manufacturer & Exporters Association, Vice Chairman of BD Securities Ltd and Vice President of Bangladesh Textile Mills Association.

Rajibul Huq Chowdhury

Director

Appointed to the City Bank Board on 18 October, 2011

Rajibul Huq Chowdhury is a prominent business entrepreneur of Bangladesh. He is involved in a diverse range of business sectors, including chemicals, garments, knitting and dyeing, printing and machinery. Chowdhury is a Proprietor, Managing Director and Director of various companies of Aziz Group. He is also a Director in ASM Chemical Industries Ltd, a renowned basic chemicals production unit in the country. He patronises many educational institutions and is involved with various social forums as well.

Syeda Shaireen Aziz

Director

Appointed to the City Bank Board on 30 April, 2012

Syeda Shaireen Aziz also serves as a Director in various companies, including Partex Corp. Ltd, Sattar Glass Factory Ltd, etc. She completed her graduation in Business Administration.

Savera H. Mahmood

Director

Appointed to the City Bank Board on 21 July, 2016

Savera H. Mahmood is also a Director of Partex Star Group and the Managing Director of Partex Agro Ltd. She holds a Master's Degree in Social Studies from University of Chittagong.

Rafiqul Islam Khan

Director

Appointed to the City Bank Board on 25 November, 2000

A renowned textile merchant of Bangladesh, Rafiqul Islam Khan is the Chairman of Pakiza Group of Industries. Khan is also Director of Phoenix Securities Ltd, Phoenix Insurance Co. Ltd and Phoenix Medical Center Ltd.

Farooq Sobhan

Independent Director

Appointed to the City Bank Board on 1 June, 2016

Ambassador Farooq Sobhan is the President and CEO of Bangladesh Enterprise Institute (BEI). He was Executive Chairman of Board of Investment (BOI) and Special Envoy to the Prime Minister from 1997 to 1999 and also Foreign Secretary from 1995 to 1997. He has also served as Ambassador/High Commissioner to India, China, Malaysia and the United Nations. He is the Chairman of the Board of Trustees of the independent Centre for Corporate Social Responsibility (CSR). He played a pivotal role in the establishment of the SME Foundation and served on its Board during the period of 2008-09.

Dr. Selim Mahmud

Independent Director

Appointed to the City Bank Board on 22 June, 2020

Dr. Selim Mahmud is an educationist teaching law as Professor in University of Dhaka, as well as an international energy expert. Dr. Mahmud is the member of South Asia Regional Initiative/Energy Integration (SARI/EI) for South Asia Regional Electricity Markets Development (Task Force 3). Till 2019, he was Chairman of Bangladesh Energy Regulatory Commission (BERC) Tribunal and played his role as a Commissioner in BERC during 2009-16. With vast experiencing in teaching in different universities, Dr. Mahmud has also authored a number of international publications. He has also completed various courses and trainings on energy issues outside his academic and research arena. Dr. Mahmud was a Member of Bangladesh Bar Council Legal Education Committee (2009-12) and has served as an independent director (2013-19) in a first generation private commercial bank in Bangladesh.

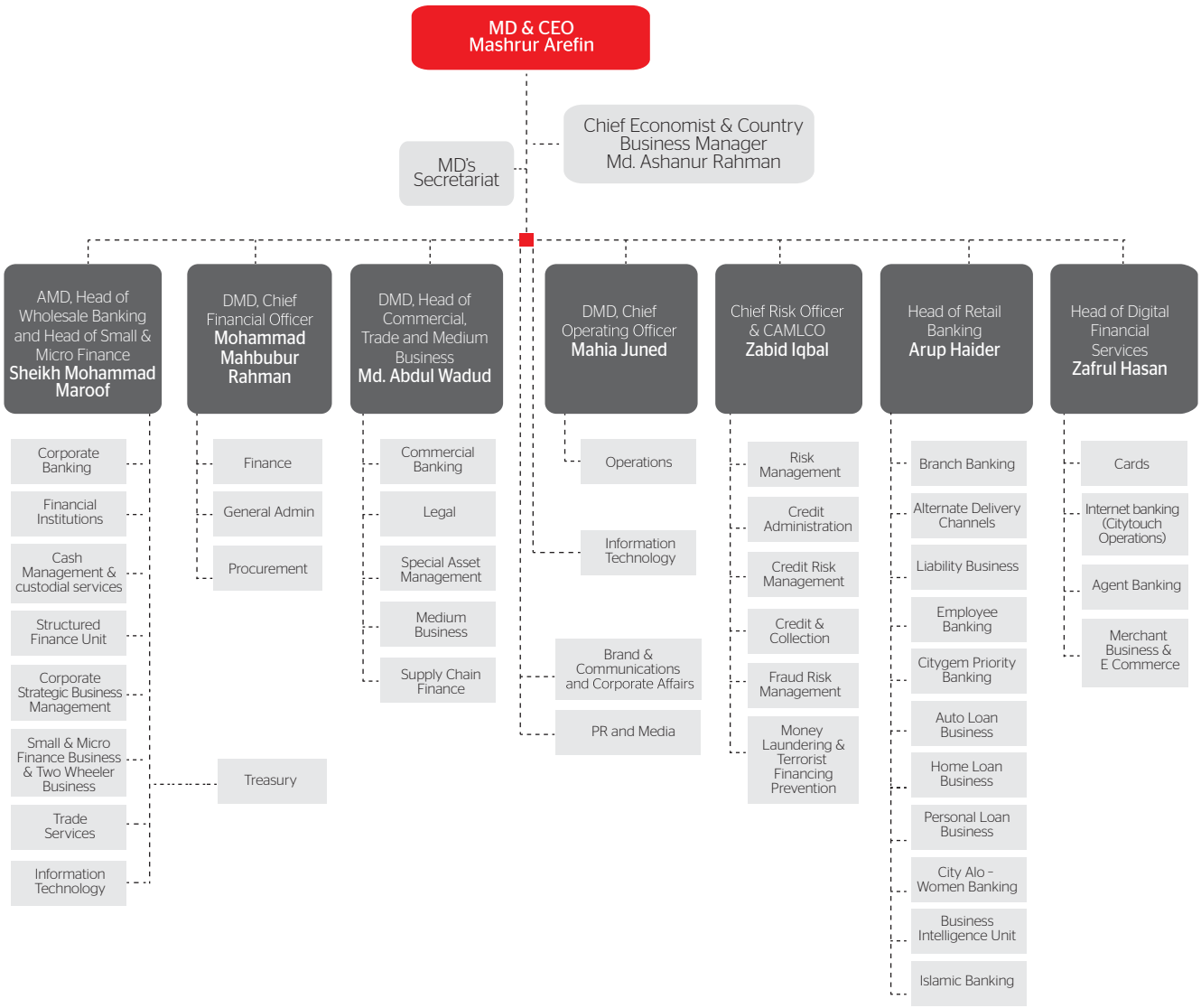
Mashrur Arefin

Managing Director & CEO

Appointed to the City Bank Board on 17 January, 2019

Starting his career in 1995 with ANZ Grindlays Bank, Bangladesh, as a Management Trainee, Mashrur Arefin worked in several divisions before being finally promoted as Head of Consumer Finance, Bangladesh. He also worked in Standard Chartered Bank, Qatar, as Head of Credit & Collections, Consumer Banking. Arefin has the experience of working at ANZ Banking Group in Melbourne, Australia. Later, he held the position of Director & Head of Retail Banking for American Express Bank, Bangladesh. He was also engaged with Citibank N.A. for a brief period as its Head of Retail/Priority Banking, Bangladesh. The last position he held was Head of Consumer Banking at Eastern Bank Ltd, before joining City Bank in the year 2007.

City Bank organogram



Management committee



Mashrur Arefin
Managing Director & CEO



Sheikh Mohammad Maroof
Additional Managing Director, Head of Wholesale Banking & Head of Small & Micro Finance



Md. Abdul Wadud
Deputy Managing Director, Head of Commercial & Medium Business



Md. Arup Haider
Head of Retail Banking



Md. Ashanur Rahman
Chief Economist & Country Business Manager



Md. Kafi Khan
Company Secretary



Mahia Juned
Deputy Managing Director & Chief Operating Officer



Md. Mahbubur Rahman
Deputy Managing Director & Chief Financial Officer



Nurullah Chaudhury
Deputy Managing Director Head of Corporate Banking



Kamrul Mehedi
Head of Small Business



Nishat Anwar
Head of Human Resources



Md. Safiul Amin
Head of Branches



Zabid Iqbal
Chief Risk Officer



Mesbaul Asif Siddiqui
Head of Credit Risk Management



Md. Zafrul Hasan
Head of Digital Financial Services



Muhammed Shah Alam
Head of Treasury



Deep banking knowledge and experience

More than two-thirds of the Management Committee members are seasoned bankers, while the rest have diversified industry experience



Average years of experience of the Management Committee

Our leadership profile

Mashrur Arefin

Managing Director & CEO

MA, University of Dhaka
MBA, Victoria University, Melbourne, Australia

Mashrur Arefin started his career in 1995 with ANZ Grindlays Bank, Bangladesh, as a Management Trainee. The last position he held at ANZ was as Head of Consumer Finance, Bangladesh. He also worked in Standard Chartered Bank, Qatar and ANZ Banking Group in Melbourne, Australia. Later, he held the position of Director for American Express Bank, Bangladesh and also worked in Citibank N.A. for a brief period as its Resident VP, Bangladesh. The last position he held was of Head of Consumer Banking at Eastern Bank Ltd, before joining City Bank in 2007. Arefin's diverse experience at City Bank is showcased in the fact that he worked as Chief Operating Officer (COO) of the Bank and also served as its Business Head of SME, Retail Banking, Cards, Agent Banking and Digital Financial Services (DFS). From 2007 to 2018, he was also the Chief Communications Officer (CCO) of the Bank. Arefin was appointed as MD & CEO of the Bank in January 2019.

Sheikh Mohammad Maroof

Additional Managing Director, Head of Wholesale Banking & Head of SME – Small & Micro Finance

Master of Commerce in Finance, University of Dhaka

Sheikh Mohammad Maroof started his career in 1995 with American Express Bank, Bangladesh, as a Management Trainee. The last position he held was that of Director and Head of Financial Market Services & Treasury. He also possesses the experience of working as Head of Treasury at Eastern Bank Ltd, before joining City Bank in 2007. Currently, he is overseeing Wholesale Banking, Trade Services and SME-Small & Micro Finance operations of the Bank.

Md. Abdul Wadud

Deputy Managing Director, Head of Commercial & Medium Business

Master of Science in Statistics, Jahangirnagar University
MBA, Victoria University, Melbourne, Australia

Md. Abdul Wadud started his career in 1996 with Eastern Bank Ltd. as a Management Trainee. He served at the bank in various capacities, including as the In-charge of Export & General Banking of Branch, Branch Manager and Unit Head of Corporate Banking. The last position he held at Eastern Bank Ltd. was as Head of Structured Finance at Eastern Bank Ltd, before joining City Bank in 2011. Since joining, Wadud looked after various divisions like Credit Risk Management Division, Credit Administration, Consumer Credit & Collection, Special Asset Management, Legal, Risk Management, Fraud Risk Management taking the responsibility of Chief Risk Officer and Chief Anti Money Laundering Officer. Currently, he is the Deputy Managing Director and Head of Commercial and SME-M business segment. He represents The City Bank Limited as one of the nominated directors in the Board of Directors and Member of the Executive Committee of IDLC Finance Limited.

Mahia Juned

Deputy Managing Director & Chief Operating Officer

BBA, Assumption University, Bangkok, Thailand

Mahia Juned started her career in 1994 with Citibank, N.A., Bangladesh. The last position she held was Resident VP & Head of Operations of Trade Services, Trade Treasury Operations, Financial Institutions and Cash Management. She joined City Bank in 2007 as Head of Project Management and subsequently promoted to Chief Operating Officer in 2019. She is the first female Deputy Managing Director in the Bank's history and she is also the official Female Ambassador of the Bank. Mahia Juned represents The City Bank Limited as one of the nominated directors in the Board of Directors of IDLC Finance Limited.

Md. Mahbubur Rahman

Deputy Managing Director & Chief Financial Officer

Fellow Chartered Accountant, The Institute of Chartered Accountants of Bangladesh (ICAB)

Md. Mahbubur Rahman has a rich experience of working in leadership roles in various important roles in multinational, local corporate and development organisations. He has worked in Leads Corporation Ltd. as Chief Financial Officer and Grameenphone for five years where he served in various capacities including Additional General Manager and Head of Revenue. His last position was as Financial Management Specialist, South Asia, in World Bank, before he joined City Bank in 2011. He represents The City Bank Limited as one of the nominated directors in the Board of Directors of IDLC Finance Limited, City Bank Capital Resources Limited and City Brokerage Limited.

Nurullah Chaudhury

Deputy Managing Director, Head of Corporate Banking

Bachelor in Finance, USA

Nurullah Chaudhury joined City Bank as Unit Head of Corporate Banking in 2008, and was subsequently promoted as Cluster Head of RMG and textiles. Prior to City Bank, in his two-decade long career in the banking industry, he served Shamil Bank of Bahrain and Bank Al Falah in various divisions, including Corporate Banking. He is currently heading the Corporate Banking operations of the Bank.

Zabid Iqbal

Chief Risk Officer

MBA, IBA, University of Dhaka
Chartered Financial Analyst (CFA), CFA Institute, USA

Zabid Iqbal started his career in 1998 with AB Bank as a Probationary Officer. He held various senior roles at HSBC Bank in Bangladesh and Hong Kong, including Head of Wholesale Credit-Bangladesh and Senior Credit Approver- Hong Kong, overseeing large credit approvals of a few Asia-Pacific countries. He has also worked for Commercial Bank of Ceylon – Bangladesh, American Express Bank and Dhaka Bank in senior roles in Wholesale Banking, Risk, Credit and Credit Administration. He was the Deputy CEO of Kathmandu-based Nepal Bangladesh Bank, before joining City Bank in 2019.

Mesbaul Asif Siddiqui

Head of Credit Risk Management

Masters in Bank Management, Bangladesh Institute of Bank Management (BIBM)
MBA in Finance, University of Dhaka

Started his career in Eastern Bank Ltd. as Management Trainee in 1999 and worked in different capacities. Last position he held was AVP & Senior Relationship Manager under Corporate Banking for almost 6 years. Subsequently, he joined in Commercial Bank of Ceylon for 2 years. Later, he worked for HSBC Bangladesh and HSBC Singapore for 9 years in various positions under Wholesale Banking. Joined City Bank in 2015 as EVP & Cluster Head – Manufacturing Clients, Corporate Banking. Currently, he is heading Credit Risk Management and Sustainable Finance functions of the Bank.

A K M Saif Ullah Kowchar

Head of Internal Control & Compliance

Fellow Chartered Accountant, the Institute of Chartered Accountants of Bangladesh (ICAB)

A K M Saif Ullah Kowchar FCA has more than 19 years of experience across multi-function and multi-geography, and worked for different organisations like Citibank N. A. (Bangladesh & Philippines), Pacific BD Telecom Ltd. and KPMG (Bangladesh & Qatar) prior to joining City Bank as Head of Internal Control & Compliance.

Faruk Ahmed

Head of Trade Services

Masters in Marketing, University of Dhaka

Faruk Ahmed started his career in IFIC Bank Ltd. in 1993 after completion of his studies from University of Dhaka. In his career, he worked in Dhaka Bank Ltd., The City Bank Ltd. and held last position in a renowned local corporate prior joining back in City Bank as the Head of Trade Services Division. He has a 27 years long career with intensive work experience in Branch Banking operations, Offshore Banking Unit (OBU) operations and Trade operations.

Mohammed Anisur Rahman

Head of IT

Masters in Business Studies, Dhaka University of Dhaka
Advanced Technology Professional, Grameen Star Education
Microsoft Certified Technology Specialist (MCTS)
Information Technology Infrastructure Library (ITIL) Certified

Mohammed Anisur Rahman started his career in early 1997 with Smart Technologies as an Analyst, IT & Business Development. He then worked with BEXIMCO, TechnoVista Limited over 7 years with the last position as Head of Business Analyst & Quality Control. He then moved to BRAC Bank Ltd. and worked into multiple domains under Information Technology Division. He also worked with BRAC IT Services as the founding Management Committee Member till October 2013. Later he moved to Mercantile Bank Ltd. as Deputy Head of Information Technology Division. He served HSBC Bangladesh as Applications & Development Head and Acting Chief Information Officer prior joining City Bank as EVP & Head of Information Technology in November 2018.

Md. Arup Haider

Head of Retail Banking

MBA in Finance, IBA, University of Dhaka

Md. Arup Haider started his career as a Management Trainee Officer at Prime Bank Ltd in 2003. He then worked in BRAC Bank Ltd. for 7 years. The last position he held at BRAC Bank was as the Head of SME Underwriting. He has also worked as Head of Consumer Credit Policy in Standard Chartered Bank, before joining City Bank as Head of Credit and Collection in 2016. He was subsequently appointed as Head of Retail Banking in 2018.

Md. Ashanur Rahman

Chief Economist & Country Business Manager

Masters in Bank Management, BIBM
Bachelors in Statistics, Jahangirnagar University

Md. Ashanur Rahman started his banking career as a Management Trainee with Mercantile Bank Ltd. in 2004. He worked there in different areas including Retail, Credit, Research & Planning. In 2008 he joined at The City Bank Limited and took care of different areas of Risk Management including Credit, Market & Operational Risks.

He joined Royal Bank of Canada (RBC) as a retail banker where he gained significant experience in retail & business banking and in the area of customer services. He has more than 16 years of experience in banking both home and aboard.

Md. Kafi Khan

Company Secretary

Doctor of Business Administration (Course Completed), IBA, University of Dhaka
Post graduate in Human Resources Management
Bachelors and Masters in Accounting, University of Dhaka
Bachelor of Law

Md. Kafi Khan started his career in 1998 at Monno Fabrics Ltd. as Manager - MIS and Support Associate to the Management Consulate. He possesses more than 22 years of work experience in various sectors, encompassing areas such as human resources, accounts, planning and commercial, company secretarial practices etc. The last position he held was as Company Secretary of Apollo Ispat Ltd. and Group of Companies. He joined City Bank as Company Secretary in 2004. He holds Fellow membership of the Institute of Personnel Management of Bangladesh (IPM), The Institute of Certified General Accountants of Bangladesh (ICGAB) and Institute of Internal Auditors of Bangladesh (IIAB).

Kamrul Mehedi

Head of Small Business

Masters in Business Administration
Masters in Defense Strategy

Kamrul Mehedi started his banking career at BRAC Bank Ltd. in 2011 after a brief service to Bangladesh Army. He worked in the SME Division and looked after SME funding and management of non-performing loans with special focuses on strategy implementation, Credit Risk and Recovery. In 2017, he joined City Bank as Head of Small & Micro Finance Business. Kamrul secured his MBA from a private university and a Master's Degree in Defense Strategy. He also holds a Graduate degree in Banking Leadership from Presencing Institute, CoLab, MIT, USA.

Nishat Anwar

Head of Human Resources

MBA, North South University
Post Graduate Diploma in Personnel Management, Bangladesh Institute of Management

Nishat Anwar started her career in 1997 with DHL Express, Bangladesh, as an HR Executive. She possesses several years of HR business partnering experience with global organisations, including Standard Chartered Bank, Bangladesh. She has also worked in Banglalink as Senior Manager in Employee Relations, Recruitment and Training. The last position she held was of HR Specialist in a leading Retail chain in Canada, before joining City Bank as the Head of HR in 2018.

Md. Safiul Amin

Head of Branches

M.Com, University of Dhaka
Masters in Business Administration
ACBA, IBA, University of Dhaka

Md. Safiul Amin, started his career as a Lecturer of Management Department of a Govt. University College upon completion of studies from University of Dhaka. Later started his Banking carrier in Sonali Bank as a Financial Analyst and moved to City Bank in 2003 in the Project and Corporate Finance Department which later renamed as Credit Risk Management Division (CRM). In 2012, he moved to Prime Bank Limited in the Corporate Banking Division. Amin joined back to City Bank in 2016 in Retail Banking Division as Cluster Head, and in 2018 he was assigned in his present role of as the Head of Branches.

Md. Zafrul Hasan

Head of Digital Financial Services

MBA, Banaras Hindu University, India
Bachelors in Physics, Aligarh Muslim University

Zafrul Hasan started his career in Sheba Telecom in 1995 upon completion of his studies. In his illustrated career, he worked in Pacific Telecom Ltd., Robi Axiata Ltd. and lastly, in bKash Ltd. before joining City Bank in 2019 as the Head of Digital Financial Services. In his career, he worked extensively in distribution, sales, management, finance and project management.

Muhammed Shah Alam

Head of Treasury

MBA, University of Dhaka
MSc in Statistics

Muhammed Shah Alam started his career in Arab Bangladesh Bank as a probationary officer and gradually moved to Treasury. He joined City Bank in 2007 in the Treasury department and then moved to Eastern Bank in the same department. Alam joined back to City Bank in 2013 and in 2019, promoted as the Head of Treasury. Besides being a treasury and market risk expert, he is keen on staying updated on monetary management, fiscal management and macroeconomic output of the country.

Extended management committee

Name	Designation
Abdul Wadud	Chairman of EMC, DMD, Head of Commercial and Medium Business
Parul Das	Vice Chairperson of EMC, Head of Finance
Sayeeda Sajed	Secretary EMC, Head of Customer Experience
Amirul Islam	Head of Corporate Credit Risk
Md. Ariful Bari	Cluster Head- Corporate Banking
Arifur Rahman	Head of Cards
A.K.M. Ayub Ullah	Head of Legal
Fahria Huque	Head of Citygem Priority Banking
Farhad Aziz	Head of General Admin
Syed Hasnain Mamun	Head of Organization Development & HR Strategy
Lablu Md. Hasan	Head of HR Operations
Mohammad Jahangir Alam	Cluster Head- Corporate Banking and Head of Offshore Banking
Khaled Hossain	Head of OPSD & OCSQ
Mahbub Ahmed Chowdhury	Head of Procurement
Mohammad Mahfuzur Rahman	Head of Operations
Mohammad Mahmud Gony	Head of Commercial Banking
Mohammed Minhazur Rahman	Head of Commercial & SME Credit Risk
Mithila Rahman	Head of Cards Operations
Nasrin Akter	Regional Head of Branches
Nurul Azam Mazumder	Head of Medium Business
Md. Sajid Iqbal Hossain Chowdhury	Head of FX
Md. Shafiul Alam	Head of Credit Administration
Md. Shaheen Ferdous	Head of Project Management Office, Information Technology
Shahriar Jamil Khan	Head of Brand & Communications and Corporate Affairs
Shaila Parveen	Head of Recruitment
Mohammad Mahbub Sobhan	Head of Agent Banking
Subir Kumar Kundu	Head of Products & Segments
Tahsin Haq	Head of Cash Management, Corporate Banking
Md. Mustafizur Rahman	Head of ADC
Mohammad Waliullah	Head of Credit & Collection, Retail & Small Business Risk

Our operating context

The world's population is growing rapidly, and people are living longer and consuming more. According to UN projections, within a decade, there will be 8.5 b people on earth and almost 10 b by 2050, compared to 7.7 b today. Already, more than half are in the global middle-class. Interestingly, every second, five more people join this group, most of them in Asia.

Accelerating urbanisation, climate change, rising technology and global shifts in economic power present enormous risks and a complex environment, yet one that is filled with tremendous opportunities.

At City Bank, as a commercial business of repute, we seek to deliver long-term shareholder and stakeholder value through embracing a high-performance and growth-oriented culture. We achieve these objectives by operating sustainably through adopting a broad-based strategy that meets the needs and concerns of all our stakeholders.

We act responsibly, focusing on value creation that advances social and environmental as well as economic objectives. We aim to be transparent and inclusive in our approach.

In all our banking product and service categories, we comprehensively meet economic objectives by serving financial, social and aspirational needs. What makes us distinctive is that we authentically serve the larger national cause of financial inclusion through banking intermediation.

Our bank is inspired by the challenge to ensure that access to dependable and diversified banking is a fundamental right among the public and not a privilege.

Strengthening rapport and relationships with stakeholders

City Bank's strategy is driven by a strong sense of purpose and our stakeholder engagement initiatives help extend our ability to deliver on our purpose. Our purpose is characterised by our focus on delivering access to banking that meet the needs, requirements and aspirations of a generation of customers – and fuelling this relentless pursuit are critical insights drawn from consumers, customers, co-workers and business partners.

Driving inclusive and sustainable growth

The major societal trends provide tailwinds that support and strengthen our operating context. While urbanisation accelerates entrepreneurship and employment, global warming and the impact of climate change warrants for sustainable finance. Growing populations need more financial access to hope for a positive change in their lifestyles. Growing rural populations also require organised banking access for economic transformation as well as for freeing from the clutches of the usurious local moneylending systems. Underpinning the growth opportunities in all our sectors is the proliferation of technology, which is transforming not just what people buy but even how they buy. Our digital financial services function has been conceived to take advantage of this trend and is mandated with the objective to make digital banking easy, convenient and secure.

PESTEL analysis

The PESTEL management framework is a useful tool for investors and stakeholders to understand the risks and opportunities faced by a business across key operating indices, including political, economic, social, technological, environmental and legal.

Political

OPERATING CONTEXT	OUTCOMES
While regulatory guidelines form the Government and the country's central bank, Bangladesh Bank, are issued from time to time considering the dynamics of the banking landscape in the country, one of the major regulations that has been issued comprises a cap on lending rates at 9%. While the political motivation behind this is to grow credit off take sustainably in the country, banks have to align their business models for the new environment.	• Maintaining full regulatory compliance • Mapping long-term trends for appropriate execution • Maintaining advocacy through trade/industry bodies

Economic

OPERATING CONTEXT	OUTCOMES
Bangladesh has raced past India and China, two other populous and fast developing economies in Asia, to report economic growth that is amongst the fastest growing in the world, Stable domestic consumption, Government policies and foreign capital inflows has burnished the image of the nation as leading the development race in Asia.	• Driving financial inclusion and intermediation • Facilitating direct and indirect employment • Aligning to serve national interests

Social

OPERATING CONTEXT	OUTCOMES
Though Bangladesh's per capita income is growing fast, it belies the massive poverty and impoverishment that is faced by a vast swathe of masses in the country. This presents a unique opportunity for businesses to engage in social and community uplift and development, enabling them to enhance their national service credentials, while also fostering positive transformation across the country, especially the hinterlands,	• Fostering finance-driven social change • Meeting needs and aspirations in a responsible way • Social programs synched with the UNSDGs

Technological

OPERATING CONTEXT	OUTCOMES
Bangladesh has embraced technology fast with a Government policy that is forward-looking and in comprehension of the belief that technology can support development quicker and in a more secure way. The Government's ambitions in Digital Bangladesh are a step in the direction of tech advancement in the country. Businesses are also recognising the benefits of technology, especially in serving consumers in a swifter and cost effective way.	• Established digital financial services function • Upgraded core banking software (CBS) • Focused on digital finance as key facilitator of banking

Environmental

OPERATING CONTEXT	OUTCOMES
As a signatory to the Paris Accord on Climate Change, Bangladesh is dedicated in meeting the global goals of restricting temperature expansion, as agreed upon in the Accord. As a country on the developmental path, such a commitment reflects the seriousness with which Bangladesh is focused on limiting the impact of climate change. The financial sector has a key role to play in this context through its interventions in green and sustainable finance.	• Growing green finance book • Employee sensitisation in workplace sustainability • Client advisory and thrust on green practices adoption

Legal

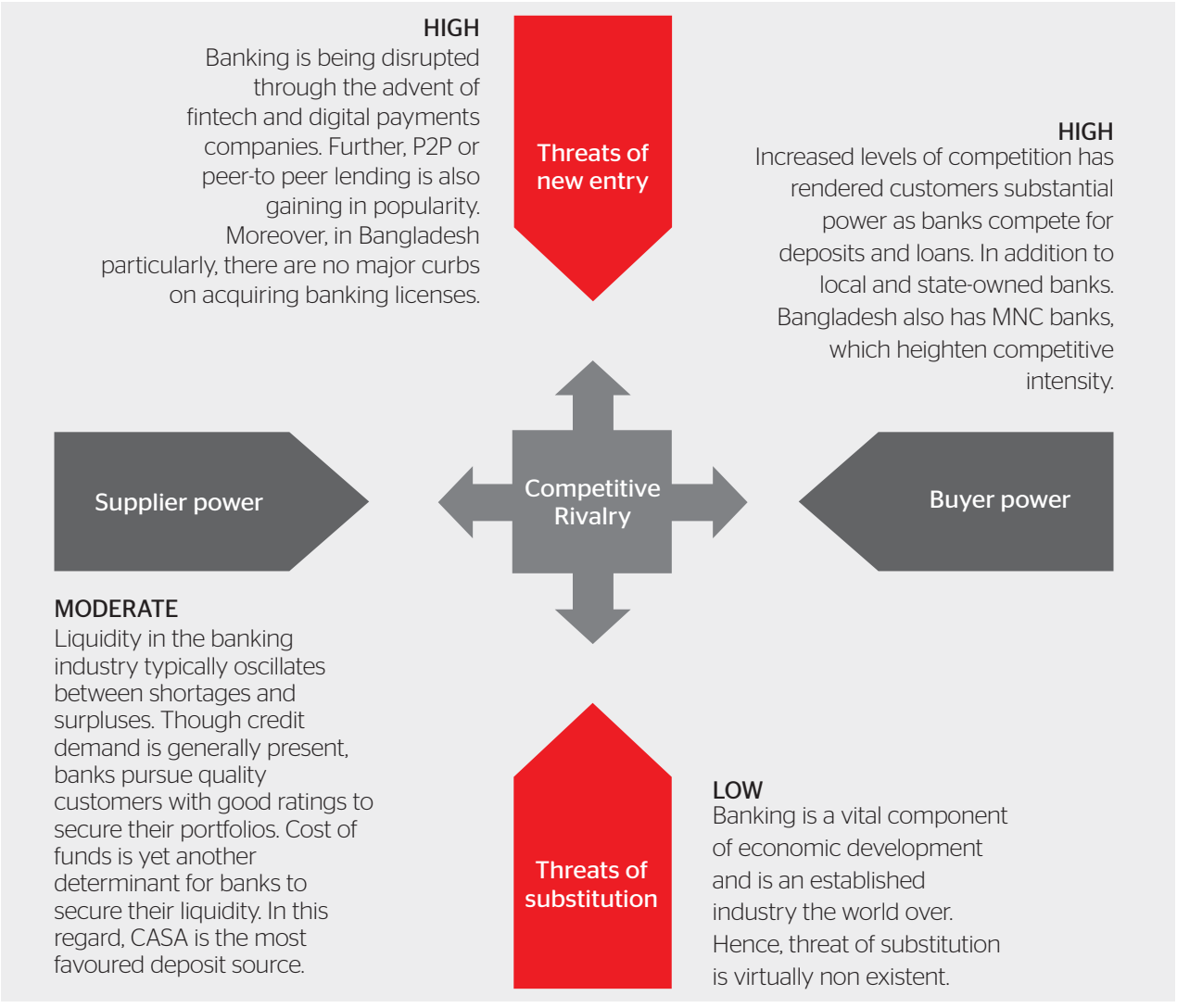
OPERATING CONTEXT	OUTCOMES
Bangladesh's banking industry is highly regulated with a legal obligation to the public. In addition to alignment to regulations and guidelines which the regulator expects to be upheld by all participants, there also exists a legal window for recoveries and collections for delinquent loans.	• Robust in-house legal counsel • Focus on compliance - in both, letter and spirit • Focus on quick disposal of legal cases - as a last resort option

Our positioning in the competitive landscape

At City Bank, we operate in a highly competitive environment that creates both opportunities as well as threats. While our business model is underpinned by the strong sense of innovation that drives competitive differentiation, our focus on building our institutional capacities enable us to thwart threats that we leverage to our advantage – to enhance our customer service, to optimise extant costs and to augment regulatory requirements, while also mitigating our risks better.

Using Porter's model, a renowned strategic framework, enables us to understand the competitiveness of our business environment, as well as identify the strategy for potential profitability maximisation. This is useful because analysing and evaluating the forces in our operating context enable us to adjust our strategy to sustain and even protect profitability growth.

We present the graphic below to explain the forces of competitive rivalry in terms of the threats of new entry into the sector, buyer or customer power, supplier power, and imminent threats of substitution, representing the major forces influencing our business.



SWOT analysis

A SWOT analysis, or SWOT matrix, comprises a strategic planning technique that is used for enabling organisations to identify their strengths, weaknesses, opportunities and threats. The SWOT framework is especially beneficial for forward planning and risk optimisation, especially in a dynamic, regulated and complex operating environment. SWOT is the abbreviation for strengths, weaknesses, opportunities and threats.

INTERNAL

STRENGTHS

- Trustworthy brand identity and recall among customers of all social, economic and age strata
- Wide geographic network strengthening customer access to our banking platform
- Large and deep product suite across Corporate, Retail and SME banking services
- Well capitalised and regulatory compliant balance sheet
- Experienced leadership team
- Agile and adaptable operational model

WEAKNESSES

- Vulnerability to negative demand and market shocks
- Rising NPLs forcing higher provisions and impacting profitability
- Recovery of SME-M business might be delayed because of an expected adverse economic cycle
- Regulatory guidelines that might adversely impact the operating environment both internally within the bank and externally in terms of the marketplace environment

EXTERNAL

OPPORTUNITIES

- Strong opportunities in inter-divisional collaboration driving increased cross sales and bigger share of customer wallet
- Opportunities in shared infrastructure model to lower fixed costs
- Focus on digital banking to secure position in the industry of the future
- Growing Agent banking network driving scope for grassroots financial inclusion and deposit mobilisation
- Islamic banking focus will help align to the needs of sensitive customers

THREATS

- Uncertain regulatory and economic environment, the latter especially on account of the public health pandemic
- Probable rise in NPLs impacting provisioning and profits
- Attrition, especially in the mid and senior management levels

Our strategic enablers

In response to the rapidly changing operating environment, needs, expectations and aspirations of our stakeholders, we developed strategic focus areas and enablers that drive the activities in our value-accretive business model. These are catalysts for delivering our strategy and achieving our targets and objectives.

- Delivering innovative client experiences
- Growing transactional banking services ahead of competition
- Focusing on delivering operational excellence
- Managing our resources to maximise economic outcomes

Delivering innovative client experiences

At City Bank, we believe that financial services providers that respond best to the digital challenge in a client-centred manner will continue to gain a disproportionate share of client revenues. Further, technological developments provide opportunities for improving efficiency, thereby bringing new digital offerings to the market quicker, and lowering the cost to serve as well as optimising the overall cost base through the optimisation of branches and ancillary costs.

Initiatives taken	Value created
Established the first-ever branch with a café in the upscale Gulshan area in Dhaka that facilitated, especially our women customers, with an inspiring and cheerful environment where they could bank, network and also engage in conversations over coffee and snacks	• Enhanced brand credibility as a pioneer in innovation • Improved customer relations and loyalty
Our Citytouch app represents an easy, simplified, convenient and cost-effective way of banking for clients. Digitisation of key services saves customers time and enables them to manage their money and financial life remotely, removing the need to go to a physical branch. This also includes innovative capabilities such as QR code-based payments through scan to pay, etc.	• Reduced traffic through our physical channels enabling cost savings • Introduction of new revenue streams through offering such value-added services as utility payments
Grew our presence in the semi-urban and rural areas of Bangladesh through our agent banking network with the appointment of exclusive agents providing our customers with the same level of services as available in our branches.	• Reduced traffic through our physical channels, especially branches, thus enabling cost savings • Enabled us to meet the broader national goal of financial inclusion through reaching the unbanked, but economically active public

Growing transactional banking services ahead of competition

Our transactional-banking strategy starts by creating market-leading client experiences that lead to growing and retaining our clients, and deepening our share of wallet as we convert new and existing clients into our core banking clients. Growing our transactional-banking service faster than the market improves our returns, as deposits add to our funding pool. Further, though new entrants are likely to position themselves to capture a share of transactional-banking revenues, we welcome competition as it drives us to focus even more on our clients, their needs and delivering innovative solutions.

Initiatives taken	Value created
Enhancing and deepening our transactional-banking franchise remains a major focus area at City Bank. Over the past few years, we have succeeded in consistently growing our client base despite increasing competition and new entrants. Looking forward, market research suggests that the number of banked consumers in Bangladesh will grow from the current 10-15% of the population who are served by organised banking. We expect to increase our client base further.	• Growing low-cost deposit base • Enhanced ability to extend our core banking services to our deposit clients • Customer profiling based on transactional information and offering more personalised services
Of our 1.2 m retail deposit clients in Bangladesh, 1 m have some form of transactional product with City Bank, which means that there is still significant opportunity for cross-sell.	• Reduced cost of customer acquisition as the customer avails of other banking products/ facilities • Significant further opportunity for getting a bigger share of the customer's wallet
With large number of retail touch points offered to our clients, including branches (132 as on end 2019), ATMs/CDMs (403 as on end 2019) and digital banking with access opened up on the web and through the mobile app we are also focusing on increased collaboration with the end objective of achieving cost optimisation.	• Strengthening customer convenience when they interface with the bank through our large physical and virtual channels • Cost savings through shared infrastructure and common resources

Focusing on delivering operational excellence

At City Bank, our strategic approach to cost management is to invest sustainably in the franchise to unlock future growth potential, at the same time managing our expenses by delivering complementary synergies and efficiencies to reduce our cost-to-income ratio over time. Over the past few years, we have invested significantly to support long-term growth, and by extracting efficiencies we have been able to maintain expenses growth in line with our expectations.

Initiatives taken	Value created
At City Bank, we have identified key business areas for reducing our cost-to-income ratio, especially through our focus on actively embracing digital technologies to achieve our ambitions in digital banking.	• We have established a dedicated Digital Financial Services function to help identify and implement opportunities in the digital banking space • Customers using our digital channels have risen by 32.5% over the past two years, enabling us to optimise customer service costs
In terms of future preparedness, we have upgraded our core banking software (CBS) from version 7 to version 10 and completed the same in November 2019. This has especially enabled us to create the foundations for scale up of our Agent banking, Islamic banking and Payroll banking services.	• Tech-based investments have contributed to sustainable and cost-effective business scale up • Software upgradations taken up from time to time have also enabled us to ensure operational security and sustainability

Initiatives taken	Value created
Embraced a holistic business process reengineering exercise that is still underway and is expected to be completed by the second half of the current year. Through this initiative, the bank has looked closely at several operational aspects to eventually contribute to enhanced and enriched customer service.	• Such a process will ensure operational agility, thus ensuring further optimised TAT (loan disbursal timeframe – from application to credit in the borrower's account) • Ensure higher levels of automation, thus enabling cost savings and manpower reallocation to other more productive initiatives • The reengineering exercise will also enhance the bank's ability in product innovation and quicker launch. For instance, instant personalised debit card issuance started in 2019, which was well-received by our customers



Managing our resources to maximise economic outcomes

This strategic enabler has been useful for helping us in managing scarce resources to maximise economic outcomes. We leverage our areas of strength, while reducing downside risk in higher-risk products or businesses. Maintaining a strong balance sheet ensures that we remain resilient in challenging times and are able to leverage new growth opportunities.

Initiatives taken	Value created
At City Bank, we have placed strong emphasis on managing scarce resources, such as capital, liquidity and costs, to optimise economic outcomes and thereby increase our economic profit.	• Our capital levels are maintained in line with regulatory and BASEL requirements • Strategic capital allocation and liquidity management has enabled us to sustain our return ratios
We have tilted our portfolio to grow selectively in key advances categories. After having de-risked our SME-M book in the previous years, we are now focusing on selective financing channels only in this segment, while ensuring there is no fresh slippages. We are also growing our SME-S market share, where we have a competitive advantage in terms of customer service and innovative product line. Further, our undisputed card market share, which is closely linked to transactional-banking growth, has been facilitated by our longstanding 10-year partnership with American Express, innovative and unique customer propositions and a wide POS presence that facilitates quick and seamless merchant payments. Looking forward, we will continue to tilt our portfolio to grow in lower-risk segments, while leveraging our unique positioning in other financing segments.	• Our Corporate, Retail and SME businesses have witnessed multiple growth cycles and are mature and well-established businesses • Our ongoing focus on low-cost CASA and refinancing will enable further cost optimisation, while contributing to diversity in sourcing • We expect to further boost our non-funded income base to especially meet our profitability expectations
The adoption of the SDGs provides opportunities to grow and contribute to a greater purpose. The progress we have made in 2019 is discussed in more detail in our CSR and Green Finance reporting sections.	• Our Green Finance book has achieved stable growth – from a book of BDT 1,359 m in 2018 to BDT 2,152 m in 2019 • While we actively engage in providing business advisory to our clients in identifying operational areas where they can upgrade through sustainable technology, we refrain from lending to businesses that we deem to be environmentally negative – for e.g. ship-breaking

Material issues, risks and opportunities

At City Bank, our process for determining materiality, material issues, risks and opportunities, we take into account the macroeconomic environment, shifts in trends and consumption and the expectations of our stakeholders. Our material issues are reviewed by our senior management against our audit, risk and compliance targets.

Our material issues

At City Bank, the opportunities identified as per our material matters demonstrate how the risks are being mitigated and where possible, are viewed as growth opportunities for the Group through its strategic long-term plans.

In the 2019 financial period, the following matters were considered to be material for the business:

- Consumer and consumption environment
- Competitive environment
- Effectiveness of our banking channel
- Effective execution of our strategy for sustainable long-term value creation
- Building and retaining a diverse team of people

For more information on the way our material issues and risks and opportunities were impacted, please refer to the section on 'Our business model, on page 72-74

Consumer and consumption environment

Key characteristics

The economic environment in Bangladesh has been challenging over the recent years, with consumers grappling with debt, escalating household costs and higher levels of low-skilled employment. Especially after the Covid-19 pandemic, consumer confidence remains low and customers continuing to spend prudently. On the brighter side, Government stimulus package and even relaxation in policy guidelines will enhance credit access and availability, especially in the post-Covid scenario.

Material risks	Opportunities and risk control
• Deteriorating macro and socio-economic conditions that could further constrain consumer spending • Persistent consumer cost pressures and negative sentiment • Worsening NPL situation in the country, especially at the time when Government focus and industry initiatives was helping arrest the growth of bad loans in the country	• Longstanding experience as one of the oldest private sector banks of the country, with strong reading into trends and possibilities • Greater operational efficiency, flexibility and agility • Competitive offering, diversified products and diversified presence helping operational de-risking

Competitive environment

Key characteristics

The Bangladeshi banking industry is strongly contested, with both established and emerging players across the formal and informal market. Further, the emergence of companies in the digital-first and peer-to-peer lending space are also expected to disrupt the market. Also, the metropolitan areas of the country are saturated in respect of banking, with consumers here typically having extended relationships.

Material risks	Opportunities and risk control
● The impact of a strategic competitive move against a product or category ● Increased competitiveness and promotional intensity leading to price un-competitiveness ● Missing out on best locations for new branches	● Brand loyalty and recall, empowering the bank with a unique competitive advantage ● Flexible branch sizes with focus on shared infrastructure, wherever possible, and emergence of alternative non-physical channels ● Branches strategically located across the country – the café branch established in Gulshan is in one of the best locations of Dhaka ● Focus on branch optimisation and consolidation

Effectiveness of our banking channel

Key characteristics

Expressing the intent of 'More banking less bank' we are focused on achieving the balance between maximising the effectiveness of our banking network through pervasiveness-driven access, while ensuring that our costs of service delivery are well within our control, thus enabling us to optimise our cost-to-income ratio, a key profitability matrix of our bank.

Material risks	Opportunities and risk control
● Lack of customer support and service, thus eroding loyalty and competitiveness ● High cost of banking operations	● Strong surveillance and audit mechanisms ensuring sustenance of our customer service to the high standards expected out of our employees ● Diversified physical and non-physical banking network, thus maximising customer convenience in accessing City Bank ● Channel operations underpinned by a world-class technological backbone that assures safety, security and scalability

Effective execution of our strategy for sustainable long-term value creation

Key characteristics

At City Bank, we embrace long-term thinking and execution, and experience has indicated that this strategic focus has almost always enabled us to deliver consistent shareholder and stakeholder returns. Focusing on our long-term value creation plans even amid a challenging regulatory and socio-economic environment, we are focused on sustaining our net interest margins, which is one of the most respectable in the banking sector of the country.

Material risks	Opportunities and risk control
● Poor execution of strategy impacting profitability and long-term value creation ● Turbulent and volatile operating context derailing value creation plans	● Our value creation focus has become an integral part of our culture where our leadership and management teams are aligned to realise our long-term objectives ● We have in place a number of strategic business acceleration drivers that help capitalising on material growth opportunities ● We have dedicated teams responsible and accountable for delivering the key elements of our strategic objectives and their performance is closely linked to individual as well as team KPIs

Building and retaining a diverse team of people

Key characteristics

One of the core drivers behind the bank's long-term success is the ambition, commitment and performance of our team. The success of the bank and the extended City Bank Group is also predicated on the developmental journey of Bangladesh and our ability to contribute to employment creation. Further, we are determined that our team reflects the diverse communities we serve, and we will provide meaningful career opportunities in banking to all.

Material risks	Opportunities and risk control
● Inability to attract/retain talent ● Lack of training and skills development and absence of diversity and opportunity for all ● Increasing costs without a commensurate increase in income/returns	● Strong brand identity acting as a natural employment driver ● Remuneration policy reflects commitment to career advancement, skills development, training and job satisfaction ● Remuneration linked to performance/industry standards ● Transparent and open employment policies

Our key stakeholders

At City Bank, we recognise that effective stakeholder engagement is the basis for good corporate governance. We are committed to a stakeholder-inclusive approach, which is guided by a framework, which emphasises that social, economic and environmental interests are integral to the success of our business.

Mapping salient stakeholder issues

Key stakeholder group	Salient expectations
 SHAREHOLDERS	Value creation Market cap appreciation Disclosure of material information Transparency and honesty in conduct
 EMPLOYEES	Career growth and advancement Openness and transparency in dealings
 CUSTOMERS	Quick efficient and secure service Information on new products Most favoruable rates
 COMMUNITIES	Basic uplift opportunities Sensitivity in dealings

In addition to the above major stakeholder groups, our other key stakeholders and our engagement with them is illustrated next

Stakeholder group	Engagement	Value creation
GOVERNMENT AND REGULATORS	We constantly monitor and engage in surveillance of our operating environment. We liaise on proposed legislation through our advocacy programs, including with our industry bodies.	We have embraced a non-negotiable stance on embracing regulations. Further, we get involved in addressing pertinent industry issues to bring about resolutions that benefit the organisation, industry and the economy.
SUPPLIERS	Our local and international suppliers/ consultants provide a wide range of services. They are selected according to reliability of supply, quality, responsible practices and pricing.	We value our local and international supplier relationships, which are critical to the continued success of the bank. Specifically, our procurement enables local economic development. Further, as a bank with considerable scale and reach, we help sustain an efficient and competitive market.
MEDIA/ANALYST COMMUNITY	This stakeholder group primarily includes journalists and publishers from various media houses and publications across Bangladesh. Media enquiries are catered to via e-mail, telephone or face-to-face interactions organised on a regular basis.	We endeavour to respond to media queries and enquiries effectively, accurately and on time to help promote public understanding of our business and its realities. Further, during the year 2019, we organised two earnings calls that were attended by analysts and representatives from across the world.
INDUSTRY/TRADE ASSOCIATIONS	City Bank is a participant of major industry/trade associations and also participates in appropriate forums and meetings	We engage with industry/business associations that influence and impact society in terms of financial inclusion, intermediation and expansion and ensures welfare of the public.

Our business model

Our business model responds to the trends shaping our markets to create sustainable value for our consumers, shareholders, customers, employees, communities and the environment. We leverage our scale, mature portfolio and expansive presence through agile and accountable business units to augment our capabilities and amplify our impact.

ENABLERS	LONG-TERM BUSINESS DRIVERS
 **Our people and culture** We employ qualified and energetic people who work in a unique inspiring culture that harnesses their passion and allows them to make a real difference	Attractive demographic profile with a young and youthful population
 **Our product access** We have a portfolio of products and services that meet diverse needs, requirements and expectations of the public living across Bangladesh	Large and growing population of 165 m people with only 10-15% of the population covered under formal banking
 **Our knowledge and skills** We have deep consumer understanding, proven innovation capabilities and an agile organisation, which gets products and services to markets fast, thus helping build loyalty	Vast opportunities in serving the economically-active underbanked / unbanked populations
 **Our relationships** We develop strong, trusted relationships with our clients, customers, suppliers and communities. We access and develop partnerships that extend our impact and meet our objectives	Active regulatory consultations with the Government and regulatory bodies
 **Our infrastructure** Our business is underpinned by well-spread physical channels that enable us to conduct our business and engage with our customers	Technology-led digital banking reshaping consumer experiences and reinforcing operating models
 **Our financial strength** Shareholders' equity, debt and retained profit give us the financial resources to implement our strategy	Growing customer recognition in niche banking spaces, including Islamic banking, green finance, etc.

Strategic objectives and pillars	Inputs	Outcomes	Impact group
Strengthening our balance sheet to enhance our competitiveness 	**Financial resources:** • Well-capitalised balance sheet • BDT 15,252 m: Reserves and surplus • Conservative capital and liquidity management • BDT 49,032 m: Cash and cash equivalents • 15.2%: Capital adequacy ratio on solo bases	• 17.7%: Growth achieved in net interest income • 22.5%: Growth achieved in profit after tax • 50 bps: Growth achieved in net interest margin • Strong credit policies moved the business into a low-risk environment, especially SME-M • 15%: Dividend announced for 2019	**Shareholders:** Our shareholders benefit from our robust operational and financial performance, resulting in attractive returns via dividends and long-term share price appreciation
Reinforcing the efficiency, reach and impact of our channel 	**Infrastructural resources:** • 132: Number of branches • 403: Number of ATMs/CDMs, with 40% located in non-urban areas • Strong investments in digital banking through the establishment of our dedicated Digital Financial Services division • Completed CBS upgrade from version 7 to version 10 and initiated a comprehensive business reengineering process	• 12 new branches set-up over the past three years with the present focus on consolidation • 63 new ATMs/CDMs deployed during 2019 with the present focus on consolidation • Launched a revolutionary banking branch with an attached coffee house, crèche and multipurpose auditorium in Dhaka, especially for our City Alo customers • Achieved progress with digitalisation of solutions and thrust on our omni-channel journey	**Customers:** Our customers gain from accessing products and solutions that meet their savings, investments and financing needs in a convenient and secure way from across the country, facilitated by our vibrant channel
Buttressing our governance and compliance focus, along with reputation 	**Intellectual resources:** • Culture of compliance that places the highest emphasis on ethics and transparency • Strong brand and visibility in the markets • Specialised expertise in new products, especially in unsecured lending (through cards and the upcoming microfinance business)	• Market-leading products and solutions • Strong and multi-year relationships with large corporate and medium-sized businesses across the country • Substantial investment of time and resources with a view to ensure compliance to regulatory policies and guidelines	**Customers and regulators:** While our customers benefit from our products and services, we have built a strong trust platform with our regulators and the Government

Strategic objectives and pillars	Inputs	Outcomes	Impact group
Building on our employer value propositions as a favoured place to work 	**Human resources:** ● 4,493: Permanent employees ● Experienced and effective leadership team ● Ongoing skills gap analysis to identify training and skills development needs ● Culture focused on meritocracy, performance and productivity	● HR focused on training, engagement and productivity-enhancing programs ● Strong focus on knowledge sharing and inter and intra-departmental learning ● Contact centre team upskilled, which has supported our objectives in customer fulfillment	**Employees:** We benefit our people through providing exciting and challenging career opportunities, with rewards compatible with performance
Bolstering our environmental responsibility 	**Environmental resources:** ● BDT 2,152 m: Green financing portfolio, YoY growth of 58% ● Active client consultations on enhancing the sustainability of their operations through embracing green technologies ● Social responsibilities aligned with the SDGs	● Growing recognition of our Green finance function ● Sustaining a workplace that respects the use of natural resources ● Focused on e-KYC and tech-centric documentation for achieving paper-less processes ● Diverse social responsibility programs, including those that help in civic beautification, etc.	**Environment and communities:** We recognise the impact we have on the environment and are working to reduce our impact by encouraging businesses that embrace green and sustainable practices, while refraining from engaging with businesses that have an adverse environmental impact.
Delivering on our material matters to enhance our relationships 	**Social and relationship capital:** ● Transparency and openness in all relationships ● Effective and stable stakeholder relationships	● All our policies are written in plain simple language ● Installed proper seating arrangements across all our branches ● Queue management at branches that prioritises women customers and those who are elderly and disabled ● Provide business opportunities to our local supplier ecosystem	**Business partners and communities:** Our products, services and operations have direct beneficial economic and financial outcomes across our impact perimeter

Using our capitals to create value

As a financial services provider with a deep heritage, we are intrinsically connected to the environment we operate in and the societies we serve. Our ability to deliver value is dependent on our various stocks of capital that we use to enhance our relationships and meet the to needs and expectations of our stakeholders.

Financial capital

Our financial capital is the pool of funds available to us for deployment, which includes deposits, debt and equity funding, as well as retained profits.

Financial capital enabling value creation

At City Bank, how we manage and utilise our financial capital is fundamental to our ability to create sustained value for our stakeholders. Our ability to access cost-effective funding, either through equity or debt, and especially through CASA and refinance, is a key determinant of our success. Further, the sustenance of sound credit metrics, and our ability to manage our cost of capital, makes a significant contribution to our sustainability and ability to fund the bank's expansion and ensure a greater proportion of distributable profits.

At our bank, shareholder value creation through share price appreciation and an attractive and sustainable dividend stream represent the key facets of our financial capital management strategies. This is enabled by:

- Growth in net asset value
- Sustainable financial returns, with ROE exceeding COE
- Sustainable and investor expectation-compatible growth strategy
- Sound balance sheet to protect against downside risks
- Strong and experienced finance team lead by a CFO with years of experience in the banking industry
- Transparent reporting and disclosures
- Sound governance practices

9.9 % ROE, 2019	0.7 % ROA, 2019
2.4 Tk. EPS, 2019	4.6 % NIM, 2019
15.2 % CRAR, 2019	5.8 % NPL, 2019

Infrastructure capital

Infrastructure (or manufactured) capital is our diversified asset platform, comprising our head office and branches, which enable us to serve our customers and engage with them to ensure operational sustenance. Further, our digital technologies and core software also represent our infrastructure capital. We utilise our infrastructure capital in a way that ensures the most optimum and favourable use to sustain long-term value creation for our stakeholders.

Infrastructure capital enabling value creation

We allocate capital to establish our branches where we believe we can elevate customer experience, offer the widest bouquet of our products and mitigate risk by diversifying our asset platform geographically. We continue to invest in well-located properties that have emerged as customer hubs amongst their respective catchment areas, facilitating us to strengthen relationships and repeatable business opportunities with them.

At our bank, we utilise our infrastructure capital to further our ambitions in:

- Creating an omni-channel banking network facilitating customer access and convenience, while also enabling us to optimise customer service costs
- Engaging with our customers, informing them of our products and services and growing our share of wallet
- Fostering our brand presence through adequate signages and promotions, etc.
- Leveraging our technological backbone to deliver digital finance solutions, automate processes, simplify documentation and disburse loans across industry-leading timeframes

132
Branches, 2019

120 seat
Contact centre

665 m
Investments in IT/Non-IT, 2019

Human capital

Our human capital refers to our people – an essential resource and strategic differentiator, and the heart of City Bank. Their knowledge, skills, attitude and innovation enable us to realise our vision of being the most preferred bank in Bangladesh.

Human capital creating value

We believe that our employees are the driving force of our success, leaving lasting impressions through the contributions they make. We therefore strive at all times to ensure that our people are engaged and aligned with our people-centric employer brand promise and are deeply connected through our values. In this way, we deliver on our mission to create sustained value for all our stakeholders. By leveraging our employees' knowledge, skills and attitude, we differentiate our business in the marketplace. Empowering our workforce is an important aspect of nurturing a high-performance culture.

Further, our human capital strategy focuses on strengthening the capability, energy and integrity our people bring to their roles and responsibilities. This in turn contributes to the success of the business and maximises stakeholder value.

We nurture our human capital through the following:

- Continuous performance evaluation against clear KPIs
- Engaging in reviews on workforce composition with interdepartmental rotational encouragement
- Skills, qualifications and competencies of our workforce
- Promoting innovation, agility and resilience as core constituents of our people culture
- Fostering an environment of constant learning and upskilling, competency building and organisational skills development
- Employee engagement, productivity and wellness
- Performance recognition through rewards and other benefits
- Workforce diversity and succession planning

4,493
Total workforce, 2019

16.5 %
YoY net addition, 2019

17 %
Women participation, 2019

65,365
Training (hours), 2019

24.6 m
Staff welfare expenses, 2019

15 %
Staff turnover, 2019

Social and relationship capital

Our social and relationship capital refers to our people – an essential resource and strategic differentiator, and the heart of City Bank. Their knowledge, skills, attitude and innovation enable us to realise our vision of being the most preferred bank in Bangladesh.

Social and relationship capital creating value

Banking, as an essential public service, is embedded in the community. As a result, we see social and relationship capital as the link between our presence and the broader society. It refers to the relationships that are the lifeblood of our people-centric approach, which is what sets us apart.

Our social landscape therefore shapes our strategic direction. We recognise that a socio-economic sub-context defined by rising uncertainty and pressures on economic growth is by no means conducive to sustainable business. Conversely, by seeking to

positively engage and to meaningfully impact our social landscape through informed, targeted and benefits-driven initiatives, we ensure the long-term resilience of our operations, which goes to the heart of our purpose by making a difference to people's lives.

We further enrich our social and relationship capital through embracing the following initiatives:

- Facilitating banking as a tool for development for people from all strata of the society
- Participating in facilitative community engagement
- We also ensure large-scale procurement of required products and services from within the local supplier community, thus supporting grassroots development
- Ensuring that our CSR actions have a strong and lasting community impact

75,000
CSR beneficiaries, 2019

144 m
CSR investments, 2019

810 m
Local procurement, 2019

Intellectual capital

Intellectual capital refers to the expertise and knowledge inherent to our organisation. Our intellectual capital is distinct from human capital in that it can be reproduced and shared. It's the way we conduct our business and it is what sets us apart – and remains a key driver of sustainable growth.

Intellectual capital creating value

In an ever-changing environment steered by change-driven technology, City Bank believes that the source of our economic value no longer depends only on our 'brick-and-mortar' asset base, but rather on how we manage and use these assets and also, importantly, extend our customer relations to other channels. It also characterises our ability to adapt to change to ensure we extract the highest and best use, while remaining relevant to our customers' needs. In a competitive environment, leveraging and consistently challenging our intellectual capital to remain relevant enables us to implement and refresh our strategy in the most effective and efficient way possible, which in turn translates into sustainable value creation.

We foster intellectual growth through:

- Ensuring that training is compatible with the needs and requirements of a dynamic marketplace
- Facilitating training through inviting both industry experts as well as our own leadership
- We are exploring the opportunity to make learning available online and hence foster a culture of self-learning as much as possible and also constant learning

22
Leadership experience (years)

9.6 m
Total organisational training and skills development, 2019

Natural capital

We consider natural capital to be all renewable and non-renewable environmental resources and processes that support current and future prosperity for our business and all our stakeholders.

Natural capital creating value

Preserving the natural resources we rely on to run our business isn't just a green objective, it is an overarching business imperative that defines and will define our success for years to come. As a part of the services industry, though our environmental impact is relatively less, we still strive to not only limit our negative impact on climate change, but also to ensure our business is resilient in the face of this growing risk.

We protect negative impact on our natural capital by:

- Eliminating any wastages, while promoting sustainable use of resources, like water, paper, energy, etc.
- Through our green financing channel, the bank rejuvenates its natural capital through sustainable and green finance
- We hold back financing to sectors that contribute to environmental pollution and create ecological imbalance

2,152 m
Green finance book, 2019

58.4 %
Book growth, YoY

Historical performance

Five-year performance at a glance

Figures in BDT million unless specified

Particulars	2019	2018	2017	2016	2015
Balance Sheet					
Authorised Capital	**15,000**	15,000	15,000	15,000	15,000
Paid-up Capital	**10,164**	9,680	9,219	8,758	8,758
Reserve Fund & Surplus	**15,252**	14,750	15,650	11,895	12,132
Total Shareholders' Equity	**25,416**	24,430	24,869	20,653	20,890
Tier-II Subordinated Bond	**9,200**	8,800	7,250	3,000	3,000
Deposits	**246,704**	205,170	183,493	174,695	143,729
Borrowings	**44,168**	60,453	37,906	31,695	22,080
Loans and Advances	**246,944**	231,391	196,596	175,025	143,088
Credit to deposit ratio (excluding OBU loans)	**79.1%**	82.5%	84.9%	80.4%	79.2%
Debt- Equity Ratio (times)	**13.0**	12.3	10.1	11.3	9.1
Investments	**39,452**	27,882	25,508	24,432	24,615
Fixed Assets	**5,675**	3,519	3,277	3,437	3,516
Earning Assets	**290,209**	271,706	220,875	199,508	167,913
Total Assets	**354,689**	324,780	275,531	254,776	210,221
Off-Balance Sheet Exposures	**118,329**	135,748	98,845	61,020	50,126
Income Statement					
Net Interest Income (excluding investment income)	**10,832**	9,201	7,495	6,477	5,506
Investment Income	**2,086**	1,842	2,791	4,746	4,391
Non-interest Income	**5,367**	4,859	4,630	3,173	2,888
Operating Income	**18,285**	15,954	14,916	14,396	12,784
Operating Expenses	**9,998**	9,274	8,047	6,859	6,090
Operating Profit (profit before provision and tax)	**8,287**	6,679	6,869	7,537	6,694
Provision for loans, investment and other assets	**2,556**	2,324	1,718	2,071	2,179
Profit before Tax	**5,731**	4,355	5,152	5,466	4,516
Profit after Tax	**2,472**	2,018	3,628	3,956	3,600
BIS Capital Measures*					
Risk Weighted Assets (RWA)	**244,925**	259,413	202,210	177,812	156,330
Tier I Capital	**23,664**	21,507	20,522	18,591	16,232
Tier II Capital	**13,471**	13,304	9,232	4,831	4,459
Total Regulatory Capital (Tier-I and II)	**37,136**	34,811	29,755	23,422	20,690
Tier I Capital Ratio	**9.7%**	8.3%	10.1%	10.5%	10.4%
Tier II Capital Ratio	**5.5%**	5.1%	4.6%	2.7%	2.9%
Total Capital Adequacy Ratio	**15.2%**	13.4%	14.7%	13.2%	13.2%
RWA to Total Assets	**69.1%**	79.9%	73.4%	69.8%	74.4%
Credit Quality					
Non Performing/classified loans (NPLs)	**14,244**	12,326	10,678	10,582	10,845
Percentage of NPL over Total Loans and Advances	**5.8%**	5.3%	5.4%	6.0%	7.6%
Provision for Unclassified Loans	**4,240**	3,486	2,310	2,091	1,612
Provision for Classified Loans	**5,830**	4,488	3,737	4,212	4,627

Figures in BDT million unless specified

Particulars	2019	2018	2017	2016	2015
Foreign Exchange Business					
Export	**130,241**	117,520	98,593	86,657	63,660
Import	**197,590**	172,937	164,588	100,749	79,402
Remittance	**37,286**	28,631	30,464	17,615	19,896
Efficiency/Productivity Ratio					
Return on Average Equity (ROE)	**9.9%**	8.2%	15.9%	19.0%	18.3%
Return on Average Assets (ROA)	**0.7%**	0.7%	1.4%	1.7%	1.9%
Cost to Income ratio	**54.7%**	58.0%	53.9%	47.6%	47.6%
Yield on Advance based on average EOD balance	**10.3%**	9.7%	8.7%	9.6%	11.3%
Cost of Deposit based on average EOD balance	**5.7%**	5.6%	4.4%	5.2%	6.5%
Net Interest Margin Ratio	**4.6%**	4.1%	4.3%	4.4%	4.8%
Statutory Liquidity Ratio (SLR)-at the close of the year	**17.5%**	14.6%	15.8%	16.4%	17.9%
Cash Reserve Ratio (CRR)-at the close of the year	**6.7%**	6.9%	7.4%	7.7%	8.0%
Current Ratio (Times)	**0.8**	0.9	1.1	1.1	1.2
Operating Profit per Employee	**1.8**	1.7	2.1	2.5	2.5
Operating Profit per Branch	**62.8**	51.0	52.8	62.8	55.8
Share Information					
No of Shares Outstanding (in million)	**1,016.4**	968.0	921.9	875.8	875.8
Operating Profit per Share (BDT)	**8.2**	6.9	7.5	8.6	7.6
Earnings per Share (BDT)	**2.4**	2.1	4.1	4.5	4.1
Market Price per Share (BDT) as on close of the year (DSE)	**21.1**	30.2	53.2	27.2	20.4
Price Earnings Ratio (Times)	**8.7**	14.5	13.0	6.0	5.0
Net Asset Value Per Share (BDT)	**25.0**	25.2	27.0	23.6	23.9
Dividend Cover Ratio (EPS/DPS)	**162.1%**	189.5%	170.4%	188.2%	186.9%
Total Dividend	**15.0%**	11.0%	24.0%	24.0%	22.0%
Cash Dividend**	**15.0%**	6.0%	19.0%	24.0%	22.0%
Stock Dividend	**-**	5.0%	5.0%	-	-
Distribution Network					
Number of Branches	**132**	131	130	120	120
Number of SME-s Units	**116**	20	-	-	-
Number of Agent Outlets	**331**	154	20	-	-
Number of Priority Centers	**7**	7	7	7	4
Number of ATMs	**343**	338	339	309	276
Number of Employees	**4,493**	3,858	3,230	2,986	2,716
Number of Foreign Correspondents	**466**	491	482	479	470
Number of CDM Machine	**63**	30	30	30	30

** BIS: Bank for International Settlements*
*** The Board of Directors in its 569th meeting decided to recommend distribution of 15.0% (fifteen percent) cash dividend subject to shareholders' approval.*

Horizontal analysis

Solo Balance Sheet as at 31 December (2015-2019)

PROPERTY AND ASSETS	2019	2018	2017	2016	2015
Cash					
In hand (including foreign currencies)	202.5%	178.9%	146.9%	125.1%	100.0%
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	159.0%	112.7%	155.5%	166.4%	100.0%
	167.5%	125.7%	153.8%	158.3%	100.0%
Balance with other banks and financial institutions					
In Bangladesh	122.0%	178.1%	79.0%	79.4%	100.0%
Outside Bangladesh	1,631.2%	(38.2%)	228.7%	250.5%	100.0%
	147.5%	174.5%	81.5%	82.3%	100.0%
Money at call and short notice	93.7%	93.7%	93.7%	95.8%	100.0%
Investments					
Government	183.3%	120.0%	112.2%	112.0%	100.0%
Others	68.4%	86.2%	69.2%	48.4%	100.0%
	160.3%	113.3%	103.6%	99.3%	100.0%
Loans and advances/investments					
Loans, cash credits, overdrafts, etc./investments	176.7%	165.0%	138.8%	121.4%	100.0%
Bills purchased and discounted	56.4%	68.1%	97.2%	149.8%	100.0%
	172.6%	161.7%	137.4%	122.3%	100.0%
Fixed assets including premises, furniture and fixtures	161.4%	100.1%	93.2%	97.8%	100.0%
Other assets	176.9%	201.7%	180.2%	192.1%	100.0%
Non-banking assets	145.3%	130.4%	111.2%	120.7%	100.0%
Total assets	168.7%	154.5%	131.1%	121.2%	100.0%
LIABILITIES AND CAPITAL					
Liabilities					
Tier-II subordinated bond	306.7%	293.3%	241.7%	100.0%	100.0%
Borrowings from other banks, financial institutions and agents	200.0%	273.8%	171.7%	143.5%	100.0%
Deposits and other accounts					
Current deposits and other accounts	198.3%	134.1%	124.0%	119.2%	100.0%
Bills payable	95.3%	77.0%	68.6%	80.3%	100.0%
Savings bank deposits	148.5%	141.9%	125.2%	112.1%	100.0%
Fixed deposits	175.2%	146.5%	130.6%	126.3%	100.0%
Bearer certificate of deposit	0.0%	0.0%	0.0%	0.0%	0.0%
	171.6%	142.7%	127.7%	121.5%	100.0%
Other liabilities	142.3%	126.3%	107.3%	120.5%	100.0%
Total liabilities	173.9%	158.6%	132.4%	123.7%	100.0%
Capital/shareholders' equity					
Paid up capital	116.1%	110.5%	105.3%	100.0%	100.0%
Statutory reserve	173.1%	159.9%	142.5%	121.9%	100.0%
Share premium	227.6%	227.6%	227.6%	100.0%	100.0%
Dividend equalization reserve	100.0%	100.0%	100.0%	0.0%	0.0%
Other reserve	28.1%	55.3%	76.1%	33.6%	100.0%
Surplus in profit and loss account	114.8%	91.3%	125.6%	121.7%	100.0%
Total shareholders' equity	121.7%	116.9%	119.1%	98.9%	100.0%
Total liabilities and shareholders' equity	168.7%	154.5%	131.1%	121.2%	100.0%

Horizontal analysis of Balance Sheet refers to the analysis of growth of each component of Balance Sheet items from the previous period.

Horizontal analysis

Solo Profit & Loss Accounts (2015-2019)

	2019	2018	2017	2016	2015
Interest income/profit on investments	175.0%	149.5%	109.5%	104.7%	100.0%
Interest paid/profit shared on deposits and borrowings etc.	162.8%	139.7%	94.6%	97.4%	100.0%
Net interest income/profit on investments	**196.7%**	**167.1%**	**136.1%**	**117.6%**	**100.0%**
Investment income	47.5%	42.0%	63.6%	108.1%	100.0%
Commission, exchange and brokerage	178.7%	172.0%	150.7%	112.3%	100.0%
Other operating income	199.4%	166.4%	178.5%	105.2%	100.0%
	102.4%	**92.8%**	**102.0%**	**108.8%**	**100.0%**
Total operating income (A)	**143.0%**	**124.8%**	**116.7%**	**112.6%**	**100.0%**
Salaries and allowances	165.7%	152.7%	132.9%	114.9%	100.0%
Rent, taxes, insurance, electricity, etc.	76.8%	147.6%	135.1%	108.1%	100.0%
Legal expenses	179.4%	232.3%	197.4%	141.7%	100.0%
Postage, stamp, telecommunication, etc.	120.2%	145.7%	108.9%	122.5%	100.0%
Stationery, printing, advertisements, etc.	128.4%	133.2%	114.7%	87.5%	100.0%
Chief Executive's salary and fees	115.5%	113.5%	107.2%	103.2%	100.0%
Directors' fees	131.8%	140.4%	141.3%	177.1%	100.0%
Auditors' fees	146.3%	146.3%	192.5%	175.8%	100.0%
Depreciation and repair of Bank's assets	199.4%	138.7%	127.0%	120.0%	100.0%
Other expenses	195.5%	165.6%	134.8%	106.7%	100.0%
Total operating expenses (B)	**164.2%**	**152.3%**	**132.1%**	**112.6%**	**100.0%**
Profit before provision (C = A-B)	**123.8%**	**99.8%**	**102.6%**	**112.6%**	**100.0%**
Provision for loans and advances/investments	120.4%	85.7%	58.6%	90.3%	100.0%
Provision for off-balance sheet exposures	196.9%	790.4%	857.1%	633.3%	100.0%
Provision for diminution in value of investments	0.0%	100.0%	0.0%	0.0%	0.0%
Other provision	(706.3%)	3139.7%	2797.5%	0.0%	100.0%
Total provision (D)	**117.3%**	**106.7%**	**78.8%**	**95.1%**	**100.0%**
Total profit before taxes (E = C-D)	**126.9%**	**96.4%**	**114.1%**	**121.0%**	**100.0%**
Provision for taxation (F)					
Current tax expense	191.7%	143.0%	111.1%	104.2%	100.0%
Deferred tax income/(expense)	(31.8%)	(9.7%)	35.9%	21.7%	100.0%
Total provision for tax	**356.0%**	**255.2%**	**166.4%**	**164.9%**	**100.0%**
Net profit after tax (G = E-F)	**68.7%**	**56.1%**	**100.8%**	**109.9%**	**100.0%**

Horizontal analysis of Profit & Loss Account refers to the analysis of growth of each component of Profit & Loss Account from the previous period.

Vertical analysis

Solo Balance Sheet as at 31 December (2015-2019)

PROPERTY AND ASSETS	2019	2018	2017	2016	2015
Cash					
In hand (including foreign currencies)	1.7%	1.7%	1.6%	1.5%	1.4%
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	5.6%	4.3%	7.0%	8.1%	5.9%
	7.3%	6.0%	8.6%	9.6%	7.4%
Balance with other banks and financial institutions					
In Bangladesh	5.3%	8.4%	4.4%	4.8%	7.3%
Outside Bangladesh	1.2%	0.0%	0.2%	0.3%	0.1%
	6.5%	8.4%	4.6%	5.0%	7.4%
Money at call and short notice	0.0%	0.0%	0.0%	0.0%	0.0%
Investments					
Government	10.2%	7.3%	8.0%	8.7%	9.4%
Others	0.9%	1.3%	1.2%	0.9%	2.3%
	11.1%	8.6%	9.3%	9.6%	11.7%
Loans and advances/investments					
Loans, cash credits, overdrafts, etc./investments	68.9%	70.2%	69.6%	65.8%	65.8%
Bills purchased and discounted	0.8%	1.0%	1.7%	2.9%	2.3%
	69.6%	71.2%	71.4%	68.7%	68.1%
Fixed assets including premises, furniture and fixtures	1.6%	1.1%	1.2%	1.3%	1.7%
Other assets	3.5%	4.4%	4.6%	5.3%	3.3%
Non-banking assets	0.3%	0.3%	0.3%	0.4%	0.4%
Total assets	100.0%	100.0%	100.0%	100.0%	100.0%
LIABILITIES AND CAPITAL					
Liabilities					
Tier-II subordinated bond	2.6%	2.7%	2.6%	1.2%	1.4%
Borrowings from other banks, financial institutions and agents	12.5%	18.6%	13.8%	12.4%	10.5%
Deposits and other accounts					
Current deposits and other accounts	11.5%	8.5%	9.3%	9.6%	9.8%
Bills payable	0.5%	0.5%	0.5%	0.6%	0.9%
Savings bank deposits	13.1%	13.6%	14.2%	13.7%	14.8%
Fixed deposits	44.5%	40.6%	42.7%	44.6%	42.8%
Bearer certificate of deposit	0.0%	0.0%	0.0%	0.0%	0.0%
	69.6%	63.2%	66.6%	68.6%	68.4%
Other liabilities	8.2%	8.0%	8.0%	9.7%	9.8%
Total liabilities	92.8%	92.5%	91.0%	91.9%	90.1%
Capital/shareholders' equity					
Paid up capital	2.9%	3.0%	3.3%	3.4%	4.2%
Statutory reserve	2.4%	2.5%	2.6%	2.4%	2.4%
Share premium	0.4%	0.5%	0.5%	0.3%	0.3%
Dividend equalization reserve	0.1%	0.2%	0.2%	0.1%	0.0%
Other reserve	0.3%	0.6%	0.9%	0.4%	1.6%
Surplus in profit and loss account	1.0%	0.9%	1.4%	1.5%	1.5%
Total shareholders' equity	7.2%	7.5%	9.0%	8.1%	9.9%
Total liabilities and shareholders' equity	100.0%	100.0%	100.0%	100.0%	100.0%

Vertical analysis of Balance Sheet refers to the components of Balance Sheet items as a % of total assets over the periods which would be termed as common sizing of Balance Sheet.

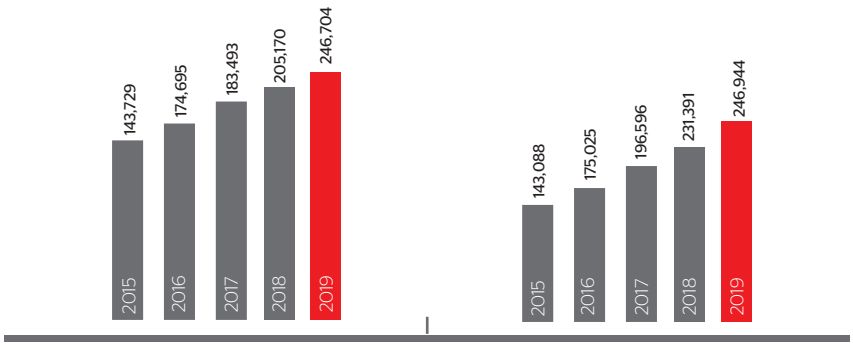
Vertical analysis

Solo Profit & Loss Accounts (2015-2019)

	2019	2018	2017	2016	2015
Interest income/profit on investments	78.3%	77.2%	69.3%	67.0%	67.8%
Interest paid/profit shared on deposits and borrowings etc.	46.6%	46.2%	38.4%	39.9%	43.4%
Net interest income/profit on investments	**31.6%**	**31.0%**	**31.0%**	**27.0%**	**24.4%**
Investment income	6.1%	6.2%	11.5%	19.8%	19.4%
Commission, exchange and brokerage	9.9%	11.0%	11.8%	8.9%	8.4%
Other operating income	5.8%	5.6%	7.3%	4.4%	4.4%
	21.7%	22.8%	30.7%	33.0%	32.2%
Total operating income (A)	53.4%	53.8%	61.6%	60.1%	56.6%
Salaries and allowances	15.3%	16.3%	17.4%	15.2%	14.0%
Rent, taxes, insurance, electricity, etc.	1.5%	3.4%	3.8%	3.0%	3.0%
Legal expenses	0.1%	0.2%	0.2%	0.2%	0.1%
Postage, stamp, telecommunication, etc.	0.2%	0.3%	0.3%	0.4%	0.3%
Stationery, printing, advertisements, etc.	0.7%	0.8%	0.9%	0.7%	0.8%
Chief Executive's salary and fees	0.1%	0.1%	0.1%	0.1%	0.1%
Directors' fees	0.0%	0.0%	0.0%	0.0%	0.0%
Auditors' fees	0.0%	0.0%	0.0%	0.0%	0.0%
Depreciation and repair of Bank's assets	4.7%	3.8%	4.2%	4.0%	3.5%
Other expenses	6.5%	6.4%	6.4%	5.1%	5.1%
Total operating expenses (B)	29.2%	31.3%	33.2%	28.6%	26.9%
Profit before provision (C = A-B)	24.2%	22.5%	28.4%	31.5%	29.6%
Provision for loans and advances/investments	7.5%	6.2%	5.2%	8.1%	9.5%
Provision for off-balance sheet exposures	0.1%	0.6%	0.7%	0.6%	0.1%
Provision for diminution in value of investments	0.0%	0.0%	0.0%	0.0%	0.0%
Other provision	(0.2%)	1.1%	1.2%	0.0%	0.0%
Total provision (D)	7.5%	7.8%	7.1%	8.6%	9.6%
Total profit before taxes (E = C-D)	16.7%	14.7%	21.3%	22.8%	20.0%
Provision for taxation (F)					
Current tax expense	8.9%	7.7%	7.3%	6.9%	7.0%
Deferred tax income/(expense)	0.6%	0.2%	(1.0%)	(0.6%)	(3.0%)
Total provision for tax	9.5%	7.9%	6.3%	6.3%	4.1%
Net profit after tax (G = E-F)	7.2%	6.8%	15.0%	16.5%	15.9%

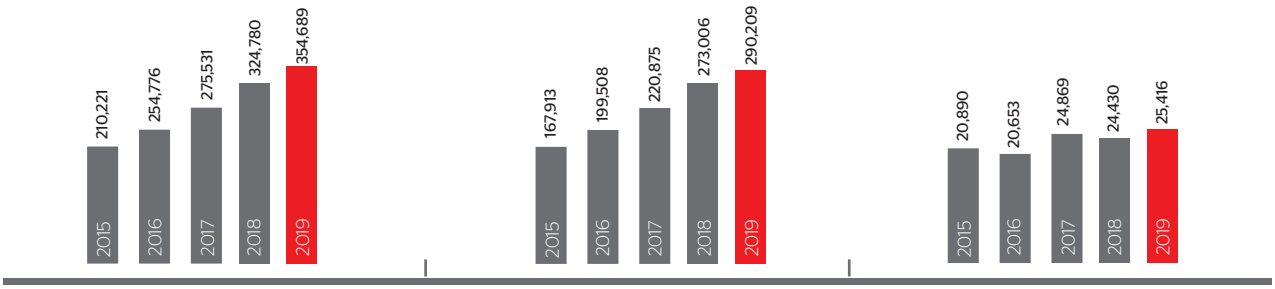
Vertical analysis of Profit & Loss Account refers to the components of Profit & Loss Account as a % of total income (Interest Income + Investment Income + Commission, Exchange, Brokerage and others) over the periods which would be termed as common sizing of Profit & Loss Account.

Performance at a glance, 2019



Deposits
in million

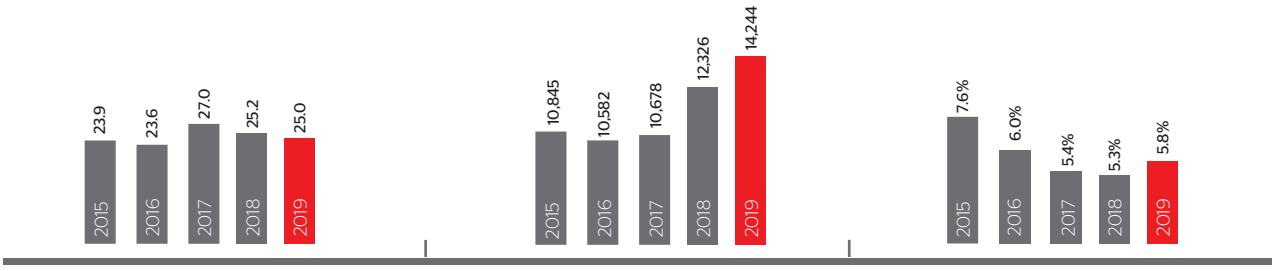
Loans & Advances
in million



Total Asset
in million

Earnings Assets
in million

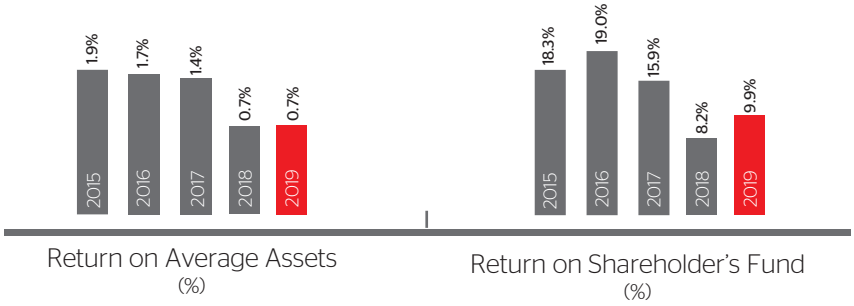
Shareholders' Fund
in million



Net Asset Value per Share
in Taka

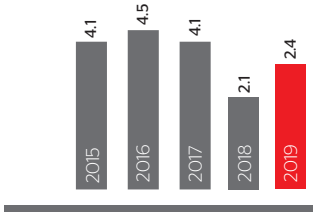
NPL (volume)
in million

NPL
(%)

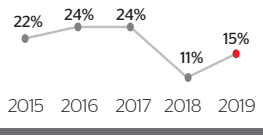


Return on Average Assets
(%)

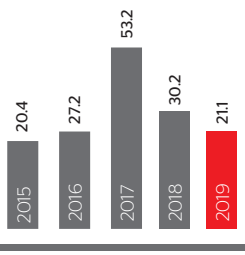
Return on Shareholder's Fund
(%)



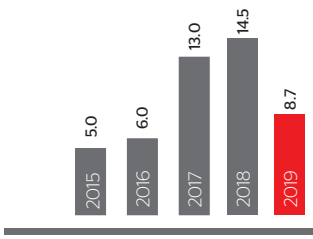
Earnings per Share
in Taka



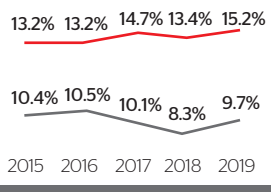
Dividend
(%)



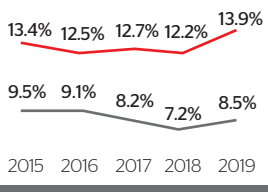
Stock Performance
in Taka



Price Earnings Ratio
times



CRAR [Solo]
%



CRAR [Conso]
%

Financial review

Building resilience

City Bank turned in a respectable financial performance in 2019 and closed the year with a relatively resilient operating model. However, this performance did not come without its challenges against many key events in 2019, such as continued volatility in oil prices, dampened trade sentiment given escalating trade tensions between the US and China, slower loans growth, challenging regulations and the early onset of the coronavirus pandemic. While City Bank maintained a more conservative risk posture throughout 2019, we grew selectively without compromising majorly on the pricing of our assets and liabilities.

As a large and longstanding commercial bank of Bangladesh, City Bank draws its primary strength from having experienced several credit and market cycles and, resultantly, from its ability to adapt to changes in credit demand, consumer behaviour and industrial activity. The bank is also amongst the most diversified financial institutions of the country with strong and well-established wholesale, commercial and retail banking platforms. A wide product and solutions suite support meeting the aspirations and requirements of a diversified customer and consumer base, which reinforces stability, expands the income base and helps in better coverage of fixed costs.

One of the other major levers of the bank comprises its relatively low cost funds pool and the constant pursuit of expanding CASA (current and savings account) base, which enables the bank to keep a tight check on its cost of funds. This program is further supported by a relatively lean cost base and, together with strategic capital allocation that takes into cognisance both the safety of the disbursed credit and yield expectations, enable the bank to main its profitability targets and net margins.

Considering the prevailing environment where acceptance to digital has expanded exponentially, the bank's foresight in sustaining robust digital banking platforms, thus enabling customers to access the bank through a variety of channels (online and mobile app), not only help it to cater to the changing consumer behaviour, but also ensure valuable cost savings, especially with regards to customer acquisition and servicing. City Bank believes that the establishment of its dedicated Digital Financial Services wing will add credence and cohesiveness to its endeavours in digital banking.

Top developments of 2019

- Registered 9.2% growth in total assets to BDT 354,689 m
- Reported selective risk-based balance sheet growth with loans & advances and deposits expanding by 6.7% and 20.2%, respectively. Sharper deposit mobilisation stabilised our AD ratio (79.1% in 2019) and created stronger liquidity to support credit growth
- Yielded strong improvements in the trade business, with exports growing by 12.3% (or by $176 m), imports rising by 12.9% (or by $268 m) and remittances increasing by 28.6% (or by $98 m)
- Disciplined cost reduction in overheads and increased deposit sourcing led to cost-to-income ratio declining to 54.7% from 58.1% in 2018
- Achieved proactive asset quality management that resulted in controlled NPLs of 5.8%, which is lower than the banking industry average of 9.3%
- Improved capital adequacy (CAR) by 174 bps to 15.2% primarily on the back of reduction in risk weights on assets (RWA) as per regulations-driven realignment
- Established stronger profitability focus with net interest margin (NIM) of 4.6%, which was up by 50 bps YoY
- Announced full-year dividend of 15%, resulting in dividend payout ratio of 61.7%
- Adopted IFRS 16 Leases, a single lessee accounting model, in our 2019 financial statements that allows readers to assess better the cash flows arising out of leases

Analysis of key metrics in the P&L statement

BDT m

Particulars	2019	2018	YOY %
Interest income	26,819	22,917	17.0%
Interest expense	(15,987)	(13,716)	16.5%
Net interest income	**10,832**	**9,201**	**17.7%**
Investment Income	2,086	1,842	13.2%
Non-Funded Income	5,367	4,911	9.3%
Total operating income	**18,285**	**15,954**	**14.6%**
Operating expenses	9,998	9,274	7.8%
Operating profit	**8,287**	**6,679**	**24.1%**
Provision	(2,556)	(2,324)	10.0%
Profit before tax	5,731	4,355	31.6%
Profit after tax	**2,472**	**2,018**	**22.5%**

Respectable net profit growth achieved despite more challenging environment

- Interest income expanded by a healthy 17.0% YoY, as we grew our loan portfolios across Bangladesh. However, we engaged in strategic lowering of credit disbursement across our Corporate and OBU book with a view to ensure a quality and more secure portfolio, while at the same time we expanded focus on small business and retail loan segments. Few other trends that supported our interest income growth comprised increase in digital customers, indicating rising acceptability of our digital banking platforms, and prudent capital allocation across customers and consumers that opened up the possibility for higher yields. However, with the Government enforcing a fixed lending of 9.0%, w.e.f. 1 April, 2020, we will ensure recalibration to protect margins, while also focusing on growing the fee based income channel.
- Interest expenses were controlled through our constant attention on CASA, a lower cost deposit base, with the result that we were able to enhance our CASA accounts by about 18.0% to almost 1 million accounts by the close of 2019. Term Deposits, the other major constituent in our deposit book, remained stable at 65% of the total book.
- Net interest income grew by a healthy 17.7% to BDT 10,832 m on account of faster growth in interest income over interest expenses. Net interest income or NII is a key financial metric and respectable growth is an encouraging validation of our strategies and initiatives. Consequent to the growth in NII, net interest margin or NIM also raised by 50 bps YoY to 4.6% in 2019.
- Total operating income was higher by 15% to achieve a new high of BDT 18,285 m primarily on the back of higher investment income (up 13.2% or by BDT 244 m) and non-funded income (up 9.3% or by BDT 456 m).
- Operating expenses meanwhile increased by a fairly controlled 7.8% YoY, mainly from tightly managed establishment costs and administrative and general expenses. Our 2019 cost-to-income ratio was 54.7%, better than the previous year's 58.1%.
- Operating profit as our continual focus on streamlining costs and generating higher revenue resulted a positive jaw where revenue growth has been 14.6% against opex growth of 7.8%. As a result, operating profit grew by 24.1% in 2019 (by BDT 1,608 m).
- Provisioning or impairment increased by 10.0% to BDT 2,556 m on account of higher new impaired loan volume formation, and our conservative stance in future-proofing our balance sheet and future profits.
- Profit after tax, as a result of higher income growth and controlled overheads and impairment charges, grew 22.5% to BDT 2,472 m.

Analysis of key metrics in the Balance sheet

BDT m

Particulars	2019	2018	YOY %
Total assets	354,689	324,780	9.2%
Shareholders' equity	25,416	24,430	4.0%

Building a stronger, more resilient and investment - grade balance sheet

- Total assets expanded by 9.2% to BDT 354,689 m, primarily on account of higher loans and advances/investments, supported by growth in cash assets and fixed assets, etc.
- Shareholders' equity grew by 4.0% YoY to BDT 25,416 m on account of retained profits and issue of bonus shares up to December 2019.
- Return on equity increased by 170 bps to 9.9%, primarily on account of expansion in profitability.
- Return on assets increased by 60 bps to 0.7%, reflecting in more effective balance sheet risk, spreads and expenses management.

Key focus areas and outlook

The coronavirus pandemic has upended business and societies and has also had an impact on Bangladesh's development profile, impacting vast swaths of sectors. The banking sector is no different and City Bank's operations have been disrupted. Yet, the post-Covid restoration and rebuilding efforts will spell opportunity for frontline financial institutions like City Bank, as it focuses on enhancing relationships and reaching the vast corners of the country with relevant and applicable financial products and solutions.

Some of our key focus areas include:

Digital banking: As the competitive banking landscape continues to be redefined by fintech players and digital enablers, we will focus on becoming the digital bank of choice with a robust electronic payments platform to facilitate the dispensation of banking services in a fast, easy and safe manner to our customers. This digital strategy extends beyond our customer offerings too, as we look to future-proof our talent through upskilling initiatives and leveraging technology to improve internal systems and process efficiencies.

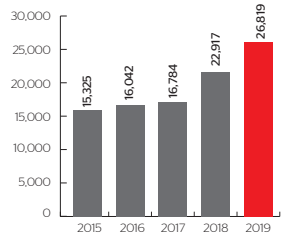
NPLs in a rising default environment: Economic adversity and even a culture of default will expectedly lead to rising bad loans. At City Bank, we will further reinforce relationships with our customers and enhance our engagement with them. Our SAMD (special assets management group) will especially turn more vigilant on recoveries. Moreover, we will also remain cautious and conservative in our credit practices.

Policy and regulatory changes: The central bank, Bangladesh Bank, imposed cap on lending rates 9% from 1 April, 2020. Such a policy change has called for reorientation of our operating model, as we focus on protecting our margins and profitability, yet serving the broader mandate of the Government to enhance public trust in banking through more favourable credit rates. Further, with a view to mitigate pressures on our fund based income, we will increasingly focus on growing our fee based income channel, while also engaging in tighter and more effective cost management.

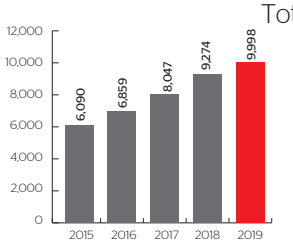
ESG commitment: Our Board regularly reviews the bank's sustainability performance and strategies, focusing on ESG (environmental, social, governance) aspects. As part of our responsible lending practices and guidelines, we established a list of criteria to manage ESG risks. This was further enhanced with the development of an ESG-centric risk management framework, which was formulated in alignment with global standards and practices, such as the United Nations' Human Rights Policy, International Finance Corporation (IFC) standards and global environmental standards.

Graphical presentation of financial overview

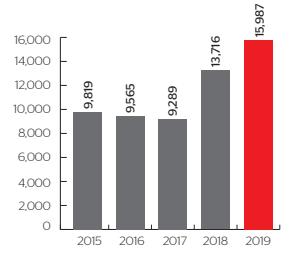
Interest Income
BDT Million



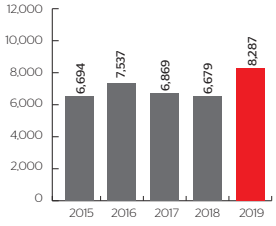
Total Operating Expenses
BDT Million



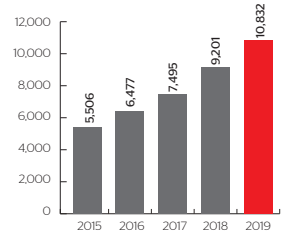
Interest Expenses
BDT Million



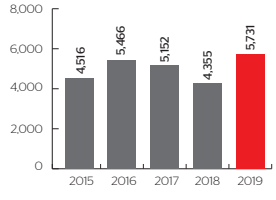
Operating Profit
BDT Million



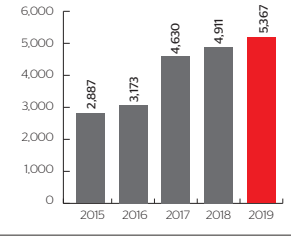
Net Interest Income
BDT Million



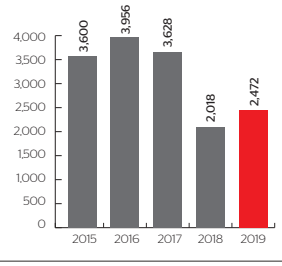
Profit before Tax
BDT Million



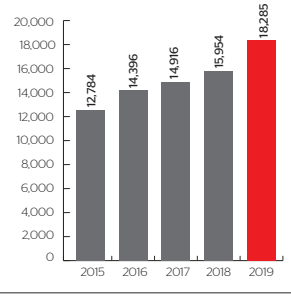
Non-Funded Income
BDT Million



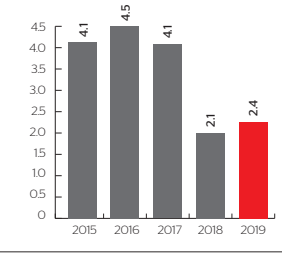
Profit after Tax
BDT Million



Total Operating Income
BDT Million



Earnings per Share
BDT



Segmental performance

Corporate banking

City bank's corporate banking function continued on its robust business acceleration journey, anchored on its strong relationships with large corporate companies in the country, opening up repeatable business opportunities. The division also made progress in NGO-led microlending as well as green financing. The various arms of the Corporate Banking division, Wholesale Banking, Structured Finance (under Wholesale Banking), Financial Institutions (FI) and City Non-Resident Remittance departments reported good progress during the year.

Corporate banking at a glance

EXPLANATION	IMPACT
Drivers for growth	• Large base of well-established corporate houses • Customer needs getting more sophisticated in the face of evolving competitive landscape • Large business opportunity in microfinance
Competitive advantages	• Specialist positioning, especially in power sector finance • Large bouquet of sophisticated solutions meeting complex needs • Strong and relatively low-cost deposit franchisee • Robust relationships with almost all major corporate groups of Bangladesh
Value offerings	• Full basket of corporate and trade solutions • Specialist team with strong human and intellectual capital

Key achievements

- Reported average loans and advances growth of 14% YoY, one of the fastest growth rates achieved by the division in recent times
- Recorded robust 80% YoY growth in deposits to BDT 62,403 m
- Possessed major credit lines from top global developmental agencies
- Received the 'Syndicated Loan of the Year Bangladesh Award 2019', bestowed by Asian Banking & Finance in 2019, for successful financial closure of a 55-MW power project
- Mobilised the largest-ever refinance facility in Bangladesh for Global Transformation Fund (GTF) for a customer engaged in the RMG business (SFU)

- Arranged USD 85 m for City Bank's OBU (SFU)
- Mobilised BDT 7,203 m through BRAC, BURO Bangladesh and TMSS, which was refinanced to a large number of microfinance customers, mainly farmers
- Executed the mobilisation of EUR 20 m in syndicated term loan from Bank Muscat, the first such transaction done by an Omani bank in Bangladesh (FI)
- Bestowed with ADB's prominent 'TFP Momentum Award' (FI)
- Achieved the highest-ever volume of USD 439 m in remittance (City Non-Resident Business)

Challenges

- Fiercely competitive business environment
- Economic challenges enforcing capex reduction/ postponement amongst large corporates
- Unsecured lending in microfinance might impact NPLs as target customers are most vulnerable to economic shocks

Outlook and focus areas

- Launch corporate internet banking solutions for collections
- Ensure training and capacity building among team to further sharpen specialisation
- Continue to engage in market surveillance in scouting for new business opportunities

Operational performance review

62,403 m
Total deposit book, 2019.

137,634 m
Total advances, 2019.

94
Team strength, 2019

City Bank's Corporate Banking division caters to the sophisticated financial requirements of large corporate customers, offering a wide bouquet of products and services that represent financing solutions that fit within the strategic capex and expansion plans of large companies.

Playing a role in the developmental journey of Bangladesh, the Corporate Banking business has been a major mobiliser of finance in the country's power sector, thus contributing to a key input facilitating economic growth.

In the national power sector, the division's funded loan growth scaled by 100% vs. 2018. Further, various refinancing facilities were arranged to support this prioritised sector, including ECA (Export Credit Agency) facility, refinancing from other banks and LCs from OBU, etc. Facilitated by the bank, large power companies operating in the country are enjoying low-cost ECA facility deals. The division also arranged USD 41 m refinancing of other banks' LCs during the year. These represent innovative banking solutions for top-tier corporate houses of Bangladesh, while showcasing City Bank's presence and prowess in this specialised financing sector.

Underscoring the emphasis on growing the loans and advances book, the bank has always focused on strengthening its deposit franchise too by catering to the requirements of various corporate institutions through its cash management wing. The team, supported by the bank's digital platforms and specialised expertise, expanded its arch of cash management solutions tailored to meet the specific needs of clients, further distinguished by an exceptional level of prompt and personal attention and service.

In a strong recognition of the achievements of this division, the bank bagged the collection mandate from Karnaphuli Gas Distribution Company Limited (KGDCL), the sole gas distribution company responsible for gas distribution in the Chittagong District and the Chittagong Hill Tracts. Further, a reflection of the trust placed by other major companies in City Bank is visible in the fact that it has been mandated as the major collection bank of Ashuganj Power Station Company, Grameenphone, Robi Axiata, Banglalink, Jamuna Oil, Union Group, Marico Bangladesh, Metlife Bangladesh and Incepta Pharmaceuticals, among others.

Further, as a strategic move to venture into the aviation sector that is generally cash-intensive, the bank initiated a relationship with Sky Aviation under which it caters to the transactions of Flydubai, a UAE government-owned budget airline. The bank also owns the sole banking mandate of import cargo handling and storage fees collection at Hazrat Shajalal International Airport, Dhaka.

City Bank is also playing a vital national role in facilitating transactional banking services to two major contractors working at Rooppur Nuclear Power Plant, which is Bangladesh's first nuclear power project.

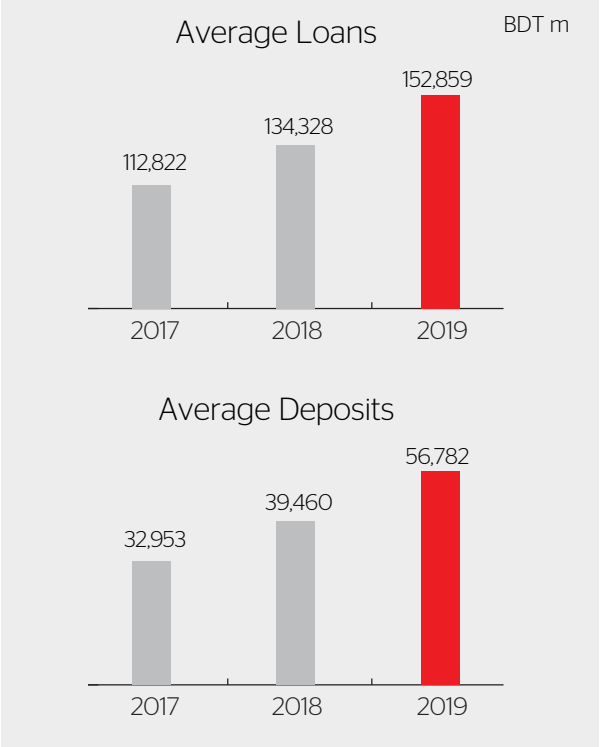
Reflecting on our 2019 performance

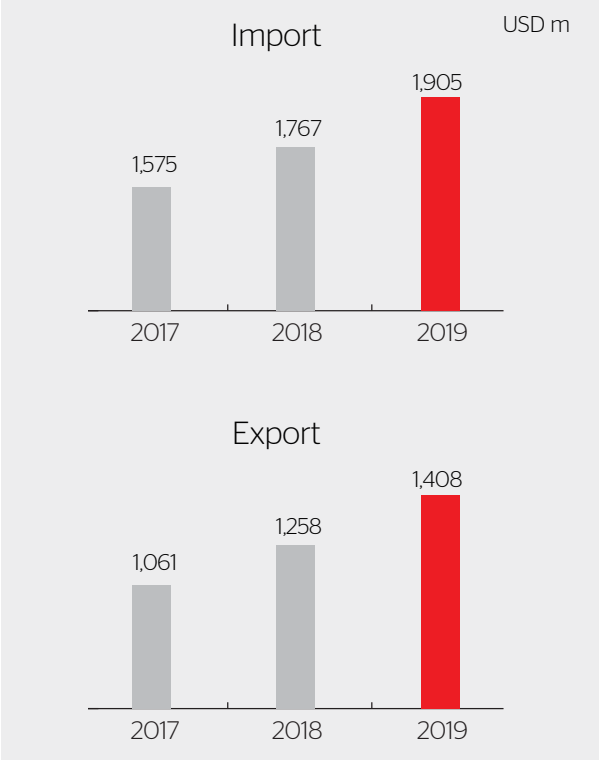
City Bank's Corporate Banking division's loans and advances grew by 14% on average and portfolio stood at BDT 137,634 m in 2019. The Corporate Banking function's deposit base also expanded significantly by 80% to BDT 62,403 m during the year.

Notably, the bank enjoyed USD 187.5 m in credit lines from development financiers, like IFC, ADB, FMO,

Norfund, OeEB and GCPF. In addition, the division also attracted trade loans from many other commercial banks in its OBU (Offshore Business Unit) operations. Supported by the OBU's substantial portfolio, the division achieved USD 3,530 m trade transactions in 2019.

Year-wise historical performance





As on 31 December, 2019

In 2019, the Structured Finance Unit (SFU), under the Wholesale Banking division, continued on its journey of value creation for clients in the power, manufacturing, microfinance, RMG and textiles, financial services and consumer sectors, which represent a large swathe of industries in the country.

In a creditable achievement, the team won the prominent 'Syndicated Loan of the Year Bangladesh Award 2019', awarded by Asian Banking & Finance in 2019, for successfully achieving financial closure for a 55-MW power project. The finance mobilised by SFU stood at Tk. 5,120 m and USD 86 m. Further, the team also engaged in financing for a number of power projects with a cumulative generation capacity of 4,026 MW during the year.

In a showcase of how major financial channels are contributing to the growth trajectory of Bangladesh through City Bank, the SFU successfully mobilised the largest-ever refinancing facility from Green Transformation Fund (GTF) from Bangladesh Bank for a client in the RMG sector with a spinning mill comprising a 49,152-spindle capacity. Coming off a successful engagement with this client, SFU is also in the process of arranging cost-effective solutions for a number of RMG and textiles companies in Bangladesh. The team had a portfolio under administration of around USD 500 m at the close of the year.

As a strategic initiative to extend presence in a financing space with large potential, especially in the realm of financial inclusion, the Corporate Banking division associated with a number of major NGOs engaged in national agricultural intermediation. Such a strategic start point is validated by the fact that a large number of the rural public is engaged in agricultural activities in Bangladesh.

The entry into microlending is a demonstration of the division's capabilities and focus in not only serving the requirements of large corporate houses, but also those living at the grassroots, thus covering the whole arch of financing requirements. In fact, the microfinance venture is City Bank's sure-footed step in enabling financial inclusion, aligned with the Government's aspirations of a vibrant, progressive and inclusive economy.

In 2019, the division mobilised BDT 7,203 m for microlending through major developmental organisations, which was eventually refinanced to a large number of micro-borrowers in such grassroots sectors as crop management, irrigation, agricultural equipment, livestock management, fisheries and grain storage, etc.

Through Financial Institutions (FI) department, the Wholesale Banking division also maintains strong global networks. By the end of 2019, it had 29 global transaction accounts and 465 SWIFT relationships. Moreover, the division had trade finance lines with more than 60 global and regional banks, including Standard Chartered Bank, Citibank, HSBC, Commerzbank, Deutsche, Unicredit AG, Mashreqbank, DBS Bank SMBC, Emirates NBD, Abu

Dhabi Commercial Bank, Bank Muscat, First Abu Dhabi Bank, Zürcher Kantonalbank, ICICI Bank, State Bank of India, Korea Development Bank, etc. Leveraging such a vibrant global network, City Bank utilised trade finance lines of a cumulative USD 1.3 b of LCs in 2019. In addition to regular transactions, FI also arranged over USD 350 m of refinancing transactions of power sector LCs in 2019.

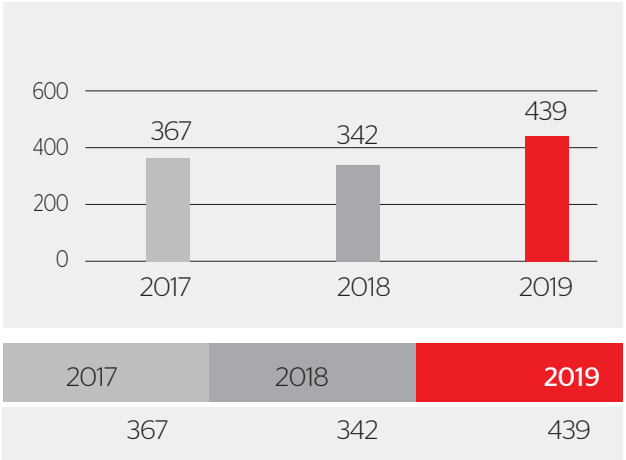
In yet another major initiative closed in 2019, FI arranged a EUR 20 m syndicated term loan from Bank Muscat, Oman, the first such transaction by an Omani bank in Bangladesh. City Bank also avails trade facilitation from International Finance Corporation (IFC), part of the World Bank Group, and Asian Development Bank (ADB). Through its transactions with ADB, the bank won ADB's noteworthy 'TFP Momentum Award' in 2019.

For non-resident remittance business, the year 2019 was yet another remarkable one with significant contributions made to the bank. The City Non-Resident Business (NRB) department achieved the highest-ever volume of USD 439 m for the bank. The key financial impact of the business reflects through YoY growth of 29%, which is much higher as compared to the country's remittance growth of 17.9% in 2019.

The bank's global network comprising relationships with 39 renowned money service business houses, including City Bank's own subsidiary company CBL Money Transfer Sdn. Bhd., Malaysia, and other market leaders, like MoneyGram, Western Union, Transfast, Unimoni, Xpress Money, Ria-IME, Cash Express, etc.

City NRB remittance flow

USD m



With a view to incentivise remittance through organised finance channels, the Bangladesh Government declared a 2% cash incentive on foreign remittance. With such a policy, City NRB envisions being a part of the Government's foreign currency inflows. It sound made progress during the year with City NRB being able to efficiently coordinate with Bangladesh Bank for timely disbursement of cash incentives to remittance beneficiaries.

Strategic plans

City Bank's Corporate Banking division operates in the context of a dynamic and highly competitive industry, where performance precedes credibility.

With a view to further reinforce our competitive and customer-facing platform, we expect to launch Corporate internet banking solutions based on collections, which will open up the opportunity of enabling cross-selling with respect to introducing our corporate clients to such products as distributor finance and supply chain finance, in the near- to medium-term. Over the mid-term however, we intend to promote internet banking at the mass-level with seamless host-to-host integration for payments and also integration with the fintech ecosystem.

Our long-term target is to create our presence in settlement accounts by venturing into the mobile wallet business, leveraging financial ecosystems and adapting with these, which will represent a valuable and timely initiative in bringing organised banking to the masses.

Message from leadership

At our Corporate Banking division, we believe that our environment has evolved to the point where we need specialists, not traditional bankers. How we work with customer data, through analytics, modelling, stress testing and future planning has become a science. In this context, we are very fortunate to have been able to attract the right people to take the business forward at both operational and strategic levels. Going forward, we will continue to ensure that we employ the right calibre of individuals with passion for the financial services industry, and an understanding of the ground realities of Bangladesh's current economic environment, to help us achieve our strategy.

The tightening of our credit policy, in line with our risk appetite and changing legislation, led us into a lower risk environment. The result has been the conscious consolidation of our customer base as we minimised exposure to certain high-risk segments and increased exposure to lower-risk customers. This has the effect of steadily improving the quality of our balance sheet.

Further, in line with delivering on our strategy, we have excelled in the past 12 months in a number of areas. The management of credit, collections and improving data quality stand out. The credit models, which have gone through a rigorous validation process, together with our exceptional collection record and high accounting standards, provide confidence in financial predictability. Whilst we are focusing on continually enhancing the quality of our data, our improving data input will provide us with a rich source of information, particularly as we operate in the specialist transactional space.

We have also achieved excellent progress in inculcating our values and establishing a culture that will enable the achievement of our mission and our strategy, by putting

the customer at the centre of our world and delivering a customer experience that will be a marketplace differentiator.

During the year under report, Bangladesh's banking industry faced challenges on account of mounting non-performing loans. To counter these, City Bank's Corporate Banking division safeguarded the bank's assets by portfolio diversification, along with strong compliance and monitoring of the portfolio, thereby demonstrating value for our stakeholders. Hence, year 2020 will also represent a series of challenges arising both from domestic and international arena. Proactive initiatives and effective strategy formulation will be the key to overcome such internal challenges. However, external factors such as outbreak of Coronavirus will have a universal impact on global business for which it will be more challenging to cope with the changed outlook of global business.

Today, the Corporate Banking division has emerged as a holistic and solid banking platform that provides our customers with various products, services and facilities to choose from. This comprehensive range helps build client intimacy, while reinforcing our competitive positioning as a single-stop shop.

Starting with our OBU, it helps mobilise foreign-originated funds that come with relatively lower coupon rates. Our robust relationships with a number of developmental institutions and others help draw credit with dependable ease. In the realm of regulations pertaining to our OBU, we are closely examining the regulatory guidelines to ensure compliance. Beyond OBU, we are cementing a stronger presence in microfinance and governance-related funding in the field of environmental compliance, which will principally help unleash the impact of financial services in the context of the broader socio-economic environment.

Our SFU enjoys strong relationships with local lenders, leading international investors, DFIs, ECAs, commercial banks and multilateral bodies. Today, it has emerged as a powerhouse in tailoring financial solutions for the power sector of the country.

At our division, we have remained extremely vigilant on our loan portfolio, embedding a culture of responsibility and ownership. This is most evident in the fact that the Corporate Banking Division's non-performing loans (NPLs) ratio improved from 4.8% in 2016 to 2.8% in 2019 (2018: 3.1%). Considering our portfolio size (at end of 2019), NPLs are one of the lowest in Bangladesh and a testament to our approach not only in our business practices but also in our alignment with the bank's overarching values and philosophies.

The periodic problems experienced in the financial system globally have resulted in the banking world becoming risk-averse, safety-first and perhaps even over-regulated. In addition, the current level of regulation requires a substantial investment of time and resources and regulations come at the risk of being inhibitors, as opposed to being the important safety net and oversight role it has been to date.

This has been especially exacerbated by Covid-19, the global health pandemic that has enforced shutdowns in almost 60% of the world in the March-April 2020 period. While we started the year 2020 on a good note, there are a number of challenges, including the uncertainty already being seen around the impact of the unprecedented health crisis. As we engage in extensive scenario planning for the post-Covid-19 world, we will need to ensure that we find the right balance between capital, liquidity, risk, compliance and enabling growth that will ensure the all-important health of our bank, whilst allowing sufficient flexibility to support the economic normalisation and business restoration process.

Treasury

Overview

City Bank's Treasury Division is constantly tuning to align with serving the dynamic needs of the organisation. In response to the changing market and regulatory landscapes, the bank's Treasury structure underwent a re-organisation back in 2007 and again in 2016. The key entrusted responsibilities of the division include the following:

- Engage in forecasting and proper planning, thereby maximising treasury gains and minimising potential market risks
- Manage the bank's balance sheet and ensure regulatory compliance with all BASEL and other regulatory capital requirements
- Manage the ALCO processes to ensure adequate and timely rate transmission to protect the bank's sustainability
- Ensure FX and capital gains through proper management of FX business and securities trading
- Drive treasury income on a sustainable basis from prudent and judicious investment in money market products

The bank's Treasury division currently comprises four units:

- Foreign exchange (FX)
- Asset liability management (ALM)
- Sales
- Risk

Key responsibilities and outcomes of City Bank's Treasury Division is expressed in the chart below:

Division	Entrusted responsibility	Focus hotspots	Key results, 2019
ALM and Money Market Desk	The primary role of ALM is to ensure the implementation of the bank's balance sheet management strategy on a daily basis to assure regulatory compliance and manage liquidity requirements through money market products, including call and term placements, repo/reverse repo and FX swaps. ALM is also responsible for ensuring the smooth functioning of ALCO processes, enabling timely and right pricing of interest rate-bearing products for ensuring market relevance and competitiveness.	City Bank's Fixed Income Desk focuses on opportunistic trades and de-risking, maintaining SLR and reducing the interest gap exposures to minimise prospects of capital loss from T-bill/T-bond portfolio. The desk also strategises to on-board Government securities (treasury bills and treasury bonds) and Bangladesh Bank bills for maintaining SLR secondary market trading.	**1,937 m** Interest income from money market placement (LCY) **315 m** Interest income from money market placement (FCY) **1,485 m** Interest income from investments **$ 671 m** Funding management of OBU book **75 m** Operation of USD/BDT swaps on average per day
FX and Sales Desk	The FX Desk manages the day-to-day FCY requirements and also the surplus/shortfall of the bank's FCY holdings. The desk is also responsible for maintaining the net open position of the bank, as per regulatory requirements.	The FX Desk managed to capitalise on prevalent market situation to maximise FX revenues and also maintain efficient NOP.	**1,215 m** FX gains **5.5 b** FX transactions **2,068 b** FX swap transactions **$ 439 m** Remittance volume facilitation for NBR **$ 1,108 m** Quantum of forward deals engaged in

Core strengths

- Focused FX management strategy aligned with business flow/market dynamics
- Strong management focus and support for growth of the treasury business
- Rich understanding of FX markets and good relationships with customers
- Strong presence in interbank market with dealing capacity in all treasury products
- Operations in Offshore and Islamic banking that provide a unique opportunity to capitalise on diverse opportunities
- Sustained exposure in terms of training and development opportunities to FX traders to reinforce core fundamental knowledge and also enable them to explore new business opportunities
- Management support in maintaining a balance between import-export volumes growth

Macro-economic outlook

Due to drained liquidity conditions in the interbank money market, Government securities' yield witnessed a steady rise in the primary market. Interbank call money rates ranged from 0.75–5.50% during 2019, primarily due to the gradually tightening liquidity conditions in the interbank market.

Status of tighter interbank market liquidity and higher injection of funds for fuelling Government borrowings/expenditure as well as the Government's view on a restricted interest rate regime reduced domestic credit growth in 2019. Declining trend of excess liquidity, lower expected deposit growth due to restricted interest rates, budgeted ADP implementation by the Government and reduced interest rate of government savings certificates may lead to even tighter market conditions in 2020. Hence, proper balance sheet funding and timing the positioning of investments are crucial for ALM to maximise market opportunities.

Bangladesh's FX markets experienced liquidity challenges in 2019 as well, with the trade deficit touching USD 8.2 b, and the CAD growing to USD 15.4 b. If the prevailing trend continues, and it is highly likely that it will, the 2020 USD market will also witness periods of liquidity shortages. During the year, the demand for USD/BDT was also relatively high. The interbank market was closely monitored by Bangladesh Bank with the central bank selling USD 1.6 b to the interbank market to ensure market stability in FY19. The local currency depreciated by BDT 1.00 from January to December 2019. In such a scenario, a balanced approach to manage the bank's own FX flow business from exports, imports and remittances represents the best possible strategy for minimising risk and maximising profits.

Outlook, 2020

- Achieve business targets, as per the budget and focus on the growth of the treasury business
- Continue working to introduce new hedging products, such as IRS and commodity hedging
- Further embed the bank's values in our work practices and within the team
- Ensure the highest levels of compliance, fostering a culture that seeks to proactively control risk

Message from leadership

At City Bank's Treasury division, our trading culture is anchored on rigorous regulatory compliance and risk management-based dealing discipline. During the year 2019, we achieved significant progress by initiating database management to identify major customers and their contributions, and also identified problems of the automated exchange position and resolved these, in collaboration with the Treasury operations team and the IT division. This was in addition to the division continuing to focus on ensuring stability in yields, while also supporting compliance, minimising risk, enabling timely liquidity generation and engaging in providing prompt and proactive solutions.

Today, the Treasury team is dedicated to growing the business through living the bank's values on a daily basis, nurturing professional growth of divisional staff and collaborating with other divisions to achieve objectives in a seamless way.

In 2020, protection of the bank's operational sustainability against adversity will be our key focus area. For this, we will continue to build resilience by ensuring that our team is well-informed and aligned with our objectives on a daily basis through ongoing communication. We will also focus on capital protection with a stance towards conservative investments, being comfortable with the trade-off of lower yields against outright capital erosion. Further, we will also continue to align our operations as a supportive and facilitative desk to help our customers (other divisions of the bank) meet their objectives and goals.

Overall, we will also more closely tune ourselves to the external environment, which is expected to be volatile and uncertain, and look for pockets of opportunities that help meet our own expectations of maximising yields and negating potential risks to the largest extent possible.

Commercial banking

Through its Commercial banking arm, City Bank is able to cater to the banking and financial services needs of middle-market businesses, as they scale up to emerge as large corporates of tomorrow. With this segment, the bank is able to ensure relationship sustenance, while also facilitating micro-market economic development and expansion.

Commercial banking at a glance

EXPLANATION	IMPACT
Drivers for growth	• Large number of middle-market businesses across various industries • Banking the only powerful lever to thrust these businesses to achieve scale, thereby building a growth-oriented partnership approach
Competitive advantages	• Specialised and dedicated focus on emerging business clients, thus contributing to relationship building and repeatable business • Portfolio diversity across customer industries and geographical regions, thus enabling balance between growth objectives and risk appetite • Focus on non-funded income, thus ensuring steady revenues and improved capital allocation • Young motivated team with passion and hunger for growth
Value offerings	• Relationship opens up inter-departmental benefits, for instance in Employee banking to help opening CASA • Relationship handover to Corporate banking on customers reaching scale, thus ensuring client convenience and improved engagement

Key achievements

- Achieved steady progress, with YoY growth in loan portfolio by 20%
- Registered strong growth in trade business volumes to USD 381 m (2018: USD 238 m), thereby optimising capital and maximising value creation
- Continued to provide customised products and solutions, as per specific customer needs, risk profiles and growth aspirations, as well as standard products, including working capital finance, term funding and trade finance, etc.

Challenges

- Collections for loan outstanding, especially during periods of general economic weakness
- Lack of regular engagement, especially for customers located in rural areas
- Attrition of key resources, considering the competitive environment

Outlook and focus areas

- Withstand pressures on the asset book through maintaining an aggressive focus on collections, as well as through continuous client engagement, timely enforcement of strategies and reskilling manpower with emphasis on performance
- Launch new products, especially for our deposit clients, with improved services
- Tap into the remittances sector as higher inflows are expected, considering domestic economic worsening
- Grow share of revenues from non-funded businesses in the overall revenue pool

Operational performance review

20%
Increase in loans and advances to BDT 19,403 m

202%
Increase in deposits to BDT 3,743 m

60%
Increase in trade business volume to USD 381 m

City Bank's Commercial banking division was established in April 2013 to cater to the banking and financial services needs of middle market companies. Starting off with 20 customers and an asset book of BDT 2,300 m, the division's ability to evolve with the market and with customer requirements is reflected in the fact that today, it has 84 clients and a cumulative asset portfolio of BDT 19,403 m, reflecting book growth of 8.4x over six years.

The Commercial banking arm focuses on meeting the requirements of key emerging businesses, like those in the IT/ITeS, RMG/textiles, leather, jute, pharmaceuticals, food processing, renewable energy and agro-based industries, etc. Through serving such a broad swathe of customers diversified across sectors and geographies, the business has been able to lay the foundations of sustainable long-term growth.

Through a wide suite of both customised and general products, the division focuses on tapping potential in such growth-compatible regions as Dhaka, Chattogram, Khulna, Dinajpur and Bogura.

BDT m

Particulars	2019	2018
Loans and advances	19,403	16,110
YoY growth	20%	16%
Deposits	3,743	1,238
YoY growth	202%	(25%)
Non-funded business	32,230	20,770
YoY growth	55%	26%
Manpower	18	18

Message from leadership

Reinforced by the culmination of our business strategies and deep-rooted customer engagement initiatives, though the year 2019 was challenging externally, our division reported robust outperformance. This is most reflected in the fact that our operating profit scaled up from about BDT 260 m in 2018 to around BDT 274 m in 2019, thus generating an incremental growth.

Notably, our business is differentiated from traditional corporate clients and SME clients. Few banks are able to tap into the vast universe of companies that lie between this spectrum, the emerging corporate segment, because of lack of prompt services and solutions, which we are able to offer with speed and surety.

In 2019, the Commercial banking division also witnessed 20% YoY growth in loan disbursements. Further, we also secured YoY deposit and non-funded business growth of 202% and 55%, respectively. These were possible because of the execution of targetted strategies, ongoing communication with clients and robust and proactive customer service, supported by the introduction of new products and solutions. With a view to further improve our customer service standards, we are collaborating with different divisions across the bank for sustaining smooth, strong and secure relationships, thus reaching our own objectives through meeting the aspirations of our clients.

With new regulatory and the public health challenges sideswiping the economy, we will be ultra-cautious in exploring new financing possibilities, while ensuring strong expenses control and collection of our outstanding loans. Over the last few years, Bangladesh's economy has been able to maintain steady and sustained growth, aided by the Government's pragmatic decisions and well-structured policy framework, and we bank on the resilience of the economy to come out of the present shock stronger and better prepared.

At our division, our target is to not only offer traditional banking services, but also utilise all modern technologies and ideas to facilitate and support our clients and their growth objectives. We will continue to reinforce our positioning as a partner in progress and serve our customers' needs with dedication and proactiveness.

Retail banking

City Bank's Retail Banking division is focused on achieving its objective of being the most vibrant and profitable business line with an integrated, platform-based and customer-centric approach, enabling the bank to tap into a variety of retail financial service opportunities to fulfill the macro themes of financial inclusion and organised banking facilitation.

Retail banking at a glance

EXPLANATION	IMPACT
Drivers for growth	• Rising national per capita income with growing share of surplus/disposable income • Large market size with under-consumption across most categories • Strong opportunity in niche spaces, particularly Women banking, Islamic banking and Employee banking
Competitive advantages	• Strong and well-established market presence with a mature business model • Well-segmented services with horizontal and vertical product offering • Well-identified and established customer segmentation strategy, facilitating customer acquisition • Large and experienced sales force/business development team
Value offerings	• Robust opportunity through holistic platform-based banking approach, opening up cross-sale exploration and income generation potential • Competitive offering and strong focus on service, strengthening customer acceptability

City Bank's retail business division comprises the following wings:

- Citygem
- Two-wheeler loans
- Supply chain finance
- Islamic banking
- City Alo
- Alternate Delivery Channel
- Branch banking

Key group achievements

- Launched instant personalised debit cards for the first time in Bangladesh
- Arranged a strategic school finance conference in Kushtia as part of a financial literacy and financial inclusion program
- Launched goal-based DPS for individual customers
- Launched Easy and Easy Plus current accounts for non-individual customers
- Introduced two-wheeler loans under City Bike Loan, which received strong customer traction
- Participated in a 'Rehab Fair', which is held in Dhaka twice a year
- Participated in the prestigious 14th Dhaka Motor Show 2019, enabling brand visibility among a large audience
- Introduced a new brand identity through launching a new logo for retail branding; also engaged in re-branding of retail banking products and services
- Established a central screening unit (CSU) for catering to DST and EB team's account acquisition targets and for reducing branch traffic

Challenges

- Banking saturation in urban metropolitan areas
- Economic vulnerability driving defaults
- Employee retention, especially the sales team

Outlook and focus areas

- Grow our Islamic banking platform in a significant way
- Engage in further customer segmentation with such a granular approach enabling targetted customer outreach
- Sharpen team KPIs, with customer service and retention comprising key components of the appraisal matrix

Operational performance review

34,992 m
Total asset book, 2019

164,551 m
Total liability book, 2019

14,758 m
Retail loans disbursed in 2019

25,142 m
Deposits mobilised, 2019

2.3%
NPLs, 2019

2,018
Total team strength

City Bank's Retail Banking group sharpened its internal operating model in order to improve execution on its integrated financial services objectives. In a major step towards this extent, a de-densification exercise resulted in the SME-M business being hived off into a separate business function, while a more focused thrust was imparted on each of the various sub-verticals/clusters under our retail banking platform. Yet, opportunities were identified group-wide in shared services and infrastructure to ensure overall cost containment.

The retail banking group believes that real customer-centricity is necessary to effectively deliver integrated offerings. With this large banking group previously structured around business silos, it is now structured around customer segments, i.e. putting the customer at the centre of the business. In the year under review, this model continued to evolve, in line with our de-densification strategy.

The various arms of retail banking are responsible for customer value propositions across the lend, transact and invest universe, as they are mandated to understand customer context/needs, while ensuring the dispensation of the best quality of services. One of the key objectives of all the arms of the group is to ensure that customers find accessing our banking products and services as easy as possible. Externally, these customer propositions continue to be delivered through the market-facing businesses, namely Citygem, City Alo, ADC and Branch banking, etc.

The group continues to build out its platform strategy with the overall objective to create a unified, customer-centric, integrated financial services platform ecosystem, supporting all operating businesses and customer segments. Further, in our retail banking segment, efficient fulfillment also drove cross-sell into other products and services of our banking group as a whole.

A key structural competence of the retail banking group is an expansive coverage extending around the country. With branches, SME centres and other outlets located across Bangladesh, City Bank has one of the largest networks to cater to most geographic regions and consumer segments around the nation. These touch-points help meet our customer engagement and fulfillment objectives, while also enabling us to take our brand to the masses.

As a local banking group with aspirations in embracing international best practices, our metamorphosis continued as we incorporated a 'glocal' culture into our business, making the best use of both intimate grassroots customer knowledge on the one hand, and serving this segment with global quality products and services on the other. This positioning has progressively enabled us to emerge as a semi-centralised banking group, ensuring comprehensive customer facilitation. Notably, our practices in financial inclusion, intermediation and facilitation have been endorsed by global developmental organisations. For example, we are proud of our association with International Finance Corporation (IFC), a member of the World Bank group, as an investor and partner in progress. Such an affiliation also reflects our prioritised focus on governance, ethics and transparency.

Tracing back the heritage of City Bank's retail banking group, it has come a long way today – from humble beginnings with a few decentralised branches into a vast centralised network with a drive towards contemporarisation through automation and world-class service.

Liability value centre

164,551 m
Total retail deposit book

25,142 m
Retail deposit book growth in 2019

Asset value centre

34,992 m
Total retail loan book

4,060 m
Retail loan book growth in 2019

Citygem - Priority banking

Citygem is a boutique priority banking proposition for City Bank's high-net-worth (HNW) customers.

7
Citygem Priority banking centres

5,800
Citygem customers (approx.)

29,428 m
Citygem deposit balance
(18% of the bank's retail deposits)

Growth drivers

- Growing number of HNIs in Bangladesh
- The country will witness the third quickest growth in the number of high net-worth individuals (HNIs) in the world, with the grouping (net worth of $1 m to $30 m) projected to expand at a 11.4% CAGR between now and 2023 (Wealth-X report)
- Citygem's unique and differentiated customer propositions, enhancing customer acquisition and retention

Overview

Citygem possesses the unique advantage of having a deep understanding of the specific needs and requirements of the HNI customer category. With a view to leverage these insights for accelerated business growth, the division engaged in a conscious segmentation policy in a major strategic shift in 2019.

Identifying that HNI customers are better managed through relationship banking, as part of the segmentation strategy, Citygem upgraded 323 HNI clients from branches during the year. The results became already evident as, specifically pertaining to this portfolio, the deposit growth stood at BDT 460 m in 2019.

City Bank was awarded the prestigious honour of being 'The Best Bank for Premium Services' for two consecutive years comprising 2018 and 2019 by Asia Money, an industry-leading financial publication specialising in the banking and capital market sectors. This award is a showcase of our emphasis on unparalleled service standards and unique propositions offered to Citygem members. The recognition is also a testament of the bank's commitment to service excellence.

Impact created, 2019

- Portfolio consolidation was the primary area of focus for ensuring growth sustenance in the future
- Hosted a number of customer engagement events, including New Year celebrations, Women's Day celebrations, 'Sapphire' program launch at Radisson Dhaka, *Pohela Boishakh* celebrations with family of Citygem members and Eid celebrations, which were appreciated by customers and helped to reinforce engagement and brand value
- Deposit book expanded by BDT 6,397 m, with YoY growth of 28%

Citygem and Islamic banking

2,543 m
Citygem Manarah deposit portfolio

705 m
Growth in Citygem Manarah portfolio in 2019
(38% YoY growth)

Islamic banking is a major area of thrust at Citygem, and City Bank Manarah, comprising City Bank's Islamic banking platform is both well recognised and well accepted in the market. We believe that as compliance to the principles of Shariah-based banking picks up pace in Bangladesh, Citygem service will be well-positioned to capture the emerging growth opportunities in this niche banking segment.

Two-wheeler loans

1,005
Two-wheeler loans distributed in 2019

1 m
Projected size of the domestic two-wheeler market by 2022/2033

Positioned on customer service and competitive product offering, City Bank's two-wheeler retail loan segment is expected to tap into a large and growing segment in a meaningful way.

Growth drivers

- Bangladesh's motorcycle market was expected at about 0.6 m units in end-2019 and is projected to grow to a million units within the next 3-4 years
- The market is expected to register accelerated growth on account of:
  - Increasing consumer affordability through price cuts
  - Rising consumer purchasing power
  - Need for greater personal mobility
  - Unreliable public transport infrastructure
- Switchover from cycles to motorised transport, especially in rural areas
- Government manufacturing incentivisation through reduction of supplementary duty to the extent of 25% on imported two-wheeler components
- Government framing the National Motorcycle Industry Development Policy 2018, articulating a holistic approach to diversifying manufacturing and exports and for employment creation
- Absence of a major well-structured two-wheeler retail finance platform in Bangladesh

Overview

Considering the favourable industry demand outlook and the opportunity to create a sustainable retail finance business, City Bank launched a two-wheeler loan product in October 2018, with 2019 being the first full-year of operations of this product category.

Impact created, 2019

- Participated in a number of two-wheeler and consumer durables events to grow on-ground visibility
- Entered into tie-ups with several two-wheeler manufacturers and dealers:
  - Forged 9 manufacturing tie-ups (Suzuki, Yamaha, TVS, Runner, Kawasaki, Keeway, Taro GP, Haojue)
  - Participated in 2 bike exchange offers (Yamaha and TVS)
  - Entered into POS agreements with 150 all-brand two-wheeler outlets

Supply chain finance

358 m
Supply chain finance asset book in 2019

City Bank's supply chain finance category is a market leader in Bangladesh, with customers recognising the financial channel as an attractive low-cost alternative to working capital finance.

Growth drivers

- Large and well-established supply chains (SMEs), enabling operational sustenance of large companies in diverse sectors and industries
- Thrust by large companies to secure their supply chains to prevent any disruptions

Overview

As a product, supply chain finance is getting increasing acceptance amongst SMEs, as it directly links small vendors with large corporates, thus, in a way, assuring business. The product is also more cost-effective against direct working capital finance and also enhances convenience through minimal documentation required.

City Bank introduced City Supply Chain Finance in the year 2018 and become a market leader in the industry (amongst banks) within a short period. Today, City Supply Chain Finance has relationships with companies in almost all sectors, including fast moving consumer goods (FMCG), readymade garments (RMG), telecoms, leather and pharmaceuticals, etc. Our financing extends to the suppliers of PRAN RFL Group, ACI, Apex Footwear, Paragon Group, Banglalink Digital Communications and Edotco Bangladesh, among others. The business offers a wide spectrum of products, including online supplier financing, factoring, reverse factoring and purchase order financing, through online SCF platform.

Outlook, 2020

City Supply Chain Finance plans to accelerate the business by exploring untapped markets, optimising resource utilisation and emerging as the best working capital financier for the SME segment in Bangladesh.

Islamic banking

5,199 m
Total loans, 2019

6,575 m
Total deposit, 2019

132
City Bank branches offering online Islamic Banking services

City Bank's Islamic Banking segment has been identified as a major thrust area by the bank, with the organisation providing an authentic Shariah-compliant banking platform.

Growth drivers

- Bangladesh moving towards embracing Islamic banking in a significant way, as a larger number of the population becomes sensitive to embracing banking as prescribed by the religion and Shariah principles.

Overview

As an Islamic Banking business proposition, City Manarah has gained strong brand credibility and preference due to both stringent and authentic adherence to the core Shariah values. Islamic banking experienced exceptional growth countrywide in 2019 because of strong public demand and support.

As a bank of longstanding repute, we understand and care for our customers' values and integrity. To uphold Shariah values, a Shariah Supervisory Committee headed by renowned Islamic Banker, Janab M. Azizul Huq, supervises Islamic Banking operations and certifies compliance with Shariah principles on a quarterly basis. Further, practicing Shariah Audit in bi-annual circle reflects our deep commitment to our customers.

Underpinned by concerted efforts to grow the Islamic banking portfolio within City Bank, a number of transformative initiatives and efforts were embraced during the year.

Considering growing demand of Shariah banking in the country, the division acquired permission from Bangladesh Bank to conduct Islamic Banking from all branches through an online platform. With approvals in place, customers will be able to open an Islamic Account and enjoy all account-related services from visiting any City Bank branch anywhere in the country. The division has already established a robust online network of City Manarah accounts across Bangladesh. Further, the division has also introduced Islamic Banking for women, with products that suit a wide range of customer segments. Such products include City Alo Manarah General Savings Account, City Alo Manarah High Value Savings Account and City Alo Manarah Savings Delight Account.

Besides, with a view to enable a complete shift in terms of developing exclusive products fully compliant with Shariah principles to suit and cater to sensitive customer groups, we engaged in a thorough review of products with the understanding that it is not possible to attract customers with existing conventional products. Additionally, the division also reviewed Manarah Personal Finance, Manarah Auto Finance and Manarah Home Finance products, aligning with conventional product features.

Impact created, 2019

Received permission from the Board to upgrade the existing core banking system (CBS) of Islamic Banking, with the new system offering advanced digital banking platforms to customers and ensuring smooth transactional service experiences at branches. The system upgradation project was initiated in January 2020.

City Alo-Women banking

7,036 m
City Alo deposit growth in 2019

36,540 m
City Alo total deposit portfolio

268,937
City Alo customer base, 2019

City Alo is a well-recognised banking platform from City Bank, conceived exclusively for women from all walks of life.

Growth drivers

- Large population of women (80-85m) yet to be served by banking
- Government facilitation through supportive policies for women to enter into business
- Growing presence of women in the workforce, as corporates strive to enhance the diversity of their teams
- Establishment of successful businesses by women emerging as a source of inspiration for other women entrepreneurs/businesswomen

Overview

The core objective of City Alo is to enable women empowerment. One of the key facilitators of this is the access to finance and hence, City Alo has been designed as an exclusive banking platform for women.

Further, our understanding that women are normally taciturn and could avoid banking if they had to, the fundamental premise around which City Alo has been based is to dispel precisely this thinking that banking is tedious and humdrum. Hence, City Alo has been developed to make banking welcoming and even fun among our women customers.

As a major step in this direction, City Alo launched the innovative and first-of-its-kind coffee-shop banking branch in Gulshan, Dhaka, in March 2019, where our customers can enjoy a cup of coffee, catch-up or network with their friends and peers, or even drop off their children to the crèche that is attached to the branch. Further, the double-storied branch also houses

a 150-seater multipurpose auditorium that is used for organising monthly workshops on business education and other matters exclusive to women, including health, finance and legal matters.

Moreover, the website of City Alo, which is the platform's embedded presence in the virtual world, represents a unique hub, fostering networking and engagement opportunities among women, facilitating awareness creation as well as business opportunity exploration.

Such a differentiated initiative has enabled us to earn industry applaud, and has quickly grown our status as a benchmark in the banking industry.

We believe that our staff represent the key to maintaining our high customer service standards. Towards this extent, our Customer Experience (CE) team visited and surveyed branches, offered counselling over teleconference and conducted verbal tests and online quizzes, etc., to develop our staff capabilities and, eventually, our human capital.

Impact created, 2019

- Organised business and finance management courses, comprising certification programs, partnering with North South University (NSU). 102 women completed the course during the year
- Conducted several workshops and also organised an entrepreneur's fair that saw the participation of over 1,500 women
- Initiated video surveillance coverage in 130 branches for constant monitoring of premises and service standards
- Some of the other customer-facing initiatives undertaken include:
  - PABX systems with welcome tune for all branches
  - In-house developments of business call report system to track customer visits
  - EQM systems installed for 60 branches to maintain queue and efficiency
  - Waiting chairs placed in 96 branches
  - Television sets with cable network installed in 118 additional branches for customer entertainment

Initiatives of City Alo's Customer Experience (CE) team

- Developed responsibility matrix for asset products with clear responsibility assigned to credit and frontline teams
- Initiated net promoter score (NPS) survey through SMS and direct calls to large customer groups
- Rolled out service score cards for teller and customer service officials
- Demonstrated significant improvements demonstrated in attendance, exam scores, business visit numbers, reduced TAT and error rates, enhanced scores in overall monthly ratings etc.
- Managed signature card scanning at account-level, with all linked accounts getting blocked under any single signature use
- Coordinated value sessions with Value Ambassadors
- Established SLA monitoring process for personal and secured loans
- Surveyed each of the 132 branches in the last six months of 2019
- Fostered a culture that took into cognisance the 4 pillars of accountability
- Enabled dormant account re-activation with EDUS access for branches in Dhaka
- Allowed email access for tellers
- Enabled cheque confirmation through Viber/ WhatsApp
- Entrusted NID verification module access to Citygem CSMs

Alternate Delivery Channel

Citytouch

Bangladesh's finest digital banking solution, taking our digital banking vision forward.

170 k
Citytouch user base

27 %
Growth in total subscriptions in 2019

88 %
Growth of transaction volumes in 2019

147 %
Growth in revenues in 2019

Major services and features

- NPSB inclusion
- Card-less access to Citytouch
- RTGS charge inclusion
- Account registration enabled without debit card
- Fund transfers
- MNP inclusion

- Fund transfers from credit card to any bank or bKash wallet account

ATM/CDM

One of Bangladesh's largest ATM/CDM coverage, enabling customer convenience in banking, while also providing doorstep access to the bank's products and services.

50 m
Income (2018: 42.9 m)

403
Total ATM/CDM network, 2019

44
New CDMs installed in 43 locations, 2019

9
ATMs deployed under Payroll and Agent services across 7 company premises

19
New ATMs deployed across 17 locations, 2019

18.3 %
ATM transactions growth (31.4% volume growth), 2019

122.8 %
CDM transactions growth (140.8% volume growth), 2019

Impact created, 2019

- As a customer facilitation initiative, the division rearranged transaction limits
- Received EMV certification, with the result that anti-skimming and PIN shield incorporation was completed across all terminals

Call centre

City Bank's call centre service is much ahead of competition in the banking industry in terms of services and features offered. Further, our call centre facilitates the divergence of traffic away from our branches, and helps us in almost instantaneous customer fulfillment at low costs. Further, with a view to facilitate cost containment, the call centre was merged for enabling operations from within a single premises.

3 m
Customers served, 2019 (18% YoY growth)

31.5 m
Mobilisation in deposit campaigns, 2019

120
Call centre seats, one of the largest capacities in the industry

Services offered

- Card PIN generation from IVR
- Manarah integration
- NPS initiation with the customer experience team

Branch banking

City Bank's Branch banking operations not only caters to a wide range of customer needs and requests, but also plays a foundational role in furthering financial inclusion in Bangladesh.

132
City Bank branches, 2019

$270.4 m
Trade business facilitation from branches (+5.2% YoY)

23
Fully operational AD branches, 2019

Overview

As time-pressured customers desire greater convenience, reaching banking products and services at their doorstep has emerged as the core premise of our banking operations. Further, providing enjoyable experience to our customers through the dispensation of world-class service represents our commitment at all our branches.

City Bank's Branch banking division has emerged as a 'super store' for customers, where they can experience fast-tracked services, while also enabling access to all products and solutions to meet their varying needs. For instance, our Branch banking ops also cater to the needs of sophisticated customers who desire diverse kinds of solutions and products under a tech-enabled environment. Notably, our branches have emerged as a one-stop point where any customer can enjoy all kinds of business solutions, online products and professional services by skilled staff under a regulatory-complaint environment. Further, with 132 branches under a unified network, we assure uninterrupted 'anywhere banking' services throughout the country to our customers.

Moreover, with 23 fully-operational AD branches in key locations, our clients can also access trade-related services. Facilitated by our centralised umbrella offering, clients can get all support from their nearest branch, instead of having to contact the CPU (central processing unit). This has allowed us to support 5.2% growth in trade volumes in 2019, initiated from our branches.

Impact created, 2019

- Made available the full suite of SME and Retail banking products to all branches to cater to a bigger spectrum of customer segments
- Achieved steady balance sheet growth across both funded and non-funded businesses
- Brought down cost of deposits by 48 bps through better management of deposit mix
- Managed interest rate based on risk weighted approach, while minimising debt charges to keep our yield on advances to 11.7%, helping thwart pressures on moderating lending rates
- Strengthened our NPL management strategy, with the result that classification rates declined to 2.4%

Message from leadership

The year 2019 was characterised by many challenges for the Retail Banking division. In a globalised national economy, factors like falling crude oil prices, trade war between China and the US, uncertainty over terms of Brexit, slowdown in the Chinese economy, etc., impacted Bangladesh's finance and banking sector. Even socio-cultural trends like rise in third generation expatriates resulted in reduced remittance inflows. Further, continuous moderations in lending and deposit rates and other stringent monetary policies by the central bank also impacted the country's overall business environment, eroding sentiment.

Yet, despite these extraneous challenges, our Retail Banking group rose to the challenge and delivered a commendable performance for the year 2019. One of the major factors that assisted us in reporting improved performance was our customer segmentation initiative that helped us to identify needs, requirements and aspirations and cater to these in a structured and sensitive way. Similarly, such an initiative also enabled us to draw out a list of valued customers and we sought to enhance our services to them through embracing the relationship value concept to serve and even anticipate their needs. These initiatives helped bolster customer loyalty.

Further, our 2019 performance is also the result of careful and consistent execution of several specific growth strategies, with the objective to deliver superior value to our customers. We firmly believe that our division's ability to generate such value is testament to our unique business model and strategies, a portfolio of stand-out customer products and solutions, our high-quality talent pool and absolute discipline in allocating financial resources.

As we navigate through a challenging economic environment in 2020, we will fall back on our tried and trusted value creation principle: putting our customer at the centre of everything we do.

SME-S

City Bank's SME-S (or SME-small and microfinance business) business function has built strong industry credibility within a short time, a testament to the division's ability to remain highly responsive to customer needs through its wide service suite and network and competitive rates. With full-fledged operations established only in 2018, these factors contributed to the division becoming PBT-positive in 2019.

SME-S at a glance

EXPLANATION	IMPACT
Drivers for growth	• National economy comprising a thriving base of small businesses • Large domestic market, assuring structural demand • Low business start-up costs among the SME-M ecosystem, with access to institutional finance
Competitive advantages	• Good visibility among target customers • Presence in 55 districts of the country, covering almost 80% of the population • Professional and well-trained business development and collections teams • Low-cost model with shared infrastructure further optimising the fixed cost base
Value offerings	• Product scale meeting diverse customer needs • Strong adaptability and innovation continuously driving relevance among target customers

Key achievements

- Expanded business presence and coverage to 80% of Bangladesh's geographical area, developing the foundations for future growth
- Conceptualised and launched a product comprising loan to remittance beneficiary, the first-of-its-kind product in Bangladesh
- Established seamless 24x7x365 days automated transaction loan facility for distributors and retailers of various organisations

Challenges

- Lack of formal customer credit scores/profiles
- Challenges in collections and cash management
- Adverse economic trends accentuating credit risks

Outlook, 2020

- Expand borrower base by over 2x to 17,000
- Achieve portfolio size of BDT 13,000 m
- Enhance relationship points to about 200, thus further widening our direct market presence

Loan to remittance beneficiary

The SME-S division's pioneering focus on customer-centricity and responsiveness is showcased in the launch of a loan product for remittance beneficiaries, representing a unique and first-of-its-kind solution in Bangladesh. With large expat-driven remittance inflows into the country, this product will enable beneficiaries of remittance to avail of loans on easy terms. Such a product will also enable us to deepen engagement with a large target population segment, thus also opening up cross-sale opportunities.

Distributor and retailer finance

This loan product is unique in the sense that it enables secure lending, while also facilitating deep engagement with distributors and retailers of prominent national organisations like bKash, Robi Axiata, Grameenphone, Uttara Motors (distributors of Bajaj motorcycles), TVS Autos Bangladesh, Transcom Beverages (PepsiCo bottling and distribution), International Distribution Company Bangladesh and Pran-RFL. We have been able to establish a seamless 24x7x365 working capital financing service through robust technology support, which contributes to the business growth aspirations of the aforementioned organisations.

Operational performance review

6,843 m
Total asset portfolio

10,266 m
Loans disbursed in 2019

0.1%
NPLs in 2019

8,000
Customer universe

330
Team size

1 m
Average ticket size

City Bank's Small and Micro-finance Division (SME-S) was established in 2018. With a resolute forward-looking approach to carve out a niche in a competitive and well-established operating landscape, the business achieved creditable results in 2019. This was a culmination of the leadership's belief in embracing a differentiated approach to creating an identity, leveraging the City Bank brand value, underpinned by an emphasis on customer service and responsiveness.

With the understanding that grassroots presence and customer intimacy are vital to the business, the SME-S division invested foremost in developing brand visibility, with the result that the unit today has 116 relationship points established strategically across the country, corresponding to presence in 30,500 sq. miles of the nation.

Thus, an embedded grassroots presence enabled the division to adopt a granular approach to identifying and serving customer needs, which resulted in the development of a consolidated customer universe of 8,000 by end of 2019. A segmented approach also facilitated the division to look at both customer and business profiles and today, the function counts as many as 328 women entrepreneurs as customers.

With a view to achieve scale and ensure dedicated and specialised focus to sub-segments of the core business, the division expects to disaggregate and establish 4 independent compact separate verticals comprising conventional small business, distributor and retailer finance business, loan to remittance beneficiary and cluster financing to farmers.

Message from leadership

The banking industry of Bangladesh is evolving fast and we are focused on converting difficult challenges into sustainable opportunity. Towards this extent, we are focusing on being nimble and creative to ensure that we are able to deliver optimal value propositions to our existing customers and to those who we set out to attract. Specifically, our loan products to remittance beneficiaries, to distributors and retailers of large national companies and to farmers and agriculturalists, etc., are vivid examples of our unique and niche customer outreach initiatives.

Such a business orientation requires new skills and a new approach. We are fortunate that the skills we have attracted to our division are relevant to our sustainable scale-up ambitions. Our team's knowledge, insights and experience will contribute immensely to our growth journey, going forward.

Our SME-S business function has an important role to play in Bangladesh, representing both a privilege and a great opportunity. It is a wonderful challenge for our leadership and our teams to serve customers who form the backbone of the nation's economy. Thus, serving the interests of the nation will enable us to foster sustainable value at our SME-S division.

SME-M

City Bank's SME-M (SME-Medium Business) division successfully completed a restructuring exercise that was started in May 2018, primarily through reorganisation of its network with branches being brought to the focal point of the business. With reinforced credit evaluation and underwriting standards, the business demonstrated encouraging signs during the year.

SME-M at a glance

EXPLANATION	IMPACT
Drivers for growth	• Large and vibrant middle-market business ecosystem • Supportive business facilitation by the Government • Strong entrepreneurial push with small companies set to scale up
Competitive advantages	• Restructured business now well-positioned for sustainable growth • Deep and multi-layered credit evaluation process • Diverse customer base – both industry- and geography-wise • Strong prospects of inter-divisional collaboration with cross-sale opportunities
Value offerings	• Among the most competitive interest rates offered to customers • Energised and well-informed manpower that underwent a divisional restructuring exercise

Key achievements

- Established a centralised monitoring team, a key outcome of the restructuring initiative
- Introduced the concept of area hub with decentralised operations and strong ground presence, facilitating closeness with customers' business, with dedicated credit, stock verification and recovery teams stationed at the hub
- Benefits accruing out of restructuring, visible in the fact zero NPL/SMA amongst the total disbursements of BDT 4,460 m during the year, 2019

Challenges

- General challenges, including rising NPLs and business instability
- Regulatory uncertainty, including customers taking undue advantage of a central bank circular on loan repayments and classification; most stressed customers stopped repayments to take benefit of this policy
- Collection of outstanding a challenging proposition as restructuring has thrown up such customer insights as DP shortfall, fund diversion, fabricated sales and even non-existence of business, etc.
- Scarcity of experienced workforce

Outlook and focus areas

- Expand the non-funded income base
- Engage in deeper segregation of portfolio through embracing a more granular approach – classifying good and bad loans, thus ensuring close and continuous monitoring; further, establishment of a dedicated value centre will also help achieve the purpose of portfolio surveillance
- Onboard new loan customers only after thorough due diligence and post multi-level checks
- Widen the number of regions and areas for ensuring closer portfolio monitoring, while also scouting for new business opportunities
- Automate early information system (EIS), thereafter ensuring more proactive responses to protect the business against adversity
- Engage in manpower and infrastructure optimisation to save costs and create a more focused business unit

Operational performance review

2,495
Customer universe

33,387 m
Asset portfolio

4,460 m
Disbursements, 2019, with zero slippages

134
Manpower, 2019

Bangladesh's economic trajectory has been majorly supported by companies comprising the universe of medium-sized business. Reports suggest that there are almost 70,000 medium-scale enterprises employing around 1.9 m people. The annual turnover of these businesses stands at about BDT 573,510 m. A substantive portion of Government revenues in terms of income tax, VAT, customs duty, etc., is accrued from this sectors. As far as the full SME universe is concerned, it is estimated that Bangladesh has 7.8 m micro, small and medium industrial entities, with the sector contributing a quarter to the national GDP.

City Bank's SME-M division successfully underwent an IFC-driven restructuring, with the outcome that the reorganisation resulted in the business being focused on two regions, six areas and 114 branches spread across Bangladesh. Total asset portfolio of SME-M stood at BDT 33,387 m (2018: BDT 32,094 m), liability BDT 3,621 m and trade volume USD 255 m (2018: USD 244 m).

One of the key reasons the business underwent restructuring was to enable tighter control over NPLs. With insights accrued out of 'learning-by-doing', today, the business is in a much better and stronger position, thanks to improved synchronisation amongst business, legal and SAMD divisions for ensuring quick recovery from the top-20 NPL accounts. Further, considering the future growth prospects of the business, loan rescheduling is also being taken up on the basis of customer merit, after taking due approvals from Bangladesh Bank. Projected NPLs are expected to decline by 25-26% from their peak in 2020, by 2023.

As a division that is focused on leveraging technology for ensuring benefits to the business, we are embracing digital in terms of incorporating:

- Call report dashboard for business visit reports
- EIS software for existing customers
- SME-M File Submission Tracker for proposal-related information that can be forwarded to CRM

Message from leadership

With the restructuring now behind us, we are well-placed to capitalise on the opportunity prospects and report stronger performance over the medium- to long-term. Importantly, the completion of a major reorganisation comes at the right time with two major shifts coming over the horizon – the impact of Covid-19 on the economy and the central bank regulation of fixing lending rates to a uniform 9%.

As these events unfold, we will be ultra-cautious in account selection and loan disbursal, already evident in the fact that we have already initiated the process of portfolio of business segment having limit of BDT 50 m and above has to be rated by different authorised external credit rating agencies.

During 2020, we will also aggressively focus on collections, which will only add to our bottomline. Further, we will refrain from lending to stressed and even environmentally-detrimental sectors, like ship-breaking, transportation, etc., also representing sectors where we have had major issues in the past.

With robust multi-level credit evaluation, 'cherry-picking' new accounts, right sizing the business for ensuring better alignment with costs and increased emphasis on recovery, we believe that our SME-M business is well-primed for achieving sustainable and dependable growth.

Agent banking

City Bank's Agent banking business represents the next opportunity frontier, demonstrating rapid growth within a short period of commencing business. Today, our City Agent Banking is strongly positioned to revolutionise the way financial services are accessed in the rural areas of Bangladesh.

Agent banking at a glance

EXPLANATION	IMPACT
Drivers for growth	• Large and unbanked/under-banked population • Homogenising economic growth as Government focuses on rural and sub-urban development • Strengthening rural technological connectivity
Competitive advantages	• Large and growing agent banking network • Strong customer faith and acceptance, leveraged by robust City Bank brand equity • Experienced leadership team with strong experience in consumer and technological businesses
Value offerings	• Wide basket of banking services offered through Agent banking • High-quality services with replication of customer experience as made available at a regular City Bank branch

Key achievements

- Attained a 400% surge in overall deposits – from BDT 326 m at the start of the year to BDT 1,558 m by 2019
- Established 60,000 accounts, demonstrating the public's faith and trust on City Agent Banking
- Out of these, 30% were opened by women, many comprising City Alo customers, thus demonstrating that the approach is enabling women to enter the formal financial system

Challenges

- High levels of competitive intensity
- Low customer awareness about banking

Focus areas and outlook

- Move rapidly to cover every corner of the country – from urban metropolitan areas to remote rural regions, as per our outlet establishment plans, to grow customer and deposit accounts
- Transform City Agent Banking outlets as a one stop payment solutions provider within localities/ catchment areas, dispensing such additional services as bill collection, health package sales, e-commerce and top-up sales, etc.
- The extension of services is expected to convert the outlet into an active business hub with high footfalls, thus also contributing to economic development of micro-markets

Operational performance review

331
Total City Agent Banking outlets

84,421
Total customer accounts

1,558 m
Total customer deposits

680 m
Total remittance disbursed

629 m
Total loans disbursed

109
Total divisional team strength

City Bank's Agent banking division commenced full-fledged operations in 2019 with the express intent of promoting financial inclusion in Bangladesh by providing full-scale banking services in a secure, simple and simplified way in remote and financially-excluded regions of the country through appointed agent outlets.

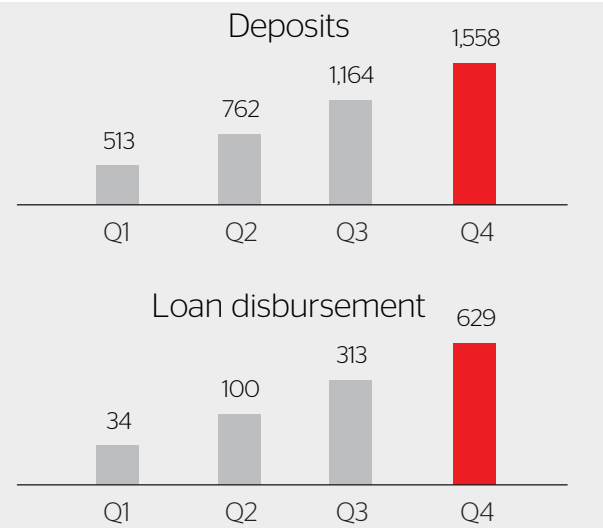
Currently, City Agent Banking has been providing its services via agents and its own dedicated software solution. Customers and agents conduct transaction using tablets secured with biometric protection and protected internet connection.

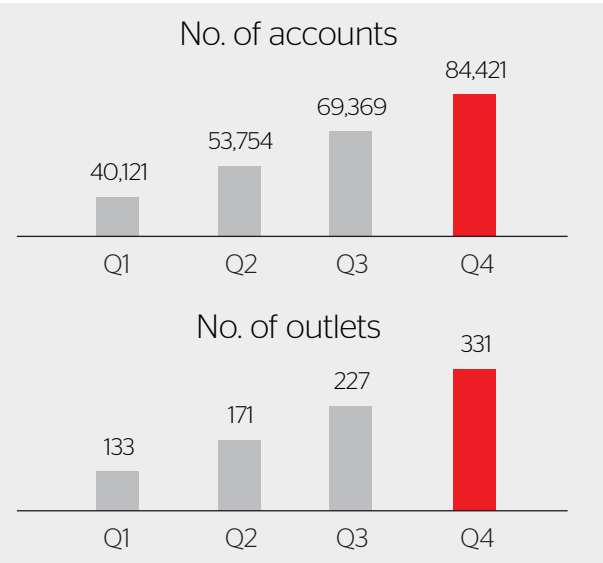
Financial progress achieved

Particulars	2019	2018	Growth
No. of outlets	331	154	115%
No. of accounts	84,421	24,309	247%
Total deposits (BDT m)	1,558	326	378%
Total remittance (BDT m)	680	231	196%
Loans disbursed (BDT m)	629	23	2,627%

Mapping quarterly progress

BDT m





Message from leadership

We have always considered agent banking to be like a consumer business, and hence, creating a deep and well-embedded network through extensive territory mapping was a primary focus area in 2019. This being largely completed, we have successfully developed the foundations of our business and are set to scale.

We are particularly energised by the fact that agent banking represents the most relevant and applicable approach to financial inclusion in Bangladesh. It has been estimated that only about 15-20% of the country's population has been covered by organised banking. Hence, the rest of the 80-85% population – or close to 132 m people – remain yet unbanked/under-banked, a fact that is at the heart of the opportunity in agent banking.

Through our business, one of the main purposes that we wish to serve is to bring low-income groups into formal banking services and informing them about the benefits of using these services to conduct transactions, inculcate the habit of savings/investing and getting loans over existing traditional methods. As we focus on shifting financial behaviour in backward rural regions of the country, we aim to give our clients better control over their financial needs and requirements, thus enabling a transformation in their lifestyle.

City Agent Banking has created a substantial impact in rural communities. With over 78% of our outlets situated in rural areas, communities surrounding these outlets have been greatly benefitted. A key success indicator is that many of these outlets are acting as SME-S service points, assisting in SME loan disbursements in the locality, which is tremendously contributing to socio-economic development of the locality. Further, we are also collaborating with SMEs themselves to onboard them as agents, thus widening our presence and enabling these business communities to open up another point of engagement with customers.

Yet another key indicator is the growth in remittance disbursement. While in 2018, over BDT 231 m in remittance was received, in 2019 this figure nearly tripled to over BDT 680 m. This was made possible because of the ease of access in collecting remittance from these outlets.

Going forward, we have placed our faith in our agent banking outlets fulfilling a bigger role within their own communities by dispensing a larger bouquet of financial services, especially as we have already established a new agent banking software that will facilitate in seamless business scale up.

Cards

City Bank's Cards business generated strong profitability and outperformance on the back of relevant consumer propositions and strong ground-level activations. The prospects of the business continue to pivot around substantial cards under-penetration in Bangladesh and our formidable positioning and competencies.

Cards at a glance

EXPLANATION	IMPACT
Drivers for growth	• Bangladesh's population growth and rapid urbanisation • Upwardly and aspirational consumer population demographics • Sweeping broadband connectivity driving digital financial services
Competitive advantages	• Sole acquirer and issuer of American Express Cards in Bangladesh • The largest cards market share in Bangladesh with industry outperformance • Well-spread geographic presence driving customer penetration • Diverse merchant relationships driving customer convenience
Value offerings	• Wide range of debit and credit cards, serving diverse customer needs and segments • Relevant and personalised consumer offerings and incentive programs, stimulating cards usage

Key achievements

- Completed 10 years of partnership with American Express, an indication of the trust placed by the global American brand on City Bank
- Reached the historic milestone of USD 1 b business billed on American Express cards
- Issued 1.2 m debit and credit cards across all networks, representing 19% YoY growth
- Acquired China UnionPay card business, the largest card service provider network in China
- Launched two new credit cards catering to specific customer requirements:
  - City Alo American Express Credit Card, exclusively for women, especially City Alo members
  - Biman American Express Credit Card, our first co-branded credit card with an airline partner
- Commenced the foreign currency flexibuy facility in which our card customers could directly buy forex from designated merchants
- Strengthened customer-centricity, reflected in onboarding such merchants as:
  - Luxury hospitality: Westin, Intercontinental, Renaissance, Mermaid Beach Resort and Mermaid Eco Resort
  - Medical facilitation: VAIDAM (Indian medical aggregation company) and Bangkok Hospital
  - Others: Saimon Holidays (welcome gift offer for our Amex Platinum card-holders), Daffodil University, Chef's Table Courtside, etc.
- Launched online funds transfer service as a strong digital customer-friendly initiative, enabling City Bank card-holders to transfer their unused credit card limits to their bank or bKash accounts at a nominal processing fee. Also facilitated existing credit cardmembers to access account statements, etc., while also assisting prospective customers to express their interest in City Bank credit cards through SMS
- Continued to provide encouragement to our employees through a rewards and recognition incentivisation program, in collaboration with American Express

About China Union Pay

UnionPay International, a subsidiary of China UnionPay, has enabled card acceptance in 178 countries and regions with issuance in 61 countries and regions. UnionPay International provides high quality, cost-effective and secure cross-border payment services to the world's largest cardholder base and ensures convenient local services to a growing number of global UnionPay cardholders and merchants. (www.unionpayintl.com)

About Biman Bangladesh

Biman Bangladesh Airlines is the national airlines of Bangladesh. Being the national flag carrier, Biman is proud to be the most prominent brand ambassador for Bangladesh. Further, as a member of IATA, Biman currently connects Bangladesh with 15 key cities around the world, along with a well-knit domestic network of seven destinations with a fleet of 12 aircraft. (www.biman-airlines.com)

Challenges

- Lack of customer/merchant awareness, especially in rural regions
- Unreliable broadband connectivity, typically in non-metropolitan areas
- Unavailability of trained/experienced manpower

Outlook and focus areas

- Engage in the acquisition of quality credit card accounts to support projected portfolio billing growth
- Build up our China UnionPay acquiring business, thus opening up a new billing stream in a meaningful way
- Onboard a larger number of merchants on our platform, while also strengthening customer service through such facilities and features as digital flexibuy and interoperable QR, etc.
- Expand presence in semi-urban and other untapped regions to drive cards penetration among large public communities

Operational performance review

Largest issuer of credit cards in Bangladesh | **Largest acquirer of credit cards in Bangladesh**

23 %
Increase in total card billing

19 %
Credit card outstanding

7 %
Increase in issue of credit cards

70 %
Growth in profitability

26,000 +
POS machine universe

60 %
Growth in e-commerce business

City Bank's Cards business has been a pioneer in introducing a new payment method in Bangladesh, viz. cashless payments. Positioned primarily as a modern lifestyle choice among consumers, cards have enabled added convenience of making payments. On the infrastructure side, rising smart-phone usage and deeper penetration of mobile internet and broadband coverage has come together to ensure that making payments via cards is easy, simple, safe and hassle-free.

It is clear that Bangladesh's awareness and acceptance around cards usage has followed the trajectory of the developed world and will remain as a strong pattern in stimulating cards issuance, as their penetration corrects from under 2% today (both for debit and credit cards), which itself represents a tremendous lever for growth.

Further, as rising consumption levels, incomes and aspirations, and more stable and widely penetrated internet infrastructure give shape to e-commerce in Bangladesh, retail cards are expected to remain as a preferred mode of payment in e-commerce transactions, thus further growing awareness about cards and its benefits in the country.

The Cards business possesses a formidable longstanding presence in Bangladesh. Having built a strong reputation over the years, the business is well-known for being the sole acquirer and issuer of American Express cards in Bangladesh, a major testament of the faith placed in the business by a global brand.

With such a heritage, City Bank cards have emerged as a natural lifestyle choice, providing value to hundreds of thousands of cardmembers. Besides, one of the key anchor points of the business is deep-rooted customer service, driven by the businesses' ability to proactively anticipate consumer needs and craft these into relevant consumer propositions.

Such competencies has enabled the Cards business to emerge as the undisputed market leader with a share of 36%, with business traction and momentum also reflected in outperformance: While Bangladesh's credit card sector witnessed a growth of 14% in 2019, City

Bank's Credit Card division galloped at a much higher pace of 22% during the same period.

Message from leadership

During the year 2019, we launched a number of customer awareness and engagement initiatives with a view to stimulate City Bank card usage.

Maintaining our current undisputed market leadership position in both card issuance and acquiring, our business continued on its strong momentum during 2019. While our partnership with American Express scaled new heights, we continued to bring valuable offerings to our customers that not only helped enhance cards use, but also enabled us to strategically align our cards as an everyday lifestyle choice, thus expanding brand awareness.

Further, with a view to prepare our business well for the future, we also embarked upon several cost savings initiatives, while rationalising and consolidating our cards portfolio that helped achieve the dual purpose of saving costs and generating non-funded income.

In 2020, we expect to grow our POS/billing presence by about 35%; strengthen our revolving credit offering for enabling greater customer convenience, while also allowing us to grow business profitability; continue to launch new, unique and relevant products, including cards with QR codes and Wi-Fi and also contactless cards (especially applicable to the post-Covid-19 scenario); explore possibilities in merchant financing and mobile financial services and place stronger emphasis on semi-urban and rural customer segments, leveraging the penetration and diversity of our connected networks.

Digital financial services

With banking and financial services fast digitalising in Bangladesh, City Bank established its strategic and dedicated Digital Financial Services (DFS) wing in 2019 with a view to enable the bank to achieve its digital transformation objectives in an accelerated and secure way.

DFS at a glance

EXPLANATION	IMPACT
Drivers for growth	• Increasing acceptance of digital financial services among customers • 4G internet technology driving broadband speeds and hence accelerating access • Deep penetration of internet/ broadband technologies
Competitive advantages	• Leading the digital financial revolution in Bangladesh • Longstanding experience in banking, thus accelerating digital banking services rollout • Experienced leadership team with specialist resources
Value offerings	• Growing range of banking services that can be accessed digitally • Safe and secure customer experience provided through the highest security standards and certifications

Operational performance review

In a major strategic shift, City Bank established a dedicated and specialised Digital Financial Services (DFS) wing in 2019 with a view to achieve the bank's goals in digital financial services.

As a leading bank with longstanding experience in the business, City Bank embraced this pioneering initiative with a view to further advance its high standards in customer service, while also ensuring elevated levels of customer convenience by offering 'anytime-anywhere' banking in a safe and secure environment.

DFS represents a major strategic shift for City Bank, and a transformation of this scale is not only time consuming, but resource-intensive too. Taking a bold step in this journey, the bank's DFS wing has been entrusted with this major responsibility of upgradation and modernisation of legacy technology and processes.

With a view to materialise this formidable vision, the DFS team invested protracted time and resources in 2019 towards developing a medium- to long-term digital transformation strategy, anchored on the four key pillars of:

Digitising processes	Modernising the digital experience
Launching new digital capabilities	Establishing a digital brand

Reflections on 2019

- Forged a partnership with FIDOR, a global leader in digital banking, for reviewing the current digital strategy and formulating a 3-year DFS blueprint for the bank. This project, co-funded by FMO, will determine the scope and vision of our endeavour in digitalisation
- Achieved initial progress across a few projects, including self-assisted digital onboarding, contactless banking, internet banking, e-KYC compliance, instantaneous issue of personalised debit cards, etc.
- Identified digital onboarding as one of the building blocks of the bank's digital future. Through digital onboarding, the aim is to eliminate entry barriers to account opening for millions of unbanked and under-banked Bangladeshis. Broad contours of the product have been shared with potential vendors and negotiations are in the final stages for selecting the most favourable vendor
- Facilitated by technology, DFS initiated work to build a vast network of Agent Banking outlets across the country. These outlets will be equipped with digital onboarding and will bring in thousands of new customers, while also enabling the establishment of these as hubs for enabling one-stop payment solutions
- Established a path-breaking initiative in partnership with bKash, the largest mobile financial services (MFS) operator in the country with 40 m customers. Through this partnership, City Bank is opening up its products and services to bKash customers, and vice versa. This is a potential win-win partnership, where both organisations will benefit from each other's strengths and expertise. Progress achieved include:
  - **Nano lending:** City Bank developed a digital loan product in collaboration with bKash to promote financial inclusion and access to finance for Bangladesh's unbanked population. This product will be offered through the bKash app to enable bKash customers to receive and repay small loans. The product's pilot launch is pending regulatory approval
  - **Nano deposits**: City Bank plans to launch digital deposit services to improve the life standards of the country's underprivileged. Public who do not have access or have only limited access to banking will be able to save money to achieve their financial goals through this service
- Supported the Cards division in the commencement of the acquiring business of China UnionPay card. Further, DFS also extended support in the launch of two new credit card products under the American Express network
- Introduced foreign currency FlexiBuy facility for our cards customers, under which they could directly buy forex from merchants, thereby opening up flexibility for them. DFS also assisted in the development of major new cards partnerships with merchants for benefitting customers

Message from leadership

At City Bank, the ability to implement the new digital strategy was initially stewarded by the need to look back and fix a number of fundamental issues. These included investment into stabilising legacy systems and processes and addressing outdated networks. Further, we are cognisant that the transition from the present business model to a diversified digital-led financial services business will require substantive digital transformation internally and across our channels. Thankfully, with the major foundations now being built over the course of 2019, we expect accelerated rollout of our aspirations in digital banking.

The core parts of this strategy comprises the fact that through our digital banking initiatives, we are able to provide our customers with superlative experiences, reinforce brand visibility and, through innovation, deliver desirable products for customers across our target markets. Besides, once we fully launch our omni-channel network, our customers will be able to engage with us seamlessly and conveniently across all channels. Omni will enable interoperability among our channels, thus making it possible for our customers to begin a transaction in a digital channel and complete it through the others.

Specifically, to support the other divisions of the bank, DFS will assist City Agent Banking to enable additional useful services, like bill collection, health package sales, e-commerce and top-up sales, etc., that will be offered from these outlets. This in turn will convert the outlet into a business hub for the community and will have a much bigger contribution to the much aspired economic development in the area. Also, cards is a major pillar for City Bank, offering digital payment processing to customers. City Bank enjoys an overwhelming market leadership in cards, and DFS will play a key role in customer acquisition/retention and in establishing a larger range of customer-centric propositions.

So the year 2020 is going to be one where City Bank fully lays the foundations for its digital future, realising its ambitions of becoming a true digital bank.

Trade services

Overview

4.1 b
Trade volumes enabled

6 %
Fee-based trade income growth

10.4 %
Volume growth achieved in supply chain financing

25 %
Team members internationally certified in trade finance

International trade represents a key aspect of economic globalisation. In respect of changes in international competitiveness and advancements in technology, City Bank's Trade Services Division (TSD) is closely aligned with the changes in the qualitative structure of foreign trade.

Steady and sustainable growth in the bank's trade business is contributing positively towards balance of trade (BoP), a headline economic indicator. As a future-facing business division, City Bank's trade business is anchored on technology, digitalisation and high-quality human resources. The unit plays an important strategic role by enabling businesses to develop their products and services and reach out to new customers by offering the most favourable services with smart operational efficiencies.

As a strategic initiative, at TSD, we are focused on implementing our strategic priorities. During the course of year 2019, we closed several acquisitions, which will complement and further strengthen our portfolio, going forward. Further, our performance excellence in sustainability was yet again endorsed by international rating agencies (ISO re-certification) and also international trade partners (ADB, IFC and FMO).

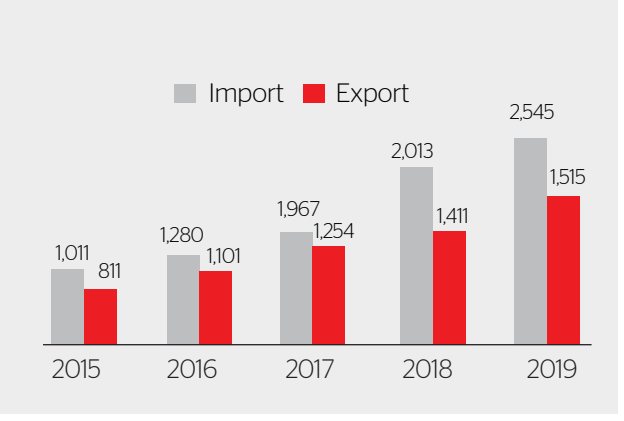
We believe digitalisation and technological advancement will improve the way we do business and also the way we interact with our internal and external customers. We are committed to accelerate digitalisation along the entire value chain, which is one of our key strategic priorities. We are doing this through iCare and our core value propositions.

Impact created, 2019

- Vibrant trade relationship fostered with corporate and commercial banking customers
- Extended significant support to the country's infrastructural development agenda as a key trade partner

5-year financial journey

USD m



* Includes bank guarantee

Key competencies

- Commitment to be a partner of choice amongst customers
- Experienced leadership
- 25 certified trade specialists mandated to deal with complex trade transactions and securitisation
- Positive, proactive and highly responsive nature of team to deal with industry captains in the trade business
- Tailor-made service offerings to support daily trade transactions
- Advisory services for trade customers to enable them to meet regulatory compliance
- Performance-driven reward recognition workplace culture
- Special emphasis on training and skills development and merit-based recruitment

Outlook, 2020

- Inclusion of Trade Governance and Compliance Unit to mitigate associated risks
- Establish a premium customer service wing for large corporate customers
- Organise more customer interaction and learning programs to maintain long-term customer relationships
- Enhance market share in the trade business from the current level
- Disaggregate trade module implementation through digitalisation as part of the fourth industrial revolution
- Launch corporate internet banking for corporate customers

Message from leadership

During that during the year 2019, we enabled USD 4.1 b in trade volumes, representing about 3.2% of the country's total trade volumes. As we move forward and with the initiatives and plans we have in place, we will be able to grow this metric in the near future.

We have already entered into the fourth industrial revolution (4IR). This is paving the way for transformative change and even radically disrupting almost every business sector. Yet, our industry still operates on manual documentation and duplicated copies of the same document. Settlement between banks is still a lengthy and paper-based process. Physical letters of credit from one party's bank to another party's bank are still often used to ensure payment security.

With modernisation and technological advancement and absorption being ripe for the sector, we believe that blockchain technology can be the key to facilitating greater trust between trade partners due to the ability to share records in a reliable and trustworthy way, thanks to the technology's strong security features.

Blockchain technology can simplify trade processes and we can capitalise on the opportunity. We have all the necessary competencies in place and expect that technology advancement will greatly facilitate our business to reach newer heights.

Operations

Operations: A central pillar of City Bank

City Bank's Operations division and Information Technology (IT) division are both ISO 9001:2015-certified units and are renowned in Bangladesh's banking industry for their pioneering efficiency and progressive tech-centric initiatives, anchored on meeting the unified objective of accentuating City Bank's emphasis on customer service.

City Bank's Operations unit consists of a number of departments working in synchronisation together as well as with the other business divisions of the bank. Such unison ensures process implementation and absorption harmonisation, thus enabling the bank to achieve both productivity and efficiency gains, also reflected in the organisation's ability to dispense superior service to customers.

Further, a focus on continuous automation and upgradation of enterprise-wide processes facilitates operational activities to become far more efficient and effective, which eventually reinforces the bank's propositions in a competitive marketplace.

In 2019, a major business process re-engineering (BPR) project was taken up further modernising our operational work processes. Deloitte, one of the big four audit and consulting firms, was engaged across the project duration of eight months and many recommendations have already been implemented, while a few are in the process of being implemented with full-scale completion expected in 2020. This re-engineering initiative will enable our workflows to be aligned to international standards, usher in greater levels of automation that will progressively enhance productivity, agility and the bank's ability to reduce TAT and will also greatly improve the bank's flexibility to launch new products and services quickly and seamlessly.

During the year, we also facilitated CBS (core banking software) upgrade and completed the same by November 2019. This software modernisation project will empower our operations with additional tools and features that will contribute to further automation, enable simplification in documentation requirements (thus also contributing to our focus on fostering a less-paper workplace) and also facilitate better and more accurate analysis of data that can be useful for the business.

At our Operations division, we believe that such major initiatives have come at the right time amid an environment that is characterised by both regulatory and economic uncertainty.

Our 10 commandments

The Government imposed a cap of 9% on lending rates from 1 April, 2020. With a view to strengthen our preparedness in the new regulatory environment, we are focusing on:

1. Automating operational processes
2. Focusing on digital banking
3. Calibrating rates for profitability protection by as much as possible
4. Optimising cost-to-income ratio
5. Enhancing manpower productivity
6. Freezing recruitments
7. Deferring any major capex plans
8. Identifying cost saving opportunities
9. Exploring growth in non-funded income
10. Engaging in transparent regulatory advocacy

Service delivery

City Bank's Service Delivery team plays a decisive role in providing a range of services to customers. In centralised operational processes of the bank, Service Delivery operates as a major function to facilitate such services as:

- Account opening
- Remittance services
- Handling Government bonds
- Supporting bank branches, Agent banking, Employee banking, Corporate wings and other business/support units

With an energetic and well-experienced team, the division has always prioritised customer satisfaction, while also maintaining operational compliance with all stipulations.

Impact created, 2019

64 %
Processed additional CASA accounts

37.2 %
Processed additional FDR accounts

8 %
Processed additional foreign remittance

- Automated Sanchaypatra issuance and encashment through collaboration with National Savings Scheme Online Management System under IBAS
- Initiated real-time notification of inward remittance to account holders
- Accomplished incentive distribution to wage earners as per regulations within the stipulated time
- Established dynamic and extensive control levers along with rigorous compliance focus, which resulted in re-certification of ISO 9001:2015

Outlook, 2020

- Implement a new process of account opening through Liability Work Flow (LWF) for facilitating efficient management of customer requests
- LWF will also integrate the bank's operations under a single platform for enabling digital account opening process (tab banking, e-KYC, etc.)

Branch operations

Overview

The concept of Branch Operations Managers (BOM) was introduced in 2007. Prior to this, the bank functioned in a conventional way where there were second-line managers in all branches. They were mostly appointed as General Banking In-Charge at some branches, while at some of the smaller branches they also acted as Advance-In-Charge.

In many branches, existing second-line managers were re-designated as Branch Operations Managers (BOM), with additional responsibilities being entrusted to them. Subsequently, others joined in the team. The primary function of BOM was to mainly authorise all non-cash transactions, including both financial and non-financial. Further, several reporting, audit handling and AML activities monitoring, etc., were also under their charge. However, their reporting line was kept independent from the branch, which is directly connected to the Head Office.

Thus, to enhance central monitoring systems technically as well as logistically, BOM group was sub-divided into clusters and team members started reporting to their cluster heads. Thus, guidance, monitoring and control became much more effective under leaders who supervised their respective clusters.

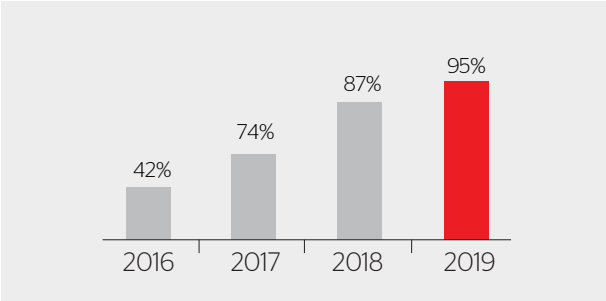
The BOM grouping acts as BAMLCO and hence, as shadow risk managers of the bank. BOM's orientation towards organisational sustainability has enabled them to make significant contributions to enhancing operational efficiencies, optimising costs and bringing forth greater control, especially over credit risks.

Impact created, 2019

95 %
Audit rating achieved (2018: 88%)

2
Branches with 'Strong' audit rating

Audit rating comparison



Core strengths

- An operating culture that integrates compliance with both day-to-day and strategic activities
- Strengthened branch-level operations, reflected in 2 branches receiving 'Strong' audit rating (2019) and a growing number receiving 'Satisfactory' rating
- Strong Money Laundering and Terrorist Finance (ML&TF) prevention-related awareness across branches, as a result of BOM acting as BAMLCO in branches

Card operations

Overview

With upward mobility, increased consumerism and the need for greater convenience, cards have emerged as an upcoming and preferred digital finance system in Bangladesh, enabling payments in a safe, secure and convenient way. As this trend catches up, the Government thrust on digital payments and the reality of a less-cash economy will both be realised. Besides, cards also enable banks to build their brand recall and enhance customer engagement, as these are mostly used on a daily basis.

City Bank is a pioneer in the Cards sector through its long-standing association with American Express. In fact, American Express cards in Bangladesh have become synonymous with City Bank, as the bank is the sole designated acquirer and issuer of Amex cards in Bangladesh.

Further, City Bank is among the few financial institutions in the country to issue cards with own card management system, and processes a number of transactions via those cards through a wide range of terminals, in collaboration with Amex, VISA and Mastercard. Card Operations work as a back office of the Cards business to ensure process and service excellence.

Impact created, 2019

- **Instant debit card issuance:** City Bank launched the highly useful feature of instant debit card issuance from branches. Through this, customers could receive their debit card instantly after account opening at the branch. Pre-printed cards are kept ready and only customer's name on the card is printed from the branch and handed over instantly
- **Acquiring of China UnionPay cards:** As an important horizontal expansion initiative, City Bank started acquiring UnionPay International cards, which helped the bank open up the market potential by a considerable extent
- **Amex NFC card issuance and acquiring:** City Bank started the issuance of contactless/NFC credit cards
- **Paperless flexibuy conversion for POS merchants:** While conducting transactions through POS, card-members can choose the flexibuy option from the POS machine. Such a feature reduces time for physical form movement from source to Card Operations
- **DPDC prepaid card recharge facility through CBL POS:** Dhaka Power Distribution Company (DPDC) chose City Bank as an important partner to facilitate DPDC prepaid card recharge facility through the bank's POS

Core strengths

- City Bank holds the leading position in the industry in terms of cards issuance and acquiring merchants
- City Bank is the most compliant organisation with an ISO 9001:2015 certification, and also enjoys the recognition of being the first PCIDSS-certified bank in Bangladesh

Outlook, 2020

- **China UnionPay issuing:** With UnionPay being one of the most widely accepted global payment networks, successful issuance of China UnionPay debit cards will facilitate international transactions and open up new business opportunities
- **Interoperable QR:** City Bank, in collaboration with Amex/Visa/Mastercard, will launch interoperable quick response (QR) code-based payment acceptance solutions. Interoperable QR will allow cardholders using Amex/Visa/Mastercard-branded credit, debit and prepaid cards issued by City Bank to carry out payments simply using a QR code

generated by the bank's mobile banking application. The interoperable solution can be accessed by other banks and payment networks as well.

- Digital onboarding of customers/tab banking: Powered by an advanced application on tablets, anyone can enjoy faster and smoother account/credit card opening experience. Documentation simplification and e-KYC becomes possible with tab banking. With such a facility, accounts can be opened in a day, thereby facilitating customer convenience.

Treasury operations

Overview

City Bank's Treasury operations work as a back-office of the Treasury business to support service excellence and in meeting the division's business objectives.

Impact created, 2019

4,756
Money market transactions

8,387
Foreign exchange transactions

7,897
Other transactions

Served the requirements of treasury deals with multilateral counterparty, like IFC, GCPF, OeEB, Norfund and some other foreign banks

Key strengths

- Compact and experienced team of 7 members with nominal errors
- Automation of data source to generate reports
- Perform continuous self-risk assessments with a risk minimisation plan that enables moderation of operational risks, in compliance with the ISO 9001:2015 certification

Outlook, 2020

- Facilitate increase of trading of Government securities to corporates
- Extend full support in reaching out to more customers

Central clearing

Overview

As clearing is a core operation, the Central clearing team performs the crucial role of executing customer's order to transfer his/her money to the correct beneficiary, as per Bangladesh Bank's BACPS Operating Rules & Procedures.

Currently, we process our outward (other bank's cheque) instruments from our 87 branches directly and 44 branches instruments through our 6 HUBs and process all inward instruments centrally to meet Bangladesh Bank's returns cut-off time.

Impact created, 2019

1.1 m
Executed instruments
both inward and outward

894
Resolved disputes

Successfully migrated BACH I system to BACH II system in October 2019 and from Finacle 7 to Finacle 10 system in November 2019, without any major issues

Core strengths

- Strong control level with branch BACH operations, HUB and Bangladesh Bank's system
- Skilled staff with multi-year experience

Outlook, 2020

- **CBS automation:** Focus on all possible automation in Finacle-10 to reduce transaction turnaround time as well as financial risks
- **Cost minimisation:** Work towards optimising all clearing-related costs, yet ensuring no major service disruptions

Operations project & support

Overview

City Bank's Operations Project & Support Division works as a support function and a centralised processing centre for various transactions of the different business wings of the bank. The team deals in bulk transactions through automated and digitalised systems and also coordinates different process re-engineering projects of the main Operations team.

Impact created, 2019

- Initiated BPR (business process re-engineering) and RAP (Risk Analysis of Processes) project, along with implementation plan

- Worked with business teams for enrolling corporate clients into City Live. Under this platform, corporate salary transfers, EFTN and RTGS and other operations activities are designed to be self-driven
- Adopted Quality Management System (QMS) guidelines under ISO 9000:2015

Core strengths

- Implementing BPR will potentially help reduce turnaround time and errors, increase efficiency and productivity and also reduce costs
- Corporate customers can initiate transactions at their premises though City Live, thereby providing them with unmatched convenience
- Growth in e-statement distribution reduced recurring expenses for City Bank
- DPDC bill collection has emerged as a new revenue source

Outlook, 2020

- Implementation of major projects and focus on quick wins: Implement 7 mega projects and with quick wins that will have a major impact on process development and customer experience
- Focus on City Live: More clients will be shifted to City Live from regular banking channel for optimising major transactional traffic

Credit risk management

Overview

Credit risk refers to the probability of loss due to a borrower's failure to effect payments on any type of loans. In such a context, credit risk management represents the primary practice of mitigating losses by understanding the adequacy of a bank's capital and loan loss reserves at any given time, a process that has long been a challenge for financial institutions.

The global financial meltdown of 2008 and the ensuing credit crunch placed credit risk management squarely into the spotlight, with regulatory requirements demanding greater levels of disclosures on customers of a financial institution and their associated credit risk. It is expected that the new Basel-III regulations will create an even bigger regulatory burden for banks. With a view to ensuring compliance with more stringent regulatory requirements and absorb higher capital costs for credit risk, many banks are revisiting their approach to credit risk.

Credit risk arises from all transactions where actual, contingent or potential claims against any counterparty, borrower, obligor or issuer (which are referred to collectively as 'counterparties') exist. These transactions are typically a part of traditional non-trading lending activities, such as loans and contingent liabilities.

Risk appetite

At City Bank, we have always considered the fact that better credit risk management presents us with a unique opportunity to improve our overall performance levels and secure a competitive advantage.

At our bank, informed and well-understood risk appetite managed by market-appropriate risk frameworks has paved the way for sustainable growth, enabling us to distribute sustainable value to our stakeholders, with value generated against calculative risk-taking and a risk-aware culture. As credit risk dictates majority of revenues along with loss forced by provisioning against NPLs, a profitability point of view undoubtedly opens up the scope for ensuring more robust alignment with the enterprise risk framework.

Credit risk management framework

City Bank's credit risk management (CRM) framework consists of three major pillars:

- People
- Policy
- Governance

People

CBL has a dynamic team of well-trained credit practitioners led by professionally qualified leaders who uphold the standard of the organisation's credit quality. We are vigilant for implementation of the robust guidelines for credit management-Credit Policy Manual, which ensures that the bank's lending practices are sound, prudent and adaptive to changing lending scenarios of the economy and in line with regulatory guidelines. For the effective management of credit risk, CBL segregated credit risk management (CRM) team into Corporate, Commercial, SME and Retail to cater each group of customers with their special requirements.

Policy

CBL has accumulated years of credit experience, which is detailed in its guidelines of credit practice named "Credit Policy Manual (CPM)". It contains the latest principles for identifying, measuring, approving, managing and controlling credit risk in the bank, including:

- Roles of Stakeholders
- Delegation of Credit Authority
- Credit Appraisal & Management Process
- Credit Risk Monitoring Approach and Process
- Credit Loss Recognition Policy
- Environmental and Social Risk Management (ESRM) Policy

Governance

People and policy in Credit Risk Framework empower risk governance in CBL. Notably, CBL Credit Risk Governance is a cross-team endeavour by nature which ensures checks and balances in every step of credit underwriting. The Credit Risk Governance framework incorporates:

- Credit Risk Management Committee: Reviews the Bank's strategy, portfolio and vulnerabilities, especially for large exposures.
- Credit Risk Management Division: Responsible for underwriting, assessment of credit and asset portfolio risk. Ensures follow up of Credit Policy implementation
- Deteriorating Credit Management Team (DCMT); DCMT Review Committee and Early Identification (EI) Monitoring Committee:
- Responsible for early identification of possible repayment risk and past due experience.
- Credit Administration Division: Responsible for compliance in documentation, reduction of credit operational risk and covenant management
- Risk Management Division: Manages overall enterprise risk
- Internal Control and Compliance (ICC) Division: Responsible for internal audit to ensure compliance.

Values we embrace to create value for the organisation

Independence

CBL Credit Risk Management team is empowered with independence for any credit decision, which ensures consistency in application of credit principles and standards.

Delegation of authority

Lending authority up to a certain level has been judiciously delegated to our experienced management team. The management authorises and recommends to the Board, where applicable, for new credit approvals after engaging in rigorous assessment from the credit risk management team. Importantly, the practice of delegated authority engages the management towards accountability, while fostering responsible credit practice.

Collaboration

At City Bank, balance between risk and reward is achieved through collaboration among the business and risk divisions. These two frontier departments co-opt for due diligence right from client selection to credit monitoring. Moreover, the credit risk management team also continuously coordinates with credit administration, legal and trade service divisions for ensuring compliance.

Compliance

City Bank holds zero tolerance for compromise in compliance and thus delivers value to shareholders in the form of value accretion.

Impact created, 2019

The year 2019 was one where holistic focus was imparted on risk control and prevention of loan slippages across all segments of the bank. We also strengthened our team's capabilities by ensuring exposure to cutting-edge training with appropriate certification, thus ensuring skills that are aligned with the requirements of the bank and an evolving industry environment.

Some of the key initiatives embraced during the year include the following:

Engaged in extensive drive for NPL management

CRM team vigorously gave thrust to manage NPLs through organising fortnightly meetings with stakeholders where new and updated strategies for each stressed account were devised to improve responsiveness to the evolving credit scenario. Through a focus on driving short-term results, we were ultimately successful in fostering a culture of risk, while also getting a better grasp on sticky outstanding loans.

Expanding credit horizons

We extended our wings and started our engagement with credit management in the supply chain sector, which was started in 2018 and picked pace during the year.

Road to excellence

To generate informed credit decisions, macro-level analysis of targetted industries, along with client specific assessments was given due importance. The division also wrote 14 industry papers, representing a summation of the latest industry-specific insights regarding market trends, government policies, historical performance, risk factors and growth potential. The project has been escalated for management approval.

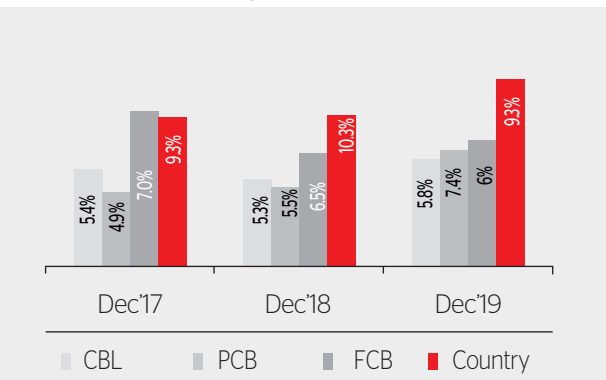
Focusing on service excellence

- **Updated credit policy manual:** City Bank created a Credit Risk Management Policy, Credit Policy Manual (CPM), which defines the organisational structure, roles and responsibilities and processes whereby credit risks of the bank can be identified, quantified and managed within the framework that the bank considers consistent with its mandate and risk tolerance levels. To adjust with the changed credit scenario, CRM orchestrated a year-long project to realign core credit policy with industry and market standards, which will deliver value in terms of ensuring healthy credit growth.
- **Service level agreement (SLA):** CRM deals with multiple internal stakeholders in every transaction. To deliver delightful customer service, a standard time frame needs to be developed. In 2019, CRM initiated SLA projects with all customer-oriented stakeholders to provide timely, accurate and desired service.
- **Resource quality:** To adapt to the latest policies and practices in a dynamic financial services sector, CRM invested in its human resources. Every year, risk managers undergo professional certification from renowned institutions. In 2019, CECM (Certified Expert in Credit Management)

Focused on controlling NPLs

Continuous effort invested in effective credit risk management was reflected in the bank's asset-quality maintained over time. Since 2016, City Bank has managed to keep its NPLs way below country-level NPLs or even those of foreign commercial banks. Since June 2018, City Bank has been ahead of its peer group comprising private commercial banks too in terms of NPL management, as reflected in Bangladesh Bank published data. Even in the times of NPL crisis in the country, City Bank exited the year 2019 with NPLs of as low as 5.8%, while the country NPLs have reportedly soared to 9.3%.

NPL ratio: Industry vs. CBL



CBL: The City Bank Limited, PCB: Private commercial banks
FCB: Foreign commercial banks

Risk management

Risk Management Division (RMD) is the anchor platform of City Bank's all risk management functions. In the latest risk management guidelines for banks, the central bank has reiterated the role of RMD as an integral part of the optimal risk management organogram. Building on the central bank's concept, City Bank has been meticulous in developing its risk management infrastructure. Consequently, RMD has undergone apposite modification and enhancement.

The modifications include defined introduction of risk areas and re-specification of desk wise responsibilities to match business complexity. Building on desk wise responsibility division concept in line with BB's risk management guidelines for banks, CBL RMD desks has been further categorised into two subsections: Enterprise Risk Management and Operational Risk Management.

Enterprise risk management

- Credit Risk
- Market & Liquidity
- Risk Projects & Systems
- Capital Risk Management
- Risk Policy & Subsidiary Risk
- Support & MIS, Enterprise Risk 1
- Support & MIS, Enterprise Risk 2

Operational Risk Management

- Operational Risk Support (Retail, Cards, & Small Business)
- Operational Risk Support (Other Business & Support Function)
- Operational Control and Monitoring
- Operational Policy & Process

Impact created in 2019

RMD played a central role in the development of pragmatic internal risk management guidelines and policies and ensured implementation and continued compliance to secure cogent risk exposure for the bank.

Risk Management Framework sketches the comprehensive risk management infrastructure of the bank, with a compendium of terms of reference for different parts of that infrastructure.

Formulating and implementing Investment Policy established the basic strategic direction for the bank's investment activities through outlining terms of reference for investment committee, and setting limits on investment action and authority delegation.

Special Rescheduling Policy ensures that rescheduling endeavours are effective in managing asset quality.

ICAAP Policy ensures adequate capital in relation with bank's risk profile and establishes a better risk management technique in monitoring and managing its risks.

Counterparty Risk Assessment Methodology warrants building quality asset portfolio in lending to other members of the money market, i.e. banks and NBFIs.

Market Disclosure Policy safeguards against deviation from regulatory compliance in disclosing critical market information as guided in Basel III standards, and it further assists investors and other stakeholders with transparent and rational presentation of information.

RMD conducted performance evaluation of 25 surveyor companies and enlistment communications to enhance related service qualities and manage misevaluation risk. RMD also managed 45 insurance company enlistment communications.

To ensure smooth credit offering, while maintaining authority, RMD managed the process of delegated credit approval authority for MD and CEO and sub-delegated credit approval authority for:

- 143 Branches & Priority Center Managers
- 26 SME Unit Heads
- 6 SME Area Heads
- 52 C&C officials
- 4 CRM officials

RMD also prepared inventory of manuals and policies. A total of 335 manuals/ policies/ processes were identified which are used in the bank. RMD also started reviewing important policies in association with cross functional teams.

The team structured Operational Risk Management (ORM) Team with new organogram and unique roles & responsibilities which will full-fledged work on operational risk related issues of the bank, and drafted Operational Risk Management Framework.

The ORM team identified and followed up 10 operational risk areas of the bank to influence and mitigate exposure, and introduced Risk Control Self-Assessment (RCSA) for the first time in City Bank.

Outlook, 2020

RMD continually plans and acts to keep the bank's risk management infrastructure up to date with market developments. To that end, RMD monitors trajectory of upcoming standards from local and global regulatory or governing authorities, and proposes action plans to build the bank's capacity to meet new risk absorption standards, and new upcoming required due diligence.

This will also involve introduction of new risk frameworks and modification of existing internal risk management policies and framework. Moreover, RMD will attempt at enhancing efficiency through automation of model based analyses.

Furthermore, the team plans to cover more essential processes by developing risk control self-assessment methods.

Impact on the bank's Basel III implementation

RMD, partnered with other concerned teams, ensures the bank's compliance to Basel III requirements and fosters development of strong capital base. To that end, different projects and regular processes are undertaken by the division.

Special project to drive external credit assessment of unrated portfolio has provided clearer insights on quality of asset and capital requirements.

Proactive impact assessment processes helped the management understand how specific decisions and future actions or external market events will sway the bank's capital base or capital requirement.

RMD ensures regulatory mandates under Basel framework, including quarterly Capital to Risk Weighted Asset Adequacy Ratio reporting, bi-monthly SRP meetings, annual Internal Capital Adequacy Assessment Process and annual market disclosure.

Any level of return after the risk free line is gained by prudently accepting some level risk. Risk Management is about actively understanding and embracing those risks that best balance the achievement of goals with an acceptable chance of failure, quantifying the exposure, and then constant monitoring & modification of risk factors. RMD is proactively working towards embedding the risk concept into furthest functional level of the bank's business and promote more responsible attitude and decision making for efficient goal achievement for the bank.

Special asset management

Overview

Special Assets are NPLs of a Bank's portfolio managed by Special Asset Management department/Recovery department of the Bank. City Bank's Special Asset Management Division (SAMD) is responsible for recovery from classified and written-off loan customers of the bank's Corporate, Commercial and SME (non-PPG) business segments. Recovery from classified and written-off accounts directly impact the bank's income, while also helping reduce NPLs on a consistent basis.

SAMD is directly engaged with communicating and visiting delinquent customers to bring them into negotiation, eventually leading to settlement of the outstanding of NPLs. SAMD plays an important role by contributing to the bank's profitability through recovery from NPLs and rescheduling. SAMD contributes to Bank's profitability by releasing provision, realising interest suspense, in some cases realising unapplied interest and taking these earnings to income account.

As far as reporting is concerned, Head of SAMD reports to the Deputy Managing Director, Head of Commercial & Medium Business. Under Head of SAMD, there are Functional Heads [FH] who supervise the Unit Heads and all Unit Heads look after day to day activities of Relationship Managers [RM]. At present, SAMD has 16 RMs with Unit Heads. The MIS team comprises 3 members, including Unit Head also reporting to the Head of SAMD. In 2019, SAMD received 93 files comprising a cumulative BDT 2,139 m.

NPL accounts with over 5-year ageing have to be written-off, as per Bangladesh Bank guidelines, subject to conforming with some specific conditions. However, recoveries from written-off accounts are especially attractive as these contribute directly to the income of the bank.

Yet another dimension of NPL recovery is the vesting and booking of mortgaged collateral by the bank through court sanctions. This allows the value of the mortgaged property to be adjusted against the liability of the corresponding borrower classified as delinquent. This is done in close collaboration with the bank's Legal and Finance divisions.

SAMD contributes to the bank's income profile in the following ways:

- Regular interest revenue from rescheduled accounts
- From interest suspense on realisation basis
- From reduction in provision requirement through any recovery/rescheduling of NPL accounts
- Any recovery from written-off accounts
- Earning from unapplied interest
- Recovery of legal expenses

Impact created, 2019

- Contributed BDT 424 m against revised target of BDT 320 m
- Engaged in rescheduling loans of BDT 964 m and write-off of BDT 669 m loans
- Recruited skilled manpower to ensure smooth functioning and attainment of targets
- Introduced organised file transfer process (in collaboration with CRM and business team) to ensure that file transfers are done quickly after the account turns into CL
- Updated our organogram to ensure more effective follow-up, monitoring and proper handling of classified, written-off and vested accounts

Core strengths

- Direct involvement of senior management in dealing with delinquent borrowers with quick decision-making, experienced RMs who have 5+ years of experience in this field, with collaborative support from the Legal division
- Skilled team dedicated to recovery through direct negotiation or through pursuing legal initiations
- Strong support from Board, senior management and regulators enhance the scope of SAMD as all stakeholders appreciate quick disposals

Challenges

- Limited manpower, and political instability and a culture of wilful default
- Regulatory uncertainty/interpretations also drives the culture of default
- Unforeseen events, including the Covid-19 pandemic, can push companies/consumers into default – either genuine or wilful, against which we will remain watchful and cautious

Outlook, 2020

- Engage external debt collection agencies for expediting the recovery process
- Enable stronger monitoring to ensure recovery and follow-up of regularised accounts so that they do not fall back into the NPL category
- Ensure continuous development of MIS to facilitate management decisions and compliances, leading to successful recovery with automation of approval process
- Add selective manpower for meeting specific requirements, while de-focusing on smaller and time-consuming accounts
- Maintain close contact with all concerned divisions of the bank for sharing and disseminating relevant information

City Bank's SAMD plays a vital role in organisational profitability accretion, despite several hindrances, like the country being prone to several negative factors, including recurring natural calamities, economic cyclicity, culture of defaults, etc.

In such an operating context, SAMD plays an important role through facilitating funds recovery from delinquent accounts and also through rescheduling loans. Further, several extraneous factors aid our efforts, including a positive Government legal framework and also policy support from Bangladesh Bank. Moreover, the financial, criminal and civil courts are heaving under pressure to dispose-off cases to reduce backlog. Such a scenario works in the bank's favour as courts are taking less time with cases filed, especially since such cases are simple and thus easy to rule upon. Also, delinquent customers are beginning to realise the ineffectiveness of trying to resist the legal system, and most are willing to negotiate terms of restitution with banks.

We are confident that continuous support from the management and regulators will enhance the scope of SAMD to meet its targets, thus increasingly contributing in maximising bank's profits.

Credit administration

Overview

City Bank's credit administration (CAD) has played a crucial role in embedding and fostering a deep culture of credit discipline within the organisation. Such a culture has not only contributed to the sustenance of risk ownership and responsibility, but has also facilitated the organisation to have a structured and proactive approach to alignment with all stipulated regulations and guidelines.

CAD was established in March 2008 with the primary responsibility of achieving all post-approval activities of Corporate, Commercial, SME and OBU credit facilities, including documentation, transactions, monitoring and reporting, in the spirit of ensuring the highest levels of regulatory adherence and compliance. Entrusted with the responsibility of ensuring proper documentation and approvals prior to the disbursal of loan facilities, CAD has:

- Safeguarded the loan assets of the bank
- Ensured stability of asset quality by moderating risks to acceptable levels
- Contributed to profitability maximisation

CAD's impact on City Bank:

Ring fences asset quality, which directly supports the bank's profitability objectives through post-operative activities and executions

CAD's value creation journey:

Reinforced credit administration in a particularly economically and regulatory challenging business environment that was typically characterised by a culture of defaults. In this context, we have synchronised efforts between both technology and human resources – by ensuring a fully-automated process-based credit evaluation process, while also enabling team members to undergo training and skills enrichment.

Core functions

The core functions of CAD are segregated under seven departments. Further, an extended team facilitates business requirements for the Chattogram hub, thus supporting all Chattogram customers.

On a granular level, the key functions of CAD include:

- Issuance of sanction advice
- Ensuring proper documentation
- Ensuring transaction integrity related to all loan facilities
- Stock inspection and validation
- MIS and monitoring of loans and advances
- CL reporting along with provision calculations
- CIB and Bangladesh Bank reporting
- Audit and compliance

Impact created, 2019

CAD continued on its path to secure the bank's assets and operational sustainability and embraced a number of initiatives during the year that is expected to continue to have a positive impact over the medium and long-term.

- **Engaged in review of standard documents and loan portfolio project:** An overall documentation review for our loan products took place in 2019. Through such a review, the division ensured proper documentation against the bank's loan portfolio and contributed to the minimisation of operational risks, while securing the bank's loan portfolio through proper documentation.
- **Organogram review/restructuring:** To align with continuous business growth as well as with the emerging digitalisation trends in the financial services industry in the country, an overall review of the current Organogram took place in 2019, where all the necessary required changes and fine tunings were effected to ensure agility and high levels of business responsiveness.
- **SLA review:** CAD completed a comprehensive SLA (service level agreement) review during the year. The aim of this exercise was to ensure smooth operations and coordinated efforts between all stakeholders, while also improving CAD's control over various activities of the bank.

- **SOP review:** CAD completed the detailing of SOP (standard operating procedure) expressing all the necessary recommendations. Such a SOP will help relevant stakeholders to comprehend the basics of operations, which will eventually strengthen output accuracy, while also enabling closer alignment with all the articulated policies and conditions.
- **Embracing digitalisation:** CAD successfully participated in the core system upgradation project in 2019 and finished the year without any major hiccup. CAD also volunteered in different IT projects-related systems, which eventually helped the division to cope with the changes and to deliver precisely as per the requirements of the business.
- **Human resource development:** In order to prepare the CAD team to face the challenges of a dynamic business environment, several initiatives were undertaken:
  - A 'Team Day Out' was organised to ensure team bonding, while strengthening participative collaboration and ensuring ease of communication between all CAD employees
  - CAD took the initiative for all the team members to undergo upskilling to sharpen performance and productivity, while also ensuring greater alignment with the expectations of the business

- **Financial contribution:**
  - CAD successfully contributed to the bank's deposit base by organising a fixed deposit campaign, raising customer awareness about City Bank fixed deposits and achieving the 2nd position in the campaign in terms of the funds raised
  - CAD identified missing interest income and transferred the amount to income, thus strengthening the revenue profile of the bank
  - CAD conducted a thorough overall SME portfolio review, with the outcome that total loan provisions moderated substantially against estimations

Outlook, 2020

Perceiving a challenging business environment in 2020, especially in the wake of the Covid-19 pandemic and the central bank fixing lending rates at 9% enforced from 1 April, 2020 onwards, City Bank's CAD is geared up to facing such an environment, which is expected to be turbulent and uncertain. The division has already stepped up its credit risk surveillance mechanisms and will extend all necessary support to the bank to protect assets from slippages into NPLs, while also fulfilling its role in recoveries.

The division also considers it to be an opportune time for reinforcing the credit risk culture at the bank, raising awareness levels, while also further driving the concepts of risk ownership, accountability, identification and control.

Internal control and compliance

At City Bank, our effective management of risks and opportunities, facilitated by our internal control and compliance practice, plays a vital role in our ability to achieve our strategic objectives and create value for our stakeholders.

At City Bank, the fundamental aim of our approach to the governance of risk and opportunities is to ensure that adequate and effective strategies, policies, procedures and processes are in place to address the nature and complexity of the risks and opportunities inherent in our business activities.

Expressed in the very characteristics of our business, banking, as a part of the financial services industry, entails different types and grades of risk. At City Bank, we are conscious of this reality and have ensured that the convergence of effective internal control systems, robust governance practices, transparency in all financial dealings and activities and adoption of reliable and dependable accountability standards towards stakeholders and regulators have facilitated the development of strong foundations of governance and risk control.

At City Bank, the implementation of effective internal control and compliance systems have become a fundamental part of our ability to boost bank-wide operative risk management practices for safeguarding the long-term sustainability of the institution as well as ring fencing stakeholder value. Thus, internal control is a process that has been designed to provide reasonable assurance regarding the attainment of objectives in the effectiveness and efficiency of our operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies.

Our internal risk measurement system is closely integrated into the day-to-day management process of the bank and its output/outcomes form an integral part of the process of monitoring and controlling the institution's risk profile. Our Internal Control & Compliance Division (ICCD) provides assurance on the effectiveness of our risk management processes.

The primary strategic objective of internal control systems at City Bank is to help the bank achieve strong levels of consistent performance through resource use optimisation, stronger and more efficient stakeholder engagement and compliance with applicable laws and regulations – both in letter and spirit.

The main objectives of internal control include the following:

- **Operational objectives:** Achievement of the bank's vision and mission within the framework of its values and code of conduct.

- **Reporting objectives:** Timely, accurate and comprehensive reporting, comprising both financial and non - financial information, delivered to both internal and external stakeholder communities.
- **Compliance objectives:** Conducting activities within the ambit of the stipulated regulations and also initiating specific actions in accordance with applicable laws and regulations.

Yet another facet of the key strategic objectives of City Bank is to ensure the sustenance of the quality of its overall operations. Towards this extent, the bank's ICCD plays a central role in helping achieve this goal. Further, an appropriate and effective internal control environment is maintained to ensure that the institution is managed and controlled in a sound and prudent manner by way of the sustenance of the highest standards of operational procedures and controls and also to ensure operational stability and reliability.

With a view to ensure meeting both the purposes of operational quality and maintainability, City Bank's ICCD has been structured as per the prescribed organisational framework of Bangladesh Bank's Core Risk Management Guidelines. The bank's ICCD operates independently as a division of the audit function and is responsible to the Audit Committee of the Board of Directors, while also maintaining a direct line of communication with the same body. Thus, ICCD acts as a vital link between the Board and the bank's management.

4 key units of ICCD:

Audit & Inspection Unit: City Bank ensures an effective and comprehensive internal audit of the internal control systems, which is carried out by its Audit & Inspection Unit. Notably, this unit is constituted by operationally-independent, appropriately-trained and competent staff who are especially designated by the management, thus underpinning the importance of the unit within the structure of the bank. The Audit & Inspection Unit, through its three audit wings, comprising Branch Audit Wing, Head Office Audit Wing and Foreign Exchange Audit Wing, identifies and assesses key operational risk areas across the bank's core business lines (Wholesale Banking, Commercial Banking, Medium Business, Small Business, Retail Business and Treasury), along with other segments of the organisation, including operations, finance, risk and support functions, through conducting regular audit processes under an approved annual audit plan.

With a view to ensure the robustness of its entrusted responsibility, the Audit & Inspection Unit applies risk-based internal audit methodology to its audit functions. Risk-based internal audit includes, in addition to selective transaction testing, an evaluation of the risk management systems and control procedures prevailing or embedded in various areas of the bank's operations. Under risk-based internal audit, the focus shifts from full-scale transaction testing to risk identification, prioritisation of audit areas and allocation of audit resources, in accordance with the assessment of risk. While focusing on ensuring effective risk control, risk-based internal audit not only provides relevant advisories for mitigating prevalent risks, but also anticipates potential areas of risk hotspots and fulfills a vital role in protecting the bank's operations and reputation from various risks, as well as provides support in achieving business goals.

Essentially, the primary focus of risk-based internal audit helps provide a reasonable assurance to the bank's Board and the senior leadership about the adequacy and effectiveness of the risk management and control framework. In addition, special investigations and review assignments are also undertaken as per the bank's ongoing focus on internal audit and compliance.

IS Audit Unit: Risks within the bank's ICT systems are identified and assessed through regular audit processes carried out by the IS Audit Unit under the approved annual audit plan. With a view to ensure holistic regulatory compliance across all enterprise levels, the bank's IS Audit Unit is entrusted with the responsibility of ensuring an acceptable standard of security across all tech installations, like servers, workstations, routers, switches, applications and other ICT systems. Moreover, special ICT investigations are also undertaken as per the bank's requirements from time to time.

Shari'ah Audit Unit: ICCD's Shari'ah Audit Unit evaluates whether City Bank's Islamic banking business is operating in line with the prescribed Shari'ah guidelines/principles, as articulated by the supreme authority, the Shari'ah Supervisory Committee or SSC, in addition to ensuring that general banking guidelines and principles are adhered to.

Compliance & Monitoring Unit: The Compliance Unit tracks and traces compliance activities of different divisions and/or branches, and follows-up with them to ensure that all regulatory requirements as well as audit issues are rectified and complied with within specific timelines. It also liaises with regulators and policy-makers, and even notifies departments and units of any regulatory updates or procedural changes or amendments.

City Bank's Monitoring Unit monitors the effectiveness of the bank's internal controls on an ongoing basis by identifying key/high risk incidences or build-ups, as part of its daily activities. Although monitoring controls are an essential part of the overall compliance and monitoring function, it is independent in fulfilling its roles and responsibilities. Examples of monitoring procedures include, periodic evaluation by business lines, including Departmental Control Function Checklist (DCFCL) and quarterly operations report (QOR), loan documentation checklist (LDC), self-assessment of anti-fraud internal controls,

self-assessment of anti-money laundering, etc. Further, as part of its daily responsibilities, the Monitoring Unit also tracks the operational performance of various branches and divisions and raises flags in case of detected or perceived deviations. It also aggregates relevant data and analyses it to assess the quantum of risk on individual units.

City Bank has also formulated internal control policies and manuals that are updated from time-to-time, aligned with the dynamics of the operating environment. Further, as an added layer of protection, robust risk-based internal audit (RBIA) methodology has also been implemented. Notably, risk assessment by internal control focuses on ensuring compliance with the bank's policies, together with assuring that all regulatory requirements (including all core risk management guidelines provided by Bangladesh Bank) are met, while also taking cognisance of social, ethical and environmental risks, and also recommending appropriate measures to further augment the internal control framework. Through such a comprehensive approach, ICCD plays an essential role, both as a command centre as well as a facilitator for ensuring sustainable business growth.

Read more in 'Corporate Governance report' on page 191



Outlook, 2020

With a forward-looking stance anchored on prudence, proactiveness and conservatism, revamping the audit process across a number of functions and divisions comprises a key part of the future plans of ICCD, expected to be implemented over the near and medium-term.

Branch: As part of a unified approach for all branches, a Branch Risk & Control Matrix has been developed, compiled out of the feedback obtained from all stakeholder groups, including the Board's Audit Committee. A pilot project across a branch on off-site basis has been completed, and outcomes have been shared with the Board's Audit Committee, while specific approvals have also been obtained. The process is now being replicated across all branches and is currently in the process of being stabilised, with positive benefits expected to accrue over the near to medium-term.

Head Office divisions: Risk & Control Matrix for different Head Office divisions is being developed at the time of audit of the respective division. Important functions/focus areas, such as specific customer exposures/concentrations and risk management and finance divisions, will be covered in the first phase. Other divisions will be taken up in the next phase, pursuant to the completion of phase one. Comprehensive stakeholder feedback will be obtained before implementation of each matrix.

Central Bank inspection coordination: Compliance has established and is effectively running a single-point of contact with DBI of Bangladesh Bank in relation to all regulatory exams on behalf of the bank. Development of a regulatory governance charter is under process, which shall govern the management of the regulations, etc.

Impact analysis of new central bank regulations: The central bank, Bangladesh Bank, issues various regulations from time to time, which may have an economic, operational or financial impact on scheduled banks in Bangladesh (including City Bank). Further, the bank's management obtains approvals from Bangladesh Bank on various issues, among which few approvals contain different conditions expected to be fulfilled by the bank. For the purpose of strengthening the risk and control environment of the bank, ICCD independently assesses and ensures compliance with new regulations and approval conditions, and if any gap is identified, it escalates the same to the senior management for implementation, alongside the submission of a detailed action plan.

Maker-checker guidelines: Maker-checker guidelines have been drafted for City Bank and its subsidiaries. This guideline is applicable for customer transactions, financial transactions and regulatory reporting. Approvals of Board and Mancom will be obtained and implemented accordingly across the bank and its subsidiaries.

Social media policy: With a view to address the pervasiveness of social media and ensure that the bank engages in the use of social media for its benefit, while also comprehending the impact of its social media presence, a Social Media Policy has become a necessity as well as an indispensable tool for the bank. In this context, a policy has been expressed and approved by the Board, which sets clear reporting guidelines on what is and what is not appropriate to use on social networks. The policy has been circulated to all employees. ICCD will also share the policy with all of the bank's subsidiaries with a view to ensure a unified strategic approach to social media. Further, social media policy use affirmation and sign-off will be taken from both existing and new employees. Besides, awareness sessions will also be arranged on a regular basis, with guidelines displayed as desktop wallpaper on all user PCs/laptops.

Procurement

Overview

3.5 x
Growth in procurement values (2014-19)

810 m
Total procurement value, 2019

153 m
Savings effected, 2019

Since inception, City Bank's Procurement division has ensured that ethics and values remain the key cornerstones of the division. Pivoted on these focal points, the division has embraced transparency and openness as the key drivers of success in ensuring procurement at the best value and most favourable terms for the bank, thus contributing to organisational stability and profitability. Further, some of the hallmarks of our division include a process-driven culture, high levels of transparency and adherence to all rules, guidelines and regulations while engaging the procurement of the most favourable goods/services in the cost-effective manner, thereby providing significant benefits to the bank.

Starting with procurement volumes of BDT 180 m in the year 2010, City Bank's Procurement division was engaged in substantial scale-up, as procurement activities zoomed to BDT 810 m in 2019. Further, the Procurement division also fulfills a facilitative role by supporting the delegated purchase team (general admin, brand, etc.) to ensure compliance with the set policies and procedures. Further, an equivalent of BDT 400 m procured under frame contracts helped ensure quality support services dispensed from the division to the bank.

Impact created in 2019

- Achieved BDT 153 m savings against purchase order (PO) of BDT 810 m, represent 19% of PO value (savings achieved basis last year's purchase price and new products quoted/initial price)
- Total number of POs issued stood at 2,332, vs. 1,527 in 2018, representing an increase of 52% in PO volumes
- A total of 317 RFQ/RFP/RFT (2018: 281) were floated with 65 tender notices published in newspapers
- Developed service level agreement (SLA) documents for warranty and post-warranty periods and implemented and signed 40 SLAs/agreements with awarded bidders to ensure smooth service, while protecting the interests of the bank
- Developed a standard contract template for all critical projects, implemented from June 2019 onwards, which is being shared alongside the RFQ/RFP/RFT pack
- Developed new supplier/service provider Code of Conduct (SCOC) and shared the same with panel and prospective vendors during the RFQ/RFP/RFT process
- As a part of our focus on digitalisation, we implemented and generated procurement reports through Supply Chain & Financial Management System (SCFMS). Further, we also implemented vendor's payment request through the system.
- Redesigned the process which ensured new recruits getting laptops/PCs on the very day of their joining
- Achieved success in such major projects as Business Process Re-engineering (BPR) and Risk Analysis of the Process (RAP); country-wide extensive survey for business visibility study for debit card, credit card, prepaid card, QR code, POS (point of sale) and wallet; establishment of network access control authentication system; procurement of instant debit card printers for all branches; web access firewall (WAF) and distributed denial of service (DDoS) project; China UnionPay rollout and integration for issuing and acquiring project; virtualization hypervisor project and implementation of manage engine tools, etc.

Outlook, 2020

- In line of the bank's digitalisation strategy, we will implement mobile apps for SCFMS, which will streamline the approval process time in the system
- We expect to implement change requirement in our SCFMS, with collaboration with the Finance division to bring forth greater control on the budget. This will ensure real-time budget monitoring and spending
- We intend to develop a comprehensive annual procurement plan to provide proactive services to internal stakeholders to ensure eventual satisfaction of City Bank customers
- We will take up the updation of the procurement policy to align it with the needs of a dynamic business environment to ensure and improve alignment with norms of transparency and governance
- We will enhance operational efficiency by implementing the SOR frame agreement for the procurement of items that are purchased on a high frequency basis



City Bank launched 'Bangabandhu Corner' in the ground floor of bank's head office as the part of celebration of centenary of the birth of Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

Brand & Communications and Corporate Affairs

City Bank Brand & Communications and Corporate Affairs team is responsible for building, protecting and enhancing the Bank's reputation as a trusted provider of world-class financial services. The team closely works with other departments to identify business opportunities and priorities and drives organisational strategy in a holistic and concerted way.

In 2019, City Bank celebrated its 10th anniversary with American Express Cards in Bangladesh. The celebration was organised with great extravaganza comprising of a month-long customer benefit campaign and a grand musical soiree by renowned artists for cardmembers and merchants. Internationally-acclaimed singer Runa Laila's composition titled "Legends Forever" was released at the event and Indian playback singer Hariharan also performed solo.

In the same year the Bank launched City Alo, full-scale banking services for women, to cater to the banking needs of women who play a significant role in shaping the economy of the country. It also inaugurated the first ever 'Coffeeshop bank branch' in the country to facilitate women, especially budding entrepreneurs from the millennial generation, to gather, converse and build networks towards attaining financial freedom. Later, City Bank launched The City Alo American Express® Card, the bank's first contactless credit card on 2019.

For the 2020 calendar, an innovative idea was executed. The theme of the calendar was "Bangabandhur Chithi" (Letters from Bangabandhu). Each month featured a different letter written to different historically significant individuals on different occasions. The letters were accompanied by unique QR codes which were hyperlinked to corresponding recitation videos of those letters. In addition, the letters were recited by renowned figures. The combination of this creative idea along with the use of emerging digital media made this year's calendar quite unique.

City Bank launched 'Bangabandhu Corner' on the ground floor of its head office. The initiative was taken to celebrate the birth centenary of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman. The corner is enriched with the collection of books, pictures, documents and videos encompassing the life, work and ideals of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman, about whom customers and bank officials alike can learn a lot. Apart from its head office, City Bank has also set up 'Bangabandhu Corners' at O.R. Nizam Road Branch in Chattogram and Khulna branch.

City Bank also launched comprehensive campaigns on the occasions of Valentine's Day, Bangla New Year (Pohela Boishakh) and Eids. The campaigns focused on informing customers about various exclusive o¬ffers available with City Bank American Express Cards.

Corporate Affairs

City Bank's Corporate Affairs wing is responsible for planning, strategizing, executing and managing relevant stakeholder relationships on behalf of the Bank. The team is also engaged with stakeholders for maintaining government, business, media and societal relations. The team has also been involved in strengthening the corporate brand of City Bank, both locally and internationally.

The team deepened interactions with international partners known for their prestigious awards worldwide to inform them about City Bank and how it is making a difference in peoples' lives. As a result, in 2019, the bank has received few prestigious awards as listed below:

- Best Bank for Premium Services 2019
- Asiamoney Best Bank Awards
- Best Emerging Markets Bank in Bangladesh 2019 Global Finance Awards
- Syndicated Loan of the Year Bangladesh Award 2019 Asian Banking & Finance
- Women's Market Champion New Program Award 2019 Financial Alliance for Women

Very recently, globally acknowledged weekly magazine "TIME" has published an article on City Bank in their April 2020 edition highlighting the financial and economic scenarios of Bangladesh.


CITY BANK –
For People
and the Future

Being a socially-responsible bank, City Bank has always extended a helping hand to diverse areas of social development, ranging from cultural activities to disaster management, sports, education and supporting underprivileged women and children. The year 2019 was no exception, City Bank sponsored Dhaka Lit Fest-2019, which is the largest internationally acclaimed literary festival in Bangladesh, to celebrate all types of literature and promote & discuss literary artefacts.

City Bank was the Platinum Sponsor of "Economic Conference on the eve of MUJIB 100", organized to discuss the present economic and financial condition of the country. There were two sessions in the daylong event, the first session covered 'Investment, Savings and Fiscal Policy' and the second session covered 'Interest Rate, Inflation and Exchange Rate'. Mr. Abu Hena Mohammed Mustafa Kamal, Honorable Finance Minister of People Republic of Bangladesh and Mr. Fazle Kabir, Governor of Bangladesh Bank were present as Chief Guest and Special Guest. Former Finance Ministers, former Governors of Bangladesh Bank, Secretary of Finance, Secretary of Commerce, Secretary of planning, Chairman of NBR, Chairman of BSEC, top government officials and many leading economists of the country were also present at the event.

City Bank sponsored Sylhet Thunder team at the Bangabandhu Bangladesh Premier League T20 2019, NSU Career Fair 2019, Bangladesh Fintech Summit 2019, Mobile Book Fair for MujibBarsha, Lustrous Runway 2019, Bangamata International Women Volleyball Championship-2019, Bangladesh Leather Footwear & Leather Goods International Sourcing Show-2019 as well.

Outlook 2020

City Bank will continue to uphold and foster a strong brand presence in the industry, developing distinct communications that help in showcasing the bank's diff¬erentiation. The bank is keen to capitalise on the growing digital landscape in the country, and will extensively continue with its digital marketing and branding momentum in its upcoming campaigns. In parallel to this, the team also expects to continue to promote the country's potential globally through various platforms and initiatives.

PR & Media

City Bank's PR & Media division is responsible for planning and buying media placements on various platforms. It is also engaged in crisis management and communication, media monitoring and press releases and interviews for the Bank. The Media division plays the role of the principal coordinator/single point of contact (SPOC) during any crisis situations. The team updates the bank's management regarding the situation and manages it in the most suitable way possible.

With the aim of strengthening relationships with the media and also ensuring the highest recall of the City Bank brand, interviews of the Bank's MD & CEO were covered in such newspapers as The Daily Star and Prothom Alo. Similarly, the division also facilitated and published more than 45 press releases in numerous newspapers in 2019, even while it organised three major press conferences where the team successfully ensured the presence of journalists from major print and electronic media agencies and also television channels.

The division also played a vital role as the main coordinator during media crisis situations in 2019. The team updated the Bank's management regarding the situation and managed it accordingly.

The division has been given the responsibility of managing requests for various advertisements in souvenirs. As one of the top banks of the country, the bank receives requests from numerous publishers for souvenir adverts or sponsorships. The year 2019 was no exception. The bank continued to engage selectively, for instance in sponsoring the country's only science magazine, 'Bigganchinta' and placed hundreds of advertisements in various platforms.

For any in-house or corporate events, the Media team is responsible for media management, including organising press conferences, speech writing, etc. This division further ensures that the event is widely covered in the media and communicates to internal stakeholders about the initiatives and impact. The PR & Media division is also responsible for the travel desk, which manages official travel of all employees of the bank. In 2019, the travel desk managed hundreds of official trips of employees from across the bank.

Finance

Overview

City Bank's Finance division works relentlessly to develop a strategic framework for achieving desired financial outcomes, led by its focus on exploring innovative ideas and processes, emphasis on prudence and conservatism and fostering a culture of ethics, risk control and compliance.

Impact created in 2019

Some of the major initiatives embraced by the Finance division comprised organising two earnings disclosure calls in 2019, for the second and third quarters, engaging in detailed updates and discussions with representatives from the investment community from around the world. The Finance division also ensured continuous support to secure the bank's international rating of 'B1' by Moody's in 2019, following multiple surveillances conducted throughout the year.

Capital planning and allocation continued to constitute important facets, with the Finance division entrusted with the responsibility of assuring proper linkage of business growth to an adequate and robust capital base. In meeting this objective, Finance division spearheaded the facilitation of City Bank's 3rd Tier-II bond issuance, in which BDT 400 m was raised in 2019 out of the total subscription of BDT 4,200 m. The bank also initiated the issuance process of a zero coupon bond by raising BDT 3,000 m and a perpetual (additional tier-I) bond of BDT 4,000 m to support long-term financing and reinforcement of the capital base, respectively. Finance played a critical role in managing the entire process, which involved months of preparations and coordination. Both these bonds will be the first-of-their-kind in the domestic banking industry.

Further, several automations like financial delegation, payments module up-gradation and budget monitoring and segmentation were led by the Finance division to enhance efficiency and monitoring across different functions of the bank, thus tightening reporting and internal controls.

Finance division has always supported City Bank in its aspirations in nation-building. Thus the division facilitated the bank in making contributions of BDT 7,007 m to the national exchequer in 2019 through taxes and VAT on income and expenses. The contribution for 2018 was BDT 5,162 m, thus representing a 36% YoY growth.
Going into the future, the Finance Division will step up its surveillance to ensure that the bank is well-capitalised, engages in strategic capital mobilisation/allocation and aligns with all regulatory guidelines, thus reinforcing the bank's brand reputation and credibility among the investor and wider stakeholder community.

Legal

Overview

City Bank's legal division is entrusted with the responsibility of fortifying the bank's legal foundations, while enabling regulatory-driven asset securitisation in the event of asset non-performance, thus contributing to the bank's financial reinforcement as well.

Operating in a dynamic regulatory environment in a business with high legal ramifications, City Bank's Legal division has strived to keep pace, working in collaboration and synchronisation with both external and internal stakeholders in achieving the bank's goals and growth objectives.

Reflections on progress of 2019

678
Suits decreed, settled and disposed-off, 2019

7,283 m
Ensuing value released, 2019

- The Legal division filed 637 cases with an approx. suit value of BDT 8,920 m.
- The division's Estate Management Unit provided support for the successful execution of 1,646 files, which included home loans, employee house building loans and SME-S loans. Further, the Legal Documentation Unit collectively worked on 1,658 files and prepared charge documents, vetted agreements and provided legal opinion and guidance on a wide variety of issues.
- Properties of 14 accounts were vested in favour of the bank, comprising consolidated market value of BDT 634 m Moreover, mutation was done across a total 8 accounts, corresponding to 5,719.4 decimal land. Ownership certificates of these accounts were obtained under 33(7).
- A tech-driven unified legal information system (ULIS) was introduced, through which all data related to the division's files and cases can now be uploaded, viewed and tracked on a real-time basis, thus speeding up decision-making and ensuring process simplification.

Outlook, 2020

- Targetted disposal of approx. 522 cases in 2020, against a total of 5,228 pending cases. The division expects many more accounts to be settled during the current year, comprising about 10% of the existing pending cases. Further, properties of around 8 accounts with a cumulative market value of about BDT 360 m is expected to be vested during the year.

33(7) certificate, excluding mutation, is expected for 10 accounts of approx. BDT 220 m value.

- ULIS is expected to complete its first phase of implementation, facilitating:
  - Incorporation of all previous and present data into the system
  - Establishment of a unique and comprehensive database containing all relevant information related to judicial cases and files

Information technology

Overview

334 m
Investments in IT, 2019

780 m
Investment budget (approx.), 2020

115
Total IT team strength

City Bank is widely recognised as the most digitally and technologically progressive private sector commercial bank in the country. Given the bank's position as one of the largest private sector financial institutions in Bangladesh, and positioning as a pioneer in embracing advanced technology, it invested significantly towards devising a strategic long-term roadmap for information technology, along with initiating several business projects in 2019.

Creating a values-driven impact

At City Bank, our focus on IT has always been driven by the understanding that technology is a strategic enabler in facilitating the attainment of corporate goals and objectives. We have always considered technology from the point of view of how it will contribute to ensuring the bank's operational safety and sustainability.

Overall, our IT philosophy is anchored on:

- Our definition of how IT should function to ensure alignment with the business, facilitate faster project delivery and assure effective IT budget management and governance
- Defines and evaluates applications setup, ensuring mapping of business imperatives and IT initiatives, including industry emerging trends, especially in the realm of digital financial services
- Defines and evaluates the IT infrastructure setup, ensuring high uptime and availability, obsolescence, resilience and scalability
- Defines and evaluates the culture of innovation and setup necessary to enable creativity and customisation in IT delivery, services, processes and people

Impact created in 2019

The key initiatives embraced during the year 2019 include the following:

Impact to Business

Core Banking System Migration: We successfully completed the complex, sensitive and high-profile migration to core banking system.

BACH II: We successfully implemented Bangladesh Automated Clearing House solution with multi-currency, multi-session and many more features, as per regulatory guidelines.

City Alo Women Banking: In a continued demonstration of our commitment towards enabling women entrepreneurs to expand their business around the country, City Bank launched a suite of products under City Alo, aimed specifically for women to enable them to leverage the power of technology to promote and scale their business.

Supply Chain Finance: Initiated automated distributor finance, factoring and invoice finance under the Supply Chain Finance project.

Card and ADC (Alternate Delivery Channels): Some of the major projects under Cards and ADC domain taken up include, China UnionPay Acquiring, instant Debit Card issue, NFC (near field communication) payments for Visa and American Express (AMEX), instant purchases through EMI (equated monthly installments) and recycler ATM.

Subsidiaries: To improve remittance facilitation from the Bangladeshi diaspora located around the world, City Bank expanded CBL Money Transfer System in accordance with Malaysian central bank guidelines. A Hong Kong-based financial institution was also launched with associated IT setup and systems to facilitate our trade services in the Asia Pacific region.

Impact on technology

There has been considerable emphasis on improving the bank's governance practices, particularly with respect to alignment between IT and business teams. In addition to several high-profile projects being taken up, changes have also been effected to the overall IT structure through the introduction of many new domains positioned to enhance our customer-centricity. We believe this initiative was necessary in order for our IT division to be at par with the best global practices. This emphasis was evident through our proactive initiative to structure our division along eight domains, as we progressively focus on making City Bank an even more tech-savvy financial institution in the years to come. The domains are:

- IT Service Management (ITSM)
- IT Governance (ITG)
- Enterprise Architecture (EA)
- Cards and ADC Systems (C&A)
- Enterprise Software Solutions (ESS)
- Project Management Office (PMO)
- Information Security (IS) and
- Innovation (INV)

In addition to this structuring, we also upgraded our infrastructure and security applications in 2019.

Outlook, 2020

A number of exciting and transformative IT projects are expected to be taken up in the year 2020. The division has just about established the foundations that will make the bank's digital transformation journey a reality. Thus in 2020, the focus will be on establishing an enterprise architecture function that all major banks have, intelligent buy vs. build decisions by effective project management, development of a customer-centric platform that provides a personalised and differentiated experience for businesses, continued focus on end-to-end information security, focus on cloud, virtualisation and mobility, self-service-based IT services management and ensure IT governance where applicable, among the other initiatives planned for the year.

Major business imperatives for 2020

- **Digital onboarding:** Acquiring customers through multiple channels with instant and real-time reflection
- **Sales CRM:** A comprehensive lead generation and tracking system for our sales force
- **China UnionPay issuing:** A major global card business landmark through China UnionPay issuing partnership
- **Islamic Banking:** Modernise Islamic Banking solution in a way as the first line of product offering by the bank, ensuring availability and scalability
- **Internet and mobile banking:** Development of a platform for customers to facilitate online banking, cash management and trade solution transactions
- **Loan origination system:** A comprehensive lead management solution for loan accounts – from origination through to disbursement
- **IVR (interactive voice response) services:** Enable most of banking services through integration of IVR channel
- **Business intelligence:** A platform to enable the bank to improve data analysis into meaningful and insightful information for enabling more effective strategic and operational decision-making
- **Customer 360 Degrees:** Visibility of full customer portfolio from three core platforms across Core Banking, Islamic Banking and Cards Management Systems
- **Liability workflow solutions:** Scalability of deposit account opening other than the core
- **Asset operations workflow solutions:** Extended capacity building for lending portfolio
- **Chatbot:** Convincingly simulate how a human would behave as an intelligent conversational partner via auditory or textual interactions
- **HRMS:** Revamping the Human Resources Management System

Major technological initiatives for 2020

- Transformation of IT operating model, applications landscape and infrastructure
- Implementation of a centralised service desk with a ticketing system to act as a central point for multiple parties to get together for issue resolution, information and support
- Implementation of a globally-renowned project management tool for ensuring stronger control over the numerous in-process initiatives
- Introduction of Enterprise Middleware with open API concept to better facilitate integration capabilities to support businesses and to achieve digital transformation in a more robust and meaningful way
- Implementation of content management system, an internal collaboration tool for enabling better documentation and tracking
- Information security applications: Introducing SOC

(Security Operations Center) and ISO 27001 for enabling better control and governance in the face of a rapidly evolving cyber security landscape

- Innovation lab: Establishment of an innovation lab to deliver projects on Agile methodology and facilitate digital financial services
- Robotics process automation (RPA): Enabling RPA technology into various processes to significantly reduce the time taken for processing workflows

Message from leadership

At City Bank, digital transformation is a continuous process, and we have initiated a significant thrust on this front. We have always held the belief that the best place to start is through investing in the right people and, specifically, the right leadership. While City Bank has always valued the best industry talent and our division is considered to be one of the best in the business, we felt that we needed to structurally create the foundations for our leadership team in IT.

The aim for 2020 is to transform technology by providing delivery and services in a reliable, dependable and realistic manner. In the past years, the IT division placed greater focus on maintenance or BAU (business as usual) with a lesser focus on being a change-maker. Today, we have transformed this very approach by anchoring our focus on driving more towards CTB (change the bank) or delivery of audacious business projects in an organised, streamlined and disciplined way. We are also focusing systematically on RTB (run the bank) or maintenance by achieving greater efficiencies with reasonable resources. This is the source of key excitement at our division as we are all geared to meet the new reality.

With a view to ensure the most appropriate IT delivery model for the bank, based on the institution's scale, position, strategy and needs, we are in the process of introducing a new project management framework through which we can improve identification and prioritisation of projects based on need, criticality and overall impact. Further, we are also implementing a first-of-its-kind, state-of-the-art innovation hub through which we expect to run our projects with agility and scale at standards that have not yet been demonstrated by the local banking industry, as the waterfall model experience was not the best one for the bank.

On the IT service side, we are strengthening post-implementation support through our central service desk. This added focus on existing performance and service level terms assure greater accountability, transparency and efficiency with respect to all of our relationships - both cross-functionally, as well as with external partners through SLAs (service level agreements) with minimum resources.

Subsidiaries

City Bank Capital Resources Limited

7.1%
Net profit growth to BDT 166 m

198 m
Growth in margin loans to BDT 620 m

Overview

City Bank Capital Resources Limited (CBCRL), a fully-owned subsidiary of The City Bank Limited and a public company limited by shares, was incorporated in Bangladesh on 17 August, 2009, vide registration no. C-79186/09, under the Companies Act, 1994. Subsequently, the Company obtained Merchant Banking License (Registration Certificate No: MB-54/2010) from Bangladesh Securities & Exchange Commission on 06 December, 2010. The registered office of the Company is situated at 90/1, City Center (13th floor), Motijheel, Dhaka - 1000, Bangladesh.

- **Authorised capital: BDT 3 b**
- **Paid-up capital: BDT 2.55 b**
- **Ownership interest in capital: 99.99%**
- **Net profit after tax: BDT 166 m**

47%
Net profit growth to BDT 166 m

21%
Growth in share of DSE trading volumes

CBCRL offers a wide range of investment banking services, including merchant banking activities, such as issue management, underwriting, portfolio management and corporate advisory.

Impact created in 2019

- Achieved net profit of BDT 166 m vs. BDT 155 m in 2018, representing a growth of 7.1%
- Investment Banking Division (IBD) signed a number of marquee deals, registering a robust growth in revenues
- Substantial YoY growth of 21% achieved in CBCRL's share of DSE trade volumes
- Registered solid growth of 47% in margin loans – from BDT 422 m in 2018 to BDT 620 m, despite lacklustre capital market performance

Key strengths

- Strong and well-experienced investment banking team with strong multi-decade primary and secondary market experience
- Investment banking business offers a diverse range of services, including Tier-II subordinated bonds (for scheduled banks), zero-coupon bonds, commercial paper, preference shares, debt restructuring, term loans, working capital facilities, issue management services, advisory services, underwriting, agency and trusteeship, etc.
- Zero negative equity of clients' assets in portfolio management
- Robust profitability growth achieved over the past five years, despite choppy capital market performance
- Investment in diversified financial assets
- Well-experienced Board of Directors providing strategic supervisory, counsel and oversight
- Judicious focus on achieving the most optimum balance between risk and return on behalf of clients through such products as hybrid/balanced growth products and systematic investment solutions
- Focus on institutional investment/HNI portfolio, thus ensuring added business stability

Capital market outlook, 2020

We expect the year 2020 to be a relatively neutral year for capital market investors, with the market expected to yield a nominal return in 2020 with tedious turnover. Bangladesh capital markets witnessed two consecutive years of negative performance, with the major index, DSEX, collapsing by 28.7% during this period. Major factors that spiralled the markets downwards includes liquidity shortages in the banking sector, sluggish macro-economic outlook, aggressive bank borrowings by the Government, rising non-performing loans (NPLs), policy amendments, foreign capital flight amid currency devaluation, poor primary market performance and tepid earnings growth and dividend pay-outs by the listed companies. Considering the challenges ahead and lack of any major positive triggers, the market situation is expected to remain muted at least in the first half of 2020, especially exacerbated by the unfolding Covid-19 pandemic whose exact economic and financial impact is yet uncertain. However, the markets may register a turnaround in the second half of the year, considering stock valuations and price-earnings becoming more reasonable, aided by anticipated improvement in key macro-economic and headline indicators.

The GDP growth target has been set at 8.2% in the FY20 budget. However, it needs to be seen how the Covid-19-induced nationwide shutdowns impact the economy and some revisions can be expected. On the positive side, continued political stability and resilience amongst businesses to bounce back from the lows is expected to lead to fairly strong growth in domestic consumption and gross fixed investment. The economy grew at a record 8.15% in FY19 and over a five-year period, the GDP has grown at a respectable CAGR of 7.39%, among the fastest in the world.

Bangladesh earned USD 40.53 b by exporting goods in FY19, thus posting a 10.6% growth YoY. However, the rate of export growth is slowing down on account of contraction of RMG exports, a scenario amplified by global economic shrinkage on account of the pandemic, rise in production costs and concurrent lower prices offered by other foreign countries. In first half of FY20, export earnings registered a 5.8% de-growth to USD 19.3 b. Though the Government has taken various initiatives and has also announced cash incentives to induce exports growth, the economic impact of Covid-19 is expected to be severe and scale down of orders and even cancellations could be a possibility, thus hitting the country's RMG sector hard.

Imports were up by 1.7% in FY19 to USD 59.9 b. Although import payments declined by 2.7% to USD 27.1 b in first half of FY20, it may increase in the future due to depreciation of BDT against the USD. With Bangladesh being a relatively large importer of crude oil, major correction in the prices of this commodity can contribute to lowering the import bill at least over the medium-term.

It is expected that Government incentives will boost inward remittances in FY20. Bangladeshi expatriates have continued to contribute to the economy through remittance, which is a relatively major constituent of the GDP. During January-December 2019, inward remittances hit a record to USD 18.3 b, which represents a 17.9% same-period growth. Depreciation of BDT and 2% incentive on remittance is encouragement amongst the expatriate community to send a large quantum of money home. However, the impact of Covid-19 will reduce the flow of inward remittances as employment losses will be a key characteristic of the post-pandemic scenario.

Private sector credit growth is assumed to improve in FY20, driven by the Government advising the mandatory cap on industrial lending rates to a single digit from double digits earlier, enforced from 1 April, 2020 onwards. Private sector credit growth dipped to 9.9% in November 2019 and this growth remained far below the Bangladesh Bank's estimation of 14.8% for the current fiscal year. Yet again, private sector credit growth is expected to remain under pressure on account of Covid-19, as industries and businesses bear the brunt of the large-scale Government-enforced lockdowns to prevent the spread of the virulence.

Current account deficit (CAD) stood at USD 5.3 b in FY19, against USD 9.6 b in FY18. However, the deficit moderated by 60.2% YoY to USD 1.35 b in the first half of 2019-20. Such a decline was on account of increase of export earnings and inward remittances. Depending on the way the pandemic shapes out, the future impact on CAD is yet uncertain. The broad-scale expectation is that exports and imports will both shrink.

Domestic liquidity conditions are expected to remain fragile in FY20. Bank borrowings will be in focus to finance the budget deficit, while non-bank borrowing is expected to decline due to strict monitoring of sales of National Savings Certificates (NSC). In the first five months of the current fiscal year, the Government borrowed BDT 471.4 b from the banking sector, against the target of BDT 473.6 b for the whole year, owing to the lower-than-expected revenue collection. Excessive bank borrowings will adversely affect the banking sector's liquidity, which will consequently hinder industry growth.

Finally, though the economic impact of Covid-19 is yet an unknown with broad sentiment expected to be negative, the resilience of Bangladesh's economy is well-known and it is expected that recovery will be swift, aided by stimulus package by the Government.

Core financial information

BDT m

Particulars	2019	2018	Change in %
Revenue	317	312	2%
Operational income	224	209	7%
PAT	166	155	7%
Total assets	3,826	4,423	(13%)
Proprietary investment in the capital markets - at cost	110	206	(47%)
Margin loan	620	422	47%
AUM – at market value	5,691	6,551	(13%)
Turnover PMD	16,331	15,994	2%

** Pending approval at the ensuing Annual General Meeting*

City Brokerage Limited

Overview

City Brokerage Limited (CBL), a wholly-owned subsidiary of The City Bank Limited, is one of the leading brokerages in the capital markets of Bangladesh. CBL offers full-fledged international-standard brokerage services to retail, institutional and foreign clients. Having considerable access to both local and global investors, City Brokerage has been able to enlist a network of prominent clients, thus adding to business stability and sustainability. Notably, City Brokerage is 'TREC Holder' of both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. The business thrives on the quality of its human capital, which includes a professional and well-experienced research team.

City Brokerage was incorporated on 31 March, 2010 as a private limited company under the Companies Act, 1994, vide certificate of incorporation no. C83616/10. The Company's network presence comprises three branches located in Dhaka (Motijheel, Dhanmondi and Nikunja), and one branch located each in Chattogram and Sylhet. The legal status of the company has been converted into a public limited company from a private limited company in June 2012, in compliance with Bangladesh Securities and Exchange Commission (Stock Dealer, Stock Broker and Authorised Representatives) Rules, 2000.

Impact created in 2019

CBL specialises in foreign and institutional brokerage. Despite the heightened levels of competition and tepid performance of the broader market indices in 2019, during which period the DSEX (or the benchmark index of the Dhaka Stock Exchange) declined by 17.32%, CBL managed to secure a dominant market share position in foreign trade, local institutional trade as well as block sourcing.

As one of the key positioning and competitive drivers of the business, CBL manages to source block trades efficiently to ensure liquidity, thereby minimising the market impact cost.

Alongside such achievements, CBL arranged several roadshows, investor conferences, fairs and corporate events, both in Bangladesh and abroad, with a view to ensuring continual customer engagement and also to showcase Bangladesh's economic prospects to raise awareness among the external investor community expecting safe and stable yields and capital appreciation.

Key competitive advantages

- CBL possesses a dedicated team of skilled professionals to ensure the highest quality of brokerage services to investors. The senior management comprises professionals with proven management skills and expertise with advanced knowledge in their respective domains and considerable capital market experience.
- CBL's research team has a cumulative experience of over 28 years. The team has specialist knowledge in both top-down and bottom-up analysis. It serves major global frontier and emerging market portfolio managers, as well as brokerages operating in North America and Europe, supporting them with macro, sectoral and company-specific research reports.
- CBL's high-quality, detailed, analytical and insightful research reports are published regularly on Bloomberg, Reuters, Factset and S&P Global Market Intelligence Inc.
- The business assists clients to maximise their investment objectives in a dynamic environment through superior trade execution and continuous research support.

Outlook 2020

- CBL aspires to be the digitised one-stop investment management solution platform for all clients
- The company intends to introduce order management system (OMS) software with a view to facilitating efficient and real-time trading through mobile, laptop, desktop PC, etc., to increase and reinforce its retail market share, leveraging 132 branches of its parent, City Bank
- CBL looks forward to reaching out to Non-Resident Bangladeshi (NRB) investors to participate in their home capital markets by leveraging the custodian license of City Bank
- CBL has received the required regulatory approval and has already rolled out the first-of-its-kind discretionary portfolio management product in Bangladesh

CBL Money Transfer Sdn. Bhd.

Overview

CBL Money Transfer Sdn. Bhd. (CBLMT) is a private company limited by shares incorporated under the laws of Malaysia and registered with the Companies Commission of Malaysia, with Registration No. 769212-M, engaged in providing money services under the Money Service Business Act, 2011, through a Class B License Serial No. 00081 issued by Bank Negara, Malaysia.

On 4th April 2013, The City Bank Limited entered into an agreement to purchase 75% ordinary shares of CBLMT with an agreement to eventually acquire 100% shares of CBLMT. The company started out as a subsidiary of City Bank on 10th September 2013. On 8th June 2016, City Bank became holder of 100% shares of CBLMT, thus making it a fully-owned subsidiary.

Impact created, 2019

The year 2019 was a challenging year for CBLMT. Despite all the odds, we have generated net profit of MYR 551,158 during the period of 2019. Our total balance sheet size stood at MYR 371 m as on end 2019

CBLMT contributed 7% to total national inward remittance volumes from Malaysia. With such progress, our objective is to take this share to double digits (10% or more) by the year 2021.

Outlook, 2020

CBLMT's current branch network stands at 11 (including Head Office branch). Plans are afoot to launch mobile remittance services for customers in Malaysia. This will facilitate customers to remit funds to their home countries right from their dwelling places instead of having to visit CBLMT branch offices, except for the time of the first transaction, thus adding to their convenience in terms of saving both time and money.

CBLMT is also getting ready to obtain regulator's approval to become an International Money Transfer Operator (IMTO) so that other remittance companies across the world can use CBLMT channel to remit money to Bangladesh, Indonesia, the Philippines, Nepal, India, Pakistan and Vietnam corridors, representing countries where they are currently offering remittance services.

City Hong Kong Limited

Overview

In 2019, City Bank set foot in Hong Kong, one of the major financial hubs of the world, with the establishment of its first offshore banking trade unit, City Hong Kong Limited (City HK). City HK is not only being positioned as an independent profitable unit for City Bank, but also as a major link between our operations in Bangladesh and new business opportunities in Hong Kong and China.

City HK was established with the primary objective of enabling the bank to have its own international presence in one of the globe's major commercial hubs. Notably, Hong Kong possesses significant economic importance to Bangladesh's economy, as it is a major trade partner of Bangladesh. Further, many international retail chains located in the island state are major customers of several Bangladeshi RMG manufacturers. Also, China is emerging as a major economic power in the world order, and trade and business between China and Bangladesh is on a substantial upswing. These make Hong Kong an ideal region for City Bank to have a base.

City HK is working to create a niche market within the local business community to facilitate international trade business through advising Letter of Credit (LC), handling documentary collection and even bill financing (discounting) against LC issued by City Bank along with other commercial banks in Bangladesh. Established with a relatively small capital, City HK is expected to increase its capital base through new business account acquisitions and stable profitability.

In 2020, City HK will continue to increase its customer base and work on providing new financial solutions, thus extending the international network of City Bank in a multi-ethnic geography with substantial economic and trade prospects.

Human capital report

VALUE CREATION	BUSINESS IMPACT
Focused on creating an environment that retains and attracts talents in a highly competitive environment in which intellectual capital represents a key differentiator. Also provided opportunities on training and capacity-building platforms that facilitated the bank groom up talent and up skilling experienced individuals to meet its objectives and help individuals' meeting their career aspirations.	Focusing on the recruitment and retention of effective quality talent, while also continue developing and sustaining people-centric initiatives that ensure productivity and positive outcome and attainment of the bank's goals and objectives.

Overview

As a first-generation commercial bank in the private sector, City Bank believes that its people resources represent its biggest asset and its strongest competitive advantage. The bank provides a facilitative workplace environment that enables employee empowerment, which translates into sustainable business gains.

Fostering a meritocratic and performance-driven environment, City Bank also ensures an equal opportunity platform that respects the diversity of its people, which only contributes to an energised and lively workplace that thrives on different ideas, insights and innovation. Our principal differentiator in a cluttered market is the quality of the service and advice we offer to our clients, dispensed by our world-class people resources who work together in harmony to bring the best to our clients.

4,493 People strength	5,608 Training sessions
9.6 m Spending on training	17 % Women in our workforce

The foundations of our success is our vision of being a financial supermarket, nurturing a winning culture that is powered by our core values of being:

- Results-driven
- Engaged and inspired
- Accountable and transparent
- Courageous and respectful
- Focused on customer delight

We are proud that we consistently achieve high employee engagement ratings and remain an employer of choice in Bangladesh's banking industry.

Impact created in 2019

For the Human Resource Division, the year 2019 was an important one as it embraced several initiatives that were crucial for organisational sustainability over the long-term. As a facilitator in supporting the business' growth aspirations and objectives, we focused on people reorganisation with proper allocation, as per the organisational structure. This year, HR focused on sharpening key performance indicators to be able to nurture a productive and performance-led culture with rewarding outcomes for recognised performers. The year is also marked as the helping those who are behind on their expected performance with Performance Improvement Plan initiative.

Some of the other key developments of 2019 comprise the following:

- Deployment of new initiatives regarding women empowerment and diversity in the workplace
- Initiate 'Speak Up' on workplace sexual harassment to create awareness and empowering people to address such issues
- Improving on the performance management process and balanced scorecard
- Deployment of Performance Improvement Plan (PIP) for continuous improvement in performance
- Activation of a number of engagement initiatives, comprising children's art competition, Bengali New Year celebrations, Women's Day celebrations and

farewell events for employees at retirement, Reward & Recognition sessions, Workplace harassment workshops etc.

- Employee Town-halls in different geographical locations
- Launch of external employer branding initiatives through university engagement activities and regional campus recruitments, thereby enriching our diversity mix

Workplace diversity

City Bank recognises the immense contribution of its women workforce, and focuses on augmenting women participation in the organisation, while also ensuring a cohesive and sensitised women-friendly environment. In 2019, the MANCOM comprised 2 women members out of its total composition of 19 members. The HR Division has adopted a number of initiatives to engage and encourage women employees to take up more challenging roles across the bank, and provides a supportive framework for them to be successful at work. As a result, a large number in our women workforce have made their way up the ladder, leading different important functions in the bank. From celebrating special events like Women's Day and Mother's Day, to having dedicated female ambassadors who provide support and encouragement to other women, City Bank is committed to offer a suitable platform to its women workforce.

Women empowerment initiatives

City Bank continued with assigning two of its women leaders as women ambassadors, who provide guidance, mentorship, counsel and support in every possible way to help women of the bank maintain work-life balance, while also ensuring a stress-free workplace. Our women ambassadors discuss work-related issues and provide support, whenever necessary. This initiative has created a sense of safety and belongingness among our women employees, opening up a strong and secure platform for discussions and ongoing communication.

Learning and organisational development

A good number of learning and development opportunities were provided by the bank to its people. Several workshops and capacity development platforms were organised both locally and internationally, covering over 6,000 participants through planned and on-spot trainings. The training that HRD identifies and arranges are broadly categorised within three groups:

- Functional training
- Soft-skill training
- General training

A total of 126 unique training programs over 274 sessions were organised throughout the year.

Extensive regional campus recruitment

City Bank focuses on being an equal opportunity organisation. To ensure that we sustain that image as an equal opportunity and most-preferred employer, HRD focused on talent recruitment from across Bangladesh. This results in being dovetailed with our perspective of providing solid career development opportunities in a meritocratic and bias-free way that is attractive for those who desire a career in a performance based environment.

In line with this thinking, in 2019, the HR Division initiated regional campus recruitment where the team visited different colleges in Cumilla, Rangpur, Bogura, Khulna, Gazipur and other such locations and offered employment to a large number of deserving candidates. In addition, HRD also took up the initiative of converting temporary employees into the bank's permanent roles, after a thorough screening process. A good number of employees benefitted from the switchover, thereby providing them with a strong and sustainable career-building and livelihood-development opportunity.

Performance-focused culture

The new approach of City Bank's performance management process continued connecting individual goals and bank's business objectives as well as individual career aspirations. The bank successfully continued key performance indicator (KPI)-based performance management process through a '12 box performance-potential matrix'. In 2019, goal-setting based on balanced scorecard-driven SMART KPIs for each role was in practice where all permanent staff were assessed on the basis of their contributions, and all rating and records were updated accordingly in employees' personal files. The performance improvement plan (PIP) was practiced to support, guide and advice employees who may be facing difficulties to perform their duties to the required standards. A total of 3,333 employees participated in the annual performance appraisal process in 2019. This initiative goes a long way in sharpening productivity, while creating a more engaged workforce with a performance-driven culture.

Employer branding and engagement activities

City Bank focuses on engaging its employees through various events, programs and fun activities, where both male and female employees participate with equal enthusiasm. Every year, during *Pahela Baishakh*, HRD organises a colourful and memorable event and employees celebrate the occasion with their colleagues, friends and family members. In the 2019 celebrations, active participation was noticed among employees in different events, including drama, traditional dance and music, etc. Other events like celebrations around Women's Day, sessions with female ambassadors, children's art competition, participation of Ascent 5-a-side Soccer Cup, Leo Corporate Cup and farewell events for employees reaching retirement, among others, were also arranged to ensure greater levels of bonding and engagement among our employees. This year, we also participated in corporate sports events and enjoyed success which was the result of the dedication both from management and participants.

Grievance redressal

At City Bank, we continue improving internal grievance redress mechanisms that are helmed directly by the top management. This helps build employee confidence in our institutional response processes against grievances. We look at grievance reparation in two ways. One, through our anti-harassment policy that fosters a rigorous approach to harassment against any of our women employees. We share zero tolerance to harassment of any kind, even as our holistic redress mechanisms comprise investigation to be completed within prescribed timelines, followed by appropriate disciplinary action. Two, through our general grievance response handling that looks to address issues within the shortest possible time, including those comprising compensation and other benefits, promotions and bonus, transfers, etc. Furthermore, our grievance redress also defines our approach in case of falsification of claims.

Reward & Recognition

One of the integral parts of an effective and efficient team is to keep them highly engaged and motivated through healthy competition and appropriate recognition to sustain a high performance culture. At City Bank Limited, we continuously thrive to in improve the overall status to stay competitive in the market and to bring in the variables that attract talents.

In this regard, we encourage the recognition of excellent performance, behavior and achievements through the use of Rewards & Recognition (R&R) that are creative, flexible, and meaningful. We created the first Reward & Recognition Committee that met on a regular basis for a more structured approach for the tool. This R&R approach has been impacting positively where individuals are empowered to nominate others for any good work or achievement that they have done and has set a standard for others on expectation and how we work.

Health and safety at City Bank

As a bank that considers its human resources to be its most valuable asset, we ensure the wellbeing of our people through ensuring proper health and safety in a workplace environment that thrives on the energy and enthusiasm of our people. Towards this extent, we have embraced a number of initiatives that includes the following:

Fostering a balanced work-life

In 2019, focus was given in time management as employees were encourage for timely attending and leaving the office. This has been a reminder to address the growing stress and demands on our time, both in and outside of the workplace. Line managers are instructed to ensure work-life balance of their team members by ensuring that the workplace is vacated by 7 p.m. - especially for women employees. Also, internal meetings and other team dependencies have been addressed to be organised and time-bound to bring in transparency. We understand that flexibility is the key response that enables our employees to manage their time and work better. In this regard, we offer a well-equipped day-care centre for employees' children, which ensures that they are taken care of, while providing peace of mind to their parents.

Employee engagement

At City Bank, we believe that employee engagement is key to addressing health and safety issues. At a time when workplace stress is on the rise, we raise awareness among our people to maintain work-life balance as much as possible, while also promoting good practices in health through informal discussions, etc. Furthermore, we also encourage our employees to embrace the outdoors and engage in a sporting activity of their choice.

Safe and comfortable working environment

We provide a spacious and clean office layout with proper temperature controls that ensure the comfort of

our employees, enabling them to focus fully on delivering exemplary services to our clients. Moreover, all our offices are also equipped with a proper security apparatus, including modern firefighting equipment that ensures the safety of our employees.

Formation of Emergency Response Team

We created a 24/7 emergency contacts for our employees that they can call for emergency medical or security issue. A support team consisting of senior employees provides quick and efficient emergency support in such scenario.

Message from leadership

At City Bank, we believe in a performance based culture where our people can achieve both their short and long term goals that will result in meeting our organisational objectives and targets. With both achieved, our organisation can create win-win scenario that will help us grow and attract and retain talent that are the life-flow of our organisation. The pride of working in a winning and successful environment is essential for service sector. At City Bank, as a frontline bank of the country offering a highly diversified bouquet of products and services, we are placing high priority in identifying, nurturing and retaining the right talent in a competitive job market. Our people are the principal touch points and the face of the bank and help the organisation to achieve its objectives by providing superlative services to our customers.

Our three-year vision is to develop a performance-oriented winning culture to attract and retain talent where they feel motivated to perform and strive for continuous learning and improvement, and where HR is perceived as an aligned and true business partner. We are looking forward on successful outcome from performance management and R&R to nurturing talent and rewarding the high achievers. Besides, a number of other strategies are also in the process of being implemented that will provide a boost to the skills of our employees, which will enable the bank to continue to add value to customer relationships. We are also greatly focusing on gender diversity, women empowerment and a harassment free environment which make our HR practices unique and different.

Human resource accounting

Overview

Human resource accounting (HRA) is the process of assigning, budgeting and reporting the cost invested in employees towards their recruitment, training, payment of salaries and other benefits and, in return, evaluating their contribution to organisational profitability. Specifically, it is process of identifying and measuring data around human resources and communicating this information to the leadership for ensuring informed decision-making. Thus, HRA not only involves the measurement of all the costs/investments associated with the recruitment, placement, training and development of employees, but also comprises the quantification of the economic value of the people in an organisation.

Notably, HRA is an attempt to identify and report investments made in the human resources of an organisation that are seldom accounted for under conventional accounting practices. Basically, it is an information system that informs the management what changes, over time, are occurring to the human resources in the business, and of the cost and value of the human factor to the organisation.

Importance of HRA at City Bank

At City Bank, we believe that HRA is an essential tool for enabling us to measure and report the cost and value of people as key organisational resources. Such information guides our objectives in recruitment, training and capacity-building, manpower productivity and utilisation, and other HR developmental decisions.

Specifically, HRA serves the key objectives of:

- Cost of human resources, that is the expenditure incurred for recruitment, staffing and training to enhance human capital or the quality of our talent
- Value of human resources, that is the yield generated over and above the cost of the investment

Some of the other benefits of HRA comprise:

- Enabling analysis of cost value information for making proper and effective management decisions with regards to acquiring, allocating, developing and maintaining human resources to achieve cost-effectiveness in manpower
- Monitoring effectively the utilisation of human resources
- Evaluating the value of our human assets/ human capital, and understanding their value appreciation/ conservation
- Assisting in the development and testing of various HR principles in terms of investments and returns (or outcomes)

HRA at City Bank

At City Bank, we believe that our human resources are our most precious asset, enabling us to achieve our business goals and objectives. Embracing the core tenets of HRA, we consider it to be a source of deep value, not only in terms of informing us of the effectiveness of our HR strategies and initiatives, but also whether investments in these are drawing expected outcomes.

BDT m

Particulars	2019	2018
Revenues [A]	18,285	15,954
Salary and other benefits [B]	5,266	4,854
Net value-add [A-B=C]	13,018	11,099
Number of employees [D]	4,493	3,858
Net value-add per employee [C/D=E]	2.89	2.87

Note: Other benefits includes all direct and indirect benefits extended to employees.

The above table indicates our focus on not only enhancing revenues per employee through training and capacity-building and also through productivity gains (derived as a result of training and skills development), but also reflects our focus on providing industry-leading compensation standards (primary input) that has enabled us to retain, motivate and enhance our engagement with our employees, ultimately serving our purpose of protecting attrition and preserving our human capital.

Risk control

At City Bank, our material matters are reflected in our key risks and opportunities and represent the issues that have the most impact on our ability to create sustainable value for our stakeholders. While these issues change over time as new trends and developments shape the macro environment and also with changing stakeholder expectations, the broad themes remain consistent. Our material matters that influence our ability to control risk and capitalise on opportunities include: macroeconomic environment; disruptive and increased competition; demands on governance, regulation and risk management; societal transformation and environmental constraints; requirements for specialised skills; and changing relationships between business, government, labour and civil society.

Risk governance

Risk is pervasive in all business activities. City Bank continuously reviews its risk management processes to ensure these remain relevant for identifying, measuring, managing and controlling business risks and opportunities.

Our Board has adopted a comprehensive risk management policy to reinforce the need to establish a programme for Enterprise Risk Management (ERM). The Board further commits to providing its wisdom, guidance and other resources to ensure the full implementation and sustenance of the ERM programme. The Board also acknowledges that each of the bank's activities across its various arms has an element of risk. Due to the diverse nature of the bank's business units, products and services and target customers and their profiles, and the fact that not all risk can be fully transferred to third parties, the management of residual risk at all levels of the bank is an imperative function.

City Bank's Board expects the executive leadership of the bank to be committed to building a risk-aware culture and to have increased awareness and a shared responsibility for risk management at all levels of the organisation. A clearly expressed risk management policy, including a comprehensive risk appetite framework, support this. City Bank embraces a multi-tier risk management approach that is articulated as under.

Asset-liability initiatives taken	Credit	Operations
Our asset-liability practice (ALCO) has been designated the responsibilities of: overseeing liquidity and interest rate risk programmes and shock tests; monitor key risk indicators; develop and test policies and procedures; set risk tolerance limits; prioritise activities and investments; and provide strategic input to senior management and the Board.	Our credit management framework enables oversight of credit risk activities, assessments and stress tests; develops and augments policies and procedures; sets risk variation limits; supports the credit underwriting and evaluation processes; monitors key risk indicators; and provides tactical input to senior management regarding the direction of credit risks.	Our objective is to manage operational risk arising from a wide variety of causes associated with the bank's processes, risk personnel, projects, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Business units
Business units are accountable for the ongoing management of risk on a day-to-day basis

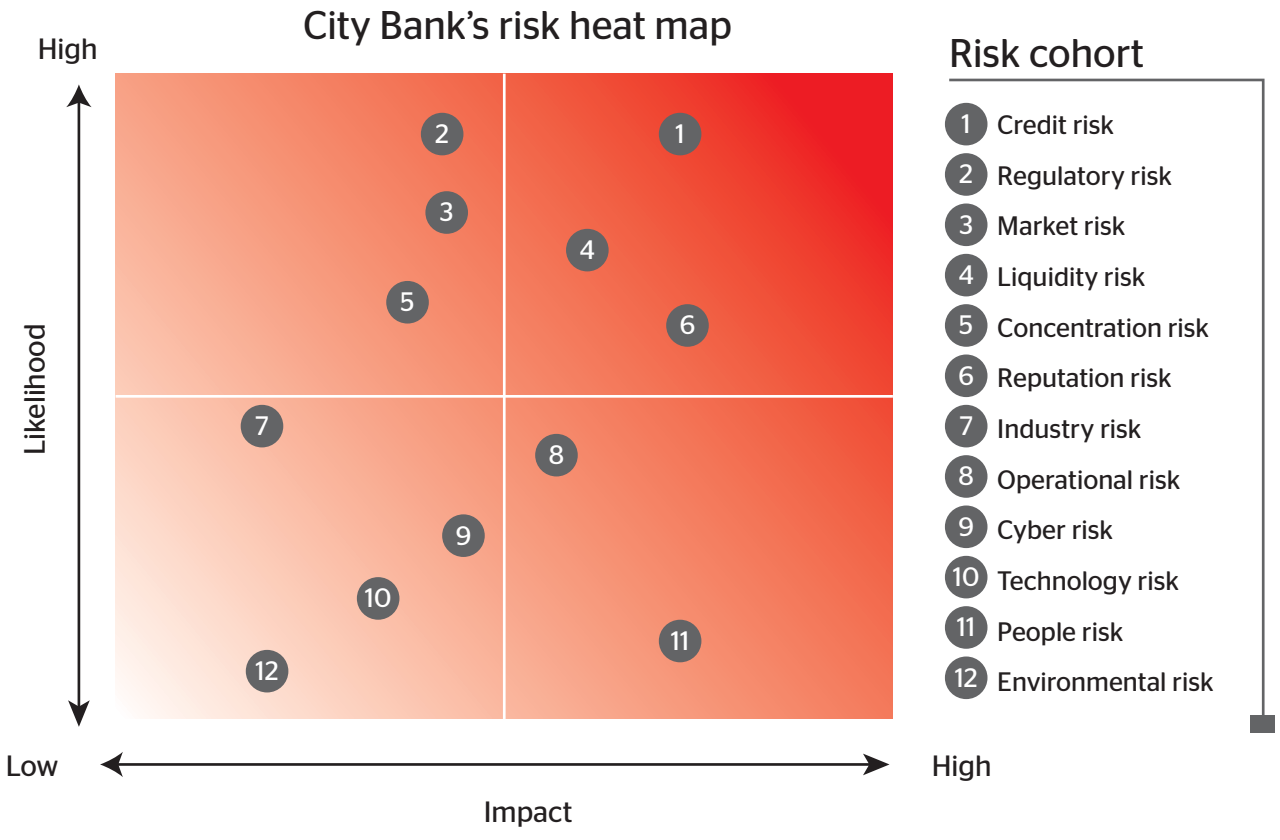
Risk and compliance oversight
Supplements and safeguards the business line risk activities through monitoring and reporting

Independent reporting
Internal audit engages in independent reviews and provides objective assurance on the quality and effectiveness of the bank's internal control system

External auditors/regulatory bodies
They provide risk governance and audit assurance from an external or third-party perspective

Our risk universe and risk map

As City Bank pursues its activities with the primary intent of building value over the long-term, it is exposed to various forms of risks – strategic, tactical and conventional. Notably, our risk management, mitigation and control initiatives are guided by our broader interests in safeguarding our reputation and credibility, which we consider to be our most precious intangible asset.



Mitigating risks through our risk matrix

Risk cohort	Strategic mitigation	Tactical outcomes/ expected initiatives
Credit risk - Ability to predict and manage our credit risks	- Robust credit evaluation and assessment standards - Modern technological tools and processes supporting credit underwriting - Large teams on the ground engaging in first-hand/on-premises credit appraisal	- Contained NPLs even in a challenging credit environment (5.8% in 2019) - Credit stance has been elevated to greater cautiousness and conservatism
Regulatory risk - Ability to align our business model and operating practices with regulatory guidelines and updating these in line with new regulations issued from time to time	- Adherence to circulars issued by Bangladesh Bank and the Government and its regulatory arms - Alignment with regulatory capital norms of BASEL and our national regulations	- Continued to embrace the culture of full compliance - In a major initiative, updated processes and operations to align with the central bank's guidelines on fixing lending rates at 9% (w.e.f. 1 April 2020)
Market risk - Ability to protect our sustainability in the face of customer uncertainty/ enhanced cost of doing business	- Optimised exposure to especially stressed sectors - Focused on ensuring regulatory alignment to minimise cost of compliance - Ensured access to capital, including global capital pools	- Market practices continued to remain guided by our risk tolerance framework - Enhanced collaboration between credit risk management and risk teams with a view to synch and achieve greater centralisation of market risk control
Liquidity risk - Ability of the bank to meet its financial obligations	- Broadened access to risk capital - Strategically capitalised on the policy rates of the central bank to balance yield and stimulate credit demand - Engaged in thorough credit demand assessment through determining health of existing as well as targetted corporate companies	- Continued to achieve diversification in sources of funds - Emphasised on CASA as a lower-cost deposit base - Continued to engage in prudent capital allocation to meet our yield expectations
Concentration risk - Ability to diversify the asset book/loan profile in terms of both customer segments as well as geographic concentrations	- Focused on diversification through expansion into new businesses, especially in the services sector - Achieved geographic diversification, especially through our dispersed branch and agent banking network - Our digital banking focus will open up further possibilities to reach out to newer customers across a broader geographical expanse	- The biggest constituent of our loan book comprising the RMG sector, occupies no more than 17.1% of the total book - Our corporate segment represents 60% of the loan book on average and we are focusing on SMEs and retail segment as diversification strategy

Risk cohort	Strategic mitigation	Tactical outcomes/ expected initiatives
Reputation risk - Ability to meet customer/shareholder expectations	- Continued to build on the legacy of one of the oldest first-generation banks in Bangladesh - Growth propositions built on operational sustainability built over several credit/market cycles	- Leveraged corporate reputation and credibility to target all generations of customers - Any initiative or new products launch is always vetted from the lens of potential impact on reputation
Industry risk - Ability to capitalise on any industry/sectoral upturns, while also protecting sustainability through minimising downside risks	- Broad-based experience in serving diverse customers across various industrial/non-industrial segments, driving opportunistic approach - Well-defined risk tolerance framework guiding our credit decisions	- Continued to have a well-diversified book with manufacturing and non-manufacturing representing 63% and 37% of the asset book, respectively - Our agent banking hub model concept will especially aid our efforts to tap into industries/businesses in the hinterlands
Operational risk - Ability to ensure pristine asset quality and secure operations with the ultimate goal of building customer trust	- Upgraded CBS from version 7 to version 10 with appropriate user upskilling, thus also opening up a wider range of useful tools for access - Our business reengineering initiative will modernise and transform our operations, improving especially our credit and reputation risk profiles	- Continued to have industry-leading customer loan disbursal (TAT) timeframe of 3 days (average) - Assured the highest operational security, thus fortifying the bank's operational capabilities
Cyber/technology risks - Ability to protect bank's sustainability against malware or cybercrime - Ability to operate and sustain a modern technology-driven banking platform	- Experienced IT team who possesses longstanding expertise in banking technology - Our IT and risk departments are focused on combatting cybercrime and fraud - Strong tech network that protects the bank against any potential cybercrime or fraud - Established a dedicated digital financial services (DFS) wing to further modernise security platforms and systems	- Continuous tech-led upskilling amongst employees - Allocated capex investments in IT upgradation
People risk - Ability to retain human capital and prevent undesired attrition	- Continuous focus on upskilling and reskilling teams for ensuring regulatory alignment as well as alignment in the context of a dynamic operating environment - Industry-leading compensation standards with strong performance-linked benefits	- Focus on prevention of undesired attrition through enhanced employee engagement - Managing employee growth and retention through meeting their career and compensation expectations

Risk cohort	Strategic mitigation	Tactical outcomes/ expected initiatives
Environmental risk - Ability to ensure that our operations contribute to ecological sustenance	- Strong green finance practice with asset book growing by 58% YoY - Strong partnerships with international developmental partners ensuring access to green fund pools - Partnership approach with domestic customers too, helping secure their objectives in aligning their operations with environmental considerations	- As part of the services business, our impact on the environment is typically low - Yet, our green office guidelines assist in ensuring that we conserve precious resources like paper, water and energy by as much as possible

Responding to key risks

As a financial services provider, we are highly connected to and inter-dependent on the macroeconomic environment. Our ability to create value is dependent on key economic drivers, our response to them and their impact on our stakeholders, and we articulate below few key risks in detail that impact our business, thus supplementing information expressed in our risk matrix.

Key risks	Our response
Disruptive technologies and enhanced competition The digitisation of banks includes embracing and leveraging mobile technology, fintech partnerships, cloud computing, big data, machine learning (ML), blockchain, artificial intelligence (AI) and biometrics in the modernisation of legacy IT infrastructure and systems, as well as in the pursuit of new revenue channels. The world over, banks are increasingly partnering with fintech companies, enabling faster delivery of new innovations to target customers. Further, competitors in the banking sector have evolved to include new entrants and even fintech disruptors. These companies are revolutionising the banking experience for clients. While many fintech players have found it hard to scale and are increasingly partnering with traditional banks, big tech disruptors have the financial wherewithal and the scale and hence are a potential threat to the traditional banking industry. While these are global trends, they are likely to transform the Bangladeshi banking landscape only much ahead into the future.	**Bringing our differentiation to the table** At City Bank, we enjoy a strong position of trust with our customers and this robust competitive driver opens up the opportunities for our bank to gaining client transactional volumes and revenue by continuing to respond to their needs in an agile and client-centred manner, improving efficiency through technology and bringing new digital offerings to market quicker. Such a focus has enabled us to commercialise swiftly market-leading and innovative new products and enhancements, thereby enabling us to build on our position further, gain a larger share of the customer's wallet and create a bigger and more diversified repeatable business platform.

Key risks	Our response
Emergence of cybercrimes The unwanted side of the global technology revolution is that financial crime has increased exponentially, evidenced by the increase in the number, intensity and sophistication of cyberattacks. These attacks are usually aimed at accessing, changing or destroying sensitive information, extorting money from users or interrupting normal business. Banks have especially become potential targets for cyberattacks primarily because of their key role in payment and settlement systems. A survey conducted by the World Economic Forum indicated that globally, cyberattacks are among the top-five risks expected to increase in the future.	**Bringing our differentiation to the table** With a view to differentiate our proposition, we are investing in our digital banking capabilities that will truly revolutionise banking for our customers. Such a platform will not only thwart any cyberattacks, it will also enhance our relevance amongst our customers, enable gain in market share and allow us to meet our cost-to-income ratio targets through service delivery cost optimisations.
Increased governance and regulations Worldwide, the financial services industry has witnessed a tremendous increase in regulations since the global financial meltdown of 2008. These regulations have placed new demands on banks, resulting in increased cost of banking. Moreover, the cap on lending rates is a serious regulation that requires a thorough evaluation of the banking model itself, as opposed to only a process.	**Bringing our differentiation to the table** At City Bank, we support the intention of increased regulations to protect our stakeholders by preventing a potential financial crisis, and hence consider regulatory compliance and alignment to emerging risk management practices as key strategic imperatives for sustainability. A major opportunity for City Bank is implementing regulatory requirements, such as lending caps, in a client-centred, integrated and synergistic manner. We have already reached advanced stages of recalibrating our rates, and our objective is to strike a balance between passing on the customer benefits, while also ensuring that we continue on our path of enhancing stakeholder and shareholder value. By having a strong balance sheet, we are positioned well to weather such a disruption, and are also in a strong growth position as the economy adjusts to the new rate regime.
Balancing societal transformation with environmental goals The massive economic, social and environmental challenges we are facing globally continued to intensify in 2019, as the mutual desire to address these challenges seemed to diminish in an increasingly polarised environment. As the Covid-19 epidemic exposed how interconnected we are as humanity, in many cases the lack of progress in addressing key public risks that exacerbates them will drive socio-political tensions and have profound impacts on poverty. Unless the fundamental interdependence of human development and environmental wellbeing is properly regarded, our modern economies will remain under threat. Further, recent research suggests that by 2050, billions of people will experience zinc, protein and iron deficiencies due to the impact of CO_2 on nutritional staple crops (Harvard TH Chan School of Public Health).	**Bringing our differentiation to the table** The UN SDGs (United Nations' Sustainable Development Goals) and the Bangladesh Government's expressed objective to attain these goals by 2030 offer complementary roadmaps for transformation of the society and highlight investment opportunities that will meaningfully address socio-economic and environmental challenges. Moreover, the use of innovative financial solutions to meet clients' needs as they relate to meeting the SDGs represents a significant opportunity. At City Bank, we are positioning delivery on the SDGs as a key part of our strategy, using this to create an enduring competitive advantage. For example, our green finance book that has grown at a 79% CAGR since the inception of the initiative, is a visible showpiece of our focus on assisting businesses in mobilising finance for green and clean development projects.

Key risks	Our response
Addressing inclusive and sustainable growth The pace of change in banking is accelerating, and digitisation is at the forefront of the change in the industry. In fact, digital banking is widely perceived to be the future, especially exacerbated by the Covid-19 pandemic that has enforced large-scale global shutdowns and home isolation. Besides, the global banking industry trends indicate an impact on the workforce as a result of digitisation relating to skill-sets and a reduction in organisation sizes. Consumer behaviours and uptake of the digital offerings will influence roles and skill-sets required for banks to grow their businesses.	**Bringing our differentiation to the table** As a responsible employer in a competitive environment, City Bank needs to identify impacted roles and skills proactively and establish plans to upskill employees for new roles and capabilities. We also continue to focus our attention on the attraction of the best skills and talent, providing world-class training and development to cater for a changing world, especially one that is increasingly digital. As skills retention and development are crucial to improving our competitiveness, it is critical that we take an active role in supporting the existing workforce through reskilling and upskilling. Although City Bank provides a facilitative environment, we are also encouraging individual team members to embrace a proactive approach to self-learning. Together, with the development of scarce and evolving skills, we are formulating wellbeing programs that aim to build resilience and provide holistic support to our employees. Opportunities for City Bank include initiatives that drive inclusive and sustainable economic growth to place Bangladesh in a stronger position over the medium- to long-term and create a supportive environment for customers to achieve their growth aspirations. We will continue to contribute to important debates on key issues, specifically pertaining to regulations; work closely with the Government and our central bank to ensure positive financial outcomes for the public; and contribute our share to sustainable socio-economic expansion through the SDGs and other such initiatives.

Chief Risk Officer's review on risk management

This statement conveys the intrinsic changes City Bank's Risk Management systems have created for safeguarding the bank's operational and financial sustainability. The discussion illustrates how the bank's risk management and governance practices, progressive initiatives and tactical measures have created the pathway for the bank's sustainable growth.

"Amplifying our focus on risk control amidst major external developments unleashed by Covid-19, an unprecedented public health pandemic, we consider each risk's potential impact on the bank's sustainability, profitability and strategy, as well as the probability of occurrence."

Zabid Iqbal
Chief Risk Officer



Embracing safety across the risk spectrum

Overview

At City Bank, our focus on embracing safety across the risk spectrum is underpinned by key external developments that have the potential to create a strategic shift in the way industries operate and businesses function. In such a landscape, it is only natural that we put into accelerated momentum our emphasis on controlling the occurrence or impact of key risks with a view to achieve our dual objective of mitigating or minimising the deleterious influence of such a risk or risk cohorts and, at the same time, identifying positive levers that we could leverage to transform negative impacts into positive outcomes.

Amplifying our focus on risk control amidst major external developments unleashed by Covid-19, an unprecedented public health pandemic, we consider each risk's potential impact on the bank's sustainability, profitability and strategy, as well as the probability of occurrence. Our risk rating framework has assumed a proactive stance, taking into cognisance both the inherent and residual risk positions after we have evaluated the effectiveness of our mitigation strategies and actions. Associated controls and mitigations may include a forward-looking view of the risks and mitigations, which may have an impact on the future performance of the bank and the extended Group.

On a granular level, City Bank maintained a risk approach anchored on compatibility, conservatism, caution, prudence and practicality throughout the year 2019, assuring protection of customers' deposits, ensuring responsible lending, facilitating operational sustenance and fulfilling broad objectives. To be sure, by carefully melding the bank's growth strategy with its risk appetite, we were able to contribute to the core business deliverable of reinforcing the platform for sustainable long-term shareholder value creation. Our teams continued to build on our industry-leading risk control capabilities, identifying and allocating risks across the spectrum from which we could draw the most value, from which we could enhance protection and from which we could reinforce our organisational sustainability.

In 2019, we embraced multiple strategic steps to maintain lower credit impairment and manage asset quality. At the start of the year, we revamped and modernised the activities of our Management Risk Committee, restructured the organogram of risk management functions and identified top and emerging risk types, including such risk cohorts as operational risks, information and cyber security risks and risks centered around financial crimes. Such an approach to address emerging modern-day risks allowed us to view our existing risks more holistically, while enabling us to improve our ability to categorise and proactively manage new risk types.

Notably, yet another core component of our strategy comprised our focus on ensuring the bank's diversification across its products and client segments, while keeping a hawk eye on maintaining liquidity and capital positions, thus ensuring enhanced resilience against evolving risks. Further, we were also able to reinforce our data and analytical capabilities, harnessing digital and technological tools to elevate the speed, agility and quality of our risk decision-making process and practice.

With such contemporary foundation-building initiatives, we believe we are well-positioned to identify and capitalise on new pools of opportunities that will especially arise during the economic normalisation process in a progressive Covid-safe world, while also remaining vigilant against any new threats that may arise, thus prioritising our mitigation focus on such risks.

Update on our key risk priorities

We recognise that risk in business is a complex, diverse and versatile concept, and that there are many parts of the organisation at work to manage risk. It is our core purpose to ensure that these parts work together in a manner to achieve harmonisation with the overall organisational objective of mitigating risk. Consequently, we understand that the function of risk management is not to impede the management of business, but to facilitate the achievement of our strategic objectives and, therefore, simultaneously includes the identification of strategic opportunities throughout the execution of the risk management process.

During the year 2019, we heightened our risk surveillance and control capabilities, leveraging technology and innovation with a view to better serve the function of value creation through risk management. Some of the key highlights of the year include the following:

- **Revamping our risk culture and accountability framework:** We achieved sound progress on embedding a strong risk culture within the bank, and enhanced our focus on the frontline ownership of risk. Our Board's Risk Management Committee and Management Risk Committee reset the guiding principles for risk management, enabling us to have holistic risk conversations towards fostering an integrated approach to address key risks. We continued to assess strategic initiatives and growth opportunities from a risk perspective, and effected incremental improvements against the evolving character of our key identified risks.
- **Realigning the structure of our Risk Management division (RMD):** In 2019, RMD underwent strategic transformation with a view to facilitate sharpened focus on key risk cohorts. As such, the division was de-densified into two sub-sections: Enterprise Risk Management and Operational Risk Management.

  The ambit of Enterprise Risk Management includes credit risks, market and liquidity risks, projects and systems risks, capital risk management, risk policy and subsidiary risk, and support and MIS desks.

  The realm of Operational Risk Management includes operational risk support for retail, cards and small business divisions, operational risk support for other business and support functions, operational control and monitoring, and operational policies and processes. The modification also included re-specification of desk-wise responsibilities to match business complexity.
- **Improving efficiency and effectiveness of operational risk management:** The bank continued to invest in improving risk infrastructure, including risk exposure management and data quality. Further enhancements are planned for Operational Risk Management as well. Our operational risk team also commenced the review process of crucial policies with cross-functional teams. Moreover, key operational risk areas were identified to manage risk impacts and exposure mitigation tactics. The bank has been working with Deloitte for improving such operational risk management aspects, as risk control self-assessment (RCSA). Importantly, we continue to streamline our processes to drive internal efficiencies, while enhancing our surveillance capabilities.
- **Augmenting and revising our risk management policy guidelines:** The bank has set into motion multiple initiatives to develop and improve its risk management policy guidelines, such as operational risk management framework and market risk management framework. We have also achieved progress in streamlining and modernising our investment policy and credit policy manual to be able to adapt to the evolving business environment.

- **Optimising capital risk management to achieve desired returns on invested capital:** The bank's capital management capabilities were improved through useful analytics and continuous monitoring. Notably, our preparedness is reflected in the fact that revised regulatory requirements specified during the year were seamlessly incorporated into our business and risk models through regular reviews, constant monitoring and incremental adjustments. Both, the current business conditions and future business outlook has been evaluated in detail to map our aspirations in achieving risk-adjusted returns on equity. We also evolved the capacity of our SRP team through support from a working group that was entrusted with the responsibility of improving and formalising the process and methodology for BASEL implementation.
- **Improving our information and cyber security capabilities:** In 2019, we elevated information and cyber security risk into a principal risk type, and a new framework was approved for implementation to ensure that the cyber risks were identified and managed through a consistent approach across the bank. Further, cyber security risk management framework and ICT security policy version 4 were approved, and risk score-based vulnerability assessments were also conducted with a view to enable better understanding of risk profiles in technology and cybersecurity.

Risk weighted asset profile, 2019

City Bank is committed to meeting its stakeholder expectations in sustainable business growth by cultivating appropriate risk strategies.

In 2019, the bank achieved asset growth of 9.2%, while the risk weighted asset (RWA) for the corresponding period declined by 6.3%. RWA moderated by Tk. 16,461.7 m from 261,543.8 m on 31 December, 2018 to Tk. 245,082.1 m on 31 December, 2019 on a consolidated basis. This was due to decline in credit risk RWA of Tk. 11,824.1 m or 5.3%, and market risk RWA of Tk. 6,610.3 m or 44.2%. Notably, we maintained a capital-to-risk weighted ratio (CRAR) above the minimum capital requirement of 12.5%. CRAR increased by 1.7%, from 12.2% on 31 December, 2018 to 13.9% on 31 December, 2019 on a consolidated basis.

In order to improve capital requirements under our credit risk profile, the bank pursued improving external credit rating of its client base. By the end of 2019, the bank had succeeded in covering around 90% of its total eligible loans under valid external credit ratings.

Update to our risk management approach

At City Bank, we understand how critical it is that our risk management approach continues to evolve and develop to meet the ever-changing risk landscape facing our business. This is necessary to ensure relevance and effectiveness in generating protected performance and sustainable growth for the bank.

In 2019, we embarked on a key initiative to build our Enterprise Risk Management function. This reinforced the bank's capabilities in identifying and managing risks holistically, thus ensuring appropriate governance, oversight and information structures with maximised effectiveness. It also strengthened the bank's capabilities to understand, articulate and control the character and intensity of key risk groups.

City Bank encountered numerous circumstances throughout 2019, navigating which enabled the bank to ensure sustainable performance. The bank responded to these incidents through concerted and targetted initiatives. Our Board, BRMC and management teams worked collaboratively to generate anticipated outcomes from undesirable exposure areas, while complying with all regulations and guidelines. Further, we administered a number of methodical and well-targetted initiatives across our risk management process throughout the year. Significant concerns were identified, solutions were explored through insight origination and findings were scrutinised to provide enhanced dependability to the management, thus ensuring sustainable organisation-wide progress.

We also implemented various strategies across specific intervals to tackle different credit risk management situations. Reviews on asset quality management structures through root-cause analysis of credit business hindrances, vintage analysis of requisite accounts and delinquency pattern investigations of specific areas were undertaken during the year. Some of the other initiatives that furthered our risk mitigation objectives comprised developing industry papers on best practices in risk, evolving suitable shrink strategies, engaging in extensive credit risk profiling, exploring potential opportunities for business growth and adjusting the bank's growth aspirations with the revised regulatory amendments, including non-performing loan (NPL) classification guidelines.

During 2019, the industry-wide predicament in NPLs tested the bank's asset quality management capabilities. The bank consciously managed evolving credit risk conditions by modelling, prioritising and exploiting prevalent opportunities. Deep-diving into primary investigation across key and emerging risk areas

facilitated evaluation of significant issues, which were then offset with suitable programs to mitigate exposures. Besides, loans classification and rescheduling-related regulatory changes had varying effects on the bank's investments and returns, and these consequences were countered by gauging industry and business-specific performance parameters to include and exclude the bank's presence in specific sectors and segments.

Across the spectrum of environmental and social risk management, compatible action plans were devised to minimise high risk-rated projects to counter the negative impact on the environment and the society. The bank also advised a number of clients on their environment and social risk impact and also facilitated few in mobilising green finance for enabling the implementation of clean development projects.

Further, City Bank's Money Laundering & Terrorist Financing Prevention unit tackled risks generated from AML and CFT as an independent entity. To keep money laundering and terrorist financing exposure in check, the bank's Central Compliance Committee (CCC) was assigned and authorised to enforce and implement appropriate strategies. Moreover, accurate compliances with regulatory guidelines were confirmed through ongoing inspection, monitoring and account enquiries. The top priority for the money laundering and terrorist financing prevention includes the implementation of e-KYC, introduction of AML screening software and improvement of regulatory audit rating.

Closing remarks

Opportunities for City Bank include initiatives that drive inclusive and sustainable economic growth to place Bangladesh in a stronger position over the medium-term to long-term and create a supportive environment for customers to achieve their growth aspirations. We will continue to contribute to important debates on key issues, specifically pertaining to risk governance and regulations; work closely with the Government and our central bank to ensure positive risk-mitigated financial outcomes for the public; and contribute our share to sustainable socio-economic expansion through the SDGs and other such initiatives.



Zabid Iqbal
Chief Risk Officer

Social responsibility report

Overview

91 %
Growth in social investments, 2013-19

477 mn
Social investments, 2013-19

75,000
Total number of beneficiaries, 2019

As one of the longstanding financial institutions of Bangladesh with a marquee heritage, City Bank has been instrumental in developing social strategies that have created a substantial positive impact across grassroots communities, thus reinforcing the bank's presence and positioning as a huge force for good in Bangladesh.

City Bank has always held the precious belief that social responsibility is a vital part of its business, and by integrating sustainability into the heart of its operations, the bank has ensured that shareholder value goes hand-in-hand with stakeholder value. Such a focus has not only reinforced the bank's social credentials, but has also empowered it with a reputation as an organisation that cares for its communities and empathises with them.

With our social initiatives knit deep into our organisational DNA, we are committed to fostering growth that is inclusive and anchored on community welfare and participation. We stand dedicated to our responsibility of alignment of our impact with community development and are deeply mindful of creating sustainable benefit for our society and the environment at large.

Aligned with this philosophy, City Bank is committed in conducting its business operations in a responsible and sustainable way, thus integrating its social responsibility as an intrinsic part of its organisational culture.

At City Bank, our community support programs represent the foundations of all our CSR initiatives and extend beyond the standard charitable or philanthropic measures, transcending from one-off initiatives into sustainable and measurable impact creation.

In 2019, City Bank adopted the following CSR initiatives in such areas as:

- Fostering learning programs for the disadvantaged
- Formulating health support programs
- Crafting disaster management initiatives
- Extending financial support for the arts, culture and sports
- Initiating clean water and sanitation initiatives

Importantly, our CSR programs are linked to the goals expressed in the United Nations' Sustainable Development Goals (UN SDGs).

In September 2015, as many as 193 UN member-states adopted the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs) as the primary framework to shift the world in the direction of a more prosperous, equitable and sustainable future. Hence, the SDGs have been developed as a fulcrum of cross-linked goals to achieve a better and more sustainable future for today and for future generations. Through the SDG adoption process, it was emphasised that businesses would have to play a pivotal role in delivering on the objectives of the 17 goals by 2030.

At City Bank, we believe that the SDGs are highly relevant in today's times as they address some of the most persistent challenges faced by humanity today, including poverty, lack of access to even basic essentials, lack of opportunities for progress, including education, climate change, etc.

The 17 UN SDG goals



City Bank stands united in extending educational support to underprivileged students

Linked with: #4 Quality education | #10 Reduced inequalities | #17 Partnerships for the goals



City Bank has been closely working with an education support program of the Management and Resources Development Initiative (MRDI) for students from underprivileged families of Basatpur, Jessore, from 2015 onwards. Under this holistic program, the bank has provided educational stipend to around 102 children from Basatpur Somity, who are studying from Class IV to X. Further, the bank has also funded students' coaching class expenses to support their board examination preparations. These endeavours have resulted in students achieving meritorious academic results in PSC, JSC and SSC certifications.

City Bank stands united in contributing to women empowerment

Linked with: #5 Gender equality | #10 Reduced inequalities | #17 Partnerships for the goals



City Bank has partnered with the prestigious North South University (NSU) to encourage women entrepreneurship through the City Alo Certification Program, a platform that aims to blend technical knowledge as well as other relevant soft skills for launching, managing and promoting businesses. Today, Bangladesh is a country where women represent almost half of the labour force and hence, in order to stimulate entrepreneurship among women and create more employment opportunities, City Bank considers it important to hone entrepreneurship skills among women and give them access to beneficial financial schemes, thereby also bringing them into the folds of organised banking.

Further, under City Alo, we also offer robust tech support to our customers for them to promote and even scale up their business. We hope that over time City Alo emerges as a torchbearer of women empowerment in Bangladesh.

City Bank stands united in its efforts to support civic beautification

Linked with: #3 Good health and wellbeing | #15 Life on land | #11 Sustainable cities and communities | #17 Partnerships for the goals



City Bank continues with its deep engagement with the Baridhara Society for the beautification of Baridhara Lakeside Rajuk Park Zone-1. Baridhara Lakeside Park is one of the scenic parks of the locality and is considered to be the lungs of the city on account of its lush green foliage. Further, considering the prime location of the park, City Bank's significant contribution will facilitate its proper maintenance, while also raising awareness about the importance of green zones in bustling metropolitan regions.

City Bank stands united in its quest for environmental sustenance

Linked with: #3 Good health and wellbeing | #15 Life on land | #11 Sustainable cities and communities | #17 Partnerships for the goals



City Bank and BEZA signed an MoU (memorandum of understanding), in which the bank will sponsor green plantation initiatives at Bangabandhu Sheikh Mujib Shilpa Nagar at Mirsarai and Feni Economic Zones and Sonadia Eco-Tourism Park. City Bank's contributions will help support green cover across the economic zones, thereby also facilitating the business climate in the region.

City Bank stands united in its support in community relief

Linked with: #3 Good health and wellbeing | #13 Climate action



City Bank has provided food support to the poor who have come under major food safety related threat due to ongoing coronavirus situation. The bank provided food bags, each weighing 18 kilograms, containing rice and other food essentials to 20 thousand families through 8 centres across the country. It is estimated that some 100,000 people will receive good support for one week through this initiative.



City Bank donated food items to 100,000 poor families who were impacted during the nationwide lockdown imposed by the Govt. to control the spread of coronavirus

City Bank stands united in extending health care support

Linked with: #3 Good health and wellbeing



In 2019, City Bank supported the National Institute of Neuroscience & Hospital through the installation of 75 waiting chairs. The bank also supported 6 medical patients for their treatment, while also supporting the 19th Children's Fresh Air Excursion Camp in 2019, organised by Shishoder Muktoboyo Sebon Songsta-Bangladesh.



City Bank has donated a high flow nasal cannula machine to Chattogram General Hospital (CGH) to facilitate treatment of coronavirus disease (Covid-19) patients

As part of bank's CSR activities, a high flow nasal cannula machine has been donated to Chattogram General Hospital (CGH) and an ambulance to Chattogram Metropolitan Police (CMP) authority to facilitate healthcare support amidst spread of coronavirus across the country. Both of these philanthropic initiatives were taken by City Bank Chairman, Mr. Aziz Al Kaiser during coronavirus pandemic hits hard in Bangladesh.

City Bank stands united in fostering awareness about sports and culture

Linked with: #3 Good health and wellbeing | #10 Reduced inequalities | #17 Partnerships for the goals | #11 Sustainable cities and communities



In 2019, City Bank contributed to the Bangladesh Police Football Club to assist in the procurement of sporting equipment to encourage sports and outdoor activities. The bank also supported initiatives of the National Conference for Children and Teens, contributing to an educational sports program, Khelaghar Ashor.

City Bank donated BDT 100 m through BAB to Bangabandhu Memorial Trust under the celebratory campaign, portraiture, books and other memorabilia encompassing the life history of Bangabandhu Sheikh Mujibur Rahman, which will be displayed and preserved to raise awareness about the Father of the Nation.

City Bank stands united in health care and sustainability initiatives

Linked with: #6 Clean water and sanitation | #11 Sustainable cities and communities



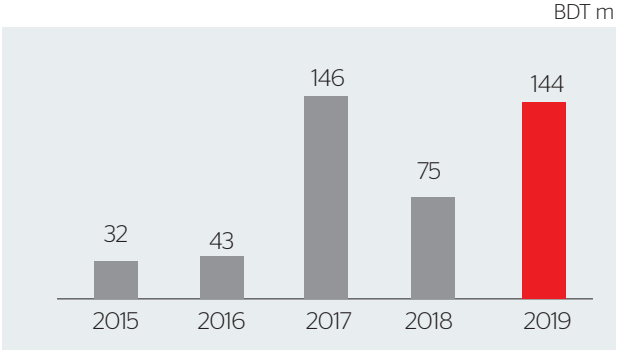
In 2019, City Bank continued with its collaboration with Footsteps Foundation, a social enterprise, to implement a project christened 'Project Trishna', which aims to provide local city dwellers with access of safe contamination-free drinking water. Providing a potable source of water can go a long way in preventing many water-borne and arsenic-prone diseases, like cholera, typhoid and dysentery. Since 2015, City Bank has been jointly working with Footsteps Foundation in Project Trishna to provide free access to clean drinking water for the urban poor dispensed through a state-of-the-art filtration system. Currently, 8 active Project Trishna water purification systems are being supported by City Bank.

At City Bank, we believe that the most effective way to address the social and economic needs of Bangladesh is through people and community empowerment. To do the best we can to achieve this, the bank funds education, health care, beautification and sports and culture projects, and also others that foster sustainability and endurance, with measurable outcomes. The Board ensures the adequate formulation and implementation of policies and practices that govern our efforts towards good corporate citizenship, while also supervising and overseeing our performance in this regard.

At City Bank, creating a positive and lasting influence in areas that need responsible interventions the most, including education, rehabilitation, livelihood creation, health and hygiene, urban rejuvenation and inclusivity, among others, represent some of our key grassroots social investment areas.

Our social investments over the years

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Sustainability analysis report

Overview

City Bank's journey towards sustainability began in January 2012 through its adoption of 'Policy Guidelines for Green Banking' of Bangladesh Bank (vide BRPD Circular 02/2011). With a view to ensure alignment with this policy, capacity, infrastructure, strategies and process developments began through the adoption of an environmental risk management (ERM) framework, expressed as one of the core risk mitigation strategies of the bank. In December 2013, for the first time ever, the bank developed a step-by-step procedure for facilitating the assessment of environmental risks, which is followed throughout the credit appraisal process, showcasing the bank's emphasis on environmental sustenance and sustainability.

In June 2016, City Bank went a step further and knitted social risk criteria into its credit appraisal process and also adopted IFC Performance Standards. Besides, the bank also expanded its E&S risk rating system by introducing a comprehensive environmental and social management system (ESMS) to broaden its commitment to sustainability. At the heart of it, this policy document harmonises the bank's approach to compliance with the requirements of all stakeholders as well as outlines its commitment and approach to internal standards for managing environmental and social risks.

As a part of ESMS implementation, City Bank also adopted an environmental and social action plan (ESAP) to ensure timely phase-wise implementation of ESMS activities. The bank has identified a senior management official as E&S Manager who is placed in-charge of ensuring the implementation of ESAP and other ESMS functions, and an E&S Officer is entrusted with the responsibility for effecting practical day-to-day development, implementation and operation of the environmental and social management system.

From 2015 onwards, City Bank enhanced its focus on internal capacity development and also across its credit function. The bank undertook initiatives to transmit its commitment to sustainability to all its employees through incorporating a session on sustainable banking in its orientation program for all new recruits. In 2019, a total of 690 participants (including orientation program for new recruits) participated in different training programs organised both internally or by external organisations, like Bangladesh Institute of Bank Management (BIBM) and GCPF.

Further, a comprehensive training workshop on sustainable banking practices in Bangladesh was also organised by BIBM, where participants from different banks shared and exchanged views and experiences on sustainable banking. Two participants from City Bank participated in the workshop. GCPF also conducted a regional workshop in Bangkok, Thailand, on sustainable banking. The program span comprised three days and three participants from City Bank took part in it.

In October 2015, City Bank introduced its sustainability slogan: 'Go Green. Think Green, Act Green'. City Bank successfully launched its internet banking solution, 'CityTouch' on 11 October, 2013 to provide improved, prompt, on-demand and paper-free banking services to its customers. To reduce its carbon footprint, we have also launched e-statement access facility from 1 July, 2014 for its customers and has also designed a desktop wallpaper that articulates the bank's emphasis on reducing electricity and paper consumption. Currently, 13 of City Bank's branches are partially powered by solar energy. The bank also has a 'Green Office Guide' to foster awareness in reducing the carbon footprint in day-to-day operations.

Further, City Bank has developed its own environmental and social risk categorisation tool, comprising a software that determines the E&S risk category of a transaction and provides supporting information for better understanding E&S issues of the client. The software was launched in October, 2018. The E&S categorisation tool has been designed to support relationship managers and also risk managers to make appropriate E&S assessments of clients.

City Bank offers green financing facilities through 52 products under 8 different criteria. These include:

- Renewable energy
- Energy efficiency

- Alternative energy
- Waste management
- Recycling and recyclable products
- Environment-friendly brick production
- Green industry, etc.

City Bank, as a responsible corporate, strives to contribute to nation-building, engaging in sustainable development, accelerated inclusive growth and social equity. The bank continues to respect the diverse interests of and is highly responsive to different communities, especially those from socially and economically backward groups, the underprivileged and marginalised and the society at large. The bank considers it to be of strategic importance to embrace social responsibility in its management approach and operations, with initiatives chosen in fields in which impact is required and can generate a multiplier effect. City Bank's CSR efforts primarily focus on health, education and disaster management, environment, cultural and social welfare, infrastructure improvement in remote/underprivileged areas and income-generating activities for the underprivileged population, among others.

In 2019, City Bank extended BDT 144 m in social responsibility projects, the major contribution being in the celebration of 'Mujib Borsho' (birth centenary celebration of Bangabandhu Sheikh Mujibur Rahman) and also in the establishment of 'Bangabandhu Corner' in all 64 districts, and also in disaster management.

Green financing

Overview

After formally introducing Green Banking Policy Guidelines (vide BRPD Circular 02/2011) in 2011, In 2017, Bangladesh Bank provided 52 product lists under 8 categories for green financing (vide SFD Circular 4/2017), while in 2009, Bangladesh Bank established a revolving refinance scheme amounting to BDT 2 b from its own pool of green funds in order to boost financing in green sectors, such as solar energy, bio-gas plants and effluent treatment plants.

Over the period since 2009, Bangladesh Bank has enhanced the coverage of green finance refinancing to 51 unique products under 8 categories in 2017 (vide SFD Master Circular No. 03/2017). In January 2016, a longer-term refinancing window, Green Transformation Fund (GTF) with a corpus of USD 200 m was launched by Bangladesh Bank to ensure sustainable growth in export-oriented textile and leather sectors conducive to transformation of the country's green economy. To further widen the scope of this fund, Bangladesh Bank made this fund utilisable by all manufacturers-exporters (agnostic of sectors) in June 2019 to finance import of capital machinery and accessories for implementing specified green/environment-friendly initiatives.

City Bank offers sustainable green financing solutions that enable clean and green economic development, while also raising awareness on the need to minimise the negative impact of business on the environment and society.

Impact created, 2019

In 2019, City Bank's green finance book increased by 58% to BDT 2,152 m. In May 2019, the bank availed of the GTF facility for Nortex Textile Mills. Nortex availed GTF for enabling energy-efficient machinery import of USD 15.2 m, which covered 60% of bank's total green finance for the year.

Case study: Funding Nortex Textile Mills' green project

City Bank successfully arranged USD 15.22 m financing under GTF for one of its RMG clients, Nortex Textile Mills Limited. Nortex's 49,152-spindles capacity spinning project is located in Mymensingh. The fund was allocated for import of environment-friendly and energy-efficient machinery. City Bank is one of the first recipients of this fund in Bangladesh, with the largest ticket size till now. On 31 July, 2019, City Bank and Nortex jointly organised a financial closure ceremony to celebrate the completion of the GTF disbursement by Bangladesh Bank. Mr. Ahmed Jamal, Deputy Governor, Bangladesh Bank, attended the event as Chief Guest. Mr. Mashrur Arefin, Managing Director & CEO, City Bank; Mr. Md Abul Basher, Chairman, Nortex Textile Mills, and other senior officials from both the organisations were present at the ceremony.

Outlook, 2020

City Bank is focused on further expanding its green finance portfolio in 2020. The bank is a proud co-partner in financial agreements with a number of reputed international organisations. With such strong financial partnerships, the bank has achieved international standard expertise in green financing.

In December 2019, City Bank became the participating financial institution (PFI) for safety retrofits and environmental upgrades in the Bangladeshi Ready-Made Garments Sector Project (SREUP) by Bangladesh Bank. SREUP is initiated by the Government and sponsored by AFD to support the country's RMG sector through medium- to long-term finance. Under this project, Bangladesh Bank intends to offer credit facility and technical assistance to Bangladeshi RMG manufacturers through PFIs to improve safety retrofits across their factories and also to mitigate environmental

and social risk occurrences of their activities. RMG companies can avail this loan through PFIs for their investments based on corrective action plans (CAPs) and commitments, as per Accord, Alliance and NTPA reports.

In addition to SREUP, City Bank also became the PFI for Bangladesh Bank-initiated JICA Assisted Urban Building Safety Project (UBSP), in December 2019. The objective of this project is to strengthen building safety in the RMG industry (specific to RMG factories located in Dhaka, Narayangonj and Gazipur district and Chittagong city areas), through short- to long-term financing. This fund can be leveraged to finance the fire safety, retrofitting, rebuilding and relocation of garments building of RMG manufacturers.

With these new funding products and arrangements, City Bank is confident of reinforcing our green and environment-friendly portfolio and become a more sustainable bank for the future with international standards and practices, while fulfilling our nationalistic role in contributing to the green and clean economic development of the country.

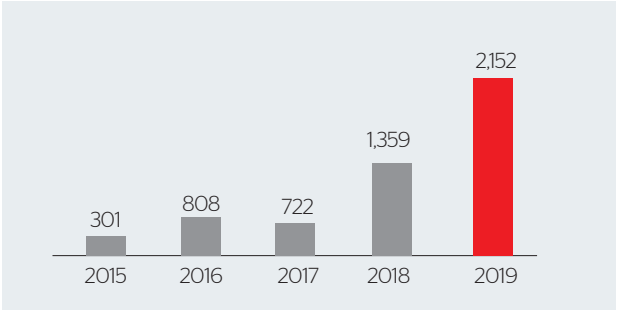
Loan disbursements by City Bank in green projects

BDT m

Segments	2015	2016	2017	2018	2019
Energy efficiency	143	639	520	1,359	1,964
Renewable energy	11	0	5	-	80
Waste management	80	25	30	-	11
Establishment of green industry	23	-	-	-	-
Work environment and workers' safety	44	144	167	-	96
Total	**301**	**808**	**722**	**1,359**	**2,152**

Year wise green finance disbursements

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Directors' report

The Board of Directors present their report for the financial year ended 31 December, 2019

Dear shareholders,

The Board of Directors of The City Bank Limited take pleasure and privilege in presenting the 37th Annual Report and Audited Financial Statements for the financial year ended 31 December, 2019, along with the Report of the Auditors. This report also discloses the performance of the Group's subsidiaries and expresses all material matters with regards to the Companies Act, 1994; the Bangladesh Securities and Exchange Commission; the Bangladesh Bank and the International Accounting and Financial Reporting Standards.

Document control

With a view to help our readers access key information easily across this chapter, we have highlighted critical subject matters alongside reference page numbers.

Subject matter	Reference page no.
Operating context in a nutshell	165
Global economic review	166
Economic developments in Bangladesh	169
Banking sector trends of Bangladesh	172
Strategic priorities	178
Financial review	179

Overview: Making progress against our strategic goals

As a bank that is intrinsically linked to the socio-economic fabric of Bangladesh, we continued to fortify our positioning and relevance as a bank for the generations of today and tomorrow. Thus the year 2019 was another eventful year for the bank and a strong one in terms of total returns for our shareholders.

During the year under report, we continued to reshape our business organically through driving internal change and efficiency improvements, drawing encouraging results that have motivated us to continue on our path at least over the next few years.

We continued to build on our customer-centric propositions, substantially scaling up our offerings to suit a much wider and more diversified customer range, thus achieving enlargement of our revenue sources, which will place us well in the coming years. We also fanned out our presence to cover more districts and regions of Bangladesh that helped us meet our diversification objectives, while also enabling us to connect to the broader national purposes of financial inclusion and jobs creation.

Serving these themes are a multi-decade opportunity and hence, though the progress the bank made in 2019 is pleasing, there is still more to do to realise City Bank's full potential to deliver increasing value to our shareholders and to surpass the expectations of our broader stakeholder community. We look forward to rising to this challenge in 2020 and beyond.

Overall operating context:

Challenging, yet protected by Bangladesh's structural advantages

Globally, the macroeconomic outlook in 2019 was characterised by sustained volatility, exacerbated by geopolitical tensions, which have given rise to uncertainty and growing protectionist behaviour the world over. This has resulted in outcomes such as Brexit in the UK, whose exit terms yet remain uncertain, and trade tensions between the US and China. Closer to home, Bangladesh has continued to remain an model emerging market (EM) country, with GDP expansion of 8.15% in FY19 (July 18-June 19), which is faster than the economic growth of both India and China, two of Asia's largest and most populous economies.

Indeed, compared with the external global environment, our local operating context continued to remain anchored on sound potential, with businesses aided by supportive Government policies. Our operating landscape is defined by a large population of 165-m people, a substantive demographic advantage with a large part of this population being below the age of 35 years, significant under-penetration across sectors showcasing potential for catch-up consumption, a large diaspora sending back remittance that is one of the economic mainstays, and availability of large and cheap labour that has made the national garments sector recognised the world over.

Yet, social inequality, high levels of bad debt with relatively higher cost of liquidity, lagging infrastructure and non-homogenous growth restricted to the metropolitan limits represent some of the country's structural economic constraints. Policy uncertainty, especially for the banking and financial services sector, is yet another pervasive theme hampering the sector, inhibiting it from realising its full potential.

In this context, City Bank turned in a respectable performance for 2019, with growth achieved across all key financial metrics. Particularly, our strategic capital allocation strategies continued to advance our return ratios, while our focus on credit underwriting and collections continued to have a positive impact in terms of lowering our NPLs. These results found favourable resonance with our investors, with our market capitalisation increasing over years, placing us as among the top listed private sector banks of Bangladesh in terms of capital market performance.

Looking ahead, the public health pandemic unleashed by the coronavirus (Covid-19) that originated out of China sometime in November-December 2019 has fast turned into an unprecedented economic pandemic, as countries lockdown their cities and make social distancing one of the key norms for the containment of the virus. This has exerted extreme pressure on a wide variety of industries, and it has been perceived that many businesses will be bankrupted and job losses will be commonplace. What has amplified economic risks further is the lengthening uncertainty around normalisation, as the virulence has spread to several countries around the world, while it has somewhat been contained in China.

As central banks around the world focus on economic stimulation through easing policy and statutory liquidity rates, it remains to be seen the full nature of the stimulus package instituted by the Bangladesh Government to reboot the economy. Further, the cap on lending rates enforced from 1 April, 2020 will create additional pressure on bank balance sheets, especially those of the private sector, as their operating costs are relatively higher. Evidence-based policies are the need of the hour, and we urge the Government for urgent review and reversal. If not adequately addressed, this can threaten the banking sector's sustainability and even derail the economic outlook of the country.

Summation

- Challenging macroeconomic outlook, characterised by Brexit and souring China-US trade relations
- Economic headwinds significantly exacerbated by the Covid-19 pandemic
- Bangladesh remained as a model EM economy, with robust structural drivers in place
- Covid-19 pandemic and central bank-enforced lending caps can exert substantial pressure on the banking industry of Bangladesh, going forward

Global economic review:

Challenging and uncertain

The International Monetary Fund (IMF) noted in its January 2020 World Economic Outlook (WEO) that global growth is projected to rise from an estimated 2.9% in 2019 to 3.3% in 2020 and, subsequently, to 3.4% in 2021. This highlights a downward revision of 0.1 percentage points for 2019 and 2020 and 0.2 for 2021, compared to those tabulated in the October 2019 World Economic Outlook. The trend was primarily due to the negative effects on economic activity in a few emerging markets like India, which led to the re-calculation of growth prospects over the next two years.

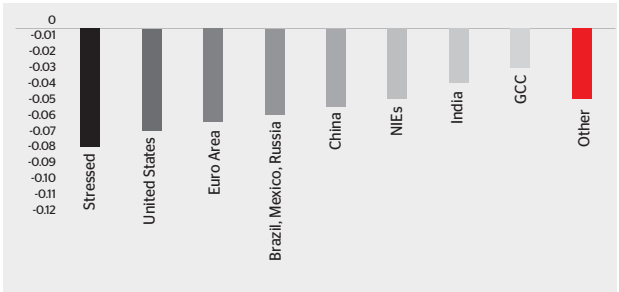
However, these projections do not take into account the Covid-19 pandemic that has unleashed economic pain around the world. Though the peak of the virus is thought to have passed across some of the major nations that were affected by it, the extent and duration of the virulence is forcing think-tanks and developmental organisations to project 0-1% global economic growth for the year 2020, while many others have pointed that the globe has already slumped into recession.

These projections come on the back of 2019 being a year during which global growth recorded its weakest pace since the global financial crisis a decade ago, according to the IMF. The year was marred by trade barriers and reversals in globalisation with the associated uncertainty, which had adverse effects on business sentiment and economic activity globally. These developments have already led to the setting in of cyclical and structural slowdown across various economies, which are bound to be buffeted by Covid-19.

Considering the global economic scenario on a granular level, weakening of large market economies like India, Brazil, Russia and Mexico, trade and technology transfer conflicts between the US and China, Britain exiting the European Union on uncertain and unsteady terms, macroeconomic stress due to tightening financial conditions in countries like Argentina, geopolitical tensions and economic restrictions placed on Iran, and social and geopolitical strife in countries like Yemen, Libya and Venezuela has struck global economic growth hard.

Weaker and weaker

The slowdown in global growth in 2019 reflects lower growth in several key countries and regions
(contributions to growth slowdown, percentage points, 2019)



In such an environment, as price-pressured consumers scaled back or postponed consumption, sluggish demand for consumer goods led to firms scaling back industrial production, which had a domino effect on their economies, creating an environment of low to nil employment growth and further exerting pressure on consumer incomes.

Global trade, which is intensive in goods and the components used to manufacture them, slowed to a near standstill. In such a situation, central banks reacted aggressively, including the US Federal Reserve, the European Central Bank (ECB) and large emerging market central banks, and over the course of the year, resorted to cutting interest rates, while the ECB also restarted asset purchases.

These corrective measures averted a deeper slowdown to some extent. The lower interest rates and supportive financial conditions reinforced the purchase of non-durable goods and services, also encouraging job creation. Tight labour markets and gradually rising wages also supported consumer confidence and household spending. Yet however, Government stimulus, especially in today's environment where economic activity has come to a near standstill, can raise inflation and impact budget deficit targets.

During 2019, especially during the tail end of the year, market sentiment was somewhat boosted by tentative signs that manufacturing activity and global trade were bottoming out, central banks were adopting broad-based accommodative monetary policy, negotiated trade outcomes between the US-China were coming to fruition, and fears were diminishing around a no-deal Brexit. However, the public health contagion has overturned these positives and 2020 is anticipated as a difficult year.

As regards to international banking and financial services, the sector was characteristically marked by the strengthening of balance sheets through improving solvency and liquidity, and diminishing non-performing assets, which expanded the capacity of the sector to confront an eventual economic downturn better.

Anchored on different growth patterns and government interventions, the financial environment in different countries varied, with resultant profitability demonstrating an uneven performance, also put to test by the deteriorating economic outlook and the easing of monetary policies. This made sustaining profitability among the sector's main challenges, particularly in Europe, which necessitated institutional reform as the key agenda to bolster sustainability of the banking sector.

As per the World Economic Outlook, January 2020 by the International Monetary Fund, stronger multilateral cooperation and a more balanced policy mix, considering available monetary and fiscal space, are essential for strengthening economic activity and forestalling downside risks. This remains especially true in the wake of the coronavirus contagion. Rebuilding financial resilience, strengthening growth potential and enhancing inclusiveness remain some of the overarching goals and today is the best time for countries to come forward and engage in strategic dialogue and sustainable collaboration.

Further, closer cross-border cooperation is needed in multiple areas to address grievances with the rules-based trading system, curb greenhouse gas emissions to contribute to containing the effects of climate change, and strengthen the international tax architecture. National-level policies are required to provide timely support, using both fiscal and monetary levers depending on the available policy space.

Summation

- Price-pressured consumers depressed consumption the world over
- Central banks provided stability through liquidity and policy support, which averted the crisis from further blowing up
- IMF global growth projections at substantial risk of being downgraded because of Covid-19
- Time ripe for countries to come together for greater collaboration, thus benefitting from the positives of globalisation

Global growth outlook

The IMF predicts a very modest pick-up in growth outlook for 2020-21. Across advanced economies, growth is projected to stabilise at 1.6% in 2020-21. This is 0.1 percentage point lower than earlier predictions due to downward revisions for the United States, Euro area and the United Kingdom, and downgrades to other advanced economies in Asia. These estimations are subject to review, as the full economic impact of Covid-19 becomes clear in the current year.

For the emerging market (EM) and developing economies group, growth is expected to increase to 4.4% in 2020 and 4.6% in 2021. This is 0.2 percentage points lower for both years than estimated earlier. These estimations are also subject to economic analysis after the full impact of Covid-19 passes out.

We present below a region-wise analysis of economic prospects of major countries:

United States of America

The US was shaped by geopolitical tensions on the back of the escalating trade war with China, leading to increased uncertainty and slower growth. Though this has cooled-off to some degree, the US Fed countered the scenario with rate cuts, which led to a steeper yield curve at the end of 2019 and a return to record highs in the stock markets.

Subject to further revisions on account of the current exigent scenario, growth is expected to moderate from 2.3% in 2019 to 2% in 2020 and decline further to 1.7% in 2021. As Covid-19 cases rise in the US pressuring the public healthcare system, businesses will be impacted. Further, volatility is continued to be expected on account of the presidential elections scheduled for later this year.

Eurozone

Eurozone's GDP weakened due to the negative impact of the external sluggish consumer environment, backed by many socio-political challenges faced by ruling dispensations across several parts of the continent. With inflation remaining at around 1% during the year, the European Central Bank (ECB) introduced monetary easing measures like cutting interest rates and resuming the asset purchase programme.

Growth in the Eurozone is projected to pick up from 1.2% in 2019 to 1.3% in 2020 and 1.4% in 2021. Yet, the extent of Covid-19 spread across Europe creates a challenging context for governments, also considering the fact that fiscal policy or stimulus space remains constrained.

United Kingdom

With the UK attempting to exit the European Union, the economic performance remained highly volatile throughout the year. Growth was supported by private consumption, supplemented by an increase in real wages, which were higher as inflation moderated to 1.3% in December, 2019. Also, the unemployment rate stood at 3.8% in the October-December 2019 quarter, at historical lows.

Though estimates project GDP growth to stabilise at 1.4% in 2020, it is to be seen how the UK will manage the public health crisis and the transition into new economic relationship with the rest of the EU post Brexit.

Asia

Asia was projected to grow at 5% in 2019 and 5.1% in 2020. There might be some derailments in the 2020 figure considering the coronavirus. Even at the rates described above, this is among the slowest pace of expansion in Asia. Though the continent continues to enjoy a status of being the fastest-growing major region in the world, this positioning will come under stress considering lacklustre growth in both China and India.

While China was battling the trade war with the US, the origination of Covid-19 from the country battered the economy, shaving several points off the GDP. In India, the national citizenship laws created a socio-economic strife, impacting economic growth. On top of this, the contagion is expected to collapse GDP growth, especially as the nation goes into protracted lockdown as the government focuses on containing the spread of the virulence.

Subject to further Covid-19 updates, growth in Asia is forecast to notch up slightly from 5.6% in 2019 to 5.8% in 2020 and 5.9% in 2021 (0.2 and 0.3 percentage points lower for 2019 and 2020 over earlier estimates). The slow pace of growth is largely due to downward revisions to India's economy, where domestic demand has slackened due to stress in the non-bank financial sector as well as a decline in credit growth.

Latin America

Latin American countries benefitted from the improving international environment, which reflected in their respective currencies evolving from depreciating to strengthening in the last few months of the year 2019.

Growth is projected to recover from an estimated 0.1% in 2019 to 1.6% in 2020 and 2.3% in 2021 (0.2 and 0.1 percentage points weaker, respectively, than estimated earlier). The revisions are due to a downgrade in growth prospects in 2020-21 and continued weak investment in some Latin American countries.

Summation

- The year 2019 saw mixed economic performance across major countries
- China and India, two of the fastest growing countries of the world, lost this positioning on account of myriad internal issues
- It is to be seen how governments the world over respond to the public health emergency, which will define their future

Impact of the coronavirus pandemic on the global economy

The Organisation for Economic Co-operation and Development (OECD) noted that the global trade was already very feeble before the outbreak of the coronavirus pandemic. Merchandise trade volumes had contracted in January-March 2019 period, and this decline continued throughout 2019, without showing signs of any major recovery.

Container port traffic and air freight traffic were also weak before the coronavirus outbreak, and now a further very sharp fall seems likely in the short-term, as airlines, hospitality and retail industries take the maximum brunt of Covid-19. Investments have also been tepid due to continued high uncertainty and weak expected future growth. Aggregate investment growth in the G20 economies (excluding China) already slowed from an annual rate of 5% early in 2018 to only 1% in 2019.

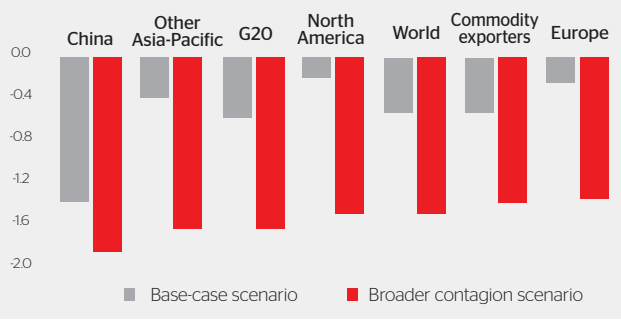
With the pandemic spreading rapidly, annual global GDP growth is projected to drop to 2.4% in 2020 as a

whole, from an already weak 2.9% in 2019, with growth possibly even being negative in the first quarter of 2020. Bank of America and other major global financial institutions have already sounded out the distress call by indicating that the world had slumped into recession.

Global economies are therefore bound to lower their growth expectations in 2020, with the first quarter being impacted the most. However, as the virus gets contained, there would be some improvement. Also, a 'phase-one' trade deal between China and the US will be seen as a huge positive step, easing trade tensions and hopefully restoring normalcy across global supply chains.

But provided the effects of the virus outbreak fade, the impact on buoyancy and incomes of well-targeted policy actions in the most exposed economies could assist global GDP growth recover to 3.25% in 2021.

Change in GDP growth in 2020 relative to baseline percentage points



Summation

- Covid-19 will depress economic growth and the lingering effects will last well beyond 2020
- Covid-19 containment is the key to normalising economic growth
- Potential phase one deal between the US and China will be a substantial positive

Bangladesh economic review:

A vibrant, thriving economy and a model EM country

Bangladesh's economy has been a positive green dot – and a major source of confidence – on the economic map of South Asia. The country's GDP has demonstrated robust growth and has even outperformed that of developing countries like India. Bangladesh now has an average growth rate of 8% – well above the Asian average, as reported by the Asian Development Bank (ADB).

Robust economic growth momentum has become a core characteristic of Bangladesh's economy amidst a tepid global growth environment, with 8.15% real GDP growth published by Bangladesh Bureau of Statistics (BBS) for FY19 (July18-June19), against growth projections averaging 3.9% for 2019 in emerging market (EM) and developing economies. Notably, the robust 8.15% FY19 real GDP growth was broad-based across economic sectors, supported by both strong domestic and external demand reflected in 10.1% export growth. Both the key FY19 monetary program objectives, including moderating annual average CPI inflation to 5.6% by end-June 2019, from 5.8% in end-June 2018, and supporting attainment of the Government's 7.8% real GDP growth target for FY19 stood more than fulfilled.

On the back of this substantial performance, the country is surging ahead to maintain momentum in 2020, which may somewhat be impacted by the public health pandemic and the subsequent nationwide lockdown. Bangladesh's economic growth has averaged more than 6% over the last decade, lifting per capita incomes significantly. Since 2009, Bangladesh's economy has grown by 188% in size. The per-capita income has surpassed USD 1,909.

Sectoral GDP growth rates (FY06 constant prices)

GDP constituent	FY10-FY-19 (avge.)	FY18	FY19
Agriculture	3.77%	4.19%	3.92%
Industry	9.90%	12.06%	12.67%
Services	6.14%	6.39%	6.78%
GDP	6.76%	7.86%	8.15%

Source: Bangladesh Bureau of Statistics

Agriculture

14.2 %

GDP contribution

The agriculture sector contributed 14.2% to the GDP in FY19, and growth of this sector moderated from a high base of 4.2% in FY18 to 3.9% in FY19. This growth was primarily contributed by growth of aqua-culture, primarily fisheries, forest-related services and animal husbandry.

Industry

35.0 %

GDP contribution

Bangladesh's industry sector contributed 35% to the national GDP, expanding by 12.7% in FY19, up from 12.1% in FY18. This expansion was supported by strong growth of manufacturing and electricity, gas and water supply sub-sectors. As a result of pick up in exports, especially to the US and some new markets, large and medium scale industrial sub-sector grew by a brisk 14.8%. Further, small-scale manufacturing sub-sector also grew by a healthy 11%.

Services

51.4 %
GDP contribution

In a world economic scenario where both developing and emerging market countries have been facing subdued growth, Bangladesh has been quietly transforming its economic profile. This is on account of several factors, including:

- Political leadership and stability
- Large population (165 m) with a robust demographic dividend – almost 66% of the population is under the age of 25-35 years
- Strong consumption driver reflected in 30 m middle-class and affluent citizens who are well-travelled and also have businesses around the world
- Focus on large and mass-scale infrastructure projects, including the Padma Bridge, Dhaka Metro and several road and flyover projects that will boost transportation, commerce and mobility
- Mature garments industry that has earned Bangladesh global recognition and has contributed substantially to employment, income and economic expansion
- Emergence of the services sector as a key contributor to the GDP
- Strong focus on digitalisation that has stimulated consumption, commerce, connectedness and mobility
- Well-spread Bangladeshi diaspora contributing to remittance as a major source of the economy
- Emerging focus on agricultural mechanisation to enhance farm incomes and free labour into more productive and income-accretive employment avenues

Bangladesh's strategic location as the gateway between Eastern and North-East India, China and South-East Asia, thus offering seamless economic connectivity across the region, is a major competitive advantage. The country has thus become an extended hub for as many as 3 b people thus, several times more than its own population.

With urbanisation picking up, by 2030, as much as 48% of the country's population is expected to reside in towns and cities, even as the Government prepares the nation to rescind its 'least developed country' tag and transform as a middle-income country by 2024. Rapid mass migration to urban centres, robust economic growth prospects, push towards rapid industrialisation, stable political leadership and continued development of the garments, agriculture and IT sectors position Bangladesh well in the medium- and long-term future.

The impact of Covid-19 on the country is expected to be lower vs. some of the developing countries, on account of the Government's proactive containment measures, also supported by the relatively youthful nature of the population, as the elderly are more prone and susceptible to the virus.

Summation

- Bangladesh is among the fastest-growing regions of the EM and developed market universe
- The country has a number of substantial strategic levers working to its advantage
- Digital Bangladesh is expected to play a major role in economic transformation
- The economic impact of Covid-19 is expected to be lower vs. other countries

Economic re-profiling of Bangladesh

According to the World Economic Forum (WEF), Bangladesh has marched ahead beyond the mainstay garments trade, which, in nearly half a century, has grown to be a USD 30 b industry. Further, the services sector – including microfinance and IT/computing – makes up to 53% of the nation's GDP.

The IT/computing industry exports nearly USD 1 b worth of technology products/services every year, a figure that the Government expects to sharply rise to USD 5 b by 2021, as Digital Bangladesh picks up pace. Notably, more than 120 companies export information and communications technology to over 35 countries around the world.

The education system of Bangladesh that has covered much ground since the country's independence, produces nearly 500,000 university graduates every year, representing a fairly rich and deployable talent pool. With a substantial percentage among this pool being trained in IT services, the result is that today, the country has a community of almost 600,000 IT freelancers, the largest such communities in the world, serving the needs of major corporations across countries around the globe. This community has perfected offshoring, winning customer confidence with prompt and expected delivery levels and at costs that are comparable to the best in the world. Bangladesh also possesses the second-largest pool of global online workers in the world.

Realising the Government's vision of digital finance, Bangladesh is also becoming a cashless society, with e-commerce market being valued at USD 1.6 b currently, and expected to double by 2023. Further, as many as 5,000 union digital centres (UDCs) have been established across the country to bridge the communications divide and enable especially the rural population to access services digitally. This segment represents the key to digital adoption in the country and hence the UDCs are a critical enabler for the same.

Further, Bangladesh has 110 m active internet subscribers, or almost two amongst three citizens. By 2025, every 2 out of 5 people are expected to access mobile internet, thereby enabling this population to plug into the connected mobile ecosystem. Bangladesh is also the fifth-largest mobile market in the Asia-Pacific region and the ninth-largest in the world, as lower smartphone costs and declining broadband charges or availability of broadband in 'sachets' have been the major drivers of smartphone adoption. With the establishment of submarine cable connections, high speed internet connectivity is expected be 'land' to even the most remote villages, even as the Government envisages 100% internet connectivity by 2021. This will make accessing a much larger population via mobile a reality for many companies, including banks.

The agriculture sector has also achieved transformation in Bangladesh, though the pace of change is slower, especially in farm mechanisation. Yet this is expected to correct as more youth entrepreneurs' innovative new agro-businesses perceiving a large untapped opportunity. Bangladesh is principally self-sufficient in terms of its food requirements, and is now the fourth-largest producer of rice in the world, second-largest producer of jute, fourth-largest producer of mangoes, fifth-largest producer of vegetables, and the fourth-largest in aquaculture. In fact, Bangladesh is steadily also adopting genetic technology with a view to ease pressure on crop yields and ensuring food for a burgeoning population.

The World Bank indicates that Bangladesh's economic output growth in 2019 is primarily driven by industry and services on the supply side, and private consumption and exports on the demand side. The strong growth in garment exports and remittances and bumper agricultural harvests are driving private consumption growth, while deceleration in import growth is projected to narrow the size of negative net exports for the same year.

Further, the growth of the national economy was supplemented by remittances, which grew by a healthy 9.8% in 2019, reaching a record USD 16.4 b in FY19. In FY20 (June-end), remittance inflows had already increased by 21.2% to touch USD 1.6 b. Net foreign direct investment (FDI) also increased by a robust 42.9%, with investments in the food, textiles and power sectors. Meanwhile, private final consumption grew by 5.4%.

According to the IMF, private consumption and investments is estimated to have contributed 3.5% and 1.9%, respectively, to the provisional estimate of 8.15% GDP growth in FY19; while public consumption and public investments are expected to have contributed 0.5% and 0.9%, respectively, during the period. Also, in 2019, the trade deficit moderated by 21.8% and current account deficit (CAD) also declined to USD 5.2 b in FY19 (Jul-May), compared to USD 8.6 b during the same period of FY18.

Primarily on account of lower export of apparel items as the sector re-adjusted to modern and more stringent requirements from customers, overall export earnings declined 5.84% year-on-year to USD 19.3 b in the first six months of FY19. This shipment, which usually makes up more than 80% of national exports, moderated 6.2% to USD 16.0 b, according to data from the Export Promotion Bureau.

The World Bank notes that after a modest 5.3% expansion in FY18, cumulative export earnings between April-October 2019 surged to USD 24.2 b, representing an impressive 13.4% increase from the same period of the previous year. This reflects 14.5% growth in readymade garments (RMG) and 8% growth in non-RMG exports, rebounding from a 9.5% decline in FY18.

As far as industrialisation is considered, Bangladesh offers one of the most liberal investment regimes in South Asia. As many as 100 Special Economic Zones (SEZs) with one-stop service are being established across the country. Twelve SEZs are already functioning, while 2 are reserved for Indian investors. Further, 28 high-tech parks are being established to drive technology and innovation, with a plan to increase this number to 64 over time. Pick up of SEZ establishment in Bangladesh is expected to accelerate foreign direct investment into the country, thus creating a favourable sovereign outlook.

To further clear the path for foreign investments, Bangladesh has adopted strong measures in the realm of legal protection, while also offering generous fiscal incentives, concessions on machinery imports, unrestricted exit policy and full repatriation of dividends and capital on exit.

Bangladesh is also becoming a high-value, knowledge-intensive society. In one of the substantial developments to showcase the growing technological prowess of the country, Bangladesh exported 12 industrial robots to Korea, manufactured and exported four ships to India and even exported refrigerators to the same nation.

In terms of global competitiveness, Bangladesh was ranked 105th in the 'Global Competitiveness Report 2019' from the World Economic Forum. The more competitive a country is, the more likely it is that it will be able to improve the living standards of its citizens. The

country stood at an encouraging 31st rank across the economic growth parameter, with GDP valued at USD 677 b at purchasing power parity. Showcasing a vibrant economy, the report noted that it takes only 19.5 days to complete the procedures for legally establishing a business in the country.

Overall, with a responsive and responsible leadership, coupled with strong emerging micro- and macro-economic fundamentals, Bangladesh is well on its way to transform its economic profile over the next few years. The country is now moving towards becoming the 24th largest economy in the world, from the present 34th as per World Economic Forum's 'Inclusive Development Index'.

Summation

- Bangladesh is a large and vibrant economy with a favourable investment outlook
- The economic profile is fast transforming on the back of innovation, digitalisation, entrepreneurship and political encouragement
- IT and services represent a major component of the economic profile
- Agri mechanisation and farm innovation will pivot the economy towards higher growth rates
- Bangladesh is climbing the ranks across most major parameters, including economic expansion, mortality, human development index, etc.

Impact of the coronavirus pandemic on Bangladesh economy

The ADB has predicted that in a hypothetically worst case scenario, Bangladesh could lose approximately USD 3 b of its GDP (1.1% decline) and there could be job cuts for around 9 m, should the coronavirus pandemic spread in the country.

Sector-wise, the highest GDP loss would be in the business sector, including the financial sector, trade and public services, followed by agriculture, tourism, construction and utilities and transport services.

(Source: The Business Standard, 26 March 2020)

While the first quarter of FY20 would be affected the most, with concerted and synchronised efforts and interventions of the Government towards the containment of the virus, Bangladesh is expected to achieve socio-economic normalisation faster than other countries.

Summation

- Coronavirus is expected to have a low perceived impact on the economy
- Government interventions towards disease containment will play a key role in economic impact and subsequent restoration

Banking sector of Bangladesh:

Transforming to continue to remain applicable to Bangladesh's growth context

The banking sector of Bangladesh has been at the cusp of holistic reforms, supporting the country's growing economy and fuelling socio-economic aspirations of the public.

In its monetary policy statement for 2019-20, Bangladesh Bank, the central bank of Bangladesh, articulated two key monetary policy objectives comprising:

- Inflation containment within targeted ceiling
- Supporting attainment of targeted real GDP growth

These were well-achieved in FY19 (July18-June19), with CPI inflation at 5.5% (below the targeted 5.6% ceiling), and strong 8.15% real GDP growth (against target of 7.8%). Further, policy actions in FY19 also eased-off lingering stresses from the FY18 liquidity crunch in private sector banks, restoring normalcy in interbank Taka and USD money markets.

FY19 growth in broad money, domestic credit and its private sector component moved along programmed directions, but with significantly lower trajectories, in close alignment with those in other fast growing East Asian and South Asian economies. Attainment of high real GDP growth with moderating broad money and domestic credit growth indicates a welcome decline in unproductive doubtful quality lending in the domestic credit markets, signifying a turn towards maturation of the credit market in its role more typical of middle-income economies.

Even as headline 12-month average CPI inflation was declining in FY19, its 'core' (non-food, non-energy) component crept up to 5.5% by June 2019. Bangladesh Bank's in-house projections revealed persistence inflationary pressures, thus leaving no room for complacency. In this context, the bank's FY20 monetary policy stance and monetary program is expected to accommodate monetary and credit expansion needs of all productive pursuits for attaining the FY20 real GDP growth target of 8.2%, while also keeping CPI inflation contained within the targeted ceiling of 5.5%.

Savings and investments

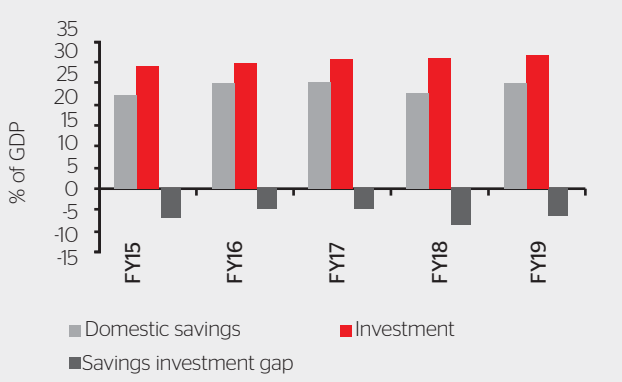
29.5%

Gross national savings as a percentage of GDP, FY19

Although growth of investment reduced from a year earlier, total investments as percentage of GDP enhanced to 31.6% in FY19, from 31.2% in FY18. The ratio of public investment-to-GDP remained almost static at around 8% over the same period, while the ratio of private investment-to-GDP increased marginally from 23.3% in FY18 to 23.5% in FY19.

Gross national savings as percentage of GDP enlarged from 27.4% in FY18 to 29.5% in FY19. Resultantly, domestic savings as a percentage of GDP rose from 22.8% to 25% during the same period. Gross domestic savings at current market price grew much faster at 23.8% over investment which recorded a growth of 14.2%. Hence, the domestic savings-investment gap as a percentage of GDP moderated significantly to 6.6% in FY19, from 8.4% in FY18.

Domestic savings and investments



Source: Bangladesh Bureau of Statistics

Private consumption

3.9 %

Private consumption growth, FY19

On the demand side, private consumption grew by 3.9%, underpinned by a record inflow of remittances at USD 16.4 b in FY19. Moreover, public consumption grew by 9% during the same period. As a result, total consumption growth stood at 4.3%, contributing 300 bps to the growth of the national GDP. Total investments contributed 2.9% points to the growth. Further, net exports contributed 2.1% points to the growth, as exports grew faster than imports in FY19.

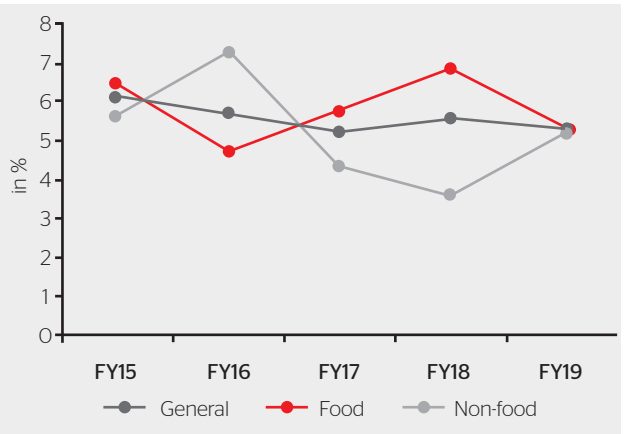
Price and inflation

5.5 %

General CPI inflation, FY19

The 12-month average general CPI inflation moderated to 5.5% in June 2019 with low volatility, well-below the targeted ceiling of 5.6%, primarily supported by robust crop harvest and lower global food prices. A unique feature across food and non-food components of CPI inflation was observed, in terms of their movement in opposite directions. Food inflation declined to 5.5% in June 2019, from 7.1% in June 2018, while non-food inflation increased to 5.4% from 3.7% during the same period. However, non-food and non-energy constituents of CPI inflation rose steadily and stood at 5.5% in June 2019, which was 3.8% in June 2018, reflecting rising inflationary pressures.

National CPI inflation (base: FY06=100)



Source: Bangladesh Bureau of Statistics and Bangladesh Bank

Money supply and credit markets

9.9 %

Acceleration in M2, FY19

In FY19, Bangladesh Bank's monetary and financial policies prioritised the national inclusive and sustainable growth agenda, by fostering price and financial stability. During the period, monetary programme aimed at ensuring adequate flow of liquidity and ensuing quality credit to support the growth and inflation targets, while also promoting domestic and external financial stability. The central bank's repo and reverse repo rates remained unchanged at 6.0% and 4.75%, respectively, in FY19.

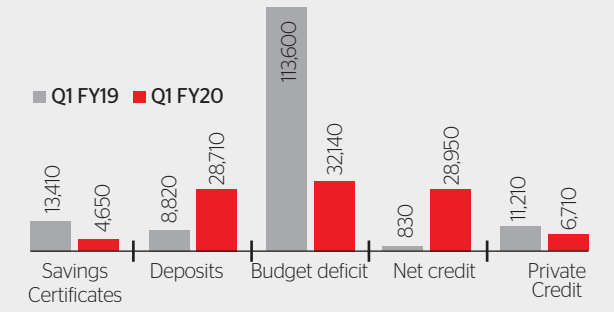
Broad money (M2) growth accelerated in FY19 to 9.9% from 9.2% in FY18, but ended up lagging FY19 monetary programme target growth of 12%. For the information of our shareholders, M2 is a measure of the money supply that includes cash, checking deposits and easily convertible near money, including savings deposits, money market securities, mutual funds and other time deposits.

The growth in broad money was driven by growth in net domestic assets (NDA) arising from huge growth of public sector credit. NDA witnessed growth of 12.3% in FY19, against the target of 16.8% growth, and 14.2% actual growth achieved in FY18. Net foreign assets increased by 2.2% in FY19, against the expected growth of -3.4%, due to faster-than-projected narrowing of current account deficit (CAD) of balance of payment.

Notably, domestic credit grew by 12.4%, lower than the targeted expectation of 15.9% for FY19, and actual growth of 14.6% in FY18, mainly due to increase of credit flow to the extent of 21.7% to the public sector from the

banking system. Further, private sector credit grew by 11.3% in FY19, much lower than the targeted growth of 16.5% for FY19, and actual growth of 16.9% recorded in FY18. Higher growth of government borrowings from the banking system crowded out private sector credit.

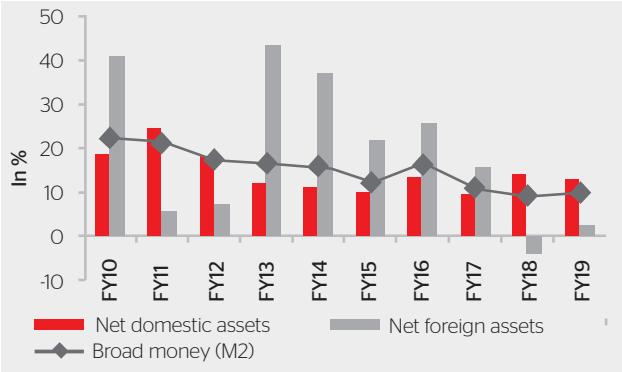
Credit and deposits



Source: The Daily Star, 23 January, 2020

At the end of FY19, the weighted, the average interest rate on both bank advances and deposits moderated slightly to 9.58% and 5.43%, from 9.95% and 5.50%, respectively, at the end of FY18. The spread also narrowed down to 4.15% from 4.45% during the same period.

Monetary aggregates



Source: Bangladesh Bank

Public finance

1.2 %

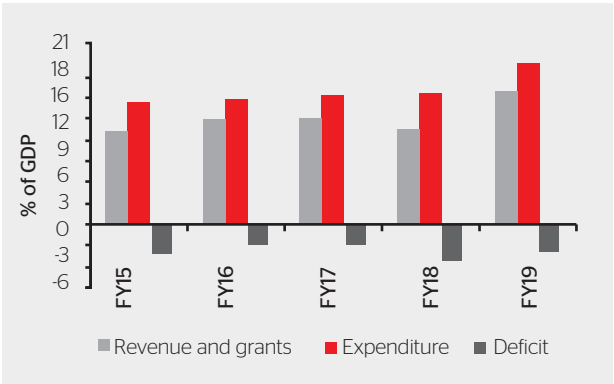
Government's financing from the banking system, FY19

In the National Budget for FY19, the Government proposed an overall deficit (including grants) of 4.78% of GDP. However, this deficit was enhanced to 4.80% of GDP in the revised budget for FY19, which was 4.6% of GDP in FY18. The deficit was largely financed by domestic sources, contribution of which declined marginally to 3.1% of GDP in FY19, from 3.5% in FY18.

Notably, the Government's financing from the banking system increased from 0.5% of GDP in FY18 to 1.2% in FY19, while financing from non-bank sources declined from 3% to 1.9% of GDP over the same period.

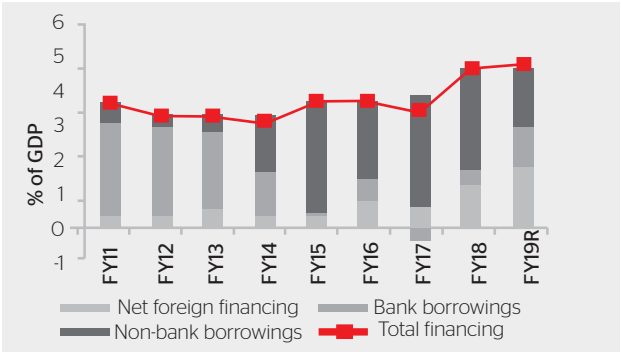
Public expenditure as percentage of GDP augmented from 14.3% in FY18 to 17.4% in FY19 revised budget. Public expenditure grew by 37.5% in FY19 revised budget, as compared to 19.4% in FY18 actual public expenditure. Recurrent expenditure in FY19 revised budget stood at 9.7% of GDP, which was 7.9% of GDP in FY18.

Revenue, expenditure and overall budget deficit



Source: Bangladesh Bureau of Statistics
Source: Ministry of Finance, Government of Bangladesh

Deficit financing



Source: Ministry of Finance, Government of Bangladesh

External sector

9.6 %

Remittance inflow increase, FY19

In FY19, exports accelerated at a much faster pace over imports. Exports grew by a substantial 10.1%, while growth of imports stood at only 1.8%. Exports stood at USD 39,945 m in FY19, over USD 36,285 m in FY18. During the same period, total import payments increased to USD 59,915 m, from USD 58,865 m in FY18.

As exports grew faster than import, trade deficit narrowed down to USD 15,494 m during the period, from USD 18,178 m in FY18. The services and income account, along with primary and secondary income, registered a healthy surplus of USD 10,240 m. Remittance inflows increased by 9.6% at the end of FY19, as compared to growth of 17.3% achieved in FY18.

Among the major export items, petroleum by-products, chemical products, agricultural products, specialised textiles, cotton and cotton products, plastic products, woven garments, knitwear and footwear products experienced a higher growth in FY19, while raw jute, leather and leather products, jute goods, engineering products, home textile and frozen food witnessed negative growth. With lower imports, import payments as percentage of GDP declined to 19.4% in FY19, from 21.5% in FY18. Import payments for oil seeds, clinker, fertiliser, POL, spices, crude oil, milk and cream, dyeing and tanning materials, plastic and rubber articles, iron, steel and other base metals, pulses, textile/textile articles and staple fibre rose in FY19, compared to FY18, while those for food grains, especially rice and sugar, edible oil, raw cotton and pharmaceuticals products declined during the same period.

Current account balance improved marginally to USD (5,254) m in FY19, from USD (9,567) m in FY18. The capital and financial account surplus stood at USD 5,861 m in FY19, down from USD 9,342 m in FY18. The overall balance of payments surplus turned into USD 12m, which was USD (857) m in FY18.

Foreign exchange

32,716 m

FX reserves, FY19

Gross international foreign exchange reserves stood at USD 32,716.5 mn at the end of June 2019, representing around 6.3 months of prospective import coverage, supported by a robust surplus in financial account and significant amount of remittance inflows.

In FY19, the exchange rate depreciated by 2.3%, as compared to 3.6% depreciation recorded in FY18. In order to maintain stability, Bangladesh Bank intervened in the foreign exchange market by selling foreign currency amounting to USD 2.3 b in FY19. Exchange rate stood at BDT 84 per USD in FY19, as compared to BDT 82.1 per USD in FY18 (avg.)

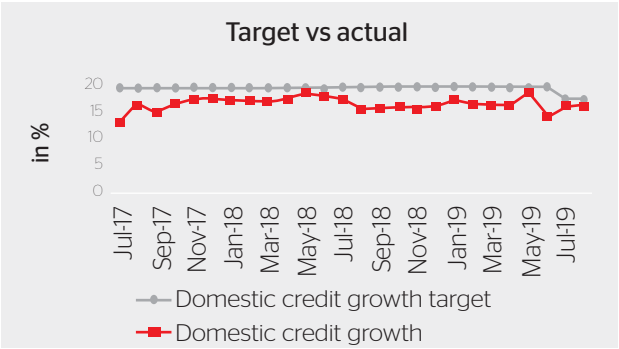
Domestic credit growth

13.5 %

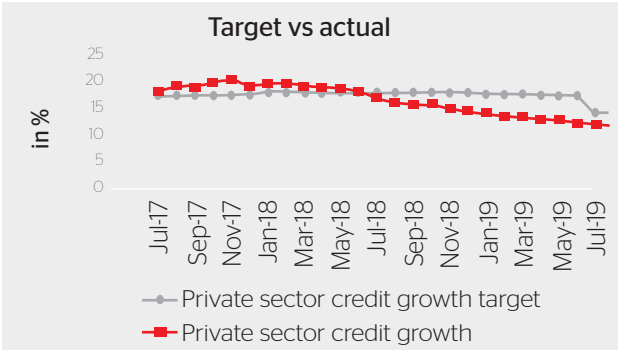
Domestic credit growth, August-19

According to the Centre for Policy Dialogue, domestic credit growth ratcheted up from 13.21% in August, 2018 to 13.5% in August 2019, just under the 14.5% target set for FY20. However, due to crowding out effects, private sector credit growth declined from 14.9% in August 2018 to 10.7% in August 2019, below the target of 13.2% set for FY20.

Domestic Credit Growth



Private Sector Credit Growth

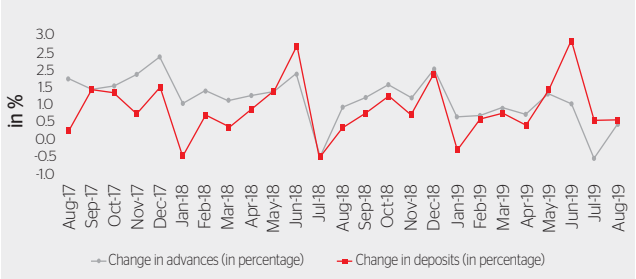


Source: Centre for Policy Dialogue

Over the last two years, the average growth rate of advances has been 1.12%, while the average growth rate of deposits was 0.84%. Higher levels of economic activity and industrialisation can be the core reasons driving advances, while lower confidence of the public on the safety of their deposits, plus other more attractive investment avenues could the chief reasons why deposits have not kept pace with advances. Further, growing customer awareness on the impact of higher inflation on the real value of deposits, could perhaps also be the reason why customers channelise savings/investments towards other options.

These low rates of growth in advances and deposits also indicate the relatively low levels of banking and financial services penetration in the country. Though major metropolitan centres can be considered as overbanked regions considering the intense competition among a large number of banks vying for customer accounts, this level diminishes towards the outer peripheries and in rural areas as banks have yet to make significant inroads into these locations. Yet, microfinance and agent banking are widely considered to be the right approach to bridge last mile connectivity to get a larger number of the economically-active into formal banking and financial channels.

Growth of advances and deposits



Source: Centre for Policy Dialogue

According to research conducted by the Bangladesh Bank, a one percentage point increase in the gap between real National Savings Certificate (NSC) rate and real bank deposit rate decreases the overall liquidity in the banking sector by 0.24 percentage points.

Bank deposits

11,369,796 m

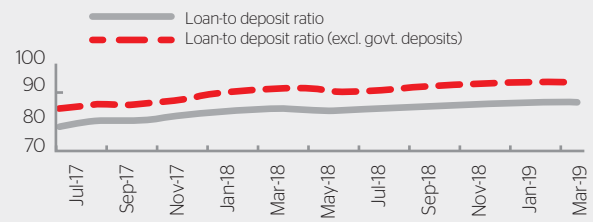
Size of total bank deposits, 2019

With respect to consolidated bank deposits, total volumes reached BDT 11,369,796 m till December 2019, of which over 89% were time deposits and the rest were demand deposits (Bangladesh Bank, excludes inter-bank and Government deposits). While total deposits registered a 0.08% growth over the Dec-19 – Jan-20 period, time deposits registered a growth of 0.6% while demand deposits shrunk by 4.43% over the same period. (Source: Bangladesh Bank)

The loan-to-deposit ratio declined marginally from 87.1% in April 2019 to 86.9% in May 2019. Capital adequacy ratio (CAR) of the banking industry reached 11.4%, as compared to 10.5% in December 2018.

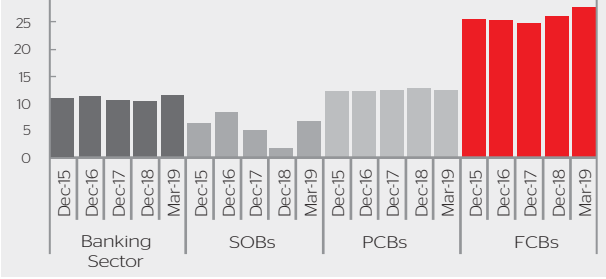
Loan-to-Deposit Ratio

Jul 2017-May 2019 (in % points)



Capital Adequacy Ratio (CAR)

Dec 2015-Mar 2019 (in % points)



Source: IMF

NPLs

9.3 %

NPLs as percentage of total outstanding loans, Dec-19

Bangladesh's banking sector has been buffeted by loan defaults, which is among the major threats to the growth momentum of the banking sector of the country. As per September 2019 data published by the Bangladesh Bank, default loans in the banking sector stood at a record BDT 1,163 b. The share of non-performing loans (NPLs) over total outstanding loans increased from 10.4% in June 2018 to 11.7% in June 2019 as the default situation worsened in the country on account of myriad reasons. However, tighter Governmental regulations and surveillance and the banking industry's own focus on recoveries and balance sheet strengthening had a combined impact that brought down industry NPLs to 9.3% as on December 2019.

Eight state-run banks accounted for more than 50% of the default loans, to the tune of BDT 596 b. Between April-June 2019, loans worth BDT 154.7 b. were rescheduled, and as of June 2019, loans worth BDT 545 b were written-off. It has been estimated that the Government has spent nearly BDT 160 b towards re-capitalising banks between 2009-17.

To address systemic banking issues, the Government is strengthening existing legal and regulatory enforcements, while also focusing on rescheduling loans. This includes steps like providing facilities of 2% down-payment and actively engaging in rescheduling default loans. Actions like these would help progressively lower the default ratio.

The Government is also exploring the possibility of forming a public asset management company which would take over banks' bad loans. Also, expanding the tax base, modernising tax administration and advancing revenue collection remain as the top priorities of the Government.

The IMF has suggested initiatives like automation and introduction of electronic fiscal devices, increasing exchange rate flexibility as well as simplifying the value added tax (VAT) structure with fewer non-standard rates and exemptions would help increase revenue and streamline tax administration.

Major financial sector-related initiatives announced by the Finance Minister in his Union Budget speech, 2019

- Fix interest rate for lending at 9% from 1 April, 2020
- Splitting funds of about BDT 202,000 crore equally between the state-run and private sector banks
- Gradual increasing of bank capital, both authorised and paid-up

- Amending the Bank Company Act to ease the process of merger, amalgamation and absorption
- Enabling the exit of loan recipient through effective insolvency and bankruptcy laws
- Proposed establishment of a Bank Commission for bringing greater discipline in the banking and financial sector
- Correcting mismatches in loan terms and deposits
- Encouraging the use of instruments like Wage Earners' Bond, venture capital and treasury bonds

Summation

- Banking industry is a core component of Bangladesh realising its economic aspirations
- Government is the largest borrower, which has somewhat crowded out private sector liquidity and lending
- Huge NPLs with the Government exploring recovery enforcements
- Lending rates cap at 9% w.e.f. 1 April 2020 is a major regulation

Financial inclusion:

Growing influence of agent banking, microfinance and mobile financial services

With a vast unreached, unserved and unbanked population scattered across Bangladesh, Bangladesh Bank and the Government have taking up several meaningful initiatives to expand access to financial services, especially in rural areas, thus actively engaging in meeting the broader objective of financial inclusion.

For example, banks are institutionalising agent banking services in rural Bangladesh and are also learning from this relatively new and innovative concept. Such a system, considered to be the most viable and scalable approach to financial inclusion, ensures public access to banking facilities, including cash deposits, loan disbursements, inward foreign remittance, and bill payments, among others. Notably, agent banking is also a vehicle that helps raise mass-scale awareness about formal banking and the benefits of organised credit in transforming economic activity and changing lives.

As per central bank estimates, agent banking facilitated the collection of as much as BDT 52 b crore as savings in 2019, while BDT 2.3 b was disbursed as loans. As of June 2019, 10% of the total amount of bank loans was disbursed in rural areas.

Beyond agent banking, other innovative and relevant banking systems have also emerged in rural pockets of Bangladesh. For example, microfinance has provided access to credit and saving schemes to hundreds of thousands of Bangladeshis living in rural areas. Particularly, microfinance is considered as the most efficient bridge between banks and the unbanked populations.

Yet another approach that has widened financial inclusion is mobile financial services (MFS), which has become an integral part of the lives of many Bangladeshis living around the country. Such a platform allows access to financial services seamlessly and conveniently, with a national ID and a mobile phone number being the only requisites to accessing financial services via the mobile phone. Millions who were financially-excluded before can now easily send and receive payments digitally. Between 2015-19, the number of daily average transactions increased by a whopping 105%, while the total transaction value increased by about 190%.

In 2019, the Information and Communication Technology Division of Bangladesh signed a Memorandum of Understanding (MoU) with Bangladesh Bank to create an 'Interoperable Digital Transaction Platform', which is a platform that can be used for effecting financial transactions and for e-commerce, transfers, m-commerce, merchant payments, bill payments, remittance exchanges and even machine-to-machine payments, etc.

With the introduction of financial services-related mobile phone applications (apps) by global technology majors, seamless payment processing has now become a reality, heralding a revolution in financial inclusion in Bangladesh, where a larger percentage of the public, especially in rural areas, are coming under the formal folds of banking.

Progress achieved in financial inclusion especially agent banking

Details	Till October 2015	Till October 2019
No. of agents	547,813	954,290
No. of registered clients (in m)	30.2	77.4
No. of active accounts (in m)	12.1	29.0
No. of total transactions	107,374,681	227,246,774
Total transactions (BDT m)	130,412	377,625
No. of daily average transactions	3,579,156	7,330,541
Average daily transactions (BDT m)	4,347	12,182

Source: The Daily Star, 18 February, 2020

Bangladesh economic outlook:

Anchored on optimism and sanguinity, yet may be impacted by Covid-19 pandemic

Economic growth outlook is expected to remain buoyant, in line with the target of growth of 8.2% expressed in the national budget for FY20. This outlook is based on the expected strong growth in exports, underpinned by trade re-direction resulting from tensions between the US and China, robust growth in private consumption expenditure from increased remittances, accommodative private sector credit policies, continued reform programmes to reduce the cost of doing business and accelerated Government spending on infrastructure development.

Within the GDP, agriculture, industry and services sectors growth are expected to stay high, supported by the Government's policy to improve agricultural product prices, expected favourable weather trends, strong domestic demand powered by remittances, as well as Bangladesh Bank's policy support to assist investment in productive sectors.

Despite slowdown of global economic activities, exports from Bangladesh is expected to grow strongly, benefitting from the trade repositioning caused by US-China trade tensions. Exports to newly penetrated markets are expected to augment further. Imports are also expected to grow faster, as the implementation of large infrastructure projects picks up, requiring capital machinery and raw materials from abroad.

However, this economic outlook is subject to the extent and duration of impact of the coronavirus. Early trends in shutdown of factories, industrial units and offices for achieving social distancing can upset corporate economic output, thus resulting in job losses and weak profitability. This situation is expected to have a deeper impact on the labour-intensive garments sector as most large consumers would have also put large orders on hold. Remittances are also expected to be impacted on account of labour being forced to return home on account of the pandemic. Besides, the number of people going abroad for work has also generally declined, thus causing added pressure.

Still, there is substantial buoyancy in economic activity in Bangladesh and the nation expects to continue to remain a torchbearer in leading economic growth in the post Covid-19 world.

Capital markets performance

Capital markets are the second largest segment of the financial sector of Bangladesh. The broad index at the DSE and its consolidated market capitalisation witnessed an increase during the July-August period in FY19. However, both the index and the market capitalisation saw declines during the September-December FY19 period. The DSEX and market capitalisation increased to 5,600.6 and BDT 3,962.3 b, respectively, at the end of August 2018, from 5405.5 and BDT 3847.4 b in June 2018. Volatility characterised the performance of the DSE, with the DSEX index and market capitalisation standing at 5,421.6 and BDT 3998.2 m, respectively, at the end of FY19.

In a major development, DSE introduced the DSE-SME platform on 30 April, 2019, through which SMEs, the backbone of the national economy, will get the opportunity to fulfill their capital mobilisation requirements.

584
No. of DSE listed securities, FY19 end

3,998 b
DSE market capitalisation, FY19 end

1,459.7 b
DSE turnover value, FY19 end

36.9 b
DSE turnover volume, FY19 end

Source: Dhaka Stock Exchange

Primary markets

15 companies mobilised new equity to the tune of BDT 4.2 b from the capital market through public placements in FY19, which was much higher than BDT 0.2 b mobilised by 9 companies in FY18. In FY19, equity issued through private and public placements stood at BDT 0.4 b and BDT 3.8 b, respectively.

(Source: Bangladesh Bank)

Secondary markets

As percentage capitalisation, secondary markets were dominated by the manufacturing sector with 39.2% share, followed by services and miscellaneous sectors at 35.8%, financial sector at 25.7%, and corporate bonds at 0.1% at the end of FY19.

City Bank's strategic priorities

At City Bank, we are focused on positioning our business well for capitalising on the evolving operating context. Some of our core priorities include the following:

- Accelerate our digital banking presence to provide superior services to our customers
- Strengthen our capital base for further augmenting balance sheet resilience

- Reinforce our risk and internal control frameworks and compliances through closer alignment with policies, procedures and processes
- Optimise our funding mix to reduce the cost of funds, especially applicable in the new industrial lending rate cap regime
- Pursue advances growth through booking quality assets post multi-tier credit appraisals and checks
- Embrace stronger initiatives to recover written-off loans
- Accelerate our green banking practice
- Ensure better management of credit risks and undertake caution and conservatism in our lending activities

Financial review

City Bank delivered strong results for 2019 in a challenging environment. Our balance sheet strengthened on the back of the bank's improved profitability, we recorded stronger cash generation and nearly completed our capital investment programme, especially in technological upgradation and digital banking. We will continue to focus on enhancing our balance sheet in 2020.

Some of the key fiscal highlights of the year 2019 include the following:

- The bank's total advances expanded by 6.7% to BDT 246,944 m, principally supported by growth in gross advances in the corporate, retail and SME-S businesses
- Total deposits grew by 20.2% to BDT 246,704 m, with CASA or lower-cost deposits, constituting 36% of the total liabilities
- Cost-to-income ratio stood at 54.7% in 2019 vs. 58.1% in 2018, which reflected strong focus on productivity and improvement in our cost base, yet allowing us to pursue strategic opportunities
- Bank-wide NPLs stood at 5.8% for the year, much lower than the industry average of 9.3%
- The bank achieved expansion of 17.7% in net interest income (NII), from BDT 9,201 m in 2018 to BDT 10,832 m in 2019. This was particularly a reflection of the over 17% growth (to BDT 26,819 m) achieved in interest income, less BDT 15,987 m (2018: BDT 13,716 m) paid out as interest/profit share on deposits and borrowings
- On the back of healthy growth recorded in NII and particularly in investment income (2019: BDT 2,086 m) and other operating income (2019: BDT 5,367 m), the bank's consolidated operating income surged 14.6% to BDT 18,285 m for the year
- Strong focus on cost controls helped yield a contained 7.8% growth in total operating expenses to BDT 9,998 m, which cumulatively led to a 24.1% surge in profit before provisions to BDT 8,287 m in 2019
- Considering economic conditions, management has been cautious by increasing provisions by 10% to BDT 2,556 m improving provision coverage to 77.9% (2018:72.7%)
- After deductions of about 56.9% of PBT paid out as current tax and deferred tax, net profit stood at BDT 2,472 m in 2019, up from BDT 2,018 m in 2018, representing a 22.5% YoY growth
- Strong financial performance expanded the capacity of the Board to declare a 15% dividend for the year 2019 (2018: 11%)
- Strong focus on strategic capital allocation and recoveries aided in ROA of 0.7% in 2019, while ROE grew to 9.9% for the year under review

Further, we achieved improvement in credit risk despite macroeconomic pressures. Since credit risk expertise is at the heart of our lending model, our Credit team continually improves the technology and capabilities they use for the underwriting and pricing of new lending. With a view to protect downside risks to our NPLs, we implemented a reduced risk appetite during 2019. The reduced risk appetite implies that we are lending more to low risk clients.

At City Bank, we believe we still have a considerable road to travel to reach our full economic potential. City Bank's future is going to depend on continued effective and conservative risk and balance sheet management, as well as investing in new initiatives, such as digital banking and agent banking, which particularly require a higher capital outlay, among others. The bank closed the period well-capitalised with good liquidity. Investment in developing our information technology infrastructure will be carefully managed using the bank's capital allocation guidelines. Going forward, the bank will continue to operate within its risk tolerance levels and prudent impairment provisioning practices.

Financial reporting

The Directors of the bank, confirm compliance with the financial reporting framework for the following:

- The financial statements, prepared by the management of City Bank make a fair presentation of its activities, operational details and results, cash flow information and changes in equity structure.
- Proper books of account as required by law have been maintained by City Bank.

- Appropriate accounting policies, including International Accounting Standards (IAS). Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been consistently applied in preparation of the financial statements. Any change or deviation has been adequately disclosed.
- Accounting estimates and underlying assumptions are made on reasonable ground and prudent judgment and are reviewed on an ongoing basis.
- Being responsible for preparation and fair presentation of the financial statements, the management of the bank asserts that the financial statements prepared by the management as at and for the year ended 31 December, 2019 present fairly, in all material respects, its state of affairs, the results of its operations, cash flows and changes in equity.
- No significant doubt exists upon the Company's liability to continue as a going concern. City Bank has neither intention nor the need to liquidate or curtail materially the scale of its operations. Hence, the financial statements of the Bank have been prepared on the assumption that the bank is a going concern and will continue in operation for the foreseeable future.

Attendance in the Board Meeting in 2019

During the year 2019, total 22 numbers of Board Meetings were held and detailed information of that is provided in Corporate Governance section.

Attendance in the Board's Executive Committee Meeting in 2019

During the year 2019, 3 numbers of Executive Committee Meeting were held and detailed information of that is provided in Corporate Governance section.

Attendance in the Board's Audit Committee Meeting in 2019

During the year 2019, 11 numbers of Audit Committee Meetings were held and detailed information of that is provided in Corporate Governance section.

Attendance in the Board's Risk Management Committee Meeting during period 1 January, 2019 to 31 December, 2019

During the year 2019, 4 numbers of BRMC Meetings were held and detailed information of that is provided in Corporate Governance section.

Segment-wise or Product-wise performance

Our business segments and their performances during 2019 has been thoroughly discussed in the 'Segmental Performance' section of the report.

Shareholding pattern of the bank

Shares held by directors and ownership composition

- *Information is provided in Corporate Governance section*

Shares held by CEO, CFO, Company Secretary and Head of Internal control & compliance and their spouses

- *Information is provided in Corporate Governance section*

Shares held by top-5 salaried executives of the bank

- *Information is provided in Corporate Governance section*

There is no shareholder in the bank who is holding 10% or more voting interest in City Bank. Hence, the corresponding BSEC rule does not apply.

Related party transactions

The Bank in its ordinary course of business undertook financial transactions with some entities or persons that fall within the definition of 'Related Party' as contained in IAS 24 (Related Party Disclosures) and relevant provisions of Bank Company Act 1991 and Bangladesh Bank BRPD Circular No. 14 dated 25 June, 2003. As on the reporting date, the Bank had funded and non-funded exposures with its subsidiaries, non-funded exposures to some current and ex-directors and credit card limit to some of its Directors. Besides, the Bank had procured some goods and services from the entities of related party (ies) during 2019. Please refer to note 50. Related Party Disclosures of financial statements for details of the transactions.

Protection of interest of minority shareholders and effective means of redress

The Bank is operated in accordance with the Articles of Association and all applicable laws and regulations of the land to ensure the greater interest of all kinds' shareholders of the Bank. The Bank is committed to sound governance practices based on integrity, openness, fairness, professionalism and accountability in building confidence among stakeholders.

However, any complaint, received at AGM or throughout the year, from any shareholders, is resolved lawfully in time.

Risk management

City Bank's Board recognises the importance of ongoing identification and management of risk in order to build and maintain the bank's sound financial and reputational condition.

Risk is an inherent component of City Bank's activities. The ability to effectively identify, assess, measure, respond, monitor and report on risk in activities is critical to the achievement of the bank's mission and strategic objectives and is a core part of the bank's risk governance framework.

Such a holistic risk management approach reflects the bank's values, influences organisational culture and guides day-to-day as well as strategic operations. It is captured in policy statements, Board and management directives, operating procedures and training programmes, while also being demonstrated in daily activities by the management and employees.

At City Bank, enterprise risk management is a set of structured and consistent risk management processes that are applied across the bank. This programme helps identify, assess and prioritise and provides a formal structure for ensuring that internal and external risks that impact the organisation are adequately identified, controlled and documented for future reference.

Further, as part of our risk governance framework, the enterprise risk management program is structured around a formal approach that is aligned with the bank's profile and strategic objectives. Moreover, it is also produces various risk mitigation activities within the business units. The resulting strategic, financial and operational risk mitigation activities that have been implemented reinforce the bank's operations and sustainability, thus reducing the potential for unexpected losses and assisting in managing volatility better.

The Board has the overall responsibility for the establishment and oversight of the bank's risk management framework.

Contributions to national growth and development

As a bank that is closely integrated with the developmental journey of Bangladesh, City Bank has placed honest focus on making sustainable contributions to the country's growth and development. The bank recognises its public responsibility of fulfilling its obligations to assist the Government in meeting certain key objectives, including those centered on reducing social inequality, infrastructure development, etc.

Going forward, City Bank will uphold its responsibility and reputation as a key partner of the Government in achieving public welfare objectives.

2,684 m
Corporate tax, 2019
(2018: 1,844 m)

3,164 m
TDS and other taxes, 2019
(2018: 2,508 m)

737 m
Value added tax, 2019
(2018: 613 m)

422 m
Excise duty, 2019
(2018: 197 m)

Acknowledgements

After a few challenging years for City Bank, the Board was most encouraged by the turnaround in performance in 2019, and I express my heartfelt appreciation and compliments to our MD & CEO, CFO, and the other members of the executive team for their outstanding performance, fortitude and leadership.

Our Non-Executive Directors provide invaluable independent insight and guidance across strategic, governance and commercial issues and I thank each of them for their strategic contributions.

Thank you to our shareholders for your conviction in our investment case, and we warmly welcome those who invested for the first time during the year.

To our broader stakeholders, including our staff, customers, suppliers, industry regulators and communities, thank you for your support, interest and engagement with City Bank.

I seek your continued support in 2020, in what will be a challenging year.

Kind regards,



Aziz Al Kaiser
CHAIRMAN

Economic impact report

This section refers to the value creation processes that the bank has incorporated within to ensure balance in meeting stakeholder's expectations. City Bank creates value through provision of financial services in line with its vision, 'The Financial Supermarket with a Winning Culture Offering Enjoyable Experiences.' Considering the keen sense of changing market dynamics, the bank aligns its own systems, processes and procedures to check, verify and validate the value creation process. The Bank conducts its business in a transparent and ethical manner in line with the best industry practices, while being fair to every stakeholder. The bank is mindful of the need to add value on a sustainable basis to all stakeholders in its value creation process. It has not been a case of building financial value and enhancing the bottom line at any cost for the bank, but participating in a process of creating sustainable value through fair and ethical means.

Some of the measures taken to create, sustain and deliver value are as follows:

Maintaining capital adequacy

Capital to Risk Weighted Assets Ratio (CRAR) is the measure of the financial strength and sustainability of a bank. It limits the extent up to which banks can expand their business in terms of risk weighted assets. Bank's capital is the 'cushion' for potential losses, which protects the bank's depositors or other borrowers. Thus, capital management is considered as an integral part of the risk management of the bank. In this regard, Bangladesh Bank uses CRAR as a mechanism to protect depositors and enhance confidence in the banking system. Regulatory capital requirements are therefore necessary to limit operations of banks to prevent overtrading. At the same time, banks can leverage their growth to improve the return on assets. Therefore, maintaining a healthy CRAR would ensure a stable and sound banking industry, which undoubtedly contributes to the growth of the economy.

Please refer to Notes to the Accounts Point 17.5.a on page **301** (Capital Adequacy Ratio-The City Bank Limited) for the capital adequacy computation of The City Bank Limited as at 31 December, 2019.

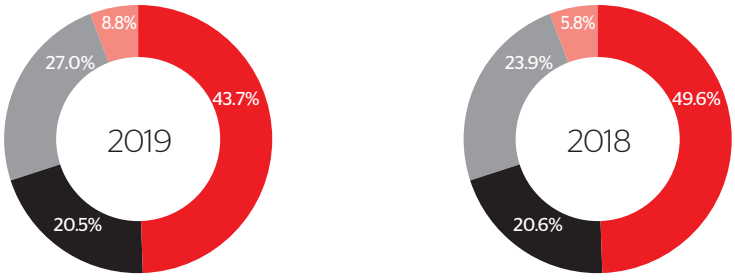
Value Added Statement

Value Added is the wealth accretion made by The City Bank Ltd. through providing banking and other financial services in 2019 for its employees, government and shareholders in the form of salaries & allowances, duties & taxes and net pro it after tax respectively and also indicates value of use of fixed assets through depreciation.

BDT m

Particulars	2019	%	2018	%
Income from Banking Services	34,272		29,651	
Less: Cost of Services and Supplies	(19,662)		(17,568)	
Value Added by the Banking Services	**14,610**		**12,083**	
Non-Banking Income	-		19	
Loan Written Off and Provision	(2,556)		(2,324)	
Total operating income (A)	**12,054**		**9,778**	
Distribution of Value Addition				
To Employees as Salaries & Allowances	5,266	43.7%	4,854	49.6%
To Shareholders	2,472	20.5%	2,018	20.6%
To Govt. as Income Tax	3,260	27.0%	2,337	23.9%
Depreciation	1,057	8.8%	569	5.8%
	12,054	**100.0%**	**9,778**	**100.0%**

Value distribution - %



- To Employees as Salaries & Allowances
- To Shareholders
- To Govt. as Income Tax
- Depreciation

Economic Value Added Statement

Economic Value Added (EVA) is the measure of financial performance of an organisation. It is based on the principle that since a company's management employs equity capital to earn a profit, it must pay for the use of this equity capital. This management tool is useful to shareholders in particular and other stakeholders in general to take decision for increasing value. EVA is equal to profit after tax plus the provision for loans and other assets less written off during the year minus cost of equity where cost of equity is the opportunity cost that the shareholders forego. This cost of equity is calculated considering risk-free rate based on weighted average rate of Sanchaya Patras issued by Bangladesh Government plus 2% risk premium. City Bank's management is focused on maximising value creation for shareholders and other equity providers.

BDT m

Particulars	2019	2018
Shareholders' Equity	25,416	24,430
Add: Provision for Loans and Advances	11,101	8,964
	36,517	**33,394**
Average Shareholders' Equity	**34,956**	**32,568**
Earnings		
Profit after Tax	2,472	2,018
Add: Provision for Loans and Others	2,556	2,324
	5,027	**4,342**
Average cost of equity (based on weighted average rate of Sanchay Patra issued by the Bangladesh Government plus 2% risk premium)	12.90% **4,509**	12.90% **4,201**
Economic Value Added	**518**	**141**

Remunerative dividend policy

The Bank continued to pay a substantial dividend to its shareholders while ploughing back sufficient profits to augment the funding needs and capital adequacy requirements. The Bank is careful of the need to strike a reasonable balance between these aspects in maintaining sustainable growth, commensurate with the risks undertaken by its investors. This prudent dividend policy has contributed in building the Bank's shareholders' funds to the present level and it is considered as one of the major funding sources of the Bank's expansion.

Considering the performance of the bank over the past year, the Board of Directors has recommended 15% cash dividend for the year 2019.

Maintaining satisfactory liquidity

The Bank maintains liquid assets to carry out the day-to-day operations and fulfil the statutory requirements imposed by the regulator. The Asset and Liabilities Committee of the Bank (ALCO) monitors the situation carefully and provides direction to maintain an optimum trade-off between liquidity and profitability.

Our policy is to carry a positive mismatch primarily in 1-30 days' category in interest earning assets and interest bearing liabilities. Our liquidity remained at optimum levels during the year. The Statutory liquidity assets ratio stood at 17.5% (required 13.0% of total demand & time deposits) in December 2019.

Optimum utilisation of resources

The Bank is mindful of mobilizing the scarce resources such as capital, deposits and borrowings at attractive terms. The Bank is vigilant in mobilising the resources in the most cost efficient manner and is cognizant of the need for prudent investment of funds for the improvement of profitability. Hence, it carefully analyses the lending propositions and makes sure follow up action is in place before disbursement of funds.

Cost/income ratio reported by the Bank, which one of the lowest among any local commercial bank, testifies the Optimum utilisation of resources. The Bank's shareholders' equity stood at BDT 25,416 m as at 31 December, 2019, mainly due to the initiatives taken, such as prudent dividend policy, tax planning and controlled capital and revenue expenditure over the years.

Market Value Added Statement

Market Value Added Statement reflects the company's performance evaluated by the market through the share price. This amount is derived from the difference between market capitalisation and book value of shares outstanding. It signifies the enhancement of financial solvency as perceived by the market.

BDT m

Particulars	2019	2018
No. of Shares Outstanding	1,016,386,661	967,987,297
Market Value Per Share (Taka)	21.10	30.20
Face Value Per Share (Taka)	10.00	10.00
Total Market Capitalisation	21,446	29,233
Book Value of Paid Up Capital	10,164	9,680
Market Value Added	**11,282**	**19,553**

Financial goals and performance

BDT m

Particulars	2019		2018	
	Goals	Achievement	Goals	Achievement
Loans and advances	289,612	246,944	240,285	231,391
Deposits	252,859	246,704	233,306	205,170
Capital Adequacy Ratio	12.5%	15.2%	11.875%	13.4%
% of NPL	5.1%	5.8%	4.4%	5.3%
Profit after tax	3,902	2,472	4,500	2,018
Cost to income ratio	52.7%	54.7%	52.4%	58.1%
Return on Assets (ROA)	1.1%	0.7%	1.5%	0.7%
Return on Equity (ROE)	15.1%	9.9%	15.8%	8.2%

Shareholders' information

Stock details

Particulars	Dhaka Stock Exchange (DSE)	Chittagong Stock Exchange (CSE)
Stock Symbol	CITYBANK	CTBNK
Company Code	11102	22006
Listing Year	1986	1995
Market Lot	1	1
Market Category	A	A
Electronic Share	Yes	Yes

Distribution of shareholders

Composition	Status	
	No. of shares	% of total shares
Directors & Sponsors	286,539,405	28.19%
Institutions	223,295,121	21.97%
Foreign Shareholders	99,252,501	9.77%
General Public	407,299,634	40.07%
Total	**1,016,386,661**	**100.00%**

As of 31 December, 2019

Classification of shareholders by holding

Particulars	2019			2018	
	No. of shareholders	No. of shares	% of total holding	No. of shareholders	% 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	11,534,997	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%	261	1.94%
100,001 - 1,000,000 shares	395	116,486,228	11.46%	308	9.37%
Over 1,000,000 shares	134	795,459,996	78.26%	123	81.29%
Total	**34,540**	**1,016,386,661**	**100.00%**	**34,333**	**100.00%**

Exchange listing

The issued ordinary shares of The City bank Limited are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company. The audited Income Statement for the year ended 31 December, 2019 and the audited Balance Sheet of the Bank as at 31 December, 2019 have been submitted to the Dhaka Stock Exchange & Chittagong Stock Exchange within the permitted time frame.

Stock exchange code for The City Bank Limited shares is "CITYBANK"

Share trading

Market price of shares of The City Bank Limited in Dhaka Stock Exchange was BDT 21.1 on close of the business of the 31 December, 2019.

The Bank's market capitalisation at 31 December, 2019 was BDT 21,446 m which is 4.0% of total Banking Industries Market Capitalisation of DSE. (Banking Industry holds 19.0% of the total market capitalisation).

(Source of information: Monthly Review of December, 2019).

Market price information of The City Bank share

BDT

Month	DSE			CSE			Total Volume on DSE & CSE
	Month High	Month Low	Total Volume (Number)	Month High	Month Low	Total Volume (Number)	
Jan-19	35.20	30.00	66,555,413	35.20	30.40	3,672,278	70,227,691
Feb-19	33.00	28.50	18,020,429	32.80	29.00	539,012	18,559,441
Mar-19	30.00	26.40	15,574,960	30.10	26.50	874,268	16,449,228
Apr-19	26.80	22.50	17,440,340	28.00	23.00	2,501,255	19,941,595
May-19	27.80	23.60	24,240,790	27.60	23.70	815,968	25,056,758
Jun-19	28.40	26.60	14,749,386	29.00	26.70	2,040,732	16,790,118
Jul-19	29.00	26.20	14,102,015	28.70	25.70	417,572	14,519,587
Aug-19	29.70	26.10	17,524,931	29.60	26.20	394,524	17,919,455
Sep-19	26.60	24.00	19,868,507	26.50	24.20	229,308	20,097,815
Oct-19	24.60	21.80	21,295,881	24.70	20.80	2,036,901	23,332,782
Nov-19	23.00	21.20	34,085,541	23.00	21.10	746,328	34,831,869
Dec-19	23.80	20.80	20,983,021	23.90	21.00	579,604	21,562,625

Source: DSE Monthly Review & CSE Bazaar Porikrama

DSE Price Volume Chart for The City Bank Ltd., 2019



Source : DSE & CBL Research

Dividends declaration & distribution

37th Annual General Meeting	Notice date	22-Jun-20
Distribution of proposed 15% cash dividend in respect of FY 19	Record date	13-Jul-20
37th Annual General Meeting	To be held on	13-Aug-20

Taxation on dividend income

Stock dividend is tax exempted. In case of cash dividend, following is the current deduction of tax at source on dividend income as per current fiscal act:

- If the shareholder is a company, either resident or non-resident, at the rate applicable to the company i.e. 20%
- If the shareholder is a resident or non-resident Bangladeshi person, other than company, at the rate of 10% (ten percent) if the recipient furnishes his 12-digit TIN Certificate, if not 15% is applicable
- If the shareholder is a non-resident (other than Bangladeshi) person, other than company, at the rate of 30%

Since stock dividend is out of the loop of withholding tax deduction, its effective rate of return is much higher than cash dividend.

Taxation arising from capital gain

Capital gain arising from transfer or sale of Government securities is tax exempted. Capital gain arising from transfer or sale of stocks and shares of public companies listed with stock exchanges is taxable at the rate of 10%.

Financial calendar quarterly results

Particulars	Submission Date to BSEC
Audited Consolidated Results for the 4th quarter ended 31 December, 2019	30-Jun-20
Unaudited Consolidated financials for the 1st quarter ended 31 March, 2019	12-May-19
Unaudited Consolidated financials for the 2nd quarter and half year ended 30 June, 2019	31-Jul-19
Unaudited Consolidated financials for the 3rd quarter ended 30 September, 2019	27-Oct-19

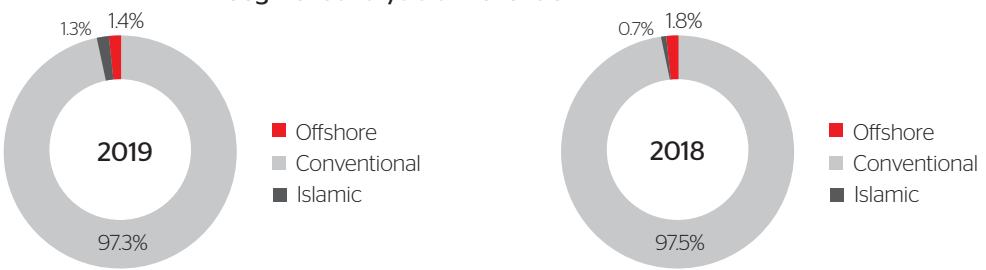
Segment analysis

BDT m

Particulars	2019				2018			
	Consumer & Commercial Banking		Offshore	Total	Consumer & Commercial Banking		Offshore	Total
	Conventional	Islamic			Conventional	Islamic		
Total Operating Income	17,791	240	253	18,285	15,558	111	285	15,954
Allocated expenses	(9,924)	(62)	(12)	(9,998)	(9,203)	(55)	(16)	(9,274)
Provision against loans & advances	(2,658)	(33)	106	(2,585)	(1,690)	2	(153)	(1,841)
Provision against off-balance sheet items	3	-	(45)	(41)	(149)	(1)	(17)	(166)
Other Provision	71	-	-	71	(317)	-	-	(317)
Profit before Tax	5,283	145	304	5,731	4,198	57	99	4,355
Provision for taxation	-	-	-	(3,260)	-	-	-	(2,337)
Net Profit	-	-	-	2,472	-	-	-	2,018
Segment assets	317,732	8,377	28,580	354,689	279,733	5,424	39,623	324,780
Segment liabilities	317,732	8,377	28,580	354,689	279,733	5,424	39,623	324,780

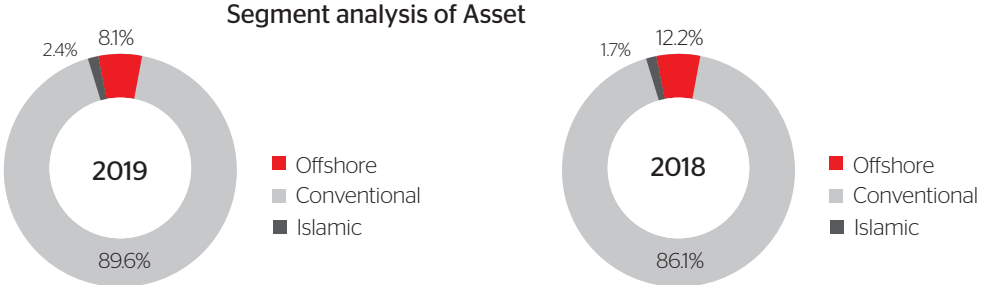
Particulars	2019			2018		
	Conventional	Islamic	Offshore	Conventional	Islamic	Offshore
Segment analysis of Revenue	97.3%	1.3%	1.4%	97.5%	0.7%	1.8%

Segment analysis of Revenue



Particulars	2019			2018		
	Conventional	Islamic	Offshore	Conventional	Islamic	Offshore
Segment analysis of Asset	89.6%	2.4%	8.1%	86.1%	1.7%	12.2%

Segment analysis of Asset



Directors' responsibility statement

The Board of Directors is appointed to act for and on behalf of the shareholders to oversee the day to day affairs of the business. The Board is directly accountable to the shareholders and each year the company will hold an Annual General Meeting (AGM), at which the directors must provide a report to the shareholders on the performance of the company, what its future plans and strategies are and also submit themselves for re-election to the board.

The report of the Company's affairs and the Audited Financial Statements duly certified by is generally to be laid down before the Annual General Meeting for discussion. In preparing the Annual Report, the Board of Directors is required to ensure that:

- Financial statements of the Bank present a true and fair view of the state of affairs, the result of its operation, cash-flows and changes in equity
- Proper books of accounts have been maintained as required by relevant laws
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgments
- International accounting standards, as applicable in Bangladesh, have been followed in preparation of the financial statements
- The internal control system is sound in design and effectively implemented and monitored
- There are no significant doubts upon the bank's ability to continue as a going concern
- There is no significant deviation of the operating results from that of last year
- Key operating and financial data of the preceding 5 years- please refer to **'Historical Performance'** on page **78**
- There was a proposed 15% cash dividend for FY 19
- Number of Board meetings held during the year and attendance by each director please refer to **'Corporate Governance'** section on page **191**
- Shareholding patterns of the Bank:
  - Parent/subsidiary/ associated companies and other related parties – not applicable
  - Shares held by directors, CEO, CFO, Company Secretary, Head of ICC and their spouses and minor children - please refer to **'Corporate Governance'** section on page **191**

The Directors to the best of their knowledge and belief are satisfied to perform the related responsibilities of the Board of Directors guided by the Companies Act, 1994, The Bank Company Act, 1991, Guidelines issued by the Bangladesh Bank and Bangladesh Securities and Exchange Commission.



Mr. Aziz Al Kaiser

Chairman
On behalf of Board of Directors

Managing Director & Chief Financial Officer's statement of responsibilities

The Board of Directors is appointed to act for and on the financial statements of The City Bank Limited drawn up as at 31 December, 2019. These statements prepared under the historical cost convention and in accordance with the First Schedule (Sec-38) of the Bank Companies Act, 1991, BRPD Circular # 14 dated 25 June 2003, other Bangladesh Bank Circulars, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh, Companies Act, 1994, The Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges' listing regulations and other laws and rules applicable in Bangladesh. In addition to foregoing directives and standards, the operation of Islamic Banking Branch is accounted for in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, Bahrain. The Accounting Policies used in the preparation of the financial statements are appropriate and are consistently applied by the bank (material departures, if any, have been disclosed and explained in the notes to the financial statements). There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation.

The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with our external auditors and the audit committee. The Board of Directors and the Management of the Bank accept responsibilities for the integrity and objectivity of these financial statements. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The most significant areas where estimates and judgments have been made are on provision for loans and advances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the bank were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The financial statements of the bank were audited by Rahman Rahman Huq, Chartered Accountants and their report is given on page **232** of the Annual Report. The Audit Committee of the Bank meets periodically with the internal audit team and the external auditors to review their audit plans, assess the manner in which these auditors are performing their responsibilities and to discuss their reports on internal controls and financial reporting issues. To ensure complete independence, the external auditors and the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

We confirm that the bank has complied with all applicable laws, regulations and guidelines.



Mashrur Arefin
Managing Director & CEO



Md. Mahbubur Rahman
Chief Financial Officer

Corporate Governance Report

At City Bank, corporate governance is the system of principles, policies, procedures and clearly stated responsibilities and accountability developed by key stakeholders to circumvent inherent conflicts of interest in the corporate form. The purpose of corporate governance is to facilitate effective and prudent management of the business so as to enable long-term value creation for all stakeholder groups.

Hence, the role of corporate governance is characterised by:

- Elimination or mitigation of conflicts of interest, particularly those between the management and shareholders
- Assurance that the company's assets are used efficiently and effectively and in the best interests of shareholders and stakeholders

From the view point of conflicts of interest, two relationships are the primary focus of most systems of corporate governance:

- Between the management and shareholders
- Between the directors and shareholders

The Board of Directors represent a critical component of the systemic checks and balances that underpin the core of corporate governance. Board members have a shared responsibility to make decisions that are in the best long-term interests of shareholders. In order to do so effectively, Board members require a combination of the following:

- Independence
- Experience
- Resources

Corporate governance practice at City Bank

City Bank is guided in its corporate governance practices mainly by two regulatory bodies:

- Bangladesh Bank (Central Bank of Bangladesh)
- Bangladesh Securities and Exchange Commission (BSEC)

However, the Bank's corporate governance philosophy encompasses not only regulatory and legal requirements, but also various internal rules, policies, procedures and practices anchored on the best practices of local and global banks. City Bank attaches a simple meaning to corporate governance, which is due diligence in observing responsibilities by the Board as well as the management to safeguard interests of key stakeholders, i.e. depositors, shareholders, employees and the society as a whole.

Two essential pillars of good corporate governance structures comprise:

- Transparency
- Accountability

These pillars are backed by strong internal controls, compliance structures and MIS capabilities at the bank.

Board of Directors

City Bank's Board of Directors currently constitutes 11 (Eleven) directors, among whom 10 (ten) are non-executives/directors, including the Chairman, and the other director is the Managing Director (Ex-Officio). Board members include individuals of high calibre with academic and professional qualifications in the field of business, and other professionals with long-standing experience. This strengthens the effective discharge of duties and responsibilities by the Board. The Board approves the bank's budget and business plans and also reviews those on a monthly basis so that directions can be given as per changing economic and market environments. The Board also reviews the policies and manuals of the various segments of business in order to establish stronger operational capabilities. The Board and the Executive Committee reviews the policies and guidelines issued by the Bangladesh Bank regarding credit and other operations of the banking industry. The management operates within the policies, manuals and limits, as approved by the Board. Regular meetings of the Board are held, with a frequency of at least once a month.

Appointment of directors

The members of the Board of City Bank are appointed according to the provisions of the Companies Act, 1994, the Bank Company Act, 1991 (amended up to 2013), Corporate Governance Guidelines of BSEC, and Guidelines of Bangladesh Bank and Articles of Association of the bank.

The Board comprises experienced members with diverse professional expertise and knowledge in the realms of business, banking and finance, IT, accounting, marketing, administration and engineering, which makes the Board diverse, proficient and balanced in guiding the bank to achieve its desired objectives.

Meeting of the Board of Directors

The Board of Directors holds meetings on a regular basis. At each meeting, the management provides information, references and detailed working papers for each agenda to all the Directors for review, at least three days prior to the meeting. The Chairman of the Board of Directors allocates sufficient time for the directors to consider each agenda in a prudent way, and allows them to freely discuss, inquire and express opinions on the topics of interest at the meeting in order to fulfil their duties and uphold their responsibilities to the best of their capabilities.

During the year 2019, 22 Board meetings were held and attendance record are as follows:

Name	Position within the bank	No. of meetings held	No. of meetings attended
Mr. Aziz Al Kaiser	Chairman	22	22
Mr. Hossain Khaled	Vice-Chairman	22	14
Mr. Mohammed Shoeb	Director	22	3
Mr. Deen Mohammad	Director	22	12
Mr. Rubel Aziz	Director	22	9
Mr. Hossain Mehmood	Nominated Director	22	14
Mrs. Tabassum Kaiser	Director	22	18
Mr. Rajibul Huq Chowdhury	Director	22	6
Mrs. Syeda Shaireen Aziz	Director	22	16
Mr. Rafiqul Islam Khan	Director	22	17
Mrs. Savera H. Mahmood	Nominated Director	22	11
Mr. K. M. Tanjib-ul Alam	Independent Director	22	15
Mr. Farooq Sobhan	Independent Director	22	9

The Directors who could not attend the meeting were granted leave of absence by the Board.

Ownership Composition

As on 31 December, 2019, Directors of City Bank held 28.19% of the total shares, as compared to 30.58% at year-end 2018.

Percentage of Shareholdings as on 31 December, 2019

Composition	2019		2018	
	No. of shares held	% of total shares	No. of shares held	% of total shares
Directors & Sponsors	286,539,405	28.19%	296,054,996	30.58%
Institutions	223,295,121	21.97%	213,917,059	22.10%
Foreign Shareholders	99,252,501	9.77%	121,450,473	12.55%
General Public	407,299,634	40.07%	336,564,769	34.77%
Total	**1,016,386,661**	**100.00%**	**967,987,297**	**100.00%**

Directors' shareholding status

As per BSEC Notification dated 22 November, 2011 and 7 December, 2011 each Director other than independent and depositor's director(s) of any listed company shall hold minimum 2% (Two percent) shares of the paid up capital by 21 May, 2012. Otherwise there shall be a casual vacancy of director(s).

All the Directors of a company, listed with any stock exchange shall jointly hold minimum 30% (thirty percent) shares of the paid up capital of the company. All the eligible Directors of the bank have taken required number of shares to comply with the above notification.

Shareholding structures of the Directors of City Bank are as follows as of 31 December, 2019:

Name	Position within the bank	No. of shares held	Percentage of holdings
Mr. Aziz Al Kaiser	Chairman	28,402,848	2.77%
Mr. Hossain Khaled	Vice-Chairperson	22,597,253	2.20%
Mr. Hossain Mehmood	Nominated Director	20,554,154	2.00%
Mrs. Tabassum Kaiser	Director	21,593,659	2.10%
Mr. Rajibul Huq Chowdhury	Director	21,622,441	2.11%
Mrs. Syeda Shaireen Aziz	Director	20,528,305	2.00%
Mr. Rafiqul Islam Khan	Director	20,988,144	2.05%
Mrs. Savera H. Mahmood	Nominated Director	20,528,307	2.00%
Mr. K. M. Tanjib-ul Alam	Independent Director	-	-
Mr. Farooq Sobhan	Independent Director	-	-
Mr. Mashrur Arefin	Managing Director & CEO	-	-

Shareholdings by CEO, CFO, Company Secretary, Head of ICC and their Spouses

Name	Designation	No. of shares	Name of spouse	No. of shares
Mr. Mashrur Arefin	Managing Director & CEO	Nil	Mrs. Farhana Mashrur	Nil
Mr. Md. Mahbubur Rahman	DMD & Chief Financial Officer	Nil	Mrs. Sanjeda Afrin Ashraf	Nil
Mr. Md. Kafi Khan	Company Secretary	Nil	Mrs. Nargis Sultana	Nil
Mr. A.K.M Saif Ullah Kowchar	Head of ICC	Nil	Mrs. Farzana Mannan	Nil

Shareholdings by Top-5 Salaried Executives

Name	Designation	No. of Shares
Mr. Sheikh Mohammad Maroof	Additional Managing Director, Head of Wholesale Banking, Trade Services, SME- Small & Micro Finance	Nil
Mr. Mohammad Mahbubur Rahman	Deputy Managing Director & Chief Financial Officer	Nil
Mr. Md. Md. Abdul Wadud	Deputy Managing Director, Head of Commercial and Medium Business	Nil
Mrs. Mahia Juned	Deputy Managing Director & Chief Operating Officer	NII
Mr. A.K.M. Saif Ullah Kowchar	Head of Internal Control & Compliance	Nil

There is no shareholder holding 10% or more voting interest in City Bank. Hence, the corresponding BSEC rule does not apply.

Non-executive Directors

The Managing Director is the only Executive Director on the Board of Directors of the Bank. All other Directors including the Chairman are the Non-Executive Directors.

Independent Directors

In compliance with the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC) and as per Section-15 of Bank company (Amendment) Act-2018 regarding appointment of New Directors and the guidelines given

by Bangladesh Bank in BRPD Circular No. 11 dated 27 October, 2013, the Bank appointed 2 Independent Directors observing all required formalities.

Independent Directors' independence

As per existing rules and regulations, Independent Directors are required not to have any significant relationship, whether pecuniary or otherwise, with the Bank, its top management and the Board. The Bank complies with the requirement and appoints Independent Directors who do not hold any shares in the Bank and do not hold any shares in the Bank and do not have any family or other relationship and its Board of Directors and its executive management.

Separation of Chairman and Chief Executive Officer roles

In compliance with Bangladesh Bank BRPD Circular No. 06, February 04, 2010 and Clause 1.4 of BSEC Corporate Governance Guidelines dated 7 August, 2012, it has been reported that the Chairman of the Board, Mr. Aziz Al Kaiser had been elected from among the directors. There are clear and defined roles and responsibilities of the Chairman and the Chief Executive Officer.

The Chairman of the Board approves the agenda for the Board Meetings, assisted by the Managing Director and the Company Secretary. Regular agenda items include approving credit beyond CEO's authority and aspects of the bank's corporate strategy, financial performance, core risks and credit policies, corporate governance, CSR and organisational structure, human resources policy, customer and service strategies and procurement policies, etc.

On the other hand, CEO, being the head of management team, is accountable to the Board and its committee to run and manage the bank in accordance with the prescribed policies, principles and strategies, established by the Board as well as rules, regulations and guidelines from Central Bank, BSEC and other regulatory authorities. The management's primary responsibilities are as follows:

- Manage the operation of the Bank safeguarding interests of customers and other stakeholders in Compliance with the highest standards of ethics and integrity
- Implement the policies and strategic direction, established by the Board
- Establish and maintain a strong system of internal control
- Ensure the Bank's compliance with applicable legal and regulatory requirements

Responsibilities of the Chairman of the Board

The overall responsibilities of the Chairman are to:

- Act as the Bank's led representative, explaining aims and policies to the shareholders
- Ensure no participation in or interfere in the administrative or operational and routine affairs of the Bank
- Ensure that the Board sets and implement the Bank's direction and strategy effectively

The specific responsibilities of the Chairman, among others, are to:

- Provide all over leadership to the Board, supplying vision, mission and imagination, working closely with the CEO
- Take leading role in determination of composition and structure of the Board, which will involve in regular assessment of the

  -Size of the Board

  -Interaction, harmony and involvement of the Directors
- Set the Board's agenda and plan Board Meeting
- Chair all Board Meetings, directing debate towards consensus
- Ensure that the Board receives appropriate, accurate, timely and clear information
- Chair the AGM and other shareholders' meetings to foster effective dialogue with shareholders
- Ensure that the views of the shareholders are communicated to the Board as a whole
- Work with Chairman of Board Committees
- Conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the Board

Annual appraisal of Board's performance

The shareholders elect Directors in the Annual General Meeting (AGM). Directors are accountable to the shareholders. At the AGM, the shareholders freely speak about the performance of the bank and make a critical analysis of the Board of Directors. The Chairman replies to their queries made during meeting. Their constructive suggestions are noted down and implemented for qualitative improvement of the bank.

As per our existing policy, it is disclosed that no formal annual appraisal of the Board takes place in the Bank.

Roles and responsibilities of the Managing Director & CEO

The main responsibilities and authorities of the Managing Director are enumerated below:

- In terms of the financial, business and administrative authorities vested upon him by the Board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plans, efficient implementation thereof and prudent administrative as well as financial management
- The CEO shall ensure compliance of the Bank Companies (Revised) Act, 2018 and/or other relevant laws and regulations in the discharge of his functions in the bank
- The CEO shall include information on violation of any law, rules, regulation including Bank Company (Revised) Act, 2018 while presenting memorandums before the Board or the Committees formed by the Board
- The CEO will provide all sorts of information to Bangladesh Bank about the violation of Bank Company (Revised) Act, 2018 and/ or any violation of Laws, Rules and Regulations
- The recruitment and promotion of all staff of the Bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the Board. The Board or the Chairman of any Committee of the Board or any Director does not get involved or intervene in such affairs
- The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he shall nominate officers for training. Besides, the CEO shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the Bank

Annual evaluation of the Managing Director & CEO by the Board

In line with Bank's mission and vision, Board of Directors define the roles and responsibilities of the Managing Director & CEO. Managing Director & CEO is evaluated by the Board on the basis of goals set for him at the beginning of each year. The annual financial budget and other job objectives are discussed, reviewed and finalised by the Board at the start of the financial year. The Board considers both financial and non-financial goals during the appraisal.

Evaluation based on financial performance

Evaluation based on financial performance emphasis on annual budget, i.e. revenue earning for the Bank, gradual reduction the NPL ratio, etc. At the end of each quarter, the Managing Director & CEO is evaluated based on the financial targets. The evaluation is done based on both:

- Achievement of targets against budget
- Achievement of targets against the achievement of those targets in the previous year

Evaluation based on non-financial goals

The Managing Director & CEO is also evaluated based on non-financial goals in an ongoing basis. The non-financial criteria include, but are not confined to things such as:

- The confidence of the shareholders in the CEO, as reflected in the stock price of the company
- The relationship of the company with the regulators
- The confidence of customers in CEO, as reflected through continuous development of value proposition

In addition, at the end of each year, an annual assessment and evaluation of the achievements of pre-agreed targets is done. Board considers the improvement in the scores for CAMELS rating at the time of evaluation. During this evaluation, the deviations from target, and the reasons for the deviations are discussed and assessed. Moreover, Managing Director's quality leadership to post better performance is always expected.

Achievement of business targets in 2019

BDT m

Particulars	Budget 2019	Actual 2019	Achievement
Operating profit	9,998	8,827	88.3%
Deposits	252,859	246,704	97.6%
Advances	289,612	246,944	85.3%

Policy training of Directors

Most of the Directors of the Bank are on the Board for many years. They have acquired enough knowledge and acumen to lead the bank well to the path of progress. The latest legislations on the financial sector and directives of the regulatory bodies are made available to them for their instant information in order that they can discharge their responsibilities effectively. They also attend various seminars and symposiums mainly on corporate governance organised by different professional bodies.

Corporate Governance training and its objectives

Corporate Governance has at its backbone a set of transparent relationships among the institution's Management, Board, Shareholders and other stakeholders. With this in view, City Bank continuously organises training on "Orientation on Banking Business under Good Governance" where all employees have to participate.

The main topics of the training are:

- Overall banking business in line with good governance
- Corporate Governance in Banks-international best practices
- Banking Companies Act and stipulations on corporate governance
- Corporate governance regulations for banks in Bangladesh

Benefits provided to Directors and Managing Director

- Directors are entitled to fees for attending the Board / Executive Committee meetings (Notes to the Financial Statement No. 36.a)
- Managing Director is paid salaries and allowances as per approval of the Board and Bangladesh Bank (Notes to the Financial Statement No.35)

City Bank has fully complied with Bangladesh Bank Circular and Guidelines.

Appointment of external auditors

The Board of Directors of the bank in its 36th Annual General Meeting held on 26 June, 2019 appointed Rahman Rahman Huq, Chartered Accountants as the statutory auditor for the year 2019.

Services not provided by external auditors

As per BSEC guidelines, City bank had declared Rahman Rahman Huq, Chartered Accountants, (involved in statutory audit) was not included in any of the followings during the year 2019:

- Appraisal or valuation services or fairness opinions
- Designing and implementing financial information system
- Book-keeping or other related services
- Broker-Dealer services
- Actuarial services
- Internal Audit services
- Any other services that the Audit committee determines

No partner or employee of Rahman Rahman Huq, Chartered Accountants possess any share of the bank during the tenure of their audit assignment at City bank.

Central bank inspections

During the year 2019, Bangladesh Bank carried out comprehensive and special inspections on the Bank's Head Office and 36 branches (among 131 branches) and followed-up on their comprehensive and special inspections on the Bank's Head Office and different branches as of 30-03-2016, 31-12-2016, 31-03-2017, 30-06-2017, 30-09-2017, 31-12-2017, 31-03-2018, 30-06-2018, 30-09-2018, 31-03-2019 and 30-06-2019. They also conducted special inspection on five core risk areas based on 30-06-2019 and 31-12-2018 financials on Head Office, along with Gulshan Branch, Gulshan Avenue Branch, Principal office, and Agrabad Branch. They submitted their detailed inspection report as of 31-12-2018 on the Bank's Head Office, which was placed to the Board of Directors. Major findings of the inspection were discussed in a meeting participated by the Board, Bangladesh Bank representatives and related management personnel of the Bank. The Board took the observations with utmost importance and instructed the management to comply with Bangladesh Bank's suggestions for further improvements.

Board's committees and their responsibilities

The Board has following 3 (three) committees:

- Board Risk Management Committee
- Audit Committee
- Executive Committee

Board's risk management committee (BRMC)

Board's Risk Management Committee (BRMC) at City Bank was established by the Board of directors in its 452nd meeting held on 25 January, 2014 for governance of risk-overseeing, directing, and setting policies and monitoring risk management performance. Bangladesh Bank vide their BRPD Circular No 11, dated 27 October, 2013 had also advised banks to form the Committee of the Board named "Risk Management Committee" in addition to existing "Audit Committee" and "Executive Committee" of the Board.

Committee composition and meetings

The BRMC consisted following members of the Board:

Name	Status with the bank	Status in the Committee	No. of meetings held	No. of meetings attended
Mr. Hossain Khaled	Vice-Chairman	Convener	4	4
Mr. Mohammad Shoeb	Director	Member*	4	-
Mr. Rubel Aziz	Director	Member*	4	1
Mr. Hossain Mehmood	Nominated	Member	4	4
Mr. Rajibul Huq Chowdhury	Director	Member	4	3

** Position remain vacant since August, 2019*

Roles and responsibilities of the committee

Committee was entrusted to supervise and review risk management processes covering the following:

- Risk identification and development of control strategy
- Adoption of organisational structure embedding risk across the organisation
- Review and adoption of Risk Management Policy
- Preservation and maintenance of information and reporting
- Supervision of execution of overall risk management policy
- Miscellaneous (Quarterly reporting of decision & recommendation to board, ensuring compliance of regulatory instructions, considering evaluation report by internal/external auditors)
- Any other task as assigned by the Board of Directors and Central Bank

Audit Committee

As per BRPD circular # 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.

Committee composition and meetings

Pursuant to the specified BRPD Circular No. 12, the Audit Committee of the Board of Directors consisted of the following members from the Board:

Name	Status with the bank	Status in the Committee	No. of meetings held	No. of meetings attended
Mr. K. M. Tanjib-ul Alam	Independent Director	Convener	11	11
Mrs. Syeda Shaireen Aziz	Director	Member	11	11
Mr. Rafiqul Islam Khan	Director	Member	11	6
Mrs. Savera H. Mahmood	Nominated Director	Member	11	7
Mr. Farooq Sobhan	Independent Director	Member	11	7

Roles and responsibilities of the committee

- Guide implementation of Corporate Governance in the organisation
- Recommend to the Board, the appointment and removal of the Head of Internal Control and Compliance
- To review whether internal control strategies, processes recommended by internal and external auditors have been implemented by the management
- To establish regulatory guidelines and instructions within the organisation
- To ensure adherence to legal and regulatory requirements

Executive Committee (EC)

The Board of Directors in its 325th meeting held on January 21, 2007, reconstituted Executive Committee (EC) in City Bank with 6 (six) members from the Board of Directors in compliance with Bangladesh Bank guidelines. The responsibility of EC is to review and provide final approvals on the credit proposals those are beyond the delegated authority of the Managing Director.

Committee composition and meetings

The Executive Committee of the Board of Directors consisted of the following members from the Board:

Name	Status with the bank	Status in the Committee	No. of meetings held	No. of meetings attended
Mr. Rubel Aziz	Director	Convener*	3	3
Mr. Aziz Al Kaiser	Chairman	Member	3	1
Mr. Hossain Khaled	Vice-Chairman	Member	3	3
Mr. Deen Mohammad	Director	Member*	3	2
Mr. Hossain Mehmood	Nominated Director	Member	3	2
Mr. Rajibul Huq Chowdhury	Director	Member	3	1

** Position remain vacant since August, 2019 and committee yet to be reconstituted*

Roles and responsibilities of the committee

Executive Committee is entrusted the following broader responsibilities and functions:

- Establish and periodically review the bank's overall credit and lending policies and procedures
- Develop and implement uniform and minimum acceptable credit standards for the bank
- Approve all revision, restructure and amendments made to the credit proposals (initially approved by the committee)

Management committees and their responsibilities

In an effective corporate governance structure, the bank management has a collective mandate under the leadership of MD & CEO to carry out daily operations to the best interest of the stakeholders. The management team is headed by the Managing Director, Mr. Mashrur Arefin. Several Management Committees have been formed to handle the banking operations and identify and manage risks of the bank. The committees are MANCOM, Extended MANCOM, ALCO, RMU, Investment Committee and Purchase Committee. Managing Director leads the three most important committees, which are MANCOM, ALCO and Investment Committee

Management committee (MANCOM)

MANCOM is considered the highest decision and policy making authority of the bank which consists of the CEO and the heads of various large divisions. Regular tasks of the committee include:

- Monthly business and financial performance analysis
- Monthly business review and analysis of each business units' performance

Extended management committee (EMC)

Extended Management Committee is a prime decision making body of the bank for day to day operations and for seamless execution of strategic decisions with leaders of different divisions/departments. EMC is key to drive and uphold the key values across the organisation and is also responsible jointly for delivering business results. Headed by a Mancom member, EMC regularly conducts to ensure all internal and external challenges within the organisation are dealt with proactively.

Assets liability committee (ALCO)

The duties of managing the market risk including liquidity, interest rate and foreign exchange risk lies with the Treasury Division under the supervision of ALCO committee. The ALCO committee is comprised of senior executives of the Bank, who meets at least once in a month. The committee evaluates the current position of the Bank and gives directions to mitigate the market risk exposure to a minimum level. ALCO was fully engaged with activities in setting strategies and re-vamping previous strategies to cope with the current market scenario.

Basel Unit

In order to incorporate the changing global concepts in risk management and to adopt the Basel III standards, City Bank formed a management level committee named 'Basel Unit', chaired by MD & CEO. The committee is vested with supervisory responsibilities to implement Basel III across the bank. Therefore, Committee is assigned to adopt a comprehensive approach to devise the plan and craft the strategies for implementation of Basel III in the banking business of City Bank in accordance the road map provided by Bangladesh Bank.

Supervisory review process (SRP) team

As per "Revised Process Document for SRP-SREP Dialogue on ICAAP (Implementation of 2nd Pillar of Basel Accord)" issued by Bangladesh Bank in May 2014, Bank must have an exclusive body naming SRP team which shall act as the Managerial Layer of Supervisory Review Process. SRP Team of City Bank is headed by MD & CEO. The team is empowered to validate the ICAAP report of the bank and to represent the bank in the process of dialogue with SREP Team of BB and to determine adequate capital requirement of the bank.

Management risk committee

Management Risk Committee of the bank comprises of senior management with Chief Risk Officer & Chief Anti Money Laundering Compliance Officer in the chair to ensure proper and timely identification, management and mitigation of risks exposed by the bank in a comprehensive way.

Committee for morale, ethics and integrity

In line with the implementation of National Integrity Strategy (NIS) of Bangladesh, the Bank operates "Committee on Morale, Ethics and Integrity" convened by Chief Risk Officer & Chief Anti Money Laundering Compliance Officer to implement National Integrity Strategy within the bank. The Committee shall identify ways to protect the culture of loan default and promote consciousness with a view to reduce frauds, forgeries, irregularities and other sources of corruption across the bank.

Investment committee (IC)

The five members' Investment Committee looks after investment in the capital market and meets whenever required. They oversee and monitor to ensure that the investment decisions are carried out as per approved strategies and investment policies. This committee regularly monitors the bank's holdings of shares and capital market exposures and ensures keeping investment within prescribed limits (currently 25% of prescribed Capital) as set by the Central Bank.

Purchase committee

The five members' Purchase Committee plays an instrumental role in the procurement procedure of the bank.

Internal control: The watchdog of transparency and accountability

An effective internal control system continually recognises and assesses all material risks that could adversely affect the achievement of the bank's goals. Risk assessment identifies and considers both internal and external factors. Internal factors include complexity of the organisational structure, nature of the bank's activities, quality of personnel, organisational changes and also employee turnover. External factors include fluctuating economic conditions, changes in the industry, socio-political realities and technological advances.

City Bank's Internal Control and Compliance Division (ICCD) continually recognises and assesses all material risks that could adversely affect the achievement of the bank's goals. The risk assessment by internal control emphasises on compliance with regulatory requirements and social, ethical and environmental risks that affect the banking industry. It ensures reliable financial and managerial information that promotes better strategic decision-making for the Bank. ICCD also ensures compliance with laws and regulations, policies and procedures issued by both the bank's management and regulators. Better internal controls enable a business to engage safely in more profitable activities that would be considered risky for a company without these controls. Thus, ICCD enhances public confidence in the bank and facilitates risk-based examinations.

The ICCD operates independently as a division and consists of four units (Audit & Inspection, IS Audit, Shari'ah Audit and Compliance & Monitoring) with prime responsibility to determine risks, evaluating the overall business, operations and credit portfolio of City Bank. The key objective of ICCD is to assist and provide guidance in all aspects of the bank using adequate resources for identification of weaknesses and taking appropriate measures to overcome the same to ensure high levels of compliance.

The ICCD operates independently as a division. The Bank's audit functions report directly to the Audit Committee of the Board of Directors and is responsible to the Audit Committee of the Board. The Shari'ah Audit Functions report directly to the Shari'ah Supervisory Committee or SSC of the Bank. Thus, ICCD acts as a bridge between the Board, SSC and the management. An effective organisational structure has also been established by exercising a durable internal control culture within City Bank. Our status on establishing strong internal controls within the Bank, in line with regulatory requirements, is described below:

- The Board of Directors is actively concerned with implementing a modern, scientific and acceptable internal control and compliance process within the Bank.
- The Audit Committee of the Board evolves an effective procedure for financial reporting disclosures, developing a suitable internal control system and ensuring liaison with internal and external auditors to minimise various business risks.

- The Shari'ah Supervisory Committee or SSC ensured that the Bank's Islamic Banking Business operates in line with Shari'ah guidelines/principles in addition to general banking guidelines/ principles.
- The Management Committee (MANCOM)/senior management team, with the support of Extended Management Committee (EMC), actively controls the overall management of the bank and decides the extent of the internal control system that is deemed appropriate for the bank.
- Organisational and procedural controls supported by an effective management information system to prudently manage the bank's exposure to risks.
- External auditors evaluate the internal control system while conducting their statutory audit of the bank.
- ICCD has been structured as per the prescribed organisational structure of Bangladesh Bank's core risk management guidelines.
- Control policies and procedures have been established, which are verified by the ICCD to ensure that control policies and procedures are being complied with.
- Formulated and updated internal control policies and manuals on an ongoing basis.
- An independent audit mechanism to monitor the effectiveness of the organisational and procedural controls.
- A robust risk-based internal audit (RBIA) has been implemented. Risk assessment by the internal control focuses on compliance with the bank's policies, together with regulatory requirements and social, ethical and environmental risks so as to ensure profit maximisation through risk minimisation and to sustain the growth of the bank in the future.
- Risk & Control Matrix of the branches have been implemented since 2009 and updated from time-to-time. The entire process has been revamped in 2019. Risk & Control Matrix for different Head Office divisions will be developed gradually.
- Key operational risk areas of the core business lines (Wholesale Banking, Commercial Banking, Medium Business, Small Business, Retail Business, Islamic Banking and Treasury) along with other segments of the Bank, i.e., operations, finance, risk and support functions, as well as IT security and Shari'ah compliance are identified and assessed through regular audit processes carried out by ICCD under an approved annual audit plan.
- All core risk management guidelines issued by Bangladesh Bank have been duly implemented and compliance is routinely monitored by ICCD and RMD to determine effectiveness.

Apart from the above, every year, ICCD prepares an annual integrated report on the health of the bank and submits it to the Board to assess the strength/weakness of the bank on the basis of certain core fundamental yardsticks. This greatly facilitates in fostering a culture of governance and compliance at the bank.

Report on Executive Committee

Our Executive Committee is assisting the Board with an aim to provide credit discipline within the bank and to assist the Board of Directors in ensuring full compliance of Bangladesh Bank's Credit Management regulations. Our goal is to establish good credit culture, strong credit discipline and rigorous adherence to policies.

Rubel Aziz
Convener
Executive Committee

The Board of Directors in its 325th meeting held on January 21, 2007, reconstituted Executive Committee (EC) in City Bank with 6 (six) members from the Board of Directors in compliance with Bangladesh Bank guidelines. The responsibility of EC is to review and provide final approvals on the credit proposals those are beyond the delegated authority of the Managing Director. Executive committee decisions with full minutes are referred to the subsequent meeting of the Board of Directors for ratification.

Committee structure

The Executive Committee (EC) consisted of the following members of the Boards:

Name	Status with the bank	Status in the committee	No. of meetings held	No. of meetings attended
Mr. Rubel Aziz	Director	Convener*	3	3
Mr. Aziz Al Kaiser	Chairman	Member	3	1
Mr. Hossain Khaled	Vice-Chairman	Member	3	3
Mr. Deen Mohammad	Director	Member*	3	2
Mr. Hossain Mehmood	Nominated Director	Member	3	2
Mr. Rajibul Huq Chowdhury	Director	Member	3	1

** Position remain vacant since August, 2019 and committee yet to be reconstituted*

Proceedings of the meeting

Quorum of the committee will be three (3) out of six (6) members. Managing Director will represent in the Committee on behalf of management. The Convener or the Managing Director will convene the meeting giving a notice period of three days. There is no restriction on holding the number of meeting each month.

Roles and responsibilities of the committee

EC is entrusted the following broader responsibilities and functions:

- Establish and periodically review the bank's overall credit and lending policies and procedures
- Develop and implement uniform and minimum acceptable credit standards for the bank
- Approve all revision, restructure and amendments made to the credit proposals initially approved by this committee

Meetings of the committee

The EC held 03 (Three) meetings during the year 2019 and had detailed discussion on different credit proposal, limit enhancement and interest rate changes proposal. Dates of EC meetings held during 2019 are:

Executive Committee meetings	Date of meetings held
343th Committee Meeting	on 24 February, 2019
344th Committee Meeting	on 2 July, 2019
345th Committee Meeting	on 24 July, 2019

Major areas focused in 2019

- The committee reviewed and approved different credit proposal
- Ratified different management approval on reduction of interest rate, change in collateral security and document deferral
- The committee reviewed and approved different credit proposal for renewal and enhancement of existing credit limit

Acknowledgement

The Executive Committee expresses its sincere gratitude to the members of the Board and management team for their support to the Committee when they carried out their duties and responsibilities on behalf of the Executive Committee



Rubel Aziz

Convener, Executive Committee

Report on Audit Committee

City Bank's Audit Committee works closely with the bank's various business segments, and measures its own performance against set policies and procedures, while upholding the essence of governance and compliance. I continue to believe that everything is ultimately about being risk-aware. This is what differentiates the great organisations from the good ones.

Farooq Sobhan
Convener, Audit Committee

City Bank aspires to achieve enhanced and more sustainable levels of growth by ensuring alignment with the highest levels of ethics and compliance. The bank continues to deliver dependable results for shareholders and value-driven outcomes for customers, employees and extended communities. As we build a bank that is fit for the future and relevant to generations of customers, we expect to create perpetual value and outcomes for all stakeholders who invest in us, work with us and rely on us.

Embedding a culture of internal control and risk management

As per BRPD Circular No. 11 dated 27 October, 2013, the Board approves the objectives, strategies and overall business plans of the bank, and the Audit Committee assists the Board in fulfilling its oversight responsibilities.

The Committee also reviews the financial reporting processes, the system of internal control and management of financial risks, the audit processes and the bank's processes for monitoring compliance with laws, guidelines and regulations and its own code of business conduct.

The Audit Committee of the Board (ACB) of The City Bank Limited was formed by the Board of Directors to provide independent oversight of the bank's financial reporting, non-financial corporate disclosures, internal control systems and compliance with governing rules and regulations, in compliance with Bangladesh Bank's guidelines and Bangladesh Securities and Exchange Commission's (BSEC's) notifications on Corporate Governance.

Committee structure

The Audit Committee consisted of the following members from the Board of Directors:

Name	Status with the bank	Status in the committee	Educational qualifications	Meeting attendance
Mr. K. M. Tanjib-ul Alam	Independent Director	Convener	LL.B	11/11
Mrs. Syeda Shaireen Aziz	Director	Member	BBA	11/11
Mr. Rafiqul Islam Khan	Director	Member	HSC	06/11
Mrs. Savera H. Mahmood	Nominated Director	Member	MSS	07/11
Mr. Farooq Sobhan	Independent Director	Member	B.A. (Hons), M.A.	07/11

The Company Secretary acts as Secretary of the Audit Committee of the Board.

Committee structure, 2020

Name	Status with the bank	Status in the committee	Educational qualifications
Mr. Farooq Sobhan	Independent Director	Convener	B.A. (Hons), M.A.
Mrs. Syeda Shaireen Aziz	Director	Member	BBA
Mr. Rafiqul Islam Khan	Director	Member	HSC
Mrs. Savera H. Mahmood	Nominated Director	Member	MSS

Note: As the tenure of the existing Board's Audit Committee expired, the Board reconstituted the Board's Audit Committee at its 565th Meeting held on 13 February, 2020, as per the following, which came into effect from 19 February, 2020

Roles and responsibilities of the committee

The Audit Committee is primarily responsible for the following:

Internal control

- To evaluate whether the management is setting an appropriate compliance culture by communicating the importance of internal controls and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities
- To review the management's actions in computerisation, technological advancements, applications and the management information system (MIS)
- To consider whether internal control strategies recommended by internal and external auditors have been implemented by the management
- To consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority, and place it before the Board after reviewing whether necessary corrective measures have been taken by the management

Financial reporting

- To review along with management whether the interim and yearly financial statements reflect the complete and true information as well as to determine whether the statements are prepared according to existing rules and regulations and standards enforced in the country, and as per relevant prescribed accounting standards set by Bangladesh Bank
- To review the management's discussion and analysis before disclosing in the Annual Report
- To discuss with the management and external auditors to review the financial statements before their finalisation
- To review statement of all related party transactions submitted by the management

Internal audit

- To monitor whether internal audit is working independently from the management
- To review the activities and the organisational structure of the internal audit and ensure that no unjustified restriction or limitation hinders the internal audit process
- To examine the efficiency and effectiveness of the internal audit function
- To examine whether the findings and recommendations made by internal auditors are duly considered by the management or not

External audit

- To review the performance of external auditors and their audit reports
- To examine whether the findings and recommendations made by external auditors are duly considered by the management or not
- To make recommendations to the Board regarding the appointment of external auditors

Compliance with existing laws and regulations

- To review whether laws and regulations framed by regulatory authorities (central bank and other bodies) and internal regulations approved by the Board are being complied with

Other responsibilities

- To submit a compliance report to the Board on a quarterly basis on regularisation of omissions, fraud and forgeries and other irregularities detected by internal and external auditors and inspectors of regulatory authorities
- External and internal auditors will submit their related assessment report, if the committee solicits
- To perform other oversight functions, as desired by the Board of Directors, and evaluate the Committee's own performance on a regular basis

Meetings of the committee

The Audit Committee of the Board held 11 (eleven) meetings during the year 2019 and engaged in detailed discussions and review sessions with the Head of Internal Control & Compliance, internal auditors, external auditors, etc., regarding their findings, observations and remedial suggestions on issues of the bank's affairs that needed improvement. The Audit Committee instructed the management to follow these remedial suggestions and monitored them accordingly.

Audit Committee meetings	Date of meetings held
70th Audit Committee Meeting	on 13 January, 2019
71st Audit Committee Meeting	on 12 February, 2019
72nd Audit Committee Meeting	on 06 March, 2019
73rd Audit Committee Meeting	on 17 April, 2019
74th Audit Committee Meeting	on 02 July, 2019
75th Audit Committee Meeting	on 24 July, 2019
76th Audit Committee Meeting	on 04 September, 2019
77th Audit Committee Meeting	on 02 October, 2019
78th Audit Committee Meeting	on 15 October, 2019
79th Audit Committee Meeting	on 16 October, 2019
80th Audit Committee Meeting	on 08 December, 2019

During the year under review, the Committee, inter alia, focused on the following activities:

- Reviewed the draft Auditor's Report and audited financial statements and after discussing with the external auditors, recommended it to the Board for their consideration
- Review unaudited quarterly financial statements of the bank and its subsidiaries for interim quarters of 2019
- Recommended the appointment of auditors for year 2020 and fix the remuneration
- Reviewed the Management Letter/Letter of Internal Control strength/weakness issued by statutory auditors
- Reviewed the Risk Grading Process and Risk Grading Checklist for Citygem Priority Banking
- Reviewed the updated Risk Grading Checklist for Core Risk Audit: Anti-Money Laundering & Anti-Terrorist Financing
- Reviewed the updated Risk Grading Checklist for Core Risk Audit: Asset Liability Management (ALM)
- Reviewed the updated Risk Grading Checklist for Core Risk Audit: Foreign Exchange Risk Management (FX)
- Reviewed the updated Risk Grading Process and Checklist for Core Risk Audit: Information & Communication Technology (ICT) Security and Information System (IS) Audit
- Reviewed the Maker-Checker Guidelines for the bank and its subsidiaries
- Reviewed the observations and advisory of Bangladesh Bank in their different Comprehensive and Special Inspection Reports on the bank, along with their compliance status
- Reviewed the internal audit reports conducted by ICCD and their findings, along with their compliance status
- Reviewed the summary report on audit findings and corrective actions were taken accordingly
- Reviewed and approved the Internal Audit Plan for the year 2020

Acknowledgements

The Audit Committee expresses its sincere thanks to the members of the Board, Management and internal and external auditors for their excellent support extended to the Committee, which facilitated in helping discharge its duties and responsibilities.



Farooq Sobhan
Convener
Audit Committee

Report on Board's Risk Management Committee

The Committee's role is to exercise oversight on behalf of the Board on bank-wide risks, and to provide assurance to the Board of the overall framework's compliant with the Board-approved Risk Management Principles. Board's Risk Management Committee (BRMC) has discharged its responsibilities through receiving a combination of routine and regulatory reporting, requesting reports on specific matters from management, and ensuring that the management provided information to the Committee is not only data but also analysis that enables the Committee to have deeper discussions on the bank's key and emerging risks.

Hossain Khaled
Convener,
Board's Risk Management Committee

Overview

During 2019, the Committee maintained its focus on the potential impact of macroeconomic developments and market volatility on the risk profile. These issues remain challenging and the Committee continues to work with management to position the bank conservatively in response to a heightened risk environment. The Committee have sought and received assurance that, Management has and continues to consider risk throughout the bank's business, and areas which require improvement are receiving appropriate management attention, and new threats to the bank's business are identified and addressed. The Committee has discussed the steps taken by management in 2019 to manage risks, thereby strengthened the bank's risk position.

For the Board's Risk Management Committee, 2019 has been a year of strengthening growth through resilient risk culture, as an adaptive response to changing business and regulatory conditions. The Committee has been reviewing management's reactions to various internal and external challenges. This year, they concentrated on dynamic integration of risk control framework by making pertinent adjustments throughout risk management practices.

The Committee's discussions also included an overview of the changes to the risk function in 2019 and management's forward-looking view of the risk function, which would enable the risk function to evolve significantly as it stimulates business strategy into reacting to the changing external environment.

Committee structure

To pursue a meticulous functional Risk Governance, the Board of directors at City Bank, constituted the Board's Risk Management Committee (BRMC), in its 452nd Meeting held on 25 January, 2014 which was reconstituted in 2018.

The Committee's major involvement was attributed to enrich bank's risk management performance by overseeing the risk management system, continuously monitoring its process and progress, then providing guidance with suitable resolutions & setting critical policies as necessary. Establishment of BRMC also comply Bangladesh Bank's regulatory requirement, with reference to BRPD Circular No 11, dated 27 October, 2013, so as to form "A Committee of the Board" in addition to existing "Executive Committee" of the Board and "Audit Committee" of the Board.

The BRMC consisted of the following members of the Board:

Name	Status with the Bank	Status with the Committee	No. of meetings held	No. of meetings attended
Mr. Hossain Khaled	Vice-Chairman	Convener	4	4
Mr. Mohammad Shoeb	Director	Member*	4	-
Mr. Rubel Aziz	Director	Member*	4	1
Mr. Hossain Mehmood	Nominated Director	Member	4	4
Mr. Rajibul Huq Chowdhury	Director	Member	4	3

** Position remain vacant since August, 2019*

Other attendees at committee meetings in 2019 included: Board Secretary attended in the meetings as Member Secretary. Chief Risk Officer, Chief Financial Officer, AMD & Head of Wholesale Banking, DMD & Head of Commercial & Medium Business, Head of Business Segments and Special Asset Management Division, Representatives from Risk Management Division attended in the meetings by invitation.

Meetings of the committee

In 2019, BRMC held four meetings, where bank's possible risk exposure, risk supervision system and restorative actions were specifically accentuated. Dates of BRMC meetings held during the year are as follows:

BRMC meetings	Date of meetings held
20th Meeting of BRMC	March 04, 2019
21st Meeting of BRMC	June 26, 2019
22nd Meeting of BRMC	September 30, 2019
23rd Meeting of BRMC	December 05, 2019

Roles and responsibilities of the committee

Committee was entrusted to supervise and review risk management processes covering the following:

- Risk identification and development of control strategy
- Adoption of organisational structure embedding risk across the organisation
- Review and adoption of Risk Management Policy
- Preservation and maintenance of information and reporting
- Supervision of execution of overall risk management policy
- Miscellaneous (Quarterly reporting of resolutions & recommendations to board, ensuring compliance of regulatory instructions, considering evaluation report by internal/external auditors)
- Any other responsibility as assigned by the Board of Directors and Central Bank

Activities in 2019

In pursuit of dispensing essential responsibilities, the Committee collaborated following initiatives during the year:

- **Risk Management & Control System:** BRMC evaluated bank's risk exposures and advised strategies to improve asset quality. The committee emphasized on scrutinising emerging risks, to detect potential exposures those can generate parallel schemes to facilitate loss minimisation or to snatch new business opportunities.
- **Asset Quality Review:** The Committee, had deeper discussions on bank's asset quality, identified deteriorated loans' conditions, and then advised for recovery strategies. It was suggested to categorise bad loans performance in segment basis, and then to submit performance status report on quarterly basis.
- **Portfolio Concentration Strategies:** In 2019, The Committee assessed bank's portfolio concentration then identified new business scopes, while pointing out vulnerable ones. To ensure optimum risk mitigation, the Committee advised to restrict further business involvement in weak ventures, and at the same time to pursue worthy opportunities.
- **Opportunistic Portfolio Diversification:** Across wide variety of sectors & segments, the Committee has actively identified potential industries and explored unique growth prospects those intrinsically compel risk mitigation, and then suggested promising investments to the Bank. Besides, BRMC regularly analysed current and future trends, so that future opportunities are not missed out from portfolio.
- **Capital Management Propositions:** Throughout, the Committee has recommended the bank to maintain "Capital to Risk Weighted Asset Ratio" aligned with the revised regulatory guideline. For appropriate risk balanced growth, it suggested capitalising in secured high-yielding assets and increasing the non-funded income base. Additionally, Bank was also suggested to reinforce long term Capital Plan that can sync with bank's

growth projection, Basel and regulatory requirements under stressed capital adequacy situation. The committee also reviewed bank's Internal Capital Adequacy Assessment Process (ICAAP).

- **Risk Appetite Statement:** BRMC has collaboratively overseen association of Risk Appetite Statements. Likewise, to assure report's appropriate utilisation, the Committee suggested strategic monitoring approaches. The Committee monitored actual exposures relative to risk appetite limits using regular risk information reports and tracked a wide range of risk metrics that are periodically reported to the Committee.
- **BASEL III Implementation:** The Committee also advised to correlate strategic decisions with bank's capital planning. Key accords and compliance of BASEL III were continuously analysed and supervised.
- **Comprehensive Risk Management Rating:** The Committee conducted a review of the Comprehensive Risk Management Rating of the bank as provided by Central Bank and riveted on concerned key risk issues, along with their exposure mitigation tactics & remedial measures. The committee also reviewed effect of internal and external rating on bank's performance and suggested improvement strategies.
- **Activities of Management Risk Committee and Credit Risk Management Committee:** The Committee reviewed the activities and key risk issues addressed by Management Risk Committee and Credit Risk Management Committee of the bank.
- **Stress Testing:** The quarterly Stress Testing results were noted by the Committee, and complementary recommendations were made to improve the bank's risk resilience capacity.
- **Liquidity Management:** The BRMC assessed bank's liquidity management status, and advised complementary proposals based on central bank's regulations.
- **Accountability Framework Development:** The Committee also proposed to form the "Accountability Framework" that will initiate bank-wide a risk control mechanism.
- **Vintage Analysis:** The Committee further persuaded to perform a root-cause analysis of all Retail and SME portfolios' performance issues. Based on investigation findings based on the defaulting trend, the Committee recommended competent strategies to cope with accompanying challenges.
- **Capacity Enrichment:** BRMC addressed bank's relationship management and credit approval team members' knowledge and skill enhancement concerns, and advised to arrange appropriate aptitude & expertise development trainings, workshops for them. Same was suggested for comprehending an advanced risk management experience for the Bank.
- **Risk Management Reports and Outcomes:** During the year, the Committee reviewed versatile risk management reports of the bank. Prominent reports like- the Monthly Risk Management Report, Comprehensive Risk Management Reports, and the Activities of Management Risk Committee were all incorporated during reassessing the report proceedings.
- **Review of Regulatory Changes:** The committee scrutinised bank's asset quality performance following the revised regulatory policy and then advised compatible propositions and suggested to monitor consequences of new regulatory adjustments
- **Green Banking and CSR Activities:** The Committee assessed Green Banking and CSR activities throughout 2019, and observed the utilisation of concerned budget and the implications of different CSR activities.

Acknowledgement

The Board's Risk Management Committee expresses its sincere gratitude to the members of the Board, Management Team and management Risk Committee for their support. The minutes of BRMC Meetings containing various suggestions and recommendations to the management were placed to the Board of Directors on quarterly basis.

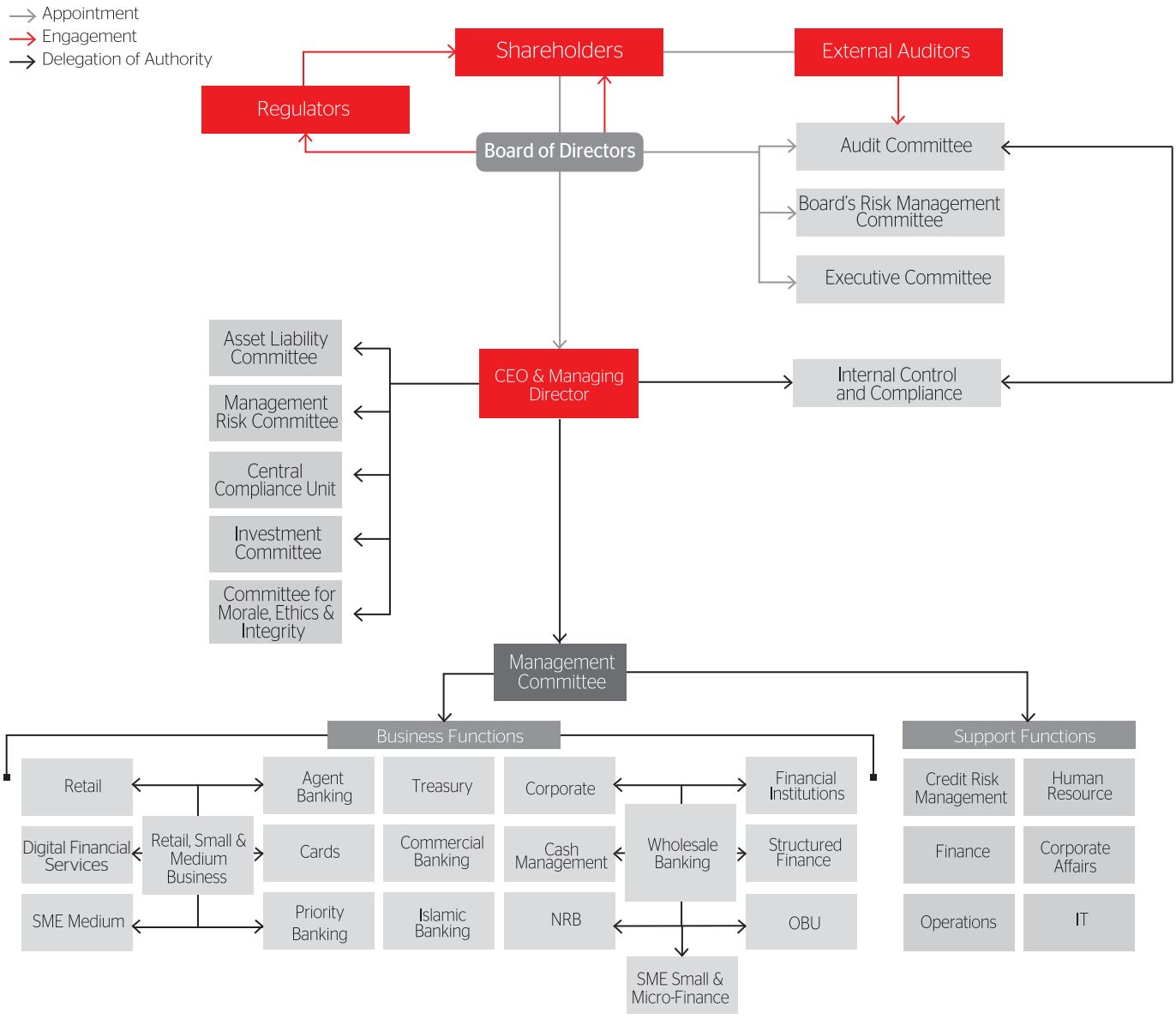
The Committee expresses its commitment towards more proactive risk identification and mitigation strategies in the operations of the bank. BRMC will be further vigilant in operational resilience, conduct issues and execution risk connected to strategic change over the course of 2020.

On behalf of the Board's Risk Management Committee,



Hossain Khaled
Convener, Board's Risk Management Committee

Our Corporate Governance structure



Bangladesh Bank's guidelines for corporate governance and our compliance status

Status of Compliance of Bangladesh Bank's Guidelines for Corporate Governance

(BRPD circular No. 6 dated 04.02.2010)

SL No.	Particulars	Compliance Status
1.	Responsibilities and authorities of the Board of Directors:	
	(a) Work-planning and strategic management (i) The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans. (ii) The Board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall appraise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and other senior executives and have it evaluated at times.	Complied
	(b) Lending and risk management (i) The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedulement and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The Board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, directly or indirectly, into the process of loan approval. (ii) The Board shall frame policies for risk management and get them complied with and shall monitor at quarterly rests the compliance thereof.	Complied
	(c) Internal control management The Board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. It shall review at quarterly rests the reports submitted by its audit committee regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.	Complied
	(d) Human resources management and development (i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The Chairman or the Directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the Board of Directors shall be included in the selection committees for recruitment and promotion to different	Complied

SL No.	Particulars	Compliance Status
	levels. Recruitment and promotion to the immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e. policies for recruitment and promotion. (ii) The Board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The Board shall get these programs incorporated in its annual work plan.	Complied
(e)	**Financial management** (i) The annual budget and the statutory financial statements shall finally be prepared with the approval of the Board. It shall at quarterly rests review/ monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, and maintenance of loans. Loss provision and steps taken for recovery of defaulted loans including legal measures. (ii) The Board shall frame the policies and procedures for Bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of Bank's business shall, however, be adopted with the approval of the board.	Complied
(f)	**Formation of supporting committee** For decision on urgent matters an executive committee, whatever name called, may be formed with the directors. There shall be no committee or sub-committee of the Board other than the Executive Committee and the Audit Committee. No alternate director shall be included in these committee.	Complied
(g)	**Appointment of CEO** (i) The Board shall appoint a competent CEO for the bank with the approval of the Bangladesh Bank. (ii) The Board shall ensure fulfilling any other responsibility(ies) appropriately assigned by the Central Bank.	Complied
2.	Responsibilities of the Chairman and Board of Director	
(a)	Chairman of the Board of Directors (or Chairman of any committee formed by the Board or any Director) does not personally possess the jurisdiction to apply policy making or executive authority, he shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	Complied
(b)	The Chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the Board or the Executive Committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be appraised to Bangladesh Bank through the Board along with the statement of the CEO.	Complied

SL No.	Particulars	Compliance Status
	(c) The Chairman may be offered an office-room, a personal secretary/assistant, a telephone at the office and a vehicle in the business-interest of the bank subject to the approval of the board.	Complied
3.	Responsibilities of Advisor	
	The Advisor, whatever name called, shall advise the board of directors or the CEO on such issues only for which he is engaged in terms of the conditions of his appointment. He shall neither have access to the process of decision-making nor shall have the scope of effecting executive authority in any matters of the bank including financial, administrative or operational affairs.	No such Advisor at the Bank.
4.	Responsibilities and authorities of CEO	
	The CEO of the bank, whatever name called, shall discharge the responsibilities and effect the authorities as follows:	Complied
	(a) In terms of the financial, business and administrative authorities vested upon him by the Board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administration and financial management.	Complied
	(b) The CEO shall ensure compliance of the Bank Companies Act. 1991 and/or other relevant laws and regulations in discharge of routine functions of the bank.	Complied
	(c) The CEO shall clearly include any violation from Bank Companies Act, 1991 and/or any other related laws/regulations in the Memo presented to the meeting of the Board or any other Committee(s) engaged by the Board.	Complied
	(d) The CEO shall report to Bangladesh Bank of issues in violation of the Bank Companies Act. 1991 or of other laws/regulations and, if required, may apprise the Board post facto.	Complied
	(e) The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policies and sanction strength of employees as approved by the board. The Board or the Chairman of any committee of the Board or any director shall not get involved or interfere into such affairs. The authority relating to transfer of and disciplinary measures against the staff, except those at one tier below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he shall nominate officers for training etc.	Complied
5.	Meetings of the Board of Directors	
	One meeting of the Board of Directors per month can be held usually but it can be more than one upon necessity. No less than one meeting of the Board in three months to be held.	Complied
6.	Number of members of Executive Committee (EC) of the Board	
	Number of members of EC cannot exceed 7 members as per BRPD Circular. Letter No. 2 dated February 15, 2010 and more than one member from one family shall not be included in the EC as per BRPD Circular Letter No. 4 dated March 14, 2010	Complied
7.	Training of the Directors	
	The Directors of the Board will acquire appropriate knowledge of the Banking Laws and other relevant laws, rules and regulations to effectively discharge the responsibilities as a director of the Bank.	Complied

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REPORT TO THE SHAREHOLDERS OF THE CITY BANK LIMITED ON COMPLIANCE ON THE CORPORATE CODE

We have examined the compliance status to the Corporate Governance Code by The City Bank Limited for the year ended December 31, 2019. This code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

(a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above-mentioned Corporate Governance Code issued by the Commission except as reported on the attached status of compliance statement.

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

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

(d) The Governance of the Company is satisfactory.

Howladar Yunus & Co.

Place: Dhaka
Date: June 30, 2020

Howladar Yunus & Co.
Chartered Accountants

Ali Amjad Choudhury, FCA
Partner

The City Bank Limited Corporate Governance Compliance Report

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's (BSEC) through Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018, issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
1	**BOARD OF DIRECTORS**			
1.1	Board's Size: The number of Board Directors should not be less than 5 (five) and more than 20 (twenty)	√		
1.2	**Independent Directors**			
1.2(a)	At least one fifth (1/5) of the total number of Directors in the Company's board shall be independent directors.	√		CBL has appointed 02 (two) Independent Directors out of 10 (ten) Directors.
(b)(i)	Who either does not hold any share or holds less than 1% shares to the total paid-up shares of the Company;	√		
(b)(ii)	Who is not a sponsor of the Company and is not connected with the companies any sponsor or director or shareholder who holds one percent (1%) or more share of the total paid-up shares of the company on the basis of family relationship. Provided that spouse, son, daughter, father, mother, brother, sister son-in-law and daughter-in-law shall be considered as family members;	√		
(b)(iii)	who has not been an executive of the Company in immediately preceding 2 (two) financial years;	√		
(b)(iv)	Who does not have any other relationship whether pecuniary or otherwise, with the Company or its subsidiary/ associated companies or its subsidiary /associated companies;	√		
(b)(iv)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned Company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
(b) (viii)	Who is not independent director in more than 5 (five) listed companies;	√		
(b) (ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	√		
(b) (x)	Who has not been convicted for a criminal offence involving moral turpitude;	√		
(c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		Out of two (2) independent directors, one director was reappointed in 34th AGM and the other was reappointed in 36th AGM.
(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	√		
(e)	The tenure of office of an independent director shall be for a period of 03 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures	√		One Independent Director (Mr. K. M. Tanjib-ul Alam was re-appointed for 2nd Term in 34th AGM. Another Independent Director (Farooq Sobhan) was also re-appointed for 2nd term in 36th AGM.
	Qualification of Independent Director (ID)			
(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
(b)	**Independent Director shall have following qualifications**			
(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company;			Not Applicable
(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor's degree in economics or commerce or business or Law;	√		Details mentioned in "Our Directors' Profile" section of the report.
(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	√		
(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification.	√		Details mentioned in "Our Directors' Profile" section of the report.
(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b).	√		
(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			Not Applicable
1.4	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer**			
(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals	√		
(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company.	√		
(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company.	√		
(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer.	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		The Chairman was present in every board meeting during 2019.
1.5	**The Directors' Report to Shareholders**			
(i)	Industry outlook and possible future development in the industry.	√		Mentioned in Directors' Report under "Banking sector of Bangladesh" section.
(ii)	Segment-wise or product-wise performance.	√		Mentioned in Director's Report under "Segment-wise performance" section.
(iii)	Risks and concerns.	√		Mentioned in Director's Report under "Risk Management" section.
(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		Mentioned in Director's Report under section "Financial Review" where interest income, expense, operating profit and net profit movements have been discussed.
(v)	Discussion on continuity of any Extra-Ordinary gain or loss.			Not Applicable.
(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions.	√		Mentioned in Directors' Report under "Related Party Transaction" section where note no. 51 (Related Party Disclosures) of the Financial Statements has been referred in annual report.
(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments			Not applicable as no such events occurred during 2019.
(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.			Not applicable as no such events occurred during 2019.

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements	√		Not applicable as no significant variance exists between quarterly financial performance and annual financial statements.
(x)	A statement of remuneration paid to the directors including independent directors	√		Mentioned in Directors' Report under "Share-holding Pattern of the Bank" section. Also mentioned in "Corpo-rate Governance Report" section of the Report.
(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	√		Mentioned in Directors' Report "Financial Reporting" section
(xii)	A statement that proper books of account of the issuer company have been maintained	√		
(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	√		
(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed	√		
(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored.	√		Mentioned in Directors' Report "Internal Control" section where a reference of "Segmental Perfor-mance" and "Corporate Governance" has been mentioned for detailed discussion.
(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.	√		Mentioned in Directors' Report "Protection of interest of minority shareholders and effective means of redress" section.
(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	√		Mentioned in Directors' Report "Financial Reporting" section

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
(xvii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	√		An explanation given in Directors' Report "Financial Review" section.
(xviii)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	√		Mentioned in "Historical Performance" section of this report.
(xix)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year			Not Applicable.
(xx)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend.			Not Applicable.
(xxi)	The total number of Board meetings held during the year and attendance by each director	√		
(xxiii)	**Pattern of shareholding and name wise details (disclosing aggregate number of shares):**			
(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	√		Mentioned in "Corporate Directory" section of the report.
(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)	√		Mentioned in "Corporate Governance" section of the report.
(xxiii)(c)	Executives (top five salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit).	√		Mentioned in "Corporate Governance" section of the report.
(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	√		Mentioned in "Corporate Governance" section of the report..
(xxiv)	**In case of the appointment or re-appointment of a director, a disclosure on the following information to the shareholders**			
(xxiv)(a)	a brief resume of the director	√		Mentioned in 'Our Directors' Profile" section of this annual report.
(xxiv)(b)	nature of his or her expertise in specific functional areas	√		Mentioned in 'Our Directors' Profile" section of this annual report.
(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board	√		Mentioned in 'Our Directors' Profile" section of this annual report.

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
(xxv)	**Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on**			
(xxv)(a)	accounting policies and estimation for preparation of financial statements.	√		Mentioned in Directors' Report "Financial Reporting" section.
(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes.	√		Mentioned in Directors' Report "Financial Reporting" section.
(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof.	√		05 (five) years' comparative analysis mentioned in "Historical Performance" section of the report.
(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario.	√		
(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe.	√		Mentioned in Directors' Report under clause "Global economic review" and "Bangladesh economic review".
(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company	√		Mentioned in Directors' Report under clause "Financial Reporting".
(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM.	√		Mentioned in Directors' Report under clause "Segment-wise Performance".
(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A	√		Mentioned in "MD & CFO's Responsibility Statement" section of the report.
(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
1.6	**Meetings of the Board of Directors**			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code	√		Total 22 (twenty two) Board of Directors' meetings including 01 special meeting were conducted during the concern period and meeting minutes were preserved accordingly.
1.7	**Code of Conduct for the Chairperson, other Board members and Chief Executive Officer**			
(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company.	√		NRC not formed. As per BRPD Circular Letter No.11, dated 27 October 2013 of Bangladesh Bank, "Formation of committees from the Board of Directors: Each bank company can form 1 (one) executive committee, 1 (one) audit committee and 1 (one) risk management committee with the directors. Board can't form any other permanent, temporary or sub-committee except the above mentioned three committees. A letter has been forwarded to Bangladesh Bank seeking guidelines regarding formation of NRC and waiting for the response.
(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
2	**Governance of Board of Directors of Subsidiary Company**			
(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company.		√	Complied for City Brokerage Ltd. & City Bank Capital Resources Ltd., & City Hong Kong Limited but non complied for CBL Money Transfer SDN. BHD., Malaysia.
(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company		√	Complied for City Brokerage Ltd. & City Bank Capital Resources Ltd. but not complied for CBL Money Transfer Sdn. Bhd., Malaysia & City Hong Kong Limited.

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	√		
(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
3	**Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)**			
3.1	**Appointment**			
(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC).	√		
(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals.	√		
(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time.	√		
(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS.	√		
(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		No one has resigned or terminated during the year.
3.2	**Requirement to attend Board of Directors' Meetings**			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters	√		
3.3	**Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)**			
(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		Mentioned in "MD & CFO's Responsibility Statement" section of the report.
(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members.	√		Mentioned in "MD & CFO's Responsibility Statement" section of the report.
(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	**Board of Directors' Committee**			
(i)	Audit Committee	√		
(ii)	Nomination and Remuneration Committee		√	NRC not formed. Explanation mentioned in 1.7.
5	**Audit Committee**			
5.1	**Responsibility to the Board of Directors**			Mentioned in "Report of the Audit Committee" section of the report
(a)	The company shall have an Audit Committee as a sub-committee of the Board.	√		
(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5.2	**Constitution of the Audit Committee**			Mentioned in "Report of the Audit Committee" section of the report
(a)	The Audit Committee shall be composed of at least 3 (three) members	√		
(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director.	√		
(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience.	√		
(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee.			Not Applicable

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
(e)	The company secretary shall act as the secretary of the Committee.	√		
(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5.3	**Chairperson of the Audit Committee**			Mentioned in "Report of the Audit Committee" section of the report
(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	√		
(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	√		
(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).	√		Chairperson of the Audit Committee was present in 36th Annual General Meeting (AGM).
5.4	**Meeting of the Audit Committee**			
(a)	The Audit Committee shall conduct at least its four meetings in a financial year.	√		11 (eleven) Audit Committee meetings were placed during 2019.
(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	√		
5.5	**Role of Audit Committee**			Mentioned in "Report of the Audit Committee" section of the report
(a)	Oversee the financial reporting process	√		
(b)	monitor choice of accounting policies and principles	√		
(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report	√		
(d)	oversee hiring and performance of external auditors	√		
(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
(f)	review along with the management, the annual financial statements before submission to the Board for approval	√		
(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	√		
(h)	review the adequacy of internal audit function	√		
(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report	√		
(j)	review statement of all related party transactions submitted by the management	√		
(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors	√		
(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.			Not applicable as no such event occurred during the period.
5.6	**Reporting of the Audit Committee**			
(a)	**Reporting to the Board of Directors**			
(a)(i)	The Audit Committee shall report on its activities to the Board	√		Mentioned in "Report of the Audit Committee" section of the report
(a)(ii)	**The Audit Committee shall immediately report to the Board on the following findings, if any:**			
(a)(ii)(a)	report on conflicts of interests			Not applicable as no such events occurred yet.
(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements			Not applicable as no such events occurred yet.
(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations			Not applicable as no such events occurred yet.
(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately			Not applicable as no such events occurred yet.

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
(b)	**Reporting to the Authorities**			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier			No such events occurred as of yet
5.7	**Reporting to the Shareholders and General Investors**			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			No such events occurred as of yet
6	**Nomination and Remuneration Committee (NRC)**			
6.1	**Responsibility to the Board of Directors**			
(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board		√	NRC not formed. As per BRPD Circular Letter No.11, dated 27 October 2013 of Bangladesh Bank, "Formation of committees from the Board of Directors: Each bank company can form 1 (one) executive committee, 1 (one) audit committee and 1 (one) risk management committee with the directors. Board can't form any other permanent, temporary or sub-committee except the above mentioned three committees. A letter has been forwarded to Bangladesh Bank seeking guidelines regarding formation of NRC and waiting for the response.
(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive			
(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
6.2	**Constitution of the NRC**			
(a)	The Committee shall comprise of at least three members including an independent director			
(b)	All members of the Committee shall be non-executive directors			
(c)	Members of the Committee shall be nominated and appointed by the Board			
(d)	The Board shall have authority to remove and appoint any member of the Committee			
(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee.			
(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee			
(g)	The company secretary shall act as the secretary of the Committee			
(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director			
(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company			
6.3	**Chairperson of the NRC**			
(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director			
(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes			
(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM			

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
6.4	**Meeting of the NRC**			
(a)	The NRC shall conduct at least one meeting in a financial year			
(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC			
(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h)			
(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC			
6.5	**Role of the NRC**			
(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders			
(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board			
(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following			
(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully			
(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks			
(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals			
(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality			
(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board7			
(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board			
(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria			

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies			
7	**External or Statutory Auditors**			
7.1	**The issuer company shall not engage its external or statutory auditors to perform the following services of the company**			
(i)	appraisal or valuation services or fairness opinions	√		
(ii)	financial information systems design and implementation	√		
(iii)	book-keeping or other services related to the accounting records or financial statements	√		
(iv)	broker-dealer services	√		
(v)	actuarial services	√		
(vi)	internal audit services or special audit services	√		
(vii)	any service that the Audit Committee determines	√		
(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1)	√		
(ix)	any other service that creates conflict of interest	√		
7.2	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members	√		
7.3	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	√		
8	**Maintaining a website by the Company**			
8.1	The company shall have an official website linked with the website of the stock exchange.	√		www.thecitybank.com
8.2	The company shall keep the website functional from the date of listing.	√		
8.3	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
9	**Reporting and Compliance of Corporate Governance**			This is mentioned in "Corporate Governance Report" section of the report.
9.1	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report	√		
9.2	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting	√		
9.3	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not	√		

FINANCIAL STATEMENTS 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	How the matter was addressed in our audit
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. Furthermore, these provisions are processed manually using the voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank (the central bank of Bangladesh) issued time to time. Due to high level of judgement involved and using some manual process in estimating the provision for loans and advance, we considered this to be a key audit matter. 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.	We tested the design and operating effectiveness of key controls focusing on the following: ● Credit monitoring and provisioning process; ● Identification of loss events, including early warning and default warning indicators; and ● Review of quarterly Classification of Loans (CL). 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.

2. Loans and advances

See note no 2.1 and 8 to the financial statements.

The key audit matter	How the matter was addressed in our audit
Loans and advances are the main element of financial statements of the Bank. Income of the Bank is mainly dependent on the portfolio of loans and advances. Management performance is highly dependent on the target achievement of loans and advances. Loan disbursement requires robust documentation followed by approval from appropriate level of authority. We have identified loans and advances as key audit matter because there is an inherent risk of fraud in disbursement of loans and advances by management to meet specific targets or expectations.	We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement procedures and monitoring process of loans and advances. We have performed procedure to check whether the Bank has ensured appropriate documentation as per Bangladesh Bank regulations and the Bank's policy before disbursement of loans and advances. In addition, we have performed procedure to check whether the loans and advances is recorded completely and accurately and that are existed at the reporting date. Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.

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	How the matter was addressed in our audit
The Group and The Bank have recognised deferred tax assets for deductible temporary differences that it believes 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. The Group and the Bank have reported net deferred tax assets to totalling BDT 833 million (2018: BDT 1,043 million) and BDT 829 million (2018: BDT 1,043 million) respectively as at 31 December 2019.	We obtained an understanding of the Group and the Bank's key controls over the recognition and measurement of deferred tax assets and the assumptions used in estimating the Bank's future taxable income. 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.

4. Legal and regulatory matters

The key audit matter	How the matter was addressed in our audit
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 obtained an understanding of the Group and the Bank's key controls over the legal compliance. We inquired to management to obtain their view on the status of all significant litigation and regulatory matters. We inquired of the Group and the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external legal counsel. 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

The key audit matter	How the matter was addressed in our audit
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.	We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). We have performed audit procedures to ensure that requests for access to systems were appropriately reviewed and authorised. We tested the Bank's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorisation. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.

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	How the matter was addressed in our audit
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.	We have reviewed management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36 Impairment of Assets. We have analysed the appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.

7. Recognition of interest income from loans and advances

See note no 26 to the financial statements.

The key audit matter	How the matter was addressed in our audit
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.	We tested the design and operating effectiveness of key controls over recognition and measurement of interest on loans and advances. We performed test of operating effectiveness on automated control in place to measure and recognise interest income. We have also performed substantive procedure to check whether interest income is recognised completely and accurately . We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.

8. Cash in hand

See note no 4.a.1 to the financial statements.

The key audit matter	How the matter was addressed in our audit
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.	We obtained an understanding, evaluated the design and operating effectiveness of controls over cash in hand. We have visited the branches on a sample basis to perform substantive procedures on physical existence of cash in hand. We assessed the appropriateness of disclosure against relevant accounting standards and Bangladesh Bank guidelines.

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 made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the 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:

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

(ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's 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:

(a) 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;

(b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities.

(iii) 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 Nasharuddin Wong & Co, Chartered Accountants and Akin CPA Limited, Certified Public Accountants respectively and have been properly reflected in the consolidated financial statements;

(iv) 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;

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

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

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

(viii) 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;

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

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

(xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 4,831 person hours; and

(xii) 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
Chartered Accountants

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

Figures in Taka

PROPERTY AND ASSETS	Notes	2019	2018
Cash			
In hand (including foreign currencies)	4	6,136,396,417	5,423,445,923
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	4.a.2	19,776,258,104	14,016,977,760
		25,912,654,521	19,440,423,683
Balance with other banks and financial institutions	5		
In Bangladesh		19,084,846,966	27,798,009,404
Outside Bangladesh		4,360,632,299	700,375,538
		23,445,479,265	28,498,384,942
Money at call and short notice	6	89,379,167	89,379,167
Investments	7		
Government		36,085,210,195	23,636,105,055
Others		7,563,438,277	9,852,115,182
		43,648,648,472	33,488,220,237
Loans and advances/investments	8		
Loans, cash credits, overdrafts, etc./investments		245,024,807,640	228,564,323,030
Bills purchased and discounted		2,752,926,612	3,310,631,492
		247,777,734,252	231,874,954,522
Fixed assets including premises, furniture and fixtures	10	6,299,251,389	3,989,868,437
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		
Current deposits and other accounts		40,869,697,059	27,381,535,632
Bills payable		1,884,096,479	1,521,442,000
Savings bank deposits		46,367,253,617	44,278,439,530
Fixed deposits		157,319,657,916	131,679,045,353
Bearer certificate of deposit		-	-
		246,440,705,071	204,860,462,516
Other liabilities	16	31,625,852,069	27,112,955,062
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	8,659,477,813	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	2,068,909,234
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

Figures in Taka

OFF-BALANCE SHEET ITEMS	Notes	2019	2018
Contingent liabilities			
Acceptances and endorsements		51,796,238,358	75,254,746,099
Letters of guarantee	24.1	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			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed	24.4	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		**118,398,205,609**	**135,748,094,349**

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

Managing Director & CEO | Director | Director | Chairman

As per our report of same date.

Rahman Rahman Huq
Chartered Accountants

Dhaka, 22 June 2020

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

Figures in Taka

	Note	2019	2018
Interest income/profit on investments	26	26,924,949,586	22,970,784,588
Interest paid/profit shared on deposits and borrowings etc.	27	(16,013,724,643)	(13,740,620,198)
Net interest income/profit on investments		10,911,224,943	9,230,164,390
Investment income	28	2,361,557,548	2,151,048,490
Commission, exchange and brokerage	29	3,722,530,724	3,614,288,792
Other operating income	30	1,987,642,988	1,660,872,312
		8,071,731,260	7,426,209,594
Total operating income (A)		18,982,956,203	16,656,373,985
Operating expenses			
Salaries and allowances	31	5,447,575,845	5,011,270,092
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	1,144,618,525
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)		8,608,167,242	6,994,456,247
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)	(16,489,237)
Other provision		70,632,584	(313,966,186)
Total provision (D)		(2,601,773,105)	(2,311,281,817)
Total profit before tax (E = C+D)		6,006,394,137	4,683,174,430
Provision for taxation (F)	41		
Current tax expense		(3,161,628,378)	(2,392,975,570)
Deferred tax income/(expense)		(209,603,620)	(65,472,044)
Total provision for tax		(3,371,231,998)	(2,458,447,614)
Net profit after tax (G = E+F)		2,635,162,139	2,224,726,816
Net profit after tax attributable to:			
Equity holders of the bank		2,635,158,749	2,224,721,063
Non-controlling interest		3,390	5,753
		2,635,162,139	2,224,726,816
Appropriations			
Statutory reserve		657,918,701	870,984,682
General reserve		-	-
		657,918,701	870,984,682
Retained surplus for the year		1,977,240,048	1,353,736,381
Earnings per share (EPS)	46	2.59	2.19

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

Managing Director & CEO | Director | Director | Chairman

As per our report of same date.

Rahman Rahman Huq
Chartered Accountants

Dhaka, 22 June 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

Particulars	Attributable to the equity holders of the Bank								Non controlling interest	Total equity
	Paid up capital	Statutory reserve	Share premium	General reserve	Revaluation gain/(loss) on investments	Dividend equalisation reserve	Surplus in profit and loss account	Total		
	Taka	Taka	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	11,394,928	3,120,268,820	530,786,631	2,068,909,234	24,917,180,492	104,416	24,917,284,908
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	(2,429,869,963)	-	-	(2,429,869,963)	-	(2,429,869,963)
Currency translation differences	-	-	-	-	-	-	3,128,569	3,128,569	-	3,128,569
Net profit/(loss) for the year	-	-	-	-	-	-	2,635,158,749	2,635,158,749	3,390	2,635,162,139
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	11,394,928	690,398,857	530,786,631	2,978,918,631	24,539,232,267	107,806	24,539,340,073

For the year ended 31 December 2018

Particulars	Attributable to the equity holders of the Bank								Non controlling interest	Total equity
	Paid up capital	Statutory reserve	Share premium	General reserve	Revaluation gain/(loss) on investments	Dividend equalisation reserve	Surplus in profit and loss account	Total		
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2018	9,218,926,640	7,130,574,430	1,504,388,797	11,394,928	4,836,833,676	530,786,631	2,946,080,404	26,178,985,506	100,506	26,179,086,012
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	(1,716,564,856)	-	-	(1,716,564,856)	-	(1,716,564,856)
Currency translation differences	-	-	-	-	-	-	(1,555,244)	(1,555,244)	-	(1,555,244)
Net profit/(loss) for the year	-	-	-	-	-	-	2,224,721,063	2,224,721,063	5,753	2,224,726,816
Adjustment for inter company (cash dividend receipts)	-	-	-	-	-	-	93,998,157	93,998,157	-	93,998,157
Dividend (Cash)	-	-	-	-	-	-	(1,862,404,133)	(1,862,404,133)	(1,843)	(1,862,405,976)
Dividend (Bonus Share)	460,946,330	-	-	-	-	-	(460,946,330)	-	-	-
Appropriation made during year	-	870,984,682	-	-	-	-	(870,984,682)	-	-	-
Balance as at 31 December 2018	9,679,872,970	8,001,559,112	1,504,388,797	11,394,928	3,120,268,820	530,786,631	2,068,909,234	24,917,180,492	104,416	24,917,284,908

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

Figures in Taka

		Notes	2019	2018
A)	**Cash flows from operating activities**			
	Interest receipts/investment income receipts in cash		27,072,335,941	22,125,651,703
	Interest payments/profit paid on deposits		(16,918,247,379)	(13,589,889,258)
	Dividend receipts		384,496,515	511,735,328
	Fees and commission receipts in cash		2,382,319,861	2,336,622,324
	Recoveries of loans previously written-off	16.a.1	228,668,430	325,045,335
	Cash payments to employees		(5,381,629,988)	(4,694,426,596)
	Cash payments to suppliers		(172,559,506)	(151,687,518)
	Income taxes paid		(2,800,969,746)	(1,946,692,862)
	Receipts from other operating activities	42	3,976,975,042	3,349,017,666
	Payments for other operating activities	43	(4,027,729,653)	(3,677,665,275)
	Cash generated from operating activities before changes in operating assets and liabilities (i)		4,743,659,517	4,587,710,847
	Increase/decrease in operating assets and liabilities			
	Loans and advances to customers		(15,902,779,730)	(34,802,121,607)
	Other assets	44	(2,229,942,006)	(338,101,611)
	Deposits from other banks/borrowings		(21,134,614,497)	29,433,473,407
	Deposits from customers		46,612,617,580	15,044,235,398
	Other liabilities	45	1,598,437,652	(92,201,409)
	Cash generated from operating assets and liabilities (ii)		8,943,718,999	9,245,284,177
	Net cash flow from operating activities (i+ii)		13,687,378,516	13,832,995,024
B)	**Cash flows from investing activities**			
	Proceeds from sale of securities		(127,809,642)	(1,446,144,187)
	Payment for purchase of securities		(5,457,509,960)	5,151,391,225
	Purchase/sale of property, plant and equipment		(832,873,646)	(1,132,507,638)
	Net cash used in investing activities		(6,418,193,248)	2,572,739,400
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		-	(2,250,000,000)
	Dividend paid		(586,365,580)	(1,768,407,546)
	Net cash from financing activities		(186,365,580)	(218,407,546)
D)	**Net increase in cash and cash equivalents (A+B+C)**		7,082,819,688	16,187,326,878
E)	**Effects of exchange rate changes on cash and cash equivalents**		1,342,089,070	1,237,015,043
F)	**Cash and cash equivalents at beginning of the year**		57,359,976,956	39,935,635,035
G)	**Cash and cash equivalents at end of the year (D+E+F)**		65,784,885,715	57,359,976,956
	Cash and cash equivalents at end of the year consists of:			
	Cash in hand (including foreign currencies)		6,136,396,417	5,423,445,923
	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		23,445,479,265	28,498,384,942
	Money at call and short notice		89,379,167	89,379,167
	Government securities		16,337,372,762	9,331,789,165
			65,784,885,715	57,359,976,956

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

BALANCE SHEET

As at 31 December 2019

Figures in Taka

	Notes	2019	2018
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)	4.a.1	6,130,572,909	5,418,430,686
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	4.a.2	19,776,258,104	14,016,977,760
		25,906,831,013	19,435,408,446
Balance with other banks and financial institutions	5.a		
In Bangladesh		18,731,082,702	27,353,384,864
Outside Bangladesh		4,305,212,819	(100,797,998)
		23,036,295,521	27,252,586,866
Money at call and short notice	6	89,379,167	89,379,167
Investments	7.a		
Government		36,085,210,195	23,636,105,055
Others		3,366,294,433	4,245,929,247
		39,451,504,628	27,882,034,302
Loans and advances/investments	8.a		
Loans, cash credits, overdrafts, etc./investments		244,204,761,679	228,080,837,959
Bills purchased and discounted	9	2,738,889,044	3,310,631,492
		246,943,650,723	231,391,469,451
Fixed assets including premises, furniture and fixtures	10.a	5,675,246,085	3,519,386,471
Other assets	11.a	12,433,741,210	14,176,321,705
Non-banking assets	12	1,152,338,991	1,033,701,289
Total assets		354,688,987,338	324,780,287,696
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.a	44,168,290,655	60,453,052,237
Deposits and other accounts	15.a		
Current deposits and other accounts		40,790,426,287	27,589,302,759
Bills payable		1,884,096,479	1,521,442,000
Savings bank deposits		46,367,253,617	44,278,439,530
Fixed deposits		157,661,889,059	131,781,015,273
Bearer certificate of deposit		-	-
		246,703,665,442	205,170,199,563
Other liabilities	16.a	29,201,394,866	25,927,109,068
Total liabilities		329,273,350,963	300,350,360,867
Capital/shareholders' equity			
Paid up capital	17.2	10,163,866,610	9,679,872,970
Statutory reserve	18	8,659,477,813	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.a	930,897,743	1,830,462,576
Surplus in profit and loss account	22.a	3,626,218,781	2,882,856,744
Total shareholders' equity		25,415,636,375	24,429,926,829
Total liabilities and shareholders' equity		354,688,987,338	324,780,287,696

Figures in Taka

OFF-BALANCE SHEET ITEMS	Notes	2019	2018
Contingent liabilities			
Acceptances and endorsements		51,796,238,358	75,254,746,099
Letters of guarantee	24.1	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 a	7,846,319,339	7,575,806,178
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	24.4	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.

Managing Director & CEO | Director | Director | Chairman

As per our report of same date.

Rahman Rahman Huq
Chartered Accountants

Dhaka, 22 June 2020

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

Figures in Taka

	Notes	2019	2018
Interest income/profit on investments	26.a	26,819,239,518	22,916,894,717
Interest paid/profit shared on deposits and borrowings etc.	27.a	(15,987,236,351)	(13,716,355,902)
Net interest income/profit on investments		10,832,003,167	9,200,538,815
Investment income	28.a	2,086,159,974	1,842,359,857
Commission, exchange and brokerage	29.a	3,380,963,967	3,254,028,220
Other operating income	30.a	1,985,585,042	1,656,683,530
		7,452,708,983	6,753,071,607
Total operating income (A)		18,284,712,150	15,953,610,422
Salaries and allowances	31	5,247,455,559	4,835,648,658
Rent, taxes, insurance, electricity, etc.	32.a	517,834,384	995,738,472
Legal expenses	33.a	46,008,027	59,573,011
Postage, stamp, telecommunication, etc.	34.a	85,291,432	103,412,042
Stationery, printing, advertisements, etc.	35.a	235,989,626	244,899,590
Chief executive's salary and fees	36	18,960,006	18,624,195
Directors' fees	37.a	1,640,000	1,746,000
Auditors' fees		1,770,000	1,770,000
Depreciation and repair of Bank's assets	38.a	1,599,749,332	1,112,883,922
Other expenses	39.a	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	40.a	(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	40.b	-	(3,000,000)
Other provision	40.c	70,632,584	(313,966,186)
Total provision (D)		(2,555,791,031)	(2,324,269,510)
Total profit before taxes (E = C+D)		5,731,360,957	4,354,923,411
Provision for taxation (F)			
Current tax expense	41.a	(3,045,860,580)	(2,271,498,375)
Deferred tax income/(expense)		(213,860,419)	(65,494,416)
Total provision for tax		(3,259,720,999)	(2,336,992,791)
Net profit after tax (G = E+F)		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	1,146,945,938
Earnings per share (EPS)	46.a	2.43	1.99

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

Managing Director & CEO | Director | Director | Chairman

As per our report of same date.

Rahman Rahman Huq
Chartered Accountants

Dhaka, 22 June 2020

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

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	11,394,928	1,819,067,648	530,786,631	2,882,856,744	24,429,926,829
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	(899,564,832)	-	-	(899,564,832)
Net profit for the year	-	-	-	-	-	-	2,471,639,958	2,471,639,958
Dividend (Cash)	-	- -	-	-	-	-	(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	11,394,928	919,502,816	530,786,631	3,626,218,781	25,415,636,375

For the year ended 31 December 2018

Particulars	Paid-up capital	Statutory reserve	Share premium	General reserve	Revaluation gain/(loss) on investment	Dividend equalization reserve	Surplus in profit and loss account	Total equity
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2018	9,218,926,640	7,130,574,430	1,504,388,797	11,394,928	2,508,009,452	530,786,631	3,965,261,269	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
Dividend (Cash)	-	-	-	-	-	-	(1,768,404,133)	(1,768,404,133)
Dividend (Bonus Share)	460,946,330	-	-	-	-	-	(460,946,330)	-
Appropriation made during year	-	870,984,682	-	-	-	-	(870,984,682)	-
Balance as at 31 December 2018	9,679,872,970	8,001,559,112	1,504,388,797	11,394,928	1,819,067,648	530,786,631	2,882,856,744	24,429,926,829

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

CASH FLOW STATEMENT

For the year ended 31 December 2019

Figures in Taka

		Notes	2019	2018
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		(16,898,589,867)	(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	16.a.1	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	11.a.3	(2,684,010,570)	(1,843,901,827)
	Receipts from other operating activities	42.a	3,925,581,963	3,179,809,830
	Payments for other operating activities	43.a	(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	44.a	(417,401,938)	(388,664,446)
	Deposits from other banks/borrowings		(21,317,136,606)	29,460,059,773
	Deposits from customers		46,565,840,903	14,764,130,151
	Other liabilities	45.a	541,781,906	(196,569,031)
	Cash generated from operating assets and liabilities (ii)		9,820,902,994	8,843,346,781
	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		(35,879,708)	(10,651,613)
	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		-	(2,250,000,000)
	Dividend paid		(586,365,580)	(1,768,404,133)
	Net cash used in financing activities		(186,365,580)	(218,404,133)
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		16,337,372,762	9,331,789,165
			65,369,878,463	56,109,163,643

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 it's 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 bKash payment system as well.The Bank also provides off-shore banking services through its Off-Shore Banking Units (OBU) and islami banking services through its Islamic Bank branch.

1.3 Offshore Banking

Offshore Banking Unit (OBU) is a separate business unit of the Bank, operates its business through a separate counter as governed under the rules and guidelines vide Bangladesh Bank's letter reference no. BRPD(P-3)744(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 (on and off-balance sheet exposures) and takes deposits in freely convertible foreign currencies to and from person/institution not resident in Bangladesh and Type-A (wholly foreign owned) units in EPZs in Bangladesh. It also gives long term loans to industrial units outside EPZs and Type-B and Type-C industrial units within the EPZs subject to compliance by the industrial units with the guidelines of Bangladesh Investment Development Authority (BIDA) and Bangladesh Bank. Besides, this unit provides bill discounting/financing facilities accepted by Authorised Dealer (AD) in Bangladesh against usance LCs in accordance with Bangladesh Bank (BB) guidelines. Separate financial statements of Off-Shore Banking Units are shown in Annexures J(1) and J(2).

1.4 Islamic Banking

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

The 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 Nasharuddin 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, Tsimshatsui, 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 (OBU), 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 regulation:

- The Bank Companies Act, 1991 (Amended upto 2018);
- The Companies Act 1994;
- Rules, regulations and circulars issued by the Bangladesh Bank from time to time;
- The Securities and Exchange Ordinance 1969;
- Bangladesh Securities and Exchange Commission Act 1993;
- Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015;
- Income Tax Ordinance and Rules 1984;
- Value Added Tax Act 1991;
- 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-I(1) and I(2) and the figures appearing in the annexure have been incorporated in the related heads of these financial statements as recommended by the Central Shariah Board for Islamic Banks in Bangladesh.

This is the first set of the Bank's and the Group's annual financial statements in which IFRS 16 Leases has been applied. The related changes to significant accounting policies are described in note 3.1.

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

i) Presentation of financial statements

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

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

ii) Investment in shares, mutual fund and other securities

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted and unquoted shares are revalued on the basis of year-end market price and Net Assets Value (NAV) of last audited balance sheet respectively. As per instruction of DOS circular letter no. 3 dated 12 March 2015, investment in mutual fund (close-end) is revalued at lower of cost and higher of market value and 85% of NAV and another DOS circular letter no. 10 dated 28 June 2015, investment in mutual fund (open-end) is revalued at lower of cost and higher of market value and 95% of NAV. As such, provision is made for any loss arising from diminution in value of investments (portfolio basis); otherwise investments are recognised at costs.

iii) Revaluation gain/loss on government securities

IFRS: Government securities refer primarily various debt instruments which include both bonds and bills. As per requirements of IFRS 9 Financial Instruments, bonds can be categorised as "Amortised Cost (AC)" or "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Bonds designated as Amortised Cost are measured at amortised cost method and interest income is recognised through profit and loss account. Any changes in fair value of bonds designated as FVTPL is recognised in profit and loss account. Any changes in fair value of bonds designated as FVOCI is recognised in other reserve as a part of equity.

As per requirements of IFRS 9, bills can be categorised either as "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Any change in fair value of bills is recognised in profit and loss or other reserve as a part of equity respectively.

Bangladesh Bank: According to DOS circular no. 5 dated 26 May 2008 and subsequent clarification in DOS circular no. 5 dated 28 January 2008, Government securities/bills are classified into Held for Trading (HFT) and Held to Maturity (HTM), HFT securities are revalued on the basis of mark to market and any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount is recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised and gains or losses on amortisation are recognised in other reserve as a part of equity.

iv) Repo and reverse repo transactions

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

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

However, as per DMD circular letter no. 7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognize the asset.

v) Provision on loans and advances

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular no.14 (23 September 2012), BRPD circular no. 19 (27 December 2012), BRPD circular no. 05 (29 May 2013), BRPD circular no. 16 (18 November 2014) , BRPD circular no.15 (27 September 2017), BRPD circular no. 1 (20 February 2018) and BRPD circular no. 3 (23 April 2019) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. And specific provision (other than short -term agricultural and micro-credits) for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Moreover, a provision for Short-Term Agricultural and Micro-Credits has to be provided for 'sub-standard' and 'doubtful' loans at the rate of 5% and a 100% provision for the 'bad/Loss' loans. Such provision policies are not specifically in line with those prescribed by IFRS 9.

vi) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently becomes credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified as impaired, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as a liability in the balance sheet.

vii) Other comprehensive income

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Comprehensive Income (SCI) Statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which are required to be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a Single Comprehensive Income (SCI) Statement. As such the bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

viii) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

ix) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, financial guarantees such as letter of credit and letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin. As per BRPD Circular no. 01 dated 03 January 2018 and BRPD Circular no. 14 dated 23 September 2012, the Bank is required to maintain provision at 1% against gross off-balance sheet exposures.

x) Cash and cash equivalents

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

Bangladesh Bank: Some highly liquid assets such as money at call and short notice, T-bills/T-bonds, prize bonds are not prescribed to be shown as cash and cash equivalents rather shown as face item in the balance sheet. However, in the cash flow statement, money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash in hand, balance with BB and other banks.

xi) Non-banking asset

IFRS: No indication of Non-banking asset is found in any IFRS.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, there is a separate balance sheet item named non-banking assets existed in the standard format.

xii) Cash flow statement

IFRS: Cash flow statement can be prepared either in direct method or in indirect method as per IAS 7. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no 14, dated 25 June 2003, cash flows statement has been prepared following a mixture of direct and indirect methods.

xiii) Balance with Bangladesh Bank: (Cash Reserve Ratio - CRR)

IFRS: CRR maintained with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

Bangladesh Bank: Balance with Bangladesh Bank including CRR is treated as cash and cash equivalents.

xiv) Presentation of intangible asset

IFRS: Intangible asset must be identified and recognised, and the disclosure must be given as per IAS 38.

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD circular no. 14 dated 23 September 2012.

xv) Off-balance sheet items

IFRS: As per IFRS, there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, off balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xvi) Disclosure of appropriation of profit

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 an appropriation of profit should be disclosed in the face of profit and loss account.

xvii) Loans and advances/investments net of provision

IFRS: Loans and advances/investments should be presented net of provisions.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

2.2 Basis of measurement

The financial statements of the Group have been prepared on historical cost basis except for the following:

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' are present at value using marking to market concept with gain crediting to revaluation reserve;
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' are carried at amortised cost;
- Investment in shares of listed companies are prepared at market value with gain credited to revaluation reserve.

2.3 Going concern

The accompanying financial statements have been prepared on a going concern assumption that the Bank will continue in operation over the foreseeable future. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the bank continued to demonstrate a healthy trend for a couple of years. The Bank have been awarded AA2 in long term and ST-2 in short term by Credit Rating Agency of Bangladesh (CRAB). Rating details are shown in note 3.21. The management does not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the bank's ability to continue as a going concern.

2.4 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/Tk) which is the Bank's functional currency. Except as otherwise indicated, financial information presented in Taka has been rounded to the nearest integer.

2.5 Use of judgments and estimates

In preparing these consolidated financial statements in conformity with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) management has required to make judgments, estimates and assumptions that affect the application of bank's accounting policies and the reported amounts of assets liabilities, income and expenses. Actual results may differ from these estimates.

The most critical estimates and judgments are applied to the following:

- 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 regard 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 out flow 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 behavioral trend.
Investments	Residual maturity term.
Loan and advance / investment	Repayment / maturity schedule and behavioral 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 / behavioral 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 significantly 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).

Impacts on financial statements

Bank has lease contracts related to the rental agreement of various branches. The table below show 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 begining 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 deputed below. Amount without adoption of IFRS-16 + Adjustment for IFRS-16= Amount after implementation of IFRS-16.

IMPACT ON THE CONSOLIDATED BALANCE SHEET

As at 31 December 2019

Figures in Taka

Particulars	Amount without adoption of IFRS-16	Adjustment for IFRS 16	Amount after implementation of IFRS-16
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	89,379,167	-	89,379,167
Investments			
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	4,171,417,795	2,127,833,594	6,299,251,389
Other assets	9,034,018,631	(406,110,651)	8,627,907,980
Non-banking assets	1,152,338,991	-	1,152,338,991
Total assets	355,231,671,094	1,721,722,943	356,953,394,037
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

Figures in Taka

Particulars	Amount without adoption of IFRS-16	Adjustment for IFRS 16	Amount after implementation of IFRS-16
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements	51,796,238,358	-	51,796,238,358
Letters of guarantee	11,763,748,842	-	11,763,748,842
Irrevocable letters of credit	29,545,447,726	-	29,545,447,726
Bills for collection	7,915,163,524	-	7,915,163,524
Other contingent liabilities for ECA Financing	12,152,921,351	-	12,152,921,351
Total	113,173,519,801	-	113,173,519,801
Other commitments			
Documentary credits and short term trade-related transactions	-	-	-
Forward assets purchased and forward deposits placed	5,224,685,808	-	5,224,685,808
Undrawn note issuance and revolving underwriting facilities	-	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-	-
Other commitments	-	-	-
Total	5,224,685,808	-	5,224,685,808
Total Off-Balance Sheet items including contingent liabilities	118,398,205,609	-	118,398,205,609

IMPACT ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

Figures in Taka

Particulars	Amount without adoption of IFRS-16	Adjustment for IFRS 16	Amount after implementation of IFRS-16
Interest income/profit on investments	26,924,949,586	-	26,924,949,586
Interest paid/profit shared on deposits and borrowings etc.	(15,896,177,193)	(117,547,450)	(16,013,724,643)
Net interest income/profit on investments	**11,028,772,393**	**(117,547,450)**	**10,911,224,943**
Investment income	2,361,557,548	-	2,361,557,548
Commission, exchange and brokerage	3,722,530,724	-	3,722,530,724
Other operating income	1,987,642,988	-	1,987,642,988
	8,071,731,260	-	8,071,731,260
Total operating income (A)	**19,100,503,653**	**(117,547,450)**	**18,982,956,203**
Operating expenses			
Salaries and allowances	5,447,575,845	-	5,447,575,845
Rent, taxes, insurance, electricity, etc.	1,181,462,623	(612,192,002)	569,270,621
Legal expenses	48,751,265	-	48,751,265
Postage, stamp, telecommunication, etc.	91,976,013	-	91,976,013
Stationery, printing, advertisements, etc.	258,473,602	-	258,473,602
Chief executive's salary and fees	18,960,006	-	18,960,006
Directors' fees	4,833,773	-	4,833,773
Auditors' fees	2,581,060	-	2,581,060
Depreciation and repair of Bank's assets	1,084,021,597	587,038,896	1,671,060,493
Other expenses	2,261,306,283	-	2,261,306,283
Total operating expenses (B)	**10,399,942,067**	**(25,153,106)**	**10,374,788,961**
Profit before provision (C = A-B)	**8,700,561,586**	**(92,394,344)**	**8,608,167,242**
Provision for loans and advances/investments	(2,599,940,627)	-	(2,599,940,627)
Provision for off-balance sheet exposures	(41,344,313)	-	(41,344,313)
Provision for diminution in value of investments	(31,120,749)	-	(31,120,749)
Other provision	70,632,584	-	70,632,584
Total provision (D)	**(2,601,773,105)**	-	**(2,601,773,105)**
Total profit before taxes (E = C+D)	**6,098,788,481**	**(92,394,344)**	**6,006,394,137**
Provision for taxation (F)			
Current tax expense	(3,161,628,378)	-	(3,161,628,378)
Deferred tax income/(expense)	(243,542,448)	33,938,828	(209,603,620)
Total provision for tax	**(3,405,170,826)**	**33,938,828**	**(3,371,231,998)**
Net profit after tax (G = E+F)	**2,693,617,655**	**(58,455,516)**	**2,635,162,139**
Net profit after tax attributable to:			
Equity holders of the bank	2,693,614,212	(58,455,463)	2,635,158,749
Non-controlling interest	3,443	(53)	3,390
	2,693,617,655	(58,455,516)	2,635,162,139
Appropriations			
Statutory reserve	675,657,375	(17,738,674)	657,918,701
General reserve	-	-	-
	675,657,375	(17,738,674)	657,918,701
Retained surplus for the year	**2,017,956,837**	**(40,716,789)**	**1,977,240,048**
Earnings per share (EPS)	**2.65**	**(0.06)**	**2.59**

IMPACT ON THE BALANCE SHEET

As at 31 December 2019

Figures in Taka

Particulars	Amount without adoption of IFRS-16	Adjustment for IFRS 16	Amount after implementation of IFRS-16
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	89,379,167	-	89,379,167
Investments			
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	3,619,386,923	2,055,859,162	5,675,246,085
Other assets	12,831,369,174	(397,627,964)	12,433,741,210
Non-banking assets	1,152,338,991	-	1,152,338,991
Total assets	353,030,756,140	1,658,231,198	354,688,987,338
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

Figures in Taka

Particulars	Amount without adoption of IFRS-16	Adjustment for IFRS 16	Amount after implementation of IFRS-16
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements	51,796,238,358	-	51,796,238,358
Letters of guarantee	11,763,748,842	-	11,763,748,842
Irrevocable letters of credit	29,545,447,726	-	29,545,447,726
Bills for collection	7,846,319,339	-	7,846,319,339
Other contingent liabilities for ECA Financing	12,152,921,351	-	12,152,921,351
Total	113,104,675,616	-	113,104,675,616
Other commitments			
Documentary credits and short term trade-related transactions	-	-	-
Forward assets purchased and forward deposits placed	5,224,685,808	-	5,224,685,808
Undrawn note issuance and revolving underwriting facilities	-	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-	-
Other commitments	-	-	-
Total	5,224,685,808	-	5,224,685,808
Total Off-Balance Sheet items including contingent liabilities	118,329,361,424	-	118,329,361,424

IMPACT ON THE PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

Figures in Taka

Particulars	Amount without adoption of IFRS-16	Adjustment for IFRS 16	Amount after implementation of IFRS-16
Interest income/profit on investments	26,819,239,518	-	26,819,239,518
Interest paid/profit shared on deposits and borrowings etc.	(15,876,642,288)	(110,594,063)	(15,987,236,351)
Net interest income/profit on investments	**10,942,597,230**	**(110,594,063)**	**10,832,003,167**
Investment income	2,086,159,974	-	2,086,159,974
Commission, exchange and brokerage	3,380,963,967	-	3,380,963,967
Other operating income	1,985,585,042	-	1,985,585,042
	7,452,708,983	-	7,452,708,983
Total operating income (A)	**18,395,306,213**	**(110,594,063)**	**18,284,712,150**
Salaries and allowances	5,247,455,559	-	5,247,455,559
Rent, taxes, insurance, electricity, etc.	1,090,244,172	(572,409,788)	517,834,384
Legal expenses	46,008,027	-	46,008,027
Postage, stamp, telecommunication, etc.	85,291,432	-	85,291,432
Stationery, printing, advertisements, etc.	235,989,626	-	235,989,626
Chief executive's salary and fees	18,960,006	-	18,960,006
Directors' fees	1,640,000	-	1,640,000
Auditors' fees	1,770,000	-	1,770,000
Depreciation and repair of Bank's assets	1,049,240,237	550,509,095	1,599,749,332
Other expenses	2,242,861,796	-	2,242,861,796
Total operating expenses (B)	**10,019,460,855**	**(21,900,693)**	**9,997,560,162**
Profit before provision (C = A-B)	**8,375,845,358**	**(88,693,370)**	**8,287,151,988**
Provision for loans and advances/investments	(2,585,079,302)	-	(2,585,079,302)
Provision for off-balance sheet exposures	(41,344,313)	-	(41,344,313)
Provision for diminution in value of investments	-	-	-
Other provision	70,632,584	-	70,632,584
Total provision (D)	**(2,555,791,031)**	**-**	**(2,555,791,031)**
Total profit before taxes (E = C+D)	**5,820,054,327**	**(88,693,370)**	**5,731,360,957**
Provision for taxation (F)			
Current tax expense	(3,045,860,580)	-	(3,045,860,580)
Deferred tax income/(expense)	(247,718,095)	33,857,676	(213,860,419)
Total provision for tax	**(3,293,578,675)**	**33,857,676**	**(3,259,720,999)**
Net profit after tax (G = E+F)	**2,526,475,652**	**(54,835,694)**	**2,471,639,958**
Appropriations			
Statutory reserve	675,657,375	(17,738,674)	657,918,701
General reserve	-	-	-
	675,657,375	(17,738,674)	657,918,701
Retained surplus for the year	**1,850,818,277**	**(37,097,020)**	**1,813,721,257**
Earnings per share (EPS)	**2.49**	**(0.05)**	**2.43**

3.1.2 Accounting policy for IFRS 16: Leases

Bank has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. The details impact of changes in the financial statements has been disclosed in Note 3.1.1 (b).

Policy applicable from 1 January 2019

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

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 prices.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option (if any). In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments (if any);
- variable lease payments that depend on an index or a rate (if any), initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee (if any); and
- the exercise price under a purchase option (if any) that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases.

Generally, the accounting policies applicable to the Bank as a lessor (if any) in the comparative period were not different from IFRS 16 except for classification of any sub-lease.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Bank determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output

In the comparative period, as a lessee the Bank classified leases that transferred substantially all of the risks and rewards of ownership as finance leases (if any). When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Bank's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

When the Bank acted as a lessor (if any), it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Bank made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Bank considered certain indicators such as whether the lease was for the major part of the economic life of the asset

3.1.3 Basis of consolidation

The consolidated financial statements include the financial statements of The City Bank Limited and those of its four subsidiaries (City Brokerage Limited, City Bank Capital Resources Limited, CBL Money Transfer Sdn. Bhd. and City Hong Kong Limited) prepared as at and for the year ended 31 December 2019. The consolidated financial statements have been prepared in accordance with IFRS 10 'Consolidated Financial Statements.

Name of subsidiary	Ownership	Date of incorporation	Country of operation	Status	Regulator	Year/period closing
City Brokerage Limited	99.996%	31-Mar-10	Bangladesh	Majority Owned	BSEC, DSE,CSE	31 December
City Bank Capital Resources Limited	99.993%	17-Aug-09	Bangladesh	Majority Owned	BSEC, DSE,CSE	31 December
CBL Money Transfer Sdn. Bhd	100.000%	4-Apr-13	Malaysia	Wholly Owned	Bank Negara, Malaysia	31 December
City Hong Kong Limited*	100.000%	11-Jan-19	Hong Kong	Wholly Owned	Bangladesh Bank IRD, CR & MLU	31 December

*Primary regulators of City Hong Kong Limited in Bangladesh is Bangladesh Bank and in Hong Kong regulators are Inland Revenue Department (IRD), Companies Registry (CR) & Money Lenders Unit (MLU).

3.1.4 Non-controlling interest

The Group elects to measure any non-controlling interests in the subsidiaries either:

- at fair value; or
- at their proportionate share of the acquires identifiable net assets, which are generally at fair value.

3.1.5 Transactions eliminated on consolidation

Intra-group balances and income and expenses (except for foreign currency translation gains or losses) arising from intra-group transactions are eliminated in preparing these consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

3.2 Foreign currency transactions

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

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

3.3 Assets and basis of their valuation

3.3.1 Cash and cash equivalents

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

3.3.2 Investments

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

Held to Maturity

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

Held for Trading

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

Investment in quoted shares

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

Investment in unquoted shares

Investment in unquoted shares are 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 required 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 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 and building are 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 Finacle 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 entries/balances in the case of inter-branch transactions on the reporting date are not material.

3.4 Liabilities and basis of their valuation

3.4.1 Tier-II Subordinated Bond

Tier-II Subordinated bond includes fund raised from several banks, financial institutions and other organization through issuance of 7 (seven) years Bonds for Tk. 5,000,000,000 during 2017 and 7 (Seven) years Bonds for Tk. 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 to 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. BPRD (P-1) / 661 / 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 fulfilment 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 oversee the capital management planning of the Bank. The Bank's finance, treasury and risk management departments are key participators in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix.

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 Accounts.

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
Fair Value Measurement	IFRS-13	Applied with some departure (note 2.1)
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue from contractors with customers	IFRS-15	Applied
Leases	IFRS-16	Applied
Presentation of Financial Statements	IAS-1	Applied with some departure (note 2.1)
Inventories	IAS-2	Not Applicable
Statement of Cash Flows	IAS-7	Applied with some departure (note 2.1)
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Construction Contracts	IAS-11	Not Applicable
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Govt Assistance	IAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Not Applicable
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable
Separate Financial Statements	IAS-27	Applied
Investments in Associates and Joint Venture	IAS-28	Not Applicable
Interests in Joint Ventures	IAS-31	Not Applicable
Financial Instruments: Presentation	IAS-32	Applied with some departure (note 2.1)
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Investment property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

In order to comply with certain specific rules and regulations of Bangladesh Bank which are different to IAS/IFRS, some of the requirements specified in these IAS/IFRSs are not applied. Refer to note-2.1 for such recognition and measurement differences that are most relevant and material to the Bank and the Group.

The Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. Therefore, it is not applicable for the Bank's annual report as it is the employer and not the retirement benefit plan itself.

The objective of IAS 34 is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period and hence it is not applicable for annual financial statements. However, the Bank being a listed entity in Dhaka and Chittagong Stock Exchanges regularly publishes Interim Financial Report complying with IAS 34.

3.16 Standards issued but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards during the year 2017. All previously adopted reporting standards are consistently applied by the Bank as explained in Note 3.15.

The Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2018 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. However, the Bank has not early applied the following new standard in preparing these financial statements.

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

3.17 Implementation of IFRS 16 and its relevant assumptions and disclosures

IFRS 16

Leases" has come into force on 1 January 2019, as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) The City Bank Limited applied IFRS 16 using modified retrospective approach where the Bank measured the lease liability at the present value of the remaining lease payments, discounted it using the bank's incremental borrowing rate at the date of initial application, and recognised a right-of-use asset at the date of the initial application on a lease by lease basis.

Right-of-use assets

The Bank recognises right-of-use assets at the date of initial application of IFRS 16. Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any re-measurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented under "Fixed assets including premises, furniture and fixtures"

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments, and re-measuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Short-term leases and leases of low value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases, i.e. for which the lease term ends within 12 months of the date of initial application. The Bank recognises lease payments associated with these leases as an expense.

The contracts for all leased premises including branches, head office, regional offices, data centers, ATM booths and disaster recovery centers are considered for implementation of IFRS 16.

3.18 Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the group's trading activity.

3.19 Segment reporting

The group and the Bank have no identified operating segment and as such presentation of segmental reporting is not made in the financial statements as per IFRS 8. However, geographical and business segments wise limited disclosures are furnished in note 50 and Annexure-H.

Inter-segment transactions are generally based on inter-branch fund transfer measures as determined by the management. Income, expenses, assets and liabilities are specifically identified with individual segments. Based on such allocation, segmental balance sheet as on 31 December 2019 and segmental profit and loss account for the year ended 31 December 2019 have been prepared.

3.20 Materiality and aggregation

Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature also have been presented separately unless they are immaterial in accordance with IAS 1 'Presentation of Financial Statements

3.21 Credit rating of the Bank

As per BRPD Circular no. 6 dated 5 July 2006, the Bank has done its credit rating by Credit Rating Agency of Bangladesh (CRAB) based on the financial statements as at and for the year ended 31 December 2018. The following ratings have been awarded:

Particulars	Periods	Date of rating	Long term	Short term	Rating valid
Entity Rating	January to December 2018	29-May-19	AA2	ST-2	30-Jun-20
Entity Rating	January to December 2017	11-Jun-18	AA2	ST-2	30-Jun-19
Entity Rating	January to December 2016	28-May-17	AA2	ST-2	30-Jun-18

3.22 Related party disclosures

A party is related to the company if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over the company;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

Details of the related party disclosures presented in note # 51 and Annexure- F

3.23 Events after reporting period

As per IAS -10 "Events after Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

(a) adjusting events after the reporting period (those that provide evidence of conditions that existed at the end of the reporting period); and

(b) non adjusting events after the reporting period (those that are indicative of conditions that arose after the reporting period).

Details of the Events after reporting period presented in note # 52.

Figures in Taka

4 CONSOLIDATED CASH IN HAND

	2019	2018
The City Bank Limited (note 4.a)	6,130,572,909	5,418,430,686
City Brokerage Limited	77,500	77,500
City Bank 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

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

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

4.a.2 Balance with Bangladesh Bank and its agent bank(s)

Local currency	17,923,225,521	14,010,112,125
Foreign currency	1,301,391,858	(589,563,124)
	19,224,617,379	13,420,549,001
Sonali Bank Limited as agent of Bangladesh Bank (local currency)	551,640,725	596,428,759
	19,776,258,104	14,016,977,760

Figures in Taka

		2019	2018

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)		
	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)		
	Required reserve	33,741,277,080	28,925,021,320
	Actual reserve maintained (note 4.a.3)	45,463,557,136	32,526,857,395
	Surplus	11,722,280,056	3,601,836,075

4.a.3 Held for Statutory Liquidity Ratio (SLR)

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	35,549,809,765	23,636,105,055
	45,463,557,136	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		
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 Bank Capital Resources Limited	464,331,140	273,775,976
	19,567,449,938	28,599,368,973
Mutual indebtedness:		
Deposit with The City Bank Limited - City Brokerage Limited	(140,464,390)	(688,873,976)
Deposit with The City Bank Limited - City Bank 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	27,798,009,404
Outside Bangladesh		
The City Bank Limited (note 5.a)	4,305,212,819	(100,797,998)
CBL Money Transfer Sdn. Bhd.	44,917,960	801,173,536
City Hong Kong Limited	10,501,520	-
Total outside Bangladesh	4,360,632,299	700,375,538
Grand total	23,445,479,265	28,498,384,942

		Figures in Taka	
		2019	2018
5.a	**Balance with other banks and financial institutions - The City Bank Limited**		
	In Bangladesh (note 5.a.1)	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		
	Sonali Bank Limited	108,525,306	51,416,285
	Agrani Bank Limited	86,287,419	45,954,834
	Janata Bank Limited	897,490	899,370
	Sub total	195,710,215	98,270,488
	Short notice deposit accounts		
	Standard Chartered Bank	269,693,615	170,633,666
	Rupali Bank Limited	55,444,163	83,924,759
	AB Bank Limited	14,937,378	14,937,378
	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	10,088	11,023
	Sub total	366,686,091	628,301,654
	Fixed deposit receipts		
	National Credit & Commerce Bank Limited	1,214,167,635	-
	Agrani Bank Limited	849,000,000	-
	Jamuna Bank Limited	800,000,000	200,000,000
	Export Import Bank of Bangladesh Limited	-	1,000,000,000
	One Bank Limited	-	67,025,281
	Mutual Trust Bank Limited	-	1,797,443,921
	Eastern Bank Limited	-	180,456,020
	Prime Bank Limited	-	1,000,000,000
	Investment Corporation of Bangladesh	7,250,000,000	6,750,000,000
	Uttara Finance and Investment Limited	2,000,000,000	1,400,000,000
	Lankabangla Finance Limited	1,830,000,000	3,200,000,000
	Industrial Promotion and Development Company of Bangladesh Limited	1,625,518,761	2,331,887,500
	Industrial and Infrastructure Development Finance Company Limited	850,000,000	1,050,000,000
	Bangladesh Finance and Investment Company Limited	600,000,000	500,000,000
	IDLC Finance Limited	450,000,000	4,300,000,000
	Phoenix Finance & Investments Limited	350,000,000	350,000,000
	National Housing Finance and Investment Limited	200,000,000	200,000,000
	GSP 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

Figures in Taka

5.a.2	Outside Bangladesh (Nostro accounts)	Currency	2019	2018
	Current accounts			
	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	(112,556,469)
	Mashreq Bank, New York, USA	USD	516,551,889	(49,815,882)
	HDFC Bank Ltd, Mumbai, India	ACUD	170,439,592	32,797,861
	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	45,809,719	64,375,792
	Standard Chartered Bank, Frankfurt, Germany	EURO	45,474,214	(12,042,321)
	Commerz Bank AG. Frankfurt, Germany	EURO	38,134,450	43,993,295
	Commerz Bank AG. Frankfurt, Germany	USD	16,937,103	172,843,977
	Standard Chartered Bank, London	GBP	15,681,742	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	CHF	2,554,790	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	718,058
	Mashreq Bank, London	GBP	509,394	3,018,563
	Bank of Tokyo Mitsubishi Ltd., Japan	JPY	301,064	10,832,009
	Mashreq Bank, Mumbai, India	EURO	188,424	165,143
	Mashreq Bank, Mumbai, India	ACUD	(60,707,245)	144,996,634
	Mashreq Bank, New York, USA (For OBU Operation)	USD	1,351,885,987	323,439,161
	Commerz Bank AG. Frankfurt, Germany (For OBU Operation)	EURO	117,130,094	33,962,612
	Commerz Bank AG. Frankfurt, Germany (For OBU Operation)	USD	40,840,765	(6,540,878)
	Sub total		**4,304,522,341**	**(101,480,343)**
	Term deposits			
	Sonali Bank, Kolkata, India	ACUD	690,478	682,345
	Sub total		**690,478**	**682,345**
	Total		**4,305,212,819**	**(100,797,998)**

Details are shown in Annexure-B.

5.a.3	Maturity grouping of balance with other banks and financial institutions		
	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	-	-
	Over 5 years	-	-
		23,036,295,521	**27,252,586,866**

Figures in Taka

6 MONEY AT CALL AND SHORT NOTICE

	2019	2018
Banking companies	89,379,167	89,379,167
ICB Islamic Bank Limited (note 6.1)	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)651/991002007-447 and approved a scheme of reconstruction of the former The Oriental Bank Limited in which payment of liabilities of the bank has been finalised and based on earlier issued and recent (BRPD circular letter no. 15 dated 03 November 2016) schedule of payment the Bank (CBL) has already received first 18th installments.

7 CONSOLIDATED INVESTMENTS

	Government securities		
	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		
	The City Bank Limited (note 7.a.1.ii)	3,366,294,433	4,245,929,247
	City Brokerage Limited (note 7.b)	2,303,997,855	2,724,674,002
	City Bank Capital Resources Limited (note 7.c)	1,893,145,989	2,881,511,933
		7,563,438,277	9,852,115,182
		43,648,648,472	33,488,220,237
7.a	**Investments - The City Bank Limited**		
	Government (note 7.a.1.i)	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		
	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		
	Shares (note 7.a.5)	2,014,440,314	2,893,163,088
	Investment in Subordinated Bond	1,300,000,000	1,300,000,000
	Mutual fund	51,731,846	52,643,886
	Debenture of Bangladesh Welding Electrodes Limited	122,273	122,273
		3,366,294,433	4,245,929,247
		39,451,504,628	27,882,034,302
7.a.2	**Investment classified as per Bangladesh Bank Circular**		
	Held to Maturity (HTM)	19,704,778,112	14,209,610,374
	Held for Trading (HFT)	16,380,432,083	6,084,044,254
	Reverse Repo	-	3,342,450,427
	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**		
	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	4,136,539,052
	Over 5 years	2,321,061,695	17,595,739,438
		39,451,504,628	27,882,034,302

		Figures in Taka	
7.a.4	Government bills/bonds	2019	2018
	Name of the bills/bonds		
	182 days Treasury bills	6,952,852,680	-
	364 days Treasury bills	9,516,022,036	3,930,795,000
	6 months Islamic bonds	500,000,000	-
	2 years Treasury bonds	5,459,669,147	1,800,120,504
	5 years Treasury bonds	3,015,800,639	6,010,651,901
	10 years Treasury bonds	8,345,449,270	9,402,348,129
	15 years Treasury bonds	2,127,334,346	2,323,009,946
	20 years Treasury bonds	164,631,077	165,633,175
		36,081,759,195	23,632,558,655
7.a.5	Investment in shares		
	Quoted		
	IDLC Finance Limited	1,540,640,919	2,365,257,093
	Summit Power Limited	87,392,250	-
	Brac Bank Limited	51,390,000	71,246,000
	Trust Bank Limited	47,790,285	67,001,155
	Grameenphone Limited	33,695,820	58,033,400
	Singer Bangladesh Limited	32,863,468	-
	Matin Spinning Mills Ltd	28,602,497	34,374,688
	Dhaka Bank Limited	26,527,356	29,219,723
	Mercantile Bank Limited	20,839,130	24,710,436
	Square Pharmaceuticals Limited	14,231,000	10,453,975
	Standard Bank Limited	13,961,127	15,544,065
	Pubali Bank Limited	10,949,664	11,516,648
	AB Bank Limited	5,408,308	8,215,152
	Ifad Autors Limited	4,620,000	-
	Mutual Trust Bank Limited	3,956,265	30,240,826
	Bata Shoe Company (Bangladesh) Limited	3,550,110	5,693,640
	Shahjibazar Power Co. Ltd.	1,643,880	2,161,440
	The ACME Laboratories Limited	1,522,500	2,147,500
	Prime Bank Limited	1,390,480	11,312,500
	Mobil Jamuna Lubricants Bangladesh Limited	1,329,300	2,083,200
	BBS Cables Ltd.	1,176,000	-
	Saif Powertec Limited	926,208	1,344,000
	Investment Corporation of Bangladesh	906,086	1,835,728
	Rangamati Food Products Limited	767,550	812,700
	Raspit Inc. (BD) Limited	695,400	695,400
	Shahjalal Islami Bank Limited	624,523	7,366,385
	SILCO Pharmaceuticals Limited	220,978	-
	German Bangla Joint Venture Foods Limited	75,600	75,600
	Somorita Hospital Limited	10,368	11,372
	Perfume Chemical Ind. Limited	1,652	1,652
	United Commercial Bank Limited	-	36,415,720
	Power Grid Company of Bangladesh Limited	-	9,600,000
	Heidelberg Cement Bangladesh Limited	-	8,367,500
	M.I. Cement Factory Ltd.	-	694,000
		1,937,708,724	2,816,431,498
	Unquoted ordinary shares		
	Central Depository Bangladesh Limited	42,453,820	42,453,820
	KARMA Sangsthan Bank Limited	18,000,000	18,000,000
	Industrial & Infrastructural Development Finance Company Limited	10,000,000	10,000,000
	Venture Investment Partners Bangladesh Limited	6,277,770	6,277,770
	Total	76,731,590	76,731,590
	Details are shown in Annexure-C.	2,014,440,314	2,893,163,088

Figures in Taka

		2019	2018
7.b	**Investments - City Brokerage Limited**		
	Membership (note 7.b.1)		
	Dhaka Stock Exchange Limited (DSE)	543,119,683	543,119,683
	Chittagong Stock Exchange Limited (CSE)	19,001,000	19,001,000
		562,120,683	562,120,683
	Investments in shares (note 7.b.2)	1,741,877,172	2,162,553,319
		2,303,997,855	2,724,674,002

7.b.1 Membership fees is the amount paid by the company to obtain membership of DSE and CSE.

7.b.2 This represents investment made by the City Brokerage Limited in purchase of shares of various companies listed in Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) through its dealer account. Cost price of the investment is Taka 2,075,072,670 (2018: 1,848,351,127) as on 31 December 2019

7.c	**Investments - City Bank Capital Resources Limited**		
	Others		
	Investments in quoted shares (note 7.c.1)	1,804,448,314	2,783,511,933
	Investments in unlisted securities (note 7.c.2)	88,697,675	98,000,000
		1,893,145,989	2,881,511,933

7.c.1 This represents investment made by the City Bank Capital Resources Limited in purchase of shares of various companies listed in Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) through its dealer account. Cost price of the investment is Taka 1,818,054,440 (2018: 1,892,459,911) as on 31 December 2019.

7.c.2 This represent investment made by CBCRL in purchase of equity shares of ADN Telecom Limited and preference shares of Regent Energy and Power Co. Limited.

8 CONSOLIDATED LOANS AND ADVANCES/INVESTMENTS

Loans/investments, cash credits, overdrafts, etc.		
The City Bank Limited (note 8.a)	244,204,761,679	228,080,837,959
City Brokerage Limited (note 8.b)	949,616,669	1,282,985,307
City Bank Capital Resources Limited (note 8.c)	682,657,886	504,940,330
	245,837,036,234	229,868,763,596
Mutual indebtedness:		
Loan from The City Bank Limited - City Brokerage Limited*	(577,231,515)	(1,011,356,119)
Loan from City Brokerage Limited - City Bank Capital Resources Limited	-	-
Loan from The City Bank Limited - CBL Money Transfer Sdn. Bhd.	(234,997,079)	(293,084,447)
	(812,228,594)	(1,304,440,566)
	245,024,807,640	228,564,323,030
Bills purchased and discounted		
The City Bank Limited (note 8.a.2)	2,738,889,044	3,310,631,492
City Hong Kong Limited	14,037,568	-
	2,752,926,612	3,310,631,492
	247,777,734,252	231,874,954,522

*City Brokerage Limited availed loan facilities @10.50% p.a. from its parent company for extending margin financing to its customers.

8.a	**Loans and advances/investments - The City Bank Limited**		
	Loans/investments, cash credits, overdrafts, etc. (note 8.a.1)	244,204,761,679	228,080,837,959
	Bills purchased and discounted (note 8.a.2)	2,738,889,044	3,310,631,492
		246,943,650,723	231,391,469,451

		Figures in Taka	
		2019	2018
8.a.1	**Loans/investments, cash credits, overdrafts, etc.**		
	Inside Bangladesh		
	Industrial credits	128,338,014,174	127,056,431,639
	Cash credits	21,322,572,326	22,085,523,897
	City solution	19,127,352,609	15,538,885,419
	Export development fund	16,244,581,753	13,977,083,992
	Small and medium enterprise loans	10,870,398,508	10,013,508,560
	City card loans	10,127,402,971	8,389,206,419
	Other loans and advances	7,476,194,114	4,700,688,697
	House building loans	7,125,170,243	6,443,901,908
	Secured overdrafts	6,199,778,292	4,581,101,739
	Bai-muajjal, bi salam, murabah	4,304,131,468	868,785,059
	City express	3,992,335,747	4,253,707,238
	Staff loans (note 8.a.15)	3,786,630,389	3,801,872,688
	Loan against payroll	1,876,466,693	2,633,977,683
	City drive	1,648,334,199	1,179,431,465
	Hire purchase shirkatul melk	891,747,543	700,942,010
	Transportation loans	549,560,649	605,350,547
	Loans against trust receipt	280,215,337	1,204,101,138
	Payment against document	17,282,847	15,870,294
	Loans against imported merchandise	12,671,186	12,671,186
	Lease finance/Izara (note 8.a.5)	11,589,863	15,050,309
	City gems	2,330,768	2,746,074
		244,204,761,679	228,080,837,959
	Outside Bangladesh	-	-
		244,204,761,679	228,080,837,959
8.a.2	**Bills purchased and discounted**		
	Payable Inside Bangladesh		
	Inland bills purchased	2,108,238,549	2,593,997,427
	Payable Outside Bangladesh		
	Foreign bills purchased and discounted	630,650,495	716,634,065
		2,738,889,044	3,310,631,492
8.a.3	**Performing loans and advances/investments**		
	Gross loans and advances/investments	246,943,650,723	231,391,469,451
	Non-performing loans and advances/investments (note 8.a.3.1)	(14,244,174,334)	(12,325,502,447)
		232,699,476,389	219,065,967,004
8.a.3.1	**Non-performing loans and advances/investments**		
	Opening balance	12,325,502,447	10,677,894,989
	Addition during the year	9,195,507,995	8,738,047,225
	Reduction during the year	(7,276,836,108)	(7,090,439,767)
	Closing balance	14,244,174,334	12,325,502,447
8.a.4	**Residual maturity grouping of loans and advances/investments including bills purchased and discounted**		
	Repayable on demand	13,928,818,840	26,774,935,964
	Not more than 3 months	65,139,752,627	39,614,017,201
	More than 3 months but not more than 1 year	57,793,955,719	69,628,612,328
	More than 1 year but not more than 5 years	83,886,014,673	71,245,926,220
	More than 5 years	26,195,108,864	24,127,977,738
		246,943,650,723	231,391,469,451

Figures in Taka

8.a.5 Lease finance/Izara	2019	2018
Lease rental receivable within 1 year	8,115,478	8,028,870
Lease rental receivable within 5 years	8,266,359	10,265,780
Lease rental receivable after 5 years	-	-
Total lease/Izara rental receivable	**16,381,837**	**18,294,650**
Unearned interest receivable	(4,791,974)	(3,244,342)
Net lease/Izara finance	**11,589,863**	**15,050,309**

8.a.6 Loans and advances/investments		
Loans	216,682,411,061	201,414,212,323
Cash credits	21,322,572,326	22,085,523,897
Overdrafts	6,199,778,292	4,581,101,739
	244,204,761,679	228,080,837,959
Bills purchased and discounted (note 8.a.2)	2,738,889,044	3,310,631,492
	246,943,650,723	231,391,469,451

8.a.7 Concentration of loans and advances/investments including bills purchased and discounted		
Industrial loans and advances/investments	181,939,428,248	175,839,326,311
Advances to customer groups	38,531,915,149	33,036,724,142
Others loans and advances/investments	26,318,768,964	22,384,805,861
Advances chief executive and other senior executives	152,471,534	129,125,161
Advances to allied concerns of directors	1,066,828	1,487,976
	246,943,650,723	231,391,469,451

8.a.8 Business segment wise concentration of loans and advances/investments including bills purchased and discounted		
Corporate	131,460,021,529	111,868,412,217
Retail	51,566,695,330	51,078,236,065
SME (including agriculture loan and microcredit)	33,994,560,807	27,866,019,728
Off-shore Banking Unit (OBU)	26,135,742,668	36,776,928,753
Staff loan (note 8.a.15)	3,786,630,389	3,801,872,688
	246,943,650,723	231,391,469,451

8.a.9 Sector wise concentration of loans and advances/investments including bills purchased and discounted

	2019		2018	
	% of total loan	Taka	% of total loan	Taka
Readymade garments industry	17.06%	42,122,669,055	16.96%	39,250,761,878
Consumer credit	15.57%	38,438,333,306	15.64%	36,181,534,597
Trade service	10.83%	26,755,777,500	11.08%	25,638,307,296
Other manufacturing industry	10.02%	24,751,384,745	10.66%	24,666,424,094
Energy and power industry	9.15%	22,592,149,131	8.86%	20,497,268,177
Steel industry	6.98%	17,237,615,040	6.92%	16,011,664,635
Real estate financing	4.93%	12,165,485,382	4.96%	11,472,143,690
Agri & micro-credit through NGO	4.40%	10,870,132,479	5.44%	12,576,262,819
Textile & spinning mills	3.93%	9,710,065,741	4.32%	9,991,337,022
Assembling industry	3.66%	9,032,716,268	2.72%	6,298,629,421
Pharmaceuticals industry	3.03%	7,473,690,422	2.38%	5,499,441,859
Edible oil and food processing	2.79%	6,893,975,142	2.47%	5,715,753,937
Service industry	2.16%	5,344,292,450	2.82%	6,524,274,250
Transport, storage & communication	1.39%	3,425,669,940	1.70%	3,934,203,793
Construction	0.83%	2,052,875,336	0.61%	1,405,613,961
Chemical industry	0.67%	1,648,106,386	0.44%	1,010,213,985
Ship breaking & building	0.53%	1,316,197,807	0.72%	1,660,028,433
Hospitals	0.14%	352,032,407	0.11%	255,668,625
Others	1.93%	4,760,482,186	1.21%	2,801,936,979
	100.00%	246,943,650,723	100.00%	231,391,469,451

8.a.10 Geographical location-wise loans and advances

Inside Bangladesh	2019		2018	
	% of total loan	Taka	% of total loan	Taka
Urban:				
Dhaka	80.18%	197,995,373,205	79.76%	184,561,687,747
Chattogram	11.29%	27,870,653,446	12.67%	29,306,961,765
Rajshahi	2.46%	6,084,131,555	2.32%	5,364,086,906
Khulna	1.42%	3,499,777,635	1.18%	2,738,762,462
Rangpur	1.02%	2,518,261,500	0.91%	2,105,158,734
Sylhet	0.46%	1,125,223,530	0.46%	1,055,187,877
Barishal	0.25%	610,666,616	0.15%	343,252,006
Mymensingh	0.12%	285,281,457	0.13%	304,595,222
	97.18%	239,989,368,944	97.57%	225,779,692,719
Rural:				
Dhaka	2.11%	5,214,446,485	1.81%	4,192,330,015
Chattogram	0.42%	1,035,404,667	0.34%	790,862,390
Rajshahi	0.19%	469,143,504	0.20%	455,433,582
Sylhet	0.08%	190,167,857	0.07%	160,913,765
Khulna	0.02%	45,119,266	0.01%	12,236,979
	2.82%	6,954,281,779	2.43%	5,611,776,732
Total inside Bangladesh	100.00%	246,943,650,723	100.00%	231,391,469,451
Outside Bangladesh	0.00%	-	0.00%	-
Grand total	100.00%	246,943,650,723	100.00%	231,391,469,451

8.a.11 Sector-wise loans and advances

Public sector	-	-	0.01%	34,532,285
Private sector	100.00%	246,943,650,723	99.99%	231,356,937,166
	100.00%	246,943,650,723	100.00%	231,391,469,451

Figures in Taka

8.a.12 Securities against loans/investments including bills purchased and discounted

	2019	2018
Collateral of movable/immovable assets	178,055,477,296	171,971,657,714
Local banks and financial institutions guarantee	2,738,889,044	3,310,631,492
Foreign banks guarantee	-	-
Export documents	16,261,864,600	13,992,954,286
Fixed deposit receipts (FDR)	4,156,124,877	6,425,699,080
FDR of other banks	-	-
Government guarantee	-	34,532,285
Personal guarantee	19,407,567,946	16,742,986,557
Other securities	26,323,726,960	18,913,008,037
	246,943,650,723	231,391,469,451

8.a.13 Detail of large loan/investments

As at 31 December 2019 there were 42 (31 December 2018: 40) borrowers or group with whom amount of outstanding loans and advances/investments exceeded 10% of the total capital of the Bank. Total capital of the Bank was Taka 37,135.80 million as at 31 December 2019 (Taka 34,811.13 million as at 31 December 2018).

Number of borrowers or groups	42	40
Amount of outstanding advances/investments (Taka)	81,985,256,187	57,324,761,650
Amount of classified advances/investments therein (Taka)	-	-

		Figures in Taka	
		2019	2018
8.a.14	**Particulars of loans and advances/investments**		
i)	Loans/investments considered good in respect of which the Bank is fully secured	201,212,355,817	195,735,474,857
ii)	Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	19,407,567,946	16,742,986,557
iii)	Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	26,323,726,960	18,913,008,037
iv)	Loans/investments adversely classified; provision not maintained there against	-	-
v)	Loans/investments due by directors or officers of the banking company or any of them either separately or jointly with any other persons	246,943,650,723	231,391,469,451
vi)	Loans/investments due from companies or firms in which the directors of the Bank have interest as directors, partners or managing agents or in case of private companies as members	-	-
vii)	Maximum total amount of advances/investments, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.	3,787,697,217	3,803,360,665
viii)	Maximum total amount of advances/investments, including temporary advances/investments granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in the case of private companies, as members	-	-
ix)	Due from other banking companies	-	-
x)	Classified loans and advances/investments		
(a)	Classified loans and advances/investments on which interest has not been charged	11,078,952,070	10,477,148,042
	Increase of specific provision	1,341,744,885	750,842,893
	Amount of loans written off	789,648,317	451,627,314
	Amount realised against loans previously written off	247,554,548	372,169,791
(b)	Provision on classified loans and advances/investments	5,829,684,624	4,487,939,739
(c)	Provision kept against loans/investments classified as bad debts	5,358,792,915	4,158,117,376
(d)	Interest credited to Interest Suspense Account	2,034,100,642	1,391,564,567
xi)	Cumulative amount of written off loans/investments		
	Opening balance	16,419,912,397	16,340,454,874
	Amount written off during the year	789,648,317	451,627,314
	Amount realised against loans/investments previously written off	(247,554,548)	(372,169,791)
	Closing balance	16,962,006,166	16,419,912,397
	The amount of written off/classified loans/investments for which law suits have been filed	32,683,000,000	33,058,500,000
8.a.15	**Staff loan**		
	House building scheme	2,508,651,492	2,519,527,846
	Provident fund	736,443,828	701,820,202
	Vehicle scheme	472,635,645	505,065,575
	Consumer credit and other scheme	68,899,424	75,459,065
		3,786,630,389	3,801,872,688

Figures in Taka

8.a.16 Classification of loans and advances/investments

	2019		2018	
	% of total loan	Taka	% of total loan	Taka
Unclassified				
Standard including staff loan	93.36%	230,553,669,352	92.31%	213,604,785,370
Special mention account (SMA)	0.87%	2,145,807,037	2.36%	5,461,181,633
	94.23%	232,699,476,389	94.67%	219,065,967,004
Classified				
Sub-standard	1.02%	2,513,074,041	0.37%	863,678,823
Doubtful	0.26%	652,148,223	0.43%	984,675,582
Bad/Loss	4.49%	11,078,952,070	4.53%	10,477,148,042
	5.77%	14,244,174,334	5.33%	12,325,502,447
	100.00%	246,943,650,723	100.00%	231,391,469,451

8.a.17 Particulars of required provision for loans and advances/investments

	2019	2018
General provision on unclassified loans		
Loans/investments (excluding SMA)	4,127,113,693	3,341,342,468
Special mention account (SMA)	23,982,196	64,529,482
Required provision for unclassified loans and advances/investments	4,151,095,889	3,405,871,951
A. Total provision maintained for unclassified loans	4,239,579,345	3,485,871,951
B. Excess provision	88,483,456	80,000,000

	2019			2018
	Base for provision Taka	% of required provision	Required provision Taka	Required provision Taka
Specific provision on classified loans				
Sub-standard	1,477,614,554	5% - 20%	295,522,912	89,395,084
Doubtful	290,694,200	5% - 50%	175,368,797	240,425,436
Bad/Loss *	4,093,373,846	100%	5,358,792,915	4,158,117,376
Required provision for classified loans and advances/investments			5,829,684,624	4,487,937,895
C. Total provision maintained for classified loans			5,829,684,624	4,487,939,739
D. Excess provision			-	1,843
Total required provision for loans and advances/investments			9,980,780,513	7,893,809,846
Total provision maintained for loans and advances/investments (A+C)			10,069,263,969	7,973,811,689
Total excess provision (B+D)			88,483,456	80,001,843

* Provision required for Bad/loss loans includes Tk. 1,261,043,859 for partially write off.

8.a.18 During the year 2019, no loan having outstanding Taka 500 crore or more was restructured.

8.b **Loans and advances/investments - City Brokerage Limited**

Margin loan was given to several individuals and institutions for doing share trading business through City Brokerage Limited.

8.c **Loans and advances/investments - City Bank Capital Resources Limited**

Margin loan was given to several individuals and institutions for doing share trading business through City Bank Capital Resources Limited.

Figures in Taka

		2019	2018
9	**Bills purchased and discounted (note 8.a.2)**		
	Payable in Bangladesh	2,108,238,549	2,593,997,427
	Payable outside Bangladesh	630,650,495	716,634,065
		2,738,889,044	3,310,631,492
9.1	**Maturity grouping of bills purchased and discounted**		
	Payable within one month	985,171,793	1,104,275,078
	Over one month but less than three months	430,155,263	739,300,558
	Over three months but less than six months	1,316,814,937	1,467,055,856
	Six months or more	6,747,051	-
		2,738,889,044	3,310,631,492
10	**Consolidated fixed assets including premises, furniture and fixtures**		
	The City Bank Limited (note 10.a)	5,675,246,085	3,519,386,471
	City Brokerage Limited (note 10.b)	357,970,809	335,883,430
	City Bank Capital Resources Limited (note 10.c)	690,923,540	586,326,639
	CBL Money Transfer Sdn. Bhd. (note 10.d)	38,278,835	18,223,857
	City Hong Kong Limited (note 10.e)	6,784,080	-
		6,769,203,349	4,459,820,397
	Inter-company transactions		
	City Bank Capital Resources Limited with The City Bank Limited	(276,812,532)	(276,812,532)
	City Brokerage Limited with The City Bank Limited	(193,139,428)	(193,139,428)
		6,299,251,389	3,989,868,437
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	2,606,368,257	-
		10,417,075,861	7,204,523,951
	Accumulated depreciation and amortisation	(4,741,829,776)	(3,685,137,480)
	Written down value	5,675,246,085	3,519,386,471

See Annexure - D for details.

		Figures in Taka	
10.b	**Fixed assets including premises, furniture and fixtures - City Brokerage Limited**	2019	2018
	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	-
		445,671,459	394,240,311
	Accumulated depreciation and amortisation	(87,700,650)	(58,356,881)
	Written down value	357,970,809	335,883,430
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	7,584,994	7,570,434
	Office equipment and machinery	7,766,995	6,940,372
	Software	2,200,000	2,200,000
	Right of use assets	14,915,584	-
		712,564,622	598,884,348
	Accumulated depreciation and amortisation	(21,641,082)	(12,557,710)
	Written down value	690,923,540	586,326,639
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	14,609,671
	Vehicle	2,133,632	2,076,692
	Right of use assets	34,069,800	-
		74,221,793	35,389,475
	Accumulated depreciation	(35,942,958)	(17,165,618)
	Written down value	38,278,835	18,223,857
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	-
		9,637,353	-
		11,745,201	-
	Accumulated depreciation	(4,961,121)	-
	Written down value	6,784,080	-

11 CONSOLIDATED OTHER ASSETS

Figures in Taka

	2019	2018
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	-
	14,863,499,284	14,590,022,149
Goodwill arising on investment in subsidiaries	35,397,698	34,455,982
Mutual indebtedness:		
Payable to City Bank Limited - City Brokerage Limited	(167,409,618)	-
Payable to City Bank Limited - City Bank Capital Resources Limited	(663,124)	(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)	(3,944,926)
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)
	(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	7,648,618	521,124,808
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
	5,950,000,000	5,950,000,000
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	667,199,357
	1,591,709,111	1,751,347,078

Figures in Taka

	2019	2018
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	82,796,114	47,759,108
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 Taka	Tax base Taka	Taxable (deductible) temporary difference Taka	Deferred tax (assets)/liability 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 income- T bond	534,200,016	-	534,200,016	200,325,006
Provision against classified loan	(2,049,264,296)	-	(2,049,264,296)	(768,474,111)
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**

		Figures in Taka	
		2019	2018
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	33,460,755
	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	4,791,351	47,551,811
	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
		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. Theses have been recorded at Taka 1,152,338,991 as non-banking assets.

Figures in Taka

	Name of Parties	Type of assets	Booking Date	2019	2018
12.a	**Income generating:**				
	Abrar Steel Mills Ltd.	Prime Bank Ltd.'s share	15-Nov-12	110,110,000	109,505,000
				110,110,000	109,505,000
12.b	**Non-income generating:**				
	M/S Overseas Liner Agency	953 decimal land	29-Dec-11	11,436,000	11,436,000
	M/S Habib Bastra Bitan	16.50 decimal land	29-Dec-11	1,485,000	1,485,000
	M/S Misti Enterprise	16.50 decimal land	29-Dec-11	819,523	819,523
	M/S Silva Synthetic Fabrics	67.5 decimal land in Narayangonj	29/Dec/11 & 29/Dec/15	27,000,000	27,000,000
	L.J.S Enterprise	181.96 decimal land	29-Dec-11	3,677,959	3,677,959
	M/S Sikder Construction	14 decimal land	29-Dec-11	12,131,206	12,131,206
	M/s. Nan Business Associates	5 decimal land & 1,518 sft floor	27-Dec-12	8,340,000	8,340,000
	M/s. Ananna Enterprise	17.32 decimal land	27-Dec-12	-	10,240,097
	Shibpur Rice Mill	150.75 decimal land	27-Dec-12	2,358,633	1,829,498
	M/s. Chand & Sons	6.60 decimal land	10-Oct-13	1,850,139	1,850,139
	M/s. Ashraf Traders	12 decimal land	20-Oct-13	3,352,735	3,352,735
	M/s. Rafique Repairing & MotorMachinery Parts	8 decimal land along with two storied building	20-Oct-13	1,371,088	1,371,088
	Friends International	225.35 decimal land	3-Mar-14	14,888,087	14,888,087
	Lucky Trade Concern	7.89 decimal land	29-Jun-15	130,326,220	130,326,220
	M/s General Services	375.5 decimal land	20-Dec-15	2,074,764	1,905,964
	M/s Galeeb International	8.25 decimal land	22-Dec-15	3,507,045	3,507,045
	M/s Balaka Industries	7 katha land	22-Dec-15	6,390,367	6,390,367
	Alif Builders & Co.	4.51 decimal land	22-Dec-15	13,647,649	13,647,649
	M/s Dhaka Eylet & Bartack Center	34 decimal land	23-Dec-15	4,855,476	4,710,476
	M/s Alamin Engineering	2.50 katha and 8.25 decimal land	23-Dec-15	2,340,929	2,340,929
	M/s S S Poultry Feed	12.32 decimal land	23-Dec-15	4,152,867	4,152,867
	M/s Sathi Foods & Oil Industries	15 decimal land	23-Dec-15	10,683,879	10,683,879
	M/s MIM Pictures International	51.5 decimal land	24-Dec-15	1,763,421	1,763,421
	M/s Shaans Denim	1670 sft flat	24-Dec-15	34,880,000	34,880,000
	M/s Apparel King Limited	16.34 decimal land	24-Dec-15	7,189,924	7,189,924
	M/s Suchi Enterprise	50.24 decimal land	24-Dec-15	3,602,354	3,602,354
	M/s A B Traders	3.63 acre land	24-Dec-15	899,503	899,503
	M/s The Media Advertising	17.50 decimal and 5 katha land	24-Dec-15	1,627,948	1,627,948
	M/s Mondira Medico	12.20 decimal and 3 acre land	24-Dec-15	4,496,291	4,496,291
	M/s. Nan Business Associates	256 decimal land	28-Dec-15	55,181,250	55,181,250
	M/s Tajco Ltd	1.60 acre land	30-Dec-15	15,049,194	15,049,194
	Atlas food and Beverage Limited	233.68 decimal land	29-Jun-16	65,366,934	65,366,934
	Sristy Traders	21.50 decimal land	29-Jun-16	26,322,125	26,322,125
	Rafty Sweaters Limited	100 decimal land and 02 storied building measuring -+42,000 sf	29-Dec-16	71,140,000	71,140,000
	Saleh Fashion Ltd.	14.56 decimal and 30 decimal land	21-Jun-17	17,592,323	17,592,323
	M/S Hasnat Enterprise	4.587 decimal land with building and 4.125 decimal land	30-Dec-17	21,055,559	21,055,559
	M/s. Noor Enterprise	84.87 decimal land	30-Dec-17	79,984,010	79,884,000
	M/s. McCoy Knitwear	22.50 decimal land and 5.00 decimal land. Total 27.5 decimal land	30-Dec-17	2,625,000	2,625,000
	M/s. Rupchanda Food Products	21 decimal vacant land	30-Dec-17	1,680,000	1,680,000
	M/s. Unique Steel	75.5 decimal land	30-Dec-17	35,726,810	35,400,000
	Mohd. Elias Bros (Pvt.) Ltd	18.92 decimal land	28-Jun-18	69,300,000	69,300,000
	M/s Momin Monu Auto Rice Mill	117.50 decimal land at Jamalpur	28-Jun-18	9,400,000	9,400,000
	S. M Enterprise	94.32 decimal land with 3 storied commercial building	26-Dec-18	98,033,679	98,033,679
	S. K. Motors	29.30 decimal and 27.69 decimal land	27-Dec-18	23,238,000	23,118,000
	M/s Rabeya Bastraly	7.0 decimal and 5.5 decimal land	27-Dec-18	2,757,626	2,502,056
	Emdadul Haque Bhuiyan	1,336.29 decimal land	30/Jun/19 & 29/Dec/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 towards the bonds are:

Figures in Taka

	2019	2018
	Taka	Taka
City Bank 2nd subordinated bond		
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
Sonali 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
Sonali 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	-
	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)	974,452,019	1,304,319,876
City Bank Capital Resources Limited (note 14.c)	579,372,565	546,498,026
CBL Money Transfer Sdn. Bhd. (note 14.d)	237,610,179	250,306,724
	45,959,725,418	62,554,176,862
Mutual indebtedness:		
Loan from The City Bank Limited-City Brokerage Limited	(577,231,515)	(1,011,356,119)
Loan from The City Bank Limited- CBL Money Transfer Sdn. Bhd.	(234,997,079)	(293,084,447)
	45,147,496,824	61,249,736,296

14.a Borrowings from other banks, financial institutions and agents

In Bangladesh (note 14.a.1)	27,588,833,977	33,078,707,897
Outside Bangladesh (note 14.a.2)	16,579,456,678	27,374,344,339
	44,168,290,655	60,453,052,237

Figures in Taka

	2019	2018
	Taka	Taka
14.a.1 In Bangladesh		
Dhaka Bank Limited	3,396,000,000	5,034,000,000
Uttara Bank Limited	1,100,000,000	-
Sonali Bank Limited	1,010,000,000	4,000,000,000
Pubali Bank Limited	849,000,000	251,700,000
IFIC Bank Limited	500,000,000	1,400,000,000
Prime Bank Limited	500,000,000	500,000,000
Meghna Bank Limited	500,000,000	300,000,000
AB Bank Limited	500,000,000	-
Southeast Bank Limited	400,000,000	850,000,000
Jamuna Bank Limited	280,170,000	926,530,000
Bank Al-Falah Limited	250,000,000	733,400,000
State Bank of India	200,000,000	-
Janata Bank Limited	200,000,000	500,000,000
Habib Bank Limited	100,000,000	160,000,000
Rupali Bank Limited	-	2,183,900,000
BASIC Bank Limited	-	200,000,000
One Bank Limited	-	1,258,500,000
Commercial Bank of Ceylon PLC	-	335,600,000
NRB Commercial Bank Limited	-	250,000,000
Standard Chartered Bank	-	190,000,000
Refinance against EDF loan from Bangladesh Bank	14,563,519,993	12,601,556,317
Refinance against SME & Corporate loan from Bangladesh Bank	2,271,495,984	940,393,581
Bangladesh Bank against Assured Liquidity Support	500,000,000	-
Borrowings from Bangladesh Bank	468,648,000	463,128,000
	27,588,833,977	33,078,707,897
14.a.2 Outside Bangladesh		
Standard Chartered Bank, Singapore	3,722,566,338	4,302,641,073
Bank Muscat S.A.O.G	2,920,560,000	1,621,894,247
Global Climate Partnership Fund S.A.Sicav-Sif (GCPF)	2,546,999,999	2,582,621,286
Abu Dhabi Commercial Bank	2,299,785,596	2,882,062,979
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V (FMO)	1,273,500,000	1,887,750,000
Oesterreichische Entwicklungsbank AG (OeEB)	1,018,800,000	1,258,500,000
Norwegian The Investment Fund For Developing Countries (NORFUND)	849,000,000	839,000,000
HDFC Bank Limited	781,080,000	797,050,000
CaixaBank, S.A	600,574,140	1,278,610,960
DBS Bank	495,840,463	-
International Finance Corporation	70,750,142	3,146,250,084
Emirates NBD Bank PJSC ,Dubai	-	419,500,000
Habib Bank AG,Dubai	-	453,096,550
Habib Bank AG Zurich,Switzerland	-	284,176,969
RAK Bank Dubai	-	1,888,629,713
First Abu Dhabi Bank, Dubai	-	1,690,411,239
Bank One , Mauritius	-	497,559,081
Asian Development Bank	-	119,807,119
Standard Chartered Bank, London	-	1,424,783,040
	16,579,456,678	27,374,344,339

	Figures in Taka	
	2019	2018
	Taka	Taka
14.a.3 Borrowings secured/unsecured from other banks, financial institutions and agents		
Secured	500,000,000	-
Unsecured	43,668,290,655	60,453,052,237
	44,168,290,655	60,453,052,237
14.a.4 Maturity grouping of borrowings from other banks, financial institutions and agents		
Payable on demand	5,260,000,000	11,380,771,937
Up to 1 month	8,599,101,042	7,438,491,292
Over 1 month but within 3 months	11,206,679,445	5,808,703,676
Over 3 months but within 1 year	12,114,723,243	28,955,721,581
Over 1 year but within 5 years	6,987,786,925	6,869,363,750
Over 5 years	-	-
	44,168,290,655	60,453,052,237

14.b City Brokerage Limited is enjoying two overdraft facilities from The City Bank Limited for extending margin financing to its customers, supporting prefunding facilities to its foreign clients and investment in secondary market . Rate of interest of the availed facilities are currently 10.50% p.a. and 7.00p.a. respectively which is subject to revisions by the banks' management from time to time. City Brokerage is also enjoying two term loan facilities of Tk. 30.00 crore for ten years from Lanka Bangla Finance Ltd. @10.00% interest p.a., Tk. 12.96 crore from Investment Corporation of Bangladesh (ICB) @ 4.00% interest p.a..

14.c City Bank Capital Resource Ltd. has taken term loan facility of Tk.83.00 crore for ten years at the rate of 10.5% from IPDC Finance Ltd. for acquiring and developing own asset.

14.d CBL Money Transfer Sdn Bhd. has taken overdraft facility from The City Bank Ltd. For prefunding support for remitting foreign currency from Malaysia @ 5.25%

15 CONSOLIDATED DEPOSITS AND OTHER ACCOUNTS

The City Bank Limited (note 15.a)	246,703,665,442	205,170,199,563
City Brokerage Limited	174,799,386	399,732,242
City Bank Capital Resources Limited	210,377,141	100,065,846
CBL Money Transfer Sdn. Bhd.	132,092	4,891,574
City Hong Kong Limited	1,743,600	-
Inter-company indebtedness (note 15.b)	(650,012,590)	(814,426,709)
	246,440,705,071	204,860,462,516
15.a Deposits and other accounts - The City Bank Limited		
Local bank deposits (note 15.a.1)	4,631,467,973	9,663,842,997
Customer and other deposits	242,072,197,469	195,506,356,566
	246,703,665,442	205,170,199,563

15.a.1 Local bank deposits

Name of Bank	2019				
	CD Taka	SND Taka	FDR Taka	Manarah SND Taka	Total Taka
Trust Bank Limited	-	-	500,000,000	1,006,960,757	1,506,960,757
Dutch-Bangla Bank Limited	-	111,380	1,000,000,000	-	1,000,111,380
BRAC Bank Limited	-	714,541	800,000,000	-	800,714,541
Jamuna Bank Limited	-	-	509,400,000	279,081	509,679,081
United Commercial Bank Limited	-	-	424,500,000	-	424,500,000
Pubali Bank Limited	-	885,333	339,600,000	-	340,485,333
Islami Bank Bangladesh Limited	-	-	-	23,099,622	23,099,622
Al Arafah Islami Bank Limited	-	-	-	8,196,116	8,196,116
Southeast Bank Limited	6,428,906	1,409,062	-	-	7,837,968
Export Import Bank of Bangladesh Ltd.	-	-	-	3,273,329	3,273,329
Modhumoti Bank Limited	-	3,220,989	-	-	3,220,989
Padma Bank Limited	-	1,455,136	-	-	1,455,136
Shahjalal Islami Bank Limited	-	-	-	1,203,406	1,203,406
AB Bank Limited	-	-	-	347,872	347,872
Prime Bank Limited	267,734	-	-	-	267,734
Standard Bank Limited	-	82,163	-	-	82,163
Sonali Bank Limited	20,669	-	-	-	20,669
Social Islami Bank Limited	-	-	-	11,877	11,877
	6,717,309	7,878,604	3,573,500,00	1,043,372,060	4,631,467,973

Figures in Taka

15.a.2 Deposits and other accounts	2019	2018
Current deposits and other accounts		
Current, al-wadeeah and manarah current deposits	25,785,610,838	18,400,934,734
Sundry deposits (note 15.a.3)	11,982,917,434	6,839,930,084
Foreign currency deposits	3,018,277,134	2,344,803,559
Security deposits receipts	3,620,881	3,634,381
	40,790,426,287	27,589,302,759
Bills payable		
Pay orders issued	1,876,599,354	1,513,748,078
Demand draft	4,154,822	4,172,983
Pay slips issued	3,342,303	3,520,938
	1,884,096,479	1,521,442,000
Savings bank deposits (note 15.a.4)	46,367,253,617	44,278,439,530
Fixed deposits		
Fixed deposits, mudaraba and manarah fixed deposits	124,853,784,836	99,330,844,185
Short notice deposits, mudaraba and manarah short notice deposits	23,929,658,311	24,657,901,827
Scheme deposits (note 15.a.5)	8,385,239,952	7,503,068,199
Non resident deposits	493,205,960	289,201,062
	157,661,889,059	131,781,015,273
Total deposits and other accounts	246,703,665,442	205,170,199,563

		Figures in Taka	
		2019	2018
15.a.3	**Sundry deposits**		
	Foreign bills purchased awaiting remittance	4,697,332,510	3,442,521,747
	Sundry creditors	4,306,263,386	521,784,965
	Margin on letters of credit	1,386,983,035	1,188,957,722
	Sundry deposit - ATM	508,302,326	389,696,296
	Margin on letters of guarantee	408,859,913	432,855,055
	Sundry deposits - Amex Card- local	244,449,880	313,309,827
	Payable against RTGS & EFT	96,709,171	-
	Unclaimed foreign DD	58,475,118	8,413,681
	Sundry deposits - Master Cards	48,011,123	41,622,627
	Security money- suppliers	45,484,068	46,741,850
	Auto debit receipt/payment (Credit Card)	32,669,028	70,128,815
	Sundry deposits - City Card - local	31,932,219	38,287,116
	Security deposits NRB	24,196,500	22,764,482
	Payable against SP and others	24,068,700	194,122,550
	Others	22,656,674	14,742,878
	Sundry deposits - foreign settlement	21,731,400	-
	CIB service charges	6,549,308	5,514,219
	Charge back - Amex Card - international	3,354,543	3,216,505
	Sundry deposits - City Card - international	2,844,112	85,362,596
	Interest payable on three stage deposits	2,731,458	2,852,180
	Charges against credit rating	1,880,865	2,160,350
	Sanchaypatra	1,300,000	-
	Security money- staff	1,013,810	1,013,810
	Key deposits	966,750	988,750
	Payable against cash advance	808,838	808,838
	Foreign currency	799,525	799,525
	Charge back - Master Cards	484,143	1,293,366
	Payable against legal expenses	453,688	1,443,175
	Unclaimed balances	393,652	297,968
	Lease deposits	346,592	346,592
	Agent commission on consumer credit schemes	232,757	232,757
	Hajj deposits	194,597	194,597
	Margin on inland bills purchased	185,000	185,000
	Imprest fund - cash incentive	172,317	7,189,817
	Risk fund (Consumer Credit Schemes and lease finance)	80,428	80,428
		11,982,917,434	6,839,930,084
15.a.4	**Savings bank deposits**		
	Savings bank deposits	45,284,993,538	43,523,889,754
	Mudaraba/manarah savings deposits	1,082,260,079	754,549,776
		46,367,253,617	44,278,439,530

Figures in Taka

	2019	2018
15.a.5 Scheme deposits		
City Shomriddhi	7,998,292,273	7,055,408,809
City Projonmo	205,040,864	204,506,470
Deposit pension scheme (note 15.a.5.1)	102,701,675	19,267,500
Mudaraba monthly deposit scheme	63,644,540	202,430,962
Three stage scheme deposit	4,876,853	7,883,061
Manarah hajj deposit scheme	3,089,012	4,148,329
Monthly benefit scheme	2,650,000	3,650,000
Junior savers scheme	2,368,908	3,084,215
City bank sanchaya scheme	989,311	1,087,310
Marriage savings scheme	785,184	785,184
Lakpati savings scheme	557,655	572,683
Education savings scheme	243,677	243,677
	8,385,239,952	7,503,068,199

15.a.5.1 Deposit pension scheme was closed from the year 1995 and its interest was 15% p.a.

15.a.6 Sector-wise deposits		
Private	227,888,347,866	181,705,237,369
Other public	7,510,136,249	8,460,055,230
Deposit money banks	4,631,467,973	9,663,842,997
Government	3,655,436,220	2,996,260,408
Foreign currency	3,018,277,134	2,344,803,559
	246,703,665,442	205,170,199,563
15.a.7 Maturity analysis of inter-bank deposits		
Payable on demand	285,208	433,433,336
Up to 1 month	3,272,422,144	8,202,944,447
Over 1 month but within 3 months	1,326,618,227	1,013,088,891
Over 3 months but within 1 year	32,142,394	14,376,323
	4,631,467,973	9,663,842,997
15.a.8 Maturity analysis of deposits		
Bills payable:		
Payable on demand	15,323,985	16,337,211
Up to 1 month	444,395,556	358,861,861
Over 1 month but within 6 months	1,424,376,938	1,146,242,928
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years but within 10 years	-	-
Over 10 years	-	-
	1,884,096,479	1,521,442,000
Other deposits:		
Payable on demand	7,256,633,700	6,698,349,582
Up to 1 month	26,266,989,673	24,305,269,246
Over 1 month but within 6 months	95,927,045,834	40,085,449,106
Over 6 months but within 1 year	52,262,570,173	62,174,494,239
Over 1 year but within 5 years	47,524,108,618	65,954,019,825
Over 5 years but within 10 years	13,712,173,802	3,287,844,757
Over 10 years	1,870,047,163	1,143,330,809
	244,819,568,963	203,648,757,563
	246,703,665,442	205,170,199,563

15.b City Brokerage Limited and City Bank Capital Resource Limited maintained current deposit and fixed deposit receipt accounts with its parent company, The City Bank Limited. Account wise outstanding balances are as follows:

		Figures in Taka
	2019	2018
Inter-company indebtedness among Holding company & Subsidiaries:		
City Brokerage Limited - current accounts	137,466,855	688,873,976
City Brokerage Limited - fixed deposits receipt accounts	2,997,535	-
	140,464,390	688,873,976
City Bank Capital Resources Limited - current accounts	2,853,235	1,628,639
City Bank Capital Resources Limited -fixed deposits receipt accounts	339,233,608	101,969,920
	342,086,843	103,598,559
Inter-company indebtedness among Subsidiaries:		
Payable to City Bank - City Bank Capital Resources Limited	167,409,618	-
Payable to City Bank Capital Resources Limited - City Brokerage Limited	51,739	21,954,174
	167,461,357	21,954,174
Total inter-company indebtedness	650,012,590	814,426,709

16 CONSOLIDATED OTHER LIABILITIES

The City Bank Limited (note 16.a)	29,201,394,866	25,927,109,068
City Brokerage Limited (note 16.b)	427,990,339	575,041,698
City Bank Capital Resources Limited (note 16.c)	158,150,781	144,839,786
CBL Money Transfer Sdn. Bhd. (note 16.d)	1,840,393,418	502,166,663
City Hong Kong Limited (note 16.e)	15,920,009	-
	31,643,849,413	27,149,157,215
Mutual indebtedness:		
Payable to City Bank Limited - City Brokerage Limited	(6,017)	-
Payable to City Bank Limited - City Bank Capital Resources Limited	(3,299,295)	(9,694,926)
Payable to City Bank Limited - CBL Money Transfer SDN BHD	(882,145)	-
Payable to City Bank Capital Resources Limited - City Bank Limited	-	(5,704,158)
Payable to City Brokerage Limited - City Bank Capital Resources Limited	(13,809,887)	(20,803,069)
	(17,997,344)	(36,202,153)
Total consolidated other liabilities	31,625,852,069	27,112,955,062

16.a Other liabilities - The City Bank Limited

Provision for loans and advances/investments (note 16.a.1)	10,069,263,969	7,973,811,689
Interest and other expenses payable	8,212,549,355	8,948,543,713
Provision for income tax (note 16.a.6)	3,942,378,436	4,971,406,540
Interest suspense account (note 16.a.3)	2,034,100,642	1,391,564,567
Lease liabilities	1,713,066,892	-
Provision for outstanding off-balance sheet exposures (note 16.a.2)	1,031,885,771	990,541,458
Others	995,447,093	530,957,615
Other provision (note 16.a.5)	670,926,471	512,170,507
Provision for non banking assets	523,083,602	593,716,186
Branch adjustment account	-	-
Provision for nostro account	8,692,635	8,692,635
Payable to CBL Money Transfer SDN BHD	-	5,704,158
	29,201,394,866	25,927,109,068

Figures in Taka

16.a.1 Provision for loans and advances/investments	2019	2018
Movement in specific provision on classified loans/investments:		
Provision held at the beginning of the year	4,487,939,739	3,737,096,846
Fully provided debts written off during the year	(710,829,678)	(235,559,135)
Fully waived during the year	(7,465,775)	(4,157,354)
Recoveries of amounts previously written off	228,668,430	325,045,335
Specific provision made during the year	401,644,128	321,814,047
Provision made for partially write off	1,429,727,780	343,700,000
Provision held at the end of the year	5,829,684,624	4,487,939,739
Movement in general provision on unclassified loans/investments:		
Provision held at the beginning of the year	3,485,871,951	2,310,060,198
Transfer to provision for classified accounts	-	-
Transfer from other provision	-	-
General provision made during the year	753,707,394	1,175,811,752
Provision held at the end of the year	4,239,579,345	3,485,871,951
	10,069,263,969	7,973,811,689

The Bank maintained provision against loans / investments accounts under writ petition of Taka 93.37 million (2018: Taka 262.94 million) against requirement of Taka 93.37 million (2018: Taka 262.94 million) as at 31 December 2019. These required and maintained provisions included in total required and maintained provisions of loans / investments, disclosed above.

16.a.2 Provision on off-balances sheet exposures

As per BRPD circular no. 14 dated 23 September 2012 banks are advised to maintain 1% general provision against outstanding off balance sheet exposures. Bangladesh Bank through BRPD circular letter no.1 dated 3 January 2018 and BRPD letter reference no. BRPD|(P-1)/661/13/2019-354 dated 13 January 2019 allows waiver of maintaining 1% general provision against off balance sheet exposures to fast track power plant project and exposures to all power plant projects for import of fuel with effect from 31 December 2017. Waiver for fast track power plant project is applicable for the exposures to be taken till 30 September 2018. In year 2018, Bangladesh Bank also issued a circular through BRPD letter no.7 dated 21 June 2018 allows waiver of maintaining 1% general provision against Bills for Collection. In addition to the all said circular, Bangladesh Bank issued a letter reference no. BRPD(P-1)/661/13/2020/1403 dated 05 February 2020 based on our prayer to allows waiver of maintaining 1% general provision against Export Credit Agency (ECA) guarantee back long term credit facility by allowing 0.5% general provision waiver. As on 31 December 2019 bank's outstanding off balance sheet exposures against fast track power projects, for import of fuel for power plant project, Bills for Collection and Export Credit Agency (ECA) guarantee back long term credit facility were Taka 196,887,240, Taka 8,220,440,363, Taka.7,846,504,339 and Taka. 12,152,921,351 respectively. With compliance of the mentioned circular and circular letter reference, the Bank maintained provision of Taka 1,031,885,771 (2018: Taka 990,541,458) against requirement of Taka 977,850,968 (2018: Taka 990,541,458) as at 31 December 2019.

Opening balance	990,541,458	824,563,933
Addition during the year	41,344,313	165,977,525
Closing balance	1,031,885,771	990,541,458

	Figures in Taka	
	2019	2018
16.a.3 Interest suspense account		
Interest suspense account on classified loans and advances	1,240,859,927	1,048,563,241
Interest suspense on standard loans	731,422,098	169,494,395
Interest suspense on special mention account	61,818,617	173,506,932
	2,034,100,642	1,391,564,567
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	(74,986,728)	(216,068,179)
Closing balance	2,034,100,642	1,391,564,567
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
16.a.5.1 Movement of other provision		
Opening balance	512,170,507	429,784,624
Addition during the year	328,811,426	301,000,000
Adjustment during the year	(170,055,462)	(218,614,117)
Closing balance	670,926,471	512,170,507
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
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)	-	-
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 Taka 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

	Figures in Taka	
	2019	2018
16.a.6.2 Deferred tax liability		
Opening balance	-	-
Addition (adjustment) during the year	-	-
Closing balance	-	-
16.b Other liabilities - City Brokerage Limited		
Provision for taxation and VAT	230,014,460	176,514,673
Interest suspense	92,222,991	166,005,080
Provision for loans and advances	48,047,979	231,099,212
Lease liabilities	29,569,463	-
Provision for diminution in value of investments	25,630,424	-
Accounts payable	2,413,022	1,352,733
Accrued expenses	92,000	70,000
	427,990,339	575,041,698
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	7,842,909
Other payables	2,720,444	3,237,264
Accrued expenses	1,013,585	1,177,768
Lease liabilities	11,849,239	-
	158,150,781	144,839,786
16.d Other liabilities - CBL Money Transfer Sdn. Bhd.		
Settlement obligation	1,815,041,412	499,657,086
Lease liabilities	20,526,904	-
Accrued expenses	4,773,503	2,473,217
Provision for taxation	51,599	36,360
	1,840,393,418	502,166,663
16.e Other liabilities - CBL Hong Kong Limited		
Payable against others	10,196,940	-
Lease liabilities	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 increase to Taka 15,000,000,000 from Taka 10,000,000,000 by a special resolution dated 28 June 2015.

Figures in Taka

17.2 Issued, subscribed and fully paid up:	No. of shares	2019	2018
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.

17.3 History of issued, subscribed and fully paid up capital:

Accounting year	Declaration	No. of share	Value of capital	Cumulative
1983	Opening capital	3,400,000	34,000,000	34,000,000
1985	Further subscription	1,000,000	10,000,000	44,000,000
1987	Initial public offer	3,600,000	36,000,000	80,000,000
1990	1:1 Right issue	8,000,000	80,000,000	160,000,000
2002	1:2 Right issue	8,000,000	80,000,000	240,000,000
2004	1:1 Right issue	24,000,000	240,000,000	480,000,000
2005	50% stock dividend	24,000,000	240,000,000	720,000,000
2006	50% stock dividend	36,000,000	360,000,000	1,080,000,000
2007	10% stock dividend	10,800,000	108,000,000	1,188,000,000
2008	15% stock dividend	17,820,000	178,200,000	1,366,200,000
2009	15% stock dividend	20,493,000	204,930,000	1,571,130,000
2010	25% stock dividend	39,278,250	392,782,500	1,963,912,500
2010	1:1 Right issue	192,463,470	1,924,634,700	3,888,547,200
2011	30% stock dividend	116,656,410	1,166,564,100	5,055,111,300
2012	25% stock dividend	126,377,782	1,263,777,820	6,318,889,120
2013	10% stock dividend	63,188,891	631,888,910	6,950,778,030
2014	20% stock dividend	139,015,560	1,390,155,600	8,340,933,630
2015	5% stock dividend	41,704,668	417,046,680	8,757,980,310
2017	Fresh share issued to IFC	46,094,633	460,946,330	9,218,926,640
2018	5% stock dividend	46,094,633	460,946,330	9,679,872,970
2019	5% stock dividend	48,399,364	483,993,640	10,163,866,610
		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 for this statement

Figures in Taka

17.3.a Percentage of shareholdings at the closing date

Particulars	2019 Taka	2019 Percentage(%)	2018 Taka	2018 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%

17.4 Classification of shareholders by holding

	2019 Number of share holders	2019 No. of Shares	2019 % of total holding	2018 No. of Shares	2018 % 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	11,534,997	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%	261	1.94%
100,001 - 1,000,000 shares	395	116,486,228	11.46%	308	9.37%
Over 1,000,000 shares	134	795,459,996	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 'Solo' 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 II in 2014. All amounts are stated in Taka crores except for those, if any, stated otherwise.

Common Equity Tier 1 Capital (CET1)	2019 Taka in crore	2018 Taka in crore
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	297.89
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)	(3.54)
	2,093.11	1,874.99

	2019	2018
	Taka in crore	Taka in crore
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)	(25.23)
100% of revaluation reserve for fixed assets and securities	(49.70)	(39.76)
	1,314.20	1,312.35
Total capital	3,407.31	3,187.34
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
Total 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	833.17	1,494.19
C. Operational Risk	2,635.84	2,438.57
Total Risk weighted assets (A+B+C)	24,508.21	26,154.38

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

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

	2019	2018
	Taka in crore	Taka in crore
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)
	1,347.15	1,330.40
Total capital	**3,713.58**	**3,481.11**
Total assets	35,468.90	32,478.03
Total risk weighted assets (note 17.5.a.1)	24,492.47	25,941.28
Required capital with capital conservation buffer		
(12.50% and 11.875% of risk weighted assets for 2019 and 2018 respectively)	3,061.56	3,080.53
Surplus	652.02	400.59
Total Capital to risk weighted assets Ratio	15.16%	13.42%
Tier 1 Capital Ratio	9.66%	8.29%
Leverage Ratio	5.48%	5.24%

17.5.a.1 Risk weighted assets

A. Credit Risk		
On- Balance sheet	16,773.79	17,015.96
Off-Balance sheet	4,584.58	5,709.06
	21,358.37	**22,725.01**
B. Market Risk	533.17	886.76
C. Operational Risk	2,600.93	2,329.50
Total Risk weighted assets (A+B+C)	**24,492.47**	**25,941.28**

17.5.a.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**

18 STATUTORY RESERVE

Figures in Taka

	2019	2018
Opening balance		
Addition during the year (20% of pre-tax profit)	8,001,559,112	7,130,574,430
Closing balance	657,918,701	870,984,682
	8,659,477,813	**8,001,559,112**

Every scheduled bank is required to build up statutory reserve and before declaring dividend, will transfer profit equivalent to 20.0% of PBT to the said reserve until the sum of the said reserve and share premium account becomes equal to the paid up capital.

During the year 2019, transferred amount to Statutory Reserve was Tk. 657,918,701, which was less than 20% of Profit Before Tax. The less transfer was made because after transferring the said amount summation of bank's statutory reserve and share premium was equal to bank's paid up capital.

	2019	2018
	Taka in crore	Taka in crore

19 SHARE PREMIUM

Opening balance	1,504,388,797	1,504,388,797
Adjustment for issuance of stock dividend	-	-
Closing balance	1,504,388,797	1,504,388,797

During the year 2017, 46,094,633 fresh ordinary shares issued to International Finance Corporation (IFC) @ Tk. 28.30 each which includes Face value of Tk. 10 and as premium of Tk. 18.30 per share). On the issuance of said share bank received Tk. 843,531,784 as Premium.

20 DIVIDEND EQUALISATION RESERVE

BRPD circular letter no. 18 dated 20 October 2002, states that banks require to create Dividend Equalisation Fund if declared cash dividend is more than 20%. As per said circular, creation of Dividend Equalisation Fund is to be equal of excess amount of cash dividend over 20% . For the year 2015 and 2016 bank's declared cash dividend rates were 22% and 24% respectively.

Opening balance	530,786,631	530,786,631
Addition during the year	-	-
Closing balance	530,786,631	530,786,631

21 CONSOLIDATED OTHER RESERVE

The City Bank Limited (note 21.a)	930,897,743	1,830,462,576
City Brokerage Limited	(333,195,506)	343,202,191
City Bank Capital Resources Limited	104,091,548	957,998,981
	701,793,785	3,131,663,748

21.a Other reserve - The City Bank Limited

Revaluation reserve for equity Shares (note 21.1)	838,440,952	1,724,017,367
Revaluation reserve for HFT securities	43,059,320	94,705,516
Revaluation reserve for HTM securities	38,002,543	344,764
General reserve	11,394,928	11,394,928
	930,897,743	1,830,462,576

21.1 Quoted shares were valued at market price as per guidelines of Bangladesh Bank and due to valuation at market price, revaluation reserve for equity shares were created. As the revaluation reserve for equity shares is unrealised gain, this is booked as a component of shareholders' equity.

22 CONSOLIDATED SURPLUS IN PROFIT AND LOSS ACCOUNT

The City Bank Limited (note 22.a)	3,626,218,781	2,882,856,744
Post acquisition retained surplus from City Brokerage Limited	(418,817,327)	(427,007,241)
Non-controlling interest	7,391	7,535
	(418,809,936)	(426,999,706)
Post acquisition retained surplus from City Bank Capital Resources Limited	265,038,608	99,521,773
Non-controlling interest	(5,197)	(1,951)
	265,033,411	99,519,821
Post acquisition retained deficit from CBL Money Transfer Sdn. Bhd.	32,406,651	21,328,018
Non-controlling interest	-	-
	32,406,651	21,328,018
Post acquisition retained deficit from City Hong Kong Limited	(20,546,659)	-
Non-controlling interest	-	-
	(20,546,659)	-

	2019	2018
		Figures in Taka
Inter-company transactions		
City Bank Capital Resources Limited with The City Bank Limited	(276,812,532)	(276,812,532)
City Brokerage Limited with The City Bank Limited	(193,139,428)	(193,139,428)
Add: Changes in revaluation reserve for alignment with parent company's policy	(29,000,000)	(29,000,000)
Add: Foreign exchange revaluation effect	(6,431,657)	(8,843,683)
	2,978,918,631	**2,068,909,234**

22.a Movement of surplus in profit and loss account-The City Bank Limited

Opening balance	2,882,856,744	3,965,261,269
Profit for the year	2,471,639,958	2,017,930,620
Transfer to statutory reserve	(657,918,701)	(870,984,682)
Cash dividend paid	(586,365,580)	(1,768,404,133)
Stock dividend paid	(483,993,640)	(460,946,330)
Transfer to dividend equalization reserve	-	-
Closing balance	**3,626,218,781**	**2,882,856,744**

As per BRPD circular no. 11 dated 12 December 2011, Profit arise from deferred tax is not considered as distributable profit for dividend.

23 NON CONTROLLING INTEREST

Share capital	110,000	110,000
Surplus in profit and loss account/retained earnings	(2,194)	(5,584)
	107,806	**104,416**

24 CONTINGENT LIABILITIES

24.1 Letters of guarantee

Local	10,399,883,659	11,622,210,193
Foreign	1,089,182,402	1,135,663,107
Shipping guarantee	683,542,694	400,172,608
	12,172,608,755	**13,158,045,907**
Margin on guarantee	(408,859,913)	(432,855,055)
	11,763, 748,842	**12,725,190,853**

Money for which the Bank is contingently liable in respect of guarantees given favouring:

Government	7,567,948,363	8,025,857,547
Banks and other financial institutions	2,228,769,167	3,044,954,572
Others	2,375,891,225	2,087,233,788
	12,172,608,755	**13,158,045,907**
Margin on guarantee	(408,859,913)	(432,855,055)
	11,763,748,842	**12,725,190,853**

	2019	Figures in Taka 2018
24.2 Irrevocable Letters of Credit		
General	24,099,597,237	18,002,175,907
Back to Back LC	6,329,886,503	5,885,549,089
In land	502,947,021	574,356,899
	30,932,430,761	24,462,081,895
Margin on LC	(1,386,983,035)	(1,188,957,722)
	29,545,447,726	23,273,124,173
24.3 Consolidated bills for collection		
The City Bank Limited (note 24.3.a)	7,846,319,339	7,575,806,178
City Hong Kong Limited	68,844,185	-
	7,915,163,524	7,575,806,178
24.3.a Bills for collection -The City Bank Limited		
Outward foreign bills for collection	5,126,579,499	5,336,043,006
Inward local bills for collection	2,719,924,840	2,239,562,099
Inward foreign bills for collection	-	386,073
	7,846,504,339	7,575,991,178
Margin on bill collection	(185,000)	(185,000)
	7,846,319,339	7,575,806,178
24.4 Forward assets purchased and forward deposits placed		
Forward sales/contracts	5,224,685,808	13,829,048,186
	5,224,685,808	13,829,048,186

24.5 Suit filed by the bank

No law suit has been filed by the bank against contingent liabilities.

25 INCOME STATEMENT - THE CITY BANK LIMITED

Income:		
Interest, discount and similar income (note 25.1)	28,507,023,655	24,302,519,204
Fees, commission and brokerage (note 25.2)	2,109,789,225	2,098,207,890
Gains less losses arising from dealing in foreign currencies (note 29.a)	1,271,174,742	1,155,820,331
Other operating income (note 30.a)	1,985,585,042	1,656,683,530
Gains less losses arising from dealing in securities (note 28.a)	237,416,603	233,457,603
Dividend income	158,414,665	223,277,767
Gains less losses arising from investment securities (note 28.a)	2,544,569	-
Profit less losses on interest rate changes	-	-
	34,271,948,501	29,669,966,324
Expenses:		
Interest/profit paid on deposits, borrowings etc.	15,987,236,351	13,716,355,902
Administrative expenses (note 25.3)	6,698,006,070	6,805,309,033
Other operating expenses (note 39.a)	2,242,861,796	1,900,121,612
Depreciation on bank's assets (note 38.a)	1,056,692,296	568,986,856
	25,984,796,513	22,990,773,403
Income over expenditure	8,287,151,988	6,679,192,921

Figures in Taka

		2019	2018
25.1	**Interest, discount and similar income**		
	Interest income (note 26.a)	26,819,239,518	22,916,894,717
	Interest income on treasury bills/reverse repo/bonds (note 28.a)	1,566,309,970	1,380,868,653
	Interest income on subordinated bond	121,474,167	4,755,833
		28,507,023,655	24,302,519,204
25.2	**Fees, commission and brokerage**		
	Commission (note 29.a)	2,109,789,225	2,098,207,890
	Brokerage	-	-
		2,109,789,225	2,098,207,890
25.3	**Administrative expenses**		
	Salary and allowances	5,247,455,559	4,835,648,658
	Rent, taxes, insurance, electricity, etc. (note 32.a)	517,834,384	995,738,472
	Legal expenses (note 33.a)	46,008,027	59,573,011
	Postage, stamp, telecommunication, etc. (note 34.a)	85,291,432	103,412,042
	Stationery, printing, advertisement, etc. (note 35.a)	235,989,626	244,899,590
	Chief executive's salary and fees (note 36)	18,960,006	18,624,195
	Directors' fees (note 37.a)	1,640,000	1,746,000
	Auditors' fees	1,770,000	1,770,000
	Repair of bank's assets (note 38.a)	543,057,036	543,897,066
		6,698,006,070	6,805,309,033

26 CONSOLIDATED INTEREST INCOME/PROFIT ON INVESTMENT

The City Bank Limited (note 26.a)	26,819,239,518	22,916,894,717
City Brokerage Limited	91,249,366	92,921,889
City Bank Capital Resources Limited	106,680,561	77,761,773
CBL Money Transfer Sdn. Bhd.	-	-
	154,390	-
Inter-company transactions	27,017,323,835	23,087,578,379
The City Bank Limited with City Brokerage Limited	(75,025,395)	(106,111,801)
The City Bank Limited with CBL Money Transfer Sdn. Bhd.	(8,727,610)	(3,976,180)
City Bank Capital Resources Limited	(8,621,244)	(6,705,810)
	(92,374,249)	(116,793,791)
	26,924,949,586	22,970,784,588

26.a	Interest income/profit on investment - The City Bank Limited	2019	Figures in Taka 2018
	Interest on industrial credits	7,266,422,330	5,838,811,599
	Interest on short term loan	5,115,283,293	5,105,270,504
	Interest on city solution	2,319,718,309	1,765,258,356
	Interest on cash credits/bai-muajjal	2,145,083,824	2,204,316,007
	Interest on small and medium enterprise loans	1,745,930,714	1,261,758,687
	Interest on credit cards	1,642,520,637	1,384,021,957
	Interest on fully and partly secured overdrafts	941,658,635	461,861,780
	Interest on house building loans	806,069,475	621,385,903
	Interest on demand loans	738,188,639	856,480,993
	Interest on documentary bills purchased	728,278,922	227,304,500
	Interest on city express	425,273,753	338,222,844
	Interest on Interest on EDF	237,205,210	199,798,154
	Interest on city drive	215,236,843	147,687,143
	Interest on staff loans	159,673,531	152,319,355
	Interest on packing credits	107,853,593	87,466,603
	Interest on loans against trust receipts	105,499,837	35,864,090
	Interest on transport loans	63,928,323	81,681,102
	Interest on hire purchase shirkatul melk	12,550,618	13,638,607
	Interest on payment against documents	5,538,093	5,316,251
	Interest on lease finance/izara	1,656,600	2,504,913
	Interest on double loans	270,937	44,764
	Interest on consumer credit schemes	-	423
	Total interest/profit on loans and advances/investments	**24,783,842,116**	**20,791,014,535**
	Less: Allowable rebate for good borrower (note 26.a.1)	60,000,000	44,000,000
	Total interest/profit on loans and advances/investments after rebate for good borrower	**24,723,842,116**	**20,747,014,535**
	Interest on balance with other banks and financial institutions	2,061,116,231	2,153,076,315
	Interest on foreign bank accounts	32,488,046	13,864,409
	Interest on call loans	1,793,125	2,939,458
	Total interest/profit on placement of funds	**2,095,397,402**	**2,169,880,182**
		26,819,239,518	**22,916,894,717**

26.a.1 Provision for rebate to good borrower

Provision for rebate to the eligible good borrowers has been maintained as per Bangladesh Bank BRPD circular no. 6 dated 19 March 2015, BRPD circular letter no. 16 dated 30 December 2015 and BRPD circular letter no. 3 dated 16 February 2016.

27 CONSOLIDATED INTEREST/PROFIT PAID ON DEPOSITS, BORROWINGS ETC.

The City Bank Limited (note 27.a)	15,987,236,351	13,716,355,902
City Brokerage Limited	105,806,624	136,251,713
City Bank Capital Resources Limited	2,995,275	-
CBL Money Transfer Sdn. Bhd.	9,641,257	4,806,374
City Hong Kong Limited	419,385	-
	16,106,098,892	**13,857,413,989**
Inter-company transactions		
City Brokerage Limited	(75,025,395)	(106,111,801)
City Bank Limited with City Bank Capital Resources Limited	(8,621,244)	(6,705,810)
CBL Money Transfer Sdn. Bhd.	(8,727,610)	(3,976,180)
	(92,374,249)	**(116,793,791)**
	16,013,724,643	**13,740,620,198**

Figures in Taka

27.a	Interest/profit paid on deposits, borrowings etc. - The City Bank Limited	2019	2018
	a) Interest/profit paid on deposits:		
	Fixed deposits	7,608,887,401	6,688,374,266
	Savings bank deposits	1,419,821,259	1,372,905,704
	Short notice deposits	1,346,846,278	1,819,103,581
	Deposits under scheme	835,741,091	748,702,420
	Current bank deposits	560,314,594	75,824,927
	Mudaraba term deposits	468,348,132	120,473,357
	Mudaraba/manarah savings deposits	17,045,098	12,990,552
	Mudaraba monthly benefit scheme	10,656,164	8,194,984
	Mudaraba short notice deposits	10,535,052	2,615,970
	b) Interest paid on borrowings from outside Bangladesh for off-shore banking	1,532,535,571	1,225,545,756
	c) Interest/profit paid on local bank accounts	1,046,561,596	895,980,597
	d) Interest paid on subordinate bond	826,596,360	729,154,124
	e) Interest/profit paid on borrowing from Bangladesh Bank	128,863,425	5,453,794
	f) Interest/profit paid on Repurchase agreement (REPO)	63,890,267	11,035,870
	g) Interest paid for lease obligation	110,594,063	-
		15,987,236,351	13,716,355,902

28 CONSOLIDATED INVESTMENT INCOME

The City Bank Limited (note 28.a)	2,086,159,974	1,842,359,857
City Brokerage Limited	136,582,168	240,608,043
City Bank Capital Resources Limited	134,774,555	157,841,533
	2,357,516,697	2,240,809,432
Inter-company transactions		
City Bank Limited with City Brokerage Limited	-	292,289
City Bank Limited with City Bank Capital Resources Limited	4,040,851	(90,053,231)
	2,361,557,548	2,151,048,490

28.a Investment income - The City Bank Limited

Interest on treasury bills/reverse repo/bonds	1,566,309,970	1,380,868,653
Gain on government securities	237,416,603	233,457,603
Dividend on shares	158,414,665	223,277,767
Interest income on subordinated bond	121,474,167	4,755,833
Gain on sale of shares and debentures	2,544,569	-
	2,086,159,974	1,842,359,857

29 CONSOLIDATED COMMISSION, EXCHANGE AND BROKERAGE

The City Bank Limited (note 29.a)	3,380,963,967	3,254,028,220
City Brokerage Limited	137,273,278	173,558,947
City Bank Capital Resources Ltd	73,553,304	75,815,253
CBL Money Transfer Sdn. Bhd	153,919,958	163,123,587
City Hong Kong Limited.	661,068	-
	3,746,371,575	3,666,526,007
Inter-company transactions		
City Bank Capital Resources Limited with The City Bank Limited	(23,840,851)	(51,944,926)
City Brokerage Limited with The City Bank Limited	-	(292,289)
	3,722,530,724	3,614,288,792

Figures in Taka

		2019	2018
29.a	**Commission, exchange and brokerage - The City Bank Limited**		
	Other fees and charges (note 29.a.1)	1,169,034,458	1,096,392,220
	Accepted bills	418,346,533	469,868,162
	Letters of credit	365,264,941	344,320,754
	Letters of guarantee	94,392,341	101,794,273
	Export related services	38,795,462	37,232,736
	NRB operation	17,450,177	17,655,886
	PO, DD, TT, TC, etc.	3,268,559	3,354,493
	Other commissions	2,946,603	27,321,377
	OBC, IBC etc.	288,151	267,988
	Bills purchased	2,000	-
		2,109,789,225	**2,098,207,890**
	Exchange gain including gain from foreign currency dealings (note 29.a.2)	1,271,174,742	1,155,820,331
		3,380,963,967	**3,254,028,220**
29.a.1	**Other fees and charges**		
	Service and other charges	1,086,358,352	944,212,309
	Structured finance fee	75,843,856	133,167,718
	Commitment fee	6,832,250	19,012,193
		1,169,034,458	**1,096,392,220**
29.a.2	**Net exchange gain**		
	Exchange gain	1,294,789,130	1,190,549,693
	Exchange loss	(23,614,388)	(34,729,362)
		1,271,174,742	**1,155,820,331**

30 CONSOLIDATED OTHER OPERATING INCOME

	The City Bank Limited (note 30.a)	1,985,585,042	1,656,683,530
	City Brokerage Limited	12,910,870	1,659,955
	City Bank Capital Resources Ltd	-	-
	CBL Money Transfer Sdn. Bhd.	1,526,276	2,528,827
	City Hong Kong Limited	-	-
		2,000,022,188	**1,660,872,312**
	Inter-company transactions		
	City Brokerage Limited with The City Bank Limited	(12,379,200)	-
		1,987,642,988	**1,660,872,312**
30.a	**Other operating income - The City Bank Limited**		
	Credit card income (note 30.a.1)	1,830,347,867	1,502,118,603
	Rebate received from foreign banks	69,910,124	62,517,394
	Swift recoveries	62,371,710	53,187,972
	Rental income	13,024,850	12,865,313
	Others	9,930,491	7,374,850
	Profit from sale of fixed assets	-	18,619,398
		1,985,585,042	**1,656,683,530**
30.a.1	**Credit card income**		
	Merchant commission	1,019,923,053	827,673,125
	Late payment fees	319,037,437	255,926,333
	Card issue fees	308,169,252	273,196,614
	Mark-up, excess limit, cash advance fees etc.	118,934,364	89,469,451
	Interchange fees	64,283,761	55,853,080
		1,830,347,867	**1,502,118,603**

Figures in Taka

		2019	2018
31	CONSOLIDATED SALARIES AND ALLOWANCES		
	The City Bank Limited	5,247,455,559	4,835,648,658
	City Brokerage Limited	88,304,994	89,150,463
	City Bank Capital Resources Limited	52,303,767	52,105,958
	CBL Money Transfer Sdn. Bhd.	48,466,695	34,365,013
	City Hong Kong Limited	11,044,830	-
		5,447,575,845	5,011,270,092
32	CONSOLIDATED RENT, TAXES, INSURANCE, ELECTRICITY ETC.		
	The City Bank Limited (note 32.a)	517,834,384	995,738,472
	City Brokerage Limited (note 32.b)	19,714,315	33,894,758
	City Bank Capital Resources Limited	5,824,162	11,220,088
	CBL Money Transfer Sdn. Bhd.	37,142,935	70,319,354
	City Hong Kong Limited	1,134,025	-
		581,649,821	1,111,172,672
	Inter-company transactions		
	City Brokerage Limited with The City Bank Limited	(12,379,200)	-
		569,270,621	1,111,172,672
32.a	Rent, taxes, insurance, electricity etc. - The City Bank Limited		
	Rent	102,918,742	574,756,971
	Power and electricity	214,370,574	147,787,326
	Rates and taxes	123,437,452	70,730,501
	Insurance	77,107,616	202,463,673
		517,834,384	995,738,472
32.b	Rent, taxes, insurance, electricity etc. - City Brokerage Limited		
	Rent	-	14,193,924
	Rates and taxes	15,680,495	15,639,316
	Power and electricity	2,156,350	2,118,959
	Insurance	1,877,470	1,942,560
		19,714,315	33,894,758
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	884,619
	CBL Money Transfer Sdn. Bhd.	2,326,224	2,515,592
	City Hong Kong Limited	293,011	-
		91,976,013	109,851,388

Figures in Taka

		2019	2018
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, telex, fax & swift charge	4,772,361	2,236,487
		85,291,432	103,412,042
34.b	**Postage, stamps, telecommunication etc. - City Brokerage Limited**		
	Postage	2,369,272	2,416,593
	Telegram, telex, fax and e-mail	659,115	606,677
	Telephone bill	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	16,130,393
		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	32,688,856	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	8,897,016
	18,960,006	18,624,195

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	156,250
CBL Money Transfer Sdn. Bhd.	3,016,273	2,152,387
	4,833,773	4,129,637

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.

Figures in Taka

38 CONSOLIDATED DEPRECIATION AND REPAIR

	2019	2018
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	8,084,605
CBL Money Transfer Sdn. Bhd.	19,276,435	4,446,120
City Hong Kong Limited	4,961,122	-
	1,671,060,493	1,144,618,525

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	568,986,856
	1,056,692,296	568,986,856
Repairs and maintenance:		
Fixed assets	535,574,541	537,553,058
Others	7,482,495	6,344,008
	543,057,036	543,897,066
	1,599,749,332	1,112,883,922

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
	5,110,524	4,496,116
	36,897,207	19,203,878

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	1,127,672	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
	1,093,025	2,930,223
	10,176,397	8,084,605

Figures in Taka

39 CONSOLIDATED OTHER EXPENSES

	2019	2018
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	-
	2,281,106,283	1,946,978,058
Inter-company transactions		
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	137,779,535
Royalty adjustment	84,867,827	84,363,832
Travelling 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	12,437,612
Staff activities and welfare	9,602,317	13,601,819
CIB Charges	2,377,288	2,078,028
Vehicle rental expenditure	2,259,115	9,992,000
Annual general meeting	2,117,776	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	58,245,718
Processing and personalisation fees	49,636,617	43,125,255
Complementary campaign expenses	31,762,492	15,652,766
	615,251,421	596,533,086

39.a.2 Others include capital raising expenses, staff recruitment expenses, NRB bank charges etc.

Figures in Taka

	2019	2018

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	-	3,193,025
	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	1,429,727,780	343,700,000
	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	67,050,307
City Bank Capital Resources Limited	62,199,822	54,389,428
CBL Money Transfer Sdn. Bhd.	68,189	37,460
	3,161,628,378	**2,392,975,570**
Deferred tax:		
The City Bank Limited (note 41.a)	213,860,419	65,494,416
City Bank Capital Resources Limited	(4,545,558)	(22,372)
City Hong Kong Limited	288,759	-
	209,603,620	**65,472,044**
Income tax on profit	**3,371,231,998**	**2,458,447,614**

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	2,570,329,253
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**

Figures in Taka

41.b Reconciliation of effective tax rate - The City Bank Limited

	2019		2018	
	%	Taka	%	Taka
Profit before income tax as per profit and loss account		5,731,360,957		4,354,923,411
Income tax as per applicable tax rate	37.50%	2,149,260,359	37.50%	1,633,096,279
Factors affecting the tax charge for current year				
Non deductible expenses	10.50%	601,601,942	8.58%	373,817,042
Inadmissible expenses/provisions	16.72%	958,421,636	20.01%	871,526,033
Admissible expenses	(11.08%)	(635,001,035)	(5.60%)	(243,999,363)
Tax exempted income for dividend	0.00%	-	(0.81%)	(35,249,309)
Tax savings from reduced tax rates for dividend	(0.48%)	(27,722,566)	(0.52%)	(22,623,932)
Tax loss/(savings) from reduced tax rates for capital gain	(0.01%)	(699,756)	0.00%	-
Income from gain on sale of fixed assets	0.00%	-	(0.14%)	(6,237,498)
Last year adjustment for 2016 & 2017	0.00%	-	(6.86%)	(298,830,878)
Total income tax expenses	53.14%	3,045,860,580	52.16%	2,271,498,375

42 CONSOLIDATED RECEIPTS FROM OTHER OPERATING ACTIVITIES

	2019	2018
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	2,454,606
City Hong Kong Limited	-	-
	3,985,313,391	3,372,254,881
Adjustment for consolidation-The City Bank Ltd.	(8,338,349)	(23,237,215)
	3,976,975,042	3,349,017,666

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	69,910,124	62,517,394
Postage/telex/fax/swift charge recoveries	62,371,710	53,187,972
Rent recovered	13,024,850	12,865,313
Miscellaneous earnings	9,930,491	7,374,850
Income from sale of bank's property	-	18,619,398
	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	76,491,746
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	7,776,743	-
	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

		2019	Figures in Taka 2018
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	103,450,536	84,730,477
	Advertisement expenses	60,466,583	88,523,259
	Legal expenses	44,539,371	2,192,000
	Auditors' fees	2,185,000	2,601,500
	Directors' fees	1,696,000	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	61,634,912	(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	(1,594,306)	-
	(2,381,184,802)	(387,616,115)
Adjustment for consolidation-The City Bank Ltd.	151,242,796	49,514,503
	(2,229,942,006)	(338,101,611)

44.a (Increase) / decrease of other assets - The City Bank Limited

Advance against rent and advertisement	513,476,190	(59,248,114)
Prepaid expenses	48,683,280	(706,382)
Intangible assets	29,698,545	29,523,133
Security deposits	19,129,655	(29,055,793)
Stationery and stamps	2,227,206	(581,286)
Receivable from City Brokerage Ltd.	-	154,794
Receivable from City Bank Capital Resources Ltd.	(882,145)	1,536,264
Branch adjustment account	(1,002,035)	12,641,629
Advance rent adjusted for right of use of assets	(431,485,640)	-
Account receivables	(597,246,995)	(342,928,690)
	(417,401,938)	(388,664,446)

45 CONSOLIDATED INCREASE/ (DECREASE) OF OTHER LIABILITIES

The City Bank Limited (note 45.a)	541,781,906	(196,569,031)
City Brokerage Limited	(270,612,359)	(101,361,271)
City Bank Capital Resources Limited	(5,264,109)	(15,539,934)
CBL Money Transfer Sdn. Bhd.	1,303,862,116	328,067,345
City Hong Kong Limited	10,465,288	-
	1,580,232,842	14,597,110
Adjustment for consolidation-The City Bank Ltd.	18,204,810	(106,798,519)
	1,598,437,652	(92,201,409)

		Figures in Taka	
		2019	2018
45.a	**Increase/ (decrease) of other liabilities - The City Bank Limited**		
	Interest suspense account	642,536,075	303,635,048
	Others	464,489,478	(343,548,714)
	Other provision	158,755,964	79,385,883
	Branch adjustment account	-	-
	Payable to CBL Money Transfer SDN BHD	(5,704,158)	3,675,241
	Loans written off and waived	(718,295,453)	(239,716,489)
		541,781,906	(196,569,031)
46	**CONSOLIDATED EARNINGS PER SHARE (EPS)**		
	(i) Net profit after tax - Taka	2,635,158,749	2,224,721,063
	Weighted average number of shares	1,016,386,661	1,016,386,661
	Consolidated earnings per share - Taka (i/ii)	2.59	2.19
	Bonus factor has been considered for previous year's EPS computation.		
46.a	**Earnings per share (EPS) - The City Bank Limited**		
	(i) Net profit after tax - Taka	2,471,639,958	2,017,930,620
	(ii) Weighted average number of shares	1,016,386,661	1,016,386,661
	Earnings per share - Taka (i/ii)	2.43	1.99
47	**CONSOLIDATED NET OPERATING CASH FLOW PER SHARE (NOCFPS)**		
	(i) Net operating cash flow - Taka	13,687,378,516	13,832,995,024
	(ii) Number of shares	1,016,386,661	1,016,386,661
	Net operating cash flow per share - Taka (i/ii)	13.47	13.61
47.a	**Net operating cash flow per share (NOCFPS) - The City Bank Limited**		
	(i) Net operating cash flow - Taka	14,400,058,280	13,270,577,571
	(ii) Number of shares	1,016,386,661	1,016,386,661
	Net operating cash flow per share - Taka (i/ii)	14.17	13.06
48	**CONSOLIDATED NET ASSETS VALUE PER SHARE (NAV)**		
	(i) Shareholders' equity	24,539,340,073	24,917,284,908
	(ii) Number of shares	1,016,386,661	1,016,386,661
	Net Assets Value per Share - Taka (i/ii)	24.14	24.52
48.a	**Net Assets Value per Share (NAV) - The City Bank Limited**		
	(i) Shareholders' equity	25,415,636,375	24,429,926,829
	(ii) Number of shares	1,016,386,661	1,016,386,661
	Net Assets Value per Share - Taka (i/ii)	25.01	24.04

	Figures in Taka	
	2019	2018

49 RECONCILIATION STATEMENT OF CASH FLOWS FROM OPERATING ACTIVITIES

Profit before provision	8,287,151,988	6,679,192,921
Adjustment for non cash items		
Depreciation and amortisation	506,183,201	568,986,856
Adjustment with non-operating activities		
Gain on sale of shares and debentures	(2,544,569)	-
Profit from sale of fixed assets	(62,371,710)	(18,619,398)
Loss from sale of fixed assets	-	4,251
	(64,916,279)	(18,615,147)
Changes in operating activities		
Changes in loans & advances	(15,552,181,272)	(34,795,609,666)
Changes in deposit and other accounts	41,533,465,879	21,677,435,096
Changes in investment	(5,457,509,960)	(1,446,144,187)
Changes in borrowings	(16,284,761,582)	22,546,754,828
Changes in other assets	(355,030,228)	(370,045,048)
Changes in other liabilities	4,471,667,102	272,523,746
	8,355,649,940	7,884,914,769
Payment of income tax		
Net cash flows from operating activities	(2,684,010,570)	(1,843,901,827)
	14,400,058,280	13,270,577,571

50 SEGMENT REPORTING

	2019			
	Conventional Taka	Islamic Taka	Offshore Taka	Total Taka
Total operating income (profit before unallocated expenses and tax)	17,791,222,339	240,061,972	253,427,839	18,284,712,150
Allocated expenses	(9,923,803,674)	(62,223,332)	(11,533,156)	(9,997,560,162)
Provision against loans and advances	(2,658,409,057)	(33,082,106)	106,411,861	(2,585,079,302)
Provision against off-balance sheet exposures	3,450,326	-	(44,794,639)	(41,344,313)
Other provision	70,632,584	-	-	70,632,584
Profit before tax	5,283,092,518	144,756,534	303,511,905	5,731,360,957
Provision for taxation				(3,259,720,999)
Net profit				2,471,639,958
Segment assets	317,731,842,171	8,376,670,726	28,580,474,441	354,688,987,338
Segment liabilities	317,731,842,171	8,376,670,726	28,580,474,441	354,688,987,338

51 RELATED PARTY DISCLOSURES

i) Particulars of Directors of the Bank as on 31 December 2019

Sl. No.	Name of the persons	Designation	Present Address	Percentage (%) of shares as at 31 December, 2019
1.	Mr. Aziz Al Kaiser	Chairman	Blumingdale 24 Dutabas Road, Baridhara, Dhaka-1212	2.77%
2.	Mr. Hossain Khaled	Vice-Chairman	Anwar Group of Industries Baitul Hossain Building, 27, Dilkusha C/A, Dhaka-1000.	2.20%
3.	Ms. Tabassum Kaiser	Director	Blumingdale 24 Dutabas Road, Baridhara, Dhaka - 1212	2.10%
4.	Mr. Hossain Mehmood (Representative of A-One Polymer Limited)	Nominated Director	House No-20, Road No-6 Dhanmondi R/A, Dhaka-1205	2.00%
5.	Mr. Rajibul Huq Chowdhury	Director	688/3, Boro Mogbazar Dhaka-1217	2.11%
6.	Mr. Rafiqul Islam Khan	Director	House no.67, Road no.8/A Dhanmondi, Dhaka -1205	2.05%
7.	Mrs. Syeda Shaireen Aziz	Director	"Stone House" House no.8, Road no.62, Gulshan-2, Dhaka-1212	2.00%
8.	Mrs. Savera H. Mahmood (Representative of Partex Corporate Limited)	Nominated Director	House no.12, Road no. 01, Baridhara, Dhaka.	2.00%
9.	Mr. Tanjib-Ul Alam	Independent Director	House No. 83, Road No.12A Dhanmondi R/A, Dhaka-1209	Nil
10.	Mr. Farooq Sobhan	Independent Director	Royal Concord, House # 54, Apt. # 402, Road # 84, Gulshan - 2, Dhaka	Nil
11.	Mr. Mashrur Arefin	MD & CEO	The City Bank Ltd. 136 Gulshan Avenue, Gulshan-2, Dhaka-1212	Nil

For directors interest in different entities refer to Annexure-F.

ii) Related party transactions

During the period 1 January 2019 to 31 December 2019, the Bank concluded business deals with the following organizations in which the directors had interest:

Name of organisation	Relationship	Nature of transactions	Transaction value for the period ended		Balance outstanding as at	
			31 Dec 2019 Taka	31 Dec 2018 Taka	31 Dec 2019 Taka	31 Dec 2018 Taka
City Brokerage Ltd.	Subsidiary Company	Share Capital	-	-	3,400,000,000	3,400,000,000
City Brokerage Ltd.	Subsidiary Company	Loan	710,007,950	886,136,946	577,231,515	1,011,356,119
City Brokerage Ltd.	Subsidiary Company	Interest on Loan	75,025,395	106,111,801	N/A	N/A
City Brokerage Ltd.	Subsidiary Company	Sale of Fixed Assets	-	-	N/A	N/A
City Brokerage Ltd.	Subsidiary Company	Inter Company Expenses	3,180,895	4,885,866	-	-
City Bank Capital Resources Ltd.	Subsidiary Company	Share Capital	-	-	2,550,000,000	2,550,000,000
City Bank Capital Resources Ltd.	Subsidiary Company	Sale of Fixed Assets	-	-	N/A	N/A
City Bank Capital Resources Ltd.	Subsidiary Company	Cash Dividend	-	93,998,157	-	-
City Bank Capital Resources Ltd.	Subsidiary Company	Interest on Deposits	8,621,244	6,705,810	N/A	N/A
City Bank Capital Resources Ltd.	Subsidiary Company	Inter Company Expenses	812,014	1,496,984	-	-
CBL Money Transfer Sdn. Bhd.	Subsidiary Company	Share Capital	-	10,651,613	99,702,332	99,702,332
CBL Money Transfer Sdn. Bhd.	Subsidiary Company	Loan	5,599,817,110	4,876,886,502	234,997,079	293,084,447
CBL Money Transfer Sdn. Bhd.	Subsidiary Company	Interest on Loan	8,727,610	3,976,180	N/A	N/A
CBL Money Transfer Sdn. Bhd.	Subsidiary Company	Inter Company Expenses	1,899,372,746	1,397,891,152	882,145	(5,704,158)
City Hong Kong Ltd.	Subsidiary Company	Share Money Deposit	35,879,708	-	35,879,708	-
International Finance Corporation (IFC)	Director Interest	Equity	-	-	460,946,330	460,946,330
International Finance Corporation (IFC)	Director Interest	Borrowings	3,075,499,942	92,833,277	70,750,142	3,146,250,084
International Finance Corporation (IFC)	Shareholder (5% of outstanding shares)	Interest on Borrowings	80,194,847	154,045,370	-	-
International Finance Corporation (IFC)	Shareholder (5% of outstanding shares)	Fixed Assets	5,088,105	2,544,053	40,280,831	48,336,998
International Finance Corporation (IFC)	Shareholder (5% of outstanding shares)	Professional Service	55,439,700	68,663,700	-	-
International Finance Corporation (IFC)	Shareholder (5% of outstanding shares)	Pripaid expense for Professional Service	28,991,700	28,991,700	-	28,991,700
International Finance Corporation (IFC)	Shareholder (5% of outstanding shares)	Payable aginst Professional Service	26,448,000	39,672,000	72,732,333	69,590,333
Janata Insurance Company Ltd.	Director Interest	Insurance Coverage	9,264,584	10,905,227	N/A	N/A
City General Insurance Company Ltd.	Director Interest	Insurance Coverage	9,422,273	7,491,237	N/A	N/A
Phoenix Insurance Company Ltd.	Director Interest	Insurance Coverage	14,457,430	17,300,310	N/A	N/A

iii) Statement of debts due by companies or firms in which the Directors (including Ex-Directors) of the Bank have interests as on 31 December 2019

A) Statement of funded debts due by the Directors of the bank company as at 31 December 2019

(Figures in Lac Taka)

Sl. No.	Names of Directors	Present status with the bank	Name of the institution	Types of facility	Outstanding as at 31 December 2019	Classification status	Value of eligible security
1	Mr. Aziz Al Kaiser	Chairman	Self	Credit Card	3.33	Unclassified	Marked as lien of $ 0.10 lac in RFCD A/C & Tk. 3.00 lac in FDR
2	Mr. Hossain Khaled	Vice Chairman	Self	Credit Card	0.00	-Do-	Marked as lien of $ 0.05 lac in ERQ A/C
3	Mrs. Syeda Shaireen Aziz	Director	Self	Credit Card	4.30	-Do-	Marked as lien of Tk. 7.22 lac in FDR A/C
4	Mrs. Savera H. Mahmood	Director	Self	Credit Card	1.01	-Do-	Marked as lien of Tk. 8.90 lac in FDR A/C
5	Mr. Hossain Mehmood	Director	Self	Credit Card	0.17	-Do-	Marked as lien of $ 0.05 lac in ERQ A/C
6	Mr. Rajibul Huq Chowdhury	Director	Self	Credit Card	0.03	-Do-	Marked as lien of Tk. 5.00 lac in FDR
7	Mrs. Tabassum Kaiser	Director	Self	Credit Card	1.83	-Do-	Marked as lien of $ 0.05 lac in RFCD A/C & Tk. 3.00 lac in FDR

B) Statement of other funded debts due by the Directors of the bank company as at 31 December 2019

(Figures in Lac Taka)

Sl.	Names of Directors	Present status with the bank	Name of the institution	Types of facility	Outstanding as at 31 December 2019	Classification status	Value of eligible security
1	Nil	Nil	Nil	Nil	-	N/A	N/A

C) Statement of non-funded debts due by the companies or firms in which the Directors of the bank company have interests as at 31 December 2019

(Figures in Lac Taka)

Sl.	Name of Director	Present Status with the Bank	Name of the Institution	Types of Facility	Outstanding as at 31 December 2019	Classification status	Value of eligible security
1	Mr. Hossain Khaled & Mr. Hossain Mehmood	Director	Monowar Industries (Pvt) Ltd.	BG	0.13	Unclassified	100% Margin
2	Mr. Hossain Khaled & Mr. Hossain Mehmood	Director	Eulon Plastic Private Ltd.	BG	5.63	-Do-	10% Margin
3	Mr. Rajibul Huq Chowdhury	Director	Shahida Trading Corporation	BG	4.11	-Do-	100% Margin

D) Statement of funded debts due by the companies or firms in which the Ex-Director of the banking company have interests as at 31 December 2019

(Figures in Lac Taka)

Sl.	Names of Ex-Directors	Present status with the bank	Names of the institutions	Types of facility	Outstanding as at 31 December 2019	Amount of provision created	Status of classification	Amount of share holding	Nature of security with value	Remarks
1	Mr. Zakaria Hossain Choudhury and Mrs. Hosne Ara Begum	Ex. Director	A M Traders	CC (Pledge)	-	-	Tk. 120.28 lac BLW	-	-	Money Suit No. 60/2006. Stayed as per Order of the Honorable High Court in FAT No. 568/06 filed by the Bank.
			Ahsan Traders	CC (Pledge)	-	-	BLW	-	-	Artha Execution Case No. 152/05 is continuing. Next date of Artha Execution 152/2005 is fixed on 02.01.2020 for return of warrant of arrest.
2	Mr. A.B.M. Feroj	Ex. Director	M/s R.P. Electrical Industries	Term Loan	-	-	Tk. 41.95 lac BLW	-	20 post dated cheque	Artha Ex. 93/05. The Court has passed an order regarding detention of the convict borrower in civil jail for 6(six) months from the date of Arrest.
3	Mr. Saleh Ahmed Chowdhury	Ex. Director	Saleh Fashions Ltd.	CC (Hypo)	-	-	-	-	1. Hypo. of machineries installed in the factory worth Tk. 24.00 lac. 2. Mortgage of land & factory worth Tk. 26.80 lac. 3. Mortgage of 5 katha land with 2(two) storied building worth Tk. 1.00 crore & 4. 1st charge created with RJSC.	The liabilities of Saleh Fashion Ltd. was adjusted on 21.06.2017 at Tk. 175.92 lac through Booking of the vested properties under section 33(7) of Artha Rin Adalat Ain,2003 as Non Banking Asset of the Bank.
			M/s Hasan Enterprise	LIM	-	-	Tk. 530.23 lac BLW	-	-	In Artha Exe. Case No. 196/04, the Learned Court issued Warrant of Arrest. Proceedings of the said Artha Execution Suit file will not be put up until execution of warrant of arrest.
4	Mr. Azizul Haque Chowdhury	Ex. Director	M/s Shahida Trading Corporation	BG	Tk. 4.11	-	UC	-	CASH & FDR	-
5	Mr. Anwar Hossain & Mr. Monowar Hossain	Ex. Director	Monowar Industries (Pvt) Ltd and related Business	BG	Tk. 0.13	-	UC	-	100% (Cash Tk. 1,250 & Tk. 11,250)	-

E) Compensation of key management personnel

Refer to note: 37.a

52 EVENTS AFTER REPORTING PERIOD

On 11 March 2020, COVID-19 has been declared a pandemic by the World Health Organization, and most governments are taking restrictive measures to contain its further spread affecting free movement of people and goods.

These events, which occurred subsequent to the balance sheet date, together are material without requiring any adjustments in these financial statements.

While no material effects on the Bank's financial position, results of operations and cash flows have yet been identified at the date of these financial statements, management will continue monitoring and evaluating them during the 2020 financial year.

Board of Directors in its 569th meeting held on 22 June 2020 decided to recommend 15% cash dividend subject to approval of shareholders and regulatory authorities.

53 GENERAL

53.1 Core risk management

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

53.1.1 Credit risk

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

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

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

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

53.1.2 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. Zabid 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 together with knowledge of the individual businesses managed by members of the committee. ALCO regularly reviews the Bank's overall asset and liability position, forward looking asset and liability pipeline, overall economic position, the Banks' 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 back office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued 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 unreconciled 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 Transaction profile has been introduced. Training is continuously given to all the category of Officers and Executives for developing awareness and skill for identifying suspicious activities/transactions.

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

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. K.M. Tanjib-Ul Alam	Independent Director	Convener	LL.B
Mrs. Syeda Shaireen Aziz	Director	Member	BBA
Mr. Rafiqul Islam Khan	Director	Member	HSC
Mrs. Savera H. Mahmood	Director	Member	MSS
Mr. Farooq Sobhan	Independent Director	Member	B.A (Hon') 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 16 October 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 movement 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 2015 in accordance with BRPD Circular no- 18 dated 21 December 2014.

Internal Capital Adequacy Assessment Process (ICAAP)

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

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

i) inform the Board of Directors about

- assessing risks
- initiatives to mitigate identified risks
- capital requirement to support the operations in light of identified risks

ii) comply with Bangladesh Bank's requirement.

53.7 Exchange rates

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

Currency	2019 Taka	2018 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 2018.

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

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 rearranged, wherever necessary, to conform with the current year's presentation.

Managing Director & CEO | Director | Director | Chairman

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	1-3 months	3-12 months	1-5 years	More than 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand	11,395,368,441	-	-	-	14,517,286,080	25,912,654,521
Balance with other banks and financial institutions	9,157,644,647	9,134,309,268	5,072,286,509	54,159,227	27,079,614	23,445,479,265
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	43,648,648,472
Loans and advances/investments	14,071,055,337	64,814,938,701	58,557,097,388	84,015,530,984	26,319,111,842	247,777,734,252
Fixed assets including premises, furniture and fixtures	-	-	-	-	6,299,251,389	6,299,251,389
Other assets	3,427,435,528	1,994,805,645	2,190,400,750	1,014,866,057	400,000	8,627,907,980
Non banking assets	-	-	56,549,688	1,095,789,303	-	1,152,338,991
Total assets (A)	41,442,465,407	79,046,557,280	79,027,862,107	106,370,091,205	51,066,418,038	356,953,394,037
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	3,199,937,075	6,404,533,563	2,382,067,677	-	-	11,986,538,315
Provision and other liabilities	4,910,505,044	3,552,041,376	3,695,207,244	6,269,976,700	13,198,121,705	31,625,852,069
Total liabilities (B)	50,770,689,242	64,317,243,782	117,352,665,801	69,793,249,537	30,180,205,602	332,414,053,964
Net liquidity gap (A - B)	(9,328,223,835)	14,729,313,498	(38,324,803,694)	36,576,841,668	20,886,212,436	24,539,340,073

As at 31 December 2018

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand	8,197,268,733	-	-	-	11,243,154,950	19,440,423,683
Balance with other banks and financial institutions	8,201,383,666	15,878,104,885	4,418,896,391	-	-	28,498,384,942
Money at call and short notice	-	-	-	89,379,167	-	89,379,167
Investments	3,546,400	6,858,259,828	499,820,190	4,136,539,052	21,990,054,767	33,488,220,237
Loans and advances/investments	26,774,935,964	40,097,502,272	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	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	8,525,506,505
Non banking assets	-	-	56,549,688	977,151,601	-	1,033,701,289
Total assets (A)	44,414,200,310	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	-	-	-	3,000,000,000	5,800,000,000	8,800,000,000
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	-	-	6,843,564,466
Provision and other liabilities	581,681,941	2,579,267,290	2,963,998,966	19,158,128,542	1,829,878,322	27,112,955,062
Total liabilities (B)	50,703,221,175	49,457,782,244	94,003,531,581	95,282,998,287	12,575,620,587	302,023,153,874
Net liquidity gap (A - B)	(6,289,020,865)	15,300,681,481	(16,227,474,937)	(16,723,842,999)	48,856,942,228	24,917,284,908

Annexure-A/1

LIQUIDITY STATEMENT

(Analysis of maturity of assets and liabilities)

As at 31 December 2019

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand	11,389,544,933	-	-	-	14,517,286,080	25,906,831,013
Balance with other banks and financial institutions	8,738,330,685	9,142,446,075	5,155,518,761	-	-	23,036,295,521
Money at call and short notice	-	-	-	89,379,167	-	89,379,167
Investments	1,629,271,680	2,944,104,501	13,092,019,409	19,465,047,343	2,321,061,695	39,451,504,628
Loans and advances/investments	13,928,818,840	65,139,752,627	57,793,955,719	83,886,014,673	26,195,108,864	246,943,650,723
Fixed assets including premises, furniture and fixtures	-	-	-	-	5,675,246,085	5,675,246,085
Other assets	1,135,507,821	1,946,464,706	2,157,296,276	1,048,725,275	6,145,747,132	12,433,741,210
Non banking assets	-	-	56,549,688	1,095,789,303	-	1,152,338,991
Total assets (A)	36,821,473,959	79,172,767,909	78,255,339,853	105,584,955,761	54,854,449,856	354,688,987,338
Liabilities						
Tier-II subordinated bond	-	-	-	8,280,000,000	920,000,000	9,200,000,000
Borrowings from other banks, financial institutions and agents	13,859,101,042	11,206,679,445	12,114,723,243	6,987,786,925	-	44,168,290,655
Deposits	28,712,126,483	43,679,279,292	99,219,391,768	47,524,108,618	15,582,220,966	234,717,127,127
Other accounts	3,199,937,075	6,404,533,563	2,382,067,677	-	-	11,986,538,315
Provision and other liabilities	3,074,018,108	3,489,687,577	3,696,798,524	5,743,057,712	13,197,832,945	29,201,394,866
Total liabilities (B)	48,845,182,708	64,780,179,877	117,412,981,212	68,534,953,255	29,700,053,911	329,273,350,963
Net liquidity gap (A - B)	(12,023,708,749)	14,392,588,032	(39,157,641,359)	37,050,002,506	25,154,395,945	25,415,636,375

As at 31 December 2018

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand	8,192,253,496	-	-	-	11,243,154,950	19,435,408,446
Balance with other banks and financial institutions	7,939,143,575	15,624,751,827	3,688,691,464	-	-	27,252,586,866
Money at call and short notice	-	-	-	89,379,167	-	89,379,167
Investments	3,546,400	5,646,389,222	499,820,190	4,136,539,052	17,595,739,438	27,882,034,302
Loans and advances/investments	26,774,935,964	39,614,017,201	69,628,612,328	71,245,926,220	24,127,977,738	231,391,469,451
Fixed assets including premises, furniture and fixtures	-	-	-	-	3,519,386,471	3,519,386,471
Other assets	1,217,723,087	1,836,137,025	3,165,898,128	1,825,354,211	6,131,209,255	14,176,321,705
Non banking assets	-	-	56,549,688	977,151,601	-	1,033,701,289
Total assets (A)	44,127,602,522	62,721,295,275	77,039,571,797	78,274,350,251	62,617,467,852	324,780,287,696
Liabilities						
Tier-II subordinated bond	-	-	-	3,000,000,000	5,800,000,000	8,800,000,000
Borrowings from other banks, financial institutions and agents	18,819,263,229	5,808,703,676	28,955,721,581	6,869,363,750	-	60,453,052,237
Deposits	29,736,362,428	37,946,781,090	60,258,296,189	65,954,019,825	4,431,175,566	198,326,635,097
Other accounts	1,642,455,472	3,284,910,944	1,916,198,050	-	-	6,843,564,466
Provision and other liabilities	387,776,708	2,205,270,003	2,875,741,630	18,628,442,405	1,829,878,322	25,927,109,068
Total liabilities (B)	50,585,857,837	49,245,665,713	94,005,957,450	94,451,825,980	12,061,053,888	300,350,360,867
Net liquidity gap (A - B)	(6,458,255,315)	13,475,629,563	(16,966,385,653)	(16,177,475,729)	50,556,413,964	24,429,926,829

BALANCE WITH OTHER BANKS - OUTSIDE BANGLADESH (NOSTRO ACCOUNTS)

As at 31 December 2019

Annexure-B

Name of the Banks	Account type	31 December 2019				31 December 2018		
		Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Standard Chartered Bank, New York, USA	CD	USD	12,646,276	84.9000	1,073,668,815	(12,767,390)	83.9000	(1,071,184,024)
Citibank N.A. New York, USA	CD	USD	8,493,284	84.9000	721,079,813	(1,341,555)	83.9000	(112,556,469)
Mashreq Bank, New York, USA	CD	USD	6,084,239	84.9000	516,551,889	(593,753)	83.9000	(49,815,882)
HDFC Bank Ltd, Mumbai, India	CD	ACUD	2,007,533	84.9000	170,439,592	390,916	83.9000	32,797,861
Habib American Bank, New York, USA	CD	USD	1,443,647	84.9000	122,565,620	(292,209)	83.9000	(24,516,367)
Standard Chartered Bank,Mumbai, India	CD	ACUD	661,034	84.9000	56,121,773	1,409,483	83.9000	118,255,595
AB Bank Ltd., Mumbai, India	CD	ACUD	539,573	84.9000	45,809,719	767,292	83.9000	64,375,792
Standard Chartered Bank, Frunkfurt, Germany	CD	EURO	478,233	95.0880	45,474,214	(126,099)	95.4992	(12,042,321)
Commerz Bank AG. Frankfurt, Germany	CD	EURO	401,044	95.0880	38,134,450	460,667	95.4992	43,993,295
Commerz Bank AG. Frankfurt, Germany	CD	USD	199,495	84.9000	16,937,103	2,060,119	83.9000	172,843,977
Standard Chartered Bank, London	CD	GBP	140,832	111.3506	15,681,742	10,660	106.1964	1,132,052
NIB Bank Limited, Karachi, Pakistan	CD	ACUD	139,310	84.9000	11,827,394	2,214,952	83.9000	185,834,474
Kookmin Bank, Korea	CD	USD	91,069	84.9000	7,731,716	25,836	83.9000	2,167,676
Commerz Bank AG. Frankfurt, Germany	CD	CHF	29,263	87.3053	2,554,790	3,984	84.5383	336,792
Sonali Bank Ltd., Kolkata, India	CD	ACUD	25,953	84.9000	2,203,431	360,791	83.9000	30,270,386
Commercial Bank of Ceylon, Colombo, Sri Lanka	CD	ACUD	25,663	84.9000	2,178,817	32,750	83.9000	2,747,754
Bank of Bhutan, Bhutan	CD	ACUD	19,850	84.9000	1,685,265	2,875	83.9000	241,213
Standard Chartered Bank, Nepal	CD	ACUD	13,870	84.9000	1,177,532	13,870	83.9000	1,163,663
Mashreq Bank, Dubai	CD	AED	42,034	23.1137	971,571	50,887	22.8414	1,162,331
Commerz Bank AG. Frankfurt	CD	AUD	14,240	59.3791	845,566	12,166	59.2250	720,557
Bank of Tokyo Mitsubishi Ltd., New Delhi, India	CD	ACUD	8,634	84.9000	733,046	8,559	83.9000	718,058
Mashreq Bank, London	CD	GBP	4,575	111.3506	509,394	28,424	106.1964	3,018,563
Bank of Tokyo Mitsubishi Ltd., Japan	CD	JPY	387,071	0.7778	301,064	14,324,265	0.7562	10,832,009
Mashreq Bank, Mumbai, India	CD	EURO	1,982	95.0880	188,424	1,729	95.4992	165,143
Mashreq Bank, Mumbai, India	CD	ACUD	(715,044)	84.9000	(60,707,245)	1,728,208	83.9000	144,996,634
Mashreq Bank, New York, USA (For OBU Operation)	CD	USD	15,923,274	84.9000	1,351,885,987	3,855,056	83.9000	323,439,161
Commerz Bank AG. Frankfurt, Germany (For OBU Operation)	CD	EURO	1,231,807	95.0880	117,130,094	355,632	95.4992	33,962,612
Commerz Bank AG. Frankfurt, Germany (For OBU Operation)	CD	USD	481,046	84.9000	40,840,765	(77,960)	83.9000	(6,540,878)
Sonali Bank, Kolkata, India	TD	ACUD	8,133	84.9000	690,478	8,133	83.9000	682,345
					4,305,212,819			(100,797,998)

INVESTMENT IN SHARES

Annexure-C

As at 31 December 2019

Sl. No.	Name of the company	Type of shares	Face value	Number of shares	Cost of holding	Average cost	Quoted rate per share as at 31 Dec 2019	Total market value as at 31 Dec 2019
			Taka		Taka	Taka	Taka	Taka
	Quoted ordinary share							
1	IDLC Finance Limited	A	10	33,934,822	462,133,670	13.62	45.40	1,540,640,919
2	Summit Power Limited	A	10	2,407,500	98,026,480	40.72	36.30	87,392,250
3	Brac Bank Limited	A	10	900,000	55,025,735	61.14	57.10	51,390,000
4	Trust Bank Limited	A	10	1,744,171	49,108,342	28.16	27.40	47,790,285
5	Grameenphone Limited	A	10	117,900	44,063,979	373.74	285.80	33,695,820
6	Singer Bangladesh Limited	A	10	182,170	34,298,752	188.28	180.40	32,863,468
7	Matin Spinning Mills Ltd	A	10	861,521	36,865,695	42.79	33.20	28,602,497
8	Dhaka Bank Limited	A	10	2,210,613	54,456,970	24.63	12.00	26,527,356
9	Mercantile Bank Limited	A	10	1,578,722	37,621,008	23.83	13.20	20,839,130
10	Square Pharmaceuticals Limited	A	10	74,900	17,583,318	234.76	190.00	14,231,000
11	Standard Bank Limited	A	10	1,568,666	23,965,596	15.28	8.90	13,961,127
12	Pubali Bank Limited	A	10	456,236	23,140,398	50.72	24.00	10,949,664
13	AB Bank Limited	A	10	684,596	40,660,844	59.39	7.90	5,408,308
14	Ifad Autors Limited	A	10	100,000	6,850,930	68.51	46.20	4,620,000
15	Mutual Trust Bank Limited	A	10	149,293	2,425,444	16.25	26.50	3,956,265
16	Bata Shoe Company (Bangladesh) Limited	A	10	5,100	6,016,710	1,179.75	696.10	3,550,110
17	Shahjibazar Power Co. Ltd.	A	10	23,484	2,892,945	123.19	70.00	1,643,880
18	The ACME Laboratories Limited	A	10	25,000	2,964,828	118.59	60.90	1,522,500
19	Prime Bank Limited	A	10	76,400	1,243,033	16.27	18.20	1,390,480
20	Mobil Jamuna Lubricants Bangladesh Limited	A	10	21,000	2,453,130	116.82	63.30	1,329,300
21	BBS Cables Ltd.	A	10	20,000	1,948,446	97.42	58.80	1,176,000
22	Saif Powertec Limited	A	10	69,120	2,330,000	33.71	13.40	926,208
23	Investment Corporation of Bangladesh	A	100	11,798	2,785,091	236.06	76.80	906,086
24	Rangamati Food Products Limited	Z	10	64,500	645,000	10.00	11.90	767,550
25	Raspit Inc. (BD) Limited	Z	10	366,000	6,153,414	16.81	1.90	695,400
26	Shahjalal Islami Bank Limited	A	10	26,689	-	0.00	23.40	624,523
27	SILCO Pharmaceuticals Limited	N	10	7,293	72,930	10.00	30.30	220,978
28	German Bangla Joint Venture Foods Limited	Z	10	21,000	210,000	10.00	3.60	75,600
29	Somorita Hospital Limited	A	10	162	-	0.00	64.00	10,368
30	Perfume Chemical Ind. Limited	Z	10	28	3,500	125.00	59.00	1,652
	Total				1,015,946,189			1,937,708,724
	Unquoted Ordinary Shares							
1	Industrial & Infrastructural Development Finance Company Limited		10	8,794,932	42,453,820	4.83		
2	Venture Investment Partners Bangladesh Limited		100	202,176	18,000,000	89.03		
3	KARMA Sangsthan Bank Limited		100	100,000	10,000,000	100.00		
4	Central Depository Bangladesh Limited		10	2,284,721	6,277,770	2.75		
	Total				76,731,590			

Annexure-D

SCHEDULE OF FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

As at 31 December 2019

Particulars	Cost					Depreciation/Amortisation				Written down value as at 31 Dec 2019
	Balance as at 1 Jan 2019	Additions during the year	Adjustments during the year	Disposals during the year	Balance as at 31 Dec 2019	Balance as at 1 Jan 2019	Charged during the year	Disposals/ adjustments during the year	Balance as at 31 Dec 2019	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Own assets										
Land	168,630,265	-	-	-	168,630,265	-	-	-	-	168,630,265
Building	1,789,452,122	-	-	-	1,789,452,122	333,953,344	44,736,303	-	378,689,647	1,410,762,475
Work in progress (building)	82,285,716	-	-	-	82,285,716	-	-	-	-	82,285,716
Furniture and fixtures	1,299,802,351	129,680,451	(115,000)	-	1,429,367,802	745,920,674	98,270,626	213,899	844,191,300	585,176,502
Office equipment and machinery	2,963,255,182	383,144,949	-	-	3,346,400,131	2,163,466,982	269,188,285	(213,899)	2,432,869,166	913,530,965
Software	472,745,186	41,527,415	-	-	514,272,601	234,172,705	38,541,807	-	272,500,613	241,771,988
Work in progress (software)	63,410,632	28,719,126	(25,000)	-	92,104,758	-	-	-	-	92,104,758
Bank's vehicles	364,942,497	23,251,712	-	-	388,194,209	207,623,775	55,446,180	-	263,069,955	125,124,254
Sub-total	7,204,523,951	606,323,653	(140,000)	-	7,810,707,604	3,685,137,480	506,183,201	-	4,191,320,681	3,619,386,923
Leased assets										
Right of use assets	-	2,606,368,257	-	-	2,606,368,257	-	550,509,095	-	550,509,095	2,055,859,162
Sub-total	-	2,606,368,257	-	-	2,606,368,257	-	550,509,095	-	550,509,095	2,055,859,162
Grand total	7,204,523,951	3,212,691,910	(140,000)	-	10,417,075,861	3,685,137,480	1,056,692,296	-	4,741,829,776	5,675,246,085

SCHEDULE OF FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

As at 31 December 2018

Particulars	Cost					Depreciation/Amortisation				Written down value as at 31 Dec 2018
	Balance as at 1 Jan 2018	Additions during the year	Adjustments during the year	Disposals during the year	Balance as at 31 Dec 2018	Balance as at 1 Jan 2018	Charged during the year	Disposals/ adjustments during the year	Balance as at 31 Dec 2018	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Own assets										
Land	168,630,265	-	-	-	168,630,265	-	-	-	-	168,630,265
Building	1,789,452,122	-	-	-	1,789,452,122	289,217,041	44,736,303	-	333,953,344	1,455,498,778
Work in progress (building)	82,285,716	-	-	-	82,285,716	-	-	-	-	82,285,716
Furniture and fixtures	1,215,170,895	138,512,540	(51,176,075)	(2,705,009)	1,299,802,351	652,250,332	96,320,436	(2,650,094)	745,920,674	553,881,677
Office equipment and machinery	2,525,784,475	592,579,360	(21,272,745)	(133,835,908)	2,963,255,182	2,043,333,546	253,444,239	(133,310,802)	2,163,466,982	799,788,200
Software	397,097,880	75,647,307	-	-	472,745,186	107,907,663	126,265,042	-	234,172,705	238,572,482
Work in progress (software)	40,564,506	53,657,897	(30,811,771)	-	63,410,632	-	-	-	-	63,410,632
Bank's vehicles	356,505,046	54,786,507	-	(46,349,056)	364,942,497	205,751,994	48,220,837	(46,349,056)	207,623,775	157,318,722
Sub-total	6,575,490,905	915,183,610	(103,260,591)	(182,889,973)	7,204,523,951	3,298,460,576	568,986,856	(182,309,952)	3,685,137,480	3,519,386,471
Leased assets										
Right of use assets	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-
Grand total	6,575,490,905	915,183,610	(103,260,591)	(182,889,973)	7,204,523,951	3,298,460,576	568,986,856	(182,309,952)	3,685,137,480	3,519,386,471

Annexure-E

STATEMENT OF TAX POSITION

As at 31 December 2019

Accounting year	Assessment year	Tax provision made on the basis of accounts	Tax as per assessment	Present status
		Taka	Taka	
2003	2004-2005	190,000,000	264,849,327	Reference application filed to High Court Division of the Supreme Court
2004	2005-2006	442,791,678	315,574,683	Reference application filed to High Court Division of the Supreme Court
2013	2014-2015	925,000,000	872,927,307	Assessment completed
2014	2015-2016	1,414,752,396	1,182,255,068	Assessment completed
2015	2016-2017	1,708,720,538	1,687,704,585	Assessment completed
2016	2017-2018	1,656,130,855	1,524,977,812	Assessment completed
2017	2018-2019	1,765,196,934	1,597,519,099	Assessment completed
2018	2019-2020	2,570,329,253	2,477,369,585	Assessment completed

NAME OF DIRECTORS AND THEIR INTEREST IN DIFFERENT ENTITIES

Annexure-F

As at 31 December 2019

Sl no.	Name of Directors	Status with CBL	Entities where they have interest	% of Interest
1	**Mr. Aziz Al-Kaiser**	Chairman	**Vice-Chairman**	
			Partex Star Group	-
			Director	
			Voice Tel Limited	25.00%
			Sky Telecommunication Limited	23.00%
			Partex Housing Limited	50.00%
			Suburna Bhumi Housing Limited	50.00%
			Managing Director	
			Star Particle Board Mills Limited	90.00%
			Partex PVC Industries Limited	90.00%
			New Light Star Apparels Limited	90.00%
			Corvee Maritime Company Limited	90.00%
			Partex Furniture Industries Limited	90.00%
			Partex Builders Limited	90.00%
			Partex Laminates Limited	90.00%
			Partex Limited	90.00%
			Fairhope Housing Limited	80.00%
			Partex Cables Limited	90.00%
			Partex Aromarine Logistics Limited	80.00%
			Star Adhesive Limited	90.00%
			Star Gypsum Board Mills Limited	80.00%
			Triple Apparels Limited	80.00%
			Partex MDF Board Mills Limited	90.00%
			Partex Power Generation Co. Limited	51.00%
			Partex Strar Properties Limited	37.50%
			Star Furniture Limited	83.00%
2	**Mr. Hossain Khaled**	Vice-Chairman	**Director**	
			Anwar Group of Industries	-
			Anwar Silk Mills Limited	19.61%
			Mehmood Industries (Pvt.) Limited	9.62%
			Anwar Galvanizing Limited	5.85%
			Anwar Ispat Limited	16.67%
			Hossain Dyeing & Printing Mills Ltd.	32.37%
			Anwar Cement Limited	7.14%
			Anwar Cement Sheet Limited	33.31%
			A-One Polymer Limited	29.97%
			Anwar Printex Limited	8.00%
			Managing Director	
			Anwar Landmarks	20.00%
			Anwar Jute Spinning Mills Limited	15.31%
			AG Automobiles Limited	10.00%
			Euro Cars Limited	33.26%

Sl no.	Name of Directors	Status with CBL	Entities where they have interest	% of Interest
3	**Mr. Hossain Mehmood** (Representative of A-One Polymer Limited)	Nominated Director	**Nominated Director**	
			A-One Polymer Limited	-
			Chairman	
			AG Automobiles Limited	33.33%
			Director	
			Anwar Jute Spinning Mills Limited	15.31%
			AG Motors Limited	25.00%
			Euro Cars Limited	32.26%
			Anwar Ispat Limited	16.67%
			Anwar Cement Sheet Limited	33.31%
			Anwar Landmarks Limited	20.00%
			A-One Polymer Limited	29.97%
			Managing Director	
			Hossain Dying and Printing Mills Limited	32.37%
			Mehmood Industries (Pvt.) Limited	10.00%
			Anwar Silk Mills Limited	19.61%
			Anwar Printex Limited	8.00%
4	**Mrs. Tabassum Kaiser**	Director	**Director**	
			Fairhope Housing Limited	20.00%
			Star Gypsum Board Mills Limited	20.00%
			Star Particle Board Mills Limited	10.00%
			Partex PVC Industries Limited	10.00%
			New Light Star Apparels Limited	10.00%
			Corvee Maritime Company Limited	10.00%
			Partex Furniture Industries Limited	10.00%
			Partex Builders Limited	10.00%
			Partex Laminates Limited	10.00%
			Partex Limited	10.00%
			Partex Cables Limited	10.00%
			Partex Aromarine Logistics Limited	10.00%
			Star Adhesive Limited	10.00%
			Partex MDF Board Mills Limited	10.00%
			Managing Director	
			Triple Apparels Limited	20.00%
			Partex Agro Limited	50.00%
5	**Mr. Rajibul Huq Chowdhury**	Director	**Director**	
			A.S.M Chemical Industries Limited	10.04%
			Managing Director	
			Aziz Super Garments Limited	-
			Marina Knit Fashion Limited	-
			Khushi Apparels Limited	-
			Ratna Fashion Limited	-
			Proprietor	
			R.H. Corporation	-
6	**Mrs. Syeda Shaireen Aziz**	Director	**Director**	
			Partex Corporate Limited	20.00%
			Sattar Glass Factory Limited	20.00%
			Sakhi Fisheries Limited	10.00%

Sl no.	Name of Directors	Status with CBL	Entities where they have interest	% of Interest
7	**Mr. Md. Rafiqul Islam Khan**	Director	**Chairman**	
			Pakiza Knit Composite Limited	25.00%
			Pakiza Apparels Limited	20.00%
			Pakiza Woven Fashion Limited	20.00%
			Pakiza Garments Limited	20.00%
			Pakiza Techno Vation Limited	20.00%
			Director	
			Phoenix Securities Limited	8.00%
			Managing Director	
			Pakiza Dyeing & Printing Industries (Pvt.) Ltd.	85.00%
			Garden Textile Mills (Pvt.) Limited	75.00%
			Pakiza Textiles Limited	50.00%
			Pakiza Spinning Mills Limited	60.00%
			Pakiza Cotton Spinning Mills (Pvt.) Limited	55.00%
8	**Mrs. Savera H. Mahmood** (Representative of Partex Corporate Limited)	Nominated Director	**Nominated Director**	
			Partex Corporate Limited	-
			Director	
			Partex Agro Limited	50.00%
			Partex Tissue Limited	15.00%
			Danish Multipurpose Firm Limited	15.00%
			Danish Condensed Milk (BD) Limited	10.00%
			Danish Foods Limited	10.00%
			Rubel Steel Mills Limited	10.00%
			Danish Distribution Network Limited	10.00%
			Danish Milk Bangladesh Limited	10.00%
			Danish Dairy Farm Limited	10.00%
9	**Mr. K.M. Tanjib-Ul Alam**	Independent Director	-	-
10	**Mr. Farooq Sobhan**	Independent Director	-	-

Annexure-G

A. DISCLOSURE REGARDING OUTSTANDING REPO

As at 31 December 2019

Figures in Taka

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)
1.	Nil	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 Rederse 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

GEOGRAPHICAL SEGMENT REPORTING

Annexure-H

As at 31 December 2019

Figures in Taka

Division	Dhaka Division	Chattogram Division	Rajshahi Division	Khulna Division	Sylhet Division	Rangpur Division	Barishal Division	Mymensingh Division	Total
Interest income	22,405,767,714	2,986,391,665	650,182,822	369,016,954	143,316,207	178,013,469	51,803,314	34,747,373	26,819,239,518
Interest expenses	(12,298,703,542)	(2,402,848,109)	(276,812,006)	(187,662,147)	(606,294,935)	(120,425,811)	(41,389,958)	(53,099,843)	(15,987,236,351)
NII	**10,107,064,172**	**583,543,556**	**373,370,816**	**181,354,807**	**(462,978,728)**	**57,587,658**	**10,413,356**	**(18,352,470)**	**10,832,003,167**
Pool income	21,209,135,665	2,538,086,237	248,413,971	204,663,707	718,449,352	130,751,636	40,404,468	60,346,417	25,150,251,453
Pool expenses	(22,779,481,863)	(1,646,505,479)	(354,980,329)	(186,842,100)	(18,853,895)	(142,299,830)	(16,070,079)	(5,217,878)	(25,150,251,453)
NPI	**(1,570,346,198)**	**891,580,758**	**(106,566,358)**	**17,821,607**	**699,595,457**	**(11,548,194)**	**24,334,389**	**55,128,539**	**-**
Interest income on investments	2,086,159,974	-	-	-	-	-	-	-	2,086,159,974
Commission income	1,967,024,586	116,567,098	6,508,788	17,715,413	481,902	160,142	712,248	619,048	2,109,789,225
Exchange gain / loss	1,267,087,462	2,344,743	440,826	647,219	410,847	131,561	7,140	104,944	1,271,174,742
Fees and other income	1,763,090,030	138,431,202	27,050,117	16,072,229	22,316,609	11,566,506	3,211,036	3,847,313	1,985,585,042
Total other income	**7,083,362,052**	**257,343,043**	**33,999,731**	**34,434,861**	**23,209,358**	**11,858,209**	**3,930,424**	**4,571,305**	**7,452,708,983**
Operating income	**15,620,080,026**	**1,732,467,357**	**300,804,189**	**233,611,275**	**259,826,087**	**57,897,673**	**38,678,169**	**41,347,374**	**18,284,712,150**
Staff cost	4,439,692,857	417,642,729	123,164,485	85,192,829	113,409,313	47,411,669	19,483,472	20,418,211	5,266,415,565
Other cost	4,377,225,689	207,309,642	41,875,164	27,498,182	45,890,487	15,715,267	7,906,078	7,724,088	4,731,144,597
Total operating expenses	**8,816,918,546**	**624,952,371**	**165,039,649**	**112,691,011**	**159,299,800**	**63,126,936**	**27,389,550**	**28,142,299**	**9,997,560,162**
Operating profit	**6,803,161,480**	**1,107,514,986**	**135,764,540**	**120,920,264**	**100,526,287**	**(5,229,263)**	**11,288,619**	**13,205,075**	**8,287,151,988**
Provision for loans & others	(1,352,816,669)	(788,429,897)	(249,926,714)	(75,845,484)	(30,868,639)	(58,292,492)	1,942,596	(1,553,732)	(2,555,791,031)
Profit before tax (PBT)	**5,450,344,811**	**319,085,089**	**(114,162,174)**	**45,074,780**	**69,657,648**	**(63,521,755)**	**13,231,215**	**11,651,343**	**5,731,360,957**
Provision for taxation									(3,259,720,999)
Net profit after tax (PAT)									**2,471,639,958**
Segment wise loans & advances	**203,209,819,690**	**28,906,058,113**	**6,553,275,059**	**3,544,896,901**	**1,315,391,387**	**2,518,261,500**	**610,666,616**	**285,281,457**	**246,943,650,723**
Segment wise deposits	**184,083,266,593**	**40,979,955,828**	**5,057,946,413**	**3,415,493,272**	**9,146,268,571**	**2,304,217,132**	**758,730,699**	**957,786,934**	**246,703,665,442**

REPORT OF SHARIAH SUPERVISORY COMMITTEE

All praise be to Almighty Allah, the Lord of the Universe and peace and blessings of Allah be upon the Prophet Mohammad (peace be upon him) and his all other descendants and companions.

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

During the year 2019, the Shariah Supervisory Committee of The City Bank Limited met in 3 (Three) formal meetings and reviewed different operational issues of Islamic banking including those referred to it by the Management of the Bank and provided opinions and decisions related to Islamic Shariah.

Besides, the Muraqibs (Shariah Auditors) of the Shariah Supervisory Committee inspected the running issues, products and processes during the year 2019. They also conducted Shariah Audit of the Islamic Banking Branch and other business and operating units during the year and submitted Shariah compliance status to the Committee. Moreover, training sessions on Islamic banking and shariah knowledge were conducted by shariah experts during the year which were organized by Human Resources Division of the Bank for all fresh and different groups of employees.

The Committee, after reviewing the Shariah Audit Reports, Balance Sheet and Profit & Loss Account as at the end of 31st December 2019 of Islamic Banking operations of the Bank, furnishes the following opinion:

1. The different types of financing agreements and process of transactions entered into by Islamic banking branch during the period the period under report have been made in accordance with the principles of Islamic Shariah.

2. Distribution of profit to the Mudarabah depositors was made in accordance with the pre-disclosed Investment Income Sharing Ratio (IISR).

3. The rules and processes of different modes of investment practiced by the Bank have been properly followed.

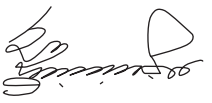
4. Compensation amount has been kept separately and has not been included in Bank's income.

5. Shariah compliance status of Islamic banking operations have improved considerably.

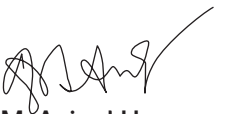
6. Bank management has been advised to increase regular trainings & arrange workshops on Islamic banking for the officials to enrich their professional skills and to organize awareness programs for the clients regarding Islamic banking.

To the best of our knowledge, no gross violation and lapses in the Islamic banking operations of the bank has occurred during the year under report and the bank management has been advised to keep the spirit of Shariah high in the days to come.

May Allah (SWT) give us strength to achieve His satisfaction through implementation the principles of Shariah in Islamic Banking and all other spheres of life.



Md. Abdullah Sharif
Member Secretary,
Shariah Supervisory Committee



M. Azizul Huq
Chairman
Shariah Supervisory Committee

Annexure-I (1)

BALANCE SHEET OF ISLAMIC BANKING BRANCH

As at 31 December 2019

Figures in Taka

	Note	2019	2018
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
		2,626,763,040	1,247,174,585
Balance with other banks and financial institutions	2		
In Bangladesh		32,196,064	2,572,196,064
Outside Bangladesh		-	-
		32,196,064	2,572,196,064
Placement with banks & other financial institutions		-	-
Investments in shares & securities	3		
Government		500,000,000	-
Others		-	-
		500,000,000	-
Investments	4		
General investments etc.		5,195,879,011	1,569,727,069
Bills purchased and discounted		2,638,800	2,781,300
		5,198,517,811	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		-	-
Total 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		5,964,286,686	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

Figures in Taka

	Note	2019	2018
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	9	18,988,953	21,361,270
Other operating income	10	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	11	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

As at and for the year ended 31 December 2019

Figures in Taka

		2019	2018
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**

		2019	Figures in Taka 2018
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 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
		-	2,200,000,000
		32,196,064	2,572,196,064
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	-
	b) Other investments	-	-
		500,000,000	-
4	**INVESTMENTS**		
	i) Investments		
	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
		5,198,517,811	1,572,508,369

Figures in Taka

		2019	2018
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	17,441,376
		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)	-	-
	Outside Bangladesh	-	-
		-	-
7.1	**In Bangladesh**		
	Bangladesh Bank for 100 days	-	-
	Bangladesh Bank for 5 months	-	-
	Bangladesh Bank for 6 months	-	-
		-	-
8	**OTHER LIABILITIES**		
	Profit suspense account	3,614,840	2,366,033
	Expense payable	21,336,045	1,261,150
	Profit payable account	119,567,760	51,032,205
	Provision for investment	83,169,635	50,087,529
	Provision for off-balance sheet exposures	14,407,137	14,407,137
	Profit Payable to head office	218,949,258	128,458,846
	Profit mark up account	173,430,528	74,103,208
	Unrealized compensation	6,640,413	2,645,076
	Realized compensation	2,041,594	1,121,732
	Branch adjustment account	77,327,566	16,641,962
	Others	38,170,587	10,906,637
		758,655,363	**353,031,516**
9	**COMMISSION, EXCHANGE AND BROKERAGE**		
	Commission on letters of credit	7,381,507	7,046,210
	Commission on letters of guarantee	214,500	286,125
	Commission on export bills	1,000	500
	Commission on bills purchased	1,500	-
	Commission on accepted bills	4,328,372	5,395,201
	Commission on OBC, IBC etc.	36,900	28,100
	Other fees and charges (Note - 9.1)	6,912,212	6,162,990
		18,875,991	**18,919,127**

		Figures in Taka	
		2019	2018
	Exchange gain	112,962	2,442,142
	Brokerage	-	-
		112,962	2,442,142
		18,988,953	21,361,270
9.1	**Other fees and charges**		
	Service charges on deposits	1,605,897	1,430,625
	Cheque book issue fees	515,435	300,200
	Investment processing fees	4,670,779	4,302,247
	Clearing return	103,601	111,955
	Charges on account closing and transfer	16,500	17,963
		6,912,212	6,162,990

10 OTHER OPERATING INCOME

Postage/telex/swift/fax recoveries	1,116,798	1,057,000
Locker rent	185,250	166,793
Miscellaneous earnings (Note - 10.1)	711,057	349,272
	2,013,105	1,573,066

10.1 Miscellaneous earnings includes earning from early settlement of loan, issuing various certificate and bank statements on demand of customers.

11 OTHER EXPENSES

Online communication expenses	3,067,479	1,468,076
Training, seminar and workshop	304,827	8,975
Entertainment	56,198	53,832
Business expansion cost	-	-
Conveyance	149,701	72,755
Newspapers	3,600	3,970
Security expenses	257,503	451,674
Miscellaneous expenses	3,003,623	880,204
	6,842,932	2,939,486

Annexure-J (1)

BALANCE SHEET OF OFF-SHORE BANKING UNIT

As at 31 December 2019

	Note	2019		2018
		USD	Taka	Taka
PROPERTY AND ASSETS				
Cash				
Cash in hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)		-	-	-
		-	-	-
Balance with other banks and financial institutions				
In Bangladesh		8,301,150	704,767,635	2,044,925,221
Outside Bangladesh	1	17,783,944	1,509,856,847	350,860,895
		26,085,094	2,214,624,482	2,395,786,116
Money at call and short notice		-	-	-
Investments in shares & securities				
Government		-	-	-
Others		-	-	-
		-	-	-
Loans and advances	2			
Loans, cash credits, overdrafts, etc.		307,444,238	26,102,015,835	36,729,548,870
Bills purchased and discounted		397,254	33,726,833	47,379,886
		307,841,492	26,135,742,668	36,776,928,756
Fixed assets including premises, furniture and fixtures		-	-	-
Other assets		2,710,333	230,107,291	449,800,410
Non-banking assets		-	-	-
Total assets		336,636,919	28,580,474,441	39,622,515,282
LIABILITIES AND CAPITAL				
Liabilities:				
Borrowings from other banks, financial institutions and agents	3	248,582,175	21,104,626,679	35,067,974,339
Deposits and other Accounts		2,054,010	174,385,475	102,101,537
Other liabilities	4	86,000,734	7,301,462,287	4,452,439,406
Total liabilities		336,636,919	28,580,474,441	39,622,515,282
Capital/shareholders' equity				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Share premium		-	-	-
Other reserve		-	-	-
Surplus in profit and loss account		-	-	-
		-	-	-
Total liabilities and shareholders' equity		336,636,919	28,580,474,441	39,622,515,282
OFF-BALANCE SHEET ITEMS				
Contingent liabilities				
Acceptances and endorsements		15,629,620	1,326,954,752	1,078,808,510
Letters of guarantee		-	-	-
Irrevocable letters of credit		3,643,614	309,342,812	342,970,833
Bills for collection		14,744,827	1,251,835,817	1,390,706,953
Other contingent liabilities		143,143,950	12,152,921,351	3,090,178,860
		177,162,011	15,041,054,732	5,902,665,156
Other commitments		-	-	-
Total Off-Balance Sheet items including contingent liabilities		177,162,011	15,041,054,732	5,902,665,156

Annexure-J (2)

PROFIT AND LOSS ACCOUNT OF OFF-SHORE BANKING UNIT

For the year ended 31 December 2019

	Note	2019		2018
		USD	Taka	Taka
Interest income	5	24,588,298	2,087,546,496	1,628,711,878
Interest paid on borrowings		(22,398,288)	(1,901,614,621)	(1,411,772,507)
Net interest income		2,190,010	185,931,875	216,939,371
Commission and exchange	6	792,796	67,308,362	67,564,687
Other operating income		2,210	187,602	41,729
Total operating income		2,985,016	253,427,839	284,545,787
Rent, taxes, insurance, electricity, etc.		-	-	-
Legal expenses		-	-	1,491,035
Other operating expenses		135,844	11,533,156	14,138,021
Total operating expenses		135,844	11,533,156	15,629,056
Net operating profit		2,849,172	241,894,683	268,916,731
Provision for loans and advances/investments		1,253,379	106,411,861	(152,815,839)
Provision for Off-Balance sheet exposures		(527,616)	(44,794,639)	(16,827,352)
Provision for diminution in value of investments		-	-	-
Other provision		-	-	-
Total provision		725,762	61,617,222	(169,643,190)
Total profit before taxes		3,574,934	303,511,905	99,273,541

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF OFF-SHORE BANKING UNIT

As at and for the year ended 31 December 2019

		2019		2018
		USD	Taka	Taka
1	**BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS**			
	In Bangladesh	8,301,150	704,767,635	2,044,925,221
	Outside Bangladesh	17,783,944	1,509,856,847	350,860,895
		26,085,094	2,214,624,482	2,395,786,116

OBU maintain its own account relating Offshore Banking business separately in Mashreq Bank, New York, USA.

2	**LOANS AND ADVANCES**			
	Loans, cash credits, overdrafts, etc.			
	Short Term Loan	236,918,700	20,114,397,650	29,142,081,824
	Term Loan	64,724,755	5,495,131,685	7,011,100,935
	Over Draft Loan	5,800,783	492,486,500	576,366,111
		307,444,238	26,102,015,835	36,729,548,870
	Bills purchased and discounted	397,254	33,726,833	47,379,886
		307,841,492	26,135,742,668	36,776,928,756
3	**BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS**			
	In Bangladesh	53,300,000	4,525,170,000	7,693,630,000
	Outside Bangladesh	195,282,175	16,579,456,679	27,374,344,339
		248,582,175	21,104,626,679	35,067,974,339
4	**OTHER LIABILITIES**			
	Payable to main operation	78,429,810	6,658,690,887	3,714,825,270
	Provision for loans and advances	3,078,415	261,357,427	367,769,288
	Interest payable	2,721,894	231,088,767	306,960,583
	Provision for off balance sheet exposure	1,059,525	89,953,665	45,159,026
	Others	701,313	59,541,466	16,551,783
	Government levy and vat payable	9,777	830,075	1,173,457
	Interest suspense account	-	-	-
		86,000,734	7,301,462,287	4,452,439,406
5	**INTEREST INCOME**			
	Loan and advances	22,819,498	1,937,375,341	1,500,360,819
	Bills purchased and discounted	24,795	2,105,113	2,101,213
	Interest on balance with other banks and financial institutions	1,744,005	148,066,042	126,249,846
		24,588,298	2,087,546,496	1,628,711,878
6	**COMMISSION, EXCHANGE AND BROKERAGE**			
	Commission income	792,796	67,308,362	67,564,687
	Exchange gain	-	-	-
		792,796	67,308,362	67,564,687

Rahman Rahman Huq
Chartered Accountants
9 & 5 Mohakhali C/A
Dhaka 1212
Bangladesh

Telephone +880 (2) 9886450-2
Fax +880 (2) 988 6449
Email dhaka@kpmg.com/bd
Internet www.kpmg.com/bd

To whom it may concern

This is to certify that as detailed in the Annexure K, The City Bank Limited made the custodian transactions on account of custodian services provided during the year ended 31 December 2019, which have been verified with the books of account, invoices and other related documents as produced to us for our verification.

We also certify that management of the Bank prepared and fairly presented of the income and expenses in accordance with the requirement of the Securities and Exchange Commission (Securities Custodian Service) Rules 2003, and made necessary disclosures in the Bank's audited financial statements for the year ended 31 December 2019.

Rahman Rahman Huq
Chartered Accountants

Dhaka, 22 June 2020

Rahman Rahman Huq, a partnership firm registered in Bangladesh and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

Chattogram office address :
78 Agrabad C/A (13th Floor)
Chattogram, Bangladesh

Tel +880 (31) 710704, 710996
Fax +880 (31) 2520795
E-mail chittagong@kpmg.com
Internet www.kpmg.com/bd

Annexure-K

PROFIT AND LOSS ACCOUNT OF CUSTODIAN SERVICE

For the year ended 31 December 2019

Figures in Taka

	2019	2018
Operating income		
Commission, exchange and brokerage	1,153,828	-
Other operating income	-	-
Total operating income	1,153,828	-
Salaries and allowances	123,218	-
Rent, taxes, insurance, electricity etc.	-	-
Legal expenses	-	-
Postage, stamp, telecommunication etc.	-	-
Stationery, printing, advertisement etc.	-	-
Depreciation and repair of bank's assets	-	-
Other expenses	60,000	-
Total operating expenses	183,218	-
Operating profit	970,610	-

Annexure-L

HIGHLIGHTS

Figures in million unless specified

Sl. no.	Particulars		As at 31 December 2019	As at 31 December 2018
1	Paid-up capital	Taka	10,163.87	9,679.87
2	Total capital	Taka	37,135.80	34,811.13
3	Capital surplus/(deficit)	Taka	6,520.21	4,005.86
4	Total assets	Taka	354,688.99	324,780.29
5	Total deposits	Taka	246,703.67	205,170.20
6	Total loans and advances/investments	Taka	246,943.65	231,391.47
7	Total contingent liabilities and commitments	Taka	118,329.36	135,748.09
8	Credit deposit ratio **	%	79.08%	82.48%
9	Percentage of classified loans/investments against total loans and advances/investments	%	5.77%	5.33%
10	Amount of classified loans/investments during the period	Taka	14,244.17	12,325.50
11	Provisions kept against classified loans/investments	Taka	5,829.68	4,487.94
12	Provision surplus/(deficit) against classified loans/investments	Taka	-	-
13	Cost of fund	%	5.41%	5.35%
14	Interest earning assets	Taka	290,209.01	273,005.67
15	Non-interest earning assets	Taka	64,479.98	51,774.62
16	Return on investment (ROI)	%	6.46%	7.51%
17	Return on assets (ROA)	%	0.73%	0.68%
18	Liquidity coverage ratio (LCR)	%	142.60%	115.33%
19	Net stable funding ratio (NSFR)	%	107.42%	107.35%
20	Net asset value per share *	Taka	25.01	25.24
21	Profit after tax and provision	Taka	2,471.64	2,017.93
22	Income from investment	Taka	2,086.16	1,842.36
23	Earnings per share *	Taka	2.43	1.99
24	Net income per share *	Taka	2.43	1.99
25	Price earning ratio	Times	8.68	15.21

* Net asset value, earnings per share and net income per share for the comparative period was adjusted for bonus share of 2018, credited in 2019.

* As per Bangladesh Bank Reporting.

FINANCIAL

STATEMENTS OF CITY BROKERAGE LIMITED 2019

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CITY BROKERAGE LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of City Brokerage Ltd. (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2019, and the statement of profit or loss and other comprehensive income (profit and loss statement), statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 on opinion on the effectiveness of the company's internal control.

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

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

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

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Companies Act 1994, we also report that:

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

(b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books; and

(c) the statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss statement) dealt with by this report are in agreement with the books of account.

Dhaka, Bangladesh
Dated, 27 February 2020

S. F. AHMED & CO
Chartered Accountants

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

As at 31 December 2019

	Notes	2019	Figures in Taka 2018
Assets			
Non-current assets			
Property, plant and equipment	4	314,221,022	327,227,745
Intangible assets	5	7,102,028	8,655,686
Right-of-use asset	6	36,647,759	-
Investment in Stock Exchanges	7	562,120,683	562,120,683
		920,091,492	**898,004,116**
Current assets			
Margin loan to clients	8	944,103,336	1,282,985,307
Investment in securities	9	2,075,072,678	1,848,351,127
Accounts receivable	10	21,928,826	110,289,591
Advance corporate income tax	11	220,158,834	158,993,996
Advances, deposits and prepayments	12	14,716,515	22,665,905
Cash and cash equivalents	13	372,113,597	972,285,634
		3,648,093,786	**4,395,571,559**
Total assets		**4,568,185,279**	**5,293,575,673**
Equity and liabilities			
Capital and reserves			
Share capital	14	3,400,000,000	3,400,000,000
Retained earnings		(418,817,325)	(427,007,241)
		2,981,182,675	**2,972,992,759**
Non current liabilities			
Long term loan	15	600,187,177	292,963,757
Lease liabilities-non current portion	16	21,007,458	-
		621,194,635	**292,963,757**
Current liabilities			
Short term loan	17	374,264,842	1,011,356,119
Lease liabilities- current portion	16	8,562,004	-
Payable to clients	18	174,799,386	399,732,242
Accounts payable	19	12,173,881	42,841,828
Accrued expenses		92,000	70,000
Interest suspense account	20	92,222,991	166,005,080
Provision for loans loss - margin loan	21	48,047,979	231,099,213
Provision for diminution in value of investment	22	25,630,424	-
Provision for corporate income tax	23	230,014,461	176,514,674
		965,807,968	**2,027,619,156**
Total shareholders' equity and liabilities		**4,568,185,279**	**5,293,575,672**

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

for and on behalf of the Board of Directors of City Brokerage Ltd.

Managing Director & CEO

Director

Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 27 February 2020

S. F. AHMED & CO
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (PROFIT AND LOSS STATEMENT)

For the year ended 31 December 2019

Figures in Taka

	Notes	2019	2018
Operating income			
Brokerage commission	24	131,268,594	169,043,145
Interest income	25	100,497,969	102,340,180
Capital gains/(losses)	26	45,505,314	160,990,446
Dividend income		91,076,854	79,617,597
Other operating income	27	570,550	753,160
Total operating income		368,919,281	512,744,528
Non- operating income	28	12,959,870	1,659,955
Total income		381,879,151	514,404,483
Expenses			
Direct cost	29	14,468,645	16,053,338
Operating expenses	30	159,422,429	171,108,855
Interest expenses	31	105,806,625	136,251,713
Bad debt expenses		2,758,913	-
Total expenses		282,456,612	323,413,906
Profit before provision and taxation		99,422,539	190,990,577
Loan loss provision	21	12,102,412	(29,669,955)
Provision for diminution in value of investment	22	25,630,424	-
Profit before tax		61,689,704	220,660,532
Income tax expense	23	(53,499,787)	(67,050,307)
Profit for the year		8,189,916	153,610,225
Other comprehensive income		-	-
Total comprehensive income for the year		8,189,916	153,610,225

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

for and on behalf of the Board of Directors of City Brokerage Ltd.

Managing Director & CEO

Director

Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 27 February 2020

S. F. AHMED & CO
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

Figures in Taka

Particulars	Share capital	Retained earnings	Total
Year 2018			
Balance at 01 January 2018	3,400,000,000	(580,617,466)	2,819,382,534
Share issued during the year	-	-	-
Profit for the year	-	153,610,225	153,610,225
Balance at 31 December 2018	3,400,000,000	(427,007,241)	2,972,992,759
Year 2019			
Balance at 01 January 2019	3,400,000,000	(427,007,241)	2,972,992,759
Share issued during the year	-	-	-
Profit for the year	-	8,189,916	8,189,916
Balance at 31 December 2019	3,400,000,000	(418,817,325)	2,981,182,675

for and on behalf of the Board of Directors of City Brokerage Ltd.

Managing Director & CEO | Director | Chairman

Dhaka, Bangladesh
Dated, 27 February 2019

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Figures in Taka	
	2019	2018
Cash flows from operating activities		
Profit before provision and taxation	99,422,539	190,990,577
Adjustment for non-cash item:		
Depreciation and amortisation	31,786,683	14,707,762
Bad debt expenses	2,758,913	-
	133,968,135	**205,698,339**
Changes in working capital components:		
(Increase)/Decrease in accounts receivable	88,360,765	(8,580,653)
(Increase)/Decrease in advances, deposits and prepayments	7,949,390	5,430,700
Increase/(Decrease) in payable to clients	(224,932,856)	98,611,090
Increase/(Decrease) in accounts payable	(30,645,947)	(108,357,927)
	(159,268,649)	**(12,896,790)**
Cash flows from operations	(25,300,514)	192,801,549
Income tax paid	(61,164,838)	(65,347,803)
Net cash used in operating activities	**(86,465,352)**	**127,453,746**
Cash flows from investing activities		
Investment in securities	(226,721,551)	(359,665,070)
Acquisition of property, plant and equipment	(3,890,313)	(33,658,041)
Addition to intangible assets	(102,250)	(6,950,990)
Investment in margin loan	67,187,321	130,590,216
Payment for acquisition of right-of-use asset	(49,881,498)	-
Realisation of membership fee	-	37,879,317
Net cash from /(used in) investing activities	(213,408,289)	(269,683,885)
Cash flows from financing activities		
Long term loan	307,223,420	-
Short term loan	(637,091,277)	(90,899,297)
Lease liability	29,569,463	-
Net cash from financing activities	**(300,298,394)**	**(90,899,297)**
Net changes in cash and cash equivalents	**(600,172,036)**	**(233,129,436)**
Opening cash and cash equivalents	972,285,634	1,205,415,070
Closing cash and cash equivalents	**372,113,597**	**972,285,634**

for and on behalf of the Board of Directors of City Brokerage Ltd

Managing Director & CEO | Director | Chairman

Dhaka, Bangladesh
Dated, 27 February 2020

NOTES TO FINANCIAL STATEMENTS

As at and for the year ended 31 December 2019

1. COMPANY AND ITS ACTIVITIES

1.1 Status of the company

City Brokerage Ltd (the company) was incorporated in Bangladesh on 31 March 2010 as a private limited company under the Companies Act 1994 vide certificate of incorporation no. C-83616/10. Subsequently, the company obtained Broker and Dealer licenses from Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) bearing broker license number 3.1/DSE-145/2010/433 dated 25 October 2010 and 3.2/CSE-133/2010/250 dated 04 November 2010 and dealer license number 3.1/DSE-145/2010/434 dated 25 October 2010 and 3.2/CSE-133/2010/251 dated 04 November 2010. It is a subsidiary company of The City Bank Limited, a banking company incorporated in Bangladesh under the Banking Companies Act 1991. Though the company was incorporated on 31 March 2010 but it started its operations from 15 November 2010. The registered office of the company is situated at City Centre, Unit # 12A & 12B (12th floor) Level-13, 90/1, Motijheel Commercial Area, Dhaka 1000. The company has three branches each located at Gulshan, Dhanmondi and Nikunja, Dhaka and two other branches at Chittagong and Sylhet. 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 (Stock Dealer, Stock Broker and Authorised Representatives) Rules 2000.

1.2 Nature of business

The principal objectives of the company are to act as a member of Dhaka Stock Exchange and Chittagong Stock Exchange Ltd. to carry on the business of Stock brokers/dealers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Article of Association of the company.

2. BASIS OF ACCOUNTING

2.1 Statement of compliance

The financial statements have been prepared in compliance with the requirement of the International Financial Reporting Standards (IFRS) which also cover International Accounting Standards (IAS), the Companies Act 1994, Bangladesh Securities and Exchange (Merchant Banker and Portfolio Manager) Rules 1996 and other applicable laws and regulations.

2.2 Basis of measurement

These financial statements have been prepared on accrual basis of accounting following going concern concept under historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT), which is both functional and presentation currency of the company.

2.4 Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

2.5 Reporting period

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

2.6 Date of authorisation

The audited financial statements for the year ended 31 December 2019 were authorised by the Board of Directors on 27 February 2020.

2.7 Components of financial statements

a. Statement of financial position (balance sheet);
b. Statement of profit or loss and other comprehensive income (profit and loss statement);
c. Statement of changes in equity;
d. Statement of cash flows; and
e. Summary of significant accounting policies and other explanatory information.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently, if not stated otherwise, to all periods presented in these financial statements.

3.1 Revenue recognition

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity´s contracts with customers. Revenue is recognised when a entity fulfills the performance obligations regarding the contract of supplying the goods or rendering of service. The standard replaces all existing requirements of IAS 18: Revenue and IAS 11: Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 thus the company adopted IFRS 15 with a date of the said initial application.

It has been assessed that the implementation of IFRS 15 is not likely to have any significant impact on the financial statements. Management has assessed impact of IFRS 15 on the different agreement types that are used in company's business areas, most of the components are long-term in nature. Revenue from the contracts are recognised over the time as the service obligation satisfies over the time. No retrospective application has been made as due impact of adopting IFRS 15 does not affect the revenue recognised till date.

Brokerage commission

Brokerage commission is recognised on an actual basis. Such income is calculated based on trading of share and securities.

Interest income

Interest income comprises:

1) interest income on margin loan which is recognised on an accrual basis and calculated based on daily margin loan balance of the respective margin loan holder's account.
2) interest income on bank deposit which is recognised as it accrues, using the effective interest method.
3) interest income on prefunding is recognised on an accrual basis which is charged on foreign investors at a specified interest rate.

Dividend income

Dividend income is recognised when the right to receive dividend is established. Usually this is the record date for entitlement of dividend against equity securities.

Capital gain

Capital gain arises from sale of quoted securities which is recognised on an actual basis at the time of sale.

3.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non- derivative financial instruments comprise investments in shares, margin loans, receivables, cash and cash equivalents, term loans, trade payables, customer deposits and share capital.

Financial assets

Financial assets refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity.

The company initially recognises receivables and deposits on the date when they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the transaction.

The company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the contractual rights to receive the cash flows of the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets as presented in these financial statements include cash and cash equivalents, accounts receivables, margin loans and investment in quoted securities.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and other short term highly liquid investments with original maturity of three months or less and overdrafts which were held and available for use by the company without any restriction, and there is insignificant risk of changes in value of these current assets.

Accounts receivables

Accounts receivables are recognised at original invoiced amount. They are stated at netted off provision for bad and doubtful debts and written-of, if any.

Margin loan

Margin loan is provided to clients to facilitate investment in equity securities. They are initially classified as financial assets at fair value and subsequently measured at amortised cost.

Investment in securities

Investment in securities are initially measured at cost. Subsequent to initial measurement any fall in value of investments below cost is recognised in profit or loss and a reserve for fall in value is created.

Financial liabilities

Financial liabilities refer to the contractual obligation to deliver cash or other financial assets to another entity or to exchange financial instruments with another entity under conditions that are potentially unfavorable.

The company initially recognises financial liabilities on the transaction date at which the entity becomes a party to the contractual provisions of the liability. The entity recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying benefits.

The entity derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. Financial liabilities as presented in these financial statements comprise loans and borrowings, accounts payables and other payables.

Loans and borrowings

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequently these borrowings are stated at amortised cost using the effective interest method.

Accounts payable

Accounts payables are recognised at fair value.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3 Property, plant and equipment

Recognition and measurement

Tangible fixed assets are accounted for according to IAS 16: Property, plant and equipment at historical cost or revaluation less accumulated depreciation and the capital work-in-progress is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment.

Subsequent costs

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred. In compliance with the provisions of the Companies Act 1994, adjustment is made to the original cost of fixed assets acquired through foreign currency loan at the end of each financial year by any change in liability arising out of expressing the outstanding foreign loan at the rate of exchange prevailing at the reporting date.

Depreciation

Depreciation on property, plant and equipment is charged using straight-line method. Full month's depreciation is charged on items in the month of their acquisition and no depreciation is charged in the month of disposal. Rates of depreciation on various classes of property, plant and equipment are as under:

Category of asset	Rate (%)
Furniture and fixtures	10
Office equipment	20
Office decoration	10
Motor vehicles	20
Land and building	2.5

3.4 Leases

The Company has adopted IFRS 16: IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard- i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17: Leases, IFRIC 4: Determining whether an Arrangement contains a Lease, SIC-15: Operating Leases - Incentives and SIC- 27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019.

As a lessee, the company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the company Under IFRS 16, the company recognises right-of-use assets and lease liabilities for all leases.

3.5 Intangible assets

Intangible assets are accounted for according to IAS 38: Intangible assets. Intangible assets acquired separately are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

3.6 Statement of cash flows

Statement of cash flows is prepared under indirect method in accordance with IAS 7: Statement of cash flows.

3.7 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income in accordance with IAS 12: Income taxes.

3.8 Events after the reporting period

No events were occurred after the reporting date that could affect the financial position of the company or required disclosure.

3.9 Employees provident fund

Provident fund benefits are given to the permanent employees of the company in accordance with the Provident Fund Rules which are recognised by National Board of Revenue (NBR). The fund is operated by a Board of Trustees consisting of four members (all members are from management of the company). All confirmed employees of the company are contributing 10% of their basic salary as subscription to the Fund. The company also contributes equal amount of the employees' contribution.

3.10 Employees gratuity fund

Gratuity fund benefits are given to the permanent employees of the company in accordance with the Gratuity Fund Rules which are recognised by National Board of Revenue (NBR). The fund is operated by a Board of Trustees consisting of four members (all members are from management of the company).

Figures in Taka

	2019	2018
4. PROPERTY, PLANT AND EQUIPMENT		
Cost		
Opening balance	383,141,712	354,525,257
Add: Addition during the year	3,890,313	33,658,041
	387,032,025	388,183,298
Less: Disposal during the year	-	5,041,586
Closing balance (a)	387,032,025	383,141,712
Accumulated depreciation		
Opening balance	55,913,968	47,028,467
Add: Charged during the year	16,897,036	13,871,061
	72,811,003	60,899,529
Less: Adjustment during the year	-	4,985,561
Closing balance (b)	72,811,003	55,913,968
Net book value (a-b)	314,221,022	327,227,744
5. INTANGIBLE ASSETS		
Cost of software	8,655,686	4,147,609
Add: Addition during the year	102,250	6,950,990
	8,757,936	11,098,599
Less: Accumulated amortisation	1,655,908	2,442,913
Net book value	7,102,028	8,655,686
6. RIGHT-OF-USE ASSET		
Cost:		
Opening balance	-	-
Add: Adjustment on initial application of IFRS 16 as at 01 Jan 2019	49,881,498	-
Add: Addition during this year	-	-
	49,881,498	-
Less: Disposal during this year	-	-
Closing balance (a)	49,881,498	-
Accumulated depreciation:		
Opening balance	-	-
Add: Depreciation for this year	13,233,739	-
	13,233,739	-
Less : Adjustment made during this year	-	-
Closing balance (b)	13,233,739	-
Net book value (a - b)	36,647,759	-

Details are shown in Annex B.

		Figures in Taka
	2019	2018
7. INVESTMENT IN STOCK EXCHANGES		
Dhaka Stock Exchange Limited (note 6.1)	543,119,683	543,119,683
Chittagong Stock Exchange Limited (note 6.2)	19,001,000	19,001,000
	562,120,683	562,120,683
7.1 Dhaka Stock Exchange Limited		
Opening Balance	543,119,683	580,999,000
Less : 25% share Sale to SZSE and SSE	-	(37,879,317)
	543,119,683	543,119,683
7.2 Chittagong Stock Exchange Limited	19,001,000	19,001,000

City Brokerage Limited has acquired the membership of Dhaka Stock Limited for BDT 580,999,000 in 2010. As per the scheme of Demutualization of DSE, City Brokerage Limited being the initial Shareholders of DSE, is entitled to receive 7,215,106 number of shares of BDT 10 each, totaling BDT 72,151,060.

Under section 14(ka) of Demutualization Act 2013, Share Purchase Agreement (SPA) executed between Dhaka Stock Exchange Limited and its Strategic investors namely Shenzhen Stock Exchange Limited (SZSE) and Shanghai Stock Exchange Limited (SSE) and completed the sale of 25% (twenty five percent) of DSE Shares to SZSE and SSE. In this connection, City Brokerage Limited sold 1,803,777 number of shares at the rate of BDT 21 per share totaling BDT 37,879,317. Currently City Brokerage Limited holding 5,411,329 number of shares at a cost of totaling BDT 543,119,683.

The Scheme is not yet completed and these shares are also currently not traded in stock exchanges, hence the actual value is not readily ascertainable. However, management expect the fair value to be similar or more than the current revalued amount. Once more clarity about the scheme and related factors are available, a determination of fair value and related adjustments including impairment assessment, if any shall be made at that time.

8. MARGIN LOAN TO CLIENTS		
Opening balance	1,282,985,307	1,375,650,682
Increase/(Decrease) during the year	(338,881,971)	(92,665,375)
Closing balance	944,103,336	1,282,985,307

The above loan was distributed to individual and institutional clients against margin loan for investing in securities.

9 INVESTMENT IN SECURITIES		
Investment in dealer account	1,900,501,602	1,848,351,127
Investment of ICB fund	45,579,563	-
Investment of Bangladesh Bank fund	128,991,513	-
	2,075,072,678	1,848,351,127

(*) This represents investment made by the company in shares and mutual funds of various companies listed in DSE and CSE through its own account. The cost price of the quoted securities is BDT 2,075,072,678 and the market value of those quoted securities is BDT 1,741,877,164 on December 31, 2019.

		Figures in Taka	
		2019	2018
10.	ACCOUNTS RECEIVABLE		
	Receivable from DSE (note 10.1)	2,280,251	55,622,571
	Receivable from CSE (note 10.2)	-	42,188,936
	Receivable from Clients	1,064,887	-
	Receivable from Issuer	3,455,000	-
	Receivable from C168	5,320	-
	Receivable from C174	115,560	-
	Dividend receivable	12,747,729	10,794,850
	Central Depository Bangladesh Ltd.	2,260,080	1,683,235
		21,928,826	110,289,591
10.1	**Receivable from dse**		
	Broker	2,280,251	55,622,571
	Dealer	-	-
		2,280,251	55,622,571
10.2	**Receivable from cse**		
	Broker	-	7,662
	Dealer	-	42,181,274
		-	42,188,936
11.	ADVANCE CORPORATE INCOME TAX		
	Opening balance	158,993,996	108,244,308
	Add: Paid during the year	61,164,838	50,749,688
		220,158,834	158,993,996
	Less: Adjustment during the year	-	-
	Closing balance	220,158,834	158,993,996
12.	ADVANCES, DEPOSITS AND PREPAYMENTS		
	Advance to/against:		
	Office rent	-	4,957,737
	Insurance	1,411,128	1,547,125
	Corporate guarantee fee (*)	5,674,963	8,373,227
	Employee	5,513,333	6,120,311
	Supplies	2,007,240	1,363,404
	Office expenses	-	8,250
	Reimbursement fees on Professional Exam	109,851	260,951
	Deposit to Grameen Phone	-	21,000
	Others	-	13,900
		14,716,515	22,665,905

(*) This represents amount paid to The City Bank Ltd., the parent company of City Brokerage Ltd., as corporate guarantee fee.

Figures in Taka

	2019	2018
13. CASH AND CASH EQUIVALENTS		
Bank balances with:		
The City Bank Ltd. account nos-		
3101132314001 SND	2,997,535	-
1101132314001	103,158,292	618,597,696
1101132314002	3,439,879	6,978,443
1101132315001	4,945,241	31,065,224
1101132310001	25,923,443	32,232,613
Standard Chartered Bank - 01111058801	213,293,274	196,945,581
NRB Bank-1082050030047	1,128,689	1,082,260
EXIM Bank-11313100040606	37,686	-
Mutual Trust Bank Ltd. - 00220210005086	13,545	17,340
	354,937,584	886,919,157
Cheques awaiting for collection	17,098,513	85,288,977
Petty cash	77,500	77,500
	372,113,597	972,285,634
14. SHARE CAPITAL		
Authorised capital		
500,000,000 shares of BDT 10 each	5,000,000,000	5,000,000,000
Issued, subscribed and paid-up capital		
The City Bank Ltd.		
339,994,000 shares of BDT 10 each fully paid-up	3,399,940,000	3,399,940,000
Individual		
6,000 shares of BDT 10 each fully paid-up	60,000	60,000
	3,400,000,000	3,400,000,000
15. LONG TERM LOAN		
Loan from LangkaBangla Finance Ltd.	270,581,202	292,963,757
Loan from Investment Corporation of Bangladesh	129,605,975	-
Loan from The City Bank Limited	200,000,000	-
	600,187,177	292,963,757

One loan was taken from LankaBangla Finance Ltd. in the form of house building commercial loan for purchasing floor spaces at Al-Amin Centre, 25/A Dilkusha C/A, Dhaka-1000 bearing interest @ 10.00% per annum for the period of 10 years. Others loan taken from (Investment Corporation of Bangladesh) ICB @ 4% for investment in secondary market and from Bangladesh Bank through The City Bank Limited @ 7%.

16. LEASE LIABILITIES		
Non-current portion	21,007,458	-
Current portion (payable within twelve months)	8,562,004	-
	29,569,463	-
17. SHORT TERM LOAN	374,264,842	1,011,356,119

This loan was taken from The City Bank Ltd. in the form of overdraft. The overdraft facility limit is BDT 1,300 million for providing margin loan facilities to the clients trading on securities in DSE and CSE. The interest rate for the loan is 10.5% annually which is subject to revision by bank management from time to time.

Figures in Taka

	2019	2018
18. PAYABLE TO CLIENTS	**174,799,386**	**399,732,242**

This represents sale proceeds of clients' securities which is being held for buying marketable securities or refund to the clients as per their instructions.

19. ACCOUNTS PAYABLE

Payable to DSE (note 19.1)	7,500,779	39,467,652
Payable to CSE (note 19.2)	41,223	338,208
Payable to suppliers	759,467	741,041
Payable to auerbach	2,254,929	2,294,927
Provision against interest expense	1,590,696	-
Other payable	26,787	-
	12,173,881	**42,841,828**

19.1 Payable to dse

Broker	7,500,779	18,383,565
Dealer	-	21,084,087
	7,500,779	**39,467,652**

19.2 Payable to cse

Broker	41,223	338,208
Dealer	-	-
	41,223	**338,208**

20. INTEREST SUSPENSE ACCOUNT

	92,222,991	**166,005,080**

Interest suspense account is interest charged to the margin loan account, but not recognised as income. The interest amount will subsequently be recognised as income when the value of equity become positive.

21. PROVISION FOR LOAN LOSS - MARGIN LOAN

Opening balance	231,099,213	260,769,168
Add: Addition during the year	12,102,412	(29,669,955)
	243,201,625	**231,099,213**
Less: Adjustment during the year	195,153,646	-
Closing balance	**48,047,979**	**231,099,213**

Provision for diminution in value of margin loan has been made of negative equity of margin loans as on 31 December 2019. As per BSEC's directive no. BSEC/Servilance/Mukhopatro(5th Part)/2019/159 dated 07 January 2020, quarter basis such provision would be made within 31st December 2022. However, no cash dividend can be paid during the year in terms of said directive as the company has availed this facility.

22. PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT

Opening balance	-	-
Provision for the year	25,630,424	-
	25,630,424	**-**

Provision for diminution in value of investment has been made against urealised loss of investment as on 31 December 2019. As per BSEC's directive no. BSEC/Servilance/Mukhopatro(5th Part)/2019/159 dated 07 January 2020, quarter basis such provision would be made within 31st December 2022. However, no cash dividend can be paid during the year in terms of said directive as the company has availed this facility.

Figures in Taka

		2019	2018
23.	**PROVISION FOR CORPORATE INCOME TAX**		
	Opening balance	176,514,674	124,062,482
	Add: Provision made during the year (note 23.1)	53,499,787	67,050,307
		230,014,461	191,112,789
	Less: Paid during the year	-	14,598,115
	Closing balance	230,014,461	176,514,674
23.1	**Provision made during the year**		
	Income from business and other sources	30,569,210	34,874,348
	Capital gains	4,550,531	16,099,045
	Dividend income	18,215,371	15,923,519
	Other income	164,675	153,395
		53,499,787	67,050,307
24.	**BROKERAGE COMMISSION**		
	Dhaka Stock Exchange Ltd.	126,688,887	162,556,563
	Chittagong Stock Exchange Ltd.	4,579,707	6,486,582
		131,268,594	169,043,145
25.	**INTEREST INCOME**		
	Interest on margin loan	68,349,410	90,275,691
	Bank interest income	22,899,957	2,646,198
	Interest on pre-funding	9,248,602	9,418,291
		100,497,969	102,340,180
26.	**CAPITAL GAINS/(LOSSES)**	45,505,314	160,990,446
27.	**OTHER OPERATING INCOME**		
	Account opening fee	27,450	15,800
	BO account maintenance fee	513,400	684,700
	IPO commission	29,700	52,660
		570,550	753,160
28.	**NON OPERATING INCOME**		
	Sale of property, plant and equipmnt	-	1,533,955
	Pledge & unpledge charge	61,170	-
	Cheque dishonor charge	49,000	126,000
	Rental income	12,379,200	-
	Other income	470,500	-
		12,959,870	1,659,955
29.	**DIRECT COST**		
	Hawla charges	150	15,446
	Laga charges	14,468,495	16,037,892
		14,468,645	16,053,338

Figures in Taka

30. OPERATING EXPENSES

	2019	2018
Salary and allowances	88,304,994	89,150,463
Office rent	-	14,193,924
Corporate guarantee fee	5,573,564	11,499,996
Utilities	2,156,350	2,118,958
Subscription and fees	3,914,743	5,033,823
License & renewal Fee	235,916	-
Third party service fee	3,814,469	4,970,950
Depreciation	16,897,036	13,871,061
Depreciation - leased assets	13,233,739	-
Traveling and conveyance	4,380,176	4,050,416
CDBL charges	773,746	-
Office maintenance	4,885,369	4,451,336
Repair	55,000	-
Internet expenses	2,369,272	2,416,593
Branding & marketing expense	530,491	-
Business development	2,769,599	9,839,096
Printing and stationery	881,503	1,156,573
Entertainment	2,072,766	2,341,664
Telephone and mobile	659,115	606,677
Legal and professional fees	893,024	1,321,250
Amortisation of software	1,655,908	836,701
Insurance premium	1,877,470	1,942,560
Bank charges	202,188	227,678
Board meeting fees	90,000	75,000
Fuel	136,689	241,686
Advertisement and publicity	115,250	162,500
Newspaper and periodicals	111,530	100,411
Car maintenance	26,152	44,780
Software maintenance	144,000	-
Training expenses	439,662	259,171
Audit fee	92,000	70,000
Board meeting expenses	81,543	66,723
Postage and courier	34,165	15,865
Bidding Fee	15,000	43,000
	159,422,429	**171,108,855**

31. INTEREST EXPENSES

Interest on borrowed fund	102,218,404	136,251,713
Interest on office space	3,588,221	-
	105,806,625	**136,251,713**

32. RELATED PARTIES

32.1 Parent company

The City Bank Limited has 99.9982% shareholding of the company. As a result, the controlling party of the company is The City Bank Limited.

32.2 Related party transactions

During the year, the Company carried out a number of transactions with related parties in the normal course of business. The names of related parties and nature of these transactions have been set out in accordance with the provision of IAS 24: Related Party Disclosures.

Name of related party	Relationship with the entity	Nature of transactions	2019 Taka	2018 Taka
The City Bank Limited	Parent company	Net Transaction of Own Investment	-	147,146,338
		Brokerage Commission	-	292,289
City Bank Capital Resource Ltd	Parent company	Net Transaction of Own Investment	102,354,070	51,012,520
		Balance of City Bank Capital Resourc Ltd.	51,739	8,887,034
		Share Trading settlement	27,319,923	24,617,541
		Brokerage Commission earn	16,836,903	17,766,110

33. FINANCIAL RISK MANAGEMENT

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The Company has provided in separate notes the information about the Company's exposure to each of the following risks, the Company's objectives, policies and processes for measuring and managing risks and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

33.1 Credit risk

Credit risk is the risk of financial loss to the company if any customer or counter party to a financial instrument fails to meet its contractual obligation. This principally arises from the company's receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Margin loan	944,103,336	1,282,985,307
Investment in securities	2,075,072,678	1,848,351,127
Accounts receivables	21,928,826	110,289,591

33.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquid assets to meets its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or taking risk of damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses through preparation of the cash flow forecast, prepared based on time line payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within the due date.

Total Assets Excluding cash & Cash Equivalent	4,167,884,262	5,253,769,812

33.3 Market risk

Market risk is the risk that any changes in market price, such as interest rates and capital market condition will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters.

Provision for loan loss - margin loan	48,047,979	231,099,213

34. NUMBER OF EMPLOYEES

The number of employees engaged for the whole year or part thereof who received an yearly remuneration of BDT 36,000 or above was 46.

35. OTHERS

35.1 These notes from an integral part of the annexed financial statements and accordingly are to be read in conjunction there with.

35.2 Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.

35.3 Previous period's figures have been re-arranged, wherever, considered necessary, to conform with current period presentation without causing any impact on the operating results for the period and value of assets and liabilities at the end of that period as shown in the financial statements under reporting.

for and on behalf of the Board of Directors of City Brokerage Ltd.



Managing Director & CEO



Director



Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 27 February 2020

Annexure-A

DETAILS OF PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2019

Category of asset	Cost				Rate (%)	DEPRECIATION				Net book value at 31 Dec 2019
	At 01 Jan 2019	Additions	Sale/ disposal	Total at 31 Dec 2019		Up to 01 Jan 2019	Charge for the year	Adjustment	Total at 31 Dec 2019	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka
Furniture and fixtures	25,863,953	146,590	-	26,010,543	10	16,823,327	2,264,296	-	19,087,623	6,922,920
Office equipment	52,206,207	3,594,255	-	55,800,462	20	29,940,325	5,547,236	-	35,487,561	20,312,901
Office decoration	5,151,244	149,468	-	5,300,712	10	389,535	520,108	-	909,643	4,391,069
Motor vehicles	6,220,770	-	-	6,220,770	20	829,440	1,244,160	-	2,073,600	4,147,170
Lease hold property	850,000	-	-	850,000	-	-	-	-	-	850,000
Land and building	292,849,538	-	-	292,849,538	2.5	7,931,340	7,321,236	-	15,252,576	277,596,962
Total 2019	383,141,712	3,890,313	-	387,032,025		55,913,967	16,897,036	-	72,811,002	314,221,022
Total 2018	354,525,257	33,658,041	5,041,586	383,141,712		47,028,467	13,871,061	4,985,561	55,913,967	327,227,745

Annexure-B

SCHEDULE OF RIGHT-OF-USE ASSET

As at 31 December 2019

Particulars	Cost					Accumulated depreciation				
	At 01 Jan 2019	Adjustment on initial application of IFRS 16 as at 01 January 2019	Addition	Sale/ disposal	Total at 31 December 2019	As at 01 January 2019	Charge for the period	Adjustment	Total at 31 Dec 2019	Net book value at 31 Dec 2019
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Office space	-	49,881,498	-	-	49,881,498	-	13,233,739	-	13,233,739	36,647,759
Total 2019	-	49,881,498	-	-	49,881,498	-	13,233,739	-	13,233,739	36,647,759

FINANCIAL

STATEMENTS OF CAPITAL RESOURCES LIMITED 2019

TO THE SHAREHOLDERS OF CITY BANK CAPITAL RESOURCES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of City Bank Capital Resources Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2019, and the statement of profit or loss and other comprehensive income (profit and loss statement), statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Companies Act 1994, we also report the following:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books; and

c) The statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss statement) dealt with by the report are in agreement with the books of account.



Dhaka, Bangladesh
Dated, 8 March 2020

S. F. AHMED & CO
Chartered Accountants

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

As at 31 December 2019

Figures in Taka

Assets	Notes	2019	2018
Non-current assets			
Property, plant and equipment	4	11,164,745	15,025,652
Right-of- use assets	5	10,862,810	-
Capital works-in-progress	6	668,895,984	570,972,477
Intangible asset	7	-	328,509
Financial asset at fair value through profit or loss	8	88,697,675	98,000,000
Financial asset at fair value through- other comprehensive income	9	1,694,692,471	2,601,763,551
Deferred tax assets	10	4,578,590	33,032
Total non-current assets		**2,478,892,275**	**3,286,123,221**
Current assets			
Margin loan	11	620,014,892	422,297,336
Trading investments	12	275,933,838	331,138,265
Accounts receivable	13	4,791,352	47,551,811
Advances, deposits and prepayments	14	97,546,583	104,759,627
Cash and cash equivalents	15	360,851,701	231,217,798
Total current assets		**1,359,138,366**	**1,136,964,838**
Total assets		**3,838,030,641**	**4,423,088,059**
Equity and liabilities			
Share capital	16	2,550,000,000	2,550,000,000
Retained earnings		265,038,606	99,521,773
Fair value reserve		75,091,548	982,162,629
Total equity		**2,890,130,154**	**3,631,684,402**
Liabilities			
Non-current liabilities			
Term loan - non current portion	17	531,065,260	524,165,744
Lease liabilities- non current portion	18	6,267,273	-
Total non-current liabilities		**537,332,533**	**524,165,744**
Current liabilities and provisions			
Term loan-current portion	17	48,307,305	22,332,282
Lease liabilities- current portion	18	5,581,966	-
Accounts payable	19	211,390,726	101,243,614
Other liabilities	20	5,980,247	11,080,173
Provision for diminution in value of investment	21	19,745,048	14,254,723
Provision for taxation	22	119,562,662	118,327,122
Total current liabilities		**410,567,954**	**267,237,914**
Total equity and liabilities		**3,838,030,641**	**4,423,088,059**

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

For and on behalf of the Board of Directors of City Bank Capital Resources Limited.

Chairman | Director | Managing Director & CEO | Company secretary

See annexed report of the date

S. F. AHMED & CO
Chartered Accountants

Dhaka, Bangladesh
Dated, 8 March 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (PROFIT AND LOSS STATEMENT)

For the year ended 31 December 2019

Figures in Taka

	Notes	2019	2018
Operating income			
Interest income	23	73,969,293	48,387,285
Income from investment	24	163,347,039	180,510,211
Service income	25	74,030,685	77,256,089
Total operating income		311,347,017	306,153,585
Other income	26	5,655,425	6,705,810
Total income		317,002,442	312,859,395
Operating expenses			
Salaries and allowances	27	51,131,964	50,427,911
Rent, taxes, insurance, utilities, etc	28	2,533,376	8,299,287
Repairs, maintenance and depreciation	29	10,176,397	7,912,237
Stationery, printing and advertising	30	1,461,402	3,011,230
Postage, stamp and telecommunication	31	1,002,794	871,723
Brokerage commission		477,381	1,440,836
CDBL charges		2,483,083	2,368,689
Audit fee		293,889	143,750
Training and development expenses		1,477,641	850,332
Directors' remuneration		87,500	156,250
Legal and professional fees		1,735,531	365,174
Other expenses	32	12,484,786	13,999,694
Provision for diminution in value of investment	21.1	5,490,325	13,489,237
Total operating expenses		90,836,070	103,336,350
Operating profit		226,166,372	209,523,045
Finance cost		2,995,275	-
Profit before tax		223,171,097	209,523,045
Income tax expense			
Current tax	22	62,199,822	54,389,428
Deferred tax (income)/expenses	10	(4,545,558)	(22,372)
		57,654,264	54,367,056
Profit for the year		165,516,833	155,155,989
Other comprehensive income			
Fair value reserve	9	(907,071,081)	(582,317,237)
Total comprehensive income		(741,554,248)	(427,161,248)

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

For and on behalf of the Board of Directors of City Bank Capital Resources Limited

Chairman | Director | Managing Director & CEO | Company secretary

See annexed report of the date

Dhaka, Bangladesh
Dated, 8 March 2020

S. F. AHMED & CO
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

Particulars	Share capital Taka	Retained earnings Taka	Fair value reserve Taka	Total Taka
Year 2018				
Balance at 01 January 2018	2,550,000,000	38,365,784	1,564,479,866	4,152,845,650
Profit for the year	-	155,155,989	-	155,155,989
Interim dividend	-	(94,000,000)	-	(94,000,000)
Other comprehensive income	-	-	(582,317,237)	(582,317,237)
Balance at 31 December 2018	2,550,000,000	99,521,773	982,162,629	3,631,684,402
Year 2019				
Balance at 01 January 2019	2,550,000,000	99,521,773	982,162,629	3,631,684,402
Profit for the year	-	165,516,833	-	165,516,833
Other comprehensive income	-	-	(907,071,081)	(907,071,081)
Balance at 31 December 2019	2,550,000,000	265,038,606	75,091,548	2,890,130,154

For and on behalf of the Board of Directors of City Bank Capital Resources Limited

Chairman | Director | Managing Director & CEO | Company secretary

Dhaka, Bangladesh
Dated, 8 March 2020

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

Figures in Taka

		2019	2018
A.	**Cash flows from operating activities**		
	Fees and commission from portfolio management service	112,819,287	87,526,758
	Fees from corporate advisory service	53,711,635	45,667,371
	Dividend income	139,631,626	132,226,288
	Operating expenses	(81,733,709)	(99,027,261)
	Bank charges	(450,586)	(402,675)
	Cash generated from operating activities before changes in operating assets and liabilities	**223,978,253**	**165,990,481**
	Increase/decrease in operating assets and liabilities		
	Margin loan	(197,717,556)	(139,873,143)
	Customers' deposits	133,778,288	17,410,602
		(63,939,268)	**(122,462,541)**
	Cash generated from operating activities	**160,038,985**	**43,527,940**
	Interest paid	(58,949,025)	(29,074,716)
	Income tax paid	(55,794,338)	(37,443,231)
	Net cash from/ (used in) operating activities	**45,295,622**	**(22,990,007)**
B.	**Cash flows from investing activities**		
	Fixed deposit receipt encashment/ (investment)	(60,951,759)	(42,583,241)
	Interest income	31,750,643	37,277,314
	Divestment of commercial paper	20,000,000	17,357,006
	Proceeds from redeemable preference shares	9,302,325	20,000,000
	Divestment / (Investment) in quoted shares	94,639,546	91,091,239
	Capital works-in-progress	(33,856,845)	(24,088,123)
	Payment for acquisition of Right-of-use	(13,570,083)	-
	Acquisition of property plant and equipment	(841,183)	(3,973,903)
	Net cash from investing activities	**46,472,644**	**95,080,292**
C.	**Cash flows from financing activities**		
	Dividend paid	-	(174,000,000)
	Lease liability	11,849,239	-
	Long term loan	26,016,398	-
	Net cash from/(used in) financing activities	**37,865,637**	**(174,000,000)**
D.	**Net changes in cash and cash equivalents (A+B+C)**	129,633,903	(101,909,715)
E.	**Opening cash and cash equivalents**	231,217,798	333,127,513
F.	**Closing cash and cash equivalents**	360,851,701	231,217,798

For and on behalf of the Board of Directors of City Bank Capital Resources Limited

Chairman	Director	Managing Director & CEO	Company secretary

Dhaka, Bangladesh
Dated, 10 March 2018

NOTES TO FINANCIAL STATEMENTS

As at and for the year ended 31 December 2019

1. REPORTING ENTITY

1.1 Company profile

City Bank Capital Resources Limited (the company), a fully owned subsidiary of The City Bank Limited, is a public company limited by shares. The company was incorporated in Bangladesh on 17 August 2009 vide registration no. C-79186/09 under the Companies Act 1994. Subsequently the company obtained Merchant Banking License (Registration Certificate No: MB-54/2010) from Bangladesh Securities and Exchange Commission on 06 December 2010. The registered office of the company is situated at City Center, Unit # 13D (13th floor) Level 14, 90/1, Motijheel Commercial Area, Dhaka 1000.

1.2 Nature of business

City Bank Capital Resources Limited delivers a wide range of investment banking services such as issue management, underwriting, portfolio management and corporate advisory and other services as mentioned in the Memorandum and Articles of Association of the company.

2. BASIS OF ACCOUNTING

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which also cover International Accounting Standards (IAS), the Companies Act 1994, Bangladesh Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules 1996 and other applicable laws and regulations. In case any rules and regulations issued by Bangladesh Securities and Exchange Commission differ from those of other regulatory authorities, the rules and regulations issued by Bangladesh Securities and Exchange Commission shall prevail.

2.2 Basis of measurement

The financial statements have been prepared on accrual basis of accounting following going concern concept under historical cost convention except for financial instruments which are measured at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Bangladeshi Taka (BDT), which is both functional and presentation currency of the Company.

2.4 Use of estimates and judgment

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of revision and future periods if the revision affects both current and future periods.

2.5 Reporting period

The financial year of the company has been determined to be from 1 January to 31 December each year. These financial statements cover the period from 1 January 2019 to 31 December 2019.

2.6 Date of authorisation

The audited financial statements for the year ended 31 December 2019 were authorised by the Board of Directors on 8 March 2020

2.7 Components of financial statements

a. Statement of financial position (balance sheet);

b. Statement of profit or loss and other comprehensive income (income and expenditure statement);

c. Statement of changes in equity;

d. Statement of cash flows; and

e. Summary of significant accounting policies and other explanatory information.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured initially at cost and subsequently at cost less accumulated depreciation in compliance with International Accounting Standard (IAS) 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any direct cost for bringing the asset to its working condition for its

intended use. Expenditures incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment 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 company and its cost can be measured reliably. The costs of the day-to- day servicing of property, plant and equipment are recognised in the profit and loss account as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. For addition to property, plant and equipment, depreciation is charged from the month of capitalisation and no depreciation is charged in the month of disposal.

The rates at which property, plant and equipment are depreciated for current and comparative years are as follows:

Category of assets	Rate of depreciation
Office equipment	10%-50%
Furnitures and fittings	10%-20%
Motor vehicles	20%

Disposal

Gains and losses on disposal of an item of property, plant and equipment are to be determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment disposed off and are recognised net with "other operational income " in profit or loss statement.

3.2 Leases

The Company has adopted IFRS 16: IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard- i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17: Leases, IFRIC 4: Determining whether an Arrangement contains a Lease, SIC-15: Operating Leases - Incentives and SIC- 27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019.

As a lessee, City Bank Capital Resources Limited previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to City Bank Capital Resources Limited. Under IFRS 16, City Bank Capital Resources Limited recognizes right - of - use assets and lease liabilities for all leases.

3.2 Intangible assets and amortisation

Intangible assets are to be initially recognised at cost including any directly attributable cost. Intangible assets that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Intangible assets include software, integrated systems along with related hardware. Currently, the company has a software "Mbank" which is considered as an intangible asset and is therefore amortised at a rate of 14.93% per annum.

3.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise investments in trading securities, margin loans, receivables, cash and cash equivalents, term loans, trade payables, customer deposits and share capital.

3.3.1 Financial assets

Financial assets refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity.

The company initially recognises receivables and deposits on the date when they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the transaction.

The company derecognises a financial asset when the contractual rights or probabilities of receiving the cash from the assets expires, or it transfers the rights to receive the contractual cash flows from the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVTOCI), financial assets at amortised cost, margin loans, cash and cash equivalents, accounts receivable.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments:

Recognition and Measurement. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. The company holds investment securities which are strategically held and actively traded in a quoted market and those which are unquoted. The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial assets and liabilities except where noted.

Financial assets at fair value through profit or loss (FVTPL)
Investment in quoted securities (such as stock/ shares, bonds) are securities those are officially listed (quoted) on a stock exchange for public trading. They are measured at fair value and subsequent to initial measurement any fall in value of investment below cost is recognised in profit or loss and a reserve for the fall in value is created.

Investment in shares which are not actively traded in a quoted market are measured at fair value unless the fair value can not be measured reliably, in which case they are measured at cost.

Financial assets at fair value through other comprehensive income (FVTOCI)
These equity securities represent investments that the company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the company has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss. Before the changes to IFRS 9: Financial Instruments, the company was presenting these investment in available for sale category. The gain/loss arising from the changes in fair value has been put in other comprehensive income.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, bank deposits and other short term highly liquid investments with original maturities of three months or less, and there was insignificant risk of changes in value of these current assets.

Accounts receivables
Accounts receivables are recognised at original invoiced amount.

Margin loan
Margin loan is provided to clients to facilitate investment in equity securities. They are initially classified as financial assets at fair value and subsequently measured at amortised cost.

3.3.2 Financial liabilities
A contractual obligation to deliver cash or another financial assets to another entity or to exchange financial instruments with another entity under conditions that are potentially unfavourable.

The company initially recognises financial liabilities on the transaction date at which the Entity becomes a party to the contractual provisions of the liability. The Entity recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying benefits.

The Entity derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Financial liabilities as presented in these financial statements comprise loans and borrowings, accounts payable and other payables.

Loans and borrowings
Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequently, the borrowings are stated at amortised cost using effective interest method.

Accounts payable
Accounts payables are recognised at fair value.

Offsetting financial assets and a financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.4 Revenue recognition
The company has adopted IFRS 15: Revenue from Contracts with Customers from 1 January 2018. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity´s contracts with customers. Revenue is recognised when an entity fulfills the performance obligations regarding the contract of supplying the goods or rendering of service. The standard replaces all existing requirements of IAS 18: Revenue and IAS 11: Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 thus the company adopted IFRS 15 with a date of the said initial application.

It has been assessed that the implementation of IFRS 15 is not likely to have any significant impact on the financial statements. Management has assessed impact of IFRS 15 on the different agreement types that are used in company's business areas, most of the components are long-term in nature. Revenue from the contracts are recognised over the time if the service obligation satisfies over the time. No retrospective application has been made as due impact of adopting IFRS 15 does not affect the revenue recognised till date.

Interest income on margin loan
Income from interest on margin loan is recognised on an accrual basis. Such income is calculated based on daily margin loan balance of the respective margin loan holder's account.

Fees and commission income
Fees and commission income are recognised when the corresponding services are provided. Fees and commission income presented in the financial statements include the following:

i) Management fee is charged on client's portfolio value (at market price) on daily basis at the applicable rate.
ii) Settlement fee charged to customers' trading in the secondary capital market;
iii) Documentation fees charged to clients for opening accounts with the company; and
iv) Income from advisory is recognised when a service is rendered in line with the related agreement.

Dividend income
Dividend income is recognised when the right to receive dividend is established. Usually this is the dividend declaration date for equity securities.

Investment income
Income on investments is recognised on accrual basis. Investment income includes interest on treasury bonds and fixed deposit with other banks. Capital gains on investments in shares and treasury bills are also included in investment income. Capital gains are recognised when these are realised.

3.5 Taxation
Income tax expense is recognised in the statement of profit or loss and other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax has been calculated on the basis of Finance Act, 2019.

3.6 Deferred tax
Deferred tax has been calculated based on the difference between the carrying amount of an asset or liability in the statement of financial position and its carrying amount by the tax authority; tax bases, that will be reversed in future, and where the change in the value of asset or liability has a tax consequence. This may result in either deferred tax assets or deferred tax liabilities in the financial statement of the company.

3.7 Provisions
A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.8 Contingencies
Contingencies arising from claims, litigations, assessments, fines, penalties, etc. are recorded when it is probable that a liability would be created and the amount can be reasonably estimated.

3.9 Borrowing costs
Borrowings are classified into both current and non-current liabilities. In compliance with the requirements of IAS 23 "Borrowing Cost," borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.10 Events after reporting period
Events after the reporting period that provide additional information about the company's position at the reporting period are reflected in the financial statements. Events after the reporting period that are not adjusting event are disclosed in the note when material.
No material event had occurred after the reporting period, which could substantially effect the values reported in these financial statements.

3.11 Defined contribution plan-provident fund
Provident fund benefits are given to the permanent employees of the company in accordance with the Provident Fund Rules which are recognised by National Board of Revenue (NBR). The fund is operated by a Board of Trustees consisting of seven members. All confirmed employees of the company are contributing 10% of their basic salary as subscription to the fund. The company also contributes equal amount of the employees' contribution.

3.12 Defined benefit plan-gratuity
Gratuity fund benefits are given to the permanent employees of the company in accordance with the Gratuity Fund Rules which are recognised by NBR. The fund is operated by a Board of Trustees consisting of seven members.

Figures in Taka

	2019	2018
4. PROPERTY, PLANT AND EQUIPMENT		
Cost:		
Opening balance	25,711,871	16,433,686
Add: Addition during the year	841,183	9,278,185
	26,553,054	25,711,871
Less: Disposal during the year	-	-
Closing balance (a)	26,553,054	25,711,871
Accumulated depreciation:		
Opening balance	10,686,219	5,860,301
Add: Charge for the year	4,702,090	4,825,918
	15,388,309	10,686,219
Less: Adjustment made during this year	-	-
Closing balance (b)	15,388,309	10,686,219
Net book value (a - b)	11,164,745	15,025,652

Details are shown in Annex A.

	2019	2018
5. RIGHT-OF- USE ASSETS		
Cost:		
Opening balance	-	-
Add: Adjustment on initial application of IFRS 16 as at 01 Jan 19	14,915,583	-
Add: Addition during this year	-	-
	14,915,583	-
Less: Disposal during this year	-	-
Closing balance (a)	14,915,583	-
Accumulated depreciation:		
Opening balance	-	-
Add: Depreciation for this year	4,052,773	-
	4,052,773	-
Less : Adjustment made during this year	-	-
Closing balance (b)	4,052,773	-
Net book value (a - b)	10,862,810	-

Details are shown in Annex B.

6. CAPITAL WORKS-IN-PROGRESS

	Land	Buildings	Total
Opening balance	300,000,000	270,972,477	570,972,477
Add: Addition during the year	-	97,923,507	97,923,507
Closing balance	300,000,000	368,895,984	668,895,984

During the year, the company has incurred an amount of BDT 62,811,890 as borrowing cost at the rate of 10.50% for loan taken for the construction of buildings. As the construction works remain incomplete, this borrowing cost has been capitalised as per IAS 23: Borrowing Costs.

Figures in Taka

	2019	2018
7. INTANGIBLE ASSETS		
Cost:		
Opening balance	2,200,000	2,200,000
Add: Addition during the year	-	-
	2,200,000	2,200,000
Less: Disposal during the year	-	-
Closing balance (a)	2,200,000	2,200,000
Accumulated Amortisation:		
Opening balance	1,871,491	1,543,027
Add: Amortisation for the year	328,509	328,464
	2,200,000	1,871,491
Less: Adjustment made during the year	-	-
Closing balance (b)	2,200,000	1,871,491
Net book value (a - b)	-	328,509
8. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		
Investment in ordinary shares (note 8.1)	58,000,000	58,000,000
Investment in redeemable preference shares (note 8.2)	30,697,675	40,000,000
	88,697,675	98,000,000
8.1 Investment in ordinary shares		
Fair value at 01 January 2019	58,000,000	29,000,000
Add/ (Less): Change in fair value during the year	-	29,000,000
Fair value at 31 December 2019	58,000,000	58,000,000

The company holds 1,933,333 number of shares of 'ADN Telecom Limited

8.2 Investment in redeemable preference shares		
Opening balance	40,000,000	60,000,000
Add/ (Less): Redemption during the year	(9,302,325)	(20,000,000)
Closing balance	30,697,675	40,000,000

The company holds preference shares of Regent Energy and Power Limited which is will be redeemed fully in the year 2020.

9. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Fair value at 01 January 2019	2,601,763,552	3,184,080,788
Add/ (Less):Change in fair value during the year	(907,071,081)	(582,317,237)
Fair value at 31 December 2019	1,694,692,471	2,601,763,551

On 29 June 2016, the company had acquired 24,885,352 no. of shares of IDLC Finance Limited for BDT 55.08 each from capital market. Subsequently, the company acquired another 12,442,676 no. of shares by exercise its right to new issue. Presently the company intends to hold the investment thus classified as financial asset at fair value through other comprehensive income.

Figures in Taka

	2019		2018
10. DEFERRED TAX ASSETS	Carrying Amount	Tax base	Taxable/(ded-uctible) temporary difference
As on 31 December 2019			
Property, plant and equipment*	9,001,576	13,049,880	(4,048,304)
Right-of- use assets	10,862,811	-	10,862,811
Lease liabilities	(11,849,239)	-	(11,849,239)
Unrealised (loss) /gain on investment	(19,745,048)	-	(19,745,048)
Carry forward of loss on sale of shares (note 10.a)	(7,160,608)	-	(7,160,608)
Applicable tax rate on property, plant and equipment			37.50%
Applicable tax rate other than property, plant and equipment			10.00%
Deferred tax-asset			4,578,590
As on 31 December 2018			
Property, plant and equipment*	10,605,851	13,950,239	(3,344,388)
Unrealised (loss) /gain on investment	15,404,156	-	15,404,156
Carry forward of loss on sale of shares (note 10.a)	(3,193,025)	-	(3,193,025)
Applicable tax rate on property, plant and equipment			37.50%
Applicable tax rate other than property, plant and equipment			10.00%
Deferred tax-asset			33,032

10.a This loss arose from sale of shares in the reporting year which can be carried forward for not more than six (6) successive assessment years as per section 40 of Income Tax Ordinance 1984.

(*) In the case of motor vehicles, being passenger vehicles or sedan cars, not plying for hire, the actual cost to the assessee shall be deemed not to exceed Taka twenty five lakh.

Book value of property, plant of equipment (PPE)	11,164,745	15,025,652
Less: Excess value of motor vehicles as stated above	2,163,169	4,419,801
Carrying value of PPE as per deferred tax calculation	9,001,576	10,605,851

11. MARGIN LOANS

Opening balance	422,297,336	282,424,191
Add/ (Less): Increase/(Decrease) during the year	197,717,556	139,873,145
Closing balance	620,014,892	422,297,336

Portfolio management department extends margin loan facilities to its customers trading on the secondary capital market in Bangladesh. Bangladesh Securities and Exchange Commission issues various guidelines/ orders/ notifications for the Merchant Banks pertaining to these margin loan facilities.

12. TRADING INVESTMENTS

Listed securities (note 12.1)	109,755,844	205,912,030
Financial asset at amortised cost (note 12.2)	166,177,994	125,226,235
	275,933,838	331,138,265

Figures in Taka

		2019	2018
12.1	**Listed securities**		

Business segment	Cost price	Fair market value	Required provision
Shares			
Cement	3,127,986	2,562,315	(565,671)
Engineering	587,860	567,160	(20,700)
Bank	27,458,235	17,397,453	(10,060,782)
Fuel & Power	8,175,416	7,568,819	(606,598)
IT Sector	3,409	26,421	23,011
Pharmaceuticals & Chemical	20,305,996	14,727,091	(5,578,905)
Travel & Leisure	37,300	161,731	124,431
Textile	643,341	792,006	148,664
A	**60,339,543**	**43,802,996**	**(16,536,550)**

	85% of NAV	Cost price	Fair market value	Required provision
Mutual Fund	46,207,801	49,416,299	38,037,001	(3,208,498)
B	**46,207,801**	**49,416,299**	**38,037,001**	**(3,208,498)**
A+B		**109,755,842**	**81,839,996**	**(19,745,049)**

* Both initial and subsequent measurements of listed securities are at fair value with the exception of Mutual Funds which are subsequently measured as per Bangladesh Securities and Exchange Commission (BSEC) directive no. BSEC/CMRRCD/2009-193/212 dated 10 December 2018. The change in fair value is presented as "Provision for diminution in value of investment" in the liabilities component in the Statement of Financial Position.

12.2	**Financial asset at amortised cost**		
	Investment in fixed deposit receipt (FDR)	103,535,000	42,583,241
	Investment in commercial paper	62,642,994	82,642,994
		166,177,994	125,226,235

Investment in fixed deposit receipt (FDR) represents a fixed term deposit of six (6) months. Investment in commercial paper represents purchase of commercial paper of InGen Technology Limited.

13. ACCOUNTS RECEIVABLE

Advisory fees receivable	5,927,500	15,420,625
Receivable from UCB Capital Management Ltd	5,828,723	2,935,509
Interest receivable from fixed deposits	3,905,986	2,945,361
Dividend receivable	2,421,470	5,761,901
Inter-company transaction:		
Inter-company receivables :		
City Brokerage Ltd-client sales	59,101,672	33,870,209
The City Bank Ltd-corporate advisory fees	-	5,750,000
The City Bank Ltd-portfolio management fees	657,107	3,944,926
Inter-company payables:		
City Brokerage Ltd-Clients purchase of listed securities	(72,911,559)	(20,803,069)
The City Bank Limited-operating expenses	(139,547)	(2,273,651)
	4,791,352	47,551,811

Figures in Taka

	2019	2018
14. ADVANCES, DEPOSITS AND PREPAYMENTS		
Advance income tax	84,758,025	89,927,969
Advance to SBS International Business Ltd.	6,526,059	7,780,832
Advance to employee	5,496,519	3,350,934
Security deposit with Central Depository of Bangladesh Ltd.	200,000	200,000
Security deposit for membership fee	200,000	-
Other assets	195,194	-
Prepaid insurance	107,244	85,712
Advance against expenses	52,542	2,057,680
Security deposit-Banglalink ICON	11,000	11,000
Advance house rent	-	1,345,500
	97,546,583	**104,759,627**
15. CASH AND CASH EQUIVALENTS		
Cash in hand	51,781	3,563
Stamp in hand	3,780	21,500
Bank balance with The City Bank Ltd.:		
In current accounts:		
1101363680001	2,778,966	1,625,384
1101363680002	72,705	895
1101363680003	1,565	2,360
Special notice deposit account:		
1101340450001	171,146,418	5,101,995
1101340451001	66,596,571	92,708,642
3101363680001	18,990,619	4,159,283
Bank balance with Social Islami Bank Ltd.:		
Mudaraba notice deposit account:		
1271360000293	11,139,784	
Investment in fixed deposit receipt (FDR)		
IPDC Finance Ltd.	-	118,706,918
United Finance Ltd.	60,000,000	-
IDLC Finance Ltd.	30,000,000	-
Balance with City Brokerage Ltd.	51,739	8,887,034
Balance with Sheltech Brokerage Ltd.	17,773	224
	360,851,701	**231,217,798**
16. SHARE CAPITAL		
Authorised		
300,000,000 shares of BDT 10 each	**3,000,000,000**	**3,000,000,000**
Issued, subscribed and paid up		
255,000,000 ordinary shares of BDT 10 each	**2,550,000,000**	**2,550,000,000**

Figures in Taka

	2019	2018

Name of shareholder	No. of shares	Value of shares	% of share holding
The City Bank Ltd	254,995,000	2,549,950,000	99.9980%
Mr. Mashrur Arefin	1,000	10,000	0.0004%
Mr. Sheikh Mohammad Maroof	1,000	10,000	0.0004%
Mr. Md. Mahbubur Rahman	1,000	10,000	0.0004%
Mr. Kazi Azizur Rahman	1,000	10,000	0.0004%
Mr. Md. Abdul Wadud	500	5,000	0.0002%
Ms. Parul Das	500	5,000	0.0002%
	255,000,000	2,550,000,000	100%

17. TERM LOAN

Principal outstanding	577,091,077	544,725,366
Interest payable	2,281,489	1,772,661
	579,372,566	546,498,027
Current and non current classification		
Non-current portion	531,065,260	524,165,744
Current portion (payable within twelve months)	48,307,305	22,332,282
	579,372,565	546,498,026

Name of lender	: IPDC Finance Limited
Name of facility	: Term loan facility
Facility limit	: BDT 830,000,000/-
Rate of interest	: 10.50% per annum
Purpose of loan	: For the purpose of acquisition of land and construction of building.
Repayment terms	: 10 years including 24 months grace period for principal amount and 12 months grace period for interest that will be paid through 32 equal installments after the grace period.
Security	: i) Registered mortgage of 12 katha land with existing structure located at Uttara, Abdullahpur; ii) Letter of comfort from The City Bank Ltd; iii) First charge on fixed & floating assets of CBCRL.

18. LEASE LIABILITIES

Non-current portion	6,267,273	-
Current portion (payable within twelve months)	5,581,966	-
	11,849,239	-

19. ACCOUNTS PAYABLE

Payable to clients (note 19.1)	210,377,141	100,065,846
Accrued expenses (note 19.2)	1,013,585	1,177,768
	211,390,726	101,243,614

		2019	Figures in Taka 2018
19.1.	**Payable to clients**		
	Client sales	10,793,893	23,236,945
	Client deposit	199,583,248	76,828,901
		210,377,141	100,065,846
19.2	**Accrued expenses**		
	Software maintenance fee	345,000	330,000
	CDBL expense	263,906	690,041
	Audit fee	161,000	65,000
	Advertisement expenses	143,520	-
	Legal expenses	57,500	-
	Security service	22,680	22,680
	Electricity expenses	19,979	-
	Outsourcing expenses	-	70,047
		1,013,585	1,177,768

20. OTHER LIABILITIES

Withholding tax payable (note 20.1)	3,259,803	7,842,909
Payable to UCB Capital Management Ltd	2,720,444	3,237,264
	5,980,247	11,080,173
20.1 Withholding tax payable		
Withholding VAT on corporate advisory	2,435,000	5,488,125
Withholding tax on salary	419,281	358,133
Withholding VAT on supplier and other payments	204,771	620,339
Withholding tax on supplier and other payments	192,570	1,366,562
Withholding tax on professional fees	8,180	-
Withholding VAT payable on professional fees	-	9,750
	3,259,802	7,842,909

21. PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT

Provision for diminution in value of quoted shares (note 21.1)	19,745,048	14,254,723
21.1 Provision for diminution in value of quoted shares		
Opening balance	14,254,723	765,486
Add: Provision made during the year	5,490,325	13,489,237
	19,745,048	14,254,723
Less: Adjustment made during the year	-	-
Closing balance	19,745,048	14,254,723

As per Bangladesh Securities and Exchange Commission (BSEC) directive no BSEC/CMRRCD/2009-193/212 dated 10 December 2018, required provision is maintained for unrealised loss arising from investment in close-end mutual funds.

22. PROVISION FOR TAXATION

Opening balance	118,327,122	63,937,694
Add: Provision made during the year	65,589,476	54,389,428
Less: Adjustment for over provision in prior years	3,389,654	-
	62,199,822	54,389,428
	180,526,944	118,327,122
Less: Paid/Adjustment during the year	60,964,282	-
Closing balance	119,562,662	118,327,122

23. INTEREST INCOME

Interest on margin loan	73,969,293	48,387,285
	73,969,293	48,387,285

Figures in Taka

24. INCOME FROM INVESTMENT

	2019	2018
Dividend from ordinary shares	134,222,332	124,841,533
Interest on fixed deposit	27,055,844	22,668,678
Dividend from preference shares	2,068,863	4,000,000
Unrealised gains on securities	-	29,000,000
	163,347,039	180,510,211

25. SERVICE INCOME

Corporate advisory fees	38,468,510	40,877,500
Settlement fees	28,461,216	27,626,903
Portfolio management fees	7,060,459	8,704,686
Documentation charge	40,500	47,000
	74,030,685	77,256,089

26. OTHER INCOME

SND interest Income	5,655,425	6,705,810
	5,655,425	6,705,810

27. SALARIES AND ALLOWANCES

Salaries and allowances	51,066,964	50,342,911
Intern allowances	65,000	85,000
	51,131,964	50,427,911

28. RENT, TAXES, INSURANCE, UTILITIES, ETC

Rent expenses	-	4,525,717
Utilities expenses	1,866,284	2,991,134
Service charge	436,430	491,037
Insurance premium	230,662	291,399
	2,533,376	8,299,287

29. REPAIRS, MAINTENANCE AND DEPRECIATION

Repair and maintenance	1,093,025	2,757,855
Depreciation-PPE	4,702,090	4,825,918
Depreciation-Lease asset	4,052,773	-
Amortisation of intangible assets	328,50	328,464
	10,176,397	7,912,237

30. STATIONERY, PRINTING AND ADVERTISING

Stationery	1,096,657	1,570,658
Advertisement	255,020	988,333
Printing charge	109,725	452,239
	1,461,402	3,011,230

31. POSTAGE, STAMP AND TELECOMMUNICATION

Online charges	564,763	426,236
Telephone charges	434,199	441,770
Postage and courier charge	3,832	3,717
	1,002,794	871,723

32. OTHER EXPENSES

Business development expenses	5,328,434	5,569,126
Travelling and conveyance	1,562,182	1,678,047
Realised loss on listed securities	1,516,640	3,193,025
Outsourcing expenses	1,171,803	1,033,684
Security expenses	1,121,309	1,109,532
Excise duty	401,265	358,650
Membership fee	293,000	100,000
Cleaning expenses	272,814	172,368
Entertainment expenses	248,257	182,122
Credit rating fee	214,000	-
Miscellaneous expenses	206,953	396,782
License and renewal fee	84,303	149,437
Bank charges	49,321	44,025
Website maintenance expenses	14,505	12,896
	12,484,786	13,999,694

33. RELATED PARTIES

33.1 Parent company

The City Bank Limited has 99.9980% shareholding of the company. As a result, the controlling party of the company is The City Bank Limited.

33.2 Related party transactions

During the year, the Company carried out a number of transactions with related parties in the normal course of business. The names of related parties and nature of these transactions have been set out in accordance with the provision of IAS 24: Related Party Disclosures.

Figures in Taka

Name of related party	Relationship with the entity	Nature of transactions	2019	2018
		Transaction during the year :		
		Expense re-imbursement	(2,134,104)	1,122,257
		Interest income from SND and FDR	8,621,244	6,705,810
		Dividend paid	-	93,998,157
		Portfolio management fees - income	4,040,851	3,944,926
		Corporate advisory fee - income	19,800,000	19,000,000
		Closing balance :		
The City Bank Limited	Parent company	Inter company payable	139,547	2,273,651
		FDR interest receivable	2,642,188	-
		Portfolio management fees - receivables	657,107	3,944,926
		FDRs Investment	82,500,000	-
		SND and current account	259,586,843	103,598,559
		Corporate advisory fee - receivable	-	5,750,000
		Deposit for investment in listed securities	167,409,618	-
		Transaction during the year :		
		Net transaction of own investment	(102,354,070)	(51,012,520)
City Brokerage Ltd.		Share trading settlement	27,319,923	24,617,541
		Brokerage commission	16,836,903	17,766,110
		Closing balance :		
		Balance with City Brokerage Limited	51,739	8,887,034
		Receivable for client share sell	59,101,672	33,870,209
		Payable for client share purchase	(72,911,559)	(20,803,069)

34. FINANCIAL RISK MANAGEMENT

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The Company has provided in separate notes the information about the Company's exposure to each of the following risks, the Company's objectives, policies and processes for measuring and managing risks and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

	Figures in Taka	
	2019	2018

34.1 Credit risk

Credit risk is the risk of financial loss to the company if any customer or counter party to a financial instrument fails to meet its contractual obligation. This principally arises from the company's receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Margin loan	620,014,892	422,297,336
Cash and cash equivalents	360,796,140	231,192,735
Trading Investments	275,933,838	331,138,265
Inter-company receivable	59,758,779	43,565,135
Accounts receivables	4,791,351	47,551,811
	1,321,295,001	1,075,745,282

34.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquid assets to meets its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or taking risk of damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses through preparation of the cash flow forecast, prepared based on time line payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within the due date.

34.3 Market risk

Market risk is the risk that any changes in market price, such as interest rates and capital market condition will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters.

35. CONTINGENT LIABILITIES AND COMMITMENTS

Underwriting commitments outstanding	103,500,000	60,000,000

36. NUMBER OF EMPLOYEES

The number of employees engaged for the whole year or part thereof who received an yearly remuneration of BDT 36,000 or above was 32 (2018:34).

37. OTHERS

37.1 These notes form an integral part of the accompanying financial statements and are accordingly to be read in conjunction therewith.

37.2 Figures in these notes and annexed financial statements hav been rounded off to the nearest BDT.

37.3 Previous year's figures have been rearranged, wherever considered necessary to conform to current year's presentation without causing any impact on the operation results for the year and value of assets and liabilities at the end of that year as shown in the financial statements under reporting.

Chairman | Director | Managing Director & CEO | Company secretary

Dhaka, Bangladesh
Dated, 8 March 2020

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2019

Annex A

Particulars	Cost					Accumulated depreciation				
	Balance at 1 Jan 2019	Addition	Sale/ disposal	Total at 31 Dec 2019	Rate	Upto 31 Dec 2018	Charge for the year	Adjustment	Total to 31 Dec 2019	Net book value at 31 Dec 2019
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka
Office equipment	6,940,372	826,623	-	7,766,995	10%-50%	4,099,150	1,127,672	-	5,226,822	2,540,173
Furniture and fittings	7,570,434	14,560	-	7,584,994	10%-20%	2,472,167	1,334,216	-	3,806,383	3,778,612
Motor vehicle	11,201,065	-	-	11,201,065	20%	4,114,902	2,240,202	-	6,355,104	4,845,961
Total at 31 December 2019	25,711,871	841,183	-	26,553,054		10,686,219	4,702,090	-	15,388,309	11,164,745
Total at 31 December 2018	16,433,686	9,278,185	-	25,711,871		5,860,301	4,825,918	-	10,686,219	15,025,653

SCHEDULE OF RIGHT-OF- USE ASSETS

As at 31 December 2019

Annex B

Particulars	Accumulated depreciation					Accumulated depreciation				
	Balance at 1 Jan 2019	Adjustment on initial application of IFRS 16 as at 01 Jan 2019	Addition during the period	Sale/ disposal during the period	Total at 31 Dec 2019	As at 01 Jan 2019	Charge for the period	Adjustment	Total to 31 Dec 2019	Net book value at 31 Dec 2019
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Office space	-	14,915,583	-	-	14,915,583	-	4,052,773	-	4,052,773	10,862,811
Total at 31 Dec 2019	-	14,915,583	-	-	14,915,583	-	4,052,773	-	4,052,773	10,862,811

FINANCIAL STATEMENTS OF CBL MONEY TRANSTER SDN. BHD. 2019

(Incorporated In Malaysia)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CBL MONEY TRANSFER SDN. BHD.

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of CBL MONEY TRANSFER SDN. BHD., which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on the accompanying pages.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Based on the work we have performed, we conclude that there is no material misstatement of the Directors' Report.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 approved standards on auditing in Malaysia and International Standards on Auditing 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 financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

i) Identify and assess the risks of material misstatement of the financial statements of the Company, 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.

ii) 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 Company's internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company 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 auditors' report.

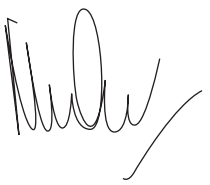
v) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



NASHARUDDIN WONG & CO
(NO: AF 0981)
Chartered Accountants

Petaling Jaya
Dated: 10 February 2020



NASHARUDDIN BIN ABD. AZIZ
(NO: 1675/5/17(J)
Partner of the firm
Chartered Accountants (M)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 RM	2018 RM
Non current assets			
Property, plant and equipment	4	902,819	907,174
		902,819	**907,174**
Current assets			
Security deposits, advances and other assets		350,681	345,570
Cash and cash equivalents	5	2,452,212	3,987,212
		2,802,893	**4,332,782**
Total assets		**3,705,712**	**5,239,956**
Equity attributable to equity			
Holders of the company			
Share capital	6	5,822,896	5,822,896
Accumulated loss		(1,396,870)	(1,948,028)
Total equity		**4,426,026**	**3,874,868**
Non current liabilities			
Hire purchase payables	7	2,095	14,790
		2,095	**14,790**
Current liabilities			
Settlement obligations	8	(12,472,951)	(11,267,740)
City bank borrowing	9	11,497,270	12,431,872
Other payables and accruals		238,078	172,206
Hire purchase payables	7	12,694	12,150
Provision for taxation		2,500	1,810
		(722,409)	**1,350,298**
Total liabilities		**(720,314)**	**1,365,088**
Total equity and liabilities		**3,705,712**	**5,239,956**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Notes	2019 RM	2018 RM
Revenue	3 (e)	7,526,068	7,881,880
Cost of services	3 (f)	(1,061,154)	(1,878,463)
Gross profit		**6,464,914**	**6,003,417**
Other income		101,239	122,189
Staff costs		(3,172,277)	(2,570,595)
Depreciation expenses		(188,090)	(156,886)
Other operating expenses		(2,255,275)	(2,148,032)
Finance charges		(396,008)	(232,236)
Profit before taxation	10	**554,503**	**1,017,857**
Income tax expense	11	(3,345)	(1,810)
Profit for the year		**551,158**	**1,0161047**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Share Capital RM	Accumulated Loss RM	Total RM
As at 1 January 2018	5,300,000	(2,964,075)	2,335,925
Profit for the year	-	1,016,047	1,016,047
Issue of shares	522,896	-	522,896
As at 31 December 2018	**5,822,896**	**(1,948,028)**	**3,874,868**
As at 1 January 2019	5,822,896	(1,948,028)	3,874,868
Profit for the year	-	551,158	551,158
As at 31 December 2019	**5,822,896**	**(1,396,870)**	**4,426,026**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOW

For the financial year ended 31 December 2019

	Notes	2019 RM	2018 RM
Cash flows from operating activities:-			
Profit before taxation		554,503	1,017,857
Adjustment for:-			
Depreciation of property, plant and equipment		188,090	156,886
Interest expenses		396,008	232,236
Operating profit before working capital changes		**1,138,601**	**1,406,979**
Working capital changes:			
Receivables		(5,111)	(77,183)
Payables		(1,139,339)	(5,039,713)
Net cash used by operating activities		(5,849)	(3,709,917)
Interest paid		(396,008)	(232,236)
Tax paid		(2,655)	-
Net cash used by operating activities		**(404,512)**	**(3,942,153)**
Cash flows from investing activities:-			
Purchase of property, plant and equipment		(183,735)	(349,411)
Net cash used by investing activities		**(183,735)**	**(349,411)**
Cash flows from financing activities :			
Repayment of hire purchase		(12,151)	(11,606)
Borrowing from holding company		-	3,268,098
Repayment to holding company		(934,602)	-
Proceeds from issuance of share capital		-	522,896
Net (cash used)/generated from financing activities		**(946,753)**	**3,779,388**
Net changes in cash and cash equivalents		(1,535,000)	(512,176)
Cash and cash equivalents brought forward		3,987,212	4,499,388
Cash and cash equivalents carried forward	5	**2,452,212**	**3,987,212**

The accompanying notes form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

As at and for the year ended 31 December 2019

1 GENERAL INFORMATION

The Company is a private limited company incorporated and domiciled in Malaysia with its principal place of business at Ground Floor, Loke Yew Building, No. 2, Leboh Pasar Besar, 50050 Kuala Lumpur,

The Company is principally engaged as outbound remittance service provider. There have been no significant changes in the nature of these activities during the financial year.

The number of employees of the Company as at 31 December 2019 were 52 (2018 : 49). The holding company is The City Bank Limited, a company incorporated in Bangladesh. The financial statements of the Company are presented in Ringgit Malaysia (RM).

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Malaysia Financial Reporting Standards (MFRS) issued by the malaysian Accounting Standards Board ("MASB") and the Requirements of the Act, 2016, in Malaysia.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation of plant and equipment is computed on the straight line method at rate based on the estimated useful lives of the plant and equipment.

The annual Depreciation rate used are as follows:	
Air conditioners	10%
Computer	20%
Furniture and fittings	10%
Office equipments	10%
Renovation	10%
Signage and billboard	10%

(b) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the year which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the financial year end.

(c) Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at bank.

(d) Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(e) Revenue

The majority of the Company's revenues are comprised of consumer money transfer transaction fees that are based on the principal amount of the money transfer and the locations from and to which funds are transferred. Consumer money transfer transaction fees are set by the Company and recorded as revenue at the time of sale. In certain consumer money transfer transactions involving different send and receive currencies, the Company generates revenue based on the difference between the exchange rate set by the Company to the consumer and the rate at which its agents are able to acquire currency. This foreign exchange revenue is recorded at the time the related transaction fee revenue is recognized.

(f) Cost of services

Cost of services consists of costs directly associated with providing services to consumers, and is primarily comprised of bank charges, which are recognized at the time of sale.

(g) Income tax

i) Current tax

Income tax on the income statement for the year comprises current and deferred tax. Current tax is the expected amount of incomes taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences, unused tax credits to the extent that it is probable that taxable profit willl be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Deferred tax is not recognise if the temporary differences arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

(h) Foreign Currencies

Transaction in foreign currencies are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. At each of balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rates as at the date of acquisition and non-monetary items which are carried at fair value are translated using the exhchange rate that existed when the values were determined.

(i) Financial instruments

Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition. and the categories include loans and receivables and available for sale financial assets.

i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are hel for trading or are designed as such upon initial recognition. Financial assets held for trading derivatives (including seperated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised seperately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or no-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

ii) Loans and receivable

Financial assets with fixed or determined payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than twelve months after the reporting date which are classified as non-current.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when. and only when, the Company becomes a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or they financial liabilities,

The Company has not designated any financial liabilities as at fair value through profit or loss. The Company's other financial liabilities include trade payable, other payables and amount due to penultimate holding and immediate holding companies. Trade and other payables and amount due to penultimate holding and immediate holding companies are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modificationis treated as a derecognised of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(j) Impairment of financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having

an impact on the estimated future cash flows of the assets. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

All impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. When a trade receivable becomes uncollectible it is written off against the allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been resognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

(k) Settlement Obligations

Settlement obligations consist of money transfer and payment service payables and payables to agents. Money transfer payables represent amounts to be paid to transferees when they request their funds. Most agents typically settle with transferees first and then obtain reimbursement from the Company. Due to the agent funding and settlement process, payables to agents represent amounts due to agents for money transfers that have been settled with transferees.

(l) Employees Benefits

(i) Short term employee benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave ae recognised when services are rendered by employees that increase their entitlement to future compensated absences. and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statements as incurred.

4 PROPERTY, PLANT AND EQUIPMENT

	Office equipment computers & air cond	Furniture & fittings	Motor vehicles	Renovation	Signage & billboard	Total
	RM	RM	RM	RM	RM	RM
2019						
Cost						
As at 01.01.2019	859,036	157,878	103,377	568,505	72,874	1,761,670
Additions for the year	104,322	39,440	-	35,273	4,700	183,735
As at 31.12.2019	**963,358**	**197,318**	**103,377**	**603,778**	**77,574**	**1,945,405**
Accumulated depreciation						
As at 01.01.2019	372,575	50,522	101,652	301,516	28,231	854,496
Charge for the year	124,200	15,315	1,725	39,288	7,562	188,090
As at 31.12.2019	**496,775**	**65,837**	**103,377**	**340,804**	35,793	1,042,586
Net carrying amount	**466,584**	**131,481**	-	**262,974**	**41,781**	**902,819**
2018						
Cost						
As at 01.01.2018	641,825	109,478	103,377	507,255	50,324	1,412,259
Additions for the year	217,211	48,400	-	61,250	22,550	349,411
As at 31.12.2018	**859,036**	**157,878**	**103,377**	**568,505**	**72,874**	**1,761,670**
Accumulated depreciation						
As at 01.01.2018	289,265	39,975	80,977	263,344	24,04	697,610
Charge for the year	83,310	10,547	20,675	38,172	94,182	156,886
As at 31.12.2018	**372,575**	**50,522**	**101,652**	**301,516**	28,231	854,496
Net carrying amount	**486,461**	**107,356**	**1,725**	**266,989**	**44,643**	**907,174**

5 CASH AND CASH EQUIVALENTS

	2019 RM	2018 RM
Cash and cash equivalents comprise of :		
Cash and bank balances	2,452,212	3,950,977
Fixed deposits	-	36,235
	2,452,212	**3,987,212**

6 SHARE CAPITAL

	Number of ordinary share of RM 1 each		Amount	
	2019	2018	2019 RM	2018 RM
Issued and fully paid:-				
At the beginning of the year	5,822,896	5,300,000	5,822,896	5,300,000
Issued during the year	-	522,896	-	522,896
At the end of the year	**5,822,896**	**5,822896**	**5,822,896**	**5,822,896**

7 HIRE PURCHASE PAYABLES

Total amount payable	15,186	28,266
Less : Interest in suspense	(397)	(1,326)
	14,789	**26,940**
Payables within 12 months	12,694	12,150
Payables after 12 months	2,095	14,790
	14,789	**26,940**

8 SETTLEMENT OBLIGATIONS

Agents	2019			2018		
	Prefunding RM	Obligation RM	Net Position RM	Prefunding RM	Obligation RM	Net Position RM
Agrani Bank Limited	(222,076,438)	221,309,976	(766,462)	(170,498,497)	169,399,283	(1,099,214)
Al-Arafah Islami Bank Limited	(541,124)	494,724	(46,399)	-	-	-
Bangladesh Krishi Bank	(21,632,544)	21,416,673	(215,871)	(12,009.034)	11,980,229	(28,805)
Bangladesh Utara Bank	-	(4,291)	(4,291)	-	(4.291)	(4,291)
Bkash Limited	-	3,277,276	3,277,276	-	7,662	7,662
Bank Asia Limited	(3,114,721)	3,034,507	(80,214)	(125,611)	31,086	(94,525)
BNI Indonesia	(79,344,548)	78,492,976	(851,571)	(51,531,865)	50,741,433	(790,432)
BRI Indonesia	(388,507,501)	384,400,705	(4,106,796)	(247,363,351)	245,750,009	(1,613,342)
Buro	-	5,746,856	5,746,856	-	4,430,033	4,430,033
City Bank Limited	(281,111,396)	265,564,817	(15,546,579)	(192,187,137)	180,911,093	(11,276.044)
Donga Money Transfer	(26,937,737)	26,606,606	(331,131)	(22,674,230)	22,245,547	(428,683)
Himalayan Bank	(63,200,834)	62,722,980	(477,853)	(47,547,078)	46,676,401	(870,677)
Ipay	(30,879,860)	30,856,665	(23,195)	(29,121,696)	29,328,702	207,006
Islami Bank Limited	(276,346,434)	275,531,546	(814,888)	(220,199,342)	218,788,127	(1,411,215)
Jagorani Chakra Foundation	-	5,043,074	5,043,074	-	4,465,348	4,465,348
Janata Bank Limited	(112.204,934)	111,641,736	(563,198)	(88,007,262)	87,403,239	(604,023)
Kotak Mahindra Bank	(26,445,777)	25,748,995	(696,782)	(14,012,569)	13,479,459	(533,110)
Nepal	-	-	-	-	(8,967)	(8,967)
Padakhep	-	2,042,205	2,042,205	-	1,930,966	1,930,966
Pubali Bank Limited	(22,310,790)	21,964,869	(345,921)	(15,844,313)	15,530,464	(313,849)
Reliable Finance Limited	-	(13,952)	(13,952)	-	(20,664)	(20,664)
Rupali Bank Limited	(3,696,463)	3,597,912	(98,552)	(396,930)	311,293	(85,637)
Sanima Bank Limited	(49,013,494)	48,398,324	(615,170)	(9,157,954)	8,736,483	(421,471)
Samsara	(10,095,854)	10,100,272	4,418	(10,095,854)	10,116,802	20,948
Sonali Bank Limited	(115,393,564)	114,394,106	(999,458)	(84,798,202)	83,982,763	(815,439)
Sulav Remit Nepal	(77,575,949)	77,536,154	(39,796)	(76,258,845)	75,914,312	(344,533)
Tranglo Sdn Bhd	(90,898,869)	90,892,296	(6,573)	(90.098,869)	90,044,791	(54,078)
Trans Fast Remittance LLC	(112,118,351)	38,712,555	(73,405,796)	(41,786,294)	26,904,610	(14,881,684)
Trans Fast Pakistan	-	2,577,619	2,577,619	-	240,451	240,451
Trans Fast Bangladesh	-	69,249,162	69,249,162	-	13,570,256	13,570,256
Uttara Bank Limited	(7,531,155)	7,499,680	(31,475)	(5,667,900)	5,602,999	(64,901)
United Commercial Bank Limited	(40,850)	11,825	(29,025)	-	-	-
Xpress Money	(44,002,792)	43,700,180	(302,612)	(32,460,450)	32,085,624	(374,826)
	(2,065,021,977)	2,052,549,026	(1,2472,951)	(1,461,843,283)	1,450,575,543	(11,267,740)

9 CITY BANK BORROWING

This represents unsecured shareholder's loans in form of overdraft and bank guarantee strictly for the purpose of the Company's remittance business activities.

The facilities are charged interest at 5.25% (2018: 2%) per annum and is repayable on demand.

10 PROFIT BEFORE TAXATION

Profit before taxation has been determined after charging / (crediting) amongst other items the following:

	2019 RM	2018 RM
Audit fees	12,000	12,000
Depreciation	188,090	156,886
Director's remuneration	148,000	104,000
Interest expense	396,008	232,236
Office rental	778,915	692,365
Rental income	(69,000)	(90,000)

11 INCOME TAX EXPENSE

Current year's provision for taxation	2,500	1,810
Underprovision of taxation in prior year	845	-
Tax expense for the year	**3,345**	**1,810**

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective tax rate of the Company is as follows:-

	2019 RM	2018 RM
Profit before taxation	554,503	1,017,857
Taxation at Malaysian statutory tax rate	133,081	183,214
Expenses not deductible for taxation	56,456	13,763
Utilisation of capital allowances	(36,237)	(58,964)
Utilisation of business losses	(150,800)	(136,203)
Deferred tax asset not recognised during the year	845	-
Tex expense for the year	3,345	1,810

12 COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year.

13 SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, the Company had, in the normal course of business transacted on normal commercial terms the following transactions :-

Interest expense paid to holding company	395,078	230,763

14 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENT

The financial statement were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on the date of these financial statements.

DETAILED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	2019 RM	2018 RM
REVENUE		
Transaction fees	4,107,482	3,862,182
Foreign exchage revenue	3,418,586	4,019,698
	7,526,068	**7,881,880**
Less: Cost Of Services	(1,061,154)	(1,878,463)
Gross Profit	**6,464,914**	**6,003,417**
Add: Other Income		
Interest Income	5,890	18
Rental Income	69,000	90,000
Gain exchange in FX-Trading	26,349	22,132
Other Operating Income	-	10,039
	101,239	**122,189**
LESS: ADMINISTRATIVE AND OPERATING EXPENSES		
Staff costs :		
Bonus	1,200	-
Benefit in kind	131,712	-
Wages, salaries and allowances	2,881,597	2,475,333
EPF	110,616	77,694
SOCSO	21,941	15,877
Medical	25,211	1,691
	3,172,277	**2,570,595**
Depreciation expenses	**188,090**	**156,886**

For management information only

DETAILED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	2019 RM	2018 RM
Other operating expenses :-		
Advertising	2.1,789	35,053
Agency fees	12,000	6,000
Auditor's remuneration - fees	12,000	12,000
Audit remuneration - expenses	930	930
Bank charges	123,965	144,431
Courier and postage	6,911	5,832
Directors' remuneration	148,000	104,000
Electricity and water	124,577	110,758
Entertainment	50,028	37,001
Educational allowances	78,082	-
Insurance	2,028	21,022
Licensing fee	10,240	11,790
Repair and maintenance	36,554	34,308
Office rental	778,915	692,365
Printing and stationery	76,188	90,383
Professional fees	34,715	26,372
Rental of photostat machine	34,748	35,608
Rental of Pos machine	10,185	-
Secretarial and filling fees	1,972	1,652
Security charges	404,060	498,668
Service charge	5,699	4,599
Stamp duty	157	20
Staff training	20,900	4,100
Telephone and internet	107,230	115,717
Travelling and accommodation	131,094	131,789
Upkeep of motor vehicles	22,308	23,634
	2,255,275	2,148,032
Financial charges:-		
Loan interest	395,078	230,763
Hire purchase interest	930	1,473
	396,008	232,236
Profit before taxation	554,503	1,017,857

For management information only

FINANCIAL STATEMENTS OF CITY HONG KONG LIMITED 2019

(incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their first annual report together with the audited financial statements for the period from 11 January 2019 (date of incorporation) to 31 December 2019.

INCORPORATION

City Hong Kong Limited ("the Company") was incorporated in Hong Kong under Hong Kong Companies Ordinance on 11 January 2019 and commenced its business on 2 August 2019.

PRINCIPAL ACTIVITIES

The Company was a licensed money lender registered under the Money Lenders Ordinance in Hong Kong. The principal activity of the Company during the period is engaged in trade finance activities.

RESULTS AND APPROPRIATIONS

The loss of the Company for the period ended 31 December 2019 and the state of the Company's affairs at that date are set out in the financial statements on pages 6 to 24. The directors do not recommend the payment of a dividend for the period.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the period in the property, plant and equipment of the Company are set out in Note 9 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in Note 12 to the financial statements. There were no movements during the period.

DEBENTURES AND EQUITY-LINKED AGREEMENTS

At no time during the period and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefits of any of the directors of the Company.

INDEMNITY OF DIRECTORS

Pursuant to Article of the Articles and subject to the provisions permitted by the Companies Ordinance, every director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

DIRECTORS

The directors of the Company during the period and up to the date of this report were:

Rubel Aziz	(Resigned on 8 January 2020; appointed on 11 January 2019)
Hossain Khaled	(Appointed on 8 January 2020)
Kazi Mohammad Tanjibul Alam	(Appointed on 11 January 2019)
Mahia Juned Jamil	(Appointed on 11 January 2019)

In accordance with the Company's Article of Association, all directors retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

MANAGEMENT CONTRACT

The Company did not enter into any contract, other than the contract of service with a director or any person engaged in the full-time employment, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Company.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company or its subsidiary a party to any arrangement to enable the director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No other contracts of significance in relation to the Company's business to which the Company or its subsidiary was a party and in which the directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

BUSINESS REVIEW

The Company falls within the reporting exemption for the financial year. Accordingly, the Company is exempted from preparing a business review.

AUDITOR

Akin CPA Limited was appointed as the first auditor of the Company for the period ended 31 December 2019. A resolution for the re-appointment of Akin CPA Limited as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



Hossain Khaled
Director
21 April 2020

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF CITY HONG KONG LIMITED

(incorporated in Hong Kong with limited liability)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of City Hong Kong Limited (the "Company") set out on pages 6 to 24, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes

Except for the possible effects on the corresponding figures of the matter described in the fundamental uncertainty relating to going concern basis paragraph, in our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

FUNDAMENTAL UNCERTAINTY RELATING TO GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures made in note 3 to the financial statements which explains that the shareholders had confirmed that he will provide such financial assistance as is necessary to maintain the Company as a going concern.

On the strength of this assurance, the financial statements have been prepared on a going concern basis, the validity of which depends upon the Company maintaining future profitable operations and the availability of financial support from shareholder to support working capital of the Company. The financial statements do not include any adjustments that would result from a failure to obtain such financial support. We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the report of the directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITY AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS issued by the HKICPA and the disclosure requirement of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 user taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.



Akin CPA Limited
Certified Public Accountants

Lo Chi Man, Daniel Practicing Certificate Number: P01745
Hong Kong, 21 April 2020

STATEMENT OF COMPREHENSIVE INCOME

For the period from 11 January 2019 (Date of Incorporation) to 31 December 2019

	Notes	2019 HK$
Revenue	4	84,529
Other incomes	5	1,148
Operating income		**85,677**
Administrative expenses		(1,926,496)
Operating loss		(1,840,819)
Finance cost		(38,915)
Loss before tax	6	**(1,879,734)**
Income tax expenses	7	(26,794)
Net loss for the period		**(1,906,528)**
Other comprehensive income		-
Total comprehensive loss for the period		**(1,906,528)**

The note on pages 10 to 24 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$
Non-current assets		
Right of use asset	10	447,126
Property, plant and equipment	9	182,371
		629,497
Current assets		
Discount bills receivable		1,302,551
Rental deposit		147,936
Cash and cash equivalents	11	974,438
		2,424,925
Current liabilities		
Discount bills payables		946,176
Lease payable		479,351
Other payable		158,482
Accrual		27,500
Deposits received		709
		1,612,218
Net current assets		812,707
Total assets less current liabilities		1,442,204
Non-current liabilities		
Amount due to shareholder	14	3,321,937
Deferred tax liabilities	13	26,794
		3,348,731
Net liabilities		(1,906,527)
Capital deficiency		
Share capital	12	1
Accumulated loss		(1,906,528)
Total capital deficiency		(1,906,527)

Approved and authorised for issue by the Board of Directors on 21 April 2020 and were signed on its behalt

The note on pages 10 to 24 form part of these financial statements.

Hossain Khaled
Director

Mahia Juned Jamil
Director

STATEMENT OF CHANGES IN EQUITY

For the period from 11 January 2019 (Date of Incorporation) to 31 December 2019

	Share capital HK$	Accumulated loss HK$	Total HK$
Issued and fully paid	1	-	1
Net loss for the period	-	(1,906,528)	(1,906,528)
As at 31 December 2019	1	(1,906,528)	(1,906,527)

STATEMENT OF CASH FLOWS

For the period from 11 January 2019 (Date of Incorporation)to 31 December 2019

	Notes	2019 HK$
Operating activities		
Loss before tax		(1,879,734)
Adjustments for:		
Depreciation of property, plant and equipment		13,217
Depreciation of right of use asset		447,126
Operating loss before changes in working capital		(1,419,391)
Increase in discount bills receivable		(1,302,551)
Increase in rental deposit		(147,936)
Increase in discount bills payable		946,176
Increase in lease payable		479,351
Increase in other payable		158,482
Increase in accruals		27,500
Increase in deposit received		709
Net cash used in operating activities		**(1,257,660)**
Investing activities		
Acquisition of property, plant and equipment		(195,588)
Acquisition of right of use asset		(894,252)
Net cash used in investing activities		**(1,089,840)**
Financing activities		
Increase in amount due to shareholder		3,321,937
Issued share capital and fully paid		1
Net cash generated from financing activities		**3,321,938**
Net increase in cash and cash equivalents		**974,438**
Cash and cash equivalents at the end of the period	11	**974,438**

The note on pages 10 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the period from 11 January 2019 (date of incorporation) to 31 December 2019
(incorporated in Hong Kong with limited liability)

1. REORTING ENTITY

City Hong Kong Limited ("the Company") is a private company incorporated in Hong Kong with limited liability. The address of its registered office is Unit 904&906, Austin Tower, 22-26 Austin Avenue, Tsimshatsui, Kowloon, Hong Kong. The Company was a licensed money lender registered under the Money Lenders Ordinance in Hong Kong. The principal activities of the Company during the period was engaged in trade finance activities.

The financial statement are presented in Hong Kong Dollars ("HK$"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised standards and interpretation issued and effective for the period

The following new standards and amendments to standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are mandatory for the first time for this financial period:

HKFRSs	Annual improvements 2015-2017 cycle (amendments)
HKAS 19	Plan amendment, curtailment or settlement
HKAS 28	Long-term interests in associate and joint venture
HKFRS 9	Prepayment features with negative compensation
HKFRS 16	Leases (new standard)
HK (IFRIC) - Int 23	Uncertainty over income tax treatments (new interpretation)

New and revised standards and interpretation in issue but not yet effective

The Company has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 3	Definition of a business (amend ments)1
HKAS 1 and HKAS 8	Definition of material (amendments)1
HKFRS 17	Insurance contacts (new standard) 2
Conceptual framework Financial Reporting 2018	Revised conceptual framework for reporting 1
HKFRS 10 and HKAS 28	Sale or contribution ofAssets between an investor and its associate or joint venture (amendments)3

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of the above new and revised HKFRSs

will have no material impact on the financial performance and the financial position of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

In preparing the financial statements, the directors have given careful consideration to the future liquidity of the Company and its ability to meet its ongoing obligations in light of its adverse financial position as at 31 December 2019. At that date, the Company had deficiency of assets of HK$ 1,906,527.

The shareholder has confirmed that it will provide such financial assistance as is necessary to maintain the Company as a going concern. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

Should the Company be unable to continue as a going concern, adjustments would have to be made to restate the values of the Company's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

These financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

A summary of the significant accounting policies adopted by the Company is set out below.

Foreign currency translation

(a) Functional and presentation currency

currency Items included in the financial statements of each of the Company entitles are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other income" or "other expenses".

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

Discount bills receivable

Discount bills receivable are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of bills receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Where the Company acquire leasehold land for own use under a finance lease, the prepaid cost included in property, plant and equipment on initial recognition represents the fair value of the leasehold land, or if lower, the present value of the minimum lease payment, determined at the inception of the lease and any initial direct costs of the lease (incremental costs that are directly attributable to negotiating and arranging a lease).

The other cost of such items of property, plant and equipment comprises the following:

- the purchase price, including legal and brokerage fees, import duties and non- refundable purchase taxes, after deducting trade discounts and rebates;

- any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the matter intended by management;

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation is charged so as to allocate the cost of assets

less their residual values over their estimated useful lives, using the straight-line method. Assets held under finance leases, for which there is no reasonable certainty that the Company will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owner assets, or where shorter, the terms of the relevant lease. The following annual rates are used for the depreciation of property, plant and equipment:

Computer equipment	20% p.a.
Furniture and fixtures	20% p.a.

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the expectations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior period. A reversal of an impairment loss is recognised as income immediately.

Other payables

Other payables are recognized initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other period and items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. However, the measurement of deferred tax liabilities associated with an investment property measured at fair value does not exceed the amount of tax that would be payable on its sale to unrelated market participant at fair value at the reporting period. Deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

Employee benefit obligations
Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Provisions and contingent liabilities
Provisions are recognised for other liabilities of uncertain timing or amount when the Company has a present legal or constructive obligation arising as a result of a post event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

Related parties
For the purpose of these financial statements, related party includes a person and entity as defined below:

(a) A person or a close member of that person's family is related to the Company if that person:
  (i) is a member of the key management personnel of the group and the company or of a parent of the group and the company;
  (ii) has control over the group and the company; or
  (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.

An entity is related to the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) either entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) both entities are joint ventures of the same third party.
(iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
(vi) the entity is controlled or jointly controlled by a person identified in (a).
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

4. REVENUE

	2019 HK$
Interest income from discounted bills	13,178
Services income	71,351
	84,529

5. OTHER INCOME

Bank interest income	1,148

6. LOSS BEFORE TAX

Loss before tax is arrived at:

After charging the following items:	
Auditor's remuneration	
- Provision for the period	15,000
Depreciation of property, plant and equipment	13,217
Depreciation of right of use asset	447,126
Staff cost (excluding directors' emoluments – Note 9):	
- Staff salaries, allowances and related cost	1,020,352
- Employer's mandatory provident fund scheme contributions	4,500

7. INCOME TAX EXPENSES

(a) No Hong Kong profits tax has been provided as the Company have a tax adjusted loss during the period.

(b) Taxation in the statement of comprehensive income represents:
Reconciliation between tax expense and accounting profit at applicable tax rate:

Loss before tax	(1,879,734)
Tax at the domestic tax rate of 16.5%	(310,156)
Tax effect of non-taxable income	(190)
Tax effect of non-deductible expenses	75,756
Tax effect of lease payment	(74,880)
Tax effect of temporary differences on property, plant and equipment	(26,794)
	(336,264)
Adjusted loss carried forward	336,264
Actual tax expense	-

(c) Taxation in the statement of financial position represents:

Tax (refund)/ paid during the period	-
Provision for Hong Kong profits tax for the period	-
Current income tax (payable)/ repayable	-

	Accelerated tax depreciation HK$	Total HK$
(d) Movement in net deferred tax assets/(liabilities) is recognised as follows:		
Debit to profit or loss for the period	(26,794)	(26,794)
Credit to profit or loss for the period	-	-
As at 31 December 2019	**(26,794)**	**(26,794)**

(e) Movement in deferred tax assets and liabilities is recognised as follows:	
Deferred tax assets	-
Deferred tax liabilities	(26,794)
	(26,794)

8. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance are as follows:	
Fees	-
Other emoluments:	
Salaries, allowances and benefits in kind	-
Bonus	-
Employer's mandatory provident fund scheme contribution	-
	-

9. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$	Computer equipment HK$	Total HK$
Cost:			
Additions	62,436	133,152	195,588
As at 31 December 2019	62,436	133,152	195,588
Accumulated depreciation:			
Charge for the period	5,486	7,731	13,217
As at 31 December 2019	5,486	7,731	13,217
Carrying amount:			
At 31 December 2019	**56,950**	**125,421**	**182,371**

10. RIGHT OF USE ASSET

	Leasehold building HK$
Cost:	
Additions	894,252
As at 31 December 2019	**894,252**
Accumulated depreciation:	
Charge for the period	447,126
As at 31 December 2019	**447,126**
Carrying amount:	
At 31 December 2019	**447,126**

11. CASH AND CASH EQUIVALENTS

	2019 HK$
Cash and cash equivalents consist of cash balance with banks and in hands. Cash and cash equivalents included in the cash flow statements comprise the following financial position amounts:	
Cash and cash equivalents	974,438

12. SHARE CAPITAL

Cash and cash equivalents consist of cash balance with banks and in hands. Cash and cash equivalents included in the cash flow statements comprise the following financial position amounts:	
Issued and fully paid: 1 ordinary share	1

The Company was incorporated with an authorised share of HK$1 divided into 1 share of HK$1 each. 1 subscriber's share of HK$1 each was issued to subscribers to the article of association at par for cash on incorporation.

13. DEFERRED TAX

The deferred tax liabilities are the tax effects of expected future income tax liabilities relating to the fixed assets, which book value already deducted in depreciation allowance but has not been depreciated as an expense in measuring the profit of the Company for the period.

The following are recognised deferred tax liabilities/(assets):

	Computer equipment HK$	Furniture and fixture HK$	Total HK$
Debit to profit for the period	20,694	6,100	26,794
Credit to profit for the period	-	-	-
As at 31 December 2019	20,694	6,100	26,794

Deferred tax liabilities	26,794
Deferred tax assets	-
	26,794

14 RELATED PARTIES TRANSACTIONS

(a) The table below summaries the names of related parties and nature of relationship with the Company:

Related parties	Relationship with the Company
The City Bank Limited	Ultimate holding company

(b) Balances with related parties

As at the financial year end date, the Company had the following balances with related parties:

Non-current:	
Amount due to The City Bank Limited	3,321,937

All the above balance with related party is unsecured, interest-free and repayable on demand.

15. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest and currency risks arise in the normal course of the Company's business. The Company's exposure to these risk and the financial risk management policies and practices used by the Company to manage these risks are described below.

a) Credit risk

The Company's credit risk is primarily attributable to the bills discounting. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Company has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

The Company has policies in place to ensure that all the trade finance activities are secured by the bills and received acceptance from the correspondent bank before release the loan.

Since the bills purchased by the company getting the applicant's bank guarantee where the probability of bank liquation is low, the directors consider the credit risk is low.

b) Liquidity risk

The Company policy is to regularly and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet its liquidity requirements in short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and to earliest date the Company can be required to pay:

	Carrying amounts HK$	Contractual undiscounted cash flow HK$
Discount bills payable	946,176	946,176
Lease payable	479,351	479,351
Other payable	158,482	158,482
Accruals	27,500	27,500
Deposit received	709	709
Amount due to related party	3,321,937	3,321,937
	4,934,155	4,934,155

c) Interest rate risk

The Company is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Company's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances.

The Company's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

The directors of the Company consider that the overall interest rate risk is not significant as the fluctuation of the interest rates on bank balance is minimal. Accordingly, no sensitivity analysis is prepared and presented.

d) Currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States Dollar ("USD") and Hong Kong Dollars ("HKD"). Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of the Company.

The Company manages its foreign exchange risk by performing regular reviews of the Company's net foreign exchange exposures and tries to minimise these exposures through natural hedges, wherever possible, and may enter into foreign exchange contracts, when necessary.

At 31 December 2019, management considers that any reasonable changes in foreign exchange rates of the above currencies against the major functional currencies would not result in a significant change in the Company's results, given the exchange rate peg between USD and HKD.

Accordingly, no sensitivity analysis is presented for foreign exchange risk.

The management considers that the Company does not have any significant exposure to credit risk, liquidity risk, interest rate risk, currency risk and fair value estimation.

16. HOLDING COMPANY

The City Bank Limited, a company incorporated in People's Republic of Bangladesh, is regarded by the directors as the Company's holding company as at 31 December 2019.

DETAILED STATEMENT OF COMPREHENSIVE INCOME

For the period from 11 January 2019 (date of incorporation) to 31 December 2019
(For management purposes only)

	2019 HK$
Interest income from discounted bills	13,178
Services income	
- Agency income	58,199
- Courier charge recovery	13,152
	71,351
Total revenue	84,529
Add: Other income	
Bank interest income	1,148
Less: General and administrative expenses (Appendix A)	1,926,496
Less: Finance cost	
Interest expense on lease payment	38,915
Loss before tax	(1,879,734)

General and administrative expenses — Appendix A

Advertising	11,250
Auditor's remuneration provision for the period	15,000
Bank charge	9,946
Business entertainment	8,697
Depreciation of property, plant and equipment	13,217
Depreciation of right of use asset	447,126
Legal, professional expenses and secretarial fees	231,744
Mandatory provident fund contribution	4,500
Net exchange loss	10,010
Printing and stationery	1,847
Postage and courier	10,733
Management fee, government rate and stamp duty	105,347
Salaries and allowance	1,020,352
Services charges	15,256
Sundry expenses	3,947
Telecommunication charge	16,456
Utilities	1,068
	1,926,496

BASEL III PILLAR 3
MARKET DISCIPLINE OF THE CITY BANK LTD.

Disclosure on Risk Based Capital
Annual Disclosure for the year ended December 31, 2019

Basel III Pillar 3: Disclosures on Risk Based Capital

INTRODUCTION

Capital management is considered as an integral part of the risk management of the bank as capital ensures cushion against any loss suffered by the bank and saves bank from running off. Banking Industry of Bangladesh entered into the Basel III from Basel II regime since 1 January 2015. Therefore, City Bank has applied the Basel III framework as part of its capital management strategy. Like Basel II, Basel III accord is also made up of three pillars; namely

- Pillar 1 (Minimum Capital Requirement) covers the calculation of risk-weighted assets and minimum capital requirement for credit risk, market risk and operational risk
- Pillar 2 (Supervisory Review Process) intends to ensure that the Banks have adequate capital to address all the risks in their business
- Pillar 3 (Market Disclosure) speaks of ensuring market discipline by disclosing adequate information to the stakeholders

Market discipline (Pillar 3) comprises set of disclosures on the capital, risk assessment processes, capital adequacy and remuneration practices of the Bank. Improved transparency, underpinned by high quality and timely market disclosures, will enhance market discipline, efficiency and confidence. The key objective is, therefore, to provide a market driven incentive for a bank to conduct business in a safe and sound manner. This Market Discipline disclosure under Basel III is made following bank's disclosure policy, approved by the Board of Directors and 'Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel III)' for banks issued by Bangladesh Bank in December 2014.

The report is prepared once a year, except in exceptional circumstances, according to Disclosure Policy of City Bank and Bangladesh Bank's guidelines. For the ease of stakeholders, Disclosures on Risk Based Capital is published in Annual Report of the Bank and is also made available at City Bank's web site (www. thecitybank.com)

Key Metrics (Solo Basis):

Capital to Risk Weighted Asset **15.16%** 2018: 13.42%	Common Equity Tier I Capital ratio **9.66%** 2018: 8.29%	Leverage Ratio **5.48%** 2018: 5.24%
Total Eligible Capital **Tk 3,713.58 crore** 2018: Tk 3,4811.11 crore	Common Equity Tier I Capital **Tk 2,366.43 crore** 2018: Tk 2,150.71 crore	Tier II Capital **Tk 1,347.15 crore** 2018: Tk 1,330.40 crore
Total Risk Weighted Asset **Tk 24,492.47 crore** 2018: Tk 25,941.28 crore	Credit Risk RWA **Tk 21,358.37 crore** 2018: Tk 22,725.01 crore	Credit Risk RWA density **87.20%** 2018: 87.60%

Presentation of information

In this report, City Bank's information is presented on solo and consolidated basis. All amounts in the tables of this Pillar 3 disclosure are denominated in Bangladeshi Taka, unless stated otherwise. Certain figures in this document have been calculated using rounded figures.

Table 1: SCOPE OF APPLICATION

	Qualitative Disclosures
a) The name of the top corporate entity in the group to which this guidelines applies.	Name of the Bank is The City Bank Ltd. However, the bank does not belong to any group.
b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) That are fully consolidated; (b) That are given a deduction treatment; (c) That are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	Presently City Bank does not have any Associates and/or Joint Venture, but has four subsidiaries. These are a. **The City Brokerage Limited**: City Brokerage Limited was incorporated on 31 March, 2010 as a private limited company under the Companies Act, 1994, vide certificate of incorporation no. C-83616/10.The registered office of the company is situated at City Centre, Level 13, 90/A Motijheel C/A, Dhaka-1000. The company has four branches in Dhaka located at Motijheel, Gulshan, Dhanmondi and Nikunja, and two other branches at Chattogram and Sylhet. 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 (Stock Dealer, Stock Broker and Authorised Representatives) Rules, 2000. On 31 December 2019 the Bank held 99.99% shares of the company. b. **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 99.99% shares of CBCRL. c. **CBL Money Transfer SDN BHD:** 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. d) **City Hong Kong Limited:** City Hong Kong Limited ("the Company") is a company 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, Tsimshatsui, Kowloon, Hong Kong. City Hong Kong Limited is a fully owned (100% shares) subsidiary of The City Bank Limited established in 2019 to facilitate international trade business through advising of letter of credits, handling documentary collections and bill financing (discounting) against letters of credit.

Qualitative Disclosures	
	The financials are fully consolidated of all the subsidiaries, which have been prepared in accordance with IFRS 10 "Consolidated Financial Statements". Intercompany transaction and balances are eliminated; minority interest of Tk. 0.01 crore has been added in the Tier-1 capital.
c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not Applicable
Quantitative Disclosures	
The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not applicable

Table 2: CAPITAL STRUCTURE

Qualitative Disclosures	
Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2.	Regulatory capital base is quite different from Accounting capital. As per Bangladesh Bank guidelines based on Basel III accord, regulatory capital is classified into two broad categories namely Tier I Capital also known as going concern capital and Tier II Capital also known as gone concern capital. Additionally, Tier I Capital is further divided into two categories namely Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1). ● Common Equity Tier-1 (CET1) capital of City Bank consists of Fully Paid-up Capital, Statutory Reserves, Non-repayable Share Premium, General Reserve, Retained Earnings, Dividend Equalization Reserve and Minority Interest in its subsidiary (in case of consolidation), less Regulatory adjustments applicable on CET1. ● Tier-2 capital of City Bank consists of general provision and subordinated debt. ● At present, City Bank doesn't hold any Additional Tier 1 (AT1) Capital.

Quantitative Disclosures

Eligible Regulatory Capital Base as on 31 December 2019 (Tk in crore):

Sl. No.	Particulars	Solo	Consolidated
(a)	**Common Equity Tier I Capital (CET- 1)**		
a.1	Fully Paid-up Capital	1,016.39	1,016.39
a.2	Statutory Reserve	865.95	865.95
a.3	Non-repayable Share Premium account	150.44	150.44
a.4	General Reserve	1.14	1.14
a.5	Retained Earnings	362.62	297.89
a.6	Minority Interest in Subsidiaries	-	0.01
a.7	Dividend Equalization Reserve	53.08	53.08
a.8	**Sub-total Common Equity Tier I Capital (CET- 1)**	**2,449.61**	**2,384.89**
(b)	**Deductions from CET-1**		
b.1	Book value of goodwill which are shown as assets	-	(3.54)
b.2	Deferred Tax Asset	(82.88)	(83.31)
b.3	100% of Excess investment in equity of other banks, FI and Ins Co.	(0.30)	(204.94)
(c)	**Total Common Equity Tier I Capital**	**2,366.43**	**2,093.11**
(d)	**Additional Tier I Capital**	-	-
(e)	**Total Tier I Capital**	**2,366.43**	**2,093.11**
(f)	**Tier II Capital**		
f.1	General Provisions (provisions for UC + SMA + OBS exposure)	527.15	527.15
f.2	Revaluation Reserves (50% of Fixed Assets & Security, 10% Equity)*	49.37	49.70
f.5	Tier II Subordinated Bond	820.00	820.00
f.6	Sub-Total of Tier II Capital	1,396.51	1396.85
(g)	**Deduction from Tier II Capital**		
g.1	Phase-in deduction of Revaluation Reserves as per RBCA guidelines	(49.37)	(49.70)
g.2	100% of Excess investment in equity of other banks, FI and Ins Co.	-	(32.95)
(h)	**Total Tier II Capital**	**1,347.15**	**1,314.20**
(i)	**Total Eligible Regulatory Capital**	**3,713.58**	**3,407.31**

** As on 31 December 2014*

Table 3: CAPITAL ADEQUACY

	Qualitative Disclosures
A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	**Approaches followed by Bank for Capital Calculation:** Banking industry of Bangladesh made the transition to Basel III from Basel II since the beginning of 2015. In this regard, Bangladesh Bank, in line with the Basel Committee on Banking Supervision (BCBS) recommendations and international best practices, issued revised guideline on Risk Based Capital Adequacy based on Basel III with the purpose of fully implementing it by the end of 2019. Accordingly, City Bank applied the Basel III framework as part of its capital management strategy and remained fully capital compliant throughout 2019. Also as per BB directive, City Bank is applying following approaches for its risk wise capital calculation. ● Credit Risk: Standard Approach (SA) ● Market Risk: Standard Approach (SA) ● Operational Risk: Basic Indicator Approach (BIA) **Risk Weighted Assets of the Bank:** As on 31 December 2019, Total Risk Weighted Asset (RWA) of the bank was Tk 24,492.47 crore on solo basis and Tk 24,508.21 crore on consolidated basis. Where Credit risk accounted for 87.20% (on solo basis) and 85.85% (on consolidated basis) of RWA, followed by Operational risk for 10.62% and 10.75% respectively and Market risk for 2.18% and 3.40% respectively. To improve the capital requirement under credit risk, City Bank continuously pursues for external credit rating of its client base. At the end of 2019, City Bank managed to cover around 90% of its total eligible loans under valid external credit rating. **Compliance with Regulatory Requirements:** As per Basel III guideline, Minimum Capital Requirement (MCR) for the banks in Bangladesh is currently 10% of its total RWA with the addition of Capital Conservation Buffer which is 2.5% of total RWA in 2019. City Bank is well ahead of this minimum target both on Consolidated and on Solo basis as of December 2019. City Bank maintained ● Capital to Risk Weighted Asset Ratio (CRAR) of 15.16% on solo basis and 13.90% on consolidated basis ● Tier 1 capital ratio of 9.66% on solo basis and 8.54% on consolidated basis against the required level of 6.00%. ● Tier 2 capital is 56.93% of CET 1 on Solo basis and 62.79% of CET 1 on consolidated basis against the maximum limit of 88.89%. ● Capital Conservation Buffer for 2019 was 2.5% of RWA **Excess Capital to Support Current and Future Activities:** After maintaining total required capital (minimum capital requirement and capital conservation buffer), City Bank managed to maintain surplus capital of 2.66% on solo basis and 1.40% on Consolidated basis. The surplus capital maintained by City Bank will act as cushion to absorb the risk arises from the all material risks under Pillar II and to upkeep the future business growth of the bank. Furthermore, forward looking capital assessment based on the prospective business growth is also conducted to comprehend and to manage the future uncertainty.

Quantitative Disclosures

Capital Requirement under Credit, Market and Operational Risk (Tk in crore)

Sl. No.	Particulars	Solo	Consolidated
1.0	**Capital requirements for Credit Risk:**	**2,135.84**	**2,103.92**
1.1	Portfolios subject to standardized approach-Funded	1,677.38	1,645.46
1.2	Portfolios subject to standardized approach-Non-Funded	458.46	458.46
2.0	**Capital requirements for Market Risk**	**53.32**	**83.32**
2.1	Interest rate risk (Standardized Approach)	9.52	9.52
2.2	Equity risk (Standardized Approach)	41.93	71.93
2.3	Foreign exchange risk (Standardized Approach)	1.87	1.87
3.0	**Capital requirements for Operational Risk (Basic Indicator Approach)**	**260.09**	**263.58**
4.0	**Total Capital Required**	**2,449.25**	**2,450.82**
5.0	**Capital Ratios**		
5.1	Total Capital Ratio	15.16%	13.90%
5.2	CET I Capital Ratio	9.66%	8.54%
5.3	Total Tier I Capital Ratio	9.66%	8.54%
5.4	Tier II Capital Ratio	5.50%	5.36%
6.0	**Capital Conservation Buffer (2.5% of RWA)**	**612.31**	**612.71**
7.0	**Available Capital under Pillar II requirement**	**652.02**	**343.78**

Table 4: CREDIT RISK

Qualitative Disclosures

The general qualitative disclosure requirement with respect to credit risk

- Definitions of past due and impaired (for accounting purposes)
- Description of approaches followed for specific and general allowances and statistical methods
- Discussion of the bank's credit risk management policy

Credit Risk:

Credit risk refers to the probability of loss due to a borrower's failure to make payments on any type of debt. For most banks, loans are the largest and most obvious source of credit risk. However, there are other sources of credit risk both on and off the balance sheet. Off-balance sheet items include letters of credit, non-funded loan commitments, and lines of credit etc. Credit risk management is the process of mitigating those losses by understanding the adequacy of both a bank's capital and loan loss reserves at any given time.

Credit Risk Management at City Bank:

Credit risk is managed through a framework which sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework.

Credit risk of Corporate, Commercial and SMEM business are being assessed by Credit Risk Management Division (CRMD), while SME-SB, Credit Card and Retail credit are assessed by Credit & Collection, Retail & Small Business Risk Division. After approval, Credit Administration Division (CAD) disburses the credit approved by Credit Risk Management Division (CRMD), while Asset Operation team of Credit & Collection, Retail & Small Business Risk Division disburses for the SME-SB and Retail Credit. Classified credits are handled by

Special Asset Management Division (SAMD) where the same of Retail & Cards business are managed by Collection team of Credit & Collection Division. These both divisions are supported by Legal Division of the bank. Additionally, Internal Control and Compliance Division (ICCD) conducts on-site and off-site audit for all credits.

Bank also has a system of identifying and monitoring problem accounts at the early stages of their delinquency through auto generation of past- due report, so that timely corrective measures are initiated. Retail, Cards and SME-SB segment offer different customized products and are guided by separate Product Program Guidelines (PPGs) approved by the Board and/or management.

Loan Classification Criterion:

Loan products are broadly divided in to Continuous loan, Demand loan, Fixed term loan and Short term agricultural and Micro credit. City Bank is following the relevant BB guidelines for classification of its loan products. Presently, there are 5 categories of classification on objective criterion, they are: Standard (STD), Special Mention Account (SMA), Sub-standard (SS), Doubtful (DF) and Bad-loss (BL).

Definition of past due/overdue:

i. Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date

ii. Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date

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

iv. The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date.

A summary of some objective criteria for loan classification is stated below:

Type of Facility	Overdue Period for Loans Classification		
	Sub Standard	Doubtful	Bad & Loss
Continuous Loan, Demand Loan & Fixed Term Loan	3 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Short Term Agricultural & Micro Credit	12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more
Reschedule accounts	Reschedule accounts will be marked as per BRPD Circular No. 15, September 23, 2012		

Qualitative Disclosures

Guidelines for Loan Loss Provisions:

Specific provisions for classified loans and general provisions for unclassified loans and advances and contingent assets are measured as per BB prescribed provisioning rates as mentioned below:

General provision : Rate	Rate
Unclassified (STD & SMA) general loans and advances	1.00%
Unclassified (STD & SMA) small and medium enterprise	0.25%
Unclassified (STD & SMA) Loans to BHs/MBs/SDs against shares etc.	2.00%
Unclassified (STD & SMA) loans for housing finance and on loans for professionals	1.00%
Unclassified (STD & SMA) consumer financing other than housing finance and loans for professionals	5.00%
Unclassified (STD & SMA) Credit Card loans under Consumer Financing	2.00%
Unclassified Short term agricultural credit and micro credit	1.00%
Off balance sheet exposures	1.00%
Specific provision :	
Substandard loans and advances other than short term agricultural credit and micro credit	20.00%
Doubtful loans and advances other than short term agricultural credit and micro credit	50.00%
Bad & loss loans and advances	100.00%
Substandard & Doubtful short term agricultural credit and micro credit	5.00%

Quantitative Disclosures		
Total gross credit risk exposures broken down by major types of credit exposure	**Type wise Credit Exposure**	**Amount in crore Tk.**
	Continuous loan	
	Small & Medium Enterprise Financing (SMEF)	1,071.09
	Consumer Finance	1,009.32
	Loans to BHs/MBs/SDs against Shares -	38.17
	Other than SMEF, CF, BHs/MBs/SDs	1,578.55
	Demand loan	
	Small & Medium Enterprise Financing (SMEF)	849.14
	Consumer Finance	-
	Loans to BHs/MBs/SDs against Shares	20.29
	Other than SMEF, CF, BHs/MBs/SDs	9,163.71
	Term loan	
	Small & Medium Enterprise Financing (SMEF)	1,385.54
	Consumer Finance (including staff, other than HF)	2,287.04
	Housing Finance (HF)	809.90
	Loans to Professionals to setup business (LP)	-
	Loans to BHs/MBs/SDs against Shares	-
	Other than SMEF, CF, BHs/MBs/SDs	6,009.26
	Short term agri. credit and microcredit	
	Short term agri. credit	93.69
	Staff loan	378.66
	Total Credit Exposure	**24,694.37**
Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	**Geographical exposure**	**Amount in crore Tk.**
	Dhaka	20,320.98
	Chattogram	2,890.61
	Rajshahi	655.33
	Khulna	354.49
	Rangpur	251.83
	Sylhet	131.54
	Barishal	61.07
	Mymensingh	28.53
	Total Exposure	**24,694.37**
Industry or counterparty type distribution of exposures, broken down by major types of credit exposure	**Industry wise distribution of exposure**	**Amount in crore Tk.**
	Readymade garments industry	4,211.82
	Consumer credit	3,843.83
	Trade service	2,675.58
	Other manufacturing industry	2,475.22
	Energy and power industry	2,259.21
	Steel industry	1,723.76
	Real estate financing	1,216.55
	Agri & micro-credit through NGO	1,087.01
	Textile & spinning mills	971.36
	Assembling industry	903.27

Quantitative Disclosures		
	Pharmaceuticals industry	747.37
	Edible oil and food processing	689.40
	Service industry	534.43
	Transport, Storage & Communication	342.57
	Construction	205.29
	Chemical industry	164.81
	Ship breaking & building	131.62
	Hospitals	35.20
	Others	476.05
	Total Exposure	**24,694.37**

	Residual contractual maturity wise exposure	**Amount in crore Tk.**
Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure	Repayable on Demand	1,392.88
	Not more than 3 months	6,513.98
	Over 3 months but not more than 1 year	5,779.40
	Over 1 year but not more than 5 years	8,388.60
	Over 5 years	2,619.51
	Total Exposure	**24,694.37**

By major industry or counterparty type: ● Amount of impaired loans and if available, past due loans ● Specific and general provisions; and ● Charges for specific allowances and charge-offs during the period	**Counterparty wise distribution of impaired loans and past due loans**	**Amount in crore Tk.**	
		NPL	**SMA**
	Small & Medium Enterprise Financing (SMEF)	821.54	26.87
	Consumer Financing (Other than HF & LP)	123.60	25.47
	Loans to BHs/MBs/SDs	-	-
	Other than SMEF, CF, BHs/MBs/SDs	462.09	160.10
	Housing Finance (HF)	12.94	2.15
	Loans for Professionals to setup business (LP)	-	-
	Short Term Agri. Credit	2.53	-
	Microcredit		
	Staff Loan	1.71	-
	Total Exposure	**1,424.42**	**214.58**

	Particulars of specific and general provisions for entire loan portfolio and off-balance sheet exposures	**Amount in crore Tk.**
	Specific provision for loans and advances	582.97
	General provision for loans and advances	423.96
	General provision for off-balance sheet exposures	103.19

● Gross Non-Performing Assets ● Non-Performing Assets to Outstanding Loans & advances ● Movement of Non-Performing Assets (NPAs) ● Movement of Specific provisions for NPAs	**Non-Performing Assets**	**Amount in crore Tk.**
	Gross Non-Performing Assets (NPAs)	1,424.42
	NPAs to outstanding loans and advances (%)	5.77%
	Movement of NPAs (Gross)	
	Opening balance	1,232.55
	Additions	919.55
	Less: Reductions (Cash Recovery, Rescheduling, W/O)	727.68
	Closing balance	**1,424.42**

Quantitative Disclosures	
Movement of specific provisions for NPAs	
Opening balance	448.79
Less: Fully provided debts written off during year	71.08
Less: Fully waived during the year	0.75
Add: Recoveries of amounts previously written off	22.87
Add: Specific provision made during the year	40.16
Add: Provision made for Partially write off loans	142.97
Closing balance	**582.97**

Table 05: EQUITIES – DISCLOSURES FOR BANKING BOOK POSITIONS

Qualitative Disclosures

The general qualitative disclosure requirement with respect to equity risk, including:

- Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and
- Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices

Bank's investment in equity securities are broadly categorized into two categories:

- Quoted Securities: The instruments are quoted in active markets. These securities include Common shares, Mutual funds listed with Stock Exchanges. These instruments are categorized as trading book assets. Investment in trading book includes securities holding for capital gains, dividend income and securities holding for strategic reasons.
- Unquoted Securities: Unquoted Securities have no active market for price quotation. These instruments are categorized as banking book assets. Once unquoted securities get listed in secondary market, is reclassified as quoted and trading book assets.

As per Bangladesh Bank circular (ref: BRPD circular number -14 dated June 25, 2003), the quoted shares are valued as per market price in the stock exchange(s). Equity securities holdings in the banking book or unquoted are recognized at cost price.

Provisions for shares are maintained for unrealized loss (gain net off) arising from diminution in value of investments. Provision for shares against unrealized loss (gain net off) has been made according to DOS circular number-04 dated 24 November, 2011 and for mutual funds (closed-end) according to DOS circular letter no. 3 dated 12 March, 2015 of Bangladesh Bank.

Quantitative Disclosures

- Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.

Particulars (Tk in crore)	Solo Basis		Consolidated Basis	
	Cost Price	Market value	Cost Price	Market value
Value of Quoted shares	101.59	193.77	482.04	545.61
Value of Unquoted shares	7.67		13.64	

Quantitative Disclosures

- The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.
- Total unrealized gains (losses)
- Total latent revaluation gains (losses)
- Any amounts of the above included in Tier 2 capital.

Particulars (Tk in crore)	Solo Basis	Consolidated Basis
The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	0.00	4.40
Total unrealized gains (losses)	83.84	60.93
Total latent revaluation gains (losses)	-	-
Any amounts of the above included in Tier-2 capital	-	-

- Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

Risk Weighted Assets and Capital Charge for Unquoted shares (Tk in crore)	Solo Basis		Consolidated Basis	
	Balance Sheet Amount	RWA	Balance Sheet Amount	RWA
Unquoted shares	5.87	7.34	11.84	14.80
Unquoted shares (venture capital)	1.8	2.25	1.8	2.25
Total Unquoted Shares	7.67	9.59	13.64	17.05
Capital requirement @ 10% of RWA		0.96		1.71

Table 06: INTEREST RATE RISK IN BANKING BOOK (IRRBB)

Qualitative Disclosures

The general qualitative disclosure requirement including the nature of Interest Rate Risk in Banking Book (IRRBB) and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.

Interest Rate Risk:

Interest Rate Risk is the risk which affects the Bank's financial condition due to changes of market interest rates. Changes in interest rates affect both the current earnings (earnings perspective) and also the net worth of the Bank (economic value perspective). Bank assesses the interest rate risk both in earning and economic value perspective.

Interest Rate Risk Management:

Interest Rate Risk Management Policy, Targets and Controls are comprehended in Asset Liability Management Policy of the Bank. Interest rate risk in banking book is measured through the following approaches:

1. **Interest Rate Sensitivity analysis (Gap Analysis):** Interest Rate Sensitivity (or Interest Rate Gap) Analysis is used to measure and manage interest rate risk exposure specifically, bank's re-pricing and maturity imbalances. Gap reports stratify bank's rate sensitive assets, liabilities, and off-balance-sheet instruments into maturity segments (time bands) based on the instrument's next re-pricing or maturity date. This analysis is conducted on monthly basis.

2. **Duration Analysis on Economic Value of Equity:** A weighted maturity/re-pricing schedule is used to evaluate the effects of changing interest rates on bank's economic value by applying sensitivity weights to each time band. Such weights are based on estimates of the duration of the assets and liabilities that fall into each time band. The duration analysis is conducted on quarterly basis.

3. **Stress Testing:** It is used for measuring the Interest rate risk on its Balance Sheet exposure for estimating the impact on the Capital to Risk Weighted Assets Ratio. Stress Testing is conducted on quarterly basis

Quantitative Disclosures

The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).

The plausible Interest rate risk in Banking book as of 31 December, 2019 is calculated as below:

Interest Rate Sensitivity Analysis:

Interest rate change	1%	2%	3%
Change in Net Interest Income in short term bucket (Tk in crore)	(28.96)	(57.92)	(86.88)

Duration Gap Analysis:

Interest rate change	1%	2%	3%
Change in market value of equity (Tk in crore)	(291.26)	(582.53)	(873.79)

Table 07: MARKET RISK – DISCLOSURES RELATING TO MARKET RISK IN TRADING BOOK

Qualitative Disclosures

a) Views of BOD on trading/investment activities

Market risk is the risk of potential losses in the on-balance sheet and off-balance sheet positions of a bank, steams from adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices. Market risk exposure may be explicit in bank's trading book and banking book. The objective of the market risk management is to minimize the impact of losses on bank's earnings and shareholders' equity.

Bank has an overarching framework that sets out the approach to internal governance. This guide establishes the mechanisms and processes by which the Board directs the organization, through setting the tone and expectations from the top, delegating authority and monitoring compliance.

b) Market Risk Management system

Bank follows a market risk management process that allows risk-taking within well-defined limits in order to create and enhance shareholder value and to minimize risk. Regular market risk reports are presented to the Board's Risk Management,, Assets & Liabilities Management Committee, Management Risk Committee and Investment Committee.

Board and Board's Risk Management Committee have the superior authority to set market risk management strategy. Board has delegated its technical functions to the Assets & Liabilities Management Committee, Management Risk Committee and Investment Committee. To administer technical policies concerning financial models and risk management techniques and to implement bank's market risk management policies, procedures and systems, Asset Liability Management desk, Market Risk Management desk and Treasury Middle Office are functioning in tandem.

c) Policies and processes for mitigating market risk

Bank has Foreign Exchange Risk Management Policy, Asset Liability Management Policy and Investment Policy, duly approved by the Board of Directors. These policies delineate the management process of Market Risk Factors. The Bank reviews these policies preferably on yearly basis for effective management of interest rate risk, liquidity risk and foreign exchange risk.

Bank measures its market risk exposure using Value at Risk (VaR) Model which is a quantitative approach to measure potential loss for market risk. Stress Testing is used on asset and liability portfolios to assess sensitivity on bank's capital in different situations including stressed scenario. This test also evaluates resilience capacity of the bank.

		Qualitative Disclosures
d)	Methods used to measure Market risk	Risk tolerance limit, Management Action Triggers (MAT) and Stop loss limit are in place to limit and control loss from trading assets. Notional limit and Exposure limits are set for Trading portfolios and Foreign Exchange Open Position. Foreign exchange risk is computed on the sum of net short positions or net long positions, whichever is higher, of the foreign currency positions held by the Bank.

Quantitative Disclosures	
The capital requirements for: ● interest rate risk; ● equity position risk; ● foreign exchange risk; and ● Commodity risk.	Capital Allocation for Market Risk is calculated using Standardized Approach as below:

Solo Basis:

Capital Requirement for	Amount in crore Tk
Interest rate risk	9.52
Equity position risk	41.93
Foreign Exchange risk	1.87
Commodity risk	0.00
Total capital requirement	**53.32**

Consolidated Basis:

Capital Requirement for	Amount in crore Tk
Interest rate risk	9.52
Equity position risk	71.93
Foreign Exchange risk	1.87
Commodity risk	0.00
Total capital requirement	**83.32**

Table 08: OPERATIONAL RISK

		Qualitative Disclosures
a)	Views of BOD on System to reduce Operational risk	Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and system or impact of external events. The definition includes legal risk but excludes strategic and reputation risk. Board of Directors (BOD) of City Bank has established operational risk management process to control operational risk. It is largely managed through internal controls, audit system, and operational risk management segment. The policies for managing operational risks are approved by the BOD following relevant guidelines of Central Bank.
b)	Performance gap of executive and staffs	City Bank demonstrates commitment to achieve the team objectives and is always dedicated to develop and make individual confident enough to push their limits. Peoples' performance is assessed according to predefined performance objectives and key performance indicators (KPI) set and shared at the beginning of each year. It mobilizes human resources effectively to ensure that strong corporate performance is delivered. City Bank aims to create a workplace which rewards individuals for their efforts, promotes work-life balance, offers employees the opportunities to grow by facilitating personal development through different types of learning intervention. To carry out the aim, City Bank offers competitive, performance-based compensation, a generous benefits program, and several employee assistance programs. To reduce knowledge gap and assist end users to perform accurately, step by step process detailed 'Operations Manual' have been developed. This has been a critical initiative for the Bank as these manuals enable users not only to operate more efficiently but also serve customers better. Moreover, all the policies and processes address clear responsibilities and accountabilities of all employees.
c)	Potential external events	

c)	Potential external events	External events may derive systematic and unsystematic risk. The frequency of the events may be low but City Bank remains vigilant about its role. City Bank adopts different strategy to mitigate the negative effect of systematic risk within tolerable limit. City Bank has also developed different policies and processes to diversify unsystematic risk. Different contingency plans for business continuity, train up and aware the employees about anti-money laundering, fraud, forgery, cybercrime, emergency situation etc. are contributing towards managing operational risk.
d)	Policies and processes for mitigating operational risk	Operational risk is inherent in every business organization. Therefore necessary policies and processes are developed by the bank- such as Operational Risk Management Framework; Review of Important policies have been started with cross functional teams; Risk Control Self-Assessment (RCSA) has been initiated in major operational processes. Moreover, key Operational Risk areas of the bank have been identified to manage risk impacts and exposure mitigation tactics. To capture these risks, Departmental Control Function Check List (DCFCL), Quarterly Operation Report (QOR), internal audit reports etc. are checked. City Bank has a Management Risk Committee (MRC), composed of members of senior management of various risk functions, headed by CRO to oversee various risks of the banks including operational risk. Activities of MRC are implemented through independent Risk Management Division (RMD) of the bank. RMD pinpoints, analyzes, and highlights different dimensions of operational risks and reports to the Management, Board, and stakeholders. Internal Control and Compliance Division (ICCD) of City Bank monitors and controls operational procedure of the bank by undertaking periodic and special audit of branches, departments, and divisions to review of the operation and compliance of statutory requirements. The reports are submitted and subsequently reviewed by the Audit Committee of the Board (ACB) who directly oversees the activities of ICCD to control operational risks. The City Bank also has a Fraud Risk Management (FRM) Division that comprised of three distinct departments - Fraud Detection, Investigation & Vigilance, and Chargeback & Dispute Management. All of these departments are pledged to tighten the loose rivets that may exist in the retail business.
e)	Approach for calculating capital charge for operational risk	City Bank has adopted Basic Indicator Approach (BIA) to assess the capital charge for operational risk as of the reporting date. Accordingly, Bank's operational risk capital charge has been assessed at 15% of positive annual average gross income over the previous three years as defined by the guideline of Risk Based Capital Adequacy (RBCA).

Quantitative Disclosures

Capital Requirement for Operational Risk for the year 2019:

Sl. No.	Particulars	Amount in crore Tk
01	Capital Charge for Operational Risk under MCR (Solo Basis)	260.09
02	Capital Charge for Operational Risk under MCR (Consolidated Basis)	263.58

Table 09: LIQUIDITY RATIO

Qualitative Disclosures

a)	Views of BOD on System to reduce liquidity risk	Liquidity risk is the risk to the bank's earnings and capital arising from its inability to timely meet obligations when they come due without incurring unacceptable losses. Liquidity risk primarily arises due to the maturity mismatch associated with assets and liabilities of the bank. Therefore, The Board of Directors of the bank set policy, different liquidity ratio limits and risk appetite for liquidity risk management.

b)	Liquidity risk management system	The Board of Directors of the bank set policy, different liquidity ratio limits, and risk appetite for liquidity risk management. Asset and Liability Management Committee is responsible for both statutory and prudential liquidity management. Ongoing liquidity management is discussed as a regular agenda of ALCO meeting, which takes on a monthly basis. At the ALCO meeting, bank's liquidity position, limit utilization, changes in exposure and liquidity policy compliance are presented to the committee. Asset Liability Management Desk closely monitors and controls liquidity requirements on a daily basis.
c)	Methods used to measure liquidity risk	Key liquidity metrics on both local currency and foreign currency balance sheets are monitored to evaluate the liquidity mismatches and prudential limits such as: ● Cash Reserve Ratio (CRR) ● Statutory Liquidity Requirement (SLR) ● Advance to Deposit Ratio (ADR) ● Structural Liquidity Profile (SLP) ● Maximum Cumulative Outflow (MCO) ● Liquidity Coverage Ratio (LCR) ● Net Stable Funding Ratio (NSFR) ● Liquid Asset to Total Deposit Ratio ● Liquid Asset to Short Term Liabilities ● Undrawn Commitment Limit ● Wholesale Borrowing
d)	Policies and process for mitigating liquidity risk	Liquidly Risk Management is guided by Asset Liability Management Policy of the bank. Liquidly risk management and Liquidity Contingency Plan are the two major aspects in the ALM policy. The Liquidity Contingency Plan clearly defines the responsibilities of the Contingency Management Team and ensures the business continuity through close monitoring of the Bank's liquidity position against the pre-defined liquidity Management Action Triggers

Quantitative Disclosures

Sl. No.	Particulars	Solo
01	Liquidity Coverage Ratio	142.60%
02	Net Stable Funding Ratio (NSFR)	107.42%
03	Stock of High Quality Liquid Assets (Tk in crore)	6,193.46
04	Total net cash outflows over the next 30 calendar days (Tk in crore)	4,343.16
05	Available amount of stable funding (Tk in crore)	25,782.03
06	Required amount of stable funding (Tk in crore)	24,001.13

Table 10: LEVERAGE RATIO

Qualitative Disclosures

a)	Views of BOD on System to reduce excessive leverage	a) Basel III guidelines introduced a simple, transparent, non-risk based ratio known as leverage ratio in order to avoid building-up excessive on and off balance sheet leverage in the banking system. City Bank has embraced this ratio along with Basel III guideline as it act as a credible supplementary measure to risk based capital requirement and assess the ratio periodically in order to properly address the issue.
b)	Policies and processes for maintaining excessive on and off-balance sheet leverage	b) Revised guideline of RBCA based on Basel III as provided by BRPD of Bangladesh Bank is followed by the bank while managing excessive on and off-balance sheet leverage of the bank. As per RBCA leverage ratio shall be Tier I Capital divided by Total Exposure after related deductions.
c)	Approach for calculating exposure	c) City Bank follows the approach mentioned in the revised RBCA for calculating exposure of the bank. The exposure measure for the leverage ratio generally follows the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following are applied by the bank:

I. On balance sheet, non-derivative exposures will be net of specific provisions and valuation adjustments.

II. No Physical or financial collateral, guarantee or credit risk mitigation is considered.

III. No Netting of loans and deposits is considered

Quantitative Disclosures			
Sl. No.	Particulars	Solo	Consolidated
01	Leverage Ratio (%)	5.48%	4.85%
02	On balance sheet exposure (Tk in crore)	34,885.93	35,112.37
03	Off balance sheet exposure (Tk in crore)	8,365.29	8,365.29
04	Total exposure (Tk in crore)	43,168.04	43,185.87

Table 11: REMUNARATION

Qualitative Disclosures		
a)	Information relating to the bodies that oversee remuneration.	**Governing body of Remuneration Policy and Process:** City Bank has a board approved Compensation and Benefit Policy that outlines the rules relating to compensation structure and the benefit package of the organization and gives detailed procedures for exercising them in order to promote fair treatment and consistency within the Bank. The policy is approved by Board, while it is the Management that implements the same across the organization. However, operational aspects of the policy are being taken care by Human Resources (HR) Division of the bank. **External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:** City Bank takes help of external consultant for certain areas during designing the remuneration under Compensation and Benefit Policy. Assignment of any consultancy services is carried out in line with Board approved Procurement Policy of City Bank, while each consultant is appointed by Management/Board, as appropriate. At City Bank we have practice to appoint following consultants, as and when required: ● Tax advisors on salary and benefits ● Actuary for valuation of gratuity ● Auditor for provident fund and gratuity ● Salary survey vendors ● Head hunters, etc. **Scope of the City Bank Remuneration Policy:** Policy applies to all the permanent employees of the bank. Additionally, separate Compensation and Benefit Package is usually approved for temporary and casual staffs on case basis. Any other benefit is guided by the contract agreement with individual employees. **Material Risk Takers and Senior Management of City Bank:** At City Bank, Chief Executive Officer and other members of Management Committee (MANCOM) hold the prime authority to take key decisions and ultimate implementation. As such, CEO and MANCOM are considered as material risk takers and Senior Management. However, in course of implementation Division Heads also play a pivotal role in banking business. Composition of MANCOM as on 31 December 2019 is provided below: ● MD & CEO 01 ● AMD 01 ● DMD 03 ● SEVP 04 ● EVP 06 ● SVP 02

		Qualitative Disclosures
b)	Information relating to the design and structure of remuneration processes	**Objectives and key features of Remuneration Policy:** Compensation and Benefits policy of City Bank outlines the rules relating to compensation structure and the benefit package of the organization and gives detailed procedures for exercising them with the objective of promoting fair treatment and consistency across the Bank. Additionally, Compensation to be commensuration to individual's performance, desired role in the organization, quality of past experience, quality of training received, technical competency. Key features of the policy besides the base salary are ● Provident Fund ● Gratuity Benefit ● Group Term Life Insurance ● Bonuses ● Medical Benefits ● Various Allowances ● Financial Assistance Schemes ● Advance Salary etc. ● House building loan facility ● House Building loan insurance ● Car loan facility **Review of Remuneration Policy:** As per the policy, compensation structure of the Bank will be reviewed as and when management deem appropriate to allow for adjustments in the Cost of Living and market forces pertaining to the Banking industry. The HR Division is responsible for initiating the review process and their recommendations are approved/ disapproved or amended by the Governing Body. In the latest review, City Bank incorporated House Building Loan Insurance, and upgraded as well as enhanced the scope of Group Hospitalization Plan, Car Purchase Plan. **Independence of Risk & Compliance employees from businesses they oversee:** CRO supervises bank's overall risk management activities which is independent from business verticals and reports to Board's Risk Management Committee. On the other hand, all compliance professionals report to Head of Internal Control and Compliance Division (ICCD), who reports to Board's Audit Committee. Hence, their evaluation process is also independent of the Businesses they oversee.
c)	Information relating to the design and structure of remuneration processes	**Key risks taken into account when implementing remuneration measures:** In the competitive financial sector like Bangladesh, remuneration system is basically driven by market dynamics. Due to huge competition in a crowded market with substantial number of participants, restructuring of compensation package is more frequent than other industries. However, such revisions sometimes may lead to market distortion, excessive profit motive and disparity in work-life balance. Nevertheless, City Bank always strives to design the remuneration strategies so that the competitive staffs are rewarded compensation package they really deserve. On top of it, City Bank is committed to ensure maintaining internal equity and fair treatment in its compensation system across the organization. **Key measures used to take account of these risks:** To make the compensation package judicious, market survey is conducted as and when felt required so that the package logically compensates employee for their expertise, time, mental and social engagement with the organization.

		Qualitative Disclosures
		Ways in which these measures affect remuneration: These measures ensure that the remuneration process of City Bank is ● Commensuration to individual's performance, desired role in the organization, quality of past experience, quality of training received, technical competency. ● Fair and Equal for different position of the bank ● In line with the market dynamics and practices **Changes in the nature and type of these measures over the past year:** No significant amendment of the remuneration system took place other than that mentioned above.
d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration	**Overview of main performance metrics of City Bank:** At City Bank, we believe in a performance based management culture. We believe that all employees working with us must be evaluated in a fair and transparent manner and the Performance Management Policy of City Bank ensures that. As per policy, performance evaluation is done for all permanent employees once every year. Additionally, to make the process more structured and to provide a direction to the employee on his/her performance, a midyear review is also performed. These evaluation are done based on two main parameters ● Performance objectives of the employee ● Behavioral indicators of the Values of City Bank **Linkage between remuneration and performance:** The overall rating of an individual will be based on the cumulative rating of above mentioned two parameters. In order to translate performance into remuneration, City Bank associates this overall rating of an individuals with different features of remuneration policy such as yearly increment, bonuses etc. In City Bank's case, Club 1 is the highest rating whilst Club 5 is the lowest. **Adjustment of remuneration in the event that performance metrics are weak:** The Performance Management Policy of City Bank is dynamic in nature that considers overall performance scenario of the bank while ensuring fair and transparent evaluation of individuals.
e)	Description of the ways in which the bank seek to adjust remuneration to take account of longerterm performance	City Bank believes that the individual and team effort and performance should be regularly appreciated and recognized so as to keep our employees motivated to give in their best efforts. And more importantly by recognizing these performances, we reinforce, with our chosen means of recognition, the actions and behaviours we want City Bank employees to repeat most. City Bank relates yearly overall rating of individuals which is based on their performance with different features of remuneration policy such as yearly increment, bonuses etc. Additionally, two or more years of rating are also considered for promotion recommendation of individuals if suitable opening is available commensurate with individual skills and expertise.
f)	Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms	City Bank recognizes the effort and performance of its employees based on its Compensation and Benefit policy which consist of base salary and different benefit packages mentioned earlier. However, City Bank occasionally practice commission based remuneration process for temporary staffs as per their Compensation and Benefit Package. There is also a Reward & Recognition (R&R) program that recognizes extraordinary contribution not only for business gain but also those that inspire and set high quality services, support or standard.

Quantitative Disclosures	
Number of meetings held by the main body overseeing remuneration during 2019 and remuneration paid to its member	NA*
Number of employees having received a variable remuneration award during 2019 Number and total amount of guaranteed bonuses awarded during 2019 Number and total amount of sign-on awards made during 2019 Number and total amount of severance payments made during 2019	NA** 2 Festival Bonus 33.87 crore NA** NA**
Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in 2019.	NA**
Breakdown of amount of remuneration awards for 2019 to show: ● Fixed and Variable ● Deferred and Non-deferred ● Different forms used (cash, shares and share linked instruments, other forms)	NA
Quantitative information about employees' exposure to implicit and explicit adjustments of deferred remuneration and retained remuneration: ● Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments ● Total amount of reductions during the financial year due to ex post explicit adjustments ● Total amount of reductions during the financial year due to ex post implicit adjustments.	NA

Note:

* In City Bank, no separate and exclusive meeting of the governing body takes place to oversee the remuneration. Rather, HR is assigned to initiate any proposal on remuneration as per the Compensation and Benefit Policy of the bank and upon consent of the management committee same is also placed to regular Board meeting for approval and further actions.

** During 2019, Compensation and Benefit Policy of City Bank did not have provision of any kind of variable remuneration, deferred remuneration, severance payment, sign-on awards or other forms of remuneration as mentioned above for its permanent staff. However, City Bank provides commission based remuneration to its temporary and casual staffs which doesn't fall under the scope of above mentioned policy.

Branch list

Principal Office
House: 10 Jibon Bima Tower (GR fl), Area: Dilkusha Commercial Area, PO: GPO, PS: Motijheel, Dist: Dhaka - 1000.

B.B. Avenue Branch
House: 12 Hasan Building (GR fl & 1st fl), Area: 12 B.B Avenue, PO: GPO, PS: Paltan, Dist: Dhaka - 1000.

Pabna Branch
House: 472 (1st fl), Road: Aurangzeb Road, Area: Pabna, PO: Pabna, PS: Pabna Sadar, Dist: Pabna - 6600.

Agrabad Branch
House: Banani Complex, 942/A (GR fl), Area: Agrabad C/A, Road: Sheikh Mujib Road, PO: Bandar, PS: Double Mooring, Dist: Chittagong - 4100.

Khatungonj Branch
1628/1671, Ramjoy Mohajon Lane (1st fl), Asadgonj, P.O. Lamarbazar, PS: Kotwali, Dist: Chittagong- 4000

Imamgonj Branch
173-174 Mitford Road, Imamgonj, PS: Chawkbazar, Dhaka

Bandar Bazar Branch
House: Metro Centre (1st fl), Road: South Dhopadighir Paar, Bandar Bazar East, Area: Sylhet, P.O: Sadar, P.S: Kotwali, Dist: Sylhet - 3100.

Narayangonj Branch
House: 72 Islam Market (1st fl), Road: BB Road, Area: Narayangonj, PO: Narayangonj, PS: Narayangonj, Dist: Narayangonj - 1400.

Zinzira Branch
Amin Complex, (1st fl), Zinzira Bus Stand Road, Zinzira Bazaar, Dhaka.

Rangpur Branch
House: 97/1 Central Point (1st fl), Road: Central Road, Area: Rangpur Town, PO: Rangpur Sadar, PS: Kotwali, Dist: Rangpur - 5400.

Johnson Road Branch
House: 31 Aziz Center (1st fl), Road: Johnson Road, Area: Raishaheb Bazar, PO: Dhaka Sadar, PS: Kotwali, Dist: Dhaka - 1100.

Islampur Road Branch
House: 18 Sonar Bangla Market (1st fl), Road: Islampur Road, Area: Islampur, PO: Dhaka Sadar, PS: Kotwali, Dist: Dhaka - 1100.

Khulna Branch
House: 7 (GR fl), Road: Sir Iqbal Road, Area: Khulna Sadar, PO: GPO, PS: Kotwali, Dist : Khulna - 9100.

Bandura Bazar Branch
House: Dennis Business Heaven (1st fl), Area: Bandura Bazar, PO: Old Bandura, PS: Nawabganj, Dist: Dhaka - 1320.

Bogura Branch
Masuma Plaza, Holding No: 766, Rangpur Road, Ward No: 3, PS: Bogura, District: Bogura.

Cumilla Branch
House: 437 Artisan Nasir Centre (1st fl.), Road: Nazrul Avenue, Kandirpar, Area: Cumilla, PO: Cumilla Sadar, PS: Cumilla, Dist: Cumilla - 3500.

Patherhat Branch
House: Hazi Siddique Ahmed (1st fl), Road: Kaptai Road, Area: Noapara, Guzra Union, PO: Guzra Noapara, PS: Raozan, Dist: Chittagong - 4346.

Tangail Branch
House: 1869/77 (1st fl), Road: Main Road, PO: Tangail Sadar, PS: tangail Sadar, Dist: Tangail - 1900.

Moulvibazar Branch
House: Kusumbagh Shopping City (2nd fl), Road: Sylhet Road, Area: Moulvibazar, PO: Moulvibazar, PS: Moulvibazar, Dist: Moulvibazar - 3200.

Jessore Branch
House: 28-29 R.S Tower (1st fl), Road: M.K Road, Area: Jessore, PO: Jessore, PS: Kotwali, Dist : Jessore - 7400.

Jubilee Road Branch
House: 181 Gulshan Plaza (1st fl), Road: Golap Shing Lane, Area: Chittagong, PO: GPO, PS: Kotwali, Dist: Chittagong - 4000.

Rajshahi Branch
House: 125 Star Mansion (1st fl), Road: Natore Road, Area: Shaheb Bazar O Point, PO: Ghoramara, PS: Boalia, Dist: Rajshahi - 6100.

Mymensingh Branch
House: 20 (1st fl), Road: Choto Bazar, Area: Mymensingh, PO: Mymensingh, PS: Kotwali, Dist: Mymensingh - 2200.

Syedpur Branch
House: 361 (GR fl), Road: Shahid Dr. Zikrul Haque Road, Area: Saidpur, PO: Saidpur, PS: Saidpur, Dist: Nilphamari - 5310.

Dhaka Dakshin Branch
House: Latif Mansion (1st floor), Road: College Road, PO: Dhaka Dakshin, PS: Golapganj, Dist.: Sylhet, Post Code : 3161.

New Market Branch
House: 5 Novera Square (1st fl), Road# 2, Area: Dhanmondi R/A, PO: Dhanmondi, PS: Dhanmondi, Dist: Dhaka - 1205.

Narsingdi Branch
House: 192 Bazar (1st fl), Area: Narsingdi, PO: Narsingdi, PS: Narsingdi, Dist: Narsingdi - 1600.

Chauddagram Branch
House: Mamun Patwari Building (1st fl), Road: Beside of DHK-CTG Highway, Area: Chauddagram Bazar, PO: Chauddagram, PS: Chauddagram, Dist: Comilla - 3550.

Bandartila Branch
House: 2461 A-Chamber (1st fl), Road: Airport Road, Area: Bandartila, PO: Sailor's Colony, PS: Bandar, Dist: Chittagong - 4218.

Gulshan Branch
House: 10 United House (1st fl), Road: Gulshan Avenue, Area: Gulshan -1, P.O: Gulshan, P.S: Gulshan, Dist: Dhaka - 1212.

Tongi Branch
House: 244 Zarzis Bhaban (1st fl), Road: Anarkali Road, Area: Tongi Pourosova, PO: Monnu Nagar, PS: Tongi, Dist: Gazipur - 1710.

Chandpur Branch
House: 57/54 Rajanigandha Shoping Centre (1st fl), Road: Comilla Road, Area: Natun Bazar, PO: Chandpur, PS: Chandpur, Dist: Chandpur - 3600.

Feni Branch
188, Sadek Building (1st floor), Road: SSK Road, Area: Feni, PO: Feni, PS: Feni Sadar, Dist: Feni: 3900.

Sirajgonj Branch
House: 979 (1st fl), Road: SS Road, Area: Sirajgonj, PO: Sirajgonj, PS: Sirajgonj, Dist: Sirajgonj - 6700.

Gobindagonj Branch
House: 575 Rajmoti Super Market (1st fl), Area: Maddhapara, Buzruk Boalia, PO: Gobindagonj, PS: Gobindagonj, Dist: Gaibandha - 5740.

Kadamtali Branch
House: 295 Rahat Centre (1st fl), Road: DT Road, Area: Chittagong, PO: Chittagong Sadar, PS: Double Mooring, Dist: Chittagong-4000.

Cox's Bazar Branch
House: Ali Noor Plaza (1st fl), Road: Main Road, Area: West Bazarghata, PO: Cox's Bazar, PS: Cox's Bazar Sadar, Dist: Cox's Bazar - 4700.

Nawabgonj Branch
House: Younus Shoping Complex (1st fl), Area: Nawabgonj Main Road, Area: Nawabgonj Upozilla, : PO: Nawabgonj, PS: Nawabgonj, Dist: Dhaka - 1320.

Shaymoli Branch
House: 23/6 Rupayan Shelford (1st fl), Road: Khilji Road, Block: B, Area: Shaymoli, PO: Mohammadpur, PS: Mohammadpur, Dist: Dhaka - 1207.

Zindabazar Branch
House: Kaniz Plaza (1st fl), Area: Zindabazar, PO: Sylhet, PS: Kotwali, Dist: Sylhet - 3100.

Dhanmondi Branch
House: 312 Suvastu Zenim Plaza (2nd fl), Road: 27 (Old), 32 (New), Area: Dhanmondi R/A, PO: Dhanmondi, PS: Dhanmondi, Dist: Dhaka - 1205.

Doulatgonj Branch
House: 252 (1st fl), Road: Bank Road, Area: Daulatgonj Bazar, PO: Daulatgonj Bazar, PS: Daulatgonj, Dist: Comilla - 3570.

Laxmipur Branch
House: Kundo Tower (1st fl) Road: Chak Mosjid Road, PO: Lakshmipur Sadar, PS: Lakshmipur, Dist.: Lakshmipur, Post Code: 3700.

Karwan Bazar Branch
House: 8 UTC Building (1st fl), Road: 8, Panthapath, Area: Kawran Bazar, PO: Tejgaon, PS: Tejgaon, Dist: Dhaka - 1215.

Satkania Branch
House: 580 Mokbul Seraji Shopping Complex (1st fl), R:Station Road, Area: Satkania, PO: Satkania, PS: Satkania, Dist: Chittagong - 4386.

Andarkilla Branch
Equity Antara. Holding No. 352/ 536. 1st Fl. 123, Momin Road, Kotowali, Chattogram-4000.

Barishal Branch
House: 19 Razzak Mansion (1st fl.), Area: Barishal, PO: Barishal, PS: Kotwali, Dist: Barishal- 8200.

Ambarkhana Branch
House: B 100, 1st Floor, East Dargha Gate, Airport Road, Ambarkhana, Sylhet

Netaigonj Branch
House: 217 (1st fl), Road: BK Road, Area: Netaigonj, PO: Narayangonj, PS: Narayangonj, Dist: Narayangonj - 1400.

Kushtia Branch
House: 114 Kadari Super Market, Road: R.A. Khan Chow Sarak, Area: Sapla Chattar, PO: Kushtia, PS: Kushtia, Dist: Kushtia - 7000.

Pahartali Branch
House: 302 Sanowara Guest House (1st fl), Road: Dhaka Trunk Road, Area: Pahartali, P.O: Pahartali, P.S: Double Mooring, Dist: Chittagong - 4202.

Posta Branch
House: 35 Seraj Court (1st & 2nd fl), Road: Shaesta Khan Road, Area: Lalbagh, PO: Posta, PS: Chak Bazar, Dist: Dhaka - 1211.

Hajigonj Branch
House: Royal Rowshan Super Market (1st fl), Road: Main Road, Area: Hajigonj, PO: Hajigonj, PS: Hajigonj, Dist: Chandpur - 1600.

Rekabi Bazar Branch
House: Abdul Motalebs House (1st fl), Road: Binodpur High School Road, Area: Ponchasar, PO: Rekabi Bazar, PS: Munshigonj Sadar, Dist: Munshigonj - 1501.

Faridpur Branch
House: 5/1 (1st fl), Road: Sheikh Mujib Road, Area: Niltuly, PO: Faridpur, PS: Kotwali, Dist : Faridpur - 7800.

Kaligonj Branch
House: Bikrampur Plaza (1st fl), Road: Shahid Delwar Hossain Road, Area: Aganagar, Gudaraghat, PO: Suvaidda, South Keranigonj, PS: Keranigonj, Dist: Dhaka - 1310.

Chawmuhani Branch
Chowmuhani Plaza, D.B. Road (1st fl.) Chowmuhani. PS: Begumgonj, Noakhali

Mouchak Branch
House: 80/A Shahjalal Tower (1st fl), Road: Siddeswari Circular Road, Area: Malibagh, PO: Shantinagar, PS: Ramna, Dist: Dhaka - 1217.

Dinajpur Branch
House: 1067, 1070 & 1078, Mona Tower & Shopping Complex (1st fl), Area: Modern Moar, Goneshtola, PO: Dinajpur, PS: Dinajpur Sadar, Dist: Dinajpur - 5200.

Madhobdi Branch
House: 4 (1st & 2nd fl), Road: Bank Road, Area: Madhabdi Bazar, PO: Madhabdi, PS: Narsingdhi, Dist: Narsingdhi - 1604.

Sreemongol Branch
House: 70 Al-Amin Mansion (1st fl), Road: Moulvi Bazar Road, Area: Sreemongal, PO: Sreemongal, PS: Sreemongal, Dist: Moulvi Bazar - 3210.

Foreign Exchange Branch
House: 27 Baitul Hossain Building (GR fl), Area: Dilkusha C/A, PO: Dilkusha, PS: Motijheel, Dist: Dhaka - 1000.

Benapole Branch
House: 381, Selim Sumon Super Market (Ground Floor), Jessore Road, P.O.: Benapole, P.S.: Benapole, Dist: Jessore - 7431.

Manikgonj Branch
House: 173/174 (1st & 2nd fl), Road: Shaheed Rafique Sarak, Area: Manikgonj Bazar, P.O: Manikgonj, P.S: Manikgonj, Dist: Manikgonj - 1800.

Mirpur Branch
House: 1 (1st fl), Road: Dar-us-Salam Road, S: 1, Area: Mirpur, PO: Mirpur, PS: Mirpur, Dist: Dhaka - 1216.

Nawabpur Branch
House: Anowara Bhavan (1st fl), Road: 12-14 Nawabpur Road, PO: Nawabpur, PS: Wari, Dist: Dhaka -1100

Urdu Road Branch
House: Haji Mansion (2nd fl), Road: 10 Urdu Road, Area: Dhaka City Corp, PO: Posta, PS: Chawkbazar, Dist: Dhaka - 1211.

O.R. Nizam Road Branch
(1st fl), 1 Shahid Abdul Hamid Road, East Nasirabad, GEC crossing, Chittagong.

Jagannathpur Branch
House: (GR fl), Road: T & T Road, Area: Jagnnathpur, PO: Jagnnathpur, PS: Jagnnathpur, Dist: Sunamgonj - 3060.

Chapainawabgonj Branch
House: 11 Jabun Nessa Super Market (1st fl), Road: Godagari Road, Area: Chapainawabgonj, PO: Chapainawabgonj, PS: Chapainawabgonj, Dist: Chapainawabgonj - 6300.

Satkhira Branch
House: 400/450 City Market (1st fl), Road: Boro Bazar Road, Area: Satkhira, PO: Satkhira, PS: Satkhira Sadar, Dist: Stakhira - 9400.

Sherpur Branch
House: 328 Mohona Shoping Center (1st fl), Road: DHK-BOG Highway, Area: Sherpur Upozilla, PO: Sherpur, PS: Sherpur, Dist: Bogra - 5840.

Sadarghat Branch
House: Patuatuly Bhaban (2nd fl), Road: 78 Loyal Street, Patuatuly, Area: Sadarghat, PO: Sadarghat, PS: Kotwali, Dist: Dhaka - 1100.

Bhairab Bazar Branch
House: 129 (1st fl), Road: Kali Bari Road, Area: Bhairab Bazar, PO: Bhairab Bazar, PS: Bhairab, Dist: Kishoregonj - 2350.

Motijheel Branch
Motaleb Mansion, Holding No. 2, R K Mission Road, Ward No. 39, PS: Wari, Dhaka - 1203.

Uttara Branch
House: 8 Barek Monjil (GR fl), Road: Rabindro Sarani Road, Sector-7, Area: Azampur, P.O: Uttara, P.S: Uttara, Dist: Dhaka - 1230.

Beani Bazar Branch
House: (GR fl), Road: Hospital Road, Area: Nayagram, P.O: Beani Bazar, P.S: Beani Bazar, Dist: Sylhet - 3170.

Chawk Bazar Branch
House: 452/494 Marium Tower (1st fl), Road: 210, Kapashgola Road, Area: Chawkbazar, PO: Chawkbazar, PS: Panchlaish, Dist: Chittagong - 4203.

Biswanath Branch
House: K Ali Shoping Complex (1st fl), Road: Rampasha Road, Area: Natun Bazar, PO: PS: Bishwanath, Dist: Sylhet - 3130.

VIP Road Branch
Orchard Faruque Tower, 72, Naya Paltan, VIP Road, Dhaka

Progati Sarani Branch
The Pearl Trade Center (Ground Floor), Cha-90/3, Progati Sarani, Shahjadpur, Dhaka.

DSE Nikunja Branch
House: Lotus Kamal Tower-1, 57 Zoar Shahara (GR fl), Road: Airport Road, Area: Nikunja-2, PO: Khilkhet, PS: Khilkhet, Dist: Dhaka - 1229.

Kachua Branch
House: Biponi Polash (GR fl), Road: Hospital Road, Area: Polashpur, PO: Kachua, PS: Kachua, Dist: Chandpur - 3630.

Gulshan Avenue Branch
City Bank Center, 136 Gulshan Avenue, Gulshan-2, Dhaka - 1212.

Probartak Branch
House: 1486/1672 Al-Nur Badrun Center (1st fl), Road: O.R Nizam Road, Area: Probartak Moor, PO: Ctg Medical, PS: Panchlaish, Dist: Chittagong - 4203.

Brahmanbaria Branch
House: 1329/1 Razzaque Plaza (1st fl), Area: Kawtali, PO: Brahmanbaria Sadar, PS: Brahmanbaria Sadar, Dist: Brahmanbaria - 3400.

Banani Branch
House: 28(GR fl, 1st fl & 2nd fl), Road: 11, Block: F, Area: Banani, P.O: Banani, P.S: Gulshan, Dist: Dhaka - 1213.

Moghbazar Branch
House: 1 Razzak Plaza (1st fl), Road: New Eskaton Road, Area: Moghbazar, PO: GPO, PS: Ramna, Dist: Dhaka - 1000.

Pallabi Branch
House: 132 Spring Rahmat-E-Tuba Complex (1st fl), Road:2, Block: A, Section: 12, PO: Mirpur, P.S: Mirpur, Dhaka- 1216.

Ashulia Branch
"Nigar Plaza" (1st fl), House No: 1/94, Road No: 04, Lane: 02, PO: Jamgora, PS: Ashulia, Dhaka-1339.

Alfadanga Branch
Village: Sukurhata, PO: Alfadanga, P.S: Alfadanga Dist: Faridpur.

Halishahar Branch
House: 01, Road: 03, Block: K, Halishahar Port Connecting Road, Ward: 24, P.O.: Halishahar, District: Chittagong.

Jamuna Future Park Branch
Ka-244, Progati Sarani, Ward: 17, Dhaka North City Corporation, P.O. Bhatara, District: Dhaka.

Raipur Branch
Holding No. 517, Shahid Plaza, Pir Fozlullah Sarak, Raipur, Laxmipur.

Chondrogonj Branch
Lakshmipur, Shahjoki Shopping Complex, Poeshim Bazar, Chondrogonj.

Kanaipur Bazar Branch
Kanaipur High School, 2 No Market, Kanaipur Sadar, Faridpur.

Gazipur Branch
House 501, Noljani, Joydevpur, Chandana, Gazipur.

Bhulta Branch
Nurjahan Market, Bhulta, Rupgonj, Golakandail, Narayangonj.

Sonargaon Janapath, Uttara Branch
House-02, Sector-12, Sonargaon Janapath Road, Uttara Model Town, Union-Harirampur, Uttara, Dhaka.

Subarnachar Branch
Rubina Super Market (1st Floor), Dag No : MRR : 880, Khatian No: MRR : 248, Char Bata Union Parishad, P.S : Subarna char, Noakhali.

Senbagh Branch
D.K. Plaza (1st fl), Holding no : 346, Upozila Road, Senbagh Bazar, Senbagh, Noakhali.

Rohanpur Branch
Holding No: 1125, Godown Road, Ward no: 05, P.S.: Gomostapur, Puroshava: Rohanpur, Dist: Chapainawabganj.

Naogaon Branch
Amir Uddin Bhaban, Chakdevpara Holding No: 20674, Ward no: 03, P.S: Naogaon, Puroshava: Naogaon, Dist: Naogaon.

Kabirhat Branch
Momtaj Mahal, D.B. Road (1st Floor), Chaprashirhat Bazar, PS: Kabirhat, Dist: Noakhali.

Gouripur Branch
Hatim Tower, Gouripur Bazar, P.S.- Daudkandi, Dist: Comilla.

Banani Lake View Branch
Ventura Iconia (1st Floor), Holding No: 37, Road: 11, Ward: 19, Block: H, P.S: Banani, Dhaka North City Corporation. Dist: Dhaka.

Oxygen Moor Branch
M Rahman Heights (1st fl) Oxygen Moor, Ward No- 2 no. Jalalabad, P.S.- Bayezid Bostami, Chittagong City Corporation, Dist- Chittagong.

Kulaura Branch
Nazma Gani Market (1st Floor), Holding No : 220, Ward No : 5, Puroshova : Kulaura, Upazila : Kulaura, District : Moulvibazar.

Kalurghat Branch
Holding No: 2898/4561 (1st fl), Chandgaon, Kaptai Raster Matha, Ward No: 5, Thana: Chandgaon, Chittagong City Corporation, District: Chittagong.

Pagla Branch
Namira Tower (1st fl), Dag no: C.S & S.A - 316 and R.S - 318, Khatian no: C.S – 105, S.A – 107, R.S – 230, Mouza: Pagla, Union: Kutubpur, Thana: Fatullah model Thana, District: Narayanganj.

Ati Bazar Branch
Abrar Tower (1st fl), Shahid Nagar, Dag no: R.S 489, Khatian no: R.S – 221, Mouza: Ghatar Chor, Union: Taranagar, Upazilla: Keraniganj, District: Dhaka.

Patuakhali Branch
Holding No : 063-01 (1st fl), Old Steamer Ghat Road, Natun Bazar, Ward no: 6, Puroshova: Patuakhali, Upazila: Patuakhali, District: Patuakhali.

Fatikchhari Branch
Fatikchhari Branch, Ananda Tower (1st Fl), Ananda Tower, Jhankar Moor, Mouza: Farhadabad, Puroshova: Najirhat, Upazila: Fatikchhari, District: Chittagong.

Phultala Branch
Hazi Marker (1st fl), Khulna Jessore Main Road, Union: 4 no. Phultala, Upazila: Phultala, District: Khulna.

Bagher Bazar Branch
Haji Samsuddin & Banesa Market (1st fl), Shirir Chala,

Gopalganj Branch
Zaman Tower (1st fl), Holding No: 116, Saudagor Road, Ward no: 2, Puroshova: Gopalganj, Upazila: Gopalganj Sadar, District: Gopalganj.

Rokeya Sarani Branch
Dinaj Tower (1st fl), Holding No. 752/2, West Shewrapara, Begum Rokeya Sarani, Mirpur, Dhaka.

Shibpur Branch
Holding No: 181, (1st fl), Ward No: 5, Shibpur Sadar Road, Shibpur Bazar Road, Thana & Pourashava : Shibpur, Narsingdhi.

Gulshan Women Branch
Gulshan Women Branch, Shanta Sky Mark (Ground fl), Holding No. 18, Gulshan Avenue Road, Ward No. 19, Police Station: Gulshan, Dhaka North City Corporation, District: Dhaka.

Jamalpur AGRI Branch
House: 422 Thakur Bhaban (1st fl), Road: Station Road, Area: Jamalpur, PO: Jamalpur, PS: Jamalpur Sadar, Dist: Jamalpur - 2000.

Maijdi AGRI Branch
Sreenath Bhaban, (1st fl), Main Road, Maijdi Court, Sadar, Noakhali.

Hobiganj AGRI Branch
House: 3557/KA Amir Chand Complex (1st fl), Road: Badiuzzaman Khan Road, Area: Hobigonj, PO: Hobiganj, PS: Hobigonj Sadar, Dist: Hobigonj - 3300.

Gazipur AGRI Branch
Jalal Shopping Center House: N/A (1st fl), Road: N/A, Area: Kalmeshwar, Board Bazar, PO: National University, PS: Gazipur Sadar, Dist: Gazipur - 1704.

Kishoreganj SME/Agri Branch
239, Alhaz Mahtab Uddin Super Market (1st fl), Boro Bazar, Kishoreganj.

Lohagara AGRI Branch
House: Mostafa City (1st fl), Area: Amirabad, Lohagara, PO: Lohagara, PS: Lohagara, Dist: Chittagong - 4396.

Bhatiary AGRI Branch
House: Rahman Tower, Bhatiary Bazar, Road: Bhatiary Station Road, PO: Sitakunda, PS: Sitakunda, Dist: Chittagong - 4001.

Joypara AGRI Branch
House: 77 Ahmed Shopping Complex (1st fl), Road: 260, Area: Joypara, PO: Joypara, PS: Dohar, Dist: Dhaka - 1330.

Savar AGRI Branch
House: 111/A(1st fl), Road: Savar Bazar Road, Area: Savar, PO: Savar, PS: Savar, Dist: Dhaka - 1340.

Jatrabari AGRI Branch
House: 314, A/5 Yousuf Mansion (1st fl), Road: A.T.M Haider Road, Area: Pubali Area, PO: Jatrabari, PS: Jatrabari, Dist: Dhaka - 1204.

Natore AGRI Branch
House: 240/241, F.K. Zaman Plaza (GR fl), Area: Alaipur Boipotty, PO: Natore, PS: Natore Sadar, Dist: Natore - 6400.

Chhatak Agri Branch
House: 28 Tahir Centre (1st fl), Road: Traffic Point, Area: Chhatak Municipality, P.O: Chhatak, P.S: Chhatak, Dist: Sunamganj - 3080.

Islami Banking
House: 207 Al Habib Tower (1st & 2nd fl), Road: SS Nazrul Islam Sarani, Area: Bijoy Nagar, PO: GPO, PS: Shahbag, Dist: Dhaka - 1000.





PHOTO
ALBUM



JUN'19

City Bank's 36th Annual General Meeting

The 36th Annual General Meeting (AGM) of City Bank was held on Wednesday, 26 June, 2019 at Kurmitola Golf Club, Dhaka. Mr. Aziz Al Kaiser, Chairman of the Bank, presided over the meeting. Also present at the AGM were Vice Chairman Mr. Hossain Khaled, Directors Mrs. Tabassum Kaiser, Mrs. Savera H. Mahmood, Mr. Hossain Mehmood, Managing Director & CEO Mr. Mashrur Arefin, Additional Managing Director Mr. Sheikh Mohammad Maroof and other senior executives of the Bank. A large number of shareholders also attended the event.





JUN'19

City Bank wins Women's Market Champion New Program Award

City Bank has received the 'Women's Market Champion New Program Award' from Financial Alliance for Women (FAW). Managing Director and CEO Mr. Mashrur Arefin received the award on behalf of the Bank in an event in France. The accolade came as a result of the bank launching 'City Alo' – a full blown solution for banking and finance for women of different segments. Currently, City Alo has one head office in Gulshan with a large multipurpose hall for women entrepreneurs' training, and also 30 branches which offer women banking products and services.

JUL'19

City Bank wins 'Syndicated Loan of the Year Bangladesh Award 2019'

City Bank has received the 'Syndicated Loan of the Year Bangladesh Award 2019' from Asian Banking & Finance. Managing Director and CEO Mr. Mashrur Arefin received the award on behalf of the Bank in an event in Singapore. City Bank has received this accolade for arranging long term Foreign Currency debt for Banco Energy Generation Limited, a 53.97 MW HFO based Power Plant of Doreen Group with a project size of USD 51 million. Asian Banking & Finance is the industry magazine serving Asia's dynamical financial services industry. Since 2012, Asian Banking & Finance has been recognising the most outstanding practices and the innovative strategies in Asia's wholesale banking sector.





AUG'19

City Bank launched the City Alo American Express® Credit Card

City Bank launched the City Alo American Express® Credit Card, the bank's first contactless credit card on 4 August, 2019. Designed especially for the modern, independent, women business executives of Bangladesh, the card seeks to open new frontiers for women in financial management. The City Alo American Express® Card provides a host of valuable benefits for cardmembers. City Bank's Vice Chairman Mr. Hossain Khaled, Directors Mrs. Tabassum Kaiser, Mr. Rafiqul Islam Khan and American Express's Director for Global Network Services, South Asia, Mr. Kurush Dastoor were present at the launch event.

SEP'19

City Bank wins TFP Momentum Award

City Bank has been honored with the "TFP Momentum Award" as from Asian Development Bank (ADB) at the ADB TFP Awards 2019 Ceremony. Mr. Sheikh Mohammad Maroof, Additional Managing Director received the award on behalf of the Bank at the event held in Singapore. City Bank has received this accolade for achieving the highest percentage of growth in value of trade transactions under ADB's Trade Finance Program (TFP) among all the participating banks.





NOV'19

White Canary Café opens at City Bank head office

The White Canary Café has opened its third outlet at the head office of City Bank. In association with United States - based franchise chain Marble Slab Creamery, local franchisee Shanta Multiverse opened their new coffee shop at an inauguration event on bank premises in Gulshan 2 on 18 November, 2019. City Bank Chairman Mr. Aziz Al Kaiser, Managing Director & CEO Mr. Mashrur Arefin, Shanta Multiverse Managing Director Ms. Mayesha Khondoker, IFC Consultant Mr. Sheahan Nasir Bhuiyan and Shanta Holdings Chief Finance Officer Mr. Anisul Haque were present at the inauguration ceremony.



NOV'19

City Bank enters Islamic Finance's global platform

City Bank has joined the global platform of Islamic financial organisations – AAOIFI, primary responsible for development and issuance of standards for global Islamic Industry. Bahrain-based AAOIFI or Accounting and Auditing Organization for Islamic Financial Institution, is recognised as Islamic banking standard issuer globally.

Became member of AAOIFI, City Bank is now moving ahead of offering Islami banking solutions for its clients taking into consideration the international standards and practices which comply with Islamic Shari'ah rules.



DEC'19

City Bank and American Express® celebrates 10 years in Bangladesh

City Bank and American Express® have celebrated 10 years of togetherness in Bangladesh. Officials of both companies unveiled new initiatives at the ten year celebration ceremony at Radisson Blu Dhaka on Friday, 13 December, 2019.

To celebrate the decennary celebration, City Bank hosted a musical gala event which got a colorful touch with musical performances for cardmembers and merchants. Internationally-acclaimed singer Runa Laila's composition title "Legends Forever" released at the event and Indian playback singer Hariharan performed solo music. The occasion also witnessed the unveiling of City Bank American Express® Prepaid Card for domestic & overseas usage.

MAR'20

Bangabandhu Corner launched at City Bank Head Office

City Bank launched 'Bangabandhu Corner' at the ground floor of bank's head office. The initiative has been taken to mark the birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman. City Bank Chairman Mr. Aziz Al Kaiser inaugurated Bangabandhu Corner on 2 March, 2020.

Bangabandhu Corner at City Bank is rich in books, pictures, documents and videos created on the life, work and ideals of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman. Customers and bank officials can learn about the life, struggle and ideals of Bangabandhu. Apart from its head office, City Bank has also set up 'Bangabandhu Corner' at O.R. Nizam Road Branch in Chattagram and Khulna branch.





MAR'20

City Bank celebrates the birth centenary of the Father of the Nation

City Bank has celebrated the birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman with due solemnity. On this occasion, Directors of the bank Mr. Hossain Mehmood, Mrs. Syeda Shaireen Aziz and Managing Director & CEO Mr. Mashrur Arefin, Additional Managing Director Mr. Sheikh Mohammad Maroof and more than 600 officials stood in front of the bank's head office wearing the special T-shirt with logo of "Mujib Borsho" & special hand-held placards exhibiting the same. The event took place on Wednesday, 18 March, 2020, from 10am to 10.10am. This was followed by a cake cutting ceremony held in bank's Board Room by the Directors of the bank and senior officials.

It is to be mentioned that there was a similar arrangement at the same time in all branches of City Bank across the country.

JUL'20

City Bank donates ambulance to Chattogram Metropolitan Police

City Bank donated an ambulance to Chattogram Metropolitan Police (CMP) to facilitate the emergency healthcare support and transportation of the frontline fighters against coronavirus. This is an initiative taken by Chairman Mr. Aziz Al Kaiser, the ambulance has been donated as a part of bank's CSR activities.





JUL'20

IFC finances City Bank to help pandemic-hit Bangladeshi SMEs

International Finance Corporation (IFC) is providing a loan of up to $30 million to City Bank to provide financing for small and medium enterprises and corporate companies affected by the COVID-19 pandemic. The financing package is part of IFC's $8 billion global COVID-19 fast-track financing facility, which aims to help companies stay in business. This investment comes under the Working Capital Solutions (WCS) program of the COVID-19 response envelope, which provides $2 billion globally to banks operating in emerging markets. This allows them to extend credit so firms can cover expenses and pay their employees. Mr. Sheikh Mahammad Maroof, Additional Managing Director of City Bank and Ms. Nuzhat Anwar, IFC Senior Country Officer in Bangladesh signed the agreement of their respective organisations.

JUL'19

City Bank and BEZA Signed Agreement

City Bank signed a strategic partnership with Bangladesh Economic Zones Authority (BEZA) for green plantation at Bangabandhu Sheikh Mujib Shilpanagar in Mirsarai, Feni and Sonadia Eco-Tourism at Cox's Bazar. This will be the largest economic zone in Bangladesh, spanning 30,000 acres of land with world-class business and industrial facilities. Under the CSR program, the bank will provide financial support to plant trees at Bangabandhu Sheikh Mujib Shilpanagar and Sonadia Eco-tourism Park for the next two years.



AUG'19

City Bank and Biman Bangladesh Signed Agreement

City Bank and Biman Bangladesh Airlines have signed an agreement to launch a co-branded credit card. This card is the first ever co-branded credit card between a bank and the national carrier of the country titled The Biman Bangladesh American Express® Credit Card. The card is signed to cater to the frequent travelers of the country with attractive privileges and services from both, Biman Bangladesh and City Bank. Air Marshal Muhammad Enamul Bari, BBP, ndu, psc (retd), Chairman of Biman Bangladesh Airlines and Mr. Aziz Al Kaiser, Chairman of City Bank exchanged the agreement on behalf of their respective organisations at the Balaka Bhaban, Biman Bangladesh Head Office.



SEP'19

City Bank and Sundarban Express Transportation Systems Signed Agreement

City Bank and Sundarban Express Transportation Systems (SETS) signed an agreement. Mr. Mashrur Arefin, MD & CEO of City Bank and Mr. Sheikh Tanvir Ahmed, MD of Sundarban Express Transportation System Limited (SETS) signed the agreement to explore the opportunity of Agent Banking in SETS regional offices across the country.



OCT'19

City Bank and bKash Signed Agreement

City Bank and bKash signed an agreement at Bank's head office in Dhaka under which City Bank will facilitate bKash to make automated payments to its nationwide distributors via CityLive internet banking portal. Mr. Sheikh Mohammad Maroof, Additional Managing Director of City Bank and Mr. Moinuddin Mohammed Rahgir, Chief Financial Officer of bKash signed the agreement on behalf of their respective organisations.



DEC'19

City Bank and Bangladesh Bank Signed Agreement

City Bank signed a Participating Agreement with Bangladesh Bank under JICA assisted Urban Building Safety Project (UBSP) on 17 December, 2019 at Bangladesh Bank Head office. Under the agreement, City Bank as a Participating Financial Institution will get long term refinance/pre-finance facility to invest in the safe working environment in RMG sector of the country. City Bank customers can avail this facility for fire safety, retrofitting, rebuilding and relocation of garments buildings.



FEB'20

City Bank and TVS Auto Bangladesh Signed Agreement

City Bank signed an agreement with TVS Auto Bangladesh for providing Employee Banking facility. The signing ceremony was held at the City Bank Head Office. The agreement was handed over by Mr. Mashrur Arefin, MD & CEO of City Bank and Mr. J. Ekram Hussain, Managing Director of TVS Auto Bangladesh.



FEB'20

City Bank and RJSC Signed Agreement

City Bank and Registrar of Joint Stock Companies and Firms (RJSC) signed an agreement at the Bank's head office in Dhaka under which City Bank will be facilitating digital collections to RJSC through the bank's digital platform. City Bank has been the first bank undertaking such services to RJSC. Mr. Sheikh Mohammad Maroof, Additional Managing Director of City Bank and Mr. Md. Zakir Hossain, Registrar of RJSC signed the agreement on behalf of their respective organisations.



MAR'20

City Bank and Class Tune Signed Agreement

City Bank signed an agreement with ClassTune to implement digital payment collection platform for schools & colleges across Bangladesh. The signing ceremony was held at the City Bank Head Office on 3 March, 2020. The agreement was handed over by Mr. Md. Zafrul Hasan, Head of Digital Financial Services of City Bank and Mr. Russell T Ahmed, Founder & CEO of ClassTune.



JUN'20

City Bank partners with ITFC for $15 m Trade Finance Line

City Bank entered into US Dollar 15 million trade finance line with ITFC, the trade financing arm of Islamic Development Bank (IsDB), to support private sector enterprises in Bangladesh. Jeddah-based International Islamic Trade Finance Corporation (ITFC) is playing a key role to enhance trade and economic cooperation among member countries of Organisation of Islamic Cooperation (OIC). City Bank is the latest partner institution to work with ITFC as it expands its financing outreach to private sector through local banks in Bangladesh.



JUL'20

City Bank Signs MoU with PrimaDollar

City Bank has signed a Memorandum of Understanding (MoU) with PrimaDollar. PrimaDollar is a global trade financier, founded in 2015 and headquartered in the UK. At present, they have 12 offices across the globe.

Under the agreement, City bank will be able to provide a comprehensive solution to the exporters with the help of the PrimaDollar's real-time communication, global underwriting and leading edge online platform. With the real time online solution of PrimaDollar, City Bank will be able to offer the solutions to the exporters 24/7.



The City Bank Limited

Head Office: City Bank Center, 136 Bir Uttam Mir Shawkat Sarak, Gulshan Ave., Gulshan-2, Dhaka-1212, Bangladesh
Share Department: 11, Dilkusha C/A. (1st Floor), Dhaka-1000, Bangladesh

NOTICE OF THE 37th ANNUAL GENERAL MEETING

Notice is hereby given to all members of The City Bank Limited that the 37th Annual General Meeting (AGM) of the bank will be held through Digital Platform (in pursuant to the Bangladesh Securities and Exchange Commission's Order No.SEC/SRM-RC/04-231/25 dated 08.07.2020) on **Thursday, 13 August, 2020 at 2:30 P.M.** (BD Time) to transact the following business and to adopt necessary resolutions:

AGENDA

Agenda-1 : To receive, consider and adopt the Accounts of the Company for the year ended on 31st December, 2019 along with the Auditors' Report and the Directors' Report thereon.

Agenda-2 : To declare of 15% Cash Dividend for the year ended 31st December, 2019 as recommended by the Board of Directors.

Agenda-3 : To elect/re-elect of Directors.

Agenda-4 : To Appoint/re-appointment of Auditors for the company and to fix their remuneration for the term until next AGM.

Agenda-5 : To approve the appointment of Independent Director.

Agenda-6 : To Appoint Corporate Governance Compliance Auditor for the year 2020 for certification on Corporate Governance status under BSEC Corporate Governance Code and to fix their remuneration.

Agenda-7 : To consider any other relevant business with the permission of the Chair.

By order of the Board,

Md. Kafi Khan
Company Secretary

Dated : Dhaka
14th July, 2020

NOTES :

1. **The 'Record Date' for the 37th Annual General Meeting ("AGM") is scheduled on 13.07.2020.**
2. Members whose names appeared in the Central Depository System/Register of Members at the close of Record Date i.e. 13.07.2020 shall be eligible to attend and vote at the AGM and will be entitled for the dividend, as approved. Votes may be given either personally or by an attorney or by a proxy or, in the case of a corporation by a representative duly authorized. As per Article 86 of the Articles of Association of the Company, a Proxy must be a member of the Company.
3. Proxy Form duly stamped and signed by the Member must be submitted to Share Department, The City Bank Limited, 11, Dilkusha C/A, Dhaka at least 48 (Forty Eight) hours before the time fixed for date of AGM for attestation. Upon receipt of attested Proxy Form, the nominated person or attorney or authorized person from a Company/Corporation may attend/vote in the AGM. Annual Report-2019, Attendance Slip and Proxy Form may be collected from Share Department or from the website of the Company: www.thecitybank.com
4. Link for joining in AGM through Digital Platform: (Short Link: https://bit.ly/citybankagm2020). Shareholders can join virtual AGM from Laptop, PC, Mobile or Tab putting 16-Digit BO ID. For virtual AGM guidance, the concerned members may contact at the numbers: 01719007279 and 01976156080.
5. Full login/participation process for the Digital Platform meeting will also be available in the Company's website: www.thecitybank.com
6. Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/ CMRRCD/ 2006-158/ Admin/ 81 dated 20 June, 2018, link of the downloadable PDF copy of the Annual Report 2019, among others are to be sent to respective members' email address available in beneficiary owner (BO) account with the depository participant (DP).
7. Members are requested to submit their queries on the Directors' Report and the Audited Financial Statements for the year ended on 31st December, 2019 through email or in writing at least 5 (Five) working days before the day of AGM.
8. Respected BO Account Holders who have updated their BO Accounts and submitted their 12 digit e-TIN to concerned DP house and Share Department of The City Bank Ltd. (in case of Folio) before Record Date, their tax will be deducted 10% from his Cash Dividend otherwise 15% (in case of Individual) according to THE INCOME TAX ORDINANCE, 1984 Ordinance No.XXXVI, Section-54.
9. Merchant Banks and Depository Participant (DPs) are requested to email the soft copy of their margin clients based on said Record Date (In MS Excel format) within 20 July, 2020 to the CBL Share department (imtiaz.ahmed@thecitybank.com) for facilitating payment of cash dividend.

QR Code : To join the Virtual AGM from Laptop, PC, Mobile or Tab :

The City Bank Limited

Head Office: City Bank Center, 136 Bir Uttam Mir Shawkat Sarak, Gulshan Ave., Gulshan-2, Dhaka-1212, Bangladesh
Share Department: 11, Dilkusha C/A. (1st Floor), Dhaka-1000, Bangladesh

PROXY FORM

I/We _____

of _____

_____ being member of The City Bank Limited do hereby appoint

Mr./Mrs./Ms _____ of

_____ (or failing

him/her) Mr./Mrs./Ms _____ of

_____ as my/our proxy to attend and vote for me/us and on my/our behalf

at the 37th Annual General Meeting of the Company to be held on August 13, 2020 at 02:30 P.M. and at any adjournment thereof.

As witness I put my/our hand(s) this _____ day of _____ 2020

Revenue stamp Tk. 20/-

Witnesses :

1. _____

2. _____

Signature of Member _____

Folio/BO A/c. No. _____

Signature of Member _____

Folio/BO A/c. No. _____

IMPORTANT :

1. This Form of Proxy duly completed must be deposited at the Share Department, The City Bank Limited, 11, Dilkusha C/A, Dhaka-1000 at least 48 (forty eight) hours before the meeting. The proxy will not be valid if it is not duly stamped and signed. Signature of the Shareholder(s) and the Proxy must agree with the respective specimen signatures recorded with the Company.
2. A member of the Company may only be appointed as a Proxy.

The City Bank Limited

Head Office: City Bank Center, 136 Bir Uttam Mir Shawkat Sarak, Gulshan Ave., Gulshan-2, Dhaka-1212, Bangladesh
Share Department: 11, Dilkusha C/A. (1st Floor), Dhaka-1000, Bangladesh

ATTENDANCE SLIP

I/We _____ (Folio/BO A/c. No.) _____

hereby record my/our attendance at the 37th Annual General Meeting of the Company being held on August 13, 2020 at 02:30 P.M. through Digital Platform.

_____

Signature of Member/Proxy

GLOSSARY

Accrual basis
Recognising the effects of transactions and other events when they occur without waiting for the receipt or payment of cash or its equivalent.

Bills for collection
A bill of exchange drawn by an exporter usually at a term, on an importer overseas and brought by the exporter to his bank with a request to collect the proceeds.

Bonus issue
The issue of new shares to existing shareholders in proportion to their shareholdings. It is a process for converting a company's reserves (in whole or part) into stated capital and hence does not involve all infusion of cash.

Capital adequacy ratio
A measurement of a bank's capital. It is expressed as a percentage of a bank's risk weighted asset exposures.

Cash basis
Recognising the effects of transactions and events when receipt or payment of cash or cash equivalent occurs.

Commitments
Credit facilities approved but not yet utilised by the client as at the balance sheet date.

Consolidated financial statements
Financial statements of a group presented as those of a single company.

Contingencies
A condition or situation existing at balance sheet date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

Cost to income ratio
Operating expenses as a percentage of total income.

Corporate governance
The set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled.

Dividend
Distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders.

Earnings per share (EPS)
Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue.

Economic value added (EVA)
A profitability measure designed to recognise the requirement to generate a satisfactory return on the economic capital invested in the business. If the business produces profit in excess of its cost of capital then value is created for shareholders.

Fair value
Fair value, also called fair price, is a concept used in finance and economics, defined as a rational and unbiased estimate of the potential market price of a good, service, or asset.

Finance lease
A contract whereby a lessor conveys to the lessee the right to use all asset for rent over an agreed period of time which is sufficient to amortise the capital outlay of the lessor. The lessor retains ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

Foreign exchange earnings
Profit earned on foreign currency transactions arising from the difference in foreign exchange rates between the transaction/last balance sheet date and the settlement/ balance sheet date. Also arises from trading in foreign currencies.

General provision
General provision is made on outstanding loan and advance without considering the quality of loans and advances according to the prescribed rate of bangladesh bank.

Guarantee
Three party agreement involving a promise by one party (the guarantor) to fulfill the obligation of a personal owing a debt if that person fails to perform.

Held for trading (HFT)
Investment classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management.

Held to maturity (HTM)
Investments which have "fixed or determinable payments' and are intended to be "held to maturity", other than those that meet the definition of "held at amortised cost others' are classified as held to maturity.

Intangible assets
An intangible asset is as identifiable non-monetary asset without physical substance.

Interest cost
Interest cost is the sum of monies accrued and payable to the sources of borrowed working capital.

Interest suspense
Classified loans and advances of the banks are categorised as sub-standard, doubtful and bad/ loss as per guidelines of the bangladesh bank. Interest accrued on sub-standard, doubtful and bad/loss loans is recorded as 'interest suspense' and not taken to income. This interest is recognised as income as and when it is realised in cash by the bank.

Loan losses & provision
Amount set aside against possible losses on loans, advances and other credit facilities as a result of such facilities becoming partly or wholly uncollectible.

Market capitalisation
Number of ordinary shares in issue multiplied by the market value of a share as at the year end.

Marked-to-market
The valuation of certain financial instruments at fair value as of the balance sheet date.

Materiality
The relative significance of a transaction or all events the omission or misstatement of which could influence the economic decisions of users of financial statements.

Net interest margin
Net interest income, on a taxable equivalent basis, expressed as a percentage of average total assets.

Net asset value per share
Shareholders funds excluding preference shares if any, divided by the number of ordinary shares in issue.

Net interest income
The difference between what a bank earns on assets such as loans and securities and what it pays on liabilities such as deposits, refinance funds and inter bank borrowings.

Non performing loans
All term loans are classified as non-performing when a payment is 9 months in arrears. It is non-performing when a payment is 3 months in arrears for all continuous/demand loans.

Off-balance sheet transaction
Transactions that are not recognised as assets or liabilities in the balance sheet but which give rise to contingencies and commitments.

Price earnings ratio (P/E Ratio)
P/E ratio is calculated market price of a share divided by earnings per share.

Provision
Amounts set aside against possible losses on net receivable of facilities granted to clients, as a result of them becoming partly or wholly uncollectible.

Related parties
Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly as per International Accounting Standard (IAS-24) on "Related Party Disclosures".

Return on assets (ROA)
Profit after tax divided by the average assets.

Return on equity (ROE)
Profit after tax divided by the average shareholders' equity.

Risk weighted assets (RWA)
On balance sheet assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors. Trading book multiplied by the relevant risk factor and 15% of operating income.

Revaluation reserve
Revaluation reserve is made on HFT & HTM securities using marked to market concept according to Bangladesh Bank guideline.

Segment reporting
Analysis of information by segments of an enterprise, specifically the different industries and the different geographical areas in which it operates.

Subsidiary company
Subsidiary is a company that is controlled (power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities) by another company known as the parent.

Statutory reserve
Capital reserve created as per provisions of section 24 of the bank companies act, 1991.

Tier-I capital
Core capital representing permanent shareholders' equity and reserves created or' increased by appropriations of retained earnings or other surpluses.

Tier-II capital
Supplementary capital representing general provisions, preference share, exchange equalisation fund and other capital instruments which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

Value added
Value added statement shows the total wealth created how it was distributed to meet certain obligations and reward those responsible for its creation and the portion retained for the continued operation and expansion.

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Best Bank in Bangladesh
- Global Finance Best Emerging Markets Bank
- FinanceAsia Best Bank Awards
- Asiamoney Banking Awards
- Euromoney Award

Best Investment Bank in Bangladesh
- FinanceAsia Country Awards

Best for Premium Banking Services
- Asiamoney Best Bank Awards

Best Consumer Digital Bank in Bangladesh
- Global Finance Award

Women's Market Champion New Program Award
- Financial Alliance for Women

TFP Momentum Award
- Asian Development Bank

Best Emerging Markets Bank in Bangladesh
- Global Finance Awards

Syndicated Loan of the Year Bangladesh
- Asian Banking & Finance Award

Best Financial Institution of the Year
- DHL-The Daily Star Bangladesh Business Award

Best Online Bank
- ICT Division of the Government of Bangladesh

Best CSR Bank in Bangladesh
- Asiamoney Best Bank Awards

Head Office: City Bank Center
136, Gulshan Avenue, Gulshan-2
Dhaka-1212, Bangladesh

Tel: +88 02 58813483, 58814375, 58813126

Fax: +88 02 9884446

Email: info@thecitybank.com

Web: www.thecitybank.com

/TheCityBank

Protect the environment

#RecyclemoreWasteless

CBL/adideas/july'2020