ANNUAL REPORT 2017

MORE BANKING. LESS BANK.

city bank™
making sense of money
The e-version of our Integrated Annual Report 2017 is also available online at www.thecitybank.com.

For the latest financial information including financial results, presentations and result announcements, please refer to our investor relations page at www.thecitybank.com.

We welcome the views of our stakeholders on our reports.

Please email your feedback to [ir@thecitybank.com, which is a dedicated investor relations email ID].

Important information on forward-looking statements is mentioned elsewhere in this report.
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 December 31, 2017

Dear Sir(s)/Madam(s),

We are pleased to present before you The City Bank's Annual Report 2017 along with the audited Financial Statements (Consolidated and Separate) including Balance Sheet as at December 31, 2017 and Income Statement, Cash Flow Statement for the year ended December 31, 2017 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. and CBL Money Transfer Sdn. Bhd., Malaysia) 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
The year 2017 continued to be marked by relentless change, driven by technological disruptions, the thrust on financial inclusion, financialisation of savings and increasing commoditization of banking services.

At The City Bank Limited, what remained unchanged for us however was our enduring focus on staying relevant for our customers.

Our commitment to holistic customer centricity is enshrined in the very heart of our operating culture and also forms the core substance of this Integrated Annual Report 2017.

About this report

This Integrated Annual Report 2017 is the first such report by City Bank, which is structured or aligned with the principles of the International <IR> Framework of the International Integrated Reporting Council (IIRC). This report, which is our primary communication to stakeholders, explains who we are, how we create value and interact with our stakeholders, how we implement strategies and remunerate our people and how we are governed. It articulates our performance in 2017 as well as the prospects ahead.

Scope and boundaries

This report covers the period 1st January 2017 to 31st December 2017 and includes material issues up to Board approval of the report on April 30, 2018. The report discusses our banking operations throughout Bangladesh. Financial information has been prepared on the basis of International Financial Reporting Standards (IFRS). Material non-financial information has also been included wherever relevant.

The six capitals categorisation of the International <IR> Framework are implicit in the value drivers on page 97-102 that underpin our strategies and in our material issues that affect our commercial and social relevance. These are comprehensively discussed in the report explaining our dependence and impact on the forms of capital that are fundamental to our abilities to achieve our performance expectations in the short-term and our vision for the medium-term within the context of our principal purpose of driving inclusive financial growth in Bangladesh. The boundary of the report extends to our relationships with entities outside the organisation that underpin our ability to create value over time.

Enhancements in the report

Every year, we work towards enhancing the quality of our report. Improvements this year include:

- Simplified graphics that demonstrate how we create value
- Disclosure on our use of and impact on each of the six capitals as per <IR>
- Detailed stakeholder engagement coverage
- Greater discussion on our operating context and our investment case

Approval by the Board

The structure and layout of this report is based on guidance in the latest integrated reporting framework set by the IIRC. The report was prepared under the supervision of Mr. Mashur Arefin, Additional Managing Director and Chief Communications Officer of City Bank. The Audit Committee ensured the integrity of the report and has applied its collective thought to its preparation and presentation. The report was approved by the Board on April 30, 2018.

View our report online

Our Annual Report, accounts and other information about City Bank can be found at www.thecitybank.com
To ensure credibility of the report, City Bank obtains external assurance from the following firms during the period under consideration:

Financial Statements Audit:
Hoda Vasi Chowdhury & Co. Chartered Accountants

Corporate Governance Compliance
Howlader Younus & Co. Chartered Accountants

TAX Consultant
ACNABIN Chartered Accountants

Legal Advisors
Law Valley

Credit Rating Agency
Credit Rating Agency of Bangladesh (CRAB)

Prepared and presented financial statements and other reports 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
- And other applicable laws and regulations of the bank
WHO WE ARE
Our success in 2017 demonstrates that our focus on financial inclusion is enabling us to bring the ‘unbanked’ and the ‘underbanked’ segments of the population into the folds of formal banking.

STRATEGIC OVERVIEW
During the year 2017, we embraced a number of initiatives that enabled us to leverage technology to offer a wider suite of City Bank’s banking products and services to a larger population segment.

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78 Internal Control and Compliance
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BUSINESS REVIEW
Our focus on ‘More banking, Less bank’ has provided us with an unmatched lever to scale our business on solid foundations that foster the culture of digital innovation, meritocracy and transparency.
We bring the full value of our Group to our customers’ table by virtue of our subsidiaries that operate in complementing spaces in the financial services industry. We made considerable progress in 2017 in enabling our subsidiaries to realise their potential, with the result that they are primed for achieving sustainable growth.

In line with the realities of risk, regulation, technology and competition that are shaping the country’s economic landscape, we are investing significantly in our diversified operations, our people and culture, our systems and infrastructure and our brand.

Our focus on ‘More banking, Less bank’ has provided us with an unmatched lever to scale our business on solid foundations that foster the culture of digital innovation, meritocracy and transparency.

Our comprehensive financial statements for 2017 detail our performance during the year under report and are also representative of our long-term growth orientation and stakeholder value creation focus. In preparing our financial statements, we have been prudent in thought and conservative in interpretation while adhering to all the applicable laws and regulations.
From 1983 till date, City Bank has been a case study in evolution, having transformed over time from a traditional organization to a critically acclaimed multi-faceted institution that embraces global best practices and chooses to be at the forefront of technological initiatives. Unlike many, the Bank’s criteria for success are not only the bottom-line numbers but also the milestones set towards becoming the most complete bank in the country.
Setting the pace: The year 2017 in brief

In 2017, we achieved results the right way, focusing on providing simple, personalized and innovative services. With sustained profitable growth in the last 10 years, we have created a time-tested and proven business model, leading the transformation of Bangladesh’s banking sector. Driven by our ability to reinforce the size and quality of our balance sheet, we have established ourselves as a relevant, meaningful and holistic banking platform for our customers. Going ahead, we will continue to focus actively on anticipating customer needs for proactive participation in their journey of progress and, in doing so, will encapsulate our core objective in four simple words that have a profound impact: ‘More banking, Less bank.’

Mohammed Shoeb, Chairman

Financial Highlights

- **Net Profit**: BDT 3,628 (BDT 3,956 m 2016)
- **NPL**: 5.4% (6% 2016)
- **Return on Assets**: 1.4% (1.7% 2016)
- **Cost-to-Income**: 53.9% (47.6% 2016)
Our Footprint

Bangladesh
130 branches covering all the divisions

Malaysia
8 remittance company branches, 1 head office

<table>
<thead>
<tr>
<th>Deposits</th>
<th>Loans and Advances</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>BDT 183,493 m</td>
<td>BDT 196,596 m</td>
<td>BDT 14,916 m</td>
</tr>
<tr>
<td>Growth Rate 50%</td>
<td>Growth Rate 12.3%</td>
<td>Growth Rate 3.6%</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Exports</th>
<th>Imports</th>
<th>Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 1,231 m</td>
<td>USD 1,840 m</td>
<td>24% Declared</td>
</tr>
<tr>
<td>Growth Rate 11.8%</td>
<td>Growth Rate 43.2%</td>
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</tr>
</tbody>
</table>
Banking for the unbanked

Our innovative Agent Banking model has taken banking to our customers' doorsteps, enabling them to make day-to-day transactions and send and receive money.

No paper, No forms

Our customers can open an account with just their thumbprint and national ID through tab-based banking, thereby adding to their convenience.

Live more, Bank less

Our cash recycle ATM is the country's first such facility where customers can deposit and withdraw money from a single machine, substituting branch visits. Similarly, our online queue management system, City Q, facilitates customers in booking appointments ahead of time, resulting in minimal waiting period.

World-class Call Center

Our call center (#16234) enables our customers to reach out to us 24x7, thereby facilitating easy and quick access.

Financial Fulfillment

At City Bank, through providing a wide range of banking access points to our customers, we are able to ensure holistic financial fulfillment.

We Know SMEs

Our small business or micro-enterprise financial solutions enable emerging entrepreneurs to invest in their assets and grow their businesses.
Technological Changes
At City Bank, we understand that banking is increasingly becoming technology-driven and we are focused on driving greater customer benefit through technology leverage.

Re-architecting the back-end
Our plug-and-play technology from partners using Application Programming Interfaces (APIs), cloud technology and micro-services make us even more agile, scalable and fintech-like and they are instances of how we are re-architecting our back-end processes.

Online supply chain agility
Our speedy and uncomplicated funds disbursement process ensures high levels of supply chain agility for our customers.

Fostering world-class security
Our technology interface is enhanced through dynamic in-built security, which is safer than a one-time password. Moreover, our ISO-9001 certified backed back office and PCI DSS certification have built additional layers of security for customer transactions.

A bank that allows customers to control
Our customers can now track their spending patterns, thereby securing themselves from fraud.

Transforming the front-end
Our customers, both individuals and corporates, are starting their banking relationships, transacting or engaging with us online or via mobile through chat and Facebook posts.
A Bank that travels with you
Our emphasis on enabling customers to bank on-the-go is reflected in Citytouch, our mobile-friendly app that is packed with numerous innovative features.

Single multi-card platform
Our customers can now swipe their Amex, VISA or Mastercard across 16,000+ points nationwide, making shopping for products and services handy and hassle-free.

Convenience of online payments
With our own electronic gateway with world-wide acceptance, a growing number of customers use our e-commerce portal to instantly make payments and verify their card transactions.

Registration in just 90 seconds
With online registration, anyone can open our Citytouch Digital Banking app and become a customer in only 90 seconds.

Transaction with a scan
With Citypay, our customers can make payments instantly by scanning a QR code across hundreds of merchant outlets, thereby making purchases cashless and convenient.

Digital Payments
At City Bank, we are driving a tectonic shift in financial transactions by ushering in digital payments that will help bring unparalleled convenience to our customers.
LEADING THE WAY

Widely regarded as a thought-leader in the local banking industry, City’s eagerness to innovate and challenge the status quo gives it a distinct advantage over its competitors. As a winner of several prestigious banking awards, the Bank is primed to continue staying at the forefront of the industry.

City Bank of Bangladesh likes to see itself as the bank for all purposes and is dominating the country’s banking industry. It has worked extensively with multilateral development banks such as the International Finance Corporation and the Dutch Development Bank - FMO to help develop the country’s banking industry and capital markets.

Global Finance

Bangladesh has a lot of banks, 57 in total. Many are small and troubled, but Dhaka also hosts the headquarters of a handful of first-rate banks that invest in themselves, their customers and the country around them. Three lenders stand head and shoulders above the rest: Brac Bank, Eastern Bank and City Bank. And of that trio, the latter stands aloft, a worthy winner of the award for best bank in Bangladesh.

AsiaMoney

AsiaMoney Best Bank awards
Best Bank in Bangladesh 2017
Best Premium Banking Services in Bangladesh 2018

Global Finance Best Emerging Markets Bank
Best Bank in Bangladesh 2017

FinanceAsia Achievement Awards
Best Bangladesh Deal 2017

Global Finance World’s Best Digital Bank awards
Best Consumer Digital Bank in Bangladesh 2017

Institute of Cost and Management Accountants of Bangladesh (ICMAB)
ICMAB Best Corporate Award 2016

ICT Division of the Government of Bangladesh
Best Online Bank in Bangladesh 2017

Global Climate Partnership Fund
Global Climate Partnership Award 2018
Tabassum Kaiser, Vice Chairperson of City Bank seen receiving the award for Best Consumer Digital Bank in Bangladesh 2017 from Richard Schultz, Managing Director, Europe & Asia, Global Finance at an award ceremony held in London, UK.

Rubel Aziz, Director and Chairman of the executive committee of City Bank receiving the award for Best Bank in Bangladesh from Joseph Ciarapputo, founder and publisher, Global Finance at the 15th Annual Best Bank Awards’ Ceremony in Washington DC, USA.

Sohail R. K. Hussain, MD and CEO of City Bank seen receiving ‘Global Climate Partnership Award 2018’ by Global Partnership Fund (GCPF) at an award ceremony held in Zurich, Switzerland.
At City Bank, our larger purpose is to enable prosperity among individuals and businesses across our stakeholder ecosystem.

Bringing access to banking

As a country with a large percentage of those who are ‘excluded’ from formal banking, we launched our pioneering Agent Banking model, that, under City Bank’s multi-layer oversight and governance structures, has taken banking to the masses. With as many as 20 agents appointed by the end of 2017, we were able to open as many as 2,351 accounts and today aim bigger by growing our franchise further.

Bringing convenience to banking

In a fast digitalizing country, the banking sector is the best place to enhance customer convenience, led by technology. At City Bank, we are one of the firsts in the sector to launch a simple, hassle-free and secure digital banking service “Citytouch”, for our customers in Bangladesh. Through Citytouch App, our customers can avail a number of banking transactions, like making fund transfers, making payments to credit cards, viewing account statements, booking term deposits etc. at ease.

Bringing speed to banking

For any corporate, whether large, small or emerging, the speedy and uncomplicated disbursement of funds is of the greatest essence. At City Bank, we use cutting-edge technology to bring speed to banking for ensuring a two-pronged objective: one, to minimize loan TAT and two, to ensure the highest levels of credit worthiness checks and compliance with regulations.

Bringing collaboration to banking

For City Bank, transparency goes beyond meeting legal or regulatory disclosure requirements. It means maintaining an open and fluid dialogue with our regulators. As an institution that is focused on unleashing banking-led value creation, we actively liaise with the government for forging partnerships that can bring forth a transformative experience for the customer.

Bringing trust to banking

There is virtue in bringing trust to banking, especially among micro-credit customers who are typically gripped by the usurious money-lending practices of the unorganized financial system. Often, they are perennially incensed and perpetually deprived. At City Bank, we are bringing the credibility of a large institution and the simplicity of a democratic organization to this segment to ensure fairness, transparency and, most importantly, trust.

Bringing career advancement opportunities to banking

City Bank is positioning itself as one of the best banks to work for in Bangladesh. In 2017, the Bank launched a refreshed performance management model that places emphasis on the corporate culture and behavior as well as on meeting business objectives. The Bank also provides best-in-class training and refresher courses that enable employees to fast-track their careers.
At City Bank, our larger purpose is to enable prosperity among individuals and businesses across our stakeholder ecosystem.

**Bringing access to banking**
As a country with a large percentage of those who are ‘excluded’ from formal banking, we launched our pioneering Agent Banking model, that, under City Bank’s multi-layer oversight and governance structures, has taken banking to the masses. With as many as 20 agents appointed by the end of 2017, we were able to open as many as 2,551 accounts and today aim bigger by growing our franchise further.

| BDT 70.8 m | Agent Banking deposits mobilized, end 2017 |

**Bringing convenience to banking**
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| 83,445 | New customers enrolled with our Citytouch App |

**Bringing speed to banking**
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| 3-4 days | City Bank’s service TAT is one of the lowest in the industry |

**Bringing collaboration to banking**
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| 482 | City Bank’s international financial partners |

**Bringing trust to banking**
There is virtue in bringing trust to banking, especially among micro-credit customers who are typically gripped by the usurious money-lending practices of the unorganized financial system. Often, they are perennially indebted and perpetually deprived. At City Bank, we are bringing the credibility of a large institution and the simplicity of a democratic organization to this segment to ensure fairness, transparency and, most importantly, trust.

| BDT 600 m | City Bank’s new micro-credit loan portfolio |

**Bringing career advancement opportunities to banking**
City Bank is positioning itself as one of the best banks to work for in Bangladesh. In 2017, the Bank launched a refreshed performance management model that places emphasis on the corporate culture and behavior as well as on meeting business objectives. The Bank also provides best-in-class training and refresher courses that enable employees to fast-track their careers.

| 442 | New employees recruited in 2017, representing about 14.0% of the total employee base |
Vision
The financial supermarket with a winning culture offering enjoyable experiences.

Mission
♦ 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 are 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 community, good governance and compliance in everything we do

Our Values
We believe our Vision and Mission can only be fully achieved when the expected behavior of our employees is clearly defined. Our core value-system encompasses 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”
Our value creation emphasis

Core strategy
Our strategy is focused on widening the access of our large portfolio of products and services to the largest client and customer base. We are committed to creating a prosperous future for our clients, our people, our shareholders and other stakeholders.

Strategic alignment
Our business units and corporate functions have aligned their operating strategies to our core strategy to ensure effective and orchestrated execution within and across our operations for the benefit of our customers.

Risk appetite
Our strategy is achieved within the framework of our risk appetite, which implies conscious and controlled risk-taking. We regularly align our risk appetite to changes in our operating context and are instilling a risk-aware culture with the continuous enhancement of our risk management capabilities.

Operating context
Our strategy represents an effective approach to capitalize on the structural shifts in our industry. Megatrends such as the technological revolution, financial inclusion and socio-economic and environmental challenges are imposing the need for wide-reaching transformation in the way we conduct our business and assign responsibility.

Business model agility
We remain flexible in our strategic responses to the cyclical pressures in our markets. We identify areas of opportunities for revenue generation that includes a focus on exploring cross-selling opportunities, and employ well-developed risk models during times of economic stress.

Managing customer expectations
Our clients are at the center of everything we do. This is the central principle in the work we are continuing to do for building a digital and technology-driven bank, and developing culture that is proactive and responsive, which together helps create a long-term sustainable competitive advantage.

Driving Bangladesh's transformation into a developing economy
Our purpose recognises that Bangladesh’s wellbeing and that of our bank are inter-dependent. This represents the ultimate expression of our commitment to the country’s economic growth and transformation, anchored on inclusivity and sustainability and securing us with the opportunity of long-term value creation.

Our operating context

Challenge
Bangladesh is among the world’s most densely populated countries with a population of 163 million.

Opportunity for City Bank: Represents a large consumer and customer base.

Challenge
A large percentage of the country’s population falls under the category of being ‘unbanked’ or ‘under-banked’.

Opportunity for City Bank: Represents substantive scope in financial inclusion and financialisation of savings.

Challenge
Significant banking under-penetration among M/SME clusters and other emerging micro-segments, including banking for women entrepreneurs.

Opportunity for City Bank: Represents immense scope to tap into these large and attractive growth pockets.

Challenge
Low retail financial services penetration, especially for the country’s ‘missing-middle’ population base.

Opportunity for City Bank: Represents a strong growth franchise for tech-driven banks with an expansive geographic footprint.

What we do
As a financial services organisation with a broad offering of products and services, our goal is to work together with all our business units and corporate functions to facilitate seamless deliveries of our clients’ financial needs. We bring the strength and experience of an institution with the dynamism and speed of a start-up to our customers’ table.

Our large scale, wide reach, diversified book and financial solidity empowers us with the impetus to innovate to ensure that our customers get something from us that is of growing relevance to them: More banking, Less bank.
Our operating model

Income source

Core activity: Lend money to clients
Services we provide:

- Wholesale banking
- Commercial banking
- Retail banking; SME banking and Islamic banking
- Priority banking
- Credit cards
- Alternative delivery mechanisms

Impact: These enable us to earn interest income
Attendant risks: Credit, interest rate, liquidity, reputational and operational

Core activity: Procure funds through client deposits and from other sources
Services we offer:

- Deposit products
- Term deposits

Impact: These lead to an interest expense
Attendant risks: Interest rate, liquidity, reputational and operational

Core activity: Provide transaction facilities and knowledge-based services to clients
Impact: These lead to the generation of fees and commissions
Attendant risks: Reputational and operational

Core activity: Revenue generated from other core business services and from strategic investments
Impact: These lead to the generation of revenue from other sources.
Attendant risks: Credit, reputational, market and operational

Key expenses

Core activity: Invest for sustaining our day-to-day operations
Impact: These lead to the generation of operating expenses
Attendant risks: Operational

Core activity: Invest in our human resources
Impact: These lead to staff costs
Attendant risks: Reputational, operational and attrition

<table>
<thead>
<tr>
<th>What this means for City Bank</th>
<th>What this means for the extended community</th>
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<tbody>
<tr>
<td>Creates assets from which we draw interest income</td>
<td>• Supports employment and inclusive growth opportunities</td>
</tr>
<tr>
<td>Generates costs for the sourced funds that enables lending</td>
<td>• Enables individual customers to realize their aspirations</td>
</tr>
<tr>
<td>Generates income through fees and other commissions</td>
<td>• Enables companies to realize the potential of their businesses</td>
</tr>
<tr>
<td>Generates income from other sources, including from investments</td>
<td>• Provides depositors with attractive savings platforms</td>
</tr>
<tr>
<td></td>
<td>• Enables depositors to earn inflation-mitigated returns</td>
</tr>
<tr>
<td></td>
<td>• Provides customers with convenient access to their funds</td>
</tr>
<tr>
<td></td>
<td>• Enables customers to leverage our knowledge and experience for their business growth</td>
</tr>
<tr>
<td></td>
<td>• Enables specific customers to use our network to connect to global capital pools</td>
</tr>
<tr>
<td></td>
<td>• Strategic investments enable the capture and monetization of opportunities</td>
</tr>
<tr>
<td></td>
<td>• Provides stability to capital</td>
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</table>
What this means for City Bank

Investments in infrastructure, including IT, enhance our capabilities and efficiency levels that enable us to deliver relevant products and services that meet customer needs and strengthen our competitive position.

What this means for the extended community

♦ Developing relevant products and solutions augment our financial and social relevance
♦ Enable us to maintain our positive contribution to the Bangladeshi society

Investments in our Human Resources enable us to retain our intellectual capital while also providing our people with world-class training programs and exposures.

♦ Our activities help sustain local job creation
♦ Training and development enables the improvement of financial services and other related skills in the country

<table>
<thead>
<tr>
<th>BDT 2.1 m</th>
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<tr>
<td>2017</td>
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Employee Productivity (Operating profit per employee)

4.3% 2017

Net Interest Margin

<table>
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<th>BDT 5.05 m</th>
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<tr>
<td>2017</td>
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Average Loan Ticket Size

19% cash 5% stock 2017

Dividend
Dividend for 2017 has been declared and will be disbursed post shareholders' approval at the ensuing Annual General Meeting.

Our virtuous cycle: growth ♦ reinvestment ♦ growth

Our engaged employee base... 3,230 employees

...that leads to consistent shareholder value creation...
BDT 9,396m dividend disbursed over last 5 years

...ensure customer satisfaction and loyalty...
1.6 m customers

...driving sustained profitability...
36.2% PAT CAGR 2013-17
How We Performed In 2017

Key financial and operational highlights

At City Bank, our financial and operational performance in 2017 needs to be assessed in the context of the economic environment. Operating in one of the core sectors of the economy, our business is influenced by the external factors that include economic growth, trade and services growth, manufacturing growth, consumption levels, gross capital formation, the capex cycle, etc. It is also impacted by the competitive intensity of the country’s banking industry.

Considering this backdrop, we performed credibly during the year under assessment (2017), reflecting in the growth of our core financials as well as operational metrics.

<table>
<thead>
<tr>
<th>Balance sheet size</th>
<th>Loans and advances</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 BDT m</td>
<td>2016 BDT m</td>
</tr>
<tr>
<td>210,221</td>
<td>254,776</td>
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<table>
<thead>
<tr>
<th>Customer deposits</th>
<th>Current &amp; savings accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 BDT m</td>
<td>2016 BDT m</td>
</tr>
<tr>
<td>143,729</td>
<td>174,695</td>
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<table>
<thead>
<tr>
<th>Net interest income (excluding investment income)</th>
<th>Net interest margin</th>
</tr>
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<tbody>
<tr>
<td>2015 BDT m</td>
<td>2016 BDT m</td>
</tr>
<tr>
<td>5,506</td>
<td>6,477</td>
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<table>
<thead>
<tr>
<th>Operating profit (before provisions and tax)</th>
<th>Profit after tax</th>
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</thead>
<tbody>
<tr>
<td>2015 BDT m</td>
<td>2016 BDT m</td>
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<tr>
<td>6,694</td>
<td>7,537</td>
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<table>
<thead>
<tr>
<th>Cost-to-income ratio</th>
<th>Return on assets (average)</th>
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<tbody>
<tr>
<td>2015 %</td>
<td>2016 %</td>
</tr>
<tr>
<td>47.6%</td>
<td>47.6%</td>
</tr>
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<table>
<thead>
<tr>
<th>Earnings per share (before provisions and tax)</th>
<th>Net asset value per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>4.5</td>
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</table>

<table>
<thead>
<tr>
<th>Employee base</th>
<th>Market capitalisation</th>
</tr>
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</table>
The experience, knowledge and diversity of City Bank’s Board propels our planned growth

“Aligned with the Bank’s core business objectives and as part of its general oversight function, the Board takes the lead on decisions regarding long-term strategies and policies as well as corporate culture and on fostering the most appropriate corporate social responsibility (CSR) policies.

The Board also upholds the responsibility of encouraging a prudent risk culture by establishing a robust framework and regularly assessing the Bank’s risk appetite and resetting it, whenever appropriate. The Board is also responsible for ensuring that the organization complies with the relevant legislations and respects best practices.

All Board members are recognised for their professional capacity, integrity and independence.

Our Board is ably assisted by a highly professional and well-experienced leadership team with multi-faceted experience blended with proven capabilities.”
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 Chowdhury (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 capitalization of BDT 490.45 m m (as on 31 December 2017).
Board of Directors

City Bank’s Board is led by a group of 14 individuals who are driven by passion, commitment and discipline. 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 fourteen directors are female.

Mix of experience

Work experience of the Directors ranges from 15 to 50 years, representing a prudent mix of youth and experience.
City Bank’s Management Committee executes the strategy and long-term goals of the Bank. It drives business performance and organizational synergies. It is also responsible for protecting and enhancing the Bank’s brand image and reputation.

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

Average years of experience of the Management Committee members: 24
City Bank Group 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)

Board of Directors
Mr. Mohammed Shoeb – Chairman

Directors (Other than Chairman)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mrs. Tabassum Kaiser</td>
<td>Vice-Chairperson</td>
</tr>
<tr>
<td>Mr. Deen Mohammad</td>
<td>Director</td>
</tr>
<tr>
<td>Mr. Aziz Al Kaiser</td>
<td>Director</td>
</tr>
<tr>
<td>Mr. Rubel Aziz</td>
<td>Director</td>
</tr>
<tr>
<td>Mr. Hossain Mehmood</td>
<td>Nominated Director</td>
</tr>
<tr>
<td>Mr. Hossain Khaled</td>
<td>Director</td>
</tr>
<tr>
<td>Mr. Rajibul Huq Chowdhury</td>
<td>Director</td>
</tr>
<tr>
<td>Mrs. Syeda Shaireen Aziz</td>
<td>Director</td>
</tr>
<tr>
<td>Mr. Rafiqi Islam Khan</td>
<td>Director</td>
</tr>
<tr>
<td>Mrs. Saveria H. Mahmood</td>
<td>Nominated Director</td>
</tr>
<tr>
<td>Mr. K.M. Tanjib-Ul Alam</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr. Farooq Sobhan</td>
<td>Independent Director</td>
</tr>
</tbody>
</table>

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
- Branch Banking customers are served through a pervasive network of 120 branches, 339 ATMs, 30 Cash Deposit Machines and 7 Priority Centers countrywide (as on 31 December, 2017).
- 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.

Network

City Bank’s businesses are broadly segmented into four divisions:
- Corporate
- Commercial
- Branch
- Cards

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 centralized 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.

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 2016. The following ratings have been awarded:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Period</th>
<th>Date of rating</th>
<th>Long-term</th>
<th>Short-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entity Rating</td>
<td>January to December 2016</td>
<td>28-May-17</td>
<td>AA2</td>
<td>ST-2</td>
</tr>
<tr>
<td>Entity Rating</td>
<td>January to December 2015</td>
<td>23-Jun-16</td>
<td>AA2</td>
<td>ST-2</td>
</tr>
<tr>
<td>Entity Rating</td>
<td>January to December 2013</td>
<td>26-Jun-14</td>
<td>AA3</td>
<td>ST-2</td>
</tr>
</tbody>
</table>

CRAB assigned rating ‘AA2’ and ‘ST-2’ to The City Bank Ltd. during the January-December 2016 period.

Ba3

Rating by Moody’s

<table>
<thead>
<tr>
<th>Outlook</th>
<th>Stable</th>
</tr>
</thead>
</table>

City Bank has been awarded “Ba3” by world renowned rating agency Moody’s for the second time. The rating is equivalent to that of our sovereign rating (Ba3), also assigned by Moody’s.

AA2

Surveillance Rating 2017

<table>
<thead>
<tr>
<th>Outlook</th>
<th>Stable</th>
</tr>
</thead>
</table>

City Bank has been awarded “AA2” by Moody’s for the second time.
Committees of the Board of Directors

Executive Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Status with Bank</th>
<th>Status with Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Rubel Aziz</td>
<td>Director</td>
<td>Convener</td>
</tr>
<tr>
<td>Mr. Deen Mohammad</td>
<td>Director</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. Aziz Al Kaiser</td>
<td>Director</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. Hossain Mehmood</td>
<td>Nominated Director</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. Hossain Khaled</td>
<td>Director</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. Rajibul Huq Chowdhury</td>
<td>Director</td>
<td>Member</td>
</tr>
</tbody>
</table>

Secretary: Mr. Md. Kafi Khan

Audit Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Status with Bank</th>
<th>Status with Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. K. M. Tanjibul Alam</td>
<td>Independent Director</td>
<td>Convener</td>
</tr>
<tr>
<td>Mrs. Syeda Shaireen Aziz</td>
<td>Director</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. Rafiqul Islam Khan</td>
<td>Director</td>
<td>Member</td>
</tr>
<tr>
<td>Mrs. Savaer H. Mahmood</td>
<td>Nominated Director</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. Farooq Sobhan</td>
<td>Independent Director</td>
<td>Member</td>
</tr>
</tbody>
</table>

Secretary: Mr. Md. Kafi Khan

This committee was reconstituted on January 26, 2017

Board’s Risk Management Committee (BRMC)

The Board of Directors of The City Bank Limited, in its 452nd meeting held on January 25, 2014, established the Board’s Risk Management Committee. The committee is entrusted with the responsibility of supervising and overseeing the risk management processes of the Bank. Other responsibilities include establishing a risk culture across the Bank and recommending risk strategies, etc. The committee was also formed to meet the requirement of Section 15 of the Banking Company Act, 1991 (Amendment up to 2013), and subsequent BRPD Circular No. 11/2013 dated October 27, 2013. The composition and further information of BRMC is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Status with Bank</th>
<th>Status with Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Hossain Khaled</td>
<td>Director</td>
<td>Convener</td>
</tr>
<tr>
<td>Mr. Mohammed Shoeb</td>
<td>Chairman</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. Rubel Aziz</td>
<td>Director</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. Hossain Mehmood</td>
<td>Nominated Director</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. Rajibul Huq Chowdhury</td>
<td>Director</td>
<td>Member</td>
</tr>
</tbody>
</table>

This committee was formed on January 25, 2014

Shariah Supervisory Committee

Chairman
Mr. M. Azizul Huq

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

Risk Management Committee (RMC)

The RMC provides oversight and supervision with regards to the identification and evaluation of major strategic, operational, regulatory, information and external risks inherent to 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 has been entrusted with the responsibility of implementing the National Integrity Strategy (NIS) in the country’s financial sector.

Ownership and listing dates

Ownership composition

As of 31 December 2017, shareholding position of The City Bank Limited by the Directors, General Public and Financial Institutions is presented below.

<table>
<thead>
<tr>
<th>Composition</th>
<th>No. of shares</th>
<th>Percentage (%) of total shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors &amp; Sponsors</td>
<td>281,404,765</td>
<td>30.53%</td>
</tr>
<tr>
<td>General Public</td>
<td>329,036,111</td>
<td>35.69%</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>171,683,456</td>
<td>18.62%</td>
</tr>
<tr>
<td>Foreign Shareholders</td>
<td>139,767,832</td>
<td>15.16%</td>
</tr>
<tr>
<td>Total</td>
<td>921,892,664</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

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

Capital:
Capital (31 December 2017)

**Authorized Capital**
Tk. 15,000,000,000
(1,500,000,000 ordinary shares of Tk. 10 each)

**Paid-up capital**
Tk. 9,218,926,640
(921,892,664 ordinary shares of Tk. 10 each)

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

Accounting year-end: 31 December 2017

In line with the implementation of NIS, the Bank has established a ‘Committee on Morals, 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.

Corporate information:

**Chief Financial Officer**
Mr. Md. Mahbubur Rahman

**Head of Internal Control & Compliance**
Mr. Md. Nazmul Arif Khan

**Auditors**
Hoda Vasi Chowdhury & Co. Chartered Accountants

**Tax Consultant**
ACNABIN Chartered Accountants

**Legal Retainer**
Law Valley

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

**Registered Office/ Head Office**
136 Bir Uttam Mir Shawkat Sarak (Gulshan Avenue), Gulshan-2 Dhaka-1212, Bangladesh
Telephone Nos.: 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
### Five-year performance at a glance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized Capital</td>
<td>15,000</td>
<td>15,000</td>
<td>15,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Paid-up Capital</td>
<td>9,219</td>
<td>8,758</td>
<td>8,758</td>
<td>8,341</td>
<td>6,951</td>
</tr>
<tr>
<td>Reserve Fund &amp; Surplus</td>
<td>15,650</td>
<td>11,895</td>
<td>12,132</td>
<td>10,115</td>
<td>7,920</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>24,869</td>
<td>20,653</td>
<td>20,690</td>
<td>18,496</td>
<td>14,870</td>
</tr>
<tr>
<td>Tier-II Subordinated Bond</td>
<td>7,250</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>-</td>
</tr>
<tr>
<td>Deposits</td>
<td>183,493</td>
<td>174,695</td>
<td>143,729</td>
<td>118,727</td>
<td>107,497</td>
</tr>
<tr>
<td>Borrowings</td>
<td>37,906</td>
<td>31,695</td>
<td>22,080</td>
<td>16,944</td>
<td>7,904</td>
</tr>
<tr>
<td>Loans and Advances</td>
<td>196,596</td>
<td>175,025</td>
<td>143,088</td>
<td>116,621</td>
<td>89,879</td>
</tr>
<tr>
<td>Credit to deposit ratio (excluding OBU loans)</td>
<td>84.9%</td>
<td>80.4%</td>
<td>79.2%</td>
<td>83.5%</td>
<td>76.3%</td>
</tr>
<tr>
<td>Debt: Equity Ratio (times)</td>
<td>101</td>
<td>113</td>
<td>91</td>
<td>8.4</td>
<td>8.7</td>
</tr>
<tr>
<td>Investments</td>
<td>25,508</td>
<td>24,432</td>
<td>24,615</td>
<td>28,710</td>
<td>26,492</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>3,277</td>
<td>3,437</td>
<td>3,516</td>
<td>3,444</td>
<td>3,155</td>
</tr>
<tr>
<td>Earning assets</td>
<td>220,875</td>
<td>199,508</td>
<td>167,913</td>
<td>139,522</td>
<td>130,067</td>
</tr>
<tr>
<td>Total Assets</td>
<td>275,531</td>
<td>254,776</td>
<td>210,221</td>
<td>172,565</td>
<td>143,617</td>
</tr>
<tr>
<td>Off-Balance Sheet Exposures</td>
<td>98,845</td>
<td>61,020</td>
<td>50,126</td>
<td>46,342</td>
<td>47,962</td>
</tr>
<tr>
<td><strong>Income Statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Interest Income (excluding investment income)</td>
<td>7,495</td>
<td>6,477</td>
<td>5,506</td>
<td>5,122</td>
<td>5,019</td>
</tr>
<tr>
<td>Investment Income</td>
<td>2,791</td>
<td>4,746</td>
<td>4,391</td>
<td>2,790</td>
<td>1,654</td>
</tr>
<tr>
<td>Non-interest Income</td>
<td>4,630</td>
<td>3,173</td>
<td>2,888</td>
<td>2,626</td>
<td>2,100</td>
</tr>
<tr>
<td>Operating Income</td>
<td>14,916</td>
<td>14,396</td>
<td>12,784</td>
<td>10,539</td>
<td>8,773</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>8,047</td>
<td>6,859</td>
<td>6,090</td>
<td>5,391</td>
<td>4,617</td>
</tr>
<tr>
<td>Operating Profit (profit before provision and tax)</td>
<td>6,869</td>
<td>7,537</td>
<td>6,694</td>
<td>5,148</td>
<td>4,157</td>
</tr>
<tr>
<td>Provision for loans, investment and other assets</td>
<td>1,718</td>
<td>2,071</td>
<td>2,179</td>
<td>1,540</td>
<td>2,340</td>
</tr>
<tr>
<td>Profit before Tax</td>
<td>5,152</td>
<td>5,466</td>
<td>4,516</td>
<td>3,608</td>
<td>1,817</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>3,628</td>
<td>3,956</td>
<td>3,600</td>
<td>2,227</td>
<td>922</td>
</tr>
<tr>
<td><strong>BIS Capital Measures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Weighted Assets (RWA)</td>
<td>202,210</td>
<td>177,812</td>
<td>156,330</td>
<td>142,629</td>
<td>139,723</td>
</tr>
<tr>
<td>Core Capital (Tier I)</td>
<td>20,522</td>
<td>18,591</td>
<td>16,232</td>
<td>15,184</td>
<td>12,958</td>
</tr>
<tr>
<td>Supplementary Capital (Tier II)</td>
<td>9,232</td>
<td>4,831</td>
<td>4,459</td>
<td>5,944</td>
<td>1,893</td>
</tr>
<tr>
<td>Total/Regulatory Capital (Tier I and II)</td>
<td>29,755</td>
<td>23,422</td>
<td>20,690</td>
<td>21,128</td>
<td>14,851</td>
</tr>
<tr>
<td>Tier I Capital Ratio</td>
<td>10.1%</td>
<td>10.5%</td>
<td>10.4%</td>
<td>10.3%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Tier II Capital Ratio</td>
<td>4.6%</td>
<td>2.7%</td>
<td>2.9%</td>
<td>4.0%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Total Capital Adequacy Ratio</td>
<td>14.7%</td>
<td>13.2%</td>
<td>13.2%</td>
<td>14.3%</td>
<td>10.6%</td>
</tr>
<tr>
<td>RWA to Total Assets</td>
<td>73.4%</td>
<td>69.8%</td>
<td>74.4%</td>
<td>85.5%</td>
<td>97.2%</td>
</tr>
<tr>
<td><strong>Credit Quality</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non performing/classified loans (NPLs)</td>
<td>10,678</td>
<td>10,582</td>
<td>10,845</td>
<td>6,859</td>
<td>7,251</td>
</tr>
<tr>
<td>Percentage of NPL over Total Loans and Advances</td>
<td>5.4%</td>
<td>6.0%</td>
<td>7.6%</td>
<td>5.9%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Provision for Unclassified Loans</td>
<td>2,310</td>
<td>2,091</td>
<td>1,612</td>
<td>1,960</td>
<td>1,200</td>
</tr>
<tr>
<td>Provision for Classified Loans</td>
<td>3,737</td>
<td>4,212</td>
<td>4,627</td>
<td>2,972</td>
<td>3,645</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Foreign Exchange Business</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export</td>
<td>98,593</td>
<td>88,657</td>
<td>63,660</td>
<td>47,887</td>
<td>19,043</td>
</tr>
<tr>
<td>Import</td>
<td>164,588</td>
<td>100,749</td>
<td>79,402</td>
<td>65,374</td>
<td>61,909</td>
</tr>
<tr>
<td>Remittance</td>
<td>30,464</td>
<td>17,815</td>
<td>19,896</td>
<td>23,768</td>
<td>25,943</td>
</tr>
<tr>
<td><strong>Efficiency/Productivity Ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on Average Equity (ROE)</td>
<td>15.9%</td>
<td>19.0%</td>
<td>18.3%</td>
<td>13.4%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Return on Average Assets (ROA)</td>
<td>1.4%</td>
<td>1.7%</td>
<td>1.9%</td>
<td>1.4%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Cost to Income ratio</td>
<td>53.9%</td>
<td>47.6%</td>
<td>47.6%</td>
<td>51.2%</td>
<td>52.6%</td>
</tr>
<tr>
<td>Yield on Advance based on average EOD balance</td>
<td>8.7%</td>
<td>9.6%</td>
<td>11.3%</td>
<td>13.1%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Cost of Deposit based on average EOD balance</td>
<td>4.4%</td>
<td>5.2%</td>
<td>6.5%</td>
<td>6.9%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Net Interest Margin Ratio</td>
<td>4.3%</td>
<td>4.4%</td>
<td>4.8%</td>
<td>6.1%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Statutory Liquidity Ratio (SLR) at the close of the year</td>
<td>15.8%</td>
<td>16.4%</td>
<td>17.9%</td>
<td>22.6%</td>
<td>24.2%</td>
</tr>
<tr>
<td>Cash Reserve Ratio (CRR) at the close of the year</td>
<td>7.4%</td>
<td>7.7%</td>
<td>8.0%</td>
<td>6.8%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>11</td>
<td>11</td>
<td>12</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>Operating Profit per Employee</td>
<td>2.1</td>
<td>2.5</td>
<td>2.5</td>
<td>2.0</td>
<td>1.6</td>
</tr>
<tr>
<td>Operating Profit per Branch</td>
<td>52.8</td>
<td>62.8</td>
<td>55.8</td>
<td>46.0</td>
<td>40.0</td>
</tr>
<tr>
<td><strong>Share Information</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No of Shares Outstanding (in million)</td>
<td>921.9</td>
<td>875.8</td>
<td>875.8</td>
<td>834.1</td>
<td>695.1</td>
</tr>
<tr>
<td>Operating profit per share</td>
<td>75</td>
<td>8.6</td>
<td>7.5</td>
<td>6.2</td>
<td>6.0</td>
</tr>
<tr>
<td>Earnings Per Share (BDT)</td>
<td>41</td>
<td>4.5</td>
<td>4.1</td>
<td>2.7</td>
<td>11</td>
</tr>
<tr>
<td>Market Price Per Share (BDT) as on close of the year (DSE)</td>
<td>53.2</td>
<td>27.2</td>
<td>20.4</td>
<td>21.8</td>
<td>20.2</td>
</tr>
<tr>
<td>Price Earnings Ratio (Times)</td>
<td>13.0</td>
<td>6.0</td>
<td>5.0</td>
<td>8.2</td>
<td>18.5</td>
</tr>
<tr>
<td>Net Asset Value Per Share (Taka)</td>
<td>270</td>
<td>23.6</td>
<td>23.9</td>
<td>22.1</td>
<td>21.4</td>
</tr>
<tr>
<td>Dividend Cover Ratio (EPS/DPS)</td>
<td>170.4%</td>
<td>188.2%</td>
<td>186.9%</td>
<td>133.5%</td>
<td>54.6%</td>
</tr>
<tr>
<td>Total Dividend**</td>
<td>24.0%</td>
<td>24.0%</td>
<td>22.0%</td>
<td>20.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Cash Dividend**</td>
<td>19.0%</td>
<td>24.0%</td>
<td>22.0%</td>
<td>15.0%</td>
<td>-</td>
</tr>
<tr>
<td>Stock Dividend</td>
<td>5.0%</td>
<td>-</td>
<td>-</td>
<td>5.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td><strong>Distribution Network</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Branches</td>
<td>118</td>
<td>108</td>
<td>108</td>
<td>100</td>
<td>92</td>
</tr>
<tr>
<td>Number of SME Centers &amp; Agri Branches</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Number of ATMs</td>
<td>339</td>
<td>309</td>
<td>275</td>
<td>239</td>
<td>210</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>3,230</td>
<td>2,986</td>
<td>2,716</td>
<td>2,535</td>
<td>2,647</td>
</tr>
<tr>
<td>Number of Foreign Correspondents</td>
<td>482</td>
<td>479</td>
<td>470</td>
<td>464</td>
<td>460</td>
</tr>
<tr>
<td>No. of CDM Machines</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>No. of Priority Centers</td>
<td>7</td>
<td>7</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

* BIS: Bank for International Settlements

** The Board of Directors in its 529th meeting decided to recommend distribution of 240% (twenty four percent) dividend (19% cash and 5% stock) subject to shareholders’ approval

*** The Bank changed its Accounting Policy (Revaluation Model to Cost Model for Fixed Assets Recognition and Measurement) since January 1, 2017 and relevant information relating to 2013 to 2016 was restated for comparative purpose
Performance At A Glance 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Deposits (in million)</th>
<th>Loans &amp; Advances (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>107.497</td>
<td>89.679</td>
</tr>
<tr>
<td>2014</td>
<td>118.727</td>
<td>116.621</td>
</tr>
<tr>
<td>2015</td>
<td>143.729</td>
<td>143.088</td>
</tr>
<tr>
<td>2016</td>
<td>174.695</td>
<td>175.025</td>
</tr>
<tr>
<td>2017</td>
<td>283.493</td>
<td>196.659</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Assets (in million)</th>
<th>Earnings Assets (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>143.87</td>
<td>184.655</td>
</tr>
<tr>
<td>2014</td>
<td>172.595</td>
<td>208.522</td>
</tr>
<tr>
<td>2015</td>
<td>204.221</td>
<td>217.751</td>
</tr>
<tr>
<td>2016</td>
<td>275.531</td>
<td>275.531</td>
</tr>
<tr>
<td>2017</td>
<td>270.875</td>
<td>220.875</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Shareholders’ Fund (in million)</th>
<th>Net Asset Value Per Share (in taka)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>14.870</td>
<td>24.869</td>
</tr>
<tr>
<td>2014</td>
<td>18.456</td>
<td>21.1</td>
</tr>
<tr>
<td>2015</td>
<td>20.653</td>
<td>21.9</td>
</tr>
<tr>
<td>2016</td>
<td>24.869</td>
<td>21.6</td>
</tr>
<tr>
<td>2017</td>
<td>27.0</td>
<td>27.0</td>
</tr>
</tbody>
</table>
CHAIRMAN'S STATEMENT

Our dedication and commitment enabled us to look at banking in an innovative way in order to do things differently.

Mohammed Shoeb
Chairman
City Bank fully appreciates the extent to which its future and its interests are bound with those of the society in which it operates. As a pioneering commercial bank of the country, we are bridging the financial divide with technology and innovation that is making banking easy and convenient for our customers. This convinces me that we are securing our place in the future.

Dear Stakeholders,

I extend a warm welcome to you to our first-ever Integrated Annual Report 2017 and what better time than now to choose this reporting framework with this year’s report carrying the theme of ‘More banking. Less bank.’

The concept of integrated reporting begins with integrated thinking that guides decision-making and actions towards the creation of sustainable value. At City Bank, the principal idea behind embracing this framework was to promote integrated thinking and reporting for bringing in greater levels of efficiency into capital allocation for achieving greater financial stability. In short, integrated reporting for us is a competency driver. Going forward, the message is that we wish to emphasize on the importance of integrated thinking at City Bank.
Securing our place in a fast-changing world

This is the age of unprecedented and disruptive change. The economic revolution, powered by digital technology, is creating new challenges and opportunities at an unbelievable pace, breaking down geographic barriers, democratizing access to goods and services and bringing unparalleled convenience to consumers at the click of a button. For City Bank, it is having an impact on how we do business.

To be able to succeed in this revolution it is highly important that we stay relevant – relevant to our country, relevant to our customer, relevant to our employees and relevant to our communities. Even as I take each of these separately to address how we are doing so, I firmly believe that there is merit in integrating customer expectations with products and solutions that are innovative, best-in-class and best-fit - there is a pot of gold for those who go the extra mile and once they have walked this path, they are able to create strong foundations to build an unmatched competitive advantage.

I am proud that City Bank is one such organisation, which gives me the confidence that the initiatives we have embraced in 2017 will help us earn our place in the future and enable us to reach tomorrow, today.

Relevant for Bangladesh – Bridging the financial divide

As an institution that is rooted in Bangladesh’s soil, we are deeply cognizant of our responsibility towards the nation.

The country today is on the throes of a transformation that is unparalleled in its history. The GDP is growing in excess of 7% over the past few years, the per capita income has shot up to about USD 1,600, inflation is largely under control and there is a general sense of prosperity. However, despite the optimism underpinning these macro-economic indicators, the country experiences widespread power shortages, a large number of the population still subsists on the poverty line and there has been little development beyond the metropolitan peripheries.

The government, holding the democratic mandate of the masses, recognizes that the imbalance has to be corrected for homogenous and inclusive growth. Today, though the country can boast of a large and growing population base of over 163 million, the reality is that growth has failed to reach the doors of a vast swathe of this number.

At City Bank, thinking about the big picture and integrating it with the value that can be unleashed by our operations, we feel we are among the best placed financial intermediaries to connect the power of ideas with growth capital, the unbanked population with technology, the under-banked segments with innovation and the country’s infrastructure development ambition with global pools of capital.

Relevant for Bangladesh

18.7% CAGR - Loans outstanding (past 5 years)
7.5% CAGR - Contribution to Exchequer (past 5 years)

Relevant for our customer – Earning their loyalty

With customers having more choice and information than ever before, compounded by the rising commoditization of the banking industry, their expectations continually scale higher as they anticipate being treated quickly and with personalization.
Today, these not only form the bedrock of a responsible bank, they also represent the core attributes of a digital bank. A digital bank is simple in the sense that it brings the value offered by the bank right at the fingertips of its customers, thereby principally democratizing ‘banking’ but beyond what is typically perceived to be a brick-and-mortar ‘bank’. A digital bank is constantly in the pursuit of technology for making banking accessible, simple and convenient.

At City Bank, with rich experience and insights accrued out of years of successful existence, we are confident that we have the technological know how and the mindset to reinvent banking while maintaining the strengths that have made us successful. As you will read elsewhere in this report, our relentless focus on tech-driven innovation has enabled us to earn a pioneering status in the country’s banking sector and also something more important – the loyalty of our customers.

Relevant for our employees
- Being their banking career of choice

Research has demonstrated that employees are more likely to be motivated if they work for a company with a strong social purpose. Their energy and motivation means better customer service, which, in turn, helps builds customer loyalty. This loyalty delivers sustainable returns. And those returns build loyalty among shareholders and also enable the business to invest and do more in the communities it serves, fulfilling its purpose.

With employees being the foremost constituents of our value chain, they are our most important assets. As we focus on staying at the cutting-edge of business practices, we provide sophisticated training content to our employees by which they are able to fast-track their careers and realize their professional goals. We provide industry-leading compensation packages with a host of other benefits that are designed to bolster and reward performance.

Because of our holistic HR practices, as well as providing our employees with exposure to a dynamic environment that thrives on challenges and problem-solving, we have been able to prevent attrition among our high performers and senior management teams. Our overall attrition levels are well under control and among the lowest in the country’s banking industry.

Relevant for our communities
- Our force multiplier effect

We have aligned our purpose with the larger megatrends of financial inclusion, sustainable job creation, micro-finance and creating opportunities for inclusive growth.

We are one of our sector’s largest job creators not only organically within the Bank, but also in terms of generating indirect employment by virtue of our lending practices. We are also focusing on micro-finance credit, which, as records have proved, is the most effective means to alleviate and eliminate poverty for those who are at the bottom of the economic pyramid. We are also emphasizing on what is usually christened as the ‘missing-middle’ population segment by including them into the folds of organized finance and enabling them to achieve their aspirations with surety.

As a conscious effort to mitigate the growing threat of environmental risks, we are also looking at financing green projects that also enable us to meet our environmental responsibilities while also ensuring that the country pursues its economic aspirations in a responsible and risk-mitigated way.

Relevant for our Communities

![Hexagon with numbers and percentage]

Thank you

It is indeed a great privilege to lead this exalted Bank and to help drive Bangladesh’s growth and development.

We look back on 2017 with gratitude to all our clients and employees. We look forward to 2018 with confidence and optimism. I must affirm that we are firmly on track towards executing our strategy, achieving our vision and fulfilling our purpose.

With my best wishes,

Mohammed Shoeb
Chairman

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Invitation to attend the Annual General Meeting

I hereby extend an invitation to all shareholders to attend the 35th The City Bank Limited Annual General Meeting to be held at Kurmitola Golf Club, Dhaka Cantonment, Dhaka on 29 June 2018 at 12.30 P.M.
MANAGING DIRECTOR & CEO’S WORDS

At City Bank, our goal is simple – to be the change, rather than just to be with the change.

SOHAIL R. K. HUSSAIN
Managing Director & CEO
"More than just a Bank, City Bank is a model of inclusive growth. Leveraging inventiveness, innovation and the infusion of digital, our ingrained focus is on financially mainstreaming Bangladesh’s large unbanked and under-banked population."

Dear Shareholders,

In our extensive involvement with the banking industry of a country that has almost 30% of its population - translating to about 50 m people - subsisting marginally at the poverty line, we have come to understand that poverty has as much to do with the deprivation of basic facilities as low income.

In this backdrop, the banking sector can have a strong equalizing effect with the unparalleled outcome of delivering homogenous growth that is realized by meeting the aspirations of the society. Powering the sails of the financial industry are the winds of change, most notably the disruptive advent of digital and the increasing blurring of lines dividing the financial services business and technology.

At City Bank, we carry the mandate of the people of the country and are transforming ourselves at a rapid pace to ensure that we are more than just a Bank; we are rather a model of inclusive growth that leverages inventiveness, innovation and the infusion of digital to financially mainstream the country’s large unbanked and under-banked population. Doing so has presented us with an unprecedented multi-decade opportunity.
City Bank has recently issued 5% of its outstanding number of common equity to the International Finance Corporation (IFC) as per approval of relevant regulatory authorities. Now, IFC will have its representative in the Bank's Board and will actively contribute towards the progressive growth of the Bank. Celebrate this milestone where Bank's MD & CEO, Sohail R. K. Hussain handed over a crest to Vittorio Di Bello, Regional Head, IFC, Asia & Pacific.

City Bank - The true financial services bridge

At City Bank, we view financial inclusion in two ways. One, getting large segments of the population under the formal banking platform so that they are able to access products and services affordably to be able to meet their aspirations faster. And two, reaching out to the population segments that are either overlooked or disregarded from a creditworthiness point of view.

Let me take you through the details.

Agent Banking

We recently established our Agent Banking model that is a classic case of ensuring that if the individual cannot come to the bank, the bank must go to that individual. Under Agent Banking, we appoint an entrepreneur with rigorous SLAs and operating frameworks to conduct the banking business on behalf of City Bank in their premises. As a franchise-based operating model, this carries the benefits of low-cost, high-impact and scalable banking, representative of the true spirit of including financially those who are excluded from it. Within a short period, we have been able to sign up 20 agent bankers who have opened 2,843 customer accounts with a consolidated deposit basket of BDT 70.8 m. Importantly, we provide an undiluted ‘City Bank’ experience to our agent banking customers with the aspiration of creating a ‘laddering’ effect under which the Bank hopes to expand along with the growth of these customers.

MFI

Micro-finance represents yet another opportunity in financial inclusion as the joint-liability model is one that adds an unmatched social dimension to banking. On the back of our pervasive field presence, robust credit assessment tools, strong technological backbone and time-tested collection capabilities, we are looking forward to making our mark in this social, secure and scalable banking model.

Women Entrepreneurs

Women comprise almost half of the Bangladeshi population and a large number of women entrepreneurs have demonstrated grit and resilience to have created sustainable businesses. Yet it is only recently that this segment of the population was discovered by the financial industry. At City Bank, what gives us the confidence that we will succeed in this segment is the fact that we will bring the full value of the Bank to service women entrepreneurs of our country.

City Bank - More tech, more banking, less Bank

We view the role of technology as an enabler and equalizer and our emphasis on digital transformation is not an end in itself, but is rather a crucial part of our thinking in how we can remain relevant for our customers and be available for them where, when and how they want us.

Because of the democratizing impact of technology, banking is becoming commoditized and in this environment, the only way to stand apart from the competition is to offer a superior experience to customers that is anchored on personalisation, instantaneity and seamlessness and also universal in the sense of maintaining a consistent experience. What this means is empowering customers by providing a whole host of financial services in their own hands and also bringing convenience at their fingertips.

City Pay

We are among the few banks in the country to launch a QR code-based payment option – City Pay. Customers of today, especially the youth, desire convenience and also
want to experience the revolutionary power of technology. With City Pay customers can purchase products simply by scanning the designated merchant QR code using their smart-phone camera. This transcends conventional cash payments and even rises above swiping debit/credit cards. By the end of 2017, several merchants were enlisted for City Pay and as multiple transactions were effected during the year.

**Email money transmission**

With a view to significantly improve customer convenience, enable instantaneous transactions and provide an experiential differentiator, our email money transmission model through our City Bank app is a revolutionary service. Customers with a City Bank account can send money via an email to the beneficiary’s account in City Bank or any other bank. City Bank is the only Bank in Bangladesh that provides this convenience to customers.

**City Bank – The Bank of the future**

In our experience in the banking industry, as also in the worldwide research on banking models, the bank of the future will look very different from today’s brick-and-mortar banks. When picturing tomorrow, I draw inspiration from the leading digital disrupters of today. Their rapid growth has been enabled by digital and mobile technologies, making it possible to achieve huge scale with near-zero marginal costs in connectivity, production and distribution.

Translating this to banking, we see a number of key ingredients necessary for sustainable success. We see the bank of the future as one that empowers people financially by deploying advanced data capabilities to deepen customer relationships. We see the importance of providing a differentiated customer experience that is uncomplicated, consistent and convenient. We see the need to have a digital banking platform where people and companies can take care of all of their financial and finance-related needs and this platform is connected to the other ecosystems where consumers spend most of their online time, providing easy access to financial services where and when users need them.

At City Bank, we are focusing on emerging as the Bank of the future and an important element in our transformation is our equity partnership with International Finance Corporation (IFC), a member of the World Bank Group. Such an investment is not only a reflection of the skills and capabilities that City Bank has amassed over the years, but is also an indicator of the resident potential of the Bank. IFC is closely working with our teams to review, refresh and re-implement processes and practices that are best-in-class globally. This is indeed good news for the Bank and the banking sector of Bangladesh and is also representative of the value unleashing potential that will make City Bank a direct growth proxy of the banking industry of the country.

At City Bank, we are in a great position where we create growth opportunities and capitalize on them in a compliant way. This gives me the confidence that we have entered into our virtuous cycle of growth.

I thank you for your support and co-operation and look forward to meeting you at the AGM.

With my best wishes,

Sohail R.K. Hussain
Managing Director and CEO
ROE is one of our most critical measures of shareholder value creation. The Bank's ROE was 15.9% in 2017. We are focused on driving this measure and remain steadfast in our commitment to partnering with our clients in their growth journeys and we will concentrate on optimising resource allocation coupled with a diligent focus on improving our JAWs ratio.

Md. Mahbubur Rahman
DMD & Chief Financial Officer

Key performance drivers for the year

Despite a challenging business environment, the Bank's activities delivered relatively strong headline net interest income and operating income growth in 2017. This was mainly attributable to the strength and resilience of our balance sheet and our diversified book across Bangladesh.

Stable net interest income growth

Net interest income (NII) has continued to increase and, over the period since 2013, has grown by, on average, 8.3% per annum. In 2017, NII grew 15.7% due to a growing loan book, portfolio mix oriented to higher yield segments and expanding margins. In 2017, our loans and advances grew 12.3%, outpacing deposit growth of 5.0% for the year. Our net interest margins stood at 4.3% in 2017, mainly attributable to:

- A favourable and relatively lower-cost deposit base with CASA representation of 35.9% of the deposit book
- Ability to re-price and recalibrate the loan book in tandem with the movement in deposit rates
- Greater focus on capital allocation to those customer segments from whom we could derive a higher yield
City Bank has been recently adjudged as one of the top private commercial banks in Bangladesh in winning the "ICMAB Best Corporate Award 2016" for its outstanding performance, especially in corporate governance. City Bank's Chief Financial Officer, Mahbubur Rahman received the award from the Finance Minister, Abul Maal Abdul Muhith. Senior officias of various government and private organizations were present at the ceremony.

Highlights of 2017 results

<table>
<thead>
<tr>
<th>Parameter</th>
<th>2017</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income (BDT m)</td>
<td>7,495</td>
<td>6,477</td>
<td>5,506</td>
</tr>
<tr>
<td>Net interest margin (%)</td>
<td>4.3%</td>
<td>4.4%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

Strength and resilience of our balance sheet

Despite the prevalent macroeconomic challenges led by heightened competition, tightening liquidity and the general cautious economic environment, we were able to preserve balance sheet strength and resilience. Some balance sheet information is provided below:

Non-performing loans (NPLs) increased slightly from BDT 10,582 m in 2016 (or 6% of the book) to BDT 10,678 m (5.4% of the book). A material component of the decrease in NPLs was effected by our active management of the impact of market stresses on our portfolio and decreasing our exposure to stressed sectors to ensure that our exposures remained within our risk appetite.

BDT 10,678 m

NPLs, 2017

This results in a specific impairment coverage ratio, being the proportion of our NPLs covered by specific impairment provisions, of 56.6% in 2017, which is similar to that of the prior year.

BDT 3,737 m

Provisions for classified loans, 2017

Our balance sheet carries total provisions of BDT 6,047 m (for classified and unclassified loans) to account for the credit risk in these NPLs, after considering available collateral/security.

14.7%

Capital adequacy ratio, 2017

The Bank remains well-capitalised with the common equity tier-1 capital ratio of 10.1%. This is above regulatory requirements. The Bank's total capital adequacy ratio was 14.7% at December end 2017, compared to 13.2% a year earlier. Since the past few years, the Bank has been able to align with Basel-III's additional capital requirements and, simultaneously, increase the capital adequacy ratio.
Diversified book across Bangladesh

A diversified book enables us to mitigate geographic and customer pool risks. This is essential for business sustainability in a country like Bangladesh, enabling us to explore homogenous growth opportunities beyond the capital centers of Dhaka and Chittagong. As we further focus on penetrating business clusters located in semi-urban/rural settings, we believe that our Agent Banking model will provide us with a low-cost way to access non-metropolitan/ unbanked/ under-banked customers, helping us grow our deposit book in a sustainable way, while operating within regulatory frameworks.

Overview

To support the pioneering initiatives of the Bank, our Finance Division works relentlessly to design the strategic architecture for achieving the desired outcomes with rigorous adherence to compliance and risk management. A reflection of this is represented by the fact that the Bank was placed third in the ‘Best Corporate’ category 2016 from ICMAB.

We also made substantive efforts in retaining the Bank’s rating of ‘Ba3’ by Moody’s in 2017, following multiple surveillances throughout the year. Moreover, the landmark equity-partnership deal with IFC was completed in October 2017 after continuous efforts in pricing the deal, setting terms and pursuing regulatory approvals.

Capital and resource planning emerged as an important lever in supporting business growth that is reliant on an adequate capital base. In this regard, City Bank issued its second round of Tier-II bonds worth BDT 5 billion in June 2017, which was achieved successfully within the stipulated time. In December 2017, issuance of the Bank’s third round of Tier-II bonds worth BDT 7 billion was approved by the Board and subsequent proceedings have started accordingly.

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BDT 4,837 m
Exchequer Contribution, 2017

City Bank’s contribution to the Government Exchequer in 2017 was up 13.8% YoY

Investor engagement initiatives

City Bank organized its first-ever earnings disclosure event in August 2017, engaging representatives from investment communities from across the globe. Synchronized by the Finance Division the event was also webcast live in an effort to scale-up our investor relations initiatives with increasing engagement in this segment of our stakeholder ecosystem.

For more information, please refer to our Financial Review Section on page 94.
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Md. Mahbubur Rahman
DMD & Chief Financial Officer
The Year 2017

- In 2017, public sector and PPP clusters of Corporate Banking division onboarded new power projects with a cumulative generation capacity of 1,412 MW and extended trade credit facilities of around USD 494 m to these projects that will be crucial for the country’s long-term economic development.

- Structured Finance unit completed financing arrangement of USD 794 m for two power plants of 1,605 MW generation capacity. This unit also booked 4 power plant projects in 2017 for financing arrangement of USD 271 m and BDT 9,000 m, which will generate 725 MW of electricity.

- Manufacturing clusters alone marked a 58% growth in import volumes and 25% volume growth in non-RMG sector exports. Thus, the total trade volume growth stood at 50%.

- A total of 8 new-to-bank corporate customers were booked by the manufacturing cluster with a total credit facility of BDT 8,900 m.

- From 2012 to 2017, the Bank disbursed about USD 26 m in green financing, of which USD 18 m was invested in energy-efficient projects. These projects will reduce energy consumption by 152,522 MWh/year and CO₂ emissions by 42,749 t/year.

Corporate Banking

Overview

As at December 31, 2017, City Bank’s Corporate Banking loans and advances stood at over BDT 117,059 million, which is one of the largest in the banking sector of Bangladesh.

Corporate Banking deposits stood at over BDT 32,698 m. The Bank also enjoys USD 135 m funded credit lines from development financiers like IFC, ADB, FMO, Norfund, OeEB, and GCPF. In addition, the division executed trade of USD 2,664 m in 2017, up by 37.9% over the previous year.

The Year 2017

In 2017, City Bank’s corporate team closed a few large deals for the country. The team was able to close two ECA-backed transactions amounting to USD 80 m for two power plant projects, which is the first ever instance for a local bank in Bangladesh. This deal brought accolades for the Bank when it won the prestigious FinanceAsia Achievement Award 2017 in the ‘Best Country Deal’ category for Summit Group’s USD 79.67 m, 12-year and 105-year syndicated loan transactions.

In addition, the division also participated in more than USD 350 m for Summit Group, United Group and other different power projects of the country in 2017, which is again among the largest in the banking sector. This winning team inked significant deals with top-tier multinationals and local and government organizations which will be implemented in 2018 onwards.

Besides structuring deals for large power generation projects, City Bank is on track to strengthen its foundations in its core banking services; which is deposit collection. As a part of this, the Bank has been awarded the mandate of nationwide collection of the second largest telco of the country, Robi. The Bank is already a
With a strong social and environmental conscience, the Corporate Banking team arranged funds of BDT 520 m from the Global Climate Partnership Fund (GCPF) for large corporate houses, including AB Apparels Ltd, Section Seven International Ltd, Tarasima Apparels and ACME Laboratories Ltd, etc. for enabling them to acquire energy-efficient machineries to reduce CO₂ emissions by 31-35%. Besides, the Bank disbursed BDT 160 m through an IFC Remediation Fund for ensuring safety in the RMG sector. In 2017, a total of BDT 160 m was disbursed through an IFC Remediation Fund for ensuring safety in the RMG sector. In 2017, a total of BDT 720 m was disbursed under green financing.

The Corporate Banking team of City Bank is not only business-focused but also professional in terms of pursuing long-term quality business relationships. This is reflected from improving NPLs ratio from 5.5% in 2015 to 4.8% in 2016 to 4% in 2017.

City Bank is a dynamic financial institution of Bangladesh with a strong Corporate Financing team. In the beginning, when Doreen Power went to City Bank, we were given several options for raising funds for our power plant projects. Subsequently, we financed our Munshiganj 54 MW power plant through ECA financing from Commerzbank, Germany, which was successfully completed by the Bank's syndication team. They completed the financing within the given timeline and also with the most economical costing. Indeed, the Bank's structured solution for us was like a solution offered by any foreign bank.

Doreen Power Limited
Cash Management – Reaching one step closer to clients

Overview

City Bank’s Cash Management unit helps customers maximize control over their cash flows with payments, collections and clearing services as well as an array of liquidity and investment solutions. In today’s vibrant economy, exploring opportunities with out-of-the-box ideas is essential for sustainable growth. This is why strategic cash management and enhanced visibility for making faster and smarter business decisions is vital to success.

Timely collections and automated receivables reconciliation is crucial for efficient working capital management and City Bank’s comprehensive collection receivables solutions are designed to help customers manage their entire collection cycle with speed and efficiency. This includes everything from the physical collection of funds leveraging our extensive Branch Network to data processing by utilizing our state-of-the-art Virtual Account MIS solution to information delivery where we combine our systems with our client’s ERP via host-to-host integration.

We ensure a clear view of receivables across all of our clients’ accounts by consolidating details into a single database. This centralized solution gives access to enriched data, transaction alerts, receivables advices, invoice and payment reconciliation (including exception handling), advanced reporting and online enquiry services to simplify receivables management and make the overall client ecosystem stronger and more secure.

Robi Axiata Limited

We hold the nationwide collection mandate of the second largest telco of Bangladesh. Robi’s projected annual sales is BDT 65,000 m. City Bank has effected host-to-host integration with Robi’s ERP platform, offering state-of-the-art MIS solutions.

Ministry of Civil Aviation & Tourism

We hold the sole banking mandate of import cargo handling and storage fees collection of Hazrat Shahjalal International Airport. City Bank is the only private commercial bank with a presence in the premises, highlighting our efforts to reach out to our customers by offering them comprehensive doorstep solutions.

MetLife Bangladesh

MetLife is the first client of City Bank’s cash pickup solution with a monthly collection of BDT 400 m.

Dhaka Electric Supply Company (DESCO)

We are the major settlement bank for app-based utility collection of DESCO. This is first-of-its-kind solution from the public sector utility.

Structured Finance Services & Solutions

Overview

City Bank’s Structured Finance (SF) team has developed a portfolio consisting of a unique range of services, within the financing arrangement and agency management frameworks, with a mixture of debt, quasi-equity and securitization products offered in multiple currencies for the short or long-term. Importantly, the unit has been playing a pivotal role in the infrastructure and energy sectors of Bangladesh by arranging funds, providing advisory and agency and account banking services. In this regard, apart from regular structured and syndication transactions, the SF team also:

♦ Deals with large debt and quasi-equity arrangements with multilaterals involving optimization of returns in mostly high-risk scenarios.
♦ Provides services such as project financing, equity arrangement and agency and trusteeship.
♦ Works closely with multilateral agencies and regulatory bodies for arrangement of new products and services.

The Year 2017

♦ Closed two ECA-backed transactions amounting to USD 26 m and USD 43 m for two power projects, which is the first for a local bank in Bangladesh.
♦ Winning the prestigious FinanceAsia Achievement Award 2017 in the 'Best Bangladesh Deal' category for Summit Groups USD 7967 m, 12-years and 105-years syndicated loan transactions.

Noteworthy deals of SFU in 2017

♦ Mandated lead arranger and agent for syndicated term finance of USD 34 m for Banco Energy Generation Limited.
♦ Mandated lead arranger and agent for syndicated term finance of USD 77 m for Anima Energy Limited.
♦ Mandated lead arranger and agent for syndicated term finance of USD 104 m for Bangla Trac Power Unit 1 Limited.
♦ Mandated lead arranger and agent for syndicated term finance of USD 70 m for Acorn Infrastructure Services Unit-3 Limited.
♦ Agent for preference shares of Summit Barisal Power Limited, a 110 MW HFO-based power plant in Barisal.
♦ Agent for preference shares of 55 MW HFO-based power plant of Summit Narayanganj Power Unit II Limited at Narayanganj.
Norfund (USD 10 m)
Completed deal with the Norwegian Investment Fund for Developing Countries, popularly known as Norfund, for a mid-term loan facility of USD 10 m.

OeEB (USD 15 m)
Completed a deal with the OeEB (Oesterreichische Entwicklungsbank AG), an Austrian bilateral development agency, for a term financing line of USD 15 m for 6 years.

AKA Export Finance Bank and Commerz Bank (USD 26 m)
Completed a deal with AKA Bank and Commerzbank for an ECA (export agency backed) term financing line of USD 26 m for 12 years.

ODDO BHF and Bayern LB (USD 43 m)
Completed a deal with ODDO BHF Aktiengesellschaft and Bayerische Landesbank for an ECA (export agency backed) term financing line of USD 43 m for 12 years.

"City Bank's Structured Finance division manages a portfolio of more than USD 885 m with exposures in diversified sectors. During 2017, we were the mandated lead arrangers for a number of large and prestigious projects while also mobilising ECA term financing for several global bilateral agencies. In 2018, we are confident to bring pools of global capital for national infrastructure development, aligned with the government’s manifesto of bringing infrastructure-led economic resurgence."

Mahbub Jamil, Head of Structured Finance

Financial Institutions (FI): Taking City Bank to the world

Overview
City Bank's Financial Institutions (FI) division constituted in 2017 to strengthen relationships for Correspondent Banking and Non-Resident Business. FI manages relationships globally, specifically in Asia, Europe and North America, for international trade and remittance as well as for credit limits in multiple currencies. FI is divided into 2 units:
- Correspondent Banking
- Non-Resident Business

Correspondent Banking
The major function of the Correspondent Banking unit is to approach banks globally for developing new relationships and for credit limits to support the Bank's trade finance needs, while maintaining existing global relationships. The division is responsible for:
- Managing 29 global transaction accounts of multiple currencies (USD, EUR, GBP, AUD, RMB, etc.),
- Managing 475+ international SWIFT relationships with 50+ global banks (Standard Chartered Bank, Citibank, DBS, Mashreq Bank, Caixa, State Bank of India, Maybank, Commerzbank, etc.) for trade finance as well as for arranging funds for discounting from City Bank Offshore and UPAS financing.
In 2017, City Bank confirmed LCs of USD 660 mn, which included USD 350 mn LC confirmation of various tenors to support power generation projects.

Non-Resident Business (NRB)

The NRB team works to ensure that Bangladeshis living abroad get the best rate possible for the money they send home and the credit to the beneficiary account is completed in the shortest possible time. With 20+ exchange house relationships with companies in Bahrain, USA, the UK, Kuwait, Malaysia, the UAE and Australia, City Bank achieved the highest-ever volume in 2017, which is USD 368 mn remittance distributed through the channels. City Bank is a super-agent of MoneyGram in Bangladesh, allowing the Bank to assign sub-agent banks and NGOs. We also have tie-ups with Western Union and Brac Saajan. City Bank is continually looking for new avenues to serve the NRB market through relationship building and service enhancement.

Development organizations

It also assists in managing multi-lateral relationships (ADB and IFC, etc.) by engaging for limits and towards ensuring continuity of relationships.

Treasury

Overview

At City Bank, the Treasury division was reorganized in 2007 and again in 2016 to meet the evolving business needs of the Bank and as per the guidelines of the central Bank. At present, Treasury has four units: FX, Asset Liability Management (ALM), Sales and Risk. The main functions of the unit include:

♦ Managing the Bank’s balance sheet and ensuring regulatory compliance with all BASEL and other risk ratios.
♦ Ensuring FX and capital gains through management of FX business and securities trading.
♦ Driving interest income from investments in money market products and through forecasting and proper planning.
♦ Maximizing treasury gains while minimizing exposures and market risks.

ALM and Money Market Desk

The primary activity of ALM is to ensure regulatory compliance and manage liquidity requirements of the Bank through money market products, including call and term placements, repo/reverse repo and FX swaps. ALM also spearheads the ALCO process and ensures that the Bank adopts prudent and profitable policies and strategies in managing liquidity and pricing interest rate-bearing products.

City Bank Fixed Income Desk invests in available government securities (treasury bills and treasury bonds) and Bangladesh Bank bills for maintaining SLR as well as for trading in the secondary market. The desk focuses on opportunistic trades and de-risking, maintaining SLR and reducing the interest gap exposures to minimize the chances of capital loss from T-bill/T-bond portfolio.

FX and Sales Desk

The Treasury FX Desk manages the surplus/shortfall of the Bank’s FCY holdings. FX Desk is also responsible for maintaining the net open position of the Bank, which is a regulatory requirement. In 2017, the FX market in Bangladesh was very volatile. The local currency depreciated by BDT 4 against USD from January to December 2017. Demand for USD/BDT was very high and the market was dry. The FX Desk managed to maintain NOP efficiently and was able to take advantage of the market situation to maximize FX revenues.

Key Achievements in 2017

ALM

♦ Interest income from money market placement (LCY) of BDT 62,320 mn.
♦ Interest income from money market placement (FCY) of BDT 16,660 mn.
♦ Interest income from investments of BDT 1,716 mn.
♦ Capital income from fixed income securities of BDT 503 mn.
♦ Funding management of OBU book of USD 292 mn.
♦ Running a 100 mn USD/BDT swap book.

FX

♦ Achieved BDT 1,330 mn Foreign exchange gain.
♦ Effected foreign exchange transactions of over USD 3 bn.
♦ Helped NRB to achieve remittance volume USD 368.4 mn.
♦ Concluded a corporate deal of USD 158 mn, including GP corporate deal of USD 20 mn.
♦ Engaged in a forward deal of USD 80 mn.
Macro-economic Outlook

The Bangladeshi economy has grown consistently over the years at an average rate of more than 6%, and the growth of the banking sector in terms of business volume has spawned from this success story. The market and regulatory scenario changed in 2017 as Bangladesh Bank introduced prudent and tighter compliance parameters in line with BASEL-III and due to surplus in the interbank money markets and government securities yield declining from 2016. Interbank call money rate ranged from 3.5% to 3.9% during 2017 due to excess liquidity in the interbank market. The compliance scenario is likely to remain unchanged as the banking sector will continue to implement prudent regulations. Excess market liquidity is likely to be channeled into domestic credit growth, which may induce interest rates to increase from 2017 levels in 2018. Government security yields may increase from 2017 levels in 2018, depending on the upcoming fiscal budget deficit financing plan. With proper positioning and funding, there is an opportunity for ALM to maximize returns from money market products.

The foreign exchange scenario in the country is likely to remain the same as in 2017, with growth of import volumes outpacing growth of exports and remittances. A balanced approach to manage the Bank’s own FX flow business represents the best possible strategy for maximizing profits from interbank trades and providing proper support for NRB remittance growth.

Key Strengths

♦ Strong understanding of foreign exchange markets and good relationships with Customers.
♦ Management support in maintaining a fine balance between import and export volume growth.
♦ A focused FX management strategy aligned with business flow.
♦ Strong management focus and support for growth of the treasury business.
♦ Trading culture anchored on rigorous regulatory compliance and risk management-based dealing discipline.

Core Operational / Financial Information

♦ Implemented treasury database management to identify major customers and their contributions.
♦ Identified problems of the automated exchange position and solved them in collaboration with treasury operations and IT.

Initiatives Planned for 2018

♦ Grow the business as per the budget.
♦ Introduce new hedging products such as IRS and commodity hedging.
♦ Recruit a treasury product sales team to strengthen and deepen the Bank’s market reach.
♦ Focus on the growth of the treasury business.
♦ Ensure the highest levels of compliance with a culture to mitigate risks.

At City Bank’s Treasury division, we intend to grow the business according to the Bank’s overall strategies and growth targets. In order to achieve this aspiration, we expect to broaden our product base to augment market reach, implement automation to reduce TAT and increase efficiency and adopt good industry practices related to business, product compliance and risk management. In addition, we also expect to improve the quality, efficiency and capabilities of our human resources through training and career growth planning while maintaining comprehensive and undiluted regulatory and risk compliance.

Serajul Amin Ahmad, Head of Treasury
Commercial Banking

**BDT 13,851 m**

**Outstanding loan portfolio**

**7.3%**

**NPL**

**23**

**Employee strength**

**235**

**Customer base**

*As on 31 December 2017*

**Macro-economic Opportunities in Bangladesh**

Bangladesh has firmly established itself as a manufacturing hub for exports, leveraging local capabilities, inherent cost advantages and available incentives. Besides, export processing zones (EPZs) and economic zones (that are under construction) showcase the Government's intent to provide an impetus to exports even as it provides a host of fiscal and non-fiscal incentives to attract exporters-manufacturers.

**Bangladeshi Exports**

Export target was set at USD 37,500 m for FY 2017-18, of which the target for July-January 2017-18 was USD 21,373 m.

With a population of 163 m plus along with an emerging middle-class, the domestic market also represents a huge opportunity pool. The Bangladesh Institute of Development Studies (BIDS) reported that 20% of the country's total population is in the middle-income segment and is expected to increase to 33% by 2030 with the rise of per capita income. As such, sectors such as food products, pharmaceuticals and medicinal chemicals, telecommunications, leather and leather items, transport, consumable goods and agro-based industries have significant growth potential.

Robust private consumption coupled with strong growth in public investments is fueling the Bangladeshi economy. The government has projected a GDP growth of 7.8% in the 2017-18 fiscal against 7.2% in 2016-17. The World Bank has revised upwards its growth forecast for Bangladesh with the indication that the economy is expected to attain 6.4% growth in 2017-18. Bangladesh’s economic growth remains resilient in spite of volatile exports growth and shrinking remittances.

**Core Competitive Advantages**

There are few banks/NBFIs that segregate emerging businesses from the traditional corporate and SME business segments. At our Commercial Banking division, we are contrarians in the sense that we possess a separate and dedicated focus on emerging business clients.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BDT m</td>
<td>24,301.90</td>
<td>27,027.36</td>
<td>30,866.62</td>
<td>31,208.94</td>
<td>34,257.18</td>
<td>34,846.84</td>
<td>21,324.87</td>
</tr>
<tr>
<td>Growth</td>
<td>+5.99%</td>
<td>+11.22%</td>
<td>+11.69%</td>
<td>+3.39%</td>
<td>+9.77%</td>
<td>+1.72%</td>
<td>(+6.55%)</td>
</tr>
</tbody>
</table>

*Source: Export Promotion Bureau (EPB)*
Young and motivated team of relationship managers whose hard work and drive to make a difference to our customers' business represents a competitive edge and a core differentiation.

- The division possesses a specific sales and relationship model for the accurate identification of target segments across various geographic locations as under:

<table>
<thead>
<tr>
<th>Division</th>
<th>Target segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rangpur</td>
<td>Auto rice mills / Flour mills / Feed mills / Hatcheries / Poultry / Renewable energy</td>
</tr>
<tr>
<td>Rajshahi</td>
<td>Light engineering / Auto rice mills / Flour mills / Weaving / Textiles / Pharmaceuticals / Renewable energy</td>
</tr>
<tr>
<td>Khulna</td>
<td>Fish processing / Fertilizer / LPG / Auto rice mills / Cement</td>
</tr>
<tr>
<td>Chittagong</td>
<td>Steel / Cement / Light engineering / Auto rice mills / Feed mills / Leather</td>
</tr>
<tr>
<td>Mymensingh</td>
<td>Poultry / Auto rice mills / Feed mills</td>
</tr>
<tr>
<td>Dhaka</td>
<td>Pharmaceuticals / Cement / Food / Leather / Electronics &amp; electrical appliances / Textiles / Infrastructure contractors</td>
</tr>
</tbody>
</table>

Financial Highlights - 2017

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total interest income</td>
<td>1,158.5</td>
<td>989.1</td>
<td>780.4</td>
<td>457.3</td>
</tr>
<tr>
<td>Total interest expenses</td>
<td>621.8</td>
<td>792.3</td>
<td>629.6</td>
<td>333.9</td>
</tr>
<tr>
<td>Net interest income</td>
<td>336.7</td>
<td>196.8</td>
<td>150.8</td>
<td>123.4</td>
</tr>
<tr>
<td>Non-funded income</td>
<td>52.5</td>
<td>47.7</td>
<td>32.1</td>
<td>42.1</td>
</tr>
<tr>
<td>Total revenue</td>
<td>389.3</td>
<td>244.5</td>
<td>182.9</td>
<td>165.6</td>
</tr>
<tr>
<td>Total operating costs</td>
<td>44.2</td>
<td>35.1</td>
<td>28.7</td>
<td>24.0</td>
</tr>
<tr>
<td>Operating profit</td>
<td>345.1</td>
<td>209.4</td>
<td>154.3</td>
<td>141.6</td>
</tr>
<tr>
<td>Debt charges</td>
<td>151.0</td>
<td>89.0</td>
<td>136.8</td>
<td>198.0</td>
</tr>
<tr>
<td>Profit before tax (PBT)</td>
<td>194.1</td>
<td>120.4</td>
<td>175.0</td>
<td>564.4</td>
</tr>
</tbody>
</table>

Initiatives Planned for 2018

- Enhancing engagement with customers for increasing the share of their wallet, specifically for supplier finance, distributor finance, cards, personal loans, auto loans, home loans, ATM/POS installation and payroll banking.
- Augmenting human resource capacities in terms of providing skill for marketing and sales and recruitment of senior-level talent.
- Providing technical training on specific subject matters like project financing, working capital financing, trade financing, etc. Also encourage employees to achieve professional certifications (Omega Credit certification, FRM, CDCS, CSDG, etc).
- Merging stations in Rangpur and Bogra to drive greater oversight and cost efficiencies.
- Engaging in process improvements through establishing a central CM processing unit comprising 4-5 ARMs from the existing 6 ARMs for achieving faster processing of proposals and transactions.

Role of Central CM Processing Unit

- Industry analysis
- Maintain data records of the sectors targeted
- Spreadsheet analysis and preparation
- Processing of CMs
- Ensuring complete transactions

Reporting to

Head of Commercial Banking Division

By 2020, we want to make City Bank’s Commercial Banking division the best performing commercial banking division in the banking industry of Bangladesh in terms of customer experience and compliance.

Mohammad Mahmud Gony, Head of Commercial Banking
Retail, Small & Medium Business

130
Number of City Bank branches

3,083 sft.
Average branch size

16,00,000
No. of customer

As on 31 December 2017

Overview

With branches and business outlets located across the country, City Bank has one of the largest and most expansive networks to cater to all regions and segments of Bangladesh via the reach of its Branch Banking division.

Importantly, these customer touch-points is the face of our brand to our customers and the general public and, true to its spirit of conceptualization, the Branch Banking division has been steadily growing this network to provide world-class banking services at the customer’s doorstep. We are a local bank with global aspirations and our metamorphosis continued as we incorporated ‘global’ practices and addressed the dynamic needs of the financial world. Eventually, we emerged as a semi-centralized bank to comprehensively serve all groups of customers.

The Year 2017

Aligned with the challenges of the financial sector, including slowdown of remittances and continuous downward re-pricing of deposit and lending rates, the year 2017 was one of manifold challenges faced by the Branch Banking division. Staying focused on serving our customers to the best of our abilities, the division continued to relentlessly emphasize on overcoming hurdles and uncertainties.

Some of the major initiatives of 2017 included the following:

♦ Expansion of home loan customer reach by the launch of a simplified home loan product for NRB customers and freedom fighters.
♦ Introduction of supply chain financing.
♦ Launch of Agent Banking.
♦ Emphasis on digital marketing through social media and Internet-based communication to effectively reach target customer segments and move beyond traditional marketing approaches.
♦ Establishing SMEs as a dedicated segment with a clear focus and product offerings.
♦ Continuous process re-engineering to ensure more delightful customer experiences with faster and more personalized services.

Liability Value Center

At the end of the year 2017, the retail deposit book registered a strong growth of BDT 726 m or 0.8% with a year-end closing balance of BDT 89,338 m.

Asset Value Center

At the end of 2017, our retail loan book recorded a net growth of 57.1% and stood at BDT 7,700 m with a year-end closing balance of BDT 21,778 m.

Service Quality

The year 2017 was one that witnessed several activities and initiatives by the Service Quality (SQ) department. Some of the principal initiatives included:

♦ Establishment of video surveillance coverage in 127 branches for constant monitoring of premises, service standards, unattended customers, etc.
♦ Launch of PABX systems with welcome tune at all branches.
♦ Setting up of Business Call Report system to track and monitor customer visits.
♦ Establishment of EQM systems for 45 additional branches to maintain queue efficiency.
♦ Installation of comfortable waiting chairs in 50 branches.
♦ Installation of televisions with cable network in 45 additional branches for customer entertainment.
♦ Extension of ‘Service Ambassador’ network to 40 large metro branches.
♦ Launch of focus group discussion sessions with 79 different branches.

Branch visits, counselling over tele-conference, verbal tests and online quizzes are conducted by the SQ team on a regular basis to develop our human capital. We believe that City Bank is an experience for a customer and this experience is delivered by our staff in our branches.

Mystery Shopping Survey (MSS) was expanded with new assessment criteria and time parameters. We covered 120 branches, 5 cards centers and 8 competitor banks during
City Bank has recently signed an advisory agreement with International Finance Corporation (IFC), a member of the World Bank Group, to facilitate transformation across its SME and Retail business functions. This project includes advisory engagement for product design and process re-engineering, data analytics, performance management, alternate business propositions, banking on women and digital banking.

2017. The next MSS will cover an even broader horizon and have new elements like telephone surveys. Dedicated account holder counters, Manarah desks and women entrepreneur desks across our branches ensured the delivery of focused services. This yielded positive results in terms of expanding our proposition as a one-stop banking platform.

Branches

The Branch Banking division of City Bank has emerged as a financial supermarket for our customers under which they can experience fast-track services and access to all our products and solutions under one roof. Banking is no longer restricted to only collecting deposit and selling loans. Segmented and sophisticated customers want different kinds of tech-oriented solutions and products, delivered in a quick and personalized manner. To this extent, our branches have emerged as a one-stop point where our customers can enjoy all kinds of business solutions, online products and professional services by skilled staff under a compliant environment.

Widening the ambit of banking to ensure greater financial inclusion has been a top priority of Bangladesh Bank. At City Bank, we are aligned with this agenda and with 130 branches under our network and some located across “remote areas”, we are able to bring a larger set of customers into the formal folds of banking as well as assure uninterrupted “anywhere banking” advantage throughout the country for our customers. With 23 fully operational AD branches in key locations, our clients can enjoy trade-related services. Across our centralized umbrella framework, customers can receive all support from their nearby branches instead of contacting the central processing unit.

Instead of having separate points for SME and Retail, we have consolidated our operations to now offer a wide range of services and solutions to all customer segments. Today, our clients can step into any branch and enjoy access to any service or products they require either for meeting a personal objective or for business.

Financial Highlights - 2017

- Loan book reached BDT 21,778 m, which is 57.1% higher than 2016.
- Deposit book reached BDT 89,338 m, which is 0.8% higher than the previous year.
- Balance sheet grew steadily both in funded and non-funded business lines.
- Prudent management of the deposit mix has brought down the cost of deposits to 51% in 2017 from 65% in 2016. Though there was pressure on trimming lending rates, we managed interest rates based on a risk-weighted approach and also minimized debt charges to keep our yield on advances to 10.8% in 2017.
- Our NPL management showed significant results as the classification rate came down to 2.3% from 5.5% in 2017.

"Providing relevant and enjoyable customer experiences with world-class service is the commitment of all our branches. Today, we look forward to take Branch Banking to new heights as a proud stakeholder of the Bank’s growth aspirations of 2018 and beyond and lead the branch banking in terms of innovating futuristic experiences, products and services."

Mashrur Arefin, Additional Managing Director
BDT **32,363 m**
*Outstanding loan book*

BDT **3,959 m**
*Net loan book growth*

**72,707**
*Customer base*
*As on 31 December 2017*

### Overview
City Bank started its operations as the first private commercial bank of Bangladesh. Realizing the significant opportunity that existed in opening up the formal banking sector to SMEs, a segment that was earlier considered to be un-creditworthy, City Bank embarked on the journey to bridge this divide and catalyse the growth and transformation of the sector. Progressively, under the landmark “Financial Sector Reform Project”, the Bank also restructured the department to ensure more focus on the SME sector. According to the guidance of and directives from the regulator, the Bank has been successfully achieving indicative disbursement targets, which was set initially in the year 2010.

### SME loan portfolio growth at City Bank

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME growth</td>
<td>13.9%</td>
<td>12.6%</td>
<td>29.4%</td>
</tr>
</tbody>
</table>

### The Year 2017
The SME Branch Banking division participated in different events and conferences throughout the year. It also participated in the widely-attended ‘Women Entrepreneurs Seminar and Product Display’ at Bangladesh Bank Training Academy, organized by Bangladesh Bank. Some of the SME Branch Banking division’s other initiatives and achievements include:

- Establishment of women entrepreneurs/SME help desks across the Bank’s branches countrywide
- Participation in the annual Dhaka Auto Show
- Participation in REHAB fairs (housing finance fairs) in Dhaka and Chittagong
- Launched 3 new SME products - SME Secured, SME Unsecured and Women Entrepreneur loans
- Participated in an open loan disbursement program organized by Bangladesh Bank in Kishorgonj, Noakhali, Faridpur and Barisal

**Fact!**
The SME Banking division achieved a robust 219% disbursement (over the target) for agri loans in fiscal 2016-17!

### Importance of SMEs in the Bangladeshi economic landscape
Small and medium enterprises (SMEs) are considered to be the growth engines and innovation drivers worldwide as well as in Bangladesh. To capitalize on the sector’s immense growth potential and focus on meeting the government’s central mandate of financial inclusion, City Bank’s SME Banking division covers a wider ecosystem through the inclusion of cottage and even micro-segments that are collectively referred to as cottage, micro, small and medium enterprises (CMSME).

Accelerating growth and reducing poverty, income inequality and regional disparity are the overarching goals of the current developmental manifesto in Bangladesh. The principal strategy for achieving these goals includes creation of productive employment in the manufacturing and organized services sectors and withdrawal of productive labor from low-skill and low-return sectors and from other informal activities. In this context, CMSMEs are envisaged as the key constituents in this development strategy and for achieving double-digit growth in manufacturing, commensurate development of CMSMEs is critical.

According to a survey conducted by the National Private Sector Enterprise in 2003, there were an estimated 6 m micro and SME enterprises in Bangladesh. Other reliable data suggests that the SME sector accounts for as much as 95% of all of the country’s registered enterprises.
Contribution of SMEs

<table>
<thead>
<tr>
<th>Macro-economic indicators</th>
<th>Role of SMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>National gross domestic product</td>
<td>25%</td>
</tr>
<tr>
<td>Gross manufacturing output</td>
<td>40%</td>
</tr>
<tr>
<td>Industrial jobs</td>
<td>85%</td>
</tr>
<tr>
<td>Total labor force</td>
<td>25%</td>
</tr>
<tr>
<td>Total export earnings</td>
<td>89%</td>
</tr>
<tr>
<td>Percentage of registered businesses</td>
<td>&lt;95%</td>
</tr>
<tr>
<td>Absorbed industrial workers</td>
<td>70-80%</td>
</tr>
</tbody>
</table>

Source: http://beic.org.bd

According to information from Bangladesh Bank, the total outstanding of the CMSME sector up to September 2017 was BDT 1,901 b and the total loan disbursed to women entrepreneurs stood at BDT 61,644 m.

Thrust on Portfolio Diversification

To diversify the portfolio from segment and geographic concentrations, City Bank financed as many as 39 SME sectors. Out of these, the major customer segments comprised personal services, manufacturing, trading and retail. The concentration on each sector is reviewed and rebalanced periodically to mitigate risks as well as resetting portfolio to appropriate risk levels.

Geographic Location of SMEs

City Bank has a strong network in Bangladesh, which facilitates SME customers through 130 branches in 8 divisions. Apart from the branch network, the Bank has established unit offices in rural areas to penetrate SME businesses further, as per the regulations of the Central Bank. Within 2020, we expect to have 120 unit offices all over the country to provide convenient and timely services to SME customers, along with the convenience of branches.

SME Portfolio Construct

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME loan outstanding</td>
<td>32,363</td>
<td>28,404</td>
<td>25,229</td>
</tr>
<tr>
<td>Interest income from loans</td>
<td>3,083</td>
<td>2,835</td>
<td>3,033</td>
</tr>
<tr>
<td>Net interest margin (%)</td>
<td>6.6%</td>
<td>7.9%</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

SME - SMALL BUSINESS BANKING

(A unit of SME Banking)

Overview

SME-Small Business, a part of City Bank's SME Banking service, is a modern, differentiated and growth-oriented division that has spread across the country in a very short time.

The principal objective of the SME-Small Business unit is to understand the business activities of every small entrepreneur and take it to the next level. We expect to accomplish this vision through an unwavering focus on our philosophy which is 'Business too will grow beside your dream'.

SME-S Offering

The main goal of SME-Small Business is to increase financing in the SME sector (cottage, micro and small entrepreneurs, women entrepreneurs, agro-based and agricultural product processing industries, etc) by setting up unit offices across the country.

Our dedicated officers will be engaged in financing and re-financing facilities with/without collateral, prioritizing women entrepreneur loans and rural and under-developed territories through our selective unit offices. Moreover, our BDT 10 account aims to bring the under-privileged in rural areas under the formal banking channel.

Once the restructuring exercise is complete, the SME Banking division will focus on portfolio growth. Since 2018, the business lines of SME-S and SME-M will be separate and we will emphasize on portfolio growth by around 90% to a projected target of BDT 60,000 m within the year 2020 in SME-M. We expect to distribute fresh SME-S loans from the year 2018 onwards, leveraging our dedicated unit offices to make our segment robust, disciplined and entrepreneur-friendly. Overall, we envision setting up 120 SME unit offices by the year 2020 that will also enable us to spread our most relevant offerings under the SME-S Banking platform.

Kamrul Mehedi, Head of Small & Micro-Finance Business
Future Plans

In an innovative and far-reaching initiative, we are working to bring our SME-S clients under our digital banking platform, Citytouch, that will empower them with convenience and ease of banking. Along with expanding the Citytouch platform, we are also bringing in two new digital initiatives aimed at empowering the SME-Small segment entrepreneurs to assist them to grow and evolve into the medium-segment and beyond. One such initiative is an e-commerce shop-builder to build websites for retail companies that cannot; yet afford to build e-commerce platforms on their own. Another such platform is a bulk buying business assistance platform that allows small merchants to purchase business supplies at lower-than-market rates.

Agent Banking

20
No. of enlisted agents

2,511
Total customer accounts

BDT 70.8 m
Total deposit size
As on 31 December 2017

Overview

As a pioneering bank in Bangladesh with a strong focus on customer service, City Bank launched Agent Banking in the country. Agent Banking is a system of providing full-fledged banking services to the unbanked population through engaging agents under a valid agency agreement, rather than on the basis of a teller/cashier. As per this definition, the model is scalable and dovetails with the financial inclusion vision of the government.

City Bank promotes this channel to reach out to the unbanked segments of the society, especially across geographically-dispersed locations, as well as to existing customers with a wide range of banking products and services. City Agent Banking is available in Hobigonj, Gazipur, Noakhali, Naogaon, Narshindi, Bogra, Gaibandha, Rangpur, Kurigram, Dinajpur, Comilla, Manikganj, Dhaka, Meherpur, Tangail, etc.

The Year 2017

- Established 20 Agent Banking outlets
- Opened 2,511 accounts, including CASA, SME, farmer and term deposits
- Achieved a total deposit base of BDT 70.8 m
- Issued 1,421 debit cards
- Received BDT 0.9 m worth of REB bills
- Disbursed BDT 178 m remittance

The City Agent Banking model:
A scalable, secure and sustainable customer proposition

Represents a modern banking solution
Modern banks use smart tabs instead of computers. At our Agent Banking division, we deploy biometric tabs under a closed network that ensures 100% secured banking.

Ensures customer convenience
Rural customers find it difficult to recall their account numbers. Hence, to solve this challenge, City Bank has initiated a customer account number: search through mobile phone number inputted alongside the account number at its Agent Banking software.

Effects rural penetration
The main objective of Agent Banking is to penetrate rural areas where the population is generally beyond the reach of the formal banking network. A large majority of our City Bank outlets are situated in rural areas.

Ensures better service
Customer issues/complaints are either resolved instantly or within a maximum of three days.
The Agent Banking outlet was jointly inaugurated by Md. Abul Bashar, General Manager, Financial Inclusion Department of Bangladesh Bank and Sohail R. K. Hussain, Managing Director & CEO of City Bank. Also present were Md. Sirajul Islam, the Bank’s first agent, Masnur Arefin and Farooq M. Ahmed, Additional Managing Directors of the Bank, Quazi Mortuza Ali, Head of Agent Banking, other senior officials of City Bank and a number of distinguished local guests.

NRB remittance service
For giving instant remittance services, Agent Banking has the capability to process remittances in under 5 minutes.

REB Bill Collection
In many cases, City Bank continues with its bill collection service without levying a service charge to provide the original banking flavor to customers.

Customer equality
City Bank believes that all its customers are equal and have the right to receive the same facilities, as those dispensed at the branches. Keeping this in mind, Agent Banking customers receive the same or even better facilities in terms of interest rates, account maintenance fees, etc.

Real-time banking facility
The customers of Agent Banking receive real-time banking facilities.

Smart transactions
Raising customer awareness about smart and convenient technology, City Bank offers customers all types of debit cards (Master, VISA and Amex) free-of-charge for the first year.

Did you know?
City Bank is the first bank in the country to provide an ATM facility where customers are encouraged to use smart technology and prompted to download the City Touch app!

Key Strengths
♦ Mobile number-based customer account number search facility
♦ Tab-based tech-driven solutions
♦ Smart and digital network transaction facility
♦ Automatic printed receipt dispensation over the conventional handwritten deposit slip
♦ Instant SMS notification for every transaction

Initiatives Planned for 2018
♦ Establish 300 outlets across the country
♦ Open about 75,000 accounts
♦ Mobilise BDT 1,060 m worth of deposits

I am extremely proud of the fact that our newly launched Agent Banking model has been very well-received by our customers, as reflected in the findings of our internal inspection team which found that over 95% of customers are very happy with our service levels. Encouraged by the validation of our model, we are now planning big. In the next 3 years, we expect to establish 1,000 outlets around the country, open 300,000 accounts, mobilise BDT 5,000 m of deposits and emerge as the numero uno Agent Banking enterprise in all parameters in Bangladesh.

Quazi Mortuza Ali, Head of Agent Banking
BDT 17,764 m
Total deposits

4,182
Citygem customers

55
Sapphire customers

71
Employee strength
As on 31 December 2017

Overview
Recognizing that there was an absence of a banking product that holistically met the expectations of the affluent and high networth individuals (HNIs) and deliver services up to their demanding expectations, City Bank conceptualized Citygem, a boutique priority banking proposition for the Bank’s high networth (HNW) customers.

Meeting Demanding Expectations
Members of our exclusive Citygem proposition get access to conduct their banking activities in an environment that is very much ‘un-bank’ like. Our fully-equipped and state-of-the-art lounges are located in the key metropolitan centers of Dhaka (Gulshan Avenue, Banani, Uttara, Dhanmondi and Jamuna Future Park) and Chittagong (Agrabad and Prabartak) with elements of five-star luxury and additional perks such as in-house baristas, valet parking and private cash transaction facilities.

Within the lounges, Citygem members also have free access to large and modern business suites which can be used as a virtual office to conduct personal business meetings with the added privilege of a catered luncheon. Outside the lounges, the complimentary Citygem travel concierge service provides airport limousines, assistance with luggage handling and check-in as well as access to City Bank’s exclusive international and domestic departure lounges.

Apart from dedicated personal and personalized banking services, Citygem members also have access to wealth management solutions such as capital market investment advisory and portfolio management services through City Bank Capital Resources Limited as well as an in-house real estate information desk.

The Year 2017
Citygem launched ‘Sapphire’, a new super exclusive service for the Bank’s ultra-high-net-worth (UHNW) customers, offering the finest banking and lifestyle experiences. Sapphire comes with a host of exclusive welcome privileges and all existing Citygem propositions. Sapphire members have the privilege of customizing their welcome offers that includes complimentary travel packages to exotic locations and healthcare and lifestyle vouchers to suit their taste and convenience.

Membership for Sapphire is reserved exclusively for customers maintaining an account balance of BDT 50 m as fixed deposits or in savings accounts.

City Bank’s priority banking division Citygem has recently won the award for the ‘Best Premium Banking Services’ by Asiamoney.

The Citygem portfolio across our 7 priority banking centers has grown significantly since its inception with over 4182 members currently maintaining a cumulative deposit balance of BDT 17,764 m. The Citygem portfolio accounts for 15% of the Bank’s total retail deposits. In 2017, the total member base grew 33% and total deposits grew 12% YoY.

A few years ago, Citygem opened the window of including Islamic Banking by introducing the Manarah Islamic Banking wing to the Citygem priority banking proposition, which is something that competitors have failed to do in the priority banking space. It is a source of pride for Citygem that it holds BDT 983 m portfolio (as on end 2017) in Manarah and the fact that Citygem contributes...
the highest deposit growth as a division to Manarah with a holding of 33% of Manarah’s retail portfolio (as on end 2017).

Over the past two years, Citygem launched three strategically-located centers in Dhanmondi, Uttara and Banani. The new centers have significantly enhanced the availability of priority banking services and have thereby generated opportunities for further market penetration and portfolio growth.

Another key indicator of Citygem’s rising brand value is the increasing number of HNW and UHNW customers migrating from other banks in favor of the Citygem and Sapphire experience. Moreover, Citygem hosted several customer engagement events in the year 2017 (New Year celebrations, Women’s Day celebrations, launch of Sapphire at Radisson Blu Dhaka, Pohela Boishakh celebrations with family and Eid celebrations), which were highly appreciated by Citygem customers and helped reinforce the brand’s recognition and value.

“Going forward, at Citygem, our goal is to capture market share and drive business growth while maintaining a world-class value proposition and undiluted standards of service quality, exclusivity and personalization.”

Fahria Huque, Head of Citygem Priority Banking

Islamic Banking

Overview

Islamic Banking is progressively gaining recognition and share, both globally as well as locally.

The total assets of the Islamic Banking industry of Islamic Financial Services Board (IFSB) member countries grew from USD 1.391 b in Q1 2016 to USD 1.480 b in Q1 2017 (calculated from country-wise aggregated data converted into USD terms using end-period exchange rates). Total funding/liabilities surged from USD 1.283 b in Q1 2016 to USD 1.362 b in Q1 2017. Gross non-performing financing ratio showed an improvement with a decline from 5.9% in Q1 2016 to 5.2% in Q1 2017. On liquidity indicators, the liquid assets ratio (liquid assets to total assets) moderated over the period from 35.7% in Q1 2016 to 34.5% in Q1 2017, while liquid assets-to-short-term liabilities ratio increased from 13.9% in Q1 2016 to 14.6% in Q1 2017.

The Islamic Banking system, anchored on the Shariah principles of ‘interest-free’ and ‘equity-oriented’ approaches, has proved its significance in the country’s banking sector and economy since its inception in 1983, reflected by its increasing market share in terms of deposits and assets and financing in key sectors of the Bangladeshi economy. The total deposits of Islamic banks increased from 22.34% in 2016 and 23.13% of the consolidated deposits in 2017. In asset terms, Islamic banks constituted 23.69% of all of the Bank’s assets in 2016 and 23.81% in 2017, which displays positive growth in deposit and asset share, compared to conventional deposits.

City Bank started its journey in Islamic banking with its unitary license branch in Motijheel, Dhaka, in the year 2003. On account of strong public demand and support from the management, City Bank re-launched its Islamic Banking operations in 2010 under the brand ‘City Manarah’, connecting 29 conventional branches for Islamic Banking services from this hub. With a single licensed branch in 2011, Islamic Banking is now connected to all 130 conventional branches of City Bank through an online service platform.

The Year 2017

• Retail and SME asset book reached BDT 1172 m from BDT 700 m in 2017 representing a 67% growth
• Customer deposits grew to BDT 2,920 m, representing a 25% YoY growth
• Executed a MoU with ICD to introduce a Student Finacing Scheme jointly with Coders Trust, a Danish institute operating in 3 countries, including Bangladesh
• Introduced Musharaka (profit and loss sharing) financing with an SME client

Key Strengths

Online banking facility

As many as 129 conventional branches are connected through an online service platform. Customers can avail Islamic Banking services from any branch of City Bank.
Rigorous conformance with Shariah principles

To uphold the laws of Shariah, we offer a profit-sharing ratio to customers at the time of account opening, rather than a fixed rate. We have introduced the updated profit distribution system, known as Investment Income Sharing Ratio (ISIR).

Strict Shariah guidance by Shariah Supervisory Committee

All products under City Manarah are strictly adhered to Shariah and vetted by a Shariah Supervisory Committee. The Committee comprises seven members and is chaired by Janab M. Azizul Huq, a renowned Islamic banker and scholar. Other members have outstanding strengths in the fields of the Quran, Hadith and Fiqh al-Muamalat. The Bank has also appointed a Muraqib (Shariah Auditor) to perform oversight on Shariah compliance.

Wide range of products

We offer the full range of deposit and asset products to cater to the needs of Retail, SME and Corporate customers. In 2017, the Bank took a number of significant initiatives to provide the full range of Islamic Banking products and services. We have also launched a Shariah-approved financing scheme for providing personal finance, auto finance and home finance under Retail Banking and we have Musharaka, Murabaha, Quard and HPSM (Hire Purchase Sherkatul Melk)-based products to cater to the working capital and capital item requirements of our SME and Corporate customers.

As on 31 December 2017, our Islamic Banking deposit portfolio stood at BDT 3,495 m, while total investments stood at BDT 2,366 m. We have ended the calendar year with an operating profit of BDT 118 m and profit before tax of BDT 193 m. This performance was powered by such initiatives as the launch of a Shariah-guided credit card, export financing, Sukuk issuance (Shariah bonds) and raising Shariah-based foreign funds for investments, among others. Having built strong foundations, we intend to scale-up our division’s operating profit by a projected 30% in 2018.

Mohammad Ishrat Hossain Khan, Head of Islamic Banking

Cards

Overview

Over the last few years, there has been a major change in the mindset and the approach to banking among customers. For instance, credit cards, once considered only for the elite, are today a means of fulfilling the diverse needs of Bangladeshi citizens, especially among the aspiring millennials.

Staying true to the needs of an evolving environment, at City Bank, we always strive to offer best-in-class services innovative lending products and financial solutions to customers to meet their personal financial requirements. With a view to cater to the needs of any creditworthy individual, we launched VISA Consumer Credit Card on 14 April, 2004 and the American Express Consumer Credit Card on 7 November, 2009.

The Year 2017

2017 has been a momentous year for City Bank, especially for its Cards Division. The year marked the first time when the Bank launched its first co-branded credit card, the Agora American Express co-branded card issued by City Bank, partnering with one of the largest organized grocery retail chains in the country.

Innovative products and efficient services has always been the hallmarks of our success and, in line with this mindset, the focal area was e-commerce, marked by a discernible shift in market dynamics towards digitalization. We almost doubled our e-commerce acquiring volumes with the aid of around 900 online merchants. In the year under review, we partnered with several major government service entities such as DESCO, BRTA IVAC and many more to widen the benefits of the online payment facility among the cardholder base. To offer stronger financial flexibility and purchasing power, we doubled the consumer’s maximum credit limit of their unsecured credit cards.
To fortify our leadership position in the cards industry, we focused on accelerating both acquiring and issuing business growth. The total number of cards crossed 330,000 in credit cards and 540,000 in debit cards. The Bank’s total number of POS terminals was around 15,000, covering as many as 8,000 merchants. The Bank nearly tripled its last year’s acquiring volume growth of 13% with a resounding 57% growth, despite fierce market competition. The total acquiring volume for 2017 was more than BDT 36,000 m.

In an effort to provide our customers with the best services and benefits, we revamped our American Express credit card’s value pillars. For the first time in the country, our Platinum Card members could enjoy a year-long ‘Buy-1-Get-2’ dinner offers at select restaurants.

The year 2017 stood as a milestone in our relentless commitment to provide the highest level of security for our cardholder members and, as such, we adopted the EMV chip-based cards. EMV chip-based cards offer more security than traditional mag-stripe cards. Also, in line with the Green Banking initiative, PIN generation through call centre IVR and PIN change options through the call center IVR, Citytouch internet banking portal and ATM was introduced, enabling our customers to save time and also helping the bank optimise costs.

In 2017, we also enhanced the redemption options of Membership Rewards, the leading loyalty program in the country’s banking sector. New partners on-boarded include Holy Crab Bangladesh, Unimar, King’s Confectionary and many more. The redemption rate has grown by more than 134% YoY. Moreover, we also added 310 merchants under ‘FlexiBuy’, 0% interest installment purchase program for American Express cardholders, Walton, Fair Electronics Ltd, Oppo Bangladesh, Bangladesh Specialized Hospital, etc, were a few other big names that were onboarded in this program in 2016. We also signed up several new merchants such as Holy Crab Bangladesh, Bangladesh Eye Hospital, Orion Footwear, Bread & Beyond, Chow’s, A & W Restaurant, W Fine Dine, Koyla Restaurant, Golden Tulip, The Grandmark Dhaka, Sairu Hill Resorts, etc, under ‘SELECTS’, a platform through which we offer flat discounts round-the-year to American Express cardholder members.

Revamping Citymaxx, the American Express Account Card, was another highlight of 2017. This is also the first time ever that the Bank offered exciting BOGO and e-commerce offers for its Citymaxx customers. In order to enhance customer experience, we have also started delivering Citymaxx cards to customer address instead of delivering to the branch, on a pilot basis. All these initiatives coupled with strong awareness build-up resulted in a significant 33% YoY growth in transaction volumes from approximately BDT 20 b to BDT 27 b over the past two years.

**Initiatives Planned for 2018**

'Digital Bangladesh' is the mantra of the government and shifting mass-level payments behavior towards non-cash methods is one of the key enablers of this goal. Consequently, the importance of non-cash products, e.g., cards, for any financial institution has never been higher. The onus is now on us to capitalize on this opportunity and cement our position as the payment market leader through providing innovative financial solutions and customized services that are always at the top of the list.

City Bank Cards business achieved a phenomenal 29% growth in billing volumes. As of 31 December 2017, the Bank’s total outstanding in credit cards was more than BDT 7 b. This reflects the fact the City Bank's Cards division has been able to create awareness on the benefits of cards and grow its acceptance on a mass level. Substantial possibilities and opportunities to significantly grow the business exists in the years to come.

*Majharul Islam, Head of Cards*
Overview

City Bank’s Trade Services division commenced centralization in July 2008 and successfully completed the process in Dhaka and Chittagong regions, representing a paradigm shift from the conventional concept of trade services.

The Trade Services division achieved ISO certification in 2012 for its international-grade trade practices and procedures. Our dedicated and professional team includes a number of internationally-certified professionals who provide our customers with integrated trade services. After receiving two offshore banking licenses in 2009, City Bank is now one of the pioneers among local banks in offshore banking. The division has the ability to provide cutting-edge offshore trade solutions to customers, while ensuring the highest levels of professionalism.

The Year 2017

- Managed USD 3.25 b trade volume, which is more than 3% of the country’s total trade volume.
- Issued USD 300 m LC for the power sector, which is more than 15% of the country’s cumulative trade volume in the power sector.
- Recruited 5 new Certified Documentary Credit Specialists (CDCS) and a team member holding the Certificate for Specialist in Demand Guarantee (CSDG).
- Launched Trade Relationship Unit (TRU) for trade product sales and marketing.

Key Strengths

- Trade Certified Professionals, representing strong intellectual capital.
- Holistic advisory services for Corporate, Commercial and SME customers.
- Focus on delivering service excellence for ensuring business repeatability.
- Delivery of alternative, best-fit solutions.
- Dispensation of door-to-door service for priority customers.
- Sustained customer engagement through conducting trade seminars and other workshops.

Initiatives Planned for 2018

- Launch a separate trade module
- Venture into supply chain financing and bill factoring
- Organize international trainings/workshops to ensure employee awareness on cutting-edge industry practices
- Launch Internet Banking for trade customers
- Focus on augmenting market share in the trade business.

Business dynamism creates greater opportunity to serve our valued customers. At City Bank’s Trade Services Division, we are committed to be the partner of choice for our internal and external customers by providing proactive trade solutions. Over the next 3 years, some of the far-reaching initiatives planned include the creation of a separate trade module, development of a new anti-money laundering software, offer exclusive advisory services to our top-tier customers and launch trade products relevant for SMEs (both M-S segments).

Faruk Ahmed, Head of Trade Services
Overview

City Bank’s Operations division, along with the Information Technology (IT) division, is ISO 9001:2008 certified and a role model in the banking industry. City Bank Operations unit consists of a number of departments and works as the support unit of all business wings for the Bank. Continuous development and automation of work processes makes operational activities more efficient and effective.

The Year 2017

- A new Quality Management System (QMS) guideline, ISO 9000:2015, was adopted that enabled the establishment of more structured processes, leading to streamlining of operations.
- Implemented centralized BRTA fees collection for Corporate customers.
- Introduced Standing Instruction (SI) in RTGS.

Key Strengths

- Developed bulk RTGS transaction processing infrastructure.
- Launched a nationwide distributors’ payment collection.
- Integrated DESCO bill collection through Citytouch and other apps.

Initiatives Planned for 2018

- Implementation of custodian banking solutions.
- Implementation of an Internet banking solution for Corporate customers under CityLive.
- Achieve BACH-II implementation.
- Focus on achieving 30% YoY increase in e-statement numbers.
- Incorporate card, cheque and FDD in CBRMS.

Service Delivery (CASA)

The Year 2017

- Successfully ensured ISO re-certification audit conducted by TQCSI Bangladesh for the next 3 years (ending February 2021).
- Successfully completed 12,000+ data updates for existing customers under CTR (Cash Transaction Reporting) project to ensure more accurate reporting to Bangladesh Bank.

Key Strengths

- Centralized operations of all liability products.
- Strong and dynamic controls and compliance levels.

Initiatives Planned for 2018

- Incorporate liability workflow, a system for branch and service delivery for centralized liability operations.
- Commence NID verification project for existing customers.

Service Delivery (FD)

The Year 2017

- City Bank’s Remittance unit executed foreign airline remittance for the first time in the Bank’s history. We started our journey as an advisor to aviation and shipping clients, as per regulatory directives.
- Remittance unit also enhanced its support towards remittance process for OBU customers with assurance of full compliance.

Initiatives Planned for 2018

- The unit will take up the implementation of remittance software to provide faster service to customers.
- A service delivery team is in the process of providing such options to Internet banking customers as booking term deposits through City Touch.
Card Operations

Overview

Banking cards are representative of a modern banking system that ensures user convenience and transcends conventional lending and processing into a paperless environment.

City Bank is empowered to issue cards leveraging its in-house card management system and processes a number of card transactions through its wide range of PoS terminals in collaboration with Amex, Visa and MasterCard. The Card Operations division works as a back-office of the cards business to ensure service excellence as well as to perform activities that include:

- Card application data capture and customer data maintenance process.
- Card-PIN emboss, printing, logistics, dispatch and file preservation process.
- Billing and notification, card maintenance and value-added services process.
- Merchant operations and maintenance process.
- Settlement and accounts process.
- MIS and reporting process.

The Year 2017

Instant PIN generation through IVR

Paper PIN generation for cards has been replaced with an automated solution comprising PIN generation through IVR. Card members can generate their PIN 24 hours, which reduces PIN-related paper and delivery costs, eliminates risk and ensures compliance of Central Bank ICT recommendations of first PIN change mandate and enhances customer satisfaction.

CitymaxX campaign

As per the prevailing practice, all newly-issued debit cards are sent to the respective parent branch and customers have to collect their cards from these premises. This usually poses some challenges regarding timely delivery, activation and usage of these cards, which eventually hampers the business. CitymaxX, technically termed as ‘Account Card’, is a debit card with a unique financial value proposition that differentiates it from competing products. To boost the card business for debit card activation and usage, a campaign was conducted in which 1,500 CitymaxX cards were issued to select account holders having Visa or MasterCard debit cards and also introduced the process to deliver the newly-issued debit cards to the respective customer's address as mentioned in the system. This campaign acted as a pilot before the new process was implemented on a full-scale.

Automation and digitization

Loan origination system's (LOS) integration with the card system represents an automated solution for credit card issuance. The process flow of secured/unsecured credit cards in LOS starts with the primary interview and pre-assessment at source. The source enters the scanned application which goes through a verification process at C&C for credit assessment through LOS. Post C&C approval, the loan is disbursed through Customer ID and Card product creation in the card system.

Digital archiving of card files

To ensure easy access to card files and avoid physical file movements, the file is scanned and uploaded into DMS to meet the requirements of stakeholders (i.e., credit and collections and customer service).

Reduction in turnaround time for file movement

Digital archive of application form enables easy and quick access for users to search for information.

Centralization of billing and notification system

A centralized system has been developed to generate all types of statements (e-statements, hardcopy statements, SMS and on-demand statements) for easy and convenient operations, which has reduced human interventions, chances of error and TAT.

Launch of Agora-Amex co-branded card

City Bank introduced the first co-branded card, Agora Amex co-branded card, with strong value propositions considering current market needs and built with offering a wide range of facilities.
Agent Banking debit card issuance

As part of the Agent Banking platform, a debit card has been launched against the account to enable paperless transactions for customers located in remote areas.

BEFTN auto debit for foreign transactions

BEFTN auto debit facility for foreign transaction payments was introduced to facilitate customers with the option of making credit card payments through auto debit with a non-City Bank account. Customers who have transaction accounts in other banks are substantially benefited from this solution as they previously had to make these card payments from the branch which they can now easily enroll into the BEFTN auto debit service to make payments.

E-advice for merchants

In 2017, we eliminated sending transaction hardcopy advice to merchants. The process was time-consuming and lengthy, resulting in delays at the merchants' end to get the advice at late hours. However, after implementation of the e-advice process, this has become simplified and fully automated. Man-hours have been saved and merchants are getting advice reports at the beginning of the day, as per customer expectations.

Paperless flexi buy conversion for e-com merchants

During conducting a transaction, a cardholder is able to choose a flexi buy option for an e-commerce transaction from the terminal (web page) itself. Through enabling this feature, flexi buy conversion is executed in a paperless way, which has again reduced the time taken for the physical form to move from the source to the card.

Core Advantages

- City Bank holds the leading position in the industry in terms of card issuance and acquiring merchants.
- The Bank is the sole issuing and acquiring authority for the American Express brand.
- The Bank is the most compliant organization with an ISO 9001:2015 certification and the recognition of being the first PCIDSS-certified bank in Bangladesh.

Key Operational Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit cards</td>
<td>3,35,943</td>
</tr>
<tr>
<td>Merchant cards</td>
<td>15,500</td>
</tr>
<tr>
<td>Debit cards</td>
<td>5,39,255</td>
</tr>
<tr>
<td>Credit card portfolio size</td>
<td>BDT 7,115 m</td>
</tr>
<tr>
<td>Prepaid cards</td>
<td>2,802</td>
</tr>
</tbody>
</table>

Initiative Planned for 2018

QR code implementation

QR code or Quick Response code is a popular and new trend for online shopping payments that allows customers to purchase items by scanning QR codes through a mobile device. Customers can make payments simply by scanning the QR code from their mobile device. Merchant operations will work as a back-office of the merchant business to onboard 100,000 new QR merchants to accept payments through QR code mobile application.

Debit card phase out

Mag-stripped debit cards will be converted to chip-based cards to facilitate customers by providing them with a secured transaction environment and to comply with Bangladesh Bank norms.

Real-time customer card payment

Credit card payments are posted by all branches through CPM, which are ultimately uploaded by the Settlement & Accounts team at CMS during the end of the day. This project has been initiated to make CPM payments available in CMS within a few minutes through CPM CMS interface without any manual intervention and ensuring a stronger reconciliation process. It will also facilitate customers to have real-time payment updates in the system so that funds can be used for withdrawal and purchases.

Reloadable prepaid card for Corporate and Payroll customers

City Bank is planning to provide payroll prepaid cards to companies where a good number of workers fall below the minimum threshold so that they are able to open a bank account. On the other hand, Corporate prepaid cards will provide hassle-free fund disbursement solutions to manage petty cash in an organized way.

Two-wheeler project

The two-wheeler lending process is expected to be managed through a virtual credit card and merchant (dealer) integration. The application file will be processed through LOS. The source will submit documents to the point (dealer) and after C&C approval, the file will come to Card Ops through LOS for virtual card creation and loan disbursement. Transactions will be performed through EasyPay (IT developed system) into which enrollment and transaction initiation will be done by separate teams. Merchant payments will be processed through the card system.
Treasury Operations

Overview
City Bank’s Treasury Operation continued its vigorous contribution to its clients. The Treasury Operations team works as a back-office of the Treasury business to ensure service excellence.

The Year 2017
- A total of 6,332 money market transactions, 10,664 foreign exchange transactions and 9,878 other transactions were performed by Treasury with a compact team of 5 members and with nominal errors.
- Successfully settled all treasury deals, which enhances the Bank’s reputation in the treasury market.
- Served the requirements of treasury deals with multilateral counterparties like IFC, GCPF, OeEB and Norfund, etc.
- Successfully implemented automation of ‘Daily Exchange Position’, which was a primary requirement of Bangladesh Bank.
- Efficiently served Corporate customer requirements related to Bangladesh Bank guidelines.

Key Strengths
- Experienced workforce with a culture of multi-tasking
- Automation of data source to generate reports
- Continuous self risk assessments with a risk minimization plan that enables moderation of operational risks in compliance with the ISO 9001:2015 certification

Branch Operations

Overview
The concept of Branch Operations Managers (BOM) was introduced in City Bank back in 2007. Prior to this, the Bank functioned in a conventional way where there were second managers in all branches. They were mostly General Banking In-Charge in the branches and for some small branches, they also acted as Advance-In-Charge.

In many branches, existing second managers were adopted as Branch Operations Managers. Subsequently, others joined the team. The functions of Branch Operations Managers were mainly set to authorize all non-cash transactions, ones including both financial and non-financial. Besides, reporting, audit handling and AML activities monitoring, was also mandated to them. However, their reporting line was kept separate from the branch which is directly connected to the head office.

Thus, to enhance head office monitoring systems technically as well as logistically, the BOM group was subdivided into clusters and team members started reporting to their Cluster Heads. Guidance, monitoring and control became more effective under leaders who supervised their respective clusters.

BOMs performed as BAMLCO and acted as shadow risk managers of the Bank. BOMs thoughts towards organizational values made a significant contribution to operational control, process development and cost control.

The Year 2017
- Achieved satisfactory audit rating of 74% (42% in 2016)

To provide faster customer service, Branch Operations implemented a one-stop service of stop cheque payment, i.e., any branch can instantly stop a cheque payment, irrespective of the location of the home branch.

To provide quicker customer service, Branch Operations implemented automation of several solvency certificates with auto charge realization.

Key Strengths
- An operating culture that respects compliance
- Large and growing number of branches with ‘Satisfactory’ audit rating
- Created AML-related awareness in branches as Branch Operations Managers act as BAMLCO in branches

Initiatives Planned for 2018
- Achieve satisfactory audit rating of 80%
- Automate uploading of bulk transactions for FDD issuance at the time of IPOs
- Provide SMS service to customers for stopping cheque payments and revoking of stop cheque payments
Trade Support

The Year 2017

- Arranged USD 660 m confirmation line from foreign correspondent banks to facilitate our LC transactions, which is around 34% of the total import business.

- Utilized the regular line to the extent of 70.57%, IFC and ADB to the extent of 10.59% and new banks to the tune of 18.84% of total LC confirmations.

- Arranged USD 133 m funds from our correspondent banks as a trade loan for the growth of our OBU book.

Initiatives Planned for 2018

- Focus on transforming manual Nostro accounts reconciliation by migrating to an automated reconciliation platform for better transaction management.

Central Clearing Unit

The Year 2017

- Commenced the facility under which customers would receive an SMS for inward cheque clearing when the Bank receives the cheque from PBM through a different bank.

Initiatives Planned for 2018

- Focus on inward and outward clearing of data uploaded to City Manaran (Ababil) software. Clients with registered e-mail addresses will receive an email notification if there is any return of outward clearing.

Money Laundering and Terrorist Financing Risk

Overview

Since City Bank’s inception, the Anti-Money Laundering Division (AMLD) has been making relentless efforts to accomplish all regulatory and supervisory activities, thereby fulfilling the Bank’s commitment to combat money laundering and terrorist financing. Being the Reporting Organization to prevent money laundering and terrorist financing, City Bank is responsible to comply with all international standards and local laws and regulations on AML/CTF imposed from time to time.

To perform these responsibilities efficiently, Anti-Money Laundering Division (AMLD) of City Bank operates its function independently, under the direct supervision and guidance of a dedicated Chief Anti-Money Laundering Compliance Officer (CAMLCO) who is also a Deputy Managing Director and Chief Risk Officer of the Bank.

The Year 2017

In 2017, in a validation of our comprehensive initiatives, Anti-Money Laundering Division (AMLD) achieved a ‘Satisfactory’ audit rating from the regulator, which is a reflection of the Bank’s robust governance and compliance culture. AMLD has successfully reconstituted the Central Compliance Committee as part of its rigorous compliance structure and enhanced its capacity by implementing:

- Centralized Reporting System
- Unique Account Opening and KYC Profile Form as per regulatory requirements.
- Automated sanction screening system for cross-border transactions.
- Auto transaction monitoring report generation system.

Specifically, as an outcome of the last point, AMLD has been able to become more alert regarding suspicious transactions/activities and has reported more STR/SAR that has increased significantly than the previous year. As a part of our ongoing awareness campaigns, AMLD successfully completed an awareness program for the Board of Directors, senior management and the Bank’s employees during the year.

Senior management roles and their commitment towards prevention of money laundering and terrorist financing is one of the most significant strengths of our compliance structure. Our international financial stakeholders like IFC.
IMO, ADB and many more organizations are comfortable with our AML/CTF compliance culture and are associated with us, which is a matter of pride for the Bank and motivates our people to work for the enhancement of the institution's AML/CTF compliance culture. Moreover, City Bank is the founder member of the Executive Committee of AAMLCOBB (Association of Anti-Money Laundering Compliance Officers of Banks in Bangladesh) and a member of the Central Task Force Committee of the government. Auto reporting systems, robust compliance structures, MIS, skilled and expert manpower, ongoing awareness programs, transaction monitoring systems and the sanction list screening system also represents core strengths of our compliance structure.

**Initiatives Planned for 2018**

Successful implementation of instructions from the regulator and adverse media reporting system in continuation to our ongoing awareness program, improvement of regulatory audit rating and securing the position in the top-five listed banks in terms of regulatory audit rating will be a top priority for the Bank’s AMLD in 2018.

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**Credit Risk Framework**

**Overview**

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, including those claims that we plan to distribute. These transactions are typically a part of our traditional non-trading lending activities (such as loans and contingent liabilities).

We measure, manage/mitigate and report/monitor our credit risk using the following principles:

- Our credit risk management function is independent of our business divisions and in each of our divisions, credit decision standards, processes and principles are consistently applied.
- A key principle of credit risk management is client’s credit due diligence. Our client selection is achieved in collaboration with our business division counterparts who stand as a first line of defence.
- Every new credit facility and every extension or material change of an existing credit facility (such as its tenor, collateral structure or major covenants) to any counterparty requires credit approval by the appropriate authority level. We assign credit approval authorities to individuals according to their qualifications, experience and training and we review these periodically.
- We measure and consolidate all our credit exposures to each obligor across our consolidated Group on a global basis in line with regulatory requirements.
- We have procedures in place intended to identify early stage credit exposures for which there may be an increased risk of loss. The objective of this early warning system is to address potential problems while adequate options for action are still available. This early risk detection is a tenet of our credit culture and is intended to ensure that greater attention is paid to such exposures.
- We coordinate with Credit Administration and Legal Division to address documentation deficiencies and in assessing potential risks that may jeopardize the Bank’s interests.

**Risk culture**

We seek to promote a strong risk culture throughout the organization. Our aim is to help reinforce our resilience by encouraging a holistic approach to the management of risk and return throughout our organization as well as the effective management of our risk, capital and reputation profile. We actively embrace risks in connection with our business and, as such, the following principles underpin the risk culture within our Group:

- Risk is taken within a defined risk appetite
- Every risk taken has to be approved within the risk management framework
- Risk taken needs to be adequately compensated
- Risk should be continuously monitored and managed

Employees at all levels are responsible for the management and escalation of risks.

We expect employees to exhibit behavior that support a strong risk culture. To promote this culture, our policies require that behavior assessment is incorporated into our performance assessment and compensation frameworks. We have communicated the following risk culture behaviors through various communication mediums:

- Being fully responsible for risks
- Being rigorous, forward-looking and comprehensive in the assessment of risks
Inviting, providing and respecting challenges

Trouble-shooting collectively

Placing City Bank and its reputation at the heart of all decisions

Our Board and senior management frequently communicate the importance of a strong risk culture to sustain a consistent tone from the top.

To improve the credit portfolio, strengthening the Bank’s risk strategies aligned with the changing business scenario, City Bank adopted the following initiatives in credit risk management in 2017:

As a part of continuous improvement process, credit risk management has moved into physical asset inspections through a dedicated Stock Inspection team of Credit Administration and project assessment by Project Inspection & Assessment Department (PIAD) under direct report of Credit Risk Management. The PIAD team has been strategically created in August 2017 for enhancing assessment of the Bank’s assets and capital expenditures formed under Sustainable Finance Unit and Sustainable Finance Committee as per Bangladesh Bank SFD circular#2 December 1st, 2016. The unit has been in operation since January 2017 with 5 members under the supervision of Head of Credit Risk Management. The responsibilities include planning and monitoring of environment-friendly banking and corporate social responsibility (CSR) for sustainable banking and sustainable finance to achieve global Sustainable Development Goals (SDGs) as declared by the United Nations.

Potential risk factors that can impact the business in 2018

Liquidity crisis and higher lending rates

Continuous withdrawal of deposits from the Bank will induce it to raise deposit rates and to complement the cost of funds, and lending rates would warrant a raise as well. Overall, an increase in inflation-driven costs will affect the total cost of doing businesses. We see 2018 as a challenging year in which we will focus on minimizing the gap between profitability and sustainability.

Initiatives Planned for 2018

Stress-testing

We are committed to stress-testing our performance on a regular basis in order to assess the impact of a severe economic downturn on our risk profile and financial position. These exercises will complement traditional risk measures and represent an integral part of our strategic and capital planning process. Our stress-testing framework will comprise regular division-wide stress tests based on internally-defined benchmarks and more severe macro-economic global downturn scenarios. Moreover, capital plan stress-testing could be performed as well to assess the viability of our capital plan in adverse circumstances and to demonstrate a clear link between our risk appetite, business strategies, capital planning and stress-testing. An integrated procedure will allow us to assess the impact of ad-hoc scenarios that simulate potential imminent financial or geo-political shocks.

Promoting risk culture

To reinforce expected behaviors and strengthen our risk culture, we will conduct a number of group-wide activities. Our Board members and senior management frequently communicate the importance of a strong risk culture to foster a consistent tone from the top. To support these behaviors, we expect to organize an internal educational campaign. We are all risk managers, which will include a video and intranet messages from Board members and other senior leaders.
Overview

The core mandate of Special Asset Management Division SAMD is to deal with delinquent borrowers with a view to recover cash to adjust the accounts under settlement arrangement or regularize them through rescheduling as per Bangladesh Bank guidelines. SAMD’s vision is to achieve newer heights in terms of cash recovery from delinquent borrowers by promoting accuracy, compliance, accountability and by enabling Relationship Managers (RM) to pursue their individual targets.

SAMD plays a crucial role by contributing to the Bank’s profitability through recovery of cash from NPLs and rescheduling. In both ways, SAMD contributes to the Bank’s profits by releasing of provisions or realization of interest suspense, which is then subsequently taken to income.

During 2017, SAMD arranged a campaign twice during the year and visited NPL clients as per plans which will subsequently contribute to the Bank’s profitability.

Head of SAMD reports to Deputy Managing Director and Head of CRM. Under the Head of SAMD, there are two Functional Heads who supervise many teams. At present, there are 5 RM s guided by each Functional Head. The first MIS team consists of two members with Unit Head also reporting to the Functional Head. SAMD plans to recruit additional RM s as portfolio size has increased considerably.

SAMD portfolio (as on 31 December 2017)

<table>
<thead>
<tr>
<th>Category of loans</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified</td>
<td>8,134.8</td>
</tr>
<tr>
<td>Written-off</td>
<td>13,314.3</td>
</tr>
<tr>
<td>Rescheduled</td>
<td>544.7</td>
</tr>
<tr>
<td>Total</td>
<td>21,993.8</td>
</tr>
</tbody>
</table>

Cash recovery target of SAMD for 2018: BDT 1,200 m

The last four years’ SAMD portfolio is stated below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total portfolio</th>
<th>CL portfolio</th>
<th>WO portfolio</th>
<th>Rescheduled</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>14,149.9</td>
<td>4,179.7</td>
<td>8,472.8</td>
<td>1,497.4</td>
</tr>
<tr>
<td>2015</td>
<td>17,061.5</td>
<td>6,724.2</td>
<td>9,540.8</td>
<td>796.5</td>
</tr>
<tr>
<td>2016</td>
<td>18,840.0</td>
<td>6,665.3</td>
<td>11,535.6</td>
<td>639.1</td>
</tr>
<tr>
<td>2017</td>
<td>21,993.8</td>
<td>8,134.8</td>
<td>13,314.3</td>
<td>544.7</td>
</tr>
</tbody>
</table>

NPL accounts of over five years have to be written-off as per Bangladesh Bank guidelines, albeit conforming to certain specific conditions. However, recoveries from written-off accounts are especially attractive and provide a strong upside as these contribute directly to the Bank’s net income.

Yet another facet 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 NPL borrower. This is done in close conjunction with the Legal and Finance Divisions.

SAMD aims to achieve newer heights in terms of recovery and rescheduling, which will keep the Bank’s NPLs within an acceptable range and contribute to income maximization as well.

SAMD’s contribution to income generation includes:

- Regular interest revenues from rescheduled (UC) accounts
- From interest suspense on realization basis
- From reduction in provision requirements through any recovery/reschedule of NPL accounts
- Recovery from written-off accounts
The Year 2017

Despite a sluggish industry characterized by higher levels of overall NPLs, City Bank’s SAMD recovered NPLs totaling BDT 625.3 m during the year. Some of the key highlights include:

♦ Rescheduling of three accounts totaling BDT 218.3 m and acquisition of down payment of BDT 6.8 m in the process
♦ Recruitment of skilled manpower to ensure smooth functioning and attainment of targets. Two new RMs were posted at Chittagong, which contains a major portion of the Bank’s NPL portfolio
♦ Notable recovery from a large-sized NPL account which was stagnant and revived and settled. Another large written-off account has been set so that recovery can be potentially effected during the second quarter of 2018
♦ Consolidated income affected of BDT 312.4 m from recovery against NPL accounts

Key Strengths

♦ Direct involvement of senior management in dealing with delinquent borrowers with quick decision-making
♦ Experienced RMs who have on average 5+ years of experience with strong support from Legal and CAD divisions
♦ Skilled staff who are dedicated to the task of recovery through direct negotiations or through pursuing legal recourse
♦ Positive framework created by the legal authority of the Government of Bangladesh and policy support from Bangladesh Bank. This regulatory support enhances the scope of SAMD
♦ Astute handling of legal processes by our Legal division with a focus on quick resolution. The financial, criminal and civil courts are under pressure to dispose-off cases quickly to reduce the backlog. This works in the Bank’s favor as the authorities are taking lesser time with such cases that are easy to resolve and thus easy to rule upon

Key Risks Areas

♦ Limited manpower and the spectre of political instability, stagnating economy and willful defaulters represent key threats
♦ Unforeseen risks, including natural calamities, government policies/regulations and slowdown given in the upcoming general elections

Initiatives Planned for 2018

♦ In 2018, SAMD expects to recover BDT 1,200 m from the accounts that are under its responsibility and contribute BDT 500 m to the income pool
♦ Expect to launch two campaigns in collaboration with Branch Banking. These campaigns aim to recover BDT 800 m from Corporate, SME and Commercial borrowers
♦ Other major goals include strong monitoring to ensure recovery and follow-up of accounts that are regularized so that they do not fall into the NPL category again
♦ Continuous reinforcement under MIS to facilitate management decision-making and ensure compliance leading to successful recovery and automation of approval processes
♦ Growing the division by adding manpower and streamlining portfolio distribution to cut out the smaller energy-wasting accounts

"Defaulting customers are beginning to realize the futility of trying to resist the legal system and most are willing to negotiate terms of restitution with banks. This is aiding in reducing NPLs. In particular, City Bank’s SAMD has been playing a vital role in shoring the Bank’s profitability. Taking into account all the usual hindrances that come into play in the country and the economy, SAMD plans to keep forging ahead to contribute to sustainable bottomline growth. Some additional difficulties may arise given that 2018 is a run-up to the elections. In addition, the country is prone to several negative factors such as recurring natural calamities, economic swings, etc. In this context, over the next 3 years, SAMD envisages to substantially bring down the Bank’s deteriorated loan portfolio (NPL) through aggressive recovery and aiding to avoid further deterioration wherever possible."

Raquibur Rahman, Head of Special Asset Management
Overview

The key element in ensuring rigorous credit discipline in a bank is the development of a robust centralized Credit Administration Division (CAD). With this spirit, in March 2008, City Bank’s CAD commenced its journey with the centralized banking concept.

CAD accomplishes all post-approval activities related to Corporate, Commercial, SME and Islamic Banking credit facilities, which broadly include credit and legal documentation, credit operations, credit reporting and credit monitoring and MIS executed by a highly professional team.

To provide prompt service to our valued customers, CAD has also established a zonal office in Chittagong, one of the largest business hubs and commercial centers of the country.

CAD supports the wider operational management process with key activities that include:

- Business strategy
- Credit documentation and custodian services of security and legal documents
- Managing collateral
- Monitoring credit conditions and covenants
- Information strategy
- Loan disbursements and repayment
- Operations strategy
- Audit compliance
- Management of NPLs

Core Operational/Financial information

Portfolio value of the Bank’s enterprise loans increased by 78% (or BDT 11,870 m), from 2016 to 2017 (BDT 51,400 m vs to BDT 163,270 m) and transaction volumes increased by a substantial 27% (3,103 numbers; 11,587 accounts to 14,690 accounts), while the division’s headcount increased by only 9% (from 53 members to 58 members), which implies substantial increase in productivity due to increased personal skills, automation of manual activities and process reengineering that helped to optimize costs.

The Year 2017

- Established a dedicated stock inspection unit for assessment of stock financed by the Bank.
- Developed a software, Collateral Security Management System (CSMS), as a pilot project of the Central Bank.
- Upgraded existing e-DOC. Ver1 to e-DOC. Ver2 successfully, incorporating a wide range of information with reporting facilities.
- Successfully completed the automation of ISS reporting and BB regulatory reporting in BO report server.
- Upgraded ABABIL software (Islamic banking software) to manage composite loan facilities.
- Achieved ‘Satisfactory’ Risk Rating (Audit score ranges from 85-89%) for all the segments against audit done by the Bank’s Internal Compliance & Control.

Initiatives Planned for 2018

- Ensure bestowal of ISO 9001:2015 certification
- Upgrade existing policies and SOPs of major activities, in line with the requirements of ISO 9001:2015 and formulating new policies to ensure implementation of appropriate processes
- Automation of activities to ensure accuracy; improve efficiency, including upgradation of e-DOC Ver 2, CSMS software, developing a task management system, DPD loan monitoring, provision calculations and SLA monitoring

Core Competitive Advantages

- A centralized function that ensures similar standards of documentation, regardless of size of the customer.
- Electronic document archiving in addition to physical custodian of security, which ensures quicker access to the required documents.
- Documentation status and deficiency monitoring done through a robust software, widely known as e-DOC.
- Dedicated and professional employees with high productivity levels.
- Automation of various reports to meet management requirements and regulatory guidelines.

As a part of the broad strategic plan, CAD is committed to implement sound credit administration procedures throughout the Bank to ensure full and appropriate use of resources that are consistent with the Bank’s goals and objectives. We also expect to ensure automation in certain processes to further enhance accuracy, efficiency and productivity.
The banking sector has diversified with multifarious financial activities that involve different risks. Hence, the issues of effective internal control system, good governance, transparency in all financial activities and accountability towards stakeholders and regulators have become important to ensure smooth performance of a bank.

Effective internal control and compliance system has become essential in order to boost effective risk management practices and to ensure seamless performance of the bank. Thus, internal control is a process that has been designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies.

The primary objectives of internal control system at City Bank are to help the institution perform better through the use of its resources, to communicate better internally and with external stakeholders and to comply with applicable laws and regulations. The main objectives of internal control are:

- Operational objectives: Achievement of the Bank's mission and vision.
- Reporting objectives: Timely, accurate and comprehensive reporting, financial and non-financial, internal and external.
- Compliance objectives: Conducting activities and taking specific actions in accordance with applicable laws and regulations.

Another dimension of the key strategic objectives of City Bank is to maintain the quality of its overall operations. In this context, Internal Control & Compliance Division (ICCD) plays a major role towards achieving this goal.

An appropriate and effective internal control environment is in place at City Bank to ensure that the Bank is managed and controlled in a sound and prudent manner by way of maintaining the highest standards of operational procedures and controls and to keep operations on the right track by eliminating all system and process flaws and deficiencies.

To ensure an appropriate level of Internal Control System, the Bank's Internal Control & Compliance (ICCD) has been structured as per the prescribed organizational structure of Bangladesh Bank's Core Risk Management Guidelines. ICCD operates independently as a division and the Bank's Audit Functions reports directly to the Audit Committee of the Board and is responsible to the Audit Committee of the Board. Thus, it acts as a bridge between the Board and the Bank's management. The following comprise the 5 units of ICCD and their functions:

**Audit & Inspection Unit:**

The Bank ensures an effective and comprehensive internal audit of the internal control system carried out by its Audit & Inspection Unit, where operationally independent, appropriately trained and competent staff are especially designated by the management. The Audit & Inspection Unit, through its three audit wings, which are Branch Audit Wing, Head Office Audit Wing and Foreign Exchange Audit Wing, identifies and assesses the key operational risk areas of the core business lines (Wholesale Banking, Commercial Banking, Islamic Banking, Retail, Small & Medium Business and Treasury) along with other segments of the Bank, such as Operations, Finance, Risk and Support functions, through undertaking regular audit processes under an approved annual audit plan. In this regard, the Audit & Inspection Unit applies risk-based internal audit methodology for conducting their audit functions. Risk-based internal audit includes, in addition to selective transaction testing, an evaluation of the risk management systems and control procedures prevailing in various areas of the Bank's operations. Under risk-based internal audit, the focus shifts from full-scale transaction testing to risk identification and prioritization of audit areas and allocation of audit resources, in accordance with risk assessment. While focusing on effective risk management and controls, risk-based internal audit not only offers suggestions for mitigating current risks but also anticipates areas of potential risks and plays an important role in protecting the Bank from various risks as well as enabling the realization of business goals. The primary focus of risk-based internal audit is to provide a reasonable assurance to the Bank's Board and top management about the adequacy and effectiveness of the risk management and control framework in the Bank's operations. In addition, special investigations and review assignments are also undertaken as per the Bank's requirements.

**IT Audit Unit**

Risks in the Bank's IT systems are identified and assessed through regular audit processes carried out by the IT Audit Unit under the approved annual audit plan. With a view to ensure regulatory compliance at all levels, the IT Audit Unit aims at ensuring an acceptable standard for security on all of the Bank's servers, workstations, routers, switches, applications and other IT systems. Moreover, special IT investigations are also undertaken as per the Bank's requirements.
Shariah Audit Unit

Shariah Audit Unit of ICCD evaluates as to whether the Bank's Islamic Banking business is operating in line with Shariah guidelines/principles as per decisions (usually taken by Shariah Council/Shariah Supervisory Committee or SSC), in addition to general banking guidelines/principles.

Monitoring Unit

The Monitoring Unit looks after the effectiveness of the Bank’s internal controls on an ongoing basis. It identifies the key/high risk items and monitors these as part of its daily activities. Although monitoring controls are a part of the overall system, it is largely independent of the elements it is checking. Examples of monitoring procedures include periodic evaluation by the business lines, including Self-Assessment of Internal Controls, Departmental Control Function Checklist (DCFCL), Loan Documentation Checklist (LDC), Quarterly Operations Report (QOR), etc. As a part of its daily activities, the Monitoring Unit monitors the operational performance of various branches and divisions and raises flags in case of deviations detected. It also collects relevant data and analyzes it to assess the risk of individual units.

Compliance Unit

The Compliance Unit looks after 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 compiled within specific deadlines. It also maintains liaison with the regulators/policymakers at all levels and notifies the other units regarding regulatory/procedural changes.

The Bank has formulated and updated its internal control policies and manuals from time to time and robust Risk Based Internal Audit (RBIA) methodology has been implemented. Risk assessment by internal control focuses on ensuring compliance with the Bank’s policies, together with regulatory requirements (including all core risk management guidelines provided by Bangladesh Bank), social, ethical and environmental risks and also recommending appropriate measures to further improve the internal control framework. In this way, ICC plays its role both as a watchdog as well as a facilitator of the Bank’s sustainable growth.

Our status on establishing strong internal controls in line with regulatory requirements, has been detailed in the Corporate Governance Report of this Annual Report.

Future Outlook Of Internal Control & Compliance (ICCD)

As a forward-looking organization, the following comprise the future plans of ICCD

Risk recognition and mitigation

ICCD will continue to identify risk areas with recommendations to mitigate these risks and report the same to the business units, senior management, Audit Committee and the Board. Due attention to the risk areas and taking precaution to guard against repetition of the same risks by the business units will ensure good governance and safeguard the Bank's interests and better business results will be ensured.

Risk-based Audit

In line with B8 Guidelines: ICCD has already completed Risk Grading Checklists and conducted Risk Based Audits on all Branches and Credit Administration Division (Corporate, Commercial & SME), Credit & Collection, Trade Services Division (Import, Export & Bank Guarantee), Treasury Division (Front, Operations and Support), Information Technology, Human Resources, Central Clearing and General Administration Division. Risk Grading Guidelines for the rest of the divisions (TSD (Cash Incentive), RMD, Cards, Finance, SAMD, SMA Management, Service Delivery, NRB and ADC) will be implemented in the year 2018. ICCD has also obtained Board approval for Risk Grading Checklists on 6 Core Risk Areas and ICAAP and have already implemented Core Risk Inspections since 2015.

Initiatives Planned for 2018

As per the approved Audit Plan of 2018, ICCD shall audit all Branches and Head Office Divisions, including inspections on all core risk areas.

Automation of Audit & Compliance Process

An Automated Internal Audit System is under consideration.

Concurrent Audit

This is under process for implementation in the year 2018.

Instant/Real-Time Review & Dynamic Audit

To perform dynamic audit of any issue to identify risks, a real-time notification or alert message from systems (like software network) is in the process of implementation by the IT Audit Unit of ICCD with support from the Bank's IT team.

Awareness Training (zone-wise, across Bangladesh) to address the following

"Internal Control & Compliance and Bangladesh Bank Inspection Awareness in Banks" followed by "Ethics in Banking".

Rapport Building with Regulators

Rapport building with regulators such as Bangladesh Bank, National Board of Revenue, Anti-Corruption Commission, etc., and increase communication with them to maintain relationships.
Overview

Starting with procurement volumes of BDT 180 m in the year 2010, City Bank’s Procurement department was engaged in Procurement increase worth BDT 800 m in 2017, representing a substantive growth of 344%. Some of the core achievements of the Bank’s Procurement division in 2017 include:

- Total savings against purchase order (PO) of 18% of purchase order value, representing about BDT 800 m (savings basis from last year’s purchase price and new products quoted/initial/market price).
- Total number of POs issued stood at 1,772 (1,559 in 2016), reflecting an increase of 14%.
- Total capex-related POs issued stood at 1,005 of cumulative value of BDT 620 and savings of about BDT 120 m.
- Total opex-related POs issued stood at 767 with consoliated value of over BDT 180 m and savings of about BDT 20 m.

Some of the hallmarks of the Procurement division include a process-driven culture, high levels of transparency and adherence to all rules and regulations while purchasing the best goods/services in a cost-effective manner, thereby providing significant benefits for the Bank.

Initiatives Planned for 2018

- Development of a comprehensive annual procurement plan.
- Amendment to the procurement policy aligned with the needs of a dynamic business environment.

Brand & Communications

City Bank’s Brand and Communications team is responsible for building, protecting and enhancing the Bank’s reputation and brand as a trusted provider of superior financial services. The team closely works with other departments to identify business priorities and execute organizational strategies for the brand.

The Year 2017

This team is responsible for building, protecting and enhancing the Bank’s reputation and brand as a trusted provider of superior financial services. The team closely works with other departments to identify business priorities and execute organizational strategies for the brand.

Best Bank in Bangladesh
Asiamoney Banking Awards 2017

Best Financial Institution of the Year
(the award was given in 2017)

Best Consumer Digital Bank in Bangladesh 2017
Global Finance World’s Best Digital Bank Awards

Best Bank in Bangladesh 2017
Global Finance Best Emerging Markets Bank

Best Bangladesh Deal - Summi; Group’s USD 79.67 mn 12-year and 10.5-year syndicated loans for Summit Barisal Power and Summit Narayanganj Power
Finance Asia Achievement Awards 2017

Best Online Bank
ICT Division of the Government of Bangladesh

Notable Campaigns

- Successfully launched the first co-branded grocery credit card of the City Bank American Express portfolio, in collaboration with renowned superstore Agora. The campaign incorporated a 360-degree approach, touching key communication channels: print, online and merchant branding.
- Launch of Sapphire an arm of Citygem Priority Banking: The extension of Citygem, which is christened as Sapphire, was launched in the beginning of the year for ultra-high networth customers.
Recycle ATM launch. City Bank launched the country’s first internet-enabled cash recycling ATM. To make the campaign a successful one, there was a full-scale press advertisement backed by EDM, desktop screensavers, ATM screen flash and leaflets.

Launch of Agent Banking: Successfully launched Agent Banking with a grand inauguration ceremony. Developed application forms and brochures to support the business team. Branding was also initiated in all the 5 Agent Banking outlets.

Other campaigns: Valentine’s Day, Pohela Boishakh (Bengali New Year), Ramadan, CityMaxx, American Express Airlines campaigns, online shopping campaigns with leading online merchants, American Express lodging and travel campaigns, auto loan campaigns, Citytouch in ATM and City Manarah (Islamic Banking).

Card customer engagement events: Malaysian and Turkish food festivals.

Notable Sponsorships

Organized a Bangladesh roundtable discussion on ‘Delivering a vision for growth’, in association with Euromoney, one of the world’s leading financial publications. The purpose of the roundtable was to enlighten both local and global investors on Bangladesh’s economic sustainability and potential. This is the second time that City Bank has partnered with Euromoney to organize the roundtable. Finance Minister, Mr. Abul Maal Abdul Muhith opened the roundtable discussion. The event observed active participation from Late Mr. Annisul Huq, Mayor, Dhaka North City Corporation; Rear Admiral M. Khaled Iqbal, BSP, NDC, PSC, Chairman, Chittagong Port Authority; Mr. Abdul Matlub Ahmad, President, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI); Mr. Farooq Sobhan, former Ambassador, Independent Director, City Bank and President, Bangladesh Enterprise Institute; Mr. Syed Manzur Elahi, Chairman, Apex Footwear; Professor Mustafizur Rahman, Distinguished Fellow, CPD; Ms. Sonia Bashir Kabir, Country Manager, Microsoft Bangladesh and Director, 3ASIS; Mr. Dilip Pal, CFO, Grameenphone and Mr. Sonail R. K. Hussain, MD and CEO, City Bank. The highly engaging discussion was moderated by Mr. Chris Wight, Asia Editor of Euromoney.

City Bank continued to uphold its presence as a promoter of golf in Bangladesh. The Bank sponsored more golf tournaments, ‘City Bank American Express Chittagong Open 2017’ in Chittagong and ‘City Bank Golf Tournament’ in Dhaka.

Hosted an event with London Business School Professor Mr. Niro Sivanathan exclusively for City Bank Priority Banking customers.

Achievements in Digital/social Media Space

City Bank has a robust presence in key social media channels, such as Facebook, LinkedIn and Twitter.

City Bank’s Facebook page is verified by Facebook itself, ensuring the page’s authenticity. Currently, it is the only verified page among Bangladeshi banks.

In 2017, City Bank was the first bank in Bangladesh to achieve a follower base of more than a million on its Facebook page.

Initiatives Planned for 2018

City Bank will continue to uphold and foster a strong brand presence in the industry. The Bank is keen on capitalizing on the growing digital landscape in the country and will incorporate this momentum extensively in its upcoming campaigns. Recently, the Bank launched a campaign for QR code-based payments through its digital banking application, Citytouch. At the same time, the team will continue to promote the country’s potential globally through various platforms and initiatives. With the Bank’s foray into various new segments, Brand and Communications team will strive to provide insights and ideas for sustainable business growth.
City Bank's Corporate Affairs division 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. Moreover, the team also plays a key role in planning and buying media placements in print, television, radio, digital, etc. The division has also been involved in strengthening the brand recall of City Bank, both locally and internationally.

The Corporate Affairs team along with Euromoney, jointly organized a roundtable discussion on the country's untapped economic potential. Euromoney, one of the world's leading financial publications regularly organizes country-specific discussions in various nations across the globe and this is for the second consecutive year that it has held one in Bangladesh in association with City Bank. The Honorable Finance Minister of Bangladesh, DNCC Mayor, FBCCI President and other top intellectuals of the country attended the debate.

The summary of the discussion was published in the April 2017 issue of Euromoney as part of their 50th anniversary special edition for the Asian Development Bank meeting in Yokohama, Japan.

The team also 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 2017, Asiarmoney, Asia's top financial publication awarded City Bank the prestigious honor of being the 'Best Bank in Bangladesh.' Similarly, Global Finance also awarded City Bank as the 'Best Bank' and 'Best Digital Bank' for three consecutive years.

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 was covered in newspapers such as The Daily Star and Prothom Alo. Similarly, the division also facilitated and published more than 40 press releases in numerous newspapers in 2017 and it organized two press conferences Investment Forum press conference and American Express Agora Credit Card Launch press conference.

These events were quite different in nature as each required journalists from different areas - international and business section. The team successfully managed the requirements in both cases by ensuring the presence of journalists from major print and electronic media and television channels. For the Agora Card launch, the overall coverage was commendable with 26 newspapers and 10 television stations covering the event thereby enabling wide publicity.

On the other hand, in an effort to commemorate 35 glorious years of City Bank and the '0-year anniversary' of City Bank logo, the Corporate Affairs team commissioned 12 young artists to conceptualize the Bank's logo in their own way in a bid to create new artwork, which was subsequently used to develop the Bank's 2018 annual calendar.

Being a socially responsible Bank, it 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 2017 was no exception. The Corporate Affairs team actively works to make sure that the banks only sponsored science magazine, Bigghanchinta is published monthly by Prothom Alo. Moreover, the Bank has also supported the annual renovation work of Baridhara Lakeside Park, which has contributed to civic greening and beautification.
General Administration

Overview

City Bank’s General Administration Division (GAD) provides support to ensure uninterrupted banking operations. With the continuous efforts of six departments under GAD, we have been successfully managing the maintenance of more than 400 premises (both rented and owned), ensuring security and protocol, offering logistical support and providing adequate infrastructure for the smooth running of the Bank. In doing so, we strictly follow the prescribed rules and regulations of the Bank and Bangladesh Bank.

The Year 2017

- Successfully launched 10 new branches (5 urban and 5 rural). Branches were established in:
- Installed 39 new ATMs and with this, the Bank reached the milestone of possessing 350 ATMs across the country.
- Relocated and renovated 8 branches and 10 back offices.
- Arranged the auction of 24 old vehicles.
- Developed standard operating procedures (SOP) on store and go - down management and mobile phone guidelines.
- Provided logistics and protocol support to all events organized by the Bank, in-house or outside of the Bank’s premises. A few of the major events in 2017 included the AGM, a strategic workshop in Gazipur, Pohela Baishakh celebrations, children’s art competition, IFC meetings and meetings with FMO, etc.

Key Strengths

- Strong, experienced, sincere and accountable team members
- Ability to manage pressure and meet deadlines
- Ability to manage vast areas of jurisdiction
- Ability to manage large pools of vendors, consultants, landlords and other service providers
- Flexible with the ability to adapt to different circumstances

Initiatives Planned for 2018

- Establishment of 2 new branches
- Office set up for 20 SME’s units
- Relocation and renovation of certain branches and back offices
- Space management and accommodation of new recruits
- Sale of unused immovable property
- Software development for further streamlining processes

Finance

City Bank, a pioneer in the industry, is constantly exploring uncharted territories through innovation, inclusion of new segments and products and reaching out to untapped markets. The Finance division works persistently to design the strategic layout for achieving the desired results. Our efforts are consistent when it comes to upholding compliance and fostering a culture of risk mitigation. A testament to our dedication is the fact that the Bank was placed 3rd in the ‘Best Corporate’ category from ICMAB.

City Bank organized its first ever Earnings Disclosure event in August 2017, engaging representatives of investment communities from across the globe. Synchronized by the Finance Division, the event was also webcast live with an effort to scale up investor relation initiatives and cater to the increasing need of this communities.

The Finance team also ensured continuous support in retaining the Bank’s rating of Ba3 by Moody’s in 2017, following multiple surveillances throughout the year. The
equity-partnership deal with IFC was completed in October 2017, after continuous efforts from Finance in pricing, setting terms and pursuing regulatory approvals.

Capital planning became an integrated part of the role of Finance as business growth is becoming increasingly more dependent on an adequate capital base. With regard to this, City Bank issued its 2nd Tier-II bond worth BDT 5 b in June 2017 and the Finance division played a critical role in managing the entire process and successfully issuing the bond within the stipulated time. In December 2017, issuance of the Bank’s 3rd Tier-II Bond worth BDT 7 b was approved by the Board and subsequent proceedings have started accordingly. The Bank contributed BDT 4,837 m to the Government exchequer in 2017 through paying taxes and VAT on income and collecting revenue for the Government.

In the Finance division, we oversee all financial activities of the bank to ensure achievement of both short and long-term goals. As part of our financial & strategic planning, we carry out the budget preparation based on commanding areas potentiality and monitor actual results to come up with timely adjustments to our business strategies. This budget setting helps to gauge branch wise/segment wise monitoring of performance parameters. We have a strong MIS & Database management in place continually adjusting to different business needs and also assisting preparation of annual reports, major regulatory reporting, management and divisional reporting. We analyze the sensitivity, movement and potential analysis on major business parameters along with industry growth for decision-making and strategy setting. As our Tax & VAT planning and management initiative, we ensure yearly tax planning to reduce the tax liability and ensure to pay the accurate amount of taxes allowable by the law. Tax team always Comply with all relevant laws and disclosure obligations and also it pays all taxes due, including substantial VAT and employer’s liabilities, regular submission of returns and provision of taxes and also attends hearing with tax officials and face Tax/Vat audit. Monthly VAT/Quarterly Tax Return submission as well as depositing tax/Vat to national exchequer is also a key responsibility.

“Our goal remains focused on being a prime ambassador of the Bank when it comes to engaging with stakeholders, regulators, investment communities and other entities, both internal and external. With the analytics and administration support, we strive to assess the future with the innate risks and deliver a framework to move ahead.”

Parul Das, Head of Finance

City Bank’s Legal Division witnessed increased activities, in line with the operational growth of the Bank. Some of the notable achievements of 2017 comprise the following:

♦ Filing of 1,437 cases with an aggregate suit value of BDT 13,848.2 m.

♦ As many as 615 suits, with an aggregate suit value of BDT 4,249.4 m was decreed, settled and disposed-off. A total of 48 cases against the Bank were settled and decreed during the year.

♦ A cumulative 1,164 accounts with an aggregate amount of BDT 5,866.6 m were served by the Estate Management Wing, whereas 1,121 files were handled by the Credit Documentation Perfection Wing during the year.

♦ Properties of five accounts were vested in favor of the Bank under section 33(7) during the year with an aggregate market value of BDT 180.8 m. The Bank obtained ownership certificates of these vested properties.

Initiatives Planned for 2018

♦ Three major projects will be implemented during 2018, which include – (1) Unified Legal Information System (2) Restructuring of Legal Division (3) Delay Management Software implementation.

♦ A total of 1,324 suits out of 4,831 suits are targeted to be settled, decreed and disposed-off during 2018, which is more than 20% of the existing pending cases.

♦ Properties of 13 accounts with an aggregate market value of BDT 4,104 m are expected to be vested under section 33(7) during 2018.

♦ Booked properties of 15 accounts with an aggregate booking value of BDT 2,416 m and these are targeted to be sold through auction during 2018.
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, to provide money services under the Money Service Business Act, 2011 through a Class B License Serial No. O0036, issued by Bank Negara Malaysia. CBLMT is currently engaged in outbound remittance operations.

On 4 April 2013, City Bank entered into an agreement to purchase 75% ordinary shares of CBLMT with an agreement to eventually acquire 100% shares. The company started out as a subsidiary of City Bank on 10 September 2013. On 8 June 2016, City Bank held 100% shares of CBLMT, making it a fully-owned subsidiary of the Bank.

The Year 2017

The year 2017 was a significant one for CBLMT. Balance sheet size increased from MYR 2.44 m to MYR 5.48 m increasing by 124% YoY. Net profit for the year stood at MYR 53,104 against MYR 34,000 in 2016.

Initiatives Planned for 2018

CBLMT’s current branch network stands at 8 (including the Head Office branch) which will be scaled-up to 19 across Malaysia by the year 2019, subject to regulatory approvals. The company plans to launch mobile remittance services for customers in Malaysia. This will facilitate customers to remit money to their home countries from their dwelling places, instead of having to visit CBLMT branches, except for the time of the first transaction.

CBLMT is also preparing to obtain regulatory approval to become an International Money Transfer Operator (IMTO) so that other remittance companies across the world can use the CBLMT channel to remit money to Bangladesh, Indonesia, the Philippines, Nepal, India and Vietnam where they are currently offering remittance services.
Overview

City Brokerage Limited, a wholly-owned subsidiary of City Bank, is one of the leading brokerages in the Capital market of Bangladesh. City Brokerage Limited offers full-fledged international-standard brokerage services to retail, institutional as well as foreign clients. Having considerable access to both domestic and foreign institutional and retail investors, City Brokerage Limited has been able to build a premium portfolio of investors. It is a 'TREC Holder' of both the bourses of Bangladesh (DSE and CSE).

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-63616/10. 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 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.

The Year 2017

♦ City Brokerage Limited achieved outstanding revenue growth of 48.7% and net profit growth of 481.6% to BDT 6296 m and BDT 319.2 m respectively.

♦ Given the increasing competition within the country’s brokerage industry, CBL achieved top position in foreign trade execution.

♦ City Brokerage Limited efficiently sourced block-trade liquidity without information leakage or market impact.

♦ Arranged several roadshows, investor conferences, fairs and corporate events, both in Bangladesh and abroad, to facilitate customer convenience.

Key Strengths

♦ City Brokerage Limited has a dedicated team of skilled professionals to ensure the highest levels of brokerage service to investors. The senior management consists of professionals with strong management skills and knowledge in their respective areas.

♦ City Brokerage Limited has a strong research team with cumulative experience of over 25 years, specializing in top-down and bottom-up analysis. The team serves blue-chip global brokers as well as many frontier market equity funds operating in North America and Europe with macro, sectoral and company-specific research reports.

♦ City Brokerage Limited research papers are published on such terminals as Bloomberg, Reuters and Factset.

♦ City Brokerage Limited helps clients to maximize their investment objectives in a dynamic environment through superior trade execution and continuous research support.
Overview

City Bank Capital Resources Limited, a fully-owned subsidiary of City Bank, is a public company limited by shares and 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 6 December, 2010. The registered office of City Bank Capital Resources is situated at 90/1, City Center (13th floor), Motijheel, Dhaka 1000, Bangladesh.

City Bank Capital Resources provides a comprehensive range of investment banking solutions, including merchant banking activities such as issue management, underwriting, portfolio management and corporate advisory.

The Year 2017

♦ Achieved profit after taxes of BDT 201 m, up 176% YoY

The Structured Finance team completed a number of deals whose cumulative value includes the following:

♦ Achieved BDT 75 m revenue under portfolio management with a client base growth/FUM growth of a substantial 324%

Key Strengths

♦ No negative equity of clients’ assets in portfolio management
♦ Strong and well-experienced Structured Finance team
♦ Consistent profit growth over the past five years
♦ Investments in diversified financial assets
♦ Well-experienced Board of Directors providing strategic supervisory 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.

Core Financial Information

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2017</th>
<th>2016</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>365</td>
<td>156</td>
<td>135</td>
</tr>
<tr>
<td>Operational income</td>
<td>247</td>
<td>97</td>
<td>155</td>
</tr>
<tr>
<td>PAT</td>
<td>201</td>
<td>73</td>
<td>176</td>
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<tr>
<td>Total comprehensive income</td>
<td>1,725</td>
<td>114</td>
<td>1,417</td>
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<tr>
<td>Total assets</td>
<td>4,919</td>
<td>2,872</td>
<td>71</td>
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<tr>
<td>Net assets</td>
<td>4,154</td>
<td>2,649</td>
<td>57</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>220</td>
<td>80</td>
<td>175</td>
</tr>
<tr>
<td>Proprietary investments (in capital markets)</td>
<td>297</td>
<td>192</td>
<td>55</td>
</tr>
<tr>
<td>Margin loan total</td>
<td>282</td>
<td>224</td>
<td>26</td>
</tr>
<tr>
<td>AUM</td>
<td>6,441</td>
<td>2,489</td>
<td>159</td>
</tr>
<tr>
<td>Turnover PMD</td>
<td>16,269</td>
<td>6,498</td>
<td>150</td>
</tr>
</tbody>
</table>
The outlook for Bangladeshi capital markets is positive in the long-term, albeit we expect returns to be the in mid-single-digits in 2018, consolidating its position after delivering stellar 24% returns in 2017. Key investment themes that will guide 2018 will evolve around the expectations of the political outcome of the January 2019 elections, pre-election business environment and easing of both liquidity pressures and hike in deposit interest rates. At City Bank Capital Resources, we intend to focus on our strengths while also exploring the untapped potential in the institution and HNW investment portfolio spaces. With the success of the past, we expect our Portfolio Management Division to be the core revenue driver for 2018.

Ershad Hossain, Managing Director & CEO, City Bank Capital Resources Limited

Human Capital Report

At City Bank, we strive to create a great place to work where our people feel connected with our purpose and are making the most of every opportunity to achieve their full potential.

The Year 2017

The Bank embraced a number of important initiatives in 2017 which are crucial for organizational sustainability and success. Guided by our Human Resources Manual, which has been created to provide a clear statement of the Bank’s Human Resource policy and ensure that HR practices are transparent and consistent, we focused on aligning with the industry best practices.

Some key initiatives during the year

- Deployment of new HR policies aimed at keeping our staff engaged, motivated and loyal.
- Large number of learning interventions to develop resource capabilities and skills.
- Significant number of employee engagement events.
- External employer branding initiatives.
- Talent development initiatives with sharper definition of key responsibility areas.
- Workplace and working environment development initiatives.

In terms of contribution of the Bank’s responsibility to employees, the HR division took several leads in 2017:

Learning and Organization Development

The year 2017 was one during which we invested time and funds in exposing our employees to learning and development. A number of trainings and workshops were organized which covered a total of 5,145 participants through planned and impromptu trainings. The trainings that HRD provides and arranges are broadly categorized within three groups:

- Functional training, Soft skills training & General training

A total of 105 unique trainings distributed through 183 sessions were organized throughout the year.

Promoting work-life balance

Time is a scarce and valuable resource and it can be a struggle to cope with the growing stress and demands on our time, both in and outside of the workplace. With a view to help our employees in this regard, we continued with our ‘Day Care Center’ for employees’ children, which represents an outstanding example of providing our employees with flexibility. In addition, all line managers are instructed to ensure work-life balance of their team members by ensuring that they leave the workplace by 6 pm, especially our female employees.
Fostering a performance-focused culture

City Bank's performance management process is a collaborative partnership in which employees and their managers establish performance goals to support both the Bank's business objectives and individual development. During 2017, all permanent staff had been assessed through their performance and all rating and records were updated accordingly in the employees' personal files. A total of 2,378 employees participated in the annual performance appraisal process in 2017, based on their performance in 2016.

Energetic workplace environment

A psychologically healthy workplace fosters employee health and well-being while enhancing organizational performance and productivity. City Bank also initiated different learning projects on green banking to promote awareness. We believe that a supportive and diverse work environment is the key to improving synergy and attracting employees who are engaged and dedicated to the business.

Employee branding and engagement activities

In 2017, we initiated external engagement events with top universities (public and private) for external employee branding. This program is designed to strengthen the mind-set of the young graduates with the right attitude and educate them on the skills and competencies required in the corporate world. The Bank initiated various employee engagement programs in 2017, including movie shows, Bengali Borshoboron, celebration of Women’s Day, special sessions with female ambassadors, children’s art competitions, City spirit cricket tournament and participation in a 5-a-side soccer tournament, among others, to ensure engagement among all employees beyond the workplace.

Human Resource Accounting

Overview

As per a journal of International Business and Cultural Studies, Human Resource Accounting (HRA) involves accounting for expenditures related to human resources as assets as opposed to traditional accounting that treats these costs as expenses that recue profit. In addition to external financial reporting, HRA is useful as a managerial tool to aid in decision-making that benefits a company’s long-term profitability. Interest in HRA-related reporting has grown in a number of countries across continents. In discussing core HR metrics, professionals indicate that as much as 66% of the world’s 250 largest companies now issue sustainability reports along with their financial reports in order to capture the full value of the organization, including their human resources.

Human Resource Accounting at City Bank

At City Bank, we consider our human resources to be our most precious and valuable asset. Operating in the highly competitive banking sector, we believe that our intellectual capital represents our core differentiator, enabling us to dispense innovative financial products with high levels of customer service. Considering the importance of our human resources, we have embraced the core tenets of Human Resource Accounting and consider it to be a source of value.

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue per employee [A]</td>
<td>4.6</td>
<td>4.8</td>
</tr>
<tr>
<td>Salary and other benefits per employee (BDT crore) [B]</td>
<td>1.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Net value-add [C; A-B]</td>
<td>3.3</td>
<td>3.6</td>
</tr>
</tbody>
</table>

The above table reflects our focus on enhancing revenues/operating profit per employee through training and skill development and also indicates our focus on providing industry-leading compensation standards that has enabled us to control attrition and keep our employees engaged and motivated.
Key HR statistics
- As much as 16% of our total employee base is represented by our women colleagues
- The Masters degree is the average highest educational background in the Bank

Our 3-year vision is to develop a performance-oriented winning culture to attract and retain talent where our employees feel motivated to perform and strive for continuous development and where HR is perceived as an aligned and true business partner. In efforts that are unique to the industry, we also try to identify the top performers and ensure proper recognition. Whenever an employee resigns from his current assignment, the HR always intervenes through the exit interview process to find out the reasons which prompted the employee to resign. This represents a source of valuable learning for us.

Mohammad Shahnawaz, Head of Human Resources

Information Technology Report

In the world of IT, the only constant thing is change. This statement is true for most of 2017 as fintech continued to disrupt the traditional perceptions of banking. We at City Bank, took this as an opportunity to leverage IT for ensuring customer convenience, loyalty and inclusion.

The Year 2017

The year 2017 was a crucial one for City Bank when it aggressively planned for digitalization in order to provide banking services without having the customer go to the bank. In this regard, as a proactive measure, most of the projects to be implemented in 2018 were initiated in 2017. During 2017, IFC also suggested innovative ideas towards enabling automation.

In addition, a number of projects were implemented:
- Implementation of Agent Banking software-City Bank's IT department enabled the development of Agent Banking software as a low-cost, high-impact and regulatory-compliant means of taking banking to the masses residing across Bangladesh.
- Agora co-branded card - City Bank and American Express partnered with retail chain Agora to introduce a co-branded credit card, Agora American Express card, that has been integrated with a whole host of features and functions.
- Loan Origination System (LOS) roll-out - An ICR (Intelligent Character Recognition)-enabled end-to-end solution for retail loan origination was rolled-out at all branches and priority centers.
- Enabled the Collection Management System with predictive dialing integration.
- Enabled the installation of an enterprise document archiving system with Enterprise Content Management System.
- Enhancement of Citytouch features - These included Bangla interface, tuition fee collection, bill collection, other bank fund transfers, movie ticket purchases and risk-based authentication using biometries.
- Digital registration - Under this facility, customers do not have to visit the branch for registering for Citytouch.
- Fund transfer to Ababil (Islamic Banking System).
- Fund transfer through RTGS (Real-Time Gross Settlement).
City Bank has been announced as the ‘Best Online Bank’ by the ICT Division of the Government of Bangladesh. The award was given based on recommendations from Bangladesh Bank. City Bank’s Ex-Acting Managing Director Adil Islam received the award from the Speaker of Jatiya Sangsad Shum Sharmi Chaudhury in presence of State Minister for ICT Zunaid Ahmed Palak. Also present were City Bank DMD & CEO Kazi Azizur Rahman. City Bank is a real time online bank which ensures robust service delivery through active alternative delivery channels and a well-built IT system.

Initiatives Planned for 2018

In line with the Bank's strategy towards digitalizing banking and ensuring customer delight, i.e., banking without physical presence at the bank, we have decided to undertake numerous initiatives for the year 2018. These include:

- Buyer's Club (B2B) - B2B (Business-to-Business) marketplace trading platform. SMEs will have their own web page where products and options will be listed for purchase with payments made through the City Bank payment gateway.
- Shop in a Box (B2C) - B2C (Business-to-Consumer) marketplace trading platform. Customers when placing their purchase order from the merchant's site, at checkout, payment can be made through the CBL payment gateway.
- QR code payment through City Touch.
- Digital banking (retail, loan and collection) - Tab version of retail, loan and collection module.
- DPS, FDR, Pay Order and Positive Pay implementation through City Touch.
- Corporate Internet Banking - This will facilitate account summary/statement, bulk salary payment, fund transfers, LC management, cash management, etc.
- E-mail funds transfer through CityTouch.
- Cash by code (cardless transaction through ATM) - Beneficiary can withdraw money from ATM without using any card (by scanning the code sent by the CBL account holder).

National achievements of City Bank's IT team

- Award of the ‘Best Online Bank’ by ICT Division of the government on recommendations from Bangladesh Bank.
- International certifications that include ISO 9000.
- PCI DSS compliance - The first Bank in Bangladesh to have implemented PCI DSS (Payment Card Industry Data Security Standard). This standard is created to increase controls around the Bank's IT infrastructure that ultimately secures customer data to reduce fraud.

"We have just initiated our IT transformation journey with inputs from IFC and have made significant progress in placing the client at the center of everything we do. In 2017, we improved the cadence of our delivery and added value to our clients by providing banking convenience that enabled them to save time and money. In 2018, we plan to further entrench our agile ways of working and shifting our focus to simplification, personalisation and data-led decision-making while continuing to digitise our business processes and enhance the security of our systems - for both our customers and the group."

Kazi Azizur Rahman, Deputy Managing Director & Chief Information Officer
The prudent and judicious management of risk is a crucial factor to ensure effective execution of the Bank’s strategy as growing sophistication of financial systems and technology is making banking activities more diverse and complex.

With a vision of implementing Enterprise Risk Management (ERM), City Bank’s Risk Management Division (RMD) started its journey in 2010. The division is guided by the Board-approved Terms of Reference (ToR), Central Bank’s regulatory framework and prudential risk management guidelines.

RMD is an independent risk management body that reports to the Board of Directors, Board Risk Management Committee, Management Risk Committee and senior management of the Bank, based on the nature and type of the risk issue.

The division consists of 9 desks namely Credit Risk Management Desk, Asset Liability Management Desk, Foreign Exchange Desk, Capital Management Desk, Stress Test Desk, Information Communication Technology Desk, Internal Control and Compliance Desk, Anti-Money Laundering Desk and Environmental and Social Management System Desk. The primary responsibilities of the RMD include the following:

- Setting, implementing and monitoring annually the Bank’s risk appetite.
- Implementing Basel Accord in accordance with Bangladesh Bank’s guidelines.
- Monitoring, analyzing and reporting of credit and market risk portfolio.
- Performing stress testing and scenario analysis on the Bank’s assets.
- Performing duration gap analysis between assets and liabilities.
- Initiating review of the Credit Approval Authority.
- Developing and analyzing major industry papers.
- Formulating and implementing IT/cyber risk management framework.
- Analyzing root-cause analysis of operational loss events
- Formulating and implementing anti-money laundering policy.
- Conducting capacity-building and risk awareness initiatives.
- Acting as secretariat for Basel Unit, SRP team, Management Risk Committee and ICT Risk Management Committee.

In 2017, RMD undertook a number of initiatives to develop a stronger risk culture and governance across the Bank. Key achievements of the division include:

- Conceptualizing and implementing prudential risk appetite statement framework and flag raising in light of risk appetite statement.
- Conducting counterparty rating for banks and NBFIs.
- Arranging training and capacity-building programs on risk appetite statement and risk management.
- Undertaking several core risk policy initiatives.
- Conducting (for the first time) an internal core risk audit on ICCD.
- Creating awareness regarding rated portfolio and its improvement.
- Establishing ICT Risk Management Committee.
- Emerging as a custodian and initiator of Delegation of Lending Authority (DLA) process.
- Developing a Market Risk Health Board.
- Ensuring the timely and accurate submission of all concerned regulatory reports.

At RMD, we believe embedding risk management process in all areas of banking operations is a continuous endeavor. For stronger and better risk management, the Bank will be proactive in identifying, mitigating, monitoring and controlling new and additional emerging risk areas in the days to come.
Financial Review

Being a core part of the dynamic financial system, while actively embracing change, a bank has to be resilient against adverse industry shifts as well. In this context, tech-savvy strategies and agile business models are expected to provide a strong lift. Meanwhile, consumer expectations of highly personalized experiences are demanding higher degree of product diversification with faster access to services and information. Yet, these indicators cannot supersede the importance of a steady, long-term strategic growth plan that incorporates risk adjustments and capital strengthening.

City Bank’s financial performance in 2017 demonstrates its core strength in driving business goals and attaining results. While investing substantively in our assets, including human resources and information technology, our short- and mid-term profitability goals are also achieved through providing quality and innovative products and services to our customers. These factors played a key role for the bank to achieve over 16% net interest income growth in 2017, despite declining margins witnessed throughout the year. Though our revenues and expenditure grew by 36% and 17.3%, respectively, yet we managed to report robust profits by keeping our NPLs in check and lowering debt charges by as much as 20.6% in 2017.

Interest Income

City Bank’s interest income from loans and advances grew by 5.7% YoY in 2017 due to an increase of 12.3%, or BDT 21,571 m in loans and advances. Due to a declining trend witnessed in interest rates on loans, the weighted average rate of return has moderated in 2017, as compared to 2016. Excess liquidity in the banking channel and heightened market competitiveness pulled down the average interest rate on loans. City Bank earned BDT 161,146 m in 2017 as interest income, which contributed to the bank’s growth in profitability.

Interest Expenses

During 2017, interest expense amounted to BDT 9,289 m, close to 3% lower when compared to 2016. This has witnessed a declining trend since 2015, despite the rise in deposit volumes over the years. This is caused by the cut down rates on deposits and improvements in CASA mix of the Bank. Interest expenses paid on deposits, comprising 81% of the total interest expenses, has dropped by 6.8% YoY in 2017. Total interest paid on deposits stood at BDT 7,502 m and on borrowings at BDT 1,418 m during the year.

Net Interest Income

Business volume growth was the key contributor behind the growth of 16.7% in net interest income over 2016. Net interest income stood at BDT 7,495 m in 2017, compared with BDT 6,477 m in 2016, representing a growth of BDT 1,018 m during the year. Yield on assets has dropped from 9.6% in 2016 to 8.7% in 2017 and similarly, cost of deposits has dropped to 4.4% in 2017 sustaining net interest margins higher than 4.3%.

Non-Funded Income

Investment income during 2017 was recorded at BDT 2,791 m against BDT 4,746 m in 2016, lower by 41% YoY. Due to excess liquidity and drop in interest rates of treasury instruments, income from treasury bills/reverse repo/bonds dropped by 33.9% to BDT 1,592 m in 2017.

The bank continued to emphasize on increasing fee-based income in 2017 and, resultanty, commission, exchange and brokerage income has been 34.2% higher during the year, standing at BDT 2,852 m from BDT 2,125 m in 2016. The bank’s imports grew significantly by 43% and stood at USD 1,840 m (USD 1,285 m in 2016). Similarly, foreign exchange gain was up by 65% in 2017, standing at BDT 1,336 m, due to favorable exchange rates and rise in exports.

Other operating income in 2017 stood at BDT 1,787 m, against BDT 1,047 m in 2016. Significant growth was achieved through disposing-off fixed assets with a gain of BDT 526 m. Overall, other operating income grew by 71% during the year.

Total Operating Income

During 2017, operating income stood at BDT 14,916 m, posting a growth of 36% over last year’s operating income of BDT 14,396 m. This growth was attributed to growth achieved in net interest income, commissions, exchange and brokerage income and rise in other operating income.

Operating Costs

In 2017, the bank expanded its operations through launching 10 new branches, ATM booths, SME service centers and priority centers, which increased the overall expenditure by 17.3%. The bank’s investment in human resources continued to expand through fresh
recruitments and rewarding the accomplishments of high performers and, resultanty, staff costs went up by 16% in 2017 which comprises 52% of the total costs. With many of the existing branches’ rent agreements revised at higher rates, rental expenses climbed to BDT 912 million, almost 11% higher YoY.

Operating Profit
In 2017, the bank delivered yet another year of stable performance and posted an operating profit of BDT 6,869 million. In the backdrop of a challenging business environment with declining interest rates on loans and deposits, the fall in operating profit was controlled at 8.9%. In 2016, the bank’s operating profit stood at BDT 7,537 million.

Profit Before Taxes
Profit before tax (PBT) rose to BDT 5,152 million in 2017, as compared to BDT 5,466 million in 2016, representing a growth of 5.7%. Provision for loans, investments and other assets declined from BDT 2,071 million in 2016 to BDT 1,718 million in 2017, showing a degrowth of 17.1%. Due to strengthening focus on recovery and NPL management, the bank’s NPL rate improved to 5.4% in 2017, as compared with 6.0% in 2016.

Profit After Taxes
Profit after Tax stood at BDT 3,528 million in 2017, as compared to BDT 3,956 million in 2016, indicating a drop by 8.3% YoY. Financial year 2017 remained another challenging year for the banking industry with the rising NPL, but nevertheless, because of consistent and focused strategy on recovery and NPL management, the bank’s NPL rate improved from 5.3% in 2016 to 5.4% in 2017, indicating a drop of 0.3%.

Earnings Per Share
In the year under review, earnings per share stood at BDT 4.1, which was BDT 4.5 in the previous year. Due to drop in profitability and fresh share capital issuance to IFC, the EPS has dropped slightly.

Total Assets
The bank’s total assets in 2017 stood at BDT 275,531 million, reporting a growth of 8.2% in comparison to the previous year. Significant growth has been posted on account of growth in loans and advances (12.3%). Our earning assets grew by 10.7% over the last year and stood at BDT 220,875 million.

Loans and Advances
Loans and advances stood at BDT 196,596 million as at 31 December 2017, which was BDT 175,025 million in 2016, registering a 12.3% growth. The growth is trending higher, as in 2016 the growth posted was 22.3% over the previous year. Continuous portfolio diversification to avoid industry concentration exposures was a priority as usual.

Deposits and Other Accounts
Deposits stood at BDT 183,493 million in 2017, against BDT 174,695 million in 2016, registering a growth of 5.0% YoY. Due to lower interest rates, the government’s dependency on sale of national savings certificates (NSC) and excess liquidity on account of sluggish growth in private sector credit were some of the factors affecting the overall deposit growth in the banking sector.

Shareholders’ Equity
In 2017, International Finance Corporation (IFC), the private sector arm of the World Bank Group invested more than BDT 1,310 million to acquire a 5% stake in City Bank. This has increased shareholders’ equity from BDT 8,758 million in 2016 to BDT 9,219 million in 2017, representing an increase of 5.3% in the paid-up capital. The stake acquisition is a landmark initiative that represents developmental support commitment and long-term growth capital that will be required to strengthen our capital position. Statutory reserves stood at BDT 713 million in 2017, which was BDT 610 million in 2016, reflecting an increase of BDT 113 million and growth of 16.9%. Other reserves also grew significantly in 2017 and stood at BDT 3,519 million.
VALUE CREATION AT CITY BANK

Our Value Creation Model and Strategic Priorities

"We are engaged in borrowing and lending funds while ensuring a competitive spread that enables us to sustain hundreds of jobs and create value for our stakeholders. This is our value creation model."

Inputs

Financial capital

<table>
<thead>
<tr>
<th>Source</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASA</td>
<td>64,596</td>
<td>59,507</td>
</tr>
<tr>
<td>Debt Capital (Bond)</td>
<td>7,250</td>
<td>3,000</td>
</tr>
<tr>
<td>Equity Capital</td>
<td>24,869</td>
<td>20,653</td>
</tr>
</tbody>
</table>

Human and Intellectual capital

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees*</td>
<td>2,986</td>
<td>3,230</td>
</tr>
<tr>
<td>Training spends</td>
<td>15.3</td>
<td>12.7</td>
</tr>
<tr>
<td>As on 31 December</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Our Working Model

Borrowing funds

As a full-fledged banking entity, we source competitively priced funds in terms of customer deposits, CASA, money market borrowings and other sources.

Lending funds

This sphere of our activities comprise lending funds to a vast spectrum of customers, meeting their varying needs through an extensive suite of products and solutions.

Wholesale banking

Under this, we offer our corporate customers a whole range of sophisticated products for meeting their day-to-day business requirements as well as for business expansion.

Commercial banking

Under this, we cater to the financial needs of small and mid-sized customers, offer an extensive portfolio of branch banking services as well as provide Shariah-compliant Islamic banking services.
Citygem
Under this, we offer priority and personalized banking services and exclusive and boutique offers to our Citygem customers, thereby elevating their banking experience.

Cards
Under this, we offer a host of functional and feature-rich cards that make banking convenient and hassle-free for our customers.

Outputs and Outcomes

<table>
<thead>
<tr>
<th>Financial capital</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders and employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net interest income</td>
<td>7,495</td>
<td>6,477</td>
</tr>
<tr>
<td>Net interest margin</td>
<td>4.3%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Net profit</td>
<td>3,626</td>
<td>3,956</td>
</tr>
<tr>
<td>Dividend</td>
<td>24% *Announced</td>
<td>24%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manufactured capital</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total outstanding loan portfolio</td>
<td>1,965,965</td>
<td>1,750,250</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Human capital</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and other benefits</td>
<td>4,223</td>
<td>3,652</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social capital</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local communities, Government Exchequer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR spends for socio-economic development</td>
<td>1,461</td>
<td>433</td>
</tr>
<tr>
<td>Taxes contributed</td>
<td>4,837</td>
<td>4,251</td>
</tr>
</tbody>
</table>

We are committed to the fair pricing of our loans that balance sustainable credit take-on on the one hand while enabling us to consistently maintain our profitability levels on the other.

Operating in a country that is witnessing a steady rise in per capita incomes, we are focused on the broader financial megatrends of financial inclusion and financialisation of savings to drive scale, while reaching the “financially excluded” population.

We will pursue such technology as artificial intelligence while increasing automation levels that will replace human intervention on the one hand while ensuring stronger customer benefit on the other.

We are stepping up innovation to widen access to banking on the one hand which is also enabling us to minimise the cost of providing this access on the other. Our pioneering agent banking model is a vibrant example of our capabilities in innovation.
Value Creation at City Bank

We create value by offering a wide suite of innovative, relevant and cutting-edge financial products and solutions to meet the needs of a large gamut of customers in Bangladesh.

At City Bank, we depend and rely on the various relationships and resources, known as the ‘six capitals’, to sustain short, mid and long-term value creation for our stakeholder ecosystem. An explanation of the value, progress made and trade-offs for each of the six capitals is mentioned below.

Human Capital

Value

Operating in a knowledge-driven and services-led business, our intellectual capital, broadly represented by our human capital, represents our competitive edge. Our people’s skills, professionalism, experience and diversity enable us to provide competitive and reliable products and services. This ultimately helps us to achieve our goals.

We prioritise investment in employee engagement, as well as development to deliver the best customer experiences and outcomes. Underpinned by our values, our culture fosters inclusivity, diversity, entrepreneurialism and a ‘can do’ spirit. We are among the biggest corporate employers in the banking sector of Bangladesh.

Progress: 2017

In 2017, we focused on securing and enriching the skills necessary to execute our business strategies and continuing to review our incentives and remuneration plans for robustness while also increasingly fostering a KPI-driven culture.

For more information, please refer to our Human capital report on page 89-91.

Trade-offs

Increasing automation bank-wide could replace certain manual processes in which case we expect to provide re-skilling / re-training opportunities for staff absorption across other divisions of the Bank.

Manufactured Capital

Value

Banking being a part of the services industry, our manufactured capital can broadly be classified as borrowed funds, which is a key enabler for our business that we deploy to meet our lending objectives. The other sources of manufactured capital include assets such as IT equipment and infrastructure and our office buildings.

Progress: 2017

An analysis of the sources of funds (borrowings) is provided in the ‘Financial Capital’. With digitisation, we are focusing on investments in data centers either by having long-term plans to set up new ones or upgrading and modernizing our existing ones. With technology providing cost-effective access to our customers, we expect optimal investments in brick-and-mortar infrastructure. Besides, our office complexes, including branch offices, are either owned or occupied on long-term lease.

For more information, please refer to our Information Technology report on page 91-92.

Trade-offs

By expanding/upgrading our IT infrastructure, though we increase our stock of manufactured capital and reduce our stock of financial capital, this is only a short-term impact as the investments should boost the business and therefore our stock of financial capital in the longer-term. Also, though by advancing manufactured capital, we impact negatively on natural capital, we try to offset this impact by enhancing the efficiency of existing infrastructure and creating shared resources, wherever possible.

BDT 136 m

Investments in IT over the past two years

Financial Capital

Value

We leverage funds borrowed from a wide source of capital providers and retained earnings generated by our operations to fund our business (engage in lending activities) and achieve sustainable growth by judiciously managing the spread between the cost of the borrowed funds and the rate of lending (defined by the net interest
margin). This financial capital enables us to deliver on our strategic focus areas of creating stakeholder value (including dividends for shareholders, salaries for employees and investment in communities) and on driving larger macro-economic themes (of financial inclusion, priority lending, micro-finance, etc).

Progress: 2017

In a tightening liquidity environment that puts upward pressure on the cost of funds, we focused on re-pricing our loan book wherever there was an opportunity. The outcome of this was that we were able to control our NIM that stood at 4.5% in 2017 unchanged from 2016. Our prudent capital management strategies not only ensured the creation of financial buffers in excess of statutory requirements but our ALCO also responded swiftly to a challenging external environment to protect the quality of our NIM and loan book.

For more information, please refer to our Report by our CFO on page 46-48 and Financial review on page 94-96.

Trade-offs

By applying financial capital, we are able to grow our business, positively impacting on manufactured, human and intellectual capital, as well as social and relationship capital. However, in a rising interest rate environment, though our use of financial capital may impact our social and relationship capital in terms of increased lending rates for our borrowers, we focus on offsetting this by re-pricing deposit rates and providing enhanced quality of services and conveniences to also balance sustainable credit offtake that is a prerequisite to economic growth.

48.3%

Growth in per person training hours (average)

Natural Capital

Value

As a non-manufacturing entity engaged in the services business, our use of natural resources is minimal. However, for day-to-day operations, we use natural resources like paper, water and energy.

Progress: 2017

Our most material area of environmental impact relates to the consumption of energy by our operations and the use of paper for process-oriented documentation, etc. Through our investments in efficient and green power sources and efficiency programs marinated across our offices, we work towards minimizing our environmental impact. Yet another way by which we contribute to the preservation and sustenance of natural capital is by way of green financing under which we lend to projects that are environment-friendly or seek to reduce pressures on the environment.

For more information, please refer to our Social responsibility report on page 121.

Trade-offs

By using non-renewable resources, we impact negatively on natural capital. However, through using energy-efficient devices and running energy efficient programs across our premises, we are able to mitigate the overall
impact on this stock of capital.

BDT 20,313 m
Our green finance book, up 345% YoY as on 31 December, 2017

Social and Relationship Capital

Value
The banking sector is an important facilitator of economic growth and development. It contributes directly through providing credit that in turn has a multiplier impact on the economy which is unparalleled in terms of the impact by any other sector. Indirect contributions include reducing the cost of transactions and savings of time and travel costs as well as enhancing connectivity. City Bank is among the largest tax payers and corporate employers in Bangladesh.

Progress: 2017
We work to foster relationships that are built on trust and hence ensure our social license to operate. This encompasses interactions with all our stakeholders – our customers, employees, investors, communities, regulators, suppliers, government bodies, industry partners and the media.

Trade-offs
Investment in social and relationship capital reduces our financial capital in the short-term. However, by helping to close the ‘financial divide’, we ultimately boost financial capital and also build on our stocks of human and intellectual capital.

Our Material Issues

“ We consider an issue to be material if it has the potential to significantly impact our commercial viability, our social relevance and our relationships with our stakeholders. ”

Our material issues are brought to light by the expectations and concerns of our stakeholders and the social, economic and environmental context in which we operate. Importantly, we view the materiality determination process as a business tool that facilitates integrated thinking. The process draws on our ongoing stakeholder engagements and underpin our strategic assessment of client and employee satisfaction. It also considers the views of key stakeholders obtained through engagements undertaken with them, to assess the quality of our relationships with them.

Information gathered from within the organization
♦ MIS reports
♦ Commentary by our leadership team
♦ Investor conferences
♦ Stakeholder engagements undertaken by the Group
♦ Quarterly reports prepared for the Board
♦ Risk reports prepared by the risk function

Potential external information sources
♦ Shareholder observations at the Annual General Meeting
♦ Feedback received from customers
♦ Information from onsite customer visits
♦ Media coverage
♦ Reports prepared by external bilateral institutions
♦ Reports and commentary by industry bodies and trade associations

Some of the recurrent themes and concerns that are of interest and concern for our stakeholders are summarised and concised here.

Managing economic slowdown
We remain confident in Bangladesh’s long-term economic prospects and growth potential. The country’s GDP growth is averaging over 7% over the past few years and per capita income has climbed to about USD 1,500. We support the nation’s growth by judiciously managing risk across our portfolio and working towards supporting job creation and inclusive economic growth. Moreover, leveraging our association with international pools of capital we help customers secure low-cost foreign funding for projects that enable infrastructure creation or environmental risk mitigation.
Understanding the evolving needs of our customers

We aspire to build long-term, fulfilling relationships with our clients by understanding and effectively as well as efficiently responding to their needs. We strive to continually improve customer experience at our branches and enrich their online and mobile banking interface with us. Our culture is underpinned by our values and we aim to be fair while ensuring that we take all decisions with the best interest of our customers in mind.

Responding to regulations

Regulatory frameworks are becoming more principle-based and result-driven, requiring banks to ensure fairness in customer dealing while being vigilant on frauds and fraudulent transactions for the integrity of financial markets. We are committed to treating clients fairly, lending responsibly and exercising the highest levels of effective risk management controls while supporting regulatory reforms in the true spirit in which they have been framed.

Responding to a digitalizing world

Bangladesh is keeping pace with digitalization, provided with an impetus by favourable government policies, affordability of smartphones and declining broadband prices. As a Bank, we view digitalization to be a tremendous opportunity to enhance and enrich the customer experience while making his interface with us seamless, convenient and uncomplicated. This thinking has driven several initiatives, including Citypay, email fund transfers and a state-of-the-art mobile banking app that brings the Bank at our customers’ fingertips.

Keeping our employees engaged

In the highly competitive banking industry of Bangladesh, we are positioning ourselves as the ‘Employer of Choice’ by putting in place HR policies that enable us to attract, retain, motivate and engage our employees. We are also emphasizing on both local as well as international training to enable our employees to fast-track their careers and we are also driving a KPI-oriented culture with focusing of accountability and responsibility.

Relationships on which we rely to create Value

“Successful interactions and engagements with our stakeholders are essential for sustainable value creation.”

At City Bank, we strive to understand what is important to those who impact our business, as well as to those on whom we have an impact and at the same time be responsive to their expectations. This is an integral part of our strategy formulation and assessment, our management of risks and our material issues.

Our 7 Core Stakeholder Groups and Relations with them

Employees

Provide them with the skills and the capabilities required for us to meet our corporate goals and ambitions. In turn, they expect us to be meritocratic and transparent with fair remuneration packages.

Investors and shareholders

Provide us with financial capital as well as access to industry best operating practices (especially investors). In turn, they expect us to provide accurate and timely disclosure of material information and also that we have a conservative and judicious approach to business for sustainable growth.

Industry / Trade bodies

Provide us with information on the ongoing developments in the sector. In turn, they expect us to engage on issues facing the sector.

Suppliers

Provide us with products and services that we need to sustain our day-to-day business. In turn, they expect us to provide payments on a timely basis.

Regulator / Government

Provide us with the license to operate as well as guidance/supervision on key issues. In turn, they expect us to be fully-compliant with all statutes and regulations and also provide insights into forthcoming policies and regulations.

Customers

Provide us with capital (lenders and depositors) and access our products and services (principally borrowers - both retail and institutional). In turn, they expect security of their capital with inflation-adjusted returns while our lenders expect a fair interest rate from us with high-quality services.

Communities

Provide a market for our products. In turn, they expect us to be fair and ensure growth and prosperity.
The Board of Directors of The City Bank Limited takes pleasure of presenting the 35th Annual Report and Audited Financial Statements for the year 2017 along with the Report of the Auditors to the shareholders. Along with these reports, in this Directors’ Report, we have provided insights into the prevailing world economy, the Bangladeshi economy, business activities and financial- and project-related highlights of the Bank. Operating in a highly competitive industry environment, at City Bank, we have been able to create differentiated strategies that have helped us carve-out sustainable market share expansion and has led to consistent profitable growth, leading to enhanced shareholder value creation.

Global Economic Outlook

As lingering fragilities following the global financial crisis subside, the global economy has strengthened and is experiencing cyclical recovery, reflecting in increasing investments, manufacturing activities and trade. This development comes against the backdrop of benign global financing conditions, generally accommodative policies, rising consumer confidence and firming of commodity prices. Global output is estimated to have grown by 3.7% in 2017, which is 0.5% higher than the growth recorded in 2016. The pickup in growth has been buoyed by notable upside surprises in Europe and Asia. With this, global growth forecasts for 2018 and 2019 have been revised upwards by 0.2% to 3.9%. The revision reflects increased global growth momentum and the expected impact of the recently approved US tax policy changes. These tax policy changes are expected to stimulate activity with the short-term impact in the US typically driven by the investment response to the corporate income tax cuts.

World GDP for three quarters of some 120 countries has seen a pickup in growth (YoY) in 2017. Growth among emerging markets and developing economies (EMDEs) was estimated to have accelerated to 4.3% in 2017, reflecting activity in commodity exports and continued robust growth in commodity imports. In advanced economies, growth in 2017 is estimated at 2.3%, driven by a pickup in capital spending, a turnaround in inventories and strengthening external demand. Among advanced economies, growth in the third quarter of 2017 was higher than projected in countries like Germany, Japan, Korea and USA. Strong growth has been experienced in the third quarter among key emerging markets and developing economies including Brazil, China and South Africa and sentiment indicators point to a continuation of momentum in the fourth quarter as well.

Global growth is expected to be sustained over the next couple of years and even accelerate somewhat in EMDEs, thanks to a rebound in commodity exports.

Global Growth Forecasts: To rise further in 2018 and 2019

The stronger momentum experienced in 2017 is expected to carry into 2018 and 2019 with global growth to be revised up to 3.9% for both years. The upward revisions to the global outlook emerge mainly from advanced economies. Growth is now expected to exceed 2% in 2018 and 2019. Favorable global financial conditions as well as strong sentiment will help maintain the recent acceleration in demand, especially in investments, with a noticeable
impact on growth in economies with large exports. In addition, the US tax reforms and associated fiscal stimulus are expected to temporarily raise US growth with favorable demand spillovers for US trading partners, especially Canada and Mexico during this period.

Emerging and developing Asia is expected to grow around 6.5% over 2018-19, at the same pace as in 2017. This growth accounts for over half of the global growth. Growth is expected to pickup in India become moderate in China and remain broadly stable in the ASEAN-5 region.

## Bangladesh Economy

### Summary

With consistent GDP growth rates of between 6.7% over the past few years, Bangladesh has emerged as among the fastest-growing economies in the world. This growth momentum has enabled the country to lift millions out of poverty and implement socially-positive developmental policies that has created a virtuous cycle of growth and economic enlargement. One of the major fallouts of this is the fact that the country has progressively transcended above the least-developed country status to now become included in the list of lower middle income nations.

In terms of output and price objectives, strong domestic demand and rising consumerism, aided by consistent private sector credit growth, growing exports and remittances, has together supported robust economic activities and has kept the economy on track to attain a 7% plus (actual: 7.28%) GDP growth in fiscal year 2016-17 (FY2017), outperforming the average growth of 4.7% for emerging markets and developing economies during the year. Although weather-related supply shocks and rising global commodity prices have nudged up the food component of CPI inflation up to 7.2% and overall inflation to 5.7% in December 2017, non-food inflation remains modest and under control at 3.8%. Moderation of the transient imbalance from credit-fueled high import growth to more sustainable trends will be a key priority in the coming years and will be important to keep in check the inflationary risks arisin out of global commodity prices and any spillovers from food to non-food inflation against the backdrop of elevated inflation expectations.

### GDP Growth

The Bangladeshi economy grew by 7.23% in FY2017 up from 7.1% in FY2016 propelled by a stable political climate, pro-growth governmental policies and initiatives and stable remittances. This growth was also principally supported by the industry and services sectors. Despite the challenges around the vulnerability of the banking sector, infrastructure deficiencies, uncertainties in the run-up to general elections and the slow pace of structural reforms, the economy is expected to grow in the range of 7.1-7.4% in the near-term. Bangladesh’s gross national income (GNI) per capita now stands at $1,610, well above the $1,242 mark, a prerequisite for becoming a lower-middle income country from a least developed one.

### Agricultural Sector

According to Bangladesh Bureau of Statistics (BBS), the agricultural sector which constitutes 17.7% of the GDP and grew by 3% in FY2017 (up from 2.8% growth recorded in FY2016) was a drag to offset the strong growth reported among all the other sub sectors. This low agricultural sector growth was caused by a meagre growth of 1% of the crops and horticulture subsectors, while fishing, forest and related services sub-sectors recorded relatively strong growth of 6.2% and 5.6%, respectively.

### Industrial Sector

Industry accounts for 32.4% of GDP and grew by 10.2% in FY2017, down from 11.1% growth in FY2016. Besides that the export-oriented garments industry and the small-scale industries performed well to fuel growth.

Manufacturing data also points to strong economic activities. The general quantum index of the medium- and
large-scale manufacturing industry rose by 20.6% between the July-September 2017 period, up from 7.3% recorded in same period in FY2017.

**Services Sector**

According to reliable statistics, the services sector accounts for the largest share of 52.9% of the GDP and grew by 6.7% in FY2017, compared to a growth of 6.3% reported in FY2016. The growth of two major components of the services sector - wholesale and retail trade repair of motor vehicles, motorcycles and personal and household goods and transport, storage and communication, largely contributed to the overall services sector growth. Moreover, hotels and restaurants and transport, storage and communication sub-sectors grew remarkably by 7.1% and 6.8% respectively. In addition, real estate, renting and other business activities and community, social and personal services sub-sectors grew faster in FY2017.

**Fiscal Sector**

**NBR tax revenues**

The rate of revenue collection of the last three years has been hovering above 80% and in the current fiscal year, this has grown by 15.37%, while the current target has been set expecting around 35% growth. The tax authority has collected BDT 11.1 trillion in tax revenues against the target set at BDT 12.5 trillion during the July-December 2017 period.

In 2017, the Government undertook various reform-centric initiatives such as automation, reduction in the rate of tax rebates, expansion of tax administration and widening of the tax net and tax base under the National Board of Revenue (NBR) to streamline revenue collection. Such initiatives has resulted in strong progress of revenue collections through the period.

**Expenditure**

Public expenditure, as a percentage of the estimated GDP, increased from 13.8% in FY2016 to 16.2% in FY2017 (revised budget). This expenditure grew by 33% in FY2017 (revised budget), compared to that of 16.7% recorded in FY2016 (actual budget). Current expenditure in FY2017 (revised budget) stood at 10.3% of GDP, which was 8.3% in FY2016 (actual budget).

**Fiscal Sector**

**Exports and imports**

During July-October 2017, exports grew 7.2%, up from 17% of FY2017. On the other hand, imports grew sharply by 27.6% during the July-November 2017 period in part reflecting strong import demand for capital machinery and industrial raw materials which grew by 37.5% and 18.9% respectively. Such strong import growth widened both the trade deficit and the current account deficit.

Among the major exported items, frozen and live fish, agricultural products, pharmaceuticals, jute products, home textiles, furniture and non-leather footwear grew significantly, besides the 7.75% growth of the RMG sector, 11.47% growth of knitwear products and 4.08% growth of woven products. Due to slower growth in the RMG sector and fall in earnings of plastic goods, leather and leather goods, the growth in export earnings have not surpassed expected levels.

Imports in FY2017 stood at USD 43.491 million, achieving a higher growth of 9% compared to that of USD 39.901 million in FY2016. Imports of food grains recorded a significant growth in FY2017, mainly due to rice imports which scaled a two-decade high. Except for oil seeds, all other imported products have shown positive growth in FY2017.

**Remittance**

For the external sector development of a country like Bangladesh, workers’ remittance is an important constituent. Remittance reversed its declining trend of the previous fiscal year and grew by 12.5% in the last six months of 2017 and is expected to rise higher. Depreciation of the Taka against the value of the US Dollar has had a positive impact on the flow of remittances. Besides, initiatives to augment channels for distribution has also improved collections.

**Forex reserves**

With the rise in import costs and import requirements for various ongoing projects like the Padma Bridge, metro railways’ construction and the development of the Rooppur Nuclear Power Plant can be a major cause for the existing forex reserves to experience a decline in 2018. The import of necessary machinery for setting up industries rose by about 35% during FY2017, while the import of fuel oil and raw materials for industries increased by 28% and 15% respectively. By the end of December 2017, forex reserves stood at USD 33.23 billion, against USD 32.09 billion in the previous year.

**Foreign direct investment (FDI)**

Though Bangladesh is attracting increasing foreign direct investments (FDI), still the amount is relatively small when compared to peers. Bangladesh drew around USD 3 billion in FDI in FY2017, 19% more than it did in the previous fiscal year. In the July-October 2017 period, FDI rose by 10% YoY to $115 billion.

**Balance of payments**

Widening current account deficit due to growth in imports and depreciation of the currency has had a contractionary impact on the growth of monetary variables through net foreign assets, which grew by 0.5% in December 2017, down from 18.5% a year ago. The current account deficit was largely compensated by favorable financial accounts with higher FDI and medium-term loans (MLTSs).
Inflation scenario
After declining through FY2017, average inflation has been gradually edging-up in the recent months, reaching 5.7% in December 2017. The inflation dynamics reflect rising food prices, a result of both flood-related disruptions as well as higher global prices. Food inflation increased to 7.1% (point-to-point) in December 2017, the impact of which on overall inflation was moderated by declining non-food inflation that stood at 3.8% in December 2017. Higher food inflation increases the risk of second-round effects on non-food inflation.

Exchange rates
The shift in current account dynamics from the large surpluses of recent years to a deficit from investment and food-related imports has reversed the appreciation pressures but instead, exerted downward pressures on foreign exchange rates.

During the last half of 2017, keeping in line with market forces, Taka vis-à-vis USD depreciated by 2.5% and nominal effective exchange rate (NEER) and real effective exchange rate (REER) depreciated by 10% and 7%, respectively, providing additional support to competitiveness. To avoid any large volatilities given the foreign exchange market structure, Bangladesh Bank took initiatives to sell USD 11 billion to meet the increasing demand for foreign currency in the local market.

Money supply—Broad money
In December 2017, broad money (M2), domestic credit (DC) and reserve money (RM), the key aggregates of the monetary policy framework, grew by 10.7%, 14.5% and 13.3%, respectively, remaining close to the program targets (12.9%, 14.5% and 12.8%, respectively).

Deposit growth has steadily moderated in recent years and has contributed to a lower growth of M2. Financial deepening continues apace as reflected in the relatively higher growth of the broader monetary aggregate of M3 (over 14% in November 2017), which includes government resources procured through NSCs.

Credit growth in private and public sectors
Growth of net domestic assets of the banking system stood at 14.4% in December 2017, below the programmed ceiling of 15.1% by end of December 2017, driven by a decline in credit to the public sector, a result of government paying off its credit through proceeds from the larger-than-planned sales of NSCs. Private sector credit experienced robust growth of 19.1% in November 2017, before moderating to 18.1% in December 2017, exceeding the programmed growth of 16.2%. The sectoral credit growth data available up to September 2017 suggests that the recent surge in private sector credit growth appears to be broad-based; industry, trade, commerce and construction contributed the most to this growth.

Interest rates
The intermediation spreads in recent months have narrowed, declining from 4.7% in June 2017 to 4.4% in November 2017. The tightening of spreads partly reflects the gradual 'creep-up' of deposit rates as banks' demand for additional funding rose from higher credit growth. Regulatory supervisory oversight also dissuaded banks from squeezing interest rates on bank deposits, given the pricing power of the banks in many developing economies where markets are fragmented and competition is limited.

Call money rates
Bangladesh's monetary policy has helped to avoid volatilities in the call money markets. During July-December 2017, the average volume of transactions in the call money markets increased by Taka 47.5 billion, up by over 40% from that of the same period in 2016, reflecting moderately active call money markets. During 2017, call money rates have been on an upward trend as credit growth outpaced deposit growth and excess systemic liquidity moderated.

Sovereign ratings
Bangladesh achieved 'Ba3' (Moody's) and 'BB-' (Standard and Poor's) ratings with stable outlook for the eighth consecutive year in 2017. Moreover, stable real GDP growth and strong external balances have helped Bangladesh achieve the 'BB-' rating with stable outlook from Fitch Ratings for the fourth time.

Monetary policy
The real intent of the monetary policy is to create an impact on the real interest rate, which alone affects the real economy. The monetary policy has been unchanged except for repo rates, with no immediate effects. Perhaps the most important change in the monetary policy made in the recent past is the reduction in the advance-deposit ratio of commercial banks, from 85% to 83.5%, which comes into effect from 1 July 2018. With stable macroeconomic environment over the last several years, the major challenge is to now create a balance in imports-exports, growing LC openings and depreciation of BDT against the USD.

Forecasts of the Bangladeshi Economy
Sharp above-trend upturns in imports and in credit to private sector appear to indicate a much-awaited robust pickup in investments and output activities supported by progress in addressing infrastructural deficiencies, robust domestic demand and a broad-based pickup in global output and trade growth. Also, increased food grain imports due to flood-related crop losses and depletion of public food grains buffer stocks and import
increases mainly comprise capital machinery and production inputs. These bode well for growth going forward, but also poses near-term challenges of containing monetary growth-driven inflationary pressures and of protecting external sector balance of payments (BOP) sustainability.

Looking ahead, garment exports are expected to benefit from stronger growth emerging out of the principal export destinations and greater product and market diversification including into non-traditional but larger markets such as India and China. Apparently, import growth is expected to moderate as the lumpy large infrastructure-related and food imports taper in the first few months of 2018. The pickup in remittance inflows reflects a confluence of factors: preventive and punitive steps against the abuse of mobile phone accounts in illegal hundi operations; reduced bank fees and charges; better rates for inflows due to the recent depreciation; a rebound in economic activities in the Middle Eastern countries from higher oil prices and a record (decade high) number of workers (around 1 million) going abroad in 2017. Favorable financial account dynamics is expected to finance the widening of current account driven by high import growth projected at around 1.5% of GDP in FY2018.

Inflation risks appear to be on an upswing and with inflation expected to reach around 6-7%.

During the near-term, food inflation pressures will ease from imports and boro rice harvests assuming no further domestic or external shocks and a relatively favorable global inflation outcome.

In the banking sector, given that credit growth continues to outpace deposit growth, call money rates are expected to edge up and be within the interest rate corridor set by the repo and reverse repo rates. Considering the growth and inflation risks in Bangladesh against the backdrop of relatively moderate global inflation and elevated domestic inflation risks and expectations, the call money rates are expected to be at the existing levels.

Banking Industry Overview

The banking sector of Bangladesh has played a pivotal role in mobilizing savings and providing funds to various sectors of the economy. Throughout this journey, the sector has experienced several challenges similar to those experienced by many developing countries in their early years of development.

Consequently, the sector has undergone several reforms during 1982-2002. Reforms in the early phase targeted providing life support to a distraught banking sector in a war-torn economy. During that time, opening up the sector to private commercial banks facilitated competition leading to the proliferation of banking services in the country. Later, substantial progress was made in terms of establishing risk-based supervision by the Central Bank. The Central Bank, with the aim of attaining greater financial stability, adopted risk-based capital adequacy frameworks recommended under the BASEL accord. Today, as a fast-developing country, Bangladesh has made commendable progress in terms of achieving financial inclusion and establishing regulatory supervision in the banking sector. However, given the ambitious developmental goals of the country as well as the fact that a large swathe of the population is unbanked or under-banked, the banking sector of Bangladesh has robust mid-to-long-term opportunities for growth.

The country’s banking sector contributed to growth in private sector credit with an upward trend and reached a YoY growth of 17.9% in September 2017. This was on account of a sharp pickup in lending by private commercial banks of the country. The banking sector continued to face some pressures on asset quality, particularly among state-owned banks, and tighter liquidity in some of the fourth-generation private banks. As growth in lending outpaced growth in deposits in a low interest rate environment, the gap moderated the excess liquidity in the banking system. However, liquidity conditions in the banking system remains adequate against the backdrop of stable capital-to-risk-weighted asset ratio (CRAR), although non-performing loans (NPL) has moderately increased during the quarter ended September 2017.

To sum up, deposit growth in the banking sector is recording a declining trend while credit growth is gaining momentum, resulting in an upward trend in the asset-deposit ratio, which indicates that tighter liquidity situation together with higher credit appetite could prevail in the coming year as well.

Bank Advances

Aggregate credit in the banking sector grew at a CAGR of 13% during 2012-16, mostly in tandem with nominal GDP growth, whereas in July 2017, advances grew by 17.6% and stood at BDT 7.39 trillion, which was BDT 6.86 trillion in December 2016. The significant share of the growth was fuelled by private commercial banks in the country.

Bank Deposits

Overall deposit growth in the banking sector recorded a declining trend and experienced a slower growth than that of credit growth as lower interest rates discouraged depositors. The rate of deposit growth, YoY, declined 10.88% by the end of July 2017, from 12.21% three months before, according to the Central Bank’s latest statistics. Deposit growth was 13.13% as on 31 December, 2016.

Interest Rate Spreads

The average interest rate on bank deposits was 8.54% in June 2013, which came down to 4.84% by the end of June 2017. On the other hand, large commercial bank loans came down to single digits in 2017. Spreads were
tightened and stayed below 5% during 2017. The drop in interest rates on deposits has moderated the growth in deposits in 2017.

**Call Money Rate**

Higher credit growth compared to deposit growth, nudged call money rates from 3.7% in December 2015 to 3.9% in September 2017. The fall in spreads between lending and deposit rates continued in the first quarter of FY2018. Spreads reached 4.55% by the end of September 2017, from 4.72% in September 2016.

**Capital Adequacy**

CRAR for private commercial banks remained well-capitalized and stable till September 2017. Capital position of SCBs has declined modestly due to higher NPLs. The overall capital position of the banking sector has remained stable as of end September, 2017.

**RoA and RoE**

Profitability measures like Return on Assets (RoA) and Return on Equity (RoE) of PCBs showed a consistently strong position up to 2016 and stood at 10.3% and 11.09%, respectively due to growth in advances and gain in efficiencies. At June 2017, RoA and RoE stood at 0.68% and 7.50%, respectively.

**Non-Performing Loans**

Gross NPL ratio for private commercial banks is the lowest among the different bank groups, rising modestly from 6.7% to 6% with provisions remaining adequate, as on September 2017. In September 2017, total NPLs stood at BDT 803.07 billion or 10.67% of the total loan amount, according to statistics of Bangladesh Bank.

**Capital Markets**

Stock market prices, measured by the DSE Board Index (DSEX), rose by more than 10% and 24% since June 2017 and December 2016, respectively, reaching their recent highs. Market liquidity, measured by the DSE turnover, doubling since 2016, recorded the highest level in 2017 since the large stock market correction was witnessed in 2010-11.

Buoyant trading activities benefitted from increased participation from overseas investors and a positive macro-economic outlook. While BSEC oversees the capital markets, Bangladesh Bank’s surveillance of statutory limits of capital market exposures contributed to the capital market development agenda and also led to financial stability. In addition to the equity transactions, recent examples of non-financial corporates raising funds by issuing long-maturity bonds in the capital markets will encourage a much-needed shift from bank loans to capital markets for longer-maturity financing and help deepen the bond markets and contribute to the balanced development of the country’s financial system.

**Outlook of the Banking Industry**

Bangladesh is one of the fastest-growing economies in the 7%+ GDP growth club. To sustain the fast pace of economic growth, strong efforts from all quarters will be required. The government’s ability to invite private sector investments through quality infrastructural spending and the Central Bank’s ability to curb inflation further will be put to test in the short term. Besides, prudent reforms in the fiscal policy, exchange rate policy and trade policy will be required to tackle various macro-economic challenges. It will be interesting to see how the country’s banking sector remains the capacity to support higher demand for investments once the infrastructural woes are put to rest. The only option could be through recapitalizing the entire sector as well as adopting a zero-tolerance policy for chronic defaulters. Otherwise, the culture and cycle of bailing-out distressed banks using taxpayers’ money will never end. Considering that these issues will be resolved, the country is certain to reap the benefits of its youthful demographics.

The resilience of the Bangladeshi people has brought the country to its current position despite the many odds. This provides credence and confidence that the country will emerge as a stronger economy once the right structural policies are in place to catalyze its growth in the future.

**Contribution to the National Exchequer, 2017**

City Bank is one of the largest tax payers in the country’s banking sector and it regularly fulfills its direct and indirect tax obligations in time. This has a significant impact on our government treasury.

During the period January-December 2017, the Bank made provisions of BDT 1,765.2 m for corporate tax. Beside this, during the year under report, City Bank deposited BDT 15,75.0 m as corporate tax, BDT 2,464.5 m as source and other tax, BDT 600.4 m as VAT and BDT 196.9 m as excise duty to the government exchequer. In total, City Bank contributed BDT 4,636.7 m to the exchequer through paying tax and VAT on its income and collecting revenue on behalf of the government.

**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.
Shareholding Pattern of The Bank

- Shares held by directors and their spouses Information is provided in Corporate Governance section.
- Shares held by CEO, CFO, Company Secretary and Head of Internal Audit Information is provided in Corporate Governance section.
- Detail shares held by top Executives of the Bank Information is provided in Corporate Governance section.

There are no shareholders in the bank who is holding 10% or more voting interest in City Bank. Hence, the corresponding BSEC rule does not apply.

Acknowledgement

For the unrelenting support and assistance, the Board of Directors of the Bank would like to convey its thanks to all honorable sponsors and shareholders, valued clients and well-wishers of The City Bank Limited.

The Board also takes the pleasure to pass on earnest appreciation and profound thanks to the Government of Peoples Republic of Bangladesh, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd. and Registrar of Joint Stock Companies & Firms for their suggestions and directions extended to the bank.

Mohammed Shoeb
Chairman
Our Executive Committee (EC) 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 with 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

Facilitating Clients in Expediting Approvals

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 which 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.
Composition of the Committee

The Executive Committee (EC) as of 31 December 2017 consisted of the following members of the Board:

<table>
<thead>
<tr>
<th>Name</th>
<th>Status with Committee</th>
<th>Status with the Bank</th>
<th>Meeting Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Rubel Aziz</td>
<td>Convener</td>
<td>Director</td>
<td>3/3</td>
</tr>
<tr>
<td>Mr. Deen Mohammad</td>
<td>Member</td>
<td>Director</td>
<td>2/3</td>
</tr>
<tr>
<td>Mr. Aziz Al-Kaiser</td>
<td>Member</td>
<td>Director</td>
<td>2/3</td>
</tr>
<tr>
<td>Mr. Hossain Mehmood</td>
<td>Member</td>
<td>Nominated Director</td>
<td>3/3</td>
</tr>
<tr>
<td>Mr. Hossain Khaled</td>
<td>Member</td>
<td>Director</td>
<td>2/3</td>
</tr>
<tr>
<td>Mr. Rajibul Huq Chowdhury</td>
<td>Member</td>
<td>Director</td>
<td>0/3</td>
</tr>
</tbody>
</table>

Proceedings of the meeting

Quorum of the committee will be 3 out of 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 as to 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 Executive Committee

The EC held 3 meetings during the year 2017 and had detailed discussion on different credit proposal, limit enhancement and interest rate changes proposal. Dates of EC meetings held during 2017 are:

<table>
<thead>
<tr>
<th>Executive Committee Meeting</th>
<th>Date of Meeting Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>343th Committee Meeting</td>
<td>on 09 April 2017</td>
</tr>
<tr>
<td>344th Committee Meeting</td>
<td>on 26 April 2017</td>
</tr>
<tr>
<td>345th Committee Meeting</td>
<td>on 10 October 2017</td>
</tr>
</tbody>
</table>

Major Areas focused by EC in 2017

- The Committee reviewed and approved different credit proposals.
- Ratified different management approvals 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,

RUBL AZIZ
Convener, Executive Committee
City Bank wants to achieve more by being compliant. Our Bank continue to deliver strong and sustainable results for the shareholders, customers, employees and the communities where we do business.

Our Audit Committee is working closely with all of the segments and measuring their performances against set policies and procedures. Everything, I believe, is ultimately about being aware of the risks.

K. M. Tanjib-ul Alam
Convener
Audit Committee

Embedding a Culture of Internal Control & 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 reviews 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 Audit Committee (AC) of the Board of City Bank was formed by the Board of Directors to provide independent oversight of the company’s financial reporting, non-financial corporate disclosures, internal control system and compliance to governing rules and regulations in compliance with Bangladesh Bank’s guidelines and Bangladesh Securities and Exchange Commission (BSEC) Notification on Corporate Governance.
Composition and Qualifications

Pursuant to the specified BRPD Circular No. 11, the Audit Committee of the Board of Directors as at 31 December 2017 consisted of the following members from the Board:

<table>
<thead>
<tr>
<th>Name</th>
<th>Status with the Bank</th>
<th>Status with the Committee</th>
<th>Educational qualifications</th>
<th>Meeting Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. K. M. Tanjib-ul Alam</td>
<td>Independent Director</td>
<td>Convener</td>
<td>LL.B</td>
<td>6/6</td>
</tr>
<tr>
<td>Mrs. Syeda Shaireen Aziz</td>
<td>Director</td>
<td>Member</td>
<td>LL.B</td>
<td>4/6</td>
</tr>
<tr>
<td>Mr. Rafiqul Islam Khan</td>
<td>Director</td>
<td>Member</td>
<td>HSC</td>
<td>3/6</td>
</tr>
<tr>
<td>Mrs. Saveria H. Mahmood</td>
<td>Nominated Director</td>
<td>Member</td>
<td>MSS</td>
<td>3/6</td>
</tr>
<tr>
<td>Mr. Farooq Sobhan</td>
<td>Independent Director</td>
<td>Member</td>
<td>B.A (Hon’s) M.A</td>
<td>3/6</td>
</tr>
</tbody>
</table>

The Company Secretary acts as Secretary of the Audit Committee of the Board.

Roles and Responsibilities of Audit Committee

The Audit Committee is mainly responsible for the followings:

Internal Control

♦ To evaluate whether Management is setting an appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities.

♦ To review Management’s actions in computerization of the Bank and its applications and Management Information System (MIS) of the Bank.

♦ 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.

♦ To put in place policies and procedures to identify, measure, monitor and control risks with governance & guidance from the Board of Directors.

External Audit

♦ To review the performance of the external auditors and their audit reports.

♦ To examine whether the findings and recommendations made by the external auditors are duly considered by the Management or not.

♦ To make recommendations to the Board regarding the appointment of the external auditors.

Financial Reporting

♦ To check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank.

♦ To discuss with Management and the external auditors to review the financial statements before its finalization.

♦ To discuss with Management and the external auditors to review the financial statements before its finalization.

♦ To review the activities and the organizational 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 internal audit function.

♦ To examine whether the findings and recommendations made by the internal auditors are duly considered by the Management or not.

♦ To review the performance of the external auditors and their audit reports.

♦ To examine whether the findings and recommendations made by the external auditors are duly considered by the Management or not.

♦ To make recommendations to the Board regarding the appointment of the external auditors.

Compliance with Existing Laws and Regulations

♦ To review whether the laws and regulations framed by the regulatory authorities (Central bank and other bodies) and internal regulations approved by the Board are being complied with.
Other Responsibilities

- To submit compliance report to the Board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the 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 Board Audit Committee

The Audit Committee of the Board held six meetings during the year 2017 and had 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 Management to follow those remedial suggestions and monitored those accordingly.

Dates of Audit Meetings held during the year 2017 are as follows:

<table>
<thead>
<tr>
<th>Audit Committee Meetings</th>
<th>Date of Meeting Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>56th Committee Meeting</td>
<td>on 16 January 2017</td>
</tr>
<tr>
<td>57th Committee Meeting</td>
<td>on 30 March 2017</td>
</tr>
<tr>
<td>58th Committee Meeting</td>
<td>on 11 May 2017</td>
</tr>
<tr>
<td>59th Committee Meeting</td>
<td>on 27 July 2017</td>
</tr>
<tr>
<td>60th Committee Meeting</td>
<td>on 25 October 2017</td>
</tr>
<tr>
<td>61st Committee Meeting</td>
<td>on 04 December 2017</td>
</tr>
</tbody>
</table>

During the year under review, the Committee, inter alia, focused on following activities:

- Review the Draft Auditors' Report and Audited Financial Statements and after discussing with the External Auditors, recommended it to the Board for their consideration.
- Appoint Auditors for year 2017 and fix the remuneration.
- Review the Management Letter/Letter of Internal Control weakness issued by Statutory Auditors.
- Review the MANCOM/Senior Management Team (SMTs) certificate on internal control functions, effectiveness and achievement during the year 2016.
- Review the annual ICC report on the health of the Bank based on 31-12-2016.
- Review the implementation status of Bangladesh Bank’s ISS inspection report on the Bank.
- Review the updated risk grading process and risk grading checklist for branch banking.
- Review the updated risk grading checklist for personal loans under credit & collection, retail & small business.
- Review the updated risk grading checklist for treasury, treasury operations & trade support division.
- Review the updated risk grading checklist for general administration division.
- Review the risk grading checklist for central clearing department.
- Review the risk grading checklist for human resources division.
- Review the summary report on the audit findings and all corrective actions.
- Review the Internal Audit Plan for the year 2018.

Acknowledgement

The Audit Committee expresses its sincere thanks to the Members of the Board, Management and the Auditors for their excellent support to the Committee when they carried out their duties and responsibilities.

K. M. TANJIB-UL ALAM
Convener, Audit Committee
Board’s Risk Management Committee (BRMC) at City Bank was established by the Board of Directors in its 452nd meeting held on January 25, 2014 for governance of risk—overseeing, directing and setting policies and monitoring risk management performance. Bangladesh Bank vide BRPD Circular No. 11, dated October 27, 2013 had also advised banks to form this Committee of the Board in addition to existing “Audit Committee” and “Executive Committee” of the Board.

Committee Composition
The Committee is comprised of Directors of the Board. The BRMC as at 31 December 2017 consisted of the following members of the Board.

<table>
<thead>
<tr>
<th>Name</th>
<th>Status with the Bank</th>
<th>Status with the Committee</th>
<th>Total Meetings held during 2017</th>
<th>Meetings attendance during 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Hossain Khaled</td>
<td>Director</td>
<td>Convener</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Mr. Mohammed Shoeb</td>
<td>Chairman</td>
<td>Member</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Mr. Rubel Aziz</td>
<td>Director</td>
<td>Member</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Mr. Hossain Mehmood</td>
<td>Nominated Director</td>
<td>Member</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Mr. Rajibul Huq Chowdhury</td>
<td>Director</td>
<td>Member</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

Meetings
The BRMC held four meetings during the year 2017 and had detailed discussion and review sessions regarding the observations and findings on Bank’s risk exposure, its management strategy and remedial recommendations.
Dates of BRMC meetings held during this mentioned period are:

<table>
<thead>
<tr>
<th>Meeting</th>
<th>Date of Meeting Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>12th Meeting of BRMC</td>
<td>8th March 2017</td>
</tr>
<tr>
<td>13th Meeting of BRMC</td>
<td>27th July 2017</td>
</tr>
<tr>
<td>14th Meeting of BRMC</td>
<td>19th October 2017</td>
</tr>
<tr>
<td>15th Meeting of BRMC</td>
<td>26th December 2017</td>
</tr>
</tbody>
</table>

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 organizational structure embedding risk across the organization
- Review and adoption of Risk Management Policy
- Preservation and maintenance of information and reporting
- Supervision of execution of overall risks 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

Committee monitored review and amendment as appropriate of the related policies and frameworks for Risk Management during the year and emphasized on awareness building and effective incorporation of the same.

- Progress on BASEL III Compliance: Progress on the implementation of key components of BASEL III against set targets was reviewed and monitored to ensure that the Bank is able to meet the timelines set by the Central Bank of Bangladesh.

- Internal Capital Adequacy Assessment Process (ICAAP): ICAAP document of the Bank was developed for 2016 year end position which was approved by the Board and reviewed by the Committee.

- Stress Testing: The quarterly Stress Testing results were monitored by the Committee regularly and necessary recommendations were made to improve the Bank’s risk resilience capacity.

- Green Banking and CSR Activities: Green Banking and CSR activities by the Bank during 2016-17 were reviewed by the Committee. Moreover, the Committee observed the utilization of concerned budget and tax implications of different CSR activities.

- Risk Management Reports and Initiatives: During the year, the Committee reviewed various reports related to risk management such as monthly risk management report, quarterly risk reports, comprehensive risk management reports etc. and underlook number of initiatives to improve the asset quality of the Bank. Key developments during the year were NPL management strategy, recovery strategy from influential defaulters, strategy on collateralized lending, performance analysis of rescheduled and taken over loans, quality of rated portfolio.

Performance of the Committee

The Committee undertook the following activities in discharging its responsibilities during the year:

- Risk Appetite Statement: Under the supervision of the Committee, Risk Appetite Statement for the year 2017 was developed in a holistic manner in accordance with the Central Bank’s guidelines. Moreover, it was monitored periodically to uphold the spirit and purpose of the statement.

- Comprehensive Risk Management Rating: The Committee keenly reviewed the Comprehensive Risk Management Rating of the bank as provided by Central Bank and discussed about concerned risk parameters and key issues.

- Risk Management Framework and Policies: The

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. Committee also expresses its commitment towards more proactive risk identification and mitigation strategies in the operations of the Bank.

On behalf of the Board’s Risk Management Committee,

HOSSAIN KHALED
Convener, Board’s Risk Management Committee
The complexity of the business environment and rapid changes in market place calls for stronger risk function and management. In recent years, risk management structure in the banking industry has changed substantially which was triggered by the change in regulations that emerged from the financial predicament. At present, the relationship between local banks and other internationally recognized banks has expanded due to increase in foreign trade and commerce. The competition among the local banks has also increased, a good number of new and complex products/services have been introduced, and Information-Technology is always changing. As a result, risk in the banking industry has increased remarkably as compared to that of earlier time. In 2017, banking industry was driven by distinct economic gauges that included steady growth with low inflationary pressure, narrowed interest spread, lower inward remittance and slightly upward trajectory of foreign exchange reserves.

In light of the recent transformation and to establish best risk culture across City Bank, the risk management and overall support functions have been redesigned and kept fully independent from Business to guard against any unforeseen events. Moreover, risk management is seen as the responsibility of every employee. We seek to promote a culture where employees are aware of potential threats arising from their actions and can act accordingly by exercising the right controls at the right time.

Bank has a commitment to strive for excellence in risk governance and risk management culture. Risk management is viewed as an integral contributor to good governance which fosters effective decision making to achieve organization’s vision and strategic objectives. With the vision to embed independent and integrated Risk Management process at enterprise level, comprehensive Risk Management Framework.
(RMF) has been established across the City Bank. In pursuit of attaining organizational goal, City Bank has set up Enterprise Risk Management (ERM) elements to ensure sound risk management practices across the organization. While setting up ERM components, City Bank focuses on creating internal environment, a prerequisite of ERM, which covers Risk Management Philosophy, Risk Appetite, Risk Culture, Independence and Activeness of Board for Directors, Integrity and Ethical Values, Commitment of Competence. For ERM to be effective, annual financial budget, i.e. Business Growth Plan, Asset Growth Plan, Liability Growth Plan, Capital growth plan were considered in holistic view.

Moreover, Bank has Management Risk Committee, a committee to oversee the risk management activities across the Bank and it comprises of members of Senior Management of various risk functions, headed by Chief Risk Officer. Board of Directors of the Bank in its 452nd Meeting held on January 25, 2014 established the Board’s Risk Management Committee (BRMC). The Committee is entrusted with supervisory responsibility in all risk areas of the banking organization including credit, market, liquidity, operational, foreign exchange, compliance and all other material risks.

2017 Highlights

Throughout 2017, City Bank has taken active approaches to risk management and has continued to build capacity ensuring that risks are appropriately addressed and mitigated. The Bank set a risk appetite strategy based on current and anticipated exposures, and views on the evolution of markets and the economy in normal and stressed conditions. In effect, the risk appetite is designed to measure the amount of market volatility and stress the Bank can withstand, while still meeting its financial goals and regulatory requirements. This enables the risk function to set, monitor and enforce appropriate risk limits.

Major risk management initiatives streamlined in 2017 are:

- Initiative taken to develop sector specific credit risk grading matrix for capturing the risks attributed by individual sector or industry
- Extended the capacity of Credit Risk Management Committee for ensuring more accountability and responsibility
- Streamlined Credit Risk Management Guidelines and established the process for monitoring the adherence of all core risk management guidelines like Credit Risk Management, Asset Liability Management, Risk Internal Control and Compliance, Foreign Exchange Risk Management, Information and Communication technology
- Arranged training and capacity building program on Risk Appetite Statement and Risk Management in Bank

- Implemented prudential Risk Appetite Statement framework and flag raising in light of Risk Appetite Statement
- Developed comprehensive process of independent auditing of bank's internal control and audit functions
- Report to the Board of Directors, Risk Management Committee of the Board and senior management incorporating different types of risks risk mitigation measures, comparison of risk levels with limits, the level of capital required for absorbing large losses etc
- Conceptualized and Implemented prudential Risk Appetite Statement framework and flag raising in light of Risk Appetite Statement
- Enhanced capacity of Basel Unit, supported by a working group, tasked with improving and formalizing the process and methodology for Basel implementation
- Extended risk and control assessment to identify internal control and operational risk incidence

Highlights of Risk Portfolio

The Bank is committed to its stakeholders to attain a sustainable business growth commensurate with appropriate risk strategies through implementation of a robust risk management framework across the organization and its subsidiaries. City Bank's growth of total exposure including both on and off balance sheet items in 2017 was 18.6% while the growth of risk weighted asset (RWA) for the corresponding period was 13.6%. Main reasons behind such improvement in RWA were the rise in rated loan portfolio which became 76.9% from 75.9% of total eligible portfolio for rating and improvement in asset quality. As a result, conversion to RWA from Total exposure came down to 54.0% in Dec’17 from 56.4% of Dec’16. The above statistics confirm the prudent and efficient management of risk in banking business in terms of portfolio quality. Moreover, compare to Dec’16, Bank improved its resilience capacity by improving Capital Adequacy Ratio by 1.6% on solo basis and by 0.5% on consolidated basis. As on Dec’17, CRAR was 14.7% on Solo basis and 12.71% on consolidated basis against the regulatory requirement of 11.3% including buffer capital. During this period, the Bank's regulatory capital base also rose by 27.0% and 19.4% on solo and consolidated basis respectively. Consequently, the Bank was able to maintain a surplus capital of BDT 7,006 m on solo basis and BDT 2,967 m on consolidated basis.

In 2017, BDT 4,408 m (2.24%) of the credit portfolio was categorized as special mention accounts and BDT 10,678 m (5.43%) as classified loan against the total loan portfolio of BDT 196,596 m. During 2017, the Bank rescheduled 70 accounts of BDT 2,392.5 m against which Bank recovered BDT 1,033 m which is 18% of total recovery of the total recovery BDT 5,906 m (51%) was
recovered against classified loans. Total large loan exposure of the Bank was BDT 113,103 m which was 47.4% of total loans & advances (Aggregate ratio of large loan to total loans & advances). CBL recorded 12 instances of operational risk events during 2017 whose financial impact was almost BDT 2 m and recovered amount of BDT 1.2 m. Card frauds through skimming are the top of the fraud events based on the frequency followed by unethical practice, loan fraud, and unauthorized cash withdrawal fraud. Bank conducted environmental due diligence for 714 projects among which 632 projects were rated as low, 45 projects were rated as moderate and 37 projects were rated as high during 2017. On the other hand, City Bank disbursed around BDT 116,894 m among the above 714 projects out of which 80.3% was low, 10.7% was moderate and rest 9.0% was high.

**Strategy to Risk Management**

The Bank has grown in different sectors with good quality assets. However, some large delinquencies in some industries contributed to increase in Bank’s overall non-performing loans. In this view, Bank adopted shrink strategy in those industries. Proper evaluation and due diligence were being ensured to arrest the non-performing loans. City Bank emphasized on due diligences on overall business as well as collateral. City Bank increased the number and amount of rated loans for better asset quality and lessen the pressure on capital. Initiative for installation of anti-skimming devices was taken for preventing card skimming frauds. Awareness trainings on probable skimming attack were provided to the concerned custodians and security guards for acute vigilance. For embedding risk management strategy in operational risk, Bank implemented automation of notification for Intercity Charges which would prevent income leakage and develop system for transaction confirmation slip of Card Payment Module (CPM) to mitigate card frauds. For environmental and social risk management, appropriate action plan was adopted as agreed upon by the client for these high risk rated projects to minimize their negative impact on the environment and society. During the year 2017, the Bank has mostly concentrated on aligning IT Security and related Management with respect to the Bangladesh Bank ICT Security Guidelines and PCI DSS. PCI DSS is worldwide standard that helps to set up card payment processes securely to reduce Card Fraud. The way it does is through setting up of tight controls surrounding the Storage, Transmission and Processing of cardholder data that businesses handle. PCI DSS is intended to protect sensitive cardholder data and provides a baseline of technical and operational requirements designed to protect card data. City Bank met all requirements of PCI DSS standard version 3.1 by 2015 and achieved the certification for the first time and was the only bank in Bangladesh during that period. And consecutively in the year 2016 and 2017, Bank has also ensured all necessary setup and controls which were further thoroughly examined by the certification authority and awarded certification for the second and third year on 31st December of 2016 and 2017 respectively. SO 9001 is another worldwide standard that helps define Quality Management System to streamline departmental activities. Basically this standard guides to define Standard Operating Procedure for each and every functions and processes of an organization such that all employees follow a single standard while performing respective functions. City Bank is ISO 9001 certified since 2012. And consecutively maintaining the standard till 2017, when the certification authority conducted their recent comprehensive review of the IT operations of different departments and matched with the documented processes which were satisfactory and they confirmed recertification for the year 2017. This certification has ensured Bank’s capability of maintaining quality and services consistently.

Risk management functions are subject to continuous scrutiny of the Internal Control & Compliance Division (ICCD) to ensure appropriateness and integrity of the risk management practices. Bank conducted 432 audits & investigations in the year 2017 compared to 377 audit of 2016. Out of total 432 audits & investigations, 410 were audits and 22 were special investigations. Out of total 410 audits, 120 were comprehensive audits on the branches while 7 were comprehensive audits on the priority centers, one was periodic audit on Airport Booth, 37 were comprehensive audits on head office divisions and 7 were internal audits on the head office & branches of a subsidiary. During the year, all statutory core risk audits were also completed. Considering the criticality of automation, 139 IT system audits were conducted on 120 branches and 19 head office divisions. Moreover, 6 Shari’ah Audits were also conducted on the Islamic Banking operation of the bank covering head office and branches. Independent testing procedures on AML/CFT compliance, Surprise Checking of Branch Physical Cash, Cash Transaction Report (CTR) Checking of Branches, Monitoring Report on Foreign Exchange Transactions Reporting, special review audits etc. were also covered.

With the advancement of globalized economy, organized crime groups are generating huge amounts of illegal money through financial crimes and other illegal activities. Money laundering and terrorist financing are two significant financial and organized crimes which may jeopardize the stability and integrity of the financial system of a country and create adverse impact on economy both on national and global level. Being the Reporting Organization to prevent Money Laundering and terrorist financing, City Bank is responsible to comply with all kind of international standards and local laws and regulation on AML/CTF.
imposed from time to time. The Senior Management role and their commitment towards prevention of money laundering and terrorist financing is one of the most significant strengths of our compliance structure. Our international financial stakeholder like IFC, FMO, ADB and many more are very much comfortable with our AML/CTF compliance culture and doing business with us which is a matter of pride for the Bank and motivates people to work for the betterment of the Bank’s AML/CTF Compliance culture. The City Bank is also the founder member of the Executive Committee of AAMLCOBB (Association of Anti-Money Laundering Compliance Officers of Banks in Bangladesh) and the member of Central Task Force Committee of the Government. The auto reporting system, robust compliance structure, MIS for the database, skilled & expert manpower, ongoing awareness program, transaction monitoring system and sanction list screening system are also the strengths of our compliance structure.

As a part of ML/TF Risk Management Program, City Bank enhanced its capacity by implementing 1) Centralized Reporting System, 2) Unique Account Opening and KYC Profile Form as per regulatory requirement, 3) Automated sanction screening system for cross border transaction, 4) Auto transaction monitoring report generation system as a result of which AMLD is getting more alerts regarding suspicious transaction or activity and have reported more STR/SAR that have been increased significantly than previous year. As a part of ongoing awareness program, AMLD has successfully completed the awareness program for Board of Directors, Senior Management and Bank employees in the last year.

In summary, the scale, complexity and requirements of risk management have been steadily increasing and will continue to do so. At the same time, the market and economic environment may show greater signs of flux. The combination of all factors may pose imperative challenges for risk management in coming years.

MD. ABDUL WADUD
Chief Risk Officer & Chief Anti Money Laundering Compliance Officer
Our strategy is centered on our commitment towards society and directs our evolution for the shared benefit of our stakeholders, especially our communities. It drives us to lead with purpose, to build a better business and to position a responsible banking platform for the future.

At City Bank, we recognize our social responsibility to the nation, Bangladesh; as one of the least developed countries, provides us with the scope of doing more, of ensuring that we reach the widest good to the largest number in the shortest possible time. Relevantly, so our social responsibility actions are targeted to those segments that represent the building blocks of the society and in which we could ensure a greater and wider impact through our interventions. Some of such core areas include:

- Education
- Relief for natural calamity affected people
- Civic activities, including beautification

City Bank supports Ragol High School

Ragol High School is a renowned school in Chandpur district. The school has around 1000 students and has already achieved fame for its outstanding results in public examinations. To conduct internal examinations and other such activities, the school was in need of a high-end digital photocopier machine. City Bank, as its part of social responsibility initiatives, donated a high-end photocopier machine to the school in January, 2017.

Donation to PM's Education Support Trust and Suchana Foundation

On 23 August 2017, Director and Chairman of Executive Committee of City Bank, Mr. Rubel Aziz handed over a cheque of BDT 30 m to Hon'ble PM Sheikh Hasina, as contribution to the Prime Minister’s Relief Fund for flood-affected victims of Bangladesh.

City Bank continues its contribution to the Baridhara Lakeside Park

City Bank signed a contract with Baridhara Society for the beautification of Baridhara Lakeside Park. The Bank previously also had made major contributions to the park's renovation and maintenance. Baridhara Lakeside Park is one of the finest parks in Dhaka and City Bank's contribution to this park will further facilitate its proper
maintenance and ensure the sustenance of ‘green lungs’ of the city. Mr. Faruq M. Ahmed, Additional MD of City Bank and Mr. Md. Abdur Raul, former Vice-President of Baridhara Society, signed the agreement on behalf of their respective organizations. Also present at the ceremony were Mr. Mashur Arefin, Additional MD, Mr. Md. Abdul Wadud, DMD, Mr. M. Ehsanul Haque, President, Baridhara Society and Mr. Monzur Uddin Ahmed, Secretary General, Baridhara Society, and other senior members from both organizations.

City Bank supports the renovation of DU’s Faculty of Business Studies

City Bank entered into an agreement with the Faculty of Business Studies of the University of Dhaka. Under the agreement, the Bank will provide funds to renovate and upgrade the teachers’ lounge of the said faculty. The cheque was handed over to the Dean of the Faculty of Business Studies, Professor Shibil Rubayat Ull Islam by the Head of Sustainable Finance unit of City Bank, Mr. Md. Abdul Wadud, in the presence of the bank’s MD & CEO, Sohail R. K. Hussain at City Bank Head Office. Also present were Mr. Md. Abdul Hakim, Chairman, Department of Accounting & Information Systems, Mr. Md. Kismatul Ahsan, Chairman, Department of Finance and the AMDs of the Bank including Mr. Adil Islam, Mr. Mashur Arefin and Mr. Faruq M. Ahmed, among others. The event was followed by a discussion on the Bank being a strategic partner for teachers and other officials of the university with regards to their banking needs and requirements.

City Bank donates to Prime Minister’s Relief and Welfare Fund

City Bank’s Chairman, Mr. Mohammed Shoeb, and Director, Mr. Deen Mohammad handed over a cheque of BDT 50 million to Hon’ble Prime Minister Sheikh Hasina for Prime Minister’s Relief Fund for providing relief to Rohingya refugees.

City Bank supports Samitirhat High School

Samitirhat High School in Chittagong was established in 1965 as a primary school. After independence, it was authorized as a secondary-level school. As many as 1,100 students study in this school. As part of City Bank’s commitment to contribute to the development of the country’s education sector, it arranged financial assistance for the school for building new infrastructure and upgrade the school to the higher secondary level.

City Bank supports Moyeen Foundation

Moyeen Foundation has been working in Bangladesh for the past two years with the aim of providing sustainable life enhancement programs for the poor and the underprivileged. Their humanitarian involvement includes a program under the ‘Jaipur Foot’ under which they install 700 prosthetic limbs every year to accident victims. The Foundation organized its third artificial limb replacement camp in September-October 2017. City Bank donated 10 limb fittings for the underprivileged accident victims in this camp.

City Bank continues its collaboration with Footsteps Foundation

Started in 2012, Footsteps Foundation is a youth-based organization that envisions working for youth empowerment and sustainable development of the society. ‘Project Trishna’ is an initiative of Footsteps Foundation, which intends to create free access to clean drinking water for pedestrians in Dhaka, especially the low-income group, by setting up modern water filtration systems in public areas. Since August 2015, City Bank has been running Project Trishna through providing access to potable water at selected ATM booths. The contract has been renewed in November 2017.

City Bank’s ATM booths under Project Trishna provides potable water to pedestrians, Free of cost.
In 2016, City Bank incorporated and embraced the ‘Social Risk’ criteria into the credit appraisal process and adopted IFC Performance Standards as well as expanded the E&S risk rating system by introducing a comprehensive Environmental & Social Management System (ESMS) to broaden the scope of its commitment towards sustainability.

This policy document was updated in 2017 to harmonize the bank’s approach to compliance with 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 the ESMS implementation, the bank has adopted Environmental and Social Action Plan (ESAP) to ensure phase-wise and timely implementation of ESMS activities. This is an ongoing plan that is expected to be completed by 2019. The Bank has identified a senior management official as E&S Officer who is in-charge for ensuring the implementation of ESAP and other ESMS functions.

From the year 2015 onwards, City Bank has enlarged its focus on internal capacity development of its business and credit teams. The Bank has taken initiatives to reinforce its sustainability commitment to all its employees through incorporating a session on ‘Sustainable Banking’ in its orientation session for new recruits.

In 2017, 504 employees participated in 12 different training programs organized by internal resources or external organizations. It also includes a comprehensive training on Environmental & Social Risk Management in banking, conducted by City Bank’s E&S consultant in which a total of 90 participants attended. This training also successfully on-boarded 5 future trainers who will be conducting the Bank’s in-house trainings on ESRM.

In October 2017, the bank participated in a forum titled “Bangladesh Bank’s Sustainable Finance Guidelines in Practice” to share its experience in the field of sustainable finance. The forum was a part of a three-day joint learning initiative hosted by IFC and Bangladesh Bank. Based on its sustainable financing activities and performance, City Bank was given the opportunity to present its case studies to representatives and delegates from IFC, Bangladesh Bank and Central Banks of Nepal, Ghana and Nigeria. The interactive forum opened an avenue of discussion and sharing of best practices among local and international attendees.

In 2017, the Bank’s green financing book stood at BDT 722 million, of which a majority was invested in energy-efficient projects. To measure the reduction in energy consumption and CO2 emissions of its lending portfolio, City Bank has 3 in-house certified energy auditors.

Also, in 2017, the Bank took the initiative to develop Environmental and Social Risk Categorization Tool, a software that determines the E&S risk category of a transaction and provides supporting information for better understanding of E&S issues of the client. The E&S Categorization Tool has been designed to support relationship managers and risk managers to knowledgeably make client E&S assessments. The project is expected to be launched by June 2018.

For 2018, the Bank initiated to provide specialized training programs for 25 business and credit officials and also train some high-risk segment customers as a part of our client education program.
Green Financing

Overview

Green Finance regulations were ushered in Bangladesh when Bangladesh Bank issued ‘Green Banking Policy Guidelines for Banks’ vide BRPD Circular 02/2011. With a view to expedite ongoing initiatives of banks/FIs in the green banking space, from January 2016 onwards, the minimum target under direct green finance was set at 5% of the total funded loan disbursements/investments for all banks/FIs (GBCSRD Circular No. 04/2014). This was a showcase of the governmental intent of growing the green financing space, in line with mitigating pollution and environmental risks on the one hand and encouraging a larger number of financial services companies to participate in green and clean projects on the other.

The Year 2017

In 2017, City Bank disbursed BDT 20,313 m in its green finance book, of which BDT 722 m (against annual budget of BDT 1,100 m) was made in the form of direct green finance’ and BDT 19,591 m in ‘indirect green finance’. Moreover, by the end of December 2017, direct green finance constituted 0.25% of the total loan disbursement book. As on September 2017, City Bank’s direct green finance book comprised 0.4% of the total loan book of the industry.

Product-wise direct green finance disbursement

<table>
<thead>
<tr>
<th>Green products</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable energy</td>
<td>5.2</td>
<td>-</td>
<td>34.0</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>380.8</td>
<td>6391</td>
<td>135.8</td>
</tr>
<tr>
<td>Liquid waste management</td>
<td>3000</td>
<td>24.8</td>
<td>80.0</td>
</tr>
<tr>
<td>Safety and security of factory</td>
<td>3061</td>
<td>144.3</td>
<td>56.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>722.1</strong></td>
<td><strong>808.2</strong></td>
<td><strong>306.2</strong></td>
</tr>
</tbody>
</table>

Customer consultation and reward system

The country’s economy is fast developing with the result that over the past 15 years, a number of new factories and business entities evolved, without considering environmental-friendly initiatives. In this context, the concept of green lending and renewable energy and energy-efficiency financing is not very old. As such, City Bank leverages on the opportunity of consulting customers to raise awareness on green financing and enables their establishments to comply with environmental laws and statutes through financing the implementation of pollution control equipment and machinery while also setting up environmental-friendly assets, for instance in the renewable energy space. In a unique initiative, City Bank introduced a ‘Green Certification’ process, in collaboration with Global Climate Partnership Fund, for customers who became eligible for GCPF lending. This is a first-of-its-kind initiative for GCPF partner institutions throughout the world and is a unique concept among local banks and FIs in Bangladesh.
Indesore Sweaters Limited, a client of City Bank, has been awarded with a Certificate of Recognition from Global Climate Partnership Fund (GCPF) for its outstanding contribution to the mitigation of climate change by successfully fulfilling the energy saving requirement of the GCPF. City Bank has financed the Energy Efficiency Technology implemented in this factory.

Projects financed by City Bank under industrial energy efficiency financing category

Case study 1

Energy efficiency financing for Vintage Denim Studio is a vibrant example of the Bank's success in green financing.

Vintage Denim is a 100% export-oriented unit. The company's manufacturing facility is LEED (Platinum) certified with total scoring of 90/110: Sustainable sites: 23/26; water efficiency: 10/10; energy and atmosphere: 28/35; material and resources: 6/14; indoor environmental quality: 13/15; innovation: 6/6 and regional priority credits: 4/4. Under the project, City Bank extended financing of USD 2.46 m where total energy and carbon savings amounted to 26.1%, as compared with traditional technology financing.

Case study 2

Energy efficiency financing for Indesore Sweaters Ltd is also a classic green lending success for City Bank.

Indesore is a 100% export-oriented modern sweater manufacturing enterprise. The factory is equipped with automatic knitting machines from a number of different manufacturers. City Bank has a lending portfolio in this factory under which a total of USD 2.3 m has been awarded by GCPF as an energy-efficient technology investment. Under this energy-efficiency financing, emission savings was 37.3% to 56.9%, compared with traditional technology for such type of production facilities.

Indesore is the first factory that has received the prestigious 'Certificate of Recognition' from GCPF as a recognition of the company's efforts to contribute to the reduction of CO2 emissions.

Initiatives planned, 2018

Every year City Bank allocates 5% of its annual disbursement target to green finance. Bangladesh Bank has identified 52 sectors as being eligible for receiving green finance and 51 products for Bangladesh Bank refinance. Among these identified sectors, most do not have established investor demand in the socio-economic context of Bangladesh, and the few that have usually need investment of more than BDT 50 m.

In 2018, we will identify few demanding sectors from this identified sectors and try to market it in a focused manner among our clients. However, like other years, Energy Efficiency and Renewable Energy financing will be our major focus. At the same time, Remediation Financing for ready-made garments sector clients for the enhancement of the safety and security of their factory by focusing on structural, electrical and fire safety will also be given more emphasis. In 2018, the Bank's capacity development planning will be more intensive on Opportunity Management rather than Environmental & Social Risk Management so that we are able to achieve our desired target for green financing and contribute more on reducing CO2 emissions.
At City Bank, we believe in maintaining the highest levels of corporate governance and focus on ensuring an effective, efficient and rigorous monitoring system.

We have established sophisticated processes and structures that are detailed in our code of conduct and ethical guidelines for facilitating responsible and values-driven management and control. Importantly our code of conduct and ethical guidelines reflect our commitment to international standards and industry best practices and are enshrined in the following tenets:

♦ **Rigorous compliance with laws and statues**
All employees follow and comply with the laws of the land and the internal rules and regulations 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 and classified as confidential, without proper authorization.

♦ **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 exploitation.

♦ **Money laundering**
Employees responsible for opening accounts are required to fulfill all formalities, i.e. ensure KYC (know your customer) compliance through the KYC form and transaction profile (TP) at the time of opening an account and review the accounts periodically as per regulatory rules. Employees are expected to report any suspected transaction/s of funds being used for money laundering to both the internal management and Bangladesh Bank.

♦ **Conflict of interest**
Employees must not use their position in the bank for personal emolument or obtain benefits for themselves together with members of their families or 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**
Our employees are expected to act honestly and with integrity at all times. They should act in an upright and equitably way while dealing with the public and other employees of the bank.

♦ **Acceptance of gifts**
Our employees are not encouraged to accept gifts, benefits or any sort of invitations of questionable nature from customers and persons with business interests with the bank.
This section refers to the value creation processes that the bank has installed within to ensure balance in different stakeholder’s objectives. The 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 in place 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 values on a sustainable basis to all stakeholders in this 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 value through fair and ethical means.

Some of the measures taken to create, sustain and deliver optimum value are as follows:

**Maintaining Capital Adequacy**

Capital Adequacy Ratio (CAR) 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 protect 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 CAR 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 CAR would ensure a stable and sound banking industry, which undoubtedly contribute to the growth of the economy.

Please refer to Notes to the Accounts Point 17.5a (Capital Adequacy Ratio-The City Bank Limited) for the capital adequacy computation of The City Bank Limited as at December 31, 2017.

**Value Added Statement for the year ended 31 December 2017**

Value Added is the wealth accretion made by The City Bank Ltd. through providing banking and other financial services in 2017 for it’s employees, government and shareholders in the form of salaries & allowances, duties & taxes and net profit after tax respectively and also indicates value of use of fixed assets through depreciation.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2017</th>
<th>%</th>
<th>2016</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Banking Services</td>
<td>23,688</td>
<td></td>
<td>23,952</td>
<td></td>
</tr>
<tr>
<td>Less: Cost of Services and Supplies</td>
<td>(12,598)</td>
<td></td>
<td>(12,260)</td>
<td></td>
</tr>
<tr>
<td>Value Added by the Banking Services</td>
<td>11,090</td>
<td></td>
<td>11,692</td>
<td></td>
</tr>
<tr>
<td>Non-Banking Income</td>
<td>516.7</td>
<td></td>
<td>9.3</td>
<td></td>
</tr>
<tr>
<td>Loan Written Off and Provision</td>
<td>(1,718)</td>
<td></td>
<td>(2,071)</td>
<td></td>
</tr>
<tr>
<td>Total operating income (A)</td>
<td>9,890</td>
<td>100.0%</td>
<td>9,630</td>
<td>100.0%</td>
</tr>
<tr>
<td>Distribution of Value Addition</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To Employees as Salaries &amp; Allowances</td>
<td>4,227</td>
<td>42.7%</td>
<td>3,654</td>
<td>37.9%</td>
</tr>
<tr>
<td>To Shareholders</td>
<td>3,628</td>
<td>36.7%</td>
<td>3,956</td>
<td>41.1%</td>
</tr>
<tr>
<td>To Govt. as Income Tax</td>
<td>1,523</td>
<td>15.4%</td>
<td>1,510</td>
<td>15.7%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>511</td>
<td>5.2%</td>
<td>510</td>
<td>5.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,890</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>9,630</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
EVA Statement for the year ended 31 December 2017

Economic Value Added (EVA) is the measures of financial performance of an organization. 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 particulars and other stakeholders in general to take decisions for increasing wealth.

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 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 management is concerned for maximizing of wealth of its shareholders and other equity providers.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ Equity</td>
<td>24,869</td>
<td>20,653</td>
</tr>
<tr>
<td>Add: Provision for Loans and Advances</td>
<td>6,872</td>
<td>6,948</td>
</tr>
<tr>
<td></td>
<td>31,741</td>
<td>27,601</td>
</tr>
<tr>
<td>Average Shareholders’ Equity</td>
<td>29,671</td>
<td>27,621</td>
</tr>
<tr>
<td>Earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>3,628</td>
<td>3,956</td>
</tr>
<tr>
<td>Add: Provision for Loans and Others</td>
<td>1,718</td>
<td>2,071</td>
</tr>
<tr>
<td></td>
<td>5,346</td>
<td>6,027</td>
</tr>
<tr>
<td>Average cost of equity (based on weighted average rate of Sanchaya Patra issued by the Bangladesh Government plus 2% risk premium)</td>
<td>12.90%</td>
<td>12.90%</td>
</tr>
<tr>
<td>Economic Value Added</td>
<td>3,828</td>
<td>3,563</td>
</tr>
<tr>
<td></td>
<td>1,518</td>
<td>2,464</td>
</tr>
</tbody>
</table>

* The Bank changed its Accounting Policy (Revaluation Model to Cost Model for Fixed Assets Recognition and Measurement) since January 1, 2017 and relevant information of 2016 was restated for comparative purpose.
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 19% cash and 5% stock dividend for the year 2017.

Optimum Utilization 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 mobilizing 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, testifies the optimum utilization of resources. The Bank’s shareholders’ equity stood at BDT 24,869 m as at 31 December 2017, mainly due to the initiatives taken, such as prudent dividend policy, tax planning and controlled capital and revenue expenditure over the years.

Maintaining Satisfactory Liquidity

The Bank maintains liquid assets to carry out the day-to-day operations and fulfill 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 level during the year. (The Statutory liquidity assets ratio stood at 15.8% (required 13.0% of total demand & time deposits) in December 2017).

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 capitalization and book value of shares outstanding. It signifies the enhancement of financial solvency as perceived by the market.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Shares Outstanding</td>
<td>921,892,664</td>
<td>875,798,031</td>
</tr>
<tr>
<td>Market Value Per Share (Taka)</td>
<td>53.20</td>
<td>27.20</td>
</tr>
<tr>
<td>Face Value Per Share (Taka)</td>
<td>10.00</td>
<td>10.00</td>
</tr>
<tr>
<td>Total Market Capitalization</td>
<td>49,045</td>
<td>23,822</td>
</tr>
<tr>
<td>Book Value of Paid Up Capital</td>
<td>9,219</td>
<td>8,758</td>
</tr>
<tr>
<td>Market Value Added</td>
<td>39,826.4</td>
<td>15,064</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Goals and Performance (Bank)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances</td>
<td>221,512</td>
<td>196,596</td>
</tr>
<tr>
<td>Deposits</td>
<td>217,195</td>
<td>183,493</td>
</tr>
<tr>
<td>Capital Adequacy Ratio</td>
<td>10.5%</td>
<td>17.4%</td>
</tr>
<tr>
<td>% of NPL</td>
<td>4.4%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>4,401</td>
<td>3,628</td>
</tr>
<tr>
<td>Cost to income ratio</td>
<td>49.5%</td>
<td>53.9%</td>
</tr>
<tr>
<td>Return on Assets (ROA)</td>
<td>1.5%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Return on Equity (ROE)</td>
<td>16.0%</td>
<td>15.9%</td>
</tr>
</tbody>
</table>
Stock Details

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Dhaka Stock Exchange (DSE)</th>
<th>Chittagong Stock Exchange (CSE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock Symbol</td>
<td>CITYBANK</td>
<td>CTBNK</td>
</tr>
<tr>
<td>Company Code</td>
<td>1102</td>
<td>22006</td>
</tr>
<tr>
<td>Listing Year</td>
<td>1986</td>
<td>1995</td>
</tr>
<tr>
<td>Market Lot</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Market Category</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Electronic Share</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Distribution of shareholders in 31 December 2017

<table>
<thead>
<tr>
<th>Composition</th>
<th>No. of Shares</th>
<th>% of Total Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors &amp; Sponsors</td>
<td>281,404,765</td>
<td>30.53%</td>
</tr>
<tr>
<td>Institutions</td>
<td>171,683,456</td>
<td>18.5%</td>
</tr>
<tr>
<td>Foreign Shareholders</td>
<td>139,767,832</td>
<td>15.0%</td>
</tr>
<tr>
<td>General Public</td>
<td>329,036,611</td>
<td>36.3%</td>
</tr>
<tr>
<td>Total</td>
<td>921,892,664</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Classification of shareholders by holding

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Share holders</td>
<td>No. of Shares</td>
</tr>
<tr>
<td>01 - 500 shares</td>
<td>20,447</td>
<td>2,791,235</td>
</tr>
<tr>
<td>501 - 5,000 shares</td>
<td>10,645</td>
<td>19,134,542</td>
</tr>
<tr>
<td>5,001 - 10,000 shares</td>
<td>1,535</td>
<td>11,543,206</td>
</tr>
<tr>
<td>10,001 - 20,000 shares</td>
<td>874</td>
<td>12,879,558</td>
</tr>
<tr>
<td>20,001 - 30,000 shares</td>
<td>307</td>
<td>7,714,366</td>
</tr>
<tr>
<td>30,001 - 40,000 shares</td>
<td>141</td>
<td>5,024,040</td>
</tr>
<tr>
<td>40,001 - 50,000 shares</td>
<td>126</td>
<td>5,906,022</td>
</tr>
<tr>
<td>50,001 - 100,000 shares</td>
<td>232</td>
<td>17,558,815</td>
</tr>
<tr>
<td>100,001 - 1,000,000 shares</td>
<td>282</td>
<td>92,534,733</td>
</tr>
<tr>
<td>Over 1,000,000 shares</td>
<td>111</td>
<td>746,806,17</td>
</tr>
<tr>
<td></td>
<td>34,700</td>
<td>921,892,664</td>
</tr>
</tbody>
</table>

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 2017 and the audited Balance Sheet of the Bank as at 31 December 2017 have been submitted to the Dhaka Stock Exchange & Chittagong Stock Exchange within four months of the Balance Sheet date.

Share Trading

Market price of shares of The City Bank Limited in Dhaka Stock Exchange was BDT 53.2 on close of the business of the 31 December 2017.

The Bank’s market capitalization at 31 December 2017 was BDT 49,045 m which is 6.5% of total Banking Industries Market Capitalization of DSE. (Banking Industry holds 20.5% of the total market capitalization).

### DSE Monthly Review & CSE Bazaar Porikrama

<table>
<thead>
<tr>
<th>Month</th>
<th>DSE</th>
<th>CSE</th>
<th>Total Volume on DSE &amp; CSE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Month High</td>
<td>Month Low</td>
<td>Total Volume (Number)</td>
</tr>
<tr>
<td>Jan-17</td>
<td>38.80</td>
<td>26.50</td>
<td>103,634,875</td>
</tr>
<tr>
<td>Feb-17</td>
<td>34.40</td>
<td>29.10</td>
<td>58,867,508</td>
</tr>
<tr>
<td>Mar-17</td>
<td>43.40</td>
<td>32.80</td>
<td>155,125,902</td>
</tr>
<tr>
<td>Apr-17</td>
<td>43.50</td>
<td>31.80</td>
<td>125,289,627</td>
</tr>
<tr>
<td>May-17</td>
<td>33.80</td>
<td>30.20</td>
<td>42,793,184</td>
</tr>
<tr>
<td>Jun-17</td>
<td>37.60</td>
<td>33.00</td>
<td>57,000,629</td>
</tr>
<tr>
<td>Jul-17</td>
<td>42.50</td>
<td>35.60</td>
<td>91,127,054</td>
</tr>
<tr>
<td>Aug-17</td>
<td>45.00</td>
<td>40.70</td>
<td>97,480,892</td>
</tr>
<tr>
<td>Sep-17</td>
<td>49.60</td>
<td>43.70</td>
<td>85,844,511</td>
</tr>
<tr>
<td>Oct-17</td>
<td>49.70</td>
<td>45.50</td>
<td>79,720,716</td>
</tr>
<tr>
<td>Nov-17</td>
<td>57.30</td>
<td>47.80</td>
<td>106,969,356</td>
</tr>
<tr>
<td>Dec-17</td>
<td>55.50</td>
<td>51.90</td>
<td>36,129,885</td>
</tr>
</tbody>
</table>

### DSE Price Volume Chart for The City Bank Ltd., 2017

Source: DSE & CBL Research

### Dividends

- **35th Annual General Meeting**
- Distribution of 19% cash & 5% Stock dividend in respect of financial year ended December 31, 2017

**Notice Date**: 30-04-18  
**Record Date**: 23-05-18  
**to be Held on**: 28-06-18
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, the rate applicable to the company is 20%.
- If the shareholder is a resident or non-resident Bangladeshi person, other than company, the rate is 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, the rate is 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

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Submission Date to BSEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audited Consolidated Results for the 4th quarter ended 31 December 2017</td>
<td>09-May-18</td>
</tr>
<tr>
<td>Unaudited Consolidated financials for the 1st quarter ended 31 March 2017</td>
<td>15-May-17</td>
</tr>
<tr>
<td>Unaudited Consolidated financials for 2nd quarter and half year ended 30 June 2017</td>
<td>31-Jul-17</td>
</tr>
<tr>
<td>Unaudited Consolidated financials for the 3rd quarter ended 30 September 2017</td>
<td>26-Oct-17</td>
</tr>
</tbody>
</table>
## Segment Analysis

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Conventional</td>
<td>Islamic</td>
</tr>
<tr>
<td>Total Operating Income</td>
<td>14,470</td>
<td>192</td>
</tr>
<tr>
<td>Allocated expenses</td>
<td>(7,983)</td>
<td>(57)</td>
</tr>
<tr>
<td>Total Operating Profit</td>
<td>6,488</td>
<td>124</td>
</tr>
<tr>
<td>Provision against loans and advances</td>
<td>(1,261)</td>
<td>71</td>
</tr>
<tr>
<td>Provision against off-balance sheet exposures</td>
<td>(164)</td>
<td>3</td>
</tr>
<tr>
<td>Other Provision</td>
<td>(280)</td>
<td>-</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>(4,783)</td>
<td>199</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Profit</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Segment assets</td>
<td>248,551</td>
<td>4,323</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>248,551</td>
<td>4,323</td>
</tr>
</tbody>
</table>

### Segment Analysis of Revenue

<table>
<thead>
<tr>
<th>2017</th>
<th>Conventional</th>
<th>Islamic</th>
<th>Offshore</th>
<th>2016</th>
<th>Conventional</th>
<th>Islamic</th>
<th>Offshore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment analysis of Revenue</td>
<td>970%</td>
<td>1.22%</td>
<td>1.77%</td>
<td>945.2%</td>
<td>2.96%</td>
<td>2.53%</td>
<td>2.53%</td>
</tr>
</tbody>
</table>

### Segment Analysis of Assets

<table>
<thead>
<tr>
<th>2017</th>
<th>Conventional</th>
<th>Islamic</th>
<th>Offshore</th>
<th>2016</th>
<th>Conventional</th>
<th>Islamic</th>
<th>Offshore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment analysis of Asset</td>
<td>90.21%</td>
<td>1.57%</td>
<td>8.22%</td>
<td>88.62%</td>
<td>4.95%</td>
<td>6.43%</td>
<td>6.43%</td>
</tr>
</tbody>
</table>
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 “Performance at a glance” above;
- There was a proposed 19% Cash and 5% Stock dividend;
- Number of Board meetings held during the year and attendance by each director (please refer to “Corporate Governance section”);
- Shareholding patterns of the Bank:

- Shares held by directors, CEO, CFO, Company Secretary, Head of I&C and their spouses and minor children - not applicable.
- Parent/subsidiary/ associated companies and other related parties - not applicable.

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 Securities and Exchange Commission.

Mohammed Shoeb
Chairman
On behalf of Board of Directors
Managing Director and 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 2017. 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 recognized 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 recognized in weighing the assurances provided by any system of internal controls and accounting.

The financial statements of the Bank were audited by Hoda Vasi Chowdhury & Co. and their report is given on page 160 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.

Sohail R.K. Hussain
Managing Director & CEO

Md. Mahbubur Rahman
DMD & Chief Financial Officer
Corporate Governance

Corporate governance is the system of principles, policies, procedures and clearly stated responsibilities and accountability designed by the key stakeholders to overcome the conflicts of interest inherent in the corporate form. The term “corporate governance” in today’s business world is subject to a variety of conflict of interest due to its inherent complexities in forms and structures. Purpose of corporate governance is to facilitate effective and prudent management that can deliver the long-term success of the company.

Hence, Corporate Governance must be there in order to

♦ Eliminate or mitigate conflicts of interest particularly those between the management and shareholders.
♦ Ensure that the assets of the company are used efficiently and effectively and in the best interest of its shareholders and stakeholders.

From the viewpoint of conflicts of interest, there are two relationships,

♦ between management and shareholders; and,
♦ directors and shareholders; are the primary focus of most of the systems of corporate governance.

The Board of Directors is a critical component of the check and balance system that lies at the heart of the corporate governance system. Board members have a responsibility to make decisions based on what ultimately is the best for the long term interests of the shareholders. In order to do this effectively, Board members require a combination of three things

♦ Independence
♦ Experience and
♦ Resources

Corporate Governance Practice at City Bank

The 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 based on the best practices of local and global banks. City Bank attaches a simple meaning to corporate governance, which is the due diligence in observing responsibilities by Board as well as management to safeguard interests of key stakeholders, i.e. depositors, shareholders, employees and the society as a whole. Two very important pillars of good corporate governance structure are as follows:

♦ Transparency
♦ Accountability

The above stated pillars are backed by strong internal control and compliance structure and MIS capabilities in City Bank.

Board of Directors

The Board of Directors (BoD) is currently constituted with 14 directors among whom 13 (thirteen) are non-executives / directors including the Chairman and the other director is the Managing Director (Ex-Officio). The Board members include people of high caliber with academic and professional qualifications in the field of business and professionals. This gives strength for effective discharge of duties and responsibilities by the Board. The Board approves the bank’s budget and business plan and 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 businesses in order to establish operations. 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 at least once a month.

Appointment of Directors

The members of the BoD of City Bank are appointed according to the provision 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 BoD is comprised of experienced members with diverse professional experience and knowledge such as business, banking and finance, IT, accounting, marketing,
administration, engineering which makes the Board very diverse, proficient and balanced in guiding the bank to achieve its desired objectives.

Meeting of the Board of Directors

The Board of Directors holds meeting on a regular basis. At each meeting, 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 fulfill the directors' duties to the best of their abilities at the meeting.

During the year 2017, 19 board meetings were held and attendance record of those meetings was as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Status with the bank</th>
<th>Total Number of Meetings Held</th>
<th>Number of Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Mohammed Shoeb</td>
<td>Chairman</td>
<td>19</td>
<td>16</td>
</tr>
<tr>
<td>Ms. Tabassum Kaiser</td>
<td>Vice-Chairperson</td>
<td>19</td>
<td>10</td>
</tr>
<tr>
<td>Mr. Rubel Aziz</td>
<td>Director</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>Mr. Aziz Al Kaiser</td>
<td>Director</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>Mr. Hossain Mehrood</td>
<td>Nominated Director</td>
<td>19</td>
<td>15</td>
</tr>
<tr>
<td>Mr. Hossain Khaled</td>
<td>Director</td>
<td>19</td>
<td>6</td>
</tr>
<tr>
<td>Mr. Rajibul Huq Chowdhury</td>
<td>Director</td>
<td>19</td>
<td>14</td>
</tr>
<tr>
<td>Mr. Deen Mohammad</td>
<td>Director</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>Mr. Rafiqui Islam Khan</td>
<td>Director</td>
<td>19</td>
<td>12</td>
</tr>
<tr>
<td>Mrs. Syeda Shireen Aziz</td>
<td>Director</td>
<td>19</td>
<td>15</td>
</tr>
<tr>
<td>Mrs. Saveria H. Mahmood</td>
<td>Nominated Director</td>
<td>19</td>
<td>14</td>
</tr>
<tr>
<td>Mr. Tanzib-Ul Alam</td>
<td>Independent Director</td>
<td>19</td>
<td>16</td>
</tr>
<tr>
<td>Mr. Farooq Sobhan</td>
<td>Independent Director</td>
<td>19</td>
<td>13</td>
</tr>
</tbody>
</table>

The Directors who could not attend the meeting were granted leave of absence by the Board.

Ownership Composition

As on 31 December 2017, Directors & Sponsors of City Bank held 30.5% of total shares as opposed to 31.2% at year end 2016.

Percentage of Shareholding as on 31 December 2017:

<table>
<thead>
<tr>
<th>Composition</th>
<th>2017 No. of shares Held</th>
<th>% of Total Shares</th>
<th>2016 No. of shares Held</th>
<th>% of Total Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors &amp; sponsors / Promoters</td>
<td>281,404,765</td>
<td>30.53%</td>
<td>273,424,703</td>
<td>31.22%</td>
</tr>
<tr>
<td>Institutions</td>
<td>171,683,456</td>
<td>18.62%</td>
<td>157,661,050</td>
<td>18.00%</td>
</tr>
<tr>
<td>Foreign Shareholders</td>
<td>139,767,832</td>
<td>15.16%</td>
<td>53,938,287</td>
<td>6.16%</td>
</tr>
<tr>
<td>General Public</td>
<td>329,036,611</td>
<td>35.69%</td>
<td>390,773,991</td>
<td>44.62%</td>
</tr>
<tr>
<td>Total</td>
<td>921,892,664</td>
<td>100.00%</td>
<td>875,798,031</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
Directors’ Shareholding Status

As per BSEC Notification dated 22 November 2011 and 07 December 2011 each Director other than independent and depositors’ 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).

<table>
<thead>
<tr>
<th>Name</th>
<th>Status with Bank</th>
<th>No. of Shares Held</th>
<th>Percentage of Holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Mohammed Shoeb</td>
<td>Chairman</td>
<td>22,075,307</td>
<td>2.50%</td>
</tr>
<tr>
<td>Ms. Tabassum Kaiser</td>
<td>Vice-Chairperson</td>
<td>17,693,587</td>
<td>2.00%</td>
</tr>
<tr>
<td>Mr. Deen Mohammad</td>
<td>Director</td>
<td>43,999,851</td>
<td>4.97%</td>
</tr>
<tr>
<td>Mr. Aziz Al Kaiser</td>
<td>Director</td>
<td>25,762,221</td>
<td>2.91%</td>
</tr>
<tr>
<td>Mr. Rubel Aziz</td>
<td>Director</td>
<td>22,057,443</td>
<td>2.49%</td>
</tr>
<tr>
<td>Mr. Hossain Mehmood</td>
<td>Nominated Director</td>
<td>17,693,224</td>
<td>2.00%</td>
</tr>
<tr>
<td>Mr. Hossain Khaled</td>
<td>Director</td>
<td>17,714,233</td>
<td>2.00%</td>
</tr>
<tr>
<td>Mr. Rajibul Huq Chowdhury</td>
<td>Director</td>
<td>19,462,192</td>
<td>2.20%</td>
</tr>
<tr>
<td>Mrs. Syeda Shaireen Aziz</td>
<td>Director</td>
<td>17,738,998</td>
<td>2.01%</td>
</tr>
<tr>
<td>Mr. Rafiquel Islam Khan</td>
<td>Director</td>
<td>17,791,628</td>
<td>2.01%</td>
</tr>
<tr>
<td>Mrs. Saveria H. Mahmood</td>
<td>Nominated Director</td>
<td>18,060,000</td>
<td>2.04%</td>
</tr>
<tr>
<td>Mr. Tanjib-Ul Alam</td>
<td>Independent Director</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Mr. Farooq Sobhan</td>
<td>Independent Director</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Mr. Sohail R K Hussain</td>
<td>CEO &amp; MD</td>
<td>50,000</td>
<td>0.01%</td>
</tr>
</tbody>
</table>

Shareholding By CEO, CFO, Company Secretary, Head of ICC and their Spouses

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
<th>No. of Shares</th>
<th>Name of Spouse</th>
<th>No. of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Sohail R. K. Hussain</td>
<td>Managing Director &amp; CEO</td>
<td>50,000</td>
<td>Mrs. Sabera Zareen Chowdhury</td>
<td>Nil</td>
</tr>
<tr>
<td>Mr. Md. Mahbubur Rahman</td>
<td>Chief Financial Officer</td>
<td>Nil</td>
<td>Mrs. Sanjidea Afrin Ashraf</td>
<td>Nil</td>
</tr>
<tr>
<td>Mr. Md. Kafi Khan</td>
<td>Company Secretary</td>
<td>8,316</td>
<td>Mrs. Nargis Sultana</td>
<td>Nil</td>
</tr>
<tr>
<td>Mr. Md. Nazmul Anif Khan</td>
<td>Head of ICC</td>
<td>2,702</td>
<td>Mrs. Sharmin Khan</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Shareholding by Top-5 Salaried Executives

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
<th>No. of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Mashrur Arefin</td>
<td>Additional Managing Director &amp; Chief Communications Officer</td>
<td>Nil</td>
</tr>
<tr>
<td>Mr. Sheikh Mohammed Maroof</td>
<td>Deputy Managing Director &amp; Head of Wholesale Banking</td>
<td>Nil</td>
</tr>
<tr>
<td>Mr. Md. Abdul Wadud</td>
<td>Deputy Managing Director &amp; Chief Risk Officer</td>
<td>Nil</td>
</tr>
<tr>
<td>Mr. Kazi Azizur Rahman</td>
<td>Deputy Managing Director &amp; Chief Information Officer</td>
<td>Nil</td>
</tr>
<tr>
<td>Mrs. Mahia Juned</td>
<td>Deputy Managing Director &amp; Head of Operations</td>
<td>Nil</td>
</tr>
</tbody>
</table>
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 158 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 have any family or other relationship with 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 14 of BSEC Corporate Governance Guidelines dated August 7, 2012, it has been reported that the Chairman of the Board, Mr. Mohammed Shoaib 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 organizational 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 Committee.
- 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. Directors are accountable to the shareholders. In the Annual General Meeting (AGM), the shareholders freely speak about the performance of the Bank and make a critical analysis of the performance 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 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 and 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 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 finalized 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.
<table>
<thead>
<tr>
<th>Particulars</th>
<th>Budget 2017</th>
<th>Actual 2017</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Profit</td>
<td>8,310</td>
<td>6,869</td>
<td>82.66%</td>
</tr>
<tr>
<td>Deposit</td>
<td>217,193</td>
<td>183,493</td>
<td>84.48%</td>
</tr>
<tr>
<td>Advance</td>
<td>221,512</td>
<td>196,596</td>
<td>88.75%</td>
</tr>
</tbody>
</table>

**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 organized 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 organizes 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. 37.a)
- Managing Director is paid salaries and allowances as per approval of the Board and Bangladesh Bank (Notes to the Financial Statement No. 36)

City Bank has fully complied with Bangladesh Bank Circular and Guidelines.

**Appointment of External Auditors**

The Board of Directors of the bank in its 34th Annual General Meeting held on June 15, 2017 re-appointed Hoda Vasi Chowdhury & Co. Chartered Accountants as the statutory auditor for the year 2017.

**Services not provided by External Auditors**

As per BSEC guidelines, City Bank had declared Hoda Vasi Chowdhury & Co. Chartered Accountants, (involved in statutory audit) was not included in any of the followings during the year 2017:

- 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 Hoda Vasi Chowdhury & Co. Chartered Accountants possess any share of the bank during the tenure of their audit assignment at City Bank.

**Central Bank Inspections**

During the year 2017, Bangladesh Bank carried out comprehensive and special inspections on the Bank’s Head Office and 38 Branches (among 130 Branches) and followed up on their comprehensive and special inspections on the Bank’s Head Office and different Branches as of 31-12-2015, 30-06-2016, 30-09-2016, 31-12-2016, 31-03-2017, 30-06-2017 and 30-09-2017. They also conducted special inspection on Four Core Risk Areas based on 30-06-2016 and 31-12-2016 financials on Head Office along with Gulshan Avenue Branch and Banani Branch. They submitted their detailed Inspection report as of 31-12-2016 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. Bangladesh Bank inspection team expressed their satisfaction for co-operation and support of City Bank staffs in Board meeting. The board took the observation with utmost importance and instructed management to comply with Bangladesh Bank's suggestions for further improvements.

Board’s Risk Management Committee (BRMC)

Board’s Risk Management Committee (BRMC) at City Bank was established by the Board of directors in its 452 nd Meeting held on January 25, 2014 for governance of risk—overseeing, directing, and setting policies and monitoring risk management performance. Bangladesh Bank vide their BRPD Circular No 11, dated October 27, 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.

Board’s Committees and their Responsibilities

The Board has following 3(three) Committees:
1. Board Risk Management Committee
2. Audit Committee
3. Executive Committee

Committee Composition and Meetings

The Committee is comprised of Directors of the Board. The BRMC as at 31 December 2017 consisted of the following members of the Board—

<table>
<thead>
<tr>
<th>Name</th>
<th>Status with the Bank</th>
<th>Status with the Committee</th>
<th>Total Meetings held</th>
<th>No. of Meetings attended 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Hossain Khaled</td>
<td>Director</td>
<td>Convener</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Mr. Mohammed Shoeb</td>
<td>Chairman</td>
<td>Member</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Mr. Rubel Aziz</td>
<td>Director</td>
<td>Member</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Mr. Hossain Mehmood</td>
<td>Nominated Director</td>
<td>Member</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Mr. Rajibul Huq Chowdhury</td>
<td>Director</td>
<td>Member</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

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 organizational structure embedding risk across the organization
- 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.

Pursuant to the specified BRPD Circular No.12, the Audit Committee of the Board of Directors as at 31st December 2017 consisted of the following members from the board:
The Company Secretary acts as Secretary of the Audit Committee of the Board.

Roles and Responsibilities of Audit Committee

Internal Control & Compliance Activities:
♦ Guide implementation of Corporate Governance in the organization.
♦ 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 organization.
♦ To ensure adherence to legal and regulatory requirements.

Executive Committee (EC)

Composition and detailed information of EC is given below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Status with Bank</th>
<th>Status with Committee</th>
<th>Total Meetings held</th>
<th>No. of Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Rubel Aziz</td>
<td>Director</td>
<td>Convener</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Mr. Deen Mohammad</td>
<td>Director</td>
<td>Member</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Mr. Aziz Al-Kaiser</td>
<td>Director</td>
<td>Member</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Mr. Hossain Mehmood</td>
<td>Nominated Director</td>
<td>Member</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Mr. Hossain Khaled</td>
<td>Director</td>
<td>Member</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Mr. Rajibul Huq Chowdhury</td>
<td>Director</td>
<td>Member</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

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 the committee).

Management Committees and their Responsibilities

In an effective CG 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 of CBL is headed by the Managing Director, Mr. Sohail R. K. Hussain. Several Management Committees have been formed to handle the banking operations and identify and manage risks of the bank. The committees are 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’ (Corporate, Commercial, SME, Retail, Cards, Treasury etc.) performance.

Remuneration Committee and Activities

The bank has a board approved HR Policy. Among other HR related issues, the policy covers salary structure and other benefits of employees. Based on the changing market scenario, HR Policy is reviewed time to time basis. Any change in the remuneration structure is approved by the board. However, Managing Director & CEO’s remuneration is reviewed by the board. In addition, bank also forms an Appraisal Committee every year to review the whole appraisal process of employees of the bank in line with the approved HR Policy and performance of the bank.

Assets Liability Committee (ALCO)

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, the 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 with the roadmap provided by Bangladesh Bank.

Supervisory Review Process (SRP) Team

As per “Revised Process Document for SRP-SREP (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 (Former Risk Management Unit)

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

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 recognizes and assesses all of the 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 organization structure, the nature of the Bank's activities,

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the quality of personnel, organization changes and also employee turnover. External factors include fluctuating economic conditions, changes in the industry, socio-political realities and technological advances.

The Internal Control and Compliance Division (ICCD) of the bank continually recognize and assess all the material risks that could adversely affect the achievement of the bank's goals. The risk assessment by Internal Control focuses more on compliance with regulatory requirements, social, ethical and environmental risks that affect the banking industry. It ensures reliable financial and managerial information that promote better strategic decision for the bank. ICCD ensures compliance with laws and regulations, policies and procedures issued by both the bank management and the regulators. Better internal control may enable a business to engage safely in more profitable activities that would be too risky for a competitor without those control operations in place. Thus, ICCD enhances public confidence on the bank and facilitates risk based bank examinations.

The ICCD of the bank operates independently as a division and consists of four units (Monitoring, Audit & Inspection, IT Audit and Compliance) with prime responsibility to determine risks evaluating overall business, operations & credit portfolios of City Bank.

The key objective of ICCD is to assist & 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 compiled bank has a unique reporting line to the bank’s Board of Directors through the Audit Committee and to the Managing Director & CEO, thus 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 City Bank. Our status on establishing strong internal control in the bank in line with regulatory requirements is described below.

- The Audit Committee of the Board of Directors ensures an effective procedure for financial reporting disclosure, developing a suitable internal control system and maintaining liaison with internal and external auditors to minimize various business risks.

Control policies and procedures have been established, which is verified by the ICCD to ensure that the control policies and procedures are being complied with.

- The Management Committee (MANCOM) actively controls the overall management of the Bank and decides the extent of the Internal Control System, which is appropriate for the Bank.

- Organizational and procedural controls supported by an effective management information system to soundly and prudently manage the company’s exposure to risks.

- The Board of Directors are actively concerned with sound corporate governance and diligently ensure that the Bank is appropriately and effectively managed and controlled.

- External Auditors evaluate the internal control system while conducting their statutory audit.

- Internal Control & Compliance Division has been structured as per prescribed organizational structure of Bangladesh Bank’s core risk management guidelines.

- All core risk management guidelines provided by Bangladesh Bank have been duly implemented and compliance is routinely monitored by ICCD to determine effectiveness.

- The Bank has formulated and updated from time to time its Internal Control policies and manuals.

- An independent audit mechanism to monitor the effectiveness of the organizational and procedural controls.

- A robust Risk Based Internal Audit (RBIA) has been implemented. Risk assessment by Internal Control focuses on compliance with the Bank’s policies together with regulatory requirements, social, ethical and environmental risks so as to ensure profit maximization through risk minimization and to determine the future growth of the bank.

Apart from the above, each year ICCD submits an annual report on the health of the bank to the Managing Director & CEO and Audit Committee of the Board of Directors for onward submission to the Board of Directors to assess the strength of the Bank on the basis of core fundamental yardsticks.

Risk grading of branches have been implemented since 2009 and updated from time to time. Risk grading of a number of Head Office divisions has already been implemented and is in the process to cover all divisions based on overall risk profiling and risk matrix.

Key operational risk areas of the core lines of business (Wholesale, Commercial, Branch Banking Treasury & Market Risk) along with the other segments of the bank, i.e., operations, risk and support functions as well as IT Security are identified and assessed through regular audit process carried out by ICCD under an approved annual audit plan.
# 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)

<table>
<thead>
<tr>
<th>SL No.</th>
<th>Particulars</th>
<th>Compliance Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Responsibilities and authorities of the Board of Directors:</td>
<td></td>
</tr>
</tbody>
</table>

(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.

(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.

(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.

(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
<table>
<thead>
<tr>
<th>SL No.</th>
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<tbody>
<tr>
<td></td>
<td>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.</td>
<td>Compiled</td>
</tr>
<tr>
<td>(e)</td>
<td>Financial management</td>
<td>Compiled</td>
</tr>
<tr>
<td></td>
<td>(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.</td>
<td></td>
</tr>
<tr>
<td>(f)</td>
<td>Formation of supporting committee</td>
<td>Compiled</td>
</tr>
<tr>
<td></td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>(g)</td>
<td>Appointment of CEO</td>
<td>Compiled</td>
</tr>
<tr>
<td></td>
<td>(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.</td>
<td></td>
</tr>
</tbody>
</table>

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.

(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.
<table>
<thead>
<tr>
<th>SL No.</th>
<th>Particulars</th>
<th>Compliance Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>(c)</td>
<td>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.</td>
<td>Compiled</td>
</tr>
<tr>
<td>3.</td>
<td>Responsibilities of Advisor</td>
<td>No such Adviser at the Bank.</td>
</tr>
<tr>
<td></td>
<td>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 he have the scope of effecting executive authority in any matters of the bank including financial, administrative or operational affairs.</td>
<td></td>
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<tr>
<td>4.</td>
<td>Responsibilities and authorities of CEO</td>
<td>Compiled</td>
</tr>
<tr>
<td></td>
<td>The CEO of the bank, whatever name called, shall discharge the responsibilities and effect the authorities as follows:</td>
<td></td>
</tr>
<tr>
<td>(a)</td>
<td>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 there of and prudent administration and financial management.</td>
<td>Compiled</td>
</tr>
<tr>
<td>(b)</td>
<td>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.</td>
<td>Compiled</td>
</tr>
<tr>
<td>(c)</td>
<td>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.</td>
<td>Compiled</td>
</tr>
<tr>
<td>(d)</td>
<td>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.</td>
<td>Compiled</td>
</tr>
<tr>
<td>(e)</td>
<td>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.</td>
<td>Compiled</td>
</tr>
<tr>
<td>5.</td>
<td>Meetings of the Board of Directors</td>
<td>Compiled</td>
</tr>
<tr>
<td></td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Number of members of Executive Committee (EC) of the Board</td>
<td>Compiled</td>
</tr>
<tr>
<td></td>
<td>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</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Training of the Directors</td>
<td>Compiled</td>
</tr>
<tr>
<td></td>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>
Certificate of Compliance to the Shareholders of The City Bank Limited

(As required under the BSEC Corporate Governance Guidelines)

We have reviewed the compliance of Codes of Corporate Governance of The City Bank Limited, for the year ended December 31, 2017 as set by Bangladesh Securities and Exchange Commission (BSEC) by the notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and subsequently amended through their notification # SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

The compliance of Codes of Corporate Governance is the responsibility of the management. Our review was limited to the procedures and implementation thereof as adopted by the Bank for ensuring the compliance of the Codes of Corporate Governance Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that, except as reported on the attached status of compliance statement, the Bank has complied with the codes of Corporate Governance Guidelines as stipulated in the above mentioned BSEC notification dated 07 August 2012.

We also state that such compliance is neither an assurance as to the future viability of the Bank nor a certification on the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Chartered Accountants

Dated: 09 May 2018
Dhaka
Status of Compliance of Bangladesh Securities and Exchange Commission (BSEC) Guidelines for Corporate Governance

Status of compliance with the condition imposed by the commission's Notification No. SEC/CMRRC-D/2006-158/134/Admin/44 dated 07.08.2012 issued under section 2CC of the Securities and Exchange Ordinance 1969:

<table>
<thead>
<tr>
<th>SL No.</th>
<th>Compliance Requirement</th>
<th>Compliance Status</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>BOARD OF DIRECTORS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Board's Size: The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty):</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Independent directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>At least one fifth (1/5)</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.2(i)</td>
<td>Does not hold any or holds less than one percent (1%) shares</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.2(ii)</td>
<td>Is not a sponsor of the company and not connected with any sponsor, director or shareholder who holds 1% or more shares</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.2(iii)</td>
<td>Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.2(iv)</td>
<td>Not a member, director or officer of any stock exchange</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.2(v)</td>
<td>Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.2(vi)</td>
<td>Not a partner or executive or was not a partner or an executive during the preceding 3 years of any statutory audit firm</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.2(vii)</td>
<td>Is not an independent director in more than 3 listed companies</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.2(viii)</td>
<td>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</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.2(ix)</td>
<td>Has not been convicted for a criminal offence involving moral turpitude</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>SL No.</td>
<td>Compliance Requirement</td>
<td>Compliance Status</td>
<td>Remark</td>
</tr>
<tr>
<td>--------</td>
<td>----------------------------------------------------------------------------------------</td>
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<td>----------------------------------</td>
</tr>
<tr>
<td>1.2(iii)</td>
<td>Nominated by the board of directors and approved by the shareholders in the AGM</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.2(iv)</td>
<td>The post cannot remain vacant for more than 90 (ninety) days</td>
<td>N/A</td>
<td>No such event occurred</td>
</tr>
<tr>
<td>1.2(v)</td>
<td>The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.2(vi)</td>
<td>The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 term only</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Qualification of Independent Director (ID):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3(i)</td>
<td>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.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.3(ii)</td>
<td>The person should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost &amp; Management Accountants, and Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.3(iii)</td>
<td>In special cases the above qualifications may be relaxed subject to prior approval of Commission.</td>
<td>N/A</td>
<td>No Such Issue raised</td>
</tr>
<tr>
<td>1.4</td>
<td>Chairman of the Board and Chief Executive Officer: The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5</td>
<td>The Directors’ Report to the Shareholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5(i)</td>
<td>Industry outlook and possible future developments in the industry</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(ii)</td>
<td>Segment-wise or product-wise performance</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(iii)</td>
<td>Risks and concerns</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(iv)</td>
<td>A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(v)</td>
<td>Discussion on continuity of any Extra-Ordinary gain or loss</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(vi)</td>
<td>Basis for related party transactions</td>
<td>✓</td>
<td>Presented in note No. 48 of Financial Statement</td>
</tr>
<tr>
<td>SL No.</td>
<td>Compliance Requirement</td>
<td>Compliance Status</td>
<td>Remark</td>
</tr>
<tr>
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<td>----------------------------------</td>
</tr>
<tr>
<td>1.5(vii)</td>
<td>Utilization of proceeds from public issues, rights issues and/or through any other instruments</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(viii)</td>
<td>An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5(ix)</td>
<td>If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the management shall explain about the variance on their Annual Report.</td>
<td>N/A</td>
<td>No such event occurred</td>
</tr>
<tr>
<td>1.5(x)</td>
<td>Remuneration to directors including independent directors</td>
<td>✓</td>
<td>Presented in note No. 37a of Financial Statement</td>
</tr>
<tr>
<td>1.5(xi)</td>
<td>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.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xii)</td>
<td>Proper books of account of the issuer company have been maintained.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xiii)</td>
<td>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.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xiv)</td>
<td>International Accounting Standards (IAS) / Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xv)</td>
<td>The system of internal control is sound in design and has been effectively implemented and monitored.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xvi)</td>
<td>There are no significant doubts 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 thereof should be disclosed.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xvii)</td>
<td>Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xviii)</td>
<td>Key operating and financial data of at least preceding 5 (five) years shall be summarized.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xix)</td>
<td>If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>SL No.</td>
<td>Compliance Requirement</td>
<td>Compliance Status</td>
<td>Remark</td>
</tr>
<tr>
<td>--------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>1.5(xx)</td>
<td>The number of Board meetings held during the year and attendance by each director shall be disclosed.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xxi)</td>
<td>The pattern of shareholding shall be reported to disclose aggregate number of shares (along with name wise details where stated below) held by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5(xxi)a</td>
<td>Parent/Subsidiary/Associated Companies and other related parties (name wise details)</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xxi)b</td>
<td>Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details)</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xxi)c</td>
<td>Executives;</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xxi)d</td>
<td>Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xxii)</td>
<td>In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5(xxii)a</td>
<td>a brief resume of the director</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xxii)b</td>
<td>Nature of his/her expertise in specific functional areas</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.5(xxii)c</td>
<td>Names of companies in which the person also holds the directorship and the membership of committees of the board</td>
<td>✓</td>
<td>Annexure-F of Financial Statement</td>
</tr>
<tr>
<td>2</td>
<td><strong>CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Appointment: The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance), and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>2.2</td>
<td>Requirement to attend the Board Meetings: The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td><strong>AUDIT COMMITTEE:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3(i)</td>
<td>The company shall have an Audit Committee as a sub-committee of the Board of Directors.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3(ii)</td>
<td>The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.</td>
<td>✓</td>
<td>Constituted as per BB’s Circular</td>
</tr>
<tr>
<td>SL No.</td>
<td>Compliance Requirement</td>
<td>Compliance Status</td>
<td>Remark</td>
</tr>
<tr>
<td>--------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>3(iii)</td>
<td>The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Constitution of the Audit Committee</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3.1(i)</td>
<td>The Audit Committee shall be composed of at least 3 (three) members.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3.1(ii)</td>
<td>The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3.1(iii)</td>
<td>All members of the audit committee should be &quot;financially literate&quot; and at least 1 (one) member shall have accounting or related financial management experience. Explanation: The term &quot;financially literate&quot; means the ability to read and understand the financial statements like Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have accounting or related financial management expertise if he/she possesses professional qualification or Accounting/Finance graduate with at least 12 years of corporate management/professional experiences.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3.1(iv)</td>
<td>When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until 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 of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>3.1(v)</td>
<td>The company secretary shall act as the secretary of the Committee</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3.1(vi)</td>
<td>The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3.2</td>
<td>Chairman of the Audit Committee</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3.2(i)</td>
<td>The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>03.2(ii)</td>
<td>Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3.3</td>
<td>Role of Audit Committee Role of audit committee shall include the following:-</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>SL No.</td>
<td>Compliance Requirement</td>
<td>Compliance Status</td>
<td>Remark</td>
</tr>
<tr>
<td>-------</td>
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</tr>
<tr>
<td>3.3(i)</td>
<td>Monitor choice of accounting policies and principles.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3(ii)</td>
<td>Monitor Internal Control Risk management process.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3(iii)</td>
<td>Oversee hiring and performance of external auditors.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3(iv)</td>
<td>Review along with the management, the annual financial statements before submission to the board for approval.</td>
<td></td>
<td>Refer to Audit Committee's Report</td>
</tr>
<tr>
<td>3.3(v)</td>
<td>Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3(vi)</td>
<td>Review the adequacy of internal audit function.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3(vii)</td>
<td>Review statement of significant related party transactions submitted by the management.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3(viii)</td>
<td>Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3(ix)</td>
<td>When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO) / Rights Issue, the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document / prospectus.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4</td>
<td>Reporting of the Audit Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4.1</td>
<td>Reporting to the Board of Directors:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4.1(i)</td>
<td>The Audit Committee shall report on its activities to the Board of Directors.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3.4.1(ii)</td>
<td>The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:</td>
<td>N/A</td>
<td>No Such issue raised</td>
</tr>
<tr>
<td>3.4.1(ii)(a)</td>
<td>Report on conflicts of interests</td>
<td>N/A</td>
<td>No Such issue raised</td>
</tr>
<tr>
<td>3.4.1(ii)(b)</td>
<td>Suspected or presumed fraud or irregularity or material defect in the internal control system</td>
<td>N/A</td>
<td>No Such issue raised</td>
</tr>
<tr>
<td>3.4.1(ii)(c)</td>
<td>Suspected infringement of laws, including securities related laws, rules and regulations</td>
<td>N/A</td>
<td>No Such issue raised</td>
</tr>
<tr>
<td>3.4.1(ii)(d)</td>
<td>Any other matter which shall be disclosed to the Board of Directors immediately</td>
<td>N/A</td>
<td>No Such issue raised</td>
</tr>
<tr>
<td>SL No.</td>
<td>Compliance Requirement</td>
<td>Compliance Status</td>
<td>Remark</td>
</tr>
<tr>
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</tr>
<tr>
<td>3.4.2</td>
<td>Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors 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 of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.</td>
<td>N/A</td>
<td>No Such issue raised</td>
</tr>
<tr>
<td>3.5</td>
<td>Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>EXTERNAL/STATUTORY AUDITORS: The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely: -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4(i)</td>
<td>Appraisal or valuation services or fairness opinions.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>4(ii)</td>
<td>Financial information systems design and implementation.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>4(iii)</td>
<td>Book-keeping or other services related to the accounting, records or financial statements.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>4(iv)</td>
<td>Broker-dealer services.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>4(v)</td>
<td>Actuarial services.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>4(vi)</td>
<td>Internal audit services.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>4(vii)</td>
<td>Any other service that the Audit Committee determines.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>4(viii)</td>
<td>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.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>SUBSIDIARY COMPANY:</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>5(i)</td>
<td>Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>5(ii)</td>
<td>At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.</td>
<td>✓</td>
<td>Compiled for City Brokerage Ltd. &amp; City Bank Capital Resources Ltd. Not complied for CBL Money Transfer Sdn. Bhd. Malaysia</td>
</tr>
<tr>
<td>SL No.</td>
<td>Compliance Requirement</td>
<td>Compliance Status</td>
<td></td>
</tr>
<tr>
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<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
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<td></td>
</tr>
<tr>
<td>5(iii)</td>
<td>The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>5(iv)</td>
<td>The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>5(v)</td>
<td>The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td><strong>DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6(i)</td>
<td>The 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:</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>6(a)</td>
<td>These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>6(b)</td>
<td>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.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>6(ii)</td>
<td>There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company’s code of conduct.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td><strong>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7(i)</td>
<td>The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>7(ii)</td>
<td>The directors of the company shall state, in accordance with the Annexure attached, in the directors’ report whether the company has complied with these conditions.</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR'S REPORT

To the shareholders of The City Bank Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying 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 balance sheet and the separate balance sheet as at 31 December 2017, 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 a summary of significant accounting policies and other explanatory information.

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AND INTERNAL CONTROLS

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 21 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective Internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2017, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 21.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and separate financial statements of the Bank are free from material misstatement.

EMPHASIS OF MATTER

We draw attention to note 3.24 to the financial statements where management explained voluntary change in accounting policy for subsequent measurement basis of the Bank’s land and building, and reversion from "revaluation model to cost model". Our opinion is not qualified in respect of this matter.
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor’s Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the 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 Management’s Responsibility for the Financial Statements and Internal Control:

i) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in note 50 of the financial statements appeared to be materially adequate; and

ii) 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 other than matters disclosed in these financial statements;

c) financial statements of the subsidiaries of the Bank have been audited by other auditors and have been properly reflected in the consolidated financial statements;

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

e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;

f) the expenditure incurred was for the purposes of the Bank’s business;

g) 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 with related guidance issued by Bangladesh Bank;

h) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;

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

j) the information and explanation required by us have been received and found satisfactory, and

k) we have reviewed over 80% of the risk weighted assets of the Bank and have spent around 3,500 person hours for the audit of the books and accounts of the Bank.

Dhaka, 30 April 2018

Hoda Vasi Chowdhury & Co.
Chartered Accountants
## CONSOLIDATED BALANCE SHEET
As at 31 December 2017

### PROPERTY AND ASSETS

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FIGURES IN TAKA</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>4</td>
<td>2017, 103,908</td>
</tr>
<tr>
<td>In hand (including foreign currencies)</td>
<td>4</td>
<td>4,447,800,960</td>
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<tr>
<td>Balance with Bangladesh Bank and its agent bank(s)</td>
<td>4.2</td>
<td>19,339,302,948</td>
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<tr>
<td>(including foreign currencies)</td>
<td>5</td>
<td>13,693,645,550</td>
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<tr>
<td>Balance with other banks and financial institutions</td>
<td>6</td>
<td>89,379,167</td>
</tr>
<tr>
<td>in Bangladesh</td>
<td>7</td>
<td>12,704,276,112</td>
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<tr>
<td>Outside Bangladesh</td>
<td>8</td>
<td>989,369,438</td>
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<tr>
<td>Money at call and short notice</td>
<td>9</td>
<td>22,099,527,532</td>
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<tr>
<td>Investments</td>
<td>10</td>
<td>3,642,729,555</td>
</tr>
<tr>
<td>Government</td>
<td>11</td>
<td>9,822,028,841</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
<td>31,931,554,373</td>
</tr>
<tr>
<td>Loans and advances/Investments</td>
<td>13</td>
<td>192,350,678,263</td>
</tr>
<tr>
<td>Loans, cash credits, overdrafts, etc./investments</td>
<td>14</td>
<td>4,722,154,652</td>
</tr>
<tr>
<td>Bills purchased and discounted</td>
<td>15</td>
<td>197,072,832,915</td>
</tr>
<tr>
<td>Fixed assets including premises, furniture and fixtures</td>
<td>16</td>
<td>3,642,729,555</td>
</tr>
<tr>
<td>Other assets</td>
<td>17</td>
<td>9,822,028,841</td>
</tr>
<tr>
<td>Non-banking assets</td>
<td>18</td>
<td>278,067,080,739</td>
</tr>
<tr>
<td>Total assets</td>
<td>19</td>
<td>278,067,080,739</td>
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</tbody>
</table>

### LIABILITIES AND CAPITAL

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FIGURES IN TAKA</td>
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<tr>
<td>Liabilities</td>
<td>20</td>
<td>7,250,000,000</td>
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<td>Tier-I subordinated bond</td>
<td>21</td>
<td>38,729,567,834</td>
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<tr>
<td>Borrowings from other banks, financial institutions and agents</td>
<td>22</td>
<td>25,072,617,911</td>
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<tr>
<td>Deposits and other accounts</td>
<td>23</td>
<td>1,355,732,100</td>
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<tr>
<td>Current deposits and other accounts</td>
<td>24</td>
<td>39,082,904,954</td>
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<tr>
<td>Bills payable</td>
<td>25</td>
<td>117,391,667,208</td>
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<tr>
<td>Savings bank deposits</td>
<td>26</td>
<td>4,848,228,640</td>
</tr>
<tr>
<td>Fixed deposits</td>
<td>27</td>
<td>2,944,080,404</td>
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<tr>
<td>Bearer certificate of deposit</td>
<td>28</td>
<td>182,902,922,173</td>
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<tr>
<td>Other liabilities</td>
<td>29</td>
<td>23,005,504,719</td>
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<td>Total liabilities</td>
<td>30</td>
<td>251,887,994,727</td>
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<tr>
<td>Capital/shareholders' equity</td>
<td>31</td>
<td>9,218,926,640</td>
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<tr>
<td>Paid up capital</td>
<td>32</td>
<td>7,130,574,430</td>
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<tr>
<td>Statutory reserve</td>
<td>33</td>
<td>1,504,388,797</td>
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<tr>
<td>Share premium</td>
<td>34</td>
<td>530,786,631</td>
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<tr>
<td>Dividend equalization reserve</td>
<td>35</td>
<td>4,848,228,640</td>
</tr>
<tr>
<td>Other reserve</td>
<td>36</td>
<td>2,944,080,404</td>
</tr>
<tr>
<td>Surplus in profit and loss account</td>
<td>37</td>
<td>26,176,985,506</td>
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<tr>
<td>Total shareholders' equity</td>
<td>38</td>
<td>28,179,086,012</td>
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<tr>
<td>Non controlling interest</td>
<td>39</td>
<td>100,506</td>
</tr>
<tr>
<td>Total equity</td>
<td>40</td>
<td>28,179,086,012</td>
</tr>
<tr>
<td>Total liabilities and shareholders' equity</td>
<td>41</td>
<td>278,067,080,739</td>
</tr>
</tbody>
</table>
### OFF-BALANCE SHEET ITEMS

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contingent liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptances and endorsements</td>
<td>32,956,408,937</td>
<td>18,676,525,600</td>
</tr>
<tr>
<td>Letters of guarantee</td>
<td>13,060,162,726</td>
<td>8,308,768,437</td>
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<tr>
<td>Irrevocable letters of credit</td>
<td>36,220,551,100</td>
<td>14,504,592,520</td>
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<tr>
<td>Bills for collection</td>
<td>14,166,143,046</td>
<td>14,687,819,982</td>
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<tr>
<td>Other contingent liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>96,403,265,809</td>
<td>56,157,706,538</td>
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<tr>
<td><strong>Other commitments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Documentary credits and short term trade-related</td>
<td></td>
<td></td>
</tr>
<tr>
<td>transactions</td>
<td></td>
<td></td>
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<tr>
<td>Forward assets purchased and forward deposits</td>
<td>24.4 2,441,633,159</td>
<td>4,862,653,604</td>
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<tr>
<td>placed</td>
<td></td>
<td></td>
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<tr>
<td>Undrawn note issuance and revolving</td>
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<td></td>
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<tr>
<td>underwriting facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undrawn formal standby facilities, credit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>lines and other commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,441,633,159</td>
<td>4,862,653,604</td>
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<tr>
<td><strong>Total Off-Balance Sheet items including</strong></td>
<td>98,844,898,968</td>
<td>61,020,360,142</td>
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<tr>
<td>contingent liabilities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The annexed notes to 50 form an integral part of these financial statements.

---

Managing Director & CEO

Director

Director

Chairman

As per our report of same data.

Dhaka, 30 April 2018

Hoda Yasi Chowdhury & Co.
Chartered Accountants
### CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Figures in Taka</td>
<td></td>
</tr>
<tr>
<td>Interest income/profit on investments 26</td>
<td>16,819,464,242</td>
<td>16,057,152,921</td>
</tr>
<tr>
<td>Interest paid/profit shared on deposits and borrowings etc. 27</td>
<td>(9,280,207,856)</td>
<td>(9,545,962,641)</td>
</tr>
<tr>
<td>Net interest income/profit on investments</td>
<td>7,539,256,385</td>
<td>6,511,190,280</td>
</tr>
<tr>
<td>Investment income 28</td>
<td>3,030,038,998</td>
<td>4,823,836,672</td>
</tr>
<tr>
<td>Commission, exchange and brokerage 29</td>
<td>3,308,317,471</td>
<td>2,423,967,973</td>
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<tr>
<td>Other operating income 30</td>
<td>1,311,310,878</td>
<td>1,049,681,156</td>
</tr>
<tr>
<td><strong>Total operating income (A)</strong></td>
<td><strong>7,649,667,346</strong></td>
<td><strong>8,297,485,801</strong></td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and allowances 31</td>
<td>4,363,800,589</td>
<td>3,758,069,767</td>
</tr>
<tr>
<td>Rent, taxes, insurance, electricity, etc. 32</td>
<td>982,785,601</td>
<td>781,216,596</td>
</tr>
<tr>
<td>Legal expenses 33</td>
<td>52,845,795</td>
<td>39,273,353</td>
</tr>
<tr>
<td>Postage, stamp, telecommunication, etc. 34</td>
<td>83,280,499</td>
<td>92,772,113</td>
</tr>
<tr>
<td>Stationery, printing, advertisements, etc. 35</td>
<td>216,463,541</td>
<td>165,524,753</td>
</tr>
<tr>
<td>Chief Executive's salary and fees 36</td>
<td>17,594,152</td>
<td>16,939,300</td>
</tr>
<tr>
<td>Directors' fees 37</td>
<td>1,992,576</td>
<td>2,662,166</td>
</tr>
<tr>
<td>Auditors' fees 38</td>
<td>2,755,036</td>
<td>2,590,339</td>
</tr>
<tr>
<td>Depreciation and repair 39</td>
<td>1,037,214,890</td>
<td>978,169,396</td>
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<tr>
<td>Other expenses 40</td>
<td>1,628,213,112</td>
<td>1,251,169,537</td>
</tr>
<tr>
<td><strong>Total operating expenses (B)</strong></td>
<td><strong>8,386,945,792</strong></td>
<td><strong>7,087,407,319</strong></td>
</tr>
<tr>
<td>Profit before provision (C = A-B)</td>
<td><strong>6,801,977,939</strong></td>
<td><strong>7,721,268,763</strong></td>
</tr>
<tr>
<td>Provision for loans and advances/investments 40</td>
<td>(1,227,377,728)</td>
<td>(2,014,646,765)</td>
</tr>
<tr>
<td>Provision for off-balance sheet exposures 41</td>
<td>(160,000,000)</td>
<td>(133,000,000)</td>
</tr>
<tr>
<td>Other provision 42</td>
<td>(280,515,498)</td>
<td>658,880</td>
</tr>
<tr>
<td><strong>Total provision (D)</strong></td>
<td><strong>(1,667,893,215)</strong></td>
<td><strong>(2,146,897,885)</strong></td>
</tr>
<tr>
<td>Total profit before tax (E = C+D)</td>
<td><strong>5,114,084,725</strong></td>
<td><strong>5,574,380,878</strong></td>
</tr>
<tr>
<td>Provision for taxation (F)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current tax expense 41</td>
<td>(1,692,815,199)</td>
<td>(1,716,485,289)</td>
</tr>
<tr>
<td>Deferred tax income/(expense) 42</td>
<td>237,408,927</td>
<td>146,204,483</td>
</tr>
<tr>
<td><strong>Total provision for tax</strong></td>
<td><strong>(1,655,406,271)</strong></td>
<td><strong>(1,570,280,806)</strong></td>
</tr>
<tr>
<td><strong>Net profit after tax (G = E+F)</strong></td>
<td><strong>3,458,678,453</strong></td>
<td><strong>4,004,000,071</strong></td>
</tr>
<tr>
<td>Note</td>
<td>2017</td>
<td>2016 (Restated)</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
<td>----------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net profit after tax attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the bank</td>
<td>3,458,668,899</td>
<td>4,003,997,676</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>9,554</td>
<td>2,395</td>
</tr>
<tr>
<td><strong>Appropriations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>1,030,382,703</td>
<td>1,093,121,420</td>
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<tr>
<td>General reserve</td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td><strong>Retained surplus for the year</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Earnings per share (EPS)</strong></td>
<td>2,428,286,196</td>
<td>2,910,876,256</td>
</tr>
<tr>
<td></td>
<td>3.90</td>
<td>4.57</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 50 form an integral part of these financial statements.

Managing Director & CEO

Director

Director

Chairman

As per our report of same date.

Dhaka, 30 April 2018

Hoda Vasi Chowdhury & Co. Chartered Accountants
# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Paid up capital</th>
<th>Statutory reserve</th>
<th>Share premium</th>
<th>General reserve</th>
<th>Revaluation gains/(loss) on investments</th>
<th>Dividend Equalization Reserve</th>
<th>Surplus in profit and loss account</th>
<th>Total</th>
<th>Non controlling interest</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Balance as at 1 January 2017</td>
<td>8,757,980,310</td>
<td>6,100,191,727</td>
<td>660,657,013</td>
<td>11,394,928</td>
<td>1,163,899,907</td>
<td>176,928,877</td>
<td>2,985,335,511</td>
<td>19,856,898,273</td>
<td>95,268</td>
<td>19,856,898,541</td>
</tr>
<tr>
<td>Surplus/(Deficit) on account of revaluation of investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,482,972</td>
<td>9,482,972</td>
<td>-</td>
</tr>
<tr>
<td>Net profit/(loss) for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,458,686,869</td>
<td>3,458,686,869</td>
<td>9,554</td>
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<tr>
<td>Adjustment for inter company (cash dividend receipts)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>219,996,684</td>
<td>219,996,684</td>
<td>-</td>
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<tr>
<td>Fresh issue of shares</td>
<td>460,948,330</td>
<td>-</td>
<td>843,531,784</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to dividend equalization fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>363,857,754 (363,857,754)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend (Cash)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,343,142,205) (2,343,142,205)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation made during year</td>
<td>-</td>
<td>1,000,362,703</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance as at 31 December 2017</td>
<td>9,218,928,640</td>
<td>7,130,574,420</td>
<td>1,504,363,797</td>
<td>11,394,928</td>
<td>4,636,833,676</td>
<td>530,786,631</td>
<td>2,946,080,403</td>
<td>29,178,985,505</td>
<td>100,506</td>
<td>29,179,086,011</td>
</tr>
</tbody>
</table>

For the year ended 31 December 2016

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Paid up capital</th>
<th>Statutory reserve</th>
<th>Share premium</th>
<th>General reserve</th>
<th>Revaluation gains/(loss) on investments</th>
<th>Dividend Equalization Reserve</th>
<th>Surplus in profit and loss account</th>
<th>Total</th>
<th>Non controlling interest</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
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<tr>
<td>Balance as at 1 January 2016</td>
<td>8,757,980,310</td>
<td>5,002,816,644</td>
<td>4,900,128,740</td>
<td>11,394,928</td>
<td>3,262,220,345</td>
<td>-</td>
<td>-</td>
<td>2,178,721,328</td>
<td>19,914,779,010</td>
<td>2,534,779</td>
</tr>
<tr>
<td>Adjustment for changing accounting policy for fixed assets</td>
<td>-</td>
<td>4,263,633</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,178,721,328</td>
<td>19,914,779,010</td>
<td>2,534,779</td>
</tr>
<tr>
<td>Balance as at 1 January 2016 (restated)</td>
<td>8,757,980,310</td>
<td>5,007,070,277</td>
<td>660,657,013</td>
<td>11,394,928</td>
<td>3,262,220,345</td>
<td>-</td>
<td>-</td>
<td>2,178,721,328</td>
<td>19,912,244,231</td>
<td>2,534,779</td>
</tr>
<tr>
<td>Surplus/(Deficit) on account of revaluation of properties</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Surplus/(Deficit) on account of revaluation of investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18,444,112</td>
<td>18,444,112</td>
<td>-</td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,003,967,876</td>
<td>4,003,967,876</td>
<td>2,305</td>
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<tr>
<td>Net profit/(loss) for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>79,986,432</td>
<td>79,986,432</td>
<td>-</td>
</tr>
<tr>
<td>Adjustment for inter company (cash dividend receipts)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,440,309</td>
<td>2,440,309</td>
<td>-</td>
</tr>
<tr>
<td>Minority interest acquisition</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend (Cash)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation made during year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance as at 31 December 2016 (Restated)</td>
<td>8,757,980,310</td>
<td>6,100,191,727</td>
<td>660,657,013</td>
<td>11,394,928</td>
<td>1,163,899,907</td>
<td>176,928,877</td>
<td>2,985,335,511</td>
<td>19,856,898,273</td>
<td>95,268</td>
<td>19,856,898,541</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 50 form an integral part of these financial statements.
# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A)</td>
<td>Cash flows from operating activities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Interest receipts/investment income receipts in cash</td>
<td>16,683,356,217</td>
</tr>
<tr>
<td></td>
<td>Interest payments/profit paid on deposits</td>
<td>(12,108,363,675)</td>
</tr>
<tr>
<td></td>
<td>Dividend receipts</td>
<td>404,956,956</td>
</tr>
<tr>
<td></td>
<td>Fees and commission receipts in cash</td>
<td>1,945,423,622</td>
</tr>
<tr>
<td></td>
<td>Recoveries of loans previously written-off</td>
<td>16 a.1</td>
</tr>
<tr>
<td></td>
<td>Cash payments to employees</td>
<td>(4,383,976,792)</td>
</tr>
<tr>
<td></td>
<td>Cash payments to suppliers</td>
<td>(131,539,364)</td>
</tr>
<tr>
<td></td>
<td>Income taxes paid</td>
<td>(1,638,049,715)</td>
</tr>
<tr>
<td></td>
<td>Receipts from other operating activities</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td>Payments for other operating activities</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>Cash generated from operating activities before changes in operating assets and liabilities (i)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increase/decrease in operating assets and liabilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loans and advances to customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other assets</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>Deposits from other banks/borrowings</td>
<td>7,575,910,722</td>
</tr>
<tr>
<td></td>
<td>Deposits from customers</td>
<td>7,946,437,032</td>
</tr>
<tr>
<td></td>
<td>Other liabilities</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>Cash generated from operating assets and liabilities (ii)</td>
<td>(6,753,188,232)</td>
</tr>
<tr>
<td></td>
<td>Net cash flow from operating activities (i+ii)</td>
<td>(4,454,475,601)</td>
</tr>
<tr>
<td>B)</td>
<td>Cash flows from investing activities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Proceeds from sale of securities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Payment for purchase of securities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Purchase/sale of property, plant and equipment</td>
<td>(1,063,409,434)</td>
</tr>
<tr>
<td></td>
<td>Net cash used in investing activities</td>
<td>(6,420,683,756)</td>
</tr>
<tr>
<td>C)</td>
<td>Cash flows from financing activities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Issuance of tier-II subordinated bond (i)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Redeemed of tier-II subordinated bond - (i)</td>
<td>(750,000,000)</td>
</tr>
<tr>
<td></td>
<td>Receipts for issue of ordinary shares</td>
<td>1,304,478,114</td>
</tr>
<tr>
<td></td>
<td>Dividend paid</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net cash from financing activities</td>
<td>3,431,331,593</td>
</tr>
<tr>
<td>D)</td>
<td>Net increase in cash and cash equivalents (A+B+C)</td>
<td>(7,443,827,764)</td>
</tr>
<tr>
<td>E)</td>
<td>Effects of exchange rate changes on cash and cash equivalents</td>
<td>1,381,482,815</td>
</tr>
<tr>
<td>F)</td>
<td>Cash and cash equivalents at beginning of the year</td>
<td>45,997,979,984</td>
</tr>
<tr>
<td>G)</td>
<td>Cash and cash equivalents at end of the year (D+E+F)</td>
<td>39,935,635,035</td>
</tr>
</tbody>
</table>

Cash and cash equivalents at end of the year consists of:
- Cash in hand (including foreign currencies) | 4,447,800,960 | 3,788,022,776 |
- Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies) | 19,339,302,948 | 20,596,275,735 |
- Balance with other banks and financial institutions | 13,693,645,550 | 14,065,672,503 |
- Money at call and short notice | 99,379,167 | 91,379,167 |
- Government securities | 2,365,506,410 | 7,336,629,802 |
- Total | 39,935,635,035 | 45,997,979,984 |

The annexed notes 1 to 50 form an integral part of these financial statements.
# BALANCE SHEET
As at 31 December 2017

## PROPERTY AND ASSETS

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>Figures in Taka 2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In hand (including foreign currencies)</td>
<td>4.a.1</td>
<td>4,447,677,389</td>
</tr>
<tr>
<td>Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)</td>
<td>4.a.2</td>
<td>19,339,302,948</td>
</tr>
<tr>
<td><strong>Balance with other banks and financial institutions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Bangladesh</td>
<td>5.a</td>
<td></td>
</tr>
<tr>
<td>Outside Bangladesh</td>
<td></td>
<td>603,628,865</td>
</tr>
<tr>
<td><strong>Money at call and short notice</strong></td>
<td>6</td>
<td></td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>7.a</td>
<td>22,099,527,532</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>3,408,912,369</td>
</tr>
<tr>
<td><strong>Loans and advances/investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans, cash credits, overdrafts, etc./investments</td>
<td>8.a</td>
<td>191,873,705,133</td>
</tr>
<tr>
<td>Bills purchased and discounted</td>
<td>9</td>
<td>4,722,154,652</td>
</tr>
<tr>
<td><strong>Fixed assets including premises, furniture and fixtures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>10.a</td>
<td>3,277,030,329</td>
</tr>
<tr>
<td><strong>Non-banking assets</strong></td>
<td>11.a</td>
<td>12,662,485,803</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>12</td>
<td>881,668,179</td>
</tr>
</tbody>
</table>

## LIABILITIES AND CAPITAL

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2017</th>
<th>Figures in Taka 2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tier-II subordinated bond</strong></td>
<td>13</td>
<td>7,250,000,000</td>
</tr>
<tr>
<td><strong>Borrowings from other banks, financial institutions and agents</strong></td>
<td>14.a</td>
<td>37,900,287,406</td>
</tr>
<tr>
<td><strong>Deposits and other accounts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current deposits and other accounts</td>
<td>15.a</td>
<td>25,512,834,069</td>
</tr>
<tr>
<td>Bills payable</td>
<td>16</td>
<td>1,355,732,100</td>
</tr>
<tr>
<td>Savings bank deposits</td>
<td></td>
<td>39,082,904,954</td>
</tr>
<tr>
<td>Fixed deposits</td>
<td>17</td>
<td>117,541,293,344</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td>18</td>
<td>22,013,024,611</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>16.a</td>
<td>200,662,086,487</td>
</tr>
<tr>
<td><strong>Capital/shareholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid up capital</td>
<td>17.2</td>
<td>9,218,926,640</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>18</td>
<td>7,130,574,430</td>
</tr>
<tr>
<td>Share premium</td>
<td>19</td>
<td>1,504,388,797</td>
</tr>
<tr>
<td>Dividend equalization reserve</td>
<td>20</td>
<td>530,786,631</td>
</tr>
<tr>
<td>Other reserve</td>
<td>21.a</td>
<td>2,519,404,380</td>
</tr>
<tr>
<td>Surplus in profit and loss account</td>
<td>22.a</td>
<td>3,963,261,260</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td></td>
<td>24,869,342,148</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td></td>
<td>275,531,428,634</td>
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</table>
## OFF-BALANCE SHEET ITEMS

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016 (Restated)</td>
</tr>
<tr>
<td>Contingent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptances and endorsements</td>
<td>32,956,408,937</td>
<td>18,676,525,600</td>
</tr>
<tr>
<td>Letters of guarantee</td>
<td>13,060,162,726</td>
<td>8,308,768,437</td>
</tr>
<tr>
<td>Irrevocable letters of credit</td>
<td>36,220,551,100</td>
<td>14,504,592,520</td>
</tr>
<tr>
<td>Bills for collection</td>
<td>14,166,143,046</td>
<td>14,667,819,982</td>
</tr>
<tr>
<td>Other contingent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>96,403,265,809</td>
<td>56,157,706,538</td>
</tr>
</tbody>
</table>

## Other commitments

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentary credits and short term trade-related transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward assets purchased and forward deposits placed</td>
<td>2,441,633,159</td>
<td>4,862,653,604</td>
</tr>
<tr>
<td>Undrawn note issuance and revolving underwriting facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undrawn formal standby facilities, credit lines and other commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,441,633,159</td>
<td>4,862,653,604</td>
</tr>
</tbody>
</table>

### Total Off-Balance Sheet items including contingent liabilities

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>98,844,898,968</td>
<td>61,020,360,142</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 50 form an integral part of these financial statements.

Managing Director & CEO

Director

Director

Chairman

As per our report of same date.

Dhaka, 30 April 2018

Hoda Vasi Chowdhury & Co.
Chartered Accountants
### PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Figures in Taka</td>
<td></td>
</tr>
<tr>
<td>Interest income/profit on investments</td>
<td>16,783,958,930</td>
<td>16,042,227,272</td>
</tr>
<tr>
<td>Interest paid/profit shared on deposits and borrowings etc.</td>
<td>(9,288,627,591)</td>
<td>(9,565,268,460)</td>
</tr>
<tr>
<td><strong>Net interest income/profit on investments</strong></td>
<td>7,495,331,339</td>
<td>6,476,958,812</td>
</tr>
<tr>
<td>Investment income</td>
<td>2,790,987,000</td>
<td>4,745,837,129</td>
</tr>
<tr>
<td>Commission, exchange and brokerage</td>
<td>2,851,849,621</td>
<td>2,128,263,521</td>
</tr>
<tr>
<td>Other operating income</td>
<td>1,777,944,806</td>
<td>1,047,663,376</td>
</tr>
<tr>
<td><strong>Total operating income (A)</strong></td>
<td>7,420,781,427</td>
<td>7,918,764,026</td>
</tr>
<tr>
<td>Salaries and allowances</td>
<td>4,209,317,272</td>
<td>3,637,129,519</td>
</tr>
<tr>
<td>Rent, taxes, insurance, electricity, etc.</td>
<td>911,604,504</td>
<td>729,397,902</td>
</tr>
<tr>
<td>Legal expenses</td>
<td>50,601,079</td>
<td>36,338,906</td>
</tr>
<tr>
<td>Postage, stamp, telecommunication, etc.</td>
<td>77,304,848</td>
<td>86,933,721</td>
</tr>
<tr>
<td>Stationery, printing, advertisements, etc.</td>
<td>210,914,296</td>
<td>160,933,282</td>
</tr>
<tr>
<td>Chief Executive’s salary and fees</td>
<td>17,594,152</td>
<td>16,939,300</td>
</tr>
<tr>
<td>Directors’ fees</td>
<td>1,758,000</td>
<td>2,203,000</td>
</tr>
<tr>
<td>Auditors’ fees</td>
<td>2,328,250</td>
<td>2,127,000</td>
</tr>
<tr>
<td>Depreciation and repair of Bank’s assets</td>
<td>1,019,049,698</td>
<td>962,903,259</td>
</tr>
<tr>
<td>Other expenses</td>
<td>1,548,153,421</td>
<td>1,222,908,848</td>
</tr>
<tr>
<td><strong>Total operating expenses (B)</strong></td>
<td>8,046,625,520</td>
<td>6,858,815,736</td>
</tr>
<tr>
<td><strong>Profit before provision (C = A-B)</strong></td>
<td>6,869,487,246</td>
<td>7,536,907,102</td>
</tr>
<tr>
<td>Provision for loans and advances/Investments</td>
<td>(1,257,823,728)</td>
<td>(1,938,300,000)</td>
</tr>
<tr>
<td>Provision for off-balance sheet exposures</td>
<td>(180,000,000)</td>
<td>(133,000,000)</td>
</tr>
<tr>
<td>Other provision</td>
<td>(279,750,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total provision (D)</strong></td>
<td>(1,727,573,728)</td>
<td>(2,071,300,000)</td>
</tr>
<tr>
<td><strong>Total profit before taxes (E = C+D)</strong></td>
<td>5,151,913,517</td>
<td>5,465,607,102</td>
</tr>
<tr>
<td><strong>Provision for taxation (F)</strong></td>
<td>41.a</td>
<td></td>
</tr>
<tr>
<td>Current tax expense</td>
<td>(1,765,190,934)</td>
<td>(1,656,130,855)</td>
</tr>
<tr>
<td>Deferred tax income/(expense)</td>
<td>241,732,134</td>
<td>146,236,463</td>
</tr>
<tr>
<td><strong>Total provision for tax</strong></td>
<td>(1,523,458,800)</td>
<td>(1,509,894,392)</td>
</tr>
<tr>
<td><strong>Net profit after tax (G = E+F)</strong></td>
<td>3,628,448,718</td>
<td>3,955,712,710</td>
</tr>
<tr>
<td><strong>Appropriations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>1,030,382,703</td>
<td>1,093,121,420</td>
</tr>
<tr>
<td>General reserve</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Retained surplus for the year</strong></td>
<td>1,030,382,703</td>
<td>1,093,121,420</td>
</tr>
<tr>
<td><strong>Earnings per share (EPS)</strong></td>
<td>2,598,066,015</td>
<td>2,862,591,290</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 50 form an integral part of these financial statements.

Managing Director & CEO

Director

Director

Chairman

As per our report of same date.

Dhaka, 30 April 2018

Hoda Yasi Chowdhury & Co. Chartered Accountants
# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Paid-up capital</th>
<th>Statutory reserve</th>
<th>Share Premium</th>
<th>General reserve</th>
<th>Revaluation gain/(loss) on investment</th>
<th>Dividend Equalization Reserve</th>
<th>Surplus in profit and loss account</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 January 2017</td>
<td>8,757,980,310</td>
<td>6,100,191,727</td>
<td>680,857,013</td>
<td>11,394,928</td>
<td>1,101,533,285</td>
<td>176,928,877</td>
<td>3,044,199,530</td>
<td>20,653,085,670</td>
</tr>
<tr>
<td>Surplus/(deficit) on account of revaluation of investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fresh issue of shares</td>
<td>409,946,330</td>
<td>-</td>
<td>843,531,794</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,254,478,114</td>
</tr>
<tr>
<td>Transfer to dividend equalization fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>353,857,764</td>
<td>(2,123,146,521)</td>
<td>(2,123,146,521)</td>
<td>-</td>
</tr>
<tr>
<td>Dividend (Cash)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,000,000,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation made during year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance as at 31 December 2017</td>
<td>9,218,926,640</td>
<td>7,130,784,430</td>
<td>1,534,388,797</td>
<td>11,394,928</td>
<td>2,608,009,452</td>
<td>530,766,651</td>
<td>3,965,251,268</td>
<td>24,868,342,148</td>
</tr>
</tbody>
</table>

For the year ended 31 December 2016 (Restated)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Paid-up capital</th>
<th>Statutory reserve</th>
<th>Share Premium</th>
<th>General reserve</th>
<th>Revaluation gain/(loss) on investment</th>
<th>Dividend Equalization Reserve</th>
<th>Surplus in profit and loss account</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 January 2016</td>
<td>8,757,990,310</td>
<td>5,002,836,644</td>
<td>660,857,013</td>
<td>11,394,928</td>
<td>3,296,233,345</td>
<td>-</td>
<td>3,087,740,110</td>
<td>25,590,126,090</td>
</tr>
<tr>
<td>Adjustment for changing accounting policy for fixed assets</td>
<td>-</td>
<td>4,253,663</td>
<td>-</td>
<td>-</td>
<td>4,253,663</td>
<td>-</td>
<td>-</td>
<td>4,253,663</td>
</tr>
<tr>
<td>Balance as at 1 January 2016 (restated)</td>
<td>8,757,990,310</td>
<td>5,007,091,307</td>
<td>660,857,013</td>
<td>11,394,928</td>
<td>3,296,233,345</td>
<td>-</td>
<td>3,104,754,764</td>
<td>20,840,217,887</td>
</tr>
<tr>
<td>Surplus/(deficit) on account of revaluation of properties</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend (Cash)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation made during year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance as at 31 December 2016 (Restated)</td>
<td>8,757,990,310</td>
<td>5,100,191,727</td>
<td>680,857,013</td>
<td>11,394,928</td>
<td>1,101,533,285</td>
<td>176,928,877</td>
<td>3,944,199,530</td>
<td>20,653,085,670</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 50 form an integral part of these financial statements.
CASH FLOW STATEMENT
For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest, receipts/investment income, receipts in cash</td>
<td>16,648,103,419</td>
<td>16,116,492,965</td>
</tr>
<tr>
<td>Interest, payments/profit, paid on deposits</td>
<td>(12,116,780,235)</td>
<td>(7,167,677,523)</td>
</tr>
<tr>
<td>Dividend receipts</td>
<td>324,926,533</td>
<td>315,128,298</td>
</tr>
<tr>
<td>Fees and commission receipts in cash</td>
<td>1,516,260,624</td>
<td>1,317,072,395</td>
</tr>
<tr>
<td>Recoveries of loans previously written off</td>
<td>16.a.1</td>
<td>187,182,883</td>
</tr>
<tr>
<td>Cash payments to employees</td>
<td>(4,226,329,907)</td>
<td>(3,444,066,819)</td>
</tr>
<tr>
<td>Cash payments to suppliers</td>
<td>11.a.3</td>
<td>(126,913,657)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>42.a</td>
<td>(1,517,697,121)</td>
</tr>
<tr>
<td>Receipts from other operating activities</td>
<td>43.a</td>
<td>4,412,316,004</td>
</tr>
<tr>
<td>Payments for other operating activities</td>
<td></td>
<td>(3,131,638,762)</td>
</tr>
<tr>
<td>Cash generated from operating activities before changes in operating assets and liabilities (i)</td>
<td></td>
<td>1,969,429,780</td>
</tr>
<tr>
<td>Increase/decrease in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>44.a</td>
<td>(21,570,783,126)</td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td>899,477,189</td>
</tr>
<tr>
<td>Deposits from other banks/borrowings</td>
<td></td>
<td>6,752,640,296</td>
</tr>
<tr>
<td>Deposits from customers</td>
<td></td>
<td>8,256,126,810</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>45.a</td>
<td>(1,925,040,536)</td>
</tr>
<tr>
<td>Cash generated from operating assets and liabilities (ii)</td>
<td></td>
<td>(7,587,679,367)</td>
</tr>
<tr>
<td>Net cash from operating activities (i+ii)</td>
<td></td>
<td>(6,618,149,586)</td>
</tr>
<tr>
<td>B) Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of securities</td>
<td>419,149,227</td>
<td>548,772,953</td>
</tr>
<tr>
<td>Payment for purchase of securities</td>
<td>(5,080,723,720)</td>
<td>1,618,144,258</td>
</tr>
<tr>
<td>Purchase/sale of property, plant and equipment</td>
<td>(254,645,876)</td>
<td>(642,678,733)</td>
</tr>
<tr>
<td>Investment in subsidiaries</td>
<td>(22,040,421)</td>
<td>(3,603,929,824)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td></td>
<td>(4,938,260,791)</td>
</tr>
<tr>
<td>C) Cash flows from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of tier-II subordinated bond - (i)</td>
<td>5,000,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Redeemed of tier-II subordinated bond - (ii)</td>
<td>(750,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>Receipts for issue of ordinary shares</td>
<td>1,304,478,114</td>
<td>-</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>(2,123,146,521)</td>
<td>(1,946,217,647)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td></td>
<td>3,431,331,593</td>
</tr>
<tr>
<td>D) Net increase in cash and cash equivalents (A+B+C)</td>
<td></td>
<td>(7,125,078,784)</td>
</tr>
<tr>
<td>E) Effects of exchange rate changes on cash and cash equivalents</td>
<td>1,335,598,997</td>
<td>808,191,126</td>
</tr>
<tr>
<td>F) Cash and cash equivalents at beginning of the year</td>
<td>44,760,940,834</td>
<td>34,435,799,790</td>
</tr>
<tr>
<td>G) Cash and cash equivalents at end of the year (D+E+F)</td>
<td>38,971,451,047</td>
<td>44,760,940,834</td>
</tr>
</tbody>
</table>

Cash and cash equivalents at end of the year consists of:
Cash in hand (including foreign currencies) | 4,447,677,389 | 3,787,829,631 |
Balance with Bangladesh Bank and its agent banks (including foreign currencies) | 19,339,302,948 | 20,696,275,735 |
Balance with other banks and financial institutions | 12,729,585,134 | 12,848,826,498 |
Money at call and short notice | 89,379,167 | 91,379,167 |
Government securities | 2,365,506,410 | 7,336,629,802 |
| | 38,971,451,047 | 44,760,940,834 |
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 118 (2016: 108) branches, 11 (2016: 11) SME/Agri branches and 1 SME centre in Bangladesh as at 31 December 2017. The Bank had no overseas branches as at 31 December 2017. Out of the above 130 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 339 (2016: 309) ATMs as at 31 December 2017. The Bank was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company on 03 February 1987 and 27 December 1995. It is operating as City Group with its three subsidiaries. The registered office of the Bank is located at 136, Bir Uttam Mir Shawkat Sarak (Gulshan Avenue), Gulshan 2, Dhaka 1212.

1.2 Principal activities of the Bank

The principal activities of the Bank are to provide wide array of financial products and services that includes all kind of conventional and Islamic banking services to its customers. It offers commercial banking, consumer banking, trade services, cash management, treasury, SME, retail, custodial services clearing services to its customers. These activities are conducted through its branches, SME centres, Islamic windows, and vibrant alternative delivery channels (ATM booths, Internet banking) in Bangladesh. The Bank also provides offshore banking services through its Off-Shore Banking Units (OBU) and Islamic banking services through its Islamic Bank branch.

1.3 Off-Shore Banking

Off-Shore Banking Unit (OBU) is a separate business unit of the Bank, governed under the rules and guidelines of Bangladesh Bank. The Bank obtained the Off-Shore Banking Unit permission vide letter No. BPDPX-3)(44)(10)/2010-4129 dated 10 November 2009. OBU provides varied financial needs of 100% foreign owned/joint venture industrial units and foreign entities located in Export Processing Zones of Bangladesh. Separate financial statements of Off-Shore Banking Unit 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/6552/2003 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/manarha savings deposits, mudaraba/manarha 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 Subsidiaries of the Bank

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

1.5.1 City Brokerage Limited

City Brokerage Limited (the company) was incorporated in Bangladesh as a private limited company on 31 March 2010 vide registration no. C-69616/10 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 2017 the Bank held 99.9963% shares of the company.

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

1.5.2 City Bank Capital Resources Limited

City Bank Capital Resources Limited (CBCRL) was incorporated in Bangladesh as a private limited company on 17 August 2009 vide registration no. C-79186/09 under the Companies Act, 1994. The registered office of CBCRL is at 10 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 2017 the Bank held 99.9933% shares of CBCRL.
1.5.3 CBL Money Transfer Sdn. Bhd. (CMTS)

CBL Money Transfer Sdn. Bhd. (CMTS) is a private limited company by shares incorporated under the laws of Malaysia and registered with the Companies Commission of Malaysia with Registration No. 769521M 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 2017 the Bank held 100% shares of CMTS.

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

2. BASIS OF PREPARATION:

The separate financial statements of the Bank as at and for the year ended 31 December 2017 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 consolidated financial statements of the Bank as at and for the year ended 31 December 2017 have been prepared in accordance with the "First Schedule (Section 38) of the Bank Company Act 1991 as amended by BRPD circular no. 14 dated 25 June 2003, DFIM Circular # 11, dated December 23, 2009 and Bangladesh Financial Reporting Standards (BFRSs), Bangladesh Accounting Standards (BAS), etc. The Bank complied with the requirements of the following rules and regulations:

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

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

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

1) Presentation of Financial Statements

BFRS: As per BAS 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. BAS 1 has also stated the entity to disclose assets and liabilities under current and non-current classification separately in its statement of financial position.

Bangladesh Bank: A format of financial statements (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) is prescribed in the "First Schedule" of section 38 of the Bank Company Act 1991 (amended up to 2013) and BRPD circular no 14 dated 25 June 2003 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.
II) Investment in Shares and Securities
BFRS: As per requirements of BAS 39, investment in shares and securities generally falls either under ‘at fair value through profit and loss account’ or under ‘available for sale’ where any change in the fair value at the reporting date is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the reporting date at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment on portfolio basis.

III) Revaluation Gain/Loss on Government Securities
BFRS: As per requirement of BAS 39 where Government treasury securities Treasury bills and Treasury bonds will fall under the category of Held to Maturity (HTM), any change in the fair value of held for trading assets is recognized through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortized cost method and interest income is recognized through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of market to market and any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount is recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized and gains or losses on amortization are recognized in other reserve as a part of equity.

IV) Provision on Loans and Advances
BFRS: As per BAS 39, an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

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) and BRPD circular no. 16 (08 November 2014) 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.

Again and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with these prescribed by BAS 39.

V) Recognition of interest in suspense
BFRS: Loans and advances to customers are generally classified as ‘loans and receivables’ as per BAS 39 and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

VI) Other comprehensive income
BFRS: As per BAS 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 (OCI) 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 (OCI) Statement. As such, the company does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

VII) Financial instruments - presentation and disclosure
In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in EAS 39. As such some disclosure and presentation requirements of BFBS 7 and BAS 32 cannot be made in the financial statements.
viii) Repo transactions

**BFRS**: 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 or stock lending), the arrangement is accounted for as a deposit as opposed to a sale, and the underlying asset continues to be recognized in the entity’s financial statements. Such transactions do not satisfy the derecognition criteria specified in BAS 39. Such transactions will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense. Same rule applies to the opposite side of the transaction (Reverse REPO).

**Bangladesh Bank**: As per Bangladesh Bank circulars/guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller’s book and recognized in the buyer’s book.

ix) Financial guarantees

**BFRS**: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

**Bangladesh Bank**: As per BRPD 14, dated 25 June 2003 financial guarantees such as L/C, L/G will be treated as Off-Balance Sheet items. No liability is recognized for the guarantee except the cash margin.

x) Cash and cash equivalents

**BFRS**: As per BAS 7 cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Therefore, some items like Balance with Bangladesh Bank on account of CRR/SLR are not part of cash and cash equivalent as those are not readily available.

**Bangladesh Bank**: As per Bangladesh Bank circulars/guidelines, balance with Bangladesh Bank is part of cash and cash equivalent regardless of any restriction. Furthermore, some cash and cash equivalent items such as 'money at call and on short notice', Treasury bills, Prize bond are not presented as cash and cash equivalent. Instead money at call and on short notice is presented as a face item in balance sheet, and Treasury bills, Prize bonds are presented as investment.

xi) Non-banking asset

**BFRS**: No indication of Non-banking asset is found in any BFRS.

**Bangladesh Bank**: As per BRPD 14, there must exist a face item named Non-banking asset.

xii) Cash flow statement

**BFRS**: Cash flow statement can be prepared either in direct method or in indirect method as per BAS 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: (CRR)

**BFRS**: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS-7.

**Bangladesh Bank**: Balance with Bangladesh Bank is treated as cash and cash equivalents.

xiv) Presentation of Intangible asset

**BFRS**: Intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.

**Bangladesh Bank**: There is no requirement for regulation of intangible assets in BRPD 14.

xv) Off-balance sheet items

**BFRS**: There is no concept of off-balance sheet items in any BFRS, hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

**Bangladesh Bank**: As per BRPD 14, 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

**BFRS**: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

**Bangladesh Bank**: As per BRPD 14, an appropriation of profit should be disclosed in the face of profit and loss account.
BFRS: Loans and advances should be presented net of provisions.

Bangladesh Bank: As per BRPD 14, 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 amortized cost;
- Investment in shares of listed companies are prepared at market value with gain credited to revaluation reserve;
- Fixed assets (land and building) are carried at revalued amount.

2.3 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.

2.4 Use of judgments and estimates
In preparing these consolidated financial statements in conformity with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) management has required to make judgments, estimates and assumptions that affect the application of CBL's accounting policies and the reported amounts of assets liabilities, income and expenses.

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 benefits - as explained in note 3.12
- Income tax - as explained in note 3.13
- Deferred tax assets/liabilities - as explained in note 11a.4
- 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 recognized 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 BAS 37, "Provisions, Contingent Liabilities and Contingent Assets".

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

Contingent Liability
A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only of 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.

BAS 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 a possible asset that arises from past events and whose existence will be confirmed only of the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity. Contingent assets are never recognized; 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.
2.5 Reporting period
These financial statements cover one calendar year from 1 January 2017 to 31 December 2017.

2.6 Date of authorization
The Board of directors has authorized this financial statements for public issue on 30 April 2018.

2.7 Cash flow statement
The cash flow statement has been prepared in accordance with BAS 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.

2.8 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 BAS-1 "Presentation of Financial Statements" and under the guidelines of Bangladesh Bank's BRPD Circular No. 14 dated 25 June 2003.

2.9 Liquidity statement
The liquidity statements of assets and liabilities as on the reporting date has been prepared on the following basis:
   a) balance with other banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term.
   b) investments are on the basis of their respective maturity.
   c) loans and advances are on the basis of their repayment maturity schedule.
   d) fixed assets are on the basis of their useful lives.
   e) other assets are on the basis of their realization/amortization.
   f) borrowing from other banks, financial institutions and agents, etc. are as per their maturity/repayments.
   g) deposits and other accounts are on the basis of their maturity term.
   h) provision and other liabilities on the basis of their repayment/adjustments schedule.

2.10 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 BAS 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, and CBL Money Transfer Sdn. Bhd) 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. which is incorporated in Malaysia.

3.1 Basis of consolidation
The consolidated financial statements include the financial statements of The City Bank Limited and those of its three subsidiaries (City Brokerage Limited, City Bank Capital Resources Limited and CBL Money Transfer Sdn. Bhd) prepared as at and for the year ended 31 December 2017. The consolidated financial statements have been prepared in accordance with BFRS 10 'Consolidated Financial Statements'.

<table>
<thead>
<tr>
<th>Name of Subsidiary</th>
<th>Ownership</th>
<th>Date of incorporation</th>
<th>Country of Operation</th>
<th>Status</th>
<th>Regulator</th>
<th>Year Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Brokerage Limited</td>
<td>99.996%</td>
<td>31 March 2010</td>
<td>Bangladesh</td>
<td>Majority Owned</td>
<td>BSEC, DSE, CSE</td>
<td>31 December</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>99.993%</td>
<td>17 August 2009</td>
<td>Bangladesh</td>
<td>Majority Owned</td>
<td>BSEC, DSE, CSE</td>
<td>31 December</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd</td>
<td>100.000%</td>
<td>04 April 2013</td>
<td>Malaysia</td>
<td>Wholly Owned</td>
<td>Bank Negara, Malaysia</td>
<td>31 December</td>
</tr>
</tbody>
</table>
3.1.2 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 acquirees identifiable net assets, which are generally at fair value.

3.1.3 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. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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

3.3 Assets and basis of their valuation

3.3.1 Cash and cash equivalents

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

3.3.2 Investments

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

Held to Maturity

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

Held for Trading

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

Investment in quoted shares

These securities are bought and held primarily for the purpose of selling them in future or held for dividend income. These are valued and reported at market price as per Bangladesh Bank’s guidelines. Booking of provision for investment in securities (gain/loss net of basis) are made as per DOS Circular no. 04 dated 14 November 2011.

Investment in unquoted shares

Investment in unquoted shares are recognized at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unquoted shares.
Value of investments has been shown as under:

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

* Provision for shares against unrealized loss (gain net off) has been taken into account according to DOS circular no. 4 dated 24 November 2011 and for mutual funds (closed-end) as per DOS circular letter no. 3 dated 12 March 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 BAS 27 “Consolidated and Separate Financial Statements” and BFRS 10 “Consolidated Financial Statements”. Impairment of investment in subsidiaries (if any) the bank takes it into account made as per the provision of BAS 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/investments 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.14 (23 September 2012), BRPD Circular No. 19 (27 December 2012), BRPD Circular No. 05 (29 May 2013), BRPD Circular No. 16 (08 November 2014), BRPD Circular No. 12 (20 August 2017), BRPD Circular No. 15 (27 September 2017) and BRPD Circular No. 01 (20 February 2018). The guidance in the circulars follows a formula based approach whereby specified rates are applied to the various categories of loans as defined in the circular. The provisioning rates are as follows.

<table>
<thead>
<tr>
<th>Types of loans and advances</th>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>STD</td>
</tr>
<tr>
<td><strong>Consumer</strong></td>
<td></td>
</tr>
<tr>
<td>House building and professional</td>
<td>1.00% - 2.00%</td>
</tr>
<tr>
<td>Other than housing finance &amp; professionals to setup business</td>
<td>2.00% - 5.00%</td>
</tr>
<tr>
<td><strong>Provision for loan to broker house, merchant banks, stock dealers, etc.</strong></td>
<td>2.00%</td>
</tr>
<tr>
<td><strong>Short-term agri-credit and micro credit</strong></td>
<td>0.25%</td>
</tr>
<tr>
<td><strong>Small and medium enterprise finance</strong></td>
<td>1.00%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>1.00%</td>
</tr>
</tbody>
</table>
BRPD Circular No.14 (23 September 2012) as amended by BRPD Circular No. 19 (27 December 2012) also provides scope for further provisioning based on qualitative judgments. In these circumstances impairment losses are calculated on individual loans considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach above, the higher of the two is recognized in liabilities under “Provision for loans and advances” with any movement in the provision charged/released in the profit and loss account. Classified loans are categorized into sub-standard, doubtful and bad/loss based on the criteria stipulated by Bangladesh Bank guideline.

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

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

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

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

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

3.3.5 Fixed assets (property and equipment)
Recognition and measurement
As per BAS 16 “Property and Equipment” items of fixed assets excluding land are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land and building are carried at cost.

Purchase of software that is integral to the related equipment is capitalized as part of that equipment.

Cost includes expenditure that are directly attributable to the acquisition of asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner.

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

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

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

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

<table>
<thead>
<tr>
<th>Category of assets</th>
<th>Rate of depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>Nil</td>
</tr>
<tr>
<td>Building</td>
<td>2.5%</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>10%</td>
</tr>
<tr>
<td>Office equipment and machinery</td>
<td>20%</td>
</tr>
<tr>
<td>Software</td>
<td>5%</td>
</tr>
<tr>
<td>Vehicles</td>
<td>20%</td>
</tr>
</tbody>
</table>

3.3.6 Non-banking assets
Non-banking assets were acquired by the entity due to failure of borrowers to repay the loan in time taken against mortgaged property. The Bank was awarded absolute ownership on few mortgaged properties (mostly land) through the verdict of honorable court under section 33 (7) of the Artharin Adalat Act, 2003. The value of the properties has been recognized in the financial statements as non-earning assets on the basis of third party valuation report. Party wise details (including possession date) of the properties are separately presented in note 12.
3.3.7 Provisions for other assets
BRPD Circular No.14 (25 June 2001) requires a provision of 100% on other assets which are outstanding for one year and above. The Bank maintains provisions in line with this circular unless it assesses that there is no doubt of recovery on items of other assets in which case no provision is kept.

3.3.8 Intangible assets and its amortization
Intangible assets comprise separately identifiable intangible items arising from use of franchise of AMEX and the use of Finacle from Infosys. Intangible assets are recognized at cost. Intangible assets with a definite useful life are amortized using the straight line method over their 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. Unreconciled 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 funds raised from several banks, financial institutions and other organization through issuance of 6 (six) years Bond during 2014 and 7 (Seven) years Bond during 2017. 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 refinancing from Bangladesh Bank against agro-based credit, SME Loan etc., interest-bearing borrowings against securities from Bangladesh Bank and call borrowings from other banks. 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 at the gross value of outstanding balance. Details are shown in note 15.

3.4.4 Provision for liabilities
A provision is recognized in the balance sheet when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations in accordance with BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

3.4.5 Provision for off-balance sheet exposure
BRPD Circular No.14 (23 September 2012) requires a general provision for off-balance sheet exposures to be calculated at 1% on all off-balance sheet exposures as defined in BRPD Circular No10 (24 November 2002). Accordingly the Bank has recognized a provision of 1% on the following off-balance sheet items:
- 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 (Nosto accounts)
Provision for unsettled transactions on nostro accounts is made as per Foreign Exchange Policy Department (FEPD) circular nos. 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. O6 (39 March 2015) and BRPD Circular Letter No O3 (06 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 2017.

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

3.5.1 Authorized capital
Authorized capital is the maximum amount of share capital that the Bank is authorized by its Memorandum and Articles of Association.

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

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

3.5.4 Statutory reserve
Statutory reserve has been maintained at the rate of 20% of profit before tax in accordance with provisions of section 24 of the Bank Companies (Revised) Act, 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(5R)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 participants in implementing the Bank’s capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix.

3.6 Revenue recognition

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

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

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

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

3.6.4 Fees and commission income
The Bank earns commission and fee income from a diverse range of service provided to its customers. Commission and fee income is accounted for as follows:
- income earned on the execution of a significant act is recognized as revenue when the act is completed
- income earned from services provided is recognized as revenue as the services are provided
- Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.
3.7 Interest paid on subordinated Bond, borrowing and other deposits (Conventional banking)
Interest paid and other expenses are recognized on accrual basis.

3.8 Profit shared on deposits (Islamic banking)
Profit shared to mudaraba deposits are recognized on accrual basis.

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

3.10 Lease payments
Payments made under operating leases are recognized in the profit and loss statement on a straight-line basis over the terms of the lease.

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.11 Others
Foreign exchange gain/loss
Exchange income includes all gain and losses from foreign currency day to day transactions, conversions and revaluation of non monetary items.

3.12 Employee benefits

3.12.1 Provident fund
Provident Fund benefits are given to the permanent staff of the Bank in accordance with the registered Provident Fund rules. The Commissioner of Income Tax, Taxes Zone - 4, Dhaka, has approved the Provident Fund as a recognized fund within the meaning of section 25(c) read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The reorganization took effect on 31 October 1987. The Provident Fund is operated by a Board of Trustees consisting of 6 members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the Provident Fund. The Bank also contributes equal amount to the Provident Fund. Contributions made by the Bank are charged as expense and the Bank bears no further liability. Interest earned from the investments is credited to the members' account on yearly basis. Members are eligible to get both the contribution after 5 years of continuous service from the date of their membership. By Law the Provident fund is duly audited by Snehasis Mahmud & Co. Chartered Accounts.

3.12.2 Gratuity fund
Gratuity Fund benefits are given to the staff of the Bank in accordance with the approved Gratuity Fund rules. National Board of Revenue has approved the Gratuity Fund as a recognized gratuity fund with effect from 3 June 2012. The Gratuity Fund is operated by a Board of Trustee consists of 7 members of the Bank. Employees are entitled to get gratuity benefit after completion of minimum 5 years of service in the Bank. Provision for gratuity is made annually covering all its permanent eligible employees. A valuation of gratuity scheme had been made in 2016 by a professional Actuarial & Pension Consultants, Z. Halim & Associates considering the changes in Labour Act 2013 (Amendment) to assess the adequacy of the liabilities provided for the scheme as per BAS 19 'Employee Benefits'. On continuing fund basis valuation, the Bank has been maintaining adequate provision against gratuity scheme.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.16 Compliance of Bangladesh Financial Reporting Standard (BFRS)
The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IAS) as Bangladesh Accounting Standards (BAS) and International Financial Reporting Standards (IFRS) as Bangladesh Financial Reporting Standards (BFRS). While preparing the financial statements, the Bank applied most of BAS and BFRS as adopted by ICAB. Details are given below:

<table>
<thead>
<tr>
<th>Name of the standards</th>
<th>BFRS Ref.</th>
<th>Implementation status by the Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-time Adoption of Bangladesh Financial Reporting Standards</td>
<td>BFRS-1</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Share-based Payment</td>
<td>BFRS-2</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Business Combinations</td>
<td>BFRS-3</td>
<td>Applied</td>
</tr>
<tr>
<td>Insurance Contracts</td>
<td>BFRS-4</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Non-current Assets Held for Sale and Discontinued Operations</td>
<td>BFRS-5</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Exploration for and Evaluation of Mineral Resources</td>
<td>BFRS-6</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Financial Instruments Disclosures</td>
<td>BFRS-7</td>
<td>Applied with some departure (note 2.1)</td>
</tr>
<tr>
<td>Operating Segments</td>
<td>BFRS-8</td>
<td>Applied with some departure (note 3.18)</td>
</tr>
<tr>
<td>Consolidated Financial Statements</td>
<td>BFRS-9</td>
<td>Applied</td>
</tr>
<tr>
<td>Joint Arrangements</td>
<td>BFRS-10</td>
<td>Applied</td>
</tr>
<tr>
<td>Disclosure of Interest in Other Entities</td>
<td>BFRS-11</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Fair Value Measurement</td>
<td>BFRS-12</td>
<td>Applied</td>
</tr>
<tr>
<td>Regulatory Deferral Accounts</td>
<td>BFRS-13</td>
<td>Applied with some departure (note 2.1)</td>
</tr>
<tr>
<td>Presentation of Financial Statements</td>
<td>BFRS-14</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Inventories</td>
<td>BAS-1</td>
<td>Applied with some departure (note 2.1)</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>BAS-2</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Accounting Policies, Changes in Accounting Estimates and Errors</td>
<td>BAS-3</td>
<td>Applied with some departure (note 2.1)</td>
</tr>
<tr>
<td>Events after the Reporting Period</td>
<td>BAS-4</td>
<td>Applied</td>
</tr>
<tr>
<td>Construction Contracts</td>
<td>BAS-10</td>
<td>Applied</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>BAS-11</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>BAS-12</td>
<td>Applied</td>
</tr>
<tr>
<td>Leases</td>
<td>BAS-13</td>
<td>Applied with some departure (note 2.1)</td>
</tr>
<tr>
<td>Revenue</td>
<td>BAS-14</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>BAS-15</td>
<td>Applied</td>
</tr>
<tr>
<td>Accounting for Government Grants and Disclosure of Government</td>
<td>BAS-16</td>
<td>Applied</td>
</tr>
<tr>
<td>The Effects of Changes in Foreign Exchange Rates</td>
<td>BAS-17</td>
<td>Applied</td>
</tr>
<tr>
<td>Borrowing Costs</td>
<td>BAS-18</td>
<td>Applied</td>
</tr>
<tr>
<td>Related Party Disclosures</td>
<td>BAS-19</td>
<td>Applied</td>
</tr>
<tr>
<td>Accounting and Reporting by Retirement Benefit Plans</td>
<td>BAS-20</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Separate Financial Statements</td>
<td>BAS-21</td>
<td>Applied</td>
</tr>
<tr>
<td>Investments in Associates and Joint Venture</td>
<td>BAS-22</td>
<td>Applied</td>
</tr>
<tr>
<td>Interests in Joint Ventures</td>
<td>BAS-23</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Financial Instruments: Presentation</td>
<td>BAS-24</td>
<td>Applied</td>
</tr>
<tr>
<td>Earnings per Share</td>
<td>BAS-25</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Interim Financial Reporting</td>
<td>BAS-26</td>
<td>Applied</td>
</tr>
<tr>
<td>Impairment of Assets</td>
<td>BAS-27</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Provisions, Contingent Liabilities and Contingent Assets</td>
<td>BAS-28</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>BAS-29</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Financial Instruments: Recognition and Measurement</td>
<td>BAS-30</td>
<td>Applied with some departure (note 2.1)</td>
</tr>
<tr>
<td>Investment property</td>
<td>BAS-31</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Agriculture</td>
<td>BAS-32</td>
<td>Applied</td>
</tr>
<tr>
<td></td>
<td>BAS-33</td>
<td>Applied</td>
</tr>
<tr>
<td></td>
<td>BAS-34</td>
<td>Applied</td>
</tr>
<tr>
<td></td>
<td>BAS-35</td>
<td>Applied</td>
</tr>
<tr>
<td></td>
<td>BAS-36</td>
<td>Applied</td>
</tr>
<tr>
<td></td>
<td>BAS-37</td>
<td>Applied</td>
</tr>
<tr>
<td></td>
<td>BAS-38</td>
<td>Applied</td>
</tr>
<tr>
<td></td>
<td>BAS-39</td>
<td>Applied with some departure (note 2.1)</td>
</tr>
<tr>
<td></td>
<td>BAS-40</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>BAS-41</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>
In order to comply with certain specific rules and regulations of Bangladesh Bank which are different to BAS/BFRS, some of the requirements specified in these BAS/BFRS 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 BAS 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 BAS 34.

3.17 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 3.16.

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 2017 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 2017 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

(a) BFRS 9 Financial Instruments (to be adopted as IFRS 9)

BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. As per the Bank’s assessment, any material impact of BFRS 9 would be primarily on calculation of impairment provision. However, as Bangladesh Bank has not issued any circular to revise its current impairment, classification and measurement policies to align with BFRS 9 the Bank is unable to quantify any potential impact on its financial statements.

(b) BFRS 15 Revenue from Contracts with Customers (to be adopted as IFRS 15)

BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFR 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on preliminary assessment the Bank has determined that BFRS 15 has no material impact on its financial statements.

(c) IFRS 16 Leases

IFRS 16, issued in January 2016 replaces existing leases guidance and effective for reporting period beginning on or after 1 January 2019. It will result in almost all leases being recognized on the balance sheet as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Bank has not yet assessed any potential impact of IFRS 16 on its financial statements.

(d) 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.
3.18 **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 recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under BFRSs, 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 BFRS 8. However, geographical and business segments wise limited disclosures are furnished in note 47.

Inter-segment transactions are generally based on inter-branch fund transfer measures as determined by the management. Incomes, expenses, assets and liabilities are specifically identified with individual segments. Based on such allocation, segmental balance sheet as on 31 December 2017 and segmental profit and loss account for the year ended 31 December 2017 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 BAS 1 'Presentation of Financial Statements'.

3.21 **Credit rating of the Bank**

As per BFPDC 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 2016. The following ratings have been awarded:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Periods</th>
<th>Date of Rating</th>
<th>Long Term</th>
<th>Short Term</th>
<th>Rating Valid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entity Rating</td>
<td>January to December 2016</td>
<td>28 May-17</td>
<td>AA2</td>
<td>ST-2</td>
<td>30-06-18</td>
</tr>
<tr>
<td>Entity Rating</td>
<td>January to December 2015</td>
<td>23 Jun-16</td>
<td>AA2</td>
<td>ST-2</td>
<td>30-06-17</td>
</tr>
<tr>
<td>Entity Rating</td>
<td>January to December 2014</td>
<td>25 Jun-15</td>
<td>AA2</td>
<td>ST-2</td>
<td>30-06-16</td>
</tr>
</tbody>
</table>

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);

(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 # 48 and Annexure- F

3.23 **Events after reporting period**

As per BAS -10 "Events after Reporting Period" events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of 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 # 49
3.24 Voluntary change in accounting policy

In 2008, the Bank changed the subsequent measurement basis of its land & building portfolio and adopted a revaluation model replacing the 'cost model' as allowed by BAS 16. Accordingly, the Bank has appointed a professional valuer for conducting fair value valuations of the Bank's entire portfolio of land and buildings and on the basis of these valuations, land and buildings owned by the Bank have been stated at fair value with resultant revaluation surplus taken to as a component of equity. The Bank has also used this revaluation surplus as 'Tier 2' capital for calculating capital adequacy ratio.

As per BAS 16, if the revaluation model is adopted, such revaluations shall be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date. The Bank determines fair value of its land and building based on valuation undertaken by external valuers. Such valuations were conducted in 2008, 2011 and 2014 and revaluation surplus were duly recognized as per revaluation model.

However, since the adoption of BFRS 13: Fair Values, which emphasizes on the observable Level 1 and Level 2 inputs to determine the fair value for an asset, the Bank and its valuers are facing challenges to determine fair value of land and buildings as per BAS 16/BFRS 13. Because of many limiting factors fair value is being determined mostly on the basis of Level 3 inputs or unobservable data.

Furthermore, BSEC has also adopted the International Valuation Standards (IVS) as issued by the International Valuation Standards Council (IVSC) to ensure that such valuations are undertaken properly and results in a fair approximation of market price. Both BFRS 13 and IVS prescribes the use of three commonly accepted valuation methodology namely:

- Market approach - using prices and other relevant information generated by market transactions involving identical or comparable assets
- Cost approach - reflecting the amount that would be required currently to replace service capacity of an asset
- Income approach - converting future amounts (cash flow/income) to a current (discounted) amount, reflecting current market expectations about these future amounts.

The determination of fair value of land & buildings has a range of limitations including unavailability of reliable information under the above approaches, which are generally faced by both the management and external valuers, such as:

- Unavailability of readily available information especially to support Level 1 and 2 inputs;
- Registry of land is done at below the market rate;
- Minimum value fixed by Government for land registration are not in line with market rate;
- Varied level of judgments by different valuers resulting wide range of fair value of same property;
- Level of subjectivity in determining the income potential of property; and
- Slowdown in actual buy-sale transactions in real estate sector.

Since fair presentation of financial statements is the responsibility of management and as per the Governance policy of the Bank, management is required to provide a formal sign off to the board about fairness of all critical estimates and judgments used in preparation of financial statements, continue use of revaluation model for land and buildings has created challenges for the Bank.

Furthermore, after the implementation of Basel III Capital Framework, a portion of revaluation reserve currently being allowed as Tier II capital is also gradually reducing and shall be fully eliminated from 2019 onwards. Therefore, any measurable benefits associated with revalued assets in the form of regulatory capital is also diminishing.

Finally, due to inclusion of revalued amounts, the Bank's fixed assets base has breached the regulatory limits of holding immovable assets up to 30% of capital and reserves as prescribed by BRPD Circular and hence created challenges for further business expansion. As such the fair value of its fixed assets as reported under revaluation model in true sense is not adding any real value to the Bank and instead impediment for its future growth through this breach.

Considering all the above factors, management has decided to change the subsequent measurement basis of its land and building, and decided to revert back from "fair value" model to "cost" model under BAS 16. Management has also assessed this change in accounting policy in line with BAS 6: Accounting policies, changes in accounting estimates and errors, and concluded that this change in accounting policy results in the financial statements providing reliable and more relevant information due to elimination of subjectivity and judgment associated with determining fair value of land and building which are not relevant to cost model.
Management has also concluded that since judgment and estimates are not used in cost model and also other constraints of revaluation model as stated above, it would provide reliable measurement basis, better information about the nature and amounts of the Bank's economic resources as well as ensure faithful representation and verifiability as outlined in Conceptual Framework for Financial Reporting 2010.

In particular, management has assessed compliance with BFRS Framework requirement of comparability and as required by BAS & retrospective application of this change in accounting policy has been made which ensures consistency in all amounts/numbers provided in the financial statements for the year ended 31 December 2017. For ease of reference amounts restated from 2016 audited financial statements for this change are given below.

<table>
<thead>
<tr>
<th>Items</th>
<th>Previously reported amount</th>
<th>Restated amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance sheet:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed assets including premises, furniture and fixtures</td>
<td>8,084,826,026</td>
<td>3,437,235,321</td>
</tr>
<tr>
<td>Other reserve</td>
<td>5,781,786,635</td>
<td>2,519,404,390</td>
</tr>
<tr>
<td>Net assets value per share</td>
<td>28.89</td>
<td>23.58</td>
</tr>
<tr>
<td><strong>Profit and loss account:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and repair of Bank's assets</td>
<td>984,171,575</td>
<td>962,903,259</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>4.49</td>
<td>4.52</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Figures in Taka</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 CONSOLIDATED CASH IN HAND</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The City Bank Limited (note 4a)</td>
<td>4,447,677,389</td>
<td>3,787,829,631</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>77,500</td>
<td>77,500</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>128</td>
<td>11,769</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>45,943</td>
<td>103,876</td>
</tr>
<tr>
<td></td>
<td>4,447,800,960</td>
<td>3,788,022,776</td>
</tr>
<tr>
<td>4.a Cash - The City Bank Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In hand - including foreign currencies (note 4a1)</td>
<td>4,447,677,389</td>
<td>3,787,829,631</td>
</tr>
<tr>
<td>Balance with Bangladesh Bank and its agent bank(s) - including foreign currencies (note 4a2)</td>
<td>19,339,302,948</td>
<td>20,696,275,735</td>
</tr>
<tr>
<td></td>
<td>23,786,980,337</td>
<td>24,484,105,366</td>
</tr>
<tr>
<td>4.a1 Cash in hand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local currency</td>
<td>4,329,389,888</td>
<td>3,731,432,078</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>118,287,501</td>
<td>56,397,553</td>
</tr>
<tr>
<td></td>
<td>4,447,677,389</td>
<td>3,787,829,631</td>
</tr>
<tr>
<td>4.a2 Balance with Bangladesh Bank and its agent bank(s)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local currency</td>
<td>13,606,320,435</td>
<td>13,690,293,951</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>5,164,707,048</td>
<td>6,578,617,682</td>
</tr>
<tr>
<td></td>
<td>18,771,027,483</td>
<td>20,168,911,633</td>
</tr>
<tr>
<td>Sonali Bank Limited as agent of Bangladesh Bank (local currency)</td>
<td>568,275,465</td>
<td>527,364,103</td>
</tr>
<tr>
<td></td>
<td>19,339,302,948</td>
<td>20,696,275,735</td>
</tr>
</tbody>
</table>

The above balance represents amount as per Bank book. The difference due to reconciling items with Bangladesh Bank are subsequently adjusted.
4.a.2 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 33 of Banking Companies Act, 1991, BRPD circular no.1 and 12, dated 25 August 2006, MPD circular no.16/2010-1713 dated 1 December 2010 and MPD Circular No. 1 dated 23 June 2014.

The minimum Cash Reserve Ratio on the Bank's time and demand liabilities at the rate of 6.5% on bi-weekly basis has been calculated and maintained with Bangladesh Bank in current account and 15% 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 2017 is based on weekly average time and demand liabilities balance of October 2017). Both reserves maintained by the Bank are in excess of the statutory requirements, as shown below.

<table>
<thead>
<tr>
<th>Figures in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
</tr>
<tr>
<td>2C15 (Restated)</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>a) Cash Reserve Ratio (CRR)</td>
</tr>
<tr>
<td>Required reserve</td>
</tr>
<tr>
<td>Actual reserve maintained</td>
</tr>
<tr>
<td>Surplus</td>
</tr>
<tr>
<td>b) Statutory Liquidity Ratio (SLR)</td>
</tr>
<tr>
<td>Required reserve</td>
</tr>
<tr>
<td>Actual reserve maintained (note 4.a.3)</td>
</tr>
<tr>
<td>Surplus</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>4.a.3 Held for Statutory Liquidity Ratio (SLR)</td>
</tr>
<tr>
<td>Cash in hand</td>
</tr>
<tr>
<td>Sonali Bank Limited as agent of Bangladesh Bank as per statement balance</td>
</tr>
<tr>
<td>Surplus of CRR - balance with Bangladesh Bank</td>
</tr>
<tr>
<td>Government securities and bonds</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>5 CONSOLIDATED BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS</td>
</tr>
<tr>
<td>In Bangladesh</td>
</tr>
<tr>
<td>The City Bank Limited (note 5a)</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>13,661,732,103</td>
</tr>
<tr>
<td>14,284,942,741</td>
</tr>
<tr>
<td>Mutual indebtedness:</td>
</tr>
<tr>
<td>Deposit with The City Bank Limited - City Brokerage Limited</td>
</tr>
<tr>
<td>Deposit with The City Bank Limited - CBL Money Transfer Sdn. Bhd.</td>
</tr>
<tr>
<td>Deposit with The City Bank Limited - City Bank Capital Resources Limited</td>
</tr>
<tr>
<td>(957,465,991)</td>
</tr>
<tr>
<td>Adjustments for Consolidation - City Brokerage Limited</td>
</tr>
<tr>
<td>Total in Bangladesh</td>
</tr>
<tr>
<td>13,180,057,080</td>
</tr>
<tr>
<td>Outside Bangladesh</td>
</tr>
<tr>
<td>The City Bank Limited (note 5a)</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
</tr>
<tr>
<td>Total outside Bangladesh</td>
</tr>
<tr>
<td>Grand total</td>
</tr>
</tbody>
</table>
5.a **Balance with other banks and financial institutions - The City Bank Limited**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Bangladesh (note 5.a.1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside Bangladesh (note 5.a.2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,729,585,134</strong></td>
<td><strong>12,848,826,498</strong></td>
</tr>
</tbody>
</table>

5.a.1 **In Bangladesh**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Janata Bank Limited</td>
<td>902,860</td>
<td>903,435</td>
</tr>
<tr>
<td>Agranti Bank Limited</td>
<td>20,780,354</td>
<td>56,521,510</td>
</tr>
<tr>
<td>Sonali Bank Limited</td>
<td>54,679,341</td>
<td>73,588,778</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>76,362,555</strong></td>
<td><strong>131,013,723</strong></td>
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</tbody>
</table>

**Short notice deposit accounts**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Islami Bank Limited</td>
<td>1,508,373</td>
<td>1,489,983</td>
</tr>
<tr>
<td>Dutch-Bangla Bank Limited</td>
<td>11,986</td>
<td>83,952</td>
</tr>
<tr>
<td>Standard Chartered Bank</td>
<td>129,563,788</td>
<td>37,625,878</td>
</tr>
<tr>
<td>Rupali Bank Limited</td>
<td>53,251,994</td>
<td>95,079,807</td>
</tr>
<tr>
<td>AB Bank Limited</td>
<td>8,644,172</td>
<td>6,853,688</td>
</tr>
<tr>
<td>Trust Bank Limited</td>
<td>6,555,095</td>
<td>2,131,856</td>
</tr>
<tr>
<td>Bank Al-Falah Limited</td>
<td>2,096,175</td>
<td>641,641</td>
</tr>
<tr>
<td>Prime Bank Ltd.</td>
<td>718,750</td>
<td>-</td>
</tr>
<tr>
<td>Southeast Bank Limited</td>
<td>9,921,282</td>
<td>9,633,943</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>212,271,614</strong></td>
<td><strong>154,540,747</strong></td>
</tr>
</tbody>
</table>

**Savings accounts**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Islami Bank Limited</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Southeast Bank Limited</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Fixed deposit receipts**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Bank of Pakistan</td>
<td>80,000,000</td>
<td>410,000,000</td>
</tr>
<tr>
<td>Modhumoti Bank Limited</td>
<td>153,822,000</td>
<td>154,252,000</td>
</tr>
<tr>
<td>BRAC Bank Limited</td>
<td>1,023,100,000</td>
<td>-</td>
</tr>
<tr>
<td>Mutual Trust Bank Limited</td>
<td>118,050,000</td>
<td>-</td>
</tr>
<tr>
<td>Bank Al-Falah Limited</td>
<td>196,750,000</td>
<td>-</td>
</tr>
<tr>
<td>Trust Bank Limited</td>
<td>413,500,000</td>
<td>-</td>
</tr>
<tr>
<td>Lankabangla Finance Limited</td>
<td>1,300,000,000</td>
<td>500,000,000</td>
</tr>
<tr>
<td>IDLC Finance Limited</td>
<td>2,590,000,000</td>
<td>3,000,000,000</td>
</tr>
<tr>
<td>United Finance Limited</td>
<td>300,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Industrial and Infrastructure Development Finance Company Limited</td>
<td>200,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Uttara Finance and Investment Limited</td>
<td>400,000,000</td>
<td>-</td>
</tr>
<tr>
<td>International Leasing and Financial Services Limited</td>
<td>300,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Investment Corporation of Bangladesh</td>
<td>4,500,000,000</td>
<td>5,600,000,000</td>
</tr>
<tr>
<td>Phoenix Finance &amp; Investments Limited</td>
<td>300,000,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Industrial Promotion and Development Company of Bangladesh Limited</td>
<td>1,500,000,000</td>
<td>500,000,000</td>
</tr>
<tr>
<td>National Housing Finance and Investment Limited</td>
<td>100,000,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>11,837,322,000</strong></td>
<td><strong>11,902,152,000</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,125,956,169</strong></td>
<td><strong>12,187,706,470</strong></td>
</tr>
<tr>
<td>Current accounts</td>
<td>Currency</td>
<td>2017</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>----------</td>
<td>------------</td>
</tr>
<tr>
<td>Mashreq Bank, New York, USA</td>
<td>USD</td>
<td>79,846,502</td>
</tr>
<tr>
<td>Habib American Bank, New York, USA</td>
<td>USD</td>
<td>84,149,207</td>
</tr>
<tr>
<td>Citibank N.A. New York, USA</td>
<td>USD</td>
<td>(120,697,185)</td>
</tr>
<tr>
<td>Standard Chartered Bank, New York, USA</td>
<td>USD</td>
<td>(98,664,261)</td>
</tr>
<tr>
<td>Standard Chartered Bank, Frankfurt</td>
<td>EURO</td>
<td>(38,359,898)</td>
</tr>
<tr>
<td>Deutsche Bank, Frankfurt, Germany</td>
<td>EURO</td>
<td>-</td>
</tr>
<tr>
<td>Bank of Tokyo Mitsubishi Ltd, Japan</td>
<td>JPY</td>
<td>14,027,335</td>
</tr>
<tr>
<td>Deutsche Bank Trust Comp, USA</td>
<td>USD</td>
<td>-</td>
</tr>
<tr>
<td>Bank of Tokyo Mitsubishi Ltd, New Delhi, India</td>
<td>ACUD</td>
<td>704,057</td>
</tr>
<tr>
<td>AB Bank Ltd., Mumbai, India</td>
<td>ACUD</td>
<td>(3,121,480)</td>
</tr>
<tr>
<td>Sonali Bank Ltd., Kolkata, India</td>
<td>ACUD</td>
<td>1,759,959</td>
</tr>
<tr>
<td>NIC Bank Limited, Karachi, Pakistan</td>
<td>ACUD</td>
<td>21,879,514</td>
</tr>
<tr>
<td>Standard Chartered Bank, Nepal</td>
<td>ACUD</td>
<td>177,775</td>
</tr>
<tr>
<td>Commerz Bank AG, Frankfurt, Germany</td>
<td>USD</td>
<td>54,631,585</td>
</tr>
<tr>
<td>Commercial Bank of Ceylon, Colombo, Sri Lanka</td>
<td>ACUD</td>
<td>7,654,797</td>
</tr>
<tr>
<td>Bank of Bhutan, Bhutan</td>
<td>ACUD</td>
<td>765,595</td>
</tr>
<tr>
<td>Commerz Bank AG, Frankfurt, Ceylon, Sri Lanka</td>
<td>ACUD</td>
<td>13,669,557</td>
</tr>
<tr>
<td>Commerz Bank AG, Frankfurt, Germany</td>
<td>ACUD</td>
<td>163,430</td>
</tr>
<tr>
<td>HDFC Bank Ltd., Mumbai, India</td>
<td>ACUD</td>
<td>6,887,665</td>
</tr>
<tr>
<td>Banca Popolare Di Vicenza, Italy</td>
<td>EURO</td>
<td>-</td>
</tr>
<tr>
<td>Standard Chartered Bank, London</td>
<td>GBP</td>
<td>2,112,619</td>
</tr>
<tr>
<td>Mashreq Bank, London</td>
<td>GBP</td>
<td>4,750,598</td>
</tr>
<tr>
<td>Kookmin Bank, Korea</td>
<td>USD</td>
<td>3,286,720</td>
</tr>
<tr>
<td>Commerz Bank AG, Frankfurt</td>
<td>AUD</td>
<td>2,579,515</td>
</tr>
<tr>
<td>Standard Chartered Bank, Mumbai, India</td>
<td>ACUD</td>
<td>21,766,098</td>
</tr>
<tr>
<td>Mashreq Bank, Dubai</td>
<td>AED</td>
<td>5,669</td>
</tr>
<tr>
<td>Habib Bank Limited, Pakistan</td>
<td>ACUD</td>
<td>-</td>
</tr>
<tr>
<td>Mashreq Bank, New York, USA (For OBU Operation)</td>
<td>USD</td>
<td>444,049,578</td>
</tr>
<tr>
<td>Commerz Bank AG, Frankfurt, Germany (For OBU Operation)</td>
<td>USD</td>
<td>14,468,337</td>
</tr>
<tr>
<td>Commerz Bank AG, Frankfurt, Germany (For OBU Operation)</td>
<td>EURO</td>
<td>20,716,811</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td></td>
<td><strong>602,956,379</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Term deposits</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mashreq Bank Limited, New York, USA</td>
<td>USD</td>
<td>-</td>
</tr>
<tr>
<td>Sonali Bank, Kolkata, India</td>
<td>ACUD</td>
<td>672,596</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td></td>
<td><strong>672,596</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>603,628,965</strong></td>
</tr>
</tbody>
</table>

Details are shown in Annexure-B.
5a.3 Maturity grouping of balance with other banks and financial institutions

<table>
<thead>
<tr>
<th>Maturity Grouping</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable on demand</td>
<td>540,860,280</td>
<td>590,603,740</td>
</tr>
<tr>
<td>Up to 1 month</td>
<td>1,844,535,114</td>
<td>2,022,877,663</td>
</tr>
<tr>
<td>Over 1 month but not more than 3 months</td>
<td>9,828,749,764</td>
<td>10,221,174,616</td>
</tr>
<tr>
<td>Over 3 months but not more than 1 year</td>
<td>517,419,975</td>
<td>14,170,480</td>
</tr>
<tr>
<td>Over 1 year but not more than 5 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,729,585,134</strong></td>
<td><strong>12,848,826,496</strong></td>
</tr>
</tbody>
</table>

6 MONEY AT CALL AND SHORT NOTICE

Banking companies

ICB Islamic Bank Limited (note 6.1) 89,379,167 91,379,167

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(G)-163/G9/12002007-447) and approved a scheme of reconstruction of the former The Oriental Bank Limited in which payment of liabilities of the bank has been finalized and based on earlier issued and recent (BRPD circular letter no. 15 dated 03 November 2016) schedule and of payment the Bank (CBL) has already received first 18th installments.

7 CONSOLIDATED INVESTMENTS

Government securities

The City Bank Limited (note 7a.i.ia) 22,099,527,532 22,048,912,713

Others

The City Bank Limited (note 7a.ii.b) 3,408,912,369 2,383,242,864
City Brokerage Limited (note 7a.ii) 2,853,030,414 1,680,187,538
City Bank Capital Resources Limited (note 7c) 3,570,084,058 1,783,799,503

**Total** 9,832,026,841 5,847,199,905

7a Investments - The City Bank Limited

Government (note 7a.1.i) 22,099,527,532 22,048,912,713
Others (note 7a.1.ii) 3,408,912,369 2,383,242,864

**Total** 25,508,439,902 24,432,155,577

7a.1 Investment securities are classified as follows

i) Government bonds

Prize bonds 3,048,500 3,551,600
Government bonds - (note 7a.4) 22,099,479,032 22,045,361,113

**Total** 22,099,527,532 22,048,912,713

ii) Other investments

Debenture of Bangladesh Welding Electrodes Limited 122,273 122,273
Mutual fund 64,379,857 53,875,876
Shares (note 7a.5) 3,344,410,639 2,339,244,715

**Total** 3,408,912,369 2,383,242,864

**Total** 25,508,439,902 24,432,155,577
7.2 Investment classified as per Bangladesh Bank Circular

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held for Trading (HFT)</td>
<td>2,416,197,264</td>
<td>7,528,693,323</td>
</tr>
<tr>
<td>Held to Maturity (HTM)</td>
<td>19,683,330,269</td>
<td>14,520,213,390</td>
</tr>
<tr>
<td>Reverse Repo</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Securities</td>
<td>3,408,912,369</td>
<td>2,383,242,864</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25,508,439,902</td>
<td>24,432,155,577</td>
</tr>
</tbody>
</table>

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

7.3 Maturity grouping of investments

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>On demand</td>
<td>3,048,500</td>
<td>3,551,600</td>
</tr>
<tr>
<td>Over 1 month but not more than 3 months</td>
<td>8,172,580,040</td>
<td>1,276,361,847</td>
</tr>
<tr>
<td>Over 3 months but not more than 1 year</td>
<td>1,017,734,439</td>
<td>3,613,954,775</td>
</tr>
<tr>
<td>Over 1 year but not more than 5 years</td>
<td>7,177,188,167</td>
<td>3,577,925,055</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>9,137,887,992</td>
<td>15,960,362,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25,508,439,902</td>
<td>24,432,155,577</td>
</tr>
</tbody>
</table>

7.4 Government bonds

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 days Bangladesh Bank bills</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>91 days Treasury bills</td>
<td>2,978,567,746</td>
<td>-</td>
</tr>
<tr>
<td>182 days Treasury bills</td>
<td>4,014,345,874</td>
<td>-</td>
</tr>
<tr>
<td>364 days Treasury bills</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6 months Islamic bonds</td>
<td>150,000,000</td>
<td>250,000,000</td>
</tr>
<tr>
<td>2 Years Islamic bonds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2 years Treasury bonds</td>
<td>1,792,321,857</td>
<td>-</td>
</tr>
<tr>
<td>5 years Treasury bonds</td>
<td>983,804,843</td>
<td>2,002,871,858</td>
</tr>
<tr>
<td>10 years Treasury bonds</td>
<td>9,978,655,898</td>
<td>17,530,001,872</td>
</tr>
<tr>
<td>15 years Treasury bonds</td>
<td>2,032,828,021</td>
<td>1,862,402,525</td>
</tr>
<tr>
<td>20 years Treasury bonds</td>
<td>165,954,793</td>
<td>400,084,858</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>22,086,479,032</td>
<td>22,945,361,113</td>
</tr>
</tbody>
</table>

7.5 Investment in shares

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB Bank Limited</td>
<td>14,781,099</td>
<td>13,570,219</td>
</tr>
<tr>
<td>Dhaka Bank Limited</td>
<td>40,240,002</td>
<td>31,181,657</td>
</tr>
<tr>
<td>Mercantile Bank Limited</td>
<td>34,516,178</td>
<td>18,802,112</td>
</tr>
<tr>
<td>Mutual Trust Bank Limited</td>
<td>26,804,190</td>
<td>15,383,306</td>
</tr>
<tr>
<td>Pubali Bank Limited</td>
<td>12,824,422</td>
<td>9,374,592</td>
</tr>
<tr>
<td>Rupali Bank Limited</td>
<td>-</td>
<td>1,048,872</td>
</tr>
<tr>
<td>Shahjalal Islami Bank Limited</td>
<td>8,006,955</td>
<td>3,466,215</td>
</tr>
<tr>
<td>Standard Bank Limited</td>
<td>20,224,152</td>
<td>14,682,775</td>
</tr>
<tr>
<td>United Commercial Bank Limited</td>
<td>48,830,170</td>
<td>373,362,205</td>
</tr>
<tr>
<td>Trust Bank Limited</td>
<td>87,823,052</td>
<td>44,604,984</td>
</tr>
<tr>
<td>Investment Corporation of Bangladesh</td>
<td>2,292,800</td>
<td>1,497,465</td>
</tr>
<tr>
<td>Pragati Life Insurance Company Limited</td>
<td>-</td>
<td>2,785,528</td>
</tr>
<tr>
<td>Pravati Insurance Company Limited</td>
<td>-</td>
<td>2,121,239</td>
</tr>
<tr>
<td>Mercantile Insurance Company Limited</td>
<td>-</td>
<td>1,412,136</td>
</tr>
<tr>
<td>Peoples Insurance Company Limited</td>
<td>-</td>
<td>1,803,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>296,343,020</td>
<td>535,106,925</td>
</tr>
</tbody>
</table>
## Figures in Taka

<table>
<thead>
<tr>
<th>Company Name</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continental Insurance Company Limited</td>
<td>-</td>
<td>1,068,396</td>
</tr>
<tr>
<td>Agrani Insurance Company Limited</td>
<td>-</td>
<td>1,016,256</td>
</tr>
<tr>
<td>Sonar Bangla Insurance Limited</td>
<td>-</td>
<td>1,337,628</td>
</tr>
<tr>
<td>Power Grid Company of Bangladesh Limited</td>
<td>10,440,000</td>
<td>41,461,200</td>
</tr>
<tr>
<td>Saif Powertec Limited</td>
<td>1,660,000</td>
<td>19,682</td>
</tr>
<tr>
<td>Dhaka Electricity Supply Company Limited</td>
<td>-</td>
<td>21,007,931</td>
</tr>
<tr>
<td>Summit Power Limited</td>
<td>-</td>
<td>242,165</td>
</tr>
<tr>
<td>Shahjibazar Power Co. Ltd.</td>
<td>2,322,000</td>
<td>-</td>
</tr>
<tr>
<td>BSRM Steels Limited</td>
<td>-</td>
<td>15,142,176</td>
</tr>
<tr>
<td>Beximco Limited</td>
<td>-</td>
<td>25,140,934</td>
</tr>
<tr>
<td>Matin Spinning Mills Ltd</td>
<td>33,254,711</td>
<td>35,091,505</td>
</tr>
<tr>
<td>Heidelberg Cement Bangladesh Limited</td>
<td>10,622,500</td>
<td>6,925,290</td>
</tr>
<tr>
<td>M.I. Cement Factory Ltd.</td>
<td>847,000</td>
<td>-</td>
</tr>
<tr>
<td>Premier Cement Mills Limited</td>
<td>-</td>
<td>9,185,755</td>
</tr>
<tr>
<td>Mobil Jamuna Lubricants Bangladesh Limited</td>
<td>2,182,000</td>
<td>20,874,506</td>
</tr>
<tr>
<td>United Power Generation &amp; Distribution Company Limited</td>
<td>-</td>
<td>1,416,000</td>
</tr>
<tr>
<td>Square Pharmaceuticals Limited</td>
<td>4,866,525</td>
<td>40,105,100</td>
</tr>
<tr>
<td>The ACME Laboratories Limited</td>
<td>2,850,000</td>
<td>2,970,000</td>
</tr>
<tr>
<td>Grameenphone Limited</td>
<td>-</td>
<td>10,767,390</td>
</tr>
<tr>
<td>Bata Shoe Company (Bangladesh) Limited</td>
<td>5,976,180</td>
<td>5,710,000</td>
</tr>
<tr>
<td>AFC Agro Biotech Limited</td>
<td>-</td>
<td>43,458,762</td>
</tr>
<tr>
<td>IDLC Finance Limited</td>
<td>2,894,640,317</td>
<td>1,432,792,926</td>
</tr>
<tr>
<td>Perfume Chemical Ind. Limited</td>
<td>1,652</td>
<td>1,652</td>
</tr>
<tr>
<td>Rasip Inc. (BD) Limited</td>
<td>695,400</td>
<td>695,400</td>
</tr>
<tr>
<td>Rangamati Food Products Limited</td>
<td>890,100</td>
<td>890,100</td>
</tr>
<tr>
<td>German Bangla Joint Venture Foods Limited</td>
<td>75,600</td>
<td>75,600</td>
</tr>
<tr>
<td>Somorita Hospital Limited</td>
<td>11,944</td>
<td>9,946</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,267,678,949</td>
<td>2,252,513,125</td>
</tr>
</tbody>
</table>

### Unquoted Ordinary Shares

<table>
<thead>
<tr>
<th>Company Name</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Depository Bangladesh Limited</td>
<td>6,211,110</td>
<td>6,277,770</td>
</tr>
<tr>
<td>KARMA Sangsthan Bank Limited</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Industrial &amp; Infrastructureal Development Finance Company Limited</td>
<td>42,453,820</td>
<td>42,453,820</td>
</tr>
<tr>
<td>Venture Investment Partners Bangladesh Limited</td>
<td>18,000,000</td>
<td>18,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>76,731,590</td>
<td>76,731,590</td>
</tr>
</tbody>
</table>

|                      | 3,344,410,539 | 2,329,244,715 |

Details are shown in Annexure-C.

### 7b Investments - City Brokerage Limited

<table>
<thead>
<tr>
<th>Membership (note 7b.i)</th>
<th>580,999,000</th>
<th>580,999,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dhaka Stock Exchange Limited (DSE)</td>
<td>19,001,000</td>
<td>19,001,000</td>
</tr>
<tr>
<td>Chittagong Stock Exchange Limited (CSE)</td>
<td>600,000,000</td>
<td>600,000,000</td>
</tr>
</tbody>
</table>

| Investments in shares (note 7b.2)                              | 2,253,030,414 | 1,050,187,538 |
| Investments in unlisted securities                             | 2,853,030,414 | 1,680,187,538 |
7.b.1 As per the provision of the Exchange Demutualization Act, 2013, DSE and CSE allotted 7,215,106 and 4,287,330 shares respectively at a face value of Tk. 10 each. As there is no active market for these shares, these are stated at cost.

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 1,488,666,057 (2016: 1,058,722,710) as on 31 December 2017.

<table>
<thead>
<tr>
<th>Investments - City Bank Capital Resources Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government securities:</td>
</tr>
<tr>
<td>Treasury bonds</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Others</td>
</tr>
<tr>
<td>Investments in quoted shares (note 7.c.1)</td>
</tr>
<tr>
<td>3,481,084,058</td>
</tr>
<tr>
<td>Investments in unlisted securities (note 7.c.2)</td>
</tr>
<tr>
<td>89,000,000</td>
</tr>
<tr>
<td>3,570,084,058</td>
</tr>
<tr>
<td>1,783,769,503</td>
</tr>
</tbody>
</table>

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 1,911,890,751 (2016: 1,633,208,828) as on 31 December 2017.

7.c.2 This represents 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 AN ADVANCES/INVESTMENTS

<table>
<thead>
<tr>
<th>Loans/investments, cash credits, overdrafts, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 8.a)</td>
</tr>
<tr>
<td>191,873,706,133</td>
</tr>
<tr>
<td>167,749,683,704</td>
</tr>
<tr>
<td>City Brokerage Limited (note 8.b)</td>
</tr>
<tr>
<td>1,375,846,682</td>
</tr>
<tr>
<td>2,163,478,751</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited (note 8.c)</td>
</tr>
<tr>
<td>382,424,192</td>
</tr>
<tr>
<td>323,661,381</td>
</tr>
<tr>
<td>193,631,780,007</td>
</tr>
<tr>
<td>170,236,823,836</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mutual Indebtedness:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan from The City Bank Limited - City Brokerage Limited*</td>
</tr>
<tr>
<td>(1,095,219,173)</td>
</tr>
<tr>
<td>(1,322,484,373)</td>
</tr>
<tr>
<td>Loan from City Brokerage Limited - City Bank Capital Resources Limited</td>
</tr>
<tr>
<td>- (2,471,226)</td>
</tr>
<tr>
<td>Loan from The City Bank Limited - CBL Money Transfer Sdn. Bhd.</td>
</tr>
<tr>
<td>(185,882,570)</td>
</tr>
<tr>
<td>(1,410,339,850)</td>
</tr>
<tr>
<td>(1,281,111,743)</td>
</tr>
<tr>
<td>(1,465,995,449)</td>
</tr>
<tr>
<td>192,350,678,263</td>
</tr>
<tr>
<td>168,770,828,388</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bills purchased and discounted (note 9)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited</td>
</tr>
<tr>
<td>4,722,154,652</td>
</tr>
<tr>
<td>7,275,392,955</td>
</tr>
<tr>
<td>197,072,632,915</td>
</tr>
<tr>
<td>176,046,221,342</td>
</tr>
</tbody>
</table>

*City Brokerage Limited availed loan facilities @7.50% p.a. from its parent company for extending margin financing to its customers.
<table>
<thead>
<tr>
<th>8.a</th>
<th><strong>Loans and advances/investments - The City Bank Limited</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>8.a.1</td>
<td>Loans/investments, cash credits, overdrafts, etc. (note 8.a.1)</td>
</tr>
<tr>
<td></td>
<td>Bills purchased and discounted (note 8.a.2)</td>
</tr>
<tr>
<td>2017</td>
<td>191,873,705,133</td>
</tr>
<tr>
<td>2016 (Restated)</td>
<td>167,749,683,704</td>
</tr>
</tbody>
</table>

### Inside Bangladesh
- **Secured overdrafts**
- **Cash credits**
- **House building loans**
- **Loans against trust receipt**
- **Loans against imported merchandise**
- **Payment against document**
- **Lease finance/zira (note 8.a.5)**
- **Hire purchase shirkatul melk**
- **Industrial credits**
- **Export development fund**
- **Staff loans (note 8.a.15)**
- **City card loans**
- **Small and medium enterprise loans**
- **Transportation loans**
- **Bai-mueajal, Bi Salam, Murabah**
- **City Drive**
- **City solution**
- **City Express**
- **City Gems**
- **Loan against Payroll**
- **Other loans and advances**

| 2017 | 104,824,195,871 |
| 2016 (Restated) | 87,271,881,233 |

### Outside Bangladesh

| 2017 | 1,017,588,100 |
| 2016 (Restated) | 1,258,666,369 |

| 8.a.2 | Bills purchased and discounted |
| Payable Inside Bangladesh |
| Inland bills purchased | 2,026,541,594 | 1,683,284,333 |
| Payable Outside Bangladesh |
| Foreign bills purchased and discounted | 2,695,613,059 | 5,592,108,622 |
| 8.a.3 | Performing loans and advances/investments |
| Gross loans and advances/investments | 196,595,859,784 | 175,025,076,659 |
| Non-performing loans and advances/investments (note 8.a.31) | (10,677,894,989) | (10,581,921,664) |
| 8.a.3.1 | Non-performing loans and advances/investments |
| Opening balance | 10,581,921,664 | 10,844,779,615 |
| Addition during the year | 8,100,118,353 | 7,728,867,037 |
| Reduction during the year | (8,004,145,028) | (7,991,724,987) |
| Closing balance | 10,677,894,989 | 10,581,921,664 |
### 8.a.4 Residual maturity grouping of loans and advances/investments including bills purchased and discounted

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayable on demand</td>
<td>15,454,739,218</td>
<td>1282,943,297</td>
</tr>
<tr>
<td>Not more than 3 months</td>
<td>57,255,955,096</td>
<td>47,417,542,839</td>
</tr>
<tr>
<td>More than 3 months but not more than 1 year</td>
<td>46,371,847,621</td>
<td>57,326,687,001</td>
</tr>
<tr>
<td>More than 1 year but not more than 5 years</td>
<td>55,047,527,758</td>
<td>50,544,213,286</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>22,465,790,092</td>
<td>18,451,690,234</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>195,595,859,784</strong></td>
<td><strong>175,025,076,659</strong></td>
</tr>
</tbody>
</table>

### 8.a.5 Lease finance/Izara

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease rental receivable within 1 year</td>
<td>11,489,327</td>
<td>1,232,430</td>
</tr>
<tr>
<td>Lease rental receivable within 5 years</td>
<td>5,511,349</td>
<td>23,714,021</td>
</tr>
<tr>
<td>Lease rental receivable after 5 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total lease/Izara rental receivable</strong></td>
<td><strong>17,000,676</strong></td>
<td><strong>24,946,451</strong></td>
</tr>
<tr>
<td>Unearned interest receivable</td>
<td>(1,377,295)</td>
<td>(2,359,255)</td>
</tr>
<tr>
<td><strong>Net lease/Izara finance</strong></td>
<td><strong>15,623,381</strong></td>
<td><strong>22,588,196</strong></td>
</tr>
</tbody>
</table>

### 8.a.6 Loans and advances/investments

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>166,399,250,603</td>
<td>145,288,425,806</td>
</tr>
<tr>
<td>Cash credits</td>
<td>22,016,790,686</td>
<td>20,362,827,842</td>
</tr>
<tr>
<td>Overdrafts</td>
<td>3,457,663,844</td>
<td>2,098,430,056</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>191,873,705,133</strong></td>
<td><strong>167,749,683,704</strong></td>
</tr>
</tbody>
</table>

### 8.a.7 Concentration of loans and advances/investments including bills purchased and discounted

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances to the board of directors</td>
<td>465,954,221</td>
<td>440,394,751</td>
</tr>
<tr>
<td>Advances chief executive and other senior executives</td>
<td>146,707,969</td>
<td>115,253,993</td>
</tr>
<tr>
<td>Advances to customer groups</td>
<td>25,648,697,952</td>
<td>20,000,296,576</td>
</tr>
<tr>
<td>Industrial loans and advances/investments</td>
<td>153,157,701,883</td>
<td>139,721,851,831</td>
</tr>
<tr>
<td>Others loans and advances/investments</td>
<td>17,176,797,760</td>
<td>14,747,279,537</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>196,595,859,784</strong></td>
<td><strong>175,025,076,659</strong></td>
</tr>
</tbody>
</table>

### 8.a.8 Business segment wise concentration of loans and advances/investments including bills purchased and discounted

<table>
<thead>
<tr>
<th>Segment</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>102,401,855,214</td>
<td>97,003,312,366</td>
</tr>
<tr>
<td>SME</td>
<td>39,373,156,732</td>
<td>39,800,330,566</td>
</tr>
<tr>
<td>Offshore Banking Unit (OBU)</td>
<td>21,495,344,894</td>
<td>14,784,046,934</td>
</tr>
<tr>
<td>Retail</td>
<td>29,784,988,750</td>
<td>20,467,065,929</td>
</tr>
<tr>
<td>Staff loan</td>
<td>3,540,514,195</td>
<td>3,170,320,863</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>196,595,859,784</strong></td>
<td><strong>175,025,076,659</strong></td>
</tr>
</tbody>
</table>
### 8.9 Sector wise concentration of loans and advances/investments including bills purchased and discounted

<table>
<thead>
<tr>
<th>Industry</th>
<th>2017 % of total loan</th>
<th>Taka</th>
<th>2016 (Restated) % of total loan</th>
<th>Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agri &amp; micro-credit through NGO</td>
<td>5.11%</td>
<td>10,036,257,735</td>
<td>2.41%</td>
<td>4,217,464,118</td>
</tr>
<tr>
<td>Readymade garments industry</td>
<td>15.73%</td>
<td>30,917,033,140</td>
<td>15.04%</td>
<td>26,325,749,588</td>
</tr>
<tr>
<td>Consumer credit</td>
<td>14.00%</td>
<td>27,517,712,506</td>
<td>11.70%</td>
<td>20,478,350,098</td>
</tr>
<tr>
<td>Trade service</td>
<td>12.20%</td>
<td>23,978,877,276</td>
<td>11.63%</td>
<td>20,353,942,495</td>
</tr>
<tr>
<td>Steel industry</td>
<td>6.85%</td>
<td>13,464,976,000</td>
<td>8.33%</td>
<td>14,566,928,276</td>
</tr>
<tr>
<td>Textile &amp; spinning mills</td>
<td>5.44%</td>
<td>10,690,140,282</td>
<td>5.59%</td>
<td>9,780,416,679</td>
</tr>
<tr>
<td>Real estate financing</td>
<td>4.95%</td>
<td>9,736,178,203</td>
<td>4.73%</td>
<td>8,287,112,831</td>
</tr>
<tr>
<td>Energy and power industry</td>
<td>4.08%</td>
<td>8,022,468,364</td>
<td>3.92%</td>
<td>6,865,947,618</td>
</tr>
<tr>
<td>Edible oil and food processing</td>
<td>3.24%</td>
<td>6,377,029,277</td>
<td>6.40%</td>
<td>11,206,875,343</td>
</tr>
<tr>
<td>Pharmaceuticals industry</td>
<td>3.14%</td>
<td>6,179,455,829</td>
<td>2.06%</td>
<td>3,603,534,528</td>
</tr>
<tr>
<td>Assembling industry</td>
<td>2.77%</td>
<td>5,439,693,487</td>
<td>2.45%</td>
<td>4,280,875,984</td>
</tr>
<tr>
<td>Transport, Storage &amp; Communication</td>
<td>2.62%</td>
<td>5,144,725,850</td>
<td>3.42%</td>
<td>5,983,215,949</td>
</tr>
<tr>
<td>Service industry</td>
<td>1.58%</td>
<td>3,098,256,722</td>
<td>1.32%</td>
<td>2,315,963,996</td>
</tr>
<tr>
<td>Ship breaking &amp; building</td>
<td>1.18%</td>
<td>2,329,559,658</td>
<td>1.44%</td>
<td>2,512,002,997</td>
</tr>
<tr>
<td>Construction</td>
<td>0.51%</td>
<td>1,009,397,563</td>
<td>1.36%</td>
<td>2,377,495,832</td>
</tr>
<tr>
<td>Chemical industry</td>
<td>0.20%</td>
<td>393,495,887</td>
<td>0.28%</td>
<td>494,336,674</td>
</tr>
<tr>
<td>Hospitals</td>
<td>0.14%</td>
<td>284,921,759</td>
<td>0.17%</td>
<td>300,629,103</td>
</tr>
<tr>
<td>Other manufacturing industry</td>
<td>12.48%</td>
<td>24,535,703,658</td>
<td>10.90%</td>
<td>19,073,046,564</td>
</tr>
<tr>
<td>Others</td>
<td>3.78%</td>
<td>7,439,976,599</td>
<td>6.85%</td>
<td>11,981,187,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>196,595,859,784</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>175,025,076,659</strong></td>
</tr>
</tbody>
</table>

### 8.10 Geographical location-wise loans and advances

**Inside Bangladesh**

#### Urban:

<table>
<thead>
<tr>
<th>City</th>
<th>2017 % of total loan</th>
<th>Taka</th>
<th>2016 % of total loan</th>
<th>Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dhaka</td>
<td>79.44%</td>
<td>156,170,896,890</td>
<td>77.10%</td>
<td>134,949,729,260</td>
</tr>
<tr>
<td>Chattogram</td>
<td>13.00%</td>
<td>25,553,412,917</td>
<td>15.84%</td>
<td>27,725,443,669</td>
</tr>
<tr>
<td>Sylhet</td>
<td>0.41%</td>
<td>804,549,605</td>
<td>0.34%</td>
<td>589,354,821</td>
</tr>
<tr>
<td>Rajshahi</td>
<td>2.37%</td>
<td>4,655,923,803</td>
<td>2.05%</td>
<td>3,589,601,414</td>
</tr>
<tr>
<td>Khulna</td>
<td>1.18%</td>
<td>2,328,606,018</td>
<td>1.16%</td>
<td>2,026,987,880</td>
</tr>
<tr>
<td>Rangpur</td>
<td>1.00%</td>
<td>1,972,758,144</td>
<td>1.03%</td>
<td>1,800,541,455</td>
</tr>
<tr>
<td>Barisal</td>
<td>0.18%</td>
<td>348,078,108</td>
<td>0.16%</td>
<td>285,059,620</td>
</tr>
<tr>
<td>Mymensingh</td>
<td>0.13%</td>
<td>248,209,574</td>
<td>0.12%</td>
<td>208,726,896</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>97.70%</strong></td>
<td><strong>192,082,435,059</strong></td>
<td><strong>97.80%</strong></td>
<td><strong>171,175,445,275</strong></td>
</tr>
</tbody>
</table>

#### Rural:

<table>
<thead>
<tr>
<th>City</th>
<th>2017 % of total loan</th>
<th>Taka</th>
<th>2016 % of total loan</th>
<th>Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dhaka</td>
<td>1.68%</td>
<td>3,308,163,198</td>
<td>1.28%</td>
<td>2,243,176,003</td>
</tr>
<tr>
<td>Chattogram</td>
<td>0.37%</td>
<td>718,006,145</td>
<td>0.34%</td>
<td>594,990,902</td>
</tr>
<tr>
<td>Sylhet</td>
<td>0.08%</td>
<td>147,649,152</td>
<td>0.08%</td>
<td>133,039,201</td>
</tr>
<tr>
<td>Rajshahi</td>
<td>0.17%</td>
<td>339,606,231</td>
<td>0.50%</td>
<td>878,425,279</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2.30%</strong></td>
<td><strong>4,513,424,725</strong></td>
<td><strong>2.20%</strong></td>
<td><strong>3,849,631,384</strong></td>
</tr>
</tbody>
</table>

**Total Inside Bangladesh**

<table>
<thead>
<tr>
<th>Region</th>
<th>2017 % of total loan</th>
<th>Taka</th>
<th>2016 % of total loan</th>
<th>Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>196,595,859,784</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>175,025,076,659</strong></td>
</tr>
</tbody>
</table>

**Outside Bangladesh**

<table>
<thead>
<tr>
<th>Region</th>
<th>2017 % of total loan</th>
<th>Taka</th>
<th>2016 % of total loan</th>
<th>Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>0.00%</strong></td>
<td><strong>-</strong></td>
<td><strong>0.00%</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

**Grand total**

<table>
<thead>
<tr>
<th>Region</th>
<th>2017 % of total loan</th>
<th>Taka</th>
<th>2016 % of total loan</th>
<th>Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>196,595,859,784</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>175,025,076,659</strong></td>
</tr>
</tbody>
</table>
8.a.11 Sector-wise loans and advances

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of total</td>
<td>Taka</td>
</tr>
<tr>
<td>Public sector</td>
<td>0.06%</td>
<td>167,036,829</td>
</tr>
<tr>
<td>Private sector</td>
<td>99.92%</td>
<td>196,595,859,784</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>196,595,859,784</strong></td>
</tr>
</tbody>
</table>

8.a.12 Securities against loans/investments including bills purchased and discounted

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collateral of movable/immovable assets</td>
<td>148,914,322,167</td>
<td>135,072,501,355</td>
</tr>
<tr>
<td>Local banks and financial institutions guarantee</td>
<td>4,722,154,652</td>
<td>7,275,392,755</td>
</tr>
<tr>
<td>Foreign banks guarantee</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Export documents</td>
<td>12,008,175,039</td>
<td>8,261,018,560</td>
</tr>
<tr>
<td>Fixed Deposit Receipts (FDR)</td>
<td>4,423,682,708</td>
<td>4,752,150,786</td>
</tr>
<tr>
<td>FDR of other banks</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Government guarantee</td>
<td>167,036,829</td>
<td>333,111,970</td>
</tr>
<tr>
<td>Personal guarantee</td>
<td>12,505,000,536</td>
<td>8,634,606,273</td>
</tr>
<tr>
<td>Other securities</td>
<td>13,855,587,854</td>
<td>10,896,294,761</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>196,595,859,784</strong></td>
<td><strong>175,025,076,659</strong></td>
</tr>
</tbody>
</table>

8.a.13 Detail of large loan/investments

As at 31 December 2017 there were 42 (31 December 2016: 36) 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 29,754.51 million as at 31 December 2017 (Taka 23,422.25 million as at 31 December 2016).

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of borrowers or groups</td>
<td>42</td>
<td>36</td>
</tr>
<tr>
<td>Amount of outstanding advances/investments (Taka)</td>
<td>57,885,862,447</td>
<td>54,665,284,651</td>
</tr>
<tr>
<td>Amount of classified advances/investments therein (Taka)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

8.a.14 Particulars of loans and advances/investments

i) Loans/investments considered good in respect of which the Bank is fully secured | 170,235,271,394 | 155,594,175,625 |

ii) Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee | 12,505,000,536   | 8,334,606,273   |

iii) Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors | 13,855,587,854   | 10,596,294,761  |

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 | 4,006,468,416    | 3,510,715,614   |

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 | 465,290,246      | 436,614,820     |
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.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,006,468,416</td>
<td>3,610,715,614</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

ix) Due to other banking companies

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

x) Classified loans and advances/investments

(a) Classified loans and advances/investments on which interest has not been charged

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of specific provision</td>
<td>(475,355,015)</td>
<td>(414,497,918)</td>
</tr>
<tr>
<td>Amount of loans written off</td>
<td>2,705,265,571</td>
<td>3,486,267,624</td>
</tr>
<tr>
<td>Amount realized against loans previously written off</td>
<td>202,041,593</td>
<td>613,863,574</td>
</tr>
<tr>
<td></td>
<td>9,428,420,334</td>
<td>9,239,971,089</td>
</tr>
</tbody>
</table>

(b) Provision on classified loans and advances/investments

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,737,096,846</td>
<td>4,212,451,861</td>
</tr>
</tbody>
</table>

(c) Provision kept against loans/investments classified as bad debts

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,502,452,854</td>
<td>3,989,934,311</td>
</tr>
</tbody>
</table>

(d) Interest credited to Interest Suspense Account

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,087,929,519</td>
<td>1,302,725,093</td>
</tr>
</tbody>
</table>

(xi) Cumulative amount of written off loans/investments

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>13,837,230,896</td>
<td>10,964,626,846</td>
</tr>
<tr>
<td>Amount written off during the year</td>
<td>2,705,265,571</td>
<td>3,486,267,624</td>
</tr>
<tr>
<td>Amount realized against loans/investments previously written off</td>
<td>(202,041,593)</td>
<td>(613,863,574)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>16,340,454,674</td>
<td>13,837,230,896</td>
</tr>
</tbody>
</table>

The amount of written off classified loans/investments for which law suits have been filed

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>39,568,596,000</td>
<td>28,326,613,000</td>
</tr>
</tbody>
</table>

### 8.15 Staff Loan

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provident fund</td>
<td>566,435,625</td>
<td>484,706,966</td>
</tr>
<tr>
<td>Housing building scheme</td>
<td>2,411,863,912</td>
<td>2,235,843,225</td>
</tr>
<tr>
<td>Vehicle scheme</td>
<td>488,165,802</td>
<td>387,167,199</td>
</tr>
<tr>
<td>Consumer credit and other scheme</td>
<td>74,058,656</td>
<td>62,603,473</td>
</tr>
<tr>
<td></td>
<td>3,540,514,195</td>
<td>3,170,320,863</td>
</tr>
</tbody>
</table>

### 8.16 Classification of Loans and Advances/investments

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unclassified</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard including staff loan</td>
<td>92.33%</td>
<td>181,509,548,949</td>
</tr>
<tr>
<td>Special mention account (SMA)</td>
<td>2.24%</td>
<td>4,408,415,846</td>
</tr>
<tr>
<td></td>
<td>94.57%</td>
<td>185,917,964,794</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-standard</td>
<td>0.41%</td>
<td>804,154,286</td>
</tr>
<tr>
<td>Doubtful</td>
<td>0.23%</td>
<td>445,319,829</td>
</tr>
<tr>
<td>Bad/loss</td>
<td>5.43%</td>
<td>3,942,420,334</td>
</tr>
<tr>
<td></td>
<td>5.43%</td>
<td>10,677,894,989</td>
</tr>
<tr>
<td></td>
<td>100.00%</td>
<td>196,595,859,784</td>
</tr>
</tbody>
</table>
### 8.a.17 Particulars of required provision for loans and advances/investments

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General provision on unclassified loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans/investments (excluding SMA)</td>
<td>2,239,364,409</td>
<td>1,957,634,599</td>
</tr>
<tr>
<td>Special mention account (SMA)</td>
<td>50,008,314</td>
<td>64,364,498</td>
</tr>
<tr>
<td>Required provision for unclassified loans and advances/investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Total provision maintained for unclassified loans</td>
<td>2,310,060,198</td>
<td>2,090,560,000</td>
</tr>
<tr>
<td>B. Excess provision</td>
<td>20,687,475</td>
<td>68,560,903</td>
</tr>
</tbody>
</table>

#### Specific provision on classified loans

<table>
<thead>
<tr>
<th>Provision Taka</th>
<th>% of required provision</th>
<th>Required provision Taka</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base for provision Taka</td>
<td>543,577,345</td>
<td>5% - 20%</td>
<td>107,726,136</td>
</tr>
<tr>
<td>Doubtful</td>
<td>259,262,100</td>
<td>5% - 50%</td>
<td>126,897,873</td>
</tr>
<tr>
<td>Bad/Loss</td>
<td>3,502,452,854</td>
<td>100%</td>
<td>3,502,452,854</td>
</tr>
<tr>
<td>Required provision for classified loans and advances/investments</td>
<td>3,737,076,863</td>
<td>4,211,224,845</td>
<td></td>
</tr>
<tr>
<td>C. Total provision maintained for classified loans</td>
<td>3,737,076,846</td>
<td>4,212,451,861</td>
<td></td>
</tr>
<tr>
<td>D. Excess provision</td>
<td>19,983</td>
<td></td>
<td>1,227,016</td>
</tr>
<tr>
<td>Total required provision for loans and advances/investments</td>
<td>6,026,449,587</td>
<td>6,233,223,942</td>
<td></td>
</tr>
<tr>
<td>Total provision maintained for loans and advances/investments (A+C)</td>
<td>6,047,157,044</td>
<td>6,303,011,861</td>
<td></td>
</tr>
<tr>
<td>Total excess provision (B+D)</td>
<td>20,707,458</td>
<td>69,787,919</td>
<td></td>
</tr>
</tbody>
</table>

8.a.18 During the year 2017, no loan having outstanding Taka 500 crore or more was restructured.

8.b Loans and advances/investments - The City Brokerage Limited
Margin loan was given to several individuals and institutions for doing share trading business through the 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 CBCRL.

### 9 BILLS PURCHASED AND DISCOUNTED (NOTE 8.A.2)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable in Bangladesh</td>
<td>2,026,541,594</td>
<td>1,683,284,333</td>
</tr>
<tr>
<td>Payable outside Bangladesh</td>
<td>2,695,613,058</td>
<td>5,592,108,622</td>
</tr>
<tr>
<td></td>
<td>4,722,154,652</td>
<td>7,275,392,955</td>
</tr>
</tbody>
</table>
91. **Maturity grouping of bills purchased and discounted**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable within one month</td>
<td>1,976,647,520</td>
<td>2,388,942,566</td>
</tr>
<tr>
<td>Over one month but less than three months</td>
<td>337,979,542</td>
<td>1,334,265,001</td>
</tr>
<tr>
<td>Over three months but less than six months</td>
<td>2,407,527,591</td>
<td>3,552,185,388</td>
</tr>
<tr>
<td>Six months or more</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,722,154,525</td>
<td>7,275,392,955</td>
</tr>
</tbody>
</table>

10. **CONSOLIDATED FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 10a)</td>
<td>3,277,030,329</td>
<td>3,437,235,921</td>
</tr>
<tr>
<td>City Brokerage Limited (note 10b)</td>
<td>310,038,186</td>
<td>16,180,736</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited (note 10c)</td>
<td>511,116,677</td>
<td>6,000,688</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd. (note 10d)</td>
<td>14,496,323</td>
<td>10,738,865</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,112,681,151</td>
<td>3,470,156,210</td>
</tr>
</tbody>
</table>

**Inter-company transactions**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Bank Capital Resources Limited with The City Bank Limited</td>
<td>(276,812,532)</td>
<td>-</td>
</tr>
<tr>
<td>City Brokerage Limited with The City Bank Limited</td>
<td>(193,136,428)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,642,729,555</td>
<td>3,470,156,210</td>
</tr>
</tbody>
</table>

10.a **Fixed assets including premises, furniture and fixtures - The City Bank Limited**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>198,630,265</td>
<td>208,117,665</td>
</tr>
<tr>
<td>Building</td>
<td>1,789,452,122</td>
<td>1,904,121,594</td>
</tr>
<tr>
<td>Work-in-progress - building</td>
<td>82,885,716</td>
<td>190,550,514</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>1,215,170,895</td>
<td>1,093,652,476</td>
</tr>
<tr>
<td>Office equipment and machinery</td>
<td>2,525,784,475</td>
<td>2,263,713,817</td>
</tr>
<tr>
<td>Bank's vehicles</td>
<td>356,505,046</td>
<td>292,393,257</td>
</tr>
<tr>
<td>Software</td>
<td>397,097,880</td>
<td>296,360,249</td>
</tr>
<tr>
<td>Work-in-progress - software</td>
<td>40,564,506</td>
<td>62,484,852</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,575,490,905</td>
<td>6,311,384,434</td>
</tr>
<tr>
<td><strong>Accumulated depreciation and amortization</strong></td>
<td>(2,298,460,576)</td>
<td>(2,874,148,513)</td>
</tr>
<tr>
<td><strong>Written down value</strong></td>
<td>3,277,030,329</td>
<td>3,437,235,921</td>
</tr>
</tbody>
</table>

See Annexure - D for details.

10.b **Fixed assets including premises, furniture and fixtures - City Brokerage Limited**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>21,377,353</td>
<td>21,377,353</td>
</tr>
<tr>
<td>Office equipment and machinery</td>
<td>34,406,780</td>
<td>29,057,877</td>
</tr>
<tr>
<td>Vehicles</td>
<td>5,041,586</td>
<td>5,041,586</td>
</tr>
<tr>
<td>Lease Hold Property</td>
<td>850,000</td>
<td>850,000</td>
</tr>
<tr>
<td>Land and Building</td>
<td>292,849,538</td>
<td>-</td>
</tr>
<tr>
<td>Software</td>
<td>4,147,609</td>
<td>4,147,609</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>358,672,866</td>
<td>60,474,425</td>
</tr>
<tr>
<td><strong>Accumulated depreciation and amortization</strong></td>
<td>(48,634,680)</td>
<td>(44,293,669)</td>
</tr>
<tr>
<td><strong>Written down value</strong></td>
<td>310,038,186</td>
<td>16,180,736</td>
</tr>
</tbody>
</table>
### 10.c Fixed assets including premises, furniture and fixtures - City Bank Capital Resources Limited

<table>
<thead>
<tr>
<th>Cost</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>3,578,043</td>
<td>3,432,764</td>
</tr>
<tr>
<td>Office equipment and machinery</td>
<td>1,654,578</td>
<td>1,654,578</td>
</tr>
<tr>
<td>Software</td>
<td>2,200,000</td>
<td>2,200,000</td>
</tr>
<tr>
<td>Land and Building (Capital work in progress)</td>
<td>499,886,319</td>
<td>-</td>
</tr>
<tr>
<td>Vehicle</td>
<td>11,201,065</td>
<td>7,153,744</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation and amortization</strong></td>
<td><strong>518,520,005</strong></td>
<td><strong>14,441,086</strong></td>
</tr>
<tr>
<td>Written down value</td>
<td>(7,403,328)</td>
<td>(8,440,398)</td>
</tr>
<tr>
<td><strong>Total written down value</strong></td>
<td><strong>511,116,677</strong></td>
<td><strong>6,000,688</strong></td>
</tr>
</tbody>
</table>

### 10.d Fixed assets including premises, furniture and fixtures - CBL Money Transfer Sdn. Bhd.

<table>
<thead>
<tr>
<th>Cost</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>14,425,163</td>
<td>10,201,372</td>
</tr>
<tr>
<td>Office equipment and machinery</td>
<td>12,124,853</td>
<td>8,333,563</td>
</tr>
<tr>
<td>Vehicle</td>
<td>2,096,943</td>
<td>1,814,187</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td><strong>28,646,959</strong></td>
<td><strong>20,349,122</strong></td>
</tr>
<tr>
<td><strong>Written down value</strong></td>
<td>(14,150,636)</td>
<td>(9,610,257)</td>
</tr>
</tbody>
</table>

### 11 CONSOLIDATED OTHER ASSETS

| The City Bank Limited (note 11a) | 12,662,485,803 | 13,500,653,120 |
| City Brokerage Limited (note 11b) | 189,553,599    | 161,648,566    |
| City Bank Capital Resources Limited (note 11c) | 128,321,021 | 158,788,856    |
| CBL Money Transfer Sdn. Bhd. (note 11d) | 8,743,304 | 8,298,507      |
| **Total consolidated other assets** | **12,989,103,727** | **13,829,389,049** |

#### Goodwill arising on investment in subsidiaries

| 34,790,917 | 30,524,211 |

**Mutual indebtedness:**

| Payable to City Bank Limited - City Brokerage Limited | (109,839) | (42,687) |
| Payable to City Bank Limited - City Bank Capital Resources Limited | (1,151,394) | (24,663,366) |
| Payable to City Bank Capital Resources Limited - City Bank Limited | - | (30,089,524) |
| Payable to City Bank Capital Resources Limited - City Brokerage Limited | (15,416,600) | (64,135,372) |
| Investment in subsidiaries | (6,039,050,719) | (6,017,010,297) |
| **Total mutual indebtedness** | **6,055,727,552** | **6,135,941,246** |

### 11.a Other assets - The City Bank Limited

**Income generating other assets**

| Interest income receivable (note 11a.1) | 810,258,404 | 922,712,054 |
| Investment in subsidiaries (note 11a.2) | 6,039,050,718 | 6,017,010,297 |

**Non income generating other assets**

<p>| Stationery and stamps | 17,606,254 | 15,323,610 |
| Advance against rent and advertisement | 461,876,694 | 401,204,189 |
| Security deposits | 35,671,675 | 31,625,152 |
| Prepaid expenses | 99,490,848 | 56,922,696 |
| Advance payment of tax (note 11a.3) | 2,748,213,553 | 2,918,221,017 |
| Branch adjustment account | 17,703,765 | 154,226 |
| Deferred tax assets (note 11a.4) | 1,108,157,974 | 866,425,840 |
| Accounts receivables (note 11a.5) | 958,450,966 | 2,207,067,261 |
| Receivable from City Brokerage Limited | 154,794 | 42,699 |
| <strong>Sub total</strong> | <strong>12,296,635,647</strong> | <strong>13,436,709,232</strong> |</p>
<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivable from City Bank Capital Resources Limited</td>
<td>1,536,284</td>
<td>30,089,524</td>
</tr>
<tr>
<td>Dividend receivable</td>
<td>79,998,431</td>
<td></td>
</tr>
<tr>
<td>Protested bill</td>
<td>5,842,887</td>
<td>5,842,887</td>
</tr>
<tr>
<td>Intangible assets (note 11.a.6)</td>
<td>278,472,573</td>
<td>28,011,476</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,662,485,803</strong></td>
<td><strong>13,500,653,120</strong></td>
</tr>
</tbody>
</table>

### 11.a.1 Interest income receivable

- Interest receivable from Loans: 253,254,741 (2016: 134,483,552)
- Interest receivable from Placement: 105,118,936 (2016: 90,017,947)

**Total Interest Income Receivable:** 810,258,404 (2016: 922,712,054)

### 11.a.2 Investment in subsidiary

#### In Bangladesh
- City Brokerage Limited: 3,400,000,000 (2016: 3,400,000,000)
- City Bank Capital Resources Limited: 2,550,000,000 (2016: 2,550,000,000)

**Total City Investments:** 5,950,000,000 (2016: 5,950,000,000)

#### Outside Bangladesh
- CBL Money Transfer Sch. Bhd.: 89,050,718 (2016: 67,010,297)

**Total Outside Bangladesh Investments:** 6,039,050,718 (2016: 6,017,010,297)

### 11.a.3 Advance payment of tax

- Opening balance: 2,918,221,017 (2016: 998,940,694)
- Paid during the year: 1,517,697,121 (2016: 1,918,280,323)
- Adjustment for previous years tax liability: (1,687,704,585) (2016: -)
- Closing balance: 2,748,213,553 (2016: 2,918,221,017)

### 11.a.4 Deferred tax assets


**Detail calculation on deferred tax assets:**

<table>
<thead>
<tr>
<th></th>
<th>Book value Taka</th>
<th>Tax base Taka</th>
<th>Tax deductible (deductible) temporary difference Taka</th>
<th>Deferred tax (assets)/liability Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>2,906,557,208</td>
<td>2,636,858,987</td>
<td>269,698,221</td>
<td>107,879,288</td>
</tr>
<tr>
<td>Unrealized gain on share</td>
<td>49,753,230</td>
<td>-</td>
<td>49,753,230</td>
<td>4,975,323</td>
</tr>
<tr>
<td>Receivable on Interest income- T bond</td>
<td>449,921,394</td>
<td>-</td>
<td>449,921,394</td>
<td>179,968,557</td>
</tr>
<tr>
<td>Provision against classified loan</td>
<td>(3,502,452,854)</td>
<td>(3,502,452,854)</td>
<td>(1,400,981,142)</td>
<td>(1,108,157,974)</td>
</tr>
<tr>
<td>Deferred tax liability/(asset)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax asset up to last year</td>
<td></td>
<td></td>
<td></td>
<td>866,425,840</td>
</tr>
<tr>
<td>Deferred tax (income)/expense</td>
<td></td>
<td></td>
<td></td>
<td>(241,732,134)</td>
</tr>
<tr>
<td>11a.5 Accounts receivables:</td>
<td>2017</td>
<td>2016 (Restated)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------</td>
<td>---------------</td>
<td>-----------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance against remittance</td>
<td>216,259,018</td>
<td>220,309,660</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivable against card operation</td>
<td>373,801,905</td>
<td>829,713,740</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivable against fraud forgeries</td>
<td>24,076,333</td>
<td>23,836,307</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivable against sales proceeds of shares</td>
<td>2,066,170</td>
<td>2,005,644</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivable against encashment -SP/BSP/PSC</td>
<td>290,140,465</td>
<td>1,070,813,891</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance to vendor for expense</td>
<td>21,671,949</td>
<td>22,356,927</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unreconciled nostro entry</td>
<td>8,691,904</td>
<td>8,691,904</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivable under VAT current account</td>
<td>2,782,301</td>
<td>6,299,989</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance to staff for expense</td>
<td>2,474,676</td>
<td>4,156,375</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sundry debtors</td>
<td>16,486,245</td>
<td>18,883,826</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>958,450,966</strong></td>
<td><strong>2,207,067,261</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11a.6 Intangible assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Users license</td>
<td>24,188,743</td>
<td>28,011,476</td>
</tr>
<tr>
<td>Royalty</td>
<td>254,283,830</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>278,472,573</strong></td>
<td><strong>28,011,476</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11a.6.1 Movement of Intangible assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>28,011,476</td>
<td>28,011,476</td>
</tr>
<tr>
<td>Addition during the year</td>
<td>327,544,682</td>
<td>-</td>
</tr>
<tr>
<td>Amortization during the year</td>
<td>(77,083,585)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td><strong>278,472,573</strong></td>
<td><strong>28,011,476</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11b Other assets - City Brokerage Limited</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances, deposits and prepayments</td>
<td>33,366,672</td>
<td>12,531,748</td>
</tr>
<tr>
<td>Receivable from DSE</td>
<td>47,942,619</td>
<td>84,853,347</td>
</tr>
<tr>
<td>Receivable from CSE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Advance payment of tax</td>
<td>108,244,308</td>
<td>64,263,471</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>189,553,599</strong></td>
<td><strong>161,648,566</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11c Other assets - City Bank Capital Resources Limited</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances, deposits and prepayments</td>
<td>8,761,869</td>
<td>360,887</td>
</tr>
<tr>
<td>Advance income tax</td>
<td>52,484,738</td>
<td>10,059,767</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>10,661</td>
<td>4,333,867</td>
</tr>
<tr>
<td>Stamps in hand</td>
<td>21,500</td>
<td>34,430</td>
</tr>
<tr>
<td>Account receivable</td>
<td>67,042,253</td>
<td>143,999,905</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>128,321,021</strong></td>
<td><strong>158,788,856</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances, deposits and prepayments</td>
<td>8,743,304</td>
<td>8,298,507</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12 NON - BANKING ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income generating: Share (note 12a)</td>
<td>150,700,000</td>
<td>130,057,059</td>
</tr>
<tr>
<td>Non-income generating: Land (note 12b)</td>
<td>730,968,179</td>
<td>826,868,301</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>881,668,179</strong></td>
<td><strong>956,925,360</strong></td>
</tr>
</tbody>
</table>

The City Bank Limited has been awarded absolute ownership on 47 mortgage properties through verdict of Honourable Court under section 33 (7) of Artha Rin Adalet Ain, 2003. The Bank also acquired some lien shares as settlement of loan. Theses have been recorded at Taka 881,668,179 as non-banking assets.
12.a Income generating:
- Abran Steel Mills Ltd. Prime Bank Ltd.'s share 15-Nov-12 150,700,000 97,350,000
- Globe International Bank Asia Ltd.'s share 28-Dec-14 - 32,707,059

150,700,000 130,057,059

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 Baitan 1650 decimal land 29-Dec-11 1,485,000 1,485,000
- M/S Misti enterprise 1650 decimal land 29-Dec-11 819,523 819,523
- M/S World Resources Ltd. 10 kattha 1 chattak land 28-Dec-11 4,710,000 - 69,466,379
- M/S Chowdhury Electronics 27 decimal land 29-Dec-11 1,657,880 1,657,880
- M/S Silva Synthetic Fabrics 675 Dec Land in Narayangong 29-Dec-11 & 29-Dec-15 27,000,000 211,670,625
- L.J.S Enterprise 181.96 decimal land 29-Dec-11 3,677,959 3,677,959
- M/S Skdker Construction 14 decimal land 29-Dec-11 12,131,206 12,131,206
- M/s. Nan Business Associates 5 decimal land & 1518 sft floor 27-Dec-12 8,340,000 8,340,000
- Mr. Shanuzzaman (Nawabi) 205 decimal land 27-Dec-12 2,950,867 2,950,867
- Shilpaur Rice Mill 150.75 decimal land 27-Dec-12 1,829,498 1,829,498
- Tajel Store 580.80 decimal land 27-Dec-12 2,461,873 2,461,873
- Rahmon Traders 2200 decimal land 27-Dec-12 1,171,273 1,171,273
- M/s. Chaud & Sons 660.60 decimal land 10-Oct-13 1,850,139 1,850,139
- M/s. Rafique Reparing &
- Motor Machinery Parts 8.862 acre land 20-Oct-13 1,371,088 1,371,088
- Friends International 225.35 decimal land 3-Mar-14 14,888,067 14,888,067
- Lucky Trade Concern 209.89 decimal land 29-Jun-12 200,000 200,000
- M/s. Mostafa Store 27.76 decimal land 20-Dec-15 747,144 747,144
- M/s. General Services 375.55 decimal land 20-Dec-15 1,905,964 1,905,964
- M/s. Balaka Industries 7.025 kattha land 22-Dec-15 6,390,367 6,390,367
- Ali Builders & Co. 19.012 kattha land 22-Dec-15 10,683,879 10,683,879
- M/s. Dhaka Eylet & Bartack Center 34.17 decimal land 23-Dec-15 4,170,147 4,170,147
- 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 15.42 decimal land 23-Dec-15 10,683,879 10,683,879
- M/s. G T Corporation 175.87 kattha land 24-Dec-15 656,713 656,713
- M/s. MIM Pictures International 51.55 decimal land 24-Dec-15 1,763,421 1,763,421
- M/s. Shaams Denim 1670 sft Flat 24-Dec-15 1,386,000 1,386,000
- M/s. Apparel King Limited 16.34 decimal land 24-Dec-15 7,189,924 7,189,924
- M/s. Suchi Enterprise 50.245 kattha land 24-Dec-15 3,602,354 3,602,354
- M/s. A B Traders 363.33 kattha land 24-Dec-15 899,503 899,503
- M/s. Rupa The Media Advertising 17.50 decimal land and 5 kattha land 24-Dec-15 1,627,948 1,627,948
- M/s. Mondira Medico 12.20 decimal land and 3.3 acres land 24-Dec-15 4,496,291 4,496,291
- M/s. Tajco Ltd. 160 acres 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
- Sris Traders 2150 decimal land 29-Jun-16 25,800,000 25,800,000
- Ralty Sweaters Limited 100 Dec Land and 2 storied building measuring 42,000 sft 29-Dec-16 71,140,000 71,140,000
- Saleh Fashion Ltd. 14,56 Dec Land and 30 Dec Land 21-Jun-17 17,592,323 -
- M/s. Hasnat Enterprise 4,576 dec land with building and 30-Dec-17 21,056,559 -
- 4125 Dec land -
- M/s. Noor Enterprise 84.87 decimal land 30-Dec-17 79,884,000 -
- M/s. McCoy Knitwear 22.50 decimal land and 5.00 decimal land 30-Dec-17 2,625,000 -
- M/s. Rupchanda Food Products 21.10 decimals vacant land at Sreemongal 30-Dec-17 1,680,000 -
- M/s. Unique Steel 755 decimal land 30-Dec-17 35,400,000 -

730,968,179 826,868,301
### 13 TIER-II SUBORDINATED BOND

Tier-II Subordinated bond includes fund raised from several banks, financial institutions and other organizations through issuance of 6 (six) years Bond during 2014 and 7 (seven) years Bond during 2017. Institution wise subscription towards the bonds are:

<table>
<thead>
<tr>
<th>City Bank subordinated bond - (i)</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mercantile Bank Limited</td>
<td>587,250,000</td>
<td>783,000,000</td>
</tr>
<tr>
<td>BRAC Bank Limited</td>
<td>411,000,000</td>
<td>546,000,000</td>
</tr>
<tr>
<td>Meghna Bank Limited</td>
<td>234,750,000</td>
<td>313,000,000</td>
</tr>
<tr>
<td>NRB Bank Limited</td>
<td>234,750,000</td>
<td>313,000,000</td>
</tr>
<tr>
<td>IDLC Finance Limited</td>
<td>234,750,000</td>
<td>313,000,000</td>
</tr>
<tr>
<td>NRB Commercial Bank Limited</td>
<td>147,000,000</td>
<td>196,000,000</td>
</tr>
<tr>
<td>Pubali Bank Ltd.</td>
<td>147,000,000</td>
<td>196,000,000</td>
</tr>
<tr>
<td>Saudi Bangladesh Industrial and Agricultural Investment Company Limited</td>
<td>135,000,000</td>
<td>180,000,000</td>
</tr>
<tr>
<td>Dhaka Bank Limited</td>
<td>59,250,000</td>
<td>79,000,000</td>
</tr>
<tr>
<td>United Finance limited</td>
<td>59,250,000</td>
<td>79,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,250,000,000</strong></td>
<td><strong>3,000,000,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City Bank subordinated bond - (ii)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ONE Bank Limited</td>
<td>1,000,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Janata Bank Limited</td>
<td>750,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Sonali Bank Limited</td>
<td>500,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Pubali Bank Limited</td>
<td>500,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Uttara Bank Limited</td>
<td>350,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Agranit Bank Limited</td>
<td>200,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Dhaka Bank Limited</td>
<td>100,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Standard Bank Limited</td>
<td>100,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Rupali Bank Limited</td>
<td>800,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Mercantile Bank Limited</td>
<td>400,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Dhaka stock exchange Limited</td>
<td>300,000,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,000,000,000</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,250,000,000</strong></td>
<td><strong>3,000,000,000</strong></td>
</tr>
</tbody>
</table>

### 14 CONSOLIDATED BORROWINGS FROM OTHER BANKS.

#### FINANCIAL INSTITUTIONS AND AGENTS

<table>
<thead>
<tr>
<th>The City Bank Limited (note 14a)</th>
<th>37,906,297,408</th>
<th>31,595,262,081</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Brokerage Limited (note 14.b)</td>
<td>1,395,219,173</td>
<td>1,322,484,373</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited (note 14.c)</td>
<td>523,270,426</td>
<td>-</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd. (note 14d)</td>
<td>185,882,570</td>
<td>141,039,850</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40,010,669,578</strong></td>
<td><strong>33,158,786,304</strong></td>
</tr>
</tbody>
</table>

#### Mutual Indebtedness

<table>
<thead>
<tr>
<th>Loan from The City Bank Limited-City Brokerage Limited</th>
<th>(1,095,219,173)</th>
<th>(1,322,484,373)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan from The City Bank Limited-CBL Money Transfer Sdn. Bhd.</td>
<td>(185,882,570)</td>
<td>(141,039,850)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38,729,567,834</strong></td>
<td><strong>31,695,262,081</strong></td>
</tr>
</tbody>
</table>

#### 14.a Borrowings from other banks, financial institutions and agents

<table>
<thead>
<tr>
<th>In Bangladesh (note 14a.1)</th>
<th>22,276,084,547</th>
<th>21,242,463,062</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside Bangladesh (note 14a.2)</td>
<td>15,830,212,861</td>
<td>10,452,799,019</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37,506,297,408</strong></td>
<td><strong>31,695,262,081</strong></td>
</tr>
</tbody>
</table>
14.1 In Bangladesh

<table>
<thead>
<tr>
<th>Bank</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dhaka Bank Limited</td>
<td>2,894,500,000</td>
<td>3,648,000,000</td>
</tr>
<tr>
<td>National Bank Limited</td>
<td>-</td>
<td>800,000,000</td>
</tr>
<tr>
<td>Sonali Bank Limited</td>
<td>2,190,000,000</td>
<td>600,000,000</td>
</tr>
<tr>
<td>State Bank of India</td>
<td>380,000,000</td>
<td>370,000,000</td>
</tr>
<tr>
<td>BASIC Bank</td>
<td>-</td>
<td>700,000,000</td>
</tr>
<tr>
<td>Trust Bank Limited</td>
<td>-</td>
<td>490,000,000</td>
</tr>
<tr>
<td>HSBC</td>
<td>380,000,000</td>
<td>370,000,000</td>
</tr>
<tr>
<td>Bangladesh Commerce Bank Limited</td>
<td>-</td>
<td>157,400,000</td>
</tr>
<tr>
<td>Mutual Trust Bank Limited</td>
<td>600,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Commercial Bank of Ceylon PLC</td>
<td>280,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Modhumoti Bank Limited</td>
<td>90,970,000</td>
<td>-</td>
</tr>
<tr>
<td>Janata Bank Limited</td>
<td>1,900,000,000</td>
<td>-</td>
</tr>
<tr>
<td>IFIC Bank Limited</td>
<td>150,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Prime Bank Limited</td>
<td>800,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Southeast Bank Limited</td>
<td>600,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Refinance against EDF loan from Bangladesh Bank</td>
<td>11,194,380,474</td>
<td>7,493,652,404</td>
</tr>
<tr>
<td>Refinance against SME loan from Bangladesh Bank</td>
<td>816,234,073</td>
<td>613,410,659</td>
</tr>
<tr>
<td>Borrowings from Bangladesh Bank</td>
<td>-</td>
<td>6,000,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22,276,084,547</strong></td>
<td><strong>21,242,483,062</strong></td>
</tr>
</tbody>
</table>

14.2 Outside Bangladesh

<table>
<thead>
<tr>
<th>Bank</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Finance Corporation</td>
<td>3,239,083,361</td>
<td>3,541,500,000</td>
</tr>
<tr>
<td>Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden NV (FOMO)</td>
<td>2,481,000,000</td>
<td>393,500,000</td>
</tr>
<tr>
<td>Global Climate Partnership Fund S.A./SicavSif (GCPF)</td>
<td>2,481,000,000</td>
<td>2,378,345,152</td>
</tr>
<tr>
<td>Mashreq Bank, Hong Kong</td>
<td>1,168,661,607</td>
<td>-</td>
</tr>
<tr>
<td>United Bank of UAE</td>
<td>298,254,650</td>
<td>782,244,759</td>
</tr>
<tr>
<td>Habib Bank Limited, Afganistan</td>
<td>-</td>
<td>109,192,883</td>
</tr>
<tr>
<td>Emirates NBD Bank PJSC, Dubai</td>
<td>458,744,479</td>
<td>136,839,026</td>
</tr>
<tr>
<td>Habib Bank AG, Dubai</td>
<td>-</td>
<td>333,620,442</td>
</tr>
<tr>
<td>CaixaBank, S.A.</td>
<td>-</td>
<td>2,993,949,364</td>
</tr>
<tr>
<td>Habib Bank AG Zurich, Switzerland</td>
<td>-</td>
<td>212,988,275</td>
</tr>
<tr>
<td>RAK Bank Dubai</td>
<td>1,427,855,506</td>
<td>8,435,007</td>
</tr>
<tr>
<td>First Gulf Bank, Dubai, UAE</td>
<td>-</td>
<td>162,184,110</td>
</tr>
<tr>
<td>Standard Chartered Bank, Singapore</td>
<td>2,023,093,117</td>
<td>-</td>
</tr>
<tr>
<td>First Abu Dhabi Bank, Dubai</td>
<td>435,779,869</td>
<td>-</td>
</tr>
<tr>
<td>Habib Finance International Ltd, Hong Kong</td>
<td>147,197,504</td>
<td>-</td>
</tr>
<tr>
<td>Bank One, Mauritius</td>
<td>807,942,769</td>
<td>-</td>
</tr>
<tr>
<td>Bank Muscat S.A.O.G</td>
<td>661,600,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,630,212,861</strong></td>
<td><strong>10,452,799,019</strong></td>
</tr>
</tbody>
</table>

14.3 Borrowings secured/unsecured from other banks, financial institutions and agents

<table>
<thead>
<tr>
<th>Type</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unsecured</td>
<td>37,906,297,408</td>
<td>31,695,262,081</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37,906,297,408</strong></td>
<td><strong>31,695,262,081</strong></td>
</tr>
</tbody>
</table>
14.a.4 **Maturity grouping of borrowings from other banks, financial institutions and agents**

<table>
<thead>
<tr>
<th>Period</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable on demand</td>
<td>7,280,448,929</td>
<td>3,871,968,778</td>
</tr>
<tr>
<td>Up to 1 month</td>
<td>4,052,120,888</td>
<td>4,979,443,117</td>
</tr>
<tr>
<td>Over 1 month but within 3 months</td>
<td>4,864,888,410</td>
<td>2,829,738,148</td>
</tr>
<tr>
<td>Over 3 months but within 1 year</td>
<td>13,199,702,903</td>
<td>13,227,647,291</td>
</tr>
<tr>
<td>Over 1 year but within 5 years</td>
<td>8,509,136,278</td>
<td>4,425,464,760</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>-</td>
<td>2,360,999,987</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37,906,297,408</strong></td>
<td><strong>31,695,262,081</strong></td>
</tr>
</tbody>
</table>

14.b City Brokerage Limited is enjoying overdraft facilities from The City Bank Limited for extending margin financing to its customers and supporting pre-funding facilities to its foreign clients. Rate of interest of the availed facility is currently 7.50% p.a. which is subject to revisions by the banks' management from time to time. Brokerage is also enjoying term loan facilities of Tk. 3000 crore for ten years from Lanka Bangla Finance Ltd. @10.00% interest p.a.

14.c City Bank Capital Resource Ltd. has taken term loan facility of Tk. 52.33 crore for ten years at the rate of 7.5% 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 pre-funding support for remitting foreign currency from Malaysia @ 4.00%.

15 **CONSOLIDATED DEPOSITS AND OTHER ACCOUNTS**

<table>
<thead>
<tr>
<th>Account</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 15a)</td>
<td>183,492,764,464</td>
<td>174,695,032,689</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>301,121,152</td>
<td>768,220,100</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>76,434,831</td>
<td>59,180,567</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inter-company indebtedness (note 15.b)</td>
<td>(967,398,277)</td>
<td>(1,104,885,661)</td>
</tr>
<tr>
<td>Adjustments for Consolidation - City Brokerage Limited</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjustments for Consolidation - City Bank Capital Resources Limited</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>182,902,922,173</strong></td>
<td><strong>174,417,547,694</strong></td>
</tr>
</tbody>
</table>

15a **Deposits and other accounts - The City Bank Limited**

<table>
<thead>
<tr>
<th>Account</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local bank deposits (note 15a.1)</td>
<td>2,750,538,052</td>
<td>2,208,933,084</td>
</tr>
<tr>
<td>Customer and other deposits</td>
<td>180,742,226,415</td>
<td>172,486,099,605</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>183,492,764,461</strong></td>
<td><strong>174,695,032,689</strong></td>
</tr>
</tbody>
</table>
15.a.1 Local bank deposits

<table>
<thead>
<tr>
<th>Name of Bank</th>
<th>CD Taka</th>
<th>SND Taka</th>
<th>FDR Taka</th>
<th>Manarah SND Taka</th>
<th>Total Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust Bank Limited</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,770,704</td>
<td>6,770,704</td>
</tr>
<tr>
<td>Dutch Bangla Bank Limited</td>
<td>-</td>
<td>112,462</td>
<td>-</td>
<td>-</td>
<td>112,462</td>
</tr>
<tr>
<td>Prime Bank Limited</td>
<td>269,414</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>269,414</td>
</tr>
<tr>
<td>Islami Bank Bangladesh Limited</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22,473,035</td>
<td>22,473,035</td>
</tr>
<tr>
<td>Southeast Bank Limited</td>
<td>370,301</td>
<td>1,377,889</td>
<td>-</td>
<td>-</td>
<td>1,748,190</td>
</tr>
<tr>
<td>Al Arafah Islami Bank Limited</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,501,029</td>
<td>3,501,029</td>
</tr>
<tr>
<td>Jamuna Bank Limited</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>273,235</td>
<td>273,235</td>
</tr>
<tr>
<td>Bangladesh Krishi Bank</td>
<td>486</td>
<td>-</td>
<td>2,500,000,000</td>
<td>-</td>
<td>2,500,000,486</td>
</tr>
<tr>
<td>Bank Asia Limited</td>
<td>-</td>
<td>216,762</td>
<td>-</td>
<td>-</td>
<td>216,762</td>
</tr>
<tr>
<td>Pubali Bank Limited</td>
<td>-</td>
<td>863,787</td>
<td>-</td>
<td>-</td>
<td>863,787</td>
</tr>
<tr>
<td>BRAC Bank Limited</td>
<td>-</td>
<td>4,926,600</td>
<td>-</td>
<td>-</td>
<td>4,926,600</td>
</tr>
<tr>
<td>Social Islami Bank Limited</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,993</td>
<td>11,993</td>
</tr>
<tr>
<td>Export Import Bank of Bangladesh Ltd.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,966,355</td>
<td>1,966,355</td>
</tr>
<tr>
<td>AB Bank Limited</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>339,665</td>
<td>339,665</td>
</tr>
<tr>
<td>Standard Bank Limited</td>
<td>-</td>
<td>81,197</td>
<td>-</td>
<td>81,197</td>
<td>81,197</td>
</tr>
<tr>
<td>Shahjalal Islami Bank Limited</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,176,591</td>
<td>1,176,591</td>
</tr>
<tr>
<td>Modhumoti Bank Limited</td>
<td>-</td>
<td>5,530,541</td>
<td>-</td>
<td>-</td>
<td>5,530,541</td>
</tr>
<tr>
<td>The Farmers Bank Limited</td>
<td>-</td>
<td>276,016</td>
<td>-</td>
<td>-</td>
<td>276,016</td>
</tr>
<tr>
<td>Standard Chartered Bank Limited</td>
<td>-</td>
<td>-</td>
<td>200,000,000</td>
<td>-</td>
<td>200,000,000</td>
</tr>
</tbody>
</table>

Total: 640,201 13,385,254 2,700,000,000 36,512,596 2,750,538,052

15.a.2 Deposits and other accounts

<table>
<thead>
<tr>
<th>Deposits and other accounts</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current deposits and other accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current, Al-wadeesah, and Manarah current deposits</td>
<td>15,622,112,915</td>
<td>14,485,633,670</td>
</tr>
<tr>
<td>Foreign currency deposits</td>
<td>2,033,748,971</td>
<td>1,950,107,425</td>
</tr>
<tr>
<td>Security deposits receipts</td>
<td>3,637,381</td>
<td>3,831,446</td>
</tr>
<tr>
<td>Sundry deposits (note 15.a.3)</td>
<td>7,853,334,801</td>
<td>8,072,970,766</td>
</tr>
<tr>
<td>Bills payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay orders issued</td>
<td>1,341,780,384</td>
<td>1,572,770,687</td>
</tr>
<tr>
<td>Pay slips issued</td>
<td>3,744,808</td>
<td>4,009,885</td>
</tr>
<tr>
<td>Demand draft</td>
<td>10,206,908</td>
<td>10,373,283</td>
</tr>
<tr>
<td>Total of bills payable</td>
<td>1,355,732,100</td>
<td>1,587,183,855</td>
</tr>
<tr>
<td>Savings bank deposits (note 15.a.4)</td>
<td>39,082,904,954</td>
<td>34,994,257,334</td>
</tr>
</tbody>
</table>

Fixed deposits

| Fixed deposits, Mudaraba, and Manarah fixed deposits    | 88,131,231,852 | 85,646,977,247 |
| Short notice deposits, Mudaraba, and Manarah short notice deposits | 22,071,302,805 | 21,820,266,229 |
| Non resident deposits                                   | 334,152,224    | 274,029,300    |
| Scheme deposits (note 15.a.5)                           | 7,004,606,464  | 5,859,805,417  |
| Total fixed deposits                                    | 117,541,283,344 | 113,801,078,193 |
| Total deposits and other accounts                       | 183,492,764,467 | 174,695,032,689 |
### 15a.3 Sundry deposits

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundry creditors</td>
<td>808,343,005</td>
<td>1,247,180,089</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>799,525</td>
<td>799,525</td>
</tr>
<tr>
<td>Margin on letters of credit</td>
<td>1,039,892,623</td>
<td>934,593,820</td>
</tr>
<tr>
<td>Margin on letters of guarantee</td>
<td>411,982,712</td>
<td>251,402,641</td>
</tr>
<tr>
<td>Interest payable on three stage deposits</td>
<td>2,866,680</td>
<td>3,098,143</td>
</tr>
<tr>
<td>Sanchaypatra</td>
<td>1,300,000</td>
<td>1,300,000</td>
</tr>
<tr>
<td>Unclaimed foreign DD</td>
<td>3,512,675</td>
<td>3,796,133</td>
</tr>
<tr>
<td>Security money suppliers</td>
<td>39,358,641</td>
<td>29,151,085</td>
</tr>
<tr>
<td>Security money- staff</td>
<td>1,013,810</td>
<td>1,013,810</td>
</tr>
<tr>
<td>Security deposits NRB</td>
<td>22,883,897</td>
<td>35,897,018</td>
</tr>
<tr>
<td>Unclaimed balances</td>
<td>201,499</td>
<td>229,265</td>
</tr>
<tr>
<td>Hajj deposits</td>
<td>194,597</td>
<td>194,597</td>
</tr>
<tr>
<td>Margin on inland bills purchased</td>
<td>185,000</td>
<td>185,000</td>
</tr>
<tr>
<td>Foreign bills purchased awaiting remittance</td>
<td>4,339,826,328</td>
<td>4,263,828,440</td>
</tr>
<tr>
<td>Imprest fund - cash incentive</td>
<td>778,684</td>
<td>2,351,468</td>
</tr>
<tr>
<td>Key deposits</td>
<td>993,750</td>
<td>1,045,750</td>
</tr>
<tr>
<td>Risk fund (Consumer Credit Schemes and lease finance)</td>
<td>80,426</td>
<td>80,426</td>
</tr>
<tr>
<td>Lease deposits</td>
<td>346,592</td>
<td>346,592</td>
</tr>
<tr>
<td>Agent commission on consumer credit schemes</td>
<td>232,757</td>
<td>232,757</td>
</tr>
<tr>
<td>CIIB service charges</td>
<td>3,530,690</td>
<td>3,531,598</td>
</tr>
<tr>
<td>Auto debit receipt/payment (Credit Card)</td>
<td>112,980</td>
<td>230,608</td>
</tr>
<tr>
<td>Sundry deposit - ATM</td>
<td>186,864,143</td>
<td>703,214,707</td>
</tr>
<tr>
<td>Charges against credit rating</td>
<td>1,753,962</td>
<td>5,107,173</td>
</tr>
<tr>
<td>Payable against cash advance</td>
<td>806,836</td>
<td>867,264</td>
</tr>
<tr>
<td>Payable against legal expenses</td>
<td>6,588,451</td>
<td>7,814,897</td>
</tr>
<tr>
<td>Payable against SP and others</td>
<td>391,857,000</td>
<td>229,370,000</td>
</tr>
<tr>
<td>Sundry deposits - City Card - local</td>
<td>34,235,901</td>
<td>32,496,052</td>
</tr>
<tr>
<td>Sundry deposits - City Card - international</td>
<td>72,011,575</td>
<td>42,172,609</td>
</tr>
<tr>
<td>Sundry deposits - Amex Card- local</td>
<td>426,890,482</td>
<td>225,373,591</td>
</tr>
<tr>
<td>Charge Back - Amex Card- international</td>
<td>2,685,185</td>
<td>2,826,338</td>
</tr>
<tr>
<td>Sundry deposits - Master Cards</td>
<td>41,280,645</td>
<td>33,418,797</td>
</tr>
<tr>
<td>Charge back - Master Cards</td>
<td>901,529</td>
<td>1,097,698</td>
</tr>
<tr>
<td>Others</td>
<td>9,234,217</td>
<td>8,724,661</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,853,334,801</strong></td>
<td><strong>8,072,970,766</strong></td>
</tr>
</tbody>
</table>

### 15a.4 Savings bank deposits

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings bank deposits</td>
<td>38,382,401,956</td>
<td>34,505,133,270</td>
</tr>
<tr>
<td>Mudaraba/manarah savings deposits</td>
<td>700,502,996</td>
<td>489,124,064</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39,082,904,954</strong></td>
<td><strong>34,994,257,334</strong></td>
</tr>
</tbody>
</table>
### 15.a.5 Scheme deposits

<table>
<thead>
<tr>
<th>Scheme</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Bank Sanchaya scheme</td>
<td>1,315,657</td>
<td>1,621,064</td>
</tr>
<tr>
<td>Bonus deposit scheme</td>
<td>-</td>
<td>200,000</td>
</tr>
<tr>
<td>Deposit pension scheme (note 15.a.51)</td>
<td>1,911,500</td>
<td>574,328</td>
</tr>
<tr>
<td>Three stage scheme deposit</td>
<td>8,928,292</td>
<td>11,838,734</td>
</tr>
<tr>
<td>Monthly benefit scheme</td>
<td>8,200,000</td>
<td>8,600,000</td>
</tr>
<tr>
<td>Education savings scheme</td>
<td>243,677</td>
<td>243,677</td>
</tr>
<tr>
<td>Junior savers scheme</td>
<td>7,416,933</td>
<td>72,825,588</td>
</tr>
<tr>
<td>Lakpati savings scheme</td>
<td>572,683</td>
<td>572,683</td>
</tr>
<tr>
<td>Marriage savings scheme</td>
<td>2,003,067</td>
<td>14,641,874</td>
</tr>
<tr>
<td>Mudaraba monthly deposit scheme</td>
<td>271,426,938</td>
<td>227,791,060</td>
</tr>
<tr>
<td>City Shomridhdi</td>
<td>6,436,100,509</td>
<td>5,283,181,952</td>
</tr>
<tr>
<td>City Prjonmo</td>
<td>261,628,396</td>
<td>233,649,894</td>
</tr>
<tr>
<td>Manarah Haji deposit scheme</td>
<td>4,860,811</td>
<td>4,064,583</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,004,606,464</td>
<td>5,859,805,417</td>
</tr>
</tbody>
</table>

### 15.a.6 Sector-wise deposits

<table>
<thead>
<tr>
<th>Sector</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>1,713,429,811</td>
<td>1,945,411,760</td>
</tr>
<tr>
<td>Deposit money banks</td>
<td>2,750,538,052</td>
<td>2,208,933,084</td>
</tr>
<tr>
<td>Other public</td>
<td>8,774,224,380</td>
<td>5,491,560,656</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>2,033,748,971</td>
<td>1,950,107,425</td>
</tr>
<tr>
<td>Private</td>
<td>168,220,823,253</td>
<td>163,099,019,764</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>183,492,764,467</td>
<td>174,695,032,689</td>
</tr>
</tbody>
</table>

### 15.a.7 Maturity analysis of inter-bank deposits

<table>
<thead>
<tr>
<th>Maturity Range</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable on demand</td>
<td>872,258</td>
<td>8,217,151</td>
</tr>
<tr>
<td>Up to 1 month</td>
<td>2,703,121,425</td>
<td>603,891,630</td>
</tr>
<tr>
<td>Over 1 month but within 3 months</td>
<td>8,045,611</td>
<td>1,606,687,334</td>
</tr>
<tr>
<td>Over 3 months but within 1 year</td>
<td>38,498,757</td>
<td>91,136,969</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,750,538,052</td>
<td>2,208,933,084</td>
</tr>
</tbody>
</table>

### 15.a.8 Maturity analysis of deposits

#### Bills payable:

<table>
<thead>
<tr>
<th>Maturity Range</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable on demand</td>
<td>13,320,139</td>
<td>17,729,699</td>
</tr>
<tr>
<td>Up to 1 month</td>
<td>319,774,563</td>
<td>374,362,052</td>
</tr>
<tr>
<td>Over 1 month but within 6 months</td>
<td>1,022,637,399</td>
<td>1,195,062,104</td>
</tr>
<tr>
<td>Over 6 months but within 1 year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over 1 year but within 5 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over 5 years but within 10 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over 10 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,355,732,100</td>
<td>1,587,153,855</td>
</tr>
</tbody>
</table>

#### Other deposits:

<table>
<thead>
<tr>
<th>Maturity Range</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable on demand</td>
<td>5,599,001,446</td>
<td>7,029,020,146</td>
</tr>
<tr>
<td>Up to 1 month</td>
<td>16,635,481,628</td>
<td>13,962,401,173</td>
</tr>
<tr>
<td>Over 1 month but within 6 months</td>
<td>50,163,668,369</td>
<td>45,379,077,310</td>
</tr>
<tr>
<td>Over 6 months but within 1 year</td>
<td>32,906,451,834</td>
<td>30,871,435,770</td>
</tr>
<tr>
<td>Over 1 year but within 5 years</td>
<td>72,007,507,664</td>
<td>69,931,215,658</td>
</tr>
<tr>
<td>Over 5 years but within 10 years</td>
<td>3,315,168,741</td>
<td>4,110,753,258</td>
</tr>
<tr>
<td>Over 10 years</td>
<td>1,509,752,685</td>
<td>1,623,975,518</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>182,137,032,367</td>
<td>173,107,878,834</td>
</tr>
</tbody>
</table>

| **Total**                     | 183,492,764,467 | 174,695,032,689 |
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:

**Inter-company indebtedness among Holding company & Subsidiaries:**

<table>
<thead>
<tr>
<th>Details</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Brokerage Limited - current accounts</td>
<td>810,411,359</td>
<td>953,833,542</td>
</tr>
<tr>
<td>City Brokerage Limited - fixed deposits receipt accounts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited - current accounts</td>
<td>86,017</td>
<td>1,937,098</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited - fixed deposits receipt accounts</td>
<td>149,626,136</td>
<td>149,115,021</td>
</tr>
<tr>
<td></td>
<td>149,712,153</td>
<td>151,052,119</td>
</tr>
</tbody>
</table>

**Inter-company indebtedness among Subsidiaries:**

<table>
<thead>
<tr>
<th>Details</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable to City Bank Capital Resources Limited - City Brokerage Limited</td>
<td>7,274,785</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total inter-company indebtedness</strong></td>
<td>967,398,277</td>
<td>1,104,885,661</td>
</tr>
</tbody>
</table>

**CONSOLIDATED OTHER LIABILITIES**

<table>
<thead>
<tr>
<th>Details</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 16.a)</td>
<td>22,013,024,611</td>
<td>24,732,977,226</td>
</tr>
<tr>
<td>City Brokerage Limited (note 16.b)</td>
<td>653,620,733</td>
<td>906,402,361</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited (note 16.c)</td>
<td>172,501,055</td>
<td>163,672,957</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd. (note 16.d)</td>
<td>175,760,385</td>
<td>105,888,227</td>
</tr>
<tr>
<td></td>
<td>23,014,906,785</td>
<td>25,908,940,771</td>
</tr>
</tbody>
</table>

**Mutual indebtedness:**

<table>
<thead>
<tr>
<th>Details</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable to City Bank Limited - City Brokerage Limited</td>
<td>(109,839)</td>
<td>(42,687)</td>
</tr>
<tr>
<td>Payable to City Bank Limited - City Bank Capital Resources Limited</td>
<td>(1,151,394)</td>
<td>(54,752,689)</td>
</tr>
<tr>
<td>Payable to City Bank Limited - CBL Money Transfer SDN BHD</td>
<td>-</td>
<td>(2,294,190)</td>
</tr>
<tr>
<td>Payable to City Bank Capital Resources Limited - City Bank Limited</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payable to City Brokerage Limited - City Bank Capital Resources Limited</td>
<td>(8,140,633)</td>
<td>(66,608,598)</td>
</tr>
<tr>
<td></td>
<td>(9,402,065)</td>
<td>(123,696,364)</td>
</tr>
</tbody>
</table>

**Total consolidated other liabilities**

| Details                                                                 | 23,005,504,719  | 25,785,244,407  |

**16.a Other liabilities - The City Bank Limited**

<table>
<thead>
<tr>
<th>Details</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for loans and advances/investments (note 16.a.1)</td>
<td>6,047,157,044</td>
<td>6,303,011,860</td>
</tr>
<tr>
<td>Provision for outstanding off-balance sheet exposures (note 16.a.2)</td>
<td>824,563,933</td>
<td>544,563,933</td>
</tr>
<tr>
<td>Provision for non banking assets</td>
<td>279,750,000</td>
<td>-</td>
</tr>
<tr>
<td>Interest suspense account (note 16.a.3)</td>
<td>1,087,929,519</td>
<td>1,302,725,093</td>
</tr>
<tr>
<td>Other provision (note 16.a.5)</td>
<td>429,784,624</td>
<td>548,144,735</td>
</tr>
<tr>
<td>Provision for income tax (note 16.a.6)</td>
<td>4,224,885,976</td>
<td>4,147,393,628</td>
</tr>
<tr>
<td>Interest and other expenses payable</td>
<td>8,233,725,634</td>
<td>11,010,886,673</td>
</tr>
<tr>
<td>Provision for nostro account</td>
<td>8,692,635</td>
<td>8,692,635</td>
</tr>
<tr>
<td>Payable to CBL Money Transfer SDN BHD</td>
<td>2,028,917</td>
<td>2,294,190</td>
</tr>
<tr>
<td>Others</td>
<td>874,506,329</td>
<td>565,264,480</td>
</tr>
<tr>
<td></td>
<td>22,013,024,611</td>
<td>24,732,977,226</td>
</tr>
</tbody>
</table>

**16.a.1 Provision for loans and advances/investments**

**Movement in specific provision on classified loans/investments:**

<table>
<thead>
<tr>
<th>Details</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision held at the beginning of the year</td>
<td>4,212,451,861</td>
<td>4,826,939,779</td>
</tr>
<tr>
<td>Fully provided debts written off during the year</td>
<td>(1,900,861,427)</td>
<td>(2,467,205,032)</td>
</tr>
<tr>
<td>Fully waived during the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Recoveries of amounts previously written off</td>
<td>187,182,883</td>
<td>592,977,114</td>
</tr>
<tr>
<td>Specific provision made during the year</td>
<td>1,238,323,530</td>
<td>1,459,740,000</td>
</tr>
<tr>
<td>Transfer from provision for unclassified accounts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provision held at the end of the year</td>
<td>3,737,096,846</td>
<td>4,212,451,861</td>
</tr>
</tbody>
</table>
Movement in general provision on unclassified loans/investments:

| Provision held at the beginning of the year | 2,090,560,000 | 1,612,000,000 |
| Transfer to provision for classified accounts | - | - |
| Transfer from other provision | 200,000,000 | - |
| General provision made during the year | 19,500,199 | 478,560,000 |
| Provision held at the end of the year | 2,310,060,198 | 2,090,560,000 |
| Provision held at the end of the year | 6,047,157,044 | 6,303,018,860 |

The Bank maintained provision against loans / investments accounts under writ petition of Taka 284.03 million (2016: Taka 17759 million) against requirement of Taka 284.03 million (2016: Taka 17759 million) as at 31 December 2017. These required and maintained provisions included in total required and maintained provisions of loans / investments, disclosed above.

16.a.2 Provision on off-balance 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. In addition to the said circular, Bangladesh Bank through BRPD circular letter no. 1 dated 3 January 2018 allows waiver of maintaining 1% general provision against off balance sheet exposures to fast track power plant projects with effect from 31 December 2017. This waiver is applicable for the said exposures to be taken till 30 September 2018. As on 31 December 2017 bank’s outstanding off balance sheet exposures against fast track power projects was Taka 17,850,125,471. With compliance of the mentioned circular and circular letter reference, the Bank maintained provision of Taka 524,563,333 (2016: Taka 644,563,933) against requirement of Taka 824,368,298 (2016: Taka 622,065,418) as at 31 December 2017.

Opening balance

| Addition during the year | 644,563,933 | 511,563,933 |
| Transfer from other provision | 180,000,000 | 133,000,000 |
| Closing balance | 824,563,933 | 644,563,933 |

16.a.3 Interest suspense account

| Interest suspense account on classified loans and advances | 945,131,858 | 1,094,918,892 |
| Interest suspense on special mention account | 22,045,440 | 77,484,277 |
| Interest suspense on standard loans | 120,752,222 | 130,321,924 |
| Closing balance | 1,087,929,519 | 1,302,725,093 |

16.a.4 Movement of Interest suspense account

| Opening balance | 1,302,725,093 | 1,610,706,655 |
| Amount transferred to "interest suspense" account during the year | 1,123,029,564 | 1,846,956,145 |
| Amount recovered from "interest suspense" account during the year | (522,506,592) | (765,092,661) |
| Amount waived during the year | (111,812,401) | (413,104,714) |
| Amount written off during the year | (703,506,144) | (976,749,333) |
| Closing balance | 1,087,929,519 | 1,302,725,093 |

16.a.5 Other provision

| Provision against employee bonus | 263,266,581 | 284,160,472 |
| Provision against Investment | 21,160,000 | 121,100,000 |
| Provision against other assets | 84,530,220 | 187,283,346 |
| Provision against interest receivable | 3,535,547 | 2,347,636 |
| Provision against good borrower (note 16.a.5.2) | 51,469,389 | 47,410,400 |
| Provision against protested bills | 5,842,887 | 5,842,887 |
| Total | 429,784,624 | 648,144,735 |
16.a.5.1 **Movement of other provision**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>648,144,735</td>
<td>533,086,395</td>
</tr>
<tr>
<td>Addition during the year</td>
<td>65,580,000</td>
<td>270,000,000</td>
</tr>
<tr>
<td>Adjustment during the year</td>
<td>(283,940,111)</td>
<td>(154,941,660)</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td>429,784,624</td>
<td>648,144,735</td>
</tr>
</tbody>
</table>

16.a.5.2 **Movement of Provision against good borrower**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>47,410,400</td>
<td>20,000,000</td>
</tr>
<tr>
<td>Addition during the year</td>
<td>40,000,000</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Rebate allowed to Good Borrower</td>
<td>(36,941,011)</td>
<td>(2,589,600)</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td>51,469,389</td>
<td>47,410,400</td>
</tr>
</tbody>
</table>

16.a.6 **Provision for income tax**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>4,147,393,628</td>
<td>2,491,262,773</td>
</tr>
<tr>
<td>Adjustment for settlement of tax</td>
<td>(1,687,704,585)</td>
<td>-</td>
</tr>
<tr>
<td>Provision during the year (note 16.a.6.1)</td>
<td>1,765,196,934</td>
<td>1,565,130,855</td>
</tr>
<tr>
<td>Adjustment of deferred tax liability/(asset) (note 16.a.6.2)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td>4,224,885,976</td>
<td>4,147,393,628</td>
</tr>
</tbody>
</table>

16.a.6.1 Provision for current tax of Taka 1,765,196,934 @ 40% and provision for prior year Taka 1,656,130,855 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, 1964.

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

16.b **Other liabilities - City Brokerage Limited**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest suspense</td>
<td>166,005,080</td>
<td>166,005,081</td>
</tr>
<tr>
<td>Provision for loans and advances</td>
<td>260,769,167</td>
<td>363,086,157</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>102,703,505</td>
<td>316,934,226</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>80,500</td>
<td>80,500</td>
</tr>
<tr>
<td>Payable to The City Bank Limited</td>
<td>-</td>
<td>42,687</td>
</tr>
<tr>
<td>Provision for taxation and VAT</td>
<td>124,062,482</td>
<td>70,253,711</td>
</tr>
<tr>
<td></td>
<td>653,620,733</td>
<td>906,402,361</td>
</tr>
</tbody>
</table>

16.c **Other liabilities - City Bank Capital Resources Limited**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable to The City Bank Limited</td>
<td>1,151,394</td>
<td>54,752,889</td>
</tr>
<tr>
<td>Payable to City Brokerage Limited</td>
<td>8,140,836</td>
<td>66,606,598</td>
</tr>
<tr>
<td>VAT and TDS payable</td>
<td>10,771,261</td>
<td>3,764,045</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>7,004,591</td>
<td>706,403</td>
</tr>
<tr>
<td>Other payables</td>
<td>80,729,793</td>
<td>13,918,034</td>
</tr>
<tr>
<td>Provision for diminution in value of investment</td>
<td>765,466</td>
<td>-</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>63,937,694</td>
<td>23,924,987</td>
</tr>
<tr>
<td></td>
<td>172,501,055</td>
<td>163,672,957</td>
</tr>
</tbody>
</table>

16.d **Other liabilities - CBL Money Transfer Sdn. Bhd.**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement obligation</td>
<td>172,531,676</td>
<td>103,299,374</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>2,448,811</td>
<td>1,718,243</td>
</tr>
<tr>
<td>Others payable</td>
<td>781,898</td>
<td>870,610</td>
</tr>
<tr>
<td></td>
<td>175,760,386</td>
<td>105,888,227</td>
</tr>
</tbody>
</table>
17 SHARE CAPITAL

17.1 Authorized:
1,500,000,000 ordinary shares of Taka 100 each

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized</td>
<td>15,000,000,000</td>
<td>15,000,000,000</td>
</tr>
</tbody>
</table>

Authorized Share Capital of the Bank has been increase to Taka 15,000,000,000 from Taka 10000,000,000 by a special resolution dated 28 June 2015.

17.2 Issued, subscribed and fully paid up:

<table>
<thead>
<tr>
<th></th>
<th>No. of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares of Taka 100 each issued for cash up to 31 December 2016</td>
<td>240,463,470</td>
</tr>
<tr>
<td>Ordinary shares of Taka 100 each issued for cash to IFC during October 2017</td>
<td>48,084,633</td>
</tr>
<tr>
<td>Ordinary shares of Taka 100 each issued as bonus shares up to 31 December 2016</td>
<td>635,334,561</td>
</tr>
<tr>
<td></td>
<td>921,892,664</td>
</tr>
</tbody>
</table>

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

The Bank offered 11 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 352,778 shares. The verdict of the Court was to restrain exercise of right shares against the said 352,778 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 49,615,739 till 31 December 2017 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:

<table>
<thead>
<tr>
<th>Accounting year</th>
<th>Declaration</th>
<th>No. of share</th>
<th>Value of capital</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>Opening capital</td>
<td>3,400,000</td>
<td>34,000,000</td>
<td>34,000,000</td>
</tr>
<tr>
<td>1985</td>
<td>Further subscription</td>
<td>1,000,000</td>
<td>10,000,000</td>
<td>44,000,000</td>
</tr>
<tr>
<td>1987</td>
<td>Initial public offer</td>
<td>3,600,000</td>
<td>36,000,000</td>
<td>80,000,000</td>
</tr>
<tr>
<td>1990</td>
<td>11 Right issue</td>
<td>8,000,000</td>
<td>80,000,000</td>
<td>160,000,000</td>
</tr>
<tr>
<td>2002</td>
<td>12 Right issue</td>
<td>8,000,000</td>
<td>80,000,000</td>
<td>240,000,000</td>
</tr>
<tr>
<td>2004</td>
<td>11 Right issue</td>
<td>24,000,000</td>
<td>240,000,000</td>
<td>480,000,000</td>
</tr>
<tr>
<td>2006</td>
<td>50% stock dividend</td>
<td>24,000,000</td>
<td>240,000,000</td>
<td>720,000,000</td>
</tr>
<tr>
<td>2007</td>
<td>50% stock dividend</td>
<td>36,000,000</td>
<td>360,000,000</td>
<td>1,080,000,000</td>
</tr>
<tr>
<td>2009</td>
<td>10% stock dividend</td>
<td>16,800,000</td>
<td>108,000,000</td>
<td>1,188,000,000</td>
</tr>
<tr>
<td>2008</td>
<td>15% stock dividend</td>
<td>18,720,000</td>
<td>178,200,000</td>
<td>1,366,200,000</td>
</tr>
<tr>
<td>2009</td>
<td>15% stock dividend</td>
<td>20,493,000</td>
<td>204,930,000</td>
<td>1,571,130,000</td>
</tr>
<tr>
<td>2010</td>
<td>25% stock dividend</td>
<td>39,278,260</td>
<td>392,782,500</td>
<td>1,963,912,500</td>
</tr>
<tr>
<td>2010</td>
<td>11 Right issue</td>
<td>192,463,470</td>
<td>1,924,634,700</td>
<td>3,888,547,200</td>
</tr>
<tr>
<td>2011</td>
<td>30% stock dividend</td>
<td>116,656,410</td>
<td>1,166,564,100</td>
<td>5,055,111,300</td>
</tr>
<tr>
<td>2012</td>
<td>25% stock dividend</td>
<td>126,377,782</td>
<td>1,263,777,820</td>
<td>6,316,889,120</td>
</tr>
<tr>
<td>2013</td>
<td>10% stock dividend</td>
<td>63,188,891</td>
<td>631,888,910</td>
<td>6,950,778,030</td>
</tr>
<tr>
<td>2014</td>
<td>20% stock dividend</td>
<td>139,015,560</td>
<td>1,390,155,600</td>
<td>8,340,933,630</td>
</tr>
<tr>
<td>2015</td>
<td>5% stock dividend</td>
<td>41,704,668</td>
<td>417,046,680</td>
<td>8,757,980,310</td>
</tr>
<tr>
<td>2017</td>
<td>Fresh share issued to IFC</td>
<td>46,094,633</td>
<td>460,946,330</td>
<td>9,218,926,640</td>
</tr>
</tbody>
</table>

921,892,664 9,218,926,640

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.
17.3a Percentage of shareholdings at the closing date

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2017</th>
<th>Percentage(%)</th>
<th>2016 (Restated)</th>
<th>Percentage(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td></td>
<td>Taka</td>
<td></td>
</tr>
<tr>
<td>Sponsors and general public</td>
<td>7,502,092,080</td>
<td>81.38%</td>
<td>7,181,369,810</td>
<td>82.00%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>1,716,634,560</td>
<td>18.62%</td>
<td>1,576,610,500</td>
<td>18.00%</td>
</tr>
<tr>
<td></td>
<td>9,218,926,640</td>
<td>100.00%</td>
<td>8,757,980,310</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

17.4 Classification of shareholders by holding

<table>
<thead>
<tr>
<th>Number of share holders</th>
<th>No. of Shares</th>
<th>% of total holding</th>
<th>Number of share holders</th>
<th>% of total holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 - 500 shares</td>
<td>20,447</td>
<td>2,791,235</td>
<td>0.30%</td>
<td>26,014</td>
</tr>
<tr>
<td>501 - 5,000 shares</td>
<td>10,645</td>
<td>19,134,542</td>
<td>2.06%</td>
<td>13,693</td>
</tr>
<tr>
<td>5001 - 10,000 shares</td>
<td>1,535</td>
<td>11,543,206</td>
<td>1.25%</td>
<td>1,573</td>
</tr>
<tr>
<td>10,001 - 20,000 shares</td>
<td>874</td>
<td>12,879,558</td>
<td>1.40%</td>
<td>840</td>
</tr>
<tr>
<td>20,001 - 30,000 shares</td>
<td>307</td>
<td>7,714,366</td>
<td>0.84%</td>
<td>314</td>
</tr>
<tr>
<td>30,001 - 40,000 shares</td>
<td>141</td>
<td>5,024,040</td>
<td>0.54%</td>
<td>119</td>
</tr>
<tr>
<td>40,001 - 50,000 shares</td>
<td>126</td>
<td>5,906,022</td>
<td>0.64%</td>
<td>109</td>
</tr>
<tr>
<td>50,001 - 100,000 shares</td>
<td>232</td>
<td>17,558,815</td>
<td>1.90%</td>
<td>198</td>
</tr>
<tr>
<td>100,001 - 1,000,000 shares</td>
<td>282</td>
<td>92,534,733</td>
<td>10.04%</td>
<td>232</td>
</tr>
<tr>
<td>Over 1,000,000 shares</td>
<td>111</td>
<td>746,806,147</td>
<td>81.01%</td>
<td>124</td>
</tr>
<tr>
<td></td>
<td>34,700</td>
<td>921,892,664</td>
<td>100.00%</td>
<td>43,216</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Taka in crore</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Equity Tier 1 Capital (CET1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid up capital</td>
<td>921.89</td>
<td>875.80</td>
</tr>
<tr>
<td>Non-repayable share premium account</td>
<td>150.44</td>
<td>66.09</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>713.06</td>
<td>610.02</td>
</tr>
<tr>
<td>General reserve</td>
<td>1.14</td>
<td>1.14</td>
</tr>
<tr>
<td>Retained earnings (note 22)</td>
<td>294.61</td>
<td>298.53</td>
</tr>
<tr>
<td>Dividend equalization reserve</td>
<td>53.08</td>
<td>17.69</td>
</tr>
<tr>
<td>Minority interest in subsidiaries</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td>2,134.23</td>
<td>1,869.28</td>
</tr>
</tbody>
</table>

| Regulatory Adjustments / Deductions from CET1 |       |
| Deferred tax assets | (110.82) | (66.21) |
| 60% of Excess Investment in equity of other banks, FI and Ins, Co. | (360.11) | (99.37) |
| Book value of goodwill and value of any contingent assets which are shown as assets | (3.48) | (3.05) |
|                        | 1,659.82 | 1,680.65 |

| Tier 2 Capital |       |
| Tier-II subordinated bond | 725.00 | 300.00 |
| General provision (note 175.2) | 313.46 | 273.51 |
| 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 |
|                        | 1,088.16 | 623.21 |
## Regulatory Adjustments / Deductions from Tier 2 capital

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>60% of Tier-II subordinated bond</td>
<td>(135.00)</td>
<td>(120.00)</td>
</tr>
<tr>
<td>60% of revaluation reserve for fixed assets and securities</td>
<td>(29.82)</td>
<td>(19.68)</td>
</tr>
<tr>
<td><strong>Total capital</strong></td>
<td><strong>923.34</strong></td>
<td><strong>483.33</strong></td>
</tr>
<tr>
<td>Total assets</td>
<td>2,583.16</td>
<td>2,163.98</td>
</tr>
<tr>
<td>Total risk weighted assets (note 17.5.1)</td>
<td>27,806.71</td>
<td>25,475.47</td>
</tr>
<tr>
<td>Required capital with capital conservation buffer (11.25% of risk weighted assets)</td>
<td>20,324.37</td>
<td>17,714.90</td>
</tr>
<tr>
<td>Surplus</td>
<td>2,286.49</td>
<td>1,882.21</td>
</tr>
<tr>
<td><strong>Total Capital Ratio</strong></td>
<td><strong>296.67</strong></td>
<td><strong>281.77</strong></td>
</tr>
<tr>
<td>T-1 Capital Ratio</td>
<td>12.71%</td>
<td>12.22%</td>
</tr>
<tr>
<td>Leverage Ratio</td>
<td>8.17%</td>
<td>9.49%</td>
</tr>
<tr>
<td>Liquidity Coverage Ratio</td>
<td>5.15%</td>
<td>6.09%</td>
</tr>
<tr>
<td>Net Stable Funding Ratio</td>
<td>9.63%</td>
<td>10.72%</td>
</tr>
</tbody>
</table>

### 17.5.1 Risk weighted assets

#### A. Credit Risk

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Balance sheet</td>
<td>13,689.96</td>
<td>12,569.00</td>
</tr>
<tr>
<td>Off-Balance sheet</td>
<td>3,251.42</td>
<td>2,128.63</td>
</tr>
<tr>
<td><strong>Total Risk weighted assets</strong></td>
<td><strong>16,941.38</strong></td>
<td><strong>14,697.63</strong></td>
</tr>
</tbody>
</table>

#### B. Market Risk

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,228.78</td>
<td>1,084.60</td>
</tr>
</tbody>
</table>

#### C. Operational Risk

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Risk weighted assets (A+B+C)</td>
<td><strong>20,324.37</strong></td>
<td><strong>17,714.90</strong></td>
</tr>
</tbody>
</table>

### 17.5.2 General provision maintained against unclassified loan/investments & outstanding off-balance sheet exposures

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>General provision maintained against unclassified loan/investments (note 16.a.1)</td>
<td>231.01</td>
<td>209.06</td>
</tr>
<tr>
<td>General provision maintained against outstanding off balance sheet exposures (note 16.a.2)</td>
<td>82.46</td>
<td>64.46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>313.46</strong></td>
<td><strong>273.51</strong></td>
</tr>
</tbody>
</table>

### 17.5.a Capital Adequacy Ratio - The City Bank Limited

#### Common Equity Tier 1 Capital (CET1)

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid up capital</td>
<td>921.69</td>
<td>875.80</td>
</tr>
<tr>
<td>Non-repayable share premium account</td>
<td>150.44</td>
<td>66.09</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>713.06</td>
<td>610.02</td>
</tr>
<tr>
<td>General reserve</td>
<td>1.14</td>
<td>1.14</td>
</tr>
<tr>
<td>Dividend equalization reserve</td>
<td>53.08</td>
<td>17.69</td>
</tr>
<tr>
<td>Retained earnings (note 22a)</td>
<td>396.53</td>
<td>384.42</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,236.13</strong></td>
<td><strong>1,955.16</strong></td>
</tr>
</tbody>
</table>

### Regulatory Adjustments / Deductions from CET1

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets</td>
<td>(110.82)</td>
<td>(86.64)</td>
</tr>
<tr>
<td>60% of Excess Investment in equity of other banks, FI and Ins. Co.</td>
<td>(73.08)</td>
<td>(9.42)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,052.24</strong></td>
<td><strong>1,858.09</strong></td>
</tr>
</tbody>
</table>
## Tier 2 Capital

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier II subordinated bond</td>
<td>725.00</td>
<td>300.00</td>
</tr>
<tr>
<td>General provision (note 175.a.2)</td>
<td>313.46</td>
<td>273.51</td>
</tr>
<tr>
<td>Revaluation reserve for equity instruments (up to 10%)</td>
<td>27.93</td>
<td>27.93</td>
</tr>
<tr>
<td>Revaluation reserve for HTM securities (up to 50%)</td>
<td>1.10</td>
<td>1.10</td>
</tr>
<tr>
<td>Revaluation reserve for HFT (up to 50%)</td>
<td>20.33</td>
<td>20.33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,087.83</strong></td>
<td><strong>622.88</strong></td>
</tr>
</tbody>
</table>

### Regulatory Adjustments / Deductions from Tier 2 capital

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>60% of Tier II subordinated bond</td>
<td>(135.00)</td>
<td>(120.00)</td>
</tr>
<tr>
<td>60% of revaluation reserve for fixed assets and securities</td>
<td>(29.62)</td>
<td>(19.75)</td>
</tr>
<tr>
<td><strong>Total capital</strong></td>
<td><strong>923.21</strong></td>
<td><strong>483.13</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>27,553.14</strong></td>
<td><strong>25,477.64</strong></td>
</tr>
<tr>
<td><strong>Total risk weighted assets (note 175.a.1)</strong></td>
<td><strong>20,221.04</strong></td>
<td><strong>17,781.17</strong></td>
</tr>
<tr>
<td>Required capital with capital conservation buffer (11.25% of risk weighted assets)</td>
<td>2,274.87</td>
<td>1,889.25</td>
</tr>
<tr>
<td>Surplus</td>
<td>700.56</td>
<td>452.98</td>
</tr>
<tr>
<td><strong>Total Capital Ratio</strong></td>
<td><strong>14.71%</strong></td>
<td><strong>13.17%</strong></td>
</tr>
<tr>
<td><strong>T-1 Capital Ratio</strong></td>
<td>10.15%</td>
<td>10.46%</td>
</tr>
<tr>
<td><strong>Leverage Ratio</strong></td>
<td>6.37%</td>
<td>6.72%</td>
</tr>
<tr>
<td><strong>Liquidity Coverage Ratio</strong></td>
<td>131.90%</td>
<td>163.22%</td>
</tr>
<tr>
<td><strong>Net Stable Funding Ratio</strong></td>
<td>110.55%</td>
<td>102.27%</td>
</tr>
</tbody>
</table>

### 17.5.a.1 Risk weighted assets

#### A. Credit Risk

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On+ Balance sheet</td>
<td>14,208.77</td>
<td>13,053.09</td>
</tr>
<tr>
<td>Off-Balance sheet</td>
<td>3,351.42</td>
<td>2,126.63</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,460.19</strong></td>
<td><strong>15,181.72</strong></td>
</tr>
</tbody>
</table>

#### B. Market Risk

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>C. Operational Risk</td>
<td>656.04</td>
<td>713.51</td>
</tr>
<tr>
<td><strong>Total Risk weighted assets (A+B+C)</strong></td>
<td><strong>2,104.81</strong></td>
<td><strong>1,885.94</strong></td>
</tr>
</tbody>
</table>

### 17.5.a.2 General provision maintained against unclassified loan/investments & outstanding off balance sheet exposures

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General provision maintained against unclassified loan/investments (note 16.a.1)</td>
<td>231.01</td>
<td>209.06</td>
</tr>
<tr>
<td>General provision maintained against outstanding off balance sheet exposures (note 16.a.2)</td>
<td>82.46</td>
<td>64.46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>313.46</strong></td>
<td><strong>273.51</strong></td>
</tr>
</tbody>
</table>

## 18 STATUTORY RESERVE

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>6,100,191,727</td>
<td>5,007,070,307</td>
</tr>
<tr>
<td>Addition during the year (20% of pre-tax profit)</td>
<td>1,030,382,703</td>
<td>1,093,121,420</td>
</tr>
<tr>
<td>Closing balance</td>
<td>7,130,574,430</td>
<td>6,010,191,727</td>
</tr>
</tbody>
</table>

## 19 SHARE PREMIUM

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>660,857,013</td>
<td>660,857,013</td>
</tr>
<tr>
<td>Adjustment for issuance of stock dividend</td>
<td>843,531,784</td>
<td>-</td>
</tr>
<tr>
<td>Closing balance</td>
<td><strong>1,504,388,797</strong></td>
<td><strong>660,857,013</strong></td>
</tr>
</tbody>
</table>

During the period 460,946,33 no. of 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 EQUALIZATION RESERVE

BRPD circular letter no. 18 dated 20 October 2002, states that banks require to create Dividend Equalization Fund if declared cash dividend is more than 20%. As per said circular, creation of Dividend Equalization 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.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>176,928,877</td>
<td>-</td>
</tr>
<tr>
<td>Addition during the year</td>
<td>363,857,754</td>
<td>176,928,877</td>
</tr>
<tr>
<td>Closing balance</td>
<td>530,786,631</td>
<td>176,928,877</td>
</tr>
</tbody>
</table>

21 CONSOLIDATED OTHER RESERVE

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited</td>
<td>2,519,404,380</td>
<td>1,112,928,213</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>764,344,357</td>
<td>21,464,827</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>1,564,479,966</td>
<td>40,901,795</td>
</tr>
<tr>
<td></td>
<td>4,848,228,604</td>
<td>1,175,294,835</td>
</tr>
</tbody>
</table>

21.a Other reserve - The City Bank Limited

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General reserve</td>
<td>11,394,928</td>
<td>11,394,928</td>
</tr>
<tr>
<td>Revaluation reserve for HTM securities</td>
<td>82,978,919</td>
<td>585,761</td>
</tr>
<tr>
<td>Revaluation reserve for HFT securities</td>
<td>50,690,857</td>
<td>192,069,521</td>
</tr>
<tr>
<td>Revaluation reserve for equity Shares (note 21)</td>
<td>2,374,339,676</td>
<td>908,878,003</td>
</tr>
<tr>
<td></td>
<td>2,519,404,380</td>
<td>1,112,928,213</td>
</tr>
</tbody>
</table>

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 unrealized gain, this is booked as a component of shareholders’ equity.

22 CONSOLIDATED SURPLUS IN PROFIT AND LOSS ACCOUNT

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited</td>
<td>3,965,261,269</td>
<td>3,844,199,530</td>
</tr>
<tr>
<td>Post acquisition retained surplus from City Brokerage Limited</td>
<td>(580,617,466)</td>
<td>(699,764,047)</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>10,246</td>
<td>15,878</td>
</tr>
<tr>
<td></td>
<td>(580,607,220)</td>
<td>(689,748,169)</td>
</tr>
<tr>
<td>Post acquisition retained surplus from City Bank Capital Resources Limited</td>
<td>38,365,783</td>
<td>58,478,628</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>(752)</td>
<td>(1,147)</td>
</tr>
<tr>
<td></td>
<td>38,359,030</td>
<td>58,477,481</td>
</tr>
<tr>
<td>Post acquisition retained deficit from CBL Money Transfer Sdn. Bhd.</td>
<td>926,004</td>
<td>278,926</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>926,004</td>
<td>278,926</td>
</tr>
<tr>
<td>Inter-company transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Bank Capital Resources Limited with The City Bank Limited</td>
<td>(278,812,532)</td>
<td>-</td>
</tr>
<tr>
<td>City Brokerage Limited with The City Bank Limited</td>
<td>(193,139,428)</td>
<td>-</td>
</tr>
<tr>
<td>Add: Foreign exchange revaluation effect</td>
<td>(7,912,720)</td>
<td>(17,872,257)</td>
</tr>
<tr>
<td></td>
<td>2,946,080,404</td>
<td>2,985,335,511</td>
</tr>
</tbody>
</table>

22.a Movement of surplus in profit and loss account-The City Bank Limited

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>3,844,199,530</td>
<td>3,104,754,764</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>3,628,448,718</td>
<td>3,955,712,710</td>
</tr>
<tr>
<td>Transfer to statutory reserve</td>
<td>(1,030,382,703)</td>
<td>(1,093,121,420)</td>
</tr>
<tr>
<td>Cash dividend paid</td>
<td>(2,123,146,521)</td>
<td>(1,946,217,647)</td>
</tr>
<tr>
<td>Transfer to dividend equalization reserve</td>
<td>(353,857,754)</td>
<td>(176,928,877)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>3,965,261,269</td>
<td>3,844,199,530</td>
</tr>
</tbody>
</table>

Profit for the year includes net deferred tax income of Taka 24,732,134 which is not distributable as dividend as per BRPD circular no. 11 dated 12 December 2011.
23 NON CONTROLLING INTEREST

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>110,000</td>
<td>110,000</td>
</tr>
<tr>
<td>Surplus in profit and loss account/retained earnings</td>
<td>(9,494)</td>
<td>(14,732)</td>
</tr>
<tr>
<td></td>
<td>100,506</td>
<td>95,268</td>
</tr>
</tbody>
</table>

24 CONTINGENT LIABILITIES

24.1 Letters of guarantee

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>11,039,526,972</td>
<td>6,629,763,731</td>
</tr>
<tr>
<td>Foreign</td>
<td>1,599,363,225</td>
<td>1,654,887,365</td>
</tr>
<tr>
<td>Shipping guarantee</td>
<td>833,265,241</td>
<td>275,540,183</td>
</tr>
<tr>
<td></td>
<td>13,472,145,439</td>
<td>8,560,171,278</td>
</tr>
<tr>
<td>Margin on guarantee</td>
<td>(411,982,712)</td>
<td>(251,402,841)</td>
</tr>
<tr>
<td></td>
<td>13,060,162,726</td>
<td>8,308,768,437</td>
</tr>
</tbody>
</table>

Money for which the Bank is contingently liable in respect of guarantees given favoring:

Government

Banks and other financial institutions

Others

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,439,501,940</td>
<td>2,021,160,525</td>
</tr>
<tr>
<td></td>
<td>1,722,180,256</td>
<td>2,398,489,082</td>
</tr>
<tr>
<td></td>
<td>8,910,924,070</td>
<td>2,021,160,525</td>
</tr>
<tr>
<td></td>
<td>7,772,087,139</td>
<td>2,398,489,082</td>
</tr>
<tr>
<td></td>
<td>15,439,186,340</td>
<td>13,472,145,439</td>
</tr>
<tr>
<td></td>
<td>(411,982,712)</td>
<td>(251,402,841)</td>
</tr>
<tr>
<td></td>
<td>13,060,162,726</td>
<td>8,308,768,437</td>
</tr>
</tbody>
</table>

24.2 Irrevocable Letters of Credit

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In land</td>
<td>163,664,988</td>
<td>170,264,072</td>
</tr>
<tr>
<td>General</td>
<td>31,055,137,187</td>
<td>10,492,835,129</td>
</tr>
<tr>
<td>Back to Back LC</td>
<td>6,014,641,549</td>
<td>4,776,087,139</td>
</tr>
<tr>
<td></td>
<td>37,260,443,723</td>
<td>15,439,186,340</td>
</tr>
<tr>
<td>Margin on LC</td>
<td>(1,039,892,623)</td>
<td>(934,590,820)</td>
</tr>
<tr>
<td></td>
<td>36,220,551,100</td>
<td>14,504,592,520</td>
</tr>
</tbody>
</table>

24.3 Bills for collection

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outward local bills for collection</td>
<td>3,972,457,188</td>
<td>4,069,481,226</td>
</tr>
<tr>
<td>Outward foreign bills for collection</td>
<td>4,243,713,103</td>
<td>4,423,110,140</td>
</tr>
<tr>
<td>Inward local bills for collection</td>
<td>5,950,157,756</td>
<td>6,175,413,616</td>
</tr>
<tr>
<td>Inward foreign bills for collection</td>
<td>14,166,328,046</td>
<td>14,566,004,982</td>
</tr>
<tr>
<td>Margin on bill collection</td>
<td>(185,000)</td>
<td>(185,000)</td>
</tr>
<tr>
<td></td>
<td>14,166,143,046</td>
<td>14,567,819,982</td>
</tr>
</tbody>
</table>

24.4 Forward assets purchased and forward deposits placed

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forward sales/contracts</td>
<td>2,441,633,159</td>
<td>4,862,653,604</td>
</tr>
<tr>
<td></td>
<td>2,441,633,159</td>
<td>4,862,653,604</td>
</tr>
</tbody>
</table>

24.5 Suit filed by the bank

No law suit has been filed by the bank against contingent liabilities.
## INCOME STATEMENT - THE CITY BANK LIMITED

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest, discount and similar income (note 251)</td>
<td>18,376,269,270</td>
<td>18,450,577,578</td>
</tr>
<tr>
<td>Dividend income</td>
<td>404,924,965</td>
<td>315,128,298</td>
</tr>
<tr>
<td>Fees, commission and brokerage (note 25.2)</td>
<td>1,516,260,624</td>
<td>1,317,072,395</td>
</tr>
<tr>
<td>Gains less losses arising from dealing in securities (note 28.a)</td>
<td>502,500,251</td>
<td>398,167,516</td>
</tr>
<tr>
<td>Gains less losses arising from investment securities (note 28.a)</td>
<td>291,251,444</td>
<td>1,623,191,010</td>
</tr>
<tr>
<td>Gains less losses arising from dealing in foreign currencies (note 29.a)</td>
<td>1,335,588,997</td>
<td>808,191,126</td>
</tr>
<tr>
<td>Other operating income (note 30.a)</td>
<td>1,777,944,806</td>
<td>1,047,663,376</td>
</tr>
<tr>
<td>Profit less losses on interest rate changes</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>24,204,740,357</td>
<td>23,960,991,298</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest/profit paid on deposits, borrowings etc.</td>
<td>9,288,627,591</td>
<td>9,565,288,460</td>
</tr>
<tr>
<td>Administrative expenses (note 25.3)</td>
<td>5,969,720,589</td>
<td>5,125,006,942</td>
</tr>
<tr>
<td>Other operating expenses (note 39.a)</td>
<td>1,546,153,421</td>
<td>1,223,909,484</td>
</tr>
<tr>
<td>Depreciation on bank’s assets (note 38.a)</td>
<td>510,751,590</td>
<td>509,808,946</td>
</tr>
<tr>
<td><strong>Total Income over expenditure</strong></td>
<td>17,335,253,111</td>
<td>16,424,084,196</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated Income/Profit on Investment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The City Bank Limited (note 26.a)</td>
<td>16,783,958,930</td>
<td>16,042,227,272</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>81,484,909</td>
<td>102,236,448</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>60,892,699</td>
<td>71,773,541</td>
</tr>
<tr>
<td><strong>Total Consolidated Income/Profit on Investment</strong></td>
<td>16,926,336,538</td>
<td>16,216,237,282</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter-company transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The City Bank Limited with City Brokerage Limited</td>
<td>(95,411,476)</td>
<td>(135,702,485)</td>
</tr>
<tr>
<td>The City Bank Limited with CBL Money Transfer Sdn. Bhd.</td>
<td>(3,003,341)</td>
<td>(4,017,244)</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>(8,457,480)</td>
<td>(19,364,611)</td>
</tr>
<tr>
<td><strong>Total Inter-company transactions</strong></td>
<td>(106,872,297)</td>
<td>(159,084,340)</td>
</tr>
<tr>
<td><strong>Total Consolidated Income/Profit on Investment</strong></td>
<td>16,819,464,242</td>
<td>16,057,152,921</td>
</tr>
</tbody>
</table>
26.a Interest income/profit on investment - The City Bank Limited

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on loans against imported merchandise/Murabaha</td>
<td>260</td>
<td>560,220</td>
</tr>
<tr>
<td>Interest on loans against trust receipts</td>
<td>56,904,797</td>
<td>41,609,612</td>
</tr>
<tr>
<td>Interest on packing credits</td>
<td>65,162,652</td>
<td>39,513,114</td>
</tr>
<tr>
<td>Interest on Interest on EDF</td>
<td>153,224,759</td>
<td>145,346,869</td>
</tr>
<tr>
<td>Interest on house building loans</td>
<td>393,873,077</td>
<td>166,498,395</td>
</tr>
<tr>
<td>Interest on industrial credits</td>
<td>4,062,735,927</td>
<td>3,697,470,454</td>
</tr>
<tr>
<td>Interest on transport loans</td>
<td>117,493,064</td>
<td>102,695,086</td>
</tr>
<tr>
<td>Interest on lease finance/izara</td>
<td>2,091,17</td>
<td>3,833,662</td>
</tr>
<tr>
<td>Interest on demand loans</td>
<td>472,306,460</td>
<td>228,223,861</td>
</tr>
<tr>
<td>Interest on payment against documents</td>
<td>7,062,863</td>
<td>3,424,417</td>
</tr>
<tr>
<td>Interest on cash credits/bai-muajjal</td>
<td>1,992,761,973</td>
<td>2,125,620,732</td>
</tr>
<tr>
<td>Interest on hire purchase shirkatul melk</td>
<td>13,931,713</td>
<td>12,427,707</td>
</tr>
<tr>
<td>Interest on fully and partly secured overdrafts</td>
<td>233,777,89</td>
<td>204,390,898</td>
</tr>
<tr>
<td>Interest on consumer credit schemes</td>
<td>3,800</td>
<td>-</td>
</tr>
<tr>
<td>Interest on small and medium enterprise loans</td>
<td>1,203,919,515</td>
<td>1,111,364,079</td>
</tr>
<tr>
<td>Interest on staff loans</td>
<td>153,395,418</td>
<td>164,084,015</td>
</tr>
<tr>
<td>Interest on documentary bills purchased</td>
<td>730,369,450</td>
<td>1,086,350,150</td>
</tr>
<tr>
<td>Interest on credit cards</td>
<td>1,531,936,537</td>
<td>1,424,916,057</td>
</tr>
<tr>
<td>Interest on Commercial Paper</td>
<td>-</td>
<td>15,463,890</td>
</tr>
<tr>
<td>Interest on city drive</td>
<td>64,397,625</td>
<td>46,179,270</td>
</tr>
<tr>
<td>Interest on city solution</td>
<td>1,292,505,133</td>
<td>869,215,693</td>
</tr>
<tr>
<td>Interest on city express</td>
<td>294,356,010</td>
<td>308,849,123</td>
</tr>
<tr>
<td>Interest on double loans</td>
<td>434,995</td>
<td>897,606</td>
</tr>
<tr>
<td>Interest on short term loan</td>
<td>3,343,624,582</td>
<td>3,457,426,164</td>
</tr>
<tr>
<td><strong>Total interest/profit on loans and advances/investments</strong></td>
<td>16,146,289,673</td>
<td>15,276,368,054</td>
</tr>
<tr>
<td>Less: Allowable rebate for Good Borrower (note 26.a1)</td>
<td>40,000,000</td>
<td>30,000,000</td>
</tr>
<tr>
<td><strong>Total interest/profit on loans and advances/investments after rebate for good borrower</strong></td>
<td>16,106,289,673</td>
<td>15,246,368,054</td>
</tr>
<tr>
<td>Interest on balance with other banks and financial institutions</td>
<td>54,453,178</td>
<td>8,285,576</td>
</tr>
<tr>
<td>Interest on call loans</td>
<td>609,007,699</td>
<td>784,454,611</td>
</tr>
<tr>
<td>Interest on foreign bank accounts</td>
<td>14,208,380</td>
<td>3,145,031</td>
</tr>
<tr>
<td><strong>Total interest/profit on placement of funds</strong></td>
<td>677,869,257</td>
<td>795,858,218</td>
</tr>
<tr>
<td><strong>16,783,958,830</strong></td>
<td>16,042,227,272</td>
<td></td>
</tr>
</tbody>
</table>

26.a1 Provision for rebate to good borrower

Provision for rebate to the eligible good borrowers has been maintained as per Bangladesh Bank, BRPD circular letter no. 3 dated 16 February

27 CONSOLIDATED INTEREST/PROFIT PAID ON DEPOSITS, BORROWINGS ETC.

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 27a)</td>
<td>9,288,627,591</td>
<td>9,565,268,460</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>95,411,476</td>
<td>135,702,485</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>3,041,086</td>
<td>4,076,036</td>
</tr>
<tr>
<td></td>
<td>9,387,080,153</td>
<td>9,705,046,981</td>
</tr>
<tr>
<td>Inter-company transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>(95,411,476)</td>
<td>(135,702,485)</td>
</tr>
<tr>
<td>City Bank Limited with City Bank Capital Resources Limited</td>
<td>(8,457,480)</td>
<td>(19,364,611)</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>(3,003,341)</td>
<td>(4,017,244)</td>
</tr>
<tr>
<td></td>
<td>(106,872,297)</td>
<td>(159,084,340)</td>
</tr>
<tr>
<td></td>
<td>9,280,207,856</td>
<td>9,545,962,641</td>
</tr>
</tbody>
</table>
27a Interest/profit paid on deposits, borrowings etc. - The City Bank Limited

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current bank deposits</td>
<td>11,234,433</td>
<td>-</td>
</tr>
<tr>
<td>Savings bank deposits</td>
<td>780,244,479</td>
<td>1,006,715,470</td>
</tr>
<tr>
<td>Mudaraba/Manarah savings deposits</td>
<td>10,614,274</td>
<td>28,999,855</td>
</tr>
<tr>
<td>Short notice deposits</td>
<td>962,884,830</td>
<td>666,502,133</td>
</tr>
<tr>
<td>Mudaraba short notice deposits</td>
<td>2,659,126</td>
<td>3,368,764</td>
</tr>
<tr>
<td>Fixed deposits</td>
<td>4,948,298,447</td>
<td>5,647,169,393</td>
</tr>
<tr>
<td>Mudaraba term deposits</td>
<td>140,171,744</td>
<td>90,945,066</td>
</tr>
<tr>
<td>Deposits under scheme</td>
<td>689,995,502</td>
<td>638,010,452</td>
</tr>
<tr>
<td>Mudaraba monthly benefit scheme</td>
<td>9,992,465</td>
<td>10,877,707</td>
</tr>
<tr>
<td>b) Interest/profit paid on Repurchase agreement (REPO)</td>
<td>1,129,446</td>
<td>115,939,694</td>
</tr>
<tr>
<td>c) Interest/profit paid on local bank accounts</td>
<td>559,259,790</td>
<td>383,131,120</td>
</tr>
<tr>
<td>d) Interest/profit paid on borrowing from Bangladesh Bank</td>
<td>47,048,017</td>
<td>184,386,411</td>
</tr>
<tr>
<td>e) Interest paid on subordinate bond</td>
<td>560,628,496</td>
<td>375,000,024</td>
</tr>
<tr>
<td>f) Interest paid on borrowings from outside Bangladesh for off-shore banking</td>
<td>564,466,542</td>
<td>416,222,373</td>
</tr>
</tbody>
</table>

28 CONSOLIDATED INVESTMENT INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 28.a)</td>
<td>2,790,987,000</td>
<td>4,745,837,129</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>212,008,578</td>
<td>108,095,870</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>241,823,476</td>
<td>39,349,511</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,244,819,054</strong></td>
<td><strong>4,883,282,510</strong></td>
</tr>
</tbody>
</table>

Inter-company transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Bank Limited with City Bank Capital Resources Limited</td>
<td>(214,780,057)</td>
<td>(69,445,838)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,030,038,998</strong></td>
<td><strong>4,823,836,672</strong></td>
</tr>
</tbody>
</table>

28a Investment income - The City Bank Limited

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on treasury bills/Reverse repo/bonds</td>
<td>1,592,310,340</td>
<td>2,408,350,305</td>
</tr>
<tr>
<td>Dividend on shares</td>
<td>404,924,965</td>
<td>315,128,298</td>
</tr>
<tr>
<td>Gain on Government securities</td>
<td>502,500,251</td>
<td>399,167,516</td>
</tr>
<tr>
<td>Gain on sale of shares and debentures</td>
<td>291,251,444</td>
<td>1,623,191,010</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,790,987,000</strong></td>
<td><strong>4,745,837,129</strong></td>
</tr>
</tbody>
</table>

29 CONSOLIDATED COMMISSION, EXCHANGE AND BROKERAGE

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 29.a)</td>
<td>2,851,849,621</td>
<td>2,125,263,521</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>331,393,432</td>
<td>208,652,822</td>
</tr>
<tr>
<td>City Bank Capital Resources Ltd</td>
<td>60,631,405</td>
<td>42,282,583</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>69,658,643</td>
<td>58,321,561</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,313,533,100</strong></td>
<td><strong>2,434,520,567</strong></td>
</tr>
</tbody>
</table>

Inter-company transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Bank Capital Resources Limited with The City Bank Limited</td>
<td>(5,215,630)</td>
<td>(10,552,594)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,308,317,471</strong></td>
<td><strong>2,423,967,973</strong></td>
</tr>
</tbody>
</table>
### Commission, exchange and brokerage - The City Bank Limited

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit</td>
<td>334,390,784</td>
<td>237,093,785</td>
</tr>
<tr>
<td>Letters of guarantee</td>
<td>95,634,658</td>
<td>84,008,283</td>
</tr>
<tr>
<td>Export related services</td>
<td>33,890,563</td>
<td>34,523,772</td>
</tr>
<tr>
<td>Bills purchased</td>
<td>7,647</td>
<td>-</td>
</tr>
<tr>
<td>Accepted bills</td>
<td>251,160,636</td>
<td>200,914,305</td>
</tr>
<tr>
<td>OBC, IBC etc.</td>
<td>336,810</td>
<td>463,680</td>
</tr>
<tr>
<td>PO, DD, TT, TC, etc.</td>
<td>576,488</td>
<td>571,820</td>
</tr>
<tr>
<td>NRB operation</td>
<td>15,410,158</td>
<td>14,124,077</td>
</tr>
<tr>
<td>Other fees and charges (note 29.a.1)</td>
<td>739,825,981</td>
<td>713,849,903</td>
</tr>
<tr>
<td>Other commissions</td>
<td>45,026,898</td>
<td>31,522,771</td>
</tr>
<tr>
<td></td>
<td><strong>1,516,260,624</strong></td>
<td><strong>1,317,072,395</strong></td>
</tr>
<tr>
<td>Exchange gain including gain from foreign currency dealings (note 29.a.2)</td>
<td>1,335,588,997</td>
<td>808,191,126</td>
</tr>
<tr>
<td></td>
<td><strong>2,851,849,621</strong></td>
<td><strong>2,125,263,521</strong></td>
</tr>
</tbody>
</table>

### Other fees and charges

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service and other charges</td>
<td>692,675,307</td>
<td>680,652,912</td>
</tr>
<tr>
<td>Structured finance fee</td>
<td>43,359,007</td>
<td>25,682,288</td>
</tr>
<tr>
<td>Commitment fee</td>
<td>3,791,667</td>
<td>7,514,703</td>
</tr>
<tr>
<td></td>
<td><strong>739,825,981</strong></td>
<td><strong>713,849,903</strong></td>
</tr>
</tbody>
</table>

### Net exchange gain

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange gain</td>
<td>1,350,810,455</td>
<td>819,411,882</td>
</tr>
<tr>
<td>Exchange loss</td>
<td>(15,221,456)</td>
<td>(11,220,756)</td>
</tr>
<tr>
<td></td>
<td><strong>1,335,588,997</strong></td>
<td><strong>808,191,126</strong></td>
</tr>
</tbody>
</table>

### CONSOLIDATED OTHER OPERATING INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 30a)</td>
<td>1,777,944,806</td>
<td>1,047,663,376</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>152,000</td>
<td>98,500</td>
</tr>
<tr>
<td>City Bank Capital Resources Ltd</td>
<td>1,481,846</td>
<td>29,000</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>1,684,185</td>
<td>1,890,280</td>
</tr>
<tr>
<td>Inter-company transactions</td>
<td><strong>1,781,262,838</strong></td>
<td><strong>1,049,681,156</strong></td>
</tr>
<tr>
<td>City Bank Capital Resources Limited with The City Bank Limited</td>
<td>(276,812,532)</td>
<td>-</td>
</tr>
<tr>
<td>City Brokerage Limited with The City Bank Limited</td>
<td>(193,139,428)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>1,311,310,878</strong></td>
<td><strong>1,049,681,156</strong></td>
</tr>
</tbody>
</table>

### Other operating income - The City Bank Limited

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental income</td>
<td>12,864,238</td>
<td>11,086,318</td>
</tr>
<tr>
<td>Swift recoveries</td>
<td>53,423,911</td>
<td>47,249,588</td>
</tr>
<tr>
<td>Profit from sale of fixed assets</td>
<td>516,669,123</td>
<td>9,348,149</td>
</tr>
<tr>
<td>Credit card income (note 30a.1)</td>
<td>1,118,686,514</td>
<td>917,737,812</td>
</tr>
<tr>
<td>Rebate received from foreign banks</td>
<td>64,037,435</td>
<td>54,316,401</td>
</tr>
<tr>
<td>Others</td>
<td>12,264,584</td>
<td>7,925,139</td>
</tr>
<tr>
<td></td>
<td><strong>1,777,944,806</strong></td>
<td><strong>1,047,663,376</strong></td>
</tr>
</tbody>
</table>

### Credit card income

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Card issue fees</td>
<td>287,794,109</td>
<td>252,896,414</td>
</tr>
<tr>
<td>Late payment fees</td>
<td>136,588,316</td>
<td>120,996,184</td>
</tr>
<tr>
<td>Merchant commission</td>
<td>591,437,824</td>
<td>411,110,124</td>
</tr>
<tr>
<td>Interchange fees</td>
<td>27,669,257</td>
<td>42,465,845</td>
</tr>
<tr>
<td>Mark-up, excess limit, cash advance fees etc.</td>
<td>75,196,008</td>
<td>90,299,246</td>
</tr>
<tr>
<td></td>
<td><strong>1,118,685,514</strong></td>
<td><strong>917,737,812</strong></td>
</tr>
</tbody>
</table>
## 31 CONSOLIDATED SALARIES AND ALLOWANCES

<table>
<thead>
<tr>
<th>Company</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited</td>
<td>4,209,317,272</td>
<td>3,637,129,519</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>68,187,305</td>
<td>52,673,920</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>48,669,209</td>
<td>39,851,002</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>37,626,803</td>
<td>28,415,326</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,363,800,589</strong></td>
<td><strong>3,758,069,767</strong></td>
</tr>
</tbody>
</table>

## 32 CONSOLIDATED RENT, TAXES, INSURANCE, ELECTRICITY ETC.

<table>
<thead>
<tr>
<th>Company</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 32.a)</td>
<td>911,604,504</td>
<td>729,397,902</td>
</tr>
<tr>
<td>City Brokerage Limited (note 32.b)</td>
<td>46,668,216</td>
<td>31,912,096</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>9,365,571</td>
<td>6,028,213</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>15,147,311</td>
<td>13,878,385</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>982,785,601</strong></td>
<td><strong>781,216,595</strong></td>
</tr>
</tbody>
</table>

### 32.a Rent, taxes, insurance, electricity etc. - The City Bank Limited

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>498,625,154</td>
<td>419,419,198</td>
</tr>
<tr>
<td>Rates and taxes</td>
<td>98,390,695</td>
<td>39,536,793</td>
</tr>
<tr>
<td>Insurance</td>
<td>188,714,385</td>
<td>153,149,974</td>
</tr>
<tr>
<td>Power and electricity</td>
<td>125,874,299</td>
<td>117,291,217</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>911,604,504</strong></td>
<td><strong>729,397,902</strong></td>
</tr>
</tbody>
</table>

### 32.b Rent, taxes, insurance, electricity etc. - City Brokerage Limited

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>17,217,029</td>
<td>12,421,754</td>
</tr>
<tr>
<td>Rates and taxes</td>
<td>25,012,963</td>
<td>14,578,960</td>
</tr>
<tr>
<td>Insurance</td>
<td>329,945</td>
<td>343,512</td>
</tr>
<tr>
<td>Power and electricity</td>
<td>4,108,279</td>
<td>4,567,869</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46,668,216</strong></td>
<td><strong>31,912,096</strong></td>
</tr>
</tbody>
</table>

## 33 CONSOLIDATED LEGAL EXPENSES

<table>
<thead>
<tr>
<th>Company</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 33.a)</td>
<td>50,601,079</td>
<td>36,338,906</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>987,745</td>
<td>728,543</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>846,086</td>
<td>349,910</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>410,885</td>
<td>855,994</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52,845,795</strong></td>
<td><strong>38,273,353</strong></td>
</tr>
</tbody>
</table>

### 33.a Legal expenses - The City Bank Limited

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal expenses</td>
<td>50,208,657</td>
<td>36,034,073</td>
</tr>
<tr>
<td>Others</td>
<td>392,422</td>
<td>304,833</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50,601,079</strong></td>
<td><strong>36,338,906</strong></td>
</tr>
</tbody>
</table>

## 34 CONSOLIDATED POSTAGE, STAMPS, TELECOMMUNICATION ETC.

<table>
<thead>
<tr>
<th>Company</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 34.a)</td>
<td>77,304,848</td>
<td>86,933,721</td>
</tr>
<tr>
<td>City Brokerage Limited (note 34.b)</td>
<td>3,267,426</td>
<td>3,152,896</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>1,141,331</td>
<td>713,014</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>1,566,894</td>
<td>1,972,482</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>83,280,499</strong></td>
<td><strong>92,772,113</strong></td>
</tr>
</tbody>
</table>

### 34.a Postage, stamps, telecommunication etc. - The City Bank Limited

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postage/courier service</td>
<td>24,973,477</td>
<td>25,089,249</td>
</tr>
<tr>
<td>Telegram, telex, fax &amp; swift charge</td>
<td>6,264,774</td>
<td>3,615,779</td>
</tr>
<tr>
<td>Telephone - office</td>
<td>36,669,593</td>
<td>50,220,792</td>
</tr>
<tr>
<td>Telephone - residence</td>
<td>9,397,004</td>
<td>8,007,900</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>77,304,848</strong></td>
<td><strong>86,933,721</strong></td>
</tr>
<tr>
<td>Category</td>
<td>2017</td>
<td>2016 (Restated)</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>34.b Postage, stamps, telecommunication etc. - City Brokerage Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Postage</td>
<td>16,234</td>
<td>9,439</td>
</tr>
<tr>
<td>Telegram, telex, fax and e-mail</td>
<td>2,381,080</td>
<td>2,343,825</td>
</tr>
<tr>
<td>Telephone bill</td>
<td>870,112</td>
<td>799,632</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,267,426</strong></td>
<td><strong>3,152,896</strong></td>
</tr>
<tr>
<td>35 CONSOLIDATED STATIONERY, PRINTING AND ADVERTISEMENTS ETC.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The City Bank Limited (note 35a)</td>
<td>210,914,296</td>
<td>160,933,282</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>2,373,154</td>
<td>1,684,161</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>1,762,016</td>
<td>1,075,685</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>1,414,075</td>
<td>1,831,825</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>216,463,541</strong></td>
<td><strong>165,524,753</strong></td>
</tr>
<tr>
<td>35.a Stationery, printing and advertisements etc. - The City Bank Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office and security stationery (note 35a.1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office and security stationery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer consumable stationery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publicity and advertisement</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35.a.1 Office and security stationery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office stationery</td>
<td>77,263,595</td>
<td>46,998,945</td>
</tr>
<tr>
<td>Security stationery</td>
<td>33,637,785</td>
<td>30,385,011</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>110,901,380</strong></td>
<td><strong>77,383,966</strong></td>
</tr>
<tr>
<td>35.a.2 Publicity and advertisement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertisement Sponsorship-Magazine</td>
<td>35,578,091</td>
<td>35,456,030</td>
</tr>
<tr>
<td>Advertisement Sponsorship-Others</td>
<td>27,587,765</td>
<td>13,581,098</td>
</tr>
<tr>
<td>Advertisement-Television and radio</td>
<td>18,496,480</td>
<td>21,547,531</td>
</tr>
<tr>
<td>Advertisement-Miscellaneous</td>
<td>2,338,303</td>
<td>5,069,887</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>84,000,639</strong></td>
<td><strong>75,854,546</strong></td>
</tr>
<tr>
<td>36 CHIEF EXECUTIVE’S SALARY AND FEES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic salary</td>
<td>9,048,542</td>
<td>8,320,500</td>
</tr>
<tr>
<td>Festival bonus and other allowances</td>
<td>8,545,610</td>
<td>8,616,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,594,152</strong></td>
<td><strong>16,939,300</strong></td>
</tr>
<tr>
<td>37 CONSOLIDATED DIRECTORS’ FEES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The City Bank Limited (note 37a)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>1,758,000</td>
<td>2,203,000</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>115,000</td>
<td>215,000</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>118,576</td>
<td>244,166</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,992,576</strong></td>
<td><strong>2,662,166</strong></td>
</tr>
<tr>
<td>37.a Directors’ fees - The City Bank Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meeting fees</td>
<td>1,758,000</td>
<td>2,203,000</td>
</tr>
</tbody>
</table>

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.
### CONSOLIDATED DEPRECIATION AND REPAIR

<table>
<thead>
<tr>
<th>Company</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 38.a)</td>
<td>1,019,049,698</td>
<td>962,903,259</td>
</tr>
<tr>
<td>City Brokerage Limited (note 38.b)</td>
<td>8,714,410</td>
<td>7,699,823</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited (note 38.c)</td>
<td>5,744,862</td>
<td>4,362,390</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>3,705,921</td>
<td>3,223,924</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,037,214,890</strong></td>
<td><strong>978,189,396</strong></td>
</tr>
</tbody>
</table>

#### 38.a Depreciation and repair of bank’s assets - The City Bank Limited

**Depreciation:**
- Fixed Assets: 510,751,590
- Others: 6,675,392

**Repairs and maintenance:**
- Fixed Assets: 501,622,715
- Others: 7,340,306

See Annexure D for details of depreciation.

#### 38.b Depreciation and repair - City Brokerage Limited

**Depreciation:**
- Furniture and fixtures: 2,009,622
- Office equipment: 1,228,127
- Vehicle: 84,037
- Building: 610,103
- Software: 409,102

**Repairs and maintenance:**
- Fixed Assets: 4,373,419

#### 38.c Depreciation and repair - City Bank Capital Resources Limited

**Depreciation:**
- Furniture and fixtures: 32,071
- Office equipment: 619,114
- Vehicle: 2,074,988
- Building: 268,264
- Software: 328,464

**Repairs and maintenance:**
- Fixed Assets: 2,421,996

#### 39 CONSOLIDATED OTHER EXPENSES

<table>
<thead>
<tr>
<th>Company</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 39.a)</td>
<td>1,546,153,421</td>
<td>1,223,909,848</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>22,938,050</td>
<td>17,505,203</td>
</tr>
<tr>
<td>City Bank Capital Resources Limited</td>
<td>51,909,973</td>
<td>4,667,358</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>7,211,668</td>
<td>5,087,128</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,628,213,112</strong></td>
<td><strong>1,251,169,537</strong></td>
</tr>
</tbody>
</table>
### 39.a Other expenses - The City Bank Limited

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2C16 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entertainment</td>
<td>23,991,610</td>
<td>16,954,787</td>
</tr>
<tr>
<td>Books, magazines and newspapers etc.</td>
<td>1,458,805</td>
<td>1,392,775</td>
</tr>
<tr>
<td>Medical</td>
<td>1,338,481</td>
<td>1,047,780</td>
</tr>
<tr>
<td>Cash carrying charges</td>
<td>22,469,009</td>
<td>19,917,187</td>
</tr>
<tr>
<td>Subscription to institutions</td>
<td>8,768,861</td>
<td>7,623,969</td>
</tr>
<tr>
<td>Donations</td>
<td>140,963,348</td>
<td>39,952,062</td>
</tr>
<tr>
<td>Professional fees</td>
<td>61,331,868</td>
<td>26,605,509</td>
</tr>
<tr>
<td>Travelling expenditure and conveyance - Staff</td>
<td>53,820,257</td>
<td>44,770,252</td>
</tr>
<tr>
<td>Business expansion Cost</td>
<td>302,380,066</td>
<td>267,714,696</td>
</tr>
<tr>
<td>Annual general meeting</td>
<td>1,834,900</td>
<td>22,567,138</td>
</tr>
<tr>
<td>Guard salary</td>
<td>120,137,648</td>
<td>128,624,536</td>
</tr>
<tr>
<td>Security expenses</td>
<td>52,294,680</td>
<td>32,615,857</td>
</tr>
<tr>
<td>Business process outsourcing Online</td>
<td>54,478,123</td>
<td>51,448,326</td>
</tr>
<tr>
<td>Vehicle rental expenditure</td>
<td>11,748,960</td>
<td>11,952,000</td>
</tr>
<tr>
<td>Staff activities and welfare</td>
<td>18,281,588</td>
<td>15,513,168</td>
</tr>
<tr>
<td>Washing and cleaning</td>
<td>36,967,286</td>
<td>29,980,936</td>
</tr>
<tr>
<td>Credit card (note 39a.1)</td>
<td>402,408,938</td>
<td>324,385,463</td>
</tr>
<tr>
<td>IT support &amp; software maintenance</td>
<td>25,420,302</td>
<td>8,126,628</td>
</tr>
<tr>
<td>Royalty adjustment</td>
<td>75,473,028</td>
<td>31,891,537</td>
</tr>
<tr>
<td>CIB charges</td>
<td>1,394,748</td>
<td>2,329,577</td>
</tr>
<tr>
<td>Remittance charges</td>
<td>72,520</td>
<td>187,716</td>
</tr>
<tr>
<td>Fuel</td>
<td>31,403,518</td>
<td>24,713,599</td>
</tr>
<tr>
<td>Loss from sale of fixed assets</td>
<td>9,670,625</td>
<td>-</td>
</tr>
<tr>
<td>Others (note 39a.2)</td>
<td>89,048,242</td>
<td>113,594,350</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,546,153,421</strong></td>
<td><strong>1,223,909,848</strong></td>
</tr>
</tbody>
</table>

#### 39.a.1 Credit card expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2C16 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Card processing and personalization</td>
<td>33,213,757</td>
<td>25,801,681</td>
</tr>
<tr>
<td>VISA international expenses</td>
<td>83,706,941</td>
<td>62,678,560</td>
</tr>
<tr>
<td>ATM expenditure - IT support</td>
<td>6,288,396</td>
<td>5,110,069</td>
</tr>
<tr>
<td>Other expenditure - cards</td>
<td>279,199,844</td>
<td>230,797,153</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>402,408,938</strong></td>
<td><strong>324,385,463</strong></td>
</tr>
</tbody>
</table>

#### 39.a.2 Others include Capital raising expenses, Staff recruitment expenses, NRB bank charges etc.

## 40 CONSOLIDATED PROVISION FOR LOANS AND ADVANCES/INVESTMENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2C16 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 40a)</td>
<td>1,257,823,728</td>
<td>1,338,300,000</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>(30,446,000)</td>
<td>76,346,765</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,227,377,728</strong></td>
<td><strong>2,014,646,765</strong></td>
</tr>
</tbody>
</table>

#### 40a Provision for loans and advances/investments - The City Bank Limited

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2C16 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for classified loans and advances/investments</td>
<td>1,238,323,530</td>
<td>1,459,740,000</td>
</tr>
<tr>
<td>Provision for unclassified loans and advances/investments</td>
<td>19,500,199</td>
<td>478,580,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,257,823,728</strong></td>
<td><strong>1,938,300,000</strong></td>
</tr>
</tbody>
</table>
40.b Other provision - The City Bank Limited
During 2017 an amount of Tk 279,750,000 was charged for maintaining provision against non-banking assets.

41 CONSOLIDATED PROVISION FOR TAXATION

<table>
<thead>
<tr>
<th>Current tax:</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 41.a)</td>
<td>1,765,196,934</td>
<td>1,656,130,855</td>
</tr>
<tr>
<td>City Brokerage Limited</td>
<td>87,605,558</td>
<td>36,521,946</td>
</tr>
<tr>
<td>City Bank Capital Resources Ltd.</td>
<td>40,012,707</td>
<td>23,832,488</td>
</tr>
<tr>
<td><strong>Total Current tax</strong></td>
<td><strong>1,892,815,199</strong></td>
<td><strong>1,716,485,269</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deferred tax:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited (note 41.a)</td>
<td>(241,732,134)</td>
<td>(146,236,463)</td>
</tr>
<tr>
<td>City Bank Capital Resources Ltd.</td>
<td>4,323,207</td>
<td>31,980</td>
</tr>
<tr>
<td><strong>Total Deferred tax</strong></td>
<td><strong>237,406,927</strong></td>
<td><strong>146,204,483</strong></td>
</tr>
</tbody>
</table>

**Income tax on profit**

<table>
<thead>
<tr>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,655,406,271</td>
<td>1,570,280,806</td>
</tr>
</tbody>
</table>

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 1,765,196,934 for prior year (Taka 1,656,130,855) has been kept as provision for income tax.

Deferred tax:
Deferred tax is provided using the Balance sheet method for timing difference arising between the tax base of assets and liabilities and their carrying values for reporting purposes as per Bangladesh Accounting Standard (BAS) - 12. During the year, net amount of Taka 241,732,134 (2016: Taka 146,236,463) has been recognized as deferred tax income.

The charge for taxation is based upon profit for the year comprises:

- Current tax on taxable income @ 40%
- Adjustment for prior year
- Net deferred tax liability/asset originated for temporary differences
- Income tax on profit

<table>
<thead>
<tr>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,765,196,934</td>
<td>1,656,130,855</td>
</tr>
<tr>
<td>(241,732,134)</td>
<td>(146,236,463)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,523,464,800</strong></td>
</tr>
</tbody>
</table>

42 CONSOLIDATED RECEIPTS FROM OTHER OPERATING ACTIVITIES

| The City Bank Limited (note 42.a) | 4,412,316,004 | 5,356,933,457 |
| City Brokerage Limited            | 127,463,908   | 84,601,728    |
| City Bank Capital Resources Ltd.  | 104,755,931   | 11,405,011    |
| CBL Money Transfer Sdn. Blvd.     | 1,825,788     | 1,751,865     |
| **Total**                         | **4,648,361,830** | **5,454,692,081** |

42.a Receipts from other operating activities - The City Bank Limited

- Interest on bonds, debentures and treasury bills
- Rent recovered
- Postage/telex/fax/swift charge recoveries
- Income from sale of Bank's property
- Credit card income
- Rebate received from foreign banks
- Miscellaneous earnings

<table>
<thead>
<tr>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,634,371,197</td>
<td>4,309,270,081</td>
</tr>
<tr>
<td>12,864,238</td>
<td>11,086,318</td>
</tr>
<tr>
<td>53,423,911</td>
<td>47,248,558</td>
</tr>
<tr>
<td>516,669,123</td>
<td>9,348,149</td>
</tr>
<tr>
<td>1,118,685,514</td>
<td>917,737,812</td>
</tr>
<tr>
<td>64,037,435</td>
<td>54,316,401</td>
</tr>
<tr>
<td>12,264,584</td>
<td>7,925,139</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,412,316,004</strong></td>
</tr>
<tr>
<td>43</td>
<td>CONSOLIDATED PAYMENTS FOR OTHER OPERATING ACTIVITIES</td>
</tr>
<tr>
<td>----</td>
<td>------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>The City Bank Limited (note 43.a)</td>
</tr>
<tr>
<td></td>
<td>City Brokerage Limited</td>
</tr>
<tr>
<td></td>
<td>City Bank Capital Resources Limited</td>
</tr>
<tr>
<td></td>
<td>CBL Money Transfer Sdn Bhd.</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>43.a</td>
<td>Payments for other operating activities - The City Bank Limited</td>
</tr>
<tr>
<td></td>
<td>Rent, taxes, insurance and electricity</td>
</tr>
<tr>
<td></td>
<td>Legal expenses</td>
</tr>
<tr>
<td></td>
<td>Postage, stamp and telecommunication</td>
</tr>
<tr>
<td></td>
<td>Advertisement expenses</td>
</tr>
<tr>
<td></td>
<td>Directors’ fees</td>
</tr>
<tr>
<td></td>
<td>Auditors’ fees</td>
</tr>
<tr>
<td></td>
<td>Repair to Bank’s assets</td>
</tr>
<tr>
<td></td>
<td>Other expenses</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>44</th>
<th>CONSOLIDATED (INCREASE) / DECREASE OF OTHER ASSETS</th>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The City Bank Limited (note 44.a)</td>
<td>899,477,189</td>
<td>(726,285,982)</td>
</tr>
<tr>
<td></td>
<td>City Brokerage Limited</td>
<td>16,075,804</td>
<td>(36,691,008)</td>
</tr>
<tr>
<td></td>
<td>City Bank Capital Resources Limited</td>
<td>68,569,599</td>
<td>(75,788,555)</td>
</tr>
<tr>
<td></td>
<td>CBL Money Transfer Sdn Bhd.</td>
<td>848,593</td>
<td>(2,372,504)</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>984,971,185</strong></td>
<td><strong>(841,138,058)</strong></td>
</tr>
<tr>
<td></td>
<td>Adjustment for consolidation - The City Bank Ltd.</td>
<td>(88,423,488)</td>
<td>15,374,366</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>896,547,697</strong></td>
<td><strong>(825,763,692)</strong></td>
</tr>
</tbody>
</table>

| 44.a | (Increase) / decrease of other assets - The City Bank Limited |
|      | Stationery and stamps                                   | (2,282,444)   | 1,880,630       |
|      | Advance deposits and advance rent                       | (60,672,505)  | (47,760,283)    |
|      | Prepaid expenses                                        | (42,568,152)  | (24,289,982)    |
|      | Branch adjustment account                               | (17,549,539)  | 3,256,851       |
|      | Account receivables                                     | 1,248,616,295 | (716,612,751)   |
|      | Security deposits                                       | (4,046,523)   | (498,312)       |
|      | Receivable from City Brokerage Ltd.                    | (112,105)     | (42,689)        |
|      | Receivable from City Bank Capital Resources Ltd.       | 28,553,260    | 25,790,008      |
|      | Intangible assets                                       | (250,461,097) | 31,891,537      |
|      | **Total**                                              | **899,477,189** | **726,285,992** |

<table>
<thead>
<tr>
<th>45</th>
<th>CONSOLIDATED INCREASE/ (DECREASE) OF OTHER LIABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The City Bank Limited (note 45.a)</td>
</tr>
<tr>
<td></td>
<td>City Brokerage Limited</td>
</tr>
<tr>
<td></td>
<td>City Bank Capital Resources Limited</td>
</tr>
<tr>
<td></td>
<td>CBL Money Transfer Sdn Bhd.</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td></td>
<td>Adjustment for consolidation - The City Bank Ltd.</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
45.a Increase/(decrease) of other liabilities - The City Bank Limited

- Loans written off and waived: (1,900,861,427) (2,467,205,032)
- Interest suspense account: (214,795,574) (307,961,562)
- Other provision: (18,360,111) (124,941,660)
- Branch adjustment account: - -
- Payable to CBL Money Transfer Sdn Bhd: (265,273) (896,224)
- Others: 209,241,849 78,143,035
- Total: (1,925,040,536) (2,822,881,443)

46 CONSOLIDATED EARNINGS PER SHARE (EPS)

(i) Net profit after tax - Taka: 3,458,668,899 4,003,997,676
(ii) Weighted average number of shares: 887,321,689 875,798,031
Consolidated earnings per share - Taka (/A):

<table>
<thead>
<tr>
<th>2017</th>
<th>2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.90</td>
<td>4.57</td>
</tr>
</tbody>
</table>

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: 3,628,448,718 3,955,712,710
(ii) Weighted average number of shares: 887,321,689 875,798,031
Earnings per share - Taka (/A):

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.09</td>
<td>4.52</td>
</tr>
</tbody>
</table>

47 SEGMENT REPORTING

<table>
<thead>
<tr>
<th></th>
<th>Conventional Taka</th>
<th>Islamic Taka</th>
<th>Offshore Taka</th>
<th>Total Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating income</td>
<td>14,470,487,678</td>
<td>181,631,791</td>
<td>263,993,297</td>
<td>14,916,112,766</td>
</tr>
<tr>
<td>unallocated expenses and tax</td>
<td>(7,982,744,641)</td>
<td>(57,336,190)</td>
<td>(6,544,689)</td>
<td>(8,046,625,520)</td>
</tr>
<tr>
<td>Allocated expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision against loans and advances</td>
<td>(1,261,195,919)</td>
<td>71,207,777</td>
<td>(67,835,587)</td>
<td>(1,257,823,728)</td>
</tr>
<tr>
<td>Provision against off-balance sheet exposures</td>
<td>(163,555,453)</td>
<td>3,123,549</td>
<td>(19,568,096)</td>
<td>(180,000,000)</td>
</tr>
<tr>
<td>Other provision</td>
<td>(279,750,000)</td>
<td></td>
<td></td>
<td>(279,750,000)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>4,783,241,665</td>
<td>198,626,927</td>
<td>170,044,925</td>
<td>5,151,913,517</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td></td>
<td></td>
<td></td>
<td>(1,523,464,800)</td>
</tr>
<tr>
<td>Net profit</td>
<td></td>
<td></td>
<td></td>
<td>3,628,448,718</td>
</tr>
<tr>
<td>Segment assets</td>
<td>248,550,913,975</td>
<td>4,323,030,603</td>
<td>22,657,484,056</td>
<td>275,531,428,634</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>248,550,913,975</td>
<td>4,323,030,603</td>
<td>22,657,484,056</td>
<td>275,531,428,634</td>
</tr>
</tbody>
</table>
### RELATED PARTY DISCLOSURES

1. **Particulars of Directors of the Bank as on 31 December 2017**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the persons</th>
<th>Designation</th>
<th>Present Address</th>
<th>Percentage (%) of shares as at 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Mr. Mohammed Shoeb</td>
<td>Chairman</td>
<td>23 Shyamoli, Road No.2, Mohammadpur, Dhaka-1207</td>
<td>2.37%</td>
</tr>
<tr>
<td>2.</td>
<td>Ms. Tabassum Kaiser</td>
<td>Vice-Chairperson</td>
<td>Blumingdale, 24 Duttbas Road, Baridhara, Dhaka -1212</td>
<td>2.10%</td>
</tr>
<tr>
<td>3.</td>
<td>Mr. Rubel Aziz</td>
<td>Director</td>
<td>&quot;Stone House&quot; House no.8, Road no.62, Gulshan-2, Dhaka-1212</td>
<td>2.37%</td>
</tr>
<tr>
<td>4.</td>
<td>Mr. Aziz Al Kaiser</td>
<td>Director</td>
<td>Blumingdale 24 Duttbas Road, Baridhara, Dhaka-1212</td>
<td>2.77%</td>
</tr>
<tr>
<td>5.</td>
<td>Mr. Hossain Mehrmood</td>
<td>Nominated Director</td>
<td>House No.20, Road No-6 Dhanmondi R/A, Dhaka-1205</td>
<td>2.00%</td>
</tr>
<tr>
<td>6.</td>
<td>Mr. Hossain Khaled</td>
<td>Director</td>
<td>Anwar Group of IndustriesBaitul Hossain Building 27, Dikusha C/A, Dhaka-1000</td>
<td>2.19%</td>
</tr>
<tr>
<td>7.</td>
<td>Mr. Rajibul Huq Chowdhury</td>
<td>Director</td>
<td>688/3, Boro Mogbazar Dhaka-1217</td>
<td>2.11%</td>
</tr>
<tr>
<td>8.</td>
<td>Mr. Deen Mohammad</td>
<td>Director</td>
<td>23 Shyamoli, Road No.2, Mohammadpur, Dhaka-1207</td>
<td>4.73%</td>
</tr>
<tr>
<td>9.</td>
<td>Mr. Rafiquil Islam Khan</td>
<td>Director</td>
<td>House no.67, Road no. 8/A Dhanmondi, Dhaka-1205</td>
<td>2.00%</td>
</tr>
<tr>
<td>10.</td>
<td>Mrs. Syeda Shaireen Aziz</td>
<td>Director</td>
<td>&quot;Stone House&quot; House no.8, Road no.62, Gulshan-2, Dhaka-1212</td>
<td>2.00%</td>
</tr>
<tr>
<td>11.</td>
<td>Mrs. Saveria H. Mahmood</td>
<td>Nominated Director</td>
<td>House no.12, Road no. 01, Baridhara, Dhaka.</td>
<td>2.00%</td>
</tr>
<tr>
<td>12.</td>
<td>Mr. Tanjib-Ul Alam</td>
<td>Independent Director</td>
<td>House No. 83, Road No.12A Dhanmondi R/A, Dhaka-1209</td>
<td>Nil</td>
</tr>
<tr>
<td>13.</td>
<td>Mr. Farooq Sobhan</td>
<td>Independent Director</td>
<td>Royal Concord, House # 54, Apt. # 402, Road # 84, Gulshan - 2, Dhaka</td>
<td>Nil</td>
</tr>
<tr>
<td>14.</td>
<td>Mr. Sohail R K Hussain</td>
<td>CEO &amp; MD</td>
<td>The City Bank Ltd, 136 Gulshan Avenue, Gulshan-2 Dhaka-1212</td>
<td>0.01%</td>
</tr>
</tbody>
</table>

For directors interest in different entities refer to Annexure-F.
### Related party transactions

During the period 1 January 2017 to 31 December 2017, the Bank concluded business deals with the following organizations in which the directors had interest:

<table>
<thead>
<tr>
<th>Name of organisation</th>
<th>Relationship</th>
<th>Nature of transactions</th>
<th>Transaction value for the period ended</th>
<th>Balance outstanding as at</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>31 Dec 2017 Taka</td>
<td>31 Dec 2016 Taka</td>
</tr>
<tr>
<td>City Brokerage Ltd.</td>
<td>Subsidiary Company</td>
<td>Share Capital</td>
<td>-</td>
<td>1,800,000,000</td>
</tr>
<tr>
<td>City Brokerage Ltd.</td>
<td>Subsidiary Company</td>
<td>Loan</td>
<td>1,750,751,976</td>
<td>3,447,946,521</td>
</tr>
<tr>
<td>City Brokerage Ltd.</td>
<td>Subsidiary Company</td>
<td>Interest on Loan</td>
<td>95,411,476</td>
<td>135,702,485</td>
</tr>
<tr>
<td>City Brokerage Ltd.</td>
<td>Subsidiary Company</td>
<td>Sale of Fixed Assets</td>
<td>263,235,000</td>
<td>N/A</td>
</tr>
<tr>
<td>City Brokerage Ltd.</td>
<td>Subsidiary Company</td>
<td>Inter Company Expenses</td>
<td>14,163,145</td>
<td>1,115,957,237</td>
</tr>
<tr>
<td>City Bank Capital Resources Ltd</td>
<td>Subsidiary company</td>
<td>Share Capital</td>
<td>-</td>
<td>1,800,000,000</td>
</tr>
<tr>
<td>City Bank Capital Resources Ltd</td>
<td>Subsidiary Company</td>
<td>Sale of Fixed Assets</td>
<td>407,498,298</td>
<td>N/A</td>
</tr>
<tr>
<td>City Bank Capital Resources Ltd</td>
<td>Subsidiary Company</td>
<td>Cash Dividend</td>
<td>219,995,686</td>
<td>79,998,431</td>
</tr>
<tr>
<td>City Bank Capital Resources Ltd</td>
<td>Subsidiary company</td>
<td>Interest on Deposits</td>
<td>8,457,480</td>
<td>19,364,611</td>
</tr>
<tr>
<td>City Bank Capital Resources Ltd</td>
<td>Subsidiary Company</td>
<td>Inter Company Expenses</td>
<td>9,729,080</td>
<td>39,201,806</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>Subsidiary company</td>
<td>Loan</td>
<td>2,931,957,490</td>
<td>3,523,070,032</td>
</tr>
<tr>
<td>CBL Money Transfer Sdn. Bhd.</td>
<td>Subsidiary Company</td>
<td>Interest on Loan</td>
<td>3,136,990</td>
<td>4,771,343</td>
</tr>
<tr>
<td>Janata Insurance Company Ltd.</td>
<td>Director Interest</td>
<td>Insurance Coverage</td>
<td>11,873,497</td>
<td>8,817,276</td>
</tr>
<tr>
<td>City General Insurance Company Ltd.</td>
<td>Director Interest</td>
<td>Insurance Coverage</td>
<td>8,351,083</td>
<td>5,914,159</td>
</tr>
<tr>
<td>Phoenix Insurance Company Ltd.</td>
<td>Director Interest</td>
<td>Insurance Coverage</td>
<td>18,389,018</td>
<td>12,462,292</td>
</tr>
</tbody>
</table>
### Statement of debts due by companies or firms in which the Directors (including Ex-Directors) of the Bank have Interests as on 31 December 2017

#### A) Statement of funded debts due by the Directors of the bank company as at 31 December 2017

(Figures in Lac Taka)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Names of Directors</th>
<th>Present status with the bank</th>
<th>Name of the institution</th>
<th>Types of facility</th>
<th>Outstanding as at 31 December 2017</th>
<th>Classification status</th>
<th>Value of eligible security</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Mohammed Shoeb</td>
<td>Chairman</td>
<td>Self</td>
<td>Credit Card</td>
<td>0.37</td>
<td>Unclassified</td>
<td>Marked as lien of $ 0.04 lac in RFCDC A/C</td>
</tr>
<tr>
<td>2</td>
<td>Ms. Tahsia Kaiser</td>
<td>Vice-Chairperson</td>
<td>Self</td>
<td>Credit Card</td>
<td>0.79</td>
<td>Do</td>
<td>Marked as lien of $ 0.05 lac in RFCDC A/C &amp; Tk. 3.00 lac in FDR</td>
</tr>
<tr>
<td>3</td>
<td>Mr. Rubel Aziz</td>
<td>Director</td>
<td>Self</td>
<td>Credit Card</td>
<td>2.23</td>
<td>Do</td>
<td>Marked as lien of $ 2.5 lac in RFCDC A/C &amp; Tk. 2.78 lac in FDR</td>
</tr>
<tr>
<td>4</td>
<td>Mr. Aziz Al Kaiser</td>
<td>Director</td>
<td>Self</td>
<td>Credit Card</td>
<td>0.00</td>
<td>Do</td>
<td>Marked as lien of $ 0.10 lac in RFCDC A/C &amp; Tk. 3.00 lac in FDR</td>
</tr>
<tr>
<td>5</td>
<td>Mr. Hossain Mehmood</td>
<td>Director</td>
<td>Self</td>
<td>Credit Card</td>
<td>0.40</td>
<td>Do</td>
<td>Marked as lien of $ 0.05 lac in ERQ A/C</td>
</tr>
<tr>
<td>6</td>
<td>Mrs. Syeda Shaheen Aziz</td>
<td>Director</td>
<td>Self</td>
<td>Credit Card</td>
<td>1.16</td>
<td>Do</td>
<td>Marked as lien of Tk. 7.22 lac in FDR</td>
</tr>
<tr>
<td>7</td>
<td>Mr. Hossain Ahmed</td>
<td>Director</td>
<td>Self</td>
<td>Credit Card</td>
<td>0.00</td>
<td>Do</td>
<td>Marked as lien of $ 0.05 lac in ERQ A/C</td>
</tr>
<tr>
<td>8</td>
<td>Mr. Rejaul Huq Chowdhury</td>
<td>Director</td>
<td>Self</td>
<td>Credit Card</td>
<td>0.00</td>
<td>Do</td>
<td>Marked as lien of Tk. 5.00 lac in FDR</td>
</tr>
<tr>
<td>9</td>
<td>Mrs. Sajeda H. Mahmood</td>
<td>Nominated Director</td>
<td>Self</td>
<td>Credit Card</td>
<td>1.69</td>
<td>Do</td>
<td>Marked as lien of Tk. 8.90 lac in FDR</td>
</tr>
<tr>
<td>10</td>
<td>Mr. Deen Mohammad</td>
<td>Director</td>
<td>Self</td>
<td>Credit Card</td>
<td>0.01</td>
<td>Do</td>
<td>Marked as lien of $ 0.05 lac in RFCDC A/C &amp; Tk. 5.00 lac in FDR</td>
</tr>
</tbody>
</table>

#### B) Statement of other funded debts due by the Directors of the bank company as at 31 December 2017

(Figures in Lac Taka)

<table>
<thead>
<tr>
<th>Sl.</th>
<th>Names of Directors</th>
<th>Present status with the bank</th>
<th>Name of the institution</th>
<th>Types of facility</th>
<th>Outstanding as at 31 December 2017</th>
<th>Classification status</th>
<th>Value of eligible security</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Deen Mohammad</td>
<td>Director</td>
<td>Rupayan Port &amp; Logistic Services Ltd.</td>
<td>STL</td>
<td>4,662.90</td>
<td>Unclassified</td>
<td>Registered mortgage with ICPA of 1.7850 decimal land and Registered charge on fixed and floating assets. Value of mortgaged property is Tk. 13,748.00 lac</td>
</tr>
</tbody>
</table>

#### 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 2017

(Figures in Lac Taka)

<table>
<thead>
<tr>
<th>Sl.</th>
<th>Name of Director</th>
<th>Present Status with the Bank</th>
<th>Name of the Institution</th>
<th>Types of Facility</th>
<th>Outstanding as at 31 December 2017</th>
<th>Classification status</th>
<th>Value of eligible security</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Hossain Khalid &amp; Mr. Hossain Mehmood</td>
<td>Director</td>
<td>Monowar Industries (Pvt) Ltd.</td>
<td>BG</td>
<td>0.13</td>
<td>Unclassified</td>
<td>100% Margin</td>
</tr>
<tr>
<td>2</td>
<td>Mr. Hossain Khalid &amp; Mr. Hossain Mehmood</td>
<td>Director</td>
<td>Eukon Plastic Private Ltd.</td>
<td>BG</td>
<td>5.63</td>
<td>Do</td>
<td>100% Margin</td>
</tr>
<tr>
<td>3</td>
<td>Mr. Rejaul Huq Chowdhury</td>
<td>Director</td>
<td>Shigna Trading Corporation</td>
<td>BG</td>
<td>4.11</td>
<td>Do</td>
<td>100% Margin</td>
</tr>
<tr>
<td>4</td>
<td>Mr. Deen Mohammad</td>
<td>Director</td>
<td>Rupayan Port &amp; Logistic Services Ltd.</td>
<td>LC</td>
<td>250.54</td>
<td>Do</td>
<td>100% payment guarantee from South East Bank Ltd</td>
</tr>
<tr>
<td>Sl.</td>
<td>Names of Ex-Directors</td>
<td>Present status with the bank</td>
<td>Names of the institutions</td>
<td>Types of facility</td>
<td>Outstanding as at 3 December 2017</td>
<td>Amount of provision created</td>
<td>Status of classification</td>
</tr>
<tr>
<td>-----</td>
<td>-----------------------</td>
<td>-----------------------------</td>
<td>---------------------------</td>
<td>------------------</td>
<td>-------------------------------</td>
<td>----------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Mr. Zakaria Hossain Chowdhury and Mrs. Hosne Ara Begum</td>
<td>Ex. Director</td>
<td>A.M. Traders</td>
<td>CC (Pledge)</td>
<td>-</td>
<td>-</td>
<td>Tk. 1,20,28 lacs BLW</td>
</tr>
<tr>
<td>2</td>
<td>Mr. A.B.M. Feroj</td>
<td>Ex. Director</td>
<td>M/s R.P. Electrical Industries</td>
<td>Term Loan</td>
<td>-</td>
<td>-</td>
<td>Tk. 4195 lacs BLW</td>
</tr>
<tr>
<td>3</td>
<td>Mr. Saleh Ahmed Chowdhury</td>
<td>Ex. Director</td>
<td>Saleh Fashions Ltd.</td>
<td>CC (Hypo)</td>
<td>-</td>
<td>-</td>
<td>BL</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ms Hasan Enterprise</td>
<td>LIM</td>
<td>-</td>
<td>-</td>
<td>Tk. 53,023 lacs BLW</td>
</tr>
<tr>
<td>4</td>
<td>Mr. Azizul Haque Chowdhury</td>
<td>Ex. Director</td>
<td>M/s Shaida Trading Corporation</td>
<td>BG</td>
<td>Tk. 4,11 lacs</td>
<td>-</td>
<td>UC</td>
</tr>
<tr>
<td>5</td>
<td>Mr. Anwar Hossain &amp; Mr. Monowar Hossain</td>
<td>Ex. Director</td>
<td>Monger Industries (Pvt.) Ltd. &amp; related Business</td>
<td>BG</td>
<td>Tk. 5,75 lacs</td>
<td>-</td>
<td>UC</td>
</tr>
</tbody>
</table>
EVENTS AFTER REPORTING PERIOD

Board of Directors in its 529th meeting held on 30 April 2018 decided to recommend 19% cash and 5% stock dividend subject to approval of shareholders and regulatory authorities.

GENERAL

50.1 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.

50.1.1 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 Banks’ and Regulatory polices. Loans are classified as per Bangladesh Bank’s guidelines.

50.1.2 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 2017 were as follows:

- Mr. Sohail R K Hussain - Managing Director & Chief Executive Officer
- Mr. Mashrur Arefin - ADAO, Head of Branch Banking & CCO
- Mr. Sheikh Mohammad Maroof - DMD & Head of Wholesale Banking
- Mr. Mohammad Mehabubur Rahman - DMD & Chief Financial Officer
- Mr. Mohammad Mahmud Gony - Head of Commercial Banking
- Mr. Serajul Amin Ahmed - Head of Treasury
- Mr. Md. Kafi Khan - Acting Head of Risk Management
- Mr. Mohammad Ishrat Hossain Khan - Head of Islamic Banking

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

50.1.3 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 bank office of Treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Market-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 2017, no debit entry was unreconciled for 3 months or more, therefore no provision is kept in accordance with FECD circular no. 677 (13 September 2005).

50.1.4 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.

50.1.5 Reputation risk arising from money laundering incidences

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

50.1.6 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.

50.2 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.

### 50.2.1 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 2017 consisted of the following 5 members of the Board:

<table>
<thead>
<tr>
<th>Name</th>
<th>Status with bank</th>
<th>Status with committee</th>
<th>Educational qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Tanjil Uddin Alin</td>
<td>Independent Director</td>
<td>Convener</td>
<td>LLB</td>
</tr>
<tr>
<td>Mrs. Seda Shaheen Aziz</td>
<td>Director</td>
<td>Member</td>
<td>BBA</td>
</tr>
<tr>
<td>Mr. Rafiqul Islam Khan</td>
<td>Director</td>
<td>Member</td>
<td>HSC</td>
</tr>
<tr>
<td>Mrs. Sava H. Mahmood</td>
<td>Director</td>
<td>Member</td>
<td>MSS</td>
</tr>
<tr>
<td>Mr. Farooq Sobhan</td>
<td>Independent Director</td>
<td>Member</td>
<td>EA (Hon) M.A</td>
</tr>
</tbody>
</table>

### 50.2.2 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:**
- 56th Audit Committee Meeting held on 16 January 2017
- 57th Audit Committee Meeting held on 30 March 2017
- 58th Audit Committee Meeting held on 11 May 2017
- 59th Audit Committee Meeting held on 27 July 2017
- 60th Audit Committee Meeting held on 25 October 2017
- 61st Audit Committee Meeting held on 04 December 2017

### 50.2.3 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.

### 50.3 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.

### 50.4 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).

### 50.5 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.
50.6 Implementation of BASEL-III

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

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

Internal Capital Adequacy Assessment Process (ICAAP)

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

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

i) Inform the Board of Directors about
   - assessing risks
   - initiatives to mitigate identified risks
   - capital requirement to support the operations in light of identified risks

ii) comply with Bangladesh Bank’s requirement.

50.7 Exchange rates

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

<table>
<thead>
<tr>
<th>Currency</th>
<th>2017 Taka</th>
<th>2016 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>82.7000</td>
<td>78.7000</td>
</tr>
<tr>
<td>AED</td>
<td>82.7000</td>
<td>78.7000</td>
</tr>
<tr>
<td>GBP</td>
<td>110.9793</td>
<td>96.4036</td>
</tr>
<tr>
<td>AUD</td>
<td>64.3695</td>
<td>56.6915</td>
</tr>
<tr>
<td>EUR</td>
<td>98.4957</td>
<td>82.2140</td>
</tr>
<tr>
<td>CHF</td>
<td>83.9722</td>
<td>76.6907</td>
</tr>
<tr>
<td>JPY</td>
<td>0.7308</td>
<td>0.6746</td>
</tr>
<tr>
<td>SAR</td>
<td>22.0522</td>
<td>20.9752</td>
</tr>
<tr>
<td>MYR</td>
<td>20.2845</td>
<td>17.5493</td>
</tr>
<tr>
<td>KWD</td>
<td>273.7912</td>
<td>257.0635</td>
</tr>
<tr>
<td>SGD</td>
<td>61.7418</td>
<td>54.2871</td>
</tr>
<tr>
<td>AED</td>
<td>22.5153</td>
<td>21.4269</td>
</tr>
</tbody>
</table>
50.8 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 2016.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Date of Rating</th>
<th>Long term</th>
<th>Short term</th>
<th>Rating Valid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entity Rating</td>
<td>28-May-17</td>
<td>AA2</td>
<td>ST-2</td>
<td>30-Jun-18</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Very strong capacity &amp; very high quality</td>
<td>Strong capacity for timely repayment</td>
<td></td>
</tr>
</tbody>
</table>

50.9 Fraud and administrative error
In the year 2017, total number & amount of fraud forgeries detected in the Bank were 12 nos. & BDT 20,0013.81 respectively. Out of these 12 incidences, 10 instances have already been closed and the remaining 2 instances are open for recovery. Out of the total fraud amount of BDT 20,0013.81, an amount of BDT 12,41,500.00 has already been recovered from the fraudsters; an amount of BDT 4,23,278.81 has already been booked into the loss of the bank and the remaining amount of BDT 3,35,335.00 is under process for recovery through appropriate administrative/legal actions. Adequate provision has been created for the entire loss booked amount. Out of the 12 incidences, 8 instances were occurred by external fraudsters and the rest 4 instances were occurred by bank’s employees. To prevent fraud and administrative errors, the bank has taken appropriate administrative actions against officials responsible for lapses in due diligence to encourage them to follow the bank’s policies and regulatory guidelines meticulously. Also, upon detection of fraud incidences, appropriate corrective measures have been taken so that the same incidences can be prevented in future.

50.10 Number of employees
The number of employees engaged for the whole year or part thereof who received a total remuneration of TK 35,000 p.a. or above were 3,230 at the end of December 2017 as against 2,986 at the end of December 2016.

50.11 Previous year’s figures have been rearranged, wherever necessary, to conform with the current year’s presentation.

Managing Director & CEO  
Director  
Director  
Chairman

As per our report of same date.

Dhaka, 30 April 2018

Hoda Vasi Chowdhury & Co.  
Chartered Accountants
# CONSOLIDATED LIQUIDITY STATEMENT

(Analysis of maturity of assets and liabilities)

As at 31 December 2017

## Annexure-A

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Up to 1 month</th>
<th>1-3 months</th>
<th>3-12 months</th>
<th>1-5 years</th>
<th>More than 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td>11,812,262,325</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,974,841,584</td>
</tr>
<tr>
<td>Balance with other banks and financial institutions</td>
<td>2,461,607,266</td>
<td>9,980,999,431</td>
<td>1,251,036,853</td>
<td>-</td>
<td>-</td>
<td>13,693,645,556</td>
</tr>
<tr>
<td>Money at call and short notice</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,379,167</td>
<td>88,000,000</td>
<td>89,379,167</td>
</tr>
<tr>
<td>Investments</td>
<td>3,048,500</td>
<td>14,969,956,275</td>
<td>1,017,734,439</td>
<td>7,177,188,167</td>
<td>9,137,887,929</td>
<td>31,931,554,373</td>
</tr>
<tr>
<td>Loans and advances/investments</td>
<td>15,454,739,218</td>
<td>57,732,928,227</td>
<td>46,371,847,621</td>
<td>55,047,527,758</td>
<td>22,465,790,092</td>
<td>197,072,832,916</td>
</tr>
<tr>
<td>Fixed assets including premises, furniture and fixtures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>929,667,876</td>
<td>1,012,712,268</td>
<td>3,110,123,185</td>
<td>1,660,800,457</td>
<td>54,663,309</td>
<td>6,968,176,092</td>
</tr>
<tr>
<td>Non banking assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>881,668,179</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets (A)</strong></td>
<td>30,661,525,184</td>
<td>83,322,335,201</td>
<td>51,752,123,265</td>
<td>65,065,184,561</td>
<td>47,275,912,529</td>
<td>278,087,808,738</td>
</tr>
</tbody>
</table>

| **Liabilities** |               |            |             |           |                  |       |
| Tier-II subordinated bond | - | - | - | - | - | 7,250,000,000 |
| Borrowings from other banks, financial institutions and agents | 11,332,569,317 | 4,864,888,410 | 13,199,702,903 | 9,332,406,704 | - | 38,729,557,934 |
| Deposits | 21,793,123,047 | 50,069,720,406 | 32,456,963,252 | 3,315,168,741 | 68,096,850,409 | 175,731,825,852 |
| Other accounts | 408,274,417 | 1,341,473,085 | 5,421,348,619 | - | - | - |
| Provision and other liabilities | 375,379,415 | 4,058,889,675 | 2,553,127,820 | 8,691,436,155 | 7,326,691,651 | 23,005,504,719 |
| **Total liabilities (B)** | 33,909,346,696 | 60,334,951,576 | 54,381,142,793 | 24,339,011,600 | 79,923,542,061 | 251,887,984,727 |

| **Net liquidity gap (A - B)** | (3,247,821,512) | 22,987,383,625 | (2,629,019,528) | 40,716,172,961 | (31,647,629,533) | 26,179,086,012 |

As at 31 December 2016 (Restated)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Up to 1 month</th>
<th>1-3 months</th>
<th>3-12 months</th>
<th>1-5 years</th>
<th>More than 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td>13,059,366,522</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,424,931,989</td>
</tr>
<tr>
<td>Balance with other banks and financial institutions</td>
<td>3,048,377,439</td>
<td>10,777,755,235</td>
<td>261,539,630</td>
<td>-</td>
<td>-</td>
<td>14,085,672,503</td>
</tr>
<tr>
<td>Money at call and short notice</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,379,167</td>
<td>90,000,000</td>
<td>91,379,167</td>
</tr>
<tr>
<td>Investments</td>
<td>3,551,600</td>
<td>2,104,458,521</td>
<td>3,613,954,775</td>
<td>3,577,925,065</td>
<td>18,596,221,867</td>
<td>27,896,112,618</td>
</tr>
<tr>
<td>Loans and advances/investments</td>
<td>1,282,943,297</td>
<td>48,438,687,523</td>
<td>57,328,667,001</td>
<td>50,544,213,258</td>
<td>18,451,690,234</td>
<td>176,046,221,342</td>
</tr>
<tr>
<td>Fixed assets including premises, furniture and fixtures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,380,935,573</td>
<td>1,047,496,562</td>
<td>3,009,967,521</td>
<td>1,256,126,842</td>
<td>59,445,517</td>
<td>7,723,972,014</td>
</tr>
<tr>
<td>Non banking assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>956,926,360</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets (A)</strong></td>
<td>19,743,174,431</td>
<td>62,386,396,841</td>
<td>64,215,928,929</td>
<td>56,425,190,544</td>
<td>52,002,445,616</td>
<td>254,754,737,728</td>
</tr>
</tbody>
</table>

| **Liabilities** |               |            |             |           |                  |       |
| Tier-II subordinated bond | - | - | - | - | - | 3,000,000,000 |
| Borrowings from other banks, financial institutions and agents | 8,851,411,885 | 2,829,738,148 | 13,227,647,291 | 4,425,464,760 | 2,360,999,987 | 31,692,262,081 |
| Deposits | 20,448,668,184 | 45,274,788,103 | 30,600,704,545 | 4,110,753,258 | 65,707,652,382 | 166,340,745,482 |
| Other accounts | 459,839,273 | 1,610,906,467 | 6,106,062,473 | - | - | 8,076,802,212 |
| Provision and other liabilities | 791,300,877 | 2,443,681,159 | 2,122,580,473 | 11,504,655,115 | 6,222,977,785 | 25,785,244,407 |
| **Total liabilities (B)** | 30,549,418,229 | 52,059,088,877 | 53,007,003,781 | 22,590,913,133 | 76,891,630,164 | 234,889,054,183 |

| **Net liquidity gap (A - B)** | (10,806,245,797) | 10,309,309,964 | 11,208,524,512 | 33,834,277,410 | (24,689,184,548) | 19,856,663,541 |
# LIQUIDITY STATEMENT

(Analysis of maturity of assets and liabilities)

As at 31 December 2017

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Up to 1 month</th>
<th>1-3 months</th>
<th>3-12 months</th>
<th>1-5 years</th>
<th>More than 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td>11,812,139,753</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,974,815,584</td>
<td>23,786,960,337</td>
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<tr>
<td>Balance with other banks and financial institutions</td>
<td>2,385,415,394</td>
<td>9,826,749,764</td>
<td>517,149,975</td>
<td>-</td>
<td>12,729,585,134</td>
<td></td>
</tr>
<tr>
<td>Money at call and short notice</td>
<td>-</td>
<td>1,379,167</td>
<td>86,000,000</td>
<td>-</td>
<td>89,379,167</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>3,048,500</td>
<td>8,172,580,804</td>
<td>1,017,734,439</td>
<td>7,177,188,167</td>
<td>9,137,887,992</td>
<td>25,508,439,902</td>
</tr>
<tr>
<td>Loans and advances/investments</td>
<td>15,454,739,218</td>
<td>57,255,955,096</td>
<td>46,371,847,621</td>
<td>56,047,527,758</td>
<td>22,465,790,092</td>
<td>196,595,859,784</td>
</tr>
<tr>
<td>Fixed assets including premises, furniture and fixtures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,277,030,329</td>
<td>3,277,030,329</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>903,178,251</td>
<td>958,675,346</td>
<td>2,846,119,725</td>
<td>1,880,800,457</td>
<td>6,003,714,024</td>
<td>12,662,465,803</td>
</tr>
<tr>
<td>Non banking assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>881,668,179</td>
<td>-</td>
<td>881,668,179</td>
</tr>
<tr>
<td><strong>Total assets (A)</strong></td>
<td>30,556,270,141</td>
<td>76,213,961,011</td>
<td>60,575,500,926</td>
<td>65,055,184,561</td>
<td>52,949,264,021</td>
<td>275,531,428,634</td>
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<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier I subordinated bond</td>
<td>-</td>
<td>-</td>
<td>750,000,000</td>
<td>3,000,000,000</td>
<td>3,500,000,000</td>
<td>7,250,000,000</td>
</tr>
<tr>
<td>Borrowings from other banks, financial institutions and agents</td>
<td>11,332,569,817</td>
<td>4,864,888,410</td>
<td>13,199,702,903</td>
<td>8,509,136,278</td>
<td>-</td>
<td>37,906,297,408</td>
</tr>
<tr>
<td>Deposits</td>
<td>21,895,509,796</td>
<td>60,163,689,369</td>
<td>32,906,451,834</td>
<td>3,155,168,741</td>
<td>68,096,850,406</td>
<td>170,321,868,146</td>
</tr>
<tr>
<td>Other accounts</td>
<td>406,274,417</td>
<td>1,341,473,095</td>
<td>5,421,348,819</td>
<td>-</td>
<td>-</td>
<td>7,171,096,321</td>
</tr>
<tr>
<td>Provision and other liabilities</td>
<td>375,379,415</td>
<td>3,096,389,657</td>
<td>2,553,127,820</td>
<td>8,691,436,155</td>
<td>-</td>
<td>22,013,024,611</td>
</tr>
<tr>
<td><strong>Total liabilities (B)</strong></td>
<td>33,995,752,445</td>
<td>59,436,419,431</td>
<td>54,830,631,376</td>
<td>23,515,741,174</td>
<td>78,923,542,061</td>
<td>250,662,066,467</td>
</tr>
</tbody>
</table>

As at 31 December 2016 (Restated)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Up to 1 month</th>
<th>1-3 months</th>
<th>3-12 months</th>
<th>1-5 years</th>
<th>More than 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td>13,099,173,377</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,424,931,989</td>
<td>24,464,105,366</td>
</tr>
<tr>
<td>Balance with other banks and financial institutions</td>
<td>2,613,481,402</td>
<td>10,221,174,616</td>
<td>14,170,480</td>
<td>-</td>
<td>12,848,866,498</td>
<td></td>
</tr>
<tr>
<td>Money at call and short notice</td>
<td>-</td>
<td>-</td>
<td>1,379,167</td>
<td>90,000,000</td>
<td>-</td>
<td>91,379,167</td>
</tr>
<tr>
<td>Investments</td>
<td>3,551,600</td>
<td>1,276,361,847</td>
<td>3,613,954,775</td>
<td>3,577,925,055</td>
<td>15,960,362,300</td>
<td>24,432,155,777</td>
</tr>
<tr>
<td>Loans and advances/investments</td>
<td>1,282,943,297</td>
<td>47,417,542,829</td>
<td>57,328,687,001</td>
<td>50,544,213,286</td>
<td>18,451,690,234</td>
<td>175,055,076,659</td>
</tr>
<tr>
<td>Fixed assets including premises, furniture and fixtures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,437,235,921</td>
<td>3,437,235,921</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>2,110,606,361</td>
<td>1,047,496,562</td>
<td>3,009,967,521</td>
<td>1,256,126,842</td>
<td>6,076,455,813</td>
<td>13,500,633,120</td>
</tr>
<tr>
<td>Non banking assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>956,925,360</td>
<td>-</td>
<td>956,925,360</td>
</tr>
<tr>
<td><strong>Total assets (A)</strong></td>
<td>19,098,776,058</td>
<td>59,982,575,864</td>
<td>63,986,158,944</td>
<td>56,425,190,544</td>
<td>55,350,676,258</td>
<td>254,778,357,668</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier I subordinated bond</td>
<td>-</td>
<td>-</td>
<td>750,000,000</td>
<td>2,250,000,000</td>
<td>-</td>
<td>3,000,000,000</td>
</tr>
<tr>
<td>Borrowings from other banks, financial institutions and agents</td>
<td>8,851,411,885</td>
<td>2,829,738,148</td>
<td>13,227,847,291</td>
<td>4,425,464,760</td>
<td>2,360,099,087</td>
<td>31,695,262,081</td>
</tr>
<tr>
<td>Other accounts</td>
<td>456,839,273</td>
<td>1,510,900,467</td>
<td>6,106,062,473</td>
<td>-</td>
<td>-</td>
<td>8,076,902,213</td>
</tr>
<tr>
<td>Provision and other liabilities</td>
<td>276,277,367</td>
<td>1,919,293,585</td>
<td>2,109,733,376</td>
<td>11,804,695,115</td>
<td>8,822,977,784</td>
<td>24,732,977,227</td>
</tr>
<tr>
<td><strong>Total liabilities (B)</strong></td>
<td>30,136,840,280</td>
<td>51,839,009,511</td>
<td>53,064,878,910</td>
<td>22,590,913,133</td>
<td>76,681,830,163</td>
<td>234,123,271,997</td>
</tr>
<tr>
<td><strong>Net liquidity gap (A - B)</strong></td>
<td>(11,067,064,221)</td>
<td>(8,832,566,354)</td>
<td>(10,903,280,034)</td>
<td>33,834,277,410</td>
<td>(21,340,953,905)</td>
<td>20,653,065,670</td>
</tr>
</tbody>
</table>
## BALANCE WITH OTHER BANKS - OUTSIDE BANGLADESH  
(NOSTRO ACCOUNTS)

As at 31 December 2017

<table>
<thead>
<tr>
<th>Name of the Banks</th>
<th>Account type</th>
<th>Currency type</th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FC amount</td>
<td>Exchange rate</td>
<td>Equivalent Taka</td>
</tr>
<tr>
<td>Meshreq Bank, New York, USA</td>
<td>CD</td>
<td>USD</td>
<td>965,496</td>
<td>82,700</td>
</tr>
<tr>
<td>Habib American Bank, New York, USA</td>
<td>CD</td>
<td>USD</td>
<td>775,666</td>
<td>82,700</td>
</tr>
<tr>
<td>Citibank N.A. New York, USA</td>
<td>CD</td>
<td>USD</td>
<td>(1,459,458)</td>
<td>82,700</td>
</tr>
<tr>
<td>Standard Chartered Bank, New York, USA</td>
<td>CD</td>
<td>USD</td>
<td>(1,193,038)</td>
<td>82,700</td>
</tr>
<tr>
<td>Standard Chartered Bank, Frankfurt</td>
<td>CD</td>
<td>EURO</td>
<td>(389,459)</td>
<td>98,495</td>
</tr>
<tr>
<td>Deutsche Bank, Frankfurt, Germany</td>
<td>CD</td>
<td>EURO</td>
<td>-</td>
<td>98,495</td>
</tr>
<tr>
<td>Bank of Tokyo Mitsubishi Ltd., Japan</td>
<td>CD</td>
<td>JPY</td>
<td>19,194,493</td>
<td>0.7308</td>
</tr>
<tr>
<td>Deutsche Bank Trust Comp. USA</td>
<td>CD</td>
<td>USD</td>
<td>-</td>
<td>82,700</td>
</tr>
<tr>
<td>Bank of Tokyo Mitsubishi Ltd., New Delhi, India</td>
<td>CD</td>
<td>ACUD</td>
<td>8,513</td>
<td>82,700</td>
</tr>
<tr>
<td>AB Bank Ltd., Mumbai, India</td>
<td>CD</td>
<td>ACUD</td>
<td>(37,745)</td>
<td>82,700</td>
</tr>
<tr>
<td>Sonali Bank Ltd., Kolkata, India</td>
<td>CD</td>
<td>ACUD</td>
<td>21,281</td>
<td>82,700</td>
</tr>
<tr>
<td>NIB Bank Limited, Karachi, Pakistan</td>
<td>CD</td>
<td>ACUD</td>
<td>264,566</td>
<td>82,700</td>
</tr>
<tr>
<td>Standard Chartered Bank, Nepal</td>
<td>CD</td>
<td>ACUD</td>
<td>2,150</td>
<td>82,700</td>
</tr>
<tr>
<td>Commerz Bank AG, Frankfurt, Germany</td>
<td>CD</td>
<td>USD</td>
<td>660,001</td>
<td>82,700</td>
</tr>
<tr>
<td>Commerz Bank of Ceylon, Colombo, Sri Lanka</td>
<td>CD</td>
<td>ACUD</td>
<td>92,561</td>
<td>82,700</td>
</tr>
<tr>
<td>Bank of Bhopal, Bhopal</td>
<td>CD</td>
<td>ACUD</td>
<td>9,258</td>
<td>82,700</td>
</tr>
<tr>
<td>Commerz Bank AG, Frankfurt, Germany</td>
<td>CD</td>
<td>EURO</td>
<td>845,457</td>
<td>98,495</td>
</tr>
<tr>
<td>Commerz Bank AG, Frankfurt, Germany</td>
<td>CD</td>
<td>CHF</td>
<td>5,637</td>
<td>93,972</td>
</tr>
<tr>
<td>Meshreq Bank, Mumbai, India</td>
<td>CD</td>
<td>ACUD</td>
<td>165,291</td>
<td>82,700</td>
</tr>
<tr>
<td>Meshreq Bank, Mumbai, India</td>
<td>CD</td>
<td>EURO</td>
<td>1,659</td>
<td>98,495</td>
</tr>
<tr>
<td>HDFC Bank Ltd, Mumbai, India</td>
<td>CD</td>
<td>ACUD</td>
<td>83,285</td>
<td>82,700</td>
</tr>
<tr>
<td>Banca Popolare Di Vicenza, Italy</td>
<td>CD</td>
<td>EURO</td>
<td>-</td>
<td>98,495</td>
</tr>
<tr>
<td>Standard Chartered Bank, London</td>
<td>CD</td>
<td>GBP</td>
<td>19,036</td>
<td>110,973</td>
</tr>
<tr>
<td>Meshreq Bank, London</td>
<td>CD</td>
<td>GBP</td>
<td>42,806</td>
<td>110,973</td>
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<tr>
<td>Kookmin Bank, Korea</td>
<td>CD</td>
<td>USD</td>
<td>39,743</td>
<td>82,700</td>
</tr>
<tr>
<td>Commerz Bank AG, Frankfurt</td>
<td>CD</td>
<td>AUD</td>
<td>40,058</td>
<td>64,369</td>
</tr>
<tr>
<td>Standard Chartered Bank, Mumbai, India</td>
<td>CD</td>
<td>ACUD</td>
<td>253,190</td>
<td>82,700</td>
</tr>
<tr>
<td>Meshreq Bank, Dubai</td>
<td>CD</td>
<td>AED</td>
<td>252</td>
<td>22,5153</td>
</tr>
<tr>
<td>Habib Bank Limited, Pakistan</td>
<td>CD</td>
<td>ACUD</td>
<td>-</td>
<td>82,700</td>
</tr>
<tr>
<td>Meshreq Bank, New York, USA (For OBU Operation)</td>
<td>CD</td>
<td>USD</td>
<td>5,369,402</td>
<td>82,700</td>
</tr>
<tr>
<td>Commerz Bank AG, Frankfurt (For OBU Operation)</td>
<td>CD</td>
<td>USD</td>
<td>174,950</td>
<td>82,700</td>
</tr>
<tr>
<td>Commerz Bank AG, Frankfurt (For OBU Operation)</td>
<td>CD</td>
<td>EURO</td>
<td>210,332</td>
<td>98,495</td>
</tr>
<tr>
<td>Meshreq Bank Limited, New York, USA</td>
<td>TD</td>
<td>USD</td>
<td>-</td>
<td>82,700</td>
</tr>
<tr>
<td>Sonali Bank, Kolkata, India</td>
<td>TD</td>
<td>ACUD</td>
<td>8,133</td>
<td>82,700</td>
</tr>
</tbody>
</table>

| Total                                    |               |               | 26,184,138       | 603,628,965      | 16,989,666    | 661,120,029     |
# INVESTMENT IN SHARES

As at 31 December 2017

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Name of the company</th>
<th>Type of shares</th>
<th>Face value</th>
<th>Number of shares</th>
<th>Cost of holding</th>
<th>Average cost</th>
<th>Quoted rate per share as at 31 Dec 2017</th>
<th>Total market value as at 31 Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Quoted Ordinary Share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>ADB Bank Limited</td>
<td>A</td>
<td>10</td>
<td>668,828</td>
<td>40,660,844</td>
<td>60.79</td>
<td>22.10</td>
<td>14,781,099</td>
</tr>
<tr>
<td>2</td>
<td>Dhaka Bank Limited</td>
<td>A</td>
<td>10</td>
<td>1,829,091</td>
<td>53,706,970</td>
<td>29.36</td>
<td>22.00</td>
<td>40,240,002</td>
</tr>
<tr>
<td>3</td>
<td>Mercantile Bank Limited</td>
<td>A</td>
<td>10</td>
<td>1,307,431</td>
<td>37,621,006</td>
<td>28.77</td>
<td>26.40</td>
<td>34,516,178</td>
</tr>
<tr>
<td>4</td>
<td>Mutual Trust Bank Limited</td>
<td>A</td>
<td>10</td>
<td>765,834</td>
<td>20,896,707</td>
<td>27.29</td>
<td>35.00</td>
<td>26,804,190</td>
</tr>
<tr>
<td>5</td>
<td>Pubali Bank Limited</td>
<td>A</td>
<td>10</td>
<td>421,856</td>
<td>23,140,398</td>
<td>54.85</td>
<td>30.40</td>
<td>12,824,422</td>
</tr>
<tr>
<td>6</td>
<td>Shajahan Islam Bank Limited</td>
<td>A</td>
<td>10</td>
<td>242,035</td>
<td>6,131,438</td>
<td>25.27</td>
<td>33.00</td>
<td>8,009,955</td>
</tr>
<tr>
<td>7</td>
<td>Standard Bank Limited</td>
<td>A</td>
<td>10</td>
<td>1,296,420</td>
<td>23,965,986</td>
<td>18.49</td>
<td>15.60</td>
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<tr>
<td>8</td>
<td>United Commercial Bank Limited</td>
<td>A</td>
<td>10</td>
<td>2,068,075</td>
<td>31,746,247</td>
<td>15.34</td>
<td>23.60</td>
<td>46,830,170</td>
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<tr>
<td>9</td>
<td>Trust Bank Limited</td>
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<td>10</td>
<td>2,061,574</td>
<td>63,849,536</td>
<td>30.97</td>
<td>42.60</td>
<td>87,823,052</td>
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<tr>
<td>10</td>
<td>Investment Corporation of Bangladesh</td>
<td>A</td>
<td>100</td>
<td>14,330</td>
<td>3,729,350</td>
<td>260.25</td>
<td>160.00</td>
<td>2,292,800</td>
</tr>
<tr>
<td>11</td>
<td>Power Grid Company of Bangladesh Limited</td>
<td>A</td>
<td>10</td>
<td>200,000</td>
<td>16,063,292</td>
<td>80.32</td>
<td>52.20</td>
<td>10,440,000</td>
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<tr>
<td>12</td>
<td>Salf Powertec Limited</td>
<td>A</td>
<td>10</td>
<td>50,000</td>
<td>2,330,000</td>
<td>46.60</td>
<td>33.20</td>
<td>1,660,000</td>
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<tr>
<td>13</td>
<td>Shahbazzar Power Co Ltd.</td>
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<td>10</td>
<td>20,000</td>
<td>2,892,945</td>
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<td>2,322,000</td>
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<tr>
<td>14</td>
<td>Matin Spinning Mills Ltd</td>
<td>A</td>
<td>10</td>
<td>861,521</td>
<td>36,866,696</td>
<td>42.79</td>
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<td>33,254,711</td>
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<td>15</td>
<td>Hildelpur Cement Bangladesh Limited</td>
<td>A</td>
<td>10</td>
<td>25,000</td>
<td>14,017,380</td>
<td>560.70</td>
<td>424.90</td>
<td>10,822,500</td>
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<tr>
<td>16</td>
<td>Mt Cement Factory Ltd.</td>
<td>A</td>
<td>10</td>
<td>10,000</td>
<td>831,000</td>
<td>83.10</td>
<td>84.70</td>
<td>847,000</td>
</tr>
<tr>
<td>17</td>
<td>Modern Jamma Lubricants Bangladesh Limited</td>
<td>A</td>
<td>10</td>
<td>20,000</td>
<td>2,453,130</td>
<td>122.66</td>
<td>109.10</td>
<td>2,182,000</td>
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<tr>
<td>18</td>
<td>Square Pharmaceuticals Limited</td>
<td>A</td>
<td>10</td>
<td>16,125</td>
<td>4,226,778</td>
<td>262.13</td>
<td>301.80</td>
<td>4,886,525</td>
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<td>19</td>
<td>The ACME Laboratories Limited</td>
<td>A</td>
<td>10</td>
<td>25,000</td>
<td>2,964,828</td>
<td>118.59</td>
<td>114.00</td>
<td>2,830,000</td>
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<td>20</td>
<td>Bata Shoe Company (Bangladesh) Limited</td>
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<td>10</td>
<td>5,100</td>
<td>6,016,710</td>
<td>1,179.75</td>
<td>1,171.80</td>
<td>5,976,180</td>
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<td>21</td>
<td>IDLC Finance Limited</td>
<td>A</td>
<td>10</td>
<td>33,934,922</td>
<td>462,133,670</td>
<td>13.62</td>
<td>85.30</td>
<td>2,894,840,317</td>
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<td>22</td>
<td>Perfume Chemical Ind. Limited</td>
<td>Z</td>
<td>10</td>
<td>26,28</td>
<td>3,500,125</td>
<td>125.00</td>
<td>59.00</td>
<td>1,652</td>
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<td>Rapix Inc (BD) Limited</td>
<td>Z</td>
<td>10</td>
<td>366,000</td>
<td>6,153,414</td>
<td>16.81</td>
<td>1.90</td>
<td>695,400</td>
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<td>24</td>
<td>Rangamoti Food Products Limited</td>
<td>Z</td>
<td>10</td>
<td>64,500</td>
<td>645,000</td>
<td>10.00</td>
<td>13.80</td>
<td>890,100</td>
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<td>25</td>
<td>German Bangla Joint Venture Foods Limited</td>
<td>Z</td>
<td>10</td>
<td>21,000</td>
<td>210,000</td>
<td>10.00</td>
<td>3.60</td>
<td>75,600</td>
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<tr>
<td>26</td>
<td>Somonita Hospital Limited</td>
<td>A</td>
<td>10</td>
<td>148</td>
<td>-</td>
<td>0.00</td>
<td>80.70</td>
<td>11,944</td>
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<td><strong>Total</strong></td>
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## Unquoted Ordinary Shares

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Name of the company</th>
<th>Type of shares</th>
<th>Face value</th>
<th>Number of shares</th>
<th>Cost of holding</th>
<th>Average cost</th>
<th>Quoted rate per share as at 31 Dec 2017</th>
<th>Total market value as at 31 Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Central Depository Bangladesh Limited</td>
<td>10</td>
<td>2,264,721</td>
<td>6,277,770</td>
<td>2.75</td>
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<tr>
<td>2</td>
<td>KARMA Sangsahian Bank Limited</td>
<td>100</td>
<td>100,000</td>
<td>10,000,000</td>
<td>100.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Indusind &amp; Infrastructure Development Finance Company Limited</td>
<td>10</td>
<td>7,299,110</td>
<td>42,453,820</td>
<td>5.79</td>
<td></td>
<td></td>
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<tr>
<td>4</td>
<td>Venture Investment Partners Bangladesh Limited</td>
<td>100</td>
<td>202,176</td>
<td>18,000,000</td>
<td>89.03</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
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</table>
# SCHEDULE OF FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

As at 31 December 2017

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cost</th>
<th>Depreciation/Amortisation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance as at 1 Jan 2017</td>
<td>Balance as at 1 Jan 2017</td>
</tr>
<tr>
<td></td>
<td>Additions during the period</td>
<td>Charged during the year</td>
</tr>
<tr>
<td></td>
<td>Adjustments during the year</td>
<td>Disposals/adjustments during the year</td>
</tr>
<tr>
<td></td>
<td>Disposals during</td>
<td>Balance as at 31 Dec 2017</td>
</tr>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Own assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>208,117,665</td>
<td>-</td>
</tr>
<tr>
<td>Building</td>
<td>1,904,121,594</td>
<td>1,711,344</td>
</tr>
<tr>
<td>Work-in-progress-Building</td>
<td>190,550,514</td>
<td>-</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>1,093,622,476</td>
<td>191,046,001</td>
</tr>
<tr>
<td>Office equipment and machinery</td>
<td>2,263,713,817</td>
<td>343,427,443</td>
</tr>
<tr>
<td>Software</td>
<td>296,390,244</td>
<td>100,737,631</td>
</tr>
<tr>
<td>Work-in-progress-Software</td>
<td>62,484,862</td>
<td>24,199,837</td>
</tr>
<tr>
<td>Sub-total</td>
<td>6,311,384,434</td>
<td>780,971,274</td>
</tr>
<tr>
<td>Leased assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicles</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand total</td>
<td>6,311,384,434</td>
<td>780,971,274</td>
</tr>
</tbody>
</table>
### SCHEDULE OF FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES (RESTATED)

As at 31 December 2016

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cost/Revaluation</th>
<th>Depreciation/Amortisation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance as at 1 Jan 2016</td>
<td>Additions during the period</td>
</tr>
<tr>
<td><strong>Own assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>4,232,440,000</td>
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<tr>
<td>Building</td>
<td>2,084,289,079</td>
<td>269,729,079</td>
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<tr>
<td>Work-in-Progress Building</td>
<td>422,183,652</td>
<td>58,115,741</td>
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<tr>
<td>Furniture and fixtures</td>
<td>1,006,624,737</td>
<td>116,435,618</td>
</tr>
<tr>
<td>Office equipment and machinery</td>
<td>2,048,185,441</td>
<td>406,797,308</td>
</tr>
<tr>
<td>Software</td>
<td>280,323,418</td>
<td>16,034,391</td>
</tr>
<tr>
<td>Work-in-Progress/Software</td>
<td>30,457,305</td>
<td>27,064,047</td>
</tr>
<tr>
<td>Bank’s vehicles</td>
<td>252,333,609</td>
<td>58,841,409</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>10,372,800,327</td>
<td>973,038,151</td>
</tr>
<tr>
<td><strong>Leased assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td>10,372,800,327</td>
<td>973,038,151</td>
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</tbody>
</table>
## Statement of Tax Position

As at 31 December 2017

<table>
<thead>
<tr>
<th>Accounting year</th>
<th>Assessment year</th>
<th>Tax provision made on the basis of accounts</th>
<th>Tax as per assessment</th>
<th>Present status</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>2004-2005</td>
<td>190,000,000</td>
<td>264,849,327</td>
<td>Reference application filed to High Court Division of the Supreme Court</td>
</tr>
<tr>
<td>2004</td>
<td>2005-2006</td>
<td>442,791,678</td>
<td>315,574,683</td>
<td>Reference application filed to High Court Division of the Supreme Court</td>
</tr>
<tr>
<td>2013</td>
<td>2014-2015</td>
<td>925,000,000</td>
<td>872,927,307</td>
<td>Assessment Completed</td>
</tr>
<tr>
<td>2014</td>
<td>2015-2016</td>
<td>1,531,252,396</td>
<td>1,182,255,068</td>
<td>Reference application filed to Appealate Tribunal</td>
</tr>
<tr>
<td>2015</td>
<td>2016-2017</td>
<td>1,588,720,538</td>
<td>1,628,586,122</td>
<td>Assessment Completed</td>
</tr>
<tr>
<td>2016</td>
<td>2017-2018</td>
<td>1,656,130,855</td>
<td>1,463,785,920</td>
<td>Return Submitted</td>
</tr>
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</table>
## NAME OF DIRECTORS AND THEIR INTEREST IN DIFFERENT ENTITIES

**As at 31 December 2017**

<table>
<thead>
<tr>
<th>SI no.</th>
<th>Name of Directors</th>
<th>Status with CBL</th>
<th>Entities where they have interest</th>
<th>% of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Mohammed Shoeb</td>
<td>Chairman</td>
<td>Phoenix Insurance Company Limited</td>
<td>3.84%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Vice-Chairman</td>
<td>Phoenix Finance &amp; Investment Limited</td>
<td>2.60%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Phoenix Securities Limited</td>
<td></td>
<td>0.50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Director</td>
<td>Rangdhanau Spinning Mills Limited</td>
<td>6.86%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Phoenix Spinning Mills Limited</td>
<td>4.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Phoenix Textiles Mills Limited</td>
<td>2.50%</td>
</tr>
<tr>
<td>2</td>
<td>Mrs. Tabassum Kaiser</td>
<td>Vice-Chairperson</td>
<td>Director</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fairhope Housing Limited</td>
<td>50.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Star Gypsum Board Mills Limited</td>
<td>20.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Managing Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Triple Apparels Limited</td>
<td></td>
<td>20.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Partex Agro Limited</td>
<td></td>
<td>20.00%</td>
</tr>
<tr>
<td>3</td>
<td>Mr. Deen Mohammad</td>
<td>Director</td>
<td>Chairman</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Apollo Ispat Limited</td>
<td>5.48%</td>
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<td></td>
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<td>Phoenix Spinning Mills Limited</td>
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<td></td>
<td>Rangdhanau Spinning Mills Limited</td>
<td>7.20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Phoenix Securities Limited</td>
<td>0.50%</td>
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<tr>
<td></td>
<td></td>
<td>MD &amp; Chairman</td>
<td>Phoenix Textile Mills Limited</td>
<td>60.00%</td>
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<td></td>
<td></td>
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<td>Eastern Dyeing &amp; Calendaring Works Ltd.</td>
<td>42.00%</td>
</tr>
<tr>
<td></td>
<td></td>
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<td>Phoenix Insurance Company Limited</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Phoenix Finance &amp; Investment Limited</td>
<td>2.89%</td>
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<td></td>
<td></td>
<td></td>
<td>Phoenix Textiles Mills Limited</td>
<td>3.15%</td>
</tr>
<tr>
<td>4</td>
<td>Mr. Aziz Al Kaiser</td>
<td>Director</td>
<td>Vice-Chairman</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Star Group</td>
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<td></td>
<td>Managing Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Star Particle Board Mills Limited</td>
<td>75.00%</td>
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<td></td>
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<td>Partex PVC Industries Limited</td>
<td>75.00%</td>
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<td></td>
<td></td>
<td></td>
<td>New Light Star Apparels Limited</td>
<td>85.00%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Corvee Maritime Company Limited</td>
<td>75.00%</td>
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<td></td>
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<td>Partex Furniture Industries Limited</td>
<td>75.00%</td>
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<td></td>
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<td></td>
<td>Partex Builders Limited</td>
<td>75.00%</td>
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<td>Partex Laminates Limited</td>
<td>75.00%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Limited</td>
<td>10.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fairhope Housing Limited</td>
<td>75.00%</td>
</tr>
<tr>
<td></td>
<td></td>
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<td>Partex Cables Limited</td>
<td>85.00%</td>
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<td>Partex Aromarine Logistics Limited</td>
<td>50.00%</td>
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<tr>
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<td></td>
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<td>Star Adhesive Limited</td>
<td>85.00%</td>
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<td></td>
<td></td>
<td></td>
<td>Star Gypsum Board Mills Limited</td>
<td>80.00%</td>
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<td></td>
<td></td>
<td>Triple Apparels Limited</td>
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<td>Partex MDF Board Mills Limited</td>
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<td></td>
<td>Partex Power Generation Co. Limited</td>
<td>51.00%</td>
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<td></td>
<td></td>
<td></td>
<td>Partex Star Properties Limited</td>
<td>37.50%</td>
</tr>
<tr>
<td>Sr no.</td>
<td>Name of Directors</td>
<td>Status with CBL</td>
<td>Entities where they have interest</td>
<td>% of Interest</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------------------</td>
<td>-----------------</td>
<td>-----------------------------------------------------------------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td>Director</td>
<td></td>
<td>Danish Condensed Milk (BD) Limited 15.00%</td>
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<td></td>
<td></td>
<td></td>
<td>Danish Foods Limited 15.00%</td>
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<td></td>
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<td></td>
<td>Danish Milk Bangladesh Limited 15.00%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Danish Dairy Farm Limited 15.00%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Rubel Steel Mills Limited 15.00%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Danish Distribution Network Limited 15.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Voice Tel Limited 25.00%</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Sky Telecommunication Limited 23.00%</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Housing Limited 50.00%</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Suborna Bhumi Housing Limited 50.00%</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Mr. Rubel Aziz</td>
<td>Director</td>
<td>Managing Director</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Beverage Limited 1.00%</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Plastics Limited 85.00%</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Accessories Limited 37.50%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Plastics Furniture Limited 37.50%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fotoroma Limited 10.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Properties Limited 85.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Foundry Limited 80.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Jute Mills Limited 75.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Corporate Limited 50.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Aviation Limited 50.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Petro Limited 85.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sakhi Fisheries Limited 90.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Director</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partex Real Estate Limited 25.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Vice Chairman</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>IBAIS Limited 10.00%</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Mr. Hossain Mehmood</td>
<td>Nominated</td>
<td>A-One Polymer Limited</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(Representative of A-One Polymer Limited)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Mr. Hossain Khaled</td>
<td>Director</td>
<td>Director</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Anwar Group of Industries</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Anwar Landmarks 20.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Anwar Silk Mills Limited 19.61%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mehmoood Industries (Pvt.) Limited 9.62%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Anwar Jute Spinning Mills Limited 15.31%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Anwar Galvanizing Limited 5.66%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Anwar Ispat Limited 16.67%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>AG Automobles Limited 10.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Hossain Dyeing &amp; Printing Mills Ltd(Unit:1&amp;2) 32.37%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Anwar Cement Limited 7.14%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Anwar Cement Sheet Limited 33.31%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Euro Cars Limited 33.26%</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Mr. Rajibul Huq Chowdhury</td>
<td>Director</td>
<td>Managing Director</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Aziz Super Garments Limited</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Marina Knit Fashion Limited</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Khushi Apparels Limited</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ratna Fashion Limited</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Proprietor</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>R.H. Corporation</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Director</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>A.S.M Chemical Industries Limited 10.00%</td>
<td></td>
</tr>
<tr>
<td>Sl No.</td>
<td>Name of Directors</td>
<td>Status with CBL</td>
<td>Entities where they have interest</td>
<td>% of Interest</td>
</tr>
<tr>
<td>-------</td>
<td>------------------</td>
<td>----------------</td>
<td>-----------------------------------</td>
<td>--------------</td>
</tr>
</tbody>
</table>
| 9     | Mrs. Syeda Shaureen Aziz | Director | Director  
Partex Corporate Limited  
Sattar Glass Factory Limited  
Sakhi Fisheries Limited  | 20.00%  
20.00%  
10.00%  |
| 10    | Mr. Md. Rafiquil Islam Khan | Director | Managing Director  
Pakiza Dyeing & Printing Industries Limited  
Garden Textile Mills (Pvt.) Limited  
Pakiza Textile Mills Limited  
Pakiza Spinning Mills (Pvt.) Limited  
Pakiza Cotton Spinning Mills (Pvt.) Limited  | 35.00%  
75.00%  
75.00%  
75.00%  
75.00%  |
|       |                  |                | Chairman  
Pakiza Knit Composite Limited  
Momtex Limited  
Pakiza Apparels Limited  
Pakiza Woven Fashion Limited  
Momtex Expo Limited  
Pakiza Garments Limited  
Pakiza Techno Vation Limited  | 25.00%  
30.00%  
20.00%  
20.00%  
20.00%  
20.00%  |
|       |                  |                | Director  
Phoenix Securities Limited  | -  |
|       |                  |                | Proprietor  
Pakiza Fabrics  | 100.00%  |
|       |                  |                | Partner  
Pakiza Textile  | 50.00%  |
| 11    | Mrs. Saveria H. Mahmood (Representative of Partex Corporate Limited) | Nominated Director | Partex Corporate Limited  | -  |
| 12    | Mr. K.M. Tanjib-Ul Alam | Independent Director | -  | -  |
| 13    | Mr. Farooq Sobhan | Independent Director | -  | -  |
A. Disclosure regarding outstanding REPO as at 31 December 2017

<table>
<thead>
<tr>
<th>Sl. no.</th>
<th>Counterparty name</th>
<th>Agreement date</th>
<th>Reversal date</th>
<th>Amount (1st leg cash consideration)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

B. Disclosure regarding outstanding Reverse REPO as at 31 December 2017

<table>
<thead>
<tr>
<th>Sl. no.</th>
<th>Counterparty name</th>
<th>Agreement date</th>
<th>Reversal date</th>
<th>Amount (1st leg cash consideration)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

C. Disclosure regarding overall transactions of REPO and Reverse REPO as at 31 December 2017

<table>
<thead>
<tr>
<th>Sl. no.</th>
<th>Securities sold under REPO</th>
<th>Minimum outstanding during the year</th>
<th>Maximum outstanding during the year</th>
<th>Daily average outstanding during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>with Bangladesh Bank</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>2</td>
<td>with other Banks &amp; Financial Institutions</td>
<td>188,856,304</td>
<td>2,014,635,586</td>
<td>30,399,034</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sl. no.</th>
<th>Securities purchased under Reverse REPO</th>
<th>Minimum outstanding during the year</th>
<th>Maximum outstanding during the year</th>
<th>Daily average outstanding during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>with Bangladesh Bank</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>2</td>
<td>with other Banks &amp; Financial Institutions</td>
<td>49,257,650</td>
<td>2,483,645,179</td>
<td>477,190,638</td>
</tr>
<tr>
<td>Division</td>
<td>Dhaka Division</td>
<td>Chattogram Division</td>
<td>Rajshahi Division</td>
<td>Khulna Division</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------</td>
<td>--------------------</td>
<td>-------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>utr</td>
<td>utr</td>
<td>utr</td>
<td>utr</td>
<td>utr</td>
</tr>
<tr>
<td>Interest Income</td>
<td>13,555,000,000</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Interest Income in Investments</td>
<td>1,361,000,000</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>12,194,000,000</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Net Income</td>
<td>9,826,862,933</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Net Income Before Provision for Taxation</td>
<td>9,826,862,933</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Provision for Taxation</td>
<td>1,332,904,994</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Net Profit After Provision for Taxation</td>
<td>8,493,957,939</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>12,194,000,000</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>12,194,000,000</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Segment wise Operating Expenses</td>
<td>12,194,000,000</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>provision for others' Shareholders</td>
<td>1,332,904,994</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>provision for taxation</td>
<td>1,332,904,994</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Net Profit</td>
<td>8,493,957,939</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Provision for Taxation</td>
<td>1,332,904,994</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Net Profit After Provision for Taxation</td>
<td>7,161,052,945</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Segment wise Net Profit After Provision for Taxation</td>
<td>7,161,052,945</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
<tr>
<td>Segment wise Total</td>
<td>31,570,300,000</td>
<td>2,204,677,396</td>
<td>4,910,053,949</td>
<td>1,111,000,000</td>
</tr>
</tbody>
</table>
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 2017, the Shariah Supervisory Committee of The City Bank Limited met in 03(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 Muraqib (Shariah Auditor) of the Shariah Supervisory Committee inspected the running issues, products and processes during the year 2017. He also conducted Shariah Audit of the Islamic Banking Branch and other business and operation units in the year and submitted shariah noncompliance risk rating report to the Committee. Moreover, training sessions on Islamic banking and shariah knowledge were conducted by him during the year organized by Human Resource Division of the Bank for all fresh and different groups of existing employees.

The Committee, after reviewing the Shariah Audit Reports, Balance Sheet and Profit & Loss Account as at the end of 31st December 2017 of Islamic Banking operations of the Bank, furnishes the following opinion:

1. The different types of investment agreements and process of transactions entered into by Islamic banking branch during the period concerned have been made in accordance with the principles of Islamic Shariah.
2. The rules and processes of different modes of finance practiced by the Bank have been properly followed.
3. Distribution of profit to the Mudarabah depositors was made in accordance with Shariah as per predeclared Investment Income Sharing Ratio (IISR).
4. Shariah non-compliance risk rating report on Islamic banking has been maintained in satisfactory level.
5. Compensation amount has been kept separately and has not been included in Bank's income.
6. Bank management has been advised to continue more regular trainings & workshops on Islamic banking for the officials to increase their professional skills and to organize awareness programs for the clients regarding Shariah compliance issues.

To the best of our knowledge no gross violation and lapses in the Islamic banking operations of the bank has been detected 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 of Shariah in every sphere of life.

Md. Abdullah Sharif  
Member Secretary  
Shariah Supervisory Committee

M. Azizul Huq  
Chairman  
Shariah Supervisory Committee
BALANCE SHEET OF ISLAMIC BANKING BRANCH
As at 31 December 2017

<table>
<thead>
<tr>
<th>PROPERTY AND ASSETS</th>
<th>Note</th>
<th>2017</th>
<th>Figures in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>1</td>
<td>7,060,135</td>
<td>4,597,919</td>
</tr>
<tr>
<td>Cash in hand (including foreign currencies)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance with Bangladesh Bank and its agent bank(s)</td>
<td></td>
<td>1,747,812,509</td>
<td>1,836,507,609</td>
</tr>
<tr>
<td>(Including foreign currencies)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance with other banks and financial institutions</td>
<td>2</td>
<td>1,754,872,644</td>
<td>1,841,105,528</td>
</tr>
<tr>
<td>In Bangladesh</td>
<td></td>
<td>22,888,752</td>
<td>18,619,255</td>
</tr>
<tr>
<td>Outside Bangladesh</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Placement with banks &amp; other financial institutions</td>
<td></td>
<td>22,888,752</td>
<td>18,619,255</td>
</tr>
<tr>
<td>Investments in shares &amp; securities</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td>150,000,000</td>
<td>250,000,000</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General investments etc.</td>
<td></td>
<td>2,361,243,643</td>
<td>10,466,602,026</td>
</tr>
<tr>
<td>Bills purchased and discounted</td>
<td></td>
<td>4,308,700</td>
<td>4,365,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,365,552,343</td>
<td>10,469,967,526</td>
</tr>
<tr>
<td>Fixed assets including premises, furniture and fixtures</td>
<td>5</td>
<td>6,633,104</td>
<td>7,801,971</td>
</tr>
<tr>
<td>Other assets</td>
<td>6</td>
<td>23,083,759</td>
<td>23,447,843</td>
</tr>
<tr>
<td>Non-banking assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>4,323,030,603</td>
<td>12,610,942,124</td>
</tr>
</tbody>
</table>

LIABILITIES AND CAPITAL

Liabilities:

| Borrowings from other banks, financial institutions and agents | 7    | -             | 6,000,000,000   |
| Deposits and other Accounts                                  |      |               |                 |
| Mudaraba and Manarah savings deposits                        |      | 700,586,193   | 489,124,064     |
| Mudaraba term deposits                                       |      | 2,716,499,570 | 4,220,546,182   |
| Al-wahdia and Manarah current deposits and other accounts    |      | 105,018,534   | 94,342,526      |
| Bills payable                                               |      | 9,723,790     | 20,438,868      |
|                                                         |      | 3,531,828,066 | 4,824,451,639   |
| Other liabilities                                           |      | 791,202,517   | 1,786,490,484   |
| Total liabilities                                           | 8    | 4,323,030,603 | 12,610,942,124  |
## Capital/shareholders' equity

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid up capital</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Share premium</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Other reserve</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Surplus in profit and loss account/Retained earnings</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total shareholders' equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders' equity</strong></td>
<td>4,323,030,603</td>
<td>12,610,942,124</td>
</tr>
</tbody>
</table>

## OFF-BALANCE SHEET ITEMS

### Contingent liabilities

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptances and endorsements</td>
<td>444,388,033</td>
<td>400,445,942</td>
</tr>
<tr>
<td>Letters of guarantee</td>
<td>34,938,388</td>
<td>292,978,571</td>
</tr>
<tr>
<td>Irrevocable letters of credit</td>
<td>313,764,601</td>
<td>403,564,636</td>
</tr>
<tr>
<td>Bills for collection</td>
<td>582,882,267</td>
<td>591,635,822</td>
</tr>
<tr>
<td>Other contingent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,375,973,289</td>
<td>1,688,624,970</td>
</tr>
</tbody>
</table>

### Other commitments

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Off-Balance Sheet items including contingent liabilities</strong></td>
<td>1,375,973,289</td>
<td>1,688,624,970</td>
</tr>
</tbody>
</table>
# PROFIT AND LOSS ACCOUNT OF ISLAMIC BANKING BRANCH

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Figures in Taka</td>
<td></td>
</tr>
<tr>
<td>Profit and investment income</td>
<td>363,558,613</td>
<td>728,831,677</td>
</tr>
<tr>
<td>Profit paid on deposits and borrowings etc.</td>
<td>(201,712,464)</td>
<td>(314,676,522)</td>
</tr>
<tr>
<td><strong>Net investment income</strong></td>
<td>161,846,149</td>
<td>414,155,155</td>
</tr>
<tr>
<td>Investment income</td>
<td>4,680,888</td>
<td>-</td>
</tr>
<tr>
<td>Commission, exchange and brokerage</td>
<td>9</td>
<td>13,599,192</td>
</tr>
<tr>
<td>Other operating income</td>
<td>10</td>
<td>1,505,562</td>
</tr>
<tr>
<td><strong>Total operating income</strong></td>
<td>181,631,791</td>
<td>425,757,443</td>
</tr>
<tr>
<td>Salaries and allowances</td>
<td>26,605,310</td>
<td>22,990,089</td>
</tr>
<tr>
<td>Rent, taxes, insurance, electricity etc.</td>
<td>22,085,890</td>
<td>19,964,186</td>
</tr>
<tr>
<td>Legal expenses</td>
<td>212,900</td>
<td>68,400</td>
</tr>
<tr>
<td>Postage, stamp, telecommunication etc.</td>
<td>98,423</td>
<td>84,767</td>
</tr>
<tr>
<td>Stationery, printing, advertisement etc.</td>
<td>455,890</td>
<td>619,433</td>
</tr>
<tr>
<td>Depreciation and repair of Bank’s assets</td>
<td>4,088,373</td>
<td>3,888,180</td>
</tr>
<tr>
<td>Other expenses</td>
<td>11</td>
<td>3,789,405</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>57,336,190</td>
<td>51,755,747</td>
</tr>
<tr>
<td><strong>Net operating profit</strong></td>
<td>124,295,601</td>
<td>374,001,696</td>
</tr>
<tr>
<td>Provision for loans and advances/investments</td>
<td>71,207,777</td>
<td>56,364,995</td>
</tr>
<tr>
<td>Provision for Off-Balance Sheet exposures</td>
<td>3,123,549</td>
<td>(5,718,793)</td>
</tr>
<tr>
<td><strong>Total provision</strong></td>
<td>74,331,326</td>
<td>50,646,202</td>
</tr>
<tr>
<td><strong>Total profit before taxes</strong></td>
<td>198,626,927</td>
<td>424,647,898</td>
</tr>
</tbody>
</table>
# NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF ISLAMIC BANKING BRANCH

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>1. CASH</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Cash in hand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In local currency</td>
<td>7,060,135</td>
<td>4,597,919</td>
</tr>
<tr>
<td>In foreign currency</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,060,135</strong></td>
<td><strong>4,597,919</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1.2 Balance with Bangladesh Bank and its agent bank(s)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>In local currency</td>
<td>1,747,812,509</td>
<td>1,836,507,609</td>
</tr>
<tr>
<td>In foreign currency</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,747,812,509</strong></td>
<td><strong>1,836,507,609</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Bangladesh (Note - 21)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside Bangladesh</td>
<td>22,888,752</td>
<td>18,619,255</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22,888,752</strong></td>
<td><strong>18,619,255</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2.1 In Bangladesh</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mudaraba savings deposit accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Islami Bank Ltd.</td>
<td>1,508,373</td>
<td>1,489,983</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,508,373</strong></td>
<td><strong>1,489,983</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mudaraba Short Notice Deposits</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AB Bank Ltd. IBB</td>
<td>8,644,172</td>
<td>6,853,688</td>
</tr>
<tr>
<td>Bank Alfalah Ltd.</td>
<td>2,096,175</td>
<td>641,641</td>
</tr>
<tr>
<td>South East Bank Ltd. IBB</td>
<td>9,921,282</td>
<td>9,633,943</td>
</tr>
<tr>
<td>Prime Bank Ltd.</td>
<td>718,750</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21,380,379</strong></td>
<td><strong>17,129,273</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mudaraba term deposit accounts</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>22,888,752</strong></td>
<td><strong>18,619,255</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. INVESTMENTS IN SHARES &amp; SECURITIES</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Investment classified as per Bangladesh Bank Circular Held to Maturity (HTM)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>150,000,000</td>
<td>250,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ii) Investment securities are classified as follows</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Government bond</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 months Islamic bonds</td>
<td>150,000,000</td>
<td>250,000,000</td>
</tr>
<tr>
<td>2 years Islamic bond</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>b) Other investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>150,000,000</td>
<td>250,000,000</td>
</tr>
</tbody>
</table>
### 4 INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inside Bangladesh</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bai-muazzal</td>
<td>2,728,400</td>
<td>2,641,508</td>
</tr>
<tr>
<td>Murabaha</td>
<td>1,766,162,384</td>
<td>10,102,955,143</td>
</tr>
<tr>
<td>Hire purchase shirkatul melk (HPSM)</td>
<td>592,352,858</td>
<td>360,005,375</td>
</tr>
<tr>
<td>Guard</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,361,243,643</td>
<td>10,465,602,026</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Outside Bangladesh</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,361,243,643</td>
<td>10,465,602,026</td>
</tr>
</tbody>
</table>

| **ii) Bills purchased and discounted** |                |                |
| **Payable Inside Bangladesh** |                |                |
| Inland bills purchased     | 4,308,700      | 4,365,500      |

| **Payable Outside Bangladesh** |                |                |
| Foreign bills purchased and discounted | -           | -             |
|**Total**                       | 4,308,700      | 4,365,500      |

| **5 FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES** |                |                |
| **Cost** |                |                |
| Furniture and fixtures | 14,763,649     | 14,699,649     |
| Office equipment and machinery | 17,198,126     | 16,743,398     |
| **Total** | 31,961,774     | 31,443,046     |
| **Accumulated depreciation** | (25,328,670)  | (23,641,075)  |
| **Net Book Value** | 6,633,104      | 7,801,971      |

| **6 OTHER ASSETS** |                |                |
| Stationery and stamps | 120,406        | 37,766         |
| Advance deposits and advance rent | 10,799,303    | 14,454,983    |
| Advance tax           | 1,387,614      | 493,674        |
| Profit receivable from investment | 10,876,436 | 3,461,420 |
| Sundry debtors        | -              | 5,000,000      |
| **Total**             | 23,083,759     | 23,447,943     |

| **7 BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS** |                |                |
| In Bangladesh (Note- 71) | -              | 6,000,000,000  |
| Outside Bangladesh       | -              | -              |
| **Total**                | -              | 6,000,000,000  |

| **7.1 In Bangladesh** |                |                |
| Bangladesh Bank for 100 Days | -          | -           |
| Bangladesh Bank for 5 Months | -         | -           |
| Bangladesh Bank for 6 Months | -          | 6,000,000,000|
| **Total**               | -              | 6,000,000,000 |
## OTHER LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit suspense account</td>
<td>4,002,591</td>
<td>3,185,157</td>
</tr>
<tr>
<td>Expense payable</td>
<td>997,750</td>
<td>356,560</td>
</tr>
<tr>
<td>Profit payable account</td>
<td>36,980,890</td>
<td>79,849,941</td>
</tr>
<tr>
<td>Provision for investment</td>
<td>84,244,501</td>
<td>157,510,430</td>
</tr>
<tr>
<td>Provision for Off-Balance Sheet Exposures</td>
<td>13,792,969</td>
<td>16,916,518</td>
</tr>
<tr>
<td>Profit Payable to Head Office</td>
<td>198,626,927</td>
<td>424,647,898</td>
</tr>
<tr>
<td>Profit mark up account</td>
<td>109,515,895</td>
<td>424,043,447</td>
</tr>
<tr>
<td>Unrealized Compensation</td>
<td>3,247,306</td>
<td>2,678,117</td>
</tr>
<tr>
<td>Realized Compensation</td>
<td>3,177,698</td>
<td>2,775,458</td>
</tr>
<tr>
<td>Branch adjustment account</td>
<td>321,947,217</td>
<td>656,894,888</td>
</tr>
<tr>
<td>Others</td>
<td>14,668,774</td>
<td>17,632,071</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>791,202,517</td>
<td>1,786,490,484</td>
</tr>
</tbody>
</table>

## COMMISSION, EXCHANGE AND BROKERAGE

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission on letters of credit</td>
<td>5,898,764</td>
<td>3,830,152</td>
</tr>
<tr>
<td>Commission on letters of guarantee</td>
<td>282,000</td>
<td>93,000</td>
</tr>
<tr>
<td>Commission on export bills</td>
<td>16,251</td>
<td>31,500</td>
</tr>
<tr>
<td>Commission on bills purchased</td>
<td>7,147</td>
<td>-</td>
</tr>
<tr>
<td>Commission on accepted bills</td>
<td>3,471,875</td>
<td>3,273,957</td>
</tr>
<tr>
<td>Commission on OBC, IBC etc.</td>
<td>29,700</td>
<td>30,600</td>
</tr>
<tr>
<td>Commission on PO, DD, TT, TC, etc.</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Fees and charges (Note - 91)</td>
<td>3,893,455</td>
<td>3,194,283</td>
</tr>
<tr>
<td>Other commission</td>
<td>-</td>
<td>3,270</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13,599,192</td>
<td>10,456,962</td>
</tr>
</tbody>
</table>

### Exchange gain
-                                    |

### Brokerage
-                                    |

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>13,599,192</td>
<td>10,456,962</td>
</tr>
</tbody>
</table>

## Other fees and charges

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service charges on deposits</td>
<td>1,215,103</td>
<td>1,253,964</td>
</tr>
<tr>
<td>Cheque book issue fees</td>
<td>249,500</td>
<td>243,600</td>
</tr>
<tr>
<td>Investment processing fees</td>
<td>2,903,111</td>
<td>1,586,719</td>
</tr>
<tr>
<td>Clearing return</td>
<td>106,740</td>
<td>97,600</td>
</tr>
<tr>
<td>Charges on account closing and transfer</td>
<td>19,000</td>
<td>12,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,893,455</td>
<td>3,194,283</td>
</tr>
</tbody>
</table>

## OTHER OPERATING INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postage/telex/SWIFT/fax recoveries</td>
<td>970,000</td>
<td>801,450</td>
</tr>
<tr>
<td>Locker rent</td>
<td>117,138</td>
<td>99,000</td>
</tr>
<tr>
<td>Miscellaneous earnings (Note - 101)</td>
<td>418,424</td>
<td>244,876</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,506,552</td>
<td>1,145,326</td>
</tr>
</tbody>
</table>

## OTHER EXPENSES

### Miscellaneous earnings
- Miscellaneous earnings includes earning from early settlement of loan, issuing various certificate and bank statements on demand of customers.

### Online communication expenses                      | 1,936,000  | 1,953,750  |
| Training, seminar and workshop                       | 88,400     | 5,750      |
| Entertainment                                         | 118,787    | 114,847    |
| Business Expansion Cost                               | 41,700     | 335,858    |
| Conveyance                                            | 63,565     | 51,030     |
| Newspapers                                           | 3,540      | 218,066    |
| Security expenses                                     | 576,892    | 567,154    |
| Miscellaneous expenses                                | 960,521    | 894,236    |
| **Total**                                             | 3,789,405  | 4,140,691  |
# Balance Sheet of Off-Shore Banking Unit

**As at 31 December 2017**

## Property and Assets

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in hand (including foreign currencies)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance with Bangladesh Bank and its agent banks (including foreign currencies)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance with other banks and financial institutions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Bangladesh</td>
<td>6,860,000</td>
<td>567,322,000</td>
</tr>
<tr>
<td>Outside Bangladesh</td>
<td>5,794,858</td>
<td>479,234,726</td>
</tr>
<tr>
<td><strong>Money at call and short notice</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Investments in shares &amp; securities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Government</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Loans and advances</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans, cash credits, overdrafts, etc.</td>
<td>231,952,408</td>
<td>19,182,464,103</td>
</tr>
<tr>
<td>Bills purchased and discounted</td>
<td>27,967,120</td>
<td>2,312,680,791</td>
</tr>
<tr>
<td><strong>Fixed assets including premises, furniture and fixtures</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,397,611</td>
<td>115,582,436</td>
</tr>
<tr>
<td>Non-banking assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>273,971,996</td>
<td>22,657,484,056</td>
</tr>
</tbody>
</table>

## Liabilities and Capital

**Liabilities:**

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Borrowings from other banks, financial institutions and agents</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deposits and other Accounts</td>
<td>2,328,249</td>
<td>192,546,161</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>46,544,801</td>
<td>3,849,045,304</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>273,971,996</td>
<td>22,657,484,056</td>
</tr>
</tbody>
</table>

**Capital/shareholders’ equity:**

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid up capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share premium</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other reserve</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Surplus in profit and loss account</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>273,971,996</td>
<td>22,657,484,056</td>
</tr>
</tbody>
</table>

## Off-Balance Sheet Items

**Contingent liabilities:**

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptances and endorsements</td>
<td>12,950,655</td>
<td>1,071,019,152</td>
</tr>
<tr>
<td>Letters of guarantee</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Irrevocable letters of credit</td>
<td>5,840,851</td>
<td>483,038,355</td>
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<tr>
<td>Bills for collection</td>
<td>15,194,600</td>
<td>1,256,593,442</td>
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<tr>
<td>Other contingent liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Contingent liabilities</strong></td>
<td>33,986,106</td>
<td>2,810,650,949</td>
</tr>
</tbody>
</table>

**Other commitments:**

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Off-Balance Sheet items including contingent liabilities</td>
<td>33,986,106</td>
<td>2,810,650,949</td>
</tr>
</tbody>
</table>
# PROFIT AND LOSS ACCOUNT OF OFF-SHORE BANKING UNIT

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>Taka</td>
</tr>
<tr>
<td></td>
<td>Taka</td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>5</td>
<td>12,218,901</td>
</tr>
<tr>
<td></td>
<td></td>
<td>888,424,700</td>
</tr>
<tr>
<td>Interest paid on borrowings</td>
<td></td>
<td>(9,633,208)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(576,580,948)</td>
</tr>
<tr>
<td>Net interest income</td>
<td></td>
<td>2,585,693</td>
</tr>
<tr>
<td></td>
<td></td>
<td>309,843,752</td>
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<tr>
<td>Commission and exchange</td>
<td>6</td>
<td>606,287</td>
</tr>
<tr>
<td></td>
<td></td>
<td>53,883,141</td>
</tr>
<tr>
<td>Other operating income</td>
<td></td>
<td>200</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total operating income</td>
<td></td>
<td>3,192,180</td>
</tr>
<tr>
<td></td>
<td></td>
<td>363,726,893</td>
</tr>
<tr>
<td>Rent, taxes, insurance,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>electricity, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal expenses</td>
<td></td>
<td>4,138</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,101,764</td>
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<tr>
<td>Other operating expenses</td>
<td></td>
<td>75,000</td>
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<tr>
<td></td>
<td></td>
<td>29,791,794</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td></td>
<td>79,138</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30,893,558</td>
</tr>
<tr>
<td>Net operating profit</td>
<td></td>
<td>3,113,042</td>
</tr>
<tr>
<td></td>
<td></td>
<td>332,833,335</td>
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<tr>
<td>Provision for loans and</td>
<td></td>
<td>(820,261)</td>
</tr>
<tr>
<td>advances/investments</td>
<td></td>
<td>(51,950,204)</td>
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<tr>
<td>Provision for Off-Balance</td>
<td></td>
<td>(236,615)</td>
</tr>
<tr>
<td>sheet exposures</td>
<td></td>
<td>(7,794,324)</td>
</tr>
<tr>
<td>Provision for diminution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>in value of investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other provision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total provision</td>
<td></td>
<td>(1,056,876)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(59,744,528)</td>
</tr>
<tr>
<td>Total profit before taxes</td>
<td></td>
<td>2,056,166</td>
</tr>
<tr>
<td></td>
<td></td>
<td>273,088,807</td>
</tr>
</tbody>
</table>
NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF OFF-SHORE BANKING UNIT

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>Taka</td>
</tr>
<tr>
<td>1 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Bangladesh</td>
<td>6,860,000</td>
<td>567,322,000</td>
</tr>
<tr>
<td>Outside Bangladesh</td>
<td>5,794,858</td>
<td>479,234,726</td>
</tr>
<tr>
<td></td>
<td>12,654,858</td>
<td>1,046,556,726</td>
</tr>
<tr>
<td>OBU maintain its own account relating Offshore Banking business separately in Mashreq Bank, New York, USA.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 LOANS AND ADVANCES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans, cash credits, over drafts, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term Loan</td>
<td>83,000,705</td>
<td>6,864,158,264</td>
</tr>
<tr>
<td>Short Term Loan</td>
<td>146,261,497</td>
<td>12,095,825,780</td>
</tr>
<tr>
<td>Over Draft Loan</td>
<td>2,690,206</td>
<td>222,480,059</td>
</tr>
<tr>
<td>Bills purchased and discounted</td>
<td>27,967,120</td>
<td>2,312,880,791</td>
</tr>
<tr>
<td></td>
<td>259,919,527</td>
<td>21,495,344,894</td>
</tr>
<tr>
<td>3 BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Bangladesh</td>
<td>36,100,000</td>
<td>2,985,470,000</td>
</tr>
<tr>
<td>Outside Bangladesh</td>
<td>188,998,946</td>
<td>15,630,212,861</td>
</tr>
<tr>
<td></td>
<td>225,098,946</td>
<td>18,615,682,861</td>
</tr>
<tr>
<td>4 OTHER LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Levy and VAT payable</td>
<td>16,534</td>
<td>1,367,375</td>
</tr>
<tr>
<td>Payable to main operation</td>
<td>42,333,751</td>
<td>3,501,001,186</td>
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<tr>
<td>Provision for loans and advances</td>
<td>2,599,195</td>
<td>214,953,440</td>
</tr>
<tr>
<td>Provision for off balance sheet exposure</td>
<td>342,564</td>
<td>28,331,674</td>
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<tr>
<td>Interest suspense account</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest payable</td>
<td>1,234,266</td>
<td>102,073,793</td>
</tr>
<tr>
<td>Others</td>
<td>18,471</td>
<td>1,527,557</td>
</tr>
<tr>
<td></td>
<td>46,544,801</td>
<td>3,849,255,034</td>
</tr>
<tr>
<td>5 INTEREST INCOME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan and advances</td>
<td>10,801,140</td>
<td>893,254,246</td>
</tr>
<tr>
<td>Bills purchased and discounted</td>
<td>18,240</td>
<td>1,343,057</td>
</tr>
<tr>
<td>Interest on balance with other banks and financial institutions</td>
<td>1,401,521</td>
<td>115,906,799</td>
</tr>
<tr>
<td></td>
<td>12,218,801</td>
<td>1,010,503,104</td>
</tr>
<tr>
<td>6 COMMISSION, EXCHANGE AND BROKERAGE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commission income</td>
<td>606,287</td>
<td>50,139,942</td>
</tr>
<tr>
<td>Exchange gain</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>606,287</td>
<td>50,139,942</td>
</tr>
</tbody>
</table>
## HIGHLIGHTS

Figures in million unless specified

<table>
<thead>
<tr>
<th>Sl. no.</th>
<th>Particulars</th>
<th>As at 31 December 2017</th>
<th>As at 31 December 2016 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Paid-up capital</td>
<td>Taka 9,218.93</td>
<td>8,757.98</td>
</tr>
<tr>
<td>2</td>
<td>Total capital</td>
<td>Taka 29,754.51</td>
<td>23,422.25</td>
</tr>
<tr>
<td>3</td>
<td>Capital surplus/(deficit)</td>
<td>Taka 7,005.85</td>
<td>4,511.35</td>
</tr>
<tr>
<td>4</td>
<td>Total assets</td>
<td>Taka 275,531.43</td>
<td>254,776.36</td>
</tr>
<tr>
<td>5</td>
<td>Total deposits</td>
<td>Taka 183,492.76</td>
<td>174,695.03</td>
</tr>
<tr>
<td>6</td>
<td>Total loans and advances/investments</td>
<td>Taka 196,595.86</td>
<td>175,025.08</td>
</tr>
<tr>
<td>7</td>
<td>Total contingent liabilities and commitments</td>
<td>Taka 98,844.90</td>
<td>61,020.36</td>
</tr>
<tr>
<td>8</td>
<td>Credit deposit ratio *</td>
<td>% 84.90%</td>
<td>80.40%</td>
</tr>
<tr>
<td>9</td>
<td>Percentage of classified loans/investments against</td>
<td>% 5.43%</td>
<td>6.05%</td>
</tr>
<tr>
<td></td>
<td>total loans and advances/investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Amount of classified loans/investments during the</td>
<td>Taka 10,677.89</td>
<td>10,581.92</td>
</tr>
<tr>
<td></td>
<td>period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Provisions kept against classified loans/investments</td>
<td>Taka 3,737.10</td>
<td>4,212.45</td>
</tr>
<tr>
<td>12</td>
<td>Provision surplus/(deficit) against classified</td>
<td>Taka 0.02</td>
<td>1.23</td>
</tr>
<tr>
<td></td>
<td>loans/investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Cost of fund</td>
<td>% 4.08%</td>
<td>4.82%</td>
</tr>
<tr>
<td>14</td>
<td>Interest earning assets</td>
<td>Taka 220,874.97</td>
<td>199,507.91</td>
</tr>
<tr>
<td>15</td>
<td>Non-interest earning assets</td>
<td>Taka 54,656.46</td>
<td>55,268.45</td>
</tr>
<tr>
<td>16</td>
<td>Return on investment (ROI)</td>
<td>% 12.05%</td>
<td>21.26%</td>
</tr>
<tr>
<td>17</td>
<td>Return on assets (ROA)</td>
<td>% 1.38%</td>
<td>1.71%</td>
</tr>
<tr>
<td>18</td>
<td>Net asset value per share</td>
<td>Taka 26.96</td>
<td>23.58</td>
</tr>
<tr>
<td>19</td>
<td>Profit after tax and provision</td>
<td>Taka 3,628.45</td>
<td>3,955.71</td>
</tr>
<tr>
<td>20</td>
<td>Income from investment</td>
<td>Taka 2,790.99</td>
<td>4,745.84</td>
</tr>
<tr>
<td>21</td>
<td>Earnings per share</td>
<td>Taka 4.09</td>
<td>4.52</td>
</tr>
<tr>
<td>22</td>
<td>Net income per share</td>
<td>Taka 4.09</td>
<td>4.52</td>
</tr>
<tr>
<td>23</td>
<td>Price earning ratio</td>
<td>Times 13.01</td>
<td>6.02</td>
</tr>
</tbody>
</table>

* As per Bangladesh Bank Reporting.
FINANCIAL STATEMENTS OF 2017

AUDITORS’ REPORT TO THE SHAREHOLDERS
For the year ended 31 December 2017

We have audited the accompanying financial statements of City Brokerage Ltd (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2017, 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 a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, the Companies Act 1994, Bangladesh Securities and Exchange Commission (Stock Dealer, Stock Broker and Authorised Representative) Rules 2000 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.

AUDITORS' RESPONSIBILITY
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION
In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the requirements of Companies Act 1994, Bangladesh Securities and Exchange Commission (Stock Dealer, Stock Broker and Authorised Representative) Rules 2000 and other applicable laws and regulations.

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 those 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 and returns.

Dhaka, Bangladesh
Dated, 05 March 2018
S. F. AHMED & CO
Chartered Accountants
## Statement of Financial Position (Balance Sheet)

For the year ended 31 December 2017

### Assets

#### Non-current assets
- Property, plant and equipment
- Intangible assets
- Membership fees
- Investment in securities

### Figures in Taka

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>307,496,790</td>
<td>13,230,238</td>
</tr>
<tr>
<td>4</td>
<td>2,541,397</td>
<td>2,950,499</td>
</tr>
<tr>
<td>5</td>
<td>600,000,000</td>
<td>600,000,000</td>
</tr>
<tr>
<td>6</td>
<td>1,488,688,067</td>
<td>1,058,722,711</td>
</tr>
<tr>
<td></td>
<td>2,398,724,244</td>
<td>1,674,903,448</td>
</tr>
</tbody>
</table>

#### Current assets
- Accounts receivable
- Advance payment of corporate income tax
- Advances, deposits and prepayments
- Cash and cash equivalents

### Figures in Taka

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>1,428,863,368</td>
<td>2,250,498,751</td>
</tr>
<tr>
<td>8</td>
<td>108,244,308</td>
<td>64,263,471</td>
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<tr>
<td>9</td>
<td>28,096,605</td>
<td>10,365,095</td>
</tr>
<tr>
<td>10</td>
<td>1,205,415,070</td>
<td>1,497,312,022</td>
</tr>
<tr>
<td></td>
<td>2,770,619,350</td>
<td>3,822,439,339</td>
</tr>
</tbody>
</table>

**Total assets**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,169,343,594</td>
<td>5,497,342,787</td>
</tr>
</tbody>
</table>

### Equity and Liabilities

#### Capital and reserves
- Share capital
- Retained earnings
- Long term loan

### Figures in Taka

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>3,400,000,000</td>
<td>3,400,000,000</td>
</tr>
<tr>
<td></td>
<td>(580,617,466)</td>
<td>(899,764,047)</td>
</tr>
<tr>
<td></td>
<td>2,819,382,534</td>
<td>2,500,235,953</td>
</tr>
<tr>
<td>12</td>
<td>300,000,000</td>
<td>-</td>
</tr>
</tbody>
</table>

### Current liabilities
- Short term loan
- Payable to clients
- Accounts payable
- Accrued expenses
- Interest suspense account
- Provision for loan loss - margin loan
- Provision for corporate income tax

### Figures in Taka

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>1,095,219,173</td>
<td>1,322,484,373</td>
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<tr>
<td>14</td>
<td>301,121,152</td>
<td>768,220,100</td>
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<tr>
<td>15</td>
<td>102,703,505</td>
<td>316,976,913</td>
</tr>
<tr>
<td></td>
<td>80,500</td>
<td>80,500</td>
</tr>
<tr>
<td></td>
<td>166,005,080</td>
<td>166,005,080</td>
</tr>
<tr>
<td></td>
<td>260,769,167</td>
<td>353,086,157</td>
</tr>
<tr>
<td>16</td>
<td>124,062,482</td>
<td>70,253,711</td>
</tr>
<tr>
<td></td>
<td>2,049,961,069</td>
<td>2,997,106,834</td>
</tr>
</tbody>
</table>

**Total shareholders’ equity and liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,169,343,594</td>
<td>5,497,342,787</td>
</tr>
</tbody>
</table>

These financial statements should be read in conjunction with the 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, 05 March 2018

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 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brokerage commission</td>
<td>317,906,220</td>
<td>196,373,527</td>
</tr>
<tr>
<td>Interest income</td>
<td>98,629,830</td>
<td>118,254,287</td>
</tr>
<tr>
<td>Capital gains/(losses) on investment in securities</td>
<td>127,311,908</td>
<td>84,503,228</td>
</tr>
<tr>
<td>Dividend income</td>
<td>84,696,670</td>
<td>23,592,642</td>
</tr>
<tr>
<td>Other operating income</td>
<td>820,400</td>
<td>791,090</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>629,565,028</td>
<td>423,504,774</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Direct cost</strong></td>
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</tr>
<tr>
<td>Interest on borrowed fund</td>
<td>24,689,730</td>
<td>14,051,480</td>
</tr>
<tr>
<td></td>
<td>95,411,476</td>
<td>135,702,465</td>
</tr>
<tr>
<td><strong>Cost of service</strong></td>
<td>120,101,206</td>
<td>149,753,975</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>509,463,823</td>
<td>273,750,799</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>133,157,683</td>
<td>106,011,288</td>
</tr>
<tr>
<td><strong>Operating profit/(loss)</strong></td>
<td>376,306,139</td>
<td>167,739,511</td>
</tr>
<tr>
<td>Provision for change in value of investment in securities</td>
<td>-</td>
<td>(1,080,842)</td>
</tr>
<tr>
<td>Loan loss provision</td>
<td>(30,446,000)</td>
<td>77,427,607</td>
</tr>
<tr>
<td></td>
<td>(30,446,000)</td>
<td>76,346,766</td>
</tr>
<tr>
<td><strong>Profit before corporate income tax</strong></td>
<td>406,752,139</td>
<td>91,392,746</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(87,605,558)</td>
<td>(36,521,946)</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>319,146,582</td>
<td>54,870,800</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>319,146,582</td>
<td>54,870,800</td>
</tr>
</tbody>
</table>

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

For and on behalf of the board of directors of City Brokerage Ltd.

[Signatures]

Managing Director & CEO
Director
Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 06 March 2018

S. F. Al-Med & Co
Chartered Accountants
# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Share capital</th>
<th>Retained earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year 2016</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 01 January 2016</td>
<td>1,600,000,000</td>
<td>(954,634,847)</td>
<td>645,365,153</td>
</tr>
<tr>
<td>Share issued during the year</td>
<td>1,800,000,000</td>
<td>-</td>
<td>1,800,000,000</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>-</td>
<td>54,870,800</td>
<td>54,870,800</td>
</tr>
<tr>
<td>Balance at 31 December 2016</td>
<td>3,400,000,000</td>
<td>(999,764,047)</td>
<td>2,300,235,953</td>
</tr>
<tr>
<td><strong>Year 2017</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 01 January 2017</td>
<td>3,400,000,000</td>
<td>(899,764,047)</td>
<td>2,500,235,953</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>-</td>
<td>319,146,582</td>
<td>319,146,582</td>
</tr>
<tr>
<td>Balance at 31 December 2017</td>
<td>3,400,000,000</td>
<td>(580,617,466)</td>
<td>2,319,382,534</td>
</tr>
</tbody>
</table>

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, 05 March 2018
# Statement of Cash Flows

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit/(loss) before tax</td>
<td>406,752,139</td>
<td>91,392,746</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>4,340,991</td>
<td>4,794,628</td>
</tr>
<tr>
<td>Provision for unrealised loans to clients</td>
<td>-</td>
<td>77,427,607</td>
</tr>
<tr>
<td>Provision for diminution in value of investment</td>
<td>-</td>
<td>(1,080,942)</td>
</tr>
<tr>
<td><strong>Total Change in working capital components</strong></td>
<td>411,093,130</td>
<td>172,534,339</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase/(Decrease) in accounts receivable</td>
<td>(34,399,706)</td>
<td>(34,338,838)</td>
</tr>
<tr>
<td>Increase/(Decrease) in advances, deposits and prepayments</td>
<td>(17,731,510)</td>
<td>364,103</td>
</tr>
<tr>
<td>Increase/(Decrease) in payable to clients</td>
<td>(467,098,948)</td>
<td>561,322,290</td>
</tr>
<tr>
<td>Increase/(Decrease) in loan loss provision</td>
<td>(92,316,990)</td>
<td>-</td>
</tr>
<tr>
<td>Increase/(Decrease) in account payable</td>
<td>(214,273,408)</td>
<td>309,836,267</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(757,021,150)</td>
<td>837,185,823</td>
</tr>
<tr>
<td><strong>Total cash used in operating activities</strong></td>
<td>(345,928,020)</td>
<td>1,009,720,162</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>(77,777,623)</td>
<td>(36,407,904)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(423,705,643)</td>
<td>973,312,258</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in shares and mutual fund</td>
<td>(429,963,346)</td>
<td>(607,256,897)</td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>(298,198,441)</td>
<td>(3,400,690)</td>
</tr>
<tr>
<td>Margin loan to clients</td>
<td>787,235,677</td>
<td>33,871,155</td>
</tr>
<tr>
<td><strong>Net cash from (used in) investing activities</strong></td>
<td>59,073,890</td>
<td>(576,786,432)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue of share capital</td>
<td>-</td>
<td>1,800,000,000</td>
</tr>
<tr>
<td>Long term loan</td>
<td>300,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Short term loan</td>
<td>(227,265,200)</td>
<td>(1,122,228,271)</td>
</tr>
<tr>
<td><strong>Net cash from financing activities</strong></td>
<td>72,734,800</td>
<td>677,771,729</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net changes in cash and cash equivalents</td>
<td>(291,896,952)</td>
<td>1,074,297,555</td>
</tr>
<tr>
<td>Opening cash and cash equivalents</td>
<td>1,497,312,022</td>
<td>423,014,469</td>
</tr>
<tr>
<td>Closing cash and cash equivalents</td>
<td>1,205,415,070</td>
<td>1,497,312,022</td>
</tr>
</tbody>
</table>

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, 05 March 2018
NOTES TO FINANCIAL STATEMENTS
For the year ended 31 December 2017

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 31/DSE/145/2010/433 dated 25 October 2010 and 32/CSE/133/2010/250 dated 04 November 2010 and dealer license number 31/DSE/145/2010/434 dated 25 October 2010 and 32/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 - 1, Dhanmondi and Nikunja, Dhaka and two other branches each at Chittagong and Sylhet. The legal status of the company has been changed from private limited company to public limited company in June 2012.

1.2 Nature of business
The main objectives of the company for which it was incorporated are to carry on the business of stock broker/stock dealers and other related business in connection with securities dealing. Other objectives of the company are to buy, sell, hold or otherwise acquire or invest the capital of the company in shares, stocks and fixed income securities.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements
The financial statements of the company have been prepared in accordance with Bangladesh Financial Reporting Standards, under historical cost convention on a going concern basis and the requirements of Companies Act 1994 and Bangladesh Securities and Exchange Commission (Stock Dealer, Stock Broker and Authorised Representative) Rules 2000 and other applicable laws and regulations.

2.2 Property, plant and equipment and depreciation
These are stated at cost less accumulated depreciation. Depreciation is charged on the items of property, plant and equipment using straight-line method in accordance with Bangladesh Accounting Standard (BAS) 16. Full month’s depreciation is charged on additions irrespective of date of their acquisition and no depreciation is charged in the month of disposal. The rates of depreciation on various classes of property, plant and equipment are as under:

<table>
<thead>
<tr>
<th>Category of asset</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>25</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>10</td>
</tr>
<tr>
<td>Office equipment</td>
<td>20</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>20</td>
</tr>
</tbody>
</table>

2.3 Intangible assets and amortisation
Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the company and the cost of asset can be measured reliably in accordance with BAS 33 “Intangible Assets”. Accordingly, these are stated in the statement of financial position at cost less amortisation.

2.4 Cash and cash equivalents
Cash and cash equivalents include cash in hand, bank balances, cheques awaiting for collection and fixed deposits which are held and are available for use by the company without any restrictions.

2.5 Revenue recognition
Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the enterprise the revenue during the year and in accordance with the BFRS 15 “Revenue from Customers with Contracts”

2.6 Events after reporting period
No events occurred after the date of statement of financial position that could affect the financial position of the company or required disclosure.

2.7 Accrual
The expenses, irrespective of capital or revenue nature, accrued/due but not paid have been provided in the books of account of the company.
2.8 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 four members all of them are from management of the company. All permanent employees of the company are contributing 10% of their basic salary as subscription to the Fund. The company also contributes equal amount as employer’s contribution to the fund.

3. PROPERTY, PLANT AND EQUIPMENT

<table>
<thead>
<tr>
<th>Cost</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>56,326,816</td>
<td>52,926,126</td>
</tr>
<tr>
<td>Add: Addition during the year</td>
<td>298,198,441</td>
<td>3,400,690</td>
</tr>
<tr>
<td></td>
<td>354,525,257</td>
<td>56,326,816</td>
</tr>
<tr>
<td>Less: Disposal during the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing balance (a)</td>
<td>354,525,257</td>
<td>56,326,816</td>
</tr>
</tbody>
</table>

Accumulated depreciation

<table>
<thead>
<tr>
<th>Cost</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>43,096,578</td>
<td>38,710,852</td>
</tr>
<tr>
<td>Add: Charge for the year</td>
<td>3,931,889</td>
<td>4,385,726</td>
</tr>
<tr>
<td></td>
<td>47,028,467</td>
<td>43,096,576</td>
</tr>
<tr>
<td>Less: Adjustment during the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing balance (b)</td>
<td>47,028,467</td>
<td>43,096,576</td>
</tr>
<tr>
<td>Net book value (a-b)</td>
<td>307,496,790</td>
<td>13,230,236</td>
</tr>
</tbody>
</table>

4. INTANGIBLE ASSETS

| Cost of software                                                      | 4,147,609           | 4,147,609           |
|                                                                      | 1,606,212           | 1,197,110           |
| Net book value                                                        | 2,541,397           | 2,950,499           |

5. MEMBERSHIP FEES

Dhaka Stock Exchange Ltd (DSE)                                         | 580,999,000         | 580,999,000         |
Chittagong Stock Exchange Ltd (CSE)                                   | 19,001,000          | 19,001,000          |
                                                                      | 600,000,000         | 600,000,000         |

6. INVESTMENT IN SECURITIES

Investment in quoted securities (note 61)                             | 1,483,686,057       | 1,028,722,711       |
Investment in initial public offering (IPO)                           | 5,000,000           | 30,000,000          |
                                                                      | 1,488,686,057       | 1,058,722,711       |
6.1 Investment in quoted securities
This represents investment made by the company in shares and units of various companies and mutual funds listed with DSE and CSE through its dealer-accounts. The cost price of the quoted securities is BDT 1,483,686,057 and the market value of those quoted securities is BDT 2,248,030,414 as at 31 December 2017.

<table>
<thead>
<tr>
<th>Receivable from</th>
<th>Figures in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>CSE</td>
<td>47,942,619</td>
</tr>
<tr>
<td>Clients (note 71)</td>
<td>1,375,650,682</td>
</tr>
<tr>
<td>Dividend receivable</td>
<td>5,270,067</td>
</tr>
<tr>
<td>Loan receivable from small investor</td>
<td></td>
</tr>
<tr>
<td>Interest receivable from small investor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,428,863,368</td>
</tr>
</tbody>
</table>

7.1 Receivable from clients
The above amount is receivable from 2,906 individual and institutional clients against margin loan for investing in securities through the company.

8. ADVANCE CORPORATE INCOME TAX

<table>
<thead>
<tr>
<th>Days: Paid during the year</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>64,263,471</td>
</tr>
<tr>
<td>Less: Adjustment during the year</td>
<td>27,975,244</td>
</tr>
<tr>
<td></td>
<td>106,244,308</td>
</tr>
</tbody>
</table>

9. ADVANCES, DEPOSITS AND PREPAYMENTS

<table>
<thead>
<tr>
<th>Days: Paid during the year</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Office rent</td>
<td>8,620,617</td>
</tr>
<tr>
<td>Insurance</td>
<td>47,100</td>
</tr>
<tr>
<td>Corporate guarantee fee (note 91)</td>
<td>8,372,323</td>
</tr>
<tr>
<td>Employee - for motor vehicle</td>
<td>3,770,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>6,660,000</td>
</tr>
<tr>
<td>Office expenses</td>
<td>440,693</td>
</tr>
<tr>
<td>Reimbursement fees of professional exam</td>
<td>150,972</td>
</tr>
<tr>
<td>Deposit to GrameenPhone</td>
<td>21,000</td>
</tr>
<tr>
<td>Others</td>
<td>13,900</td>
</tr>
<tr>
<td></td>
<td>28,096,605</td>
</tr>
</tbody>
</table>

9.1 Corporate guarantee fee
This represents amount of fee paid to The City Bank Limited, the parent company of City Brokerage Ltd, as a corporate guarantee fee.
10. CASH AND CASH EQUIVALENTS

Account-wise outstanding balances at 31 December 2017 are given below:

<table>
<thead>
<tr>
<th>Bank balances with:</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Ltd, account nos.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1101132314001</td>
<td>657,135,374</td>
<td>489,630,586</td>
</tr>
<tr>
<td>1101132314002</td>
<td>3,310,959</td>
<td>342,394,436</td>
</tr>
<tr>
<td>1101132315001</td>
<td>128,889,456</td>
<td>90,256,837</td>
</tr>
<tr>
<td>1101132310001</td>
<td>21,075,570</td>
<td>31,551,683</td>
</tr>
<tr>
<td>Standard Chartered Bank account no. 0111058801</td>
<td>278,606,829</td>
<td>77,827,425</td>
</tr>
<tr>
<td>NRB Bank account no. 10820500300047</td>
<td>1,654,213</td>
<td>283,444,629</td>
</tr>
<tr>
<td>Mutual Trust Bank Ltd account no. 00220210005086</td>
<td>17,340</td>
<td>17,340</td>
</tr>
<tr>
<td></td>
<td>1,090,089,740</td>
<td>1,315,122,935</td>
</tr>
<tr>
<td>Cheques awaiting for collection</td>
<td>115,247,829</td>
<td>182,111,587</td>
</tr>
<tr>
<td>Petty cash</td>
<td>77,500</td>
<td>77,500</td>
</tr>
<tr>
<td></td>
<td>1,205,415,070</td>
<td>1,497,312,022</td>
</tr>
</tbody>
</table>

11. SHARE CAPITAL

Authorised capital
500,000,000 shares of Taka 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 Taka 10 each fully paid-up        | 3,399,940,000 | 3,399,940,000 |

Individual
6,000 shares of Taka 10 each fully paid-up              | 60,000         | 60,000         |

|                                 | 3,400,000,000   | 3,400,000,000   |

12. LONG TERM LOAN

This loan was taken from Lanka Bangla Finance Ltd as house building commercial loan for purchasing floor spaces at Al-Amin Centre, Dilkusha C/A, Dhaka-1000 bearing interest @ 10.00% per annum for a period of 10 years.

|                                 | 1,095,219,173   | 1,322,484,373   |

13. SHORT TERM LOAN

This loan was taken from The City Bank Ltd as overdraft where the overdraft facility limit is Taka 130 crore for margin financing and pre-funding support for foreign trade of foreign clients bearing interest @ 7.50% per annum subject to revision by bank management from time to time.

|                                 | 301,121,152     | 768,220,100     |

14. PAYABLE TO CLIENTS

This represents sale proceeds of clients’ securities which are being held for buy of marketable securities or refund to the clients as per their instructions.

|                                 | 102,703,505     | 316,976,913     |

15. ACCOUNTS PAYABLE

The City Bank Ltd (note 15.1) | 109,839          | 42,887          |
Central Depository Bangladesh Ltd | (1,538,611)   | (788,352)       |
DSE                               | 103,338,414     | 3,924,535       |
Payable to issuer                 | (7,151,780)     | 310,370,000     |
Payable to suppliers              | 445,643         | 154,600         |
Commission payable                | 7,500,000       | 3,273,443       |
|                                 | 102,703,505     | 316,976,913     |
15. **Payable to The City Bank Ltd**
   - Opening balance: 42,687
   - Add: Addition during the year: 14,653,724
   - Less: Paid during the year: 14,586,572
   - Closing balance: 109,839

16. **PROVISION FOR CORPORATE INCOME TAX**
   - Opening balance: 70,253,711
   - Add: Provision made during the year (note 16.1): 87,605,558
   - Less: Paid during the year: 33,796,787
   - Closing balance: 124,062,482

16.1 **Provision made during the year**
   - Income from business and other sources: 57,935,033
   - Capital gains: 12,731,191
   - Dividend income: 16,939,334
   - Total: 87,605,558

17. **BROKERAGE COMMISSION FROM**
   - Dhaka Stock Exchange Ltd: 303,057,795
   - Chittagong Stock Exchange Ltd: 14,848,425
   - Total: 317,906,220

18. **OTHER OPERATING INCOME**
   - Account opening fee: 46,300
   - BO account maintenance fee: 594,100
   - IPO commission: 28,000
   - Others: 152,000
   - Total: 820,400

19. **DIRECT COST**
   - Hawa charges: 78,860
   - Laga charges: 24,610,864
   - Total: 24,689,730

<table>
<thead>
<tr>
<th>Figures in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
</tr>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Add: Addition</td>
</tr>
<tr>
<td>during the year</td>
</tr>
<tr>
<td>Less: Paid</td>
</tr>
<tr>
<td>during the year</td>
</tr>
<tr>
<td>Closing balance</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Add: Provision</td>
</tr>
<tr>
<td>made during the</td>
</tr>
<tr>
<td>year</td>
</tr>
<tr>
<td>Closing balance</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
20. OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and allowances</td>
<td>69,187,305</td>
<td>52,673,920</td>
</tr>
<tr>
<td>Office rent</td>
<td>17,217,029</td>
<td>12,421,754</td>
</tr>
<tr>
<td>Corporate guarantee fee</td>
<td>5,994,492</td>
<td>6,316,118</td>
</tr>
<tr>
<td>Utilities</td>
<td>4,108,279</td>
<td>4,803,160</td>
</tr>
<tr>
<td>Subscription and fees</td>
<td>5,896,726</td>
<td>4,517,183</td>
</tr>
<tr>
<td>Third party service fee</td>
<td>4,526,109</td>
<td>4,421,134</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,931,889</td>
<td>4,385,726</td>
</tr>
<tr>
<td>Travelling and conveyance</td>
<td>4,578,413</td>
<td>3,161,549</td>
</tr>
<tr>
<td>Office maintenance</td>
<td>4,273,758</td>
<td>2,824,359</td>
</tr>
<tr>
<td>Internet expenses</td>
<td>2,381,080</td>
<td>2,343,825</td>
</tr>
<tr>
<td>Business development</td>
<td>3,276,229</td>
<td>1,790,532</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>1,771,216</td>
<td>1,430,768</td>
</tr>
<tr>
<td>Entertainment</td>
<td>2,222,157</td>
<td>1,429,483</td>
</tr>
<tr>
<td>Telephone and mobile</td>
<td>870,112</td>
<td>799,632</td>
</tr>
<tr>
<td>Legal and professional fees</td>
<td>987,745</td>
<td>728,543</td>
</tr>
<tr>
<td>Amortisation of software</td>
<td>409,102</td>
<td>409,102</td>
</tr>
<tr>
<td>Insurance premium</td>
<td>329,945</td>
<td>343,512</td>
</tr>
<tr>
<td>Bank charges</td>
<td>303,892</td>
<td>292,178</td>
</tr>
<tr>
<td>Board meeting fees</td>
<td>115,000</td>
<td>215,000</td>
</tr>
<tr>
<td>Fuel</td>
<td>185,090</td>
<td>194,476</td>
</tr>
<tr>
<td>Advertisement and publicity</td>
<td>499,399</td>
<td>149,109</td>
</tr>
<tr>
<td>Newspaper and periodicals</td>
<td>102,539</td>
<td>104,284</td>
</tr>
<tr>
<td>Car maintenance</td>
<td>99,661</td>
<td>80,639</td>
</tr>
<tr>
<td>Training expenses</td>
<td>747,947</td>
<td>73,050</td>
</tr>
<tr>
<td>Audit fee</td>
<td>70,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Board meeting expenses</td>
<td>36,995</td>
<td>22,812</td>
</tr>
<tr>
<td>Postage and courier</td>
<td>16,234</td>
<td>9,439</td>
</tr>
<tr>
<td>Bidding fee</td>
<td>19,341</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total Operating Expenses:**

133,157,663

106,011,288

21. CONTINGENT LIABILITY AND COMMITMENTS

The company has given bank guarantees to DSE and CSE against the requirements of Member's Margin Regulations 2000 of DSE and CSE. Details of which are given below:

<table>
<thead>
<tr>
<th>Bank guarantee no. and issuance date</th>
<th>In favour of</th>
<th>Amounts in BDT</th>
</tr>
</thead>
<tbody>
<tr>
<td>101SD00000317 dated 05 April 2017</td>
<td>Dhaka Stock Exchange Ltd</td>
<td>1,400,000,000</td>
</tr>
<tr>
<td>101SD00002310 dated 15 November 2015</td>
<td>Dhaka Stock Exchange Ltd</td>
<td>500,000,000</td>
</tr>
<tr>
<td>101SD00002410 dated 15 November 2015</td>
<td>Chittagong Stock Exchange Ltd</td>
<td>100,000,000</td>
</tr>
</tbody>
</table>

22. RELATED PARTIES

22.1 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.
22.2 Related party transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business. The name of related parties and nature of these transactions have been set out in accordance with the provision of BAS 24: Related Party Disclosures.

<table>
<thead>
<tr>
<th>Name of related party</th>
<th>Relationship with the entity</th>
<th>Nature of transactions</th>
<th>2017 Taka</th>
<th>2016 Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited</td>
<td>Parent company</td>
<td>Net transaction of own investment</td>
<td>(526,866,666)</td>
<td>22,617,802</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inter company payable</td>
<td>(109,839)</td>
<td>42,687</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brokerage commission</td>
<td>1,728,480</td>
<td>1,155,933</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Balance of The City Bank Limited.</td>
<td>(37,882)</td>
<td>354,988</td>
</tr>
<tr>
<td>City Brokerage Ltd</td>
<td>Subsidiary of parent</td>
<td>Net transaction of own investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Balance of City Bank Capital Resources Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Share trading settlement</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brokerage commission</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>22,288,580</td>
<td>56,900,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(6,205,741)</td>
<td>16,768,373</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>28,947,402</td>
<td>11,458,999</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>29,746,730</td>
<td>11,653,468</td>
</tr>
</tbody>
</table>

23. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the company’s risk management framework. The company’s risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and 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 exposure to the following risks from it use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.1 Credit risk

Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments to the company. Initially the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs.

**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 1,375,650,682 2,162,886,359
- Loan Receivable from Small investor - 592,392
- Interest receivable from clients - 51,432

23.2 Liquidity risk

Liquidity risk usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process. As the company provide Margin loan to the clients against their equity, the risk of convertible the stock purchased with the total fund into cash is low. The company has some own investment, hence due to market fluctuation there may have few risk which is reduced by the efficient information related to the capital market. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations 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 stipulated time.

| Cash and cash equivalents | 5,169,343,594 | 5,497,342,787 |
23.3 Market risk
Market risk is the "systematic risk," which is the possibility for an investor to experience losses due to factors that affect the overall performance of the financial markets like market price, interest rate and overall perception about the market to the investor where they involved, hence there have invisible hand in the economy "Market risk" cannot be eliminated through diversification, though it can be hedged against.

Margin loan

|                | 260,769,167 | 353,086,157 |

24. 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 employee was 47 (2016:42).

25. OTHERS

25.1 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

25.2 Figures in these notes and annexed financial statements have been rounded to the nearest BDT.

25.3 Previous year's figures have been re-arranged, whereever, considered necessary, to conform with current year presentation without causing any impact on the operating results for the year and value of assets and liabilities at the end of that year 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, 05 March 2018
# DETAILS OF PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2017

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cost</th>
<th>Net book value at 31 Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>At 01 Jan 2017</td>
<td>Additions</td>
</tr>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>21,377,353</td>
<td>-</td>
</tr>
<tr>
<td>Office equipment</td>
<td>29,057,877</td>
<td>5,348,903</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>5,041,586</td>
<td>-</td>
</tr>
<tr>
<td>Leasehold property (*)</td>
<td>850,000</td>
<td>-</td>
</tr>
<tr>
<td>Building</td>
<td>-</td>
<td>292,849,538</td>
</tr>
<tr>
<td>Total at 31 Dec 2017</td>
<td>56,326,816</td>
<td>298,198,441</td>
</tr>
<tr>
<td>Total at 31 Dec 2016</td>
<td>52,926,126</td>
<td>3,400,690</td>
</tr>
</tbody>
</table>

(*) Depreciation on leasehold property will be charged from the date on which this will be put into use.
We have audited the accompanying financial statements of City Bank Capital Resources Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2017, 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 a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, the Companies Act 1994, Bangladesh Securities and Exchange Commission (Merchant Bankers and Portfolio Manager) Rules 1996 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 misstatements, whether due to fraud or error.

AUDITORS' RESPONSIBILITY
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain a reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION
In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the requirements of the Companies Act 1994, Bangladesh Securities and Exchange Commission (Merchant Bankers and Portfolio Manager) Rules 1996 and other applicable laws and regulations.

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 those books,
(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 and returns, and
(d) the expenditure incurred and payments made were for the purpose of the business of the company.

Dhaka, Bangladesh
Dated, 21 March 2018
S. F. AHMED & CO
Chartered Accountants
# STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

As at 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>4</td>
<td>10,573,385</td>
</tr>
<tr>
<td>Construction works-in-progress</td>
<td>4.a</td>
<td>499,886,319</td>
</tr>
<tr>
<td>Intangible asset</td>
<td>5</td>
<td>656,973</td>
</tr>
<tr>
<td>Investment in unquoted shares</td>
<td>6</td>
<td>89,000,000</td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td>6.a</td>
<td>3,184,080,788</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>6.b</td>
<td>10,661</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>3,784,208,126</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Margin loan</td>
<td></td>
<td>282,424,191</td>
</tr>
<tr>
<td>Investments</td>
<td>7</td>
<td>397,003,269</td>
</tr>
<tr>
<td>Inter-company receivable</td>
<td>8</td>
<td>15,415,600</td>
</tr>
<tr>
<td>Other receivables</td>
<td>9</td>
<td>51,626,653</td>
</tr>
<tr>
<td>Advances, deposits and prepayments</td>
<td>10</td>
<td>61,246,607</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>11</td>
<td>333,127,513</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>1,140,843,833</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>4,925,051,959</td>
</tr>
<tr>
<td><strong>Equity and liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>12</td>
<td>2,550,000,000</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>38,365,779</td>
</tr>
<tr>
<td>Fair value reserve</td>
<td>6.a.1</td>
<td>1,564,479,866</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>4,152,845,645</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term loan</td>
<td>13.a</td>
<td>523,270,426</td>
</tr>
<tr>
<td><strong>Current liabilities and provisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inter-company payable</td>
<td>13.b</td>
<td>9,292,230</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>14</td>
<td>83,438,421</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>15</td>
<td>91,501,054</td>
</tr>
<tr>
<td>Provision for diminution in value of investment</td>
<td>16</td>
<td>768,486</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>17</td>
<td>63,937,694</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>248,935,885</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>4,925,051,959</td>
</tr>
</tbody>
</table>

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 Ltd.

Chairman
Director
Managing Director & CEO
Company secretary

See annexed report of the date

Dhaka, Bangladesh
Dated, 21 March 2018

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 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Figures in Taka</td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>18</td>
<td>40,212,341</td>
</tr>
<tr>
<td>Income from investment</td>
<td>19</td>
<td>257,429,679</td>
</tr>
<tr>
<td>Fee based income</td>
<td>20</td>
<td>67,463,065</td>
</tr>
<tr>
<td>Other operational income</td>
<td>21</td>
<td>6,553,002</td>
</tr>
<tr>
<td><strong>Total Operating Income</strong></td>
<td></td>
<td>371,661,087</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and allowances</td>
<td>22</td>
<td>47,634,797</td>
</tr>
<tr>
<td>Rent, taxes, insurance, utilities, etc</td>
<td>23</td>
<td>5,136,134</td>
</tr>
<tr>
<td>Repairs, maintenance and depreciation</td>
<td>24</td>
<td>5,633,219</td>
</tr>
<tr>
<td>Stationery, printing and advertising</td>
<td>25</td>
<td>1,762,016</td>
</tr>
<tr>
<td>Postage, stamp and telecommunication</td>
<td>26</td>
<td>921,331</td>
</tr>
<tr>
<td>Brokerage commission</td>
<td></td>
<td>6,831,661</td>
</tr>
<tr>
<td>CDBL charges</td>
<td></td>
<td>3,791,024</td>
</tr>
<tr>
<td>Training, development and advisory expenses</td>
<td></td>
<td>44,431,591</td>
</tr>
<tr>
<td>Directors' remuneration</td>
<td></td>
<td>119,576</td>
</tr>
<tr>
<td>Legal and professional fees</td>
<td></td>
<td>846,066</td>
</tr>
<tr>
<td>Audit fee</td>
<td></td>
<td>132,250</td>
</tr>
<tr>
<td>Other expenses</td>
<td>27</td>
<td>9,282,848</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td></td>
<td>(126,522,533)</td>
</tr>
<tr>
<td><strong>(Provision)/write back of provision for diminution in value of investment</strong></td>
<td>7.1</td>
<td>245,138,554</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td></td>
<td>(755,466)</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td></td>
<td>244,373,068</td>
</tr>
<tr>
<td>Current tax</td>
<td>17</td>
<td>(40,012,707)</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>9.b</td>
<td>(1,333,027)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td></td>
<td>(44,335,914)</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td>200,037,154</td>
</tr>
<tr>
<td>Fair value reserve</td>
<td>6.a.1</td>
<td>1,523,578,071</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td></td>
<td>1,723,615,225</td>
</tr>
</tbody>
</table>

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 Ltd.

Chairman

Director

Managing Director & CEO

Company secretary

See annexed report of the date

S. F. AHMED & CO
Chartered Accountants

Dhaka, Bangladesh
Dated, 21 March 2018
# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Share capital Taka</th>
<th>Retained earnings Taka</th>
<th>Fair value reserve Taka</th>
<th>Total Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year 2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 01 January 2016</td>
<td>750,000,000</td>
<td>74,474,785</td>
<td>-</td>
<td>824,474,785</td>
</tr>
<tr>
<td>Prior year's adjustment</td>
<td>-</td>
<td>(5,797,810)</td>
<td>-</td>
<td>(5,797,810)</td>
</tr>
<tr>
<td><strong>Adjusted opening balance-2016</strong></td>
<td>750,000,000</td>
<td>68,676,975</td>
<td>-</td>
<td>818,676,975</td>
</tr>
<tr>
<td>Share issue</td>
<td>1,800,000,000</td>
<td>-</td>
<td>-</td>
<td>1,800,000,000</td>
</tr>
<tr>
<td>Share issue cost</td>
<td>-</td>
<td>(2,969,525)</td>
<td>-</td>
<td>(2,969,525)</td>
</tr>
<tr>
<td>Interim dividend paid</td>
<td>-</td>
<td>(80,000,000)</td>
<td>-</td>
<td>(80,000,000)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>40,901,795</td>
<td>40,901,795</td>
</tr>
<tr>
<td>Profit for the year-2016</td>
<td>-</td>
<td>72,771,178</td>
<td>-</td>
<td>72,771,178</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2016</strong></td>
<td>2,550,000,000</td>
<td>58,478,628</td>
<td>40,901,795</td>
<td>2,549,380,423</td>
</tr>
</tbody>
</table>

| Year 2017                         |                    |                        |                         |                |
| Balance at 01 January 2017        | 2,550,000,000      | 58,478,628             | 40,901,795              | 2,649,380,423  |
| Prior year's adjustment           | -                  | (150,000)              | -                       | (150,000)      |
| **Adjusted opening balance-2017**| 2,550,000,000      | 58,328,628             | 40,901,795              | 2,549,230,423  |
| Profit for the year 2017          | -                  | 200,037,154            | -                       | 200,037,154    |
| Interim dividend                  | -                  | (220,000,000)          | -                       | (220,000,000)  |
| Other comprehensive income        | -                  | -                      | 1,523,578,071           | 1,523,578,071  |
| **Balance at 31 December 2017**   | 2,550,000,000      | 38,385,782             | 1,564,479,866           | 4,152,845,648  |

For and on behalf of the Board of Directors of City Bank Capital Resources Ltd.

Chairman
Director
Managing Director & CEO
Company secretary

Dhaka, Bangladesh
Dated, 21 March 2018
# Statement of Cash Flows

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>A. Cash flows from operating activities</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees and commission from portfolio management service</td>
<td>103,300,490</td>
<td>43,169,536</td>
</tr>
<tr>
<td>Fees from corporate advisory service</td>
<td>21,253,996</td>
<td>12,831,028</td>
</tr>
<tr>
<td>Dividend income</td>
<td>138,827,204</td>
<td>17,882,712</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(181,155,529)</td>
<td>(57,541,236)</td>
</tr>
<tr>
<td>Bank charges</td>
<td>(318,270)</td>
<td>(210,232)</td>
</tr>
<tr>
<td><strong>Cash generated from operating activities before changes in operating assets and liabilities</strong></td>
<td>81,907,891</td>
<td>16,141,808</td>
</tr>
</tbody>
</table>

| Margin loan                            |               |               |
| Customer deposits                      | (58,762,808)  | (19,842,903)  |
|                                       | 8,669,202     | 23,923,033    |
| **Cash generated from operating activities** | 50,093,606    | 4,080,130     |

| Income tax paid                        | 31,814,285    | 20,221,936    |
| Net cash from/ (used in) operating activities | (42,574,971)  | (16,985,855)  |
|                                       | (10,760,686)  | 1,236,083     |

| B. Cash flows from investing activities |               |               |
| Fixed deposit encashment/ (investment) | 75,048,960    | (5,048,960)   |
| Interest Income                        | 21,808,105    | 39,756,123    |
| Proceeds from sale of property, plant and equipment | 1,676,839    |               |
| Proceeds from redeemable preference shares | 20,000,000    | 20,000,000    |
| Investment in Government Treasury Bonds |                | 6,307,349     |
| Investment in quoted shares             | (174,246,769) | (1,434,661,670) |
| Capital work in progress                | (476,615,893) |               |
| Acquisition of property plant and equipment | (8,782,029)  | (779,936)     |
| **Net cash used in investing activities** | (541,110,787) | (1,373,927,094) |

| C. Cash flows from financing activities |               |               |
| Long-term loan                         | 500,000,000   | -             |
| Dividend paid                          | (140,000,000) | (80,000,000)  |
| Issue of shares                        | -             | 1,800,000,000 |
| Share issue cost                       | -             | (2,969,525)   |
| **Net cash from financing activities**  | 360,000,000   | 1,717,030,475 |

| D. Net changes in cash and cash equivalents (A+B+C) | (191,871,474) | 344,339,484 |
| E. Opening cash and cash equivalents        | 524,998,987   | 180,659,523  |
| F. Closing cash and cash equivalents        | 333,127,513   | 524,998,988  |

For and on behalf of the Board of Directors of City Bank Capital Resources Ltd.

Chairman
Director
Managing Director & CEO
Company secretary

Dhaka, Bangladesh
Dated, 21 March 2018

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NOTES TO FINANCIAL STATEMENTS
For the year ended 31 December 2017

1. REPORTING ENTITY
City Bank Capital Resources Limited (the company), a fully owned subsidiary of The City Bank Limited is 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 901, City Center (13th Floor), Motijheel, Dhaka 1000, Bangladesh.

Nature of business
City Bank Capital Resources Limited delivers a whole range of investment banking services including merchant banking activities such as issue management, underwriting, portfolio management and corporate advisory.

2. BASIS OF PREPARATION

2.1 Statement of compliance
The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) which also cover Bangladesh Accounting Standards (BAS), rules and regulations issued by Bangladesh Securities and Exchange Commission under Merchant Bankers and Portfolio Manager Rules 1996 and Companies Act 1994. In case any rules and regulations issued by Bangladesh Securities and Exchange Commission differs 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 under historical cost basis except for financial instruments which are measured at fair value.

Financial instruments include financial assets which are classified at fair value when these are held for trading. Any changes in fair value of these assets are reported through profit or loss.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables (b) held-to-maturity investment or (c) financial assets are measured at fair value through profit or loss. Any changes in fair value of these assets are reported in other comprehensive income.

2.3 Basis of accounting
The financial statements except for cash flow information have been prepared on accrual basis of accounting.

2.4 Functional and presentation currency
The financial statements are presented in BDT currency, which is the company's functional currency. All financial information presented in BDT have been rounded to the nearest BDT.

2.5 Use of estimates and judgment
The preparation of the financial statements in conformity with BFRS requires management to use judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6 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 year from 1 January 2017 to 31 December 2017.

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 Bangladesh Accounting Standard (BAS) 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:

<table>
<thead>
<tr>
<th>Category of asset</th>
<th>Rate of depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office equipment</td>
<td>20%-50%</td>
</tr>
<tr>
<td>Furnitures and fittings</td>
<td>10%-20%</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>20%</td>
</tr>
</tbody>
</table>

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 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 Investments

The company holds investment securities which are strategically held and actively traded in a quoted market and those which are unquoted.

(a) Investment in quoted shares

These securities are bought and held primarily for the purpose of selling them in future and/or hold for dividend income which are reported at cost. Unrealised gains are not recognised in the profit and loss statement. But provision for diminution in value of investment is made in the financial statements on those securities whose market price is below the cost of investment.

(b) Investment in unquoted shares

Investment in shares which are not actively traded in a quoted market is measured at cost since the fair value can not be measured reliably.

(c) Investment in available for sale shares

During the year, the company has invested in shares for strategic purpose. These shares are not held for day to day trading. As a result, these shares have been classified in available for sale category. Subsequently, the gain/loss arising from the changes in fair value have been put in other comprehensive income rather than profit and loss.

3.4 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

3.5 Cash and cash equivalents
Cash and cash equivalents consist of cash in hand and balances with banks on current and deposit accounts which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.6 Advances, deposits and prepayments
Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment or expenses. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statement of comprehensive income.

3.7 Revenue recognition
As per Bangladesh Accounting Standard (BAS) 18 “Revenue”, revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income on margin loan
Interest is charged on client’s balance (due to us) on daily basis at the applicable rate.

Management fee
Management fee is charged on client’s portfolio value (at market price) on daily basis at the applicable rate.

Income from advisory
Fee based income is recognised when a service is rendered in line with the related agreement.

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.

Dividend income
Dividend income has been recognised on the basis of declaration of dividend and subsequently approved in Annual General Meeting (AGM).

3.8 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, 2017. Deferred tax has been calculated based on the difference between accounting policies and income tax rules and regulations. This may result in either deferred tax asset or deferred tax liabilities in the financial statement of the company.

3.9 Provisions
A provision is recognised in the balance sheet 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.

3.10 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.

3.11 Borrowing costs
Borrowings are classified into both current and non-current liabilities. In compliance with the requirements of BAS-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.

3.12 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.
4. PROPERTY, PLANT AND EQUIPMENT

Cost:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>12,241,086</td>
<td>11,461,150</td>
</tr>
<tr>
<td>Add: Addition during this year</td>
<td>8,782,029</td>
<td>779,936</td>
</tr>
<tr>
<td></td>
<td>21,023,115</td>
<td>12,241,086</td>
</tr>
<tr>
<td>Less: Disposal during this year</td>
<td>4,589,429</td>
<td>-</td>
</tr>
<tr>
<td>Closing balance (a)</td>
<td>16,433,686</td>
<td>12,241,086</td>
</tr>
</tbody>
</table>

Accumulated depreciation:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>7,225,835</td>
<td>4,695,429</td>
</tr>
<tr>
<td>Add: Charged for this year</td>
<td>2,994,402</td>
<td>2,530,406</td>
</tr>
<tr>
<td></td>
<td>10,220,237</td>
<td>7,225,835</td>
</tr>
<tr>
<td>Less: Adjustment made during this year</td>
<td>4,359,936</td>
<td>-</td>
</tr>
<tr>
<td>Closing balance (b)</td>
<td>5,860,301</td>
<td>7,225,835</td>
</tr>
</tbody>
</table>

Net book value (a - b)   | 10,573,385    | 5,015,251     |

Details are shown in Annex A.

4.a Construction works in-progress

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Building</th>
<th>Office decoration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 01 January 2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add: Addition during this year</td>
<td>300,000,000</td>
<td>194,582,037</td>
<td>5,304,282</td>
<td>499,886,319</td>
</tr>
<tr>
<td>Less: Capitalised during the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>300,000,000</td>
<td>194,582,037</td>
<td>5,304,282</td>
<td>499,886,319</td>
</tr>
</tbody>
</table>

During the year, the company has incurred Taka 23,270,426 at the rate of 8.50% as borrowing cost for the acquisition of land and construction of buildings. As the construction work is still undergoing, this borrowing cost has been capitalised as per BAS 23.

Borrowing Costs:

5. INTANGIBLE ASSETS

Cost:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>2,200,000</td>
<td>2,200,000</td>
</tr>
<tr>
<td>Add: Addition during this year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2,200,000</td>
<td>2,200,000</td>
</tr>
<tr>
<td>Less: Disposal during this year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing balance (a)</td>
<td>2,200,000</td>
<td>2,200,000</td>
</tr>
</tbody>
</table>

Accumulated depreciation:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>1,214,563</td>
<td>886,099</td>
</tr>
<tr>
<td>Add: Amortisation for this year</td>
<td>328,464</td>
<td>328,464</td>
</tr>
<tr>
<td></td>
<td>1,543,027</td>
<td>1,214,563</td>
</tr>
<tr>
<td>Less: Adjustment made during this year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing balance (b)</td>
<td>1,543,027</td>
<td>1,214,563</td>
</tr>
</tbody>
</table>

Net book value (a - b)   | 656,973       | 985,437       |

5. INVESTMENT IN UNQUOTED SHARES

Investment in ordinary shares (note 6.1)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29,000,000</td>
<td>29,000,000</td>
</tr>
</tbody>
</table>

Investment in preference shares (note 6.2)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>60,000,000</td>
<td>80,000,000</td>
</tr>
</tbody>
</table>

|           | 89,000,000    | 109,000,000   |
6.1 Investment in ordinary shares

<table>
<thead>
<tr>
<th>Particulars</th>
<th>No. of shares</th>
<th>Cost price</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADN Telecom Ltd.</td>
<td>1,933,333</td>
<td>15</td>
<td>29,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,933,333</strong></td>
<td><strong>15</strong></td>
<td><strong>29,000,000</strong></td>
</tr>
</tbody>
</table>

6.2 Investment in preference shares

<table>
<thead>
<tr>
<th>Particulars</th>
<th>No. of shares</th>
<th>Cost price</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regent Energy and Power Co. Ltd.</td>
<td>60,000,000</td>
<td>10</td>
<td>60,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60,000,000</strong></td>
<td><strong>10</strong></td>
<td><strong>60,000,000</strong></td>
</tr>
</tbody>
</table>

6.a Available-for-sale financial assets

<table>
<thead>
<tr>
<th>Particulars</th>
<th>No. of shares</th>
<th>Cost price</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in ordinary shares (note 6.a.1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,184,080,788</td>
<td></td>
<td>1,483,050,825</td>
</tr>
</tbody>
</table>

6.a.1 Investment in ordinary shares

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Market value as at 31 Dec 2016</th>
<th>Market value as at 31 Dec 2017</th>
<th>Change in fair value as at 31 Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in ordinary shares- Opening balance</td>
<td>1,483,050,825</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less: Classification change to FVPL</td>
<td>(71,401,628)</td>
<td>3,184,080,788</td>
<td>1,523,578,071</td>
</tr>
<tr>
<td>Add: Additional Investment AFS</td>
<td>248,853,520</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,660,502,717</strong></td>
<td><strong>3,184,080,788</strong></td>
<td><strong>1,523,578,071</strong></td>
</tr>
</tbody>
</table>

6.b Deferred tax assets

| Provision for diminution in value of investment | | |
|-------------------------------------------------|---------------------------------|---------------------------------|---------------------------------------|
| Opening balance                                 | (658,880)                       | 43,658,476                     |
| Add: Unrealised (gains)/loss end of the year    | 765,486                         | (658,880)                      |
|                                                 | 106,606                         | 42,999,596                     |
| Less: Adjustment of corresponding write off     | -                               | 43,658,476                     |
| **Closing balance**                             | 106,606                         | (658,880)                      |

| Carry forward of loss                           | 28,537,220                      | -                               |
| Add: Realised loss on sale of shares            | -                               | 43,658,476                     |
|                                                 | 28,537,220                      | 43,658,476                     |
| Less: Realised gains on sale of shares          | 28,537,220                      | 15,121,256                     |
| **Closing balance**                             | -                               | 28,537,220                     |

Deductible temporary difference

| Carry forward of loss (note 6.b.1)               | -                               | 28,537,220                     |
| Gratuity payable                                | -                               | 4,122,755                      |
| Unrealised (gains)/loss at end of the year      | 106,606                         | (658,880)                      |
|                                                 | **106,606**                     | **32,001,095**                 |

| Tax rate for capital gains                      | 10%                             | 10%                             |
| Tax rate for business income                    | 37.5%                           | 37.5%                           |
| **Deferred tax assets (Liability)**             | 10,661                          | 4,333,867                       |
| Opening deferred tax assets                     | 4,333,867                       | 4,365,848                       |
| **Deferred tax (expenses)/income**              | (4,323,207)                     | (31,980)                        |

6.b.1 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.
7. INVESTMENTS

<table>
<thead>
<tr>
<th>Listed securities (note 7f)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPO application</td>
<td>4,713,440</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Investment in FDR (note 7.2)</td>
<td>-</td>
<td>75,048,960</td>
</tr>
<tr>
<td>Investment in commercial paper</td>
<td>100,000,000</td>
<td>100,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>397,003,269</strong></td>
<td><strong>366,767,838</strong></td>
</tr>
</tbody>
</table>

7.1 Details of investment in listed securities are as under:

<table>
<thead>
<tr>
<th>Industry category</th>
<th>Cost</th>
<th>Market</th>
<th>Unrealised gains/(loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>112,456,295</td>
<td>110,872,000</td>
<td>(1,584,295)</td>
</tr>
<tr>
<td>Cement</td>
<td>2,789,504</td>
<td>3,050,000</td>
<td>260,496</td>
</tr>
<tr>
<td>Engineering</td>
<td>1,504,302</td>
<td>2,266,386</td>
<td>762,084</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>1,213,333</td>
<td>1,195,000</td>
<td>(18,333)</td>
</tr>
<tr>
<td>Food &amp; Allied</td>
<td>16,748,922</td>
<td>16,161,782</td>
<td>(587,140)</td>
</tr>
<tr>
<td>Fuel &amp; Power</td>
<td>21,978,308</td>
<td>20,725,485</td>
<td>(1,252,823)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>32,992,742</td>
<td>32,416,200</td>
<td>(576,542)</td>
</tr>
<tr>
<td>Mutual Fund</td>
<td>36,242,964</td>
<td>35,690,000</td>
<td>(552,964)</td>
</tr>
<tr>
<td>IT Sector</td>
<td>534,300</td>
<td>1,338,490</td>
<td>804,190</td>
</tr>
<tr>
<td>Pharmaceuticals &amp; Chemical</td>
<td>52,878,289</td>
<td>54,921,800</td>
<td>2,043,511</td>
</tr>
<tr>
<td>Telecommunication</td>
<td>12,819,600</td>
<td>12,711,600</td>
<td>(108,000)</td>
</tr>
<tr>
<td>Textile</td>
<td>131,270</td>
<td>175,600</td>
<td>44,330</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>292,289,829</strong></td>
<td><strong>291,524,343</strong></td>
<td><strong>(65,486)</strong></td>
</tr>
</tbody>
</table>

7.2 Investment in FDR

<table>
<thead>
<tr>
<th>IDLC Finance Ltd</th>
<th>75,048,960</th>
</tr>
</thead>
</table>

8. INTER-COMPANY RECEIVABLES

<table>
<thead>
<tr>
<th>City Brokerage Ltd-client sales</th>
<th>64,135,372</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Ltd-issuance management fees</td>
<td>2,300,000</td>
</tr>
<tr>
<td>The City Bank Ltd-portfolio management fees</td>
<td>22,363,367</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>68,798,739</strong></td>
</tr>
</tbody>
</table>

9. OTHER RECEIVABLES

<table>
<thead>
<tr>
<th>Corporate advisory fees receivable</th>
<th>11,665,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivable from Sheltech Brokerage Ltd</td>
<td>431,136</td>
</tr>
<tr>
<td>Issue management fees receivable</td>
<td>3,458,500</td>
</tr>
<tr>
<td>Interest receivable on fixed deposits</td>
<td>4,673,333</td>
</tr>
<tr>
<td>Dividend receivable</td>
<td>14,640,098</td>
</tr>
<tr>
<td>Interest receivable on commercial paper</td>
<td>14,008,410</td>
</tr>
<tr>
<td>Receivable against structured finance</td>
<td>1,983,713</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50,860,189</strong></td>
</tr>
</tbody>
</table>
10. ADVANCES, DEPOSITS AND PREPAYMENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance income tax</td>
<td>52,484,738</td>
<td>10,059,767</td>
</tr>
<tr>
<td>Advance to employee</td>
<td>4,793,782</td>
<td>4,340,977</td>
</tr>
<tr>
<td>Security deposit with CDBL</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Advance against expenses</td>
<td>1,045,031</td>
<td>128,909</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>124,557</td>
<td>19,978</td>
</tr>
<tr>
<td>Security deposit: Banglalink ICON</td>
<td>11,000</td>
<td>11,000</td>
</tr>
<tr>
<td>Advance house rent</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>61,246,607</strong></td>
<td><strong>14,761,631</strong></td>
</tr>
</tbody>
</table>

11. CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>128</td>
<td>11,769</td>
</tr>
<tr>
<td>Stamp in hand</td>
<td>21,500</td>
<td>34,430</td>
</tr>
<tr>
<td>Bank balance with The City Bank Ltd:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In current accounts:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11013636800001</td>
<td>82,047</td>
<td>897,627</td>
</tr>
<tr>
<td>11013636800002</td>
<td>85</td>
<td>425</td>
</tr>
<tr>
<td>11013636830001</td>
<td>656</td>
<td>1,035,097</td>
</tr>
<tr>
<td>11013636800003</td>
<td>3,230</td>
<td>3,950</td>
</tr>
<tr>
<td>Special notice deposit account:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31013636800001</td>
<td>5,662,192</td>
<td>55,684,269</td>
</tr>
<tr>
<td>11013404510001</td>
<td>47,420,238</td>
<td>20,430,347</td>
</tr>
<tr>
<td>11013404500001</td>
<td>96,543,706</td>
<td>64,511,154</td>
</tr>
<tr>
<td>Investment in FDR (Note 11.1)</td>
<td>177,098,917</td>
<td>349,856,125</td>
</tr>
<tr>
<td>Balance with City Brokerage Ltd</td>
<td>6,205,749</td>
<td>16,768,373</td>
</tr>
<tr>
<td>Balance with Sheltech Brokerage Ltd</td>
<td>89,066</td>
<td>15,765,422</td>
</tr>
<tr>
<td></td>
<td><strong>333,127,513</strong></td>
<td><strong>524,998,988</strong></td>
</tr>
</tbody>
</table>

11.1 Investment in FDR

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Ltd</td>
<td></td>
<td>8,489,250</td>
</tr>
<tr>
<td>IDLC Finance Ltd</td>
<td></td>
<td>341,366,875</td>
</tr>
<tr>
<td>IPDC Finance Ltd</td>
<td>97,098,917</td>
<td></td>
</tr>
<tr>
<td></td>
<td>80,000,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>177,098,917</strong></td>
<td><strong>349,856,125</strong></td>
</tr>
</tbody>
</table>

12. Share capital

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized</td>
<td>3,000,000,000</td>
<td>3,000,000,000</td>
</tr>
</tbody>
</table>

Issued, subscribed and paid up

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>255,000,000 ordinary shares of Taka 10 each</td>
<td>2,550,000,000</td>
<td>2,550,000,000</td>
</tr>
<tr>
<td>Name of shareholder</td>
<td>No. of shares</td>
<td>Value of shares</td>
</tr>
<tr>
<td>------------------------------</td>
<td>---------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>The City Bank Ltd</td>
<td>254,995,000</td>
<td>2,549,950,000</td>
</tr>
<tr>
<td>Mr. Faruq M. Ahmed</td>
<td>1,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Mr. Sheikh Mohammad Maroof</td>
<td>1,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Mr. Mashru Arefin</td>
<td>1,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Mr. Md. Mahbubur Rahman</td>
<td>1,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Mr. Md. Abdul Wadud</td>
<td>500</td>
<td>5,000</td>
</tr>
<tr>
<td>Ms. Parul Das</td>
<td>500</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>255,000,000</td>
<td>2,550,000,000</td>
</tr>
</tbody>
</table>

**Figures in Taka**

<table>
<thead>
<tr>
<th>13.a Long Term Loan</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal outstanding</td>
<td>500,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Interest payable</td>
<td>23,270,426</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>523,270,426</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13.b Inter-company payable</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>City Brokerage Ltd- Clients</td>
<td>8,140,836</td>
<td>66,606,598</td>
</tr>
<tr>
<td>purchase of listed securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The City Bank Limited- operating expenses</td>
<td>1,151,394</td>
<td>54,752,889</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,292,230</td>
<td>121,359,487</td>
</tr>
</tbody>
</table>

**14. ACCOUNTS PAYABLE**

| Payable to clients (note 14.1) | 76,434,831 | 59,180,566 |
| Accrued expenses (note 14.2)   | 7,004,591  | 706,403    |
| **Total**                      | 83,439,421 | 59,886,969 |

**14.1. Payable to clients**

| Client sales                  | 6,779,738   | 16,347,231 |
| Client deposit                | 69,655,083  | 42,833,335 |
| **Total**                     | 76,434,831  | 59,180,566 |

**14.2 Accrued expenses**

| Payable to Arthosuchak        | -           | 200,000    |
| Conveyance                    | 90,000      | 90,000     |
| Audit fee                     | 115,000     | 144,444    |
| CDBL expense                  | 84,036      | 142,515    |
| Business development expense  | 35,000      | 83,000     |
| Office rent                   | 192,000     | -          |
| Advisory expenses             | 6,390,000   | -          |
| Legal expenses                | 98,555      | 46,444     |
| **Total**                     | 7,004,591   | 706,403    |
## OTHER LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees fund payable</td>
<td>-</td>
<td>13,918,034</td>
</tr>
<tr>
<td>Payable to Broker - UCBL</td>
<td>720,793</td>
<td>-</td>
</tr>
<tr>
<td>Dividend payable</td>
<td>80,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Withholding tax payable (note 15.1)</td>
<td>10,771,261</td>
<td>3,764,045</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>91,501,054</strong></td>
<td><strong>17,682,079</strong></td>
</tr>
</tbody>
</table>

### Withholding tax payable

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT payable</td>
<td>4,453,629</td>
<td>3,332,213</td>
</tr>
<tr>
<td>Salary withholding tax payable</td>
<td>333,591</td>
<td>340,705</td>
</tr>
<tr>
<td>VDS payable on supplier and other payments</td>
<td>184,406</td>
<td>43,171</td>
</tr>
<tr>
<td>TDS on supplier and other payments</td>
<td>698,830</td>
<td>20,738</td>
</tr>
<tr>
<td>VDS payable on professional fees</td>
<td>2,837,583</td>
<td>23,887</td>
</tr>
<tr>
<td>TDS on professional fees</td>
<td>2,262,222</td>
<td>3,331</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,771,261</strong></td>
<td><strong>3,764,045</strong></td>
</tr>
</tbody>
</table>

## PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT

**Provision for diminution in value of quoted shares (note 16.1)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>43,658,476</td>
</tr>
<tr>
<td>Add: Provision made during this year</td>
<td>765,486</td>
<td>-</td>
</tr>
<tr>
<td>Less: Adjustment made during this year</td>
<td>-</td>
<td>43,658,476</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td><strong>765,486</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

## PROVISION FOR TAXATION

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>23,924,987</td>
<td>23,485,943</td>
</tr>
<tr>
<td>Add: Provision made during this year</td>
<td>40,012,707</td>
<td>23,832,488</td>
</tr>
<tr>
<td>Less: Paid/Adjustment during this year</td>
<td>63,937,694</td>
<td>47,318,430</td>
</tr>
<tr>
<td><strong>Closing balance (17.1)</strong></td>
<td><strong>63,937,694</strong></td>
<td><strong>23,924,987</strong></td>
</tr>
</tbody>
</table>

## Closing balance (income year)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,957,051</td>
<td>23,832,488</td>
<td>38,148,156</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63,937,694</strong></td>
<td><strong>23,832,488</strong></td>
<td></td>
</tr>
</tbody>
</table>

## INTEREST INCOME

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on margin loan</td>
<td>40,212,341</td>
<td>27,267,119</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40,212,341</strong></td>
<td><strong>27,267,119</strong></td>
</tr>
</tbody>
</table>

## INCOME FROM INVESTMENT

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on fixed deposit</td>
<td>14,208,366</td>
<td>19,797,324</td>
</tr>
<tr>
<td>Interest on commercial paper</td>
<td>1,400,837</td>
<td>16,810,088</td>
</tr>
<tr>
<td>Realised gains on listed securities</td>
<td>108,489,714</td>
<td>15,121,256</td>
</tr>
<tr>
<td>Dividend on preference shares</td>
<td>4,941,369</td>
<td>10,400,000</td>
</tr>
<tr>
<td>Dividend on ordinary shares</td>
<td>128,392,393</td>
<td>7,020,906</td>
</tr>
<tr>
<td>Gains on sale of Govt. treasury bonds</td>
<td>-</td>
<td>6,807,349</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>257,432,679</strong></td>
<td><strong>75,956,923</strong></td>
</tr>
</tbody>
</table>
20. Fee based income
   Settlement fees
   Portfolio management fees
   Corporate advisory fees
   Arrangement fees
   Management fees
   Issue management fees
   **Total Fee Based Income:** 67,463,065

21. OTHER OPERATIONAL INCOME
   SND interest income
   Gains on sale of property, plant and equipment
   Documentation charge
   Others income
   **Total Other Operational Income:** 6,553,002

22. SALARIES AND ALLOWANCES
   Salaries and allowances
   Intern allowances
   **Total Salaries and Allowances:** 47,834,797

23. RENT, TAXES, INSURANCE, UTILITIES, ETC
   Rent expenses
   Insurance premium
   Utilities expenses
   **Total Rent, Taxes, etc.:** 5,136,134

24. REPAIRS, MAINTENANCE AND DEPRECIATION
   Repair and maintenance
   Depreciation
   Amortisation of intangible assets
   **Total Repairs, Maintenance:** 5,633,219

25. STATIONERY, PRINTING AND ADVERTISING
   Printing charge
   Stationery
   Advertisement
   **Total Stationery, etc.:** 1,762,016

26. POSTAGE, STAMP AND TELECOMMUNICATION
   Postage and courier charge
   Online charges
   Telephone charges
   **Total Postage, Stamp:** 921,331

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement fees</td>
<td>30,112,262</td>
<td>11,458,999</td>
</tr>
<tr>
<td>Portfolio management fees</td>
<td>5,214,471</td>
<td>8,552,594</td>
</tr>
<tr>
<td>Corporate advisory fees</td>
<td>1,634,783</td>
<td>7,056,000</td>
</tr>
<tr>
<td>Arrangement fees</td>
<td>25,000,000</td>
<td>8,570,028</td>
</tr>
<tr>
<td>Management fees</td>
<td>5,366,549</td>
<td>4,414,418</td>
</tr>
<tr>
<td>Issue management fees</td>
<td>135,000</td>
<td>4,490,000</td>
</tr>
<tr>
<td><strong>Total Fee Based Income</strong></td>
<td><strong>67,463,065</strong></td>
<td><strong>44,542,039</strong></td>
</tr>
<tr>
<td>SND interest income</td>
<td>5,071,156</td>
<td>7,899,010</td>
</tr>
<tr>
<td>Gains on sale</td>
<td>1,447,346</td>
<td>-</td>
</tr>
<tr>
<td>Documentation charge</td>
<td>31,500</td>
<td>29,000</td>
</tr>
<tr>
<td>Others income</td>
<td>3,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Other Operational Income</strong></td>
<td><strong>6,553,002</strong></td>
<td><strong>7,928,010</strong></td>
</tr>
<tr>
<td>Salaries and allowances</td>
<td>47,556,891</td>
<td>38,784,237</td>
</tr>
<tr>
<td>Intern allowances</td>
<td>77,906</td>
<td>86,334</td>
</tr>
<tr>
<td><strong>Total Salaries and Allowances</strong></td>
<td><strong>47,834,797</strong></td>
<td><strong>38,870,571</strong></td>
</tr>
<tr>
<td>Rent expenses</td>
<td>3,154,018</td>
<td>1,933,063</td>
</tr>
<tr>
<td>Insurance premium</td>
<td>262,698</td>
<td>149,318</td>
</tr>
<tr>
<td>Utilities expenses</td>
<td>1,719,418</td>
<td>1,929,390</td>
</tr>
<tr>
<td><strong>Total Rent, Taxes, etc.</strong></td>
<td><strong>5,136,134</strong></td>
<td><strong>4,011,771</strong></td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>2,310,353</td>
<td>1,287,189</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,994,402</td>
<td>2,530,406</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>328,464</td>
<td>328,464</td>
</tr>
<tr>
<td><strong>Total Repairs, Maintenance</strong></td>
<td><strong>5,633,219</strong></td>
<td><strong>4,146,059</strong></td>
</tr>
<tr>
<td>Printing charge</td>
<td>412,254</td>
<td>332,060</td>
</tr>
<tr>
<td>Stationery</td>
<td>964,481</td>
<td>460,969</td>
</tr>
<tr>
<td>Advertisement</td>
<td>385,281</td>
<td>282,656</td>
</tr>
<tr>
<td><strong>Total Stationery, etc.</strong></td>
<td><strong>1,762,016</strong></td>
<td><strong>1,075,685</strong></td>
</tr>
<tr>
<td>Postage and courier charge</td>
<td>13,433</td>
<td>7,670</td>
</tr>
<tr>
<td>Online charges</td>
<td>470,602</td>
<td>304,493</td>
</tr>
<tr>
<td>Telephone charges</td>
<td>437,296</td>
<td>400,851</td>
</tr>
<tr>
<td><strong>Total Postage, Stamp</strong></td>
<td><strong>921,331</strong></td>
<td><strong>713,014</strong></td>
</tr>
</tbody>
</table>
27. OTHER EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business development expenses</td>
<td>3,624,123</td>
<td>1,276,325</td>
</tr>
<tr>
<td>Travelling and conveyance</td>
<td>1,249,546</td>
<td>1,802,131</td>
</tr>
<tr>
<td>Outsourcing expenses</td>
<td>1,034,412</td>
<td>980,431</td>
</tr>
<tr>
<td>Security expenses</td>
<td>1,648,782</td>
<td>541,574</td>
</tr>
<tr>
<td>Entertainment expenses</td>
<td>417,578</td>
<td>394,079</td>
</tr>
<tr>
<td>Excise duty</td>
<td>290,150</td>
<td>186,800</td>
</tr>
<tr>
<td>License and renewal fee</td>
<td>120,141</td>
<td>204,015</td>
</tr>
<tr>
<td>Cleaning expenses</td>
<td>111,643</td>
<td>99,600</td>
</tr>
<tr>
<td>Bank charges</td>
<td>28,120</td>
<td>23,432</td>
</tr>
<tr>
<td>Website development expenses</td>
<td>220,000</td>
<td>116,731</td>
</tr>
<tr>
<td>Documentation</td>
<td>-</td>
<td>52,000</td>
</tr>
<tr>
<td>Credit rating fee</td>
<td>230,000</td>
<td>-</td>
</tr>
<tr>
<td>Membership fee</td>
<td>110,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>198,353</td>
<td>65,693</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,282,848</strong></td>
<td><strong>5,842,811</strong></td>
</tr>
</tbody>
</table>

28. RELATED PARTIES

28.1 Parent company
The City Bank Limited has 99.993% shareholding of the company. As a result, the controlling party of the company is The City Bank Limited.

28.2 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 BAS 24: Related Party Disclosures.

<table>
<thead>
<tr>
<th>Name of related party</th>
<th>Relationship with the entity</th>
<th>Nature of transactions</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City Bank Limited</td>
<td>Parent company</td>
<td>Expense re-imbursement</td>
<td>(53,601,495)</td>
<td>39,090,854</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inter company payable</td>
<td>1,151,394</td>
<td>54,752,889</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interest income on SND</td>
<td>8,457,480</td>
<td>19,364,611</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dividend paid</td>
<td>220,000,000</td>
<td>80,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Portfolio management</td>
<td>-</td>
<td>22,363,367</td>
</tr>
<tr>
<td></td>
<td></td>
<td>fees - receivables</td>
<td>-</td>
<td>22,363,367</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Portfolio management</td>
<td>5,214,471</td>
<td>8,552,594</td>
</tr>
<tr>
<td></td>
<td></td>
<td>fees - income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Acquisition of land</td>
<td>407,408,298</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and under construction</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>building</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Issue management fee</td>
<td>-</td>
<td>2,300,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- receivable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Issue management fee</td>
<td>-</td>
<td>2,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Corporate advisory fee</td>
<td>1,200,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>City Brokerage Ltd</td>
<td>Subsidiary of parent</td>
<td>Net transaction of own</td>
<td>(22,288,580)</td>
<td>56,900,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Balance with City</td>
<td>6,205,741</td>
<td>16,768,373</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brokerage Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Share trading</td>
<td>28,947,402</td>
<td>11,458,999</td>
</tr>
<tr>
<td></td>
<td></td>
<td>settlement</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brokerage commission</td>
<td>29,746,730</td>
<td>11,653,468</td>
</tr>
</tbody>
</table>
29. FINANCIAL RISK MANAGEMENT
   - Credit risk
   - Liquidity risk
   - Market risk

29.1 Credit risk
Credit risk is the risk of a financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligation and arises principally 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin loan</td>
<td>282,424,191</td>
<td>223,661,381</td>
</tr>
<tr>
<td>Investments</td>
<td>397,003,269</td>
<td>366,767,638</td>
</tr>
<tr>
<td>Inter-company receivable</td>
<td>15,415,600</td>
<td>88,798,739</td>
</tr>
<tr>
<td>Other receivables</td>
<td>51,626,663</td>
<td>50,860,189</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>333,127,385</td>
<td>524,952,789</td>
</tr>
<tr>
<td></td>
<td><strong>1,079,597,099</strong></td>
<td><strong>1,255,040,736</strong></td>
</tr>
</tbody>
</table>

29.2 Liquidity risk
Liquidity risk is the risk that the company will not 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 liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company’s reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations 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 due date.

29.3 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.

<table>
<thead>
<tr>
<th></th>
<th>Figures in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>a) Bills of exchange discounted with the bank</td>
<td>Nil</td>
</tr>
<tr>
<td>b) Underwriting commitments outstanding</td>
<td>70,000,000</td>
</tr>
<tr>
<td>c) Other contingent liabilities</td>
<td>Nil</td>
</tr>
<tr>
<td>d) Capital expenditure commitments</td>
<td></td>
</tr>
<tr>
<td>i) Contracted but not accounted for</td>
<td>Nil</td>
</tr>
<tr>
<td>ii) Approved but not accounted for</td>
<td>Nil</td>
</tr>
</tbody>
</table>

31. 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 employee was 33 (2016:33).
32. **OTHERS**

32.1 Figures in these notes and in the annexed financial statements have been rounded off to the nearest BDT.

32.2 Previous period’s figures have been rearranged, wherever considered necessary, to conform to current period’s 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.

32.3 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

for and on behalf of Board of Directors of City Bank Capital Resources Limited

[Signature]
Chairman

[Signature]
Director

[Signature]
Managing Director & CEO

[Signature]
Company secretary

Dhaka, Bangladesh
Dated, 21 March 2018
## DETAILS OF PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Balance at 1 Jan</th>
<th>Addition</th>
<th>Sale/ disposal</th>
<th>Total at 31 Dec</th>
<th>Rate</th>
<th>Upto 1 Jan</th>
<th>Charge for the year</th>
<th>Adjustment</th>
<th>Total to 31 Dec</th>
<th>Net book value at 31 Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td></td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
<td>Taka</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3,432,764</td>
<td>145,279</td>
<td>-</td>
<td>3,578,043</td>
<td>20%-50%</td>
<td>2,333,298</td>
<td>619,114</td>
<td>-</td>
<td>2,952,412</td>
<td>625,631</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>1,654,578</td>
<td>-</td>
<td>-</td>
<td>1,654,578</td>
<td>10%-20%</td>
<td>732,907</td>
<td>300,300</td>
<td>-</td>
<td>1,033,207</td>
<td>621,371</td>
</tr>
<tr>
<td>Motor vehicle</td>
<td>7,153,744</td>
<td>8,636,750</td>
<td>4,589,429</td>
<td>11,201,065</td>
<td>20%</td>
<td>4,159,630</td>
<td>2,074,988</td>
<td>4,359,936</td>
<td>1,874,682</td>
<td>9,326,383</td>
</tr>
<tr>
<td>Total 2017</td>
<td>12,241,086</td>
<td>8,782,029</td>
<td>4,589,429</td>
<td>16,433,666</td>
<td></td>
<td>7,225,835</td>
<td>2,994,402</td>
<td>4,359,936</td>
<td>5,860,301</td>
<td>10,573,385</td>
</tr>
<tr>
<td>Total 2016</td>
<td>11,461,150</td>
<td>779,936</td>
<td>-</td>
<td>12,241,086</td>
<td></td>
<td>4,695,429</td>
<td>2,530,406</td>
<td>-</td>
<td>7,225,835</td>
<td>5,015,251</td>
</tr>
</tbody>
</table>
FINANCIAL STATEMENTS OF 2017

FINANCIAL STATEMENTS OF CBL MONEY TRANSFER SDN. BHD.

(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 2017, 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 2017, 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.

NASHARUDDINONG & CO
(NO: AF 0981)
Chartered Accountants

Petaling Jaya
Dated: 19 February 2018

NASHARUDDIN BIN ABD. AZIZ
(NO: 1675/5/17(C))
Partner of the firm
Chartered Accountants (M)
STATEMENT OF FINANCIAL POSITION
At 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 RM</th>
<th>2016 RM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>4</td>
<td>714,649</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Receivables, Deposits and Prepayment</td>
<td>5</td>
<td>431,033</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td></td>
<td>4,336,742</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>4,767,775</td>
</tr>
<tr>
<td></td>
<td>5,482,424</td>
<td>2,444,225</td>
</tr>
<tr>
<td><strong>Equity Attributable to Equity Holders of the Company</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>6</td>
<td>5,300,000</td>
</tr>
<tr>
<td>Accumulated Loss</td>
<td></td>
<td>(2,964,075)</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td>2,335,925</td>
</tr>
<tr>
<td><strong>Non Current Liabilities</strong></td>
<td>7</td>
<td>26,940</td>
</tr>
<tr>
<td>Hire Purchase Payables</td>
<td></td>
<td>26,940</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>8</td>
<td>(6,176,446)</td>
</tr>
<tr>
<td>Settlement Obligations</td>
<td>9</td>
<td>9,163,774</td>
</tr>
<tr>
<td>City Bank Borrowing</td>
<td></td>
<td>120,625</td>
</tr>
<tr>
<td>Other Payables And Accruals</td>
<td></td>
<td>1,106</td>
</tr>
<tr>
<td>Hire Purchase Payables</td>
<td></td>
<td>3,119,559</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>3,146,499</td>
</tr>
<tr>
<td><strong>Total Equity And Liabilities</strong></td>
<td></td>
<td>5,482,424</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
## STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 RM</th>
<th>2016 RM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3 (e)</td>
<td>4,558,669</td>
</tr>
<tr>
<td>Cost of Services</td>
<td>3 (f)</td>
<td>(633,955)</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td></td>
<td><strong>3,924,714</strong></td>
</tr>
<tr>
<td>Other Income</td>
<td></td>
<td>90,009</td>
</tr>
<tr>
<td>Staff Costs</td>
<td></td>
<td>(2,010,914)</td>
</tr>
<tr>
<td>Depreciation Expenses</td>
<td></td>
<td>(149,994)</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td></td>
<td>(1,638,185)</td>
</tr>
<tr>
<td>Finance Charges</td>
<td></td>
<td>(162,526)</td>
</tr>
<tr>
<td><strong>Profit Before Taxation</strong></td>
<td>10</td>
<td>53,104</td>
</tr>
<tr>
<td>Income Tax Expense</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td></td>
<td><strong>53,104</strong></td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
# STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>Share Capital RM</th>
<th>Accumulated Loss RM</th>
<th>Total RM</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 January 2016</td>
<td>4,100,000</td>
<td>(3,051,179)</td>
<td>1,048,821</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>34,000</td>
<td>34,000</td>
</tr>
<tr>
<td><strong>As at 31 December 2016</strong></td>
<td><strong>4,100,000</strong></td>
<td><strong>(3,017,179)</strong></td>
<td><strong>1,082,821</strong></td>
</tr>
<tr>
<td>As at 1 January 2017</td>
<td>4,100,000</td>
<td>(3,051,179)</td>
<td>1,082,821</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>53,104</td>
<td>53,104</td>
</tr>
<tr>
<td>Issue of shares</td>
<td>1,200,000</td>
<td>-</td>
<td>1,200,000</td>
</tr>
<tr>
<td><strong>As at 31 December 2017</strong></td>
<td><strong>5,300,000</strong></td>
<td><strong>(2,964,075)</strong></td>
<td><strong>2,335,925</strong></td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
# Statement of Cash Flow

For the financial year ended 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 RM</th>
<th>2016 RM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows From Operating Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>53,104</td>
<td>34,000</td>
</tr>
<tr>
<td><strong>Adjustment for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>149,994</td>
<td>129,848</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>162,526</td>
<td>215,257</td>
</tr>
<tr>
<td><strong>Operating profit before working capital changes</strong></td>
<td>365,624</td>
<td>379,105</td>
</tr>
<tr>
<td><strong>Working capital changes:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>41,835</td>
<td>(135,191)</td>
</tr>
<tr>
<td>Directors</td>
<td>669,164</td>
<td>(1,566,801)</td>
</tr>
<tr>
<td><strong>Net cash used by operating activities</strong></td>
<td>1,076,623</td>
<td>(1,322,887)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(162,526)</td>
<td>(215,257)</td>
</tr>
<tr>
<td><strong>Net cash used by operating activities</strong></td>
<td>914,097</td>
<td>(1,538,144)</td>
</tr>
<tr>
<td><strong>Cash Flows From Investing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(252,718)</td>
<td>(143,194)</td>
</tr>
<tr>
<td><strong>Net cash used by investing activities</strong></td>
<td>(252,718)</td>
<td>143,194</td>
</tr>
<tr>
<td><strong>Cash Flows From Financing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of hire purchase</td>
<td>1,126,995</td>
<td>1,934,812</td>
</tr>
<tr>
<td>Borrowing from holding company</td>
<td>1,200,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash generated from financing activities</strong></td>
<td>2,315,991</td>
<td>1,924,812</td>
</tr>
<tr>
<td><strong>Net Changes In Cash And Cash Equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,977,310</td>
<td>242,955</td>
<td></td>
</tr>
<tr>
<td><strong>Cash And Cash Equivalents Brought Forward</strong></td>
<td>1,359,432</td>
<td>1,116,477</td>
</tr>
<tr>
<td><strong>Cash And Cash Equivalents Carried Forward</strong></td>
<td>4,336,742</td>
<td>1,359,432</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2017

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 2017 were 29 (2016: 29).

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 Financial Reporting Standards (FRS) 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 income 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 will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Deferred tax is not recognised 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 exchange rate that existed when the values were determined.

(i) **Impairment of Assets**

The carrying value of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying value of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalue amount. Any impairment loss of revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus of the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount.

A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expenses in the income statement, a reversal of that impairment loss is recognised as income in the income Statement.

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instruments.

(j) **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.

(k) **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 are 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

<table>
<thead>
<tr>
<th></th>
<th>Office equipment</th>
<th>Furniture &amp; Fittings</th>
<th>Motor Vehicles</th>
<th>Renovation</th>
<th>Signage &amp; Billboard</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Computers &amp; Air cond</td>
<td>RM</td>
<td>RM</td>
<td>RM</td>
<td>RM</td>
<td>RM</td>
</tr>
<tr>
<td><strong>2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 01.01.2016</td>
<td>480,586</td>
<td>68,893</td>
<td>103,377</td>
<td>463,205</td>
<td>43,500</td>
<td>1,159,541</td>
</tr>
<tr>
<td>Additions for the year</td>
<td>161,269</td>
<td>40,585</td>
<td></td>
<td>44,050</td>
<td>6,824</td>
<td>252,718</td>
</tr>
<tr>
<td>As at 31.12.2016</td>
<td>641,855</td>
<td>109,478</td>
<td>103,377</td>
<td>507,255</td>
<td>50,324</td>
<td>1,412,259</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 01.01.2017</td>
<td>217,694</td>
<td>33,010</td>
<td>60,302</td>
<td>216,431</td>
<td>20,179</td>
<td>547,616</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>71,571</td>
<td>6,965</td>
<td>20,675</td>
<td>46,913</td>
<td>3,870</td>
<td>149,994</td>
</tr>
<tr>
<td>As at 31.12.2017</td>
<td>289,265</td>
<td>39,975</td>
<td>80,977</td>
<td>263,344</td>
<td>24,049</td>
<td>697,610</td>
</tr>
<tr>
<td>Net carrying amount</td>
<td>352,560</td>
<td>69,503</td>
<td>22,400</td>
<td>243,911</td>
<td>26,275</td>
<td>714,649</td>
</tr>
<tr>
<td><strong>2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 01.01.2016</td>
<td>381,511</td>
<td>68,893</td>
<td>103,377</td>
<td>419,066</td>
<td>43,500</td>
<td>1,016,347</td>
</tr>
<tr>
<td>Additions for the year</td>
<td>99,055</td>
<td></td>
<td>-</td>
<td>-</td>
<td>44,139</td>
<td>-</td>
</tr>
<tr>
<td>As at 31.12.2016</td>
<td>480,566</td>
<td>68,893</td>
<td>103,377</td>
<td>463,205</td>
<td>43,500</td>
<td>1,159,541</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 01.01.2016</td>
<td>164,977</td>
<td>26,121</td>
<td>39,627</td>
<td>171,214</td>
<td>15,829</td>
<td>417,768</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>52,717</td>
<td>6,899</td>
<td>20,675</td>
<td>45,217</td>
<td>4,350</td>
<td>129,848</td>
</tr>
<tr>
<td>As at 31.12.2015</td>
<td>817,694</td>
<td>33,010</td>
<td>60,302</td>
<td>216,431</td>
<td>20,179</td>
<td>547,616</td>
</tr>
<tr>
<td>Net carrying amount</td>
<td>262,872</td>
<td>35,883</td>
<td>43,075</td>
<td>246,774</td>
<td>23,321</td>
<td>611,925</td>
</tr>
</tbody>
</table>

## 5. Cash and Cash Equivalents

Cash and cash equivalents comprise of:

- Cash and bank balances
- Fixed deposits

<table>
<thead>
<tr>
<th></th>
<th>2017 RM</th>
<th>2016 RM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>4,300,507</td>
<td>1,323,197</td>
</tr>
<tr>
<td>Fixed deposits</td>
<td>36,235</td>
<td>36,235</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,336,742</td>
<td>1,359,432</td>
</tr>
</tbody>
</table>

## 6. Share Capital

Authorised-
- At the end of the year: N/A, 5,000,000

Issued and fully paid-
- At the beginning of the year: 4,100,000, 4,100,000
- Issued during the year: 1,200,000, -
- At the end of the year: 5,300,000, 4,100,000

* N/A Not applicable due to the adoption of the companies Act 2017 as below.

On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the numbers of ordinary shares of any of the members as a result of this transition.
## 7 HIRE PURCHASE PAYABLES

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total amount payable</td>
<td>41,346</td>
<td>54,426</td>
</tr>
<tr>
<td>Less: Interest in suspense</td>
<td>(2,800)</td>
<td>(4,816)</td>
</tr>
<tr>
<td></td>
<td>38,546</td>
<td>49,610</td>
</tr>
<tr>
<td>Payables within 12 months</td>
<td>11,606</td>
<td>11,063</td>
</tr>
<tr>
<td>Payables after 12 months</td>
<td>26,940</td>
<td>38,547</td>
</tr>
<tr>
<td></td>
<td>38,546</td>
<td>49,610</td>
</tr>
</tbody>
</table>

## 8 SETTLEMENT OBLIGATIONS

### Prefunding Obligation Net Position

<table>
<thead>
<tr>
<th>Agents</th>
<th>Prefunding RM</th>
<th>Obligation RM</th>
<th>Net Position RM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agrani Bank</td>
<td>(120,293,682)</td>
<td>119,213,018</td>
<td>(1,080,664)</td>
</tr>
<tr>
<td>Bangladesh Krishi Bank</td>
<td>(6,234,779)</td>
<td>6,068,283</td>
<td>(176,496)</td>
</tr>
<tr>
<td>Bangladesh Utara Bank</td>
<td></td>
<td>(4,291)</td>
<td>(4,291)</td>
</tr>
<tr>
<td>BNI Indonesia</td>
<td>(17,542,339)</td>
<td>(17,239,510)</td>
<td>(302,829)</td>
</tr>
<tr>
<td>BRI Indonesia</td>
<td>(98,590,939)</td>
<td>97,724,552</td>
<td>866,387</td>
</tr>
<tr>
<td>Buro</td>
<td></td>
<td>3,134,690</td>
<td>3,134,690</td>
</tr>
<tr>
<td>Citybank</td>
<td>(124,814,066)</td>
<td>116,644,030</td>
<td>(8,170,036)</td>
</tr>
<tr>
<td>Donga Money Transfer</td>
<td>(14,751,332)</td>
<td>14,515,319</td>
<td>(236,012)</td>
</tr>
<tr>
<td>Himalayan Bank</td>
<td>(29,296,055)</td>
<td>28,960,332</td>
<td>335,723</td>
</tr>
<tr>
<td>Ipay</td>
<td>(26,106,840)</td>
<td>26,310,522</td>
<td>203,682</td>
</tr>
<tr>
<td>Islami Bank</td>
<td>(163,066,125)</td>
<td>162,027,899</td>
<td>(1,038,226)</td>
</tr>
<tr>
<td>Jagorani Chakra Foundation</td>
<td></td>
<td>3,354,700</td>
<td>3,354,700</td>
</tr>
<tr>
<td>Janata Bank</td>
<td>(62,794,980)</td>
<td>62,607,823</td>
<td>(187,157)</td>
</tr>
<tr>
<td>Kotak Mahindra Bank</td>
<td>(4,442,681)</td>
<td>4,122,868</td>
<td>319,813</td>
</tr>
<tr>
<td>Nepal</td>
<td></td>
<td>(8,967)</td>
<td>(8,967)</td>
</tr>
<tr>
<td>Padakhep</td>
<td></td>
<td>8,767,991</td>
<td>1,678,467</td>
</tr>
<tr>
<td>Pubaill Bank Ltd</td>
<td>(8,876919)</td>
<td>8,767,991</td>
<td>(108,929)</td>
</tr>
<tr>
<td>Reliable Finance Limited</td>
<td></td>
<td>(20,664)</td>
<td>(20,664)</td>
</tr>
<tr>
<td>Samsara</td>
<td>(10,095,854)</td>
<td>10,229,900</td>
<td>134,052</td>
</tr>
<tr>
<td>Sonali Bank</td>
<td>(56,607,285)</td>
<td>55,923,362</td>
<td>(683,922)</td>
</tr>
<tr>
<td>Sulav Remit Nepal</td>
<td>(52,308,460)</td>
<td>51,900,647</td>
<td>(407,814)</td>
</tr>
<tr>
<td>Trongio Sdn Bhd</td>
<td>(84,113,369)</td>
<td>83,960,856</td>
<td>(152,513)</td>
</tr>
<tr>
<td>Trans Fast Remittance LLC</td>
<td>(16,628,148)</td>
<td>16,283,537</td>
<td>(344,610)</td>
</tr>
<tr>
<td>Uttara Bank Ltd</td>
<td>(3,575,671)</td>
<td>3,504,539</td>
<td>(71,131)</td>
</tr>
<tr>
<td>Xpress Money</td>
<td>(10,419,477)</td>
<td>10,253,624</td>
<td>165,853</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(910,559,001)</td>
<td>904,382,555</td>
<td><strong>(6,176,446)</strong></td>
</tr>
</tbody>
</table>

### 2016

<table>
<thead>
<tr>
<th>Agents</th>
<th>Prefunding RM</th>
<th>Obligation RM</th>
<th>Net Position RM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agrani Bank</td>
<td>(86,757,092)</td>
<td>85,741,386</td>
<td>(1,015,706)</td>
</tr>
<tr>
<td>Bangladesh Krishi Bank</td>
<td>(3,144,506)</td>
<td>3,046,611</td>
<td>(98,895)</td>
</tr>
<tr>
<td>BNI Indonesia</td>
<td>(1,567,606)</td>
<td>1,375,132</td>
<td>(192,474)</td>
</tr>
<tr>
<td>BRI Indonesia</td>
<td>(31,803,959)</td>
<td>31,328,932</td>
<td>(475,027)</td>
</tr>
<tr>
<td>Buro</td>
<td></td>
<td>1,997,735</td>
<td>1,997,735</td>
</tr>
<tr>
<td>Citybank</td>
<td>(86,382,027)</td>
<td>80,460,236</td>
<td>(5,921,791)</td>
</tr>
<tr>
<td>Donga Money Transfer</td>
<td>(4,942,134)</td>
<td>4,593,132</td>
<td>(349,002)</td>
</tr>
<tr>
<td>Himalayan Bank</td>
<td>(27,145,312)</td>
<td>26,843,533</td>
<td>(501,779)</td>
</tr>
<tr>
<td>Ipay</td>
<td>(20,644,801)</td>
<td>20,827,666</td>
<td>182,865</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>(262,367,437)</td>
<td>256,013,363</td>
<td><strong>(6,374,074)</strong></td>
</tr>
<tr>
<td></td>
<td>Prefunding RM</td>
<td>Obligation RM</td>
<td>Net Position RM</td>
</tr>
<tr>
<td>----------------------</td>
<td>---------------</td>
<td>--------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Islami Bank</td>
<td>(124,274,983)</td>
<td>123,089,970</td>
<td>(1,185,013)</td>
</tr>
<tr>
<td>Jagorani Chakra Foundation</td>
<td>-</td>
<td>2,347,745</td>
<td>2,347,745</td>
</tr>
<tr>
<td>Janata Bank</td>
<td>(46,801,410)</td>
<td>46,518,299</td>
<td>(283,111)</td>
</tr>
<tr>
<td>Kotak Mahindra Bank</td>
<td>(637,731)</td>
<td>551,270</td>
<td>(86,461)</td>
</tr>
<tr>
<td>Nepal</td>
<td>-</td>
<td>(8,967)</td>
<td>(8,967)</td>
</tr>
<tr>
<td>Padakhep</td>
<td>-</td>
<td>1,223,842</td>
<td>1,223,842</td>
</tr>
<tr>
<td>Pubali Bank Ltd</td>
<td>(4,951,924)</td>
<td>4,812,474</td>
<td>(139,450)</td>
</tr>
<tr>
<td>Reliable Finance Limited</td>
<td>-</td>
<td>(20,664)</td>
<td>(20,664)</td>
</tr>
<tr>
<td>Samsara</td>
<td>(10,095,854)</td>
<td>10,229,906</td>
<td>134,052</td>
</tr>
<tr>
<td>Sonali Bank</td>
<td>(40,041,962)</td>
<td>39,382,054</td>
<td>(659,908)</td>
</tr>
<tr>
<td>Sulav Remit Nepal</td>
<td>(23,919,259)</td>
<td>23,394,925</td>
<td>(524,334)</td>
</tr>
<tr>
<td>Tranglo Sdn Bhd</td>
<td>(77,164,369)</td>
<td>76,552,963</td>
<td>(611,406)</td>
</tr>
<tr>
<td>Trans Fast Remittance LLC</td>
<td>(9,448,211)</td>
<td>8,953,269</td>
<td>(494,942)</td>
</tr>
<tr>
<td>Uttara Bank Ltd</td>
<td>(1,947,523)</td>
<td>1,930,340</td>
<td>(17,183)</td>
</tr>
<tr>
<td>Xpress Money</td>
<td>(338,114)</td>
<td>215,094</td>
<td>(123,020)</td>
</tr>
<tr>
<td></td>
<td>(602,008,777)</td>
<td>595,185,883</td>
<td>(6,822,894)</td>
</tr>
</tbody>
</table>

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 2% (2016:2%) 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:

<table>
<thead>
<tr>
<th></th>
<th>2017 RM</th>
<th>2016 RM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit fees</td>
<td>12,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>149,994</td>
<td>129,846</td>
</tr>
<tr>
<td>Director's remuneration</td>
<td>96,000</td>
<td>64,000</td>
</tr>
<tr>
<td>Interest expense</td>
<td>162,526</td>
<td>215,257</td>
</tr>
<tr>
<td>Office rental</td>
<td>583,015</td>
<td>518,890</td>
</tr>
<tr>
<td>Rental income</td>
<td>(90,000)</td>
<td>(94,500)</td>
</tr>
</tbody>
</table>

11 INCOME TAX EXPENSE

Current year's provision for taxation

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:-

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td>53,104</td>
<td>34,000</td>
</tr>
<tr>
<td>Taxation at Malaysian statutory tax rate</td>
<td>9,559</td>
<td>6,460</td>
</tr>
<tr>
<td>Expenses not deductible for taxation</td>
<td>32,918</td>
<td>26,565</td>
</tr>
<tr>
<td>Utilisation of capital allowances</td>
<td>(34,643)</td>
<td>-</td>
</tr>
<tr>
<td>Utilisation of business losses</td>
<td>(7,834)</td>
<td>-</td>
</tr>
<tr>
<td>Deferred tax asset not recognised during the year</td>
<td>-</td>
<td>(33,025)</td>
</tr>
<tr>
<td>Tax expense for the year</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
12 **SIGNIFICANT EVENT**

The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Company upon its initial adoption are:

i) Removal of the authorised share capital

ii) Ordinary shares will cease to have par

the adoption of the companies Act 2016 has been applies prospectively and the impacts of adoption are disclosed in the respective note(s) to the financial statements.

13 **COMPARATIVE FIGURES**

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year.

14 **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:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense paid to holding company</td>
<td>160,509</td>
<td>212,695</td>
</tr>
</tbody>
</table>

15 **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.

16 **FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENTS**

a) **Capital Risk Management**

The objective of the Company’s capital management is to safeguard the Company’s ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders value.

b) **Foreign Currency Risk**

The Company has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities.

The currencies giving rise to this risk are primarily United States Dollar (USD). Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the exposure is at an acceptable level. At 31 December 2016, the Company have not entered into any forward foreign currency contracts.

c) **Liquidity and Cash Flow Risk**

The Company actively managed its debt maturity profile, operating cash flow and the availability of the funding so as to ensure that all financing, repayment and funding needs are met. As part of the overall prudent liquidity management, the Company endeavours to maintain sufficient levels of cash and cash equivalents and has available funding from shareholders.
# Detailed Statement of Comprehensive Income

For the Financial year ended 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>2017 RM</th>
<th>2016 RM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transaction fees</td>
<td>2,409,598</td>
<td>2,601,227</td>
</tr>
<tr>
<td>Foreign exchange revenue</td>
<td>2,149,071</td>
<td>1,325,760</td>
</tr>
<tr>
<td></td>
<td>4,558,669</td>
<td>3,926,987</td>
</tr>
<tr>
<td><strong>Less: Cost Of Services</strong></td>
<td>(633,955)</td>
<td>(440,903)</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>3,924,714</td>
<td>3,486,084</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Add: Other Income</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>9</td>
<td>462</td>
</tr>
<tr>
<td>Rental Income</td>
<td>90,000</td>
<td>94,500</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td></td>
<td>4,865</td>
</tr>
<tr>
<td></td>
<td>90,009</td>
<td>99,827</td>
</tr>
</tbody>
</table>

| **Less: Administrative and Operating Expenses** | |
| **Staff costs** : | |
| Bonus            | 28,000          | 37,280          |
| Director’s remuneration | 96,000         | 64,000          |
| Wages, salaries and allowances | 1,798,598      | 1,229,851       |
| EPF               | 51,307          | 44,838          |
| SOCSO              | 9,194           | 8,112           |
| Medical            | 7,012           | 8,849           |
| Staff training     | 20,803          | 107,694         |
|                    | 2,010,914       | 1,500,624       |
| **Depreciation expenses** | 149,994         | 129,848         |

For management information only
# Detailed Statement of Comprehensive Income

For the Financial year ended 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>2017 RM</th>
<th>2016 RM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other operating expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>12,203</td>
<td>2,210</td>
</tr>
<tr>
<td>Audit fees</td>
<td>12,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Bank charges</td>
<td>100,811</td>
<td>83,856</td>
</tr>
<tr>
<td>Courier and postage</td>
<td>3,381</td>
<td>2,086</td>
</tr>
<tr>
<td>Commission expense</td>
<td>201,903</td>
<td>406,094</td>
</tr>
<tr>
<td>Electricity and water</td>
<td>89,291</td>
<td>99,330</td>
</tr>
<tr>
<td>Entertainment</td>
<td>25,119</td>
<td>23,082</td>
</tr>
<tr>
<td>Insurance</td>
<td>21,118</td>
<td>19,760</td>
</tr>
<tr>
<td>Licensing fee</td>
<td>8,680</td>
<td>8,037</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>30,098</td>
<td>24,693</td>
</tr>
<tr>
<td>Office rental</td>
<td>583,015</td>
<td>518,890</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>55,936</td>
<td>76,466</td>
</tr>
<tr>
<td>Professional fees</td>
<td>21,959</td>
<td>45,205</td>
</tr>
<tr>
<td>Rental of photostat machine</td>
<td>19,470</td>
<td>18,177</td>
</tr>
<tr>
<td>Secretarial and filing fees</td>
<td>3,050</td>
<td>1,282</td>
</tr>
<tr>
<td>Security charges</td>
<td>249,409</td>
<td>180,332</td>
</tr>
<tr>
<td>Service charge</td>
<td>570</td>
<td>-</td>
</tr>
<tr>
<td>Stamp duty</td>
<td>348</td>
<td>1,768</td>
</tr>
<tr>
<td>Sundry expenses</td>
<td>5,000</td>
<td>-</td>
</tr>
<tr>
<td>Telephone and internet</td>
<td>83,741</td>
<td>104,168</td>
</tr>
<tr>
<td>Travelling and accommodation</td>
<td>93,117</td>
<td>63,030</td>
</tr>
<tr>
<td>Upkeep of motor vehicles</td>
<td>17,966</td>
<td>15,716</td>
</tr>
<tr>
<td><strong>Total expenses:</strong></td>
<td>1,638,185</td>
<td>1,706,182</td>
</tr>
</tbody>
</table>

**Financial charges:**

- Interest loan: 160,509
- Hire purchase interest: 2,017

**Profit Before Taxation:**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>53,104</td>
<td>34,000</td>
</tr>
</tbody>
</table>

For management information only
BASEL UNIT

Banking Industry of Bangladesh started implementing Basel III with the adoption of Bangladesh Bank’s guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III). The guideline also provided a 5 year road map for full implementation of Basel III by the year 2019. Considering the road map, Bangladesh Bank advised all scheduled banks to constitute, develop as well as strengthen the Basel Unit to implement the latest accord properly.

FORMATION AND MEMBERS OF BASEL UNIT

In order to incorporate the changing global concepts and new inclusions in Basel Accords, City Bank formed a management level committee named ‘Basel Unit’, chaired by MD & CEO, to implement Basel III in the banking business of the City Bank. Members of the Basel Unit are Chief Risk Officer, Chief Financial Officer, Chief Information Officer, Head of Credit Risk Management, Head of Internal Control and Compliance, Head of Finance and Head of Treasury, while Head of Risk management Division acts as the focal point of the unit.

TERMS OF REFERENCE OF BASEL UNIT

The unit is vested with supervisory responsibilities to implement Basel III across the Bank. Therefore, the unit 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. Consistency assessments and evaluation of work stream are major supervisory responsibilities of the unit. Additionally, the unit periodically assesses the necessary organizational requirements to ensure the smooth implementation of the process and deals with any regulatory requirements in regards to implement Basel III.

Terms of Reference (ToR) of the unit as advised by Bangladesh Bank are as follows:

- Implementation of the Action Plan of Basel Accords in the bank
- To communicate issues related to Basel Implementation to the Bank Management
- To attend Quantitative Impact Study (QIS) and Accountability for the Compliance of Basel Accords
- Arranging customized training programs according to the Training Needs Assessment
DISCLOSURES ON RISK BASED CAPITAL

BASEL III PILLAR 3
MARKET DISCIPLINE OF THE CITY BANK LTD.

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 from 1 January 2015. Since then, 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:

- 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.

Disclosures are intended to inform the general market participants about the scope of application of new capital adequacy framework, capital of the Bank, risk exposures of the Bank, Bank's risk assessment processes, its risk mitigation strategies and practices and capital adequacy of the bank through disclosure format in line with the Bangladesh Bank BRPD Circular no. 18 dated December 21, 2014 as to "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel III)."

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, it is also made available at City Bank's web site.

Key Metrics (Solo Basis):

<table>
<thead>
<tr>
<th>Capital to Risk Weighted Asset</th>
<th>Common Equity Tier I Capital ratio</th>
<th>Leverage Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.71% 13.17%</td>
<td>10.15% 10.46%</td>
<td>6.37% 6.72%</td>
</tr>
<tr>
<td>2016: 2016</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Eligible Capital</th>
<th>Common Equity Tier I Capital</th>
<th>Tier II Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tk 2,975.45 crore</td>
<td>Tk 2,052.24 crore</td>
<td>Tk 923.21 crore</td>
</tr>
<tr>
<td>2016: Tk 2,342.23 crore</td>
<td>2016: Tk 1,859.09 crore</td>
<td>2016: Tk 483.13 crore</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Risk Weighted Asset</th>
<th>Credit Risk RWA</th>
<th>Credit Risk RWA density</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tk 20,221.04 crore</td>
<td>Tk 17,460.19 crore</td>
<td>86.35%</td>
</tr>
<tr>
<td>2016: Tk 17,781.17 crore</td>
<td>2016: Tk 15,181.72 crore</td>
<td>2016: 85.38%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Qualitative Disclosures</th>
<th>Name of the Bank is The City Bank Ltd. However, the bank does not belong to any group.</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) The name of the top corporate entity in the group to which this guidelines applies.</td>
<td>Presently City Bank does not have any Associates and/or Joint Venture, but has three subsidiaries. These are</td>
</tr>
<tr>
<td>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</td>
<td>a. The 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 2017 the Bank held 99.99% shares of the company.</td>
</tr>
<tr>
<td></td>
<td>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 2017 the Bank held 99.99% shares of CBCRL.</td>
</tr>
<tr>
<td></td>
<td>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 2017 the Bank held 100% shares of CMTS.</td>
</tr>
<tr>
<td></td>
<td>The financials are fully consolidated of all the subsidiaries, which have been prepared in accordance with BAS 27: Consolidated Financial Statements and Accounting for Investment in subsidiaries. Intercompany transaction and balances are eliminated; minority interest of Tk. 0.01 crore has been added in the Tier-I capital.</td>
</tr>
<tr>
<td>c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

320 Annual Report 2017
Quantitative Disclosures

The aggregate amount of surplus capital26 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

<table>
<thead>
<tr>
<th>Qualitative Disclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>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).</td>
</tr>
</tbody>
</table>

- **Common Equity Tier-1 (CET1)** capital of City Bank consists of Fully Paid-up Capital, Statutory Reserves, Share Premium, General Reserve, Retained Earnings, Dividend Equalization Fund and Minority Interest in its subsidiary in case of consolidation.

- **Tier-2** capital of City Bank consists of general provision, applicable percentage of revaluation reserves (50% for fixed asset, 50% for securities and 10% for shares) 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 2017 (Tk in crore):**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Solo</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Common Equity Tier I Capital (CET-1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.1</td>
<td>Fully Paid-up Capital</td>
<td>921.89</td>
<td>921.89</td>
</tr>
<tr>
<td>a.2</td>
<td>Statutory Reserve</td>
<td>713.06</td>
<td>713.06</td>
</tr>
<tr>
<td>a.3</td>
<td>Non-repayable Share Premium account</td>
<td>150.44</td>
<td>150.44</td>
</tr>
<tr>
<td>a.4</td>
<td>General Reserve</td>
<td>1.14</td>
<td>1.14</td>
</tr>
<tr>
<td>a.5</td>
<td>Retained Earnings</td>
<td>366.53</td>
<td>294.61</td>
</tr>
<tr>
<td>a.6</td>
<td>Minority Interest in Subsidiaries</td>
<td></td>
<td>0.01</td>
</tr>
<tr>
<td>a.7</td>
<td>Dividend Equalization Reserve</td>
<td>53.08</td>
<td>53.08</td>
</tr>
<tr>
<td>a.8</td>
<td>Sub-total Common Equity Tier I Capital</td>
<td>2,236.13</td>
<td>2,134.23</td>
</tr>
<tr>
<td>(b)</td>
<td>Deductions from CET-I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b.1</td>
<td>Book value of goodwill which are shown as assets</td>
<td></td>
<td>(3.48)</td>
</tr>
<tr>
<td>b.2</td>
<td>Deferred Tax Asset</td>
<td>(110.82)</td>
<td>(110.82)</td>
</tr>
<tr>
<td>b.3</td>
<td>Excess investment in equity of other banks, FI and Insurance company</td>
<td>(73.08)</td>
<td>(360.11)</td>
</tr>
<tr>
<td>(c)</td>
<td>Total Common Equity Tier I Capital</td>
<td>2,052.24</td>
<td>1,659.82</td>
</tr>
<tr>
<td>(d)</td>
<td>Additional Tier I Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(e)</td>
<td>Total Tier I Capital</td>
<td>2,052.24</td>
<td>1,659.82</td>
</tr>
<tr>
<td>(f)</td>
<td>Tier II Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>f.1</td>
<td>General Provisions (provisions for LC + SMA + OBS exposure)</td>
<td>313.46</td>
<td>313.46</td>
</tr>
<tr>
<td>f.2</td>
<td>Revaluation Reserves (50% of Fixed Assets &amp; Security, 10% Equity)*</td>
<td>49.37</td>
<td>49.70</td>
</tr>
<tr>
<td>f.5</td>
<td>Tier II Subordinated Bond</td>
<td>725.00</td>
<td>725.00</td>
</tr>
<tr>
<td>f.6</td>
<td>Sub-Total of Tier II Capital</td>
<td>1,087.83</td>
<td>1,088.16</td>
</tr>
<tr>
<td>(g)</td>
<td>Deduction from Tier II Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>g.1</td>
<td>Phased in deduction of Revaluation Reserves as per Basel III guidelines</td>
<td>(29.62)</td>
<td>(29.82)</td>
</tr>
<tr>
<td>g.2</td>
<td>Deduction of Tier II subordinated bond as per RBCA guidelines</td>
<td>(135.00)</td>
<td>(135.00)</td>
</tr>
<tr>
<td>(h)</td>
<td>Total Tier II Capital</td>
<td>923.21</td>
<td>923.34</td>
</tr>
<tr>
<td>(i)</td>
<td>Total Eligible Regulatory Capital</td>
<td>2,975.45</td>
<td>2,583.16</td>
</tr>
</tbody>
</table>

* As on 31 December 2014
### Table 3: CAPITAL ADEQUACY

<table>
<thead>
<tr>
<th>Qualitative Disclosures</th>
</tr>
</thead>
</table>

**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 2017. 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 2017, Total Risk Weighted Asset (RWA) of the bank was Tk 20,221.04 crore on solo basis and Tk 20,324.37 crore on consolidated basis where Credit risk accounted for 86.35% and 83.35% respectively of RWA followed by Operational risk for 10.41% and 10.60% respectively and Market risk for 3.24% and 6.05% respectively. Subsequently, RWA for credit risk generated the maximum capital requirement of the bank. In order to improve the capital requirement under credit risk, City Bank continuously pursue for external credit rating of its client base. At the end of 2017, City Bank managed to cover around 77% 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 1.25% of total RWA in 2017. City Bank is well ahead of this minimum target both in Consolidated and in Solo basis as of December 2017. City Bank maintained

- Capital to Risk Weighted Asset Ratio (CRAR) of 14.71% on solo basis and 12.71% on consolidated basis
- Tier I capital ratio of 10.15% on solo basis and 8.17% on consolidated basis against the required level of 6.00%
- Tier II capital is 4.5% of CET I on Solo basis and 5.6% of CET I on consolidated basis against the maximum limit of 8.89%
- Capital Conservation Buffer for 2017 was 1.25% of RWA

**Excess Capital to Support Current and Future Activities:**
As a result, City Bank managed to maintain surplus capital of 346% on solo basis and 146% on consolidated basis. The surplus capital maintained by City Bank will act as cushion to absorb all material risks under Pillar II and to support the future activities of the bank. Furthermore to ensure the adequacy of capital, the bank draws assessment of capital requirements periodically considering future business growth.
### Quantitative Disclosures

**Capital Requirement under Credit, Market and Operational Risk (Tk in crore)**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Solo</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>Capital requirements for Credit Risk</td>
<td>1,746.02</td>
<td>1,694.14</td>
</tr>
<tr>
<td>1.1</td>
<td>Portfolios subject to standardized approach - Funded</td>
<td>1,420.88</td>
<td>1,399.00</td>
</tr>
<tr>
<td>1.2</td>
<td>Portfolios subject to standardized approach - Non-Funded</td>
<td>325.14</td>
<td>325.14</td>
</tr>
<tr>
<td>2.0</td>
<td>Capital requirements for Market Risk</td>
<td>65.60</td>
<td>122.88</td>
</tr>
<tr>
<td>2.1</td>
<td>Interest rate risk (Standardized Approach)</td>
<td>2.97</td>
<td>2.97</td>
</tr>
<tr>
<td>2.2</td>
<td>Foreign exchange risk (Standardized Approach)</td>
<td>7.59</td>
<td>7.59</td>
</tr>
<tr>
<td>2.3</td>
<td>Equity risk (Standardized Approach)</td>
<td>55.04</td>
<td>112.31</td>
</tr>
<tr>
<td>3.0</td>
<td>Capital requirements for Operational Risk (Basic Indicator Approach)</td>
<td>210.48</td>
<td>215.42</td>
</tr>
<tr>
<td>4.0</td>
<td>Total Capital Required</td>
<td>2,022.10</td>
<td>2,032.44</td>
</tr>
<tr>
<td>5.0</td>
<td>Capital Ratios</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.1</td>
<td>Total Capital Ratio</td>
<td>14.71%</td>
<td>12.71%</td>
</tr>
<tr>
<td>5.2</td>
<td>CET I Capital Ratio</td>
<td>10.15%</td>
<td>8.17%</td>
</tr>
<tr>
<td>5.3</td>
<td>Total Tier I Capital Ratio</td>
<td>10.15%</td>
<td>8.17%</td>
</tr>
<tr>
<td>5.4</td>
<td>Tier II Capital Ratio</td>
<td>4.57%</td>
<td>4.54%</td>
</tr>
<tr>
<td>6.0</td>
<td>Capital Conservation Buffer (1.25% of RWA)</td>
<td>252.76</td>
<td>254.05</td>
</tr>
<tr>
<td>7.0</td>
<td>Available Capital under Pillar II requirement</td>
<td>700.58</td>
<td>296.67</td>
</tr>
</tbody>
</table>

### Table 4: CREDIT RISK

#### Qualitative Disclosures

**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:**

In City Bank, credit is originated from three business segments, namely Corporate, Commercial and Branch Banking (SME and Retail). Credit of Corporate, Commercial and Branch Banking (SME-M) business are being processed by Credit Risk Management Division (CRMD), while SMEs and Retail credit are processed by Credit & Collection Division (Retail & Small Business Credit). After approval, Credit Administration Division (CAD) disburses the credit approved by Credit Risk Management Division (CRMD), while Asset Operation team of Credit & Collection Division disburses for the SMEs and Retail Credits. Classified credits are handled by Special Asset Management Division (SAMD) where the same of Retail & SMEs business are handled by Collection team of Credit & Collection Division, while both divisions are supported by Legal Division. Additionally, Internal Control and Compliance Division (ICCD) conducts on-site and off-site audit for all credits.
Qualitative Disclosures

City Bank has a structured Credit Risk Management Policy known as Credit Policy Manual (CPM) approved by the Board of Directors in 2008 and which is reviewed annually. The CPM defines organization structure, role and responsibilities and, the processes whereby the credit risks carried by the bank can be identified, quantified and managed within the framework that the bank considers consistent with its mandate and risk tolerance.

Besides the CPM, City Bank also frames Credit Instruction Manuals (CIMs) as and when necessary to address any regulatory issues or establish control points. Bank also has a system of identifying and monitoring problem accounts at the early stages of their delinquency through implementation of 'Sales Routine', a customized tool for Past Due management, so that timely corrective measures are initiated. Retail and SME-S segment offer some customized products and there are separate Product Program Guidelines (PPGs) approved by the Board for each type of customized products.

Loan Classification Criterion:
Loan products are broadly divided in the following types namely 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, we have 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 from the following day 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.
Qualitative Disclosures

The summary of some objective criteria for loan classification is as below:

<table>
<thead>
<tr>
<th>Type of Facility</th>
<th>Overdue Period for Loans Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sub Standard</td>
</tr>
<tr>
<td>Continuous Loan &amp; Demand Loan</td>
<td>3 months or more but less than 6 months</td>
</tr>
<tr>
<td>Fixed Term Loan more than Tk. 10 lac</td>
<td>3 months or more but less than 6 months</td>
</tr>
<tr>
<td>Fixed Term Loan up to Tk. 10 lac</td>
<td>6 months or more but less than 9 months</td>
</tr>
<tr>
<td>Short Term Agricultural &amp; Micro Credit</td>
<td>12 months or more but less than 36 months</td>
</tr>
</tbody>
</table>

Guidelines for Loan Loss Provisions:

Specific provisions for classified loans and general provisions for unclassified loans and advances and contingent assets are measured following BB prescribed provisioning rates as mentioned below:

<table>
<thead>
<tr>
<th>General provision</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unclassified (STD &amp; SMA) general loans and advances</td>
<td>1.00%</td>
</tr>
<tr>
<td>Unclassified (STD &amp; SMA) small and medium enterprise</td>
<td>0.25%</td>
</tr>
<tr>
<td>Unclassified (STD &amp; SMA) Loans to BUs/MBs/SDs against shares etc.</td>
<td>2.00%</td>
</tr>
<tr>
<td>Unclassified (STD &amp; SMA) loans for housing finance and on loans for professionals</td>
<td>1.00%</td>
</tr>
<tr>
<td>Unclassified (STD &amp; SMA) consumer financing other than housing finance and loans for professionals</td>
<td>5.00%</td>
</tr>
<tr>
<td>Unclassified Short term agricultural credit and micro credit</td>
<td>1.00%</td>
</tr>
<tr>
<td>Off balance sheet exposures</td>
<td>1.00%</td>
</tr>
</tbody>
</table>

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%  |
| 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

<table>
<thead>
<tr>
<th>Type wise Credit Exposure</th>
<th>Amount: in crore Tk.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuous loan</strong></td>
<td></td>
</tr>
<tr>
<td>Small &amp; Medium Enterprise (SME)</td>
<td>2,399.57</td>
</tr>
<tr>
<td>Consumer Finance</td>
<td>706.90</td>
</tr>
<tr>
<td>Loans to BHs/MBs/SDs against Shares</td>
<td>111.14</td>
</tr>
<tr>
<td>Other than SMEF, CF, BHs/MBs/SDs</td>
<td>903.05</td>
</tr>
<tr>
<td><strong>Demand loan</strong></td>
<td></td>
</tr>
<tr>
<td>Small &amp; Medium Enterprise</td>
<td>388.59</td>
</tr>
<tr>
<td>Loans to BHs/MBs/SDs against Shares</td>
<td>7,460.96</td>
</tr>
<tr>
<td>Other than SMEF, CF, BHs/MBs/SDs</td>
<td></td>
</tr>
<tr>
<td><strong>Term loan</strong></td>
<td></td>
</tr>
<tr>
<td>Small &amp; Medium Enterprise (SME)</td>
<td>872.69</td>
</tr>
<tr>
<td>Consumer Finance (including staff, other than HF)</td>
<td>1,386.61</td>
</tr>
<tr>
<td>Housing Finance (HF)</td>
<td>566.40</td>
</tr>
<tr>
<td>Loans to BHs/MBs/SDs against Shares</td>
<td>0.83</td>
</tr>
<tr>
<td>Other than SMEF, CF, BHs/MBs/SDs</td>
<td>4,232.32</td>
</tr>
<tr>
<td><strong>Short term agri. credit and microcredit</strong></td>
<td></td>
</tr>
<tr>
<td>Short term agri. credit</td>
<td>276.47</td>
</tr>
<tr>
<td>Staff loan</td>
<td>354.05</td>
</tr>
<tr>
<td><strong>Total Credit Exposure</strong></td>
<td>19,659.59</td>
</tr>
</tbody>
</table>

### Geographical distribution of exposures, broken down in significant areas by major types of credit exposure

<table>
<thead>
<tr>
<th>Type wise Credit Exposure</th>
<th>Amount: in crore Tk.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographical exposure</td>
<td></td>
</tr>
<tr>
<td>Dhaka</td>
<td>15,947.91</td>
</tr>
<tr>
<td>Chattogram</td>
<td>2,627.14</td>
</tr>
<tr>
<td>Sylhet</td>
<td>95.22</td>
</tr>
<tr>
<td>Rajshahi</td>
<td>499.55</td>
</tr>
<tr>
<td>Khulna</td>
<td>232.86</td>
</tr>
<tr>
<td>Rangpur</td>
<td>197.28</td>
</tr>
<tr>
<td>Barishal</td>
<td>34.81</td>
</tr>
<tr>
<td>Mymensingh</td>
<td>24.82</td>
</tr>
<tr>
<td><strong>Total Exposure</strong></td>
<td>19,659.59</td>
</tr>
</tbody>
</table>
### Quantitative Disclosures

#### Industry wise distribution of Exposure

<table>
<thead>
<tr>
<th>Industry</th>
<th>Amount in crore Tk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agri &amp; micro-credit through NGO</td>
<td>1,003.63</td>
</tr>
<tr>
<td>Readymade garments industry</td>
<td>3,091.70</td>
</tr>
<tr>
<td>Consumer credit</td>
<td>2,751.77</td>
</tr>
<tr>
<td>Trade service</td>
<td>2,397.89</td>
</tr>
<tr>
<td>Steel industry</td>
<td>1,346.50</td>
</tr>
<tr>
<td>Textile &amp; spinning mills</td>
<td>1,069.01</td>
</tr>
<tr>
<td>Real estate financing</td>
<td>973.62</td>
</tr>
<tr>
<td>Energy and power industry</td>
<td>802.25</td>
</tr>
<tr>
<td>Edible oil and food processing</td>
<td>637.70</td>
</tr>
<tr>
<td>Pharmaceuticals industry</td>
<td>617.95</td>
</tr>
<tr>
<td>Assembling industry</td>
<td>543.97</td>
</tr>
<tr>
<td>Transport, Storage &amp; Communication</td>
<td>514.47</td>
</tr>
<tr>
<td>Service industry</td>
<td>309.83</td>
</tr>
<tr>
<td>Ship breaking &amp; building</td>
<td>232.96</td>
</tr>
<tr>
<td>Construction</td>
<td>100.94</td>
</tr>
<tr>
<td>Chemical industry</td>
<td>39.35</td>
</tr>
<tr>
<td>Hospitals</td>
<td>28.49</td>
</tr>
<tr>
<td>Other manufacturing industry</td>
<td>2,453.57</td>
</tr>
<tr>
<td>Others</td>
<td>744.00</td>
</tr>
<tr>
<td><strong>Total Exposure</strong></td>
<td><strong>19,659.59</strong></td>
</tr>
</tbody>
</table>

#### Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure

<table>
<thead>
<tr>
<th>Residual contractual maturity wise exposure</th>
<th>Amount in crore Tk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayable on Demand</td>
<td>1,545.47</td>
</tr>
<tr>
<td>Not more than 3 months</td>
<td>5,725.60</td>
</tr>
<tr>
<td>Over 3 months but not more than 1 year</td>
<td>4,637.18</td>
</tr>
<tr>
<td>Over 1 year but not more than 5 years</td>
<td>5,504.75</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>2,246.58</td>
</tr>
<tr>
<td><strong>Total Exposure</strong></td>
<td><strong>19,659.59</strong></td>
</tr>
</tbody>
</table>

#### By major industry or counterparty type:

<table>
<thead>
<tr>
<th>Counterparty wise distribution of impaired loans and past due loans</th>
<th>Amount in crore Tk</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NPL</strong></td>
<td><strong>SMA</strong></td>
</tr>
<tr>
<td>Small &amp; Medium Enterprise Financing (SMEF)</td>
<td>603.85</td>
</tr>
<tr>
<td>Consumer Financing (Other than HF &amp; LP)</td>
<td>65.53</td>
</tr>
<tr>
<td>Loans to BHS/MBs/SDs</td>
<td>-</td>
</tr>
<tr>
<td>Other than SMEF, CF, BHS/MBs/SDs</td>
<td>375.10</td>
</tr>
<tr>
<td>Housing Finance (H/F)</td>
<td>6.32</td>
</tr>
<tr>
<td>Loans for Professionals to setup business (LP)</td>
<td>-</td>
</tr>
<tr>
<td>Short Term Agri. Credit</td>
<td>2.52</td>
</tr>
<tr>
<td>Microcredit</td>
<td>-</td>
</tr>
<tr>
<td>Staff Loan</td>
<td>4.47</td>
</tr>
<tr>
<td><strong>Total Exposure</strong></td>
<td><strong>1,067.79</strong></td>
</tr>
</tbody>
</table>
Quantitative Disclosures

<table>
<thead>
<tr>
<th>Particulars of specific and general provisions for entire loan portfolio and off-balance sheet exposures</th>
<th>Amount in crore Tk.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific provision for loans and advances</td>
<td>373.71</td>
</tr>
<tr>
<td>General provision for loans and advances</td>
<td>231.01</td>
</tr>
<tr>
<td>General provision for off-balance sheet exposures</td>
<td>82.46</td>
</tr>
</tbody>
</table>

- Gross Non-Performing Assets
- Non-Performing Assets to Outstanding Loans & advances
- Movement of Non-Performing Assets (NPAs)
- Movement of Specific provisions for NPAs

<table>
<thead>
<tr>
<th>Non-Performing Assets</th>
<th>Amount in crore Tk.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Non-Performing Assets (NPAs)</td>
<td>1,067.79</td>
</tr>
<tr>
<td>NPAs to outstanding loans and advances (%o)</td>
<td>5.43%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Movement of NPAs (Gross)</th>
<th>Amount in crore Tk.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>1,058.19</td>
</tr>
<tr>
<td>Additions</td>
<td>810.01</td>
</tr>
<tr>
<td>Reductions (Cash Recovery, Rescheduling, W/O)</td>
<td>(800.41)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>1,067.79</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Movement of specific provisions for NPAs</th>
<th>Amount in crore Tk.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>421.25</td>
</tr>
<tr>
<td>Less: Fully provided debts written off during year</td>
<td>(190.09)</td>
</tr>
<tr>
<td>Less: Fully waived during the year</td>
<td>-</td>
</tr>
<tr>
<td>Add: Recoveries of amounts previously written off</td>
<td>18.72</td>
</tr>
<tr>
<td>Add: Specific provision made during the year</td>
<td>123.83</td>
</tr>
<tr>
<td>Transfer from provision for unclassified accounts</td>
<td>-</td>
</tr>
<tr>
<td>Closing balance</td>
<td>373.71</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Particulars (Tk in crore)</th>
<th>Solo Basis</th>
<th>Consolidated Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost Price</td>
<td>Market value</td>
</tr>
<tr>
<td>Value of Quoted shares</td>
<td>110.84</td>
<td>348.28</td>
</tr>
<tr>
<td>Value of Unquoted shares</td>
<td>7.67</td>
<td>17.07</td>
</tr>
</tbody>
</table>

- The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.

<table>
<thead>
<tr>
<th>Particulars (Tk in crore)</th>
<th>Solo Basis</th>
<th>Consolidated Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The cumulative realized gains (losses) arising from sales and liquidations in the reporting period</td>
<td>29.13</td>
<td>61.16</td>
</tr>
<tr>
<td>Total unrealized gains (losses)</td>
<td>237.43</td>
<td>313.94</td>
</tr>
<tr>
<td>Total latent revaluation gains (losses)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Any amounts of the above included in Tier 2 capital</td>
<td>11.17</td>
<td>11.31</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk Weighted Assets and Capital Charge for Unquoted shares (Tk in crore)</th>
<th>Risk Weight</th>
<th>Solo Basis</th>
<th>Consolidated Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Balance Sheet Amount</td>
<td>RWA</td>
</tr>
<tr>
<td>Unquoted shares</td>
<td>125%</td>
<td>5.87</td>
<td>7.34</td>
</tr>
<tr>
<td>Unquoted shares (venture capital)</td>
<td>150%</td>
<td>1.80</td>
<td>2.70</td>
</tr>
<tr>
<td>Total Unquoted Shares</td>
<td></td>
<td>7.67</td>
<td>10.04</td>
</tr>
<tr>
<td>Capital requirement @ 10% of RWA</td>
<td></td>
<td>1.00</td>
<td></td>
</tr>
</tbody>
</table>

Table 06: INTEREST RATE RISK IN BANKING BOOK (IRRBB)

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.

Qualitative Disclosures

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 (ALM) Policy of the Bank in a separate section which is approved by Board of Directors. Interest rate risk in banking book is measured through the following approaches.
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.

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.

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.

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 (CRAR).

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 Dec 31, 2017 is calculated as below:

Interest Rate Sensitivity Analysis:

<table>
<thead>
<tr>
<th>Interest rate change</th>
<th>1%</th>
<th>2%</th>
<th>3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Net Interest Income in short term bucket (Tk in crore)</td>
<td>(21)</td>
<td>(42)</td>
<td>(63)</td>
</tr>
</tbody>
</table>

Duration Gap Analysis:

<table>
<thead>
<tr>
<th>Interest rate change</th>
<th>1%</th>
<th>2%</th>
<th>3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in market value of equity (Tk in crore)</td>
<td>(237)</td>
<td>(474)</td>
<td>(711)</td>
</tr>
</tbody>
</table>

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, stems 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 Risk Management Committee (BRMC), Assets & Liabilities Management Committee (ALCO), Risk Management Risk Committee (MRC) and Investment Committee (IC).
Qualitative Disclosures

Board of Directors and Board Risk Management Committee (BRMC) have the superior authority to set market risk management strategy but have delegated its technical functions to the Assets & Liabilities Management Committee (ALCO), Management Risk Committee (MRC) and Investment Committee (IC) of the bank. To administer technical policies concerning financial models and risk management techniques and to implement bank’s market risk management policies, procedures and systems are delegated to Asset Liability Management desk, Market Risk Management desk and Treasury Middle Office.

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 which covers the management process of Market Risk Factors. The Bank has reinstated and reviewed Asset Liability Management (ALM) Policy for effective management of interest rate risk, liquidity risk. Additionally, various processes and policies including Investment Policy and Value at Risk (VaR) and Stress Testing policy are in place.

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.

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. Other different control mechanism is primed to monitor foreign exchange open positions. 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.

d) Methods used to measure Market risk

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:**

<table>
<thead>
<tr>
<th>Capital Requirement for</th>
<th>Amount in crore Tk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate risk</td>
<td>2.97</td>
</tr>
<tr>
<td>Equity position risk</td>
<td>55.04</td>
</tr>
<tr>
<td>Foreign Exchange risk</td>
<td>7.59</td>
</tr>
<tr>
<td>Commodity risk</td>
<td>0.00</td>
</tr>
<tr>
<td>Total capital requirement</td>
<td>65.60</td>
</tr>
</tbody>
</table>

**Consolidated Basis:**

<table>
<thead>
<tr>
<th>Capital Requirement for</th>
<th>Amount in crore Tk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate risk</td>
<td>2.97</td>
</tr>
<tr>
<td>Equity position risk</td>
<td>112.31</td>
</tr>
<tr>
<td>Foreign Exchange risk</td>
<td>7.59</td>
</tr>
<tr>
<td>Commodity risk</td>
<td>0.00</td>
</tr>
<tr>
<td>Total capital requirement</td>
<td>122.88</td>
</tr>
<tr>
<td>Table 08: OPERATIONAL RISK</td>
<td>Qualitative Disclosures</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td><strong>a)</strong> Views of BOD on System to reduce Operational risk</td>
<td>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 CBL 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.</td>
</tr>
<tr>
<td><strong>b)</strong> Performance gap of executive and staffs</td>
<td>CBL demonstrates commitment to achieve the team objectives and is always dedicated to develop and make individual confident enough to push their limits. It mobilizes human resources effectively to ensure that strong corporate performance is delivered. CBL 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, CBL offers competitive, performance-based compensation, a generous benefits program, and several employee assistance programs.</td>
</tr>
<tr>
<td><strong>c)</strong> Potential external events</td>
<td>External events may derive systematic and unsystematic risk. The frequency of the events may be low but CBL remains vigilant about its role. CBL adopts different strategies to mitigate the negative effect of systematic risk within tolerable limit. CBL 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.</td>
</tr>
<tr>
<td><strong>d)</strong> Policies and processes for mitigating operational risk</td>
<td>Operational risk is inherent in every business organization. Therefore, necessary policies and processes are developed by the bank CBL 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. Besides 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 CBL monitors and controls operational procedure of the bank by undertaking periodic and special audit of branches, departments, and divisions to review 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. CBL has a distinct Operational Risk Division with responsibility for providing support to all channels and units on Audit, Compliance, fraud investigation, and regulatory guidance. This division works as a bridge between ICCD, HR, and Branch Banking. The City Bank also have a Fraud Risk Management (FRM) Division that comprised of three distinct departments - Fraud Detection, Investigation &amp; Vigilance, and Chargeback &amp; Dispute Management. All of these departments are pledged to tighten the loose rivets that may exist in the retail business.</td>
</tr>
<tr>
<td><strong>e)</strong> Approach for calculating capital charge for operational risk</td>
<td>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).</td>
</tr>
</tbody>
</table>
**Capital Requirement for Operational Risk for the year 2017:**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Amount in crore Tk</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Capital Charge for Operational Risk under MCR (Solo Basis)</td>
<td>210.48</td>
</tr>
<tr>
<td>02</td>
<td>Capital Charge for Operational Risk under MCR (Consolidated Basis)</td>
<td>215.42</td>
</tr>
</tbody>
</table>

**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 (ALCO), chaired by MD and CEO, is responsible for both statutory and prudential liquidity management. Ongoing liquidity management is discussed as a regular item at 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 (ALM) in the treasury division closely monitors and controls liquidity requirements on a daily basis.

c) Methods used to measure liquidity risk

Liquidity is assessed either through stock approach or cash flow approach. Stock approach assesses the liquidity condition based on certain liquidity indicators. Under the Cash Flow approach, gap between cash outflow and inflow in each time bucket and cumulative gaps across time buckets indicates liquidity condition on As-on-date basis. Cash flow approach is useful for measuring short-term liquidity and involves bucketing assets and liabilities into different maturity buckets. 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
Qualitative Disclosures

d) Policies and process for mitigating liquidity risk

Liquidity Risk Management is guided by Asset Liability Management (ALM) Policy of the bank. Liquidity Risk management and Contingency Funding Plan are the two major aspects in the ALM policy. The Bank is equipped with a Contingency Funding Plan (CFP), which is in line with the regulatory guidelines. The CFP 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 (MAT).

Quantitative Disclosures

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Solo</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Liquidity Coverage Ratio</td>
<td>131.90%</td>
<td>132.63%</td>
</tr>
<tr>
<td>02</td>
<td>Net Stable Funding Ratio (NSFR)</td>
<td>110.55%</td>
<td>107.77%</td>
</tr>
<tr>
<td>03</td>
<td>Stock of High Quality Liquid Assets (Tk in crore)</td>
<td>4,609.77</td>
<td>4,610.11</td>
</tr>
<tr>
<td>04</td>
<td>Total net cash outflows over the next 30 calendar days (Tk in crore)</td>
<td>3,494.99</td>
<td>3,475.79</td>
</tr>
<tr>
<td>05</td>
<td>Available amount of stable funding (Tk in crore)</td>
<td>18,754.77</td>
<td>18,687.24</td>
</tr>
<tr>
<td>06</td>
<td>Required amount of stable funding (Tk in crore)</td>
<td>16,964.76</td>
<td>17,340.11</td>
</tr>
</tbody>
</table>

Table 10: LEVERAGE RATIO

Qualitative Disclosures

a) Views of BOD on System to reduce excessive leverage

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 properly address the issue.

b) Policies and processes for maintaining excessive on and off-balance sheet leverage

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

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:

a. On balance sheet, non-derivative exposures will be net of specific provisions and valuation adjustments.

b. No Physical or financial collateral, guarantee or credit risk mitigation is considered.

c. No Netting of loans and deposits is considered.

Quantitative Disclosures

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Solo</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Leverage Ratio (%)</td>
<td>6.37%</td>
<td>5.15%</td>
</tr>
<tr>
<td>02</td>
<td>On balance sheet exposure (Tk in crore)</td>
<td>27,179.43</td>
<td>27,433.00</td>
</tr>
<tr>
<td>03</td>
<td>Off balance sheet exposure (Tk in crore)</td>
<td>52,434.5</td>
<td>52,434.5</td>
</tr>
<tr>
<td>04</td>
<td>Total exposure (Tk in crore)</td>
<td>32,238.99</td>
<td>32,202.04</td>
</tr>
</tbody>
</table>
Table 11: REMUNARATION

<table>
<thead>
<tr>
<th>Qualitative Disclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Information relating to the bodies that oversee remuneration.</td>
</tr>
<tr>
<td>Governing body of Remuneration Policy and Process:</td>
</tr>
<tr>
<td>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.</td>
</tr>
<tr>
<td>External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.</td>
</tr>
<tr>
<td>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:</td>
</tr>
<tr>
<td>● Tax advisors on salary and benefits</td>
</tr>
<tr>
<td>● Actuary for valuation of gratuity</td>
</tr>
<tr>
<td>● Auditor for provident fund and gratuity</td>
</tr>
<tr>
<td>● Salary survey vendors</td>
</tr>
<tr>
<td>● Head hunters, etc.</td>
</tr>
<tr>
<td>Scope of the City Bank Remuneration Policy:</td>
</tr>
<tr>
<td>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.</td>
</tr>
<tr>
<td>Material Risk Takers and Senior Management of City Bank:</td>
</tr>
<tr>
<td>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 is provided below:</td>
</tr>
<tr>
<td>● MD &amp; CEO 01</td>
</tr>
<tr>
<td>● AMD 01</td>
</tr>
<tr>
<td>● DMD 06</td>
</tr>
<tr>
<td>● SEVP 01</td>
</tr>
<tr>
<td>● EVP 01</td>
</tr>
<tr>
<td>● SVP 02</td>
</tr>
<tr>
<td>b) Information relating to the design and structure of remuneration processes</td>
</tr>
<tr>
<td>Objectives and key features of Remuneration Policy:</td>
</tr>
<tr>
<td>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</td>
</tr>
<tr>
<td>● Provident Fund</td>
</tr>
<tr>
<td>● Gratuity Benefit</td>
</tr>
<tr>
<td>● Group Term Life Insurance</td>
</tr>
<tr>
<td>● Bonuses</td>
</tr>
<tr>
<td>● Medical Benefits</td>
</tr>
</tbody>
</table>
Qualitative Disclosures

- 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: Evaluation process of all risk professionals are independent to respective business functions as all risk professionals report to Chief Risk Officer, who subsequently reports to MD of the Bank. On the other hand, all compliance professionals report to Head of Internal Control and Compliance Division (ICCD) who directly report 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 imbalanced 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.

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.
### Qualitative Disclosures

<table>
<thead>
<tr>
<th>Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration</th>
</tr>
</thead>
</table>
| **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 that 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 individual 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. |
| Description of the ways in which the bank seek to adjust remuneration to take account of longer-term 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 behaviors 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 eligible for promotion recommendation of individuals in order to capture their long term performance. Besides, in recognition of outstanding performance City Bank presents following one-time cash or non-cash awards.  
  * Staff Appreciation Program  
  * Golden Spirit Award  
  * The Chairman's Excellence Award |
| 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. Therefore, the bank does not use any form of variable remuneration in its remuneration process. However, City Bank occasionally practice commission-based remuneration process for temporary staffs as per their Compensation and Benefit Package. |
## Quantitative Disclosures

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of meetings held by the main body overseeing remuneration during 2017 and remuneration paid to its member</td>
<td>NA*</td>
</tr>
<tr>
<td>Number of employees having received a variable remuneration award during 2017</td>
<td>NA**</td>
</tr>
<tr>
<td>Number and total amount of guaranteed bonuses awarded during 2017</td>
<td>2.0 Festival Bonus (11.35 crore)</td>
</tr>
<tr>
<td>Number and total amount of sign-on awards made during 2017</td>
<td>NA**</td>
</tr>
<tr>
<td>Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.</td>
<td>NA**</td>
</tr>
<tr>
<td>Total amount of deferred remuneration paid out in 2017</td>
<td>NA**</td>
</tr>
</tbody>
</table>

**Breakdown of amount of remuneration awards for 2017 to show:**
- Fixed and Variable
- Deferred and Non-deferred
- Different forms used (cash, shares and share linked instruments, other forms)

**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.

**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 2017, 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.
<table>
<thead>
<tr>
<th>Branch Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Office</td>
<td>House: 10 Jibon Bima Tower (GR fl), Area: Dilkusha Commercial Area, PO: GPO, PS: Motijheel, Dist: Dhaka - 1000.</td>
</tr>
<tr>
<td>B.B. Avenue Branch</td>
<td>House: 12 Hasan Building (GR fl &amp; 1st fl), Area: 12 B.B Avenue, PO: GPO, PS: Paltan, Dist: Dhaka - 1000.</td>
</tr>
<tr>
<td>Pabna Branch</td>
<td>House: 472 (1st fl), Road: Aurangzeb Road, Area: Pabna, PO: Pabna, PS: Pabna Sadar, Dist: Pabna - 6600.</td>
</tr>
<tr>
<td>Agrabad Branch</td>
<td>House: Banani Complex, 942/A (Gr fl), Area: Agrabad CTA, Road: Sheikh Mujib Road, PO: Bandar, PS: Double Mooring, Dist: Chittagong - 4100.</td>
</tr>
<tr>
<td>Khatunghon Branch</td>
<td>1628/1671, Ramajo Mohajon Lane (1st Floor), Asadgazi, PO: Lamgoras, PS: Kotwali, Dist: Chittagong - 4000.</td>
</tr>
<tr>
<td>Imamon Branch</td>
<td>House: 44-45/2 (1st fl), Road: RICS Bahadur Road, Area: Imamgazi, PO: Chawkibazar, PS: Chawkibazar, Dist: Dhaka - 1100.</td>
</tr>
<tr>
<td>Bandar Bazar Branch</td>
<td>House: Metro Centre (1st fl), Road: South Dhopadghir Pauri, Bandar Bazar East, Area: Sylhet, PO: Sader, PS: Kotwali, Dist: Sylhet - 3100.</td>
</tr>
<tr>
<td>Narayanganj Branch</td>
<td>House: 72 Islam Market (1st fl), Road: BB Road, Area: Narayanganj, PS: Narayanganj, Dist: Narayanganj - 1400.</td>
</tr>
<tr>
<td>Zinzira Branch</td>
<td>Amin Complex, 1st Floor, Zinzira Bus Stand Road, Zinzira Bazar, Dhaka.</td>
</tr>
<tr>
<td>Rangpur Branch</td>
<td>House: 597/1 Central Point (1st fl), Road: Central Road, Area: Rangpur Town, PO: Rangpur Sadar, PS: Kotwali, Dist: Rangpur - 5400.</td>
</tr>
<tr>
<td>Johnson Road Branch</td>
<td>House: 31 Aziz Center (1st fl), Road: Johnson Road, Area: Rashahri Bazar, PO: Dhaka Sader, PS: Kotwali, Dist: Dhaka - 1100.</td>
</tr>
<tr>
<td>Islampur Road Branch</td>
<td>House: 18 Sonar Bangla Market (1st fl), Road: Islampur Road, Area: Islampur, PO: Dhaka Sader, PS: Kotwali, Dist: Dhaka - 1100.</td>
</tr>
<tr>
<td>Khulna Branch</td>
<td>House: 27(GR fl), Road: Sir Iqbal Road, Area: Khulna Sadar, PO: GPO, PS: Kotwali, Dist: Khulna - 9100.</td>
</tr>
<tr>
<td>Bandura Bazar Branch</td>
<td>House: Dennis Business Heaven (1st fl), Area: Bandura Bazar PO: Old Bandura, PS: Nawabganj, Dist: Dhaka - 1320.</td>
</tr>
<tr>
<td>Comilla Branch</td>
<td>House: 437 Artisan Nasir Centre (1st fl), Road: Nazrul Avenue, Kandirpar, Area: Comilla, PO: Comilla Sadar, PS: Comilla, Dist: Comilla - 3500.</td>
</tr>
<tr>
<td>Patherhat Branch</td>
<td>House: Hazr Siddiqiye Ahmad (1st fl), Road: Kaplai Road, Area: Noapara, Guzra Union, PO: Guzra Noapara, PS: Raozan, Dist: Chittagong - 4346.</td>
</tr>
<tr>
<td>Tangail Branch</td>
<td>House: 1869/7/1 (1st fl), Road: Main Road, Area: Tangail Sadar, PS: Tangail Sadar, Dist: Tangail - 9500.</td>
</tr>
<tr>
<td>Moulibazar Branch</td>
<td>House: Kusumbagh Shopping City (2nd fl), Road: Sylhet Road, Area: Moulibazar, PO: Moulibazar, PS: Moulibazar, Dist: Moulibazar - 3200.</td>
</tr>
<tr>
<td>Jessore Branch</td>
<td>House: 28-29 R.S Tower (1st fl), Road: M.K Road, Area: Jessore, PO: Jessore, PS: Kotwali, Dist: Jessore - 7400.</td>
</tr>
<tr>
<td>Jubilee Road Branch</td>
<td>House: 181 Gulshan Plaza (1st fl), Road: Golap Shing Lane, Area: Chittagong, PO: GPO, PS: Kotwali, Dist: Chittagong - 4000.</td>
</tr>
<tr>
<td>Rajshahi Branch</td>
<td>House: 125 Star Mansion (1st fl), Road: Natore Road, Area: Shaheb Bazar, PO: Natore, PS: Natore, Dist: Rajshahi - 6100.</td>
</tr>
<tr>
<td>Mymensingh Branch</td>
<td>House: 20 (1st fl), Road: Choto Bazar, Area: Mymensingh, PS: Mymensingh, Dist: Mymensingh - 2200.</td>
</tr>
<tr>
<td>Saidpur Branch</td>
<td>House: 361(GR fl), Road: Shahid Dr. Zikri Halque Road, Area: Saidpur, PO: Saidpur, PS: Saidpur, Dist: Nilphamari - 5310.</td>
</tr>
<tr>
<td>Dhaka Dakshin Branch</td>
<td>House: Latif Mansion (1st floor), Road: College Road, PO: Dhaka Dakshin, PS: Golapganj, Dist: Sylhet, Post Code: 3161.</td>
</tr>
<tr>
<td>New Market Branch</td>
<td>House: 5 Novena Square (11 fl), Road: 2, Area: Dhanmondi R/A, PO: Dhanmondi, PS: Dhanmondi, Dist: Dhaka - 1205.</td>
</tr>
<tr>
<td>Chaudogram Branch</td>
<td>House: Mamun Patwari Building (1st fl), Road: Beside of D-408, D/11, Highways, Area: Chaudogram Bazar, PO: Chaudogram, PS: Chaudogram, Dist: Comilla - 3550.</td>
</tr>
<tr>
<td>Bandarilat Branch</td>
<td>House: 2461 A-Chamber (1st fl), Road: Airport Road, Area: Bandarilat, PO: Sailor's Colony, PS: Bandar, Dist: Chittagong - 4218.</td>
</tr>
<tr>
<td>Gulshan Branch</td>
<td>House: 10 United House (1st fl), Road: Gulshan Avenue, Area: Gulshan-1, PO: Gulshan, PS: Gulshan, Dist: Dhaka - 1212.</td>
</tr>
<tr>
<td>Tongi Branch</td>
<td>House: 244 Zarais Habaert (1st fl), Road: Anarkali Road, Area: Tongi Phursta, PO: Moni Nager, PS: Tongi, Dist: Gazipur - 1710.</td>
</tr>
<tr>
<td>Chandpur Branch</td>
<td>House: 575/1 Rajajindhad Shopping Centre (1st fl), Road: Comilla Road, Area: Natun Bazar, PO: Chandpur, PS: Chandpur, Dist: Chandpur - 3600.</td>
</tr>
<tr>
<td>Fen Branch</td>
<td>188, Sadek Building (1st floor), Road: SSK Road, Area: Monir, PO: Monir, PS: Monir, Dist: Fen - 3910.</td>
</tr>
<tr>
<td>Sirajpur Branch</td>
<td>House: 979 (1st fl), Road: SS Road, Area: Sirajpur, PO: Sirajpur, PS: Sirajpur, Dist: Sirajpur - 6700.</td>
</tr>
<tr>
<td>Kadamtali Branch</td>
<td>House: 295 Rahat Centre (1st fl), Road: DT Road, Area: Chittagong, PO: Chittagong, PS: Chittagong, Dist: Double Mooring - 4000.</td>
</tr>
<tr>
<td>Cox’s Bazar Branch</td>
<td>House: All Noor Plaza (1st fl), Road: Main Road, Area: West Bazarghata, PO: Cox’s Bazar, PS: Cox’s Bazar Sadar, Dist: Cox’s Bazar - 4700.</td>
</tr>
<tr>
<td>Nawabgonj Branch</td>
<td>House: Younus Shopping Complex (1st fl), Area: Nawabgonj Main Road, Area: Nawabgonj Upazilla, PO: Nawabgonj, PS: Nawabgonj, Dist: Dhaka - 1320.</td>
</tr>
</tbody>
</table>
Shaymoli Branch
House: 23/6, Rupayan Shelford (1st fl), Road: Khilji Road, Block: B, Area: Shaymoli, PO: 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: Z/10 (Old), 32 (New), Area: Dhanmondi R/A, PO: Dhanmondi, PS: Dhanmondi, Dist: Dhaka - 1203.

Daulatganj Branch
House: 252 (1st fl), Road: Bank Road, Area: Daulatganj Bazar, PO: Daulatganj Bazar, PS: Daulatganj, Dist: Comilla - 3570.

Laxmipur Branch

Karwan Bazar Branch
House: 8 UTC Building (1st fl), Road: 8, Panthapath, Area: Karwan Bazar, PO: Tejgaon, PS: Tejgaon, Dist: Dhaka - 1215.

Satkania Branch
House: 580 Mokbul Serai Shopping Complex (1st fl), R: Station Road, Area: Satkania, PO: Satkania, PS: Satkania, Dist: Chittagong - 4306.

Andarkilla Branch
House: 38 (1st fl), Road: N. A. Chow Road, Area: Andarkilla, PO: Andarkilla, PS: Kotwali, Dist: Chittagong - 4000.

Bairal Branch
House: 19 Razzaq Mansion (1st fl), Area: Bairal, PO: Bairal, PS: Kotwali, Dist: Bairal - 8200.

Ambarkhana Branch
House: B 100, 1st Floor, East Darga Gate, Airport Road, Ambarkhana, Sylhet.

Netaigonj Branch
House: 217 (1st fl), Road: BK Road, Area: Netaigonj, PO: Narayanganj, PS: Narayanganj, Dist: Narayanganj - 1400.

Kushtha Branch

Pahartali Branch
House: 302 Sanowara Guest House (1st fl), Road: Dhaka Trunk Road, Area: Pahartali, PO: Pahartali, PS: 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.

Hajiganj Branch
House: Royal Rowshan Super Market (1st fl), Road: Main Road, Area: Hajiganj, PO: Hajiganj, PS: Hajiganj, Dist: Chandpur - 1600.

Rekabi Bazar Branch
House: Abdul Motalebs House (1st fl), Road: Binodipur High School Road, Area: Panchsar, PO: Rekabi Bazar, PS: Munshigonj Sadar, Dist: Munshigonj - 1501.

Faridpur Branch
House: 5/1 (1st fl), Road: Sheikh Mujib Road, Area: Niltufi, PO: Faridpur, PS: Kotwali, Dist: Faridpur - 7800.

Kaligunj Branch
House: Bikers Plaza (1st fl), Road: Shahid Dewar Hossain Road, Area: Agaran, Gudaraghat, PO: Suvidda, South Keraniganj, PS: Keraniganj, Dist: Dhaka - 1311.

Chowmuhani Branch
House: 64 Romana Agency (1st fl), Road: 49 Kalitala Road, Area: Chowmuhani, PO: Chowmuhani, PS: Begumgonj, Dist: Noakhali - 3621.

Mouchak Branch
House: BOA Shahjai Tower (1st fl), Road: Siddeshvari Circular Road, Area: Malibagh, PO: Shantinagar, PS: Ramna, Dist: Dhaka - 1217.

Dinajpur Branch

Madhabdi Branch
House: 4 (1st & 2nd fl), Road: Bank Road, Area: Madhabdi Bazar, PO: Madhabdi, PS: Narsingdi, Dist: Narsingdi - 1604.

Sreemongal Branch
House: 70, Al-Amin Mansion (1st fl), Road: Mouli Bazar Road, Area: Sreemongal, PO: Sreemongal, PS: Sreemongal, Dist: Mouli Bazar - 3210.

Foreign Exchange Branch
House: 27 Baitul Hossain Building (1st fl), Area: Dilkusha C/A, PO: Dilkusha, PS: Motijheel, Dist: Dhaka - 1000.

Benapole Branch
House: 381, Selim Sumon Super Market (Ground Floor), Jessore Road, PO: Benapole, PS: Benapole, Dist: Jessore - 7431.

Manikgonj Branch

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: 1214 Nawabpur Road, PO: Nawabpur, PS: Wari, Dist: Dhaka - 1100.

Urdu Road Branch
House: Haji Mansion (2nd Floor), Road: 10, Urdu Road, Area: Dhaka City Corp, PO: Posta, PS: Chawkibazar, Dist: Dhaka - 1211.

O.R. Nizam Road Branch
1st Floor, 1 Shahid Abdul Hamid Road, East Nasirabad, GEC crossing, Chittagong.

Jagannathpur Branch
House: (GR fl), Road: T & T Road, Area: Jagannathpur, PO: Jagannathpur, PS: Jagannathpur, Dist: Sunamgonj - 3060.

Chapainawabgonj Branch
House: 11 Jiban Nessa Super Market (1st fl), Road: Godagari Road, Area: Chapainawabgonj, PO: Chapainawabgonj, PS: Chapainawabgonj, Dist: Chapainawabgonj - 6300.

Sattkhira Branch
House: 4004450 City Market (1st fl), Road: Boro Bazar Road, Area: Sattkhira, PO: Sattkhira, PS: Sattkhira Sadar, Dist: Sattkhira - 9400.

Sherpur Branch
House: 328 Mohona Shopping Center (1st fl), Road: DHK BOC Highway, Area: Sherpur, Upazilla, PO: Sherpur, PS: Sherpur, Dist: Bogra - 5840.

Sadarghat Branch
House: Patuakhali Bhaban (2nd fl), Road: 78 Loyal Street, Patuakhali, PO: Sadarghat, PS: Patuakhali, Dist: Dhaka - 1100.

Bharabazar Branch
House: 129 (1st fl), Road: Kali Bari Road, Area: Bharabazar, PO: Bharabazar, PS: Bharabazar, Dist: Kishoregonj - 2350.

Motijheel Branch
Uttara Branch
House: 8 Barek Monjil (GR fl), Road: Rabindra Sarani Road, Sector-7, Area: Azampur, PO: Uttara, PS: Uttara, Dist: Dhaka - 1230.

Islam Banking Branch
House: 207 Al Habib Tower (1st & 2nd fl), Road: SS Nazmul Islam Sarani, Area: Bijoy Nagar, Shahabag

Beani Bazar Branch
House: (GR fl), Road: Hospital Road, Area: Nayagram, PO: Beani Bazar, PS: Beani Bazar, Dist: Sylhet - 3170.

Chawk Bazar Branch
House: 452/494 Mariam Tower (1st fl), Road: 210 Kapashgola Road, Area: Chawkbazar, PO: Chawkbazar, PS: Panchlaish, Dist: Chittagong - 4203.

Biswaanath Branch
House: K Alli Shopping Complex (1st fl), Road: Rampasha Road, Area: Natun Bazar, PO: PS: Biswanath, Dist: Sylhet - 3130.

VIP Road Branch
House: 35/1 (GR fl), Road: VIP Road, Naya Paltan, Area: Dhaka, PO: Dhaka, PS: Paltan, Dist: Dhaka - 1000.

Pregati Sarani Branch
The Pearl Trade Center (Ground Floor), Chase 903, Pregati Sarani, Shahjalalpur, Dhaka.

DSE Nikunja Branch
House: Lotus Karnal Tower-1, 57, Zorar Shahara (GR fl), Road: Airport Road, Area: Nikunja-2, PO: Khilkhet, PS: Khilkhet, Dist: Dhaka - 1229.

Kachua Branch
House: Bipahi Polash (GR fl), Road: Hospital Road, Area: Polashpur, PO: Kachua, PS: Kachua, Dist: Chandpur-3630.

Gulsan Avenue Branch
City Bank Center, 136 Gulsan Avenue, Gulsan-2, Dhaka-1212.

Prabartak Branch
House: 1406/1672 Al Nur Badrun Center (1st fl), Road: OR Nizam Road, Area: Prabartak Moor, PO: Ctg Medical, PS: Panchlaish, Dist: Chittagong - 4203.

Brahmanbaria Branch

Banani Branch

Moghbazar Branch
House: 1 Razzaq Plaza (1st fl), Road: New Eskaton Road, Area: Moghbazar, PO: GPO, PS: Rammna, Dist: Dhaka - 1000.

Pallabi Branch
House: 132, Spring, Rahmat-E-Tuba Complex (1st fl), Road: 2, Block: A, Section: 12, PO: Mirpur, PS: Mirpur, Dhaka-1216.

Ashulia Branch
House Name: "Nigar Plaza" (1st fl), House No: 1/34, Road No: 04, Lane: 02, PO: Jamgora, PS: Ashulia, Dhaka-1339.

Alfadanga Branch

Halishahar Branch
House: 01, Road: 03, Block: K, Halishahar Port Connecting Road, Ward: 24, PO: Halishahar, District: Chittagong.

Jamuna Future Park Branch
Ka-244, Pregati Sarani, Ward: 17, Dhaka North City Corporation, PO: Bhatara, District: Dhaka.

Raipur Branch
Holdin No: 517, Shahid Plaza, Pir Fozullah Sarak, Raipur, Laxmipur.

Chandraganj Branch
Lakhimpur, Shahjuki Shopping Complex, Poeshim Bazar, Chondrogonj.

Kanapara Bazar Branch
Kanapara High School, 2 No Market, Kanaipara, Sadar, Faridpur.

Gazipur Branch

Bhulta Branch
Nurjanah Market, Bhulta, Rupgonj, Golakandall, Narayangunj.

Sonargaon Janapath, Uttar Branch
House: 02, Sector: 12, Sonargaon Janapath Road, Uttar Model Town, Union: Harirampur, Uttar, Dhaka.

Subarnachar Branch

Senbagh Branch
D.K Plaza (1st Floor), Holding No: 346, Upozila Road, Senbagh Bazar, Senbagh, Noakhali.

Rohanpur Branch
Holding No: 1125, Godown Road, Ward no:05, PS: Gomostipor, Purushava, Rohanpur, Dist: Chapainawabganj.

Naogaon Branch

Kabarhat Branch
Mortaj Mahal, D.B. Road (1st Floor) Chaparashirhat Bazar, PS: Kabirhat, Dist: Noakhali.

Gouripur Branch
Hatim Tower, Gouripur Bazar, PS: Daunkandi, Dist: Comilla.

Banani Lake View Branch

Oxygen Moor Branch
M Rahman Heights (1st Floor) Oxygen Moor, Ward No: 2 no, Jalalabad, PS: Bayezid Bostami, Chittagong City Corporation, Dist: Chittagong.

Jamalpur SME/Agri Branch
House: 422 Thakur Bhaban (1st fl), Road: Station Road, Area: Jamalpur, PO Jamalpur, PS: Jamalpur Sadar, Dist: Jamalpur - 2000.

Majid Court SME/Agri Branch
Sreenath Bhaban, 1st floor, Main Road Majid Court, Sadar, Noakhali.

Habiganj SME/Agri Branch

Gazipur SME/Agri Branch
House: N/A(1st fl), Road: N/A, Area: Kelmeshtar, Board Bazar, PO: National University, PS: Gazipur Sadar, Dist: Gazipur - 1704.

Khisoroghane SME/Agri Branch
293, Alnaz Mahatab Uddin Super Market (1st Floor), Boro Bazar, Khisoroghane.

Lohagara SME/Agri Branch
House: Mostafa City (1st fl), Area: Amrabad, Lohagara, PO: Lohagara, PS: Lohagara, Dist: Chittagong - 4396.

Bhatiary SME/Agri Branch
House: Rahman Tower, Bhatiary Bazar Road, Bhatiary Station Road, PO: Sitakunda, PS: Sitakunda, Dist: Chittagong - 4001.
Joypara SME/Agri Branch
House: 77 Ahmed Shopping Complex (1st fl), Road: 260, Area: Joypara, PO: Joypara, PS: Dohar, Dist: Dhaka - 1330.

Savar SME/Agri Branch
House: 111/A (1st fl), Road: Savar Bazar Road, Area: Savar, PO: Savar, PS: Savar, Dist: Dhaka - 1340.

Jatrabari SME Service Center
House: 314, A/S Yousuf Mansion (1st fl), Road: ATM Halder Road, Area: Pubali Area, PO: Jatrabari, PS: Jatrabari, Dist: Dhaka - 1204.

Natore SME/Agri Branch

Chhatak SME/Agri Branch
House: 28, Tahir Centre (1st fl), Road: Traffic Point, Area: Chhatak Municipality, PO: Chhatak, PS: Chhatak, Dist: Sunamganj - 3080.

Kulaura Branch

Patuakhali Branch
Holding No: 06301 (1st floor), Old Steamer Ghat Road, Natun Bazar, Ward No: 6, Puroshova: Patuakhali, Upazila: Patuakhali, District: Patuakhali.

Kalurghat Branch
Holding No: 2898/4561 (1st floor), Chandgaon, Kaptai Raster Matha, Ward No: 5, Thana: Chandgaon, Chittagong City Corporation, District: Chittagong.

Gopalganj Branch
Zaman Tower (1st Floor), Holding No: 116, Saudagar Road, Ward no: 2, Puroshova: Gopalganj, Upazila: Gopalganj, District: Gopalganj.

Rokeya Sarani Branch
Dinaj Tower (1st floor), Holding No: 752/2, West Shewrapara, Begum Rokeya Sarani, Mirpur, Dhaka.

Pagla Branch

Atibazar Branch

Phultala Branch
Hazl Marker (1st floor), Khulna Jessore Main Road, Union: 4 no, Phultala, Upazila: Phultala, District: Khulna.

Bagher Bazar Branch

Fatikchhari Branch
The 34th Annual General Meeting (AGM) of City Bank was held on Thursday, June 15, 2017 at Kurmitola Golf Club, Dhaka. Mr. Mohammed Shoeb, Chairman of the Bank, presided over the meeting. Also present at the AGM were Vice Chairperson Mrs. Tabassum Kaiser, Directors Mr. Deen Mohammad, Mr. Aziz Al Kaiser, Mr. Rubel Aziz, Mr. Hossain Khaled, Mr. Rafiqul Islam Khan, Mrs. Syeda Shaineen Aziz, Mrs. Saveria H. Mahmood as well as Independent Director Barrister Tanjibul Alam and Managing Director & CEO Sohail R. K. Hussain and other senior executives of the Bank.
City Bank’s 34th Annual General Meeting

Audience at the 34th Annual General Meeting (AGM) held at Kurmitola Golf Club, Dhaka.
City Bank Signed Its Financial Statements For The Year 2017

The Chairman of the Bank, Mr. Mohammed Shoeb and Directors, Mr. Hussain Khaled, Mrs. Syeda Shaireen Aziz and City Bank’s Managing Director, Mr. Sohail R. K. Hussain are seen signing the Financial Statements of the Bank for the year 2017.
Norfund Delegation Visits City Bank

A high level delegation including board and senior management of Norfund – the Norwegian Investment Fund for Developing Countries has visited City Bank head office. The delegation met the high officials of the bank and members of the press where Ms. Sidsel Bleken, Norwegian Ambassador in Bangladesh, Mr. Sohail R K Hussain, MD & CEO, City Bank, Ms. Kristin Clernet, Chairperson and Mr. Kjell Roland, Managing Director of Norfund briefed how the two organizations can work together in building sustainable businesses.
We Collaborate, We Grow

City Bank held its Branch Managers’ Conference for 2018 on May 14, 2018 at The Grand Sultan Tea Resort & Golf, Sreemongal. The theme of this year’s conference was “We Collaborate, We Grow”. Mr. Mohammed Shobeb, Chairman of the bank, presided over the conference. Also present at the conference were Vice Chairperson Mr. Tabassum Kaiser, Former Chairman and Director Mr. Azizul Kaiser, Managing Director Mr. Sohail R. K. Hussain, Additional Managing Director Mr. Mashruw Arefin & others.
Bank's logo was created by the branch managers & others attending the conference wearing four-color T-shirts, each depicting a distinct theme under the ongoing #CARE campaign.
City Bank and FMO Organizes Training on 'Commodity Price Risk Management'

City Bank and FMO, the Dutch Development Bank jointly organizes a two-day long interactive training session on 'Commodity Price Risk Management' in association with Euromoney Learning Solutions at City Bank Head Office. Mr. Ahmed Jamal, Executive Director of Bangladesh Bank; Mr. Sohail R. K. Hussain, Managing Director & CEO of City Bank and Ms. Elisabeth Wegen, Senior Analyst, Financial Institutions of FMO have inaugurated the program on 29th July, 2017.

City Bank Allots Equity Shares to IFC

City Bank has issued 5% of its outstanding number of common equity to the International Finance Corporation (IFC) as per approval of relevant regulatory authorities. IFC will have its representative in the Bank's Board and will actively contribute towards the progressive growth of the Bank. A small ceremony was held to celebrate this milestone. City Bank's Managing Director & CEO, Mr. Sohail R. K. Hussain handed over a crest to Mr. Vittorio Di Bello, Regional Industry Head, IFC, Asia.

Earning Disclosure

City Bank presents its half yearly financial performance for 2017 through an 'Earning Disclosure' event held at Bank's head office. At the event, Mr. Sohail R. K. Hussain, Managing Director & CEO of City Bank briefly spoke on the Bank's long-term vision and current strategic outlook. Mr. Md. Manibubur Rahman, Chief Financial Officer of City Bank also gave an overview of the financial performance of the Bank.
Press Conference for the China-Bangladesh Investment Forum

City Bank and Standard Chartered Bank Bangladesh organized a press conference at The Westin Hotel, Dhaka on July 24, 2017 for communicating to the press about the China-Bangladesh Investment Forum. Mr. Sohail R. K. Hussain, Managing Director and CEO of City Bank; Mr. Abrar A. Anwar, CEO of Standard Chartered Bank Bangladesh; Mr. Li Guangjun, Economic & Commercial Counselor to the Embassy of the People’s Republic of China in Bangladesh, and Lin Weiqiang, President, Chinese Chamber of Commerce in Bangladesh briefed the press about the Forum.

City Bank Donated to DMP

City Bank's Managing Director & CEO, Mr. Sohail R. K. Hussain, handed over a cheque of BDT 10 Lacs to Commissioner of Dhaka Metropolitan Police, Mr. Md. Abul Bajandar for contribution towards the education scholarship for meritorious and financially insolvent children of DMP members.
Issuance Bond BDT 500 Crore

City Bank has completed the process of issuing a Coupon Bearing Subordinated Bond worth BDT 500 crore in Bangladesh. RSA Capital Ltd and City Bank Capital Resources Ltd are the prime arrangers of the issuance process of these bonds. The participating banks and institutions which have subscribed to the bonds are One Bank, Rupali Bank, Janata Bank, Sonali Bank, Pubali Bank, Mercantile Bank, Uttara Bank, Agrani Bank, Dhaka Bank, Standard Bank and Dhaka Stock Exchange. A ceremony organized at the Bank’s head office.

City Bank Arranges USD 15 m to Support SME & RMG Portfolios

City Bank has arranged USD 15 million from Österreichische Entwicklungsbank AG (OeEB), the Austrian Development Bank to support the growing need of the Bank’s SME, RMG and Offshore Banking portfolios. A Financial Closure Ceremony was organized in Vienna, Austria where City Bank Managing Director & CEO Mr. Sohail R. K. Hussain, OeEB Executive Director Andrea Hagsmann and Managing Director, Investment Finance Division Sabine Guber signed a financing agreement on behalf of their respective organizations.

City Bank and Bangladesh Bank Signed MOU on Developing SME Further

City Bank signed an MOU with Bangladesh Bank regarding a refinance scheme of the 2nd phase of the Small and Medium Enterprise Development Project. Mr. Sohail R. K. Hussain, Managing Director and CEO, City Bank and Mr. Md. Abul Bashar, General Manager, Financial Inclusion Department, Bangladesh Bank and Project Director, SMEDP-2 signed the agreement on behalf of the respective institutions.
City Bank and Pran-RFL Group Signed Agreement

City Bank signed an Agent Banking agreement with PRAN-RFL Group under which City Bank’s Agent Banking services will be available in PRAN-RFL’s selected outlets across the country. In presence of Mr. Sohail R.K. Hussain, Managing Director and CEO of City Bank, the agreement was signed by Mr. Mashrur Arefin, Additional Managing Director of City Bank and Ms. Uzma Chowdhury, Director (Finance) of PRAN-RFL Group on behalf of their respective organizations.

City Bank and Concord Real Estate Signed Agreement

City Bank signed an agreement with Concord Real Estate & Development Ltd. Under which the customers of Concord Real Estate will receive attractive benefits when they avail home loans from City Bank. Benefits include a reduced loan processing fee, complimentary air conditioner as well as reduced fee for interior work charges from the developer. Mr. Mashrur Arefin, Additional Managing Director of City Bank and Mr. Shah Kamaluddin, Director (Coordination) of Concord Real Estate & Development Ltd. signed the agreement on behalf of their respective organizations.

City Bank and Anwar Landmark Signed Agreement

City Bank signed an agreement with Anwar Landmark under which the customers of Anwar Landmark would enjoy attractive benefits when they avail Home Loans from City Bank. Mr. Mashrur Arefin, Additional Managing Director of City Bank and Engr. Jahangir Alam Patwary, Managing Director of Anwar Landmark Ltd. signed the agreement on behalf of their respective organizations on May 17, 2017.
City Bank and Karnaphuli Wheels Limited Signed Agreement

City Bank has signed an agreement with Karnaphuli Wheels Limited, sole distributor of brand new Renault cars in Bangladesh, as an auto loan partner. Under this agreement, City Bank customers will avail auto loan at a special rate and reduced processing fee. Mr. Mashrur Arefin, Additional Managing Director of City Bank and Mr. Arun Kumar Sarkar, Resident Director, Karnaphuli Wheels Limited signed the agreement on behalf of their respective organizations.

City Bank and BTI Signed Agreement

City Bank signed an agreement with Building Technology & Ideas Limited (BTI). Under the agreement, BTI home buyers will avail City Bank home loan at a reduced processing fee. Additionally, customers will get gift vouchers worth BD T 50,000 to 100,000 from BTI. Mr. Mashrur Arefin, Additional Managing Director, City Bank and Mr. H. M. Tarikul Kamrul, Chief Operating Officer, BTI, signed the agreement on behalf of their respective organizations.

City Bank and ICD Signed MOU to Strengthen Collaboration

The Islamic Corporation for the Development of the Private Sector (ICD), the private-sector arm of Islamic Development Bank (IDB) Group signed a Memorandum of Understanding with City Bank, Bangladesh in order to strengthen collaboration for fostering private sector development in the country. The signing ceremony was held at the 42nd Annual Meeting of the IDB Group at Hilton Hotel, Jeddah, Saudi Arabia. The CEO of ICD, Mr. Khaled Al-Aboodi and Mr. Sheikh Mohammad Maroof, Deputy Managing Director and Mr. Mohammad Mahbubur Rahman, Chief Financial Officer of City Bank signed the MOU on behalf of their respective institutions.
City Bank Continues its Contribution to the Baridhara Lakeside Park

City Bank signed contract with Baridhara Society for the beautification of Baridhara Lakeside Park. As part of City Bank's CSR initiative, the Bank previously also made major contributions to the Park's renovation and maintenance. Baridhara Lakeside Park is one of the finest parks in the city. Mr. Faruq M. Ahmed, Former Additional Managing Director of City Bank and Mr. Md. Abdur Rait. Former Vice-President of Baridhara Society signed the agreement on behalf of their respective organizations.

City Bank and Doze Internet Signed Agreement

City Bank has signed an agreement with DOZE Internet, a subsidiary of SSD-Tech. Under this agreement, City Bank's customers will be able to pay DOZE Internet bills instantly from their accounts through the Bank's digital banking platform - Citytouch. City Bank's Deputy Managing Director & Chief Information Officer Mr. Kazi Aizaz Rahimani and SSD-Tech's CEO Mr. Hasan Mehdi signed the agreement on behalf of their respective organizations.

City Bank and Singapore Airlines Signed Agreement

City Bank has signed an agreement with Singapore Airlines. Under this agreement City Bank American Express Credit Card members will get 'Flexibuy' installment plan at 0% interest rate on all air tickets when they make a purchase with their credit card at the Singapore Airlines' ticketing outlet. Mr. Majharul Islam, Head of Cards, City Bank and Mr. TM Wang, General Manager Bangladesh, Singapore Airlines signed the agreement on behalf of their respective organizations.
## Annual Report Review Checklist

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## Corporate Governance Disclosure Checklist

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<td><strong>Board of Directors, Chairman and CEO</strong></td>
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<td>Company’s policy on appointment of directors</td>
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<td>Adequate representation of non-executive directors i.e. one third of the board (minimum two)</td>
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<td>At least one independent director on the board and disclosure/ affirmation of the board on such director’s independence</td>
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<td>Chairman to be independent of CEO</td>
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<td>Responsibilities of the Chairman of the Board appropriately defined. Disclosure of independence of Non-Executive Directors</td>
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<td>Existence of a scheme for annual appraisal of the board performance</td>
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<td>Policy on annual evaluation of the CEO by the Board</td>
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<td>Policy on training (including details of the continuing training program) of directors and type and nature of training courses organized for directors during the year.</td>
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<td>1.9</td>
<td>At least one director having thorough knowledge and expertise in finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting</td>
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<td>1.10</td>
<td>Number of meetings of the board and participation of each director (at least 4 meetings are required to be held)</td>
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<td>1.11</td>
<td>Directors issue a report on compliance with best practices on Corporate Governance that is reviewed by the external auditors</td>
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<td><strong>Vision / Mission and Strategy</strong></td>
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<td>Company’s vision / mission statements are approved by the board and disclosed in the annual report</td>
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<td>Identification of business objectives and areas of business focus</td>
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<td>General description of strategies to achieve the company’s business objectives</td>
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<td><strong>Audit Committee</strong></td>
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<td><strong>Appointment and Composition</strong></td>
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<td>3.1.1</td>
<td>Whether the Audit Committee Chairman is an independent Non-Executive Director and professionally qualified</td>
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<td>3.1.2</td>
<td>Whether it has specific terms of reference and whether it is empowered to investigate / question employees and retain external counsel</td>
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<td>3.1.3</td>
<td>More than two thirds of the members are to be Non-Executive Directors</td>
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<td>3.1.4</td>
<td>All members of the audit committee to be suitably qualified and at least one member to have expert knowledge of finance and accounting</td>
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<td>3.1.5</td>
<td>Head of internal audit / Head of ICC to have direct access to audit committee</td>
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<td>3.1.6</td>
<td>The committee to meet at least four times a year and the number of meetings and attendance by individual members disclosed in the annual report</td>
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<td><strong>Objectives &amp; Activities</strong></td>
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<td>Statement to indicate audit committees role in ensuring compliance with laws, regulations and timely settlements of statutory dues</td>
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<td>Statement of Audit committee involvement in the review of the external audit function</td>
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<td>To review the external auditors' findings in order to be satisfied that appropriate action is being taken.</td>
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<td></td>
<td>Review and approve any non-audit work assigned to the external auditor and ensure that such work does not compromise the independence of the external auditors.</td>
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<td>Recommend external auditor for appointment/reappointment.</td>
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<td>Statement on Audit committee involvement in selection of appropriate accounting policies that are in line with applicable accounting standards and annual review.</td>
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<td>Narrative description of key features of the internal control system and the manner in which the system is monitored by the Board, Audit Committee or Senior Management.</td>
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<td>4.3</td>
<td>Statement that the Directors have reviewed the adequacy of the system of internal controls.</td>
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<td>Disclosure of the identification of risks the company is exposed to both internally &amp; externally.</td>
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<td>4.5</td>
<td>Disclosure of the strategies adopted to manage and mitigate the risks.</td>
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<td>Ethics and Compliance</td>
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<td>Dissemination/communication of the statement of ethics &amp; business practices to all directors and employees and their acknowledgment of the same.</td>
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<td>Board’s statement on its commitment to establishing high level of ethics and compliance within the organization.</td>
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<td>5.4</td>
<td>Establishing effective anti-fraud programs and controls, including effective protection of whistle blowers, establishing a hot line reporting of irregularities etc.</td>
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<td>Remuneration Committee</td>
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<td>Disclosure of the charter (role and responsibilities) of the committee.</td>
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<td>Disclosure of the composition of the committee (majority of the committee should be non-executive directors, but should also include some executive directors).</td>
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<td>Disclosure of key policies with regard to remuneration of directors, senior management and employees.</td>
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<td>9.2</td>
<td>Specific activities undertaken by the entity in pursuance of these policies and practices.</td>
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<td>Organizational overview and external environment</td>
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<td>An integrated report should disclose the main activities of the organization and the environment of which it operates.</td>
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<td>An integrated report should identify the organization's mission and vision, and provides essential context by identifying matters such as:</td>
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<td></td>
<td>The organization's:</td>
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<td></td>
<td>• culture, ethics and values</td>
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<td></td>
<td>• ownership and operating structure including size of the organization, location of its operations</td>
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<td>• principal activities and markets</td>
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<td>• competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, and the intensity of competitive rivalry)</td>
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<td>• position within the value chain</td>
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<td>Key quantitative information:</td>
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<td></td>
<td>The number of employees, revenue and number of countries in which the organization operates highlighting, in particular, significant changes from prior periods</td>
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<td>Significant factors affecting the external environment and the organization's response:</td>
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<td>• The legitimate needs and interests of key stakeholders</td>
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<td></td>
<td>• Macro and micro economic conditions, such as economic stability, globalization, and industry trends</td>
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<td>• Market forces, such as the relative strengths and weaknesses of competitors and customer demand</td>
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<td>• The speed and effect of technological change</td>
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<td>• Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems</td>
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<td>• Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached</td>
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<td></td>
<td>• The legislative and regulatory environment in which the organization operates</td>
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<td></td>
<td>• The political environment in countries where the organization operates and other countries that may affect the ability of the organization to implement its strategy</td>
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<td>Governance</td>
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<td>An integrated report should show how does the organization's governance structure support its ability to create value in the short, medium and long term.</td>
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<td>An integrated report needs to provide an insight about how such matters as the following are linked to its ability to create value.</td>
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<td></td>
<td>The organization's leadership structure, including the skills and diversity</td>
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<td>Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues</td>
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<td>Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management</td>
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<td>How the organization's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders</td>
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<td>Whether the organization is implementing governance practices that exceed legal requirements/ Key Policies</td>
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<td>The responsibility those charged with governance take for promoting and enabling innovation in terms of effects on the capitals. How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organization's use of and effects on the capitals.</td>
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<td><strong>Stakeholder Identification/relationships</strong></td>
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<td>An integrated report should identify its key stakeholders and provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interest.</td>
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<td></td>
<td><strong>Capitals</strong></td>
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<td>An integrated report needs to provide insight about the resources and the relationships used and affected by the organization, which are referred to collectively as the capitals and how the organization interacts with the capitals to create value over the short, medium and long term.</td>
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<td></td>
<td>An integrated report need to identify the various forms of capitals which are essential for the success of its business operations. E.g: financial, manufactured, intellectual, human, social and relationship, and natural.</td>
<td>97-101</td>
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<td><strong>Business model</strong></td>
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<td>An integrated report need to describe the business model, including key:</td>
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<td><strong>Inputs</strong></td>
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<td><strong>Business activities</strong></td>
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<td><strong>Outputs</strong></td>
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<td><strong>Outcomes</strong></td>
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<td></td>
<td>Features that can enhance the effectiveness and readability of the description of the business model include:</td>
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<td><strong>Identification of critical stakeholder and other</strong></td>
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<td>Connection to information covered by other Content Elements, such as strategy, risks and opportunities, and performance (including KPIs and financial considerations, like cost containment and revenues).</td>
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<td></td>
<td>Inputs - An integrated report shows how key inputs relate to the capitals on which the organization depends, or that provide a source of differentiation for the organization, to the extent they are material to understanding the robustness and resilience of the business model.</td>
<td>21-22,97-98</td>
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<td><strong>Business activities</strong></td>
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<td></td>
<td>An integrated report describes key business activities. This can include:</td>
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<td>How the organization differentiates itself in the market place</td>
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<td></td>
<td>How the organization approaches the need to innovate</td>
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<tr>
<td></td>
<td>How the business model has been designed to adapt to change</td>
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<td></td>
<td>Outputs - An integrated report identifies an organization's key products and services.</td>
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<td>Outcomes: An integrated report describes key outcomes, including: Both internal outcomes, and external outcomes, Both positive outcomes and negative outcomes.</td>
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<td>When material, an integrated report discusses the contribution made to the organization's long term success by initiatives such as process improvement, employee training and relationships management.</td>
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<td>1.5</td>
<td><strong>Performance</strong></td>
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<td></td>
<td>An integrated report needs to explain the extent to which the organization has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals? An integrated report should contain qualitative and quantitative information about performance that may include matters such as:</td>
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<td>Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them.</td>
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<td>The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests</td>
<td>23, 34,37</td>
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<td>The linkages between past and current performance, and between current performance and the organization's outlook. KPIs that combine financial measures with other components or narrative that explains the financial implications of significant effects on other capitals and other causal relationships may be used to demonstrate the connectivity of financial performance with performance regarding other capitals. In some cases, this may also include monetizing certain effects on the capitals.</td>
<td>71:24, 93, 117:120,</td>
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<td>1.6</td>
<td><strong>Risks and opportunities</strong></td>
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<td></td>
<td>An integrated report should explain what are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them? This can include identifying: The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two. The organization's assessment of the likelihood that the risk or opportunity will come to fruition and the magnitude of its effect if it does. The specific steps being taken to mitigate or manage key risks or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs.</td>
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<td>1.7</td>
<td><strong>Strategy and resource allocation</strong></td>
<td>19-21, 23, 39-41, 56-57, 68, 78-79, 100, 102</td>
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<td></td>
<td>An integrated report should describe it strategic direction (Where does the organization want to go and how does it intend to get there)</td>
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<td>An integrated report need to identify: The organization's short, medium and long term strategic objectives The strategies it has in place, or intends to implement, to achieve those strategic objectives The resource allocation plans it has to implement its strategy How it will measure achievements and target outcomes for the short, medium and long term. This can include describing: The linkage between the organization's strategy and resource allocation plans, and the information covered by other Content Elements, including how its strategy and resource allocation plans relate to the organization's business model, and what changes to that business model might be necessary to implement chosen strategies to provide an understanding of the organization's ability to adapt to change. What differentiates the organization to give it competitive advantage and enable it to create value, such as: the role of innovation how the organization develops and exploits intellectual capital the extent to which environmental and social considerations have been embedded into the organization's strategy to give it a competitive advantage Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans.</td>
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<td>Sl. No.</td>
<td>Particulars</td>
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<tr>
<td>1.8</td>
<td><strong>Outlook</strong></td>
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<td>An integrated report should explain what challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?</td>
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<td>An integrated report should highlight anticipated changes over time and provides information on:</td>
<td>54, 79, 103, 10E</td>
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<td>The organization’s expectations about the external environment the organization is likely to face in the short, medium and long term</td>
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<td></td>
<td>How that will affect the organization</td>
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<td>How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise.</td>
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<td>The discussion of the potential implications, including implications for future financial performance may include:</td>
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<td>The external environment, and risks and opportunities, with an analysis of how these could affect the achievement of strategic objectives</td>
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<td>The availability, quality and afford-ability of capitals the organization uses or affects including how key relationships are managed and why they are important to the organization’s ability to create value over time.</td>
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<td>An integrated report may also provide lead indicators, KPIs or objectives, relevant information from recognized external sources, and sensitivity analyses. If forecasts or projections are included in reporting the organization’s outlook, a summary of related assumptions is useful. Comparisons of actual performance to previously identified targets further enable evaluation of the current outlook.</td>
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<td></td>
<td>Disclosures about an organization’s outlook in an integrated report should consider the legal or regulatory requirements to which the organization is subject.</td>
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<td>1.9</td>
<td><strong>Basis of preparation and presentation</strong></td>
<td>3</td>
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<td>An integrated report should answer the question: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?</td>
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<td>An integrated report describes its basis of preparation and presentation, including:</td>
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<td>A summary of the organization’s materiality determination process.</td>
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<td></td>
<td>Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters</td>
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<td>Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters.</td>
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<td>A description of the reporting boundary and how it has been determined</td>
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<td>Eligibility process used for identifying the reporting boundary, geographic scope, the entities represented in the report and the nature of the information provided for each entity</td>
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<td>A summary of the significant frameworks and methods used to quantify or evaluate material matters (e.g., the applicable financial reporting standards used for compiling financial information, a company-defined formula for measuring customer satisfaction, or an industry based framework for evaluating risks).</td>
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<td><strong>Responsibility for an integrated report</strong></td>
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<td>An integrated report should include a statement from those charged with governance that includes:</td>
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<td>An acknowledgement of their responsibility to ensure the integrity of the integrated report</td>
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<td>An acknowledgement that they have applied their collective mind to the preparation and presentation of the integrated report</td>
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<td>Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework</td>
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<td>3</td>
<td>Other Qualitative Characteristics of an Integrated Report</td>
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<tr>
<td>3.1</td>
<td><strong>Consistency and comparability</strong></td>
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<td>The information in an integrated report should be presented:</td>
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<td></td>
<td>On a basis that is consistent over time</td>
<td>34-37</td>
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<td></td>
<td>Comparison of information over time in the form of ratio</td>
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<td>3.2</td>
<td><strong>Connectivity of information</strong></td>
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<td>An integrated report should show a holistic picture of the combination,</td>
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<td>interrelatedness and dependencies between the factors that affect the</td>
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<td>organization's ability to create value over time.</td>
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<td></td>
<td>Content elements:</td>
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<td></td>
<td>Past, present and future</td>
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<td></td>
<td>Finance and other information</td>
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<td>3.3</td>
<td><strong>Materiality</strong></td>
<td>101-102</td>
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<td></td>
<td>An integrated report should disclose information about matters that</td>
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<td>substantively affect the organization's ability to create value over the</td>
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<td></td>
<td>short, medium and long term</td>
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<td>3.4</td>
<td><strong>Assurance on the Report</strong></td>
<td>3,147-150</td>
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<tr>
<td></td>
<td>The policy and practice relating to seeking assurance on the report,</td>
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<td></td>
<td>The nature and scope of assurance provided for this particular report</td>
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<td>Any qualifications arising from the assurance, and the nature of the</td>
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<td>relationship between the organization and the assurance providers</td>
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</table>
NOTICE OF THE 35th ANNUAL GENERAL MEETING

Notice is hereby given to all Members of The City Bank Limited ("the Company") that the 35th Annual General Meeting (AGM) of the Company will be held on 28th June, 2018 at 12.30 P.M. at ‘Kurmitola Golf Club’, Dhaka Cantonment, Dhaka, 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 31st December, 2017 along with the Auditors’ Report and the Directors’ Report thereon.

Agenda-2: To declare 10% Cash Dividend and 5% Stock Dividend for the year ended 31st December, 2017 as recommended by the Board of Directors.

Agenda-3: To Re-appoint Auditors and fix their remuneration for the term until next AGM.

Agenda-4: To elect/elect Directors.

Agenda-5: To consider any other relevant business with the permission of the Chair.

Dated: Dhaka
07th June, 2018

NOTES:

1. The ‘Record Date’ for the 35th Annual General Meeting ("AGM") is scheduled on 23.05.2018.

2. Members whose names appeared in the Central Depository System/Register of Members at the close of Record Date i.e. 23.05.2018 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 88 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, 14, 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. Attendance Slip and Proxy Form may be collected from Share Department or from the website of the Company: www.thecitybank.com.

4. Entrance into the Meeting Hall is restricted only to the eligible Shareholders and/or Proxy/Attorney holder. At the time of entrance into the Meeting Hall, duly signed Attendance Slip/Proxy Form has to be deposited at the registration counter. For convenience of the Hon'ble Member and the Proxy-holders, Registration counters shall remain open from 9.00 A.M. to 12.30 P.M. on the day of AGM.

Attention Please:

1. As per BSEC Guidelines no Gift Item/foods item will be provided to Shareholders in the ensuing AGM.

2. Annual Report 2017 of CBL is now available at CBL website www.thecitybank.com
The City Bank Limited
Head Office: City Bank Center, 136 B/1, Uttara, Mir Shawkat Sarak, Gulshan Ave, Gulshan-2, Dhaka-1212, Bangladesh
Share Department: II, 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 35th Annual General Meeting of the Company to be held on June 28, 2018 at 12:30 P.M. and at any adjournment thereof.

As witness I put my/our hand(s) this __________ day of __________ 2018

Witnesses:

1. __________________________________________
   Signature of Member ________________________
   Folio/BO A/c. No. __________________________

2. __________________________________________
   Signature of Proxy _________________________
   Folio/BO A/c. No. __________________________

IMPORTANT:
1. This Form of Proxy duly completed must be deposited at the Share Department, The City Bank Limited, II, 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 B/1, Uttara, Mir Shawkat Sarak, Gulshan Ave, Gulshan-2, Dhaka-1212, Bangladesh
Share Department: II, Dilkusha C/A (1st Floor), Dhaka-1000, Bangladesh

ATTENDANCE SLIP

I/We __________________________________________ (Folio/BO A/c. No.)
hereby record my/our attendance at the 35th Annual General Meeting of the Company being held on 28th June, 2018 at 12:30 P.M. at ‘Kurmitola Golf Club, Dhaka Cantonment, Dhaka, Bangladesh.

N.B. Please present this slip duly signed at the entrance of the meeting hall.

Signature of Member/Proxy
GLOSSARY

Accrual Basis
Recognizing the Effects Of Transactions And Other Events When They Occur Without Waiting For The Receipt Or Payment Of Cash Or Its Equivalent.

Bill Of Collection
A Bill Of Exchange Drawn By An Issuer Usually As A Term On An Importer Overseas And Brought By The Payee To His Bank With A Request To Collect The Proceeds.

Bonus Issue
The Issue Of New Shares 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
Recognizing The Effects Of Transactions And Events When Receipt Or Payment Of Cash Or Cash Equivalent Occurs.

Commitments
Credit Facilities Approved But Not Yet Utilized By The Client As At The Balance Sheet Date.

Consolidated Financial Statements
Financial Statements Of A Group Present 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

Dividends
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 Recognize 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; An Economy, Defined As A Rational And Unbiased Estimate Of The Potential Market Price Of A Good, Service, Or Asset.

Finance Lease
A Contract Under Which A Lessee Conveys To The Lessor The Right To Use An Asset For Rent Over An Agreed Period Of Time, Which Is Sufficient To Amortize The Capital Value Of The Lessor, The Lessee Retains Ownership Of The Asset But Transfers Substantially All The Risks And Rewards Of Ownership To The Lessor.

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 Guarantee) To Fulfil The Obligation Of A Person Owning 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 Amortized Cost Others Are Classified As Held To Maturity.

Intangible Assets
An Intangible Asset Is An Identifiable Non-Monetary Asset Without Physical Substance.

Interest Cost
Interest Cost Is The Sum Of Monies Accrued And Payable To The Source Of Borrowed Working Capital.

Interest Expense
Interest Expense Is The Cost Of Borrowed Working Capital As At The Statement Date. It Includes Interest On Loans, Advances And Other Credit Facilities As A Result Of Such Facilities Becoming Partly Or Wholly Uncollectible.

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 Capitalization
Number Of Ordinary Shares In Issue Multiplied By The Market Value Of A Share As At The Year End.

Market Norms
The Value Of Certain Financial Instruments At Fair Value As Of The Balance Sheet Date.

Maturity

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 Loans Are Classified As Non-performing When A Payment Is 3 Months In Arrears.

Off Balance Sheet Transaction
Transactions That Are Not Recognized 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 Or 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 Bangladesh Accounting Standard (BAS)4 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)

Reserve Footnote
Revaluation Reserve In Marked To Market 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
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.

Subsidiary Reserve

Tfer Capital
Core Capital Representing Permanent Shareholders' Equity And Reserves Created Or Increased By Appropriations Of Retained Earnings Or Other Surpluses.

Tier Capital
Supplementary Capital Representing General Provisions, Preference Share, Exchange Equalization Fund And Other Capital Instruments Which Combine Certain Characteristics Of Equity And Debt Such As Hybrid Capital Instruments And Subordinated Term Debts.

Value Added
Valuer Added Statement Shows The Total Wealth Created How It Was Distributed To Meet Certain Obligations And Reward Those Responsible For Its Creation And The Return Retained For The Continued Operation And Expansion.

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