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

## Information Memorandum

### Private placement of Unsecured, Contingent-Convertible and Floating Rate Perpetual Bond of BDT 4,000,000,000 (Four Billion Taka)

Coupon Range: 6%\*-10%

\*subject to having available distributable profit

Issuer:

The City Bank Limited



City Bank Center  
136, Gulshan Avenue, Gulshan-2  
Dhaka-1212, Bangladesh

Trustee to the Issue: IDLC Investments Ltd.



Registrar, Paying Agent, Transfer Agent: IDLC Finance Ltd.



Type of Security: Unsecured, Contingent-Convertible and floating rate Perpetual Bond

Face Value of each bond: BDT 1,000,000 (One Million Taka)

Total Issue Amount: BDT 4,000,000,000 (divided into 4,000 number of securities)

Issue Date of the IM: .....

Credit Rating status of the Bond: A<sub>1</sub> (Hyb)

Validity Date: 30 September, 2021



Arranger:

City Bank Capital Resources Limited



*M. Arefin*  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*Md. Moniruzzaman*  
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0237 ACN 42

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### **Notice & Disclaimer**

The City Bank Limited (hereinafter referred as the "Bank" or the "CBL" or the "Issuer") has authorized City Bank Capital Resources Limited (hereinafter referred as "CBCRL" or the "Arranger"), to distribute this Information Memorandum (IM) in connection with the proposed transaction outlined in it (the "Transaction") and the bonds proposed to be issued in the Transaction (the "Bonds")

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The Issuer has prepared this information memorandum and is solely responsible for its contents. The issuer will comply with all rules, laws and regulations and is responsible for obtaining all regulatory, governmental and corporate approvals for the issuance of the Bonds. The Issuer, having made all reasonable inquiries, confirms that this Information Memorandum contains all the information with respect to itself and the Bonds to be issued by it, which is material in the context of the Bonds; that the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading; that the opinions and intentions expressed in this Information Memorandum are honestly held and that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

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Neither this Information Memorandum nor any other information supplied in connection with the Issue is intended to provide the complete basis of any credit or other evaluation, nor should it be considered as a recommendation by the Arranger to the Issue that any recipient of this Information Memorandum (or any other information supplied in connection with the Issue) should purchase or subscribe for any Bonds. Each investor contemplating purchasing or subscribing for a Bond should make their own independent investigation of the financial condition and affairs, and their own appraisal of the creditworthiness of the Issuer. Investors are advised not to construe the contents of this Information Memorandum as investment, legal, accounting, regulatory or tax advice. Investors are also advised to consult with their own advisors as to all legal, accounting, regulatory, tax, financial and related matters, concerning an investment in the Bonds.

**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR INVESTING IN THE PERPETUAL BONDS.**

  
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**Issuer's Disclaimer**

ALL THE FEATURES OF CITY BANK PERPETUAL BOND ARE DRAFT ONLY AND FINALIZATION OF THESE FEATURES ARE SUBJECT TO THE APPROVALS OF COMPETENT REGULATORS. THESE FEATURES MAY BE MODIFIED AS PER THE DIRECTIONS OF BANGLADESH BANK AND BANGLADESH SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER COMPETENT REGULATORS.

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**Abbreviations**

<b>ALCO</b>	<b>Asset Liability Management Committee</b>
ATM	Automated Teller Machine
BDT	Bangladeshi Taka
BRMC	Board Risk Management Committee
BSEC	Bangladesh Securities and Exchange Commission
CAGR	Compound Annual Growth Rate
CRAR	Capital to Risk-weighted Asset Ratio
CRM	Credit Risk Management
CRR	Cash Reserve Requirement
FBP	Foreign Bill Purchase
FDBP	Foreign Documentary Bills for Purchase
FDR	Fixed Deposit Receipts
IBP	Inland Bill Purchase
IC	Investment Committee
LATR	Loan Against Trust Receipt
MAT	Management Action Triggers
MCR	Minimum Capital Requirement
NFCD	Non-Resident Foreign Currency Deposit
NII	Net Interest Income
NIM	Net Interest Margin
NPA	Non-performing Assets
NPL	Non-performing Loan
OBU	Off-shore Banking Unit
OD	Over Draft
PCB	Private Commercial Bank
POS	Point of Sale
RFCO	Resident Foreign Current Deposit
RMU	Risk Management Unit
RWA	Risk Weighted Assets
SLR	Statutory Liquidity Ratio
SME	Small and Medium-sized Enterprises
SOD	Secured Over Draft
VAR	Value at Risk

24 NOV 2020

  
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## **Section 1: Report to the Eligible Investor**

By investing in the Bonds, you are hereby deemed to have acknowledged, represented and warranted to, and agree (as the case may be) for the benefit of the Arranger, as set out below:

**High risk:** You are fully aware that investment in the Bonds involves a high degree of risk.

**Consultation with advisers:** You have (i) consulted with your own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent you have deemed necessary, (ii) collected and reviewed all information that you or your advisers believe is necessary or appropriate in connection with the purchase of the Bonds, and (iii) made your own investment decisions based upon your own judgment, due diligence and advice from such advisers as you have deemed necessary and not upon any view expressed by or on behalf of the Arranger.

**No reliance:** You acknowledge and agree that you may not rely on any investigation that the Arranger or any of its affiliates or any person acting on their behalf may have conducted with respect to the Issuer or any of their affiliates, and neither the Arranger nor its affiliates, employees, officers, directors, legal advisers or representatives have made any representation to you, express or implied, with respect to your investment in the Bonds.

**Informed decision:** You are in possession of all the information that you believe is necessary or appropriate in order to make an informed decision regarding your purchase of the Bonds, including without limitation, adequate information concerning the Issuer's business, financial condition, results of operations and prospects.

**Knowledge and experience:** You have such knowledge and experience in financial, business and international investment matters that you are capable of evaluating the merits and risks of purchasing the Bonds and are aware that you may be required to bear, and are able to bear, all risks including economic risk of an investment in the Bonds.

**Information of the Company:** You acknowledge that the information provided to you with regard to the Issuer and the Bonds in this Information Memorandum has been supplied to you by the Arranger only on behalf of the Issuer and that neither the Arranger nor any of its affiliates, employees, officers, directors, legal advisers or representatives has verified such information or makes any representation or warranty as to its accuracy or completeness.

**Review of Information Memorandum:** You have reviewed this Information Memorandum in its entirety, including the risks associated with investment in the Bonds, and you understand and acknowledge all of the risks described herein. By investing in the Bonds, you have determined that:

- i. the Bonds are a suitable investment for you and your investment in the Bonds does not and will not, when consummated, violate any investment or other guidelines, policies or restrictions (corporate or otherwise), or any law, rule, regulation or order applicable to you; and

  
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- ii. you have obtained all approvals and consents (whether internal or external) and have made all notifications necessary for you to invest in the Bonds as contemplated; and you can bear the economic risk of the investment and are able to sustain a complete loss in connection with your investment.

**Own account:** You are purchasing the Bonds for your own account and not with a view to any distribution thereof.

**No representation or warranty:** The Arranger has not made, and you have not relied upon any representation, warranty or condition (express and/or implied), and the Arranger shall not owe any duty whatsoever to you in connection with the Bonds.

**No obligation to purchase:** The Arranger shall have no obligation to purchase or acquire all or any part of the Bonds purchased by you or to support losses, if any, directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Bonds, including the non-performance by the issuance, whether to you or otherwise.

## **Section 2: Risk Factors and Management Perception about Risk**

The City Bank Limited (The Issuer) operates in banking industry which is cyclical and hence is exposed to several risk factors arising from external as well as internal matters. Moreover, any investment in debt securities carries risks. Hence, different debt securities carry different risks; an investment in Perpetual Bond has to be evaluated on its own merits. An investment in the Perpetual bonds is in that respect no different.

Potential investors of City Bank Perpetual Bond are strongly encouraged to carefully evaluate all the information in this Information Memorandum, specially the risk factors both internal and external on their own merit and not by referent to any other debt securities whether of a comparable nature or otherwise before making any investment decision.

This section addresses the possible risks an investor might have to bear by investing in the bonds and each risk factor is followed by management's perception regarding the risk. If any of the risks described below materialize, it could have a serious impact on the Issuer's financial results, and the ability of the Issuer to fulfill its obligations under the Bonds to be issued. However, the list of risk factors is not meant to be a comprehensive description of all risks which may be relevant to a decision to invest in the Bonds. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences.

### **2.1 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. The bank may face such unfavorable conditions due to rise in borrowing rates and/or fall in lending rates. The bank's financing in different sectors is mostly structured at fixed rates for specified terms. Volatility in the money market can also raise the cost of funding of the Issuer and thus hamper its profitability. Any change in the government's monetary policy also might cause unfavorable movement in interest rates. The risks derived from interest rate fluctuation thus may have a significant impact on the Issuer's business, profitability and financial condition.

### **Management Perception**

CBL assesses the interest rate risk both in earning and economic value perspective. CBL conducts its lending and other business operations by taking appropriate and judicious care of the associated risks. Managing a varied and wide range of risks has always been the primary concern of the bank. In compliance with the requirement of Bangladesh Bank's Asset Liability Management guidelines, CBL has formed Asset Liability Management Committee (ALCO) with the senior executives. CBL's ALCO monitors the interest rate movement on a regular basis and Treasury Division actively manages the Balance Sheet gap profitably on a regular basis.

### **2.2 Exchange Rate 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.

**Management's perception**

CBL's Treasury Department independently conducts the transactions and the back office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at 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 BDT. The senior management of the Bank set limits for handling Nostro account transactions. All Nostro accounts are reconciled on a monthly basis and outstanding entry beyond 30 days is reviewed by the management for its settlement.

**2.3 Non-repayment Risk**

Non-repayment risk is defined as the potential risk that borrower or counterparty will fail to meet its obligations in accordance with agreed terms. Although CBL sets high standards in repaying all its obligations to the depositors and lenders, it is possible that the bank may fail to repay its obligations arising from the bonds to be issued in extreme cases.

**Management's perception**

CBL operates under the tight regulations and close supervision of Bangladesh Bank. Moreover, it is highly unlikely that a reputed organization like City Bank Limited will risk its reputation by setting an instance of default. Furthermore, in case of non-repayment, the Trustee would give notice period to the Issuer in protecting the Event of Default and take further steps to ensure the interest of the investors.

**2.4 Prepayment, Call or Refunding Risk**

Prepayment, call or refunding risks are the risks associated with the principal amount of a bond.

**Management's Perception**

This bond is perpetual in nature i.e. there is no maturity date and there are no set-ups or other incentives to redeem unless and until it is eligible for call option criteria depicted in features (4.1) section.

**2.5 Security Risk**

Security is the specific revenue sources or assets pledged by an issuer to the bondholder to secure repayment of the bond. Therefore, security risk is all about the process of recovering the investment by the bond holder by utilizing the charge against the collateral securities in case of issuer's inability to repay the face value of the bond(s).

**Management's Perception**

CBL Perpetual bond is an unsecured bond. Specific revenue sources or assets are not being pledged against the issuance of the bonds. Investors will have the right on the CBL's cash flow to get repaid but rank of a bond holder is below than other loans (or securities) with regard to claims on assets or earnings.

## **2.6 Liquidity Risk**

Liquidity risk is the risk that CBL may not be able to meet its financial obligations as they fall due. CBL's businesses are subject to liquidity risks and could affect the Bank's ability to meet its financial obligations. In order for the Bank to continue to meet its funding obligations and to maintain or grow its business generally, it relies on customer savings/deposits as well as ongoing access to the wholesale lending markets. The ability of the Bank to access funding sources on favorable economic terms is dependent on a variety of factors, including a number of factors outside of its control, such as general market conditions and confidence in the banking system.

### **Management's Perception**

CBL's approach to managing liquidity 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, CBL 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.

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 behavior 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.

## **2.7 Management Risk**

Management risk refers to the chance that company managers may put their own interests ahead of the interest of the company, shareholders and other stakeholders. The term signifies the risk of the situation that may occur if the company or any of its stakeholders other than the management would have been better off without the choices made by management. The bondholders may suffer financial losses in such an event.

### **Management's Perception**

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

## **2.8 Operational Risk**

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system, or from external sources including legal risk. Operational risk has several dimensions: frequency of occurrence and impact on the profitability.



### Management's Perception

CBL through its 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. CBL has also developed Standard Operating procedures (SOP) to minimize risk for all major operational support divisions. Process for evaluation enlistment and performance of 3<sup>rd</sup> party service providers including Surveyors, Insurance Companies are already in place.

### **2.9 Business Risk**

Business risk refers to the possibility that the bank will have lower than anticipated profits, or that it will experience a loss rather than a profit. Business risk of the issuer could occur by numerous factors including interest spread, non-interest income, operating expenses, money & capital market volatility, competition, government regulations and economic climate. Like all other companies, CBL is also exposed to certain business risk factors.

### Management's Perception

Like all other businesses such risk exists in the banking industry. The Bank scrutinizes all of its clients and the associated risks systematically using up to date risk evaluation techniques to improve the asset quality. Some other systematic (Market) risks might arise from the external environment of the Bank, similar to any other bank.

### **2.10 Industry Risk**

The issuer is operating in a highly competitive market as modern banking industry has brought greater business diversification. Some banks in the industrialized world are entering into investments, underwriting of securities and portfolio management. The entry of new competitors may also deteriorate the competitive environment and result in lower profitability of the bank.

### Management's Perception

Being first generation private commercial bank (one of the oldest private commercial banks operating in Bangladesh since 1983), CBL has already carved a commendable position in the banking industry of Bangladesh. The Bank has always been careful in offering its products and services at competitive terms and conditions which in turn optimizes its industry risk exposure. The management also continues to focus on more diversification of the loan book. However, like all the other banks currently operating in Bangladesh, industry risk remains a key risk factor for CBL.

### **2.11 Market and Technology Related Risk**

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 financial industry of Bangladesh is currently one of the fastest growing in the country and is increasingly becoming competitive. Especially the entrance of nine more banks in the industry in 2013

has made the competitive atmosphere more intense. Strong marketing and brand management would be required to increase the bank's customer base.

As the banking industry is becoming more and more technology dependent the risks deriving from technological use is increasing day by day. The bank might be exposed to risks such as cyber-attack, system collapse, system hacking, unauthorized electronic fund transfers, etc.

#### Management's Perception

CBL 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 Unit (RMU) and Investment Committee (IC).

Board Risk Management Committee (BRMC) is the highest technical body responsible for market risk management but has delegated its technical functions to the Assets & Liabilities Management Committee (ALCO), Risk Management Unit (RMU) 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 is delegated to Asset Liability Management desk, Market Risk Management desk and Treasury Middle Office.

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.

The Bank's IT has gone through a gigantic transformation from where it started. After several years of continuous efforts, standardization of both back-end as well as front-end operations of bank is complete. Now through wide array of customizable products and services, IT can bring about equivalent contribution to profits. Relevant hardware, software and networking equipment is in place to support operations of online branches, internet banking, SMS service, call center, Tele Banking, POS and ATM network. These devices are providing superior performance resulting in better end-user satisfaction. To ensure uninterrupted and smooth customer service in all branches and SME centers, IT division continuously work on performance tuning for database and application, networking and server hardware on regular basis. Continuous investments are going on to do the necessary upgradation on hardware and software to increase the Bank's centralized online banking and other peripheral service requirements.

#### **2.12 Risk Related to Potential or Existing Government Regulations**

The issuer operates its business under the specific guidelines laid by Bangladesh Bank, Bangladesh Securities and Exchange Commission and other regulatory authorities. The bank is also regulated by Bank Companies Act 1991 revised up to 2013, Companies Act 1994, Income Tax Ordinance 1984, Income Tax Rules 1984 and Value Added Tax (VAT) Act 1991. Moreover, Bangladesh Bank changes policy rates including Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) of banking institutions from time to time. Any abrupt changes in the policies and regulations made by the authorities may adversely affect the business of the company.

  
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IDLC Investments Limited

**Management's Perception**

Unless any policy change that may negatively and significantly affect the industry as a whole, the business of the bank is expected not to be affected materially. Like all scheduled banks in Bangladesh, CBL has been funding their assets from their deposits after maintaining required SLR including CRR has the bank has been consistently compliant to any such changes. Additionally, the regulatory bodies in Bangladesh are least likely to take any steps that might prove detrimental to the country's banking industry.

***2.13 Risk Related to Potential Changes in Global and National Policies***

The ability of a financial institution to operate a profitable business is directly related to the monetary and fiscal policies of the country at any given time. Imposition of restrictive monetary and/or fiscal policy by the government at any time may affect a company's profitability. Again, changes in the existing global or national policies can have either positive or negative impacts on the bank.

Every company operates under the economic policies formulated and imposed by the political government. The government tends to reshape these policies time to time for the sake of greater interest of the country's economy. Sometimes those changes in existing policy or any future policy framework adversely affect smooth operation of such companies.

**Management's Perception**

The management of the bank is always concerned about the prevailing and upcoming future changes in the global or national policy and shall response appropriately and timely to safeguard its interest. However, it is possible that CBL suffers from major adverse changes in global and/or national policies in the future

***2.14 Credit Risk***

Credit risk is the risk due to a borrower's inability to meet its financial obligations to the lender. The credit risk is generally made up of transaction risk or default risk and portfolio risk. We have standardized credit approval processes. Credit risk is controlled through segmental exposure limits to various industries and sectors, prudential exposure and substantial exposure ceiling and risk mitigation by obtaining collateral and guarantees.

**Management's Perception**

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.

  
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Managing Director & CEO  
The City Bank Limited

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

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

#### ***2.15 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.

##### **Management's Perception**

For mitigating the risks, CBL 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.

City Bank Limited strives to develop a State-of-Art risk management culture in the banking business. Board of Directors of the City Bank Limited in its 452<sup>nd</sup> meeting held on January 25, 2014 established Board's Risk Management Committee. The Committee is entrusted with the responsibility to supervise and oversee risk management processes in the bank. Other responsibilities of the Committee are establishing a risk culture across the bank, recommending risk strategies etc.

The Risk Management Committee provides oversight to management relating to the identification and evaluation of major strategic, operational, regulatory, information, external risks inherent in the business of the bank and the control processes with respect to such risks. Assistance is extended to review, guide and manage various risks resulting from implementation of strategies and action plans approved by the Board of Directors.

  
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### **Section 3: Use of Proceeds**

#### **Purpose of Issuance of City Bank Perpetual Bond**

The City Bank Limited (CBL) has decided to raise Additional Tier-1 Capital through issuance of City Bank Perpetual Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III). The proposed bond issue will allow the bank to enhance its capital strength and continue to grow its balance sheet in the future years.

#### **Plan Regarding Use of Proceeds from City Bank Perpetual Bond**

The proposed bond will qualify as part of CBL's Additional Tier-1 capital and will help maintain healthy capital adequacy ratios in the next few years. Besides, the BDT 4 billion fund will be used for undertaking general business activities of the bank including strengthening of the loan portfolio and other securities. The proceeds will primarily be used for:

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

  
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## **Section 4: Features of City Bank Perpetual Bond**

City Bank Perpetual Bond is a debt instrument unsecured and Contingent-convertible.

The major features of the City Bank Perpetual Bond are presented below:

### **4.1 Basic Features of the Instrument**

Finalization of all terms & conditions of this instrument (stipulated in the table below) are subject to approval from concerned regulatory authorities and may need to change as per regulatory instruction.:

**Table 1 Basic Features of City Bank Perpetual Bond**

<b>Name of the Instrument</b>	<b>City Bank Perpetual Bond</b>
<b>Issue Type</b>	Unsecured, Contingent-Convertible, BASEL III compliant, Perpetual Debt instrument for inclusion in Additional Tier I Capital
<b>Issuer</b>	The City Bank Limited
<b>Nature of Instrument</b>	Unsecured
<b>Purpose and Objectives</b>	To raise Additional Tier-1 Capital through issuance of City Bank Perpetual Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III). The funds being raised by the Issuer through the mentioned Issue are not meant for financing any particular project. The Issuer shall utilize the proceeds of the Issue for its regular business activities. The Issuer shall not utilize proceeds of the Issue for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the Bangladesh Bank and Bangladesh Securities Exchange and Commission where applicable.
<b>Arranger</b>	City Bank Capital Resources Limited
<b>Trustee</b>	IDLC Investments Limited
<b>Paying Agent, Register, Transfer Agent</b>	IDLC Finance Limited
<b>Rating Agency</b>	Credit Rating Agency of Bangladesh Limited (CRAB)
<b>Legal Advisor</b>	Farooq & Associates
<b>Mode of Issue</b>	Private Placement
<b>Facility Size</b>	BDT 4,000,000,000

No. of Bonds to be Issued	4,000
Face Value Per Lot	BDT 1,000,000
Bonds per lot/ Minimum Subscription	01
Tenure	Not Applicable. The Bonds shall be perpetual i.e. there is no maturity date and there are no step-ups or other incentives to redeem.
Investors	<p>The following class of investors are eligible to participate in the offer:</p> <ul style="list-style-type: none"> <li>• Public Financial Institutions which are duly authorized to invest in Bonds as per Bangladesh Bank Regulations</li> <li>• Mutual Funds, Insurance Companies, Scheduled Commercial Banks,</li> <li>• Co-operative Banks, Regional Rural Banks authorized to invest in bonds/ debentures,</li> <li>• Societies authorized to invest in bonds/debentures,</li> <li>• Trusts authorized to invest in bonds/ debentures,</li> <li>• Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures,</li> <li>• Any other not mentioned in the list but is eligible to subscribe as per regulations by Bangladesh Bank.</li> </ul> <p>This being a private placement issue, the eligible investors who have been addressed through this communication directly, are only eligible to apply.</p> <p>Prior to making any investment in these Bonds, each investor should satisfy and assure himself/herself/itself that he/she/it is authorized and eligible to invest in these Bonds. The Issuer shall be under no obligation to verify the eligibility/authority of the investor to invest in these Bonds. Further, mere receipt of this Disclosure Document by a person shall not be construed as any representation by the Issuer that such person is authorized to invest in these Bonds or eligible to subscribe to these Bonds. If after applying for subscription to these Bonds and/or allotment of Bonds to any person, is found to have been ineligible to invest in/hold these Bonds, the Issuer shall not be responsible in any manner.</p>
Coupon Rate	Reference Rate + Coupon Margin

<b>Reference Rate</b>	20-year Treasury-Bond rate. (Latest available rate of 20-year Treasury-Bond rate as published by Debt Management Department of Bangladesh Bank on the quotation day)
<b>Coupon Margin</b>	2%
<b>Quotation Day</b>	Five (05) days before the first day of any period for which a coupon rate is to be determined
<b>Coupon Range</b>	<ul style="list-style-type: none"> <li>• Coupon Ceiling: 10%</li> <li>• Coupon Floor: 6% subject to having available distributable profit</li> </ul>
<b>Coupon Payment Frequency</b>	Semi-Annual but subject to Issuer's Coupon Discretion
<b>Late Payment</b>	Issuer shall pay a late payment penalty of 2% (two per cent) higher than the Coupon Rate and be payable on the amount not paid on the due date till the date of actual payment unless exercise of coupon discretion is not in effect. However, a holder of a Bond shall not be entitled to any late payment fee in respect of any delay in payment resulting from the due date for a payment not being a Business Day.
<b>Issuer's Coupon Discretion</b>	The Issuer will have full discretion at all times to cancel distributions/payments to the Bondholder
<b>Business Day Convention/Effect of Holidays</b>	<ul style="list-style-type: none"> <li>• If any Coupon/ Interest Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day.</li> <li>• If the Call Option Due Date (also being the last Coupon Payment Date, in case Call Option is exercised) of the Bonds falls on a day that is not a Business Day, the Call Option Price shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.</li> </ul>
<b>Put Date</b>	Not Applicable
<b>Put Price</b>	Not Applicable
<b>Call Option</b>	The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Trustee of the Call Exercise Date, which notice shall be irrevocable, elect to redeem all, but not some only, of the Bonds at their principal amount together with any outstanding coupon payments which are accrued but unpaid and not been subject to exercise of Issuer's Coupon Discretion. The Call Option can be

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	exercised only after ten years of issuance, with prior approval from the Bangladesh Bank.
<b>Call Option Eligibility</b>	<ol style="list-style-type: none"> <li>1. Replace this instrument with capital of the same or better quality that are sustainable for the income capacity of Issuer, or,</li> <li>2. Capital position is above the minimum requirements after the Call Option is exercised</li> </ol>
<b>Claim Settlement in the event of Liquidation or Wind-up</b>	<p>Claims of the investors on the bond are:</p> <ol style="list-style-type: none"> <li>1. Superior to the claims of investors in equity shares and perpetual non-cumulative preference shares, if any, of the bank whether currently outstanding or issued at any time in the future.</li> <li>2. Subordinated to the claims of depositors, general creditors and subordinated debt of the Bank other than any subordinated debt qualifying as Additional Tier 1 Capital (as defined in the Basel III Guidelines) of the Bank;</li> <li>3. Is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors</li> </ol> <p>Notwithstanding anything to the contrary stipulated herein, the claims of the Bondholders shall be subject to the provisions of Loss Absorption in this terms and features.</p>
<b>Loss Absorption</b>	After the Trigger Point Condition Date, conversion of the outstanding principal of the Bonds to common shares at the Conversion Strike Price by such amount not exceeding the amount which would be required to bring the consolidated Common Equity Tier 1 (CET 1) ratio to 4.5% of RWA.
<b>Loss Absorption Methodology</b>	CET-1 on Trigger Point Condition Date will be considered to identify the shortfall percentage, which would be required to bring the consolidated Common Equity Tier 1 (CET 1) ratio to 4.5% of RWA and it will be converted into common shares at the Conversion Strike Price. The period between the Trigger Point Condition Date and the date on which the Issuer by a resolution of its Board converts the Bonds will be known as Conversion Period. If a fractional share issuance arises upon conversion, the issuer will

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	round the number of shares issuable, up to the next whole number. Fractional lot size will also be rounded to the next whole number
<b>Trigger Point Condition</b>	If the bank's consolidated CET-1 falls below Bangladesh Bank requirement of 4.50% and stays below for 03 (Three) successive quarters it would be the Trigger Point Condition and the 3 <sup>rd</sup> quarter-end date of consecutive below-minimum CET-1 Ratio would be the Trigger Point Condition Date. Once the Trigger Point Condition has been met and Loss Absorption feature has been exercised, the cycle will start again.
<b>Conversion Strike Price</b>	Average of 180 business days market price prior to the Trigger Point Condition Date or par value (currently BDT 10tk) whichever is higher.
<b>Payment Suspension Methodology</b>	In case of the event of exercise of Loss Absorption feature of the Bond, any coupon payment in between the Trigger Point Condition Date and publication date of audited financials will be suspended. The bondholder will not be eligible for the coupon payment if the same situation prevails (Bank's consolidated CET-1 ratio remains below the regulatory requirement of 4.5%) after the publication of audited financials. In case of use of Loss Absorption feature, the portion that will be required to be converted, Coupon Payment will never resume back for that portion. The portion that shall not be converted, payment will resume from next coupon date for that non-converted portion, but subject to CET-1 Ratio remaining reaching 4.50% or above, and interest will be paid along with previous coupon for this portion. No penal/additional/delay fee shall be charged on the Issuer for the period when coupon(s) payment was suspension.
<b>Conversion</b>	Within 2 (two) Business Days of the end of the 2 <sup>nd</sup> Quarter when CET-1 Ratio remains below 4.50%, Issuer shall notify the Trustee that in the event that the Trigger Point Condition is met, the Loss Absorption feature shall be exercised ("Conversion Indication Notice"). Within 2 (two) Business Days of the approval of the audited financials which confirms fulfilment of the Trigger Point Condition Date, the Issuer shall notify the Trustee of the Conversion

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	<p>Strike Price, number of Bonds to be converted, expected end date of the Conversion Period ("Conversion Notice"); and the Trustee shall within 2 (two) Business Days of the receipt of the Conversion Notice, notify the Bondholders about the receipt of the Conversion Notice. All notices are validly given if:</p> <ul style="list-style-type: none"> <li>• Mailed to bondholders at their respective address in the register,</li> <li>• Published for three consecutive days in one English newspaper and one Bengali newspaper; each having wide circulation in Bangladesh,</li> <li>• Emailed to bondholders at their respective addresses set out in the Issuer Register provided that such notices will only be considered as validly given unless followed up with hard copies of the notices being mailed to the bondholders or published for three consecutive days in a leading newspaper as aforesaid.</li> <li>• Any such notice shall be deemed to have been given on the seventh day after being so mailed or on the later of the date of such publications</li> </ul>
Events of Default	<p>(a) Breach of Common Equity Holders' Dividend Stopper Clause;</p> <p>(b) Subject to exercise of Issuer's Coupon Discretion, Trigger Point Consideration being met, and/or exercise of Loss Absorption feature, the Issuer defaults in the payment of any money owing in respect of the Perpetual Bonds when the same shall become due and payable in accordance with these presents and such default continues for at least seven (7) Business Days</p> <p>(c) Breach of any covenant, warranty or other provision of the Trust Deed otherwise as provided in the preceding paragraphs of this Clause and such default continues for at least thirty (30) Business Days</p> <p>It is further clarified that the Bondholders shall have no rights to accelerate the repayment of future scheduled payments except in bankruptcy and liquidation.</p>

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<b>Consent Right of Bondholders</b>	Issuer needs to take prior consent from AT-1 (City Bank Perpetual Bond) bondholders to issue new Tier-II capital over maximum limit (4.0% of RWA or 88.89% of CET-1 Capital, whichever is higher) as set by Bangladesh Bank.										
<b>Common Equity Holders' Dividend Stopper Clause</b>	<p>Dividend Stopper Clause will be applicable to these Bonds and it will stop common equity holders' dividend payments on common shares in the event the holders of the Bonds are not paid coupon either due to exercise of Issuer's Coupon Discretion or otherwise. In the event the holders of the Bonds are not paid coupon, they shall not impede the full discretion that Issuer has at all times to cancel distributions/payments on the Bonds, nor will they impede / hinder:</p> <ul style="list-style-type: none"> <li>(i) The Re-Capitalization of the Issuer.</li> <li>(ii) The Issuer's right to make payments on other instruments, where the payments on this other instrument were not also fully discretionary</li> <li>(iii) The Issuer's right to making distributions to shareholders for a period that extends beyond the point in time that coupon on the Bonds are resumed. The normal operation of the Issuer or any restructuring activity (including acquisitions/ disposals).</li> </ul>										
<b>Listing</b>	The Bonds will be, subject to consent of Bangladesh Securities and Exchange Commission (BSEC), be listed as per rules and regulations by BSEC.										
<b>Credit Rating</b>	<p><b>Issuer Rating:</b></p> <table border="1"> <tr> <th>Credit Rating</th><th>Current</th></tr> <tr> <td>Long-term</td><td>AA<sub>2</sub></td></tr> <tr> <td>Short-term</td><td>ST-2</td></tr> <tr> <td>Publishing Date</td><td>30-June-20</td></tr> <tr> <td>Validity Date</td><td>30-June-21</td></tr> </table>	Credit Rating	Current	Long-term	AA <sub>2</sub>	Short-term	ST-2	Publishing Date	30-June-20	Validity Date	30-June-21
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Short-term	ST-2										
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Validity Date	30-September-2021										

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<b>Transferability/Liquidity</b>	Freely transferable in accordance with the provisions of the Deed of Trust.
<b>Governing Law</b>	The Bonds are governed by and shall be construed in accordance with the existing laws of Bangladesh. Any dispute arising thereof shall be subject to the arbitration under Arbitration Act 2001.

#### **4.2 Rate of Return, Yield to Maturity, Coupon/Discount Rate**

Coupon Range: 6%-10% p.a. \*subject to having available distributable profit.

#### **4.3 Transferability/Liquidity**

The bond is freely transferable in accordance with the provisions of the Trust Deed.

#### **4.4 Prepayment, Call, Refunding, Conversion Feature**

Perpetual bond is non-puttable, callable in Nature.

#### **4.5 Tax Features**

The Company and any income from the Bond for the investors will be according to the Laws of Bangladesh.

#### **4.6 Enforcement of Charges over securities**

The Trustee shall enforce all payment obligations under the Bonds only by way of petitioning for the winding up or dissolution of the Issuer and/or by proving for the amount due and payable under the Bonds in the liquidation or administration of the Issuer. In the event of default by the Issuer in the performance or observance of any covenant, condition or provision contained in the Bond or the Trust Deed or any of the Issue Documents (save for failure to pay any amount of principal, coupon or expenses or in respect of any other payment obligation), (i) the Trustee or any Bondholder shall not be entitled to any remedy available to the Trustee or any Bondholder which in substance amounts to a remedy to recover any amounts under any payment obligation of the Issuer under the Bonds and (ii) any other remedy available.

#### **4.7 Repayment Schedule:**

As per BASEL III guideline (Annex IV: Special Eligibility Criteria to qualify for additional Tier I Capital, a) this instrument is perpetual in nature i.e. there is no maturity date and there are no set-ups or other incentives to redeem unless and until it is eligible for call option criteria depicted in features (4.1) section.

  
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**Section 5: Description of Collateral Security and Type of Charges to be created**

City Bank Perpetual Bond is superior to the claims of investors in equity shares and perpetual non-cumulative preference shares, if any, of the bank whether currently outstanding or issued at any time in the future and subordinated to the claims of depositors, general creditors and subordinated debt of the Bank other than any subordinated debt qualifying as Additional Tier 1 Capital (as defined in the Basel III Guidelines) of the Bank. It is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.

  
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## **Section 6: Rights and Obligations of the Issuer**

### **6.1 General Covenants by the Issuer**

6.1.1 The Issuer hereby covenants that, unless otherwise required by law, the Bonds will be issued in registered and listed form.

6.1.2 The Issuer covenants with the Trustee that it will comply with and perform and observe all the provisions of this Trust Deed and the other Transaction Documents which are expressed to be binding on it. The terms and conditions of the Bonds shall be binding on the Issuer, the Bondholders and the Trustee. The Trustee shall be entitled to enforce the obligations of the Issuer under the Bonds as if the same were set out and contained in this Trust Deed, which shall be read and construed as one document with the Bonds. The Trustee shall hold the benefit of this covenant to pay all sums due and payable but unpaid by the Issuer in respect of payments with respect to the Bonds upon trust for itself and the Bondholders.

6.1.3 Covenant to comply with Rules and Guidelines of Bangladesh Bank, Bangladesh Securities & Exchange Commission, Trust Deed, conditions, Schedules and Subscription Agreement(s):

(a) The Issuer hereby covenants with the Trustee to comply with, perform and observe the conditions of all Rules and Guidelines published by the Bangladesh Bank, Bangladesh Securities & Exchange Commission all those provisions of this Trust Deed, the Conditions, the Schedules, the Agency Agreement and the Subscription Agreement which are expressed to be binding on it and to perform and observe the same. The Bonds are subject to the provisions contained in this Trust Deed, the Conditions, the Schedules, Agency Agreement and the Subscription Agreement, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them respectively. The Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, this Trust Deed and the other Bond Documents and will be deemed to have notice of all of the provisions of the Bond Documents.

(b) The Issuer hereby confirms that it has obtained due approval from the Bangladesh Bank and the Bangladesh Securities and Exchange Commission for issuance of the Bonds.

6.1.4 As long as any of the Bonds remains outstanding or any amount is outstanding to the Trustee or any Bondholder under any Bond Document, the Issuer undertakes to each of the Trustee and the Bondholders that it shall comply with the provisions of this Clause 6.1.4.

#### **(a) Change of Business**

The Issuer shall procure that no substantial change is made to the general nature of the business of the Issuer.

#### **(b) Arms' length transactions**

The Issuer shall not enter into any transaction, agreement or arrangement with any of its Affiliates other than on arm's length basis.

#### **(c) General Undertakings**

##### **(i) Authorisations**

  
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The Issuer shall promptly:

- (1) obtain, comply with and do all that is necessary to maintain in full force and effect; and

as and when requested by the Trustee, supply to the Trustee certified copies of, any Authorisations required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the Bond Documents to which it is a party (or any of them) and/or to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Bond Document to which it is a party.

- (ii) Compliance with laws

The Issuer shall comply in all respects with all laws to which it is subject including, without limitation, the requirements and guidelines of the Bangladesh Bank

- (iii) Insurance

The Issuer shall maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

- (iv) Corporate Governance

(1) The Issuer shall ensure that it remains duly incorporated and validly existing under the laws of its jurisdiction of incorporation.

(2) The Issuer shall ensure it shall at all times have the power and necessary Authorisations to own its assets and carry on its business as from time to time being conducted.

(3) The Issuer shall maintain and preserve all of its assets, which may be necessary in the conduct of its business as conducted from time to time, in good working order and condition, ordinary wear and tear excepted.

- (v) Taxation and claims

The Issuer shall duly and punctually follow the prevailing rules and regulations of taxation.

- (vi) Maintenance of and access to books and records and inspection

The Issuer shall, maintain books and records (with respect to itself and its business) in the manner described in Clause 16.1 in the Trust Deed.

- (vii) Further assurance

The Issuer shall promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Trustee may reasonably specify (and in such form as the Trustee may reasonably require in favor of the Trustee or its nominee(s)) for the exercise of any rights powers and remedies of the Trustee (for and on behalf of any or all of the Trustee and/or the Bondholders) provided by or pursuant to the Bond Documents or by law on a best efforts basis and to the extent permitted by applicable laws.



**(d) Loans and Guarantee**

The Issuer shall not:

(i) be a creditor in respect of any Financial Indebtedness, except for any loan in its ordinary course of business consistent with its current practice; and

(ii) incur or allow to remain outstanding any guarantee in respect of any obligation (whether actual or contingent) of any person, or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any person, except for:

(1) any guarantee under any Bond Document;

(2) any guarantee in the ordinary course of business consistent with its current practice.

**(e) Undertakings to Comply with Bangladesh Bank and BSEC Authorisation and Rules and Guidelines**

It will at all times comply with the terms of the approval issued by Bangladesh Bank and BSEC including the Rules; and any other Guidelines issued by the Bangladesh Bank from time to time (including maintaining any required Bangladesh Bank rating).

**(f) Providing Information**

The Issuer shall provide such information and within such period of time identified in Clause 16.2, 16.3 and 16.4 in the Trust Deed to the Bondholders and the Trustee.

**6.2 Corporate Covenants by the Issuer:**

**6.2.1 Conduct**

The Issuer shall all times carry on and conduct its affairs in a proper and efficient manner in compliance with any requirement of law from time to time in force in Bangladesh and in compliance with its and in compliance with its Memorandum and Articles of Association save where failure to do so would not constitute a Materials Adverse Effect.

**6.2.2 Consents**

The Issuer shall obtain, comply with the terms of and do all that is necessary:

(a) to maintain in full force and effect all authorisations, approvals, licenses and consents necessary under any Law in connection with its business; and

(b) to enable it lawfully to enter into and perform its obligations under this Trust Deed.

**6.2.3 Authorised Signatories**

The Issuer shall deliver to the Trustee upon execution of this Deed and thereafter upon any change of the same, a list of Authorised Signatories of the Issuer together with a specimen signature of each Authorised Signatory.

  
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#### 6.2.4 Registered Office

The Issuer shall maintain its registered office. In case of change of registered office, the Issuer will notify this to the Trustee.

#### 6.2.5 Financial Statements

The Issuer shall prepare in respect of each financial years, financial statements and provide the same to the Trustee in such form and manner as described in Clause 16 in the Trust Deed.

#### 6.2.6 General Negative Covenants

The Issuer shall not, save to the extent permitted by or contemplated by Applicable Law or with the prior written consent of the Trustee:

- (a) sell, convey, transfer, lease, assign or otherwise dispose of or agree or attempt or purport to sell, convey, transfer, lease or otherwise dispose of or use, invest or otherwise deal with any of its properties, assets or undertaking or grant any option or right to acquire the same which shall reasonably be expected to have a Material Adverse Effect.
- (b) grant, create or permit to exist any encumbrance over (including the grant of security or trust over or the occurrence of execution or diligence in respect of) its assets which shall reasonably be expected to have a Material Adverse Effect.
- (c) consolidate or merge with any other person;
- (d) permit the validity or effectiveness of the Transaction Documents to be impaired or to be amended, hypothecated, subordinated, terminated or discharged.

#### 6.2.7 Authorisations

The Issuer must:

- (a) promptly obtain and maintain in full force and effect all governmental and regulatory consents, licenses, material authorisations and approvals required for the conduct of its business; and
- (b) do all such things as are necessary to maintain its corporate status,
- (c) in each case where failure to do so would be reasonably expected to have a Material Adverse Effect.

#### 6.2.8 Compliance with Transaction Documents

The Issuer shall at all times comply with and perform all its obligations under the Transaction Documents and the Bonds save where non-compliance would not lead to a Material Adverse Effect.

#### 6.2.9 Exercise Rights

The Issuer shall preserve and/or exercise and/or enforce its rights under and pursuant to the Bonds and the Transaction Documents.

#### 6.2.10 Dealing with Trustee

- (a) The Issuer shall upon reasonable notice, during normal business hours allow the Trustee and any persons appointed by the Trustee access to such books of account and other business records as

relate to the assigned rights or the benefit of the assigned rights as the Trustee or any such persons may reasonably require.

(b) So far as permitted by applicable law and subject to any binding confidentiality restrictions, the Issuer shall at all times give to the Trustee such information, opinions, certificates and other evidence as the trustee and any persons appointed by the Trustee shall reasonably require (and which it is reasonably practicable to produce) for the purposes of the discharge of the duties, trusts, powers, authorities and discretions vested in the Trustee by or pursuant to this Trust Deed or any other Transaction Document.

#### 6.2.11 Execution of Further Documents

The Issuer shall, so far as permitted by applicable law and regulatory requirements, execute all such further documents and do all such further acted and things as the Trustee (acting reasonably) may consider to be necessary at the time to give effect to the terms of the relevant Transaction Documents.

#### 6.2.12 Notification of Event Default

The Issuer shall deliver notice to the Trustee forthwith upon becoming aware of any Event of Default without waiting for the Trustee to take any further action.

#### 6.2.13 No Variation and Termination of Transaction Documents

The Issuer shall not until the final Maturity Date, save to the extent permitted by the Transaction Documents or with the prior written consent of the Trustee:

- (a) terminate, repudiate, rescind or discharge any Transaction Documents.
- (b) vary, novate, amend, modify or waive any provision of any Transaction Document;
- (c) permit any person who has obligations under the Transaction Document to be released from such obligations other than in accordance with the terms of the applicable Transaction Document and any applicable requirement of law or regulatory direction.

#### 6.2.14 Filings

The Issuer shall effect all required filings in respect of the Issuer and file, record or enroll each Transaction Document required to be filed, recorded or enrolled with any court or other authority in Bangladesh and ensure that such required filings and such other filings, recordings or enrolments are at all times maintained in accordance with any applicable requirement of law or regulatory direction.

#### 6.2.15 Payments

The Issuer shall pay moneys payable by it to the Trustee under the Trust Deed without set off, counterclaim, deduction or withholding, unless otherwise compelled by law.

#### 6.2.16 Notices to Bondholders

The Issuer shall send or procure to be sent (not less than three days prior to the date of publication) to the Trustee, for the Trustee's approval, one copy of each notice to be given to the Bondholders in accordance with the Trust Deed including but not limited to notices required under clause 15 and not publish such notice without such approval and, upon publication, send to the Trustee two copies of such notice.

#### 6.2.17 Notification of Non-Payment

The Issuer shall use reasonable endeavors to procure that it notifies the Trustee forthwith in the event that it does not, on or before the due date for payment in respect of the Bonds of any Series receive unconditionally the full amount in the relevant currency of the monies payable on such due date;

#### 6.2.18 Notification of Late Payment

The Issuer shall forthwith give notice to the Bondholders through the Trustee of payments of any sum due in respect of the Bonds, made after their due date to the Trustee.

#### 6.2.19 Listing of Bonds in the Stock Exchanges

The Bonds will be, subject to consent of Bangladesh Securities and Exchange Commission (BSEC), be listed as per rules and regulations by BSEC.

#### 6.2.20 Notification of Tax Deduction the Issuer shall promptly give notice to the Trustee:

- (a) if it is required by law to effect a deduction or withholding of Tax in respect of any payment due in respect of any Bonds.
- (b) and in such cases take such action as may be required by the Trustee acting reasonable in respect thereof.

#### 6.3 Consolidation, Amalgamation or Merger

The Issuer will not consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any company or convey or transfer its properties and assets substantially as an entirety to any person (the consummation of any such event, a "Merger"), unless:

6.3.1 the company formed or incorporated by such Merger or the person that acquired such properties and assets shall expressly assume, by a supplemental trust deed, all obligations of the Issuer under the Trust Deed and the Bonds and the performance of every covenant and agreement applicable to it contained therein and to ensure that the holder of each Bond then outstanding will have the right to the new company.

6.3.2 immediately after giving effect to any such Merger, no Default or Event of Default shall have occurred or be continuing or would result therefrom; and

6.3.3 the company formed or incorporated by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, to indemnify each holder of a Bond against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to the payment of principal and interest on the Bonds.

6.4 In the event of the passing of an Extraordinary Resolution in accordance with Clause 20 in the Trust Deed, a modification, waiver or authorisation in accordance with Clause 21 in the Trust Deed the Issuer will procure that the Bondholders be notified in accordance with Clause 12.9 in the Trust Deed.

## **Section 7: Rights and Obligation of the Trustee**

### **7.1 Duties and Powers of the Trustee**

The Trustee has the following duties and-powers in connection with the Trust:

7.1.1 to hold the benefit of the covenants made by the Issuer in the Trust Deed and the Conditions on trust for the Bondholders;

7.1.2 to open such accounts as it deems necessary for discharging the functions of Trustee;

7.1.3 to keep the money and assets representing the Trust Property (including enforcement proceeds) and to deposit and withdraw such moneys and assets as may be required from time to time;

7.1.4 to undertake all such actions for the recoveries of any overdue in accordance with the provisions of the Trust Deed and to execute all such documents, deeds and papers and to do all acts in relation thereto;

7.1.5 to issue, manage and administer the Bonds in accordance with the terms of the Trust Deed and execute, acknowledge, confirm or endorse any agreements, documents, deeds, instruments and papers in connection therewith;

7.1.6 to call any meetings of the Bondholders in accordance with the provisions of the Trust Deed and the Bonds and to facilitate the proceedings of such meeting as it deems appropriate in accordance with the terms of the Trust Deed;

7.1.7 to implement, give effect to and facilitate the terms and conditions of the Bonds and such other documents, deeds and agreements in contemplation thereof;

7.1.8 upon instruction by the Bondholders upon occurrence of an Event of Default in accordance with this Trust Deed, to sell or otherwise dispose of the Trust Property and close any bank accounts that may have been opened in pursuance of the Trust Deed after distribution of amounts standing to their credit;

7.1.9 to take such action as may be appropriate for the protection of the interest of the Bondholders in accordance with the Trust Act, 1882 and the provisions of this Trust Deed; and

7.1.10 The Trustee shall have power to initiate negotiations with the respective parties for inclusion of any additional terms and conditions for the performance of the obligations under the Trust Deed for the protection of the interest of the Bondholders, and necessary amendments can then be made by way of mutual agreement; and

7.1.11 to perform all responsibilities of a trustee as required under the Rules or any other successive rules of the BSEC; and

7.1.12 to do all such other acts, deeds and things as may be necessary and incidental to the above objects unless such acts require the prior consent of the Beneficiaries in accordance with the Trust Deed.

### **7.2 Covenant to repay**

The Issuer covenants with the Trustee that it will, as and when any payment obligation with respect to the Bonds becomes due to be repaid in accordance with and subject to the terms and conditions of

the Bonds in the Trust Deed or any provision of the Trust Deed, unconditionally pay or procure to be paid to or to the order of the Trustee in Taka in freely transferable funds for value the relevant due date for payment on that date and shall (subject to any terms and conditions of the Bonds) until all such payments (both before and after judgment or other order) are duly made unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates provided for in the Trust Deed, or any of them outstanding from time to time as set out in the Trust Deed provided that:

7.2.1 every payment in respect of the Bonds or any of them made to or through the Paying Agent in the manner provided in the Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in this Clause except to the extent that there is default in the subsequent payment thereof to the Bondholders in accordance with the Trust Deed;

7.2.2 if any payment in respect of the Bonds or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the Bondholders or, if earlier, the third Business Day after notice by the Trustee to the Bondholders in accordance with the Trust Deed that the full amount has been received by the Paying Agent or the Trustee in the case of payment to the Paying Agent, to the extent that there is failure in the subsequent payment to the Bondholders under the Trust Deed; and

7.2.3 in any case where payment due in respect of any Bond is improperly withheld or refused upon due presentation of a Bond Certificate, payment shall accrue in accordance with Clause 15.3 on the whole or such part of such amount from the date of such withholding or refusal until the date either on which such amount due is paid to the Bondholders or, if earlier, the third Business Day after which notice by the Trustee is given to the Bondholders in accordance with the Trust Deed that the full amount payable in respect of the said principal amount is available for collection by the Bondholders provided that on further due presentation thereof such payment is in fact made.

The Trustee will hold the benefit of this covenant and the covenants in Clause 7 (Rights and Obligations of the Trustee) on trust for the Bondholders.

### 7.3 Terms of Appointment

#### 7.3.1 Reliance on Information

(a) **Advice:** The Trustee may in relation to the Trust Deed act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert and shall not be responsible for any Liability occasioned by so acting;

(b) **Certificate of directors or Authorised Signatories:** The Trustee, in the exercise of its functions, may call for and shall be at liberty to accept a certificate signed by two Authorised Signatories of the Issuer or other person duly authorised on their behalf as to any fact or matter prima facie within the knowledge of the Issuer, as the case may be, as sufficient evidence thereof and a like certificate to the effect that any particular dealing, transaction or step or thing is, in the opinion of the person so certifying, expedient as sufficient evidence that it is expedient and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by its failing so to do;

(c) **Resolution or direction of Bondholders:** The Trustee shall not be responsible for acting in good faith upon any resolution purporting to be a Written Resolution or to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed or a direction of a specified percentage of Bondholders, even though it may subsequently be found that there was some

defect in the constitution of the meeting or the passing of the resolution or the making of the directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the making of the directions was not valid or binding upon the Bondholders;

(d) Bondholders as a class: In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including without limitation any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Bondholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Bondholders whatever their number and in particular, but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities and discretions for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders;

(e) No obligation to monitor: The Trustee shall not be under any obligation to monitor or supervise the functions of any other person under the Bonds or any other agreement or document relating to the transactions herein or therein contemplated and shall be entitled, in the absence of actual knowledge of a breach of obligation, to assume that each such person is properly performing and complying with its obligations;

(f) Bonds held by the Issuer: In the absence of actual knowledge or express notice to the contrary, the Trustee may assume without enquiry (other than requesting a certificate of the Issuer), that no Bonds are for the time being held by or for the benefit of the Issuer or any of its Affiliates;

(g) Events of Default: The Trustee shall not be bound to give notice to any person of the execution of the Trust Deed or to take any steps to ascertain whether any Default or Event of Default has happened and, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Default or Event of Default has happened and that the Issuer is observing and performing all the obligations on its part contained in the Bonds and the Bond Documents and no event has happened as a consequence of which any of the Bonds may become repayable;

(h) Right to deduct or withhold for taxes: Deduction or withholding of tax will be as per prevailing laws of Bangladesh.

(i) No responsibility to investigate: The Trustee shall not have any responsibility for or have any duty to investigate except under any applicable laws or regulations:

(i) the execution, delivery, legality, validity, effectiveness, adequacy, genuineness, enforceability or admissibility in evidence of any Bond Document;

(ii) any recitals, statements, warranties, representations or covenants of any party to any Bond Document;

(iii) its ability to exercise the rights, trusts, powers, authorities or discretions purported to be conferred on it by any of the Bond Documents; or

(iv) the capacities, powers or credit standing of the Issuer or other party to any of the Bond Documents;

- (j) **Error of judgment:** The Trustee shall not be liable for any error of judgment made in good faith by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters;
- (k) **No responsibility for loss:** The Trustee shall not in any circumstances, except under any applicable laws or regulations:
- (i) be liable to account to any Bondholder or any other person for anything except sums actually received by the Trustee which have not been distributed or paid to the persons entitled or at the time of payment believed by the Trustee to be entitled thereto, or
- (ii) be liable to any Bondholder or any other person for any costs, charges, losses, damages, liabilities or expenses arising from or connected with any act, default, omission or misconduct of the Trustee, any Appointee or their respective officers, employees or agents in relation to the Bond Documents except to the extent that they shall have been finally judicially determined to have been caused by the Trustee's own gross negligence, willful default or fraud.
- (l) **Force Majeure:** The Trustee shall not be liable for any failure or delay in the performance of its obligations under the Trust Deed or any other Bond Document because of circumstances beyond such Trustee's control, including, without limitation, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, labor disputes, any laws, ordinances, regulations or the like which restrict or prohibit the performance of the obligations contemplated by the Trust Deed or any other Bond Document, and other causes beyond such Trustee's control whether or not of the same class or kind as specifically named above. However, the Trustee shall use commercially reasonable efforts consistent with accepted practice in its industry to resume performance as soon as practicable under the circumstances.
- (m) **Applicable Law:** Notwithstanding anything contained in the Trust Deed the Trustee shall have all such rights and powers granted to it under the applicable law including but is not limited to The Securities and Exchange Commission (Private Placement of Debt Securities) Rules 2012.
- (n) **Immunities:** The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under the Trust Deed shall extend to the Trustee's officers, directors and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of the Trust Deed and final payment of the Bonds but in any event will be subject to any gross negligence, willful default or fraud of which the Trustee or its officers, directors or employees may be guilty in relation to their duties under the Trust Deed. The Issuer acknowledges that in any proceedings taken in relation to the Trust Deed, it will not be entitled to claim for itself or any of its asset's immunity from suit, execution, attachment or other legal process.

#### **7.4 Trustee's Determination and Discretion**

**7.4.1 Trustee's determination:** The Trustee may determine whether or not a default in the performance or observance by the Issuer of any obligation under the provisions of any Bond Document or contained in the Bonds is capable of remedy and/or materially prejudicial to the interests of the Bondholders and if the Trustee certifies that any such default is, in its opinion, not capable of remedy and/or materially prejudicial to the interests of the Bondholders, such certificate shall be conclusive and binding upon the Issuer and the Bondholders provided however that the Trustee may



an 15 Business Days' notice of such proposed determination to the Bondholders in accordance with the Trust Deed, it has not, within 30 days of such notice being received by the Bondholders or a shorter period as may be agreed by the Bondholders in writing, been directed by an Extraordinary Resolution or Written Resolution instructing the Trustee as to the determination which shall be made;

7.4.2 Determination of questions: the Trustee as between itself and the Bondholders shall have full power to determine all the questions and doubts arising in relation to any of the provisions of the Trust Deed which in the opinion of the Trustee relates to matters and are bond specific matters ("Bond Specific Matters") and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders provided however that the Trustee may not exercise any powers conferred upon it by this Clause unless the Trustee having given not less than 15 Business Days' notice of such proposed determination to the Bondholders in accordance with the Trust Deed, it has not, within 30 days of such notice being received by the Bondholders or a shorter period as may be agreed by the Bondholders in writing, been directed by an Extraordinary Resolution or Written Resolution instructing the Trustee as to the determination which shall be made;

7.4.3 Trustee's discretion: the Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by this Trust Deed or by operation of law, have absolute discretion as to the exercise or non exercise thereof and the Trustee shall not be responsible for any Liability that may result from the exercise or non exercise thereof but whenever the Trustee is under the provisions of the Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing provided however that the Trustee may not exercise any discretion conferred upon it by this Clause unless the Trustee having given not less than 15 Business Days' notice of such exercise of discretion to the Bondholders in accordance with the Trust Deed, it has not, within 30 days of such notice being received by the Bondholders or a shorter period as may be agreed by the Bondholders in writing, been directed by an Extraordinary Resolution or Written Resolution instructing the Trustee as to how such discretion shall be exercised;

7.4.4 Trustee's consent: any consent given by the Trustee for the purposes of the Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require;

7.4.5 Application of Proceeds: the Trustee shall not be responsible for the receipt or application by the Issuer of the Proceeds of the issue of the Bonds or the delivery of any Bond Certificate to the persons entitled to it;

7.4.6 Delegation: the Trustee may, with the prior consent in writing of the Issuer, in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by the Trust Deed, act by responsible officers or a responsible officer for the time being of the Trustee and the Trustee may also whenever it thinks fit, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons (whether being a joint trustee of the Trust Deed or not) all or any of the trusts, powers, authorities and discretions vested in it by the Trust Deed and any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub delegate with the consent of the Trustee) as the Trustee may think fit in the interests of the Bondholders and, provided the Trustee shall have exercised reasonable care in the selection of any such Appointee and the Trustee shall not be bound to supervise the proceedings or

acts of and shall not in any way or to any extent be responsible for any Liabilities incurred by reason of the misconduct, omission or default on the part of such delegate or sub-delegate;

7.4.7 Agents: Subject to the provisions of the Trust Act 1882, the Trustee may, in the conduct of the trusts of the Trust Deed, with the prior consent in writing of the Issuer, instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee, as the case may (including the receipt and payment of money) and, provided that the Trustee shall have exercised reasonable care in the selection and appointment of any such agent(s), the Trustee shall not be responsible for any Liabilities incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person;

7.4.8 Custodians and nominees: the Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trust as the Trustee may determine, including for the purpose of depositing with a custodian the Trust Deed or any document relating to the trust created hereunder and, provided the Trustee shall have exercised reasonable care in the selection of any such Appointee, the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person; and

7.4.9 Confidential information: the Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder any confidential information (financial or otherwise) made available to the Trustee by the Issuer or any other person in connection with the Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information. The Trustee shall forward to the Bondholders any non-confidential information made available to the Trustee by the Issuer in connection with the Trust Deed.

## 7.5 Financial matters

7.5.1 Professional charges: any trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his partner or firm on matters arising in connection with the trusts of the Trust Deed and also his incurred charges in addition to disbursements for all other work and business done and all time spent by him or his partner or firm on matters arising in connection with the Trust Deed, including matters which might or should have been attended to in person by a trustee not being a banker, lawyer, broker or other professional person;

7.5.2 Expenditure by the Trustee: nothing contained in the Trust Deed shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment (if approved by the Issuer) of such funds or adequate indemnity against, or security for, such risk or liability is not assured to it; and

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**7.5.3 Restriction on financial transactions with the Issuer:**

The Trustee and its directors and officers shall be precluded from making any contracts or entering into any transactions ("Other Business") with the Issuer which would place its fiduciary duties towards the Bondholders in conflict with its rights and obligations in such Other Business.

**7.6 Trustee liable for gross negligence**

None of the provisions of the Trust Deed shall in any case in which the Trustee has failed to show the degree of care and diligence required by it as trustee, having regard to the provisions of the Trust Deed conferring on the Trustee any powers, authorities or discretions, relieve or indemnify the Trustee against any liability which by virtue of any rule of law would otherwise attach to it in respect of any gross negligence, willful default or fraud of which it may be guilty in relation to its duties under the Trust Deed.

**7.7 Exercise of Discretion**

**7.7.1** Notwithstanding anything in the Trust Deed to the contrary, the Trustee shall not be obliged to exercise or consider exercising any discretion or consider making or make any determination (including, without limitation, any determination as to whether any fact or circumstance or activity or thing is material or substantial or complies with some such similar quantitative standard) or to consider taking or take any action whatsoever in connection with or under or pursuant to the Bonds unless directed to do so by the holders of not less than 66 $\frac{2}{3}$  percent in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution.

**7.7.2** The Trustee will not be responsible for any loss, expense, damage, claim, cost, charge or liability which may be suffered as a result of any exercise or non-exercise of a discretion or the making or failure to make any determination or the taking or failure to take any action by the Trustee, acting on the directions of the Bondholders as aforesaid or pending the provision of such a direction.

**7.7.3** A certificate delivered in compliance with the Trust Deed of two Authorised Signatories of the Issuer or other person duly authorised on their behalf as to the compliance by the Issuer with any of their respective obligations contained in the Conditions or the Trust Deed shall be conclusive and binding on the Issuer, the Trustee and the Bondholders save in the case of manifest error, but without prejudice to the provisions of Clause 7.7.4 below.

**7.7.4** The Trustee shall have no responsibility for requesting such certificates unless the Issuer has failed to deliver such certificates in accordance with Clause 7.3 (Terms of Appointment) or the Trustee is requested to do so by any Bondholder. The Trustee shall be entitled to rely on such certificates absolutely and shall not be obliged to enquire further as regards the circumstances then existing and whether they justify the provision and the content of such certificate and will not be responsible for any loss occasioned by so acting. The Trustee shall be entitled to rely on any such certificates as sufficient evidence by the Issuer of such compliance (or non-compliance) and will not be responsible for or for investigating any matter relating to the financial condition of or any other matter relating to the Issuer.

**7.8 Events of Default**

The Events of Default for the purposes of the Bonds and the Trustee's rights, duties and obligations following such an Event of Default shall be as provided for in Clause 15.5.

#### 7.9 Modification and Waiver

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Clause 20) to, or the waiver or authorisation of any breach or proposed breach of, any terms of the Trust Deed which is not, materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds or the Trust Deed which, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. All amendments or supplements or modifications to the terms of the Trust Deed or any of the other transaction documents can be made only in writing signed by the Issuer and the Trustee. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modifications will be notified by the Trustee to the Bondholders as soon as practicable thereafter. However, no modification of the Features of the Bond mentioned in Clause 4.1 can be made without prior consent of the Bondholders unless required by law.

#### 7.10 Interests of Bondholders

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Clause 15.4(Taxation) in the Trust Deed and/or any undertakings given in addition thereto or in substitution therefore pursuant to the Trust Deed.

  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

## **Section 8: Rights and Obligation of the Eligible Investors**

8.1 Each investor (Bondholder) shall enter into a separate Subscription Agreement with the Issuer and shall be bound by the terms and conditions contained in such Subscription Agreement containing in details the rights and obligations of the investors, and which shall be an Integral part of the Trust Deed.

8.2 The obligations of the Bondholders under the Subscription Agreement and other agreements with identical terms are several and the failure by a Bondholder(s) to perform its obligations under the Bond Documents shall not affect the obligations of the Issuer towards any other Bondholder(s) under other identical agreements nor shall any other Bondholder(s) be liable for the failure by such Bondholder(s) to perform its obligations under the Subscription Agreement or any other Bond Document.

8.3 The rights of the Bondholder are several and any debt or other obligation arising under the Subscription Agreement at any time from the Issuer to any other Bondholder(s) shall be a separate and independent debt. Each Bondholder will be entitled to protect and enforce its individual rights independently of any other Bondholder and it shall not be necessary for any other Bondholder(s) to be joined as an additional party in proceedings for such purpose.

8.4 The Bondholders shall hold meetings with such power and scope and in the manner provided for in Clause 20 in the Trust Deed.

### **8.5 Undertaking to Issue**

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

### **8.6 Undertaking to Subscribe**

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

### **8.7 Investor Representations**

The Bondholder(s) will comply with all applicable laws and regulations of Bangladesh and each other jurisdiction in which it offers, sells or delivers Bonds or has in its possession or distributes any offering material, in all cases at its own expense.

### **8.8 Indemnity**

The Issuer shall fully indemnify the Bondholder(s) from and against any expense, loss, damage or liability which any of them may incur as per provisions of the Trust deed in connection with the enforcement, protection or preservation of any right or claim of the Bondholders under the Transaction Documents.

## 8.9 Closing

### 8.9.1 Subscription and Closing

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

(b) Investor Representation Letter: On the date indicated in the Subscription Agreement, the Bondholders will execute and deliver a letter addressed to the Issuer in the form attached as Compliance Certificate.

(c) Payment of net issue Proceeds: On each Closing Date, of the Bondholders shall pay the purchase price of Bonds to the Issuer in Bangladesh Taka in the manner provided for in the Subscription Agreement.

(d) Bond Certificates:

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

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

## 8.10 Termination

The Bondholders may give a termination notice to the Issuer at any time on or prior to the Closing Date if:

8.10.1 Breach of obligation: the Issuer fails to perform any of its obligations under the Subscription Agreement;

8.10.2 Failure of condition precedent: any of the conditions precedent is not satisfied or waived by the Bondholders on the Closing Date; or

8.10.3 Force majeure: since the date of the Subscription Agreement there has been (i) any material outbreak or escalation of hostilities involving Bangladesh or declaration by Bangladesh of a national emergency or war or other calamity or crisis or (ii) a material adverse change in economic, political or financial conditions or currency exchange rates or exchange controls in Bangladesh or international market, of such magnitude and severity in its effect on the financial markets as to make it impracticable or inadvisable to proceed with the offer, sale, distribution or delivery of the Bonds.

## 8.11 Consequences

Upon the giving of a termination notice under Clause 15.10 (Termination) in the Trust Deed and subject to the Subscription Agreement:

8.11.1 Discharge of Issuer: the Issuer shall be discharged from performance of its obligations under the Subscription Agreement except for the liability of the Issuer in relation to expenses related to the Bonds and except for any liability arising before or in relation to such termination; and



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**8.11.2 Discharge of Bondholder:** such Bondholder shall be discharged from performance of their respective obligations under the Subscription Agreement.

**8.12 Interests of the Bondholders**

The interests of the Bondholders shall be protected and preserved by the Trustee in the manner described in Clause 13.10 in the Trust Deed.

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**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

  
**Md. Mohiruzzaman**  
Managing Director  
IDLC Investments Limited

## **Section 9: Description of The City Bank Limited: The Issuer**

The City Bank Limited 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.

Over the years, City Bank has established itself as a leading private commercial bank in the country with proven leadership in Corporate Banking and growing focus on SME and Consumer businesses. CBL provides both conventional and Islamic banking products and services. The Bank offers a wide range of depository, loan and card products and a variety of services to cater to virtually every customer segment. From Student Banking to Priority Banking to AMEX credit card, City Bank has almost all banking products on offer. The product basket is rich in content featuring different types of Savings and Current Accounts, Personal Loans, Debit Cards, Credit Cards, Pre-paid Cards, Internet Banking, Corporate Banking, SME Banking, Investment Banking, Treasury & Syndication services etc.

City Bank is the first bank in Bangladesh to have issued Dual Currency Credit Card. The bank is a principal member of VISA International and it issues both Local Currency (Taka) & Foreign Currency (US Dollar) card limits in a single plastic. City Bank has launched American Express Credit Card and American Express Gold Credit card in November 2009. City Bank is the local caretaker of the brand and is responsible for all operations supporting the issuing of the new credit cards, including billing and accounting, customer service, credit management and charge authorizations, as well as marketing the cards in Bangladesh. City Bank also introduced exclusive privileges for the card members under the American Express Selects program in Bangladesh.

The Bank has 132 branches including 116 SME/Agri branches. The Bank had no overseas branches as at 30 September, 2020. Out of the above 132 branches, 1 branch is designated as Islamic Banking Branch complying with the rules of Islamic Shariah, the modus operandi of which is substantially different from other branches run on conventional basis. It has 343 ATMs. 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.

### **VISION**

**The Financial Supermarket with a Winning Culture Offering Enjoyable Experiences**

### **MISSION**

- Offer 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 leaders 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



## VALUES

- Result Driven
- Accountable & Transparent
- Courageous & Respectful
- Engaged & Inspired
- Focused on Customer Delight

## STRATEGIC PRIORITIES

- Making business strategy flexible to keep us on track for a sustainable growth.
- Having a strong customer focus and build relationships based on integrity, superior service and mutual benefit.
- Continuing to provide new products and services to customers with support of superior information technology platforms.
- Maintaining sound capital base to support growth.
- Ensuring responsible corporate governance through conformity with the law and by conducting all our actions honestly, responsibly and ethically.
- Pursuing balance sheet growth through selective lending and by offering value proposition.
- Leveraging balance sheet management through improved productivity, recovery and cost rationalization.
- Ensuring effective risk management for sustainable growth in shareholders' value.
- Improving quality of human resources by strengthening their competencies.
- Focusing on Corporate Social Responsibility (CSR);
- Ensuring City Bank brand is recognized as the 'Most Reputed Financial Institution Brand in Bangladesh'.
- Believing in zero tolerance compliance culture.

## CODE OF CONDUCT AND ETHICAL GUIDELINES

**COMPLIANCE OF LAWS:** All employees of The City Bank Limited are to follow and comply with the laws of the Bangladesh Bank and internal rules and regulations of the Bank.

**INTEGRITY OF RECORDS:** All employees are expected to maintain books and records with integrity and ensure accuracy and timeliness of all transactions. They should shore up the privacy of the customers' affairs. Employees also must not divulge the Bank's plans, methods and activities,

considered by the employer to be proprietary and classified as confidential. Moreover, employees are not expected to disclose such information without proper authorization.

**MISAPPROPRIATION OF ASSETS:** Any employee of the Bank shall not convert any funds and property which are not legitimately theirs to their own use and benefit nor deliberately assist another person in such exploitation.

**MONEY LAUNDERING:** Employees responsible for opening accounts are required to fulfill all formalities, i.e. fill in "Know Your Customers (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 of fund being used for money laundering to both internal management and Bangladesh Bank.

**CONFLICT OF INTEREST:** Employees must not use their position in the Bank for personal emolument or to obtain benefits for themselves together with members of their families or friends. Employees who are members of different schools' boards, society or recreational bodies should be aware of conflicts of interest and declare any such conflict.

**SPECULATION IN STOCKS:** Employees should not speculate/trade in stocks, shares, securities or commodities of any description nor be connected with the formation or management of a joint stock company.

**HONESTY AND INTEGRITY:** Our employees are expected to act honestly and with integrity at all times. They should act uprightly and equitably when 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 the customers of the Bank or persons having business interest with the Bank.

From energy to infrastructure to SME & Consumer financing, City Bank has been at the forefront of many pioneering initiatives and is recognized internationally by many reputed institutions. CBL was named the 'Best Bank in Bangladesh' for the year 2015 at Euromoney's Awards for Excellence for the second time. Global Finance, one of the world's leading financial publications, named CBL the 'Best Consumer Digital Bank in Bangladesh' for the second time in a row as well.

City Bank Limited has four subsidiaries named, The City Brokerage Limited, City Bank Capital Resources Limited and CBL Money Transfer SDN BHD.

#### **i. 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. Subsequently, the company obtained Broker and Dealer licenses from Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) in the same year. 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 Authorized Representatives) Rules, 2000.



City Brokerage limited offers full- fledged international standard brokerage service for retail and institutional clients and foreign clients. The Company is dedicated to offer high quality products and services at a competitive rate to its domestic and international clients.

Date of incorporation: 31 March, 2010
Date of Commencement: 15 November, 2010
Authorized Capital: BDT 5,000,000,000
Paid up Capital: BDT 3,400,000,000
Ownership Interest in Capital: 99.9963%

ii. 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 City Centre (Level-14), Unit ID:13D, 90/1 Motijheel C/A, Dhaka-1000, Bangladesh. CBCRL delivers a whole range of investment banking services including merchant banking activities such as issue management, underwriting, portfolio management and corporate advisory.

Date of incorporation: 17 August, 2009
Merchant Banking License: 06 December 2010
Authorized Capital: BDT 3,000,000,000
Paid up Capital: BDT 2,550,000,000
Ownership Interest in Capital: 99.9933%

iii. 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 2016 the Bank held 100% shares of CMTS.

Now CBLMT is offering remittance services for Bangladesh, Indonesia, Nepal, Philippines and Vietnam Corridors. Services catering to India, Pakistan, Sri Lanka and Australia corridors will start soon to provide further remittance services for all migrant workers working and living in Malaysia.

Incorporated in: Malaysia
Date of CBL Involvement: 11 January, 2019
Paid up Capital: RM 5,822,896
Ownership Interest in Capital: 100%

#### iv. City Hong Kong Limited

In 2019, City Bank set foot in Hong Kong, one of the major financial hubs of the world, with the establishment of its first offshore banking trade unit, City Hong Kong Limited (City HK). City HK is not only being positioned as an independent profitable unit for City Bank, but also as a major link between our operations in Bangladesh and new business opportunities in Hong Kong and China. City HK was established with the primary objective of enabling the bank to have its own international presence in one of the globe's major commercial hubs. Notably, Hong Kong possesses significant economic importance to Bangladesh's economy, as it is a major trade partner of Bangladesh. Further, many international retail chains located in the island state are major customers of several Bangladeshi RMG manufacturers. Also, China is emerging as a major economic power in the world order, and trade and business between China and Bangladesh is on a substantial upswing. These make Hong Kong an ideal region for City Bank to have a base. City HK is working to create a niche market within the local business community to facilitate international trade business through advising Letter of Credit (LC), handling documentary collection and even bill financing (discounting) against LC issued by City Bank along with other commercial banks in Bangladesh. Established with a relatively small capital, City HK is expected to increase its capital base through new business account acquisitions and stable profitability. In 2020, City HK will continue to increase its customer base and work on providing new financial solutions, thus extending the international network of City Bank in a multi-ethnic geography with substantial economic and trade prospects.

<p>Incorporated in: Hong Kong  Date of CBL Involvement: 4 April, 2013  Paid up Capital: HK\$ 6,000,000  Ownership Interest in Capital: 100%</p>
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#### 9.1 Capital Structure

The City Bank Limited, the Issuer of the Perpetual Bonds, is a private commercial bank and like other commercial banks its capital structure comprises shareholder's equity, deposits and other liabilities. As on September 30, 2020, CBL's consolidated total Shareholders' Equity and Liabilities stood at BDT 410,650.67 million. Significant parts (65.83%) of CBL's total capital Structure have been financed by deposits and other accounts.

Table 2: Sources of Issuer's Capital Structure

Particulars	September 30, 2020	
	BDT Million	% of Total Liability
<b>LIABILITIES</b>		
Tier-II subordinated bond	9,200.00	2.24%
Borrowings from other banks, FIs and agents	67,108.38	16.34%
Deposits and other accounts	270,351.81	65.83%
Other liabilities	36,642.93	8.92%



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<b>Total Liabilities</b>	<b>383,303.12</b>	<b>93.34%</b>
<b>CAPITAL/SHAREHOLDERS' EQUITY</b>		
Paid-up capital	10,163.87	2.48%
Statutory reserve	8,659.48	2.11%
Share Premium	1,504.39	0.37%
Dividend Equalization Reserve	530.79	0.13%
Other reserve	1,965.16	0.48%
Surplus in Profit and Loss account	4,523.75	1.10%
Non-controlling interest	0.112486	0.00%
<b>Total Shareholders' Equity</b>	<b>27,347.55</b>	<b>6.66%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>410,650.67</b>	<b>100.00%</b>

The Issuer maintains appropriate capital adequacy, which enables it to confront various risk factors its September be exposed to. The Total Capital of the bank was BDT 35,787.77 million as on 30 September, 2020 against the regulatory requirement of BDT 35,450.18 million. The total asset of the Issuer is BDT 410,650.67 million while the total risk-weighted asset is BDT 283,601.42 million.

**Table 3: Description of Issuer's Total Capital**

Particulars	September 30, 2020 BDT Million
Total Risk Weighted Assets	283,601.42
Core capital (Tier-I)	23,672.26
Supplementary capital (Tier-II)	12,115.51
<b>TOTAL CAPITAL</b>	<b>35,787.77</b>
Total Required Capital (12.50% of RWA)	35,450.18
Capital Surplus	337.59
Capital to Risk-weighted Asset Ratio	12.62%
Core capital to Risk Weighted Assets	8.35%
Leverage Ratio	4.79%

Issuer's total paid up capital stood at BDT 10163.87 million at the end of September 30, 2020 which was divided into 1,016,386,661 numbers of shares with a face value of BDT 10 per share.

**Table 4: Shareholding Structure of the Issuer**

Particulars	September 30, 2020	% of Holding
	Share Value (BDT mn)	
Sponsors & General Public	7,765.03	76.40%
Financial Institutions	2,398.83	23.60%
<b>Total</b>	<b>10,163.87</b>	<b>100.00%</b>

*m. Arif*  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*kl*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

## 9.2 Business

The principal business activities of the Bank are to provide a comprehensive range of financial services including commercial banking, consumer banking, trade services, SME, retail, custody and clearing services to its customers.

### Products & Services

#### i. Corporate Banking

City Bank is one of the key players in Bangladesh wholesale banking industry to offer the full scope of innovative, customized solutions and services. It has a unique business focus on enabling project financing, trade, investment and supply chain financing for clients. The Bank is committed to use its countrywide network to facilitate clients' growing trade and investment flows and supply chain financing needs across our business footprint.

**Working Capital Finance:** To meet customers' running capital requirements CBL offers the following products:

- Over Draft (OD)
- Guarantees and Bonds

**Trade Finance:** CBL offers export and import finance facilities for its customers depending on their requirements. CBL's trade finance service is a unity of funded and non-funded facilities:

- Export Finance Facility includes;
  - Back to Back L/C Opening
  - Export Bill Discounting (FDBP and IDBP)
- Import Finance Facility includes;
  - Loan Against Trust Receipt (LATR)
  - Term Loan
- Non-funded Trade Finance Facility includes;
  - L/C Opening (Sight & Deferred)
  - L/C Advising
  - L/C Transfer
  - Bank Guarantee
  - Secured Over Draft (SOD) in the form of SOD (general/export bill) and SOD (Others-work order, FDR, land, etc.)
  - Bank Guarantee in the form of Performance guarantee, Advance Payment Guarantee (APG), and
  - Bid bond, Inland Bill Purchase (IBP) includes mainly Government Security bills and bonds.
  - Foreign Bill Purchase (FBP) includes foreign drafts.

**Term Finance:** City Bank offers term financing for the businesses which require short- or medium-term financing.

- Short Term Financing includes:
  - Short Term Loan
  - Short Term Revolving Loan
- Mid Term Financing includes:
  - City Bank Term Loan

**Project Finance:** City Bank has been very active in providing project financing solutions. The Bank offers customized Term Loan or Lease to finance the fixed assets that a business needs (such as land, new premises, equipment and machinery). It can be a green field project or an expansion of an existing plant that may be financed at competitive floating rate of interest.

**CBL Offshore Banking:** CBL Offshore Banking services specially tailored for 100% foreign owned company, joint venture and locally owned company in Export Processing Zones (EPZ). It offers term finance, working capital finance and trade finance services in different modes. It also provides term finance facility to locally owned industrial units outside EPZ under some special conditions.

**Syndications & Structured Finance:** CBL is active in the Syndication market with professional team having expertise and wide market network for enabling its corporate clients to access large loans through cost efficient structures. CBL offers tailor made solutions to fit customers' business requirements. It also facilitates its peer group in closing their syndicated deals by co-arranging or by taking large exposures in both Greenfield and Brownfield projects.

## ii. Retail Banking

CBL offers various retail banking products to meet its customers' different needs.

- a) **Deposit Products:** CBL has designed various deposit accounts to service its customers' different needs. From a straight forward Savings account to Fixed Deposits, CBL always strives to offer the best value for its customers' money. Banking with CBL enables customers to priorities between flexibility, highest interest yield and convenience. Various deposit products offered by CBL are explained below;

### Transactional Account:

**General Savings Account:** General Savings Account is an easy-to-operate savings account that allows customers to issue cheques, draw Demand Drafts and withdraw cash.

**Current Account:** CBL's Current account is ideal for carrying out day-to-day business transactions. With the City Bank Current Account, customers can access to their accounts anytime, anywhere, pay using payable at par cheques or deposit cheque at any CBL bank branch.

**Savings Delight Account:** This is a premium savings account that maximizes client's saving with attractive interest rate which is calculated based on daily closing balance and credited to client's account on quarterly basis.

**High Value Savings Account:** High Value Savings Account is a unique kind of savings account which calculates interest on your daily balance and pays interest to client's account every month.

**New Born's Deposit Account:** New Born's Deposit Account is the account for parents who wish to open account in the name of their new born baby. The account comes up with a (mandatory) unique facility of Insurance Backed DPS, which helps the parents/legal guardian to save and raise fund for the new born baby's future.

**Seniors' Savings Account:** City Bank has brought Seniors' Savings Account for any Bangladeshi citizen aged 50 years or above.

**Student Savings Account:** City Bank has introduced savings account tailored specifically for students called "Student Savings Account- School Plan" and "Student Savings Account- College Plan" to help them develop the habit of saving up and making them financially responsible.

**RMG Worker's Account:** City Bank offers deposit product of savings nature for Readymade Garments workers.

**Basic Savings Account:** Basic Savings Account is a deposit account for small/ marginal/ landless/ natural disaster affected farmers and micro/ small traders who might need re-financing facility in future.

**Term Deposit:**

**General DPS Account:** General DPS Account holder receives a hefty sum at the end of the term against his/her monthly deposit of small installments.

**Insurance Backed DPS Account:** Insurance Backed DPS Account is a unique monthly deposit scheme that you open for your kids to safeguard their future against all uncertainties and risks. As a guardian of the child one can open this account which builds great & unmatched savings for the client over the years. Monthly installment deposit ranges from BDT 500 to BDT 10,000 with a flexible tenor of 5, 10, 15 and 20 years.

**Fixed Deposit:** CBL offers fixed deposit products with automatic renewal, overdraft facility etc. and that can be opened for the period of 1 month, 3 months, 6 months, 1 year, 2 years and 3 years.

**Monthly Interest Paying FD Account:** This product allows client to earn interest and enjoy interest every month that accrues in his/her fixed deposit account. It can be opened with flexible tenor of 1, 2, 3 and 5 years and client can avail loan facility on deposited amount.

**Foreign Currency Account**

**Foreign Currency Account:** It is a non-interest bearing checking account, comes up with attractive features and benefits which make foreign currency transactions more convenient.

**Non -Resident Bangladeshis (NRB),** Bangladeshi nationals, works with foreign/international organizations those operates in Bangladesh and paid their employees' salary in foreign currency, that foreign nationals residing in Bangladesh can open this account in the form of USD, GBP, EURO.

**Non-resident Foreign Currency Deposit (NFCD) Account:** NFCD Account is a term deposit account in the form of foreign currency guarantees interest on investment. Resident works with foreign/ international organization(s) those operate in Bangladesh and are paid their employees' salary in foreign currency. Bangladeshi origin dual nationalities residing abroad, Bangladeshi Nationals serving embassies/ High Commissions of Bangladesh in foreign countries can open this account in the form of USD, GBP, EURO with flexible tenors of 1, 3, 6 & 12 months.

**RFCD Account:** Resident Bangladeshi nationals can open a RFCD (Resident Foreign Currency Deposit) account with foreign currency brought in at the time of return from travel.

- b) **Loan Products:** CBL has a comprehensive selection of facilities to offer, from a simple personal loan, credit cards, auto loan and overdraft facilities to home loan. CBL strives to remain competitive and are committed to constantly reviewing both its lending policies and rates to ensure that customers get the best deals in town.

**Personal Loan:** CBL Personal Loan is simple, convenient and quick. Loan amount can be up to BDT 1,000,000 with flexible 12 to 60-month installment option for repayment.



**Auto Loan:** CBL Auto Loans are built for utmost speed and competence. CBL Auto Loan is available for financing both new and reconditioned cars. Loan Amount can be up to BDT 2,000,000.

**Home Loan:** CBL has a wide range of home loan options that can be customized to customer's specific need in purchasing a new house or a new apartment. Loan amount varies from BDT 300,000 to BDT 10,000,000.

**Partial Secured Loan:** City Double is a unique loan facility where one's fixed deposit in City Bank or in any other financial institution are allowed to avail two loans at the same time from CBL – one as overdraft (up to 95% of FD value) and other as an EMI loan (up to BDT 10 Lacs)

- c) **Card Products:** CBL has designed its card products with a lot of features like – convenient, instant line of credit, global recognition and acceptance, exclusive privileges and more. CBL's range of cards help the card holders to meet their financial objectives.

**CBL Credit Card:** City Bank offers both Visa Credit Card and American Express Credit Card. Revolving credit facilities are available with a payment of minimum amount. Card holders can avail the credit facilities up to 45 days without paying any interest from the date of purchase.

**CBL Debit Card:** City Visa and Master Card Debit cards can be used as an ATM card at any VISA and MasterCard ATM across the world, as well as for making purchases at merchant locations. CBL's Debit cards are extremely versatile and simple to use. It allows the card holders to pay directly from their bank account for purchases, without having to carry any cash.

### iii. Small and Medium Enterprise (SME) Loan

SMEs, the engine of growth in Bangladesh, are considered a priority sector as announced by Bangladesh Bank. CBL SME Banking has differentiated itself in the market in its business approach. CBL have designed a number of loan products to meet the needs which are explained below:

**City Muldhan:** City Muldhan loan is only for the SMEs that ranges from Tk. 500,000 to Tk. 40,00,000 at competitive interest rate with flexible security arrangement.

**City Sheba:** To facilitate different concerns engaged in service-related industry, City Bank offers a customized product naming City Bank Sheba.

**City Shulov:** It's a unique product to facilitate concerns engaged in manufacturing business. Loan amount ranges from Tk. 500,000 to Tk. 4,000,000 with flexible security arrangement.

**City Munafa:** "MUNAFa" is a terminating loan facility (EMI based) for working capital, fixed asset purchase, or any other business purpose. Bank would finance against net cash flow of the socio-economic entity derived from cash flow of any creditworthy business and secure the lending against lien of CBL fixed deposit amounting 50% of loan volume.

**City Nokshi:** City Bank has introduced City Nokshi as an exclusive SME financial facility for women entrepreneur.

**City Agro:** City Agro products are tailored for Agri businesses that includes City Khamar, City Jontropati, City Shossho and City Livestock.

#### iv. Islamic Banking

City Bank introduces City Manarah as its Islamic Banking wing. City Manarah is here to guide and manage finances in a fully Islamic Shariah Compliant way. It offers a wide variety of deposit and investment products such as Manarah Savings, Manarah Current, Manarah Term Deposit and Manarah Monthly Deposit Schemes. Each account is designed to meet client's financial needs with best value for his/her money.

**Deposit Products:** Manarah Current Account, Manarah Savings Account, Manarah Term Deposit Receipt, Manarah Monthly Deposit Scheme and Manarah Hajj Deposit Scheme

**Investment Products:** Manarah Personal Finance and Manarah Auto Finance

#### v. Treasury Services

CBL treasury offers sophisticated solutions supported by a large sales force and a state of the art dealing room in Bangladesh. Currently CBL covers Foreign Exchange, Fixed Income, Money Market, Corporate Sales etc.

**Money Market:** Money markets refer to raising and deploying short-term resources, with maturity of funds generally not exceeding one year. CBL money market is one of the most active and efficient desks in the interbank market of the country. The money market is sub-divided into Call Money, Term Money Market, SWAP, Repo & Reverse Repo etc.

**Call Money Market:** Interbank market is considered to be a risk-free market, though in reality, the banks do carry counterparty risk. However, for practical purposes, interbank market carries lowest risk, not only to sovereign risk; hence the interest rates prevailing in interbank market constitute "benchmark" rates. The call money rate as indicated by the overnight Dhaka Interbank Offered Rate is most widely accepted benchmark rate for corporate debt paper, as also for bank credit extended on floating rate basis.

**Foreign Exchange:** CBL's dynamic Corporate and institutional marketing teams provide up to date market intelligence, advice and timely execution of deals of its customers throughout the trading day including Spot Foreign Exchange, Forward Foreign Exchange, FX SWAP, Competitive Forex Rates for Remittances, Export and Import, Market outlook etc.

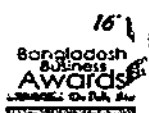
Best Bank in Bangladesh



Best Internet Bank in Bangladesh



Best Financial Institution in Bangladesh



Strongest Bank in Bangladesh



Global Marketing Award



Best Online Banking Initiative of the Year - Bangladesh



Best Corridor Collaboration



Domestic Retail Bank of the Year - Bangladesh



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The City Bank Limited

*KQ*  
**Md. Moniruzzaman**  
Managing Director  
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### 9.3 Business Analysis based on Consolidated Financials

#### i. Asset Size & Growth

CBL's total assets grew substantially during the last five years. At the end of September, 2020 total consolidated assets of CBL stood at BDT 410,650.67 million which is 15.04% higher than that of 31 December, 2019. From 2015 to September 2020 CBL's average growth of the asset is 14.02%.

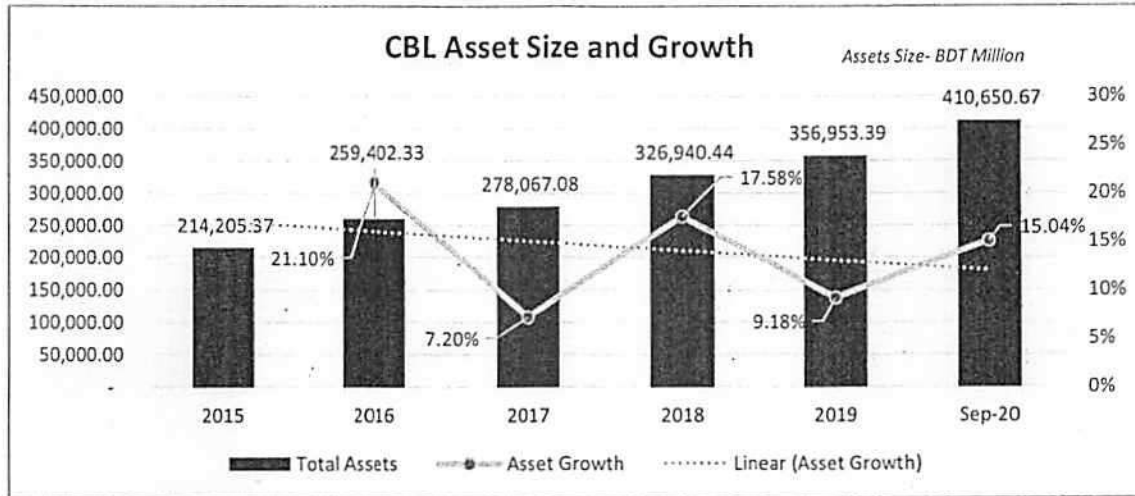


Figure 1: Issuer's Consolidated Total Assets Size & Growth

#### ii. Growth of Loan & Advances

At the end of September, 2020 total loans and advances of the Bank stood at BDT 297,498.49 million on consolidated basis which is 20.07% higher than that of 31 December, 2019. From 2015 to September 2020 CBL's average growth of the loans and advances is 15.92%.

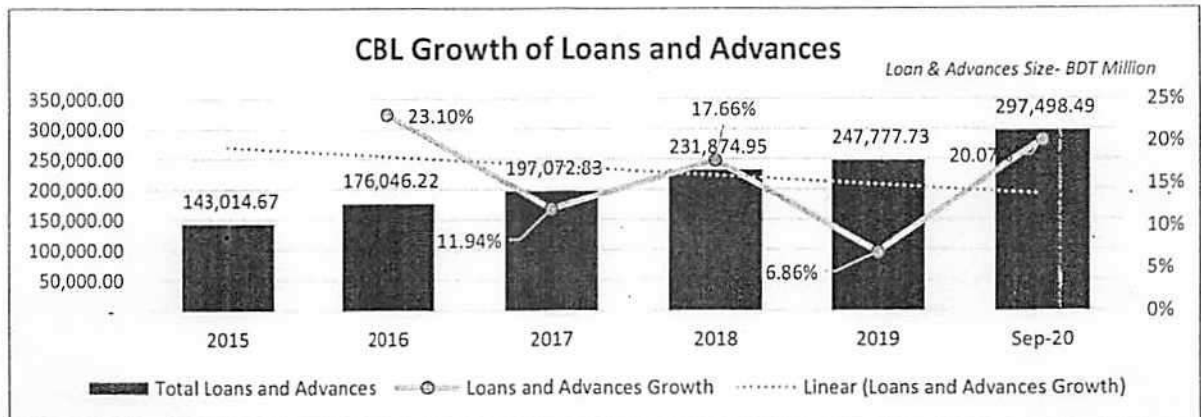


Figure 2: Issuer's Consolidated Loan and advances

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*Md. Moniruzzaman*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

### iii. Issuer's Liability Mix

CBL's total liabilities stood at BDT 383,303.12 million at the end of 30 September, 2020 registering 15.31% growth from its preceding year on 31 December 2019 (BDT 332,414.05 million). Deposits and other accounts occupied the lion's share of the pie with 70.53% share in CBL's total liabilities as on September 2020. Out of the total deposit and other accounts, fixed deposit was BDT 165,858.62 million with 43.27% share and followed by savings deposit with 14.65% share.

The borrowed fund from other banks, financial institutions & agents, which 17.51% of issuer's total liabilities, increased by 48.64% to BDT 67,108.38 million at the end of September, 2020 against BDT 45,147.50 million in previous year. Out of the total borrowed fund, 64.05% or BDT 42,986.02 million has been borrowed from local financial institutions in Bangladeshi Taka and the rest 35.95% or BDT 24,122.37 million has been borrowed through offshore banking unit (OBU) in foreign currency.

Table 5: Issuer's Liability Mix

Particulars	30-Sep-20		31-Dec-2019	
	BDT Mn	% of Total	BDT Mn	% of Total
<b>Borrowing from other Banks, FIs &amp; Agents</b>	<b>67,108.38</b>	<b>17.51%</b>	<b>45,147.50</b>	<b>13.58%</b>
In Bangladesh	42,986.02	64.05%	28,565.43	63.27%
Outside Bangladesh	24,122.37	35.95%	16,582.07	36.73%
<b>Deposits and Other Accounts</b>	<b>270,351.81</b>	<b>70.53%</b>	<b>246,440.70</b>	<b>74.14%</b>
Current Deposit & Other Accounts	46,129.14	12.03%	40,869.69	12.29%
Bills Payable	2,195.28	0.57%	1,884.10	0.57%
Savings Deposit	56,168.77	14.65%	46,367.25	13.95%
Fixed Deposit	165,858.62	43.27%	157,319.66	47.33%
<b>Other Liabilities</b>	<b>36,642.93</b>	<b>9.56%</b>	<b>31,625.85</b>	<b>9.51%</b>
<b>Subordinated Debt</b>	<b>9,200.00</b>	<b>2.40%</b>	<b>9,200.00</b>	<b>2.77%</b>
<b>Total Liabilities</b>	<b>383,303.12</b>		<b>332,414.05</b>	

CBL's deposits and other accounts grew by 9.70% at the end of September 2020 compared to its preceding year and stood at BDT 270,351.81 million. From 2015 to September 2020, the Issuer's total deposit grew at average rate of 13.70%.

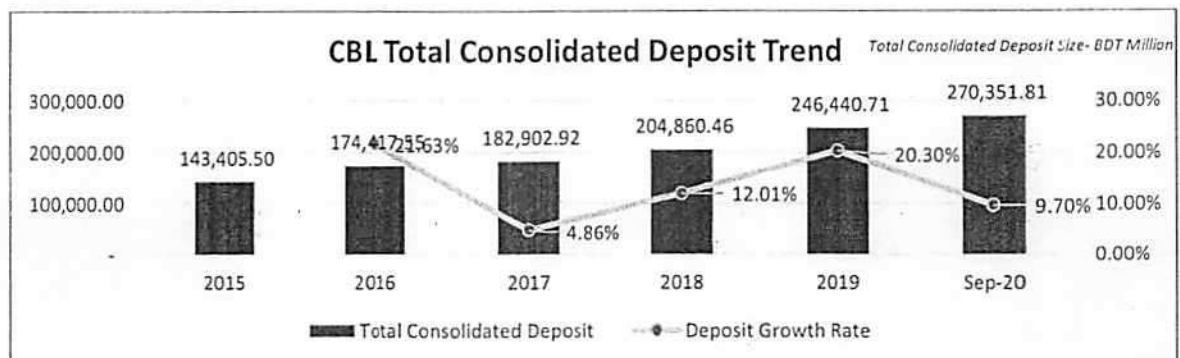


Figure 3: Issuer's Consolidated Deposit Size and Growth

During the period 2015-Sept, 2020, the Issuer experienced the highest growth (21.63%) in its deposits in 2016 which is followed by 20.30% growth in 2019.

**iv. Liquidity Position:**

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

CBL's liquidity policy is to carry a favorable mismatch in interest earning assets and interest-bearing liabilities in different buckets and fulfill the statutory requirements in relation to business as imposed by the regulator from time to time. Our liquidity remained at optimum level up to September 2020. The Assets and Liabilities Committee (ALCO) of the Issuer monitors and maintains a satisfactory trade-off between liquidity and profitability.

**Table 6: Maturity Profile of Issuer's Assets**

Particulars	30-Sep-20		2019		2018	
	Amount (BDT mn)	% of TA	Amount (BDT mn)	% of TA	Amount (BDT mn)	% of TA
Up to 1 months	64,780.08	15.77%	41,442.47	11.61%	44,414.20	13.58%
Over 1 month but within 3 months	47,141.12	11.48%	79,046.56	22.14%	64,758.46	19.81%
Over 3 months but within 1 year	131,192.30	31.95%	79,027.86	22.14%	77,776.06	23.79%
Over 1 year but within 5 years	114,941.45	27.99%	106,370.09	29.80%	78,559.16	24.03%
Over 5 years	52,595.72	12.81%	51,066.42	14.31%	61,432.56	18.79%
<b>Total Assets (TA)</b>	<b>410,650.67</b>		<b>356,953.39</b>		<b>326,940.44</b>	

At the end of September 2020, 59.20% (BDT 243,113.50 million) of the Issuer's total assets belongs to first three maturity buckets (up to 12 months) which is highly liquid. Assets within 1-5 years' maturity bucket hold the pie with 27.99% share of the Issuer's total assets. Only 12.81% of Issuer's total assets or BDT 52,595.72 million fell within the bucket of over five years.

**Table 7: Maturity Profile of Issuer's Liabilities**

Particulars	30-Sep-20		2019		2018	
	Amount (BDT mn)	% of TL	Amount (BDT mn)	% of TL	Amount (BDT mn)	% of TL
upto 1 months	49,431.23	12.90%	50,770.69	15.27%	50,703.22	16.79%
over 1 month but within 3 months	67,214.89	17.54%	64,317.24	19.35%	49,457.78	16.38%
over 3 months but within 1 year	149,559.95	39.02%	117,352.67	35.30%	94,003.53	31.12%
over 1 year but within 5 years	98,839.15	25.79%	69,793.25	21.00%	95,283.00	31.55%

over 5 years	18,257.91	4.76%	30,180.21	9.08%	12,575.62	4.16%
<b>Total Liabilities (TL)</b>	<b>383,303.12</b>		<b>332,414.05</b>		<b>302,023.15</b>	

At the end of September 2020, 69.45% (BDT 266,206.07 million) of the Issuer's total liabilities belongs to first three maturity buckets (up to 12 months). Only 25.79% of Issuer's total liabilities or BDT 98,839.15 million fell within the bucket of 1-5 years. Liabilities within maturity bucket of over five years hold the lowest pie with 4.76% share.

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Total assets (A)	64,780.08	47,141.12	131,192.30	114,941.45	52,595.72	410,650.67
Total liabilities (B)	49,431.23	67,214.89	149,559.95	98,839.15	18,257.91	383,303.12
Net liquidity gap (A - B)	15,348.85	(20,073.77)	(18,367.65)	16,102.30	34,337.82	27,347.55

At the end of September, 2020, negative volume of liquidity gaps was observed in the second and third maturity buckets. But total liquidity gap was positive.

The Issuer 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. CBL carefully analyses the lending propositions and makes sure follow up action is in place before disbursement of funds.

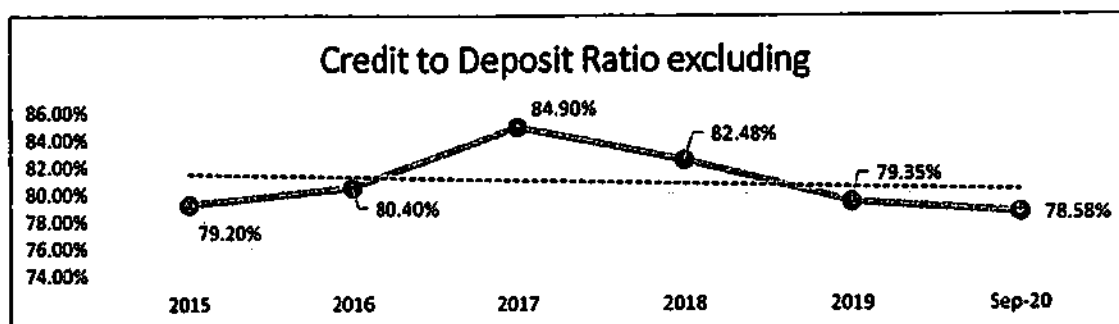


Figure 4: Issuer's Credit to Deposit Ratio for from 2015 to Sept 2020

The bank maintained a satisfactory liquidity position during the last year. The Issuer has maintained an average loan to deposit ratio of 80.82% from 2015 to September 2020 which indicates bank's prudent utilization of funds.

Table 8: Credit to Deposit Ratio

Particulars	30-Sep-20	31-Dec-2019
<b>a) Cash Reserve Requirement (CRR)</b>	<b>BDT mn</b>	<b>BDT mn</b>
Required reserve	11,258.31	14,517.29
Actual reserve maintained	15,270.99	17,749.95
Surplus	4,012.68	3,232.66
<b>b) Statutory Liquidity Ratio (SLR)</b>		
Required reserve	37,080.35	33,741.28
Actual reserve maintained	45,335.23	45,463.56
Surplus	8,254.88	11,722.28

CBL maintained Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) above the regulatory requirement. The Issuer maintained CRR amounting to BDT 15,270.99 million at on September 2020 (BDT 17,749.95 million in 2019) against required BDT 11,258.31 million (BDT 14,517.29 million in 2019). On the other hand, CBL maintained SLR amounting BDT 45,335.23 million at on September 2020 (BDT 45,463.56 million in 2019) against required BDT 37,080.35 million (2019 required: BDT 33,741.28 million).

**v. Capital Adequacy:**

City Bank Limited Maintained Risk Weighted Capital Adequacy Ratio above the regulatory requirement. Capital to Risk-weighted Asset Ratio (CRAR) of the Issuer at the end of September 2020 was 12.62%.

Table 9: Capital Adequacy Ratio of the issuer

Particulars	30-Sep-20	31-Dec-2019
	BDT mn	BDT mn
Tier - 1 (Core Capital)	23,672.26	20,931.10
Tier-2 (Supplementary Capital)	12,115.51	13,141.97
Total Eligible Capital	35,787.77	34,073.07
Total Risk Weighted Assets (RWA)	283,601.42	245,082.14
Capital to Risk-weighted Asset Ratio (CRAR)	12.62%	13.90%
Core Capital to RWA	8.35%	8.54%
Supplementary Capital to RWA	4.27%	5.36%
Minimum Capital Requirement (MCR)	35,450.18	30,635.27
Surplus	337.59	3,437.80
Leverage Ratio	4.79%	4.83%

Minimum capital requirement (MCR) of the Bank at the close of business as on 30 September 2020 was BDT 35,450.18 million as against available Capital of BDT 35,787.77 million (BDT 23,672.26 million core capital and BDT 12,115.51 million supplementary capital) hence, thereby showing a surplus capital of BDT 337.59 million.

**vi. Sources of Earnings:**

Earnings determine the ability of a bank to increase capital (through retained earnings), absorb loan losses, support the future growth of assets, and provide a return to investors. The largest source of income for the Issuer is net interest income (interest income from lending activity less interest paid on deposits and debt). The second most important source is income from Commission, Exchange, and Brokerage. The Issuer also generates significant income from investment in government and corporate securities.

CBL generates revenue from diversified sources, which is reflected in the bellow table. The Issuer generates revenue from interest income on loan and advances, income on investments, interest on balance with other banks and financial institutions, income from commission, brokerage etc.

As on 30 September 2020, total revenue of the Issuer increased to BDT 13,185.71 million registering decrease against BDT 13,802.64 million as on 30 September 2019.

Table 10: Earning mix of the issuer

Particular	30-Sep-20		30-Sep-19		Y to Y
	BDT mn	% of TR	BDT mn	% of TR	Growth
Net Interest Income	6,130.46	46.49%	8,103.18	58.71%	-24.34%
Income from Investments	3,133.07	23.76%	1,636.60	11.86%	91.44%
Commission, Exchange and Brokerage	2,828.30	21.45%	2,596.93	18.81%	8.91%
Other Operating Income	1,093.87	8.30%	1,465.93	10.62%	-25.38%
Total Revenue	13,185.71		13,802.64		

As on 30 September 2020, 46.49% of the Issuer's total revenue came from its core business i.e. net interest income on loans & advances and deposits kept with other banks & financial institutions. Net interest income as up to 30 September 2020, stood at BDT 6,130.46 million registering 24.34% decline from previous year (30 September 2019: interest income BDT 8,103.18 million).

Issuer experienced 91.44% growth in its income from investments. Income from investments stood at 3,133.07 million as on September 2020 and contributed 23.76% to Issuer's total operating income. Income from commission, exchange and brokerage increased to BDT 2,828.30 million registering 8.91% growth from the previous year of 30 September 2019. Other operating income increased to BDT 1,093.87 million by registering 25.38% decline from previous year of 30 September 2019.

**vii. Operational Performance:**

The Issuer's net interest income (NII) registered to decline to an amount at BDT 10,911.22 million as on September 2020 against at BDT 10,911.22 million in previous year end 31 December 2019.

Table 11: Issuer's Operational Performance

Particulars	30-Sep-20	2019	2018	2017	2016	2015
Net Interest Income	6,130.46	10,911.22	9,230.16	7,539.26	6,511.19	5,405.33
Total Operating Income	13,185.71	18,982.96	16,656.37	15,188.92	14,888.67	13,086.57
Total Operating Expenses	7,937.02	10,374.79	9,661.92	8,386.95	7,108.68	6,317.91
Profit Before Provision	5,248.69	8,608.17	6,994.46	6,801.98	7,779.99	6,768.66
Total Provision	288.86	2,601.77	2,311.28	1,687.89	2,146.99	2,206.87
Profit Before Tax	4,959.83	6,006.39	4,683.17	5,114.08	5,633.01	4,561.79
Net Profit After Tax	3,085.28	2,635.16	2,224.73	3,458.68	4,062.73	3,593.14

**viii. Diversification of Business:**

CBL's exposure to loans and advances increased to BDT 296,471.63 million as on 30 September 2020 from BDT 246,943.65 million in previous year registering a 20.06% growth from year end 31 December 2019. CBL's credit portfolio comprises of different sectors like agriculture, RMG, textile, ship building, ship breaking, construction, SME, power, transport & communication, real estate and many more.



Table 12: Sector Wise Loans and Advances

Particulars	30-Sep-20		31-Dec-2019		Y to Y Growth
	BDT mn	% of total	BDT mn	% of total	
Readymade garments industry	50,181.64	16.93%	42,122.67	17.06%	19.13%
Consumer credit	39,475.58	13.32%	38,438.33	15.57%	2.70%
Trade service	34,078.91	11.49%	26,755.78	10.83%	27.37%
Other manufacturing industry	33,526.65	11.31%	24,751.38	10.02%	35.45%
Energy and power industry	32,598.45	11.00%	22,592.15	9.15%	44.29%
Agri & micro-credit through NGO	19,208.02	6.48%	10,870.13	4.40%	76.70%
Steel industry	18,525.13	6.25%	17,237.62	6.98%	7.47%
Real estate financing	12,599.99	4.25%	12,165.49	4.93%	3.57%
Textile & spinning mills	11,617.88	3.92%	9,710.07	3.93%	19.65%
Pharmaceuticals industry	8,463.04	2.85%	7,473.69	3.03%	13.24%
Assembling industry	7,034.21	2.37%	9,032.72	3.66%	-22.13%
Edible oil and food processing	6,763.27	2.28%	6,893.98	2.79%	-1.90%
Service industry	6,704.70	2.26%	5,344.29	2.16%	25.46%
Construction	3,610.30	1.22%	2,052.88	0.83%	75.87%
Others	6,353.78	2.14%	4,760.48	1.93%	33.47%
Transport, storage & communication	3,257.83	1.10%	3,425.67	1.39%	-4.90%
Ship breaking & building	1,296.52	0.44%	1,316.20	0.53%	-1.49%
Chemical industry	717.03	0.24%	1648.106386	0.67%	-56.49%
Hospitals	458.68	0.15%	352.03	0.14%	30.29%
<b>Total Amount</b>	<b>296,471.63</b>	<b>100.00%</b>	<b>246,943.65</b>	<b>100.00%</b>	

ix. Asset Quality:

CBL's total assets increased from BDT 356,953.39 million to BDT 410,650.67 million as on 30 September 2020 registering a significant growth over the last year. As on 30 September 2020, loan & advances represents the highest part of total assets with 72.45% share, an increase from the 69.41% share in 2019, registering a 20.07% growth.

Table 13: Composition of Total Assets

Types of Assets	30-Sep-20		31-Dec-2019		Growth
	BDT mn	% of TA	BDT mn	% of TA	
Cash	27,980.53	6.81%	25,912.65	7.26%	7.98%
Balance with Other Banks & FIs	22,058.34	5.37%	23,445.48	6.57%	-5.92%
Money at Call and Short Notice	89.38	0.02%	89.38	0.03%	0.00%
Investments	44,044.11	10.73%	43,648.65	12.23%	0.91%
Loans and Advances	297,498.49	72.45%	247,777.73	69.41%	20.07%
Fixed Asset incl. Premises, Furniture & Fixture	6,268.06	1.53%	6,299.25	1.76%	-0.50%
Other Assets	11,624.81	2.83%	8627.91	2.42%	34.73%
Non-banking Assets	1,086.96	0.26%	1,152.34	0.32%	-5.67%
<b>Total Assets</b>	<b>410,650.67</b>		<b>356,953.39</b>		

Investment in government securities, shares and bonds which contributed 10.73% of total assets as on 30 September 2020. Cash & cash equivalent increased to BDT 27,980.53 million representing 7.98% growth than the previous year.

Table 14: Nature of Secured Assets

Nature of Secured Asset	30-Sep-20		31-Dec-2019	
	BDT mn	% of Total	BDT mn	% of Total
Collateral of movable/immovable assets	209,823.46	70.77%	178,055.48	72.10%
Local banks and FIs guarantee	1,856.57	0.63%	2,738.89	1.11%
Export documents	22,139.73	7.47%	16,261.86	6.59%
Fixed Deposit Receipts (FDR)	6,193.84	2.09%	4,156.12	1.68%
Government guarantee	-	-	-	-
Personal guarantee	19,280.91	6.50%	19,407.57	7.86%
Other securities	37,177.11	12.54%	26,323.73	10.66%
<b>Total Loan &amp; Advances (L&amp;A)</b>	<b>296,471.63</b>	<b>100.00%</b>	<b>246,943.65</b>	<b>100.00%</b>

Significant part (70.77%) of Issuer's loan and advance as on 30 September 2020 has been covered by collateral of movable or immovable assets. BDT 6,193.84 million or 2.09% of total loan and advances is backed by FDR. BDT 19,280.91 million (6.50% of total loan and advances) is backed by personal guarantee.

Table 15: Classification of Loans and Advances

Particulars	30-Sep-20		31-Dec-2019	
	BDT mn	% of L & A	BDT mn	% of L & A
Standard including staff loan	283,211.32	95.53%	230,553.67	93.36%
Special Mention Account (SMA)	742.849408	0.25%	2,145.81	0.87%
<b>Unclassified Loans and Advances</b>	<b>283,954.17</b>	<b>95.78%</b>	<b>232,699.48</b>	<b>94.23%</b>
Substandard	1,527.81	0.52%	2,513.07	1.02%
Doubtful	1,404.08	0.47%	652.15	0.26%
Bad & Loss	9,585.57	3.23%	11,078.95	4.49%
<b>Classified Loans &amp; Advances</b>	<b>12,517.46</b>	<b>4.22%</b>	<b>14,244.17</b>	<b>5.77%</b>
<b>Total Loan &amp; Advances (L &amp; A)</b>	<b>296,471.63</b>		<b>246,943.65</b>	

More than 90% of CBL's total loan and advances is categorized as unclassified as on 30 September 2020. CBL's classified loans and advances has also been increased and it is 4.22% of total loan and advances.

*m. Arif*  
**MASHEUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*MD*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

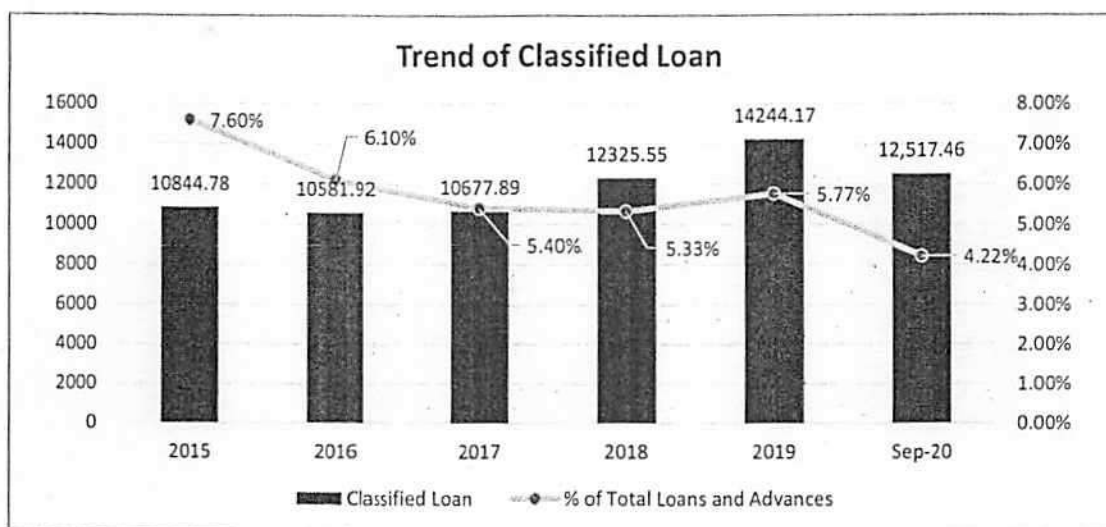


Figure 5: Trend of Classified Loan

Over these periods, CBL's highest NPL was 7.60% in 2015 and lowest NPL was 4.22% at the end of September 2020. High NPLs in 2015 are largely attributed to capital market turmoil, political unrest, slowdown in real estate sector and ship building industry and obviously the revised stringent loan provisioning rules of Bangladesh Bank.

x. **Off-balance Sheet Exposure:**

CBL's total off-balance sheet exposure increased by 10.29% from its preceding year and stood at BDT 130,586.12 million. This surge in off-balance sheet exposure is largely due to the acceleration in economic activities especially USD endorsements business of the country.

Table 16: Classification of Loans and Advances

Contingent Liabilities	30-Sep-20		31-Dec-2019		Growth
	BDT mn	% of Total	BDT mn	% of Total	
Acceptances and endorsements	46,468.14	35.58%	51,796.24	43.75%	-10.29%
Letters of guarantee	14,944.46	11.44%	11,763.75	9.94%	27.04%
Irrevocable letters of credit	31,389.74	24.04%	29,545.45	24.95%	6.24%
Bills for collection	10,071.23	7.71%	7,915.16	6.69%	27.24%
Other contingent liabilities for ECA financing	11,591.05	8.88%	12,152.92	10.26%	-4.62%
Other commitments	16,121.49	12.35%	5,224.69	4.41%	208.56%
<b>Total Off-Balance Sheet Items</b>	<b>130,586.12</b>		<b>118,398.21</b>		<b>10.29%</b>

CBL's off-balance sheet exposure comprises of acceptances and endorsements, letter of guarantee, irrevocable letter of credit, and bills for collections. All of them except letter of guarantee, Acceptances and endorsements & Other Commitments increased to a significant extent from previous year. Letter of Guarantee, which accounts for 11.44% of total CBL's off-balance sheet items. Acceptances and endorsements & Other Commitments decreased to 35.58%, and 12.35% rate respectively from its previous year.

M. AREFIN  
MASHRUR AREFIN  
Managing Director & CEO  
The City Bank Limited

Md. Moniruzzaman  
Managing Director  
IDLC Investments Limited

#### 9.4 Profile of Directors

##### **Mr. Aziz Al Kaiser** **Chairman**

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

##### **Hossain Khaled** **Vice Chairman**

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

##### **Mr. Hossain Mehmood** **Director**

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

##### **Rafiqul Islam Khan** **Director**

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

##### **Rajibul Huq Chowdhury** **Director**

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

##### **Tabassum Kaiser** **Director**

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

**Syeda Shaireen Aziz**  
Director

Mrs. Aziz, Director of the Bank, joined the Board on April 30, 2012. At present, she is also serving as Director in various companies like Partex Corp. Ltd., Sattar Glass Factory Limited etc. Mrs. Aziz completed her graduation in Business Administration.

**Mrs. Savera H. Mahmood**  
Director

Mrs. Savera H. Mahmood joined the Bank's Board on July 21, 2016. She is also the Director of Partex Star Group and the Managing Director of Partex Agro Ltd. She holds a Master's Degree in Social Studies from University of Chittagong.

**Dr. Selim Mahmud**  
Independent Director

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

**Farooq Sobhan**  
Independent Director

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

**Mashrur Arefin**  
Managing Director & CEO

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

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### 9.5 Management Profile

CBL's Top Management consists of the following officials:

Name	Designation
Mashrur Arefin	Managing Director and CEO
Sheikh Mohammad Maroof	Additional Managing Director, Head of Wholesale Banking & Head of SME – Small and Micro Finance
Md Abdul Wadud	Deputy Managing Director, Head of Commercial & Medium Business
Md. Mahbubur Rahman	Deputy Managing Director & Chief Financial Officer
Mahia Juned	Deputy Managing Director & Chief Operating Officer
Nurulla Chaudhury	Deputy Managing Director, Head of Corporate Banking
Zabid Iqbal	Chief Risk Officer
A K M Saif Ullah Kowchar	Head of Internal Control & Compliance
Mesbaul Asif Siddiqui	Head of Credit Risk Management
Faruk Ahmed	Head of Trade Services
Mohammed Anisur Rahman	Head of IT
Md. Arup Haider	Head of Retail Banking
Kamrul Mehedi	Head of Small Business
Nishat Anwar	Head of Human Resources
Md Ashanur Rahman	Chief Economist & Country Business Manager
Md Kafi Khan	Company Secretary
Md. Safiul Amin	Head of Branches
Muhammed Shah Alam	Head of Treasury
Md. Zafrul Hasan	Head of Digital Financial Services

### 9.6 Description of Encumbered and Unencumbered Assets with Value thereof

#### i. Encumbered Assets

As at September 30, 2020 encumbered asset of City Bank Limited was BDT 531.41 million.

#### ii. Unencumbered Assets

As of September 30, 2020, unencumbered asset of City Bank Limited was BDT 406,085.29 million.

### 9.7 Description of Assets and Liabilities (Consolidated)

#### i. Description of Assets

Since City Bank Limited is a commercial bank, most of its assets are financial assets like loans & advances, bills discounted, government treasury securities, debt and equity securities issued by corporates, etc. while loans & advances comprises the lion-share of the bank's total assets. As of

30 September, 2020, total assets of CBL stood at BDT 410,650.67 million. Details breakdown of total assets are given below:

Table 17: Description of Assets

Types of Assets	30 September 2020 BDT mn
Cash	27,980.53
Balance with Other Banks & FIs	22,058.34
Money at Call and Short Notice	89.38
Investments	44,044.11
Loans and Advances	297,498.49
Fixed Asset incl. Premises, Furniture & Fixture	6,268.06
Other Assets	11,624.81
Non-banking Assets	1,086.96
<b>Total Assets</b>	<b>410,650.67</b>

ii. Cash:

CBL's Cash & Cash equivalents as of September 30, 2020 stood at BDT 27,980.53 million. Out of total, BDT 21,886.96 million was kept with Bangladesh Bank and its agent banks.

Table 18: Description of Cash

Particulars	Amount in BDT Mn as on 30 September 2020
<b>Cash in Hand</b>	
The City Bank Limited	6,091.90
City Brokerage Limited	0.08
City Bank Capital Resources Limited	0.12
CBL Money Transfer Sdn. Bhd.	1.47
<b>Total Amount</b>	<b>6,093.57</b>
<b>Balance with Bangladesh Bank and its agent bank(s)</b>	
Local currency	15,114.88
Foreign currency	6,164.33
Sonali Bank Limited as agent of Bangladesh Bank (local currency)	607.75
<b>Total</b>	<b>21,886.96</b>
<b>Total Cash</b>	<b>27,980.53</b>

iii. Balance with Other Banks & Financial Institutions:

CBL's total Balance with other banks and financial institutions stood at BDT 22,058.34 million as of September 30, 2020.

  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

Table 19: Description of Balance with other Banks & FIs

Particulars	Amount in BDT Mn as on 30 September 2020
<b>In Bangladesh</b>	
The City Bank Limited	18,719.06
City Brokerage Limited	676.10
City Bank Capital Resources Limited	526.20
<b>Total Amount</b>	<b>19,921.36</b>
<b>Mutual indebtedness:</b>	
Deposit with The City Bank Limited - City Brokerage Limited	(499.88)
Deposit with The City Bank Limited - City Bank Capital Resources Limited	(368.52)
Adjustments for Consolidation - City Brokerage Limited	(10.68)
<b>Total Amount</b>	<b>(879.08)</b>
<b>Total in Bangladesh</b>	<b>19,042.28</b>
<b>Outside Bangladesh</b>	
The City Bank Limited	2,965.46
CBL Money Transfer Sdn. Bhd.	42.01
City Hong Kong Limited	8.59
<b>Total outside Bangladesh</b>	<b>3,016.06</b>
<b>Grand total</b>	<b>22,058.34</b>

iv. Money at Call on Short Notice

CBL has lent BDT 89.38 million to ICB Islamic Bank Limited at call and short notice as of September 30, 2020.

Table 20: Money at Call on Short Notice

Particulars	30 September 2020	
	BDT mn	% of Total
Banking Sector	89.38	100%
Non - Banking financial Institutions	-	-
<b>Total Money at Call on Short Notice</b>	<b>89.38</b>	

v. Investments

CBL's total investment as of September 30, 2020 was BDT 44,044.11 million. Below table has the breakdown of the investment:

Table 21: Description of Investments

Particulars	Amount in BDT Mn as on 30 September 2020
<b>Government securities</b>	
The City Bank Limited	35,177.77
<b>Total Amount</b>	<b>35,177.77</b>
<b>Others</b>	
The City Bank Limited	3,863.57



City Brokerage Limited	2,655.63
City Bank Capital Resources Limited	2,347.14
<b>Total Amount</b>	<b>8,866.34</b>
<b>Grand Total</b>	<b>44,044.11</b>

vi. Loans and Advances

As of September 30, 2020, total loans and advances of the Issuer stood at BDT 297,498.49 million, breakdown is given below:

Table 22: Description of Loans/investment, cash credits, overdrafts

Particulars	Amount in BDT Mn as on 30 September 2020
<b>Loans/Investments, cash credits, overdrafts, etc.</b>	
The City Bank Limited	294,615.06
City Brokerage Limited	1,214.70
City Bank Capital Resources Limited	710.91
<b>Total Amount</b>	<b>296,540.66</b>
<b>Mutual indebtedness:</b>	
Loan from The City Bank Limited - City Brokerage Limited	(814.00)
Loan from The City Bank Limited - CBL Money Transfer Sdn. Bhd.	(98.60)
Loan from The City Bank Limited - City Hong Kong Limited	(118.33)
<b>Total Mutual Indebtedness Amount</b>	<b>(1,030.93)</b>
<b>Total Amount</b>	<b>295,509.73</b>
<b>Bills purchased and discounted</b>	
The City Bank Limited	1,856.57
City Hong Kong Limited	132.19
<b>Total Amount</b>	<b>1,988.76</b>
<b>Grand Total</b>	<b>297,498.49</b>

vii. Fixed Assets

CBL's fixed assets include land, buildings, machineries & equipment and furniture and fixtures among others. As of As of September 30, 2020, CBL's total net fixed assets stood at BDT 6,268.06 million.

Table 23: Description of Fixed Assets

Particulars	Amount in BDT Mn as on 30 September 2020
The City Bank Limited	5,635.48
City Brokerage Limited	335.45
City Bank Capital Resources Limited	736.10
CBL Money Transfer Sdn. Bhd.	26.52
City Hong Kong Limited	4.46
<b>Total Amount</b>	<b>6,738.01</b>
Inter-company transactions	

City Bank Capital Resources Limited with The City Bank Limited	(276.81)
City Brokerage Limited with The City Bank Limited	(193.14)
<b>Grand Total</b>	<b>6,268.06</b>

viii. Other Assets

CBL's other assets include investments in subsidiary companies, interest/profit receivables, security deposit, suspense account among others. Total other assets of the Bank as of September 30, 2020 stood at BDT 11,624.81 million on consolidated basis.

Table 24: Description of Other Assets

Particulars	Amount in BDT Mn as on 30 September 2020
<b>A. The City Bank Limited</b>	
Investment in subsidiaries	6,116.68
Interest income receivable	1,532.60
Advance payment of tax	3,932.42
Accounts receivables	1,703.17
Deferred tax assets	501.39
Receivable from CBL Money Transfer	315.12
Prepaid expenses	193.03
Intangible assets	192.36
Advance against rent and advertisement	66.35
Security deposits	49.91
Stationery and stamps	18.68
Protested bill	5.84
Receivable from City Bank Capital Resources Limited	0.12
Receivable from City Brokerage Limited	0.87
Branch adjustment account	0.00
<b>Total</b>	<b>14,628.54</b>
<b>B. City Brokerage Limited</b>	<b>340.83</b>
<b>C. City Bank Capital Resources Limited</b>	<b>214.67</b>
<b>D. CBL Money Transfer Sdn. Bhd.</b>	<b>3,008.08</b>
<b>E. City Hong Kong Limited</b>	<b>1.67</b>
<b>F. Goodwill arising on investment in subsidiaries</b>	<b>34.99</b>
<b>G. Mutual indebtedness</b>	<b>(6,603.97)</b>
<b>Total Consolidated other assets</b>	<b>11,624.81</b>

ix. Description of Liabilities

As of September 30, 2020, consolidated total liabilities of City Bank Limited stood at BDT 383,303.12 million. Details breakdown of total liabilities are given below:

  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

Table 25: Description of Liabilities

Particulars	30 September 2020 BDT in million
Borrowings from other banks, financial institutions and agents	67,108.38
Deposits and other accounts	270,351.81
Tier-II subordinated bond	9,200.00
Other liabilities	36,642.93
<b>Total Liabilities</b>	<b>383,303.12</b>

x. **Borrowing from other Banks, Financial Institutions & Agents**

CBL's borrowing from other banks, financial institutions & agents stood at BDT 67,108.38 million as of September 30, 2020.

Table 26: Description of Borrowings from other banks, FIs and Agents

Particulars	September 30, 2020 BDT in million
<b>A. The City Bank Limited</b>	<b>66,169.46</b>
In Bangladesh	42,019.61
Outside Bangladesh	24,149.85
<b>B. City Brokerage Limited</b>	<b>1,171.55</b>
<b>C. City Bank Capital Resources Limited</b>	<b>608.86</b>
<b>D. CBL Money Transfer Sdn. Bhd.</b>	<b>72.36</b>
<b>E. City Hong Kong Limited</b>	<b>117.09</b>
<b>F. Mutual indebtedness:</b>	
Loan from The City Bank Limited-City Brokerage Limited	(814.00)
Loan from The City Bank Limited- CBL Money Transfer Sdn. Bhd.	(98.60)
Loan from The City Bank Limited- City Hong Kong Limited	(118.33)
<b>Consolidated borrowings from other banks, FIs and agents (A+B+C+D+E+F)</b>	<b>67,108.38</b>

xi. **Deposits and Other Accounts**

Given the nature of its business, CBL's major liabilities come in the form deposits and other accounts. As of September 30, 2020, CBL's total deposits & other accounts stood at BDT 270,351.81 million.

Table 27: Description of Deposits and Other Accounts

Particulars	Amount in BDT Mn as on 30 September, 2020
The City Bank Limited	270,806.03
City Brokerage Limited	321.72
City Bank Capital Resources Limited	269.76
CBL Money Transfer Sdn. Bhd.	0.00

City Hong Kong Limited	0.59
Inter-company indebtedness	(1,046.29)
Adjustments for Consolidation - City Brokerage Limited	-
Adjustments for Consolidation - City Bank Capital Resources Limited	-
<b>Grand Total</b>	<b>270,351.81</b>

**xii. Other Liabilities**

CBL's other liabilities include various provisions including provision for classified and unclassified loans & advances, provision for off-balance sheet exposure, provision for income tax and others. As of September 30, 2020, CBL's other liabilities stood at BDT 36,642.93 million.

**Table 28: Description of Other Liabilities**

Particulars	September 30, 2020 BDT in million
<b>A. The City Bank Limited (CBL)</b>	<b>33,253.28</b>
Provision for loans and advances/investments	10,316.50
Interest and other expenses payable	8,408.02
Provision for income tax	5,333.27
Interest suspense account	3,255.67
Lease liabilities	1,757.56
Others	1,923.37
Provision for outstanding off-balance sheet exposures	1,123.90
Other provision	603.21
Provision for non-banking assets	523.08
Provision for nostro account	8.69
<b>B. City Brokerage Limited</b>	<b>656.79</b>
<b>C. City Bank Capital Resources Limited</b>	<b>186.79</b>
<b>D. CBL Money Transfer Sdn. Bhd.</b>	<b>2,863.69</b>
<b>E. City Hong Kong Limited</b>	<b>2.46</b>
<b>E. Mutual indebtedness:</b>	<b>(320.07)</b>
Payable to City Bank Limited - City Brokerage Limited	(2.74)
Payable to City Bank Limited - City Bank Capital Resources Limited	(2.22)
Payable to City Bank Limited - CBL Money Transfer SDN BHD	(315.12)
Payable to City Bank Capital Resources Limited - City Bank Limited	-
Payable to City Brokerage Limited - City Bank Capital Resources Limited	-
<b>Total Consolidated other liabilities (A+B+C+D+E)</b>	<b>36,642.93</b>

*M. Arefin*  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*KD.*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

## 9.8 Description of Previously Issued Debt or Equity Securities

SL	Type of Issue	Year of Issue	Brief Description of the Issue
1	IPO	1987	The Issuer raised BDT 36,000,000 through initial public offering in 1987. The management of the Bank floated 360,000 ordinary shares of BDT 100/- each. The dates of opening and closing of subscription were 20 <sup>th</sup> January and 29 <sup>th</sup> January of 1987 respectively.
2	Right Issue	1990	The Bank offered 1R:1 rights share (i.e. one rights share against one existing share held on the record date) in 1990 and raised BDT 80,000,000. Total 800,000 number of ordinary shares of BDT 100/- each were issued by the Bank. Issuer's paid up capital increased to BDT 160,000,000 in 1990 from BDT 80,000,000 in previous year.
3	Right Share	2002	The Bank offered 1R:2 rights share (i.e. one rights share against two existing shares held on the record date) in 2002 and raised BDT 80,000,000. Total 800,000 number of ordinary shares of BDT 100/- each were issued by the Bank. Issuer's paid up capital increased to BDT 240,000,000 in 2002 from BDT 160,000,000 in previous year.
4	Right Share	2004	The Bank offered 1R:1 rights share (i.e. one rights share against one existing share held on the record date) in 2004 and raised BDT 240,000,000. Total 2,400,000 number of ordinary shares of BDT 100/- each were issued by the Bank. Issuer's paid up capital increased to BDT 480,000,000 in 2004 from BDT 240,000,000 in previous year.
5	Right Share	2010	The Bank offered 1R:1 rights share (i.e. one rights share against one existing share held on the record date) in 2010. On the record date, the outstanding number of share was 19,639,125 as the bonus for 2009 was created before the record date for right share. During the course of right exercise, the honorable High Court issued an injunction order against 392,778 number of shares. The verdict of the Court was to reentrance exercise of Right shares against the said 392,778 number of shares. Therefore, the Bank was finally able to issue 19,246,347 shares of BDT 100/- each and raise BDT 1,924,634,700 at that time. Issuer's paid up capital increased to BDT 3,888,547,200 in 2010 from BDT 1,571,130,000 in previous year.
6	Bond Issue	2014	In year 2014, the bank with prior consent of regulatory bodies, i.e. Bangladesh Securities and Exchange Commission and Bangladesh Bank, issued 3,000 Tier-II eligible Subordinated Bonds of BDT 1,000,000/- each to enhance

			<p>Capital to Risk-weighted Asset Ratio (CRAR). The Bank raised BDT 3,000,000,000 from several banks and financial institutions. Issued bonds are 6 years unsecured instruments. Cap of interest on the issued bonds is 12.5% to 14.5%. In November, 2018, the bank opted for early redemption of the bond with remaining outstanding of BDT 1,500 million and sought approval from Bangladesh Bank. Upon receiving Bangladesh Bank approval on 28<sup>th</sup> November, 2018, the bond was fully redeemed on 12<sup>th</sup> December, 2018.</p>
7	Bond Issue	2017	<p>In year 2017, the bank with prior consent of regulatory bodies, i.e. Bangladesh Securities and Exchange Commission and Bangladesh Bank, issued 500 Tier-II eligible Subordinated Bonds of BDT 10,000,000/- each to enhance Capital to Risk-weighted Asset Ratio (CRAR). The Bank raised BDT 5,000,000,000 from several banks and financial institutions. Issued bonds are 7 years unsecured instruments. Cap of interest on the issued bonds is 7% to 10%.</p>
8	Fresh Issue Through Private Placement	2017	<p>During the year 2017, the Issuer raised BDT 1,304,478,113.9 through issuance of 46,094,633 fresh ordinary shares to International Finance Corporation (IFC) under private placement. Issue price of Tk. 28.30 included a premium of Tk. 18.30 per share. Subscription received from and allotment of the shares to IFC took place on 28th September and 3rd October of 2017 respectively.</p>
9	Bond Issue	2018-19	<p>In year 2018, the bank with prior consent of regulatory bodies, i.e. Bangladesh Securities and Exchange Commission and Bangladesh Bank, started issuance of 700 Tier-II eligible Subordinated Bonds of BDT 10,000,000/- each to enhance Capital to Risk-weighted Asset Ratio (CRAR). The Bank raised BDT 4,200,000,000 from several banks and financial institutions. Issued bonds are 7 years unsecured instruments. Range of interest on the issued bonds is 7% to 9%.</p>

*M. Arefin*  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*Md. Moniruzzaman*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited



**Section 10: Auditors' Report along with Audited Financial Statements of CBL**

***DETAIL CONSOLIDATED AUDIT REPORT AS OF 30 SEPTEMBER 2020 OF CITY BANK LIMITED IS ATTACHED IN ANNEX 01.***

0212 ACN 47  
24 NOV 2020

  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

  
**Md Moniruzzaman**  
Managing Director  
IDLC Investments Limited

**Section 11: Comparative Financial Statements of CBL from 2015 to 30 September 2020**

**11.1 Consolidated Balance Sheet of City Bank Limited & Its Subsidiaries**

Table 29: CBL's Comparative Balance Sheet (Consolidated)

The City Bank Limited and Its subsidiaries						
Consolidated Balance Sheet						
	Sept-20	2019	2018	2017	2016 (Restated)	2015
PROPERTY AND ASSETS	Taka	Taka	Taka	Taka	Taka	Taka
Cash						
In hand (including foreign currencies)	6,093,569,983	6,136,396,417	5,423,445,923	4,447,800,960	3,788,022,776	2,998,982,425
Balance with Bangladesh Bank and its agent bank(s)						
(including foreign currencies)	21,886,961,281	19,776,258,104	14,016,977,760	19,339,302,948	20,696,275,735	12,438,634,907
	27,980,531,264	25,912,654,521	19,440,423,683	23,787,103,908	24,484,298,511	15,437,617,332
Balance with other banks and financial institutions						
In Bangladesh	19,042,279,372	19,084,846,966	27,798,009,404	12,704,276,112	13,180,057,080	15,502,528,823
Outside Bangladesh	3,016,063,498	4,360,632,299	700,375,538	989,369,438	905,615,423	413,446,435
	22,058,342,870	23,445,479,265	28,498,384,942	13,693,645,550	14,085,672,503	15,915,975,258
Money at call and short notice	89,379,167	89,379,167	89,379,167	89,379,167	91,379,167	95,379,167
Investments						
Government	35,177,765,277	36,085,210,195	23,636,105,055	22,099,527,532	22,048,912,713	19,691,517,972
Others	8,866,341,928	7,563,438,277	9,852,115,182	9,832,026,841	5,847,199,905	6,325,444,956
	44,044,107,205	43,648,648,472	33,488,220,237	31,931,554,373	27,896,112,618	26,016,962,928
Loans and advances/investments						
Loans, cash credits, overdrafts, etc./investments	295,509,727,652	245,024,807,640	228,564,323,030	192,350,678,263	168,770,828,388	138,156,604,652
Bills purchased and discounted	1,988,758,593	2,752,926,612	3,310,631,492	4,722,154,652	7,275,392,955	4,858,067,512
	297,498,486,245	247,777,734,252	231,874,954,522	197,072,832,915	176,046,221,342	143,014,672,164
Fixed assets including premises, furniture and fixtures	6,268,056,646	6,299,251,389	3,989,868,437	3,642,729,555	3,470,156,210	8,172,221,437
Other assets	11,624,806,847	8,627,907,980	8,525,506,505	6,968,167,092	7,723,972,014	4,759,716,534
Non-banking assets	1,086,959,623	1,152,338,991	1,033,701,289	881,668,179	956,925,360	792,824,667
Total assets	410,650,669,867	356,953,394,037	326,940,438,782	278,067,080,739	254,754,737,726	214,205,369,487



<b>LIABILITIES AND CAPITAL</b>						
<b>Liabilities</b>						
Tier-II subordinated bond	9,200,000,000	9,200,000,000	8,800,000,000	7,250,000,000	3,000,000,000	3,000,000,000
Borrowings from other banks, financial institutions and agents	67,108,382,607	45,147,496,824	61,249,736,296	38,729,567,834	31,695,262,081	22,079,989,593
<b>Deposits and other accounts</b>						
Current deposits and other accounts	46,129,137,111	40,869,697,059	27,381,535,632	25,072,617,911	24,384,173,334	20,417,719,100
Bills payable	2,195,277,828	1,884,096,479	1,521,442,000	1,355,732,100	1,587,153,855	1,976,445,056
Savings bank deposits	56,168,769,925	46,367,253,617	44,278,439,530	39,082,904,954	34,994,257,334	31,213,313,434
Fixed deposits	165,858,620,578	157,319,657,916	131,679,045,353	117,391,667,208	113,451,963,172	89,798,021,718
Bearer certificate of deposit						
	270,351,805,442	246,440,705,071	204,860,462,516	182,902,922,173	174,417,547,694	143,405,499,308
Other liabilities	36,642,932,300	31,625,852,069	27,112,955,062	23,005,504,719	25,785,244,407	21,136,243,153
<b>Total liabilities</b>	<b>383,303,120,349</b>	<b>332,414,053,964</b>	<b>302,023,153,874</b>	<b>251,887,994,727</b>	<b>234,898,054,183</b>	<b>189,621,732,054</b>
<b>Capital/shareholders' equity</b>						
Paid up capital	10,163,866,610	10,163,866,610	9,679,872,970	9,218,926,640	8,757,980,310	8,757,980,310
Statutory reserve	8,659,477,813	8,659,477,813	8,001,559,112	7,130,574,430	6,100,191,727	5,002,816,644
Share premium	1,504,388,797	1,504,388,797	1,504,388,797	1,504,388,797	660,857,013	660,857,013
Dividend equalisation reserve	530,786,630	530,786,631	530,786,631	530,786,631	176,928,877	
Other reserve	1,965,162,856	701,793,785	3,131,663,748	4,848,228,604	1,175,294,835	7,999,742,013
Surplus in profit and loss account	4,523,754,326	2,978,918,631	2,068,909,234	2,946,080,404	2,985,335,511	2,159,706,674
<b>Total shareholders' equity</b>	<b>27,347,437,032</b>	<b>24,539,232,267</b>	<b>24,917,180,492</b>	<b>26,178,985,506</b>	<b>19,856,588,273</b>	<b>24,581,102,654</b>
Non-controlling interest	112,486	107,806	104,416	100,506	95,268	2,534,779
<b>Total equity</b>	<b>27,347,549,518</b>	<b>24,539,340,073</b>	<b>24,917,284,908</b>	<b>26,179,086,012</b>	<b>19,856,683,541</b>	<b>24,583,637,433</b>
<b>Total liabilities and shareholders' equity</b>	<b>410,650,669,867</b>	<b>356,953,394,037</b>	<b>326,940,438,782</b>	<b>278,067,080,739</b>	<b>254,754,737,726</b>	<b>214,205,369,487</b>

*M. Arefin*  
**MASHRU AREFIN**  
Managing Director & CEO  
The City Bank Limited

*K.P.*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

## 11.2 Consolidated Income Statement of City Bank Limited & Its Subsidiaries

Table 30: CBL's Comparative Income Statement (Consolidated)

The City Bank Limited and its subsidiaries						
Consolidated Profit and Loss Account						
	Sept-20	2019	2018	2017	2016 (Restated)	2015
	Taka	Taka	Taka	Taka	Taka	Taka
Interest income/profit on investments	18,193,943,713	26,924,949,586	22,970,784,588	16,819,464,242	16,057,152,921	15,228,190,245
Interest paid/profit shared on deposits and borrowings etc.	(12,063,482,589)	(16,013,724,643)	(13,740,620,198)	(9,280,207,856)	(9,545,962,641)	(9,822,863,689)
Net interest income/profit on investments	6,130,461,124	10,911,224,943	9,230,164,390	7,539,256,385	6,511,190,280	5,405,326,556
Investment income	3,133,071,643	2,361,557,548	2,151,048,490	3,030,038,998	4,823,836,672	4,527,078,328
Commission, exchange and brokerage	2,828,301,237	3,722,530,724	3,614,288,792	3,308,317,471	2,423,967,973	2,150,207,661
Other operating income	1,093,873,089	1,987,642,988	1,660,872,312	1,311,310,878	1,049,681,156	1,003,958,325
	7,055,245,969	8,071,731,260	7,426,209,594	7,649,667,346	8,297,485,801	7,681,244,314
<b>Total operating income (A)</b>	<b>13,185,707,093</b>	<b>18,982,956,203</b>	<b>16,656,373,985</b>	<b>15,188,923,731</b>	<b>14,808,676,082</b>	<b>13,086,570,870</b>
<b>Operating expenses</b>						
Salaries and allowances	4,156,244,902	5,447,575,845	5,011,270,092	4,363,800,589	3,758,069,767	3,269,837,185
Rent, taxes, insurance, electricity, etc.	426,894,036	569,270,621	1,111,172,672	982,785,601	781,216,595	725,631,570
Legal expenses	39,778,565	48,751,265	61,259,435	52,845,795	38,273,353	26,747,198
Postage, stamp, telecommunication, etc.	65,689,027	91,976,013	109,851,388	83,280,499	92,772,113	76,601,819
Stationery, printing, advertisements, etc.	178,739,736	258,473,602	270,781,634	216,463,541	165,524,753	187,852,656
Chief executive's salary and fees	14,821,510	18,960,006	18,624,195	17,594,152	16,939,300	16,409,425
Directors' fees	2,997,529	4,833,773	4,129,637	1,992,576	2,662,166	1,477,969
Auditors' fees	1,971,578	2,581,060	2,232,102	2,755,036	2,590,339	1,508,573
Depreciation and repair	1,393,291,303	1,671,060,493	1,144,618,525	1,037,214,890	978,189,396	840,095,391
Other expenses	1,656,591,068	2,261,306,283	1,927,978,058	1,628,213,112	1,251,169,537	1,171,746,639
<b>Total operating expenses (B)</b>	<b>7,937,019,254</b>	<b>10,374,788,961</b>	<b>9,661,917,737</b>	<b>8,386,945,792</b>	<b>7,087,407,319</b>	<b>6,317,908,425</b>
<b>Profit before provision (C = A-B)</b>	<b>5,248,687,839</b>	<b>8,608,167,242</b>	<b>6,994,456,247</b>	<b>6,801,977,939</b>	<b>7,721,268,763</b>	<b>6,768,662,445</b>
Provision for loans and advances/investments	(172,375,049)	(2,599,940,627)	(1,814,848,869)	(1,227,377,728)	(2,014,646,765)	(2,148,269,292)
Provision for off-balance sheet exposures	(92,017,769)	(41,344,313)	(165,977,525)	(180,000,000)	(133,000,000)	(21,000,000)



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Provision for diminution in value of investments	(24,469,661)	(31,120,749)	(16,489,237)	-	-	-
Other provision	-	70,632,584	(313,966,186)	(280,515,486)	658,880	(37,600,229)
<b>Total provision (D)</b>	<b>(288,862,479)</b>	<b>(2,601,773,105)</b>	<b>(2,311,281,817)</b>	<b>(1,687,893,215)</b>	<b>(2,146,987,885)</b>	<b>(2,206,869,521)</b>
<b>Total profit before tax (E = C+D)</b>	<b>4,959,825,360</b>	<b>6,006,394,137</b>	<b>4,683,174,430</b>	<b>5,114,084,725</b>	<b>5,574,280,878</b>	<b>4,561,792,924</b>
<b>Provision for taxation (F)</b>						
Current tax expense	(1,523,936,359)	(3,161,628,378)	(2,392,975,570)	(1,892,815,199)	(1,716,485,289)	(1,646,005,974)
Deferred tax income/(expense)	(350,609,013)	(209,603,620)	(65,472,044)	237,408,927	146,204,483	677,355,387
<b>Total provision for tax</b>	<b>(1,874,545,372)</b>	<b>(3,371,231,998)</b>	<b>(2,458,447,614)</b>	<b>(1,655,406,271)</b>	<b>(1,570,280,806)</b>	<b>(968,650,587)</b>
<b>Net profit after tax (G = E+F)</b>	<b>3,085,279,988</b>	<b>2,635,162,139</b>	<b>2,224,726,816</b>	<b>3,458,678,453</b>	<b>4,004,000,071</b>	<b>3,593,142,337</b>
<b>Net profit after tax attributable to:</b>						
Equity holders of the bank	3,085,275,308	2,635,158,749	2,224,721,063	3,458,668,899	4,003,997,676	3,593,116,965
Non-controlling interest	4,680	3,390	5,753	9,554	2,395	25,372
	3,085,279,988	2,635,162,139	2,224,726,816	3,458,678,453	4,004,000,071	3,593,142,337
<b>Appropriations</b>						
Statutory reserve	-	657,918,701	870,984,682	1,030,382,703	1,093,121,420	898,922,614
General reserve	-	-	-	-	-	-
	-	657,918,701	870,984,682	1,030,382,703	1,093,121,420	898,922,614
<b>Retained surplus for the year</b>	<b>3,085,275,308</b>	<b>1,977,240,048</b>	<b>1,353,736,381</b>	<b>2,428,286,196</b>	<b>2,910,876,256</b>	<b>2,694,194,351</b>
<b>Earnings per share (EPS)</b>	<b>3.04</b>	<b>2.59</b>	<b>2.19</b>	<b>3.90</b>	<b>4.57</b>	<b>4.10</b>

*M. Arefin*  
**MASHUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*Md. Moniruzzaman*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

### 11.3 Consolidated Cash Flow Statement of City Bank Limited & its Subsidiaries

Table 31: CBL's Comparative Cash Flow Statement (Consolidated)

The City Bank Limited and its subsidiaries							
Consolidated Cash Flow Statement							
	Sept-20	2019	2018	2017	2016 (Restated)	2015	
	Taka	Taka	Taka	Taka	Taka	Taka	
<b>A) Cash flows from operating activities</b>							
Interest receipts/investment income receipts in cash	18,253,051,412	27,072,335,941	22,125,651,703	16,683,356,217	16,131,418,614	15,150,223,509	
Interest payments/profit paid on deposits	(12,859,749,618)	(16,918,247,379)	(13,589,889,258)	(12,108,363,675)	(7,148,073,279)	(7,264,485,479)	
Dividend receipts	350,465,986	384,496,515	511,735,328	402,956,965	356,141,846	243,250,240	
Fees and commission receipts in cash	2,052,743,145	2,382,319,861	2,336,622,324	1,945,423,622	1,609,345,890	1,350,573,554	
Recoveries of loans previously written-off	76,209,327	228,668,430	325,045,335	187,182,883	592,977,114	365,813,326	
Cash payments to employees	(4,171,066,413)	(5,381,629,988)	(4,694,426,596)	(4,383,976,792)	(3,562,576,047)	(3,127,614,331)	
Cash payments to suppliers	(96,186,141)	(172,559,506)	(151,687,518)	(131,639,364)	(89,736,106)	(97,908,144)	
Income taxes paid	(2,382,332,520)	(2,800,969,746)	(1,946,692,862)	(1,638,049,715)	(1,974,674,084)	(980,052,952)	
Receipts from other operating activities	3,850,860,667	3,976,975,042	3,349,017,666	4,646,361,630	5,454,692,081	5,411,123,474	
Payments for other operating activities	(3,291,813,440)	(4,027,729,653)	(3,677,665,275)	(3,304,539,140)	(2,625,900,598)	(2,390,415,357)	
<b>Cash generated from operating activities before changes in</b>							
operating assets and liabilities (i)	1,782,182,405	4,743,659,517	4,587,710,847	2,298,712,631	8,743,615,431	8,660,507,840	
<b>Increase/decrease in operating assets and liabilities</b>							
Loans and advances to customers	(49,720,751,993)	(15,902,779,730)	(34,802,121,607)	(21,026,611,573)	(33,031,549,178)	(26,524,935,106)	
Other assets	(1,090,185,091)	(2,229,942,006)	(338,101,611)	896,547,697	(825,763,692)	(959,040,156)	
Deposits from other banks/borrowings	19,714,786,845	(21,134,614,497)	29,433,473,407	7,575,910,722	6,947,916,216	1,631,382,333	
Deposits from customers	26,157,199,311	46,612,617,580	15,044,235,398	7,946,437,032	33,679,404,658	28,215,357,254	
Other liabilities	4,044,462,532	1,598,437,652	(92,201,409)	(2,145,472,110)	(2,444,283,162)	(695,726,714)	
<b>Cash generated from operating assets and liabilities (ii)</b>	<b>(894,488,396)</b>	<b>8,943,718,999</b>	<b>9,245,284,177</b>	<b>(6,753,188,232)</b>	<b>4,325,724,842</b>	<b>1,667,037,611</b>	
<b>Net cash flow from operating activities (i+ii)</b>	<b>887,694,009</b>	<b>13,687,378,516</b>	<b>13,832,995,024</b>	<b>(4,454,475,601)</b>	<b>13,069,340,273</b>	<b>10,327,545,451</b>	
<b>B) Cash flows from investing activities</b>							
Proceeds from sale of securities		(127,809,642)	(1,446,144,187)	(273,550,603)	(1,445,267,273)	564,988,941	

	Payment for purchase of securities	(4,553,086,615)	(5,457,509,960)	5,151,391,225	(5,080,723,720)	1,518,144,258	(3,813,963,627)
	Purchase/sale of property, plant and equipment	(341,080,365)	(832,873,646)	(1,132,507,638)	(1,066,409,434)	(649,372,306)	(915,417,326)
	Net cash used in investing activities	(4,894,166,980)	(6,418,193,248)	2,572,739,400	(6,420,683,756)	(576,495,321)	(4,164,392,012)
				-			
C)	Cash flows from financing activities						
	Issuance of 3rd tier-II subordinated bond		400,000,000	3,800,000,000	5,000,000,000	-	-
	Redeemed of 1st tier-II subordinated bond		-	(2,250,000,000)	(750,000,000)	-	-
	Receipts for issue of ordinary shares		-	-	1,304,478,114	-	-
	Dividend paid	(1,539,209,648)	(586,365,580)	(1,768,407,546)	(2,123,146,521)	(2,029,187,172)	(1,348,827,692)
	Net cash from financing activities	(1,539,209,648)	(186,365,580)	(218,407,546)	3,431,331,593	(2,029,187,172)	(1,348,827,692)
D)	Net increase in cash and cash equivalents (A+B+C)	(5,545,682,619)	7,082,819,688	16,187,326,878	(7,443,827,764)	10,463,657,780	4,814,325,747
E)	Effects of exchange rate changes on cash and cash equivalents	801,191,016	1,342,089,070	1,237,015,043	1,381,482,815	831,457,285	792,078,114
F)	Cash and cash equivalents at beginning of the year	65,784,885,715	57,359,976,956	39,935,635,035	45,997,979,984	34,702,864,919	29,096,461,058
G)	Cash and cash equivalents at end of the year (D+E+F)	61,040,394,112	65,784,885,715	57,359,976,956	39,935,635,035	45,997,979,984	34,702,864,919
	Cash and cash equivalents at end of the year consists of:						
	Cash in hand (including foreign currencies)	6,093,569,983	6,136,396,417	5,423,445,923	4,447,800,960	3,788,022,776	2,998,982,425
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	21,886,961,281	19,776,258,104	14,016,977,760	19,339,302,948	20,696,275,735	12,438,634,907
	Balance with other banks and financial institutions	22,058,342,870	23,445,479,265	28,498,384,942	13,693,645,550	14,085,672,503	15,915,975,258
	Money at call and short notice	89,379,167	89,379,167	89,379,167	89,379,167	91,379,167	95,379,167
	Government securities	10,912,140,811	16,337,372,762	9,331,789,165	2,365,506,410	7,336,629,802	3,253,893,162
		61,040,394,112	65,784,885,715	57,359,976,956	39,935,635,035	45,997,979,984	34,702,864,919

## 11.4 Balance Sheet of City Bank Limited

Table 32: CBL's Comparative Balance Sheet (Solo)

The City Bank Limited						
Balance Sheet						
	Sept-20	2019	2018	2017	2016	2015
PROPERTY AND ASSETS	Taka	Taka	Taka	Taka	Taka	Taka
Cash						
In hand (including foreign currencies)	6,091,902,905	6,130,572,909	5,418,430,686	4,447,677,389	3,787,829,631	3,028,046,419
Balance with Bangladesh Bank and its agent bank (s)						
(including foreign currencies)	21,886,961,281	19,776,258,104	14,016,977,760	19,339,302,948	20,696,275,735	12,438,634,907
	27,978,864,186	25,906,831,013	19,435,408,446	23,786,980,337	24,484,105,366	15,466,681,326
Balance with other banks and financial institutions						
In Bangladesh	18,719,055,756	18,731,082,702	27,353,384,864	12,125,956,169	12,187,706,470	15,355,924,462
Outside Bangladesh	2,965,463,740	4,305,212,819	(100,797,998)	603,628,965	661,120,028	263,921,673
	21,684,519,496	23,036,295,521	27,252,586,866	12,729,585,134	12,848,826,498	15,619,846,135
Money at call and short notice	89,379,167	89,379,167	89,379,167	89,379,167	91,379,167	95,379,167
Investments						
Government	35,177,765,277	36,085,210,195	23,636,105,055	22,099,527,532	22,048,912,713	19,691,517,972
Others	3,863,568,328	3,366,294,433	4,245,929,247	3,408,912,369	2,383,242,864	4,923,298,995
	39,041,333,605	39,451,504,628	27,882,034,302	25,508,439,902	24,432,155,577	24,614,816,967
Loans and advances/investments						
Loans, cash credits, overdrafts, etc./investments	294,615,059,271	244,204,761,679	228,080,837,959	191,873,705,133	167,749,683,704	138,229,433,769
Bills purchased and discounted	1,856,570,870	2,738,889,044	3,310,631,492	4,722,154,652	7,275,392,955	4,858,067,512
	296,471,630,141	246,943,650,723	231,391,469,451	196,595,859,784	175,025,076,659	143,087,501,281
Fixed assets including premises, furniture and fixtures	5,635,475,526	5,675,246,085	3,519,386,471	3,277,030,329	3,437,235,921	3,516,000,417
Other assets	14,628,541,767	12,433,741,210	14,176,321,705	12,662,485,803	13,500,653,120	7,027,747,460
Non-banking assets	1,086,959,623	1,152,338,991	1,033,701,289	881,668,179	956,925,360	792,824,667
Total assets	406,616,703,511	354,688,987,338	324,780,287,696	275,531,428,634	254,776,357,668	210,220,797,420
LIABILITIES AND CAPITAL						
Liabilities						
Tier-II subordinated bond	9,200,000,000	9,200,000,000	8,800,000,000	7,250,000,000	3,000,000,000	3,000,000,000
Borrowings from other banks, financial institutions and agents	66,169,461,848	44,168,290,655	60,453,052,237	37,906,297,408	31,695,262,081	22,079,989,593
Deposits and other accounts						

Current deposits and other accounts	46,215,726,113	40,790,426,287	27,589,302,759	25,512,834,069	24,512,543,307	20,572,164,836
Bills payable	2,195,277,828	1,884,096,479	1,521,442,000	1,355,732,100	1,587,153,855	1,976,445,056
Savings bank deposits	56,168,769,925	46,367,253,617	44,278,439,530	39,082,904,954	34,994,257,334	31,213,313,434
Fixed deposits	166,226,255,296	157,661,889,059	131,781,015,273	117,541,293,344	113,601,078,193	89,966,810,084
Bearer certificate of deposit	-	-	-	-	-	-
	270,806,029,162	246,703,665,442	205,170,199,563	183,492,764,467	174,695,032,689	143,728,733,410
Other liabilities	33,253,275,284	29,201,394,866	25,927,109,068	22,013,024,611	24,732,977,227	20,522,559,400
Total liabilities	379,428,766,294	329,273,350,963	300,350,360,867	250,662,086,487	234,123,271,997	189,331,282,403
<b>Capital/shareholders' equity</b>						
Paid up capital	10,163,866,610	10,163,866,610	9,679,872,970	9,218,926,640	8,757,980,310	8,757,980,310
Statutory reserve	8,659,477,813	8,659,477,813	8,001,559,112	7,130,574,430	6,100,191,727	5,002,816,644
Share premium	1,504,388,797	1,504,388,797	1,504,388,797	1,504,388,797	660,857,013	660,857,013
Dividend equalization reserve	530,786,630	530,786,631	530,786,631	530,786,631	176,928,877	0
Other reserve	1,438,841,274	930,897,743	1,830,462,576	2,519,404,380	1,112,928,213	3,309,615,273
Surplus in profit and loss account	4,890,576,093	3,626,218,781	2,882,856,744	3,965,261,269	3,844,199,530	3,158,245,777
Total shareholders' equity	27,187,937,217	25,415,636,375	24,429,926,829	24,869,342,148	20,653,085,670	20,889,515,017
Total liabilities and shareholders' equity	406,616,703,511	354,688,987,338	324,780,287,697	275,531,428,634	254,776,357,668	210,220,797,420

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**MASHUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*Md. Moniruzzaman*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

## 11.5 Income Statement of City Bank Limited

Table 33: CBL's Comparative Income Statement (Solo)

The City Bank Limited						
Profit and Loss Account						
	<u>Sept-20</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Interest income/profit on investments	18,089,444,081	26,819,239,518	22,916,894,717	16,783,958,930	16,042,227,272	15,324,758,903
Interest paid/profit shared on deposits and borrowings etc.	(12,036,185,438)	(15,987,236,351)	(13,716,355,902)	(9,288,627,591)	(9,565,268,460)	(9,818,866,758)
Net interest income/profit on investments	6,053,258,643	10,832,003,167	9,200,538,815	7,495,331,339	6,476,958,812	5,505,892,145
Investment income	2,887,101,960	2,086,159,974	1,842,359,857	2,790,987,000	4,745,837,129	4,390,718,045
Commission, exchange and brokerage	2,396,536,690	3,380,963,967	3,254,028,220	2,851,849,621	2,125,263,521	1,891,835,512
Other operating income	1,093,873,087	1,985,585,042	1,656,683,530	1,777,944,806	1,047,663,376	995,879,735
	6,377,511,737	7,452,708,983	6,753,071,607	7,420,781,427	7,918,764,026	7,278,433,292
Total operating income (A)	12,430,770,380	18,284,712,150	15,953,610,422	14,916,112,766	14,395,722,838	12,784,325,437
Salaries and allowances	4,001,995,192	5,247,455,559	4,835,648,658	4,209,317,272	3,637,129,519	3,166,373,641
Rent, taxes, insurance, electricity, etc.	388,038,941	517,834,384	995,738,472	911,604,504	729,397,902	674,541,834
Legal expenses	36,201,164	46,008,027	59,573,011	50,601,079	36,338,906	25,639,943
Postage, stamp, telecommunication, etc.	59,996,272	85,291,432	103,412,042	77,304,848	86,933,721	70,980,951
Stationery, printing, advertisements, etc.	165,263,178	235,989,626	244,899,590	210,914,296	160,933,282	183,857,261
Chief Executive's salary and fees	14,821,510	18,960,006	18,624,195	17,594,152	16,939,300	16,409,425
Directors' fees	664,000	1,640,000	1,746,000	1,758,000	2,203,000	1,244,000
Auditors' fees	1,485,000	1,770,000	1,770,000	2,328,250	2,127,000	1,209,750
Depreciation and repair of Bank's assets	1,338,931,323	1,599,749,332	1,112,883,922	1,019,049,698	962,903,259	802,315,308
Other expenses	1,638,446,118	2,242,861,796	1,900,121,612	1,546,153,421	1,223,909,848	1,147,371,942
Total operating expenses (B)	7,645,842,698	9,997,560,162	9,274,417,501	8,046,625,520	6,858,815,736	6,089,944,055
Profit before provision (C = A-B)	4,784,927,682	8,287,151,988	6,679,192,921	6,869,487,246	7,536,907,102	6,694,381,382
Provision for loans and advances/investments	(171,031,450)	(2,585,079,302)	(1,841,325,799)	(1,257,823,728)	(1,938,300,000)	(2,147,500,000)
Provision for off-balance sheet exposures	(92,017,769)	(41,344,313)	(165,977,525)	(180,000,000)	(133,000,000)	(21,000,000)
Provision for diminution in value of investments	-	-	(3,000,000)	-	-	-
Other provision	-	70,632,584	(313,966,186)	(279,750,000)	-	(10,000,000)





**Draft Information Memorandum  
Perpetual Bonds of BDT 4,000 Million**

<b>Total provision (D)</b>	<b>(263,049,219)</b>	<b>(2,555,791,031)</b>	<b>(2,324,269,510)</b>	<b>(1,717,573,728)</b>	<b>(2,071,300,000)</b>	<b>(2,178,500,000)</b>
<b>Total profit before taxes (E = C+D)</b>	<b>4,521,878,463</b>	<b>5,731,360,957</b>	<b>4,354,923,411</b>	<b>5,151,913,517</b>	<b>5,465,607,102</b>	<b>4,515,881,382</b>
<b>Provision for taxation (F)</b>						
<b>Current tax expense</b>	<b>(1,390,894,475)</b>	<b>(3,045,860,580)</b>	<b>(2,271,498,375)</b>	<b>(1,765,196,934)</b>	<b>(1,656,130,855)</b>	<b>(1,588,720,538)</b>
<b>Deferred tax income/(expense)</b>	<b>(327,417,028)</b>	<b>(213,860,419)</b>	<b>(65,494,416)</b>	<b>241,732,134</b>	<b>146,236,463</b>	<b>672,989,539</b>
<b>Total provision for tax</b>	<b>(1,718,311,503)</b>	<b>(3,259,720,999)</b>	<b>(2,336,992,791)</b>	<b>(1,523,464,800)</b>	<b>(1,509,894,392)</b>	<b>(915,730,999)</b>
<b>Net profit after tax (G = E+F)</b>	<b>2,803,566,960</b>	<b>2,471,639,958</b>	<b>2,017,930,619</b>	<b>3,628,448,718</b>	<b>3,955,712,710</b>	<b>3,600,150,383</b>

*M. Arif*  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*K.R.*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

## 11.6 Cash Flow Statement of City Bank Limited

Table 34: CBL's Comparative Cash Flow Statement (Solo)

The City Bank Limited							
Cash Flow Statement							
	<u>Sept-20</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	
<b>A) Cash flows from operating activities</b>							
Interest receipts/investment income receipts in cash	18,148,551,781	26,966,625,873	22,071,761,832	16,648,103,419	16,116,492,965	15,246,792,167	
Interest payments/profit paid on deposits	(12,834,427,604)	(16,898,589,867)	(13,565,766,029)	(12,116,780,235)	(7,167,677,523)	(7,260,488,548)	
Dividend receipts	132,386,077	158,414,665	303,276,198	324,926,533	315,128,298	210,954,125	
Fees and commission receipts in cash	1,685,913,473	2,109,789,225	2,098,207,890	1,516,260,624	1,317,072,395	1,107,071,619	
Recoveries of loans previously written off	76,209,327	(710,829,678)	(235,559,135)	187,182,883	592,977,114	365,813,326	
Cash payments to employees	(4,016,816,702)	(5,180,893,353)	(4,519,813,770)	(4,226,329,907)	(3,444,068,819)	(3,024,150,787)	
Cash payments to suppliers	(89,231,663)	(148,661,781)	(149,532,768)	(126,913,657)	(85,278,736)	(93,912,749)	
Income taxes paid	(2,256,163,601)	0	-	(1,517,697,121)	(1,919,280,323)	(927,002,383)	
Receipts from other operating activities	3,848,588,970	9,930,491	7,374,850	4,412,316,004	5,356,933,457	5,298,980,716	
Payments for other operating activities	(3,192,709,251)	(2,185,000)	(2,601,500)	(3,131,638,762)	(2,534,268,870)	(2,302,617,835)	
<b>Cash generated from operating activities before changes in operating assets and liabilities (i)</b>	<b>1,502,300,807</b>	<b>6,303,600,575</b>	<b>6,007,347,569</b>	<b>1,969,429,780</b>	<b>8,548,029,957</b>	<b>8,621,439,651</b>	
<b>Increase/decrease in operating assets and liabilities</b>							
Loans and advances to customers	(49,527,979,418)	(16,123,923,720)	(34,795,609,666)	(21,570,783,126)	(31,937,575,378)	(26,466,900,193)	
Other assets	(292,991,868)	(431,485,640)	(388,664,446)	899,477,189	(726,285,992)	(1,129,322,478)	
Deposits from other banks/borrowings	19,755,072,253	(5,489,873,920)	29,460,059,773	6,752,640,296	6,947,916,216	1,884,245,825	
Deposits from customers	26,348,462,660	0	14,764,130,151	8,256,126,810	33,633,655,551	28,254,056,932	
Other liabilities	3,156,214,305	(5,704,158)	(196,569,031)	(1,925,040,536)	(2,822,881,443)	(676,783,892)	
<b>Cash generated from operating assets and liabilities (ii)</b>	<b>(561,222,068)</b>	<b>(22,050,987,439)</b>	<b>8,843,346,781</b>	<b>(7,587,579,367)</b>	<b>5,094,828,954</b>	<b>1,865,296,194</b>	
<b>Net cash from operating activities (i+ii)</b>	<b>941,078,739</b>	<b>(15,747,386,864)</b>	<b>14,850,694,350</b>	<b>(5,618,149,586)</b>	<b>13,642,858,911</b>	<b>10,486,735,845</b>	
<b>B) Cash flows from investing activities</b>							
Proceeds from sale of securities		(6,546,602)	5,391,085,739	419,149,227	548,772,953	266,859,721	

	Payment for purchase of securities	(4,502,882,399)	(5,457,509,960)	(1,446,144,187)	(5,080,723,720)	1,518,144,258	(3,813,963,628)
	Purchase/sale of property, plant and equipment	(283,481,812)	(724,216,352)	(1,004,571,111)	(254,645,876)	(642,678,733)	(903,499,249)
	Investment in subsidiaries	(31,102,901)	(35,879,708)	(10,651,613)	(22,040,421)	(3,603,929,824)	-
	Net cash (used in)/generated from investing activities	(4,817,467,112)	(6,224,152,622)	2,929,718,828	(4,938,260,791)	(2,179,691,346)	(4,450,603,156)
C)	Cash flows from financing activities						
	Issuance of 3rd tier-II subordinated bond		400,000,000	3,800,000,000	5,000,000,000	-	
	Redeemed of 1st tier-II subordinated bond		-	(2,250,000,000)	(750,000,000)	-	
	Receipts for issue of ordinary shares		-	-	1,304,478,114	-	
	Dividend paid	(1,539,209,648)	(586,365,580)	(1,768,404,133)	(2,123,146,521)	(1,946,217,647)	(1,263,777,692)
	Net cash used in financing activities	(1,539,209,648)	(186,365,580)	(218,404,133)	3,431,331,593	(1,946,217,647)	(1,263,777,692)
D)	Net increase in cash and cash equivalents (A+B+C)	(5,415,598,021)	(22,157,905,066)	17,562,009,044	(7,125,078,784)	9,516,949,918	4,772,354,997
E)	Effects of exchange rate changes on cash and cash equivalents	710,623,218	2,000	-	1,335,588,997	808,191,126	777,207,899
F)	Cash and cash equivalents at beginning of the year	65,369,878,463	56,533,460,091	38,971,451,047	44,760,940,834	34,435,799,790	28,886,236,894
G)	Cash and cash equivalents at end of the year (D+E+F)	60,664,903,660	34,375,557,025	56,533,460,091	38,971,451,047	44,760,940,834	34,435,799,790
	Cash and cash equivalents at end of the year consists of:						
	Cash in hand (including foreign currencies)	6,091,902,905	0	-	4,447,677,389	3,787,829,631	3,028,046,419
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	21,886,961,281	6,130,572,909	5,418,430,686	19,339,302,948	20,696,275,735	12,438,634,907
	Balance with other banks and financial institutions	21,684,519,496	18,731,082,702	27,353,384,864	12,729,585,134	12,848,826,498	15,619,846,135
	Money at call and short notice	89,379,167	4,305,212,819	(100,797,998)	89,379,167	91,379,167	95,379,167
	Government securities	10,912,140,811	16,337,372,762	9,331,789,165	2,365,506,410	7,336,629,802	3,253,893,162
		60,664,903,660	45,504,241,192	42,002,806,716	38,971,451,047	44,760,940,834	34,435,799,790

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**Section 12: Comparative Financial Ratios from 2015 to 30 September, 2020**

Sl.	Particulars	Metric	2016	2017	2018	2019	Sept-20
1	Current Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
2	Quick Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
3	Times Interest Earned Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
4	Break-Even Point*	N/A	N/A	N/A	N/A	N/A	N/A
5	Debt to Equity Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
6	Debt to Total Asset Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
7	Accounts Receivable Turnover Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
8	Inventory Turnover Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
9	Asset Turnover Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
10	Debt Service Coverage Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
11	Gross Margin Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
12	Operating Income Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
13	Net Income Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
14	Net Interest Margin (NIM)	%	4.4%	4.3%	4.1%	4.6%	1.8%
15	Loan Deposit Ratio	%	80.4%	84.9%	82.5%	79.1%	78.6%
16	Cost Income Ratio	%	47.6%	53.9%	58.0%	54.7%	61.5%
17	Return on Avg. Investments (ROI)	%	21.3%	12.0%	7.5%	6.46%	11.1%
18	Return Avg. Assets	%	1.7%	1.4%	0.7%	0.7%	1.00%
19	Capital Adequacy Ratio	%	13.2%	14.7%	13.4%	15.2%	13.7%
20	Non-performing Loan Ratio	%	6.0%	5.4%	5.3%	5.8%	4.2%
21	Return on Avg. Equity	%	19.0%	15.9%	8.2%	9.9%	14.2%
22	Diluted Earnings Per Share	BDT	4.1	3.7	2.1	2.4	2.8
23	Diluted NAV per Share	BDT	21.3	25.7	25.2	25.0	26.7

24 Nov 2020

*M. Arefin*  
**MASHEUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*Md. Moniruzzaman*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

## Section 13: Credit Rating Report of the Issue

DETAIL CREDIT RATING REPORT IS ATTACHED IN ANNEX 02



CRAB Structured Finance Rating

### Credit Rating Report

Unsecured, Contingent Convertible and Floating Rate Perpetual  
Bond (BDT 4,000 million) of The City Bank Limited

Analysts:  
Shahtaj Noor  
shahtaj.noor@crab.com.bd  
Tahmina Islam  
tahmina.islam@crab.com.bd

RATING BASED ON: Audited financial statement up to 30 September 2020 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

#### Key Performance Indicator of the Bank

	--Year ended December 31--	
(Mil. BDT)	Sept'20	Dec'19
Loans	206,471.6	246,943.7
Deposit	270,806.0	246,703.7
Gross NPL	12,517.5	14,244.2
Shareholders' Equity	27,187.9	25,415.6
Cost to Income Ratio	61.5	55.1
CRAR	13.7	15.2
Gross NPL Ratio	4.2	5.8

#### RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned "A1 (hyb)" (pronounced Single A one hybrid) rating in the long term to the City Bank's issue of unsecured, contingent convertible additional Tier-1 perpetual bond (BDT 4,000 million). According to the Term Sheet provided to CRAB, the bonds will be perpetual, there is no maturity date and there are no step-ups or other incentives to redeem. Therefore, the perpetual notes are not entitled for prepayment, principal payment and put features but transferable as per Bond Indenture. The Bond is subject to

#### Assigned Ratings:

##### Bond Rating

Long Term : A1 (hyb)  
Outlook : Stable

##### Entity Ratings

Date of Rating	Long Term	Short Term	Outlook
30 June 2020	AA <sub>2</sub>	ST-2	Stable

Date of Rating	Valid Till
23 November 2020	30 September 2021

Methodology: CRAB's Rating Methodology (www.crab.com.bd)

#### ISSUER PROFILE

The City Bank Limited (hereafter also referred to as CBL or the Bank) was incorporated in March 1983 as a private commercial bank. The Bank went into IPO in 1987 and is now listed with both DSE and CSE. The paid up capital of the Bank reached BDT 10,163.9 million against authorized capital of BDT 15,000.0 million at the end of September 2020. The Bank offers all kinds of banking and investment services for retail, SME as well as corporate customers. Presently the Bank has 132 branches across the country; among which 121 are traditional branches and 11 SME/Agri branches. Besides traditional branch banking, the bank is also highly focused on developing alternative delivery channels. The Bank is pioneer in introducing dual currency credit card in the country. The Bank has a retail card base of more than 1 million. Therefore the Bank has countrywide network of own and shared ATM's and CDM. The Bank also has 7 priority centers to serve its valued clients. It also offers SMS Banking and Internet Banking services. The Bank has four subsidiary companies; i) City Brokerage Limited, ii) City Bank Capital Resources Limited, iii) CBL Money Transfer SDN. BHD and iv) CBL Hong Kong Limited.

## **Section 14: Description of Trustee**

### **14.1 Description of the Company:**

IDLC Investments Limited, a leading investment bank of Bangladesh, is a wholly owned subsidiary of IDLC Finance Limited which is the largest multi-product multi-segment Non-Banking Financial Institution in Bangladesh. As one of the most respected financial brands in the industry, IDLC group serves from a diversified basket consisting of products from Corporate, SME, Consumer and Capital Market segments.

IDLC Finance commenced its merchant banking operations in 1999 and aligning with regulatory requirements, the merchant banking operation was transferred in 2011 to IDLC Investments Limited, a fully-owned subsidiary of IDLC Finance.

#### **Key Milestones**

- 1998- Obtained merchant banking license
- 1999- Commenced merchant banking through participation in underwriting
- 2003- Managed first IPO as Issue Manager
- 2004- Commencement of Margin Loan Operations
- 2010- Managed 1st ever IPO in Book Building Method
- 2011 - Merchant Banking Division turned into separate company as IDLC Investments Limited, a wholly-owned subsidiary of IDLC
- 2016 - Launched 'EASY INVEST'- A Monthly Investment Scheme

### **14.2 Functions of IDLC Investments Limited**

#### **Major Products & Services**

- **Products**
  - Margin Loan
  - Discretionary Portfolio Management
- **Services**
  - Corporate Advisory
  - Issue Management
  - Underwriting

### **14.3 Board of Directors**

#### **Monower Uddin Ahmed CHAIRMAN**

Monower Uddin Ahmed, having finished his university education, joined the Central Government in 50's as Assistant Central Labour Commissioner, for a stint. Thereafter, he moved to Carew and Company as head of Labour Relations, on to GlaxoSmithKline as head of personnel. Before retiring

from British American Tobacco Company (BAT), he was serving as a Member of the Company's Board. Mr. Ahmed, on retirement from the BAT, set up Monower Associates, an HR and Management Consulting house, which he currently manages as CEO and Lead Consultant. He represented the Bangladesh employers in quite a few ILO conferences in Europe, North Africa, Southeast and South Asian countries.

**Asif Saad Bin Shams**

**SHAREHOLDING DIRECTOR**

Mr. Shams took over the role of Head of Credit and Collection of IDLC Finance Limited in 2009. He has over 21 years of experience in the banking sector. He started his career as PO in Eastern Bank Limited in 1996. Prior to joining IDLC, Mr. Shams served as Head of Policy & Risk Management in Standard Chartered Bank. He completed his Executive MBA from the University of Dhaka. He has a M.Com and B.Com from the University of Dhaka.

**Mr. Jamal Uddin**

**DIRECTOR**

Mr. Uddin became DMD & Head of Business of IDLC Finance Limited in 2015. He has over 22 years of experience in the banking sector. Mr. Uddin joined IDLC as a Management Trainee in 1994. Prior to his current role he has served as Head of Corporate Division since 2006 being responsible for the operations of Corporate and structured Finance Department with special focus on term financing and syndicated fund-raising for large local and multinational corporate houses of Bangladesh. He has done his BBA and MBA from International University (Karachi Campus), Missouri, USA.

**Md. Mesbah Uddin Ahmed**

**DIRECTOR**

Mr. Ahmed took over the role of Head of Corporate Division in 2015 and has over 21 years of experience in the corporate sector. He is a highly experienced leader with successful track record in Corporate Banking, Credit Risk Management and Sales/marketing activities for private enterprises especially in Banking and FIs. Mr Ahmed joined IDLC in the Corporate Division in 2010 as Head of Structured Finance & Head of Corporate – Dhaka Region. Prior to joining IDLC, Mr. Ahmed served as Head of Syndication & Structured Finance in Dhaka Bank Limited. He started his career in Singapore Airlines in 1995 in Sales & Marketing. He stepped into the banking industry as a Credit Analyst through National Bank Limited and went on to work in One Bank Limited. He completed his MBA from London University of Technology and Research in 1998 and Master of Commerce in 1991.

**Ahmed Rashid Joy**

**DIRECTOR**

Mr. Rashid joined IDLC in 2015 as Head of SME Division. He has over 18 years of experience in the banking sector. Mr. Rashid joined Eastern Bank Limited as a Management Trainee in 1999. He served as Associate Manager in CRM, Head of Retail Credit & Collection and Head of Medium Business during his service in EBL. He also served as a Senior Financial Market Specialist in International Finance Corporation (IFC). Prior to joining IDLC, he was the Head of SME Banking Division in Mutual Trust Bank. He has a Masters in Bank Management (MBM) from Bangladesh Institute of Bank Management

**Md. Moniruzzaman**

**MANAGING DIRECTOR, EX-OFFICIO MEMBER**

Mr. Md. Moniruzzaman joined IDLC in 2009 for as Head of Merchant Banking and has been serving as Managing Director of IDLC Investments Limited since 2011. He has been working in the investment banking industry last 20 years. Prior to joining IDLC, he worked for global banking giant Citi as Financial Controller. He started his investment banking career at Swadesh Investment Management Limited as an Investment Analyst in 1998. He was the founding team member of Asset and Investment Management Services (AIMS) of Bangladesh Limited and AB Bank Merchant Banking Division. He had a short stint in Abrar Global Asset Managers in Malaysia. He is a Chartered Financial Analyst (CFA) with the CFA Institute, U.S.A. He is a business graduate of International Islamic University of Malaysia and holds an MBA from North South University. Currently he is serving as Vice President of CFA Society Bangladesh. He also acted as Vice President of Bangladesh Merchant Bankers Association earlier.

**Management Profile**

Mr. Arif Khan, CFA, FCMA	CEO and Managing Director
Mr. Md. Moniruzzaman, CFA	Managing Director
Mr. Rubayet-E-Ferdous	Chief Operating Officer
Mr. Md. Masud Karim Majumder, ACA	Deputy General Manager & Group Chief Financial Officer
Mr. Mohammad Jobair Rahman Khan, ACA	Deputy General Manager & Head of group corporate affairs and taxation
Mr. Abul Ahsan Ahmed	Head of Discretionary Portfolio Management
Ms. Shamima Akter Lovely	Head of HR, Capital Market Operations
Mr. Sakhawat Hossain	Head of Finance & Control

*m. Arif*  
**MASHUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*kl.*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited



#### 14.4 Due Diligence Certificate of the Trustee



www.idlc.com

##### Due Diligence Certificate of the Trustee

Chairman  
Bangladesh Securities and Exchange Commission

Sub: Issuance of 4,000 Perpetual Bond of Tk. 1 million each of The City Bank Limited

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

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

##### WE CONFIRM THAT:

- (a) all information and documents as are relevant to the issue have been received and examined by us and the draft IM, draft Deed of Trust and draft Subscription Agreement forwarded to the Commission has been approved by us;
- (b) we have also examined all documents of the assets to be charged with the Trust and are satisfied that the assets bear the value, title and charge status as disclosed in the IM;
- (c) while examining the above documents, we find that all the requirements of the Securities and Exchange Commission (Private Placement of Debt Securities) Rules, 2012 have been complied with;
- (d) we shall act as trustee to the issue as mentioned above as per provisions of the Deed of Trust to be executed with the issuer and shall assume the duties and responsibilities as described in the Deed of Trust and in the IM;
- (e) we shall also abide by the Securities and Exchange Commission (Private Placement of Debt Securities) Rules, 2012 and conditions imposed by the Commission as regards of the issue; and
- (f) the above declarations are unequivocal and irrevocable.

For Trustee

  
Md. Moniruzzaman, CFA  
Managing Director  
IDLC Investments Limited

IDLC Investments Limited  
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## **Section 15: Modus Operandi of the Issue**

### **15.1 Form, Denomination and Title**

#### **15.1.1 Form and Denomination**

<b>Facility Size</b>	<b>BDT 4,000,000,000</b>
<b>No. of Bonds to be Issued</b>	<b>4,000</b>
<b>Face Value Per Lot</b>	<b>BDT 1,000,000</b>
<b>Bonds per lot/ Minimum Subscription</b>	<b>01</b>

The Bonds will be issued by the Issuer in the name of the Bondholders at the Issue Price. A bond certificate (each a "Bond Certificate") will be issued to each Bondholder in respect of its registered holding of all or each series of Bonds. Each Bond and each Bond Certificate will be numbered serially with an identifying number which will be recorded on the relevant Bond Certificate and in the register of Bondholders (the "Register"), the Issuer and a copy of which will be kept by the Registrar. The Issuer may, without the consent of the Bondholders of a Series, create and issue other Series of Bonds with the same terms and conditions as the Bonds (except for the Issue Date and the Redemption Date).

#### **15.1.2 Title**

Unless otherwise provided in any law, title to the Bonds passes only by transfer and registration in the Register. A registered Bondholder shall (except as otherwise required by law) be treated as the absolute owner of such Bond for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Bond Certificate relating thereto (other than the endorsed Instrument of Transfer) or any notice of any previous loss or theft of such Bond Certificate) and no person shall be liable for so treating such Bondholder. In these provisions "Bondholder" and (in relation to a Bond) "Holder" means the person in whose name a Bond is registered in the Register as owner of the Bond. In the event of any inconsistency between the Register, the record of the holders in the Register shall prevail.

### **15.2 Register**

The Registrar will maintain an authoritative Register in respect of the Bonds, in accordance with the provisions of the Agency Agreement. The "Holder" of a Bond means the person in whose name such Bond is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "Bondholder" shall be construed accordingly. The Register shall be prima facie evidence of any matter in relation to the rights under the Bonds except as ordered by a court of competent jurisdiction or as required by applicable law. Bondholders and the Trustee shall be entitled to inspect the Register and take copies therefrom upon payment of fees as may be prescribed by the Issuer from time to time.

### **15.3 Payments**

#### **15.3.1 Payment of Coupon**

(a) The Issuer hereby covenants that from (and including) the Issue Date up to (but excluding) the date of exercise of Call Option as per clause 15.3.2, the Issuer will pay to the Bondholders coupon on each Perpetual Bond at the Coupon Rate, provided however that all payment of Coupon Rate shall be

subject to exercise of Issuer's Coupon Discretion and/or having distributable profit after making payments to creditors senior to the Bondholders and Coupon Range shall be, subject to the Coupon Ceiling, proportionately adjusted based on such available distributable profits of the Issuer; provided further that obligation of the Issuer for making payment of coupon shall be subject to loss absorption obligation of the Bondholders as per clause 15.3.1(d).

(b) The first coupon payment shall be made on the date falling six (6) months after the Issue Date. The first coupon payment shall be calculated for the period commencing from the Issue Date up to the aforesaid date of first coupon payment (inclusive of the date of commencement, but excluding the date of expiry). Thereafter, coupon calculated for each subsequent six (6) month period (inclusive of the date of commencement, but excluding the date of expiry) shall be payable semi-annually in arrears. The date of expiry of each six (6) month period commencing from the Issue Date shall be known as the "Coupon Payment Date". If any Coupon Payment Date would otherwise fall on a day which is not a Business Day, the date on which payment shall be made shall be next Business Day. A holder of a Bond shall not be entitled to any payment in respect of any delay in payment resulting from the due date for a payment not being a Business Day. All coupon payments shall be calculated based on the outstanding nominal value of the Perpetual Bonds as at the day immediately preceding the Coupon Payment Date.

(c) Trustee will notify the amount of the coupon payment to the Issuer 21 (twenty-one) days prior to any Coupon Payment Date.

(d) If prior to any Coupon Payment Date, the Trigger Point Condition is satisfied, then Issuer shall, upon service of the Conversion Notice as provided in clause 4.1, convert the outstanding principal of the Bonds to common shares at the Conversion Strike Price by such amount not exceeding the amount which would be required to bring the consolidated Common Equity Tier 1 (CET 1) ratio to 4.5% of RWA. If a fractional share issuance arises upon conversion, the issuer will round the number of shares issuable, up to the next whole number. Fractional lot size will also be rounded to the next whole number. The conversion shall, subject to provisions of applicable law, be completed at adoption of the resolution of the Board of the Issuer, and the Issuer shall be responsible for completion for all necessary formalities for issuance and listing of the converted shares as required by law in the name of the relevant Bondholder holding the title to the Bonds on the Record Date.

(e) Once Trigger Point Conditions are met, until the conversion is completed and the shares are listed in the name of the relevant Bondholders the Issuer may not (a) declare or pay a dividend on any of its ordinary shares or preference shares, or (b) redeem, purchase, reduce or otherwise acquire any of their respective ordinary shares, preference shares or other securities ranking, as to the right of repayment of principal pari passu with or junior to the Bondholders, provided however that, writing down a part of the Bonds shall not hinder rights of the Issuer to:

- (i) The re-capitalization of the Issuer.
- (ii) The Issuer's right to make payments on other instruments ranking in senior to the Bondholders
- (iii) The Issuer's right to making distributions to shareholders for a period that extends beyond the point in time that coupon on the Bonds are resumed.
- (iv) The normal operation of the Issuer or any restructuring activity (including acquisitions/disposals)

(f) Every payment by the Issuer to the Bondholders in respect of the coupon shall be in satisfaction pro tanto of the covenant by the Issuer contained in this Condition and the obligations and liabilities of the Issuer with regard to that coupon payment.

(g) Notwithstanding any other provision in the Memorandum and Articles of Association, the holders of shares issued upon conversion due to exercise of Loss Absorption features shall be entitled to pro-rated dividend distributed immediately after the end of the relevant Conversion Period.

#### 15.3.2 Issuer's Call Option

(a) Subject to Issuer having achieved Call Option Eligibility and obtaining approval of Bangladesh Bank, after the 10th (tenth) anniversary of the Issue Date, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Trustee of the Call Exercise Date, which notice shall be irrevocable, elect to redeem all, but not some only, of the Bonds at their principal amount together with any outstanding payments.

(b) Upon receipt of notice of exercise of call option as per clause 15.3.2 (a), Trustee will notify the amount of the redemption payment, i.e., principal amount of the Bonds together with any outstanding payments to the Issuer 15 (fifteen) days prior to intended Call Exercise Date.

(c) In case Call Exercise Date is not a Coupon Payment Date, coupon rate will be paid along with all coupons (accrued and unpaid) to be calculated at last coupon rate along with the redeemed amount.

#### 15.3.3 Payments subject to applicable laws

Unless otherwise agreed herein, all payments in respect of the Bonds are subject in all cases to any applicable laws and regulations of Bangladesh, but without prejudice to the provisions of Clause 15.5 (Events of Default). No commissions or expenses shall be charged to the Bondholders in respect of such payments.

#### 15.3.4 Record Date

Each payment in respect of a Bond will be made to the person shown as the Holder in the Register at the close of business on the day that is 15 (fifteen) Business Days before the due date for such payment; and upon exercise of Loss Absorption feature, the title to common shares issued through conversion shall belong to the person shown as the Holder in the Register at the close of business on the day that is 15 (fifteen) Business Days before the end of Conversion Period (each a "Record Date").

#### 15.3.5 Default Rate

The Issuer shall pay a late payment penalty of 2% (two per cent) higher than the Coupon Rate and be payable on the amount not paid on the due date up till the date of actual payment unless exercise of Issuer's Coupon Discretion is not in effect. However, a holder of a Bond shall not be entitled to any late payment fee in respect of any delay in payment resulting from the due date for a payment not being a Business Day.

#### 15.3.6 Payment to Nominee

If the Holder of a Bond is a natural person, he may appoint a nominee who shall on the death of the Holder of a Bond is entitled to receive money in relation to the Bond held in the name of the Bondholder in the Register. Bondholder shall inform the Registrar in the prescribed form the name of

his nominee and upon receipt of such information the Registrar shall record the name of nominee in the Register and shall inform the Issuer. If the Holder of a Bond is more than one person each Holder of a Bond may appoint a nominee for himself who shall hold the Bond along with the surviving Holder of the Bond. Payment by the Paying Agent to the nominee on the Coupon Payment Date on the death of the Bondholder shall be sufficient to discharge payment obligations of the Issuer to the Bondholders and it shall be responsibility of the nominee to distribute amongst the heirs of the deceased in accordance with applicable laws.

#### 15.4 Taxation

15.4.1 All tax will be paid or deducted as per the laws of Bangladesh.

#### 15.5 Events of Default

15.5.1 The occurrence of the following event shall constitute an Event of Default: -

- (i) Breach of Common Equity Holders' Dividend Stopper Clause;
- (ii) Subject to exercise of Issuer's Coupon Discretion, Trigger Point Consideration being met, and/or exercise of Loss Absorption feature, the Issuer defaults in the payment of any money owing in respect of the Perpetual Bonds when the same shall become due and payable in accordance with these presents and such default continues for at least seven (7) Business Days
- (iii) Breach of any covenant, warranty or other provision of the Trust Deed otherwise as provided in the preceding paragraphs of this Clause and such default continues for at least thirty (30) Business Days ..

15.5.2 Upon the occurrence of: an Event of Default described in Clause 15.5.1, the Trustee may, in addition to rights under Clause 15.6.1, institute proceedings for winding up of the Issuer.

For the avoidance of doubt:

- (a) the occurrence of an Event of Default shall not prejudice the subordination provided in Clause 10.3.1 of the Trust Deed; and
- (b) save as provided in Clause 15.5.1, the Trustee or any Bondholder shall not be entitled to accelerate any payment under the Perpetual Bonds as a result of any default by the Issuer in the performance or observance of any covenant, condition or provision contained in the Perpetual Bonds or the Trust Deed or any of the Issue Documents.

#### 15.6 Enforcement

##### 15.6.1 Proceeding

The Trustee, subject to Clauses 15.3.1 and 15.6.2, shall enforce all payment obligations under the Perpetual Bonds for the amount due and payable under the Perpetual Bonds and damages where applicable in accordance with arbitration under clause 4 of the Trust Deed.

15.6.2 The Trustee shall follow the procedure laid down in rule 12 of the Rule (or any successor provision) to call for a meeting of the Bondholders and shall be bound by the written decision of the holders of not less than 75% in principal amount of the Bonds then outstanding. However, if no written instructions is received in accordance with this clause within thirty days after mailing of the notice in accordance with Rule 12, the Trustee shall proceed to take any step to enforce the rights of

the Bondholders against the Issuer in accordance with Conditions 15.6.1; provided however that at all times Trustee shall only proceed with enforcement if it has been fully indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs (including legal costs on a solicitor and client basis), charges, damages and expenses which it may incur by so doing.

15.6.3 Only the Trustee may pursue the rights and remedies available under Clauses 15.5.2 and 15.6.1 hereof to enforce the rights of the Bondholders against the Issuer and no Bondholder shall be entitled to pursue such remedies against the Issuer unless the Trustee, having become bound to do so in accordance with the terms of the Trust Deed, fails to do so after the expiry of fourteen (14) days from the date of the Trustee having become bound to do so.

#### 15.6.4 Application of Moneys

All moneys received by the Trustee in respect of the Bonds or amounts payable under the Trust Deed will be held by the Trustee on trust to apply them (subject to the terms of the Trust Deed):

- (a) first, in payment or satisfaction of the costs, charges, expenses and liabilities incurred by, or other amounts owing to, the Trustee in relation to the preparation and execution of the Trust Deed (including remuneration of the Trustee) agreed between the Trustee and the Issuer but not paid by the Issuer;
- (b) secondly, in payment of any amounts due and owing by the Issuer to any Agent under the Agency Agreement;
- (c) thirdly, in or towards payment *pari passu* and ratably of all amounts remaining due and unpaid in respect of the Bonds; and
- (d) fourthly, the balance (if any) in payment to the Issuer for itself.

#### 15.7 Certificates/Reports

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of this Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) subject to such certificate or report and/or engagement letter or other document entered into by the Trustee with consent from the Issuer in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

In the event of the passing of an Extraordinary Resolution in accordance with Clause 19.2 (Meetings) in the Trust Deed, a modification, waiver or authorisation in accordance with Clause 7.9 (Modification and Waiver) the Issuer will procure that the Bondholders be notified in accordance with Clause 15.9.

#### 15.8 Replacement of Certificates

If any Bond Certificate is mutilated, defaced, destroyed, stolen or lost, its may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and such Agent may require. Mutilated or defaced Bond Certificates must be surrendered before replacements will be issued.



**15.9 Notices**

**15.9.1 Addresses for notices**

All notices and other communications hereunder shall be made in writing (by letter or fax) and shall be sent as follows:

(a) **Issuer:** If to the Issuer, to it at:

**Address:** The City Bank Limited

City Bank Center,

136 Gulshan Avenue,

Dhaka-1212

**Attention:** Md. Mahbubur Rahman, FCA,

DMD & Chief Financial Officer

(b) **Trustee:** If to the Trustee, to it at:

**Address:** IDLC Investments Limited

DR Tower (Level 4)

65/2/2 Bir Protik Gazi Golam Dostogir Road

Purana Paltan, Dhaka 1000

**Attention:** Md. Moniruzzaman, CFA

Managing Director

(c) **Registrar, Paying Agent and Transfer Agent:** If to the Registrar, Paying Agent and Transfer Agent, to it at:

**Address:** IDLC Finance Limited

DR Tower (Level 4)

65/2/2 Bir Protik Gazi Golam Dostogir Road

Purana Paltan, Dhaka 1000

**Attention:** Md. Moniruzzaman, CFA

Managing Director

**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

or, in any case, to such other address or fax number or for the attention of such other person or department as the addressee has by prior notice to the sender specified for the purpose, in writing.

#### 15.9.2 Effectiveness

Every notice or other communication sent in accordance with Clause 15.9.1 shall be effective if sent by letter, three days after the time of dispatch and if sent by fax at the time of dispatch provided that any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the addressee.

#### 15.9.3 Notices to Bondholders:

All notices are validly given if:

- (a) mailed to the Bondholders at their respective addresses in the Register; or
- (b) published for three consecutive days in one English newspaper and one Bengali newspaper, each having wide circulation in Bangladesh; or
- (c) emailed to the Bondholders at their respective addresses set out in the Issuer Register provided that such notices will only be considered as validly given unless followed up with hard copies of the notices being mailed to the Bondholders or published for three consecutive days in a leading newspaper as aforesaid.

Any such notice shall be deemed to have been given on the seventh day after being so mailed or on the later of the date of such publications.

#### 15.10 Indemnification

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer.

#### 15.11 Cancellation

All Bonds which are redeemed by the Issuer in exercise of call option, will forthwith be cancelled.



# ANNEXURE 01

24 NOV 2020

  
**MASHUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

**The City Bank Limited**

**Independent Auditor's Report and Consolidated  
& Separate Financial Statements as at and  
for the nine months period ended 30 September 2020**

  
**MASHUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited



**Rahman Rahman Huq**  
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## Independent auditor's report

To the Board of Directors of The City Bank Limited

### **Report on the Audit of the Consolidated and Separate Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of The City Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of The City Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 30 September 2020 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 nine months period then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated balance sheet of the Group and the separate balance sheet of the Bank as at 30 September 2020, and of its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the nine months period then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.1.

#### **Basis for Opinion**

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

#### **Emphasis of Matter – Restriction on Distribution and Use**

We draw attention to Note 2.12 to the financial statements, which describes the purpose of these financial statements. The financial statements are prepared to assist the Group and the Bank to meet the requirements of regulators, specifically Bangladesh Securities and Exchange Commission. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

  
**MASHUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

Rahman Rahman Huq, a partnership firm registered in Bangladesh and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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24 NOV 2020

## Key Audit Matters

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

1. Measurement of provision for loans and advances	
See notes no. 2.1, 3.3.3, 8.a.16, 8.a.17, 16.a.1 and 16.b to the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>The process of estimating provision for loans and advances associated with credit risk is judgmental and complex. While estimating such provision certain judgmental factors need to be considered including:</p> <ul style="list-style-type: none"> <li>• Future business performance of the borrower;</li> <li>• Key assumptions relating to further business performance of the borrower;</li> <li>• Market value of the collateral; and</li> <li>• Ability to repossess collateral; and</li> <li>• Recovery rates.</li> </ul>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Credit monitoring and provisioning process;</li> <li>• Identification of loss events, including early warning and default warning indicators; and</li> <li>• Review of quarterly Classification of Loans (CL).</li> </ul>
<p>Furthermore, these provisions are processed manually using the voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank (the central bank of Bangladesh) issued time to time.</p> <p>Due to high level of judgement involved and using some manual process in estimating the provision for loans and advance, we considered this to be a key audit matter.</p> <p>At year end the Group and Bank reported total gross loans and advances of BDT 297,498 million (31 December 2019: BDT 247,778 million) and BDT 296,472 million (31 December 2019: BDT 246,944 million) respectively and provision for loans and advances of BDT 10,386 million (31 December 2019: BDT 10,117 million) and BDT 10,317 million (31 December 2019: BDT 10,069 million) respectively.</p>	<p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the Bank's general and specific provisions;</li> <li>• Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> </ul>

*M. Arif*  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*MD. Moniruzzaman*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

<b>2. Recognition of deferred tax assets ("DTA")</b>	
<b>See note no 3.12.2, 11.a.5, 11.c, 16.b and 16.e to the financial statements.</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group and The Bank have recognised deferred tax assets for deductible temporary differences that it believes are recoverable.</p> <p>The recoverability of recognised deferred tax assets is in part dependent on the Bank's ability to generate future taxable profits sufficient to utilise deductible temporary differences.</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences where significant judgement is involved.</p> <p>The Group and the Bank have reported net deferred tax assets to totalling BDT 483 million (31 December 2019: BDT 833 million) and BDT 501 million (31 December 2019: BDT 829 million) respectively as at 30 September 2020.</p>	<p>We obtained an understanding of the Group and the Bank's key controls over the recognition and measurement of deferred tax assets and the assumptions used in estimating the Bank's future taxable income.</p> <p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• using our own tax specialists to evaluate the tax strategies that the Bank expects successful recovery of the recognised deferred tax assets;</li> <li>• assessing the accuracy of forecast future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit; and</li> <li>• evaluating the adequacy of the financial statement disclosures as per IAS 12 Income Tax and Bangladesh Bank guideline.</li> </ul>
<b>3. Legal and regulatory matters</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>We focused on legal and regulatory matters because the Group and the Bank operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions and other contingent liabilities.</p>	<p>We obtained an understanding of the Group and the Bank's key controls over the legal compliance.</p> <p>We inquired to management to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We inquired of the Group and the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external legal counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Group and the Bank's provisions and contingent liabilities disclosure.</p>

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**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

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**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

4. IT systems and controls	
The key audit matter	How the matter was addressed in our audit
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and manual with automated (IT dependent) controls.</p> <p>We have focused on user access management, developer access to the production environment and changes to the IT environment. These are keys to ensure that manual with automated control and automated controls are operating effectively.</p>	<p>We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). We have performed audit procedures to ensure that requests for access to systems were appropriately reviewed and authorised. We tested the Bank's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorisation. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>
5. Recoverability of investments in subsidiaries by the Bank	
See note no. 3.3.2 and 11.a.1 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>The Bank has invested in equity shares of its subsidiaries namely City Brokerage Limited, City Bank Capital Resources Limited, CBL Money Transfer Sdn. Bhd. and City Hong Kong Limited as at 30 September 2020 the carrying value of these investment is BDT 6,117 million.</p> <p>The Bank is required to perform impairment test of investment in subsidiary when impairment indication exists. The impairment testing is considered to be a key audit matter due to the complexity and judgements required in determining the assumptions to be used to estimate the recoverable amount which is higher of fair value less costs to sell and value in use.</p> <p>Management has conducted impairment assessment and calculated recoverable value of all its subsidiaries in accordance with IAS 36.</p>	<p>We have reviewed management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36 Impairment of Assets.</p> <p>We have analysed the appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p>

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 Managing Director & CEO  
 The City Bank Limited

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 IDLC Investments Limited

<b>6. Recognition of interest income from loans and advances</b>	
<b>See note no 26 to the financial statements.</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
Recognition of interest income has significant and wide influence on financial statements.	We tested the design and operating effectiveness of key controls over recognition and measurement of interest on loans and advances.
Recognition and measurement of interest income has involvement of complex IT environment.	We performed test of operating effectiveness on automated control in place to measure and recognise interest income.
We identify recognition of interest income from loans and advances as a key audit matter because this is one of the key performance indicators of the Bank and therefore there is an inherent risk of fraud and error in recognition of interest by management to meet specific targets or expectations.	We have also performed substantive procedure to check whether interest income is recognised completely and accurately .  We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.

**Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls**

Management is responsible for the preparation of the consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with IFRSs as explained in note 2.1, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Group and the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

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

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

  
**MASHUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

  
**Md Moniruzzaman**  
Managing Director  
IDLC Investments Limited

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

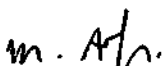
  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited



**Report on other Legal and Regulatory Requirements**

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls for the financial statements and internal control:
  - (a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;
  - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities.
- (iii) financial statements for the nine months period ended 30 September 2020 of two subsidiaries namely City Brokerage Limited and City Bank Capital Resources Limited have been audited by S.F. Ahmed & Co, Chartered Accountants and other two subsidiaries namely CBL Money Transfer Sdn. Bhd. and City Hong Kong Limited have been audited by Nasharuddin Wong & Co, Chartered Accountants and Akin CPA Limited, Certified Public Accountants respectively and have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred by the bank were for the purpose of the Bank's business for the nine months period;
- (viii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;



**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited



**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 1,210 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the nine months period.

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

Rahman Rahman Huq  
Dhaka, 22 November 2020

RRH

*Rahman Rahman Huq*

*m. Arefin*  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*md. Moniruzzaman*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

**The City Bank Limited and its subsidiaries**

**Consolidated Balance Sheet  
as at 30 September 2020**

		<u>Sep 2020</u>	<u>Dec 2019</u>
	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
<b><u>PROPERTY AND ASSETS</u></b>			
Cash			
In hand (including foreign currencies)	4	6,093,569,983	6,136,396,417
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	4.a.2	21,886,961,281	19,776,258,104
		27,980,531,264	25,912,654,521
Balance with other banks and financial institutions	5		
In Bangladesh		19,042,279,372	19,084,846,966
Outside Bangladesh		3,016,063,498	4,360,632,299
		22,058,342,870	23,445,479,265
Money at call and short notice	6	89,379,167	89,379,167
Investments	7		
Government		35,177,765,277	36,085,210,195
Others		8,866,341,928	7,563,438,277
		44,044,107,205	43,648,648,472
Loans and advances/investments	8		
Loans, cash credits, overdrafts, etc./investments		295,509,727,652	245,024,807,640
Bills purchased and discounted		1,988,758,593	2,752,926,612
		297,498,486,245	247,777,734,252
Fixed assets including premises, furniture and fixtures	10	6,268,056,646	6,299,251,389
Other assets	11	11,624,806,847	8,627,907,980
Non-banking assets	12	1,086,959,623	1,152,338,991
Total assets		<u>410,650,669,867</u>	<u>356,953,394,037</u>
<b><u>LIABILITIES AND CAPITAL</u></b>			
Liabilities			
Tier-II subordinated bond	13	9,200,000,000	9,200,000,000
Borrowings from other banks, financial institutions and agents	14	67,108,382,607	45,147,496,824
Deposits and other accounts	15		
Current deposits and other accounts		46,129,137,111	40,869,697,059
Bills payable		2,195,277,828	1,884,096,479
Savings bank deposits		56,168,769,925	46,367,253,617
Fixed deposits		165,858,620,578	157,319,657,916
Bearer certificate of deposit		-	-
		270,351,805,442	246,440,705,071
Other liabilities	16	36,642,932,300	31,625,862,069
Total liabilities		<u>383,303,120,349</u>	<u>332,414,053,964</u>
Capital/shareholders' equity			
Paid up capital	17.2	10,163,866,610	10,163,866,610
Statutory reserve	18	8,659,477,813	8,659,477,813
Share premium	19	1,504,388,797	1,504,388,797
Dividend equalisation reserve	20	530,786,630	530,786,630
Other reserve	21	1,965,162,856	701,793,786
Surplus in profit and loss account	22	4,523,754,326	2,978,918,631
Total shareholders' equity		27,347,437,032	24,539,232,267
Non controlling interest	23	112,486	107,806
Total equity		<u>27,347,549,518</u>	<u>24,539,340,073</u>
Total liabilities and shareholders' equity		<u>410,650,669,867</u>	<u>356,953,394,037</u>

*m. Arif*  
**MASHRU AREFIN**  
Managing Director & CEO  
The City Bank Limited

*Kd*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited



**OFF-BALANCE SHEET ITEMS****Contingent liabilities**

Acceptances and endorsements

Letters of guarantee

Irrevocable letters of credit

Bills for collection

Other contingent liabilities for ECA financing

Total

Note

Sep 2020

Taka

Dec 2019

Taka

24.1

24.2

24.3

24.4

**Other commitments**

Documentary credits and short term trade-related transactions

Forward assets purchased and forward deposits placed

Undrawn note issuance and revolving underwriting facilities

Undrawn formal standby facilities, credit lines and other commitments

Other commitments

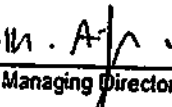
Total

Total Off-Balance Sheet items including contingent liabilities

46,468,143,359	51,796,238,358
14,944,463,567	11,763,748,842
31,389,739,841	29,545,447,726
10,071,231,727	7,915,163,524
11,591,046,572	12,152,921,351
<u>114,464,625,066</u>	<u>113,173,519,801</u>

-	-
16,121,489,995	5,224,685,808
-	-
-	-
-	-
<u>16,121,489,995</u>	<u>5,224,685,808</u>
<u>130,586,115,061</u>	<u>118,398,205,609</u>

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

  
Managing Director & CEO

  
Director

  
Director

  
Chairman

As per our report of same date.

Dhaka, 22 November 2020

RRH

  
Auditor  
Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh

  
**MASHRU AREFIN**  
Managing Director & CEO  
The City Bank Limited

  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

**The City Bank Limited and its subsidiaries**

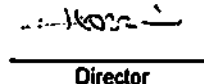
**Consolidated Profit and Loss Account  
for the period ended 30 September 2020**

		<u>Sep 2020</u>	<u>Sep 2019</u>
	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
Interest income/profit on investments	26	18,193,943,713	19,772,430,261
Interest paid/profit shared on deposits and borrowings etc.	27	(12,063,482,589)	(11,669,251,315)
Net interest income/profit on investments		6,130,461,124	8,103,178,946
Investment income	28	3,133,071,643	1,636,601,503
Commission, exchange and brokerage	29	2,828,301,237	2,596,927,464
Other operating income	30	1,093,873,089	1,465,934,846
		<u>7,055,245,969</u>	<u>5,699,463,613</u>
<b>Total operating income (A)</b>		<b>13,185,707,093</b>	<b>13,802,642,559</b>
<b>Operating expenses</b>			
Salaries and allowances	31	4,156,244,902	4,059,547,938
Rent, taxes, insurance, electricity, etc.	32	426,894,036	898,300,358
Legal expenses	33	39,778,565	37,907,002
Postage, stamp, telecommunication, etc.	34	65,689,027	78,222,506
Stationery, printing, advertisements, etc.	35	178,739,736	178,455,897
Chief executive's salary and fees	36	14,821,510	12,999,885
Directors' fees	37	2,997,529	3,183,561
Auditors' fees		1,971,578	1,410,158
Depreciation and repair	38	1,393,291,303	794,029,645
Other expenses	39	1,656,591,068	1,517,042,608
<b>Total operating expenses (B)</b>		<b>7,937,019,254</b>	<b>7,581,099,556</b>
<b>Profit before provision (C = A-B)</b>		<b>5,248,687,839</b>	<b>6,221,543,003</b>
Provision for loans and advances/investments	40	(172,375,049)	(1,115,607,640)
Provision for off-balance sheet exposures		(92,017,769)	(85,289,752)
Provision for diminution in value of investments		(24,469,661)	(46,852,245)
Other provision		-	-
<b>Total provision (D)</b>		<b>(288,862,479)</b>	<b>(1,247,749,637)</b>
<b>Total profit before tax (E = C+D)</b>		<b>4,959,825,360</b>	<b>4,973,793,366</b>
Provision for taxation (F)	41		
Current tax expense		(1,523,936,359)	(2,262,574,869)
Deferred tax income/(expense)		(350,609,013)	(89,573,403)
<b>Total provision for tax</b>		<b>(1,874,545,372)</b>	<b>(2,352,148,272)</b>
<b>Net profit after tax (G = E+F)</b>		<b>3,085,279,988</b>	<b>2,621,645,094</b>
<b>Not profit after tax attributable to:</b>			
Equity holders of the bank		3,085,275,308	2,621,643,050
Non-controlling interest		4,680	2,044
		<u>3,085,279,988</u>	<u>2,621,645,094</u>
<b>Appropriations</b>			
Statutory reserve		-	955,753,070
General reserve		-	-
		-	<u>955,753,070</u>
<b>Retained surplus for the year</b>		<b>3,085,275,308</b>	<b>1,665,891,980</b>
<b>Earnings per share (EPS)</b>	46	<b>3.04</b>	<b>2.58</b>

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

  
Managing Director & CEO

  
Director

  
Director

  
Chairman

As per our report of same date.

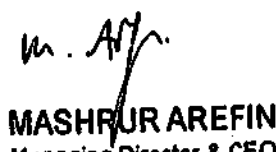


Auditor

Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh

Dhaka, 22 November 2020

RRH

  
**MASHRUR AREFIN**  
Managing Director & CEO

  
Md Moniruzzaman  
Managing Director  
IDLC Investments Limited

The City Bank Limited and its subsidiaries  
Consolidated Statement of Changes in Equity  
for the period ended 30 September 2020

Particulars	Attributable to the equity holders of the Bank							Non controlling interest	Total equity
	Paid up capital	Statutory reserve	Share premium	General reserve	Revaluation gain/(loss) on investments	Dividend equalisation reserve	Surplus in profit and loss account		
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2020	10,163,866,610	8,659,477,813	1,504,388,797	11,394,928	690,398,657	530,786,630	2,978,918,631	107,806	24,539,340,072
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	1,263,389,071	-	-	-	1,263,389,071
Currency translation differences	-	-	-	-	-	-	(1,229,965)	-	(1,229,965)
Net profit/(loss) for the year	-	-	-	-	-	-	3,085,275,308	4,680	3,085,279,988
Dividend (Cash)	-	-	-	-	-	-	(1,539,209,648)	-	(1,539,209,648)
Dividend (Bonus Share)	-	-	-	-	-	-	-	-	-
Appropriation made during year	-	-	-	-	-	-	-	-	-
Balance as at 30 September 2020	10,163,866,610	8,659,477,813	1,504,388,797	11,394,928	1,953,787,728	530,786,630	4,523,784,326	112,486	27,347,549,518

For the period ended 30 September 2019

Particulars	Attributable to the equity holders of the Bank							Non controlling interest	Total equity
	Paid up capital	Statutory reserve	Share premium	General reserve	Revaluation gain/(loss) on investments	Dividend Equalisation Reserve	Surplus in profit and loss account		
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2019	9,679,872,970	8,001,659,112	1,504,388,797	11,394,928	3,120,268,820	530,786,631	2,068,909,234	104,416	24,917,284,908
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	(1,757,417,224)	-	-	-	(1,757,417,224)
Currency translation differences	-	-	-	-	-	-	447,307	-	447,307
Net profit/(loss) for the year	-	-	-	-	-	-	2,621,643,047	2,044	2,621,645,091
Adjustment for inter company (cash dividend receipts)	-	-	-	-	-	-	-	-	-
Dividend (Cash)	-	-	-	-	-	-	(586,365,580)	-	(586,365,580)
Dividend (Bonus Share)	483,993,640	-	-	-	-	-	(483,993,640)	-	-
Appropriation made during year	-	955,753,070	-	-	-	-	(955,753,070)	-	-
Balance as at 30 September 2019	10,163,866,610	8,957,412,182	1,504,388,797	11,394,928	1,362,851,596	530,786,631	2,684,827,299	106,460	25,195,594,502

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



**The City Bank Limited and its subsidiaries**

**Consolidated Cash Flow Statement  
for the period ended 30 September 2020**

	<b>Note</b>	<b>Sep 2020 Taka</b>	<b>Sep 2019 Taka</b>
<b>A) Cash flows from operating activities</b>			
Interest receipts/investment income receipts in cash		18,253,051,412	19,922,076,557
Interest payments/profit paid on deposits		(12,859,749,618)	(11,335,839,924)
Dividend receipts		350,465,986	359,787,425
Fees and commission receipts in cash		2,052,743,145	1,642,366,366
Recoveries of loans previously written-off		76,209,327	116,544,043
Cash payments to employees		(4,171,066,413)	(4,072,547,823)
Cash payments to suppliers		(96,186,141)	(130,587,955)
Income taxes paid		(2,382,332,520)	(2,131,191,673)
Receipts from other operating activities	42	3,850,860,667	2,742,654,549
Payments for other operating activities	43	(3,291,813,440)	(3,051,242,489)
<b>Cash generated from operating activities before changes in operating assets and liabilities (i)</b>		<b>1,782,182,405</b>	<b>4,062,019,076</b>
<b>Increase/decrease in operating assets and liabilities</b>			
Loans and advances to customers		(49,720,751,993)	(25,182,831,944)
Other assets	44	(1,090,185,091)	(1,812,929,147)
Deposits from other banks/borrowings		19,714,786,845	(13,436,731,831)
Deposits from customers		26,157,199,311	31,205,862,140
Other liabilities	45	4,044,462,532	1,437,411,773
<b>Cash generated from operating assets and liabilities (ii)</b>		<b>(894,489,396)</b>	<b>(7,789,219,009)</b>
<b>Net cash flow from operating activities (i+ii)</b>		<b>887,694,009</b>	<b>(3,727,199,933)</b>
<b>B) Cash flows from investing activities</b>			
Payment for purchase of securities		(4,553,086,615)	(4,142,777,888)
Purchase/sale of property, plant and equipment		(341,080,365)	(464,590,036)
<b>Net cash used in investing activities</b>		<b>(4,894,166,980)</b>	<b>(4,607,367,924)</b>
<b>C) Cash flows from financing activities</b>			
Issuance of 3rd tier-II subordinated bond		-	400,000,000
Dividend paid		(1,539,209,648)	(586,365,580)
<b>Net cash from financing activities</b>		<b>(1,539,209,648)</b>	<b>(186,365,580)</b>
<b>D) Net increase in cash and cash equivalents (A+B+C)</b>		<b>(5,545,682,619)</b>	<b>(8,520,933,437)</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>		<b>801,191,016</b>	<b>943,017,619</b>
<b>F) Cash and cash equivalents at beginning of the period</b>		<b>65,784,885,715</b>	<b>57,359,976,956</b>
<b>G) Cash and cash equivalents at end of the period (D+E+F)</b>		<b>61,040,394,112</b>	<b>49,782,061,138</b>
<b>Cash and cash equivalents at end of the period consists of:</b>			
Cash in hand (including foreign currencies)		6,093,569,983	6,127,222,606
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		21,886,961,281	13,570,066,387
Balance with other banks and financial institutions		22,058,342,870	18,996,357,391
Money at call and short notice		89,379,167	89,379,167
Government securities		10,912,140,811	10,999,035,587
		<b>61,040,394,112</b>	<b>49,782,061,138</b>

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



*M. Afz.*  
**MASHRU AREFIN**  
Managing Director & CEO  
The City Bank Limited

*KQ.*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

The City Bank Limited

Balance Sheet  
as at 30 September 2020

<u>PROPERTY AND ASSETS</u>	<u>Note</u>	<u>Sep 2020</u> <u>Taka</u>	<u>Dec 2019</u> <u>Taka</u>
<b>Cash</b>			
in hand (including foreign currencies)	4.a.1	6,091,902,905	6,130,572,909
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	4.a.2	21,886,961,281	19,776,258,104
		27,978,864,186	25,906,831,013
<b>Balance with other banks and financial institutions</b>	5.a		
In Bangladesh		18,719,055,756	18,731,082,702
Outside Bangladesh		2,965,463,740	4,305,212,819
		21,684,519,496	23,036,295,521
<b>Money at call and short notice</b>	6	89,379,167	89,379,167
<b>Investments</b>	7.a		
Government		35,177,765,277	36,085,210,195
Others		3,863,568,328	3,366,294,433
		39,041,333,605	39,451,504,628
<b>Loans and advances/investments</b>	8.a		
Loans, cash credits, overdrafts, etc./investments		294,615,059,271	244,204,761,679
Bills purchased and discounted	9	1,856,570,870	2,738,889,044
		296,471,630,141	246,943,650,723
<b>Fixed assets including premises, furniture and fixtures</b>	10.a	5,635,475,526	5,675,248,085
<b>Other assets</b>	11.a	14,628,541,767	12,433,741,210
<b>Non-banking assets</b>	12	1,086,959,623	1,152,338,991
<b>Total assets</b>		<u>406,616,703,511</u>	<u>354,688,987,338</u>
<b><u>LIABILITIES AND CAPITAL</u></b>			
<b>Liabilities</b>			
Tier-II subordinated bond	13	9,200,000,000	9,200,000,000
<b>Borrowings from other banks, financial institutions and agents</b>	14.a	66,169,461,848	44,168,290,655
<b>Deposits and other accounts</b>	15.a		
Current deposits and other accounts		46,215,726,113	40,790,426,287
Bills payable		2,195,277,828	1,884,096,479
Savings bank deposits		56,168,769,925	46,367,253,617
Fixed deposits		166,226,255,296	157,661,889,059
Bearer certificate of deposit			
		270,806,029,162	246,703,665,442
<b>Other liabilities</b>	16.a	33,253,275,284	29,201,394,866
<b>Total liabilities</b>		<u>379,428,766,294</u>	<u>329,273,350,963</u>
<b>Capital/shareholders' equity</b>			
Paid up capital	17.2	10,163,866,610	10,163,866,610
Statutory reserve	18	8,659,477,813	8,659,477,813
Share premium	19	1,504,388,797	1,504,388,797
Dividend equalisation reserve	20	530,786,630	530,786,630
Other reserve	21.a	1,438,841,274	930,897,744
Surplus in profit and loss account	22.a	4,890,576,093	3,626,218,781
<b>Total shareholders' equity</b>		<u>27,187,937,217</u>	<u>25,415,636,375</u>
<b>Total liabilities and shareholders' equity</b>		<u>406,616,703,511</u>	<u>354,688,987,338</u>

0272 ACN 47



*M. A.*  
**MASHUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*M.*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited



	Note	Sep 2020 Taka	Dec 2019 Taka
<b>OFF-BALANCE SHEET ITEMS</b>			
Contingent liabilities			
Acceptances and endorsements		46,468,143,359	51,798,238,358
Letters of guarantee	24.1	14,944,463,567	11,763,748,842
Irrevocable letters of credit	24.2	31,389,739,841	29,545,447,726
Bills for collection	24.3.a	9,999,222,021	7,846,319,339
Other contingent liabilities for ECA Financing		11,591,046,572	12,152,921,351
Total		114,392,615,360	113,104,675,616
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed	24.4	16,121,489,995	5,224,685,808
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Other commitments		-	-
Total		16,121,489,995	5,224,685,808
Total Off-Balance Sheet items including contingent liabilities		130,514,105,355	118,329,361,424

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

  
Managing Director & CEO

  
Director

  
Director

  
Chairman

As per our report of same date.

Dhaka, 22 November 2020

RRH

  
Auditor

Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh

0212 ACN 47

  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

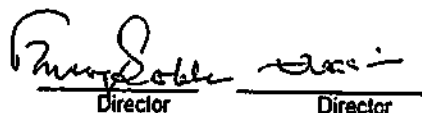
  
Md Moniruzzaman  
Managing Director  
IDLC Investments Limited

**The City Bank Limited**  
**Profit and Loss Account**  
**for the period ended 30 September 2020**

	Note	Sep 2020 Taka	Sep 2019 Taka
Interest income/profit on investments	26.a	18,089,444,081	19,693,538,069
Interest paid/profit shared on deposits and borrowings etc.	27.a	(12,036,185,438)	(11,652,754,991)
Net Interest Income/profit on investments		6,053,258,643	8,040,783,078
Investment income	28.a	2,887,101,960	1,379,120,944
Commission, exchange and brokerage	29.a	2,398,536,690	2,326,003,760
Other operating income	30.a	1,093,873,087	1,464,431,573
		6,377,511,737	5,169,556,277
<b>Total operating income (A)</b>		<b>12,430,770,380</b>	<b>13,210,339,355</b>
Salaries and allowances	31	4,001,995,192	3,907,683,495
Rent, taxes, insurance, electricity, etc.	32.a	388,038,941	822,860,793
Legal expenses	33.a	36,201,164	34,380,509
Postage, stamp, telecommunication, etc.	34.a	59,996,272	73,413,148
Stationery, printing, advertisements, etc.	35.a	165,263,178	160,783,843
Chief executive's salary and fees	36	14,821,510	12,999,885
Directors' fees	37.a	664,000	1,224,000
Auditors' fees		1,485,000	1,327,500
Depreciation and repair of Bank's assets	38.a	1,338,931,323	768,233,260
Other expenses	39.a	1,638,446,118	1,494,202,154
<b>Total operating expenses (B)</b>		<b>7,645,842,698</b>	<b>7,277,108,587</b>
<b>Profit before provision (C = A-B)</b>		<b>4,784,927,682</b>	<b>5,933,230,768</b>
Provision for loans and advances/investments	40.a	(171,031,450)	(1,069,175,684)
Provision for off-balance sheet exposures		(92,017,769)	(85,289,752)
Provision for diminution in value of investments	40.b	-	-
Other provision	40.c	-	-
<b>Total provision (D)</b>		<b>(263,049,219)</b>	<b>(1,154,465,416)</b>
<b>Total profit before taxes (E = C+D)</b>		<b>4,521,878,463</b>	<b>4,778,765,352</b>
Provision for taxation (F)	41.a		
Current tax expense		(1,390,894,475)	(2,162,434,099)
Deferred tax income/(expense)		(327,417,028)	(90,000,000)
<b>Total provision for tax</b>		<b>(1,718,311,503)</b>	<b>(2,252,434,099)</b>
<b>Net profit after tax (G = E+F)</b>		<b>2,803,566,960</b>	<b>2,526,331,253</b>
Appropriations			
Statutory reserve		-	955,753,070
General reserve		-	-
<b>Retained surplus for the year</b>		<b>2,803,566,960</b>	<b>1,570,578,183</b>
<b>Earnings per share (EPS)</b>	46.a	<b>2.76</b>	<b>2.49</b>

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

  
**Managing Director & CEO**

  
**Director**

  
**Chairman**

As per our report of same date.

Dhaka, 22 November 2020

RRH

  
**Auditor**

**Rahman Rahman Huq**  
**Chartered Accountants**  
**KPMG in Bangladesh**

  
**MASHRU AREFIN**  
**Managing Director & CEO**  
**The City Bank Limited**

  
**Md. Moniruzzaman**  
**Managing Director**  
**IDLC Investments Limited**

The City Bank Limited  
Statement of Changes In Equity  
for the period ended 30 September 2020

Particulars	Paid-up capital	Statutory reserve	Share premium	General reserve	Revaluation gain/(loss) on investment	Dividend equalisation reserve	Surplus in profit and loss account	Total equity
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2020	10,163,866,610	8,659,477,813	1,504,388,797	11,394,928	919,502,816	530,786,630	3,626,218,781	25,415,636,375
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	507,943,530	-	-	507,943,530
Net profit for the year	-	-	-	-	-	-	2,803,566,960	2,803,566,960
Dividend (Cash)	-	-	-	-	-	-	(1,530,209,648)	(1,530,209,648)
Dividend (Bonus Share)	-	-	-	-	-	-	-	-
Appropriation made during year	-	-	-	-	-	-	-	-
Balance as at 30 September 2020	10,163,866,610	8,659,477,813	1,504,388,797	11,394,928	1,427,446,346	530,786,630	4,890,576,093	27,187,937,217

For the period ended 30 September 2019

Particulars	Paid-up capital	Statutory reserve	Share premium	General reserve	Revaluation gain/(loss) on investment	Dividend Equalisation Reserve	Surplus in profit and loss account	Total equity
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2019	9,679,872,970	8,001,559,112	1,504,388,797	11,394,928	1,819,057,647	530,786,631	2,882,856,744	24,429,926,829
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	(783,709,710)	-	-	(783,709,710)
Adjustment for sale of revalued assets	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	2,526,331,253	2,526,331,253
Dividend (Cash)	-	-	-	-	-	-	(586,365,580)	(586,365,580)
Dividend (Bonus Share)	483,993,640	-	-	-	-	-	(483,993,640)	-
Appropriation made during year	-	955,753,070	-	-	-	-	(955,753,070)	-
Balance as at 30 September 2019	10,163,866,610	8,957,312,182	1,504,388,797	11,394,928	1,035,357,937	530,786,631	3,383,075,707	25,586,182,752

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



**The City Bank Limited**  
**Cash Flow Statement**  
**for the period ended 30 September 2020**

	<u>Note</u>	<u>Sep 2020</u> <u>Taka</u>	<u>Sep 2019</u> <u>Taka</u>
<b>A) Cash flows from operating activities</b>			
Interest receipts/investment income receipts in cash		18,148,551,781	19,843,184,364
Interest payments/profit paid on deposits		(12,834,427,604)	(11,319,343,598)
Dividend receipts		132,386,077	149,745,002
Fees and commission receipts in cash		1,685,913,473	1,371,877,920
Recoveries of loans previously written off		76,209,327	116,544,043
Cash payments to employees		(4,016,816,702)	(3,920,683,380)
Cash payments to suppliers		(89,231,663)	(106,845,865)
Income taxes paid	11.a.4	(2,256,163,601)	(2,024,332,046)
Receipts from other operating activities	42.a	3,848,588,970	2,693,806,914
Payments for other operating activities	43.a	(3,192,709,251)	(2,875,008,930)
<b>Cash generated from operating activities before changes in operating assets and liabilities (i)</b>		<b>1,502,300,807</b>	<b>3,928,745,024</b>
<b>Increase/decrease in operating assets and liabilities</b>			
Loans and advances to customers		(49,527,979,418)	(24,612,066,915)
Other assets	44.a	(292,991,868)	(1,738,948,011)
Deposits from other banks/borrowings		19,755,072,253	(13,644,621,131)
Deposits from customers		26,348,462,660	30,906,912,113
Other liabilities	45.a	3,156,214,305	433,232,174
<b>Cash generated from operating assets and liabilities (ii)</b>		<b>(561,222,068)</b>	<b>(8,653,491,770)</b>
<b>Net cash from operating activities (i+ii)</b>		<b>941,078,739</b>	<b>(4,724,746,746)</b>
<b>B) Cash flows from investing activities</b>			
Payment for purchase of securities		(4,502,882,399)	(4,073,195,284)
Purchase/sale of property, plant and equipment		(283,481,812)	(392,248,956)
Investment in subsidiaries		(31,102,901)	(35,872,683)
<b>Net cash (used in)/generated from investing activities</b>		<b>(4,817,467,112)</b>	<b>(4,501,316,923)</b>
<b>C) Cash flows from financing activities</b>			
Issuance of 3rd tier-II subordinated bond		-	400,000,000
Redeemed of 1st tier-II subordinated bond		-	-
Dividend paid		(1,539,209,648)	(586,365,580)
<b>Net cash used in financing activities</b>		<b>(1,539,209,648)</b>	<b>(186,365,580)</b>
<b>D) Net increase in cash and cash equivalents (A+B+C)</b>		<b>(5,415,598,021)</b>	<b>(9,412,429,249)</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>		<b>710,623,218</b>	<b>954,325,841</b>
<b>F) Cash and cash equivalents at beginning of the period</b>		<b>65,369,878,463</b>	<b>56,109,163,643</b>
<b>G) Cash and cash equivalents at end of the period (D+E+F)</b>		<b>60,664,903,660</b>	<b>47,651,060,235</b>
<b>Cash and cash equivalents at end of the period consists of:</b>			
Cash in hand (including foreign currencies)		6,091,902,905	6,123,414,523
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		21,886,961,281	13,570,066,387
Balance with other banks and financial institutions		21,684,519,496	16,869,164,571
Money at call and short notice		89,379,167	89,379,167
Government securities		10,912,140,811	10,999,035,587
		<b>60,664,903,660</b>	<b>47,651,060,235</b>



*M. Arefin*  
**MASHUR AREFIN**  
 Managing Director & CEO  
 The City Bank Limited

*Kd*  
**MD. Moniruzzaman**  
 Managing Director  
 IDLC Investments Limited

## The City Bank Limited and its subsidiaries

### Notes to the Financial Statements as at and for the period ended 30 September 2020

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

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

The City Bank Limited ("the Bank") was incorporated as a public limited company in Bangladesh under The Companies Act 1913. It commenced its banking business from 14 March 1983 under the license issued by Bangladesh Bank. The Bank has 121 (31 December 2019:121) branches and 11 (31 December 2019: 11) SME/Agri branches in Bangladesh as at 30 September 2020. The Bank had no overseas branches as at 30 September 2020. Out of the above 132 branches, 1 branch is designated as Islamic Banking Branch complying with the rules of Islamic Shariah, the modus operandi of which is substantially different from other branches run on conventional basis. It has 328 (31 December 2019: 343) ATMs as at 30 September 2020. 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 respectively. It is operating as City Group with its four subsidiaries.

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

The consolidated financial statements of the Bank as at and for the period ended 30 September 2020 comprise the Bank and its subsidiaries (collectively the "Group" and individually "Group entities").

##### 1.2 Principal activities of the Bank

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

##### 1.3 Offshore Banking

Offshore Banking Unit (OSU) is a separate business unit of the Bank, operates its business through a separate counter as governed under the rules and guidelines vide Bangladesh Bank's letter reference no. BRPD(P-3)744(101)/2010-4129 dated 10 November 2009 and a Policy for Offshore Banking Operation issued by Bangladesh Bank through BRPD circular no. 02, dated 25 February 2019 and BRPD circular letter no. 09, dated 27 May 2019. It gives loans (on and off-balance sheet exposures) and takes deposits in freely convertible foreign currencies to and from person/institution not resident in Bangladesh and Type-A (wholly foreign owned) units in EPZs in Bangladesh. It also gives long term loans to industrial units outside EPZs and Type-B and Type-C Industrial units within the EPZs subject to compliance by the industrial units with the guidelines of Bangladesh Investment Development Authority (BIDA) and Bangladesh Bank. Besides, this unit provides bill discounting/financing facilities accepted by Authorised Dealer (AD) in Bangladesh against usance LCs in accordance with Bangladesh Bank (BB) guidelines. Separate financial statements of Off-Shore Banking Units are shown in Annexures J(1) and J(2).

##### 1.4 Islamic Banking

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

##### 1.5 Subsidiaries of the Bank

The Bank has four subsidiaries. All of them have been in operations on the reporting date. These are City Brokerage Limited, City Bank Capital Resources Limited, CBL Money Transfer Sdn. Bhd. and City Hong Kong Limited. Detail of the subsidiaries have been presented in note no. 1.5.1 to 1.5.4.

###### 1.5.1 City Brokerage Limited

City Brokerage Limited ("the company") was incorporated in Bangladesh as a private limited company on 31 March 2010 vide registration no. C-83616/10 under the Companies Act 1994. The legal status of the Company has been converted into public limited company from private limited company in June 2012 in compliance with Bangladesh Securities and Exchange Commission Rules 2000. Previously the Bank launched its brokerage division on 4 August 2009 which was subsequently separated from the Bank on 15 November 2010. On 30 September 2020 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 Dhruva Commercial Area, Jibon Bina Tower, Dhaka - 1000. CBCRL delivers a wide range of investment banking services including merchant banking activities such as issue management, underwriting, portfolio management and corporate advisory. On 30 September 2020 the Bank held 99.9933% shares of CBCRL.

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

1.5.3 CBL Money Transfer Sdn. Bhd. (CMTS)

CBL Money Transfer Sdn. Bhd. (CMTS) is a private limited company by shares incorporated under the laws of Malaysia and registered with the Companies Commission of Malaysia with Registration No. 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 30 September 2020 the Bank held 100% shares of CMTS.

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

1.5.4 City Hong Kong Ltd

City Hong Kong Limited ("the Company") is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Units 804 & 904, 8th Floor, Austin Tower, Nos. 22-26 Austin Avenue, Tsimshatsui, Kowloon, Hong Kong. City Hong Kong Limited is a fully owned (100% shares) subsidiary of The City Bank Limited established at the end of period 30 September 2020 to facilitate international trade business through advising holder of credits, handling documentary collections and bill financing (discounting) against letters of credit.

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

2. Basis of Preparation

CMTS, 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 its subsidiaries during the financial year.

2.1 Statement of Compliance

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

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

- The Bank Companies Act, 1991 (amended upto 2018);
- The Companies Act 1994;
- Rules, regulations and circulars issued by the Bangladesh Bank from time to time;
- The Securities and Exchange Ordinance 1969;
- Bangladesh Securities and Exchange Commission Act 1993;
- Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015;
- Income Tax Ordinance and Rules 1984;
- Value Added Tax and Supplementary Duty Act, 2012;
- The Value Added Tax and Supplementary Duty Rules, 2016;
- Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE) and Central Depository Bangladesh Ltd. (CDBL) rules and regulations; and
- Financial Reporting Act 2015.

In addition to foregoing directives and standards, the operation of Islamic Banking branches are accounted for in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, Bahrain, and BRPD circular no. 15, dated November 08, 2009. A separate balance sheet, profit and loss account and a statement of profit paid on deposits are shown in Annexure-(1) and (12) 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.



Md. Moniruzzaman  
Managing Director  
IDLC Investments Limited

MASHRUR AREFIN  
Managing Director & CEO  
The City Bank Limited

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

#### ii) Presentation of financial statements

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

Bangladesh Bank: The presentation of these financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by the First Schedule (Section-39) of the Bank Companies Act, 1991 (Amended Up to 2018) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of Bangladesh Bank. In the prescribed format there is no option to present assets and liabilities under current and non-current classification.

#### iii) Investment in shares, mutual fund and other securities

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted and unquoted shares are revalued on the basis of year-end market price and Net Assets Value (NAV) of last audited balance sheet respectively. As per instruction of DOS circular letter no. 3 dated 12 March 2015, investment in mutual fund (close-end) is revalued at lower of cost and higher of market value and 85% of NAV and another DOS circular letter no. 18 dated 28 June 2015, investment in mutual fund (open-end) is revalued at lower of cost and higher of market value and 85% of NAV. As such, provision is made for any loss arising from distribution in value of investments (portfolio basis); otherwise investments are recognised at costs.

#### iv) Realisation gains/losses on government securities

IFRS: Government securities refer primarily various debt instruments which include both bonds and bills. As per requirements of IFRS 9 Financial Instruments, bonds can be categorised as "Amortised Cost (AC)", or "Fair Value Through Profit or Loss (FVTPL)", or "Fair Value Through Other Comprehensive Income (FVOCI)". Bonds designated as Amortised Cost are measured at amortised cost method and interest income is recognised through profit and loss account. Any changes in fair value of bonds designated as FVTPL is recognised in profit and loss account and any changes in fair value of bonds designated as FVOCI is recognised in other reserve as a part of equity.

As per requirements of IFRS 9, bonds can be categorised either as "Fair Value Through Profit or Loss (FVTPL)", or "Fair Value Through Other Comprehensive Income (FVOCI)". Any change in fair value of bills is recognised in profit and loss or other reserve as a part of equity respectively.

Bangladesh Bank: According to DOS circular no. 5 dated 28 May 2008 and subsequent clarification in DOS circular no. 5 dated 28 January 2008, Government securities are classified into Held for Trading (HFT) and Held to Maturity (HTM). HFT securities are revalued on the basis of market on weekly basis and any gains or losses on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. On the other hand, interest on HFT securities including amortisation of discount is recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised and gains or losses on amortisation are recognised in other reserve as a part of equity. Moreover, interest on HTM is also recognise in Profit and Loss Account.

#### v) Repo and reverse repo transactions

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

Bangladesh Bank: As per Department of Off-Site Supervision (DOS) Circular letter no. 05 dated 15 July 2010 and subsequent clarification in DOS circular no. 02 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial asset is derecognised in the seller's book and recognised in the buyer's book.

However, as per CID circular letter no. 7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognize the asset.



v) **Provision on loans and advances**

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular no.14 (23 September 2012), BRPD circular no. 19 (27 December 2012), BRPD circular no. 05 (29 May 2013), BRPD circular no. 16 (18 November 2014), BRPD circular no.15 (27 September 2017), BRPD circular no. 1 (20 February 2018), BRPD circular no. 3 (23 April 2019) and BRPD circular no. 16 (21 July 2020) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. And specific provision (other than short-term agricultural and micro-credits) for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Moreover, a provision for Short-Term Agricultural and Micro-Credits has to be provided for 'sub-standard' and 'doubtful' loans at the rate of 5% and a 100% provision for the 'bad/loss' loans. Such provision policies are not specifically in line with those prescribed by IFRS 9.

vi) **Recognition of interest in suspense**

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently becomes credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified as impaired, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as a liability in the balance sheet.

vii) **Other comprehensive income**

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Comprehensive Income (SCI) Statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which are required to be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a Single Comprehensive Income (SCI) Statement. As such the bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

viii) **Financial instruments – presentation and disclosure**

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

ix) **Financial guarantees**

IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, financial guarantees such as letter of credit and letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin. As per BRPD Circular no.01 dated 03 January 2018 and BRPD Circular no.14 dated 23 September 2012, the Bank is required to maintain provision at 1% against gross off-balance sheet exposures.

x) **Cash and cash equivalents**

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

Bangladesh Bank: Some highly liquid assets such as money at call and short notice, T-bills/T-bonds, prize bonds are not prescribed to be shown as cash and cash equivalents rather shown as face item in the balance sheet. However, in the cash flow statement, money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash in hand, balance with BB and other banks.

xi) **Non-banking asset**

IFRS: No indication of Non-banking asset is found in any IFRS.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, there is a separate balance sheet item named non-banking assets existed in the standard format.

xii) **Cash flow statement**

IFRS: Cash flow statement can be prepared either in direct method or in indirect method as per IAS 7. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.



Bangladesh Bank: As per BRPD circular no 14, dated 25 June 2003, cash flows statement has been prepared following a mixture of direct and indirect methods.

xiii) **Balance with Bangladesh Bank: (Cash Reserve Ratio - CRR)**

IFRS: CRR maintained with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

Bangladesh Bank: Balance with Bangladesh Bank including CRR is treated as cash and cash equivalents.

xiv) **Presentation of Intangible asset**

IFRS: Intangible asset must be identified and recognised, and the disclosure must be given as per IAS 38.

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD circular no. 14 dated 23 September 2012.

xv) **Off-balance sheet items**

IFRS: As per IFRS, there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, off balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xvi) **Disclosure of appropriation of profit**

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

xvii) **Loans and advances/investments not of provision**

IFRS: Loans and advances/investments should be presented net of provisions.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

2.2 **Basis of measurement**

The financial statements of the Group have been prepared on historical cost basis except for the following:

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' are present at value using marking to market concept with gain credited to revaluation reserve;
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' are carried at amortised cost;
- Investment in shares of listed companies are prepared at market value with gain credited to revaluation reserve;

2.3 **Going concern**

The accompanying financial statements have been prepared on a going concern assumption that the Bank will continue in operation over the foreseeable future. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the bank continued to demonstrate a healthy trend for a couple of years. The Bank have been awarded AA2 in long term and ST-2 in short term by Credit Rating Agency of Bangladesh (CRAB). Rating details are shown in note 3.21. The management does not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the bank's ability to continue as a going concern.

2.4 **Functional and presentation currency**

These financial statements are presented in Bangladesh Taka (Taka/Tk) which is the Bank's functional currency. Except as otherwise indicated, financial information presented in Taka has been rounded to the nearest integer.

2.5 **Use of judgments and estimates**

In preparing these consolidated financial statements in conformity with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) management has required to make judgments, estimates and assumptions that affect the application of bank's accounting policies and the reported amounts of assets liabilities, income and expenses. Actual results may differ from these estimates.

The most critical estimates and judgments are applied to the following:

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



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

#### Provision

Provisions are liabilities that are uncertain in timing or amount. Provisions are recognised in the following situations:

- the entity has a present (legal or constructive) obligation as a result of past events;
- probable out flow of resources to settle the obligation and the obligation can be measured reliably;
- it is more likely than not that outflow of resources will be required to settle the present obligation exists at the end of reporting period.

#### Contingent Liability

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

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

#### Contingent Assets

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

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

#### 2.6 Reporting period

The financial year of the Company covers one year from 1 January to 31 December and is followed consistently. These financial statements cover period from 1 January 2020 to 30 September 2020. The comparative information for Profit and Loss Account, Statement of Changes in Equity and Cash Flow Statement is unaudited.

#### Comparatives

Comparative information has been disclosed as at 31 December 2019 for all numerical information relating to Balance Sheet items and 9 month period ended 30 September 2019 for all numerical information for Profit and Loss Account.

#### 2.7 Date of authorization

The Board of Directors has authenticated these financial statements on 22 November 2020.

#### 2.8 Cash flow statement

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

#### 2.9 Statement of changes in equity

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

#### 2.10 Liquidity statement

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

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

#### 2.11 Financial Statements for Offshore Banking Unit (OBU)

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



## 2.12 Purpose of preparation

The financial statements for the Group and the Bank are prepared for fulfilling all requirements of applying and raising perpetual bond (Additional Tier-1 Capital). For raising fund through issuing capital bonds, banks are required to apply to Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank. In The City Bank Limited's case, the Bank has already obtained Bangladesh Bank's approval with the revised feature for its proposed perpetual bonds. The Bank needs to incorporate updated audited financials in its revised information memorandum (IM) for the said perpetual bonds and submit the same to BSEC.

## 3. Significant accounting policies

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

### Accounting policies of subsidiaries

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

### 3.1.1 Accounting policy for IFRS 16: Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases.

  
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Managing Director & CEO  
The City Bank Limited

  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited



### 3.1.2 Basis of consolidation

The consolidated financial statements include the financial statements of The City Bank Limited and those of its four subsidiaries (City Brokerage Limited, City Bank Capital Resources Limited, CBL Money Transfer Sdn. Bhd. and City Hong Kong Limited) prepared as at and for the period ended 30 September 2020. The consolidated financial statements have been prepared in accordance with IFRS 10 'Consolidated Financial Statements'.

Name of subsidiary	Ownership	Date of incorporation	Country of operation	Status	Regulator	Period closing
City Brokerage Limited	99.998%	31-Mar-10	Bangladesh	Majority Owned	BSEC, DSE, CSE	30 September
City Bank Capital Resources Limited	99.993%	17-Aug-09	Bangladesh	Majority Owned	BSEC, DSE, CSE	30 September
CBL Money Transfer Sdn. Bhd	100.000%	04-Apr-13	Malaysia	Wholly Owned	Bank Negara, Malaysia	30 September
City Hong Kong Limited*	100.000%	11-Jan-19	Hong Kong	Wholly Owned	Bangladesh Bank, IRD, CR & MLU	30 September

\*Primary regulators of City Hong Kong Limited in Bangladesh is Bangladesh Bank and in Hong Kong regulators are Inland Revenue Department (IRD), Companies Registry (CR) & Money Lenders Unit (MLU)

### 3.1.3 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 acquiree identifiable net assets, which are generally at fair value.

### 3.1.4 Transactions eliminated on consolidation

Intra-group balances and income and expenses (except for foreign currency translation gains or losses) arising from intra-group transactions are eliminated in preparing these consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

### 3.2 Foreign currency transactions

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

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

### 3.3 Assets and basis of their valuation

#### 3.3.1 Cash and cash equivalents

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

#### 3.3.2 Investments

All investments (other than government treasury securities) are initially recognised at cost including acquisition charges associated with the investment. Premiums are amortised and discount accreted using the effective or historical yield method. Accounting treatment of government treasury bills and bonds (categorised as HFT and HTM) are made in accordance with Bangladesh Bank DOS Circular letter no. 05, dated 20 May 2008 and subsequent clarifications DOS Circular letter no. 05 dated 28 January 2009.

#### Held to Maturity

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

  
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**Md. Moniruzzaman**  
Managing Director  
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#### Held for Trading

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

#### Investment in quoted shares

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

#### Investment in quoted shares (Under Special fund and Investment Policy)

Investment in quoted shares under Special Fund and Investment Policy are not revalued in line with DOS Circular no.01 dated 10 February 2020.

#### Investment in unquoted shares

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

Value of investments has been shown as under:

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

\* Provision for shares against unrealised loss (gain net off) has been taken into account according to DOS circular no. 4 dated 24 November 2011 and for mutual funds (closed-end) as per DOS circular letter no. 3 dated 12 March 2015 and for mutual funds (open-end) as per DOS circular letter no. 10 dated 28 June 2015 of Bangladesh Bank.

#### Investment in Subsidiaries

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

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

- a) Loans and advances of conventional Banking/investments of Islamic Banking branches are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not sell in the normal course of business.
- b) At each balance sheet date and periodically throughout the year, the Bank reviews loans and advances to assess whether objective evidence that impairment of a loan or portfolio of loans has arisen supporting a change in the classification of loans and advances, which may result in a change in the provision required in accordance with BRPD circular no. 16 (21 July 2020), BRPD circular no. 03 (21 April 2019), BRPD circular no.1 (20 February 2018), BRPD circular no.15 (27 September 2017), BRPD circular no.16 (18 November 2014), BRPD circular no. 05 (29 May 2013), BRPD circular no.14 (23 September 2012) and BRPD circular no. 19 (27 December 2012). The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. The provisioning rates are as follows:

Types of loans and advances	Provision				
	STD	SMA	SS	DF	BL
Consumer:					
House building and professional	1.00% - 2.00%	1.00% - 2.00%	20.00%	50.00%	100.00%
Other than housing finance & professionals to setup business	2.00% - 5.00%	2.00% - 5.00%	20.00%	50.00%	100.00%
Provision for loan to broker house, merchant banks, stock dealers, etc	2.00%	2.00%	20.00%	50.00%	100.00%
Short-term agri-credit and micro credit	1.00%	1.00%	5.00%	5.00%	100.00%
Small and medium enterprise finance	0.25%	0.25%	20.00%	50.00%	100.00%
Cottage, micro and small credit (CMSIE)	0.25%	0.25%	5.00%	20.00%	100.00%
Others	1.00%	1.00%	20.00%	50.00%	100.00%

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K.  
Md. Moniruzzaman  
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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 those circumstances impairment losses are calculated on individual loans considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach above, the higher of the two is recognised in liabilities under "Provision for loans and advances" with any movement in the provision charged/released in the profit and loss account. Classified loans are categorised into sub-standard, doubtful and bad/loss based on the criteria stipulated by Bangladesh Bank guideline.

- c) Loans and advances are written off to the extent that i) there is no realistic prospect of recovery, and ii) against which legal cases are filed, where required and classified as bad/loss as per as per BRPD circular no. 02 dated 13 January 2003, BRPD circular no. 13 dated 07 November 2013 and BRPD circular no. 01 dated 06 February 2019 of Bangladesh Bank.

These write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such written off accounts are maintained and followed up.

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

### 3.3.4 Staff loan

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

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

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

### 3.3.5 Fixed assets (property, plant and equipment)

#### Recognition and measurement

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

Purchase of software that is integral to the related equipment is capitalised as part of that equipment.

Cost includes expenditure that are directly attributable to the acquisition of asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner.

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

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

#### Subsequent costs

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

#### Depreciation

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

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



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### 3.3.6 Non-banking assets

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

### 3.3.7 Provisions for other assets

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

### 3.3.8 Intangible assets and its amortisation

Intangible assets comprise separately identifiable intangible items arising from use of franchise of AJEX and the use of Finade from Infosys. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised using the straight line method over its estimated useful economic life.

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

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

## 3.4 Liabilities and basis of their valuation

### 3.4.1 Tier-II Subordinated Bond

Tier-II Subordinated bond includes fund raised from several banks, financial institutions and other organization through issuance of 7 (seven) years Bonds for Tk. 5,000,000,000 during 2017 and 7 (Seven) years Bonds for Tk. 4,200,000,000 during 2018 to January 2019. Details are shown in note 13.

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

Borrowings from other banks, financial institutions and agents includes refinance from Bangladesh Bank against agro-based credit, SME and EOF Loan etc., interest-bearing borrowings against securities from Bangladesh Bank, call borrowing from other banks and borrowing from other multilateral organisations. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in note 14.

### 3.4.3 Deposits and other accounts

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

### 3.4.4 Provision for liabilities

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

### 3.4.5 Provision for Off-balance sheet exposure

As per BRPD circular no.14 (23 September 2012) the Bank has recognised 1% General Provision on the following off balance sheet exposures as defined in BRPD circular no.10 (24 November 2002) considering the exemption as provided through BRPD circular no.01 (03 January 2018), BRPD circular no.7 (21 June 2018), BRPD circular no.13 (18 October 2018), BRPD circular no.02 (25 February 2019), BRPD circular no.09 (27 May 2019) and BRPD circular letter no.BRPD(P-1)/661/13/2019-354 (13 January 2020).

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

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

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



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#### 3.4.7 Other liabilities

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

#### 3.5 Capital/Shareholders' equity

##### 3.5.1 Authorised capital

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

##### 3.5.2 Paid up capital

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

##### 3.5.3 Share premium

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

##### 3.5.4 Statutory reserve

Statutory reserve has been maintained at the rate of 20% of profit before tax in accordance with provisions of section 24 of the Bank Companies Act, 1991 (Amended Up to 2016). 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 20 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010.

##### 3.5.6 Capital management

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

- To comply with the capital requirements set by the regulators;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business.

Capital is managed in accordance with the Board approved Capital Management Planning. Senior management develops the capital strategy and oversee the capital management planning of the Bank. The Bank's finance, treasury and risk management departments are key participants in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal metrics.

#### 3.6 Revenue recognition

##### 3.6.1 Interest income

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

In accordance with BRPD Circular no. 14 (23 September 2012) as amended by BRPD Circular No. 19 (27 December 2012) interest accrued on sub-standard loans and doubtful loans are credited to an "Interest Suspense Account" which is included within "Other liabilities". Interest from loans and advances ceases to be accrued when they are classified as badloss. 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.

  
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### 3.6.3 Investment income

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

### 3.6.4 Fees and commission income

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

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

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

Interest paid and other expenses are recognised on accrual basis.

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

Profit shared to mudaraba deposits are recognised on accrual basis.

### 3.9 Dividend income

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

### 3.10 Others

#### Foreign exchange gain/loss

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

### 3.11 Employee benefits

#### 3.11.1 Provident Fund

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

#### 3.11.2 Gratuity Fund

Gratuity Fund benefits are given to the staff of the Bank in accordance with the approved Gratuity Fund rules. National Board of Revenue has approved the Gratuity Fund as a recognized gratuity fund with effect from 3 June 2012. The Gratuity Fund is operated by a Board of Trustees consists of 5 members of the Bank. Employees are entitled to get gratuity benefit after completion of minimum 5 years of service in the Bank. Provision for gratuity is made annually covering all its permanent eligible employees. A valuation of gratuity scheme had been made in 2018 by a professional Actuarial & Pension Consultants, Z. Hafim & Associates considering the changes in Labour Act 2013 (Amendment) to assess the adequacy of the liabilities provided for the scheme as per IAS 19 'Employee Benefits'. On continuing fund basis valuation, the Bank has been maintaining adequate provision against gratuity scheme.

#### 3.11.3 Other employee benefits

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

##### Hospitalisation Insurance

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

##### Life Insurance

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

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#### Performance bonus

Provision of Workers' Profit Participation Fund and Welfare Fund mentioned in Bangladesh Labour (Amendments) Act, 2013 contradicts Bank Company Act, 1991 through which Bank Companies are regulated. Section-11 of Bank Company Act, 1991 restricts to employ anyone who receives remuneration or part of remuneration as share of profit of the company and remuneration includes salary and other benefit. Accordingly, we obtained a legal opinion from Nurul Alam & Associates, Advocates and Consultants, wherein it is opined that Worker's Profit Participation and Welfare Fund shall not be applicable for Bank Companies, as there is no non-obstante clause. Unless Government of Peoples Republic of Bangladesh amends section 11 of Bank Company Act or frames rules, giving overriding effect to Bank Company Act, 1991, section 232 of Bangladesh Labour (Amendments) Act, 2013 will not be applicable for banks.

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

### 3.12 Tax expense

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

#### 3.12.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Details are shown in note 16.2.6.

#### 3.12.2 Deferred tax

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

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

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

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

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

#### 3.12.3 Tax exposures

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

### 3.13 Impairment of non-financial assets

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

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

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

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

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

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### 3.14 Earnings per share

The Group and the Bank present basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

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

### 3.15 Compliance of International Financial Reporting Standard (IFRS)

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

Name of the standards	IFRS Ref.	Implementation status by the Bank
First-time Adoption of Bangladesh Financial Reporting Standards	IFRS-1	Not applicable
Share-based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Not applicable
Insurance Contracts	IFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied with some departure (note 2.1)
Operating Segments	IFRS-8	Applied with some departure (note 3.10)
Financial Instruments	IFRS-9	Applied with some departure (note 2.1)
Consolidated Financial Statements	IFRS-10	Applied
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interest in Other Entities	IFRS-12	Applied
Fair Value Measurement	IFRS-13	Applied with some departure (note 2.1)
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue from contractors with customers	IFRS-15	Applied
Leases	IFRS-16	Applied
Presentation of Financial Statements	IAS-1	Applied with some departure (note 2.1)
Inventories	IAS-2	Not Applicable
Statement of Cash Flows	IAS-7	Applied with some departure (note 2.1)
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Construction Contracts	IAS-11	Not Applicable
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Govt Assistance	IAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Not Applicable
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable
Separate Financial Statements	IAS-27	Applied
Investments in Associates and Joint Venture	IAS-28	Not Applicable
Interests in Joint Ventures	IAS-31	Not Applicable
Financial Instruments: Presentation	IAS-32	Applied with some departure (note 2.1)
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Investment property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

In order to comply with certain specific rules and regulations of Bangladesh Bank which are different to IAS/IFRS, some of the requirements specified in these IAS/IFRSs are not applied. Refer to note-2.1 for such recognition and measurement differences that are most relevant and material to the Bank and the Group.

The Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. Therefore, it is not applicable for the Bank's annual report as it is the employer and not the retirement benefit plan itself.

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The objective of IAS 34 is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period. Though the Group has prepared the financial statements for interim period, it has a complete set of financial statements. Moreover, the Bank being a listed entity in Dhaka and Chittagong Stock Exchanges regularly publishes Interim Financial Report complying with IAS 34.

### 3.16 Standards Issued but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards during the year 2017. All previously adopted reporting standards are consistently applied by the Bank as explained in Note 3.15.

The Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2018 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. However, the Bank has not early applied the following new standard in preparing these financial statements.

#### IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

### 3.17 Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the group's trading activity.

### 3.18 Segment reporting

The group and the Bank have no identified operating segment and as such presentation of segmental reporting is not made in the financial statements as per IFRS 8. However, geographical and business segments wise limited disclosures are furnished in note 50 and Annexure-H.

Inter-segment transactions are generally based on inter-branch fund transfer measures as determined by the management. Income, expenses, assets and liabilities are specifically identified with individual segments. Based on such allocation, segmental balance sheet as on 30 September 2020 and segmental profit and loss account for the period ended 30 September 2020 have been prepared.

### 3.19 Materiality and aggregation

Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature also have been presented separately unless they are immaterial in accordance with IAS 1 'Presentation of Financial Statements'.

### 3.20 Credit rating of the Bank

As per BRPD Circular no. 6 dated 5 July 2006, the Bank has done its credit rating by Credit Rating Agency of Bangladesh (CRAB) based on the financial statements as at and for the year ended 31 December 2019. The following ratings have been awarded:

Particulars	Periods	Date of Rating	Long term	Short term	Rating Valid
Entity Rating	January to December 2019	30-Jun-20	AA2	ST-2	30-Jun-21
Entity Rating	January to December 2018	29-May-19	AA2	ST-2	30-Jun-20
Entity Rating	January to December 2017	11-Jun-18	AA2	ST-2	30-Jun-19



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### 3.21 Related party disclosures

A party is related to the company if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over the company;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

*Details of the related party disclosures presented in note 51 and Annexure- F*

### 3.22 Events after reporting period

As per IAS -10 "Events after Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

(a) adjusting events after the reporting period (those that provide evidence of conditions that existed at the end of the reporting period); and

(b) non adjusting events after the reporting period (those that are indicative of conditions that arose after the reporting period).

*Details of the Events after reporting period presented in note 52.*



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4	Consolidated cash in hand	Sep 2020	Dec 2019
		Taka	Taka
	The City Bank Limited (note 4.a)	6,091,902,905	6,130,572,909
	City Brokerage Limited	77,500	77,500
	City Bank Capital Resources Limited	115,030	51,781
	CSL Money Transfer Sdn. Bhd.	1,474,548	5,894,227
		<u>6,093,569,983</u>	<u>6,136,396,417</u>
	Adjustments for Consolidation - The City Bank Limited	-	-
		<u>6,093,569,983</u>	<u>6,136,396,417</u>
4.a	Cash - The City Bank Limited		
	In hand - including foreign currencies (note 4.a.1)	6,091,902,905	6,130,572,909
	Balance with Bangladesh Bank and its agent bank (s) - including foreign currencies (note 4.a.2)	<u>21,886,961,281</u>	<u>19,776,258,104</u>
		<u>27,978,864,186</u>	<u>25,906,831,013</u>
4.a.1	Cash in hand		
	Local currency	5,816,910,075	5,971,855,140
	Foreign currency	<u>272,992,830</u>	<u>168,807,769</u>
		<u>6,091,902,905</u>	<u>6,130,572,909</u>
4.a.2	Balance with Bangladesh Bank and its agent bank(s)		
	Local currency	15,114,878,577	17,923,225,521
	Foreign currency	<u>6,164,333,027</u>	<u>1,301,391,858</u>
		<u>21,279,212,204</u>	<u>19,224,617,379</u>
	Sonali Bank Limited as agent of Bangladesh Bank (local currency)	<u>607,749,077</u>	<u>551,640,725</u>
		<u>21,886,961,281</u>	<u>19,776,258,104</u>

  
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5	Consolidated balance with other banks and financial institutions	Sep 2020 Taka	Dec 2019 Taka
	<b>In Bangladesh</b>		
	The City Bank Limited (note 5.a)	18,719,055,750	18,731,082,702
	City Brokerage Limited	676,099,289	372,038,096
	City Bank Capital Resources Limited	528,204,706	464,331,140
		<u>19,921,359,761</u>	<u>19,567,449,938</u>
	<b>Mutual indebtedness:</b>		
	Deposit with The City Bank Limited - City Brokerage Limited	(499,682,578)	(146,464,390)
	Deposit with The City Bank Limited - City Bank Capital Resources Limited	(368,518,822)	(342,139,582)
	Deposit with The City Bank Limited - CBL Money Transfer Sdn. Bhd.	-	-
		<u>(868,401,400)</u>	<u>(482,602,972)</u>
	<b>Adjustments for Consolidation - City Brokerage Limited</b>	<u>(10,678,989)</u>	-
	<b>Total in Bangladesh</b>	<u>19,042,279,372</u>	<u>19,084,846,966</u>
	<b>Outside Bangladesh</b>		
	The City Bank Limited (note 5.a)	2,665,463,740	4,305,212,819
	CBL Money Transfer Sdn. Bhd.	42,009,279	44,917,060
	City Hong Kong Limited	8,590,479	10,501,520
		<u>3,016,063,498</u>	<u>4,360,632,299</u>
	<b>Total outside Bangladesh</b>	<u>3,016,063,498</u>	<u>4,360,632,299</u>
	<b>Grand total</b>	<u>22,058,342,870</u>	<u>23,445,479,265</u>
5.a	<b>Balance with other banks and financial institutions - The City Bank Limited</b>		
	<b>In Bangladesh (note 5.a.1)</b>	18,719,055,756	18,731,082,702
	<b>Outside Bangladesh (note 5.a.2)</b>	2,965,463,740	4,305,212,819
		<u>21,684,519,496</u>	<u>23,036,295,521</u>
5.a.1	<b>In Bangladesh</b>		
	<b>Current accounts</b>		
	Sonali Bank Limited	277,082,402	108,525,306
	Agrani Bank Limited	67,159,739	85,287,419
	Janata Bank Limited	895,495	897,400
	<b>Sub total</b>	<u>345,136,636</u>	<u>195,710,215</u>
	<b>Short notice deposit accounts</b>		
	Exim Bank Limited	1,006,211,234	2,671,830
	Standard Chartered Bank	290,834,678	269,693,615
	Rupali Bank Limited	49,549,940	55,444,163
	AB Bank Limited	15,634,813	14,937,378
	Trust Bank Limited	11,804,907	9,209,187
	Southeast Bank Limited	10,461,357	10,135,610
	Mutual Trust Bank Limited	3,286,887	132,975
	Bank Al-Falah Limited	2,078,746	2,078,746
	Prime Bank Limited	2,301,221	826,650
	Social Islami Bank Limited	1,603,441	1,545,840
	Sonali Bank Limited	507,169	-
	Dutch-Bangla Bank Limited	9,605	10,088
	<b>Sub total</b>	<u>1,394,163,998</u>	<u>366,686,091</u>
	<b>Fixed deposit receipts</b>		
	Investment Corporation of Bangladesh	7,250,000,000	7,250,000,000
	IOLC Finance Limited	3,400,000,000	450,000,000
	United Finance Limited	1,400,000,000	-
	Industrial and Infrastructure Development Finance Company Limited	850,000,000	850,000,000
	International Leasing and Financial Services Limited	700,000,000	-
	National Credit & Commerce Bank Limited	704,236,361	1,214,167,835
	Industrial Promotion and Development Company of Bangladesh Limited	675,518,761	1,625,518,761
	Bangladesh Finance and Investment Company Limited	600,000,000	600,000,000
	One Bank Limited	500,000,000	-
	Phoenix Finance & Investments Limited	350,000,000	350,000,000
	Export Import Bank of Bangladesh Limited	340,000,000	-
	GSP Finance Company (BD) Limited	150,000,000	150,000,000
	Agrani Bank Limited	-	849,000,000
	Jamuna Bank Limited	-	800,000,000
	Uttara Finance and Investment Limited	-	2,000,000,000
	Lankabangla Finance Limited	-	1,830,000,000
	National Housing Finance and Investment Limited	-	280,000,000
	<b>Sub total</b>	<u>16,979,755,122</u>	<u>18,188,688,396</u>
	<b>Total</b>	<u>18,719,055,756</u>	<u>18,731,082,702</u>

M. Arefin  
**MASHRUR AREFIN**  
 Managing Director & CEO  
 The City Bank Limited

Md. Moniruzzaman  
 Managing Director  
 IDLC Investments Limited



## 5.a.2 Outside Bangladesh (Nostro accounts)

Current accounts	Currency	Sen 2020	Dec 2019
		Taka	Taka
Standard Chartered Bank, Mumbai, India	ACUD	184,740,030	56,121,773
NIB Bank Limited, Karachi, Pakistan	ACUD	156,628,457	11,827,394
HDFC Bank Ltd, Mumbai, India	ACUD	153,125,894	170,439,592
Mashreq Bank, New York, USA	USD	118,150,033	516,551,889
Commerz Bank AG, Frankfurt, Germany	USD	114,692,407	16,937,103
AB Bank Ltd., Mumbai, India	ACUD	38,961,350	45,809,719
Mashreq Bank, Mumbai, India	ACUD	32,331,838	(60,707,245)
Commerz Bank AG, Frankfurt, Germany	EURO	29,914,816	38,134,450
Standard Chartered Bank, Frankfurt, Germany	EURO	27,115,738	45,474,214
Bank of Tokyo Mitsubishi Ltd., Japan	JPY	28,866,034	301,054
Sonali Bank Ltd., Kolkata, India	ACUD	13,057,410	2,203,431
Kookmin Bank, Korea	USD	13,658,733	7,731,716
Standard Chartered Bank, London	GBP	4,302,677	15,881,742
Commercial Bank of Ceylon, Colombo, Sri Lanka	ACUD	3,889,684	2,178,817
Bank of Bhutan, Bhutan	ACUD	3,641,585	1,085,265
Mashreq Bank, Dubai	AED	2,332,114	971,571
Commerz Bank AG, Frankfurt	AUD	1,622,228	845,566
Standard Chartered Bank, Nepal	ACUD	1,176,845	1,177,532
Bank of Tokyo Mitsubishi Ltd., New Delhi, India	ACUD	733,810	733,048
Commerz Bank AG, Frankfurt, Germany	CHF	643,123	2,554,780
Mashreq Bank, Mumbai, India	EURO	179,041	188,424
Mashreq Bank, London	GBP	-	509,394
Habib American Bank, New York, USA	USD	(100,528,578)	122,565,020
Chibank N.A. New York, USA	USD	(230,487,548)	721,079,813
Standard Chartered Bank, New York, USA	USD	(274,746,091)	1,073,668,815
Mashreq Bank, New York, USA (For OBU Operation)	USD	2,419,482,100	1,351,885,987
ICICI Bank Limited, India (For OBU Operation)	ACUD	143,187,749	-
Commerz Bank AG, Frankfurt, Germany (For OBU Operation)	EURO	90,209,398	117,130,094
Commerz Bank AG, Frankfurt, Germany (For OBU Operation)	USD	10,929,858	40,840,765
Sub total		<u>2,964,730,215</u>	<u>4,304,522,341</u>
Term deposits			
Sonali Bank, Kolkata, India	ACUD	733,525	690,478
Sub total		<u>733,525</u>	<u>690,478</u>
Total		<u>2,965,463,740</u>	<u>4,305,212,819</u>

Details are shown in Annexure-B.

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

Payable on demand	1,000,000,000	-
Up to 1 month	12,304,784,374	6,738,330,685
Over 1 month but not more than 3 months	6,190,600,000	9,142,446,075
Over 3 months but not more than 1 year	2,189,755,122	5,155,518,761
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
	<u>21,684,619,496</u>	<u>23,036,295,521</u>

## 6 Money at call and short notice

Banking companies	89,379,167	89,379,167
ICB Islamic Bank Limited (note 6.1)	<u>89,379,167</u>	<u>89,379,167</u>

6.1 This represents a call loan with ICB Islamic Bank Limited, formerly The Oriental Bank Limited, since 2007. Bangladesh Bank has issued a notification dated 2 August 2007- BRPD(R-1)651/0(10)2007- 446 & 447 and approved a scheme of reconstruction of the former The Oriental Bank Limited in which payment of liabilities of the bank has been finalised and based on earlier issued and recent (BRPD circular letter no. 15 dated 03 November 2016) schedule and of payment the Bank (CBL) has already received first 18th instalments.

## 7 Consolidated Investments

Government securities		
The City Bank Limited (note 7.a.1.a)	<u>35,177,765,277</u>	<u>36,085,210,195</u>
	<u>35,177,765,277</u>	<u>36,085,210,195</u>
Others		
The City Bank Limited (note 7.a.1.b)	3,863,568,328	3,366,294,433
City Brokerage Limited (note 7.b)	2,655,633,375	2,303,997,855
City Bank Capital Resources Limited (note 7.c)	<u>2,347,140,225</u>	<u>1,803,145,989</u>
	<u>8,866,341,928</u>	<u>7,563,438,277</u>
	<u>44,044,107,205</u>	<u>43,648,648,472</u>

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 Managing Director & CEO  
 The City Bank Limited

*Md. Moniruzzaman*  
**Md. Moniruzzaman**  
 Managing Director  
 IDLC Investments Limited





		<u>Sen 2020</u>	<u>Dec 2019</u>
		<u>Taka</u>	<u>Taka</u>
<b>7.a Investments - The City Bank Limited</b>			
Government (note 7.a.1.i)		35,177,765,277	36,085,210,195
Others (note 7.a.1.ii)		<u>3,863,568,328</u>	<u>3,366,294,433</u>
		<u>39,041,333,605</u>	<u>39,451,504,628</u>
<b>7.a.1 Investment securities are classified as follows</b>			
<b>i) Government bonds</b>			
Government bonds - (note 7.a.4)		35,174,651,677	36,081,759,195
Prize bonds		<u>3,113,600</u>	<u>3,451,000</u>
		<u>35,177,765,277</u>	<u>36,085,210,195</u>
<b>ii) Other investments</b>			
Shares (note 7.a.5)		2,507,198,089	2,014,440,314
Investment in Subordinated Bond		1,300,000,000	1,300,000,000
Mutual fund		56,247,966	51,731,846
Debtenture of Bangladesh Welding Electrodes Limited		<u>122,273</u>	<u>122,273</u>
		<u>3,863,568,328</u>	<u>3,366,294,433</u>
		<u>39,041,333,605</u>	<u>39,451,504,628</u>
<b>7.a.2 Investment classified as per Bangladesh Bank Circular</b>			
Held to Maturity (HTM)		11,099,887,930	19,704,778,112
Held for Trading (HFT)		24,077,877,347	16,380,432,083
Reverse Repo		<u>3,863,568,328</u>	<u>3,366,294,433</u>
Other Securities		<u>39,041,333,605</u>	<u>39,451,504,628</u>
Disclosure relating to REPO & Reverse REPO is presented in Annexure - G			
<b>7.a.3 Maturity grouping of Investments</b>			
On demand		3,113,600	3,451,000
Up to 3 months		4,152,549,691	4,569,925,181
Over 3 months but not more than 1 year		11,153,350,375	13,092,019,409
Over 1 year but not more than 5 years		21,048,382,812	19,465,047,343
Over 5 years		<u>2,683,937,127</u>	<u>2,321,661,695</u>
		<u>39,041,333,605</u>	<u>39,451,504,628</u>
<b>7.a.4 Government bills/bonds</b>			
<u>Name of the bills/bonds</u>			
182 days Treasury bills		1,494,471,500	9,952,852,680
364 days Treasury bills		6,180,077,220	9,516,022,036
6 months Islamic bonds		750,000,000	500,000,000
2 years Treasury bonds		13,470,819,597	5,459,669,147
5 years Treasury bonds		2,930,226,233	3,015,800,639
10 years Treasury bonds		8,139,602,080	8,345,449,270
15 years Treasury bonds		2,048,235,053	2,127,334,346
20 years Treasury bonds		<u>161,219,894</u>	<u>164,631,077</u>
		<u>35,174,651,677</u>	<u>36,081,759,195</u>

  
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7.a.5 Investment in shares

	Sep 2020 Taka	Dec 2019 Taka
Quoted	1,917,317,443	1,540,640,919
IDLC Finance Limited	78,007,250	51,390,000
Brac Bank Limited	53,109,991	47,790,285
Trust Bank Limited	38,907,000	33,695,820
Grameenphone Limited	29,722,474	28,602,497
Matin Spinning Mills Ltd	28,317,945	28,527,356
Chaka Bank Limited	21,399,600	14,231,000
Square Pharmaceuticals Limited	20,720,712	20,839,130
Mercantile Bank Limited	16,950,000	-
Confidence Cement Limited	13,835,632	13,661,127
Standard Bank Limited	11,221,688	-
British American Tobacco Bangladesh Co. Ltd.	10,995,288	10,949,004
Pubali Bank Limited	7,475,780	5,408,308
AB Bank Limited	6,630,000	4,620,000
Mad Autors Limited	3,793,519	3,950,265
Mutual Trust Bank Limited	3,599,580	3,550,110
Bata Shoe Company (Bangladesh) Limited	1,799,700	1,329,300
Mobt Jamuna Lubricants Bangladesh Limited	1,785,000	1,522,500
The ACME Laboratories Limited	1,784,498	1,643,880
Shahjibazar Power Co. Ltd.	1,337,000	1,390,480
Prime Bank Limited	1,320,000	1,176,000
BBS Cables Ltd.	1,293,807	908,068
Investment Corporation of Bangladesh	1,062,372	920,208
Saif Powerlec Limited	767,550	767,550
Rangamati Food Products Limited	695,400	695,400
Raspi Inc. (BD) Limited	605,297	624,523
Shahjalat Islami Bank Limited	193,330	220,978
SILCO Pharmaceuticals Limited	75,600	75,600
German Bangla Joint Venture Foods Limited	11,934	10,368
Somoria Hospital Limited	1,652	1,852
Perfume Chemical Ind. Limited	-	87,392,250
Summit Power Limited	-	32,863,468
Singer Bangladesh Limited	2,272,737,042	1,937,708,724
Quoted (Under Special Fund and Investment Policy)	43,958,524	-
Summit Power Limited	22,999,948	-
Singer Bangladesh Limited	20,031,979	-
Square Pharmaceuticals Limited	22,411,821	-
British American Tobacco Bangladesh Co. Ltd.	10,764,254	-
Brac Bank Limited	14,760,874	-
Borger Paints Bangladesh Ltd.	22,802,259	-
Grameenphone Limited	157,729,457	-
Unquoted ordinary shares	42,453,820	42,453,820
Central Depository Bangladesh Limited	18,000,000	18,000,000
KARMA Sangsthan Bank Limited	10,000,000	10,000,000
Industrial & Infrastructural Development Finance Company Limited	6,277,770	6,277,770
Venture Investment Partners Bangladesh Limited	76,731,590	76,731,590
Total	2,507,198,089	2,014,440,314

Details are shown in Annexure-C.

7.b Investments - City Brokerage Limited

Membership (note 7.b.1)	543,119,683	543,119,683
Dhaka Stock Exchange Limited (DSE)	19,001,000	19,001,000
Chittagong Stock Exchange Limited (CSE)	562,120,683	562,120,683
Investments in shares (note 7.b.2)	2,093,512,692	1,741,877,172
	2,666,633,375	2,303,997,855

7.b.1 Membership fees is the amount paid by the company to obtain membership of DSE and CSE.

7.b.2 This represents investment made by the City Brokerage Limited in purchase of shares of various companies listed in Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) through its dealer account. Cost price of the investment is Taka 2,104,459,213 (2019: 2,075,072,870) as on 30 September 2020.

7.c Investments - City Bank Capital Resources Limited

Investments in quoted shares (note 7.c.1)	2,316,442,550	1,804,448,314
Investments in unlisted securities (note 7.c.2)	30,897,075	88,697,875
	2,347,140,225	1,893,146,189

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 1,838,872,121 (2019: 1,818,054,440) as on 30 September 2020.

7.c.2 This represent investment made by CBCRL in purchase of preference shares of Regent Energy and Power Co. Limited.

# 8 Consolidated Loans and advances/investments

	Sep 2020 Taka	Dec 2019 Taka
Loans/investments, cash credits, overdrafts, etc.		
The City Bank Limited (note 8.a.1)	284,615,059,271	244,204,761,679
City Brokerage Limited (note 8.b)	1,214,697,209	949,016,669
City Bank Capital Resources Limited (note 8.c)	710,905,423	682,657,886
	<u>296,540,661,903</u>	<u>245,837,036,234</u>
Mutual indebtedness:		
Loan from The City Bank Limited - City Brokerage Limited*	(814,003,563)	(577,231,515)
Loan from City Brokerage Limited - City Bank Capital Resources Limited	-	-
Loan from The City Bank Limited - CBL Money Transfer Sdn. Bhd.	(98,604,763)	(234,097,079)
Loan from The City Bank Limited - City Hong Kong Limited	(118,325,905)	-
	<u>(1,030,934,251)</u>	<u>(812,228,594)</u>
	<u>295,509,727,652</u>	<u>245,024,807,640</u>
Bills purchased and discounted		
The City Bank Limited (note 8.a.2)	1,858,570,870	2,738,889,044
City Hong Kong Limited	132,167,723	14,037,568
	<u>1,990,738,593</u>	<u>2,752,926,612</u>
	<u>297,498,466,245</u>	<u>247,777,734,252</u>

\*City Brokerage Limited availed loan facilities @10.50% p.a. from its parent company for extending margin financing to its customers.

## 8.a Loans and advances/investments - The City Bank Limited

Loans/investments, cash credits, overdrafts, etc. (note 8.a.1)	294,615,059,271	244,204,761,679
Bills purchased and discounted (note 8.a.2)	1,858,570,870	2,738,889,044
	<u>296,471,630,141</u>	<u>246,943,650,723</u>

### 8.a.1 Loans/investments, cash credits, overdrafts, etc.

<i>Inside Bangladesh</i>		
Industrial credits	156,021,481,931	128,338,014,174
Export development fund	22,122,411,207	18,244,581,753
Cash credits	20,426,531,825	21,322,572,328
City solution	19,050,137,723	10,127,352,609
Secured overdrafts	13,965,903,480	6,100,778,292
Small and medium enterprise loans	12,821,931,774	10,870,398,508
Other loans and advances	11,818,135,799	7,476,194,114
City card loans	10,180,476,853	10,127,402,971
House building loans	7,339,574,616	7,125,170,243
Bak-muajjal, bi salam, murabah	6,581,573,679	4,304,131,468
Staff loans (note 8.a.15)	3,646,974,284	3,786,030,389
City express	3,509,277,867	3,992,335,747
Loan against payroll	3,148,179,193	1,876,466,693
City drive	2,010,008,462	1,648,334,199
Hire purchase shirkatul meik	1,275,714,485	891,747,543
Transportation loans	447,361,640	549,560,649
Loans against trust receipt	230,770,551	280,215,337
Payment against document	17,317,431	17,282,847
Loans against imported merchandise	12,671,188	12,671,188
Lease finance/izara (note 8.a.5)	6,386,372	11,589,863
City gems	2,238,933	2,330,768
	<u>294,615,059,271</u>	<u>244,204,761,679</u>
<i>Outside Bangladesh</i>	<u>294,615,059,271</u>	<u>244,204,761,679</u>

### 8.a.2 Bills purchased and discounted

<i>Payable Inside Bangladesh</i>		
Inland bills purchased	1,446,089,223	2,108,238,549
<i>Payable Outside Bangladesh</i>		
Foreign bills purchased and discounted	410,481,647	830,850,495
	<u>1,856,570,870</u>	<u>2,738,889,044</u>

### 8.a.3 Performing loans and advances/investments

Gross loans and advances/investments	296,471,630,141	246,943,650,723
Non-performing loans and advances/investments (note 8.a.3.1)	(12,517,458,764)	(14,244,174,334)
	<u>283,954,171,377</u>	<u>232,699,476,389</u>

### 8.a.3.1 Non-performing loans and advances/investments

Opening balance	14,244,174,334	12,325,502,447
Addition during the period	254,558,964	9,195,507,995
Reduction during the period	(1,981,274,534)	(7,276,836,108)
Closing balance	<u>12,517,458,764</u>	<u>14,244,174,334</u>



**8.a.4 Residual maturity grouping of loans and advances/investments including bills purchased and discounted.**

	Sep 2020 Taka	Dec 2019 Taka
Repayable on demand	11,156,284,700	13,928,818,840
Not more than 3 months	52,848,912,885	65,139,752,627
More than 3 months but not more than 1 year	111,792,191,761	57,793,955,719
More than 1 year but not more than 5 years	93,108,010,287	83,880,014,673
More than 5 years	27,566,230,508	26,195,108,864
	<u>296,471,630,141</u>	<u>246,943,650,723</u>

**8.a.5 Lease finance/lzara**

Lease rental receivable within 1 year	6,057,280	8,115,478
Lease rental receivable within 5 years	1,227,400	8,266,359
Lease rental receivable after 5 years	-	-
Total lease/lzara rental receivable	<u>7,284,680</u>	<u>16,381,837</u>
Unearned interest receivable	(898,308)	(4,791,974)
Net lease/lzara finance	<u>6,386,372</u>	<u>11,589,863</u>

**8.a.6 Loans and advances/investments**

Loans	260,222,623,986	216,682,411,081
Cash credits	20,428,631,825	21,322,572,326
Overdrafts	13,965,803,460	6,180,778,292
	<u>294,616,059,271</u>	<u>244,185,761,699</u>
Bills purchased and discounted (note 8.a.2)	<u>1,856,570,870</u>	<u>2,738,889,044</u>
	<u>296,471,630,141</u>	<u>246,943,650,723</u>

**8.a.7 Concentration of loans and advances/investments including bills purchased and discounted**

Industrial loans and advances/investments	240,784,462,431	181,939,428,248
Advances to customer groups	38,157,008,247	38,531,915,149
Others loans and advances/investments	17,287,020,642	26,318,768,964
Advances chief executive and other senior executives	242,107,875	152,471,534
Advances to allied concerns of directors	1,032,946	1,066,828
	<u>296,471,630,141</u>	<u>246,943,650,723</u>

**8.a.8 Business segment wise concentration of loans and advances/investments including bills purchased and discounted**

Corporate	164,354,349,805	131,460,021,529
Retail	46,734,080,507	51,568,895,330
SME (including agriculture loan and microcredit)	42,898,852,779	33,994,580,807
Off-shore Banking Unit (OBU)	38,837,372,766	26,135,742,868
Staff loan (note 8.a.15)	3,646,974,284	3,788,630,389
	<u>296,471,630,141</u>	<u>246,943,650,723</u>

**8.a.9 Sector wise concentration of loans and advances/investments including bills purchased and discounted**

	Sep 2020		Dec 2019	
	% of total loan	Taka	% of total loan	Taka
Readymade garments industry	16.93%	50,181,635,914	17.06%	42,122,569,055
Consumer credit	13.32%	39,475,578,537	15.57%	38,438,333,306
Trade service	11.49%	34,078,907,548	10.83%	26,755,777,500
Other manufacturing industry	11.31%	33,526,653,111	10.02%	24,751,384,745
Energy and power industry	11.00%	32,598,451,708	9.15%	22,592,149,131
Agri & micro-credit through NGO	8.48%	19,208,024,553	4.40%	10,870,132,479
Steel industry	6.25%	18,525,125,612	6.98%	17,237,815,040
Real estate financing	4.25%	12,599,992,430	4.83%	12,165,485,382
Textile & spinning mills	3.92%	11,617,882,251	3.93%	9,710,065,741
Pharmaceuticals industry	2.85%	8,463,042,126	3.03%	7,473,690,422
Assembling industry	2.37%	7,034,214,837	3.66%	9,032,716,268
Edible oil and food processing	2.28%	6,763,273,485	2.79%	6,893,975,142
Service industry	2.26%	6,704,703,080	2.16%	5,344,292,450
Construction	1.22%	3,610,301,732	0.83%	2,052,875,336
Others	2.14%	6,353,777,042	1.93%	4,760,482,188
Transport, storage & communication	1.10%	3,257,830,255	1.39%	3,425,669,940
Ship breaking & building	0.44%	1,296,523,948	0.53%	1,318,197,807
Chemical industry	0.24%	717,034,197	0.67%	1,648,106,386
Hospitals	0.15%	458,679,775	0.14%	352,032,407
	<u>100.00%</u>	<u>296,471,630,141</u>	<u>100.00%</u>	<u>246,943,650,723</u>

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*MD.*  
**Md. Moniruzzaman**  
 Managing Director  
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#### 8.a.10 Geographical location-wise loans and advances

Inside Bangladesh Urban:	Sep 2020		Dec 2019	
	% of total loan	Taka	% of total loan	Taka
Dhaka	79.54%	235,806,150,847	80.16%	197,995,373,205
Chattogram	12.40%	36,754,661,120	11.29%	27,870,653,446
Rajshahi	2.27%	6,721,523,951	2.46%	6,084,131,555
Khulna	1.47%	4,358,826,430	1.42%	3,499,777,635
Rangpur	0.95%	2,805,540,571	1.02%	2,618,261,500
Sylhet	0.37%	1,098,495,974	0.46%	1,125,223,530
Barisal	0.27%	787,808,038	0.25%	610,686,616
Mymensingh	0.10%	308,218,434	0.12%	285,281,457
	<b>97.36%</b>	<b>288,641,225,373</b>	<b>97.16%</b>	<b>239,989,368,944</b>
Rural:				
Dhaka	2.01%	5,964,945,677	2.11%	5,214,446,485
Chattogram	0.38%	1,139,960,220	0.42%	1,035,404,867
Rajshahi	0.16%	462,585,535	0.19%	469,143,504
Sylhet	0.07%	197,237,099	0.08%	190,187,857
Khulna	0.02%	65,676,237	0.02%	45,119,266
	<b>2.64%</b>	<b>7,830,404,768</b>	<b>2.82%</b>	<b>6,954,281,779</b>
Total inside Bangladesh	<b>100.00%</b>	<b>296,471,630,141</b>	<b>100.00%</b>	<b>246,943,650,723</b>
Outside Bangladesh				
Grand total	<b>100.00%</b>	<b>296,471,630,141</b>	<b>100.00%</b>	<b>246,943,650,723</b>

#### 8.a.11 Sector-wise loans and advances

	Sep 2020		Dec 2019	
	% of total loan	Taka	% of total loan	Taka
Public sector	100.00%	296,471,630,141	100.00%	246,943,650,723
Private sector	100.00%	296,471,630,141	100.00%	246,943,650,723

#### 8.a.12 Securities against loans/investments including bills purchased and discounted

	Sep 2020 Taka	Dec 2019 Taka
Collateral of movable/immovable assets	209,823,464,840	178,055,477,296
Local banks and financial institutions guarantee	1,856,570,870	2,738,889,044
Foreign banks guarantee	-	-
Export documents	22,139,728,838	18,261,864,600
Fixed deposit receipts (FDR)	6,193,844,470	4,156,124,877
FDR of other banks	-	-
Government guarantee	-	-
Personal guarantee	19,280,908,274	19,407,567,946
Other securities	37,177,113,049	26,323,726,960
	<b>296,471,630,141</b>	<b>246,943,650,723</b>

#### 8.a.13 Detail of large loan/investments

As at 30 September 2020 there were 42 (31 December 2019: 42) 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 36,449.42 million as at 30 September 2020 (Taka 37,135.80 million as at 31 December 2019).

	Sep 2020 Taka	Dec 2019 Taka
Number of borrowers or groups	42	42
Amount of outstanding advances/investments (Taka)	102,124,570,435	81,985,256,187
Amount of classified advances/investments therein (Taka)	-	-

#### 8.a.14 Particulars of loans and advances/investments

i) Loans/investments considered good in respect of which the Bank is fully secured	240,013,608,818	201,212,355,817
ii) Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	19,280,908,274	19,407,567,946
iii) Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	37,177,113,049	26,323,726,960
iv) Loans/investments adversely classified; provision not maintained there against	<b>296,471,630,141</b>	<b>246,943,650,723</b>
v) Loans/investments due by directors or officers of the banking company or any of them either separately or jointly with any other persons	<b>3,648,007,230</b>	<b>3,787,697,217</b>
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	-	-

	Sep 2020 Taka	Dec 2019 Taka
vii) Maximum total amount of advances/investments, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.	3,648,007,230	3,787,697,217
viii) Maximum total amount of advances/investments, including temporary advances/investments granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in the case of private companies, as members	-	-
ix) Due from other banking companies	-	-
x) Classified loans and advances/investments		
(a) Classified loans and advances/investments on which interest has not been charged	9,585,570,118	11,078,952,070
Increase of specific provision	(382,590,012)	750,842,893
Amount of loans written off	-	789,848,317
Amount realised against loans previously written off	92,563,124	247,554,548
(b) Provision on classified loans and advances/investments	5,447,094,612	5,829,684,624
(c) Provision kept against loans/investments classified as bad debts	4,916,558,633	5,358,792,915
(d) Interest credited to Interest Suspense Account	3,255,671,794	2,034,100,642
xi) Cumulative amount of written off loans/investments		
Opening balance	16,982,006,166	16,419,912,397
Amount written off during the year	-	789,848,317
Amount realised against loans/investments previously written off	(92,563,124)	(247,554,548)
Closing balance	16,869,443,042	16,962,006,166
The amount of written off classified loans/investments for which law suits have been filed	33,439,100,000	32,683,000,000
<b>8.a.15 Staff loan</b>		
House building scheme	2,420,480,449	2,508,651,492
Provident fund	668,886,710	736,443,828
Vehicle scheme	479,748,421	472,635,645
Consumer credit and other scheme	77,858,704	68,899,424
	3,646,974,284	3,766,630,389

**8.a.16 Classification of loans and advances/investments**

	Sep 2020		Dec 2019	
	% of total loan	Taka	% of total loan	Taka
<b>Unclassified</b>				
Standard including staff loan	95.53%	283,211,321,969	93.36%	230,553,660,352
Special mention account (SMA)	0.25%	742,849,408	0.87%	2,145,807,037
	95.78%	283,954,171,377	94.23%	232,699,476,389
<b>Classified</b>				
Sub-standard	0.52%	1,527,811,984	1.02%	2,513,074,041
Doubtful	0.47%	1,404,076,662	0.26%	652,148,223
Bad/Loss	3.23%	9,585,570,118	4.49%	11,078,952,070
	4.22%	12,517,458,764	5.77%	14,244,174,334
	100.00%	288,471,630,141	100.00%	246,943,650,723



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## 8.a.17 Particulars of required provision for loans and advances/investments

Particulars of required provision for loans and advances/investments	Sep 2020 Taka	Dec 2019 Taka		
General provision on unclassified loans				
Loans/investments (excluding SMA)*	4,787,510,604	4,127,113,693		
Special mention account (SMA)	5,775,161	23,982,198		
Required provision for unclassified loans and advances/investments	4,793,285,825	4,151,095,891		
A. Total provision maintained for unclassified loans	4,869,410,134	4,239,579,345		
B. Excess provision	76,124,309	88,483,456		
	Sep 2020	Dec 2019		
	Base for provision Taka	% of required provision	Required provision Taka	Required provision Taka
Specific provision on classified loans				
Sub-standard	860,986,420	5% - 20%	139,930,223	295,522,912
Doubtful	434,375,984	5% - 50%	126,913,743	175,368,707
Bad loans **	3,651,144,252	100%	4,916,558,633	5,358,792,915
Required provision for classified loans and advances/investments			5,183,402,599	5,829,684,624
C. Total provision maintained for classified loans			5,447,094,612	5,829,684,624
D. Excess provision			263,692,013	-
Total required provision for loans and advances/investments			9,976,688,424	9,980,780,513
Total provision maintained for loans and advances/investments (A+C)			10,316,504,746	10,069,263,969
Total excess provision (B+D)			339,816,322	88,483,456

\* Provision required for Standard loans includes Tk. 534.26 million as per Bangladesh Bank NOC for 2018.

\*\* Provision required for Bad loss loans includes Tk. 1,281.04 million for partially write off.

8.a.18 During the period September 30, 2020, no loan having outstanding Taka 500 crore or more was restructured.

## 8.b Loans and advances/investments - City Brokerage Limited

Margin loan was given to several individuals and institutions for doing share trading business through City Brokerage Limited.

## 8.c Loans and advances/investments - City Bank Capital Resources Limited

Margin loan was given to several individuals and institutions for doing share trading business through City Bank Capital Resources Limited.

## 9 Bills purchased and discounted (note 8.a.2)

Payable in Bangladesh	1,446,089,223	2,108,238,549
Payable outside Bangladesh	410,481,647	630,650,495
	<u>1,856,570,870</u>	<u>2,738,889,044</u>

## 9.1 Maturity grouping of bills purchased and discounted

Payable within one month	1,344,915,591	985,171,793
Over one month but less than three months	39,954,471	430,155,263
Over three months but less than six months	353,332,250	1,316,814,937
Six months or more	118,368,558	8,747,051
	<u>1,856,570,870</u>	<u>2,738,889,044</u>

## 10 Consolidated fixed assets including premises, furniture and fixtures

The City Bank Limited (note 10.a)	5,635,475,520	5,675,240,085
City Brokerage Limited (note 10.b)	335,449,041	357,970,809
City Bank Capital Resources Limited (note 10.c)	736,103,196	690,923,540
CBL Money Transfer Sdn. Bhd. (note 10.d)	28,518,668	38,278,835
City Hong Kong Limited (note 10.e)	4,462,177	6,784,080
	<u>6,738,008,606</u>	<u>6,769,203,349</u>
Inter-company transactions		
City Bank Capital Resources Limited with The City Bank Limited	(276,812,532)	(276,812,532)
City Brokerage Limited with The City Bank Limited	(193,139,428)	(193,139,428)
	<u>6,268,056,646</u>	<u>6,299,251,389</u>

## 10.a Fixed assets including premises, furniture and fixtures - The City Bank Limited

Cost		
Office equipment and machinery	3,546,271,533	3,346,400,131
Building	1,769,452,122	1,789,452,122
Work-in progress - building	82,285,716	82,285,716
Furniture and fixtures	1,513,996,782	1,429,367,802
Software	530,366,979	514,272,601
Work-in progress - software	129,252,442	92,104,758
Bank's vehicles	394,168,629	388,194,209
Land	168,630,265	168,630,265
Right of use assets	3,038,039,252	2,606,368,257
	<u>11,192,465,720</u>	<u>10,417,075,861</u>
Accumulated depreciation and amortisation	(5,556,990,194)	(4,741,829,776)
Written down value	<u>5,635,475,526</u>	<u>5,675,246,085</u>

See Annexure - D for details.



10.b Fixed assets including premises, furniture and fixtures - City Brokerage Limited

	Sep 2020 Taka	Dec 2019 Taka
Cost		
Land and Building	292,849,538	292,849,538
Office equipment and machinery	56,189,682	55,800,462
Furniture and fixtures	32,539,308	31,311,255
Software	7,102,028	8,757,930
Vehicles	6,220,770	6,220,770
Lease hold property	850,000	850,000
Right of use assets	49,881,488	49,881,488
	<u>445,642,822</u>	<u>445,671,459</u>
Accumulated depreciation and amortisation	(110,193,781)	(87,700,650)
Written down value	<u>335,449,041</u>	<u>357,970,809</u>

10.c Fixed assets including premises, furniture and fixtures - City Bank Capital Resources Limited

Cost		
Land and building (capital work in progress)	720,645,524	668,895,984
Vehicle	11,201,005	11,201,065
Furniture and fixtures	7,584,994	7,584,994
Office equipment and machinery	8,168,200	7,700,995
Software	-	2,200,800
Right of use assets	14,409,238	14,915,584
	<u>762,009,111</u>	<u>712,564,622</u>
Accumulated depreciation and amortisation	(25,905,915)	(21,641,082)
Written down value	<u>736,103,196</u>	<u>690,923,540</u>

10.d Fixed assets including premises, furniture and fixtures - CBL Money Transfer Sdn. Bhd.

Cost		
Furniture and fixtures	21,546,008	21,395,692
Office equipment and machinery	18,039,165	16,822,669
Vehicle	2,208,631	2,133,632
Right of use assets	8,724,599	34,089,800
	<u>50,606,491</u>	<u>74,221,793</u>
Accumulated depreciation	(24,087,825)	(35,942,958)
Written down value	<u>26,518,666</u>	<u>38,278,835</u>

10.e Fixed assets including premises, furniture and fixtures - CBL Hong Kong Limited

Cost		
Office equipment and machinery	3,088,655	1,434,975
Furniture and fixtures	683,456	672,873
Right of use assets	1,273,945	9,637,353
	<u>5,026,056</u>	<u>11,745,201</u>
Accumulated depreciation	(563,879)	(4,981,121)
Written down value	<u>4,462,177</u>	<u>6,764,080</u>

11 Consolidated other assets

The City Bank Limited (note 11.a)	14,628,541,767	12,433,741,210
City Brokerage Limited (note 11.b)	340,831,127	241,529,983
City Bank Capital Resources Limited (note 11.c)	214,667,303	108,820,305
CBL Money Transfer Sdn. Bhd. (note 11.d)	3,008,075,140	2,079,713,480
City Hong Kong Limited (note 11.e)	1,669,239	1,594,306
	<u>18,193,784,576</u>	<u>14,863,499,284</u>
Goodwill arising on investment in subsidiaries	34,989,416	35,397,698
Mutual indebtedness:		
Payable to City Bank Limited - City Bank Capital Resources Limited	(182,174,382)	(167,409,618)
Payable to City Bank Limited - City Brokerage Limited	(2,736,029)	(663,124)
Payable to City Bank Limited - CBL Money Transfer Sdn. Bhd.	(315,115,109)	(882,145)
Payable to City Bank Capital Resources Limited - City Bank Limited	(2,219,211)	(2,642,188)
Payable to City Bank Capital Resources Limited - City Brokerage Limited	(5,037,473)	(13,809,887)
Investment in subsidiaries	(6,118,684,941)	(6,085,582,040)
	<u>(8,603,967,145)</u>	<u>(6,270,989,002)</u>
Adjustments for Consolidation - City Brokerage Limited		
Total consolidated other assets	<u>11,624,806,847</u>	<u>8,627,907,980</u>



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# 11.a Other assets- The City Bank Limited

	Sep 2020 Taka	Dec 2019 Taka
<b>Income generating other assets</b>		
Investment in subsidiaries (note 11.a.1)	6,116,684,941	6,085,582,040
Interest income receivable (note 11.a.2)	1,532,601,413	1,591,709,111
<b>Non income generating other assets</b>		
Advance payment of tax (note 11.a.4)	3,932,423,056	1,676,259,455
Accounts receivables (note 11.a.3)	1,703,168,689	1,898,626,651
Deferred tax assets (note 11.a.5)	501,386,111	828,603,139
Receivable from CBL Money Transfer	315,115,109	-
Prepaid expenses	193,027,514	51,513,950
Intangible assets (note 11.a.6)	192,359,012	219,250,895
Advance against rent and advertisement	66,354,002	7,648,618
Security deposits	48,909,056	45,597,814
Stationery and stamps	18,675,602	15,960,334
Protested bill	5,842,887	5,842,887
Receivable from City Bank Capital Resources Limited	123,901	882,145
Receivable from City Brokerage Limited	870,384	-
Branch adjustment account	-	8,064,171
	<u>14,628,541,797</u>	<u>12,433,741,210</u>
<b>11.a.1 Investment in subsidiary</b>		
<b>In Bangladesh</b>		
City Brokerage Limited	3,400,000,000	3,400,000,000
City Bank Capital Resources Limited	2,550,000,000	2,550,000,000
	<u>5,950,000,000</u>	<u>5,950,000,000</u>
<b>Outside Bangladesh</b>		
CBL Money Transfer Sdn. Bhd.	99,702,332	99,702,332
City Hong Kong Limited	66,982,809	35,879,708
	<u>166,684,941</u>	<u>135,582,040</u>
	<u>6,116,684,941</u>	<u>6,085,582,040</u>
<b>11.a.2 Interest income receivable</b>		
Interest receivable from placement	713,293,506	643,233,594
Interest receivable from government security	605,385,773	535,588,904
Interest receivable from loans & advances	313,922,134	512,886,613
	<u>1,532,601,413</u>	<u>1,591,709,111</u>
<b>11.a.3 Accounts receivables</b>		
Advance against remittance	630,332,381	600,176,834
Receivable against encashment -SP/8SP/PSC	400,889,823	299,506,877
Receivable against card operation	295,881,545	630,985,633
Receivable against sales proceeds of shares	164,040,850	167,416,457
Advance to vendor for expense	100,394,700	60,194,256
Sundry debtors	33,432,335	82,798,114
Advance for right share	29,318,440	29,318,440
Receivable against fraud forgeries	26,491,503	26,491,503
Advance to staff for expense	13,697,208	3,060,633
Unreconciled nostro entry	8,691,904	8,691,904
	<u>1,703,168,689</u>	<u>1,898,626,651</u>
<b>11.a.4 Advance payment of tax</b>		
Opening balance	1,676,259,455	3,067,137,569
Paid during the period	2,258,163,601	2,684,010,570
Adjustment for previous years tax liability	-	(4,074,888,684)
Closing balance	<u>3,932,423,056</u>	<u>1,676,259,455</u>



  
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		<u>Sen 2020</u>	<u>Dec 2019</u>
		<u>Taka</u>	<u>Taka</u>
<b>11.a.5 Deferred tax assets</b>			
Deferred tax asset		<u>801,386,111</u>	<u>828,803,139</u>
Detail calculation on deferred tax assets:			
	<u>Book value</u>	<u>Tax base</u>	<u>Taxable/(deductible)</u>
	<u>Taka</u>	<u>Taka</u>	<u>temporary difference</u>
			<u>Taka</u>
Fixed assets	2,725,746,381	3,403,052,403	(677,306,022)
Unrealised gain on share	12,823,544	-	12,823,544
Receivable on interest income- T bond	503,121,190	-	503,121,190
Provision against classified loan	(1,398,237,934)	-	(1,398,237,934)
Right of use of assets	1,987,528,769	-	1,987,528,769
Lease obligation	(1,757,555,243)	-	(1,757,555,243)
Deferred tax liability/(asset)			<u>(501,386,111)</u>
Deferred tax asset up to last year			<u>(828,803,139)</u>
Deferred tax (Income)/expense			<u>327,417,028</u>
<b>11.a.6 Intangible assets</b>			
Users license			174,253,753
Royalty			<u>18,105,259</u>
			<u>192,359,012</u>
<b>11.a.6.1 Movement of intangible assets</b>			
Opening balance			219,250,895
Addition during the period			-
Amortisation during the period			<u>(26,891,883)</u>
Closing balance			<u>192,359,012</u>
<b>11.b Other assets - City Brokerage Limited</b>			
Advance payment of tax			277,625,874
Receivable from DSE			14,413,639
Advances, deposits and prepayments			48,391,598
Receivable from CSE			<u>400,016</u>
			<u>340,831,127</u>
<b>11.c Other assets - City Bank Capital Resources Limited</b>			
Advance income tax			91,594,594
Account receivable			65,328,983
Advances, deposits and prepayments			55,772,343
Deferred tax assets			1,067,603
Stamps in hand			<u>3,780</u>
			<u>214,667,503</u>
<b>11.d Other assets - CBL Money Transfer Sdn. Bhd.</b>			
Advances, deposits and prepayments			<u>3,008,075,140</u>
			<u>3,008,075,140</u>
<b>11.e Other assets - City Hong Kong Limited</b>			
Security Deposit			1,448,328
Deferred tax assets			<u>220,911</u>
			<u>1,669,239</u>
<b>12 Non - banking assets</b>			
Income generating:			
Share (note 12.a)			105,875,000
Non-income generating:			
Land (note 12.b)			<u>981,084,623</u>
			<u>1,086,959,623</u>

The City Bank Limited has been awarded absolute ownership on 45 mortgage properties through verdict of honourable Court under section 33 (7) of Artha Rin Adalat Act, 2003. The Bank also acquired some lien shares as settlement of loan. These have been recorded at Taka 1,086,959,624 as non-banking assets.



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## 12.a Income generating:

Name of Parties	Type of assets	Booking Date	Sep 2020 Taka	Dec 2019 Taka
Abrar Steel Mills Ltd.	Primo Bank Ltd.'s share	15/Nov/12	105,875,000	110,110,000
			<u>105,875,000</u>	<u>110,110,000</u>

## 12.b Non-income generating:

M/S Overseas Liner Agency	953 decimal land	29/Dec/11	11,436,000	11,436,000
M/S Habib Bastra Bikan	16.50 decimal land	29/Dec/11	1,485,000	1,485,000
M/S Misl Enterprise	16.50 decimal land	29/Dec/11	819,523	819,523
M/S Silva Synthetic Fabrics	67.5 decimal land in Narayanganj	29/Dec/11 & 29/Dec/15	27,000,000	27,000,000
L.J.S Enterprise	181.95 decimal land	29/Dec/11	3,677,959	3,677,959
M/S Sikder Construction	14 decimal land	29/Dec/11	12,131,206	12,131,206
M/s. Nan Business Associates	5 decimal land & 1,518 sqt floor	27/Dec/12	8,340,000	8,340,000
Shibpur Rice Mill	150.75 decimal land	27/Dec/12	2,563,833	2,563,833
M/s. Chand & Sons	6.80 decimal land	10/Oct/13	1,850,139	1,850,139
M/s. Ashraf Traders	12 decimal land	20/Oct/13	3,352,735	3,352,735
M/s. Rafique Repairing & Motor Machinery Parts	6 decimal land along with two storied building	20/Oct/13	1,371,088	1,371,088
Friends International	225.35 decimal land	31/Mar/14	14,888,087	14,888,087
Lucky Trade Concern	7.89 decimal land	29/Jun/15	130,326,220	130,326,220
M/s General Services	375.5 decimal land	20/Dec/15	2,074,764	2,074,764
M/s Gafar International	8.25 decimal land	22/Dec/15	3,507,045	3,507,045
M/s Balaka Industries	7 katha land	22/Dec/15	6,390,367	6,390,367
Art Builders & Co.	4.51 decimal land	22/Dec/15	13,647,649	13,647,649
M/s Dhaka Eylet & Bartack Center	34 decimal land	23/Dec/15	4,855,476	4,855,476
M/s Atamin Engineering	2.50 katha and 8.25 decimal land	23/Dec/15	2,340,929	2,340,929
M/s S S Poultry Feed	12.32 decimal land	23/Dec/15	4,277,867	4,152,887
M/s Sathi Foods & Oil Industries	15 decimal land	23/Dec/15	10,683,879	10,683,879
M/s MIM Pictures International	51.5 decimal land	24/Dec/15	1,763,421	1,763,421
M/s Shaans Denim	1670 sqt flat	24/Dec/15	34,880,000	34,880,000
M/s Apparel King Limited	16.34 decimal land	24/Dec/15	7,189,924	7,189,924
M/s Suchi Enterprise	50.24 decimal land	24/Dec/15	3,602,354	3,602,354
M/s A B Traders	3.63 acre land	24/Dec/15	899,503	899,503
M/s The Media Advertising	17.50 decimal and 5 katha land	24/Dec/15	1,627,048	1,627,048
M/s Mondira Medico	12.20 decimal and 3 acre land	24/Dec/15	4,496,291	4,496,291
M/s. Nan Business Associates	256 decimal land	28/Dec/15	55,181,250	55,181,250
M/s Talco Ltd	1.60 acre land	30/Dec/15	15,049,194	15,049,194
Atlas food and Beverage Limited	233.68 decimal land	29/Jun/16	65,366,934	65,366,934
Sisty Traders	21.50 decimal land	29/Jun/16	26,322,125	26,322,125
Rafy Sweaters Limited	100 decimal land and 02 storied building measuring -42,000 sqt	29/Dec/16	71,140,000	71,140,000
Salah Fashion Ltd.	14.56 decimal and 30 decimal land	21/Jun/17	17,592,323	17,592,323
M/S Haanat Enterprise	4.587 decimal land with building and 4.125 decimal land	30/Dec/17	21,055,559	21,055,559
M/s. Noor Enterprise	84.87 decimal land	30/Dec/17	79,984,010	79,984,010
M/s. McCoy Knitwear	22.90 decimal land and 5.00 decimal land. Total 27.5 decimal land	30/Dec/17	2,625,000	2,625,000
M/s. Rupchanda Food Products	21 decimal vacant land	30/Dec/17	1,680,000	1,680,000
M/s. Unique Steel	75.5 decimal land	30/Dec/17	35,476,810	35,726,810
Mohd. Elias Bros (Pvt.) Ltd	18.92 decimal land	28/Jun/18	69,300,000	69,300,000
M/s Momin Moinu Auto Rice Mill	117.50 decimal land at Jamalpur	28/Jun/18	9,400,000	9,400,000
S. M Enterprise	94.32 decimal land with 3 storied commercial building	26/Dec/18	98,642,429	98,033,679
S. K. Motors	29.30 decimal and 27.69 decimal land	27/Dec/18	23,238,000	23,238,000
M/s Rabeya Bastwaly	7.0 decimal and 5.5 decimal land	27/Dec/18	2,853,626	2,767,626
Emdadul Haque Bhuiyan	1,336.29 decimal land	30/Jun/19 & 29/Dec/19	68,553,832	126,627,474
			<u>981,084,623</u>	<u>1,042,228,991</u>



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Managing Director & CEO  
The City Bank Limited

KQ  
Md. Moniruzzaman  
Managing Director  
IDLC Investments Limited

13 Tier-II subordinated bond

Tier-II Subordinated bond includes fund raised from several banks, financial institutions and other organisation through issuance of 7 (Seven) years Bond during 2017 and 2018, worth BDT 5,000 million and BDT 7,000 million respectively. Out of this BDT 7,000 million, BDT 3,800 million and 400 million has been subscribed within 31 December 2018 and 31 December 2019 respectively.

The bank holds two Subordinated Bonds with outstanding amounts of BDT 5,000 million and BDT 4,200 million respectively as on 30 September 2020. Institution wise subscription towards the bonds are:

	Sep 2020 Taka	Dec 2019 Taka
<b>City Bank 2nd subordinated bond</b>		
ONE Bank Limited	1,000,000,000	1,000,000,000
Rupali Bank Limited	800,000,000	800,000,000
Janata Bank Limited	750,000,000	750,000,000
Sonali Bank Limited	500,000,000	600,000,000
Pubali Bank Limited	500,000,000	500,000,000
Mercantile Bank Limited	400,000,000	400,000,000
Utara Bank Limited	350,000,000	350,000,000
Dhaka Stock Exchange Limited	300,000,000	300,000,000
Agrani Bank Limited	200,000,000	200,000,000
Dhaka Bank Limited	100,000,000	100,000,000
Standard Bank Limited	100,000,000	100,000,000
	<u>5,000,000,000</u>	<u>5,000,000,000</u>

<b>City Bank 3rd subordinated bond</b>		
ONE Bank Limited	1,300,000,000	1,300,000,000
Sonali Bank Limited	1,000,000,000	1,000,000,000
Agrani Bank Limited	1,000,000,000	1,000,000,000
Pubali Bank Limited	500,000,000	500,000,000
Dhaka Bank Limited	400,000,000	400,000,000
	<u>4,200,000,000</u>	<u>4,200,000,000</u>
	<u>9,200,000,000</u>	<u>9,200,000,000</u>

14 Consolidated borrowings from other banks, financial institutions and agents

The City Bank Limited (note 14.a)	68,189,461,848	44,168,290,655
City Brokerage Limited (note 14.b)	1,171,553,768	974,452,019
City Bank Capital Resources Limited (note 14.c)	608,859,250	579,372,565
CBL Money Transfer Sdn. Bhd. (note 14.d)	72,358,322	237,610,179
City Hong Kong Limited	117,085,872	-
	<u>68,139,316,858</u>	<u>45,950,725,418</u>
<b>Mutual Indebtedness:</b>		
Loan from The City Bank Limited-City Brokerage Limited	(814,003,583)	(577,231,515)
Loan from The City Bank Limited- CBL Money Transfer Sdn. Bhd.	(98,804,763)	(234,997,079)
Loan from The City Bank Limited- City Hong Kong Limited	(118,325,905)	-
	<u>67,108,382,607</u>	<u>45,147,496,824</u>

14.a Borrowings from other banks, financial institutions and agents

In Bangladesh (note 14.a.1)	42,019,607,400	27,588,833,977
Outside Bangladesh (note 14.a.2)	24,149,854,448	18,579,456,678
	<u>66,169,461,848</u>	<u>44,168,290,655</u>

14.a.1 In Bangladesh

Trust Bank Limited	1,696,720,000	-
Jamuna Bank Limited	1,527,588,122	280,170,000
Brac Bank Limited	1,272,787,438	-
National Credit & Commerce Bank Limited	1,272,688,483	-
Dhaka Bank Limited	848,360,000	3,398,000,000
Pubali Bank Limited	848,360,000	849,000,000
Dutch-Bangla Bank Limited	750,000,000	-
HSBC	640,000,000	-
Bank Al-Falah Limited	459,344,000	250,000,000
Habib Bank Limited	230,000,000	100,000,000
Utara Bank Limited	200,000,000	1,100,000,000
Sonali Bank Limited	150,000,000	1,010,000,000
State Bank of India	100,000,000	200,000,000
IFIC Bank Limited	-	500,000,000
Prime Bank Limited	-	500,000,000
Meghna Bank Limited	-	500,000,000
AB Bank Limited	-	500,000,000
Southeast Bank Limited	-	400,000,000
Janata Bank Limited	-	200,000,000
Refinance against EDF loan from Bangladesh Bank	21,708,536,484	14,563,519,993
Refinance against Stimulus package from Bangladesh Bank	6,558,074,920	-
Refinance against SME & Corporate loan from Bangladesh Bank	2,753,588,595	2,271,495,984
Borrowings from Bangladesh Bank	505,579,378	468,648,080
Bangladesh Bank against Assured Liquidity Support	500,000,000	500,000,000
	<u>42,019,607,400</u>	<u>27,588,833,977</u>

14.a.2 Outside Bangladesh

	Sep 2020 Taka	Dec 2019 Taka
Standard Chartered Bank, Thailand	5,340,243,728	-
CaixaBank, S.A	3,436,187,455	600,574,140
Global Climate Partnership Fund S.A. Sicav-Sif (GCPF)	2,545,080,000	2,546,899,999
International Finance Corporation	2,545,080,000	70,750,142
First Abu Dhabi Bank, Dubai	2,120,899,995	-
Abu Dhabi Commercial Bank	1,382,484,580	2,299,785,596
Emirates NBD Bank PJSC, Dubai	978,631,901	-
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V (FMO)	954,405,000	1,273,500,000
Norwegian The Investment Fund For Developing Countries (NORFUND)	848,360,000	849,000,000
HDFC Bank Limited	848,360,000	781,080,000
Emirates Islamic Bank	828,569,458	-
Oesterreichische Entwicklungsbank AG (OeEB)	827,151,000	1,018,800,000
Asian Development Bank	759,633,105	-
Habib Bank AG, Dubai	547,296,200	-
Habib Bank Limited, Belgium	187,472,026	-
Standard Chartered Bank, Singapore	-	3,722,566,338
Bank Muscat S.A.O.G	-	2,920,560,000
OBS Bank	-	495,840,463
	<u>24,149,884,448</u>	<u>16,579,456,678</u>

14.a.3 Borrowings secured/unsecured from other banks, financial institutions and agents

Secured	500,000,000	500,000,000
Unsecured	<u>65,689,461,848</u>	<u>43,608,290,655</u>
	<u>66,169,461,848</u>	<u>44,168,290,655</u>

14.a.4 Maturity grouping of borrowings from other banks, financial institutions and agents

Payable on demand	6,003,462,830	5,260,000,000
Up to 1 month	7,601,387,434	8,599,101,042
Over 1 month but within 3 months	12,187,934,269	11,208,678,445
Over 3 months but within 1 year	30,806,337,610	12,114,723,243
Over 1 year but within 5 years	8,419,475,611	6,987,788,925
Over 5 years	<u>1,150,863,894</u>	-
	<u>66,169,461,848</u>	<u>44,168,290,655</u>

14.b City Brokerage Limited is enjoying two overdraft facilities from The City Bank Limited for extending margin financing to its customers, supporting prefunding facilities to its foreign clients and investment in secondary market. Rate of interest of the availed facilities are currently 10.50% p.a. and 7.00p.a. respectively which is subject to revisions by the banks' management from time to time. Brokerage is also enjoying two term loan facilities of Tk. 30.00 crore for ten years from Lanka Bangla Finance Ltd. @10.00% interest p.a., Tk. 12.96 crore from Investment Corporation of Bangladesh (ICB) @ 4.00% interest p.a..

14.c City Bank Capital Resource Ltd. has taken term loan facility of Tk.83.00 crore for ten years at the rate of 10.5% from IPDC Finance Ltd. for acquiring and developing own asset.

14.d CBL Money Transfer Sdn Bhd. has taken overdraft facility from The City Bank Ltd. For prefunding support for remitting foreign currency from Malaysia @ 5.25%



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Md. Moniruzzaman  
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15 Consolidated deposits and other accounts

	Sep 2020 Taka	Dec 2019 Taka
The City Bank Limited (note 15.a)	270,806,029,162	246,703,665,442
City Brokerage Limited	321,717,046	174,799,386
City Bank Capital Resources Limited	289,757,990	210,377,141
CBL Money Transfer Sdn. Bhd.	-	132,092
City Hong Kong Limited	593,489	1,743,600
Inter-company indebtedness (note 15.b)	(1,046,282,245)	(650,012,590)
	<u>270,806,029,162</u>	<u>246,703,665,442</u>

15.a Deposits and other accounts - The City Bank Limited

Local bank deposits (note 15.a.1)	2,385,369,033	4,631,467,973
Customer and other deposits	<u>268,420,660,129</u>	<u>242,072,197,469</u>
	<u>270,806,029,162</u>	<u>246,703,665,442</u>

15.a.1 Local bank deposits

Name of Bank	Sep 2020				
	CD Taka	SND Taka	FDR Taka	Manarah SND/FD Taka	Total Taka
Padma Bank Limited	-	458,480	800,000,000	-	800,458,480
Shahjalal Islami Bank Limited	-	-	-	501,212,980	501,212,980
Pubali Bank Limited	-	891,088	-	500,000,000	500,891,088
Prime Bank Limited	267,389	-	500,000,000	-	500,267,389
Southeast Bank Limited	24,273,241	1,418,581	-	-	25,691,822
Islami Bank Bangladesh Limited	-	-	-	23,289,296	23,289,296
Al Arafah Islami Bank Limited	-	-	-	12,224,062	12,224,062
Trust Bank Limited	-	-	-	7,017,671	7,017,671
Jamuna Bank Limited	-	-	-	6,202,371	6,202,371
Modhumoti Bank Limited	-	4,040,845	-	-	4,040,845
Export Import Bank of Bangladesh Ltd.	-	-	-	3,299,911	3,299,911
AB Bank Limited	-	-	-	351,305	351,305
BRAC Bank Limited	-	215,944	-	-	215,944
Dutch-Bangla Bank Limited	-	111,536	-	-	111,536
Standard Bank Limited	-	82,494	-	-	82,494
Social Islami Bank Limited	-	-	-	11,859	11,859
	<u>24,540,630</u>	<u>7,218,968</u>	<u>1,300,000,000</u>	<u>1,053,609,433</u>	<u>2,385,369,033</u>

15.a.2 Deposits and other accounts

	Sep 2020 Taka	Dec 2019 Taka
Current deposits and other accounts		
Current, al-wadeeah and manarah current deposits	31,456,988,207	25,765,610,838
Sundry deposits (note 15.a.3)	11,914,328,940	11,982,917,434
Foreign currency deposits	2,840,791,335	3,016,277,134
Security deposits receipts	<u>3,619,631</u>	<u>3,620,681</u>
	<u>46,215,726,113</u>	<u>40,790,426,267</u>
Bills payable		
Pay orders issued	2,188,036,839	1,876,599,354
Demand draft	4,085,182	4,154,822
Pay slips issued	<u>3,153,807</u>	<u>3,342,303</u>
	<u>2,195,277,828</u>	<u>1,884,096,479</u>
Savings bank deposits (note 15.a.4)	<u>56,168,769,925</u>	<u>46,367,263,617</u>
Fixed deposits		
Fixed deposits, mudaraba and manarah fixed deposits	126,679,742,467	124,853,784,836
Short notice deposits, mudaraba and manarah short notice deposits	29,591,015,023	23,029,650,311
Scheme deposits (note 15.a.5)	9,433,224,037	8,385,239,952
Non resident deposits	<u>532,273,789</u>	<u>493,205,980</u>
	<u>166,226,255,296</u>	<u>157,661,889,059</u>
Total deposits and other accounts	<u>270,806,029,162</u>	<u>246,703,665,442</u>



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 Managing Director  
 IDLC Investments Limited

### 15.a.3 Sundry deposits

	Sep 2020 Taka	Dec 2019 Taka
Foreign bills purchased awaiting remittance	8,380,357,109	4,697,332,510
Margin on letters of credit	1,205,815,948	1,388,983,035
Sundry creditors	784,007,500	4,308,263,386
Margin on letters of guarantee	490,321,295	408,899,913
Sundry deposits - Amex Card - local	240,985,278	244,449,880
Sundry deposits - City Card - local	179,068,719	31,932,219
Payable against RTGS & EFT	159,359,488	98,709,171
Payable against SP and others	104,879,900	24,088,700
Sundry deposit - ATM	72,455,712	508,302,326
Others	72,399,196	22,656,674
Sundry deposits - Master Cards	66,853,619	48,011,123
Unclaimed foreign DO	58,101,679	58,475,118
Security money- suppliers	45,834,908	45,404,068
Security deposits NRB	24,178,260	24,198,500
Auto debit receipt/payment (Credit Card)	20,309,588	32,689,028
CIB service charges	7,625,288	8,549,308
Charge back - Amex Card - international	3,915,222	3,354,543
Charges against credit rating	3,661,539	1,880,865
Payable against legal expenses	3,077,614	453,688
Interest payable on three stage deposits	2,731,458	2,731,458
Imprest fund - cash incentive	1,324,517	172,317
Sanchaypatra	1,300,000	1,300,000
Security money- staff	1,013,810	1,013,810
Key deposits	983,750	988,750
Payable against cash advance	808,838	808,838
Foreign currency	799,525	799,525
Charge back - Master Cards	761,015	484,143
Unclaimed balances	390,588	393,652
Lease deposits	348,592	348,592
Agent commission on consumer credit schemes	232,757	232,757
Haji deposits	194,587	194,597
Margin on inland bills purchased	185,000	185,000
Risk fund (Consumer Credit Schemes and lease finance)	80,428	80,428
Sundry deposits - foreign settlement	8,205	21,731,400
Sundry deposits - City Card - International	-	2,844,112
	<u>11,914,328,940</u>	<u>11,982,917,334</u>

### 15.a.4 Savings bank deposits

Savings bank deposits	53,618,716,806	45,284,993,538
Mudaraba/manarah savings deposits	2,550,053,119	1,082,260,079
	<u>56,168,769,925</u>	<u>46,367,253,617</u>

### 15.a.5 Scheme deposits

City Shomiddhi	8,897,390,959	7,898,282,273
City Projonmo	186,759,289	205,040,884
Deposit pension scheme (note 15.a.5.1)	240,457,879	102,701,875
Mudaraba monthly deposit scheme	83,585,818	83,644,540
Three stage scheme deposit	6,122,361	4,876,853
Manarah haji deposit scheme	3,909,384	3,089,012
Junior savers scheme	1,812,301	2,368,908
Monthly benefit scheme	950,000	2,650,000
Marriage savings scheme	785,184	785,184
City bank sanchaya scheme	748,951	989,311
Lakpati savings scheme	460,454	557,855
Education savings scheme	243,677	243,677
	<u>9,433,224,037</u>	<u>8,385,239,952</u>

15.a.5.1 Deposit pension scheme was closed from the year 1995 and its interest was 15% p.a.

### 15.a.6 Sector-wise deposits

Private	255,779,090,508	227,888,347,866
Other public	4,987,851,948	7,510,136,249
Deposit money banks	2,385,369,033	4,831,487,973
Government	4,812,928,338	3,655,436,220
Foreign currency	2,840,791,335	3,018,277,134
	<u>270,806,029,162</u>	<u>246,703,665,442</u>

### 15.a.7 Maturity analysis of Inter-bank deposits

Payable on demand	468,910	285,208
Up to 1 month	1,813,785,970	3,272,422,144
Over 1 month but within 3 months	528,520,919	1,320,618,227
Over 3 months but within 1 year	42,593,234	32,142,394
	<u>2,385,369,033</u>	<u>4,831,487,973</u>

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K.R.  
Md. Moniruzzaman  
Managing Director  
IDLC Investments Limited



15.a.8 Maturity analysis of deposits

	Sep 2020 Taka	Dec 2019 Taka
<b>Bills payable:</b>		
Payable on demand	17,654,926	15,323,985
Up to 1 month	517,792,864	444,395,556
Over 1 month but within 6 months	1,659,630,038	1,424,376,938
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years but within 10 years	-	-
Over 10 years	-	-
	<u>2,195,277,828</u>	<u>1,884,096,479</u>
<b>Other deposits:</b>		
Payable on demand	9,177,657,602	7,258,633,700
Up to 1 month	22,897,957,482	26,266,989,673
Over 1 month but within 6 months	83,227,074,475	95,927,045,834
Over 6 months but within 1 year	79,308,368,683	52,262,570,173
Over 1 year but within 5 years	70,076,892,423	47,524,108,618
Over 5 years but within 10 years	3,886,984,851	13,712,173,802
Over 10 years	35,825,816	1,870,047,163
	<u>268,610,761,334</u>	<u>244,819,668,963</u>
	<u>270,808,029,162</u>	<u>246,763,665,442</u>

15.b City Brokerage Limited and City Bank Capital Resource Limited maintained current deposit and fixed deposit receipt accounts with its parent company, The City Bank Limited. Account wise outstanding balances are as follows:

Inter-company indebtedness among Holding company & Subsidiaries:

City Brokerage Limited - current accounts	499,873,229	137,466,855
City Brokerage Limited - fixed deposits receipt accounts	9,349	2,997,535
	<u>499,882,578</u>	<u>140,464,390</u>

City Bank Capital Resources Limited - current accounts  
City Bank Capital Resources Limited - fixed deposits receipt accounts

	893,454	2,853,235
	387,625,369	339,233,808
	<u>388,518,823</u>	<u>342,087,043</u>

Inter-company indebtedness among Subsidiaries:

Payable to City Bank - City Bank Capital Resources Limited	15,716,482	167,409,618
Payable to City Bank Capital Resources Limited - City Brokerage Limited	162,174,382	51,739
	<u>177,890,864</u>	<u>167,461,357</u>
<b>Total Inter-company indebtedness</b>	<u>1,046,292,246</u>	<u>650,012,590</u>

16 Consolidated other liabilities

The City Bank Limited (note 16.a)	33,253,275,284	29,201,394,866
City Brokerage Limited (note 16.b)	656,792,876	427,990,339
City Bank Capital Resources Limited (note 16.c)	166,788,447	158,150,781
CBL Money Transfer Sdn. Bhd. (note 16.d)	2,863,888,982	1,840,393,418
City Hong Kong Limited (note 16.e)	2,458,080	15,920,009
	<u>36,963,002,649</u>	<u>31,643,849,413</u>

Mutual indebtedness:

Payable to City Bank Limited - City Brokerage Limited	(2,736,029)	(6,017)
Payable to City Bank Limited - City Bank Capital Resources Limited	(2,219,211)	(3,299,295)
Payable to City Bank Limited - CBL Money Transfer Sdn. Bhd.	(315,115,109)	(882,145)
Payable to City Bank Capital Resources Limited - City Bank Limited	-	(13,809,887)
Payable to City Brokerage Limited - City Bank Capital Resources Limited	(320,070,349)	(17,997,344)
	<u>(320,070,349)</u>	<u>(17,997,344)</u>

Adjustments for Consolidation - City Bank Capital Resources Limited  
Adjustments for Consolidation - CBL Money Transfer Sdn. Bhd.

	-	-
	-	-
	<u>36,642,932,300</u>	<u>31,625,852,069</u>

Total consolidated other liabilities

16.a Other liabilities - The City Bank Limited

Provision for loans and advances/investments (note 16.a.1)	10,316,504,746	10,069,263,969
Interest and other expenses payable	8,408,017,263	8,212,549,355
Provision for income tax (note 16.a.6)	5,333,272,911	3,942,378,436
Interest suspense account (note 16.a.3)	3,255,671,794	2,034,100,642
Lease liabilities	1,757,555,243	1,713,066,892
Others	1,923,387,582	995,447,093
Provision for outstanding off-balance sheet exposures (note 16.a.2)	1,123,903,540	1,031,885,771
Other provision (note 16.a.5)	603,205,989	670,926,471
Provision for non banking assets	523,083,602	523,083,602
Provision for nostro account	8,692,635	8,692,635
	<u>33,253,275,284</u>	<u>29,201,394,866</u>

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Managing Director & CEO  
The City Bank Limited

Md. Moniruzzaman  
Managing Director  
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#### 16.a.1 Provision for loans and advances/investments

	Sep 2020 Taka	Dec 2019 Taka
<b>Movement in specific provision on classified loans/investments:</b>		
Provision held at the beginning of the year	5,829,084,624	4,487,939,739
Fully provided debts written off during the period	-	(710,829,678)
Fully waived during the year	-	(7,465,775)
Recoveries of amounts previously written off	76,269,327	228,668,430
Specific provision made during the period	(458,799,339)	401,844,128
Provision made for partially write off	-	1,429,727,780
Provision held at the end of the period	<u>5,447,054,612</u>	<u>6,829,684,624</u>
<b>Movement in general provision on unclassified loans/investments:</b>		
Provision held at the beginning of the year	4,230,578,345	3,485,871,051
Transfer to provision for classified accounts	-	-
Transfer from other provision	-	-
General provision made during the period	629,830,789	753,707,394
Provision held at the end of the year	<u>4,860,410,134</u>	<u>4,239,578,445</u>
	<u>10,316,604,746</u>	<u>10,069,263,069</u>

The Bank maintained provision against loans/investments accounts under writ petition of Taka 294.03 million (2019: Taka 93.37 million) against requirement of Taka 294.03 million (2019: Taka 93.37 million) as at 30 September 2020. 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. Bangladesh Bank through BRPD circular letter no.1 dated 3 January 2018 and BRPD letter reference non BRPD(P-1)/661/13/2019-354 dated 13 January 2019 allows waiver of maintaining 1% general provision against off balance sheet exposures to fast track power plant project and exposures to all power plant projects for import of fuel with effect from 31 December 2017. Waiver for fast track power plant project is applicable for the exposures to be taken till 30 September 2018. In year 2018, Bangladesh Bank also issued a circular through BRPD letter no.7 dated 21 June 2018 allows waiver of maintaining 1% general provision against Bills for Collection. In addition to the all said circular, Bangladesh Bank issued a letter reference no. BRPD(P-1)/661/13/2020/1403 dated 05 February 2020 based on our prayer to allows waiver of maintaining 1% general provision against Export Credit Agency (ECA) guarantee back long term credit facility by allowing 0.5% general provision waiver. As on 30 September 2020 bank's outstanding off balance sheet exposures against fast track power projects, for import of fuel for power plant project, Bills for Collection and Export Credit Agency (ECA) guarantee back long term credit facility were Taka 3,483,203,500, Taka 8,539,468,792, Taka 9,999,407,021 and Taka 11,591,046,572 respectively. With compliance of the mentioned circular and circular letter reference, the Bank maintained provision of Taka 1,123,903,540 (31 December 2019: Taka 1,031,885,771) against requirement of Taka 1,043,928,270 (31 December 2019: Taka 977,850,988) as at 30 September 2020.

Opening balance	1,031,885,771	990,541,458
Addition during the period	92,017,769	41,344,313
Closing balance	<u>1,123,903,540</u>	<u>1,031,885,771</u>

#### 16.a.3 Interest suspense account

Interest suspense account on classified loans and advances	1,383,490,848	1,240,859,927
Interest suspense on standard loans	1,794,133,351	731,422,098
Interest suspense on special mention account	78,047,795	61,818,617
	<u>3,255,671,794</u>	<u>2,034,100,642</u>

#### 16.a.4 Movement of interest suspense account

Opening balance	2,034,100,642	1,381,564,567
Amount transferred to "Interest suspense" account during the period	1,832,240,119	1,558,634,487
Amount recovered from "Interest suspense" account during the period	(577,479,900)	(789,015,879)
Amount waived during the period	(33,189,067)	(52,095,805)
Amount written off during the period	-	(74,986,728)
Closing balance	<u>3,255,671,794</u>	<u>2,034,100,642</u>

#### 16.a.5 Other provision

Provision against employee bonus	231,158,925	346,879,428
Provision against good borrower (note 16.a.5.2)	185,469,389	155,469,389
Provision against other assets	152,442,546	132,452,901
Provision against investment	24,150,000	24,150,000
Provision against interest receivable	4,142,221	6,131,886
Provision against protested bills	5,842,887	5,842,887
	<u>603,205,968</u>	<u>670,926,471</u>

#### 16.a.5.1 Movement of other provision

Opening balance	670,926,471	512,170,507
Addition during the period	117,223,478	328,811,428
Adjustment during the period	(184,943,981)	(170,055,462)
Closing balance	<u>603,205,968</u>	<u>670,926,471</u>



	30 Sep 2020 Taka	31 Dec 2019 Taka
<b>16.a.5.2 Movement of Provision against good borrower</b>		
Opening balance	155,469,389	95,469,389
Addition during the period	30,000,000	60,000,000
Closing balance	<u>185,469,389</u>	<u>155,469,389</u>
<b>16.a.6 Provision for income tax</b>		
Opening balance	3,942,378,438	4,971,408,540
Adjustment for settlement of tax	-	(4,074,888,684)
Provision during the period (note 16.a.6.1)	1,390,894,475	3,045,860,580
Closing balance	<u>5,333,272,911</u>	<u>3,942,378,436</u>
16.a.6.1 Provision for current tax of Taka 1,390,894,475 @ 37.5% and provision for prior year Taka 3,045,860,580 have been made, as prescribed by Finance Act, of the accounting profit of the bank after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance, 1984.		
Corporate tax position of the bank has been shown in Annexure-E		
<b>16.b Other liabilities - City Brokerage Limited</b>		
Provision for taxation and VAT	298,022,149	230,014,460
Accounts payable	102,134,800	2,413,022
Interest suspense	92,222,991	92,222,991
Provision for loans and advances	69,136,626	48,047,979
Provision for diminution in value of investments	50,100,085	25,630,424
Lease obligation	23,592,107	28,569,483
Deferred tax liabilities	20,384,322	-
Accrued expenses	1,198,936	92,000
	<u>656,792,876</u>	<u>427,990,339</u>
<b>16.c Other liabilities - City Bank Capital Resources Limited</b>		
Provision for taxation	122,748,803	119,582,662
Other payables	55,437,284	2,720,444
Lease obligation	5,927,703	11,849,239
VAT and TDS payable	1,498,176	3,259,603
Accrued expenses	1,174,481	1,013,585
Provision for diminution in value of investment	-	19,745,048
	<u>186,786,447</u>	<u>158,150,781</u>
<b>16.d Other liabilities - CBL Money Transfer Sdn. Bhd.</b>		
Settlement obligation	2,850,892,095	1,815,041,412
Lease obligation	10,249,753	20,528,504
Accrued expenses	2,396,112	4,773,503
Provision for taxation	51,002	51,599
	<u>2,863,688,962</u>	<u>1,840,393,418</u>
<b>16.e Other liabilities - CBL Hong Kong Limited</b>		
Lease obligation	1,273,946	5,165,962
Deferred tax liabilities	489,976	288,759
Payable against others	544,090	10,196,840
Provision for auditor fee	151,062	181,054
Provision against staff	-	87,294
	<u>2,459,074</u>	<u>15,820,919</u>
<b>17 Share capital</b>		
<b>17.1 Authorised:</b>		
1,500,000,000 ordinary shares of Taka 10.00 each	<u>15,000,000,000</u>	<u>15,000,000,000</u>
Authorised Share Capital of the Bank has been increase to Taka 15,000,000,000 from Taka 10,000,000,000 by a special resolution dated 28 June 2015.		
<b>17.2 Issued, subscribed and fully paid up:</b>	<b>No. of shares</b>	
Ordinary shares of Taka 10.00 each issued for cash up to 31 December'16	240,463,470	2,404,634,700
Ordinary shares of Taka 10.00 each issued for cash to IFC during October'17	46,094,633	460,946,330
Ordinary shares of Taka 10.00 each issued as bonus shares up to 31 December'19	729,828,558	7,298,285,580
	<u>1,016,386,661</u>	<u>10,163,866,610</u>



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The City Bank Ltd. issued 46,094,633 fresh ordinary shares @ Tk. 28.30 each (including a premium of Tk. 18.30 per share) to International Finance Corporation (IFC) on 03 October 2017. After complying with all regulatory requirements.

The Bank offered 1:1 right share during the year 2010 and on the record date the outstanding number of shares was 19,639,125 as the bonus for 2009 was credited before the record date for right share. During the course of right exercise the honorable High Court issued an injunction order against 392,778 shares. The verdict of the Court was to restrain exercise of right shares against the said 392,778 shares and also asked to maintain provision for future dividend, which may be declared on the aforementioned shares. Accordingly, the Bank maintained a reserve of Taka 58,253,259 till 30 September 2020 for subsequent declared stock dividend for the prejudice shares, which is shown under surplus in profit and loss account.

#### 17.3 History of issued, subscribed and fully paid up capital:

Accounting year	Declaration	No. of share	Value of capital	Cumulative
1983	Opening capital	3,400,000	34,000,000	34,000,000
1985	Further subscription	1,000,000	10,000,000	44,000,000
1987	Initial public offer	3,600,000	36,000,000	80,000,000
1990	1:1 Right Issue	8,000,000	80,000,000	160,000,000
2002	1:2 Right Issue	8,000,000	80,000,000	240,000,000
2004	1:1 Right Issue	24,000,000	240,000,000	480,000,000
2005	50% stock dividend	24,000,000	240,000,000	720,000,000
2006	50% stock dividend	36,000,000	360,000,000	1,080,000,000
2007	10% stock dividend	10,600,000	106,000,000	1,186,000,000
2008	15% stock dividend	17,820,000	178,200,000	1,364,200,000
2009	15% stock dividend	20,493,000	204,930,000	1,571,130,000
2010	25% stock dividend	39,278,250	392,782,500	1,963,912,500
2010	1:1 Right Issue	192,463,470	1,924,634,700	3,888,547,200
2011	30% stock dividend	116,058,410	1,160,584,100	5,055,111,300
2012	25% stock dividend	126,377,782	1,263,777,820	6,318,889,120
2013	10% stock dividend	63,188,891	631,888,910	6,950,778,030
2014	20% stock dividend	139,015,560	1,390,155,600	8,340,933,630
2015	5% stock dividend	41,704,668	417,046,680	8,757,980,310
2017	Fresh share issued to IFC	46,094,633	460,946,330	9,218,926,640
2018	5% stock dividend	46,094,633	460,946,330	9,679,872,970
2019	5% stock dividend	48,399,364	483,993,640	10,163,866,610
		<b>1,016,386,661</b>	<b>10,163,866,610</b>	

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.

#### 17.3.a Percentage of shareholdings at the closing date

Particulars	Sep 2020		Dec 2019	
	Taka	Percentage(%)	Taka	Percentage(%)
Sponsors and general public	7,765,034,760	76.40%	7,930,915,400	78.03%
Financial Institutions	2,398,831,850	23.60%	2,232,951,210	21.97%
	<b>10,163,866,610</b>	<b>100.00%</b>	<b>10,163,866,610</b>	<b>100.00%</b>

#### 17.4 Classification of shareholders by holding

	Sep 2020			Dec 2019	
	Number of share holders	No. of Shares	% of total holding	Number of share holders	% of total holding
01 - 500 shares	17,202	2,441,832	0.24%	17,740	0.25%
501 - 5,000 shares	11,522	21,288,500	2.10%	11,683	2.10%
5,001 - 10,000 shares	2,100	14,941,145	1.47%	2,109	1.47%
10,001 - 20,000 shares	1,290	18,183,183	1.79%	1,340	1.84%
20,001 - 30,000 shares	468	11,523,551	1.13%	470	1.13%
30,001 - 40,000 shares	211	7,445,380	0.73%	224	0.77%
40,001 - 50,000 shares	175	8,116,175	0.80%	153	0.69%
50,001 - 100,000 shares	307	22,053,775	2.17%	292	2.04%
100,001 - 1,000,000 shares	366	107,666,230	10.59%	395	11.46%
Over 1,000,000 shares	139	802,738,890	78.98%	134	78.26%
	<b>33,780</b>	<b>1,016,386,661</b>	<b>100.00%</b>	<b>34,540</b>	<b>100.00%</b>



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## 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.

	Sep 2020 Taka in crore	Dec 2019 Taka in crore
<b>Common Equity Tier 1 Capital (CET1)</b>		
Paid up capital	1,016.39	1,016.39
Non-repayable share premium account	150.44	150.44
Statutory reserve	865.95	865.95
General reserve	1.14	1.14
Retained earnings (note 22)	452.38	297.89
Dividend equalisation reserve	53.08	53.08
Minority interest in subsidiaries	0.01	0.01
	<u>2,539.38</u>	<u>2,384.89</u>
<b>Regulatory Adjustments / Deductions from CET1</b>		
Deferred tax assets	(48.27)	(83.31)
100% of Excess Investment in other banks, FI and Ins. Co.	(120.36)	(204.94)
Book value of goodwill and value of any contingent assets which are shown as assets	(3.50)	(3.54)
	<u>2,367.23</u>	<u>2,093.11</u>
<b>Tier 2 Capital</b>		
Tier-II subordinated bond	720.00	820.00
General provision (note 17.5.2)	599.33	527.15
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
	<u>1,369.03</u>	<u>1,396.85</u>
<b>Regulatory Adjustments / Deductions from Tier 2 capital</b>		
100% of Excess Investment in other banks, FI and Ins. Co.	(107.78)	(32.95)
100% of revaluation reserve for fixed assets and securities	(49.70)	(49.70)
	<u>1,211.55</u>	<u>1,314.20</u>
<b>Total capital</b>	<u>3,578.78</u>	<u>3,407.31</u>
<b>Total assets</b>	<u>41,065.07</u>	<u>35,695.34</u>
<b>Total risk weighted assets (note 17.5.1)</b>	<u>28,360.14</u>	<u>24,508.21</u>
<b>Required capital with capital conservation buffer (12.50% of risk weighted assets)</b>	<u>3,545.02</u>	<u>3,063.53</u>
<b>Surplus</b>	<u>33.76</u>	<u>343.78</u>
<b>Total Capital Ratio</b>	<u>12.62%</u>	<u>13.90%</u>
<b>T-1 Capital Ratio</b>	<u>8.35%</u>	<u>8.54%</u>
<b>Leverage Ratio</b>	<u>4.79%</u>	<u>4.83%</u>

### 17.5.1 Risk weighted assets

<b>A. Credit Risk</b>		
On-Balance sheet	20,412.99	16,454.83
Off-Balance sheet	<u>3,841.38</u>	<u>4,584.58</u>
	<u>24,254.37</u>	<u>21,039.21</u>
<b>B. Market Risk</b>	<u>1,199.67</u>	<u>833.17</u>
<b>C. Operational Risk</b>	<u>2,946.10</u>	<u>2,635.84</u>
<b>Total Risk weighted assets (A+B+C)</b>	<u>28,360.14</u>	<u>24,508.21</u>

### 17.5.2 General provision maintained against unclassified loan/investments & outstanding off-balance sheet exposures

General provision maintained against unclassified loan/investments (note 18.a.1)	486.94	423.96
General provision maintained against outstanding off balance sheet exposures (note 18.a.2)	<u>112.39</u>	<u>103.19</u>
	<u>599.33</u>	<u>527.15</u>



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# 17.5.a Capital Adequacy Ratio - The City Bank Limited

	Sep 2020 Taka in crore	Dec 2019 Taka in crore
<b>Common Equity Tier 1 Capital (CET1)</b>		
Paid up capital	1,016.39	1,016.39
Non-repayable share premium account	150.44	150.44
Statutory reserve	865.95	865.95
General reserve	1.14	1.14
Retained earnings (note 22.a)	480.00	382.62
Dividend equalisation reserve	53.08	53.08
	<u>2,576.05</u>	<u>2,449.61</u>
<b>Regulatory Adjustments / Deductions from CET1</b>		
Deferred tax assets	(50.14)	(82.88)
100% of Excess Investment in other banks, FI and Ins. Co.	(0.15)	(0.30)
	<u>2,525.76</u>	<u>2,366.43</u>
<b>Tier 2 Capital</b>		
Tier-II subordinated bond	720.00	820.00
General provision (note 17.5.a.2)	599.33	527.15
Revaluation reserve for equity instruments (up to 10%)	27.93	27.93
Revaluation reserve for MTM securities (up to 50%)	1.10	1.10
Revaluation reserve for HFT (up to 80%)	20.33	20.33
	<u>1,368.70</u>	<u>1,396.51</u>
<b>Regulatory Adjustments / Deductions from Tier 2 capital</b>		
100% of Excess Investment in other banks, FI and Ins. Co.	(0.15)	-
100% of revaluation reserve for fixed assets and securities	(49.37)	(49.37)
	<u>1,319.18</u>	<u>1,347.15</u>
<b>Total capital</b>	<u>3,844.94</u>	<u>3,713.58</u>
<b>Total assets</b>	<u>40,661.67</u>	<u>35,468.98</u>
<b>Total risk weighted assets (note 17.5.a.1)</b>	<u>28,024.11</u>	<u>24,492.47</u>
<b>Required capital with capital conservation buffer (12.50% of risk weighted assets)</b>	<u>3,503.01</u>	<u>3,061.56</u>
<b>Surplus</b>	<u>341.93</u>	<u>652.02</u>
<b>Total Capital Ratio</b>	<u>13.72%</u>	<u>15.16%</u>
<b>T-1 Capital Ratio</b>	<u>9.01%</u>	<u>9.86%</u>
<b>Leverage Ratio</b>	<u>8.14%</u>	<u>8.48%</u>

## 17.5.a.1 Risk weighted assets

### A. Credit Risk

On- Balance sheet  
Off-Balance sheet

20,642.40	16,773.79
3,641.36	4,584.58
<u>24,483.78</u>	<u>21,358.37</u>
677.32	533.17
2,863.01	2,600.93
<u>28,024.11</u>	<u>24,492.47</u>

### B. Market Risk

### C. Operational Risk

Total Risk weighted assets (A+B+C)

## 17.5.a.2 General provision maintained against unclassified loan/investments & outstanding off balance sheet exposures

General provision maintained against unclassified loan/investments (note 16.a.1)  
General provision maintained against outstanding off balance sheet exposures (note 16.a.2)

468.94	423.86
112.39	103.19
<u>589.33</u>	<u>527.15</u>

## 18 Statutory reserve

Opening balance  
Addition during the period (20% of pre-tax profit)  
Closing balance

Sep 2020 Taka	Dec 2019 Taka
8,659,477,813	8,001,559,112
-	657,918,701
<u>8,659,477,813</u>	<u>8,659,477,813</u>

Every scheduled bank is required to build up statutory reserve and before declaring dividend, will transfer profit equivalent to 20.0% of PBT to the said reserve until the sum of the said reserve and share premium account becomes equal to the paid up capital.

During the period 30 September 2020, there was no requirement to build statutory reserve due to summation of bank's statutory reserve and share premium was equal to bank's paid up capital.

## 19 Share premium

Opening balance  
Adjustment for issuance of stock dividend  
Closing balance

1,504,388,797	1,504,388,797
-	-
<u>1,504,388,797</u>	<u>1,504,388,797</u>

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20 Dividend equalisation reserve

BRPD circular letter no. 18 dated 20 October 2002, states that banks require to create Dividend Equalisation Fund if declared cash dividend is more than 20%. As per said circular, creation of Dividend Equalisation Fund is to be equal of excess amount of cash dividend over 20%. For the year 2015 and 2016 bank's declared cash dividend rates were 22% and 24% respectively.

	Sep 2020 Taka	Dec 2019 Taka
Opening balance	530,766,630	530,766,630
Addition during the period	-	-
Closing balance	<u>530,766,630</u>	<u>530,766,630</u>
21 Consolidated other reserve		
The City Bank Limited (note 21 a)	1,438,841,274	930,897,744
City Brokerage Limited	(10,946,542)	(333,195,508)
City Bank Capital Resources Limited	537,268,124	104,091,548
	<u>1,965,162,856</u>	<u>701,793,786</u>
21.a Other reserve - The City Bank Limited		
Revaluation reserve for equity Shares	1,239,601,254	838,440,953
Revaluation reserve for HFT securities	187,747,119	43,059,320
Revaluation reserve for HTM securities	97,973	33,002,543
General reserve	11,394,928	11,394,928
	<u>1,438,841,274</u>	<u>930,897,744</u>
22 Consolidated surplus in profit and loss account		
The City Bank Limited (note 22 a)	4,890,576,093	3,626,218,781
Post acquisition retained surplus from City Brokerage Limited	(316,329,596)	(418,817,327)
Non-controlling interest	5,582	7,391
	<u>(316,324,014)</u>	<u>(418,809,936)</u>
Post acquisition retained surplus from City Bank Capital Resources Limited	411,464,073	265,038,608
Non-controlling interest	(8,068)	(5,197)
	<u>411,456,005</u>	<u>265,033,411</u>
Post acquisition retained deficit from CBL Money Transfer Sdn. Bhd.	84,641,974	32,406,651
Non-controlling interest	-	-
	<u>84,641,974</u>	<u>32,406,651</u>
Post acquisition retained deficit from City Hong Kong Limited	(40,680,274)	(20,548,659)
Non-controlling interest	-	-
	<u>(40,680,274)</u>	<u>(20,548,659)</u>
Inter-company transactions		
City Bank Capital Resources Limited with The City Bank Limited	(276,812,532)	(276,812,532)
City Brokerage Limited with The City Bank Limited	(193,139,428)	(193,139,428)
Add: Changes in revaluation reserve for alignment with parent company's policy	(29,000,000)	(29,000,000)
Add: Foreign exchange revaluation effect	(6,983,498)	(6,431,857)
	<u>4,523,754,326</u>	<u>2,978,918,631</u>
22.a Movement of surplus in profit and loss account-The City Bank Limited		
Opening balance	3,626,218,781	2,882,856,744
Profit for the period	2,803,566,960	2,471,639,958
Transfer to statutory reserve	-	(657,918,701)
Cash dividend paid	(1,539,209,648)	(588,365,580)
Stock dividend paid	-	(483,993,840)
Closing balance	<u>4,890,576,093</u>	<u>3,626,218,781</u>

As per BRPD circular no. 11 dated 12 December 2011, Profit arise from deferred tax is not considered as distributable profit for dividend.

23 Non controlling interest

Share capital	107,806	110,000
Surplus in profit and loss account/retained earnings	4,680	(2,194)
	<u>112,486</u>	<u>107,806</u>

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Managing Director & CEO  
The City Bank Limited

Md. Moniruzzaman  
Managing Director  
IDLC Investments Limited



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24	Contingent liabilities	Sep 2020 Taka	Dec 2019 Taka
24.1	Letters of guarantee		
	Local	11,192,865,568	10,399,883,659
	Foreign	982,247,842	1,089,182,402
	Shipping guarantee	3,259,871,652	683,542,694
		15,434,784,862	12,172,608,755
		(490,321,295)	(408,859,913)
	Margin on guarantee	14,944,463,567	11,763,748,842
	Money for which the Bank is contingently liable in respect of guarantees given favouring:		
	Government	8,277,881,910	7,567,948,363
	Banks and other financial institutions	2,471,551,350	2,228,769,167
	Others	4,885,351,602	2,375,891,225
		15,434,784,862	12,172,608,755
		(490,321,295)	(408,859,913)
	Margin on guarantee	14,944,463,567	11,763,748,842
24.2	Irrevocable Letters of Credit		
	General	23,556,872,374	24,099,597,237
	Back to Back LC	8,781,825,067	8,329,886,503
	In land	256,858,348	502,947,021
		32,595,555,789	30,932,430,761
		(1,209,815,948)	(1,386,983,035)
	Margin on LC	31,385,739,841	29,545,447,726
24.3	Consolidated bills for collection		
	The City Bank Limited (note 24.3.a)	9,999,222,021	7,846,319,339
	City Hong Kong Limited	72,009,706	68,844,185
		10,071,231,727	7,915,163,524
24.3.a	Bills for collection - The City Bank Limited		
	Outward foreign bills for collection	6,905,908,383	5,126,579,499
	Inward local bills for collection	3,093,500,638	2,719,924,840
	Inward foreign bills for collection		
		9,999,407,021	7,846,504,339
		(185,000)	(185,000)
	Margin on bill collection	9,999,222,021	7,846,319,339
24.4	Forward assets purchased and forward deposits placed		
	Forward sales/contracts	16,121,489,995	5,224,685,808
		16,121,489,995	5,224,685,808
24.5	Suit filed by the bank		
	No law suit has been filed by the bank against contingent liabilities.		



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*K. J.*  
**Md. Moniruzzaman**  
 Managing Director  
 IDLC Investments Limited

	Sep 2020 Taka	Sep 2019 Taka
<b>25 Income statement - The City Bank Limited</b>		
<b>Income:</b>		
Interest, discount and similar income (note 25.1)	19,721,757,571	20,832,356,387
Fees, commission and brokerage (note 25.2)	1,685,913,472	1,371,677,919
Gains less losses arising from dealing in foreign currencies (note 29.a)	710,623,218	954,325,841
Other operating income (note 30.a)	1,093,873,087	1,464,431,573
Gains less losses arising from dealing in securities (note 28.a)	1,105,841,338	87,712,940
Dividend income	132,386,077	149,745,602
Gains less losses arising from investment securities (note 28.a)	16,561,055	2,844,084
Profit less losses on interest rate changes	-	-
	<u>24,466,955,810</u>	<u>24,863,094,346</u>
<b>Expenses:</b>		
Interest/profit paid on deposits, borrowings etc.	12,036,165,438	11,652,754,991
Administrative expenses (note 25.3)	5,191,328,846	5,408,338,020
Other operating expenses (note 30.a)	1,638,446,110	1,494,202,154
Depreciation on bank's assets (note 38.a)	816,067,734	374,570,413
	<u>19,682,028,128</u>	<u>18,929,865,578</u>
<b>Income over expenditure</b>	<u>4,784,927,682</u>	<u>5,933,230,768</u>
<b>25.1 Interest, discount and similar income</b>		
Interest income (note 28.a)	18,089,444,081	19,693,538,069
Interest income on treasury bills/reverse repo/bonds (note 28.a)	1,541,236,212	1,048,953,651
Interest income on subordinated bond	91,077,278	89,864,667
	<u>19,721,757,571</u>	<u>20,832,356,387</u>
<b>25.2 Fees, commission and brokerage</b>		
Commission (note 29.a)	1,685,913,472	1,371,677,919
Brokerage	-	-
	<u>1,685,913,472</u>	<u>1,371,677,919</u>
<b>25.3 Administrative expenses</b>		
Salary and allowances	4,001,995,192	3,807,683,495
Rent, taxes, insurance, electricity, etc. (note 32.a)	386,038,941	822,860,793
Legal expenses (note 33.a)	36,201,164	34,380,509
Postage, stamp, telecommunication, etc. (note 34.a)	59,996,272	73,413,148
Stationery, printing, advertisement, etc. (note 35.a)	165,263,178	160,783,843
Chief executive's salary and fees (note 36)	14,821,510	12,999,885
Directors' fees (note 37.a)	664,000	1,224,000
Auditors' fees	1,485,000	1,327,500
Repair of bank's assets (note 38.a)	522,863,589	393,662,847
	<u>5,191,328,846</u>	<u>5,408,338,020</u>
<b>26 Consolidated interest income/profit on investment</b>		
The City Bank Limited (note 26.a)	18,089,444,081	19,693,538,069
City Brokerage Limited	71,010,079	74,436,238
City Bank Capital Resources Limited	89,332,717	77,213,610
CBL Money Transfer Sdn. Bhd.	-	-
City Hong Kong Limited	1,436,039	5,885
	<u>18,251,222,916</u>	<u>19,845,193,802</u>
<b>Inter-company transactions</b>		
The City Bank Limited with City Brokerage Limited	(42,253,000)	(62,460,460)
The City Bank Limited with CBL Money Transfer Sdn. Bhd.	(4,794,989)	(3,732,409)
The City Bank Limited with City Hong Kong Limited	(1,409,299)	-
City Bank Capital Resources Limited	(6,821,915)	(6,570,672)
	<u>(57,279,203)</u>	<u>(72,763,541)</u>
	<u>18,193,943,713</u>	<u>19,772,430,261</u>



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 Managing Director & CEO  
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 Managing Director  
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	Sep 2020 Taka	Sep 2019 Taka
<b>26.a Interest income/profit on Investment - The City Bank Limited</b>		
Interest on industrial credits	4,273,037,888	5,384,605,549
Interest on short term loan	3,838,479,239	3,898,853,830
Interest on city solution	1,516,369,710	1,894,772,753
Interest on small and medium enterprise loans	1,345,420,005	1,248,417,045
Interest on cash credits/bal-muajjal	1,259,923,155	1,581,581,559
Interest on credit cards	1,249,979,525	1,209,791,123
Interest on fully and partly secured overdrafts	1,188,358,329	883,393,764
Interest on house building loans	595,894,478	594,737,640
Interest on demand loans	455,407,241	590,557,436
Interest on documentary bills purchased	432,974,609	532,058,555
Interest on city express	301,335,231	319,168,716
Interest on interest on EOP	172,914,436	183,829,242
Interest on city drive	150,923,698	157,234,424
Interest on staff loans	116,706,398	119,214,576
Interest on packing credits	83,248,054	84,950,804
Interest on transport loans	37,070,479	48,466,133
Interest on hire purchase shirkatul malk	7,821,613	9,695,821
Interest on payment against documents	1,821,628	3,591,818
Interest on lease finance/zara	738,088	1,264,309
Interest on loans against trust receipts	427,518	104,329,350
Interest on double loans	-	53,291
Total interest/profit on loans and advances/investments	18,826,654,932	18,158,567,547
Less: Allowable rebate for good borrower (note 26.a.1)	30,000,000	45,000,000
Total interest/profit on loans and advances/investments after rebate for good borrower	18,796,654,932	18,113,567,547
Interest on balance with other banks and financial institutions	1,258,773,463	1,554,328,215
Interest on foreign bank accounts	31,986,619	24,895,363
Interest on call loans	2,049,187	646,844
Total interest/profit on placement of funds	1,292,799,149	1,679,870,422
	18,089,444,081	19,793,437,969
<b>26.a.1 Provision for rebate to good borrower</b>		
Provision for rebate to the eligible good borrowers has been maintained as per Bangladesh Bank BRPD circular no. 6 dated 19 March 2015, BRPD circular letter no. 16 dated 30 December 2015 and BRPD circular letter no. 3 dated 16 February 2016.		
<b>27 Consolidated interest/profit paid on deposits, borrowings etc.</b>		
The City Bank Limited (note 27.a)	12,036,185,438	11,652,754,991
City Brokerage Limited	77,377,619	83,375,631
City Bank Capital Resources Limited	802,755	-
CBL Money Transfer Sdn. Bhd.	6,070,383	5,884,234
City Hong Kong Limited	325,397	-
	12,120,781,792	11,742,014,856
Inter-company transactions		
The City Bank Limited with City Brokerage Limited	(42,253,000)	(62,460,460)
The City Bank Limited with City Bank Capital Resources Limited	(8,621,915)	(3,732,409)
The City Bank Limited with CBL Money Transfer Sdn. Bhd.	(4,794,989)	-
The City Bank Limited with City Hong Kong Limited	(1,409,289)	(8,570,672)
	(157,279,293)	(74,763,541)
	12,063,482,589	11,667,251,315
<b>27.a Interest/profit paid on deposits, borrowings etc. - The City Bank Limited</b>		
a) Interest/profit paid on deposits:		
Fixed deposits	6,137,099,706	6,349,181,739
Short notice deposits	990,084,254	1,020,800,556
Savings bank deposits	798,468,238	1,047,901,170
Deposits under scheme	724,489,202	599,808,283
Current bank deposits	427,178,847	353,270,021
Mudaraba term deposits	288,288,028	348,162,666
Mudaraba/manarah savings deposits	28,049,763	11,802,305
Mudaraba monthly benefit scheme	10,827,206	7,442,250
Mudaraba short notice deposits	6,335,855	6,329,744
b) Interest/profit paid on local bank accounts	769,200,256	891,214,715
c) Interest paid on borrowings from outside Bangladesh for off shore banking	651,413,815	1,282,778,331
d) Interest paid on subordinated bond	825,028,719	611,401,915
e) Interest/profit on Repurchase agreement (REPO)	399,961,459	43,391,772
f) Interest/profit paid on borrowing from Bangladesh Bank	98,050,396	99,471,524
g) Interest paid for lease obligation	80,733,084	-
	12,036,185,438	11,652,754,991

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	Sep 2020 Taka	Sep 2019 Taka
<b>28 Consolidated investment income</b>		
The City Bank Limited (note 28.a)	2,887,101,950	1,379,120,944
City Brokerage Limited	107,343,456	123,143,253
City Bank Capital Resources Limited	125,617,186	131,533,159
	<u>3,120,262,602</u>	<u>1,633,797,356</u>
Inter-company transactions		
City Bank Limited with City Brokerage Limited	12,809,041	2,604,147
City Bank Limited with City Bank Capital Resources Limited	<u>3,133,071,643</u>	<u>1,636,401,603</u>
<b>28.a Investment income - The City Bank Limited</b>		
Interest on treasury bills/reverse repurchase	1,541,236,212	1,048,953,651
Gain on government securities	1,105,841,338	87,712,940
Dividend on shares	132,386,077	149,745,602
Interest income on subordinated bond	91,077,278	89,864,667
Gain on sale of shares and debentures	16,561,055	2,844,084
	<u>2,887,101,950</u>	<u>1,379,120,944</u>
<b>29 Consolidated commission, exchange and brokerage</b>		
The City Bank Limited (note 29.a)	2,396,536,690	2,326,003,760
City Brokerage Limited	254,589,132	116,310,748
City Bank Capital Resources Ltd	41,638,877	54,408,574
CBL Money Transfer Sdn. Bhd.	144,569,708	113,631,832
City Hong Kong Limited	3,775,871	176,697
	<u>2,841,110,278</u>	<u>2,610,531,611</u>
Inter-company transactions		
City Bank Capital Resources Limited with The City Bank Limited	(12,809,041)	(13,604,147)
City Brokerage Limited with The City Bank Limited	<u>2,828,301,237</u>	<u>2,596,927,464</u>
<b>29.a Commission, exchange and brokerage - The City Bank Limited</b>		
Other fees and charges (note 29.a.1)	940,914,720	690,183,939
Accepted bills	387,676,909	293,251,488
Letters of credit	243,308,649	275,138,639
Letters of guarantee	65,659,575	87,609,695
Export related services	24,304,588	28,205,842
NRB operation	13,616,812	12,614,632
Other commissions	7,160,610	1,954,852
PO, DD, TT, TC, etc.	2,458,727	2,500,915
OBC, IBC etc.	408,382	219,417
Bills purchased	4,500	500
	<u>1,685,913,472</u>	<u>1,371,677,919</u>
Exchange gain including gain from foreign currency dealings (note 29.a.2)	710,623,218	954,325,841
	<u>2,396,536,690</u>	<u>2,326,003,760</u>
<b>29.a.1 Other fees and charges</b>		
Service and other charges	935,545,227	683,378,084
Structured finance fee	5,369,493	4,045,855
Commitment fee	<u>940,914,720</u>	<u>690,183,939</u>
<b>29.a.2 Net exchange gain</b>		
Exchange gain	720,988,199	971,862,655
Exchange loss	(10,364,981)	(17,536,814)
	<u>710,623,218</u>	<u>954,325,841</u>
<b>30 Consolidated other operating income</b>		
The City Bank Limited (note 30.a)	1,093,873,087	1,464,431,573
City Brokerage Limited	4,642,200	94,175
City Bank Capital Resources Ltd	-	-
CBL Money Transfer Sdn. Bhd.	2	1,408,898
City Hong Kong Limited	<u>1,098,515,289</u>	<u>1,465,934,646</u>
Inter-company transactions		
City Brokerage Limited with The City Bank Limited	(4,642,200)	-
	<u>1,093,873,089</u>	<u>1,465,934,646</u>

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	Sep 2020 Taka	Sep 2019 Taka
<b>30.a Other operating income - The City Bank Limited</b>		
Credit card income (note 30.a.1)	986,059,932	1,357,030,793
Rebate received from foreign banks	49,870,720	44,014,322
Swift recoveries	42,139,809	45,934,725
Rental income	10,263,850	10,051,550
Others	5,538,776	6,715,183
Profit from sale of fixed assets	-	675,000
	<u>1,093,873,087</u>	<u>1,464,431,573</u>
<b>30.a.1 Credit card income</b>		
Merchant commission	626,411,874	778,914,567
Card issue fees	244,500,914	209,544,458
Mark-up, excess limit, cash advance fees etc.	89,972,672	87,065,976
Interchange fees	25,174,472	46,899,098
Late payment fees	-	234,808,694
	<u>986,059,932</u>	<u>1,357,030,793</u>
<b>31 Consolidated salaries and allowances</b>		
The City Bank Limited	4,001,995,192	3,907,683,495
City Brokerage Limited	63,230,107	68,293,884
City Bank Capital Resources Limited	46,797,274	41,159,786
CBL Money Transfer Sdn. Bhd.	27,740,882	37,038,198
City Hong Kong Limited	16,481,347	5,372,575
	<u>4,156,244,902</u>	<u>4,059,547,938</u>
<b>32 Consolidated rent, taxes, insurance, electricity etc.</b>		
The City Bank Limited (note 32.a)	388,038,941	822,860,793
City Brokerage Limited (note 32.b)	17,032,740	25,734,161
City Bank Capital Resources Limited	4,006,262	6,970,102
CBL Money Transfer Sdn. Bhd.	21,554,667	38,725,054
City Hong Kong Limited	903,626	4,010,248
	<u>431,536,236</u>	<u>898,300,358</u>
Inter-company transactions	(4,642,200)	-
City Brokerage Limited with The City Bank Limited	<u>426,894,036</u>	<u>898,300,358</u>
<b>32.a Rent, taxes, insurance, electricity etc. - The City Bank Limited</b>		
Insurance	185,712,529	154,538,287
Power and electricity	97,480,729	102,979,715
Rates and taxes	61,390,845	57,036,137
Rent	43,454,838	508,306,654
	<u>388,038,941</u>	<u>822,860,793</u>
<b>32.b Rent, taxes, insurance, electricity etc. - City Brokerage Limited</b>		
Rates and taxes	14,449,239	12,240,300
Power and electricity	1,107,598	1,517,839
Insurance	1,475,903	1,436,147
Rent	-	10,539,875
	<u>17,032,740</u>	<u>25,734,161</u>
<b>33 Consolidated legal expenses</b>		
The City Bank Limited (note 33.a)	36,201,164	34,380,509
City Brokerage Limited	3,003,150	677,424
City Bank Capital Resources Limited	372,472	712,862
CBL Money Transfer Sdn. Bhd.	58,599	76,419
City Hong Kong Limited	143,180	2,059,788
	<u>39,778,565</u>	<u>37,907,002</u>
<b>33.a Legal expenses - The City Bank Limited</b>		
Legal expenses	35,444,935	33,913,695
Others	758,229	466,814
	<u>36,201,164</u>	<u>34,380,509</u>

  
**MASHRUJ AREFIN**  
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 The City Bank Limited

  
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	Sep 2020 Taka	Sep 2019 Taka
<b>34 Consolidated postage, stamps, telecommunication etc.</b>		
The City Bank Limited (note 34.a)	59,996,272	73,413,148
City Brokerage Limited (note 34.b)	1,951,792	2,327,601
City Bank Capital Resources Limited	740,910	672,305
CBL Money Transfer Sdn. Bhd.	1,757,935	1,809,452
City Hong Kong Limited	1,242,118	-
	<u>65,689,027</u>	<u>78,222,506</u>
<b>34.a Postage, stamps, telecommunication etc. - The City Bank Limited</b>		
Telephone - office	32,816,315	39,454,839
Postage/courier service	15,616,832	20,519,981
Telephone - residence	10,914,473	9,856,309
Telegram, telex, fax & swift charge	846,652	3,582,019
	<u>59,996,272</u>	<u>73,413,148</u>
<b>34.b Postage, stamps, telecommunication etc. - City Brokerage Limited</b>		
Telegram, telex, fax and e-mail	1,581,379	1,775,228
Telephone bill	338,662	525,558
Postage	31,751	26,815
	<u>1,951,792</u>	<u>2,327,601</u>
<b>35 Consolidated stationery, printing and advertisements etc.</b>		
The City Bank Limited (note 35.a)	165,263,178	160,783,843
City Brokerage Limited	1,141,449	984,059
City Bank Capital Resources Limited	494,733	552,516
CBL Money Transfer Sdn. Bhd.	11,756,818	16,135,479
City Hong Kong Limited	83,558	-
	<u>178,739,736</u>	<u>178,455,897</u>
<b>35.a Stationery, printing and advertisements etc. - The City Bank Limited</b>		
Office and security stationery (note 35.a.1)	86,303,804	100,782,360
Publicity and advertisement (note 35.a.2)	76,031,515	53,937,979
Computer consumable stationery	2,927,859	6,063,504
	<u>165,263,178</u>	<u>160,783,843</u>
<b>35.a.1 Office and security stationery</b>		
Office stationery	55,475,952	59,603,745
Security stationery	30,827,852	41,178,615
	<u>86,303,804</u>	<u>100,782,360</u>
<b>35.a.2 Publicity and advertisement</b>		
Advertisement sponsorship-magazine	35,942,353	30,616,750
Advertisement-television and radio	26,426,879	10,515,000
Advertisement sponsorship-others	12,742,284	12,059,428
Advertisement-miscellaneous	919,999	146,801
	<u>76,031,515</u>	<u>53,937,979</u>
<b>36 Chief Executive's salary and fees</b>		
Basic salary	5,941,764	5,644,744
Festival bonus and other allowances	8,879,746	7,355,141
	<u>14,821,510</u>	<u>12,999,885</u>
<b>37 Consolidated Directors' fees</b>		
The City Bank Limited (note 37.a)	664,000	1,224,000
City Brokerage Limited	25,000	-
City Bank Capital Resources Limited	102,000	62,500
CBL Money Transfer Sdn. Bhd.	2,206,529	1,897,061
	<u>2,997,529</u>	<u>3,183,561</u>
<b>37.a Directors' fees - The City Bank Limited</b>		
Meeting fees	664,000	1,224,000

As per BRPD Circular No. 3, dated 18 January 2010, each director was entitled to have Taka 5,000 as honorarium for attending each meeting till 3 October 2015. After issuing Bangladesh Bank's Circular, BRPD Circular No. 11, dated 4 October 2015, directors' entitlement as honorarium for attending each meeting was revised to Taka 8,000.

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**Md. Moniruzzaman**  
Managing Director  
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	Sep 2020 Taka	Sep 2019 Taka
<b>38 Consolidated depreciation and repair</b>		
The City Bank Limited (note 38.a)	1,338,931,323	768,233,260
City Brokerage Limited (note 38.b)	29,402,327	17,807,343
City Bank Capital Resources Limited (note 38.c)	7,194,812	4,341,833
CBL Money Transfer Sdn. Bhd.	13,753,291	3,626,043
City Hong Kong Limited	4,009,550	21,166
	<u>1,393,291,303</u>	<u>794,029,645</u>
<b>38.a Depreciation and repair of bank's assets - The City Bank Limited</b>		
<b>Depreciation</b>		
Depreciation on leased assets	411,000,848	-
Depreciation on fixed assets	<u>405,067,066</u>	<u>374,570,413</u>
	<u>816,067,914</u>	<u>374,570,413</u>
<b>Repairs and maintenance:</b>		
Fixed assets	514,835,111	389,691,537
Others	<u>8,028,478</u>	<u>3,971,310</u>
	<u>522,863,589</u>	<u>393,662,847</u>
	<u>1,338,931,323</u>	<u>768,233,260</u>
See Annexure D for details of depreciation.		
<b>38.b Depreciation and repair - City Brokerage Limited</b>		
<b>Depreciation:</b>		
Depreciation on leased assets	9,925,304	-
Depreciation on fixed assets	<u>14,223,735</u>	<u>13,634,249</u>
	<u>24,149,039</u>	<u>13,634,249</u>
<b>Repairs and maintenance:</b>		
Fixed assets	5,253,288	4,173,094
	<u>5,253,288</u>	<u>4,173,094</u>
	<u>29,402,327</u>	<u>17,807,343</u>
<b>38.c Depreciation and repair - City Bank Capital Resources Limited</b>		
<b>Depreciation:</b>		
Depreciation on leased assets	2,978,817	-
Depreciation on fixed assets	<u>3,500,891</u>	<u>3,767,624</u>
	<u>6,479,708</u>	<u>3,767,624</u>
<b>Repairs and maintenance:</b>		
Fixed assets	715,104	574,209
	<u>715,104</u>	<u>574,209</u>
	<u>7,194,812</u>	<u>4,341,833</u>
<b>39 Consolidated other expenses</b>		
The City Bank Limited (note 39.a)	1,638,446,118	1,494,202,154
City Brokerage Limited	7,913,437	16,365,313
City Bank Capital Resources Limited	4,003,343	14,714,813
CBL Money Transfer Sdn. Bhd.	4,722,612	3,218,677
City Hong Kong Limited	1,505,558	341,849
	<u>1,656,591,068</u>	<u>1,527,842,606</u>
<b>Inter-company transactions</b>		
City Bank Capital Resources Limited with The City Bank Limited	-	(10,800,000)
	<u>1,656,591,068</u>	<u>1,517,042,606</u>

*M. A.*  
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*KQ.*  
**Md. Moniruzzaman**  
 Managing Director  
 IDLC Investments Limited



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	Sep 2020 Taka	Sep 2019 Taka
<b>39.a Other expenses - The City Bank Limited</b>		
Credit card (note 39.a.1)	408,460,645	460,579,509
Others (note 39.a.2)	374,860,545	285,555,081
Donations	259,935,018	33,183,200
Business expansion cost	158,227,473	285,697,096
Security expenses	98,286,493	99,144,329
Royalty adjustment	64,109,517	31,461,943
Professional fees	59,299,898	82,720,992
Business process outsourcing - online	41,673,246	36,112,318
Travelling expenditure and conveyance - Staff	35,838,290	50,233,446
Fuel	27,810,206	19,455,369
IT support & software maintenance	26,785,710	9,261,838
Guard salary	24,571,623	24,786,082
Washing and cleaning	18,401,339	17,348,035
Cash carrying charges	12,309,631	16,808,264
Entertainment	8,490,833	14,229,183
Subscription to institutions	7,503,113	9,792,825
Staff activities and welfare	4,020,609	7,984,125
Medical	2,634,398	1,157,811
Vehicle rental expenditure	1,659,170	4,808,056
CIB Charges	989,000	1,357,978
Books, magazines and newspapers etc.	651,632	1,198,210
Annual general meeting	331,030	1,261,455
Loss from sale of fixed assets	145,476	-
Remittance charges	51,225	65,009
	<u>1,638,446,118</u>	<u>1,484,202,154</u>
<b>39.a.1 Credit card expenses</b>		
Inter charges fee	246,105,468	268,163,581
VISA international fees	63,429,049	94,751,870
ATM service charges	61,875,524	40,754,199
Processing and personalisation fees	24,497,716	38,953,330
Complementary campaign expenses	13,552,888	17,956,523
	<u>409,460,645</u>	<u>460,579,509</u>
<b>39.a.2 Others include capital raising expenses, staff recruitment expenses, NRB bank charges etc.</b>		
<b>40 Consolidated provision for loans and advances/investments</b>		
The City Bank Limited (note 40.a)	171,031,450	1,069,175,664
City Brokerage Limited	21,088,647	45,697,448
City Bank Capital Resources Limited	(19,745,048)	734,528
	<u>172,375,049</u>	<u>1,115,607,640</u>
<b>40.a Provision for loans and advances/investments - The City Bank Limited</b>		
Provision for unclassified loans and advances/investments	629,830,789	518,794,551
Provision for classified loans and advances/investments	(458,799,339)	292,606,113
Provision for partially write off	-	257,775,000
	<u>171,031,450</u>	<u>1,069,175,664</u>

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*KD*  
**Md. Moniruzzaman**  
 Managing Director  
 IDLC Investments Limited



24 NOV 2020

	Sep 2020 Taka	Sep 2019 Taka
<b>41 Consolidated provision for taxation</b>		
Current tax:		
The City Bank Limited (note 41.a)	1,390,894,475	2,162,434,099
City Brokerage Limited	68,007,688	46,138,190
City Bank Capital Resources Limited	62,982,814	54,002,580
CBL Money Transfer Sdn. Bhd.	2,051,382	-
	<u>1,523,936,359</u>	<u>2,262,574,869</u>
Deferred tax:		
The City Bank Limited (note 41.a)	327,417,028	90,000,000
City Brokerage Limited	20,384,322	-
City Bank Capital Resources Limited	2,610,987	(426,597)
City Hong Kong Limited	196,676	-
	<u>350,609,013</u>	<u>89,573,403</u>
	<u>1,874,545,372</u>	<u>2,352,148,272</u>
Income tax on profit		

**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 period, an amount of Taka 1,381,558,959 for prior period (30 September 2019: Taka 2,162,434,099) has been kept as provision for income tax.

Deferred tax:  
Deferred tax is provided using the Balance sheet method for timing difference arising between the tax base of assets and liabilities and their carrying values for reporting purposes as per International Accounting Standard (IAS) - 12. During the period 30 September 2020, net amount of Taka 214,842,981 has been recognised as deferred tax expense, which was Taka 90,000,000 as deferred tax expense in prior period.

The charge for taxation is based upon profit for the period comprises:

Current tax on taxable income @ 37.5%	1,570,106,685	2,162,434,099
Adjustment for prior period	(179,212,210)	-
	<u>1,390,894,475</u>	<u>2,162,434,099</u>
Net deferred tax liability(asset) originated for temporary differences	327,417,028	90,000,000
Income tax on profit	<u>1,718,311,503</u>	<u>2,252,434,099</u>

**41.b Reconciliation of effective tax rate - The City Bank Limited**

	Sep 2020		Sep 2019	
	%	Taka	%	Taka
Profit before income tax as per profit and loss account		4,521,878,463		4,778,765,352
Income tax as per applicable tax rate	37.50%	1,695,704,424	37.50%	1,792,037,007
Factors affecting the tax charge for current year				
Non deductible expenses	1.98%	89,460,810	6.75%	322,340,709
Inadmissible expenses/provisions	2.18%	98,643,457	9.06%	432,924,531
Admissible expenses	(6.32%)	(285,980,152)	(7.48%)	(357,654,420)
Tax exempted income for dividend	-	-	0.90%	-
Tax savings from reduced tax rates for dividend	(0.51%)	(23,167,564)	(0.55%)	(26,205,480)
Tax savings from reduced tax rates for capital gain	(0.10%)	(4,554,290)	(0.02%)	(782,123)
Income from gain on sale of fixed assets	-	-	(0.00%)	(226,125)
Total income tax expenses	<u>34.72%</u>	<u>1,570,106,685</u>	<u>49.25%</u>	<u>2,162,434,099</u>

**42 Consolidated receipts from other operating activities**

The City Bank Limited (note 42.a)	3,848,588,970	2,693,806,914
City Brokerage Limited	26,413,924	44,634,590
City Bank Capital Resources Limited	(6,690,989)	-
CBL Money Transfer Sdn. Bhd.	2	1,408,898
City Hong Kong Limited	-	-
	<u>3,868,311,907</u>	<u>2,739,850,402</u>
Adjustment for consolidation-The City Bank Ltd.	(17,451,240)	2,804,147
	<u>3,850,860,667</u>	<u>2,742,654,549</u>

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Managing Director & CEO  
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*Md.*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited



	Sep 2020 Taka	Sep 2019 Taka
<b>42.a Receipts from other operating activities - The City Bank Limited</b>		
Interest on bonds, debentures and treasury bills	2,754,715,882	1,228,375,341
Credit card income	988,059,932	1,357,030,793
Rebate received from foreign banks	49,870,720	44,014,322
Postage/telex/fax/swift charge recoveries	42,139,809	45,934,725
Rent recovered	10,263,850	10,061,550
Miscellaneous earnings	5,538,777	6,715,183
Income from sale of bank's property	-	675,000
	<u>3,848,588,970</u>	<u>2,693,806,914</u>
<b>43 Consolidated payments for other operating activities</b>		
The City Bank Limited (note 43.a)	3,192,709,251	2,875,008,930
City Brokerage Limited	34,438,062	93,975,041
City Bank Capital Resources Limited	12,186,355	24,505,209
CBL Money Transfer Sdn. Bhd.	52,045,730	46,611,660
City Hong Kong Limited	5,078,242	341,649
	<u>3,296,455,640</u>	<u>3,040,442,489</u>
Adjustment for consolidation-The City Bank Ltd.	<u>(4,642,200)</u>	<u>10,800,000</u>
	<u>3,291,813,440</u>	<u>3,051,242,489</u>
<b>43.a Payments for other operating activities - The City Bank Limited</b>		
Other expenses	1,638,446,119	1,494,202,154
Rent, taxes, insurance and electricity	857,021,592	822,860,793
Repair to bank's assets	522,883,589	393,662,848
Postage, stamp and telecommunication	59,996,272	73,413,148
Advertisement expenses	76,031,515	53,937,978
Legal expenses	36,201,164	34,380,509
Auditors' fees	1,485,000	1,327,500
Directors' fees	664,000	1,224,000
	<u>3,182,709,251</u>	<u>2,875,008,930</u>
<b>44 Consolidated (increase) / decrease of other assets</b>		
The City Bank Limited (note 44.a)	(292,991,868)	(1,736,948,011)
City Brokerage Limited	(41,834,104)	(85,228,828)
City Bank Capital Resources Limited	(107,083,245)	(11,977,587)
CBL Money Transfer Sdn. Bhd.	(952,424,159)	3,628,569
City Hong Kong Limited	(220,911)	(1,594,306)
	<u>(1,394,554,287)</u>	<u>(1,832,120,163)</u>
Adjustment for consolidation-The City Bank Ltd.	<u>304,369,196</u>	<u>19,191,016</u>
	<u>(1,090,185,091)</u>	<u>(1,812,929,147)</u>
<b>44.a (Increase) / decrease of other assets - The City Bank Limited</b>		
Advance against rent and advertisement	(58,705,384)	58,604,507
Prepaid expenses	(141,513,564)	(769,733,756)
Intangible assets	26,891,883	(23,707,340)
Security deposits	(4,311,242)	13,498,559
Stationery and stamps	(2,715,358)	1,332,749
Receivable from City Brokerage Ltd.	(870,364)	(873,867)
Receivable from City Bank Capital Resources Ltd.	758,244	(17,903)
Receivable from CBL Money Transfer Sdn. Bhd.	(315,115,109)	(1,952,563)
Branch adjustment account	6,064,171	(25,919,915)
Advance rent adjusted for right of use of assets	1,066,913	-
Account receivables	<u>195,457,952</u>	<u>(988,178,482)</u>
	<u>(292,991,868)</u>	<u>(1,736,948,011)</u>

*M. Arefin*  
**MASHRUR AREFIN**  
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 The City Bank Limited

*K.D.*  
**Md. Moniruzzaman**  
 Managing Director  
 IDLC Investments Limited



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**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

	Sep 2020 Taka	Sep 2019 Taka
<b>49 Reconciliation statement of cash flows from operating activities</b>		
Profit before provision	4,784,927,682	5,933,230,768
Adjustment for non cash items		
Depreciation and amortisation	405,067,086	374,570,413
Adjustment with non-operating activities		
Gain on sale of shares and debentures	16,561,055	2,844,084
Profit from sale of fixed assets	-	675,000
Loss from sale of fixed assets	145,476	-
	16,706,531	3,519,084
Changes in operating activities		
Changes in loans & advances	(49,627,979,418)	(24,612,086,915)
Changes in deposit and other accounts	24,102,363,720	34,308,035,189
Changes in investment	(4,502,882,399)	(4,073,195,284)
Changes in borrowings	22,001,171,193	(17,045,744,208)
Changes in other assets	(293,137,344)	(1,736,948,011)
Changes in other liabilities	6,211,005,289	4,146,184,263
	(2,009,458,959)	(9,011,734,965)
Payment of income tax	(2,258,163,601)	(2,024,332,046)
Net cash flows from operating activities	941,078,739	(4,724,746,746)

	30 September 2020			
	Conventional Taka	Islamic Taka	Offshore Taka	Total Taka
Total operating income (profit before unallocated expenses and tax)	12,028,566,768	204,995,886	197,207,716	12,430,770,380
Allocated expenses	(7,582,647,509)	(40,291,826)	(22,903,363)	(7,645,842,698)
Provision against loans and advances	(13,645,617)	(30,369,532)	(127,016,301)	(171,031,450)
Provision against off-balance sheet exposures	(126,866,267)	(27,128,491)	61,976,989	(92,017,769)
Other provision	-	-	-	-
Profit before tax	4,305,407,375	107,206,047	109,265,041	4,521,878,463
Provision for taxation	-	-	-	(1,718,311,503)
Net profit	-	-	-	2,803,566,960
Segment assets	347,588,768,890	16,348,229,762	42,679,704,859	406,616,703,511
Segment liabilities and shareholders' equity	347,588,768,890	16,348,229,762	42,679,704,859	406,616,703,511



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**MASHRUR AREFIN**  
 Managing Director & CEO  
 The City Bank Limited

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**Md. Moniruzzaman**  
 Managing Director  
 IDLC Investments Limited

51 Related party disclosures

i) Particulars of Directors of the Bank as on 30 September 2020

Sl. no.	Name of the persons	Designation	Present Address	Percentage (%) of shares as at 30 September 2020
1	Mr. Aziz Al Kaiser	Chairman	Blumingdale 24 Dutabas Road Baridhara, Dhaka-1212	2.77%
2	Mr. Hossain Khaled	Vice-Chairperson	Anwar Group of Industries Baitul Hossain Building 27, Dilkusha C/A, Dhaka-1000.	2.20%
3	Ms. Tabassum Kaiser	Director	Blumingdale 24 Dutabas Road Baridhara, Dhaka - 1212	2.10%
4	Mr. Hossain Mahmood (Representative of A-One Polymer Limited)	Nominated Director	House No-20, Road No-6 Dhanmondi R/A, Dhaka-1205	2.00%
5	Mr. Rajibul Huq Chowdhury	Director	888/3, Boro Mogbazar Dhaka-1217	2.11%
6	Mr. Rafiqul Islam Khan	Director	House no.67, Road no.8/A Dhanmondi, Dhaka -1205	2.05%
7	Mrs. Syeda Shaireen Aziz	Director	"Stone House" House no.8, Road no.62, Gulshan-2, Dhaka-1212	2.00%
8	Mrs. Savera H. Mahmood (Representative of Parlex Corporate Limited)	Nominated Director	House no.12, Road no.01, Baridhara, Dhaka.	2.00%
9	Mr. Farooq Sobhan	Independent Director	Royal Concord, House # 54, Apt. # 402, Road # 84, Gulshan - 2, Dhaka	Nil
10	Mr. Dr. Salim Mahmud	Independent Director	Flat # A/7, House # 19 Road # 7, Block # C Niketan Housing Society Gulshan - 1, Dhaka -1212	Nil
11	Mr. Mashrur Arefin	MD & CEO	The City Bank Ltd. 136 Gulshan Avenue, Gulshan-2 Dhaka-1212	Nil

For directors interest in different entities refer to Annexure-F.



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Managing Director & CEO  
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*MD*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

ii) Related party transactions

During the period 1 January 2020 to 30 September 2020, the Bank concluded business deals with the following organizations in which the directors had interest:

Name of organization	Relationship	Nature of transactions	Transaction value for the period ended		Balance outstanding as at	
			30 Sep 2020 Taka	30 Sep 2020 Taka	30 Sep 2020 Taka	31 Dec 2019 Taka
City Brokerage Ltd.	Subsidiary Company	Share Capital	-	-	3,400,000,000	3,400,000,000
City Brokerage Ltd.	Subsidiary Company	Loan	5,455,512,261	4,676,995,653	814,003,583	577,231,515
City Brokerage Ltd.	Subsidiary Company	Interest on Loan	42,253,000	62,460,460	N/A	N/A
City Brokerage Ltd.	Subsidiary Company	Sale of Fixed Assets	-	-	N/A	N/A
City Brokerage Ltd.	Subsidiary Company	Inter Company Expenses	3,146,476	2,696,248	870,384	-
City Bank Capital Resources Ltd.	Subsidiary company	Share Capital	-	-	2,550,000,000	2,550,000,000
City Bank Capital Resources Ltd.	Subsidiary Company	Sale of Fixed Assets	-	-	N/A	N/A
City Bank Capital Resources Ltd.	Subsidiary Company	Cash Dividend	-	-	-	-
City Bank Capital Resources Ltd.	Subsidiary company	Interest on Deposits	8,821,915	3,732,409	N/A	N/A
City Bank Capital Resources Ltd.	Subsidiary company	Inter Company Expenses	353,920	717,371	123,901	-
CBL Money Transfer Sdn. Bhd.	Subsidiary company	Share Capital	-	-	99,702,332	99,702,332
CBL Money Transfer Sdn. Bhd.	Subsidiary company	Loan	1,755,166,201	4,013,560,672	98,604,763	234,997,079
CBL Money Transfer Sdn. Bhd.	Subsidiary Company	Interest on Loan	4,794,989	6,570,672	N/A	N/A
CBL Money Transfer Sdn. Bhd.	Subsidiary company	Inter Company Expenses	1,587,231,120	1,370,696,203	315,115,109	882,145
CBL Hong Kong Ltd.	Subsidiary company	Share Money Deposit	31,102,902	35,879,708	66,982,609	35,879,706
CBL Hong Kong Ltd.	Subsidiary company	Loan	118,325,905	-	118,325,905	-
CBL Hong Kong Ltd.	Subsidiary company	Interest on Loan	1,409,299	-	N/A	N/A
International Finance Corporation (IFC)	Director Interest	Equity	-	-	460,946,330	460,946,330
International Finance Corporation (IFC)	Director Interest	Borrowings	2,474,329,859	3,005,420,084	2,545,080,000	70,750,142
International Finance Corporation (IFC)	Director Interest	Interest on Borrowings	959,709	80,194,847	-	-
International Finance Corporation (IFC)	Director Interest	Fixed Assets	-	41,552,857	36,464,753	40,280,831
International Finance Corporation (IFC)	Director Interest	Professional Service	-	-	-	-
International Finance Corporation (IFC)	Director Interest	Prepaid expense for Professional Service	-	-	-	-
International Finance Corporation (IFC)	Director Interest	Payable against Professional Service	-	-	-	72,732,333
Janata Insurance Company Ltd.	Director Interest	Insurance Coverage	7,946,535	9,140,981	N/A	N/A
City General Insurance Company Ltd.	Director Interest	Insurance Coverage	8,101,435	9,745,966	N/A	N/A
Phoenix Insurance Company Ltd.	Director Interest	Insurance Coverage	10,950,624	14,205,447	N/A	N/A

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Managing Director & CEO  
The City Bank Limited

**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited



iii) Statement of debts due by companies or firms in which the Directors (Including Ex-Directors) of the Bank have interests as at 30 September 2020

A) Statement of funded debts due by the Directors of the bank company as at 30 September 2020

(Figures in Lac Taka)

Sl. No.	Names of Directors	Present status with the bank	Name of the Institution	Types of facility	Outstanding as at 30 September 2020	Classification status	Value of eligible security
1	Mr. Aziz Al Kaiser	Chairman	Self	Credit Card	0.00	Unclassified	Marked as lien of \$ 0.10 lac in RFCD A/C & Tk. 3.00 lac in FDR
2	Mr. Hossain Khaled	Vice Chairman	Self	Credit Card	0.73	-Do-	Marked as lien of \$ 0.05 lac in ERQ A/C
3	Mrs. Syeda Shaireen Aziz	Director	Self	Credit Card	1.66	-Do-	Marked as lien of Tk. 7.22 lac in FDR A/C
4	Mrs. Savera H. Mahmood	Director	Self	Credit Card	3.01	-Do-	Marked as lien of Tk. 8.90 lac in FDR A/C
5	Mr. Hossain Mehmood	Director	Self	Credit Card	2.38	-Do-	Marked as lien of \$ 0.05 lac in ERQ A/C
6	Mr. Rajibul Huq Chowdhury	Director	Self	Credit Card	0.00	-Do-	Marked as lien of Tk. 5.00 lac in FDR
7	Mrs. Tabassum Kaiser	Director	Self	Credit Card	2.55	-Do-	Marked as lien of \$ 0.05 lac in RFCD A/C & Tk. 3.00 lac in FDR

B) Statement of other funded debts due by the Directors of the bank company as at 30 September 2020

(Figures in Lac Taka)

Sl.	Names of Directors	Present status with the bank	Name of the Institution	Types of facility	Outstanding as at 30 September 2020	Classification status	Value of eligible security
1	Mr. Rubel Aziz	Director's relative	The City Bank Limited	Secured over draft	49.79	Unclassified	Marked as lien of Tk. 105.00 lac in FDR

C) Statement of non-funded debts due by the companies or firms in which the Directors of the bank company have interests as at 30 September 2020

(Figures in lac Taka)

Sl.	Name of Director	Present Status with the Bank	Name of the Institution	Types of Facility	Outstanding as at 30 September 2020	Classification status	Value of eligible security
1	Mr. Hossain Khaled & Mr. Hossain Mehmood	Director	Monowar Industries (Pvt) Ltd.	BG	0.13	Unclassified	100% Margin
2	Mr. Hossain Khaled & Mr. Hossain Mehmood	Director	Eulon Plastic Private Ltd.	BG	5.63	-Do-	10% Margin
3	Mr. Rajibul Huq Chowdhury	Director	Shahida Trading Corporation	BG	4.11	-Do-	100% margin



D) Statement of funded debts due by the companies or firms in which the Ex-Director of the banking company have interests as at 30 September 2020

Amounts in Lac Taka

Sl.	Names of Ex-Directors	Present status with the bank	Names of the Institutions	Types of facility	Outstanding as at 30 September 2020	Amount of provision created	Status of classification	Amount of share holding	Nature of security with value	Remarks
1	Mr. Zakaria Hossain Chowdhury and Mrs. Hosna Ara Begum	Ex. Director	A M Traders	CC( Pledge)	120.28	-	BLW	-	-	Money Suit No. 60/2008. Stayed as per Order of the Honorable High Court in FAT No. 568/06 filed by the Bank. Bank filed FA 95/11 (old 568/06 dated 06.09.06) before the High Court against Judgment dt. 04.07.08 & decree dt. 10.07.09 in AR No. 60/08. The Court released the defendant No.3 (Ex. Hon'ble Director Mr. Zakaria Hossain Chowdhury) from Bank's liability. Written Off.
			Ahsan Traders	CC( Pledge)	35.04	-	BLW	-	-	Artha Execution Case No. 152/05 is continuing. last date of Artha Execution 152/2005 was fixed on 04.05.2020 for return of warrant of arrest. Next date yet to receive.
2	Mr. A.B.M. Feroj	Ex. Director	M/s R.P.Electrical Industries	Term Loan	-	-	Tk. 41.95 lac, BLW	-	20 post dated cheque	Artha Ex. 83/05. The Court has passed an order regarding detention of the convict borrower in civil jail for 6(six) months from the date of Arrest.
3	Mr. Saleh Ahmed Chowdhury	Ex. Director	Saleh Fashions Ltd.	CC( Hypo)	NIL	-	-	-	1. Hypo. of machineries installed in the factory worth Tk. 24.00 lac. 2. Mortgage of land & factory worth Tk. 20.80 lac. 3. Mortgage of 5 katha land with 2(two) storied building worth Tk. 1.00 crore & 4. 1st charge created with RJSC.	The liabilities of Saleh Fashion Ltd. was adjusted on 21.05.2017 at Tk. 175.92 lac through Booking of the vested properties under section 33(7) of Artha Rin Adalat Ain, 2003 as Non Banking Asset of the Bank.
			M/s Hasan Enterprise	LIM	-	-	Tk. 530.23 lac, BLW	-	-	In Artha Exe. Case No. 196/04, the Learned Court issued Warrant of Arrest. Proceedings of the said Artha Execution Suit file will not be put up until execution of warrant of arrest.
4	Mr. Azizul Haque Chowdhury	Ex. Director	M/s Shahida Trading Corporation	BG	4.11	-	UC	-	CASH & FOR	-
5	Mr. Anwar Hossain & Mr. Monowar Hossain	Ex. Director	Monowar Industries (Pvt) Ltd and related Business	BG	0.13	-	UC	-	100% (Cash Tk. 1,250 & Tk. 11,250)	-

E) Compensation of key management personnel

Refer to note: 37.a



## 52 Events after reporting period

No material events had occurred after the reporting period to the date of issue of these financial statements, which could affect the values stated in the financial statements.

## 53 General

### 53.1 Core risk management

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

#### 53.1.1 Credit risk

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

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

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

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

#### 53.1.2 Asset liability management risk

For better management of asset and liability risk, the Bank has an established Assets Liability Committee (ALCO) which meets at least once a month. The members of ALCO as at 30 September 2020 were as follows:

Mr. Mashrur Arefin	Managing Director & Chief Executive Officer
Mr. Sheikh Mohammad Maroof	AMD, Head of Wholesale Banking & Head of SME - Small & Micro Finance
Mr. Md. Abdul Wadud	DMD, Head of Commercial, Trade and Medium Business
Ms. Mahia Juned	DMD & COO
Mr. Mohammad Mahbubur Rahman	DMD & CFO
Mr. Md. Zabid Iqbal	Chief Risk Officer
Mr. Md Arup Haider	Head of Retail Banking
Mr. Muhammed Shah Alam	Head of Treasury
Mr. Md. Arif Bin Idrish	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 Banks' liquidity position, capital adequacy, balance sheet risk, interest risk and makes necessary changes in its mix as and when required.

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



M. A.  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

Md. Moniruzzaman  
Managing Director  
IDLC Investments Limited

### 53.1.3 Foreign exchange risk

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

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

As at 30 September 2020, no debit entry was unreconciled for 3 months or more, therefore no provision is kept in accordance with FEPD circular no. 677 (13 September 2005).

### 53.1.4 Internal control and compliance

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

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

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

### 53.1.5 Reputation risk arising from money laundering incidences

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

### 53.1.6 Information technology

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

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

### 53.2 Audit committee

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

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



*M. A. R.*  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*Md. Moniruzzaman*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited



### 53.2.1 Particulars of audit committee

Pursuant to the BRPD Circular no. 12 dated 23 December 2002, the Audit Committee of the Board of Directors as at 30 September 2020 consisted of the following 4 members of the Board:

Name	Status with bank	Status with committee	Educational qualification
Mr. Farooq Sobhan	Independent Director	Convenor	B.A (Hon') M.A
Mrs. Syeda Shaheen Aziz	Director	Member	BBA
Mr. Rafiqul Islam Khan	Director	Member	HSC
Mrs. Savera H. Mahmood	Director	Member	MSS

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

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

Meetings held by the committee during the year by date:

- 81st Audit Committee Meeting held on 11 March 2020
- 82nd Audit Committee Meeting held on 22 June 2020
- 83rd Audit Committee Meeting held on 26 July 2020
- 84th Audit Committee Meeting held on 14 September 2020

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

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

### 53.3 Interest rate risk

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

### 53.4 Equity risk

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

### 53.5 Operational risk

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

### 53.6 Implementation of BASEL-III

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

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



  
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### Internal Capital Adequacy Assessment Process (ICAAP)

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

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

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

### 53.7 Exchange rates

The assets and liabilities as at 30 September 2020 and 31 December 2019 in foreign currencies have been converted to TK at the following rates:

	Sep-2020 Taka	Dec-2019 Taka
USD 1 =	84.8360	84.9000
ACU 1 =	84.8360	84.9000
GBP 1 =	108.9040	111.3506
AUD 1 =	60.3566	59.3791
EUR 1 =	99.5084	95.0880
CHF 1 =	92.0729	87.3053
JPY 1 =	0.8033	0.7778
SAR 1 =	22.6181	22.6231
MYR 1 =	20.4006	20.6394
KWD 1 =	276.9703	279.5752
SGD 1 =	61.9625	62.9215
AED 1 =	23.0975	23.1137

### 53.8 Credit rating of the Bank

As per the BRPD instruction circular no.6 dated 5 July 2006, the Bank has done its credit rating by Credit Rating Agency of Bangladesh Limited (CRAB) based on the financial statements dated 31 December 2019.

Particulars	Date of Rating	Long term	Short term	Rating Valid
Entity Rating	30-Jun-20	AA2 Very strong capacity & very high quality	ST-2 Strong capacity for timely repayment	30-Jun-21

### 53.9 Fraud and administrative error

There was no fraud or forgery detected in the Bank from 01.01.2020 to 30.09.2020. No internal or external fraudulent activities were identified during this period that has any financial, regulatory or reputational impact. Alongside, no customer has faced any financial loss in this time period as there was no fraud identified. This was possible due to stronger control and awareness of the bank staffs. To prevent fraud and administrative errors, the bank has taken appropriate corrective measures so that fraud incidences can be prevented in future.

### 53.10 Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of TK 36,000 p.a. or above were 4,428 at the end of September 30, 2020 as against 4,493 at the end of December 2019.

### 53.11 Impact of COVID 19:

Following the declaration of COVID 19 as a pandemic by the World Health Organization (WHO) in early March 2020, like many other governments, the Government of Bangladesh introduced restrictive measures to contain further spread of the virus, affecting free movement of people and goods. These measures included imposing nationwide general holidays from 26 March 2020 to 30 June 2020. It may impact overall profitability of the bank.

Considering the long term impact of COVID 19 on most sectors in economy of Bangladesh, Bangladesh Bank (BB) has issued circular dated 28 September 2020 not to downgrade the clients' loan classification status from 31 December 2019 even no payment is made. Consequently, the bank is not affected which could have been affected if circular is not issued. In addition, BB has issued circulars to provide stimulus package for some sectors through commercial bank. Both facilitate to boost the economy and banking operations during this pandemic.

Management has also assessed the overall impact on COVID 19 and has not identified any indications that may cast doubt on going concern of the group and the bank. Bank's primary business has not impacted expressively as it has a significant growth even the pandemic declared by WHO except in cards and trade business. Moreover, The Management continue to monitor the spread of the virus and its impact, it may have on the bank's operations.



53.12 Previous period's figures have been rearranged, wherever necessary, to conform with the current period's presentation.

  
Managing Director & CEO

  
Director

  
Director

  
Chairman

Dhaka, 22 November 2020



  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

## The City Bank Limited and its subsidiaries

Consolidated Liquidity Statement  
(Analysis of maturity of assets and liabilities)  
as at 30 September 2020

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Assets</b>						
Cash in hand	16,722,220,243	-	-	-	11,258,311,021	27,980,531,264
Balance with other banks and financial institutions	13,678,587,748	6,190,000,000	2,189,755,122	-	-	22,058,342,870
Money at call and short notice	-	-	-	89,379,167	-	89,379,167
Investments	1,041,251,037	4,482,743,602	11,153,350,375	21,048,382,812	6,318,379,379	44,044,107,205
Loans and advances/investments	32,476,402,224	31,531,243,520	113,032,728,040	92,891,881,954	27,566,230,507	297,498,486,245
Fixed assets including premises, furniture and fixtures	-	-	-	-	6,268,056,646	6,268,056,646
Other assets	861,614,112	4,937,135,241	4,816,468,668	911,803,087	97,785,739	11,624,806,847
Non banking assets	-	-	-	-	1,086,959,623	1,086,959,623
<b>Total assets (A)</b>	<b>64,780,075,364</b>	<b>47,141,122,363</b>	<b>131,192,302,205</b>	<b>114,941,447,020</b>	<b>52,595,722,915</b>	<b>410,650,669,867</b>
<b>Liabilities</b>						
Tier-II subordinated bond	-	-	-	8,360,000,000	840,000,000	9,200,000,000
Borrowings from other banks, financial institutions and agents	13,597,835,345	12,183,557,580	30,914,480,502	9,261,645,277	1,150,863,893	67,108,382,607
Deposits	20,491,023,609	42,515,366,725	111,833,706,919	70,078,882,423	3,922,810,668	257,841,790,344
Other accounts	3,049,161,486	6,104,887,368	3,355,966,244	-	-	12,510,015,098
Provision and other liabilities	3,293,204,723	6,411,082,739	3,455,793,558	11,138,619,717	12,344,231,565	36,642,932,300
<b>Total liabilities (B)</b>	<b>49,431,225,163</b>	<b>67,214,894,422</b>	<b>149,559,947,221</b>	<b>98,839,147,417</b>	<b>18,257,906,126</b>	<b>383,303,120,349</b>
<b>Net liquidity gap (A - B)</b>	<b>15,348,850,201</b>	<b>(20,073,772,059)</b>	<b>(18,367,645,016)</b>	<b>16,102,299,603</b>	<b>34,337,816,789</b>	<b>27,347,549,518</b>

As at 31 December 2019

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Assets</b>						
Cash in hand	11,395,368,441	-	-	-	14,517,286,080	25,912,654,521
Balance with other banks and financial institutions	9,157,644,647	9,134,309,268	5,072,286,509	54,159,227	27,079,614	23,445,479,265
Money at call and short notice	-	-	-	89,379,167	-	89,379,167
Investments	3,390,961,454	3,102,503,666	13,151,527,772	20,100,366,467	3,903,289,113	43,648,648,472
Loans and advances/investments	14,071,055,337	64,814,938,701	58,557,097,388	84,015,530,984	26,319,111,842	247,777,734,252
Fixed assets including premises, furniture and fixtures	-	-	-	-	6,299,251,389	6,299,251,389
Other assets	3,427,435,528	1,994,805,645	2,190,400,750	1,014,866,057	400,000	8,627,907,980
Non banking assets	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>41,442,465,407</b>	<b>79,046,557,280</b>	<b>79,027,862,107</b>	<b>106,370,091,205</b>	<b>51,066,418,038</b>	<b>356,953,394,037</b>
<b>Liabilities</b>						
Tier-II subordinated bond	-	-	-	8,280,000,000	920,000,000	9,200,000,000
Borrowings from other banks, financial institutions and agents	13,722,421,380	10,983,325,383	12,322,556,210	7,679,247,569	439,946,282	45,147,496,824
Deposits	28,937,825,743	43,377,343,460	98,952,834,670	47,564,025,268	15,622,137,615	234,454,166,756
Other accounts	3,199,937,075	6,404,533,563	2,382,067,677	-	-	11,986,538,315
Provision and other liabilities	4,910,505,044	3,552,041,376	3,695,207,244	6,269,976,700	13,198,121,705	31,625,852,069
<b>Total liabilities (B)</b>	<b>50,770,689,242</b>	<b>64,317,243,782</b>	<b>117,352,665,801</b>	<b>69,793,249,537</b>	<b>30,180,205,602</b>	<b>332,414,053,964</b>
<b>Net liquidity gap (A - B)</b>	<b>(9,328,223,835)</b>	<b>(14,729,313,498)</b>	<b>(38,324,803,694)</b>	<b>36,576,841,668</b>	<b>20,886,212,436</b>	<b>24,539,340,073</b>



The City Bank Limited  
Liquidity Statement  
(Analysis of maturity of assets and liabilities)  
as at 30 September 2020

Particulars	Up to 1 month Taka	1-3 months Taka	3-12 months Taka	1-5 years Taka	Above 5 years Taka	Total Taka
<b>Assets</b>						
Cash in hand	10,720,553,105	-	-	-	11,258,311,021	27,978,864,186
Balance with other banks and financial institutions	13,304,764,373	6,190,000,000	2,180,755,123	-	-	21,684,519,496
Money at call and short notice	-	-	-	89,379,167	-	89,379,167
Investments	1,041,251,037	3,114,412,255	11,153,350,375	21,048,382,812	2,683,937,126	39,041,333,605
Loans and advances/investments	32,475,954,066	31,531,243,520	111,792,191,761	93,108,010,287	27,566,230,507	296,471,630,141
Fixed assets including premises, furniture and fixtures	-	-	-	-	5,635,475,526	5,635,475,526
Other assets	1,341,639,633	1,752,006,427	4,447,248,200	908,168,245	6,179,481,262	14,628,541,767
<b>Non banking assets</b>						
	64,884,162,274	42,587,662,202	129,582,545,459	115,151,938,511	54,410,395,085	406,616,703,511
<b>Total assets (A)</b>						
<b>Liabilities</b>						
Tier-II subordinated bond	-	-	-	8,380,000,000	840,000,000	9,200,000,000
Borrowings from other banks, financial institutions and agents	13,604,850,265	12,187,934,269	30,808,337,610	8,419,475,811	1,150,863,893	66,189,461,848
Deposits	29,706,410,770	42,946,548,242	112,233,430,467	70,078,882,423	3,922,810,669	258,888,082,591
Other accounts	2,904,852,105	5,815,957,927	3,197,136,539	-	-	11,917,946,571
Provision and other liabilities	3,293,204,723	3,715,046,457	3,455,642,494	10,445,150,045	12,344,231,565	33,253,275,284
<b>Total liabilities (B)</b>						
	49,509,317,883	64,665,486,895	149,692,547,130	97,303,508,279	18,257,906,127	378,428,766,294
<b>Net liquidity gap (A - B)</b>						
	15,374,844,411	(22,077,824,693)	(20,110,001,671)	17,848,430,232	36,152,488,958	27,187,937,217

As at 31 December 2019

Particulars	Up to 1 month Taka	1-3 months Taka	3-12 months Taka	1-5 years Taka	Above 5 years Taka	Total Taka
<b>Assets</b>						
Cash in hand	11,389,544,933	-	-	-	14,517,288,080	25,906,833,013
Balance with other banks and financial institutions	8,738,330,685	9,142,446,075	5,155,518,761	-	-	23,036,295,521
Money at call and short notice	-	-	-	89,379,167	-	89,379,167
Investments	1,629,271,680	2,944,104,501	13,092,019,409	19,465,047,343	2,321,061,695	39,451,504,628
Loans and advances/investments	13,928,818,840	65,139,752,627	57,793,955,719	83,886,014,673	26,195,108,864	246,943,650,723
Fixed assets including premises, furniture and fixtures	-	-	-	-	5,675,246,085	5,675,246,085
Other assets	1,135,507,821	1,946,464,706	2,157,296,276	1,048,725,275	6,145,747,132	12,433,741,210
<b>Non banking assets</b>						
	36,821,473,959	79,172,767,909	78,255,339,853	105,584,955,761	54,854,449,856	354,688,987,338
<b>Total assets (A)</b>						
<b>Liabilities</b>						
Tier-II subordinated bond	-	-	-	8,280,000,000	920,000,000	9,200,000,000
Borrowings from other banks, financial institutions and agents	13,859,101,042	11,208,679,445	12,114,723,243	6,987,786,925	-	44,168,290,655
Deposits	28,712,126,483	43,679,279,282	99,219,391,768	47,524,108,618	15,582,220,966	234,717,127,127
Other accounts	3,199,937,075	6,404,533,563	2,382,067,677	-	-	11,986,538,315
Provision and other liabilities	3,074,018,108	3,489,687,577	3,696,798,524	5,743,057,712	13,197,832,945	29,201,394,866
<b>Total liabilities (B)</b>						
	48,845,182,708	64,780,179,877	117,412,981,212	68,534,953,255	29,700,053,911	329,273,350,963
<b>Net liquidity gap (A - B)</b>						
	(12,023,708,749)	14,392,588,032	(39,157,641,359)	37,050,002,506	25,154,395,945	25,446,636,376



The City Bank Limited

Annexure-B

Balance with other banks - outside Bangladesh (Nostro Accounts) as at 30 September 2020

Name of the Banks	Account type	30 September 2020				31 December 2019		
		Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Standard Chartered Bank, Mumbai, India	CD	ACUD	1,941,971	84.8360	164,749,030	661,034	84.9000	56,121,773
NIB Bank Limited, Karachi, Pakistan	CD	ACUD	1,846,250	84.8360	156,628,457	139,310	84.9000	11,827,394
HDFC Bank Ltd, Mumbai, India	CD	ACUD	1,804,961	84.8360	153,125,694	2,007,533	84.9000	170,439,592
Mashreq Bank, New York, USA	CD	USD	1,392,687	84.8360	118,150,033	6,084,239	84.9000	516,551,889
Commerz Bank AG, Frankfurt, Germany	CD	USD	1,351,931	84.8360	114,692,407	199,495	84.9000	16,937,103
AB Bank Ltd., Mumbai, India	CD	ACUD	435,680	84.8360	36,981,350	539,573	84.9000	45,809,719
Mashreq Bank, Mumbai, India	CD	ACUD	381,110	84.8360	32,331,838	(715,044)	84.9000	(60,707,245)
Commerz Bank AG, Frankfurt, Germany	CD	EURO	300,626	99.5084	29,914,816	401,044	95.0880	38,134,450
Standard Chartered Bank, Frankfurt, Germany	CD	EURO	272,497	99.5084	27,115,738	478,233	95.0880	45,474,214
Bank of Tokyo Mitsubishi Ltd., Japan	CD	JPY	33,445,704	0.8033	26,866,934	387,071	0.7778	301,064
Sonali Bank Ltd., Kolkata, India	CD	ACUD	164,522	84.8360	13,957,410	25,953	84.9000	2,203,431
Kookmin Bank, Korea	CD	USD	161,002	84.8360	13,658,733	91,069	84.9000	7,731,716
Standard Chartered Bank, London	CD	GBP	39,509	108.9040	4,302,677	140,832	111.3508	15,681,742
Commercial Bank of Ceylon, Colombo, Sri Lanka	CD	ACUD	45,849	84.8360	3,889,664	25,663	84.9000	2,178,817
Bank of Bhutan, Bhutan	CD	ACUD	42,925	84.8360	3,641,585	19,850	84.9000	1,685,265
Mashreq Bank, Dubai	CD	AEO	100,988	23.0975	2,332,114	42,034	23.1137	971,571
Commerz Bank AG, Frankfurt	CD	AUD	26,877	60.3566	1,622,228	14,240	59.3791	845,566
Standard Chartered Bank, Nepal	CD	ACUD	13,870	84.8360	1,176,645	13,870	84.9000	1,177,532
Bank of Tokyo Mitsubishi Ltd., New Delhi, India	CD	ACUD	8,650	84.8360	733,810	8,634	84.9000	733,046
Commerz Bank AG, Frankfurt, Germany	CD	CHF	6,985	92.0729	643,123	29,263	87.3053	2,554,790
Mashreq Bank, Mumbai, India	CD	EURO	1,799	99.5084	179,041	1,982	95.0880	188,424
Mashreq Bank, London	CD	GBP	-	108.9040	-	4,575	111.3506	509,394
Habib American Bank, New York, USA	CD	USD	(1,184,975)	84.8360	(100,528,578)	1,443,647	84.9000	122,565,620
Citibank N.A. New York, USA	CD	USD	(2,716,860)	84.8360	(230,487,546)	8,493,284	84.9000	721,079,813
Standard Chartered Bank, New York, USA	CD	USD	(3,238,555)	84.8360	(274,746,091)	12,646,276	84.9000	1,073,668,815
Mashreq Bank, New York, USA (For OBU Operation)	CD	USD	28,519,521	84.8360	2,419,482,100	15,923,274	84.9000	1,351,885,987
ICICI Bank Limited, India (For OBU Operation)	CD	ACUD	1,687,936	84.8360	143,197,749	-	-	-
Commerz Bank AG, Frankfurt, Germany (For OBU Operation)	CD	EURO	906,551	99.5084	90,209,396	1,231,807	95.0880	117,130,094
Commerz Bank AG, Frankfurt, Germany (For OBU Operation)	CD	USD	128,835	84.8360	10,929,858	481,046	84.9000	40,840,765
Sonali Bank, Kolkata, India	TD	ACUD	8,646	84.8360	733,525	8,133	84.9000	690,478
					2,965,463,740			4,305,212,819



## The City Bank Limited

Investment in Shares  
as at 30 September 2020

Sl. No.	Name of the company	Type of shares	Face value	Number of shares	Cost of holding	Average cost	Quoted rate per share as at 30 Sep 2020	Total market value as at 30 Sep 2020
			Taka		Taka	Taka	Taka	Taka
Quoted ordinary share								
1	IDLC Finance Limited	A	10	33,934,822	482,133,870	13.62	56.50	1,917,317,443
2	Brac Bank Limited	A	10	1,857,500	81,735,735	44.84	40.70	76,007,250
3	Trust Bank Limited	A	10	1,831,379	49,108,342	26.81	29.00	53,109,991
4	Grameenphone Limited	A	10	117,900	44,053,979	373.74	330.00	38,907,000
5	Main Spinning Mills Ltd	A	10	861,521	35,855,695	42.79	34.50	29,722,474
6	Dhaka Bank Limited	A	10	2,321,143	54,456,970	23.46	12.20	28,317,945
7	Square Pharmaceuticals Limited	A	10	104,900	24,050,318	229.27	204.00	21,399,600
8	Mercantile Bank Limited	A	10	1,657,657	37,621,008	22.70	12.50	20,720,712
9	Confidence Cement Limited	A	10	150,000	18,264,155	121.76	113.00	16,950,000
10	Standard Bank Limited	A	10	1,647,099	23,555,596	14.55	8.40	13,835,632
11	British American Tobacco Bangladesh Co. Ltd.	A	10	10,014	11,068,213	1,105.27	1,120.60	11,221,688
12	Pubali Bank Limited	A	10	456,236	23,140,398	50.72	24.10	10,995,288
13	AB Bank Limited	A	10	718,825	40,660,844	55.57	10.40	7,475,780
14	Mad Autors Limited	A	10	150,000	8,815,930	58.77	44.20	6,530,000
15	Mutual Trust Bank Limited	A	10	156,757	2,425,444	15.47	24.20	3,793,519
16	Bata Shoe Company (Bangladesh) Limited	A	10	5,100	6,016,710	1,179.75	705.80	3,599,580
17	Mobel Januna Lubricants Bangladesh Limited	A	10	21,000	2,453,130	116.82	85.70	1,799,700
18	The ACME Laboratories Limited	A	10	25,000	2,564,626	118.59	71.40	1,785,000
19	Shahjibazar Power Co. Ltd.	A	10	23,953	2,892,945	120.78	74.50	1,784,488
20	Prime Bank Limited	A	10	76,400	1,243,033	16.27	17.50	1,337,000
21	BBS Cables Ltd.	A	10	22,000	1,948,446	88.57	60.00	1,320,000
22	Investment Corporation of Bangladesh	A	100	12,977	2,785,091	214.62	99.70	1,293,807
23	Sail Powertec Limited	A	10	73,267	2,330,000	31.80	14.50	1,062,372
24	Rangamati Food Products Limited	Z	10	64,500	645,000	10.00	11.90	767,550
25	Raspi Inc. (BD) Limited	Z	10	368,000	6,153,414	16.81	1.90	695,400
26	Shahjalal Islami Bank Limited	A	10	28,023	-	-	21.60	605,297
27	SILCO Pharmaceuticals Limited	N	10	8,022	72,930	9.09	24.10	193,330
28	German Bangla Joint Venture Foods Limited	Z	10	21,000	210,000	10.00	3.60	75,600
29	Sonoma Hospital Limited	A	10	170	-	-	70.20	11,934
30	Perfuma Chemical Ind. Limited	Z	10	28	3,500	125.00	59.00	1,652
Total					950,095,324			2,272,737,042

Sl. No.	Name of the company	Type of shares	Face value	Number of shares	Cost of holding	Average cost
			Taka		Taka	Taka
Quoted (Under Special fund and Investment Policy)						
1	Singer Bangladesh Limited	A	10	250,000	41,956,524	175.83
2	Sunmit Power Limited	A	10	600,000	22,999,946	38.33
3	British American Tobacco Bangladesh Co. Ltd.	A	10	20,000	22,411,621	1,120.58
4	Grameenphone Limited	A	10	80,000	22,802,259	285.03
5	Square Pharmaceuticals Limited	A	10	100,000	20,031,979	200.32
6	Berger Paints Bangladesh Ltd.	A	10	10,379	14,760,674	1,422.19
7	Brac Bank Limited	A	10	250,000	10,764,254	43.06
					157,729,457	

Sl. No.	Name of the company	Type of shares	Face value	Number of shares	Cost of holding	Average cost
			Taka		Taka	Taka
Unquoted ordinary shares						
Industrial & Infrastructural Development Finance						
1	Company Limited		10	8,794,932	42,453,820	4.83
2	Venture Investment Partners Bangladesh Limited		100	202,176	18,000,000	89.03
3	KARMA Sangsthan Bank Limited		100	100,000	10,000,000	100.00
4	Central Depository Bangladesh Limited		10	2,284,721	6,277,770	2.75
Total					76,731,590	



MASHRUR AREFIN  
Managing Director & CEO  
The City Bank Limited

Md. Moniruzzaman  
Managing Director  
IDLC Investments Limited

## The City Bank Limited

Schedule of fixed assets including premises, furniture and fixtures  
as at 30 September 2020

Particulars	Cost					Depreciation/Amortisation				Written down value as at 30 Sep 2020
	Balance as at 1 Jan 2020	Additions during the period	Adjustments during the period	Disposals during the period	Balance as at 30 Sep 2020	Balance as at 1 Jan 2020	Charged during the period	Disposals/ adjustments during the period	Balance as at 30 Sep 2020	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Own assets										
Land	168,630,265	-	-	-	168,630,265	-	-	-	-	168,630,265
Building	1,789,452,122	-	-	-	1,789,452,122	378,689,647	33,552,227	-	412,241,874	1,377,210,248
Work in progress (building)	82,285,716	-	-	-	82,285,716	-	-	-	-	82,285,716
Furniture and fixtures	1,429,367,802	84,628,980	-	-	1,513,996,782	844,191,300	76,699,974	-	920,691,274	593,105,508
Office equipment and machinery	3,346,400,131	199,871,402	-	-	3,546,271,533	2,432,869,166	223,824,259	(5,205)	2,656,688,220	889,583,313
Software	514,272,601	16,096,378	-	-	530,368,979	272,500,613	30,731,216	-	303,231,829	227,137,150
Work in progress (software)	92,104,758	37,147,684	-	-	129,252,442	-	-	-	-	129,252,442
Bank's vehicles	388,194,209	9,158,341	(3,183,921)	-	394,168,629	263,069,955	40,259,410	(902,111)	302,427,254	91,741,375
Sub-total	7,810,707,604	346,902,785	(3,183,921)	-	8,154,426,468	4,191,320,681	405,067,086	(907,316)	4,593,480,451	3,558,946,017
Leased assets										
Right of use assets	2,608,368,257	431,670,995	-	-	3,038,039,252	550,509,095	411,000,648	-	961,509,743	2,076,529,509
Sub-total	2,608,368,257	431,670,995	-	-	3,038,039,252	550,509,095	411,000,648	-	961,509,743	2,076,529,509
Grand total	10,417,075,861	778,573,780	(3,183,921)	-	11,192,465,720	4,741,829,776	816,067,734	(907,316)	5,556,990,194	5,635,475,526





The City Bank Limited

Schedule of fixed assets including premises, furniture and fixtures  
as at 31 December 2019

Particulars	Cost					Depreciation/Amortisation				Written down value
	Balance as at 1 Jan 2019	Additions during the period	Adjustments during the year	Disposals during the year	Balance as at 31 Dec 2019	Balance as at 1 Jan 2019	Charged during the year	Disposals/ adjustments during the year	Balance as at 31 Dec 2019	as at 31 Dec 2019
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Own assets										
Land	168,630,265	-	-	-	168,630,265	-	-	-	-	168,630,265
Building	1,789,452,122	-	-	-	1,789,452,122	333,953,344	44,736,303	-	378,689,647	1,410,762,475
Work in progress (building)	82,285,716	-	-	-	82,285,716	-	-	-	-	82,285,716
Furniture and fixtures	1,299,802,351	129,680,451	(115,000)	-	1,429,367,802	745,920,674	98,270,626	-	844,191,300	585,176,502
Office equipment and machinery	2,963,255,182	383,144,949	-	-	3,346,400,131	2,163,466,982	269,188,285	213,899	2,432,869,166	913,530,965
Software	472,745,185	41,527,415	-	-	514,272,601	234,172,705	38,541,807	(213,899)	272,500,613	241,771,988
Work in progress (software)	63,410,632	28,719,126	(25,000)	-	92,104,758	-	-	-	-	92,104,758
Bank's vehicles	364,942,497	23,251,712	-	-	388,194,209	207,623,775	55,446,180	-	263,069,955	125,124,254
Sub-total	7,204,523,951	606,323,653	(140,000)	-	7,810,707,604	3,685,137,480	506,183,201	-	4,191,320,681	3,619,386,923
Leased assets										
Right of use assets	-	2,606,368,257	-	-	2,606,368,257	-	550,509,095	-	550,509,095	2,055,859,162
Sub-total	-	2,606,368,257	-	-	2,606,368,257	-	550,509,095	-	550,509,095	2,055,859,162
Grand total	7,204,523,951	3,212,691,910	(140,000)	-	10,417,075,861	3,685,137,480	1,056,692,296	-	4,741,829,776	5,675,246,085



## The City Bank Limited

Statement of tax position  
as at 30 September 2020

Accounting year	Assessment year	Present status
2003	2004-2005	Reference application filed to High Court Division of the Supreme Court
2004	2005-2006	Reference application filed to High Court Division of the Supreme Court
2019	2020-2021	Return is already submitted and as per return tax liability is Tk. 2,829,225,266.



*M. Arefin*  
**MASHRUR AREFIN**  
 Managing Director & CEO  
 The City Bank Limited

*Md. Moniruzzaman*  
**Md. Moniruzzaman**  
 Managing Director  
 IDLC Investments Limited

## The City Bank Limited

Name of Directors and their interest in different entities as at 30 September 2020

Sl no.	Name of Directors	Status with CBL	Entities where they have interest	% of Interest
1	Mr. Aziz Al-Kaiser	Chairman	<u>Vice-Chairman</u> Partex Star Group <u>Director</u> Voice Tel Limited 25.00% Sky Telecommunication Limited 23.00% Partex Housing Limited 50.00% Subarna Bhumi Housing Limited 50.00% Managing Director Star Particle Board Mill Ltd 90.00% Partex PVC Industries 90.00% New Light Star Apparel Limited 90.00% Corvee Maritime Company Limited 90.00% Partex Furniture Industries Limited 90.00% Partex Builder Limited 90.00% Partex Laminates Limited 90.00% Partex Limited 90.00% Fairhope Housing Limited 80.00% Partex Cables Limited 90.00% Partex Aromine Logistics Limited 80.00% Star Adhesive Limited 90.00% Star Gypsum Board Mill Limited 80.00% Tripple Apparel Limited 80.00% Partex MDF Board Mill Limited 90.00% Partex Power Generation Com. Ltd. 51.00% Partex Strar Properties Limited 37.50% Star Furniture Limited 83.00%	
2	Mr. Hossain Khaled	Vice-Chairperson	<u>Director</u> Anwar Group of Industries Anwar Silk Mills Limited 19.61% Mehmood Industries (Pvt.) Limited 9.62% Anwar Galvanizing Limited 5.85% Anwar Ispat Limited 16.67% Hossain Dyeing & Printing Mills Ltd. 32.37% Anwar Cement Limited 7.14% Anwar Cement Sheet Limited 33.31% A- One Polymer 29.97% Anwar Printex 8.00% Managing Director Anwar Landmark 20.00% Anwar Jute Spinning mill limited 15.31% AG Automobile Ltd 10.00% Euro Car Limited 33.26%	
3	Mr. Hossain Mehmood (Representative of A-One Polymer Limited)	Nominated Director	<u>Nominated Director</u> A- One Polymer Chairman AG Automobile Ltd 33.33% <u>Director</u> Anwar Jute Spinning mill limited 15.31% AG Motors 25.00% Euro Car Limited 32.26% Anwar Ispat Limited 16.67% Anwar Cement Sheet Limited 33.31% Anwar Landmark 20.00% A- One Polymer 29.97% Managing Director Hossain Dyeing & Printing Mills Ltd. 32.37% Mehmood Industries (Pvt.) Limited 10.00% Anwar Silk Mills Limited 19.61% Anwar Printex 8.00%	

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*m. Af*  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

*Md. Moniruzzaman*  
**Md. Moniruzzaman**  
Managing Director  
IDLC Investments Limited

Sl no.	Name of Directors	Status with CBL	Entities where they have interest	% of Interest
4	Mrs. Tabassum Kaiser	Director	<u>Director</u> Fairhope Housing Limited 20.00% Star Gypsum Board Mills Limited 20.00% Star Particle Board Mills Limited 10.00% Partex PVC Industries Limited 10.00% New Light Star Apparels Limited 10.00% Corvee Maritime Company Limited 10.00% Partex Furniture Industries Limited 10.00% Partex Builder Limited 10.00% Partex Laminates Limited 10.00% Partex Limited 10.00% Partex Cables Limited 10.00% Partex Aromine Logistics Limited 10.00% Star Adhesive Limited 10.00% Partex MDF Board Mill Limited 10.00% Managing Director Triple Apparels Limited 20.00% Partex Agro Limited 50.00%	
5	Mr. Rajibul Huq Chowdhury	Director	<u>Director</u> A.S.M Chemical Industries Limited 10.40% Managing Director Aziz Super Garments Limited Marina Knit Fashion Limited Khushi Apparels Limited Raina Fashion Limited <u>Proprietor</u> R.H. Corporation	
6	Mrs. Syeda Shaireen Aziz	Director	<u>Director</u> Partex Corporate Limited 20.00% Sattar Glass Factory Limited 20.00% Sakhi Fisheries Limited 10.00%	
7	Mr. Md. Rafiqul Islam Khan	Director	<u>Chairman</u> Pakiza Knit Composite Limited 25.00% Pakiza Apparels Limited 20.00% Pakiza Woven Fashion Limited 20.00% Pakiza Garments Limited 20.00% Pakiza Techno Vation Limited 20.00% <u>Director</u> Phoenix Securities Limited 8.00% Managing Director Pakiza Dyeing & Printing Industries (Pvt.) Ltd. 85.00% Garden Textile Mills (Pvt.) Limited 75.00% Pakiza Textiles Limited 50.00% Pakiza Spinning Mills Limited 60.00% Pakiza Cotton Spinning Mills (Pvt.) Limited 55.00%	
8	Mrs. Savera H. Mahmood (Representative of Partex Corporate Limited)	Nominated Director	<u>Nominated Director</u> Partex Corporate Limited <u>Director</u> Partex Agro Limited 50.00% Partex Tissue Limited 15.00% Danish Multipurpose Firm Limited 15.00% Danish Condensed Milk (BD) Limited 10.00% Danish Foods Limited 10.00% Rubel Steel Mills Limited 10.00% Danish Distribution Network Limited 10.00% Danish Milk Bangladesh Limited 10.00% Danish Dairy Farm Limited 10.00%	
9	Mr. Farooq Sabhan	Independent Director	-	-
10	Mr. Dr. Salim Mahmud	Independent Director	-	-



  
**MASHRUR AREFIN**  
 Managing Director & CEO  
 The City Bank Limited

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**Md. Moniruzzaman**  
 Managing Director  
 IDLC Investments Limited

0272 ACN 42

## The City Bank Limited

## A. Disclosure regarding outstanding REPO as at 30 September 2020

Sl. no.	Counterparty name	Agreement date	Reversal date	Amount (1st leg cash consideration)
1	Bangladesh Bank	02 October 2020	01 December 2020	500,000,000
	Sonali Bank	28 September 2020	05 October 2020	996,123,000
2	Standard Chartered Bank	28 September 2020	01 October 2020	2,470,725,000

## B. Disclosure regarding outstanding Reverse REPO as at 30 September 2020

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

## C. Disclosure regarding overall transactions of REPO and Reverse REPO as at 30 September 2020

Sl. no.	Securities sold under REPO	Minimum outstanding during the period	Maximum outstanding during the period	Daily average outstanding during the period
1	with Bangladesh Bank	500,000,000	19,079,983,556	4,358,243,791
2	with other Banks & Financial Institutions	986,628,000	9,201,519,780	3,174,352,870

Sl. no.	Securities purchased under Reverse REPO	Minimum outstanding during the period	Maximum outstanding during the period	Daily average outstanding during the period
1	with Bangladesh Bank	Nil	Nil	Nil
2	with other Banks & Financial Institutions	301,800,929	3,687,459,607	177,580,664



M. A. P.  
**MASHRUR AREFIN**  
 Managing Director & CEO  
 The City Bank Limited

Md. Moniruzzaman  
 Managing Director  
 IDLC Investments Limited

The City Bank Limited  
Geographical Segment Reporting  
as at 30 September 2020

Annexure-II

Division	Dhaka Division	Chattogram Division	Rajshahi Division	Khulna Division	Sylhet Division	Rangpur Division	Barishal Division	Mymensingh Division	Total
Interest income	14,948,015,479	2,162,418,556	430,922,627	274,387,199	68,944,392	117,368,306	48,518,307	20,889,215	18,089,444,081
Interest expenses	(9,510,492,657)	(1,567,017,910)	(198,786,564)	(138,397,286)	(469,129,413)	(65,612,892)	(27,919,349)	(38,829,387)	(12,036,185,438)
NI	5,435,522,822	595,400,646	232,136,063	135,989,913	(380,185,021)	31,755,414	20,598,958	(17,960,152)	6,053,258,643
Pool income	16,182,424,333	1,762,157,810	204,912,705	153,952,217	579,690,627	101,022,850	31,260,300	48,618,106	19,064,038,948
Pool expenses	(17,407,422,099)	(1,155,529,352)	(229,725,769)	(140,438,753)	(12,877,261)	(93,717,242)	(19,459,385)	(4,889,087)	(19,064,038,948)
NPI	(1,224,897,766)	606,628,458	(24,813,064)	13,513,464	566,813,366	7,305,608	11,800,915	43,749,019	-
Interest income on investments	2,887,101,960	-	-	-	-	-	-	-	2,887,101,960
Commission income	1,569,290,743	95,821,252	6,808,340	11,714,061	1,626,213	88,993	386,467	177,403	1,685,913,472
Exchange gain / loss	709,767,001	461,867	113,045	120,750	123,959	36,596	-	-	710,623,218
Fees and other income	950,802,214	85,519,125	19,361,078	13,540,111	12,763,183	6,731,624	2,552,819	2,802,953	1,003,873,087
Total other income	6,116,961,918	181,802,244	26,282,463	25,374,922	14,513,335	6,857,213	2,939,286	2,780,356	6,377,511,737
Operating income	10,327,486,974	1,383,831,348	233,605,462	174,878,299	201,141,680	45,918,235	35,339,159	28,569,223	12,430,770,380
Staff cost	3,413,914,924	298,572,516	86,723,332	66,133,344	84,592,618	35,261,610	14,807,724	16,810,634	4,016,816,702
Other cost	3,350,794,392	102,731,808	33,006,315	21,313,273	38,847,288	12,068,201	6,120,450	8,144,261	3,629,025,996
Total operating expenses	6,764,709,316	401,304,324	119,729,647	87,446,617	123,439,914	47,329,811	20,928,174	22,954,895	7,645,842,698
Operating profit	3,562,777,658	922,527,024	113,875,815	87,431,682	79,701,766	(1,411,576)	14,410,985	5,614,328	4,784,927,682
Provision for loans & others	(352,581,766)	70,585,495	56,887,841	(40,367,128)	4,348,342	(367,323)	(1,505,836)	(128,644)	(263,049,219)
Profit before tax (PBT)	3,210,195,892	993,112,519	170,843,458	47,064,554	84,050,108	(1,778,899)	12,905,149	5,485,684	4,521,878,463
Provision for taxation	-	-	-	-	-	-	-	-	(1,718,311,503)
Net profit after tax (PAT)	-	-	-	-	-	-	-	-	2,803,566,960
Segment wise loans & advances	241,771,096,526	37,894,621,340	7,184,109,485	4,424,502,675	1,295,733,073	2,805,540,571	787,808,038	308,218,434	296,471,630,141
Segment wise deposits	202,143,218,652	41,745,306,994	5,732,064,940	3,880,980,333	12,769,481,518	2,506,345,040	834,298,418	1,194,333,688	270,805,029,162



## The City Bank Limited

Balance Sheet of Islamic Banking Branch  
as at 30 September 2020

	Note	Sep 2020 Taka	Dec 2019 Taka
<b>PROPERTY AND ASSETS</b>			
Cash			
Cash in hand (including foreign currencies)	1	7,910,662	995,941
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		4,400,221,149	2,625,766,099
		4,408,131,811	2,626,763,040
Balance with other banks and financial institutions In Bangladesh	2	2,778,190,812	32,196,063
Outside Bangladesh		-	-
		2,778,190,812	32,196,063
Placement with banks & other financial institutions		-	-
Investments in shares & securities	3		
Government		750,000,000	500,000,000
Others		-	-
		750,000,000	500,000,000
Investments	4		
General investments etc.		7,837,288,164	5,195,879,012
Bills purchased and discounted		351,570,600	2,638,800
		8,188,858,764	5,198,517,812
Fixed assets including premises, furniture and fixtures	5	3,163,133	3,707,521
Other assets	6	219,885,242	15,496,290
Non-banking assets		-	-
Total assets		16,348,229,762	8,376,670,726
<b>LIABILITIES AND CAPITAL</b>			
Liabilities:			
Borrowings from other banks, financial institutions and agents	7	-	-
Deposits and other accounts			
Mudaraba and Manarah savings deposits		2,550,053,119	1,118,185,641
Mudaraba term deposits		12,251,751,494	5,964,286,686
Al-wahdia and Manarah current deposits and other accounts		689,994,936	520,778,307
Bills payable		19,360,735	14,764,728
		15,511,160,284	7,618,015,362
Other liabilities	8	837,069,478	758,655,364
Total liabilities		16,348,229,762	8,376,670,726
Capital/shareholders' equity			
Paid up capital		-	-
Statutory reserve		-	-
Share premium		-	-
Other reserve		-	-
Surplus in profit and loss account/Retained earnings		-	-
Total shareholders' equity		-	-
Total liabilities and shareholders' equity		16,348,229,762	8,376,670,726
<b>OFF-BALANCE SHEET ITEMS</b>			
Contingent liabilities			
Acceptances and endorsements		1,886,182,833	661,929,833
Letters of guarantee		150,420,282	159,420,282
Irrevocable letters of credit		2,081,695,664	632,569,816
Bills for collection		3,120,196	3,328,463
Other contingent liabilities		-	-
		4,121,418,975	1,457,246,394
Other commitments		-	-
Total off-balance sheet items including contingent liabilities		4,121,418,975	1,457,246,394



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 Managing Director & CEO  
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**Md. Moniruzzaman**  
 Managing Director  
 IDLC Investments Limited

## The City Bank Limited

Profit and Loss Account of Islamic Banking Branch  
for the period ended 30 September 2020

	Note	Sep 2020 Taka	Sep 2019 Taka
Profit and investment income		505,875,320	530,815,230
Profit paid on deposits and borrowings etc.		(340,341,417)	(373,552,642)
Net investment income		165,533,903	157,262,588
Investment income		6,568,244	3,970,892
Commission, exchange and brokerage	9	31,071,993	12,595,265
Other operating income	10	1,821,758	1,541,884
Total operating income		204,995,896	175,370,629
Salaries and allowances		18,608,900	23,757,503
Rent, taxes, insurance, electricity etc.		14,519,981	16,743,344
Legal expenses		173,653	84,775
Postage, stamp, telecommunication etc.		69,150	117,573
Stationery, printing, advertisement etc.		168,031	423,541
Depreciation and repair of bank's assets		3,103,838	4,172,836
Other expenses	11	3,648,273	3,730,103
Total operating expenses		40,291,826	49,029,677
Net operating profit		164,704,070	126,340,952
Provision for loans and advances/investments		(30,369,532)	(49,906,509)
Provision for off-balance sheet exposures		(27,128,491)	(1,084,930)
Total provision		(57,498,023)	(50,991,439)
Total profit before taxes		107,206,047	75,349,513



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**The City Bank Limited**

**Notes to the Balance Sheet and Profit and Loss Account of Islamic Banking Branch  
as at and for the period ended 30 September 2020**

	<u>Sep 2020</u>	<u>Dec 2019</u>
	<u>Taka</u>	<u>Taka</u>
<b>1. Cash</b>		
<b>1.1 Cash in hand</b>		
In local currency	7,910,662	996,941
In foreign currency	-	-
	<u>7,910,662</u>	<u>996,941</u>
<b>1.2 Balance with Bangladesh Bank and its agent bank(s)</b>		
In local currency	4,400,221,149	2,625,766,099
In foreign currency	-	-
	<u>4,400,221,149</u>	<u>2,625,766,099</u>
<b>2. Balance with other banks and financial institutions</b>		
In Bangladesh (Note - 2.1)	2,778,190,812	32,196,063
Outside Bangladesh	-	-
	<u>2,778,190,812</u>	<u>32,196,063</u>
<b>2.1 In Bangladesh</b>		
Mudaraba savings deposit accounts		
Social Islami Bank Ltd.	-	-
Mudaraba Short Notice Deposits		
AB Bank Ltd. IBB	15,534,813	14,937,378
Bank Alfalah Ltd.	2,078,746	2,078,746
South East Bank Ltd. IBB	10,461,357	10,135,610
Social Islami Bank Ltd.	1,603,441	1,545,849
Export Import Bank of Bangladesh Ltd.	1,006,211,234	2,671,830
Prime Bank Ltd.	2,301,221	826,650
	<u>1,038,190,812</u>	<u>32,196,063</u>
Mudaraba term deposit accounts		
Social Islami Bank Ltd.	-	-
Export Import Bank of Bangladesh Ltd.	340,000,000	-
South East Bank Ltd.	-	-
Prime Bank Ltd.	-	-
IDLC Finance Limited	1,400,000,000	-
	<u>1,740,000,000</u>	<u>-</u>
	<u>2,778,190,812</u>	<u>32,196,063</u>
<b>3 Investments in shares &amp; securities</b>		
i) Investment classified as per Bangladesh Bank circular		
Held to Maturity (HTM)	750,000,000	500,000,000
	<u>750,000,000</u>	<u>500,000,000</u>
ii) Investment securities are classified as follows		
a) Government bond		
6 months Islamic bonds	750,000,000	500,000,000
2 years Islamic bond	-	-
b) Other investments	-	-
	<u>750,000,000</u>	<u>500,000,000</u>



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IDLC Investments Limited

	Sep 2020 Taka	Dec 2019 Taka
<b>4 Investments</b>		
<b>i) Investments</b>		
<i>Inside Bangladesh</i>		
Bai-muazzal	2,176,715	2,176,715
Murabaha	6,465,238,650	4,258,225,729
Hire purchase shirkatul malk (HPSM)	1,369,872,799	935,476,568
Quard	-	-
	<u>7,837,288,164</u>	<u>5,195,879,012</u>
<i>Outside Bangladesh</i>	-	-
	<u>7,837,288,164</u>	<u>5,195,879,012</u>
<b>ii) Bills purchased and discounted</b>		
<i>Payable Inside Bangladesh</i>		
Inland bills purchased	351,570,600	2,638,800
<i>Payable Outside Bangladesh</i>		
Foreign bills purchased and discounted	-	-
	<u>351,570,600</u>	<u>2,638,800</u>
	<u>8,188,858,764</u>	<u>5,198,517,812</u>
<b>5 Fixed assets including premises, furniture and fixtures</b>		
Cost		
Furniture and fixtures	14,789,949	14,789,649
Office equipment and machinery	18,263,368	17,906,721
	<u>33,053,317</u>	<u>32,696,370</u>
Accumulated depreciation	(29,896,184)	(28,988,849)
	<u>3,157,133</u>	<u>3,707,521</u>
<b>6 Other assets</b>		
Sundry debtors	149,329,867	179,333
Profit receivable from investment	55,045,337	8,376,153
Advance deposits and advance rent	8,994,516	3,457,943
Advance tax	6,488,256	3,174,915
Stationery and stamps	27,266	267,946
	<u>219,885,242</u>	<u>15,486,290</u>
<b>7 Borrowings from other banks, financial institutions and agents</b>		
In Bangladesh (Note- 7.1)	-	-
Outside Bangladesh	-	-
	<u>-</u>	<u>-</u>
<b>7.1 In Bangladesh</b>		
Bangladesh Bank for 100 days	-	-
Bangladesh Bank for 5 months	-	-
Bangladesh Bank for 6 months	-	-
	<u>-</u>	<u>-</u>

  
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8	Other liabilities	Sep 2020	Dec 2019
		Taka	Taka
	Profit mark up account	253,450,429	173,430,528
	Profit payable account	153,592,069	119,567,760
	Others	139,866,089	36,170,588
	Provision for investment	113,539,167	83,169,635
	Profit Payable to head office	107,206,047	218,949,258
	Provision for off-balance sheet exposures	41,535,628	14,407,137
	Profit suspense account	14,155,080	3,614,840
	Unrealized compensation	7,821,961	6,640,413
	Expense payable	5,441,312	21,336,045
	Realized compensation	461,686	2,041,594
	Branch adjustment account	-	77,327,586
		<u>837,069,478</u>	<u>758,655,364</u>
9	Commission, exchange and brokerage	Sep 2020	Sep 2019
		Taka	Taka
	Commission on letters of credit	11,269,193	4,993,628
	Commission on letters of guarantee	-	166,500
	Commission on export bills	3,500	-
	Commission on bills purchased	4,500	-
	Commission on accepted bills	9,765,748	2,802,082
	Commission on OBC, IBC etc.	256,828	17,900
	Other fees and charges (Note - 9.1)	<u>9,772,224</u>	<u>4,502,193</u>
		<u>31,071,993</u>	<u>12,482,303</u>
	Exchange gain	-	112,962
	Brokerage	-	-
		<u>-</u>	<u>112,962</u>
		<u>31,071,993</u>	<u>12,595,265</u>
9.1	Other fees and charges	Sep 2020	Sep 2019
		Taka	Taka
	Service charges on deposits	1,028,281	863,135
	Cheque book issue fees	1,031,255	281,100
	Investment processing fees	7,616,128	3,264,495
	Clearing return	71,956	81,263
	Charges on account closing and transfer	<u>24,604</u>	<u>12,200</u>
		<u>9,772,224</u>	<u>4,502,193</u>
10	Other operating income	Sep 2020	Sep 2019
		Taka	Taka
	Postage/telex/swift/tax recoveries	1,125,500	887,799
	Locker rent	120,000	144,250
	Miscellaneous earnings (Note - 10.1)	<u>576,256</u>	<u>509,836</u>
		<u>1,821,756</u>	<u>1,541,884</u>
10.1	Miscellaneous earnings includes earning from early settlement of loan, issuing various certificate and bank statements on demand of customers.		
11	Other expenses	Sep 2020	Sep 2019
		Taka	Taka
	Online communication expenses	993,090	2,320,677
	Training, seminar and workshop	12,500	-
	Entertainment	25,213	150,164
	Conveyance	39,260	14,602
	Newspapers	2,880	2,700
	Security expenses	207,461	167,470
	Miscellaneous expenses	<u>2,367,869</u>	<u>1,074,490</u>
		<u>3,648,273</u>	<u>3,730,103</u>

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 IDLC Investments Limited



## The City Bank Limited

Balance Sheet of Off-Shore Banking Unit  
as at 30 September 2020

	Note	Sep 2020	Dec 2019
		USD	Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand (including foreign currencies)		-	-
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		-	-
Balance with other banks and financial institutions			
In Bangladesh		8,301,150	704,236,361
Outside Bangladesh	1	31,399,631	2,663,619,102
		39,700,781	3,368,065,463
Money at call and short notice		-	-
Investments in shares & securities			
Government		-	-
Others		-	-
Loans and advances	2		
Loans, cash credits, overdrafts, etc.		457,498,482	38,612,341,191
Bills purchased and discounted		295,058	25,031,573
		457,793,540	38,837,372,764
Fixed assets including premises, furniture and fixtures		-	-
Other assets		5,590,511	474,276,632
Non-banking assets		-	-
Total assets		603,084,833	42,679,704,859
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from other banks, financial institutions and agents	3	376,676,204	31,955,702,471
Deposits and other Accounts		7,770,412	659,210,686
Other liabilities	4	118,638,216	10,064,791,702
Total liabilities		503,084,833	42,679,704,859
Capital/shareholders' equity			
Paid up capital		-	-
Statutory reserve		-	-
Share premium		-	-
Other reserve		-	-
Surplus in profit and loss account		-	-
Total liabilities and shareholders' equity		503,084,833	42,679,704,859
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		15,419,723	1,308,147,611
Letters of guarantee		-	-
Irrevocable letters of credit		6,240,665	529,433,065
Bills for collection		14,504,198	1,230,478,107
Other contingent liabilities		136,628,667	11,591,046,573
		172,793,453	14,659,105,356
Other commitments		-	-
Total Off-Balance Sheet Items including contingent liabilities		172,793,453	14,659,105,356

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## The City Bank Limited

Profit and Loss Account of Off-Shore Banking Unit  
for the period ended 30 September 2020

	Note	Sep 2020		Sep 2019
		USD	Taka	Taka
Interest income	5	12,831,425	1,088,566,739	1,661,304,973
Interest paid on borrowings		(11,067,065)	(938,885,511)	(1,543,590,947)
Net interest income		1,764,360	149,681,228	117,714,026
Commission and exchange	6	555,800	47,151,823	51,925,559
Other operating income		4,416	374,665	120,184
Total operating income		2,324,576	197,207,716	169,759,769
Rent, taxes, insurance, electricity, etc.		-	-	-
Legal expenses		-	-	-
Other operating expenses		269,972	22,803,363	8,820,364
Total operating expenses		269,972	22,803,363	8,820,364
Net operating profit		2,054,604	174,304,353	160,939,405
Provision for loans and advances/investments		(1,497,198)	(127,016,301)	56,373,946
Provision for off-balance sheet exposures		730,551	61,976,989	(24,443,834)
Provision for diminution in value of investments		-	-	-
Other provision		-	-	-
Total provision		(766,648)	(65,039,312)	31,930,112
Total profit before taxes		1,287,956	109,265,041	192,869,517



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# The City Bank Limited

Notes to the Balance Sheet and Profit and Loss Account of Off-Shore Banking Unit  
as at and for the period ended 30 September 2020

	Sep 2020		Dec 2019
	USD	Taka	Taka
<b>1 Balance with other banks and financial institutions</b>			
In Bangladesh	8,301,150	704,235,361	704,767,635
Outside Bangladesh	31,399,631	2,663,819,102	1,509,855,847
	<u>39,700,781</u>	<u>3,368,055,463</u>	<u>2,214,624,482</u>
OBU maintain its own account relating Offshore Banking business separately in Mashreq Bank, New York, USA.			
<b>2 Loans and advances</b>			
Loans, cash credits, overdrafts, etc.			
Short term loan	393,245,105	33,361,341,759	20,114,397,650
Term loan	56,416,858	4,788,180,558	5,495,131,685
Over draft loan	7,838,518	664,818,874	492,488,500
	<u>457,498,482</u>	<u>38,812,341,191</u>	<u>26,102,015,835</u>
Bills purchased and discounted	295,058	25,031,573	33,726,833
	<u>457,793,540</u>	<u>38,837,372,764</u>	<u>26,135,742,668</u>
<b>3 Borrowings from other banks, financial institutions and agents</b>			
In Bangladesh	92,011,033	7,805,848,023	4,525,170,000
Outside Bangladesh	284,885,171	24,149,854,448	18,579,458,679
	<u>376,896,204</u>	<u>31,955,702,471</u>	<u>21,104,628,679</u>
<b>4 Other liabilities</b>			
Payable to main operation	110,456,397	9,370,848,561	6,658,680,887
Provision for loans and advances	4,577,935	388,373,728	261,357,427
Interest payable	1,798,811	152,603,914	231,088,767
Provision for off balance sheet exposure	1,046,033	88,741,283	89,953,665
Others	740,472	62,818,653	59,541,466
Government levy and VAT payable	16,568	1,405,564	830,075
	<u>118,638,216</u>	<u>10,064,791,702</u>	<u>7,301,462,287</u>
<b>5 Interest Income</b>			
Loan and advances	12,486,742	1,059,325,219	1,524,100,543
Bills purchased and discounted	13,142	1,114,925	1,727,504
Interest on balance with other banks and financial institutions	331,541	28,128,595	135,478,926
	<u>12,831,425</u>	<u>1,088,568,739</u>	<u>1,661,304,973</u>
<b>6 Commission, exchange and brokerage</b>			
Commission income	555,800	47,151,823	51,925,559
Exchange gain	<u>555,800</u>	<u>47,151,823</u>	<u>51,925,559</u>



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**Md. Montiruzzaman**  
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IDLC Investments Limited

## The City Bank Limited

HIGHLIGHTS*Figures in million unless specified*

Sl. no.	Particulars		As at 30 September 2020	As at 30 September 2019 for profit and loss account items and 31 December 2019 for balance sheet items
1	Paid-up capital	Taka	10,163.87	10,163.87
2	Total capital	Taka	38,449.42	37,135.80
3	Capital surplus/(deficit)	Taka	3,419.28	6,520.21
4	Total assets	Taka	406,616.70	354,688.99
5	Total deposits	Taka	270,806.03	246,703.67
6	Total loans and advances/investments	Taka	296,471.63	246,943.65
7	Total contingent liabilities and commitments	Taka	130,514.11	118,329.36
8	Credit deposit ratio *	%	78.58%	79.35%
9	Percentage of classified loans/investments against total loans and advances/investments	%	4.22%	5.77%
10	Amount of classified loans/investments during the period	Taka	12,517.46	14,244.17
11	Provisions kept against classified loans/investments	Taka	5,447.09	5,829.68
12	Provision surplus/(deficit) against classified loans/investments	Taka	263.69	0.00
13	Cost of fund	%	4.83%	5.41%
14	Interest earning assets	Taka	340,336.08	290,209.01
15	Non-interest earning assets	Taka	66,280.63	64,479.98
16	Return on investment (ROI)	%	11.09%	6.28%
17	Return on assets (ROA)	%	0.99%	1.00%
18	Liquidity coverage ratio (LCR)	%	134.12%	142.60%
19	Net stable funding ratio (NSFR)	%	104.15%	107.42%
20	Net asset value per share	Taka	26.75	25.01
21	Profit after tax and provision	Taka	2,803.57	2,526.33
22	Income from investment	Taka	2,687.10	1,379.12
23	Earnings per share	Taka	2.76	2.49
24	Net income per share	Taka	2.76	2.49
25	Price earning ratio	Times	9.17	8.68

\* As per Bangladesh Bank Reporting



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 The City Bank Limited

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 Managing Director  
 IDLC Investments Limited

# ANNEXURE 02

24 NOV 2020

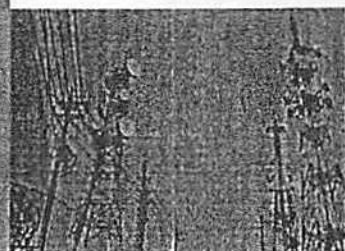
  
**MASHRUR AREFIN**  
Managing Director & CEO  
The City Bank Limited

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MD. MONIRUZZAMAN  
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# CREDIT RATING REPORT



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[WWW.CRAB.COM.BD](http://WWW.CRAB.COM.BD)  
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**CREDIT RATING  
AGENCY OF  
BANGLADESH LTD.**

24 NOV 2020

## Credit Rating Report

## Unsecured, Contingent Convertible and Floating Rate Perpetual Bond (BDT 4,000 million) of The City Bank Limited

## Analysts:

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RATING BASED ON: Audited financial statement up to 30 September 2020 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

## Key Performance Indicator of the Bank

(Mil. BDT)	--Year ended December 31--	
	Sept'20	Dec'19
Loans	296,471.6	246,943.7
Deposit	270,806.0	246,703.7
Gross NPL	12,517.5	14,244.2
Shareholders' Equity	27,187.9	25,415.6
(%)		
Cost to Income Ratio	61.5	55.1
CRAR	13.7	15.2
Gross NPL Ratio	4.2	5.8

## Assigned Ratings:

## Bond Rating

Long Term : A1 (Hyb)

Outlook : Stable

## Entity Ratings

Date of Rating	Long Term	Short Term	Outlook
30 June 2020	AA <sub>2</sub>	ST-2	Stable

Date of Rating Valid Till

23 November 2020 30 September 2021

Methodology: CRAB's Rating Methodology (www.crab.com.bd)

## ISSUER PROFILE

The City Bank Limited (hereafter also referred to as CBL or the Bank) was incorporated in March 1983 as a private commercial bank. The Bank went into IPO in 1987 and is now listed with both DSE and CSE. The paid up capital of the Bank reached BDT 10,163.9 million against authorized capital of BDT 15,000.0 million at the end of September 2020. The Bank offers all kinds of banking and investment services for retail, SME as well as corporate customers. Presently the Bank has 132 branches across the country; among which 121 are traditional branches and 11 SME/Agri branches. Besides traditional branch banking, the bank is also highly focused on developing alternative delivery channels. The Bank is pioneer in introducing dual currency credit card in the country. The Bank has a retail card base of more than 1 million. Therefore the Bank has countrywide network of own and shared ATM's and CDM. The Bank also has 7 priority centers to serve its valued clients. It also offers SMS Banking and Internet Banking services. The Bank has four subsidiary companies; i) City Brokerage Limited, ii) City Bank Capital Resources Limited, iii) CBL Money Transfer SDN, BHD and iv) CBL Hong Kong Limited.

## RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned "A1 (Hyb)" (pronounced Single A one hybrid) rating in the long term to the City Bank's issue of unsecured, contingent-convertible additional Tier-1 perpetual bond (BDT 4,000 million). According to the Term Sheet provided to CRAB, the bonds will be perpetual, there is no maturity date and there are no step-ups or other incentives to redeem. Therefore, the perpetual notes are not entitled for prepayment, principal payment and put features but transferable as per Bond Indenture. The Bond is subject to

principal loss absorption and compliant as additional Tier I capital as per BASEL III guidelines. The final rating is subject to the receipt of final executed documentation, the terms and conditions of which are not expected to change in any material way from the draft documents that CRAB has reviewed. The rating outlook is stable, reflecting the outlook on the issuer's credit rating. CRAB performed the rating based on audited financial statement of the Bank as of 30 September 2020 and other relevant information up to the date of rating declaration.

The City Bank Ltd. is going to raise fund of BDT 4,000 million by issuing unsecured, contingent-convertible additional Tier-1 Bond. The Bond will be unsecured, not covered by a guarantee of the issuer. Issuer can exercise call option only after ten years of issuance, with prior approval from the Bangladesh Bank. After conversion, the instrument will be replaced with capital of the same or better quality that are sustainable for the income capacity of Issuer, or, capital position is above the minimum requirements after call option is exercised. The perpetual bond may be listed with bourse as per approval of BSEC. The investors will get the coupon semi-annually at the rate of reference rate plus margin on outstanding principal. Coupon rate of the Bank will be determined as latest 20-year Treasury-Bond rate as published by Debt Management Department of Bangladesh Bank with a margin of 2% p.a., ranging 6% to 10% p.a. The bond will be subordinated to the claims of depositors, general creditors and subordinated debt of the Issuer but remain superior to the claims of investors in equity shares and perpetual non-cumulative preference shares. The Bond will be unsecured, not covered by a guarantee of the issuer.

The bond rating reflects the issuer's (CBL) strength in efficiency in terms of diverse earnings profile, moderate capital adequacy, adequate liquidity as well as relatively lower concentration of large loan borrowers. However, the Bank has high cost to income ratio and history of substantial NPL generation each year.

#### ■ KEY FEATURES OF THE INSTRUMENT

Table I

##### Key Features of the Bond

Name of the Instrument	City Bank Perpetual Bond
Issue Type	Unsecured, Contingent-Convertible, BASEL III compliant, Perpetual Debt instrument for inclusion in Additional Tier I Capital
Issuer	The City Bank Limited
Nature of Instrument	Unsecured
Purpose and Objectives	To raise Additional Tier-1 Capital through issuance of City Bank Perpetual Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III).
	The funds being raised by the Issuer through the mentioned Issue are not meant for financing any particular project. The Issuer shall utilize the proceeds of the Issue for its regular business activities. The Issuer shall not utilize proceeds of the Issue for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the Bangladesh Bank and Bangladesh Securities Exchange and Commission where applicable.
Arranger	City Bank Capital Resources Limited
Trustee	IDLC Investments Limited
Paying Agent, Register, Transfer Agent	IDLC Finance Limited
Rating Agency	Credit Rating Agency of Bangladesh Limited (CRAB)
Legal Advisor	Farooq & Associates
Mode of Issue	Private Placement
Facility Size	BDT 4,000,000,000



No. of Bonds to be Issued	4,000
Face Value Per Lot	BDT 1,000,000
Bonds per lot/ Minimum Subscription	01
Tenure	Not Applicable. The Bonds shall be perpetual i.e. there is no maturity date and there are no step-ups or other incentives to redeem.
Investors	<p>The following class of investors are eligible to participate in the offer;</p> <ul style="list-style-type: none"> <li>Public Financial Institutions which are duly authorized to invest in Bonds as per Bangladesh Bank Regulations</li> <li>Mutual Funds, Insurance Companies, Scheduled Commercial Banks,</li> <li>Co-operative Banks, Regional Rural Banks authorized to invest in bonds/ debentures,</li> <li>Societies authorized to invest in bonds/debentures,</li> <li>Trusts authorized to invest in bonds/ debentures,</li> <li>Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures,</li> <li>Any other not mentioned in the list but is eligible to subscribe as per regulations by Bangladesh Bank.</li> </ul>

This being a private placement Issue, the eligible investors who have been addressed through this communication directly, are only eligible to apply.

Prior to making any investment in these Bonds, each investor should satisfy and assure himself/herself/itself that he/she/it is authorized and eligible to invest in these Bonds. The Issuer shall be under no obligation to verify the eligibility/authority of the investor to invest in these Bonds. Further, mere receipt of this Disclosure Document by a person shall not be construed as any representation by the Issuer that such person is authorized to invest in these Bonds or eligible to subscribe to these Bonds. If after applying for subscription to these Bonds and/or allotment of Bonds to any person, is found to have been ineligible to invest in/hold these Bonds, the Issuer shall not be responsible in any manner.

Coupon Rate	Reference Rate + Coupon Margin
Reference Rate	20-year Treasury-Bond rate. (Latest available rate of 20-year Treasury-Bond rate as published by Debt Management Department of Bangladesh Bank on the quotation day)
Coupon Margin	2%
Quotation Day	Five (05) days before the first day of any period for which a coupon rate is to be determined
Coupon Range	<ul style="list-style-type: none"> <li>Coupon Ceiling: 10%</li> <li>Coupon Floor: 6% subject to having available distributable profit</li> </ul>
Coupon Payment Frequency	Semi-Annual but subject to Issuer's Coupon Discretion
Issuer's Coupon Discretion	The Issuer will have full discretion at all times to cancel distributions/payments to the Bondholder
Business Day Convention/Effect of Holidays	<ul style="list-style-type: none"> <li>If any Coupon/ Interest Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day.</li> </ul>

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- If the Call Option Due Date (also being the last Coupon Payment Date, in case Call Option is exercised) of the Bonds falls on a day that is not a Business Day, the Call Option Price shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.

Put Date

Not Applicable

Put Price

Not Applicable

Call Option

The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Trustee of the Call Exercise Date, which notice shall be irrevocable, elect to redeem all, but not some only, of the Bonds at their principal amount together with any outstanding coupon payments which are accrued but unpaid and not been subject to exercise of Issuer's Coupon Discretion. The Call Option can be exercised only after ten years of issuance, with prior approval from the Bangladesh Bank.

Call Option Eligibility

1. Replace this instrument with capital of the same or better quality that are sustainable for the income capacity of Issuer, or,
2. Capital position is above the minimum requirements after the Call Option is exercised

Claim Settlement in the event of Liquidation or Wind-up

Claims of the investors on the bond are:

1. Superior to the claims of investors in equity shares and perpetual non-cumulative preference shares, if any, of the bank whether currently outstanding or issued at any time in the future.
2. Subordinated to the claims of depositors, general creditors and subordinated debt of the Bank other than any subordinated debt qualifying as Additional Tier 1 Capital (as defined in the Basel III Guidelines) of the Bank;
3. Is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors

Notwithstanding anything to the contrary stipulated herein, the claims of the Bondholders shall be subject to the provisions of Loss Absorption in this terms and features.

Loss Absorption

After the Trigger Point Condition Date, conversion of the outstanding principal of the Bonds to common shares at the Conversion Strike Price by such amount not exceeding the amount which would be required to bring the consolidated Common Equity Tier 1 (CET 1) ratio to 4.5% of RWA.

Loss Absorption Methodology

CET-1 on Trigger Point Condition Date will be considered to identify the shortfall percentage, which would be required to bring the consolidated Common Equity Tier 1 (CET 1) ratio to 4.5% of RWA and it will be converted into common shares at the Conversion Strike Price. The period between the Trigger Point Condition Date and the date on which the Issuer by a resolution of its Board converts the Bonds will be known as Conversion Period. If a fractional share issuance arises upon conversion, the issuer will round the number of shares issuable, up to the next whole number. Fractional lot size will also be rounded to the next whole number



Trigger Point Condition	If the bank's consolidated CET-1 falls below Bangladesh Bank requirement of 4.50% and stays below for 03 (Three) successive quarters it would be the Trigger Point Condition and the 3 <sup>rd</sup> quarter-end date of consecutive below-minimum CET-1 Ratio would be the Trigger Point Condition Date. Once the Trigger Point Condition has been met and Loss Absorption feature has been exercised, the cycle will start again.
Conversion Strike Price	Average of 180 business days market price prior to the Trigger Point Condition Date or par value (currently BDT 10tk) whichever is higher.
Payment Suspension Methodology	In case of the event of exercise of Loss Absorption feature of the Bond, any coupon payment in between the Trigger Point Condition Date and publication date of audited financials will be suspended. The bondholder will not be eligible for the coupon payment if the same situation prevails (Bank's consolidated CET-1 ratio remains below the regulatory requirement of 4.5%) after the publication of audited financials. In case of use of Loss Absorption feature, the portion that will be required to be converted, Coupon Payment will never resume back for that portion. The portion that shall not be converted, payment will resume from next coupon date for that non-converted portion, but subject to CET-1 Ratio remaining reaching 4.50% or above, and interest will be paid along with previous coupon for this portion.  No penal/additional/delay fee shall be charged on the Issuer for the period when coupon(s) payment was suspension.
Conversion	Within 2 (two) Business Days of the end of the 2 <sup>nd</sup> Quarter when CET-1 Ratio remains below 4.50%, Issuer shall notify the Trustee that in the event that the Trigger Point Condition is met, the Loss Absorption feature shall be exercised ("Conversion Indication Notice"). Within 2 (two) Business Days of the approval of the audited financials which confirms fulfilment of the Trigger Point Condition Date, the Issuer shall notify the Trustee of the Conversion Strike Price, number of Bonds to be converted, expected end date of the Conversion Period ("Conversion Notice"); and the Trustee shall within 2 (two) Business Days of the receipt of the Conversion Notice, notify the Bondholders about the receipt of the Conversion Notice. All notices are validly given if: <ul style="list-style-type: none"> <li>Mailed to bondholders at their respective address in the register,</li> <li>Published for three consecutive days in one English newspaper and one Bengali newspaper, each having wide circulation in Bangladesh,</li> <li>Emailed to bondholders at their respective addresses set out in the Issuer Register provided that such notices will only be considered as validly given unless followed up with hard copies of the notices being mailed to the bondholders or published for three consecutive days in a leading newspaper as aforesaid.</li> <li>Any such notice shall be deemed to have been given on the seventh day after being so mailed or on the later of the date of such publications</li> </ul>

  
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## Events of Default

- (a) Breach of Common Equity Holders' Dividend Stopper Clause;
- (b) Subject to exercise of Issuer's Coupon Discretion, Trigger Point Consideration being met, and/or exercise of Loss Absorption feature, the Issuer defaults in the payment of any money owing in respect of the Perpetual Bonds when the same shall become due and payable in accordance with these presents and such default continues for at least seven (7) Business Days
- (c) Breach of any covenant, warranty or other provision of the Trust Deed otherwise as provided in the preceding paragraphs of this Clause and such default continues for at least thirty (30) Business Days

It is further clarified that the Bondholders shall have no rights to accelerate the repayment of future scheduled payments except in bankruptcy and liquidation. Issuer needs to take prior consent from AT-1 (City Bank Perpetual Bond) bondholders to issue new Tier-II capital over maximum limit (4.0% of RWA or 88.89% of CET-1 Capital, whichever is higher) as set by Bangladesh Bank.

## Consent Right of Bondholders

## Common Equity Holders' Dividend Stopper Clause

Dividend Stopper Clause will be applicable to these Bonds and it will stop common equity holders' dividend payments on common shares in the event the holders of the Bonds are not paid coupon either due to exercise of Issuer's Coupon Discretion or otherwise. In the event the holders of the Bonds are not paid coupon, they shall not impede the full discretion that Issuer has at all times to cancel distributions/payments on the Bonds, nor will they impede / hinder:

- (i) The Re-Capitalization of the Issuer.
- (ii) The Issuer's right to make payments on other instruments, where the payments on this other instrument were not also fully discretionary
- (iii) The Issuer's right to making distributions to shareholders for a period that extends beyond the point in time that coupon on the Bonds are resumed. The normal operation of the Issuer or any restructuring activity (including acquisitions/ disposals).

## Listing

The Bonds will be, subject to consent of Bangladesh Securities and Exchange Commission (BSEC), be listed as per rules and regulations by BSEC.

## Transferability/Liquidity

Freely transferable in accordance with the provisions of the Deed of Trust.

## Governing Law

The Bonds are governed by and shall be construed in accordance with the existing laws of Bangladesh. Any dispute arising thereof shall be subject to the arbitration under Arbitration Act 2001.

The City Bank Ltd. is going to raise fund of BDT 4,000 million by issuing unsecured, contingent-convertible Perpetual Bond. The Bond will be of perpetual nature, i.e. there is no maturity date and there are no step-ups or other incentives to redeem. The Call Option can be exercised only after ten years of issuance, with prior approval from the Bangladesh Bank. After conversion, the instrument will be replaced with capital of the same or better quality that are sustainable for the income capacity of Issuer, or, capital position is above the minimum requirements after call option is exercised. The perpetual bond may be listed with bourse as per approval of BSEC. The investors will get the coupon semi-annually at the rate of reference rate plus margin on outstanding principal. Coupon rate of the Bank will be determined as latest 20-year Treasury-Bond rate as published by Debt Management Department of Bangladesh Bank with a margin of 2% p.a., ranging 6% to 10% p.a. The bond will be subordinated to the claims of depositors, general creditors and subordinated debt of the Issuer but remain superior to the claims of investors in equity shares and perpetual non-cumulative preference shares. The Bond will be unsecured, not covered by a guarantee of the issuer.

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#### ■ PURPOSE OF ISSUANCE

City Bank is going to issue BDT 4,000.0 million unsecured, contingent-convertible, floating rate perpetual bond to raise addition Tier-1 capital and hence the overall capital adequacy ratio of the Bank. CBL's capital adequacy ratio was 13.7% at the end of Sept'20 having Tier 1 ratio of 9.0%. The proposed BDT 4,000.0 million perpetual bond will be considered as part of CBL's Additional Tier-1 capital as per Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III) and thereby will help to maintain healthy capital adequacy ratio for next few years. Besides, It will also help to meet long term financing need facilitate its continuous business expansion in terms of portfolio, investment and branches.

#### ■ RISK FACTORS

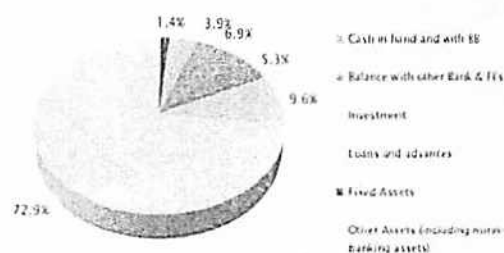
- The coupon payment of the Bond is not secured nor covered by a guarantee of the issuer nor related entity or other arrangement
- There is a risk that the issuer may fail to satisfy the terms of the obligation with respect to the timely payment of coupon/profit due to adverse market condition.
- The bond is perpetual in nature and there will be no prepayment within 10 years. Besides, call option can only be exercised by the bank after 10 years subject to the approval of Bangladesh Bank.
- Entrance of a new competitor (new banks or FIs) as well as expansion of products and services of existing competitors may increase the market competition which may adversely affect the profitability of the bank.
- Changes in Government policy, which are not conducive to financial and banking business may hamper the future growth and profitability of the bank.

#### ■ PROFILE AND PERFORMANCE OF THE ISSUER

The City Bank Limited (hereafter also referred to as CBL or the Bank) was incorporated in March 1983 as a private commercial bank. The Bank went into IPO in 1987 and is now listed with both DSE and CSE. The paid up capital of the Bank reached BDT 10,163.9 million against authorized capital of BDT 15,000.0 million at the end of September 2020. The Bank offers all kinds of banking and investment services for retail, SME as well as corporate customers. Presently the Bank has 132 branches across the country; among which 121 are traditional branches and 11 SME/Agri branches. Besides traditional branch banking, the bank is also highly focused on developing alternative delivery channels. The Bank is pioneer in introducing dual currency credit card in the country. The Bank has a retail card base of more than 1 million. Therefore the Bank has countrywide network of own and shared ATM's and CDM. The Bank also has 7 priority centers to serve its valued clients. It also offers SMS Banking and Internet Banking services. The Bank has four subsidiary companies; i) City Brokerage Limited, ii) City Bank Capital Resources Limited, iii) CBL Money Transfer SDN. BHD. and iv) CBL Hong Kong Limited.

**Asset Profile:** CBL's asset structure remained almost similar for the last couple of years. On an average, loans and advances dominated the asset structure by 68.7% of total for the last five years. In spite of the uncertainties due to ongoing pandemic followed by declaration of Government holidays for a long period, total asset grew by 14.6% in during the 1<sup>st</sup> nine months of 2020 and reached BDT 406,616.7 million. At the end of September 2020, total asset was strongly dominated by loans & advances (72.9% of total) followed by investment (9.6% of total) and cash in hand and with BB (6.9% of total). Other asset was BDT 14,628.5 million at the end of Sept'20, major portion of which includes investment in its four subsidiary companies followed by advance income tax. The Bank's Risk weighted asset was 68.9% of total asset in Sept'20 (Dec'2019: 69.1%).

Assets Composition of the Bank as of Sept'20



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**Investment Profile:** In Sept'20, investment portfolio of the Bank reached BDT 39,041.3 million. 90.1% of the Bank's investment portfolio consisted Government securities. The Bank also held quoted and unquoted shares amounting BDT 2,507.2 million at the end of Sept'20. Market price of CBL's quoted share was BDT 2,272.7 million at the end of Sept'20 against cost price of BDT 950.1 million. The Bank maintains provision for investment as per regulatory requirement. Besides, the Bank had BDT 1,300.0 million investment in subordinated bond of other banks. During 1<sup>st</sup> nine months of 2020, total income from investment was BDT 2,887.1 million.

#### Loan Profile and Loan Quality:

Because of the ongoing COVID-19 pandemic, Government declared general holiday from 26<sup>th</sup> March 2020. Operation of most banks and financial institutions remained almost closed for more than a month, while corporate entities remained closed or operated partially for a long time. These circumstances made an impact on all banks' operations, revenue as well as collection/recovery. In spite of such circumstances, total loan portfolio of City Bank grew by 20.1% during the 1<sup>st</sup> nine months of 2020 and reached BDT 296,471.6 million.

Table 2

#### NPL Movement of the Bank

Mil. BDT	Sept'20		Dec'2019		Dec'2018	
Particulars	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans
Opening balance of NPL	14,244.2	4.8	12,325.5	5.0	10,677.9	4.6
Add: NPL generation	254.6	0.1	9,195.4	3.7	8,738.1	3.8
Less: Cash recovery	904.6	0.3	3,371.9	1.4	2,711.2	1.2
Less: Rescheduling	1,076.7	0.4	3,115.2	1.3	3,927.7	1.7
Less: Write off	-	-	789.6	0.3	451.6	0.2
Closing Balance of NPL	12,517.5	4.2	14,244.2	5.8	12,325.5	5.3

On the other hand, gross NPL (in absolute amount) reduced to BDT 12,517.5 million in September 2020 from BDT 14,244.2 million at the end of 2019 on the back of low fresh NPL generation as well as loan rescheduling (BDT 1,076.7 million). Cash recovery was BDT 904.6 million during these period. Therefore, gross NPL ratio reduced to 4.2% at the end of Sept'20 from 5.8% in December 2019. However, it is to be mentioned that Bangladesh Bank (BB) has announced moratorium on loan payments until Dec'20. Therefore, fresh NPL generation ratio remained unusually low in Sept'20. The Bank maintained BDT 11,440.4 million provisions for classified and unclassified loans & advances as well as for off-balance sheet exposures in Sept'20. There was an excess provision of BDT 419.8 million in Sept'20.

In Sept'20, loan portfolio was strongly dominated by corporate loan (55.4% of total) followed by retail loan (15.8% of total) and SME (14.5% of total). The Bank had 42 loans amounted to BDT 102,124.6 million each having 10% of total capital of the Bank. On an average, CBL's pre-provision profit to net loan ratio was above 3.5% for the last five years which indicates that 3.5% of currently performing loans can be written off without charging on reserves and equity.

#### Capital Summary:

Table 3

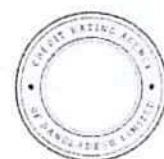
#### Capital Structure of the Bank

Mil. BDT	Sept'2020		Dec'2019	
Particulars	Amount	% of RWA	Amount	% of RWA
Tier 1 Capital	25,257.6	9.0	23,664.3	9.7
Tier 2 Capital	13,191.8	4.7	13,471.5	5.5
Total Capital	38,449.4	13.7	37,135.8	15.2
Required Capital (Including buffer)	35,030.1	12.5	22,748.7	9.3
Capital Surplus	3,419.3	1.2	14,387.1	5.9

The Bank's total capital (Tier 1 and Tier 2) grew marginally and reached BDT 38,449.4 million at the end of Set'20 on the back of internal capital generation. The Bank has sound dividend paying track record. The Bank declared total 15% cash dividend for 2019. Besides, City Bank has issued three subordinated bond accumulating BDT 15,000.0

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million which plays a vital role in building its tier 2 capital. Capital to risk weighted asset ratio of CBL reduced to 13.7% at the end of September 2020 from 15.2% in Dec'2019 resulted from higher growth of risk weighted assets than that of capital. Around 96% of total corporate clients of CBL were rated. Core capital to total exposure (on and off balance sheet) of the Bank was 4.7% at the end of September 2020.

Table 4

Dividend Information for last few years				
Year	Cash (%)	Bonus/Stock Dividend (%)	Right (%)	Total Dividend (%)
2019	15%	-	-	15%
2018	6%	5%	-	11%
2017	19%	5%	-	24%
2016	24%	-	-	24%
2015	22%	-	-	22%
2014	15%	5%	-	20%

Liability and Liquidity Profile: Total asset of the Bank was funded by deposit (66.6%) followed by borrowing & debt instruments (18.5%) and equity (6.7%). Total deposits of the Bank reached BDT 270,806.0 million at the end of Sept'20 from BDT 246,703.7 million, registering growth of 9.8%. In Sept'20, total deposit of the Bank was strongly dominated by fixed/term deposit (61.4% of total) followed by saving deposit (20.7% of total) and current deposit (17.1% of total). Contribution of low cost deposit was relatively lower compared to the Bank's branch network.

Deposit Composition of the Bank as of Sept'20

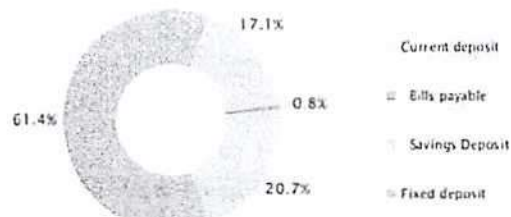


Table 5

Interest Rate Risk Exposure of the Bank					
--As of 30 September 2020--					
Particulars	Up to 1 month	1- 3 months	3-6 months	6-12 months	Above 12 months
Int. Sensitive Assets	52,638.1	41,798.9	98,844.2	26,291.2	129,892.9
Int. Sensitive Liabilities	36,936.0	39,975.9	54,593.9	80,323.2	93,131.9
Gap	15,702.1	1,823.0	44,250.2	(54,032.1)	36,761.1
Cumulative Earning impact (1% point int. rate increase)	13.1	16.1	126.7	(143.4)	(143.4)
Cumulative Earning impact (1% point int. rate decrease)	(13.1)	(16.1)	(126.7)	143.4	143.4

The Bank had asset sensitive positions in all maturity buckets up to 12 months except '6 to 12 months' maturity bucket. Gap indicates that the Bank will be benefited on decreasing interest rates scenario and will suffer on increasing interest rate scenario marginally. For 1 percentage point interest rate decrease the Bank will gain BDT 143.4 million and will lose the same amount for 1 percentage point interest rate increase. Liquidity position of the Bank was good in terms of liquidity ratios. LCR and NSFR was 134.1% and 104.2% respectively at the end of Sept'20. Leverage ratio of CBL was 5.1% at the end of Sept'20.

Table 6

Structured Liquidity Profile of the Bank					
--As of 30 September 2020--					
Particulars	Up to 1 month	1- 3 months	3-12 months	1 to 5 years	Above 5 Years
Net Mismatch	5,190.6	(24,879.3)	(23,084.5)	(6,935.9)	49,709.3
Cumulative Net Mismatch	5,190.6	(19,688.7)	(42,773.2)	(49,709.3)	-

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Managing Director & CEO  
The City Bank Limited

Md. Moniruzzaman  
Managing Director  
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**Off Balance Sheet Exposures:** The Bank's off balance sheet portfolio of CBL grew by 10.3% in Sept'20 and reached BDT 130,514.1 million. In Sept'20, contingent liabilities portfolio was mainly dominated by acceptance & endorsement (35.6% of total) followed by letter of credit (24.1% of total). Total off balance sheet exposures of the Bank was 32.1% of total assets at the end of Sept'20.

**Earning Profile:** In Sept'20, total operating income of the Bank was strongly dominated by net interest income (48.7% of total) followed by investment income (23.2% of total) and commission/fees & exchange income (19.3% of total). Other operating income was BDT 1,093.9 million during 2020 major portion (BDT 986.1 million) of which was income from credit cards as the Bank has very strong retail customer base.

In spite of substantial loan growth during 2020, interest income of CBL was marginally lower in Sept'20 compared to that of its previous period mainly resulted from lower lending rate. On the other hand, interest expense was marginally higher during the same period. As an overall effect, net interest income reached BDT 6,053.3 million in Sept'20 which was BDT 8,040.8 million in Sept'19.

Table 7

**Key Performance Indicator of the Bank**

(Mil. BDT)	Jan-Sept'2020	Jan-Sept'2020
	Amount	Amount
Net Interest Income	6,053.3	8,040.8
Investment Income	2,887.1	1,379.1
Comm./fees & Exchange Income	2,396.5	2,326.0
Other Operating Income	1,093.9	1,464.4
Total Operating Income	12,430.8	13,210.3
Total Operating Expense	7,645.8	7,277.1
Pre Provision Profit	4,784.9	5,933.2
Provision	263.0	1,154.5
Profit before Tax	4,521.9	4,778.8
Tax	1,718.3	2,252.4
Profit After Tax	2,803.6	2,526.3
Ratios (%)		
Net Profit Margin	22.6	19.1
Cost to Income Ratio	61.5	55.1

Investment income of CBL was substantially high in Sept'20 than that of its previous period on the back of increased investment assets. Fees & commission & exchange income remained almost stable at BDT 2,396.5 million. As an overall effect, total operating income of the Bank reached BDT 12,430.8 million at the end of Sept'20. Operating expense was BDT 7,645.8 million for the same period which consist of personnel and overhead expense. Cost to income ratio of the Bank soared to 61.5% in Sept'20 from 55.1% in Sept'19 resulted from lower growth of operating revenue.

Pre provision profit reached BDT 4,784.9 million up to 1<sup>st</sup> nine months of 2020. Provision expense was low as significant portion of loan was not reported as classified because of loan moratorium of Bangladesh Bank. As an overall effect, profit after tax of the Bank reached BDT 2,803.6 million at the end of Sept'20. Net profit margin increased to 22.6% in Sept'20 compared to 19.1% in Sept'19 on the back of lower provision expense.

**Senior Management:** Presently the Bank is headed by Mr. Mashrur Arefin as Managing Director & CEO. Mr. Arefin took the charges of Managing Director & CEO of the Bank Ltd. on January 2019. Prior to joining as MD & CEO, he was the additional managing director of the Bank. He has more than 25 years of experience in banking and financial services sector. The Managing Director & CEO is supported by a group of trained and experienced professionals comprising of one additional managing directors, four deputy managing directors, and departmental heads.

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 Managing Director & CEO  
 The City Bank Limited

*Md. Moniruzzaman*  
**Md. Moniruzzaman**  
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 IDLC Investments Limited




Total human resources strength of the Bank reached more than 4,428 at the end of Sept'20. During 1<sup>st</sup> six months, several different programs were arranged for the Bank's employees.

**Board of Directors:** The Bank's Board comprises 12 members including the Managing Director and CEO of the Bank as ex-officio. Presently Mr. Aziz Al Kaiser is the chairman and Mr. Hossain Khaled is the Vice-Chairman of the Bank. Board is involved in policy formulations, strategic direction setting, business plan approval and review of various activities and also providing necessary direction to the management for conducting businesses in a competitive and profitable manner. The Bank's Board of Directors meets monthly; but may hold more meetings in case there are special needs.

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Managing Director & CEO  
The City Bank Limited

  
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## APPENDIX 1: DEFINITIONS OF SELECTED RATIOS

## Definitions of Selected Ratios

1. Loans and advances include Loans, Cash Credit, Overdrafts, Bill purchased and discounted unless mentioned otherwise.
2. Deposits include Deposits & other accounts and bills payables unless mentioned otherwise.
3. Average Assets, Average investment assets, Average Earning Assets and Average equity are calculated on the basis of opening and year end balances.
4. Interest Earning Assets include total loans & advances, money at call & short notice, balance with other banks & FIs, foreign currency balance with Bangladesh Bank and interest earning assets in Offshore Unit.
5. Net Loans & Advances has been calculated by deducting Specific Provision and Interest Suspense Accounts from Gross Loans & Advances.
6. Net Profit Margin = Net Profit after Tax / Operating Income

## APPENDIX 2: ASSUMPTIONS FOR INTEREST RISK EXPOSURE

1. Assets and liabilities are re-priced on the first day of the re-pricing interval and, therefore, that interest rate change affects the whole period.
2. Assets and liabilities are rolled over into the same types of instruments with the same maturities.

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## CREDIT RATING SCALES AND DEFINITIONS - LONG TERM: DEBT INSTRUMENTS

Rating	Definition
AAA Triple A (Extremely Strong Capacity)	Debt instruments rated AAA have extremely strong capacity to meet financial commitments. These are judged to be of the highest quality, with minimal credit risk.
AA <sub>1</sub> , AA <sub>2</sub> , AA <sub>3</sub> * Double A (Very Strong Capacity)	Debt instruments rated AA have very strong capacity to meet financial commitments. These are judged to be of very high quality, subject to very low credit risk.
A <sub>1</sub> , A <sub>2</sub> , A <sub>3</sub> Single A (Strong Capacity)	Debt instruments rated A have strong capacity to meet financial commitments, but susceptible to the adverse effects of changes in circumstances and economic conditions. These are judged to be of high quality, subject to low credit risk.
BBB <sub>1</sub> , BBB <sub>2</sub> , BBB <sub>3</sub> Triple B (Adequate Capacity)	Debt instruments rated BBB have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. They are subject to moderate credit risk. Such rated projects possess certain speculative characteristics.
BB <sub>1</sub> , BB <sub>2</sub> , BB <sub>3</sub> Double B (Inadequate Capacity)	Debt instruments rated BB have inadequate capacity to meet financial commitments. They have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. Such projects have speculative elements, and are subject to substantial credit risk.
B <sub>1</sub> , B <sub>2</sub> , B <sub>3</sub> Single B (Weak Capacity)	Debt instruments rated B have weak capacity to meet financial commitments. They have speculative elements and are subject to high credit risk.
CCC <sub>1</sub> , CCC <sub>2</sub> , CCC <sub>3</sub> Triple C (Very Weak Capacity)	Debt instruments rated CCC have very weak capacity to meet financial obligations. They have very weak standing and are subject to very high credit risk.
CC Double C (Extremely Weak Capacity)	Debt instruments rated CC have extremely weak capacity to meet financial obligations. They are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C Single C (Near to Default)	Debt instruments rated C are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. They are typically in default, with little prospect for recovery of principal or interest.
D(Default)	D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized.

\*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

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## A collection of 16 line-art icons arranged in a grid-like fashion. The icons represent various themes: a city skyline with multiple buildings, a woven basket or basket of goods, a knot or rope, a globe with latitude and longitude lines, a tall power line tower, a construction crane, a person sitting or crouching, a shopping cart filled with items, a crossed fork and spoon, a simple house, a classical building with columns, and a radio tower with signal waves. The icons are rendered in a minimalist, line-art style.

24 NOV 2007



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