ANNUAL REPORT 2016



MANTRA *is* CHANGE

SMART STOCK

city bank™
making sense of money



Not all hymns are meant to soothe your mind – while some can cast a spell to light up the fire, some even can make the waters of the sea part readily. Our mantra is exceedingly singular – the mantra of change. This always keeps us moving forward, propels us to spread our wings less arduously. The new world is getting smaller and communication on a virtual plain is getting updated by the second. So, time demands that we present a refreshed version of our own at every interaction across all touchpoints. Bringing mobility in how we connect in a series of never-ending renewals is the mantra that allows us to be the master craftsmen of relationships. Change is the soul of our ever agile body.



THE MANTRA TO A BETTER LIFESTYLE

We have set a new lifestyle trend by introducing American Express Cards that come with airline deals, shopping vouchers, buy-one-get-one meals and what not. Our Citytouch Digital Banking is another template for making banking as smooth as managing an app. It took years of hard work and sheer passion for technology to connect the dots… to make the world smaller and the lifestyle brighter for you.

THE MANTRA TO GO BEYOND

At City Bank, we never stop pushing our limits when it comes to going beyond. Our Walk-up and Drive-up ATMs, our online queue management portal City-Q, Internet Banking Service Citytouch, E-commerce promotions and the overall digital agenda that we carry are evidences of our efforts to add colors to the customers' lives. To us, going beyond is less of a dream and more of a goal. That's exactly what has enabled us to be where we are today.

THE MANTRA TO GO GREENER

Our vision for a better and greener society is not just mere social talk. We follow through this in everything we do. With the support of GCPF's Technical Assistance Facility, we have already financed around USD 13 million for the low carbon projects. And only last year, 13 projects have been given USD 10 million – all focused on energy efficiency, renewable energy, biological ETP and workers' safety. The mantra for us is to help create a greener planet for everyone – for now and the distant future.

Ba3 RATINGS FOR CITY BANK BY MOODY'S



Moody's, the leading credit rating agency in the world, has recognized the superior performance of the leading local bank of Bangladesh.

The **Ba3** ratings is a reflection of the Bank's healthy capital, constantly strong profitability, sound liquidity and funding management. Ours is the second bank in Bangladesh to have been rated by Moody's so far.

"The outlook on all the ratings of City Bank is *stable*", Moody's noted in its press release. The only way is up now.

MOODY'S

LETTER OF TRANSMITTAL

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

Sub: Annual Report for the year ended December 31, 2016

Dear Sir(s)/Madam(s),

We are pleased to present before you the Bank's Annual Report 2016 along with the audited Financial Statements (Consolidated and Separate) including Balance Sheet as at December 31, 2016 and Income Statement, Cash Flow Statement for the year ended December 31, 2016 along with notes.

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

Yours sincerely,

MD. KAFI KHAN
Company Secretary

AMARSTOCK

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The support of our shareholders is the key factor in being the best in the industry.

A letter to the shareholders by the Chairman

Dear Fellow Shareholders,

Having overseen the Bank's transformational journey over the past few years, your Board is pleased with the tremendous progress the Management team has made in 2016 on the pillars of our strategic agenda. This momentum has contributed to the consistent earnings growth and positioned your Bank for sustained progress over the long term.

AMARSTOCK

> We will seek to be unparalleled in our customer service in terms of customer experience as well as convenience and comprehensiveness of digital banking solutions to spearhead technology led banking.

OUR SUSTAINABLE APPROACH

City Bank's journey of growth and leadership which spans over 34 years is testimony to its sustainable and committed approach in doing business. Since its inception in 1983, the Bank has funded countless number of entrepreneurial initiatives across different industries, geographies, and social and ethnic sectors. We have grown with our clients and the nation itself, understanding that each other's success leads to a win-win situation. Today, City Bank is the leader in country wide Credit Card business and off-shore funding in Bangladesh. The Bank will continue to focus in supporting power and energy sector to facilitate economic and social inclusivity and foster sustainable development of Bangladesh. The Bank also strives to ensure that its employees live by the Bank's values and practice the highest ethical standards expected of them and work within the Bank's ethos via policies, procedures and processes. Reflecting our Triple Bottom Line focus, the Bank will continue to integrate social and environmental value creation into business strategies along with the determination to uplift communities and the environment through its green banking agenda. Environmental protection is a priority today. The Bank's paper saving initiatives during the year exemplifies a double Bottom Line impact of achieving cost reduction and reducing our carbon footprint.

THE FUTURE

City Bank has been at the forefront of technological innovation in the Banking sector. Technology will continue to be a key strategic route for sustained profitability and leadership in the future where digital banking would see a rapid proliferation. The Bank's electronic and mobile banking channels augment its extensive brick and mortar network and the year under review saw the Bank continue to enhance its digital banking proposition. The Bank's initiatives to place technology at its core reflect the strategic priority of driving sophisticated banking experiences in the digital space. The process of formulating strategies at City Bank incorporates identifying emerging trends in the socio-economic and political landscape, and recognizing the importance of understanding the ever changing consumer needs. This has been a key factor in the Bank's ability to not only meet changing needs but also change the game. City Bank's HR strategies have hence begun to gear itself towards this end by developing its employee brand, by empowering its younger workforce and by expanding the channels of communication with the use of social media. We also foresee a great opportunity for consolidation in the Banking industry as narrowing margins will be an impetus to increase efficiency and productivity with economies of scale being the key to remain profitable. City Bank, as one of the largest players in Bangladesh's Banking industry, sees this as an opportunity to enhance the value we create for all our stakeholders. While we look towards the future with much optimism, we are also mindful of the possible challenges of narrowing margins, the entry of non-bank players, such as

CITY BANK PARTNERED WITH FMO FOR $30M LOAN



telecommunication companies, into the Banking space, market volatility caused by global events, international conflicts, global terrorism, cyber threats and environmental impacts. We are confident that the new political landscape will pave the way for political and economic stability, and be a launch-pad to create a quantum change for the people of our country. However, I would like to reiterate the need for an unwavering commitment by the Government to ensure consistency in its policies and the effective implementation, in order to harness the tremendous growth potential of the country. While the private sector must be the engine of growth, no particular sector can single handedly shoulder the responsibility of comprehensive development. I would like to highlight the importance of Public Private Partnerships (PPP) in driving the nation forward. Entering into effective PPPs with banks and other private enterprises will be vital to ensure the success of upcoming key infrastructure projects. Further more, a vibrant export sector is vital for sustainable growth of Bangladesh's economy. Hence the need for the Government to take a leadership role in boosting new items for export is crucial. The Government's commitment to "Good Governance" has become an urgent imperative, and which, as I have referred above, has paved the way for better international relations and new trade opportunities. The Government thus stands to benefit by adopting best practices from the private sector. Banks, in particular, can contribute to establish controls and enhance governance and independence in the public sector.

IN CONCLUSION

One of the key strengths of City Bank has been its brand image - with attributes of trust, stability and a proud heritage that spans three decades. Moreover, its strong footprint, represented by 120 branches and 310 ATMs, 30 CDMs and a rapidly growing digital channel network, has also contributed to its success. The dedication and commitment of our entire team have enabled City Bank to look at banking in an innovative way and do things differently. This has driven the successful implementation of the Bank's multipronged business strategy. City Bank's people have proved to be the most significant differentiating factor in its success, inspiring it to become the Employees' Choice organization in Bangladesh. Our unique capabilities will continue to propel us forward in our journey towards becoming the benchmark in both consumer banking and corporate banking. Towards this end, the Bank will seek suitable lending and investment opportunities in regional markets and continue to grow its Banking business in SME, Retail and Corporate segments of Bangladesh. We will seek to be unparalleled in our customer service in terms of customer experience as well as convenience and comprehensiveness of digital banking solutions to spearhead technology led banking. I would like to convey my sincere appreciation to my colleagues on the Board for their valuable support and guidance, and to the entire team of employees led by the Managing Director & CEO. It is their talent, unreserved effort and commitment that motivate the Bank to keep expanding its horizons. I also wish to express my sincere gratitude to the shareholders and all other stakeholders for their support and their confidence to be the partner in progress for several generations.

MOHAMMED SHOEB
Chairman

FORWARD LOOKING STATEMENT

Some of the information in this Annual Report may contain projections or other forward-looking statements regarding future events or the future financial performance of the Bank. We wish to caution you that these statements are based on Management's expectations, estimates, projections and assumptions. Words such as "expects," "anticipates," "plans," "believes," "scheduled," "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements, which include but are not limited to projections of revenues, earnings, cash flows. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results and trends may differ materially from what is forecast in forward-looking statements due to a variety of factors, which are:

- National, political and economic conditions.
- Changes in monetary & fiscal policy budgets.
- The effect of changes to our credit ratings.
- Amendments to, and interpretations of, risk-based capital guidelines and reporting instructions.
- The risk that the Bank's risk management models may not take the all relevant factors into account .
- Changing customer demand or preferences for business, including the effects of economic conditions on the business.
- Changing government policy issues viz.
  - Withholding Tax, VAT on banking services
  - Corporate tax rate
  - CRR and SLR of the banks
  - Lending rates to finance essential items
  - Provisiong requirements would change the ROA and ROE
- Volatility in interest rates and currency values.
- Volatility in the Capital market.
- Changes in international prices of essentials which puts pressure on the Foreign Exchange elements resulting in volatility in the Foreign Exchange market.
- International embargos on certain countries is likely to affect remittances and trade.
- The accuracy and completeness of the information the Bank receives on customers and counterparties.
- The Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels.

The preceding list of important factors is not exhaustive. When relying on forward looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events. The Bank does not undertake to update any forward looking statements, whether written or oral, that may be made from time to time by or on its behalf.

VISION & MISSION

VISION

We believe that our vision is the desired future where we want to see ourselves. Our vision is always stretching and far fetched. It sets the tone for our organization and gives a common direction to our employees as to where it wants to be. At City Bank, we have re-engineered our vision to define a path towards our envisioned future.

"The financial supermarket with a winning culture offering enjoyable experiences".

MISSION

Our mission defines the specific ways in which we reach our vision:

- 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 the community, good governance and compliance in everything we do.

VALUES

We believe the vision and the mission cannot be achieved unless we define the expected behavior of our employees. There come our values, which are:

WE ARE 'RESULT DRIVEN'

We drive to meet or exceed ambitious performance objectives and quality standards, deliver business results and continually find sustainable improvements in methods and processes.

We act in a proactive way by taking action. We, not only react to situations but also anticipate future opportunities or problems, and act upon them well in advance.

We always come up with new ideas to operate more efficiently.

WE ARE 'ENGAGED & INSPIRED'

We work collaboratively with others and demonstrate commitment to achieve the teams objectives.

We tend to convince others and accept feedback in order to get their commitment to ideas, projects or actions.

We are committed to developing individuals and making them believe in themselves, so that they constantly push their limits.

WE ARE 'ACCOUNTABLE AND TRANSPARENT'

We tend to perform responsibly with a sense of ownership and hold ourselves accountable for the outcomes.

We mobilize resources effectively to ensure that strong corporate performance is delivered. We, as accountable leaders, believe that our behavior and actions collectively will create positive impact on our customs, bottom line and future.

We have full faith in the fact that an employee who is accountable to the company will produce more and better quality work than an employee who is not.

WE ARE 'COURAGEOUS & RESPECTFUL'

We are confident in our capabilities and judgment and always challenge the status quo in a drive for improvement.

We seek to encourage a climate of respect to ensure that all employees are treated equally and can share individual views. We act as a 'leader', not a 'boss' by being open to self-criticism and being rational, impartial and compassionate at all times.

WE ARE FOCUSED ON 'CUSTOMER DELIGHT'

We desire to help and serve our customers in a way that best meets their expectations and actual needs. We are committed to provide high quality service to our customers for a long-lasting and mutually profitable relationship.

'Customer' can be any person or organization for whom the service is intended (external client, internal client, colleagues at all levels, suppliers, regulators etc.)

STRATEGIC PRIORITIES

Our strategic priorities are well-defined, clear and aligned with our vision of becoming the financial supermarket with a wide range of products and services for all types of customers. We continue to strive for profit and sound growth by doing the business that we do well – by expanding into areas underserved, entering niche market and exploring innovative ideas.

- 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

At City Bank, we believe in consistency in corporate governance to ensure an effective and efficient monitoring system in place. We have established sophisticated processes and structures detailed in our Code of Conduct and Ethical Guidelines for a responsible and values driven management and control. Our Code of Conduct and Ethical Guidelines reflect our commitment to international standards and best practices, including:

COMPLIANCE OF LAWS

All our employees are to follow and comply with the laws of the and internal rules and regulations of the Bank.

INTEGRITY OF RECORDS

All our employees are expected to maintain books and records with integrity and ensure accuracy and 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.

THE CHANGE MAKERS



THE LEGACY CONTINUES...

12 young businessmen way back in1983 had set the wheel in motion

We salute the founding fathers of this institution. It was the visionary entrepreneurship of 12 young businessmen who braved the immense uncertainties with courage and zeal in order to set up the country's first private commercial bank in 1983. They are always in our memory and we wholeheartedly pay tribute to the grand step they took toward making history. They are (from left to right): Mr. Monowar Ali, Mr. Ibrahim Mia (Late), Mr. Abdul Hadi (Late), Mr. M. A. Hashem, Mr. Anwar Hossain, Mr. Abdul Barik Choudhury (Late), Mr. Deen Mohammad, Mr. A.B.M. Feroz, Mr. Md. Ali Hossain, Mr. Azizul Haque Chowdhury, Mr. N. A. Chowdhury (Late) and Mr. A. K. Mehmood.

BLAST FROM THE PAST















BLAST FROM THE PAST

























BOARD OF DIRECTORS

AND THE MANTRA LIVES ON

The founders of City Bank passed the torch of inspiration and excellence to their next generation, a group of young and talented individuals determined to take the Bank to newer heights. The Bank's Chairman, Mr. Mohammed Shoeb, son of Founder Chairman Mr. Deen Mohammad, carries the same passion and zeal his father had shown. The spirit of wisdom and heritage is also demonstrated by the other members of the Board of Directors too. Mr. Aziz Al Kaiser and Mr. Rubel Aziz, sons of the Bank's Sponsor Director and Former Chairman Mr. M. A. Hashem, are continuously uplifting the relentless drive for innovation that their father ingrained in the institute. Sponsor Director and Former Chairman Mr. Anwar Hossain's two sons, Mr. Hossain Mehmood and Mr. Hossain Khaled are exhibiting the same commitment and enthusiasm that their father had exemplified. Mr. Rajibul Huq Chowdhury is also strongly making his mark on the path charted by his father who was the Bank's Sponsor Director and Former Vice Chairman namely, Mr. Azizul Haque Chowdhury.

From generation to generation, at City Bank, the mantra for a better tomorrow has never lost its vigor.

ARSTOCK



Mr. Deen Mohammad, one of the most renowned industrialists of the country, first joined the Bank's Board in the year 1984. He is the Founder Chairman of the Bank and held the position of the Bank's Chairman several times. He is also the Chairman of Phoenix Finance & Investment Ltd. Mr. Deen Mohammad started his trading business back in 1960. Two years later, he made his mark in the industrial sector. Slowly, he became one of the top figures of the industrial and trading fields. He has been working with various government committees over the years, such as the Consultative Committee for the Ministry of Energy and Mineral Resources. He was a member of the Executive Committee of Dhaka Chamber of Commerce and Industry. Mr. Deen Mohammad is also a dedicated social worker. He was the President of Lalbagh Sporting Club & Rahmotgonj Sporting Club. He is currently a Director in the Bank's Board, serving as its guardian angel.

DEEN MOHAMMAD

SPONSOR DIRECTOR,
FOUNDER CHAIRMAN AND
CURRENT DIRECTOR

AMARSTOCK

BOD

…and Mr. Deen Mohammad's legacy is being continued by:

MOHAMMED SHOEB
CHAIRMAN



AMARSTOCK



Mr. M. A. Hashem is a prominent business personality and a former member of Parliament of Bangladesh. He was the Sponsor Director of City Bank and also served the Bank as its Chairman. Mr. Hashem is the Founder and Chairman of Partex Group, one of the largest conglomerates of the country. A reputed industrialist and humanitarian, he is actively associated with many educational and socio-cultural organizations of the country. He is also the Founder and member of the Board of Trustees of North South University and member of the Board of Trustees of IBAIS University. He patronizes a number of social, cultural, charitable and sporting organizations of Bangladesh.

M. A. HASHEM

SPONSOR DIRECTOR AND
FORMER CHAIRMAN

BOD

…and Mr. M. A. Hashem's torch is being carried on by:



AZIZ AL KAISER
DIRECTOR



RUBEL AZIZ
DIRCTOR

AMARSTOCK

Mr. Anwar Hossain is the Chairman of Anwar Group of Industries, one of the oldest and largest conglomerates in Bangladesh. He is considered as one of the pioneers in promoting and developing the country's private sector banking industry. He was the Sponsor Director of City Bank and also held the position of the Bank's Chairman. In his illustrious entrepreneurial journey, Mr. Hossain has envisioned many initiatives and established his strong mark in a wide number of industries including garments, textiles, crockery, spinning, cement, jute and jute products, sweater, plastic, tea, automobiles, education, financial services and real estate. He was also the Director of Dhaka Chamber of Commerce & Industry (DCCI). A former member of the Parliament, Mr. Hossain is a firm believer in the positive impact of corporate social responsibility.



ANWAR HOSSAIN

SPONSOR DIRECTOR AND
FORMER CHAIRMAN

BOD

…and Mr. Anwar Hossain's vision is being nurtured and upheld by:

HOSSAIN MEHMOOD
DIRECTOR





HOSSAIN KHALED
DIRCTOR

AMARSTOCK



Mr. Azizul Haque Chowdhury is the Chairman of Aziz Group of Industries, a renowned name in the garments manufacturing and trading industry. He was the Sponsor Director and also served as the Vice Chairman of City Bank. He is also the proprietor of Sahida Trading Corporation and the Chairman of ASM Chemical Industries Limited, a famous basic chemical production unit in the country. Mr. Chowdhury is also involved in a number of business sectors including chemicals, garments and machineries. He was the Director and Chief Adviser of Central Insurance Company Limited. Mr. Chowdhury has keen interest in social activities and is the Chairman of Munira Mozaher Hosne Aziz Foundation.

AZIZUL HAQUE CHOWDHURY

SPONSOR DIRECTOR AND FORMER VICE CHAIRMAN

AMARSTOCK

BOD

…and Mr. Azizul Haque Chowdhury's strategic direction is being advanced by:

RAJIBUL HUQ CHOWDHURY
DIRECTOR



AMARSTOCK



TABASSUM KAISER
VICE CHAIRPERSON

AMAR STOCK

BOD

RAFIQUL ISLAM KHAN
DIRECTOR





SYEDA SHAIREEN AZIZ
DIRECTOR

AMARSTOCK

SAVERA H. MAHMOOD
DIRECTOR





K.M. TANJIB-UL ALAM
INDEPENDENT DIRECTOR

BOD

FAROOQ SOBHAN
INDEPENDENT DIRECTOR





SOHAIL R. K. HUSSAIN
MANGING DIRECTOR & CEO

DIRECTORS' PROFILES

MOHAMMED SHOEB
Chairman

Mr. Mohammed Shoeb was elected as the Chairman of City Bank in October 2016. He joined the Bank as a Director in 1990 and served in that position till 2007. During that period, he also served as the Vice Chairman several times. He was re-elected in the Bank's Board in May 2012. Mr. Shoeb is also the Chairman of Phoenix Insurance Company, the Director of Apollo Ispat Complex Ltd., Rangdhanu Spinning Mills, Phoenix Spinning Mills, Phoenix Textiles and Phoenix Securities Ltd. He is widely accredited as a visionary in introducing IT infrastructure in the companies he served. He facilitated the launch of the online banking service for City Bank and also introduced the first international dual currency credit card in the banking industry. Mr. Shoeb takes active role in the company's decision making process and ensures that there is a clear structure for effective communication among the company's Board of Directors, shareholders and Management. Mr. Shoeb works with the Management team to develop the objectives and strategies, and furnishes the tactical vision and drive behind the success of the Bank's business activities.

TABASSUM KAISER
Vice Chairperson

Mrs. Tabassum Kaiser has been appointed as the Vice Chairperson of the Bank's Board of Directors from October 2016. She joined the Board on March 6, 2002. At present, she is also serving as a Director in various companies including Fairhope Housing Ltd. and Partex Agro Ltd. She is also a shareholder of GSP Finance. Mrs. Kaiser holds an MBA from North South University, Bangladesh.

DEEN MOHAMMAD
Director

Mr. Deen Mohammad, one of the most renowned industrialists of the country, first joined the Board in the year 1984. He is the Founder Chairman of the Bank and held the position of the Bank's Chairman several times. He is also the Chairman of Phoenix Finance & Investment Ltd. Mr. Mohammad started his trading business back in 1960. Two years later, he made his mark in the industrial sector and later on became one of the top figures in the industrial and trading sector. He has been working with various government committees over the years such as the Consultative Committee for the Ministry of Energy and Mineral Resources. He was also a member of the Executive Committee of Dhaka Chamber of Commerce and Industry. Mr. Mohammad is also very dedicated to the society. He was the President of both Lalbagh Sporting Club and Rahmotgonj Sporting Club.

AZIZ AL KAISER
Director

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

RUBEL AZIZ
Director

A renowned industrialist and entrepreneur, Mr. Rubel Aziz has been in the business for a long time. He joined the Bank's Board on December 14, 1998 and has been serving ever since. Mr. Aziz also served as the Chairman of the Board of Directors of the Bank from December 2011 to October 2016. He is currently the Chairman of the Executive Committee (EC) of the Bank and Vice Chairman of Bangladesh Association of Banks (BAB). Mr. Aziz holds a Bachelor of Business Administration degree from UK. He is also presently the Managing Director of Partex Group, Advisor to Banani Club and Banani Society, Member of the Trustee Board of IBAIS University and former Chairman of Janata Insurance Co. Ltd. He is also a member of the National Committee, Bangladesh of The United World College (UWC). He served for two terms as the President of Gulshan Club - the most prestigious social club of the country. He takes keen interest in the digitalization process of the Bank and actively participates in networking with the Bank's core team.

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 good number of industrial undertakings and served as the Vice Chairman of the Board of Directors of the Bank. Mr. Mehmood is also a member of the Executive Committee of the Bank, Sponsor Director of a number of companies of Anwar Group of Industries and Chairman of A One Polymer Ltd., Anwar Ispat Ltd. and AG Automobiles Ltd. He also holds Managing Director position in Hossain Dyeing & Printing Mills Limited, Mehmood Industries (Pvt.) Limited and Anwar Silk Mills Limited., Anwar Galvanizing Ltd., Anwar Pulp Ltd. He is also the Chairman of Bangladesh Terry Towel and Linen Manufacturer & Exporters Association, Vice Chairman of BD Securities Ltd and Vice President of Bangladesh Textile Mills Association.

HOSSAIN KHALED
Director

Mr. Hossain Khaled is a versatile new age business personality. He obtained his BBA in Accounting from University of Toledo, Ohio, USA and MBA degree in International Banking from A & M University (TAMU), Texas, USA. Mr. Khaled joined the family conglomerate of Anwar Group of Industries during the year 2000. Since then, he has successfully held and led many portfolios, and achieved many successes among which few noteworthy ones are being the youngest President of Dhaka Chamber of Commerce & Industry and Co-Chairman of Bangladesh Better Business Forum. He was the President of Dhaka Chamber of Commerce & Industry for two times. Mr. Khaled also holds Director position in a number of companies of Anwar Group. He is one of the members of the Executive Committee of the Board of Directors of City Bank and Convener of City Bank Risk Management Committee. He is the Chairman of City Brokerage Ltd. and President of Entrepreneurs' Organization (EO) Bangladesh.

RAJIBUL HUQ CHOWDHURY
Director

Mr. Rajibul Huq Chowdhury has been a Director of City Bank since October 18, 2001 and is also one of the members of the Executive Committee of the Board of Directors of the Bank. Mr. Chowdhury is a prominent business entrepreneur in the country. He is involved in the business sectors of chemicals, garments, knitting, dyeing, printing and machineries. Mr. Chowdhury is a Proprietor, Managing Director and Director of various concerns of Aziz Group. He is one of the Directors of ASM Chemical Industries Limited, a famous basic chemical production unit in the country. He patronizes many educational institutions and is involved with various social forums.

RAFIQUL ISLAM KHAN
Director

One of the renowned clothing merchants of the country, Mr. Rafiqul Islam Khan joined City Bank's Board on November 25, 2000. He is the Chairman of Pakiza Group of Industries. Mr. Khan is also Director of Phoenix Securities Ltd., Phoenix Insurance Co. Ltd. and Phoenix Medical Center Ltd.

SYEDA SHAIREEN AZIZ
Director

Mrs. Aziz, Director of the Bank, joined the Board on April 30, 2012. At present, she is also serving as a Director in various companies like Partex Corp. Ltd., Sattar Glass Factory Limited etc. Mrs. Aziz completed her A' Levels from David Game Tutorial College in London and LL.B Honours from Holborn College, London.

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.

K.M. TANJIB-UL ALAM
Independent Director

Barrister K.M. Tanjib-ul Alam joined the Board on June 04, 2014 as an Independent Director. He is one of the leading corporate lawyers practicing in the Supreme Court of Bangladesh. He was called to the Bar of England and Wales from the Hon'ble Society of Lincoln's Inn in 1997 and completed Bar Final course with specialization in International Trade Law and Conflict of Law. He completed his LL.B from University of London, UK. He is also serving as a member of the Board of Directors of Biman Bangladesh Airlines Limited under the nomination of the Government of Bangladesh. He has been appointed as the Lead Consultant by International Finance Corporation (IFC) and the Government of Bangladesh for drafting a new Companies Act for Bangladesh. He is currently the Convener of the Bank's Audit Committee.

AMBASSADOR FAROOQ SOBHAN
Independent Director

Ambassador Farooq Sobhan joined the Bank's Board on July 28, 2016 as an Independent Director. He is the President and CEO of Bangladesh Enterprise Institute (BEI). Ambassador Sobhan was Executive Chairman of Board of Investment (BOI) and Special Envoy to the Prime Minister from 1997 to 1999 and 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.

SOHAIL R. K. HUSSAIN
Managing Director & CEO

Mr. Sohail R. K. Hussain was appointed as Managing Director & CEO in November, 2013. He joined City Bank as Deputy Managing Director & Chief Business Officer in 2007. Prior to joining City Bank, Mr. Hussain, in his 27 years of banking career, served ANZ Grindlays Bank, Standard Chartered Bank and Eastern Bank Limited in many capacities including Head of Corporate Banking, SME Banking and Treasury Division. He represents City Bank in the Board of City Brokerage Limited and City Bank Capital Resources Limited. He holds a post graduate (MBA) degree in Marketing from Institute of Business Administration (IBA), University of Dhaka, Bangladesh.

CORPORATE DIRECTORY

THE GROUP & ITS SUBSIDIARIES

The City Bank Limited

1983

Legal Form

A public limited company incorporated in Bangladesh on 14 March 1983 with primary objective to carry out all kinds of banking businesses in and outside Bangladesh. The Bank commenced banking operations on 27 March 1983.

GROUP COMPOSITION STRUCTURE

The City Bank Limited (Group)

Bank	**Subsidiaries (fully owned)**
The City Bank Limited	City Brokerage Limited (Stock Dealer & Brokerage)
Off-Shore Banking Unit	City Bank Capital Resources Limited (Merchant Banking Operations)
	Subsidiary (Owning 100% shares)
	CBL Money Transfer Sdn. Bhd., Malaysia

BOARD OF DIRECTORS

CHAIRMAN
Mr. Mohammed Shoeb

Directors (Other than Chairman)

Sl No.	Name	Position
1.	Mrs. Tabassum Kaiser	Vice Chairperson
2.	Mr. Deen Mohammad	Director
3.	Mr. Aziz Al Kaiser	Director
4.	Mr. Rubel Aziz	Director
5.	Mr. Hossain Mehmood	Nominated Director
6.	Mr. Hossain Khaled	Director
7.	Mr. Rajibul Huq Chowdhury	Director
8.	Mrs. Syeda Shaireen Aziz	Director
9.	Mr. Rafiqul Islam Khan	Director
10.	Mrs. Savera H. Mahmood	Nominated Director
11.	Mr. K.M. Tanjib-ul Alam	Independent Director
12.	Mr. Farooq Sobhan	Independent Director

COMPANY SECRETARY
Md. Kafi Khan

TRANSFORMATION

OUR CORE BUSINESS

Over the years, City Bank has established itself as a leading private commercial bank in the country with recognized leadership in corporate banking and growing focus on SME and consumer businesses. We are also a bank which provides both conventional and Islamic banking products and services. The Bank offers a wide range of deposit, loan, card products and a variety of services to cater to virtually every customer segment. From student banking to priority banking, from investment banking to American Express credit cards, City Bank has almost all banking products in its collection. 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 and Syndication Services etc.

NETWORK

Businesses of the Bank are broadly segmented into four divisions: Corporate, Commercial, Branch and Cards. The Corporate banking division has 5 clusters and under those clusters there are 10 relationship units – 6 in Dhaka and 4 in Chittagong. To facilitate and support business units we have three product specific solution based units i.e. Structured Finance Unit (SFU), Transaction Banking (TB), Corporate Product and Transactional Support Unit (CPTSU). Transaction Banking is supported by 3 particular units i.e. Cash Management Unit (CMU), Trade Sales Unit (TSU) and Financial Institutions (FI) Unit. City Bank's banking operations are geographically centralized in Dhaka and Chittagong, but it uses nationwide City Bank branches, correspondent banks and affiliated networks worldwide to serve the individual SME and large corporate banking clients of the country.

AMAR STOCK

THE COMMITTEES

COMMITTEES OF THE BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

Sl. No.	Name	Status with the Bank	Status with the Committee
1.	Mr. Rubel Aziz	Director	Convener
2.	Mr. Deen Mohammad	Director	Director
3.	Mr. Aziz Al Kaiser	Director	Director
4.	Mr. Hossain Mehmood	Nominated Director	Director
5.	Mr. Hossain Khaled	Director	Director
6.	Mr. Rajibul Huq Chowdhury	Director	Director

Secretary: Md. Kafi Khan

AUDIT COMMITTEE

Sl. No.	Name	Status with the Bank	Status with the Committee
1.	Mr. K.M. Tanjib-ul Alam	Independent Director	Convener
2.	Mr. Mohammed Shoeb	Chairman	Member
3.	Mrs. Syeda Shaireen Aziz	Director	Member
4.	Mr. Rafiqul Islam Khan	Director	Member

Secretary: Md. Kafi Khan

This committee was reformed on February 5, 2015

BOARD'S RISK MANAGEMENT COMMITTEE (BRMC)

Sl. No.	Name	Status with the Bank	Status with the Committee
1.	Mr. Hossain Khaled	Director	Convener
2.	Mr. Mohammed Shoeb	Chairman	Member
3.	Mr. Rubel Aziz	Director	Member
4.	Mr. Hossain Mehmood	Director	Member
5.	Mr. Rajibul Huq Chowdhury	Director	Member

Secretary: Md. Kafi Khan

This committee was formed on January 25, 2014

TRANSFORMATION

Considering the changing business dynamics and growth of emerging corporates of the country, City Bank initiated a new division namely Commercial Banking Division on 2 April 2013, aiming to cater the 'Missing Middle' of the industry. Since then, this division has proven its existence with a steady growth.

Branch Banking customers are served through a network of 120 Branches, 310 ATMs, 30 Cash Deposit Machines and 7 Priority Centers countrywide. The Bank has its presence in major cities and towns including Dhaka, Chittagong, Sylhet, Khulna, Barisal, Rajshahi and Rangpur. Branch Banking covers both SME and Retail customers.

City Bank has been extending its credit card facilities throughout the country by providing American Express (Platinum, Gold, GreenBlue), Master and VISA cards and continuously adding value to the products for the satisfaction of its valued customers.

BOARD'S RISK MANAGEMENT COMMITTEE (BRMC)

The Board of Directors of the City Bank Limited in its 452nd meeting held on 25 January 2014, established the 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 include establishing a risk culture across the Bank and recommending risk strategies etc. The Committee was also formed to congregate the requirement of Section 15 of the Banking Company Act, 1991 (Amendment up to 2013) and subsequent BRPD Circular No. 11/2013 dated 27 October, 2013. Composition and further information of RMC is given herein.

SHARIAH SUPERVISORY COMMITTEE

Chairman
Mr. M. Azizul Huq

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

CREDIT RATING

RATING BY MOODY'S

City Bank has been awarded "Ba3" rating by world renowned rating agency Moody's with a stable outlook. This rating is equivalent to that of our sovereign rating (Ba3), also assigned by Moody's.

Ba3

Outlook	Stable

CREDIT RATING

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 2015. The following ratings have been awarded:

RATING BY CRAB

Rating Status	Periods	Date of Rating	Long Term	Short Term
Entity Rating	January to December 2015	23-Jun-16	AA2	ST-2
Entity Rating	January to December 2014	26-Jun-15	AA2	ST-2

AA2

SURVEILLANCE RATING 2016

~~CRAB assigns rating AA2 and ST-2 to The City Bank Ltd. during the period.~~

Outlook	Stable

RISK MANAGEMENTCOMMITTEE

RISK MANAGEMENT COMMITTEE

The Risk Management Committee provides oversight to the management relating to the identification and evaluation of major strategic, operational, regulatory, informative, 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.

COMBATING CORRUPTION

COMMITTEE ON MORALE, ETHICS AND INTEGRITY

As part of the effort to combat corruption, promote integrity and establish good governance, the Government of Bangladesh has adopted "Commitment for Golden Bengal: National Integrity Strategy (NIS) of Bangladesh". A high level 'National Integrity Advisory Council' is operating for implementation of the same. Bangladesh Bank is entrusted with the responsibilities to implement the National Integrity Strategy in the financial sector of the country.

In line with the implementation of the National Integrity Strategy (NIS) of Bangladesh, the Bank operates 'Committee on Morale, Ethics and Integrity' to implement National Integrity Strategy within the Bank. Additionally, the Committee shall identify ways to protect the culture of loan default and promote consciousness with a view to reduce frauds, forgeries, irregularities and other sources of corruption across the Bank.

AMARSTOCK

OWNERSHIP & LISTING DATES

OWNERSHIP COMPOSITION

As on 31 December 2016 shareholding position of City Bank Ltd. by the Directors, General Public & Financial Institutions are presented below:

Composition	Status	
	No. of Share	% of Total Shares
Directors	240,048,684	27.41%
General Public	478,088,297	54.59%
Financial Institutions	157,661,050	18.00%
Total	875,798,031	100.00%

LISTING DATES

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

CAPITAL

CAPITAL (31 DECEMBER 2016)

Authorized Capital	Tk. 15,000,000,000 (1,500,000,000 ordinary shares of Tk. 10 each)
Paid Up Capital	Tk. 8,757,980,310 (875,798,031 ordinary shares of Tk. 10 each)

LISTING

STOCK EXCHANGE LISTING

Ordinary share of the Bank is listed with both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Shares of City Bank are categorized as 'A' in the Stock Exchanges. Stock symbol is CITYBANK.

Accounting Year-end
31 December 2016

INFORMATION

Chief Financial Officer
Md. Mahbubur Rahman

Head of Internal Control & Compliance
Md. Nazmul Arif Khan

Auditors
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Tax Consultant
ACNABIN
Chartered Accountants

Legal Retainer
Law Valley

Bangladesh Bank License Number

BCD(D)200/37-261
dated 23 March 1983

Registered Office/ Head Office

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

AMARSTOCK

> "I have always taken pride to be a part of the City Bank team – a team committed to become the ambassador for change."

Like many other industries, banking has seen its fair share of fluctuations in recent years. Amidst the capital market downturn, the subsequent economic recovery and the introduction of new financial technologies, the way people manage their money has changed dramatically – and it's not going to stop anytime soon.

Keeping the evolving surroundings in mind, our continuous effort to provide innovative and advanced banking solutions remains concrete. But being the catalyst for change and innovation demands added agility and creativity. At the same time, risk management and security concerns cannot be overlooked. In near future, Fintech solutions, such as Mobile Financial Services (MFS), are expected to disrupt the relationship between banks and their customers. So, our goal is simple – to be the change, rather than just to be with the change.

The annual Gross Domestic Product (GDP) growth in Bangladesh reached 7.11% in 2016, compared to 6.55% in the previous year, reaching an all-time high. This growth rate was mostly contributed by services, the largest sector of the economy that accounts for 50% of total GDP. And major service sector segments are: wholesale, retail and trade (14%); transport, storage and communication (11%) as well as real estate, renting and business activities (7%). Manufacturing & construction sector accounts for 30% of the GDP. The remaining 20% is contributed by agriculture, forestry and fishing. This remarkable level of growth was achieved mostly due to stable political environment, infrastructural development, low inflation, higher exports and remittances. Financial sector also enjoyed the benefits from this growth. Yet, challenges remain in areas such as asset quality improvement, corporate governance and relevant reforms, and portfolio and revenue mobilizations.

Interest spread felt the congestion throughout 2016 as downward pressure by regulators on both interest on loans and interest on deposits continued. The capital market conditions remained constant, finishing the year in a buoyant mood with increased fund flow in the market which helped the index reach a two year high. The indication was positive although sustainability of it remains to be seen. Money market, on the other hand, continued to experience excess liquidity like previous year, imposing constant downward pressure on cost of deposits.

Along with the macro environment, customer needs and experiences are also changing. Our goal

ANNUAL REPORT STOCK

is to identify those changes early and equip ourselves before our competitors do. Doing so may sound easy, but it involves a complex mixture of having the right culture and infrastructure in place and investing in new ideas and resources. Long-term investments demand vision as well as a solid financial base from an organization. With the evident sustainable growth trend and the team we have, I believe that the right ingredients are at our disposal.

Quite evidently, we have made a habit of beating the industry growth rates in recent years. Our profitability indicators show promise to go far ahead from the usual trend-line. Development in our asset quality is becoming visible through decreasing NPL ratio, which is the result of relentless efforts from the team to address this issue that had been hurting our return from business.

Our total assets at the end of 2016 were BDT 259,424 million, observing an increase of 20.8% over previous year. Loans and Advances stood at BDT 175,025 million at year-end 2016, showing a growth of 22.3% over the previous year. Our priority was on continuous portfolio diversification to avoid the risks of single industry exposure. The concentration increased significantly in Agriculture, Small & Cottage industries and consumer loans. Deposits stood at BDT 174,695 million in 2016, showing a growth of 21.5% over 2015. Deposit mobilization efforts, competitive interest rates, wide range of deposit products etc. contributed to the notable growth in deposits. Profit before tax (PBT) of the Bank rose to BDT 5,444 million in 2016 compared to BDT 4,495 million in 2015, with a 21.1% growth. Profit After Tax (PAT) was BDT 3,934 million in 2016, showing a growth of BDT 356 million or 9.9% over 2015.

Plunging interest rates squeezed our spread further down in 2016. Yield on Assets (YOA) decreased to 9.6% in 2016 from 11.3% in 2015. Cost of Deposit (COD) moved to 5.2% in 2016 compared to 6.5% in 2015. The net margin was 4.4% in 2016 compared to 4.8% in 2015. However, these lower rates will eventually result in a stimulation of private sector investments, which are expected to generate higher money market activities.

We managed to keep our cost-to-income ratio at 47.8% for the second successive year. Effective monitoring and cost awareness has become part of our culture. Not to forget the use of technology to reduce our operational time-lag in an implicit yet effective manner. Our Revenue and Expenditure both grew at the rate of 12.6% in 2016 over previous year, giving us higher Operating Profit.

Our persistent efforts in 2016 built a solid platform to gain the planned momentum for coming years. And 'Capital' remained the key ingredient to build that foundation. Our constant engagement with current and potential investors across the globe is a testament to that effort. In addition to that, in 2016 we started proceedings to raise BDT 5,000 million worth of Tier-II Subordinated Bond, which will significantly increase our regulatory capital base as per Basel-III accords, eventually supporting our desired balance sheet growth in coming years. Our total Capital Adequacy Ratio (CAR) decreased to 13.6% at the end of 2016 from 14.0% in 2015. On the contrary, our Tier-I capital ratio increased to 10.2% in 2016 compared to 10.1% in 2015.

We generated Earnings per Share (EPS) of BDT 4.5 in 2016 against that of BDT 4.1 in 2015. Return on Equity (ROE) in 2016 was 15.5% against 14.7% in 2015. Return on Assets (ROA) in 2015 was 1.7% against 1.8% in 2015. These bottom lines are the result of multiple factors coming together and falling in place, which justifies our efforts to bring out the best in us to serve our valued stakeholders.

Despite irrepressible market conditions, our constant attempt to improve asset quality eventually translated into desired numbers. Despite significant loan growth, our NPL volume decreased to BDT 10,582 million in 2016 from BDT 10,845 million in 2015. The NPL percentage also decreased to 6.0% in 2016 from 7.6% in 2015. We are committed to achieve even better numbers in 2017 and determined to maintain a tidier credit book.

Across the globe, corporate governance, risk management, due diligence, regulatory requirements and security concern have never carried more weight than they do now. At one hand, reforms and regulations are becoming stricter to enforce safety of people's money. And on the other hand, faster, innovative, wireless and paperless banking is demanding much higher degree of safety measures to guard against fraudulent and erroneous transactions. In 2016, we re–launched our esteemed digital banking solution 'Citytouch' with additional transactional and security features. Upgradation of our core banking solutions to the latest version is already in motion. And we have no plans to stay content at our current stage. Rather, we intent to invest further in technological and infrastructural resources that aims to be the game changer in the industry.

Coming to CSR, we strived to be a reliable partner to our stakeholders at all times - be it our shareholders, clients, employees or society at large, applying high

standards of ethics and integrity. Education, community health, sports, culture, disaster management and support for under privileged women and children etc. were major areas of our concentration. Investment in an efficient human capital base continued in 2016 to gather the resources with the highest potential, to train them into our culture of efficiency and change, and to generate superior quality outputs from them. Our employee base has increased by 9.9% in 2016, ending the year with a total number of 2,986 employees.

Our investments in subsidiaries are also proving their worth through generating higher growth and positive returns in 2016. City Brokerage Limited, having the highest market share in foreign trade turnover, made a PAT (Profit After Tax) of BDT 54.9 million in 2016 after consecutive loss-making years. City Bank Capital (CBCRL) also recorded a PAT of BDT 72.8 million in 2016. CBL Money Transfer SdnBhd (CBL MT) generated a PAT of MYR 34,000 in 2016 compared to MYR 8,847 in 2015. The subsidiary recorded a 39.2% remittance volume growth in 2016 over last year, with MYR 305.2 million of remittance in 2016 against MYR 219.2 million in 2015.

Our achievements in 2016 is a testament to the promise we made to excel in what we do. We were named the "Best Bank in Bangladesh" by Global Finance; a North America based leading global financial publication company. This is for the third time that we have won the award. We received the award for the "Best Domestic Bank in Bangladesh" by FinanceAsia for our consistency and innovation in the last two decades. FinanceAsia also included City Bank in their list of top financial institutions and corporations that have consistently provided quality and innovation to their clients. The list was made by analyzing extensive data over the past 20 years and City Bank was the only Bangladeshi Bank in that list. We have also been recognized as the "Best Financial Institution of the Year 2016" at DHL - The Daily Star Bangladesh Business Awards. The award was based on innovation, governance, financial performance, productivity, company management and contribution to the community.

In 2016, we became the second private commercial bank in Bangladesh to be rated by Moody's Investors Service, one of the 'Big Three' credit rating agencies in the world (along with S&P and Fitch ratings). Moody's assigned a first-time Ba3 rating to us, which is the highest possible rating that can be attained by any entity operating in Bangladesh with the prevailing sovereign rating. This was yet another proof of the strength and transparency we have in our internal financial structure.

I convey my sincere appreciation to our honorable shareholders, who always believed in us and supported us. I express my gratitude towards our valued clients for keeping their faith in us to serve them with the best of products and services. And let's not forget our regulatory bodies who have been there to guide us, monitor us and provide us with solutions at every aspect of our endeavors. For the vision, governance and support given to us, thanks to our honorable Chairman, Mr. Mohammed Shoeb, along with other honorable members of the Board of Directors.

I have always taken pride to be a part of the City Bank team – a team committed to become the ambassador for change. Hurdles will always be there; but with the devotion, spirit and talent, we can overcome any stumbling block and be the true catalyst for change and innovation.

SOHAIL R. K. HUSSAIN
Managing Director & CEO



MD. KAFI KHAN
Company Secretary

SHEIKH MOHAMMAD MAROOF
Deputy Manging Director & Head of Wholesale Banking

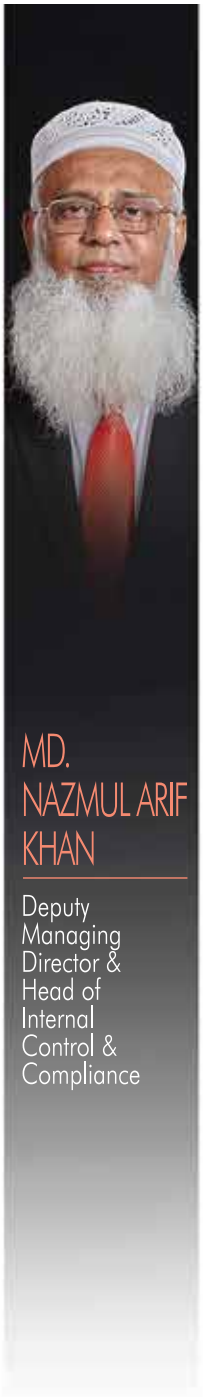
MD. ABDUL WADUD
Deputy Manging Director & Head of Credit Risk Management

SOHAIL R. K. HUSSAIN
Managing Director & Chief Executive Officer

ABDUR RAHMAN
Head of Branches

MD. TAUHIDUL ALAM
Head of Human Resources

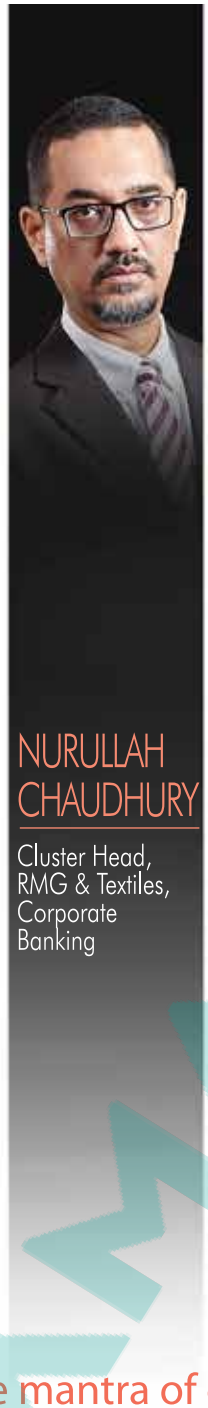
PEOPLE DELIVERING THE MANTRA



MD. NAZMUL ARIF KHAN
Deputy Managing Director & Head of Internal Control & Compliance



FARUQ M. AHMED
Additional Managing Director, Chief Risk Officer & CAMLCO



NURULLAH CHAUDHURY
Cluster Head, RMG & Textiles, Corporate Banking



KAZI AZIZUR RAHMAN
Deputy Managing Director & Chief Information Officer



MAHIA JUNED
Deputy Managing Director & Head of Operations



MD. MAHBUBUR RAHMAN
Chief Financial Officer



MASHRUR AREFIN
Additional Managing Director, Head of Branch Banking & Chief Communications Officer

The mantra of change is practiced by each and every individual at City Bank

The mantra of empowering people in each and every department is lit up by a group of 13 individuals who are driven by self motivation.

MANAGEMENT PROFILES

SOHAIL R. K. HUSSAIN
Managing Director &
Chief Executive Officer

Sohail R. K. Hussain was appointed as the Managing Director & CEO in November, 2013. He joined City Bank as Deputy Managing Director & Chief Business Officer in 2007. Prior to joining City Bank, Mr. Hussain, in his 27 years of banking career, served ANZ Grindlays Bank, Standard Chartered Bank and Eastern Bank Limited in many capacities including Head of Corporate Banking, SME Banking and the Treasury Division. He represents City Bank in the Board of City Brokerage Limited and City Bank Capital Resources Limited. He holds a post graduate (MBA) degree in Marketing from Institute of Business Administration (IBA), University of Dhaka, Bangladesh.

FARUQ M. AHMED
Additional Managing Director,
Chief Risk Officer & CAMLCO

Faruq Mainuddin joined City Bank as the Additional Managing Director & Chief Risk Officer back in 2011. Prior to his joining City Bank, he was the Deputy Managing Director of AB Bank. He worked as the Head of SME Banking Head of Credit Risk Management as well as the Country Manager of AB Bank, Mumbai, India. Mr. Ahmed had received gold medal in securing the first position in the Banking Diploma Exam Part I in 1987. Besides his banking career, he is an author of 14 books and received the "IFIC Bank Literary Award 2011" for the best translation of the biography of poet Jibananda Das. Mr. Ahmed is also a member of the Bangladesh Economic Association.

MASHRUR AREFIN
Additional Managing Director,
Head of Branch Banking & Chief Communications Officer

Mashrur Arefin started his career as a Management Trainee Officer at ANZ Grindlays Bank, Dhaka in 1995. He worked as the Head of Credit & Collections for Standard Chartered Bank, Qatar. He also worked for ANZ Bank in Melbourne, Australia and served as the Director & Head of Retail Banking for American Express Bank, Bangladesh. Mr. Arefin was also the Head of Consumer Banking of Eastern Bank Limited and Head of Retail/Priority Banking of Citi NA Bangladesh. He is an M.A. in English from the University of Dhaka and MBA from Melbourne, Australia. Mr. Arefin is also a director of CBL Money Transfer, Malaysia, City Bank Capital Resources Limited, and IDLC Finance Limited.

SHEIKH MOHAMMAD MAROOF
Deputy Managing Director
& Head of Wholesale Banking

Sheikh Mohammad Maroof started his career with American Express Bank, Bangladesh as a Management Trainee in 1995. He worked as the Director and Head of Treasury and FMS in American Express Bank, Bangladesh. Prior to his joining City Bank, Mr. Maroof worked for Eastern Bank Limited as the Head of Treasury from 2005 to 2007. He is also a Director of City Brokerage Limited and City Bank Capital Resources Limited. He is a post graduate (Masters in Commerce) in Finance from the University of Dhaka.

MD. ABDUL WADUD
Deputy Managing Director
& Head of Credit Risk Management

Md. Abdul Wadud started his career back in 1996 at Eastern Bank Limited as a Management Trainee Officer. Prior to joining City Bank, Mr. Wadud served as the Executive Vice President & Head of Structured Finance of Eastern Bank Limited. He also worked as the Branch Manager and Unit Head of Corporate Banking in Eastern Bank Limited. Currently, in addition to heading the Credit Risk Management team, Mr. Wadud is also in charge of Special Asset Management with responsibility of the Credit Administration Division. He is a post graduate (M.Sc) in Statistics from Jahangirnagar University, Dhaka and MBA from Victoria University, Australia.

MAHIA JUNED
Deputy Managing Director
& Head of Operations

Mahia Juned started her career in 1994 with Citibank, N.A., Bangladesh as an Operations Officer. She left Citibank, N.A. in 2001 as Resident Vice President & Head of Operations of Trade Services, Trade Finance, Treasury Operations, Financial Institutions and cash management. Ms. Juned joined City Bank in December, 2007 as the Head of Project Management and then served as the Head of Operations since 2011. She is a BBA from Assumption University, Bangkok, Thailand. Ms. Juned is the first female Deputy MD in the Bank's 34 years of history and became the first female member in the Bank's Management Committee back in 2013.

KAZI AZIZUR RAHMAN
Deputy Managing Director
& Chief Information Officer

Kazi Azizur Rahman started his career in a Dutch company, Grabowsky & Poort B.V., as a System Engineer/Programmer. Prior to his joining City Bank, Mr. Rahman was the Vice President and Manager of the Service Management unit of the IT Division at Eastern Bank Limited. Mr. Rahman also worked with Net-Linx Americas Inc. in Edmonton, Canada as an Oracle DBA/Data Analyst. He served as the System Administration Manager at British American Tobacco Company, Bangladesh and as an Information System Officer at BIRDEM. Mr. Rahman is a Bachelor of Science in Engineering from Newport University, India.

MD. NAZMUL ARIF KHAN
Deputy Managing Director
& Head of Internal Control
& Compliance

Md. Nazmul Arif Khan joined City Bank in July, 1983. He served City Bank as the Branch Manager for 27 years at 8 different branches including three Authorized Dealer branches. In his last role before he became Head of Internal Control & Compliance, Mr. Khan was the Manager of City Bank's Khulna Branch and Cluster Head of Khulna area's seven branches. He is a Bachelor of Arts from the University of Dhaka.

MD. MAHBUBUR RAHMAN
Chief Financial Officer

Md. Mahbubur Rahman joined City Bank as the Chief Financial Officer in 2011. In addition to the Finance division, the departments of General Administration and Procurement reports to him. Prior to his joining City Bank, he served various multinational and local corporate companies and development organizations such as Leads Corporation Ltd as CFO; Grameenphone as the Additional General Manager of Finance; and also World Bank as a financial specialist. Mr. Rahman represents City Bank in the Board of IDLC Finance Limited and City Bank Capital Resources Limited. He is a fellow member of The Institute of Chartered Accountants of Bangladesh (ICAB).

NURULLAH CHAUDHURY
Cluster Head, RMG & Textiles,
Corporate Banking

Nurullah Chaudhury joined City Bank as an Unit Head in Corporate Banking in 2008. Prior to his joining the Bank, in his 19 years of banking career, Mr. Chaudhuryserved Shamil Bank of Bahrain and Bank Al Falah in different areas including Corporate Banking. After the formation of the cluster concept in 2013, Mr. Chaudhury achieved significant growth in the RMG & Textile segment of City Bank. He is a graduate in Finance from USA, and also has a Bachelor of Commerce from University of Dhaka.

ABDUR RAHMAN
Head of Branches

Abdur Rahman joined City Bank as the Head of SME Banking in July, 2013. He took over the role of the Head of Branches from December, 2013. Prior to his joining City Bank, Mr. Rahman was the Head of SME Banking of BRAC Bank Ltd. Mr. Rahman was instrumental in growing BRAC Bank's SME & Retail division's business. He started his career with ANZ Grindlays Bank back in 1994 as a Banking Assistant. In his 23 years of banking career, Mr. Rahman has worked in Standard Chartered Bank for about 10 years in various capacities at their branches & Head Office. He is a post graduate in Social Welfare from the University of Dhaka.

MD. KAFI KHAN
Company Secretary

Md. Kafi Khan joined City Bank as the Company's Secretary in 2004. He has more than 20 years of work experience in various sectors that encompass work areas such as Human Resources, Accounts, Planning, and Commercial Banking. He has done his B. Com. (Hons), M. Com. (Major in Accountancy) from Dhaka University and post graduate in Human Resources Deployment from the Institute of Personnel Management of Bangladesh. He is also a Bachelor of Laws and a fellow member of the Institute of Personnel Management of Bangladesh and the Association of Accounting Technicians of Bangladesh.

MD. TAUHIDUL ALAM
Head of Human Resources

Md. Tauhidul Alam has recently joined the City Bank team as the Head of Human Resources Division. He has 14 years of specialized work experience in the field of Human Resources Deployment. Mr. Alam started his career at Beximco Textiles Limited back in 2001. He also worked with well-reputed multinational companies in Bangladesh such as Novartis and Tesco. Prior to joining City Bank, Mr. Alam was working with RobiAxiata Limited - a multinational telecommunications company in Bangladesh. He was actively involved in the firm's Human Resources transformation process and also earned an international recognition from the World Human Resources Department Congress in the category of '100 Global HR professionals' while working at RobiAxiata.

DRIVING GROWTH WITH SINCERITY AND DISCIPLINE

Our Executive Committee is assisting the Board with an aim to provide a credit discipline within the Bank and to assist the Board of Directors in ensuring full compliance of Bangladesh Bank's Credit Management regulations. Our goal is to establish good credit culture, strong credit discipline and rigorous adherence to policies.

The Board of Directors in its 325th meeting held on January 21, 2007, reconstituted Executive Committee (EC) in City Bank with 6 (six) members from the Board of Directors in Compliance with Bangladesh Bank guidelines. The responsibility of EC is to review and provide final approvals on the credit proposals those are beyond the delegated authority of the Managing Director. Executive committee decisions with full minutes are referred to the subsequent meeting of the Board of Directors for ratification.



COMPOSITION OF THE COMMITTEE

The Executive Committee (EC) as at December 31, 2016 consisted of the following members of the Board :

Name	Status with Committee	Status with Bank	Meeting Attendance
Mr. Rubel Aziz	Convener	Director	2/2
Mr. Deen Mohammad	Director	Director	2/2
Mr. Aziz Al Kaiser	Director	Director	1/2
Mr. Hossain Mehmood	Director	Nominated Director	1/2
Mr. Hossain Khaled	Director	Director	1/2
Mr. Rajibul Huq Chowdhury	Director	Director	2/2

PROCEEDINGS OF THE MEETING

Quorum of the committee will be three (3) out of six (6) members. Managing Director will be present in the Committee on behalf of Management. The Convener or the Managing Director will convene the meeting giving a notice period of three days. There is no restriction as to holding the number of meeting each month.

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

EC is entrusted the following broader responsibilities and functions:

- Establish and periodically review the Bank's overall credit and lending policies and procedures.
- Develop and implement uniform and minimum acceptable credit standards for the Bank.
- Approve all revision, restructure and amendments made to the Credit proposals initially approved by this committee.

MEETING OF THE EC

The EC held 02 (Two) meetings during the year 2016 and had detailed discussion on different credit proposal, limit enhancement and interest rate changes proposal. Dates of EC meetings held during 2016 are-

Meeting Held	Date of Meeting Held
341st Meeting of EC	26 May 2016
342nd Meeting of EC	21 August 2016

MAJOR AREAS OF FOCUS

- The committee reviewed and approved different credit proposals.
- Ratified different management approval on reduction of interest rates , change in collateral security and document deferral.
- The committee reviewed and approved different credit proposals for renewal and enhancement of existing credit limit.

ACKNOWLEDGEMENT

The Executive Committee expresses its sincere gratitude to the Members of the Board and Management team for their support to the Committee when they carried out their duties and responsibilities.

On behalf of the Executive Committee,

RUBEL AZIZ
Convener, Executive Committee

SETTING A FOUNDATION FOR SUSTAINED GROWTH WITH COMPLIANCE AND CONTROL

City Bank wants to achieve more by being compliant. We continue to deliver strong and sustainable results for shareholders, customers, employees and the communities where we do business.

The Audit Committee (AC) of the Board of The City Bank Limited was formed by the Board of Directors to provide independent oversight of the company's financial reporting, non financial corporate disclosures, internal control system and compliance to govern rules and regulations in compliance with Bangladesh Bank's guidelines and Bangladesh Securities and Exchange Commission's (BSEC) Notification on Corporate Governance.

COMPOSITION AND QUALIFICATIONS

As per 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 responsibilities including implementation of the objectives, strategies and overall business plans set by the Board for effective functioning of the Bank.



Pursuant to the BRPD Circular No. 12 dated 23 December 2002, the Audit Committee of the Board of Directors as at 31 December 2016 consisted of the following members from the Board:

Name	Status with Committee	Status with Bank	Educational Qualification	Meeting Attendance
Mr. K.M. Tanjib-ul Alam	Convener	Independent Director	LL.B	4/4
Mr. Mohammed Shoeb	Member	Chairman	BBA	2/4
Mrs. Syeda Shaireen Aziz	Member	Director	LL.B	4/4
Mr. Rafiqul Islam Khan	Member	Director	HSC	2/4

ROLES AND RESPONSIBILITIES OF AUDIT COMMITTEE

The Audit Committee is mainly responsible for the following :

Internal Control and Compliance Activities

- To evaluate whether Management has communicated the importance of internal control and risk management to ensure that all employees understand their roles and responsibilities.
- To review whether internal control strategies, processes recommended by internal and external auditors have been implemented by the Management.
- To review the existing risk management procedures in order to ensure an effective internal check and control system.
- To review the corrective measures taken by the Management with regard to reports relating to fraud-forgery, deficiencies in internal control and external auditors and inspectors of the regulatory authority and inform the Board on a regular basis.
- To appraise, improve and reinforce the Bank's system risk analysis and to ensure that they work in a cost-effective manner.
- Guide implementation of Corporate Governance in the organization.
- Recommend to the Board the appointment and removal of the Head of Internal Control and Compliance.

Compliance Activities

- To establish a compliance culture across the organization through effective control.
- To establish regulatory guidelines and instructions within the organization.
- To ensure adherence to legal and regulatory requirements.
- To establish, guide and review internal process control system and documentation.
- To establish Regulatory and external auditors' recommendation(s) in the organization.
- To monitor effectiveness of compliance system of the organization and to guide for improvement.

Monitoring Activities

- To monitor effectiveness of internal control system(s) on an ongoing basis.
- To review Quarterly Operations Report and Exception Report.
- To review Credit Documentation Discrepancy Report.
- To guide monitoring team on surprise inspection(s).
- To guide management for improvement of monitoring procedure and activities.

Internal Audit and Inspection Activities

- To review and approve the "Internal Audit Charter".
- To guide and approve the "Internal Audit Plan".
- To guide and review the "Internal Audit Process and Procedure".
- To guide Bank's Management body for ensuring compliance on audit recommendation(s) and scope of development.
- To review compliance status of audit recommendations.
- To review annual assessment of the performance of audit and inspection activities.
- To recommend audit findings to be placed to the Board of Directors.

External Audit

- To review external auditors' management report and financial audit report.

- To guide Bank's Management for ensuring compliance with audit recommendations.
- Assist the Board regarding the appointment of the external auditors.

Financial Reporting

- To review the annual financial statements and determine whether those are complete and consistent with the accounting standards set by the regulatory authority.
- To meet, with the Management and the external auditors for reviewing the financial statements before submission.
- To improve the financial reporting quality by ensuring significant adjustments resulting from audit and compliance with accounting standards and also to ensure that the expenses are not hidden and the off-balance sheet activities do not have any material effect on the situation.
- To discuss earnings, press releases as well as financial information provided to analysts and rating agencies.
- To discuss with management the company's major financial risk exposures and the steps that Management has taken to monitor and control such exposures.
- To oversee compliance with the statutory financial reporting obligations of the Bank and permit processes and policies.
- To assist in financial planning and budgeting as per financial audit.
- To guide bank's management in view of optimum usage and allocation of financial resources.

MEETINGS OF AUDIT COMMITTEE

The Audit Committee of the Bank held four meetings during the year 2016 and had detail discussions and review sessions with Head of Internal Control & Compliance, External Auditors etc., regarding their findings, observations and remedial suggestions on issues of the Bank's affairs that needed improvement. The Audit Committee instructed management to follow those remedial suggestions and monitored those accordingly.

Dates of Audit Meetings held during the year 2016 are as follows:

Audit Committee Meeting	Date of Meeting Held
52nd Committee Meeting	28 April 2016
53rd Committee Meeting	05 June 2016
54th Committee Meeting	15 November 2016
55th Committee Meeting	07 December 2016

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

- Review Internal Audit Plan for the year 2016.
- Review Draft Financial Statements and after discussing with the External Auditors, recommend it to the Board for their consideration.
- Review the Updated Risk Grading Process & Risk Grading Checklist for Branch Banking.
- Recommend to the board for appointment of external auditor and fix their remueration for the year 2016.
- Review the Updated Internal Control & Compliance Policy 2016.
- Review the Action Plan for Self- Assessment of Anti-Fraud Internal Controls.
- Review the status of legal cases.
- Review the MANCOM certificate on Internal Control Functions, effectiveness and achievement during the year 2016.
- Review the internal audit report of Branch, Head office, IT and special investigation conducted by ICCD, surprise checking report on AML/CFT and the audit on CBL Money Transfer Sdn.Bhd., Malaysia.

ACKNOWLEDGEMENT

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

K.M. TANJIB-UL ALAM
Convener, Audit Committee

ENHANCING BUSINESS OPPORTUNITIES WITH FINANCIAL RESILIENCE

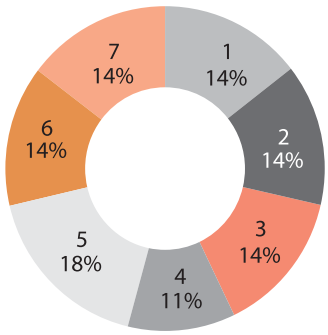


In 2016, the Committee's focus was to manage the level of deployment of risk appetite and bank's capital position, as a response to regulatory requirements and continued volatile external conditions.

Over the past year, the Board's Risk Management Committee reviewed Management's response to a range of external challenges. The responsibilities of the Committee were re-emphasized during 2016. Under the revised risk management guidelines and Basel accords regime, the Committee has specifically prescribed responsibilities for safeguarding the independence and overseeing the performance of risk function.

Board's Risk Management Committee (BRMC) at City Bank was established by the Board of Directors in its 452nd Meeting held on January 25, 2014 for governance of risk—overseeing, directing, and setting policies and monitoring risk management performance. Bangladesh Bank vide their BRPD Circular No 11, dated October 27, 2013 had also advised banks to form a Committee of the Board named "Risk Management Committee" in addition to the existing "Audit Committee" and "Executive Committee".

ALLOCATION OF TIME (%)
BOARD'S RISK MANAGEMENT COMMITTEE



1. Risk and Control Strategy	14%
2. Risk Policy Implementation and Setting Risk Appetite	14%
3. Key Risk Issues	14%
4. Basel III Implementation	11%
5. Capital Adequacy, Planning and Stress testing result	18%
6. Environmental and Social Risk	14%
7. Implementation of Previous minutes	14%

COMMITTEE COMPOSITION AND MEETINGS

The Committee is comprised of Directors of the Board. The BRMC as at December 31, 2016 consisted of the following members of the Board-

Name	Status with the Bank	Status with the Committee	Total Meetings held during 2016	Meetings attendance during 2016
Mr. Hossain Khaled	Director	Convener	4	4
Mr. Mohammed Shoeb	Chairman	Member	4	1
Mr. Rubel Aziz	Director	Member	4	2
Mr. Hossain Mehmood	Director	Member	4	4
Mr. Rajibul Huq Chowdhury	Director	Member	4	4

The BRMC held four meetings during 2016 and had detailed discussion and review sessions with Chief Risk Officer regarding the findings, observations on the Bank's risk exposure, its management strategy and remedial recommendations. Dates of BRMC meetings held on the mentioned period were-

BRMC Meeting	Date of Meeting Held
8th Meeting of BRMC	April 28, 2016
9th Meeting of BRMC	July 24, 2016
10th Meeting of BRMC	October 27, 2016
11th Meeting of BRMC	December 04, 2016

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee was entrusted to supervise and review risk management processes covering the following:

- Risk identification and development of control strategy.
- Adoption of organizational structure embedding risk control across the organization.
- Review and adoption of Risk Management Policy.
- Preservation and maintenance of information and reporting.
- Supervision of execution of overall risk management policy.
- Miscellaneous (Quarterly reporting of decision & recommendation to Board, ensuring compliance of regulatory instructions, considering evaluation report by internal/external auditors).
- Any other task as assigned by the Board of Directors and Central Bank.

KEY DECISIONS TAKEN AND ACHIEVEMENTS

The highlights of significant matters addressed by the Committee during 2016 were:

- Risk Policy Implementation and Setting Risk Appetite: The level of risk the bank chooses to take in pursuit of its business objectives, including testing whether the bank's financial position and risk profile provide sufficient resilience to withstand the impact of economic stress.
- Risk and Control Strategy: The effectiveness of the Bank's systems of internal control and risk management.
- Capital and Funding Plan: Maintaining sufficient capital and financial resources to meet the bank's regulatory requirements and its obligations to support growth and strategic options.
- Risk Management Framework and Governance: The frameworks, policies, and talent and tools are in place to support effective risk management and oversight thereon.

• Key Risk Issues: portfolio risk on credit risk: credit portfolio growth, asset quality, recovery status, concentration risk, large borrowers, written off status, offshore Banking, investment portfolio, capital market exposure, market risk, liquidity Risk, operational risk, cyber security risk management, environmental and social risk management activities.

• Monitoring the implementation of previous meeting minutes.

DEVELOPMENT AGAINST THE KEY RESOLUTIONS

• In regards to the Committee's advice for presenting Capital planning vs Business growth plan and Dividend Policy aligned with Basel III accords from the period of 2016 to 2019 to the Board of Directors, Senior Management of the Bank presented the Capital Planning of the bank and challenges for implementing Basel III accords. The Basel III implementation status was also presented in the meeting of Board of Directors. Bank has taken the initiatives of synchronizing among business projections, capital planning, dividend policy and key balance sheet management ratio maintenance compliances. the Bank is working on the following action plans:

a. All clients' (Corporate & SME) credit rating to be updated at each quarter-end

b. New clients' rating to be taken into consideration before admission

c. Business strategy to be aligned with capital charge and related risk appetite

d. Business and capital planning to be done on a quarterly basis to manage quarterly CRAR

• To increase the number and amount of rated loans, the Bank has taken different measures to increase the portfolio with good rated clients. Bank's asset growth in 2016 was 21% while the growth of risk weighted asset (RWA) for the corresponding period was 14%. Main reason behind such improvement in risk weighted assets was the rise in rated portfolio which became 75% of eligible portfolio for rating in December 31, 2016 from 58% in previous year

• In regards to the Committee's advice to implement the new provisions in revised core risk guidelines issued by Bangladesh Bank issued in 2016, the Bank's core risk management policies on Internal Control and Compliance guidelines, Foreign Exchange Risk Management guidelines, Asset Liability Management guidelines in line with revised core risk guidelines of Bangladesh Bank have been approved by the Board of Directors. Internal Control and Compliance Division of the bank has conducted special audits on implementation status the core risk management guidelines.

• To increase green banking activities, the Bank has implemented the action plans to achieve green financing target. To make green banking activities more vibrant as a part of sustainable financing, Sustainable Finance Committee and Sustainable Finance unit were established in line with Bangladesh Bank's recent circular. The unit under the guidance of Sustainable Finance Committee will dedicatedly monitor the implementation of sustainable financing agenda.

LOOKING AHEAD

2017 will be a strategic year for the Bank in delivering its key outcomes. The Committee will focus on strategic risk, with an emphasis on promoting even greater linkage between strategy formulation and risk management, and ensure that there is comprehensive oversight of risk across the Bank.

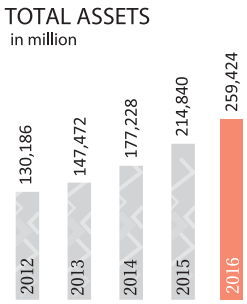
ACKNOWLEDGEMENT

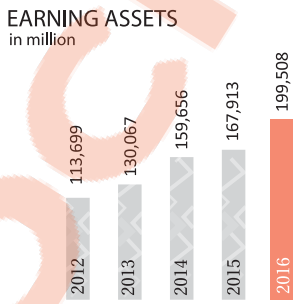
The Board's Risk Management Committee expresses its sincere gratitude to the Members of the Board, Management Team and Management Risk Committee for their support. Committee also expresses its commitment towards more proactive risk identification and mitigation strategies in the banking operations of the Bank.

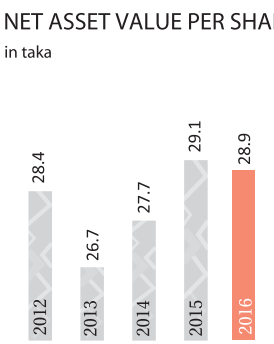
On behalf of the Board's Risk Management Committee,

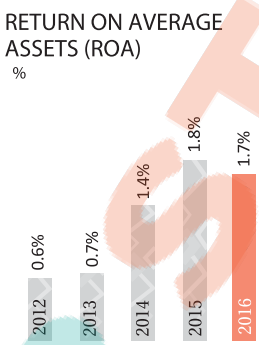
HOSSAIN KHALED
Convener
Board's Risk Management Committee

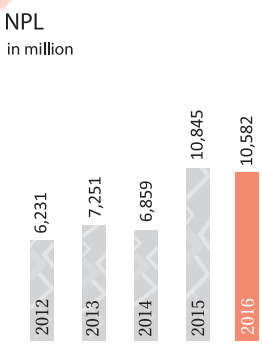
Performance At A Glance – 2016

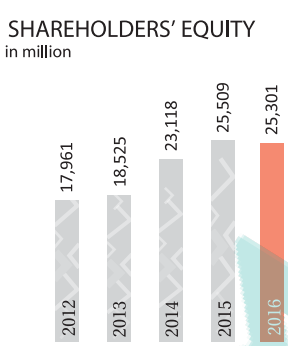


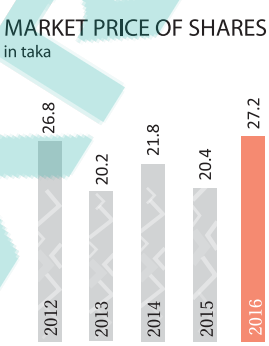


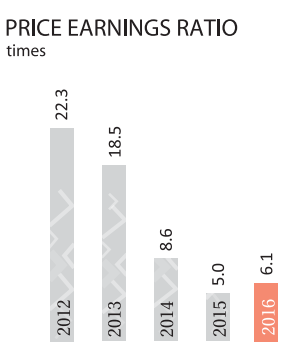


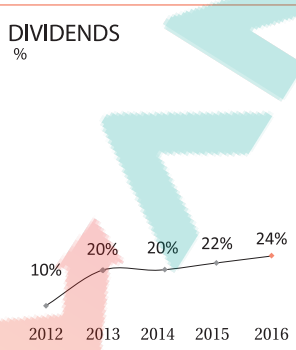


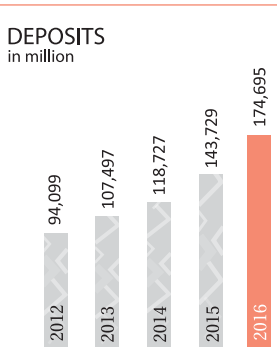


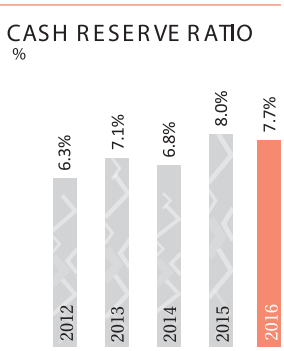












PROFIT AFTER TAX

FY14	FY15	FY16
2,215 M	3,579 M	3,934 M

INVESTMENT INCOME

FY14	FY15	FY16
2,790 M	4,391 M	4,746 M

EMARKET STOCK

In BDT Millions

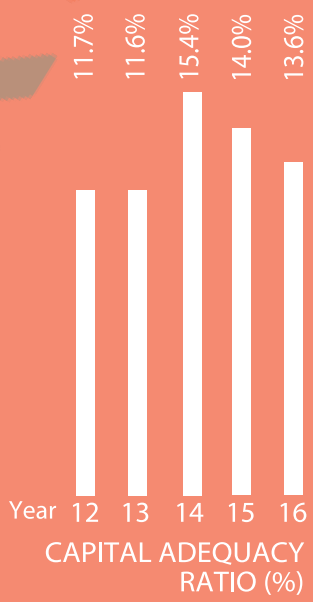
	2016	2015	2014	2013	2012
Balance Sheet					
Authorized Capital	15,000	15,000	10,000	10,000	10,000
Paid-up Capital	8,758	8,758	8,341	6,951	6,319
Reserve Fund & Surplus	16,543	16,751	14,777	11,574	11,643
Total Shareholders' Equity	25,301	25,509	23,118	18,525	17,961
Tier-II Subordinated Bond	3,000	3,000	3,000	-	-
Deposits	174,695	143,729	118,727	107,497	94,099
Borrowings	31,695	22,080	16,944	7,904	5,367
Loans and Advances	175,025	143,088	116,621	89,879	83,333
Credit to deposit ratio (excluding OBU loans)	80.4%	79.2%	83.5%	76.3%	82.7%
Liabilities to shareholders equity (times)	9.3	7.4	6.7	7.0	6.2
Investments	24,432	24,615	28,710	26,492	20,291
Fixed Assets	8,085	8,136	8,106	6,809	5,921
Earning Assets	199,508	167,913	159,656	130,067	113,699
Total Assets	259,424	214,840	177,228	147,472	130,186
Off-Balance Sheet Exposures	61,020	50,126	46,342	47,962	37,742
Income Statement					
Net Interest Income (excluding investment income)	6,477	5,506	5,122	5,019	4,770
Investment Income	4,746	4,391	2,790	1,654	1,819
Non-interest Income	3,173	2,888	2,626	2,100	1,971
Operating Income	14,396	12,784	10,539	8,773	8,560
Operating Expenses	6,880	6,111	5,403	4,627	3,993
Operating Profit (profit before provision and tax)	7,516	6,673	5,136	4,146	4,567
Provision for loans, investment and other assets	2,071	2,179	1,540	2,340	2,805
Profit before Tax	5,444	4,495	3,596	1,806	1,763
Profit after Tax	3,934	3,579	2,215	911	763
BIS Capital Measures*					
Risk Weighted Assets (RWA)	182,821	160,950	152,292	143,377	134,013
Core Capital (Tier I)	18,569	16,232	15,184	12,958	12,036
Supplementary Capital (Tier II)	6,245	6,343	8,300	3,739	3,646
Total/Regulatory capital (Tier-I and II)	24,814	22,575	23,484	16,697	15,682
Tier I Capital Ratio	10.2%	10.1%	10.0%	9.0%	9.0%
Tier II Capital Ratio	3.4%	3.9%	5.4%	2.6%	2.7%
Total Capital Adequacy Ratio	13.6%	14.0%	15.4%	11.6%	11.7%
RWA to Total Assets	70.5%	74.9%	85.9%	97.2%	102.9%
Credit Quality					
Non performing/classified loans (NPLs)	10,582	10,845	6,859	7,251	6,231
Percentage of NPL over Total Loans and Advances	6.0%	7.6%	5.9%	8.1%	7.5%
Provision for Unclassified Loans	2,091	1,612	1,960	1,200	1,170
Provision for Classified Loans	4,212	4,627	2,972	3,645	3,410
Foreign Exchange Business					
Export	86,657	63,660	47,887	19,043	13,800
Import	100,749	79,402	65,374	61,909	58,420
Remittance	17,615	19,896	23,768	25,943	24,594
Efficiency/Productivity Ratio					
Return on Average Equity (ROE)	15.5%	14.7%	10.6%	7.3%	4.3%
Return on Average Assets (ROA)	1.7%	1.8%	1.4%	0.7%	0.6%
Cost to Income ratio	47.8%	47.8%	51.3%	53.4%	46.6%
Yield on Advance based on average EOD balance	9.6%	11.3%	13.1%	15.1%	14.9%
Cost of Deposit based on average EOD balance	5.2%	6.5%	6.9%	8.4%	8.5%
Net Interest Margin Ratio	4.4%	4.8%	6.1%	6.7%	6.3%
Statutory Liquidity Ratio (SLR)-at the close of the year***	16.4%	17.9%	22.6%	24.2%	20.3%
Cash Reserve Ratio (CRR)-at the close of the year	7.7%	8.0%	6.8%	7.1%	6.3%
Operating Profit Per Employee	2.5	2.5	2.0	1.6	1.7
Operating Profit Per Branch	63	56	46	40	45
Share Information					
No of Shares Outstanding (in million)	875.8	875.8	834.1	695.1	631.9
Operating Profit Per Share	8.6	7.6	6.2	6.0	7.2
Earnings Per Share	4.5	4.1	2.5	1.1	1.2
Market Price Per Share (Taka) as on close of the year DSE	27.2	20.4	21.8	20.2	26.8
Price Earnings Ratio (Times)	6.1	5.0	8.6	18.5	22.3
Net Asset Value Per Share (Taka)	28.9	29.1	27.7	26.7	28.4
Dividend Cover Ratio (EPS/DPS)	224.6%	204.3%	132.8%	54.6%	120.0%
Basic	4.5	4.1	2.5	1.1	1.2
Cash Dividend**	24%	22%	15%	-	-
Stock Dividend**	-	-	5%	20.0%	10.0%
Distribution Network					
Number of Branches	108	108	100	92	90
Number of SME Center & Agri Branches	12	12	12	12	12
Number of ATMs	309	276	239	210	163
Number of Employees	2,986	2,716	2,535	2,647	2,765
Number of Foreign Correspondents	624	607	574	570	548
No. of CDM Machines	30	30	20	20	-
No. of Priority Centers	7	4	4	3	-

** BIS: Bank for International Settlements*
*** The Board of Directors in its 508th meeting decided to recommend distribution of 24% (twenty four percent) cash dividend subject to approval of the shareholders*
**** Information relating to SLR is exclusive of CRR*

THE FINANCIAL SUPERMARKET WITH A WINNING CULTURE OFFERING ENJOYABLE EXPERIENCES

This section refers to the value creation processes that the Bank has installed within to ensure balance in different stakeholder's objectives. The City Bank creates value through provision of financial services in line with its vision, "The Financial Supermarket with A Winning Culture Offering Enjoyable Experiences". Considering the keen sense of changing market dynamics, the bank aligns its own systems, processes and procedures in place to check, verify and validate the value creation processes. The Bank conducts its business in a transparent and ethical manner in line with the best industry practices while being fair to every stakeholder. The Bank is mindful of the need to add values on a sustainable basis to all stakeholders in this value creation process. It has not been a case of building financial value and enhancing the bottom line at any cost for the Bank, but participating in a process of creating value through fair and ethical means.

Some of the measures taken to create, sustain and deliver optimum value are as follows:



MAINTAINING CAPITAL ADEQUACY

Capital Adequacy Ratio (CAR) is the measure of the financial strength and sustainability of a bank. It limits the extent up to which banks can expand their business in terms of risk weighted assets. Bank's capital is the "cushion" for potential losses, which protect the bank's depositors or other borrowers thus, capital management is considered as an integral part of the risk management of a bank. In this regard, Bangladesh Bank

uses CAR as a mechanism to protect depositors and enhance confidence in the banking system.

Regulatory capital requirements are therefore necessary to limit operations of banks to prevent overtrading. At the same time, banks can leverage their growth to improve the return on assets. Therefore, maintaining a healthy CAR would ensure a stable and sound banking industry, which undoubtedly contribute to the growth of the economy.

Please refer to Notes to the Accounts Point 17.5.a (Capital Adequacy Ratio-The City Bank Limited) for the capital adequacy computation of The City Bank Limited as at December 31, 2016.

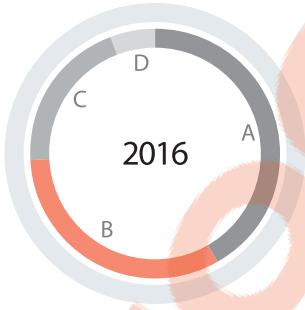
VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Value Added is the wealth accretion made by The City Bank Ltd. through providing banking and other financial services in 2016 for its employees, government and shareholders in the form of salaries & allowances, duties & taxes and net profit after tax respectively and also indicates value of use of fixed assets through depreciation.

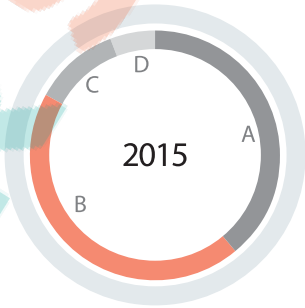
Amount in BDT Million

Particulars	2016		2015	
	Taka	%	Taka	%
Income from Banking Services	23,961		22,603	
Less: Cost of Services and Supplies	(12,262)		(12,288)	
Value Added by the Banking Services	**11,699**		**10,316**	
Non-Banking Income	-		-	
Loan Written Off and Provision	(2,071)		(2,179)	
Total operating income (A)	**9,628**		**8,137**	
Distribution of Value Addition				
To Employees as Salaries & Allowances	3,652	37.9%	3,183	39.1%
To Shareholders	3,934	40.9%	3,579	44.0%
To Govt. as Income Tax	1,510	15.7%	916	11.3%
Depreciation	531	5.5%	460	5.6%
	9,628	**100.0%**	**8,137**	**100.0%**

WEALTH DISTRIBUTION



2016		2015	
37.9%	A	39.1%	To Employees as Salaries & Allowances
40.9%	B	44.0%	To Shareholders
15.7%	C	11.3%	To Govt. as Income Tax
5.5%	D	5.6%	Depreciation



EVA STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Economic Value Added (EVA) is the measure of financial performance of an organization. It is based on the principle that since a company's management employs equity capital to earn a profit, it must pay for the use of this equity capital. This management tool is useful to shareholders in particulars and other stakeholders in general to take decisions for increasing wealth.

EVA is equal to profit after tax plus the provision for loans and other assets less written off during the year minus cost of equity where cost of equity is the opportunity cost that the shareholders forego. This cost of equity is calculated considering risk free rate based on weighted averaged rate of Sanchaya Patras issued by Bangladesh Government plus 2% risk premium. City Bank management is concerned for maximizing of wealth of its shareholders and other equity providers.

Particulars	2016	2015
	Amount in BDT Million	
	Taka	Taka
Shareholders' Equity	25,301	25,509
Add: Provision for Loans and Advances	6,948	6,751
	32,248	**32,260**
Average Shareholders' Equity	32,254	30,400
Earnings		
Profit after Tax	3,934	3,579
Add: Provision for Loans and Others	2,071	2,179
	6,006	**5,757**
Average cost of equity (based on weighted average rate of Sanchay Patra issued by the Bangladesh Government plus 2% risk premium)	12.90%	12.90%
	4,161	3,922
Economic Value Added	**1,845**	**1,836**

REMUNERATIVE DIVIDEND POLICY

The Bank continued to pay a substantial dividend to its shareholders while ploughing back sufficient profits to augment the funding needs and capital adequacy requirements. The Bank is careful of the need to strike a reasonable balance between these aspects in maintaining sustainable growth, commensurate with the risks undertaken by its investors. This prudent dividend policy has contributed in building the Bank's shareholders' funds to the present level and it is considered as one of the major funding sources of the Bank's expansion.

Considering the performance of the bank over the past year, the Board of Directors has recommended 24% cash dividend for the year 2016.

MAINTAINING A SATISFACTORY LIQUIDITY

The Bank maintains liquid assets to carry out the day-to-day operations and fulfill the statutory requirements imposed by the regulator. The Asset Liability Committee (ALCO) of the Bank monitors the situation carefully and provides direction to maintain an optimum trade-off between liquidity and profitability.

Our policy is to carry a positive mismatch primarily in 1-30 days category in interest earning assets and interest bearing liabilities. Our liquidity remained at optimum level during the year. The Statutory liquidity assets ratio stood at 16.4% (required 13.0% of total demand & time deposits) in December 2016.

OPTIMUM UTILIZATION OF RESOURCES

The Bank is mindful of mobilizing the scarce resources such as capital, deposits and borrowings at attractive terms. The Bank is vigilant in mobilizing the resources in the most cost efficient manner and is cognizant of the need for prudent investment of funds for the improvement of profitability. Hence, it carefully analyses the lending propositions and makes sure follow up action is in place before disbursement of funds.

Cost/income ratio reported by the Bank, which is the lowest among any local commercial bank, testifies the optimum utilization of resources. The Bank's shareholders' equity stood at BDT 25,301 million as at December 31, 2016, mainly due to the initiatives taken, such as prudent dividend policy, tax planning and controlled capital and revenue expenditure over the years.

MARKET VALUE ADDED STATEMENT

Market Value Added Statement reflects the company's performance evaluated by the market through the share price. This amount is derived from the difference between market capitalization and book value of shares outstanding. It signifies the enhancement of financial solvency as perceived by the market.

Particulars	2016	2015
	Amount in BDT Million	
No. of Shares Outstanding	875,798,031	875,798,031
Market Value Per Share (Taka)	27.20	20.40
Face Value Per Share (Taka)	10.00	10.00
Total Market Capitalization	23,822	17,866
Book Value of Paid Up Capital	8,758	8,758
Market Value Added	15,064	9,108

FINANCIAL GOALS AND PERFORMANCE (BANK)

Amount in BDT Million

Particulars	2016		2015	
	Goals	Achievement	Goals	Achievement
Loans and advances	183,530	175,025	135,119	143,088
Deposits	176,394	174,695	138,029	143,729
Capital Adequacy Ratio	12.5%	13.6%	14.5%	14.0%
% of NPL	5.4%	6.0%	4.3%	7.6%
Profit after tax	4,003	3,934	2,144	3,579
Cost to income ratio	45.1%	47.8%	49.7%	47.8%
Return on Assets (ROA)	1.6%	1.7%	1.2%	1.8%
Return on Equity (ROE)	13.9%	15.5%	10.9%	14.7%

STOCK DETAILS

Particulars	Dhaka Stock Exchange (DSE)	Chittagong Stock Exchange (CSE)
Stock Symbol	CITYBANK	CITYBANK
Company Code	11102	22006
Listing Year	1986	1995
Market Lot	1	1
Market Category	A	A
Electronic Share	Yes	Yes

AMAR STOCK

DISTRIBUTION OF SHAREHOLDER'S IN 2016

Percentage of Shareholdings as on December 31, 2016 :

Particulars	31.12.2016		31.12.2015	
	Taka	Percentage(%)	Taka	Percentage(%)
Directors	240,048,684	27.41%	221,988,684	25.35%
General Public	478,088,297	54.59%	447,002,606	51.04%
Financial Institutions	157,661,050	18.00%	206,806,741	23.61%
Total	875,798,031	100.00%	875,798,031	100.00%

CLASSIFICATION OF SHAREHOLDERS BY HOLDING

	2016			2015	
	Number of share holders	No. of Shares	% of total holding	Number of share holders	% of total holding
01 - 500 shares	26,014	3,471,773	0.40%	33,375	0.68%
501 - 5,000 shares	13,693	23,388,549	2.67%	18,440	4.69%
5,001 - 10,000 shares	1,573	11,312,219	1.29%	2,222	2.29%
10,001 - 20,000 shares	840	11,676,759	1.33%	1,188	2.33%
20,001 - 30,000 shares	314	7,660,879	0.87%	388	1.31%
30,001 - 40,000 shares	119	4,131,419	0.47%	151	0.89%
40,001 - 50,000 shares	109	5,053,530	0.58%	118	0.89%
50,001 - 100,000 shares	198	15,092,897	1.72%	224	1.88%
100,001 - 1,000,000 shares	232	71,017,362	8.11%	249	9.33%
Over 1,000,000 shares	124	722,992,644	82.55%	115	75.70%
	43,216	875,798,031	100.00%	56,470	100.00%

EXCHANGE LISTING

The issued ordinary shares of The City Bank Limited are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company. The audited Income Statement for the year ended 31 December 2016 and the audited Balance Sheet of the Bank as at 31 December 2016 have been submitted to the Dhaka Stock Exchange Limited & Chittagong Stock Exchange Limited within four months of the Balance Sheet date.

Stock exchange code for The City Bank Limited shares is "CITYBANK"

SHARE TRADING

Market price of shares of The City Bank Limited in Dhaka Stock Exchange was BDT 27.2 on close of the business of the 31 December 2016.

The Bank's market capitalization at 31 December 2016 was BDT 23,822 million which is 0.83% of total market Capitalization of DSE.

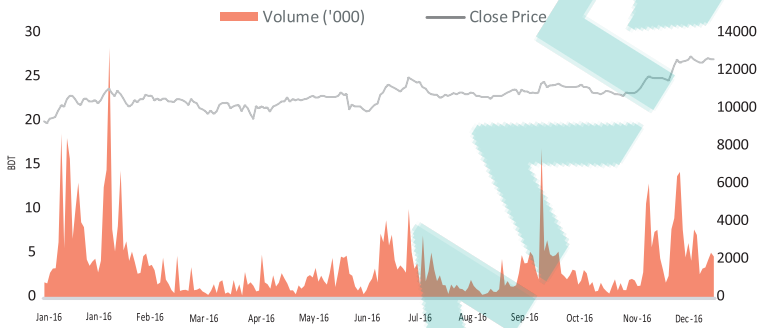
(Source of information: Monthly Review of December, 2016).

MARKET PRICE INFORMATION OF THE CITY BANK SHARE

	DSE			CSE			
Month	Month High	Month Low	Total Volume (Number	Month High	Month Low	Total Volume (Number)	Total Volume on DSE & CSE
Jan-16	23.40	19.80	69,243,794	23.20	19.90	2,392,905	71,636,699
Feb-16	24.50	21.70	67,473,141	24.40	21.80	3,213,141	70,686,282
Mar-16	23.20	20.80	14,305,817	24.20	20.30	338,807	14,644,624
Apr-16	22.30	20.20	13,271,812	22.10	20.10	337,261	13,609,073
May-16	23.20	19.70	17,939,059	23.10	20.30	645,420	18,584,479
Jun-16	24.50	20.90	31,531,687	24.00	20.80	855,690	32,387,377
Jul-16	25.60	22.90	35,185,151	25.50	22.90	3,979,320	39,164,471
Aug-16	23.50	22.60	11,588,686	23.50	22.80	572,201	12,160,887
Sep-16	24.50	22.80	28,787,643	24.40	22.70	505,764	29,293,407
Oct-16	24.80	22.90	29,260,391	24.70	23.00	857,456	30,117,847
Nov-16	25.60	23.00	34,326,664	25.50	23.10	1,615,667	35,942,331
Dec-16	28.10	24.70	53,379,236	29.20	24.60	4,753,886	58,133,122

Source: DSE, CSE & CBL Research

DSE Price Volume Chart for the City Bank In 2016



*Source : DSE & CBL Research

DIVIDENDS

34th Annual General Meeting	Notice Date	30th March, 2017
Distribution of 24% cash dividend in respect of financial year ended December 31, 2016	Record Date	20th April, 2017
34th Annual General Meeting	Will be Held On	15th June, 2017

TAXATION ON DIVIDEND INCOME

Stock dividend is tax exempted. In case of cash dividend, following is the current deduction of tax at source on dividend income as per current fiscal act:

- If the shareholder is a company, either resident or non-resident, at the rate applicable to the company i.e. 20%
- If the shareholder is a resident or non-resident Bangladeshi person, other than company, at the rate of 10% if the recipient furnishes his 12 digit TIN Certificate, if not 15% is applicable

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- If the shareholder is a non-resident (other than Bangladeshi) person, other than company, at the rate of 30%

Since stock dividend is out of the loop of withholding tax deduction, its effective rate of return is much higher than cash dividend.

TAXATION ARISING FROM CAPITAL GAIN

Capital gain arising from transfer or sale of Government securities is tax exempted. Capital gain arising from transfer or sale of stocks and shares of public companies listed with stock exchanges is taxable at the rate of 10%.

FINANCIAL CALENDAR

Quarterly Results

Particulars	Submission Date to BSEC
Audited Consolidated Results for the 4th quarter ended December 31, 2016	10-Apr-17
Unaudited Consolidated financials for the 1st quarter ended March 31, 2016	11-May-16
Unaudited Consolidated financials for 2nd quarter and half year ended June 30, 2016	26-Jul-16
Unaudited Consolidated financials for the 3rd quarter ended September 30, 2016	27-Oct-16

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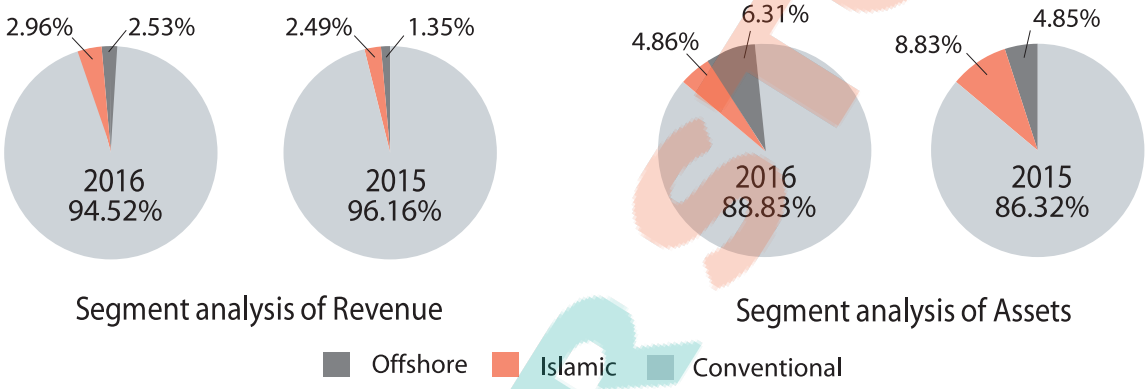
GRAPHICAL PRESENTATION OF BUSINESS SEGMENT



BUSINESS SEGMENT

Amount in BDT Million

Particulars	2016				2015			
	Consumer & Commercial Banking		Off-Shore	Total	Consumer & Commercial Banking		Off-Shore	Total
	Conventional	Islamic			Conventional	Islamic		
Total operating profit (profit before unallocated expenses and tax)	13,606	426	364	14,396	12,293	319	172	12,784
Allocated expenses	(6,797)	(52)	(31)	(6,880)	(6,054)	(45)	(11)	(6,111)
Provision against loans and advances	(1,943)	(56)	(52)	(1,938)	(2,013)	(117)	(18)	(2,148)
Provision against off-balance sheet exposures	(119)	(6)	(8)	(133)	(19)	(2)	(0)	(21)
Profit before tax	4,747	425	273	5,444	4,197	155	143	4,495
Net profit	3,237	425	273	3,934	3,281	155	143	3,579
Segment assets	**230,435**	**12,611**	**16,378**	**259,424**	**185,460**	**18,967**	**10,413**	**214,840**
Segment liabilities	**230,435**	**12,611**	**16,378**	**259,424**	**185,460**	**18,967**	**10,413**	**214,840**

INTERNATIONAL ACCOUNTING STANDARDS HAVE BEEN FOLLOWED IN PREPARATION OF THE FINANCIAL STATEMENTS

The Board of Directors is appointed to act for and on behalf of the shareholders to oversee day to day affairs of the business. The Board is directly accountable to the shareholders and each year, the company will hold an Annual General Meeting (AGM), at which the Directors must provide a report to the shareholders on the performance of the company, its future plans and strategies and also submit themselves for re-election to the Board.

The report of the Company's affairs and the Audited Financial Statements duly certified by are generally to be laid down before the Annual General Meeting for discussion. While preparing the Annual Report, the Board of Directors is required to ensure that:

- Financial statements of the Bank present a true and fair view of the state of affairs, the result of its operation, cash-flows and changes in equity.
- Proper books of accounts have been maintained as required by relevant laws.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgments.



- International accounting standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- The internal control system is sound in design and effectively implemented and monitored.
- There are no significant doubts upon the Bank's ability to continue as a going concern.
- There is no significant deviation of the operating results from that of last year.
- Key operating and financial data of the preceding 5 years (please refer to "Performance at a glance").
- There was a 24% proposed cash dividend.
- Number of Board meetings held during the year and attendance by each Director (please refer to "Corporate Governance section).
- Shareholding patterns of the Bank:
  - Parent/subsidiary/ associated companies and other related parties – not applicable;
  - Shares held by directors, CEO, CFO, Company Secretary, Head of ICC and their spouses and minor children - please refer to "Corporate Gover nance section".

The Directors, to the best of their knowledge and belief, are satisfied to perform the related responsibilities of the Board of Directors as guided by the Companies Act, 1994, The Bank Company Act, 1991 and Guidelines issued by Bangladesh Bank and Securities and Exchange Commission.

MOHAMMED SHOEB
Chairman,
On behalf of Board
of Directors

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DIRECTORS'

(Under Section 184 of Companies Act 1994)

> "City Bank's Financial Performance in 2016 demonstrates its core strength in driving business goals and attaining results."

The Board of Directors of City Bank takes pleasure in presenting the 34th Annual Report to its shareholders. The annual report also includes the audited financial statements for the year 2016 as well as the auditors report. In this report, we have emphasized on current world economy, Bangladesh's economy, business activities and some financial and project related highlights of the Bank. An overview of this report would indicate continuous growth of the Bank amidst stiff competition and adversities both at domestic and international level.

GLOBAL ECONOMIC OUTLOOK

Although the global financial crisis is now seven years behind us, the world's economy is still struggling to regain momentum. Growth continues to falter in advanced economies and while there is considerable divergence of performance across emerging markets and developing economies, their overall growth remains below potential.

Monetary policy difficulties in the USA and Europe, Brexit repercussions, tensions in the Middle East, uncertainties in the future direction of fuel prices, China's coming back to its new normal and India's contrasting invigoration and weaknesses in Latin America and Africa – all have set a confusing global backdrop.

On the positive side, beyond a sharp depreciation of the pound, broader market reaction to the Brexit vote has generally been contained with equity valuations and risk appetite recovering after an initial drop. Growth is projected to pick up from 2017 onwards, almost entirely on account of developments in emerging market and developing economies.

Based on preliminary data, global growth was estimated at 2.9% in the first half of 2016, slightly weaker than in the second half of 2015 by World Economic Outlook (WEO). The growth forecast of 2016 for advanced economies has been marked down to 1.6%. In the WEO baseline scenario, global growth is projected to decline to 3.1% in 2016, and to rebound next year to 3.4%.

REPORT

ADB AND CITY BANK SIGN $5M LOAN DEAL

The Asian Development Bank and City Bank signed a loan agreement for US$5 million to support import and export financing for Bangladesh business



In 2015, consumer price inflation in advanced economies was at 0.3%, the lowest it had been since the global financial crisis. It edged up to about 0.5% in the first half of 2016 as the drag from oil prices diminished. Inflation has held steady in emerging markets and developing economies as exchange rates remained broadly stable.

The IMF's Primary Commodities Price Index had increased by 22% since February 2016. The strongest price increases were for fuels, in particular for oil and coal. After hitting a 10-year low in January 2016, oil prices rallied by 50% to USD 45 in August 2016 mostly due to involuntary production outages that brought balance to the oil market.

Natural gas prices have declined the average price for Europe, Japan, and the United States was down by 6% since February 2016. The previous decline in oil prices, abundant natural gas production in Russia and weak demand in Asia (particularly in Japan) have contributed to that decline. Non-fuel commodity prices have also increased, with metals and agricultural commodity prices rising by 12% and 9%.

The dollar and the euro remained broadly unchanged and the largest movements across the currencies of advanced economies as of the end of mid-September 2016 were the depreciation of the pound following Brexit (about 9% since the spring and over 10% since the June referendum) and the appreciation of the Japanese yen (around 10%).

A range of additional non-economic factors continued to influence the outlook in various region such as the protracted effects of a drought in Eastern and Southern Africa; civil war and domestic conflict in parts of the Middle East and Africa and the tragic plight of refugees in neighboring countries and in Europe; multiple acts of terror worldwide; and the spread of the Zika virus in Latin America and the Caribbean, Southern United States and southeast Asia.

Positive developments included the orderly repricing in financial markets after the initial shock of the Brexit vote, sustained improvements in the U.S labor market and a modest recent uptick in commodity prices.

The projected increase in global growth in 2017 to 3.4 % hinges crucially on rising growth in emerging markets. the need for international cooperation extends to a much broader set of international public-good, problems-refugees, climate, infectious diseases, security. An increasingly interdependent world will achieve more growth and stability if governments engage cooperatively around the areas where their interests intersect.

BANGLADESH ECONOMY

Despite global headwinds, Bangladesh GDP recorded robust growth in FY16. Stable political climate, sensible policies, higher investments have fueled the economic growth. The economy also benefited from a pick-up in exports while domestic spending declined leading to a reduction in the fiscal deficit. The government has fast-tracked several large infrastructure projects in the energy and transport sectors, providing impetus to business activity. The development of special economic zones also encouraged investment from private sectors. The growth momentum of FY16 was largely concentrated in the industries and service sectors, while agricultural activities registered a decelerated growth compared to the growth of the previous fiscal year. However, during Q4 FY16, industrial sector indicated strong economic activities, while agriculture and service sector activities presented a mixed picture.

GDP GROWTH

Strong private sector credit growth and FDI inflows helped the economy attain a 7.1% real GDP growth in FY16. It was higher than the 6.6% growth recorded in FY15. Net exports had positive contribution to the growth as well as higher public sector salaries off-setted the decline in remittance. Inflation was lesser than projection.

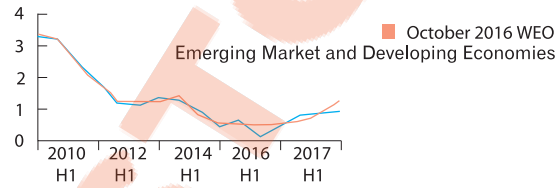
AGRICULTURAL SECTOR

According to Bangladesh Bureau of Statistics (BBS), the agricultural sector, which constitutes just over 15% of real GDP, posted a slower growth of 2.6% in FY16 compared to 3.33% in FY15. This low growth of the agricultural sector was caused by the meager growth of 0.5% of the crops and horticulture subsectors which constituted around 54% of the agriculture sector, while fishing, forest and related services sub-sectors recorded relatively strong growth of 6.19% and 5.13% respectively.

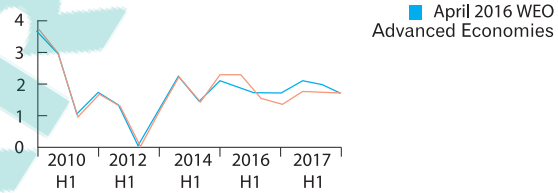
GROWTH IN WORLD ECONOMY

Economic Growth continues to falter in advanced economies and while there is considerable divergence of performance across emerging markets and developing economies, their overall growth remains below potential.

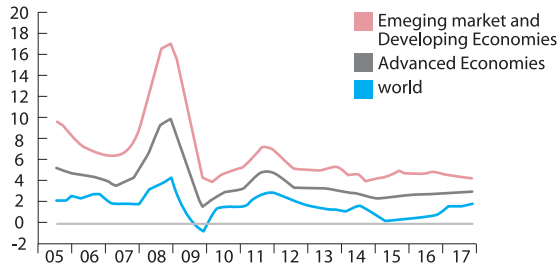
GDP Growth
(Annualixed semiannual percent change)



GDP Growth
(Annualixed semiannual percent change)



Global Aggregates: inflation



INDUSTRIAL SECTOR

Both export-oriented garment industry and manufacturers for the domestic market performed well in FY16 which led to the growth in the Industry which rose to 10.1% in FY16 from 9.7% in FY15. This growth of the industrial sector was contributed by the healthy growth of large and medium scale industries (11.01%), mining and quarrying (12.06%) and electricity gas and water supply (11.15%) sub-sectors. However, the growth of the small scale industries declined to 7.02% in FY16 from 8.54% in FY15. The growth of the construction sub-sector remained somewhat lower than overall industry sector growth, even though it increased to 8.87% in FY16 from 8.60% in FY15. There was strong growth of manufacturing of textiles (23.04%), apparel (13.88%), rubber and plastic products (18.07%) and non-metalic mineral products (39.67%). Manufacturing of pharmaceuticals and leather products, on the other hand, registered negative growth of 8.04% and 4.38% respectively.

SERVICE SECTOR

BBS estimates shows that the service sector (which contributes over 53% to real GDP) grew by 6.70% in FY16 compared to that of 5.80% in FY15. Higher public sector spending boosted the contributions of public administration, education and health services, augmenting growth in trade and business services.

FISCAL SECTOR

NBR Tax Revenue

The rate of revenue collection of last 3 (three) years was over 80%. The total tax receipt (NBR portion) was BDT 134.4 billion in October 2016.

Expenditure

In FY16, total expenditure grew by 15.8 % to BDT 2416.2 billion compared to that of FY15. The ADP utilization for FY16 was BDT 869.7 billion (22.2% higher than that of FY15) 95.6% of the annual ADP target. The current expenditure grew by 33.2 % to BDT 1,338 billion compared to FY15.

EXTERNAL SECTOR

Export

In December 2016, slightly lower export receipts were recorded compared to that of December 2015. Export receipts in December 2016 were USD 3,107.13 million which was USD 96.94 million (-3.03%) lower than the amount in December 2015. Export of frozen foods, woven garments and knitwear experienced a positive growth compared to previous year. Garment export earnings holding 82% of total export earnings grew faster as buyer demand improved partly in response to improvement in adopting better safety standards and worker rights in garment factories. Other factors like gradual migration to manufacturing higher-value apparel and the absence of production disruptions also contributed to this growth.

Import Payments (C&F)

In November 2016, higher import payments were recorded compared to that of November 2015. Import payments in November 2016 amounted to USD 4,221.6 million which was higher than the amount in November 2015 by USD 557.0 million (15.2%).

Remittance

Due to slowdown of economies of Middle- Eastern countries fueled by declining oil prices, remittance growth remained flat from 2016. Weaker currencies were also a reason that limited workers' remittances. In November 2016 remittances recorded at USD 951.4 million. The receipts of workers' remittances in December 2016 decreased by 26.96% than the same month of the previous year, although the number of workers going abroad increased substantially.

Forex Reserves

The strong performances of the export sector, remittances & a rising agricultural production all contributed to the healthy Foreign Exchange Reserves. The reserve stood at USD 31.7 billion in December 2016. Comparing with the reserves held at the end of same period of last year, the current reserves increased by USD 4,708.9 million (17.4 %) at the end of December 2016.

Foreign Direct Investment

Both the total and net receipts of foreign aid rose significantly during the first quarter of FY17. Total foreign aid disbursements during July-September 2016 increased by USD 0.19 billion or 3.85% and stood at USD 0.50 billion as compared to USD 0.48 billion in the previous year.

Balance of Payments

Trade balance recorded a deficit of USD 0.7 billion during July-November 2016, down from a surplus

of US dollar 1.3 billion as compared to the same period of the preceding year. Strong import growth 9.5% coupled with a moderate growth in export 6.2% during July-November and a slowdown in remittance inflows-15.6% contributed to the deficit. Nevertheless strong capital and financial account performances reinforced by net foreign direct, portfolio and other investments led to an overall balance surplus of USD 1.9 billion during July-November 2016.

Inflation Scenario

Inflation in Bangladesh had gradually been coming down since December 2011. Favorable agricultural production, modest rise in global commodity prices, declining fuel prices, steady domestic supply, a stable exchange rate and growth supportive yet cautious monetary policies have created a low-inflation environment that signals to raise investment. Average CPI inflation declined to 5.5% by December 2016, a five-year low. The rate of inflation measured by consumer price index (12-months average) descended to 5.52% in December 2016 while it was 6.19 % in December 2015. The rate of inflation (point-to-point basis) also decreased to 5.03% in December 2016 from 6.10% in December 2015.

Exchange Rate

A healthy foreign reserves helps to keep a fairly stable exchange rate. Bangladesh Taka retained its value against USD at the end of December 2016.

Monetary Policy

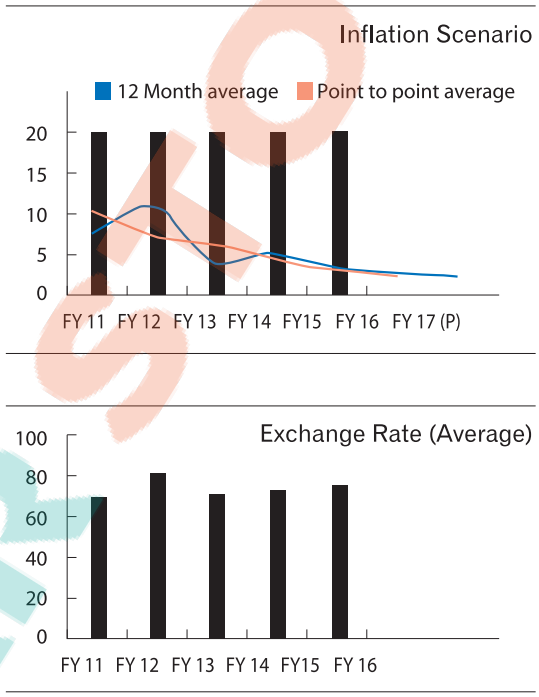
In the monetary policy statement for the last half of 2016, the Central Bank focused on stabilizing inflation while supporting output and employment growth. The Central Bank thus kept its main policy rate unchanged at 6.75%.

Money Supply - Broad Money

Broad money (M2) growth remained within the programmed ceiling of 14.8% by December 2016. It grew by 13.8% in November 2016 to support the GDP growth target of 7.2% and the inflation ceiling of 5.8%. The growth of broad money in November 2016 over November 2015 was due to a rise of BDT 11.8% in net domestic assets and a rise of BDT 19.6% in net foreign assets.

INVESTMENT & INFLATION

Commendable progress in agricultural production, steady domestic supply, stable exchange rates along with supportive yet cautious monetary policies have created an investment friendly low-inflation environment.



Credit growth in Private and Public Sectors

Credit to the public sector declined by 1.3% in November 2016, far below the programmed ceiling of 10.8% growth. The government did not borrow from the banking system to finance the budget deficit instead they repaid outstanding loans of BDT 111 billion. Non-bank budget financing shifted from market-based tools (bank loans and government securities) to non-market instruments, e.g., National Savings Certificates (NSCs).

Private credit growth accelerated to 15.0% in November 2016 exceeding the 16.6% target of December 2016 as consumer credit demand, responded to lower lending rates. Private sector credit in Bangladesh reached an all-time high of BDT 6,945.58 billion in November, 2016.

Interest Rate

The low-interest-rate option of overseas borrowing by industrial undertakings implied descending pressure on domestic lending rates. The decline in interest rates reflected favorable inflation performance, ample liquidity and an increase in competition in the banking system. The average lending rate fell to 10.2% in September 2016. Consequently, the average spread fell to 4.65% in September 2016.

Call Money Rate

The weighted average call money rate in December 2016 was 3.86%. The call money rate reflects the very ample liquidity in the banking system.

Sovereign Ratings

Bangladesh got sovereign ratings from Moody's & Standard and Poor's. Bangladesh accomplished Ba3 (Moody's) and BB-(Standard and Poor's) ratings for the 6th consecutive years. Fitch rating rated Bangladesh BB- for the second time for its stable real GDP growth and strong external balances.

Forecasts of the Bangladesh Economy (2016-17)

The Central Bank will adopt measures to contain inflation while ensuring adequate credit flows to support higher private investment and growth in FY17. The government will accelerate its investment spending while strengthening efforts to attain its high revenue target.

- GDP is expected to grow by 6.9% in FY17 by ADB.
- Agriculture growth in FY17 is expected to moderate to 2.4% by ADB as low domestic rice prices discourage farmers.
- Industry growth is expected to edge up to 10.2% due to sustained strong domestic demand and some development in power supply.
- Services growth is likely to be lower at 6.3% on more moderate expansion in trade, transport and public administration.
- The FY17 budget aims to raise revenue equal to 12.4% of GDP for financing a larger Annual Development Program.
- The revised forecast for export growth is 7.0% in FY17, reflecting slower growth than projected in ADO 2016 in the US and the Euro area.
- The import bill is revised to grow at 8.0% in FY17 by ADB. Imports of capital machinery are expected to pick up on higher investment, a reflection in demand for raw materials and an expected increase in oil prices are also taken into account.
- With the low oil price environment continuing, remittance inflows are likely to weaken by 3.0% in FY17. The imposition of taxes by Kuwait, Oman, and Saudi Arabia of taxes on remittances will further discourage them.

Sources: Bangladesh Bank; ADB estimation.

Banking Industry Overview

During September 2016, the banking sector indicators exhibited some concerns compared to that of the preceding quarter. The ratio of gross NPL to the total outstanding loans of the banking sector augmented further from 10.1% at the end of June 2016 to 10.3% at the end of September 2016. At the end of September 2016, the growth rate (year-on- year) of deposits was slightly lower than that of advances.

Bank Advances

Banks' advances increased by BDT 69.8 billion or 1.1% to BDT 6,285.3 billion during Q1 FY17 as compared to the increase of 95.6 billion or 1.8% during the corresponding year. Bank advances in urban areas increased by 1.1% during the quarter.

Bank Deposits

The growth rate of deposits decreased from 14.1% at the end of June 2016 to 13.5% at the end of September 2016. Total deposit liabilities (excluding

interbank items) of the scheduled banks increased by BDT 142.9 billion to BDT 8,617.4 billion during July-September 2016. The increase in deposits during the quarter was due to increases in urban deposits by 1.09%.

Interest Rate Spread

Interest rate spread for all banks, which is measured as the difference between the weighted average interest rates on advances and deposits, continued to stay below 5.0% during July-September 2016. The spread has been decreasing from 4.9% in June 2016 and landed at 4.8% in September 2016.

Capital Adequacy

Capital adequacy ratio (CAR) accounted at 10.3% in September 2016 – a minimum of 10% is the regulatory requirement. Total risk weighted asset and minimum capital requirement of the banking sector as a whole grew by 1.3% and 1.1% respectively in September 2016 over June 2016 and total eligible capital increased by 1.0% during this period.

ROA & ROE

Among the profitability measures return on asset (ROA) declined from 0.77 % at the end of December 2015 to 0.44 % at the end of June 2016. Return on equity (ROE) of the banking industry also decreased to 6.74 % at the end of June 2016.

Non- Performing Loans

The ratio of nonperforming loans to all loans in the banking system rose to 10.3 % in September 2016 from 8.8 % in December 2015. Political turmoil, loan scams, excessive finance to some large business groups, adverse selection of borrowers, poor appraisal, inadequate follow-up and supervision were responsible for uptick in NPL. The total classified loans increased by 3.7% to BDT 657.3 billion during September 2016 from June 2016.

Capital Market

The performance of capital market in terms of the DSE indices and market capitalization improved during September 2016 compared to the previous quarter. At the end of Q1 FY17, the DSE broad (DSEX) index and the DSE 30 index were at 4,695.2 and 778.7 which were 4.2% and 0.4% higher compared to the level of Q4FY16. The contribution of the banking sector to market capitalization increased to 16.3% at the end of Q1 FY17 from 15.1% the end of Q4 FY16.

PERFORMANCE OF CITY BANK IN 2016

Financial Overview

A Bank's business model today is a fair game. While actively embracing change, a bank has to be resilient against adverse shifts as well. Tech-savvy and agile business strategies are expected to give higher dividends. Meanwhile, consumer expectations of highly personalized experiences are demanding higher degree of product diversification and faster access to services and information. Yet, these indicators cannot supersede the importance of a steady, long-term strategic growth plan that incorporates risk adjustments and capital strengthening.

City Bank's Financial Performance in 2016 demonstrates its core strength in driving business goals and attaining results. While investing heavily in assets such as Human Resources and Information Technology, our short and mid-term profitability goals were also achieved through quality products, services and innovation. And these factors played key roles for the bank in achieving over 17% Net Interest Income growth despite decreasing margin throughout the year. Our revenue & expenditures both grew at the rate of 12.6%, giving us a wider "Jaw" (higher Operating Profit) since the base is larger for revenue.

Interest Income

City Bank's Interest Income from loans and advances grew by 4.7% or BDT 717 million during 2016 as compared to the year 2015. Although loans and advances increased by 22.3% from last year, weighted average return on loans and advances decreased compared to 2015. This happened due to interest cut downs on loans as per regulations and liquidity surplus economy pulling down competitive rates even further. City Bank earned BDT 16,042 million interest income which contributed to the growth in overall asset portfolio of the bank.

Interest Expense

During 2016, Interest paid on deposits and borrowings was BDT 9,565 million. It had decreased by BDT 254 million (2.6%) from 2015 despite significant rise in deposit volume by BDT 30,966 million. And that is caused by the same cut down rates on deposits as per Central Bank's regulations. Among interest expenses, the bank mostly paid interest on deposits which was

BDT 8,090 million in 2016 against BDT 8,148 in 2015 and interest paid on borrowings was BDT 601 million in 2016 against BDT 527 million in 2015.

Net Interest Income (NII)

Net interest income (NII) was BDT 6,477 million during 2016 with a growth of BDT 971 million (17.6%) over 2015. Business volume growth was the key contributor behind this growth since interest margins were falling constantly throughout the year.

Investment Income

Investment income during 2016 was recorded at BDT 4,746 million compared to BDT 4,391million in 2015, posting a growth of BDT 355 million i.e. (8.1%). Income from Treasury Bills/Reverse Repo/Bonds was BDT 2,408 million in 2016 against BDT 2,312 million in 2015.

City Bank's investment income during 2016 was been significantly contributed by gain on sale of shares. During the Q2 of 2016, the bank transferred its IDLC Finance Ltd.'s shareholding of 14.21%, i.e. 35,716,831 no. of IDLC's shares to its subsidiaries–City Brokerage Ltd. and City Bank Capital Resources Ltd. City Bank did that at prevailing market price for complying with Section 26(Ka) of Bank Companies Act (Amended-2013) and subsequent Bangladesh Bank circulars reference no. DOS Circular- 02/2013 and DOS Circular Letter-07/2014. In consequence of the said transaction, the bank earned a gain of BDT 1,592 million. This also caused the EPS of 2nd quarter of 2016 to shoot up, which eventually dropped in the Q3 of 2016.

Commission, Exchange & Brokerage

The Bank continued to emphasize on increasing fee based income such as Letter of Credit (L/C), Letter of Guarantee (L/G), Accepted Bills, Non-resident Bangladeshi (NRB) operation etc. during 2016. Due to this practice, income from commission, exchange and brokerage in 2016 increased by BDT 233 million (12.3%) compared to 2015. Other income like Rental income, SWIFT recoveries and credit card fees income was BDT 1,048 million in 2016 against BDT 996 million in 2015.

Total Operating Income

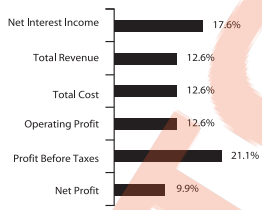
In 2016, total operating income was BDT 14,396 million whereas in 2015 it was BDT 12,784 million. This increase was attributed by respective growth in Investment Income, Net Interest Income, Commission, and Exchange & Brokerage Income.

GROWING PROFITABLY THROUGH OUR TRUSTED PRODUCT PROTFOLIO

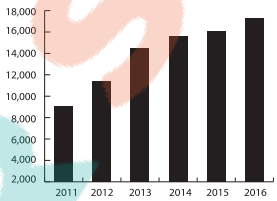
The range of products that we offer is not only vast, but also massively rewarding for the customers.

Financial Overview

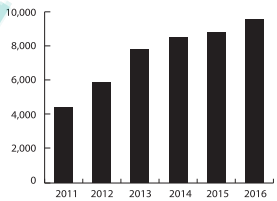
Growth% (2016 over 2015)



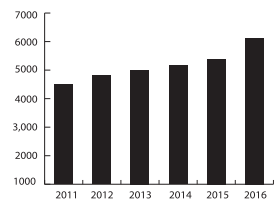
Interest Income



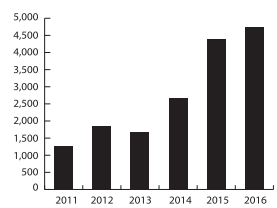
Interest Expense



Net Interest Income



Investment Income



Operating Costs

City Bank's total operating expenditure increased by 12.6% in 2016 than that of year 2015. The Bank continued the innovative cost management initiatives for representing itself as a market leader. Bank's investment in human resources continued to expand through fresh recruits and recognizing & rewarding accomplishments of the existing ones. It renewed many of its existing branches' rent agreements at higher rates, re-located old branches and opened new branches, SME Service Centers, ATM booths, DST centers & Priority Centers. The Bank's operating expenses increased by BDT 769 million from BDT 6,111 million in 2015 to BDT 6,880 million in 2016. The increased costs were contributed primarily by increase in head count and payroll expenses (BDT 469 million increases in Salaries & Allowances), increase in rents and utilities (BDT 55 million increase in rent, tax, insurance, electricity etc.). It was also due to the growth of depreciation and repair expenses by BDT 161 million owing to renovation, relocation of branches, and building of new ATM booths as well as investments in IT infrastructure and of other expenses by BDT 77 million. Among other expenses in 2016, security related expenses increased significantly by BDT 24 million from 2015 along with some other costs such as Credit Card related expenses (BDT 16 million increase) and AGM related expenses (BDT 17 million in crease). City Bank also managed to reduce costs significantly in the some areas such as rented vehicle expenses (by BDT 4 million) and royalty related expenses (by BDT 6 million).

Vehicle Costs

The total number of the vehicles of the Bank at the end of the year 2016 was 111. The vehicles are generally used for carrying cash from feeding branches to other branches and for providing transport facility to the executives and purpose of official duties. The total expenditure for vehicle in the year 2016 was BDT 93 million as against BDT 94 million in the year 2015.

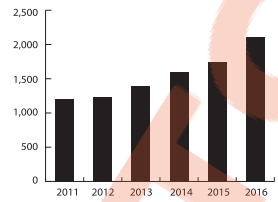
Operating Profit

Operating profit of the Bank for the year 2016 stood at BDT 7,516 million compared to 6,673 million in the year 2015 representing a growth of BDT 843 million (12.6%). Growth of operating revenue recorded at BDT 1,611 million, whereas growth of operating expenses was BDT 769 million. Incremental growth of operating revenue was offset by the growth of operating expenses.

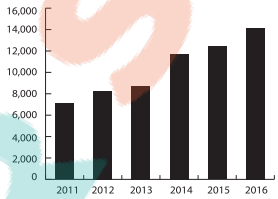
ALWAYS ACCOUNTABLE FOR DELIVERING SHAREHOLDER VALUE

The profitability curve is upward and that speaks about sustainability.

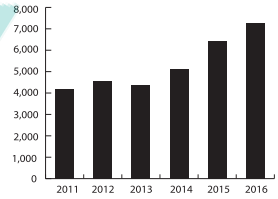
Commission Exchange & Brokerage



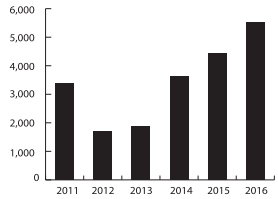
Total Operating Income



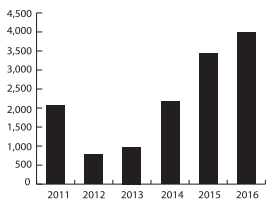
Operating Profit



Profit Before Tax



Profit After Tax



Profit before Taxes

Profit before taxes (PBT) of the Bank rose to BDT 5,444 million in 2016 as compared to BDT 4,495 million in 2015, with a 21.1% growth.

Provision for off-balance sheet exposure increased this year by BDT 112 million as compared to 2015. However, 4.9% decrease of total provision (by BDT 107 million) was majorly contributed by decrease in the provision for loans and advances / investments by 9.7% (BDT 209 million) as NPL rate decreased from 7.6% to 6.1% in 2016.

Profit after Taxes

Profit after taxes (PAT) of the bank stood at BDT 3,934 million in 2016 as compared to BDT 3,579 million in 2015. PAT has increased by BDT 356 million (9.9%) growth over last year.

Earnings per Share

In the year under review, Earnings per share (EPS) stood at BDT 4.49, which was BDT 4.09 in the previous year, registering a growth of BDT 0.41.

Dividend

Taking into account the results achieved in 2016 and to enhance capital base of the bank required for future business growth, the Board of Directors of the bank recommended 24% cash dividend subject to shareholders and regulatory bodies' approval.

BALANCE SHEET

Total Assets

The Bank's total assets at December 31 2016 were BDT 259,424 million. The Bank has observed increase of 20.8% in total assets in comparison to the previous year. This satisfactory increase in total assets is contributed by growth in cash (58.3%), non-banking assets (20.7%), other assets (92.1%) and loans & advances (22.3%). In 2016, foreign currency holding with Bangladesh Bank & its Agent Banks increased by BDT 6,198 million, which is included in the cash balance growth. Investment in subsidiaries rose by BDT 3,604 million in 2016 over last year, which was included in other assets growth in balance sheet.

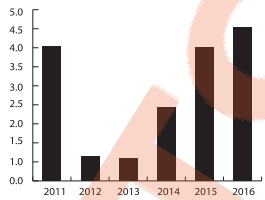
Loans and Advances

The Bank's total Loans and Advances stood at BDT 175,025 million as on December 31, 2016 compared to the same of 2015 (BDT 143,088 million), showing

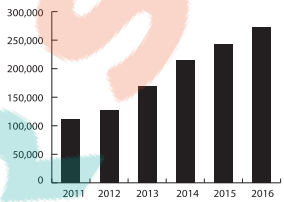
OWNING AND TAKING RISK IN THE RIGHT ASSETS AND CAPACITY

We are always cautious but never shy of taking calculated business risks.

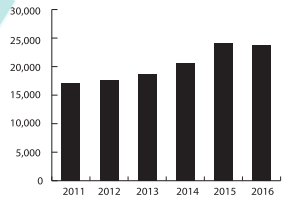
Earnings Per Share



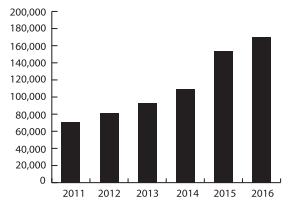
Total Assets



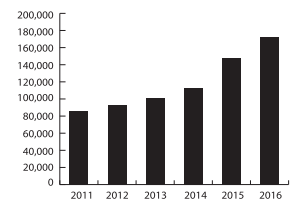
Shareholders' Equity



Loans & Advances



Deposits



a growth of 22.3% over the previous year. Continuous portfolio diversification to avoid the risk of single industry exposure was a priority as usual. Bank concentration increased significantly in Agriculture, Small & Cottage industries and Consumer Loans.

Deposits and Other Accounts

Deposits of banking operations stood at BDT 174,695 million in 2016 as compared to BDT 143,729 million of previous year showing a growth of BDT 30,966 million (21.5%). Fixed Deposits recorded a significant growth of 26.3% in 2016 (by BDT 23,634 million) followed by increase in current deposits by BDT 3,940 million (19.2% increase). During this year, the growth of savings deposits was 12.1%, while Bills Payables decreased by 19.7% (BDT 389 million) over previous year.

Total borrowings from other banks, financial institutions and agents of the bank at December 31 2016 stood 31,695 million, enhanced by BDT 9,615 million (43.6%).The Bank's continuous effort to mobilize no cost and low cost deposit contributed to its reduction in cost of fund from 6.30% to 5.91%.

Shareholders' Equity

The paid up capital of the Bank remained the same at BDT 8,758 million in 2016 compared to that of 2015. Statutory Reserve stood at BDT 6,092 million as on December 31, 2016 compared to BDT 5,003 million as on December 31, 2015 reflecting an increase of BDT 1,089 million and growth of 21.8%. Other reserves decreased by BDT 2,041 million. Under other reserves, quoted shares were valued at market price as per Bangladesh Bank's guidelines and due to valuation at market price revaluation reserve for equity shares were created. As the revaluation reserve for equity shares is unrealized gain, this is booked as a component of shareholders' equity. Total Shareholders' equity decreased by 0.8% (208 million) in 2016 than that of 2015 and stood at BDT 25,301 million at the end of 2016.

PERFORMANCE OF SUBSIDIARIES IN 2016

City Brokerage Limited

City Brokerage Limited was incorporated in Bangladesh as a private limited company on March 31, 2010 vides registration no. C-83616/10 under the Companies Act 1994. The legal status of the company has been converted into public limited company in June 2012 in compliance with Bangladesh Securities and Exchange Commission Rules, 2000. On December 31, 2016, the Bank held 99.9982% shares of the company.

Capital

Total capital of City Brokerage Limited stood at BDT 3,400 million.

Net Operating Profit/Loss

Total Net Operating Profit of City Brokerage Limited was recorded as BDT 54 million from loss of BDT (54) million in previous year.

CBL Money Transfer Sdn. Bhd. (CBLMT)

CBL Money Transfer Sdn. Bhd. is a private company limited by shares incorporated under the laws of Malaysia and registered with the companies commission of Malaysia with Registration No. 769212-M to provide money services under the Money Service Business Act, 2011 through a Class B License Serial No. 01481 issued by Bank Negara, Malaysia. CBLMT is currently engaged in outbound remittance operations.

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

The year 2016 was a significant one for CBLMT. Business (Remittance) volume achieved 38% growth compared to previous year. The balance sheet size increased by 19% from MYR 2.1 million to MYR 2.4 million in 2016. Net Profit for the year 2016 was MYR 34,000 against MYR 8,847 in 2015.

CBLMT currently has a network of 6 branches including Head Office branch which will be incresed to 19 across Malaysia by the year 2019 subject to regulator's approval. It has plans to launch Mobile Remittance Services for customers in Malaysia from 2017. This service will facilitate customers to remit money to their home countries from their dwelling places instead of CBLMT branches, except for the time of the first transaction. CBLMT is also getting ready to obtain regulator's approval to become an International Money Transfer Operator (IMTO) so that other remittance companies across the world can use CBLMT channel to remit money to Bangladesh, Indonesia, Philippines, Nepal, India and Vietnam corridors where they are currently offering remittance services.

City Bank Capital Resources Limited

City Bank Capital Resources Limited a fully owned subsidiary of City Bank is a public company limited by shares was incorporated in Bangladesh on August 17 2009 vide registration no. C-79186/09 under the Companies Act 1994. Subsequently, the Company obtained a Merchant Banking License (Registration Certificate No: MB-54/2010) from Bangladesh Securities & Exchange Commission on December 6, 2010.

City Bank Capital Resources Limited delivers a whole range of services of merchant banking activities such as issue management, underwriting, portfolio management and corporate advisory.

Capital

Total paid up capital of City Bank Capital Resources Limited stood at BDT 2,550 Million in 2016 which was 750 million in 2015.

Total Comprehensive Income

Total comprehensive income of City Bank Capital Resources Limited was BDT 114 Million during the year 2016 resulting in a 57% growth from last year. The growth in total comprehensive income in 2015 was 43%.

DIVISIONAL PERFORMANCES OF CITY BANK

WHOLESALE BANKING

Corporate Banking

City bank corporate banking achieved significant growth in 2016 by leveraging strong customer relationship and by providing innovative solutions to meet growing financing needs. Driven by dedicated relationship management teams, the division offers full-fledged innovative, customized solutions and services to its clients. This particular division acts as a single point solution provider for all banking services to the corporate clients including project financing, working capital, trade, supply chain, cash management solutions, payroll, syndication, merger acquisition and advisory services.

Structure Finance Services & Solutions (SFU)

City Bank's Structured Finance team had developed a portfolio consisting of a unique range of services within the financing arrangement and agency management frameworks with a mixture of debt, quasi equity and security products offered in multiple currencies in either the short or long term. Apart from regular structured & syndication transactions, the Structured Finance set footprints in the areas below in 2016:

- Deals with large debt & quasi-equity arrangements with multilateral involvement
- Provides services like project financing, equity arrangements, agency and trusteeship
- Currently manages a portfolio of more than USD 635.50 Million with exposure in sectors such as Infrastructure, Steel, Power, Food & Allied, Petrochemical, RMG & Textile, etc.
- Works closely with multi-lateral agencies and regulatory bodies for arrangement of new products or services

Remarkable Deals of SFU in last year

- Agent of FCY Term Loan for USD 50 Million for Summit Barisal Power Limited- a 110MW HFO based power plant at Barisal;
- Agent of FCY Term Loan of USD 27.64 Million for 55 MW HFO based power plant of Summit Narayanganj Power Unit II Limited at Narayanganj;
- Agent and Account Bank for FCY Term Loan for USD 63.93 Million for United Ashuganj Energy Limited- a 195 MW Combined Cycle Modular Power Plant at Ashuganj, Brahmanbaria;
- Mandated Lead Arranger and Agent for Syndicated Term Finance of USD 34 M Banco Energy Generation Limited;
- Mandated for BDT 300 Crores Zero Coupon Bond for IPDC Finance Limited;

FMO (USD 30M)

Completed transaction of USD 30 Million from Nederlandse Financierings- Maatschappij voor Ontwikkelingslanden N.V., popularly known as FMO.

IFC Working Capital Systematic Solution (USD 35 M)

Completed transaction of USD 35 Million from International Finance Corporation under "Working Capital Systematic Solution".

Global Climate Partnership Fund (GCPF) (USD 30 M)

City Bank's green financing initiatives has been highlighted by many DFIs and Global Climate Partnership Fund (GCPF) is one of them. City Bank became the first local partner of GCPF in Bangladesh for the implementation of this funding initiative and completed the transaction in 2016. GCPF is an innovative public-private partnership fund dedicated to mitigate the adverse effects of the climate change through a reduction of greenhouse gas emissions in emerging and developing markets. GCPF was initiated by the German Federal Ministry (BMU) and KfWEntwicklungs Bank in October, 2010. Other key stakeholders of the fund include DANIDA (Government of Denmark), International Finance Corporation (IFC) and Department of Energy & Climate Change (United Kingdom). The fund is managed by one of the world's leading asset managers "responsibility Investments AG" based in Switzerland.

Cash Mangement Solutions

Specializing in designing the most innovative solutions - City Bank's cash management unit has redefined the benchmark of cash management business, by providing comprehensive solutions to a diverse clientele ranging from leading multinational corporations to government, semi-government, and autonomous revenue earning entities in the country in 2016.

Wholesale Banking Deposit crossing BDT 3,300 Crore

In 2016, Wholesale Banking year end deposit & loand portfolio growth was 83.6% and 22.3% respectively in comparison to 2015.

Fund Management Solution for Workers Profit Participation and Welfare Fund of GP

City Bank's Cash Management provided a comprehensive fund management & payment solutions for Workers' Profit Participation and Welfare Fund as required to be maintained by corporate bodies under the direct Bangladesh Labor Law. The solution was highly appreciated by the Board of Trustees of Grameenphone WPP & WW Funds.

Biman Bangladesh Airlines Hajj Flight Sales Proceed Collection 2016

City Bank's Cash Management received the collection mandate from Bangladesh Biman for Hajj Fare Fund collection as the sole banker for the second consecutive time in 2016. Through three sales zones: Dhaka, Sylhet and Chittagong of Bangladesh Biman.

Utility Bill Collection Agreement with Dhaka WASA

City Bank Cash Management and WASA signed a utility bill collection agreement in 2016 under which City Bank will provide state-of-the-art automated solutions to WASA to facilitate utility bill collection through City Bank's selected branches and internet banking platform with real-time information connectivity.

Dividend Payment Mandates

City Bank Cash Management served as a dividend payment bank for several listed companies in 2016 such as United Power Generation & Distribution Company Ltd, ACME Laboratories, Standard Ceramic and Phoenix Insurance Company Ltd.

Treasury

City Bank Treasury continued its robust contribution in its customary role of profit center and risk manager while coping with the change in regulatory landscape due to the introduction of amended FX and ALM Core risk guidelines by Bangladesh Bank and the uncertainties in the international market arising from the exit of Britain from EU ("Brexit") and results of US election. The team also managed market challenges and booked opportunistic trades through robust relationship and accurate information management.

City Bank Treasury at present has three separate desks to manage the responsibilities as follows:

1. FX Desk
2. ALM and Money Market Desk
3. Fixed Income Desk

While achieving new highs in terms of managing the client flow business and balance sheet positioning , the team also ensured compliance with new regulations/policies such as BASEL II and BASEL III, Bangladesh Bank guidelines and regulations while offering the best possible solutions for products like derivatives.

Exclusive Achievements of Treasury & Market Risk division in 2016

- FX Trading desk was booked the largest

volume spot corporate deal to date in 2016, grew the corporate forward book to its largest volume and posted the highest swap volume in City Bank history.

- Automation in dealing with room activities were mostly in line with green banking and successful incorporation of BASEL III parameters in day by day business.
- Treasury had supported the growth of OBU book from USD 145.28 million to USD 224.83 million between 2015 and 2016, managing the liquidity gap through money market placements. OBU book was at its peak in November 2016 with USD 262.44 million.
- Treasury ran a USD/BDT swap book of USD 127 million in June 2016, the highest in CBL history, to support loan disbursement while keeping within all BASEL III parameters, like LCR, CRR, NSFR and MCR and WB borrowing limit.

ALM & Money Market Desk

The primary activity of ALM is to ensure regulatory compliance and manage the liquidity requirement of the bank through Money Market products, namely Call and Term placement, Repo/Reverse Repo and FX swaps. ALM also spearheaded the ALCO process and ensured the Bank adopted prudent, profitable policies and strategies in managing liquidity and pricing interest rate bearing products.

The market and regulatory scenario changed in 2016 as Bangladesh Bank introduced prudent, tighter compliance parameters in line with BASEL III and due to increasing BDT liquidity in the interbank market, money market and T bill/T-bond, yields decreased from 2015. Interbank call money rate ranged from 3.90% to 3.52% during the year 2016, due to increase in liquidity volume in the interbank market.

The Bank earned BDT 235.88 crores as interest income from money market in 2016 as compared to BDT 218.67 crores in 2015, a year on year growth of 8%, testimony of their outstanding effort. Average daily money market turnover stood at BDT 26,215 million in 2016 as compared to BDT 21,700 million in 2015, a positive growth of 20%, which is also due to the focus in increasing the overall turnover of money market products to compensate the decreasing spreads in money market transactions.

Fixed Income Desk

City Bank fixed income desk invests in available government securities (Treasury Bill and Treasury Bond) and Bangladesh Bank bills for maintenance of SLR as well as for trading in secondary market. The fixed income desk focused on opportunistic trades and de-risking, maintaining SLR and reducing the interest gap exposure to minimize the chance of capital loss from T-bill/T-bond portfolio.

Foreign Exchange Position Management

City Bank Foreign Exchange Team had managed all aspects of the FX business both in liquid and tight market scenarios while ensuring full regulatory compliance and business growth in 2016 intense market competition and margin pressure.

The team had managed the FX Position through a diversified approach, using spot, forward and synthetic swaps to manage the profit/loss from open position, also priced the spot and forwards to reduce any margin erosion and ensure the projected spread from FX deals. The Bank's FX forward book had reached USD 100 million, a historical high, as did the interbank transaction volume.

Business Outlook 2017

The economy is likely to grow along the lines laid out in the latest Monetary Policy given out in January, which supports steady growth with a check in inflation growth. BDT interbank market liquidity is unlikely to change unless the growth of domestic credit is above the target level, or increase in USD interest rate makes OBU relatively more expensive than previous years, which could lead to a gradual shift towards BDT loans and drain the interbank BDT liquidity.

This can lead to a stabilization of interest rates in the market, which in turn might induce lower turnover in T-bill/T-bond secondary trading as banks position their balance sheets to accommodate future growth with regulatory compliance goals. We expect the trade gap to widen further, given the expected import payment growth driven by the growth of business activity and international commodity prices. In such a scenario, the USD liquidity of the interbank market is likely to see a slight decline. The expected OBU and Islamic Banking guidelines, in conjunction with the recent ALM guidelines will serve as market parameters for growth.

Last year, we saw that the Bangladesh Bank supported the USD/BDT rates for most of the year until the last quarter when the Greenbuck made

gains against BDT and as a result we saw increase in hedging trades from our export clients during the first half of the year and from our import clients during the second half. This trend is likely to continue in 2017. Markets have factored in probable USD interest rate growth in 2017 and we may see interest among banks and OBU clients to hedge their OBU exposures against further upward movement. Given the expected rally in commodity prices, the market may also explore commodity hedging solutions.

COMMERCIAL BANKING

Commercial Banking Division was formed in 2013 as part of City Bank's business model re-structuring, with the objective of being more focused to the needs of the emerging corporate businesses of the country. Since then, the division has been making notable progress with a steady growth in its business by leveraging City Bank's commitment to serve clients better who have significant business expansion potential.

This division has achieved significant growth in 2016. The total Commercial Asset Portfolio registered an increase of around 40% over that of 2015 while the growth of Interest income & Non funded Business was around 25% & 35% respectively. The major sectors financed by this division are: Manufacturing, Trading, Agriculture, RMG, and Steel. In 2016, this division has also arranged financing for its clients from Off-Shore Financing, IFC remediation financing, financing from Global Climate Partnership Fund (GCPF) for energy efficient technology and renewable energy and financing to clients has also been made under the Agricultural and Rural Credit Policy of Bangladesh Bank.

Commercial Banking Division is dedicated to serve a specialized segment of clients requiring credit limit beyond BDT 100 million with a maximum turnover of BDT 200 million and to provide compact, focused and tailored banking solutions for its clients through financial excellence and cutting-edge services.

Commercial Banking Division is also committed to serve clients across different geographical locations of the country. Currently, the Division is serving many customers located outside Dhaka through its Chittagong, Khulna, Dinajpur and Bogra Units.

BRANCH BANKING

With branches and other outlets across the country, City Bank has one of the largest networks to cater to all regions & segments. These customer touch-points represent our brand to the masses and Branch Banking division has been steadily growing this network to provide world-class banking at customers' doorsteps. The division evolved significantly since its inception.

Branch Banking division is on a relentless quest to serve its customers better with bold initiatives like 'Takeover Loan Campaign' with a tagline of "Break up with your current bank today" created a major stir in the market! This along with other steps taken during the year eventually helped our drive towards greater profitability. Some of the major initiatives were : a) expansion of home loan customer reach by introducing simplified home loans for NRB customers & Freedom Fighters b) introduction of 'Developer Relationship Model' for Home Loan c) 'Vendor Relationship Model' for Auto Loan d) concentration on digital marketing through social media and internet based communication to reach desired customers and move ahead of traditional marketing approach e) continuous process re-engineering to ensure greater customer experience and faster service.

Liability Value Center

During the year 2016, Retail Deposit book had a net growth of BDT 6556.7 million.

Asset Value Center

At the end of 2016, our Retail Loan had a net growth of BDT 4351.5 million.

SME Banking

SME banking unit participated in a two day long International Conference on Development of Micro, Small and Medium Enterprises (MSMEs) in Bangladesh: Sharing Asian Experiences organised by Southeast University and supported by Bangladesh Bank at Southeast University Campus. They also participated in Women Entrepreneurs' Seminar and Product Display at Bangladesh Bank Training Academy organized by the Bangladesh Bank.

Initiatives & Achievements

- Women Entrepreneurs/SME Help Desk set up branches all over the country.
- Successfully met Agri budget for the FY 16.
- Received appreciation letter from Bangladesh Bank for meeting Agri Budget for the FY 16.
- Participated in "Open Credit Disbursement to SMEs' Program 2016" at Chhatak in Sunamganj, supported by Bangladesh Bank.

Islamic Banking

"City Manarah"-the Islamic Banking wing of City Bank, has gained a strong brand preference due to strict adherence toward the core Shariah value. Islamic banking has experienced exceptional growth in 2016 because of strong public demand and support. To uphold Shariah value, the Bank offers a profit sharing ratio to the customers at the time of account opening rather than a fixed rate. The Bank has also introduced this updated profit distribution system known as Investment Income Sharing Ratio (IISR), which is more accurately in conformity with Shariah principles.

The entire line of products under the City Manarah are strictly guided by Shariah and vetted by Shariah Supervisory Committee. The Committee is comprised of seven members and chaired by M. Azizul Huq, a renowned Islamic banker and scholar. Other members have outstanding strength in the field of the Quran, Hadith & Fiqh al-Muamalat. The Bank has also appointed a Muraqib (Shariah Auditor) to perform oversight on Shariah Compliance.

All branches of the Bank provide online services to Islamic banking customers. The Bank offers Manarah Personal Finance, Manarah Auto Finance, Manarah Home Finance under retail banking and Murabaha, Quard and HPSM (Hire Purchase Sherkatul Melk) based products to cater the need of our SME and Corporate customers.

The Bank has introduced the Musharaka Finance which is an equity sharing working capital financing solution, considered to be the best Shariah compliant product. The Islamic Credit Card, Bai-Salam and Foreign Documentary Bill purchased product concepts have been appreciated and approved by the Shahriah Supervisory Committee.

As on December 31, 2016 Islamic banking has remarkably secured 27% growth in its operating profit and 64% growth in profit before taxes.

Service Quality

2016 was dotted with numerous activities and initiatives by Service Quality department. Major initiatives included Customer Feedback Modules for Cash Counters and Televisions for walk-in customer entertainment. Branch visits, counseling over tele-conference, verbal tests and online quizzes are also conducted by Service Quality team on a regular basis to develop our human capital.

Bank's "Service Ambassador" network was increased to 40 large metro branches. Under video surveillance program, the team has started monitoring all 120 branches across the country. These were live monitoring to cover all aspects of service issues, premises, unattended customers etc. Online quizzes were held on different topics and 23 exams were conducted for branches and different departments. The department also conducted Focus Group Discussion sessions with 49 different branches. Through our telephone survey of customers, the team covered around 3 thousand customers of different branches.

Mystery Shopping Survey (MSS) also expanded with new assessment criteria and time parameters covering 120 branches, 5 Cards centres and 8 competitor banks during 2016. Dedicated Account Holder Counters, Manarah Desks and Women Entrepreneur Desks in the branches ensured focused services. All these initiatives are taken to ensure one-stop service to the customers.

Branches

Reaching services and products at the door of the customers is the philosophy of modern banking in the world. Branch banking division of City Bank has emerged as a "Super Store" where customers can experience fast track services and solutions to all their needs. Banking is no more restricted to only collecting deposits and selling loans. Segmented customers want different kinds of solutions and products under tech-savvy environment at a fast pace. City Bank branches have emerged as a one-stop point where any customer can enjoy all kinds of business solutions, online products and professional services by skilled staff under a compliant environment.

At 23 fully operational AD Branches of the Bank in key locations are offering clients trade related services. Even in centralized umbrella, clients can still get support from their nearby branches instead of contacting central processing unit. This has allowed us 85.4% growth from LC/BG business of 2015.

Instead of having separate point for SME and Retail services, the Bank shelved all of its products in branches. Now clients can step into any branch and enjoy any service or product they require to meet their lifestyle or business requirement.

Bank's loan book has grown by BDT 4,189 million which is 21.38% more than last year. Similarly, Bank's deposit book also grown by BDT 11,9490 million-14.08% increase from last year. Our Balance sheet steadily grew both in funded and non funded business line in 2016.

We have managed our deposit mix in a prudent manner and brought down our Cost of Deposit to 5.90% in 2016 from 7.70% in 2015. Though there was

high pressure on cutting down the lending rate, we have managed interest rate based on risk weighted approach and also minimized debt charge to keep our Yield on Advance to 11.98% in 2016.

We look forward to take Branch Banking to new heights as a proud stake holder of the Bank's growth in 2016.

Operational Compliance & Service Quality

The Operational Compliance and Service Quality is the prime department of operations that monitors and reviews every other operations department to simplify, monitor, re-engineer and establish control in their processes.

To assess the appropriateness and consistency of the Bank's regulatory framework (statutory documents, policies, strategies, guidelines, rules, regulations and procedures in force) related to compliance issues, this department promptly follows up any identified deficiencies in the policies and procedures, where necessary, formulates proposals for amendments.

The prime responsibilities of this department are:

- Error Monitoring through quality checking across all operations unit to find out the root cause and ensure follow up with necessary actions.
- Operational performance analysis and forecasting through addressing and escalating significant service quality issues/trends.
- Review all processes of operations and ensure that the control check points are working smoothly.
- Developing and maintaining dashboards reflecting performance and quality trends.
- Address improvement areas of operations through reviewing system and software development.

Quality Checking on Sample Instructions

From this department, quality checking on sample instructions of SD has started since 2016. Every month's QC report is prepared and error items, categories and trends are shared with the team for further development.

SLA Monitoring & Review

Operation Division's SLA is now being monitored every month for operations team. A dashboard is prepared for HOOPS reporting in this regard to find out SLA breaches and reasons behind it.

Accounting Control Reporting

To establish financial control over GL accounts, accounting control reporting is prepared for operations department. Highlighted items are shared with HOOPS for necessary actions and escalation.

BCP (Business Continuity Plan) Development & Practices

To ensure uninterrupted customer service during disaster situation, OCSQ is the coordinator department for BCP document preparation as well as its annual drill and up gradation of all the departments of City Bank. We have also build one BCP centre at Moghbazar where 20 – 25 persons can start their Business Recovery process within shortest possible time.

CITYGEM PRIORITY BANKING

City Bank's boutique priority banking proposition 'Citygem' for high-net-worth (HNW) customers has considered to be the best in the market. Citygem members get to conduct their banking activities at seven state-of -the- art lounges in Dhaka and Chittagong with elements of five star luxury and additional perks such as in-house baristas, valet parking and private cash transaction facilities. Within the lounges, members also have free access to stylish business suites which can be used as a virtual office to conduct personal business meetings with the added privileges of a catered luncheon.

In 2016, Citygem's primary focus was to increase its presence in the strategic locations of the marketplace so that it becomes more convenient to reach target customer segment. With this focus in mind, three new Citygem Centers were launched in Dhanmondi, Uttara & Banani with same facilities & benefits which increased the Brand's visibility as well as customer penetration opportunities. Outside of the lounges, the complimentary Citygem travel concierge services provide airport limousines, assistance with luggage handling and check-in as well as access to City Bank's exclusive international and domestic lounges. Apart from the dedicated personal banking dimension, Citygem members also have access to wealth management solutions such as capital market investment advisory and portfolio management services through City Bank's Capital Resources as well as in house real estate information desk.

Citygem portfolio across all the priority banking centers has grown significantly since its inception with over 3000 members currently maintaining an accumulative deposit balance of BDT 16000 million. This translates to a highly competitive customer deposit ratio in the priority banking segment of the market. Citygem has secured 15% of the bank's total

retail deposits portfolio. In 2016, the total member of customer base grew by 24% and total deposits grew by 8% year-on-year. Another key indicator of the Brand value is the increasing number of HNW customers migrating from other banks to Citygem. Moreover, Citygem took several initiatives in the year of 2016 to increase and deepen engagement with its customers, which were highly appreciated among the customer group.

Given the overall success of Citygem and the on growing demand for priority banking services, the new centers have significantly enhanced the availability of priority banking services and thereby generated opportunities for further market penetration and portfolio growth. Going forward, the goal is to capture maximum market share and drive business growth while maintaining a world class value proposition and standard of service quality.

CARDS

With the challenge of establishing the most reputed global financial brand "American Express" in Bangladesh market, City Bank entered to the American Express Credit Card Issuing & Acquiring Business in 2009. Throughout this journey, the team has thrived to offer innovative products to the market with customer convenience, keeping the core business strategy in focal point and 2016 is no exception. In 2016, City Bank Cards initiated some landmark campaigns which has reshaped the entire card market dynamics and fortified our position as a market leader.

Cards Division have always been focused in pioneering "new-to-market" offers. As a continuation to that, this year one of the focal area was E-commerce - keeping the dynamic market trend of digitalization. This year the bank partnered with all major aggregators like SSL Commerce, Codero, Portonics and many more to facilitate the online transaction facilities which has also contributed in establishing e-commerce as a suitable tool for daily routine. However, major success came through the talk of the town campaign with a foreign Airline – Malindo. Moreover, partnership with Government entities such as Bangladesh Railway and Bangladesh Immigration & Passport has created the platform of positioning e-commerce as the commoners' tool.

In the quest of serving card members' diversified choices, City Bank Cards has always topped and as a continuation to that in 2016, the bank had offered a whole new palate of American Express Membership Rewards Redemption option among which card outstanding payment was the very firsin the market. The focus on this comparatively untapped area tasted remarkable success – the redemption rate has grown 150%. At the beginning of the year only 18% card members were using Membership Reward points for various purposes and at the end of 2016, 45% card members were familiarized with this.

The Bank has ensured steady growth in issuing & acquiring. As of December 31, 2016 the bank has issued 208,216 American Express Credit Cards & 87,515 VISA Credit Cards and the Bank's total no of POS terminals stood at 11,420 covering 6,339 merchants. The Bank also saw remarkable 13% growth in acquiring volume despite fierce market competition – total acquiring volume for 2016 was BDT 2,624 million.

City Bank Cards business achieved a phenomenal 13% growth in billing volume, propelled by a number of ATL & BTL campaigns run throughout the year whereby the bank offered card members exciting gifts, discounts and Buy-1-get-1 offers. The total billed business for 2016 was BDT 19,687.5 Million. The growth in billing contributed to a sizable growth in cards lending portfolio. As of December 31, 2016 the Bank's total outstanding in credit cards was BDT 6,147.5 million.

Other than these phenomenal initiatives, the Bank has run joint promotions with prominent partners from various industries throughout 2016 to put forward a diversified assortment of offers and privileges such as US Bangla Airlines, Novo Airways, Regent Airways, Aarong and Bata etc. The bank also signed up several new merchants such as Thai Nation, Sheltech, Koyla etc. under 'SELECTS', a platform through where flat discounts are being offered round the year to American Express Card members.

The Bank has also added 42 merchants under 'FlexiBuy'-0% interest installment purchase program for American Express Card members. HUAWEI, Aftab Automobile, Daraz Bangladesh, RFL, Symphony etc. are few big names that were included in this program in 2016.

The pursuit of excellence is a never-ending journey. However, the efforts and achievements of City Bank Cards testify that we are on the right track and with our ever-increasing vigor and heightened focus-we will continue to lead this path with flying colors.

ALTERNATE DELIVERY CHANNELS

Technology is connecting almost everyone and everything of this contemporary age, thus creating new opportunities for all of us. City Bank is fervent to embrace the advanced technologies and brought the bank in customers' finger tips through different Alternate Delivery channels.

LAUNCH OF CITYGEM SAPPHIRE



Citygem Sapphire is designed to meet the unique banking needs of the Ultra High Net Worth clients and offers its members exclusive travel, health and lifestyle privileges. With Sapphire, clients will be able to experience the finest priority banking services. The new proposition was launched at a grand event in Dhaka, which offered the audience a sublime and iconic journey through the Sapphire experience. In the picture, the Bank's Directors and Management are seen along with one of the founders and a former Managing Director. A great example of the continuing legacy of this institute.

Citytouch – Digital Banking Service from City Bank brings the simplest way to handle banking. The service brought all the conveniences of branch banking to the screen of internet- enabled devices. Starting from fund transfer to utility bills payment, buying air tickets, paying bills of mobile phones, credit cards, paying clubs' bills and insurance premiums and then tracking of accounts and even shopping from over 100 retailers has become much more easier now. Citytouch was launched on October 11, 2013 and within no time it became very popular. By the end of 2016, around 68,770 customers have enrolled for this service. Recently, we have launched the new version of Citytouch and this version offers multilayered security protection along with TFA (Two Factor Authentication) which is faster and more secured. 2017 will be a brand new year for Citytouch as adaptive solutions will be implemented with numerous features and facilities and other banking privileges.

Gaining customer confidence through seamless banking has always been our focus. Thus be it deposit or withdrawal, our valued customers are notified through a text message as a security measure. This service has been widely admired and we have around 519,452 enrolled customers as of now. This real time account updates enhance our credibility to the valued customers and ensures their peace of mind.

Merging innovative ideas with technology are our forte. The fleet of drive-up ATMs is the latest in our long line of technological firsts with 4 such state of the art ATMs. City Bank introduced the country's first drive up ATM. We have placed 310 ATMs so far and the number is increasing. Bank ATMs are EMV compliant while we have ensured City Card has access over 1,840+Q-cash ATMs. We covered almost every ATM with anti-skimming devices. In the coming days, we are introducing recycler ATMs and most importantly biometric solution.

City Bank has a 24/7 state-of-the-art call center. The hunting number is 16234 for local customers and +88 028331040 for the customers abroad. The Bank also caters customer queries through e-mails. City Bank call centers are by now widely accepted and made their marks with goodwill and reputation which is second to none. Apart from debit card activation, fund transfer and paying credit card bills facilities, the bank is offering a wide array of conventional banking services through this channel like hard copy (on demand) statement delivery, cheque book requisitions etc. Customers want more services from call center these days and we are going to add many more features in 2017 to enhance customer delight.

CREDIT RISK MANAGEMENT

The goal of credit risk management is to maximize bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. Among the risks in which we engage, credit risk generates the largest regulatory capital requirements. The principal objectives of credit risk management are as follows:

- To maintain a strong culture of responsible lending and a robust risk policy and control framework in defining, implementing and continually re-evaluating risk appetite under actual and projected scenario
- To ensure independent, expert scrutiny of credit risks, their costs and mitigation.

Within the Bank, the Credit Risk function is headed by the Chief Risk Officer (CRO). The nine members' Credit Committee headed by the CRO as guided by the Bangladesh Bank was formed to identify possible risks during lending and mitigating process and for reviewing of lending practices. The Committee advises Executive Committee and Board of Directors for appropriate strategic direction to ensure optimization of risks and profitability of the Bank. The responsibilities of CRM are as follows:

- Formulation and/or upgradation of different policies, process flows, credit related circulars, guiding the business teams for addressing the risk aspects for formulating different Product Program Guidelines (PPG), etc.
- Undertaking an independent review and objective assessment of risks
- Assessing risks inherent in the credit proposal with due diligence i.e. identification of credit risks, ways out of risk mitigation, assessment of credit requirements and to evaluate proposed facility pricings
- Monitoring the performance and management of portfolios across the Bank to ensure sound asset quality
- Setting policies on large credit exposures ensuring that concentration of exposures by counterparties, sectors or through geography does not become excessive in relation to the Bank's capital base
- Complying with internal (Bank's own Credit Policy / Lending Guidelines, circulars) & external regulatory authorities
- Identifying problematic borrowers through periodical review, maintaining effective follow-up and supervision and taking all possible measures in time to save from classification in light of ToR of Deteriorating

Credit Management through structuring, cash flow generating prospect by the business entity itself, adequacy of security, pricing and profitability, financial analysis, performance, turnover as well as repayment history of the customer.

Non-performing loans (NPL) in the banking sector of Bangladesh had witnessed increase in 2016. NPL ratio in December, 2015 was 8.79%, whereas in December, 2016, it rose to 9.23%. Despite notable economic and socio-economic adversities, City Bank efficiently managed its portfolio by reducing NPL at 6.07% at the end of December, 2016 which was 6.85% last year.

City Bank has adopted the following initiatives in the credit risk management to improve credit portfolio, strengthen its risk strategy aligning with the changing business scenarios, and to adopt the best global practices:

- Apart from significant financial, business, management, security risk, City Bank also considers the environmental risks of the borrowers while processing the loan proposals specially in case of project financing, term financing etc. under the purview of environmental due diligence
- City Bank adopted steps and processes to identify probable deteriorating portfolio considering local and global risk factors and industry scenario with a view to devise mitigation strategy for reducing non-performance of the loans at initial stage
- External credit rating for corporate, commercial and SME clients continued with greater focus to ensure compliance with BASEL III standards and minimum capital adequacy requirements
- Compliance of regulatory guidelines, internal policies and approval covenants were emphasized. In 2016, periodical compliance reports on covenants and documentation were submitted to senior management and Board to ensure timely and meticulous compliance as part of continuous monitoring
- Environment and Social Risk Management was implemented in credit approval process as per Bangladesh Bank's guidelines to address further capital charge
- City Bank complied with the Bangladesh Bank guideline by rewarding the good borrowers with rebating 10% on their income

In addition, the following initiatives are under process to strengthen the CRM process:

- Revision of Credit Policy Manual (CPM) in line with Bangladesh Bank guidelines on Credit Risk Management (CRM) for banks dated March 08, 2016.
- Review of Credit Instruction Manuals (CIM) with the updated guideline of Bangladesh Bank.
- Formation of Sustainable Finance Unit and Sustainable Finance Committee as per Bangladesh Bank SFD Circular#2 dated December 01 2016.
- Sector wise CRG for key industries viz. RMG, Manufacturing, Power (CRG for Telecom industry already drafted) etc. Separate CRG for SME business.
- Implementation of automation in CRM process and monitoring.

TRADE SERVICE

City Bank has started centralization of Trade Services in July 2008 and successfully completed centralization of Dhaka and Chittagong region in true sense which was a paradigm shift from traditional concepts.

At the beginning of the centralization, Bank's process centre was divided broadly in three departments, i.e., Import, Export and Guarantees and we had teams grouped to process transactions of specific branches. While it was necessary to have the teams operate as such in order not to disrupt the way we operated at branches and for the officers to accustomed themselves with the new structure, understand customer needs and deliver accordingly.

City Bank Trade Services Division is providing holistic services for corporate, commercial and SME customers for their trade solutions. The number of trade transactions is directly correlated to the volume of trade business of the bank. If we compare the year 2013, 2014, 2015 and 2016, the number of trade transactions increased significantly every year. Key features of TSD are: Front and back office segregation; restructuring of TSD by implementation of factory concept; Automation at TSD; like-real time transmission of LC and send acknowledgment copy of LC and advice to customers, standard LC format, loan intimation; acceptance; transfer register, daily maturity tracking; import-export register; better compliance and audit issue; better interaction withbusiness through job wise functions; on job training, certification on trade, home & aboard training seminar, workshop etc.

Audit & Inspection Unit: The Bank ensures that effective and comprehensive audit of the internal control system carried out by its Audit & Inspection Unit. The Audit & Inspection Unit identifies and assesses the key operational risk areas of the core

business lines (Wholesale Banking, Commercial Banking, Branch Banking and Treasury & Market Risk) along with other segments of the bank, i.e., Operations, Finance, Risk and Support Functions through regular audit process under an approved annual audit plan.

Trade Services Division has always ensured excellent customer experiences in relation to each of those transactions and takes great pride in it. Apart from business transactions, City Bank TSD meticulously follows the local and international compliance, KYC and standard operating procedure. As a new development in business strategy, the bank has recently opened trade window at the branches. TSD is also performing the job of remote checker for the branches.

City Bank Trade Services Division achieved ISO Certification in 2012 for its international standard trade practices and procedures.

After getting two offshore banking license in 2009, City Bank is now one of the pioneers among local banks in Bangladesh to operations of offshore portfolio. City Bank Trade Services Division is committed to being the "Partner of Choice" to all our internal and external customers.

RISK MANAGEMENT

The management of risk is a critical factor to ensure the execution of the Bank's strategy. Growing sophistication of financial technology is making banking activities more diverse and complex. The Bank has instituted an integral risk management process, founded on integrated framework to embed independent risk management function. With a vision of enterprise risk management process, Risk Management Division (RMD) started its journey in 2010. Role of RMD is guided by divisional Terms of Reference (ToR), central bank's regulatory framework and prudential risk management guidelines. RMD is an independent cost centre that generates risk management analysis on portfolio basis to the Board of Directors, Board Risk Management Committee, Management Risk Committee and Senior Management of the Bank, based on the significance of the issue.

To ensure smooth operations aligned with best practices, RMD reconstituted risk management framework and terms of reference in 2016. With existing focus areas, risk governance for internal control and compliance, IT and Anti Money Laundering were given intense attention.

RMD, with its existing risk coverage, monitored the development and implementation of risk appetite and escalated for remediation of identified deficiencies to the authorities concerned. Board and Management Risk Committee was regularly informed about the appropriateness of risk, capital and liquidity, about relevant regulatory requirements and corresponding changes in risk weighted assets. Qualitative and Quantitative gap analysis of full implementation of Basel III accords and consequences on strategic goals were allied to mitigate the risks. The responsibility of monitoring implementation of revised core risk management guidelines on Credit, Asset Liability Management, Internal Control and Compliance and Foreign exchange risk management was embedded.

RMD arranged capacity building workshop on "BASEL III and Capital Adequacy" and workshops on the "Green Banking and Ethics in Banking" utilizing internal resources in 2016. RMD has a secretariat responsibility for Basel Unit, Supervisory Review Process, Management Risk Committee (Risk Management Unit), Committee for Moral, Ethics and Integrity, ICT Steering Committee and participated in the Asset Liability Management Committee, Credit Risk Management Committee and Central Compliance Unit of the Bank.

At RMD, we believe embedding risk management process in all areas of banking business is a continuous endeavor and a holistic & disciplined risk management process underpins to reinforce banks resilience to challenging environment.

INFORMATION TECHNOLOGY

In response to the evolving forces of customer expectations, regulatory requirements, technological innovations and for attaining competitive advantages–City Bank Information Technology is relentlessly powering the Bank for maintaining its position as a leading technology-driven modern bank. Being the pioneer of many unique service channels of the industry, City Bank also emphasized its business process automation last year and achieved a significant mileage reducing TAT (Turnaround Time) and eventually ensuring customer satisfaction.

Core Banking Software is the backbone of a bank's business activities. City Bank has taken the initiative to upgrade its Core Solution Finacle from Version 7.x to 10.x. New version of Finacle will allow the bank to offer a wide array of lending products and other banking services to meet the diverse needs of its retail and corporate customers

City Expedite (Cash Management System) is another milestone application that facilitates collection of different large local corporate houses and utility companies. Through this system, it offers real time collection transactions & MIS and faster information to the clients.

GLOBAL FINANCE

BEST BANK IN BANGLADESH – 2016



City Bank retained its excellence in banking by winning the "Best Bank in Bangladesh – 2016" award for the third time in a row from Global Finance, a leading international financial publication based in North America. The international accolade is a testament to City Bank's commitment in delivering the best experience for its customers and setting industry leading benchmarks. In the picture, the Bank's Chairman at that time and current Director, Mr. Rubel Aziz and Independent Director, Mr. K.M. Tanjib-ul Alam are seen recieving the award from Global Finance.

City Touch, the Bank's internet banking solution, has re-appeared with enhanced version introducing new look and extensive functionalities.

Lending operations, being the most critical and major activity of any bank, is often neglected and faces challenges due to lack of its automation. City Bank can demand itself as the First mover for introducing automation of such systems.

Loan Origination System (LOS) covers automation of the full lending cycle. It enables Operational Efficiency, Reduced TAT, Enhanced Customer experience, Better Visibility & Control and Improved Compliance.

Automation cannot have full essence if there is no solution of how to manage documents, especially for financial sectors. City Bank has implemented the technology of this solution last year. Document Management System (DMS) is such a solution used to track, manage and store documents in an intelligent way by using automatic image categorization and ICR (Intelligent Character Recognition.

HUMAN RESOURCES

Human Resources division had taken a lot of important initiatives in 2016 which were crucial for organizational sustainability and success as a whole. The values of City Bank define the expected behavior of the employees in order to collectively achieve the Mission and the Vision of the bank. At City Bank, the HR division has defined values to craft a cultural path towards the Bank's anticipated objectives. There are five core values of City Bank:

Result Driven: City Bank always drives to meet or exceed ambitious performance objectives and quality standards, deliver business results and continually find sustainable improvements in methods or processes. Individuals working in the Bank are expected to act in a proactive way by taking necessary actions. This division not only responds to situations but also anticipates future opportunities or problems, and acts upon them well in advance.

Engaged & Inspired: City Bank's employees work collaboratively with others and demonstrate commitment to achieve the team's objectives. They are committed to develop individuals andmake them believe in themselves, so that they can constantly push their limits.

Accountable & Transparent: The City Bank team tends to perform responsibly with a sense of ownership and hold ourselves accountable to the outcome. The HR team mobilizes resources effectively to ensure that strong corporate performance is delivered. The HR division ensures that all the members of the City Bank team are leaders and believe that their behavior and actions collectively create a positive impact on customers, end-results and the future of the organization.

Courageous & Respectful: City Bank team has always been confident in their capabilities and judgments and always challenged the status quo in a drive for improvement. Employees seek to encourage a climate of respect to ensure equal treatment.

Customer Delight: City Bank experts desire to help and serve the customers in a way that best meets their expectations and actual needs. Employees are committed to provide high quality service to the customers for a long-lasting and mutually profitable relationship. A "customer" can be any person or organization for whom the service is intended (external client, internal client, colleagues at all levels, suppliers, regulators etc.)

In terms of contribution of responsibility of the bank towards the employees, this division has taken several initiatives in 2016:

A balanced work-life: City Bank goes out of its way to make sure the colleagues succeed and excel both professionally and personally. Contribution of the "Day care center" for employee's children was an outstanding example of what the Bank had done for helping employees have work life flexibility.

Energetic workplace and remarkable working environment: City Bank initiates different kinds of "green banking" learning projects to ensure proper support. The HR team at City Bank has always believed that a supportive and a diverse work environment is the key to attracting employees who are engaged and dedicated to business.

A performance focused culture: The HR team believes that all employees working with the Bank must be evaluated in a fair and transparent manner and the performance management policy of City Bank ensures the implementation of this philosophy.

Learning and organizational development: In 2016, the learning interventions of City Bank Learning & Development department reached new milestones. A lot of trainings and workshops were organized which covered a total of 4,487 participants through planned and ad-hoc trainings. A total of 105 unique trainings distributed through 183 sessions were organized throughout the year.

Employee branding & engagement activities: In 2016, the HR team has initiated a number of employer branding activities which includes campus program at Eastern University, Career Fair with 'Bangladesh Youth Leadership Center', 'Bangladesh Institute of Bank Management' & 'United International University' for gaining access to a large number of candidates in a one-stop environment and identifying the key talents from the pool. A career development program was show

cased with United International University students to strengthen the mindset of the young graduates with the right attitude, and to educate them on the skills and competencies they need to be developing for the corporate world.

City Bank had initiated different kinds of employee engagement programs in 2016 such as film shows, employee voice survey, football tournament, international women's day, celebration of bengali new year, children's art competition to ensure inspiration & engagement among all employees.

Ethical principles: City Bank employees maintain strict ethical principles while discharging their duties. We have Board approved Code of Conduct which guides our employees with the philosophy of ethical standards to be maintained in course of employment with the Bank.

FINANCE

Attaining a first-time rating of Ba3 from Moody's has been a noteworthy feature of City Bank in 2016. Finance Division played a critical role in the accomplishment of both communications' support and providing critical financial facts & figures. In the equity-partnership deal with IFC, our support in pricing, setting terms & conditions and pursuing Central Bank's approval continued throughout the year. Time to time, effective communication with involved researchers and potential investors of the capital market from both local and overseas origins proved our commitment towards presenting the Bank as an investors' choice in the industry.

With the Basel-III implementation under process, our capital planning initiative showed ways to alternative growth strategies with adequate capital availability. In this connection, issuance of the Tier-II Bond of BDT 5000 million was initiated in November 2016 with the approval of the Board of Directors. We contributed BDT 4,250 million in 2016 to the Government Exchequer through paying taxes & VAT on income and collecting revenue for the government on behalf of the Bank.

Increasing adeptness of the compliance culture has been a top priority as always. As part of the process development, we constantly thrived to enhance reporting, MIS and digital archiving systems. Our role was pivotal in the budgeting & strategic planning process. With significant contribution from Procurement Division, the Supply Chain & Financial Management (SCFMS) system went live in 2016, enabling an end-to-end solution for PR generation, budget monitoring, relevant VAT management and documentation.

Procurement

Procurement department has been playing a vital role in key projects, initiatives and tasks of the Bank that helps increase the Bank's profitability through the bottom line cost savings by ensuring cost effective purchasing process. In one single point, Procurement division has been ensuring central purchasing activities of the bank with efficiency under utmost good compliance and has made the procurement process more transparent and accountable with the proper implementation of regulations.

GENERAL ADMINISTRATION

Ensuring smooth banking operations and meeting expectations of our internal and external customers have been the main motto behind every initiative we have undertaken. Reaching 310 ATMs was one of the key achievements in the year of 2016. In addition, we have launched 3 new priority centers, renovated and relocated 7 branches & 10 back offices.

OPERATIONS

City Bank's Operations Division along with Information Technology Division are ISO 9001:2008 certified units and role model in the banking industry. From last five (5) consecutive years, we have been maintaining an ISO 9001:2008 certification for its processes and policies and received the best customer award by TQCSI (Bangladesh) --- the certification body for CBL.

City bank Operations Unit consists of number of departments and works as the support unit of all business wings of the Bank. Under this model all accounts are opened & closed, remittance payment and Sanchaypatra/bond issuance, card operations, all local and international remittances, cheque clearing etc. are done centrally to ensure utmost security and compliance for both our customers and the bank. Continuous process development and automation of work process makes operational activities more efficient and effective.

During the year, automation in Inward and Outward transactions under BEFTN was introduced for faster and error free execution of customer instructions. We have introduced Retail Time Gross Settlement (RTGS) in bulk system, which is unique in current banking practices.

Over the past few years, online crime and theft involving credit card data has become big business for cyber criminals. Numerous stories involving the compromise of hundreds and thousands of credit cards have emerged in millions of dollars in losses to both card issuer and customers.

Considering the security of City Bank Card, we have introduced state of the art security measures like EMV cards under all payment system VISA, AMEX and Master card. For transaction security, we have introduced two (2) factor authentications for E-commerce transactions. Moreover City Bank is the only bank in Bangladesh which is certified by "The Payment Card Industry Data Security Standard (PCI DSS)".

To ensure uninterrupted customer service during disaster situation, Operational Compliance and Service Quality has taken the initiative to formulate Business Continuity Plan (BCP) for the bank. This BCP had been approved by proper authorities; and we have conducted bank wide BCP drills in different departments.

Trade Support Division, being a provider of the back office operations, manage and deliver non-core services of the bank such as correspondent banking, foreign exchange reconciliations, extending services to trade related issues, SWIFT communications etc. In order to facilitate international business in trade operations and foreign exchange transactions, Correspondent Banking Unit under the Trade Support Division has created a widespread partner network of over 500 local and international banks including multilateral agencies.

City Bank has been maintaining a successful collaborative relationship with major global correspondent banks as well as multilateral agencies such as IFC under Global Trade Facilitation Program (GFTP); ADB under Trade Finance Facilitation Program (TFFP); FMO in the area of letter of credit confirmation and foreign currency funding business for OBU operations. In the year 2016, utilization of credit lines with the global correspondent banks and multilateral agencies were around USD 400 Million showing a growth of 33% over the last year.

BRAND COMMUNICATIONS AND MARKETING

Brand Communications and Marketing division is in charge of building, protecting, and enhancing the City Bank's image as a brand in this competitive financial industry. This division works closely with all the other units within the Bank to create, execute and integrate strategies that focus on communications, marketing and research to differentiate the City Brand.

The team has been profoundly involved in making the 'City' brand familiar internationally. In 2016, for the fifth consecutive year, City Bank, in partnership with FinanceAsia hosted the '4th Bangladesh Investment Summit Asia' in Hong Kong. The event, now a permanent fixture on the Bank's annual event calendar once again has been very successful. The summit that showcase Bangladesh's trade and investment opportunities was attended by more than 300 delegates from Bangladesh and the Asia-Pacific region attended the Summit. The bank has also organized second 'City Bank-Euromoney Bangladesh Roundtable', which was attended by honourable Finance Minster, Dhaka North City Corporation Mayor, FBCCI President among other renowned personalities. The roundtable was a success and Euromoney published the summary of the discussion in their magazine. The team also supported publishing few more advertisements in international magazines. Furthermore, the bank also sponsored the first ever 'Bangladesh Investment and Trade Summit Malaysia', organized by Bangladesh-Malaysia Chamber of Commerce and Industry.

The division has been playing a key role in achieving many prestigious awards for the bank – 2016 was no exception. The Bank has received Global Finance 'Best Bank in Bangladesh' for the third time in row. The Bank has also received 'FinanceAsia's 20th Anniversary Platinum Awards' for its contribution to Bangladesh economy in last two decades. City Bank is the first Bangladeshi bank to receive such a prestigious award.

In 2016, City Bank's Facebook page achieved the milestone of half a million followers. Another significant achievement was the lead generation campaigns through which we have gathered potential customers' information from digital marketing campaigns. The team has arranged publishing Bank's MD and CEO's interviews in electronic and television media and also published more than 40 press releases in national dailies. The team supported branding and launch of 4 new branches and few relocation across the country. It also helped to commission 32 new ATMs across the country.

Las year, the Brand and Communications team has successfully launched numerous significant campaigns for the Bank such as the Take-over Loans, Call Center campaign, Auto Loan campaigns, re-vamped Deposit and Loan products campaigns etc. As for American Express Cards, the team has successfully carried forward tactical campaigns in the category of airlines with Malindo Air, US Bangla, Singapore Airlines and Bangkok Airways. Then American Express dining campaign with Le Meridien, Radisson Blu and Six Seasons Hotel was also successfully launched. Other significant American Express campaigns include the Eid Campaign, Live Asia social media, Agoda offer, The Palace Resort etc. among many more launched by the Brand team. Among the E-commerce

FinanceAsia

BEST DOMESTIC BANK IN BANGLADESH



City Bank believes in moving forward, always. The Bank won the prestigious recognition of being the "Best Domestic Bank in Bangladesh" from FinanceAsia for its consistency in performance and innovation over the last two decades. In the picture, Bank's Additional Managing Director & Chief Risk Officer and CAMLCO, Mr. Faruq M. Ahmed is seen with the award recieved from FinanceAsia.

campaign, the division has developed various communications for promoting online purchases in the category of groceries, retail shopping, launch & bus ticket booking, utility payment etc. The Membership Rewards program has been revamped to through various communications.

For the Priority Banking arm of the Bank- Citygem, Brand team has successfully organized the launching of the Citygem Sapphire designed to meet the banking needs for Ultra High Net Worth clients. This new proposition was launched with a grand event where renowned Indian Classical and Fusion musicians – Amaan Ali Khan and Ayaan Ali Khan mesmerized the guests with their musical performance. The bank also presented Dhaka audience the stage-play "Ismat Apa Ke Naam" by Naseeruddin Shah, one of the most prominent figures of Indian theatre for the first time. The bank in association with Entrepreneurs' Organization introduced International speakers Tanya Shernova and Reg Athwal in Bangladesh to showcase their motivational talk. The Bank also sponsored/organized a number of mega events with support by the team including some in house ones like Annual General Meeting, IFC signing event etc.

INTERNAL CONTROL & COMPLIANCE (ICC)

Banking has diversified financial activities that involve different risks. So the issues of effective internal control system, good governance, transparency of all financial activities, accountability towards its stakeholders and regulators have become momentous to ensure smooth performance of the bank. Therefore, effective internal control and compliance system has become essential in order to boost effective risk management practices and to ensure smooth performance of the bank.

One of the key strategic objectives of City Bank is to sustain the quality of its overall operations. Internal Control & Compliance Division (ICCD) plays a major role towards achieving this goal.

To ensure an appropriate level of Internal Control System, the bank's ICCD has been structured as per prescribed organizational structure of Bangladesh Bank's Core Risk Management Guideline. Following are the units of ICCD and their functions:

Monitoring Unit: The Monitoring Unit monitors the effectiveness of the bank's internal controls on an ongoing basis. They identify the key/high risk items and monitor those as part of daily activities. Although monitoring controls is a part of the overall system, it is largely independent of the elements it checks (LDC). As a part of its daily activities, the Monitoring Unit monitors the operational performance of various branches & divisions and raises flags in case of deviations detected.

IT Audit unit: Risks in the bank's IT systems are identified and assessed through regular audit process carried out by the IT Audit Unit under the approved annual audit plan. With a view to ensuring regulatory compliance at all levels, the IT Audit Unit of the bank is aimed at ensuring an acceptable standard for security on all the bank's servers, workstations, routers, switches, applications and other IT systems.

Compliance Unit: The Compliance Unit monitors compliance activities of different divisions and/or branches and follows up with them to ensure that all regulatory requirements as well as audit issues are rectified and complied within specific deadlines.

The bank has formulated and updated from time to time its Internal Control policies and manuals. A robust Risk Based Internal Audit (RBIA) methodology has been implemented. Risk assessment by Internal Control focuses on ensuring compliance with the bank's policies together with regulatory requirements (including

all core risk management guidelines provided by Bangladesh Bank), social, ethical and environmental risks and also recommending appropriate measures to further improve the internal control framework. In this way, ICC plays its role both as a watchdog as well as a facilitator of the bank's sustainable growth.

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

FUTURE OUTLOOK OF INTERNAL CONTROL & COMPLIANCE (ICC)

As a forwarding looking organization, the following are the future plans of ICCD in the years to come:

Risk Recognition and Mitigation: ICCD shall continue to identify the risk areas with recommendations to mitigate the risk and report the same to the business units, senior management, Audit Committee and the Board.

Risk based audit in line with BB Guidelines: ICCD have already completed Risk Grading Checklists and conducted Risk Based Audits on all Branches and Credit & Collection-Retail and all Business (City Solution, City Express Cash & Loan, Home Loan), Credit (CAD, CRM, Business) and Trade Service (Export, Import, Bank Guarantee). In 2017, ICCD shall complete Risk Grading Checklists

for GAD, HRD, Finance & Treasury and shall start risk grading accordingly from this year. ICCD have also obtained Board approval for Risk Grading Checklists on 6 Core Risk Areas & ICAAP and have already implemented Core Risk Inspections since 2015.

Audit Plan 2017: As per approved Audit Plan 2017, ICCD shall audit all Branches and Head Office Divisions including inspections on 6 Core Risk Areas.

ISO Certification: ISO Certification of Audit, Monitoring and Compliance Process.

PwC Review: Review of Audit, Monitoring and Compliance Processes to be done by PricewaterhouseCoopers (PwC).

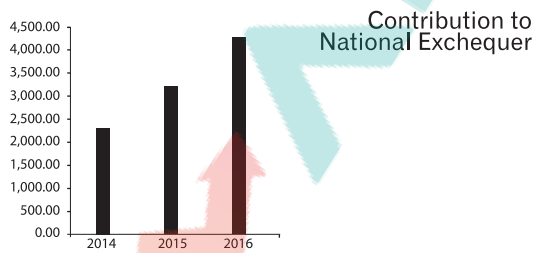
CONTRIBUTION TO NATIONAL EXCHEQUER

City bank is one of the most important tax payers in the banking industry and it regularly pays direct and indirect tax obligations in time and that has a significant impact on our Government treasury.

During the period January-December 2016, the Bank made provision of BDT 1,656.1 million for corporate taxes. Beside this, in 2016, City Bank had deposited BDT 1,919.3 million as corporate tax, BDT 1,693.1 million as source & other tax, BDT 442.43 million as VAT and BDT 196.9 million as excise duties to the national exchequer. In total, City Bank contributed BDT 4,251.2 million to the national exchequer through paying taxes & VAT on its income and collecting revenue for the government.

Amount stated BDT in millions

Year	2016	2015	2014
Amount	4,251.2	3,101.8	2,335.2



Attendance in the Board Meeting from January 1, 2016 to December 31, 2016

During the year 2015, 22 numbers of Board Meeting were held and detail information of that is provided in Corporate Governance section.

Attendance in the Board EC Meeting during period January 1, 2016 to December 31, 2016

During the year 2016, 6 numbers of executive committee Meeting were held and detail information of that is provided in Corporate Governance section.

Attendance in the Board's Audit Committee Meeting during period January 1, 2016 to December 31, 2016

During the year 2016, 4 numbers of Audit Committee Meetings were held and detail information of that is provided in Corporate Governance section

SHAREHOLDING PATTERN OF THE BANK

A. Shares held by directors and their spouses Information is provided in Corporate Governance section.

B. Shares held by CEO, CFO, Company Secretary and Head of Internal Audit Information is provided in Corporate Governance section.

C. Detail shares held by top Executives of the Bank Information is provided in Corporate Governance section.

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

ACKNOWLEDGEMENT

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

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

MOHAMMED SHOEB
Chairman

GROWING OUR BUSINESS WITH INTEGRITY

The Board of Directors is appointed to act for and on the financial statements of The City Bank Limited drawn up as at 31 December, 2016. These statements are prepared under the historical cost convention and in accordance with the First Schedule (Sec-38) of the Bank Companies Act, 1991, BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh, Companies Act, 1994, The Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges' listing regulations and other laws and rules applicable in Bangladesh. In addition to following directives and standards, the operation of Islamic Banking Branch is accounted for in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, Bahrain. The accounting policies used in the preparation of the financial statements are appropriate and are consistently applied by the Bank (material departures, if any, have been disclosed and explained in the notes to the financial statements). There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation.

The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with our external auditors and the audit committee. The Board of Directors and the Management of the Bank accept responsibilities for the integrity and objectivity of these financial statements. The preparation of financial statements requires the Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The most significant areas where estimates and judgments have been made are on the provision of loans and advances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which an estimate is revised and if it affects any future period. Our internal auditors have conducted periodic audits to provide reasonable assurance regarding abiding the established policies and procedures of the Bank. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The financial statements of the Bank were audited by Hoda Vasi Chowdhury & Co. Chartered Accountants, and their report is given on page 134 of the Annual Report.

The Audit Committee of the Bank meets periodically with the internal audit team and the external auditors to review their audit plans, assess the manner in which these auditors are performing their responsibilities and to discuss their reports on internal controls and financial reporting issues. To ensure complete independence, the external and internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

We confirm that the Bank has complied with all applicable laws, regulations and guidelines.



MD. MAHBUBUR RAHMAN
Chief Financial Officer



SOHAIL R. K. HUSSAIN
Managing Director & CEO

RESPECTING THE LAWS OF THE LAND, ALL THE WAY

Corporate governance is the system of principles, policies, procedures and clearly stated responsibilities and accountability designed by the key stakeholders to overcome the conflict of interests inherent in the corporate form. The term "Corporate Governance" in today's business world is subject to a variety of conflict of interests due to its inherent complexities in forms and structures. Purpose of corporate governance is to facilitate effective and prudent management that can deliver the long-term success of the company.

Hence, corporate governance must be there in order to:

- Eliminate or mitigate conflict of interests particularly those between the management and shareholders;

- Ensure that the assets of the company are used efficiently and effectively and in the best interest of its shareholders and stakeholders.

From the view point of conflicts of interest, two relationships,

i) between management and shareholders; and

ii) directors and shareholders; are the primary focus of most of the systems of corporate governance.

The Board of Directors is a critical component of the check and balance system that lies at the heart of the corporate governance system. Board members have a responsibility to make decisions based on what ultimately is the best for the long term interests of the shareholders. In order to do this effectively, Board members require a combination of three things:

a) Independence
b) Experience
c) Resources

CORPORATE GOVERNANCE PRACTICE AT CITY BANK

The Bank is guided in its corporate governance practices mainly by two regulatory bodies:

a) Bangladesh Bank (Central Bank of Bangladesh); and

b) Bangladesh Securities and Exchange Commission (BSEC).

However, the Bank's corporate governance philosophy encompasses not only regulatory and legal requirements but also various internal rules, policies, procedures and practices based on the best practices of local and global banks. City Bank attaches a simple meaning to corporate governance, which is the due diligence in observing responsibilities by Board as well as management to safeguard interests of key stakeholders, i.e. depositors, shareholders, employees and the society as a whole. Two very important pillars of good corporate governance structure are as follows:

i. Transparency
ii. Accountability

The above stated pillars are backed by strong internal control and compliance structure and MIS capabilities in City Bank.

BOARD OF DIRECTORS

The Board of Directors is currently comprised of 14 directors among whom 13 (thirteen) are non-executives / directors including the Chairman and the other director is the Managing Director (Ex-Officio). The Board members include people of high caliber with academic and professional qualifications in the field of business and professionals. This gives strength for effective discharge of duties and responsibilities by the Board. The Board approves the Bank's budget and business plan and reviews those on a monthly basis so that directions can be given as per changing economic and market environments. The Board also reviews the policies and manuals of the various segments of businesses in order to establish operations. The Board and the Executive Committee reviews the policies and guidelines issued by the Bangladesh Bank regarding credit and other operations of the banking industry. The management operates within the policies, manuals and limits as approved by the Board. Regular meetings of the Board are held, at least once a month.

APPOINTMENT OF DIRECTORS

The members of the Board of Directors of City Bank are appointed according to the provision of the Companies Act 1994, the Bank Company Act 1991 (amended up to 2013), Corporate Governance Guidelines of BSEC and Guidelines of Bangladesh Bank and Articles of Association of the Bank.

The Board of Directors is comprised of experienced members with diverse professional experience and knowledge such as business, banking and finance, IT, accounting, marketing, administration, engineering which makes the Board very diverse, proficient and balanced in guiding the bank to achieve its desired objectives.

MEETING OF THE BOARD OF DIRECTORS

The Board of Directors holds meeting on a regular basis. At each meeting, management provides information, references and detailed working papers for each agenda to all the Directors for review, at least three days prior to the meeting. The Chairman of the Board of Directors allocates sufficient time for the directors to consider each agenda in a prudent way and allows them to freely discuss, inquire and express opinions on the topics of interest at the meeting in order to fulfill the directors' duties to the best of their abilities at the meeting.

During the year 2016, 22 board meetings were held and attendance record of those meetings was as follows:

Name	Status with the Bank	Total No. of Meetings Held	No. of Meeting Attendance
Mr. Mohammed Shoeb	Chairman	22	17
Mrs. Tabassum Kaiser	Vice Chairperson	22	08
Mr. Deen Mohammad	Director	22	20
Mr. Aziz Al Kaiser	Director	22	16
Mr. Rubel Aziz	Director	22	21
Mr. Hossain Mehmood	Nominated Director	22	17
Mr. Hossain Khaled	Director	22	13
Mr. Rajibul Huq Chowdhury	Director	22	18
Mrs. Syeda Shaireen Aziz	Director	22	20
Mr. Rafiqul Islam Khan	Director	22	17
Mrs. Savera H. Mahmood*	Nominated Director	22	09
Mr. K.M. Tanjib-Ul Alam	Independent Director	22	19
Mr. Farooq Sobhan*	Independent Director	22	09

The Directors who could not attend the meeting were granted leave of absence by the Board.
• Directors named Mrs. Savera H. Mahmood and Mr. Farooq Sobhan joined the Board on July 21, 2016 and July 28, 2016 respectively with prior approval of competent authorities.

OWNERSHIP COMPOSITION

As on December 31, 2016, Directors of the City bank held 27.41% of total shares as opposed to 25.35% that of at year end 2015.

Percentage of Shareholdings as on December 31, 2016 :

	31-12-2016		31-12-2015	
Composition	No. of Shares Held	% of Total Shares	No. of Shares Held	% of Total Shares
Directors	240,048,684	27.41%	221,988,684	25.35%
General Public	478,088,297	54.59%	447,002,606	51.04%
Financial Institutions	157,661,050	18.00%	206,806,741	23.61%
	875,798,031	100.00%	875,798,031	100.00%

DIRECTORS' SHAREHOLDING STATUS

As per BSEC Notification, dated November 22, 2011 and December 07, 2011, each Director other than independent and depositor's director(s) of any listed company shall hold minimum 2% (Two percent) shares of the paid up capital by May 21, 2012. Otherwise there shall be a casual vacancy of director(s).

All the Directors of a company, listed with any stock exchange shall jointly hold minimum 30% (thirty percent) shares of the paid up capital of the company. All the eligible Directors of the bank have taken required number of shares to comply with the above notification. Shareholding structures of the Directors of City Bank are as follows:

Name	Status with Bank	No. of Shares Held	Percentage of Holdings
Mr. Mohammed Shoeb	Chairman	22,075,307	2.50%
Ms. Tabassum Kaiser	Vice-Chairperson	17,693,587	2.00%
Mr. Deen Mohammad	Director	43,999,851	4.97%
Mr. Aziz Al Kaiser	Director	25,762,221	2.91%
Mr. Rubel Aziz	Director	22,057,443	2.49%
Mr. Hossain Mehmood	Nominated Director	17,693,224	2.00%
Mr. Hossain Khaled	Director	17,714,233	2.00%
Mr. Rajibul Huq Chowdhur	Director	19,462,192	2.20%
Mrs. Syeda Shaireen Aziz	Director	17,738,998	2.01%
Mr. Rafiqul Islam Khan	Director	17,791,628	2.01%
Mrs. Savera H. Mahmood	Nominated Director	18,060,000	2.04%
Mr. K.M. Tanjib-ul Alam	Independent Director	-	0.00%
Mr. Farooq Sobhan	Independent Director	-	0.00%
Mr. Sohail R. K. Hussain	CEO & MD	50,000	0.01%

SHAREHOLDINGS BY CEO, CFO, COMPANY SECRETARY, HEAD OF ICC AND THEIR SPOUSES

Name	Designation	No. of Shares	Name of Spouse	No. of Shares
Mr. Sohail R. K. Hussain	Managing Director & CEO	50,000	Mrs. Sabera Zareen Chowdhury	Nil
Mr. Md. Mahbubur Rahman	Chief Financial Officer	Nil	Mrs. Sanjieda Afrin Ashraf	Nil
Mr. Md. Kafi Khan	Company Secretary	8,316	Mrs. Nargis Sultana	Nil
Mr. Md. Nazmul Arif Khan	Head of ICC	2,702	Mrs. Sharmin Khan	Nil

SHAREHOLDINGS BY TOP 5 SALARIED EXECUTIVES

Name	Designation	No. of Shares
Mr. Mashrur Arefin	Additional Managing Director, Head of Branch Banking & Chief Communications Officer	Nil
Mr. Faruq M. Ahmed	Additional Managing Director, Chief Risk Officer & Chief Anti Money Laundering Compliance Officer	Nil
Mr. Sheikh Mohammad Maroof	Deputy Managing Director & Head of Wholesale Banking	Nil
Mr. Md. Abdul Wadud	Deputy Managing Director & Head of CRM	Nil
Mr. A.H.M. Humayun Chowdhury	Cluster Head - Commodity, Trading & Ship Breaking	Nil

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

SEPARATION OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER ROLES

In compliance with Bangladesh Bank BRPD Circular No.06, February 04, 2010 and Clause 1.4 of BSEC Corporate Governance Guidelines dated August 7, 2012, Mr. Mohammed Shoeb has been elected as the Chairman of the Board from among the directors. There are clear and defined roles and responsibilities

of the Chairman and the Chief Executive Officer.

The Chairman of the Board approves the agenda for the Board Meetings, assisted by the Managing Director and the Company Secretary. Regular agenda items include approving credit beyond CEO's authority and aspects of the bank's corporate strategy, financial performance, core risks and credit policies, corporate governance, CSR and organizational structure, human resources policy, customer and service strategies and procurement policies, etc.

On the other hand, CEO, being the head of management team, is accountable to the Board and its committee to run and manage the bank in accordance with the prescribed policies, principles and strategies, established by the Board as well as rules, regulations and guidelines from Central Bank, BSEC and other regulatory authorities. The management's primary responsibilities are as follows:

- Manage the operation of the Bank safeguarding interests of customers and other stakeholders in Compliance with the highest standards of ethics and integrity;
- Implement the policies and strategic direction, established by the Board;
- Establish and maintain a strong system of internal control;
- Ensure the Bank's compliance with applicable legal and regulatory requirements.

RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD

The overall responsibilities of the Chairman are to:

- Act as the Bank's led representative, explaining aims and policies to the shareholders;
- Ensure no participation in or interfere in the administrative or operational and routine affairs of the Bank;
- Ensure that the Board sets and implement the Bank's direction and strategy effectively.

The specific responsibilities of the Chairman, among others, are to:

- Provide all over leadership to the Board, supplying vision, mission and imagination, working closely with the CEO;
- Take leading role in determination of composition and structure of the Board, which will involve in regular assessment of the:
  - Size of the Board
  - Interaction, harmony and involvement of the Directors
- Set the Board's agenda and plan Board Meeting;
- Chair all Board Meetings, directing debate towards consensus;
- Ensure that the Board receives appropriate, accurate, timely and clear information;
- Chair the AGM and other shareholders' meetings to foster effective dialogue with shareholders;
- Ensure that the views of the shareholders are communicated to the Board as a whole;
- Work with Chairman of Board Committee;
- Conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the Board.

BENEFITS PROVIDED TO DIRECTORS AND MANAGING DIRECTOR

- Directors are entitled to fees for attending the Board / Executive Committee meetings (Notes to the Financial Statement No. 36.a)
- Managing Director is paid salaries and allowances as per approval of the Board and Bangladesh Bank (Notes to the Financial Statement No.35)

City Bank has fully complied with Bangladesh Bank Circular and Guidelines.

BOARD'S RISK MANAGEMENT COMMITTEE (BRMC)

Board's Risk Management Committee (BRMC) at City Bank was established by the Board of directors in its 452nd Meeting held on January 25, 2014 for governance of risk—overseeing, directing, and setting policies and monitoring risk management performance. Bangladesh Bank vide their BRPD Circular No 11, dated October 27, 2013 had also advised banks to form the Committee of the Board named "Risk Management Committee" in addition to existing "Audit Committee" and "Executive Committee" of the Board.

COMMITTEE COMPOSITION AND MEETINGS

The Committee is comprised of Directors of the Board. The BRMC as at December 31, 2016 consisted of the following members of the Board-

Name	Status with the Bank	Status with the Committee	Total Meetings held during 2016	Meetings attendance during 2016
Mr. Hossain Khaled	Director	Convener	4	4
Mr. Mohammed Shoeb	Chairman	Member	4	1
Mr. Rubel Aziz	Director	Member	4	2
Mr. Hossain Mehmood	Director	Member	4	4
Mr. Rajibul Huq Chowdhury	Director	Member	4	4

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

Committee was entrusted to supervise and review risk management processes covering the following:

- Risk identification and development of control strategy;
- Adoption of organizational structure embedding risk across the organization;
- Review and adoption of Risk Management Policy;
- Preservation and maintenance of information and reporting;
- Supervision of execution of overall risk management policy;
- Miscellaneous (Quarterly reporting of decision & recommendation to board, ensuring compliance of regulatory instructions, considering evaluation report by internal/external auditors);
- Any other task as assigned by the Board of Directors and Central Bank.

AUDIT COMMITTEE

As per BRPD circular # 12 (23 December 2002), all banks are advised to constitute an audit committee comprising members of the Board. The audit committee will assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board for effective functioning of the bank.

Pursuant to the specified BRPD Circular No. 12, the Audit Committee of the Board of Directors as at 31st December 2016 consisted of the following members from the board:

Name	Status with Bank	Status with Committee	Total Meetings Held	No. of Meetings Attended
Mr. K.M. Tanjib-ul Alam	Independent Director	Convener	4	4
Mr. Mohammed Shoeb	Chairman	Member	4	2
Mrs. Syeda Shaireen Aziz	Director	Member	4	4
Mr. Rafiqul Islam Khan	Director	Member	4	2

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

ROLES AND RESPONSIBILITIES OF AUDIT COMMITTEE

Internal Control & Compliance Activities are to:

- Guide implementation of Corporate Governance in the organization;
- Recommend to the Board the appointment and removal of the Head of Internal Control and Compliance;
- Review whether internal control strategies, processes recommended by internal and external auditors have been implemented by the management;
- Establish regulatory guidelines and instructions within the organization;
- Ensure adherence to legal and regulatory requirements.

APPOINTMENT OF EXTERNAL AUDITORS

The Board of Directors of the bank in its 33rd Annual General Meeting held on July 28, 2016 appointed Hoda Vasi Chowdhury & Co. Chartered Accountants as the statutory auditor for the year 2016.

SERVICES NOT PROVIDED BY EXTERNAL AUDITORS

As per BSEC guidelines, City bank had declared Hoda Vasi Chowdhury & Co, Chartered Accountants, (involved in statutory audit) was not included in any of the followings during the year 2016:

- Appraisal or valuation services or fairness opinions;
- Designing and implementing financial information system;
- Book-keeping or other related services;
- Broker-Dealer services;
- Actuarial services;
- Internal Audit services;
- Any other services that the Audit Committee determines.

No partner or employee of Hoda Vasi Chowdhury & Co, Chartered Accountants possesses any share of the bank during the tenure of their audit assignment at City bank.

CENTRAL BANK INSPECTIONS

During the year 2016, Bangladesh Bank carried out comprehensive and special inspections on the Bank's Head Office and 42 Branches (among 120 Branches) based on 31-12-2014, 31-03-2015, 30-06-2015 30-09-2015, 31-12-2015 and 31-03-2016 visits and Four Core Risk Areas based on 30-06-2015 financials along with Gulshan Branch.

They submitted their detail inspection report as of 31-12-2015, which was placed to the Board of Directors. Major findings of the inspection were discussed in a meeting participated by the Board, Bangladesh Bank representatives and related management personnel of the bank. The board took the observation with utmost importance and instructed management to comply with Bangladesh Bank's suggestions for improvements.

EXECUTIVE COMMITTEE (EC)

Composition and detailed information of EC is given below:

31.12.2016

Name	Status with Bank	Status with Committee	Total Meetings Held	No. of Meetings Attended
Mr. Rubel Aziz	Director	Convener	2	2
Mr. Deen Mohammad	Director	Director	2	2
Mr. Aziz Al-Kaiser	Director	Director	2	1
Mr. Hossain Mehmood	Nominated Director	Director	2	1
Mr. Hossain Khaled	Director	Director	2	1
Mr. Rajibul Huq Chowdhury	Director	Director	2	2

EC is entrusted with the following broader responsibilities and functions:

- Establish and periodically review the bank's overall credit and lending policies and procedures;
- Develop and implement uniform and minimum acceptable credit standards for the bank;
- Approve all revision, restructure and amendments made to the credit proposals (initially approved by the committee).

MANAGEMENT COMMITTEES AND THEIR REPONSIBILITIES

In an effective CG Structure, the bank management has a collective mandate under the leadership of MD & CEO to carry out daily operations to the best interest of the stakeholders. The management team of CBL is headed by the Managing Director, Mr. Sohail R. K. Hussain. Several Management Committees have been formed to handle the banking operations and identify and manage risks of the bank. The committees are MANCOM, ALCO, RMU, Investment Committee and Purchase Committee. Managing Director leads the three most important committees, which are MANCOM, ALCO and Investment Committee.

MANAGEMENT COMMITTEE (MANCOM)

MANCOM is considered the highest decision and policy making authority of the bank which consists of the CEO and the heads of various large divisions. Regular tasks of the committee include:

- Monthly business and financial performance analysis;
- Monthly business review and analysis of each business units' (Corporate, Commercial, SME, Retail, Cards, Treasury etc.) performance.

ASSET LIABILITY COMMITTEE (ALCO)

ALCO was fully engaged with activities in setting strategies and re-vamping previous strategies to cope with the current market scenario.

BASEL UNIT

In order to incorporate the changing global concepts in risk management and to adopt the Basel III standards, City Bank formed a management level committee named 'Basel Unit', chaired

by the MD & CEO. The committee is vested with supervisory responsibilities to implement Basel III across the bank. Therefore, Committee is assigned to adopt a comprehensive approach to devise the plan and craft the strategies for implementation of Basel III in the banking business of City Bank in accordance with the road map provided by Bangladesh Bank.

SUPERVISORY REVIEW PROCESS (SRP) TEAM

As per "Revised Process Document for SRP-SREP Dialogue on ICAAP (Implementation of 2nd Pillar of Basel Accord)" issued by Bangladesh Bank in May 2014, Bank must have an exclusive body naming SRP team which shall act as the Managerial Layer of Supervisory Review Process. SRP Team of City Bank is headed by the MD & CEO. The team is empowered to validate the ICAAP report of the bank and to represent the Bank in the process of dialogue with SREP Team of BB and to determine adequate capital requirement of the Bank.

MANAGEMENT RISK COMMITTEE (FORMER RISK MANAGEMENT UNIT)

Management Risk Committee of the bank comprises of senior management with Chief Risk Officer & Chief Anti Money Laundering Compliance Officer in the chair to ensure proper and timely identification, management and mitigation of risks exposed by the Bank in a comprehensive way.

COMMITTEE FOR MORALE, ETHICS AND INTEGRITY

In line with the implementation of National Integrity Strategy (NIS) of Bangladesh, the Bank operates "Committee on Morale, Ethics and Integrity" convened by Chief Risk Officer & Chief Anti Money Laundering Compliance Officer to implement National Integrity Strategy within the Bank. The Committee shall identify ways to protect the culture of loan default and promote consciousness with a view to reduce frauds, forgeries, irregularities and other sources of corruption across the bank.

INVESTMENT COMMITTEE (IC)

The five members' Investment Committee looks after investment in the capital market and meets whenever required. They oversee and monitor to ensure that the investment decisions are carried out as per approved strategies and investment policies. This committee regularly monitors the bank's holdings of shares and capital market exposures and ensures keeping investment within prescribed limits (currently 25% of prescribed Capital) as set by the Central Bank.

PURCHASE COMMITTEE

The five members' Purchase Committee plays an instrumental role in the procurement procedure of the bank.

INTERNAL CONTROL: THE WATCH DOG OF TRANSPARENCY AND ACCOUNTABILITY

An effective internal control system continually recognizes and assesses all of the material risks that could adversely affect the achievement of the bank's goals. Risk assessment identifies and considers both internal and external factors. Internal factors include complexity of the organization structure, the nature of the Bank's activities, the quality of personnel, organizational changes and also employee turnover. External factors include fluctuating economic conditions, changes in the industry, socio-political realities and technological advances.

The Internal Control and Compliance Division (ICCD) of the bank continually recognizes and assesses all the material risks that could adversely affect the achievement of the bank's goals. The risk assessment by Internal Control focuses more on compliance with regulatory requirements, social, ethical and environmental risks that affect the banking industry. It ensures reliable financial and managerial information that promote better strategic decision for the bank. ICCD ensures compliance with laws and regulations, policies and procedures issued by both the bank management and the regulators. Better internal control may enable a business to engage safely in more profitable activities that would be too risky for a competitor without those control operations in place. Thus, ICCD enhances public confidence on the bank and facilitates risk based bank examinations.

The ICCD of the bank operates independently as

a division and consists of four units (Monitoring, Audit & Inspection, IT Audit and Compliance) with prime responsibility to determine risks evaluating overall business, operations & credit portfolios of City Bank.

The key objective of ICCD is to assist & guide in all aspects of the bank using adequate resources for identification of weaknesses and taking appropriate measures to overcome the same to be a complied bank.

The ICCD has a unique reporting line to the bank's Board of Directors through the Audit Committee and to the Managing Director & CEO, thus acts as a bridge between the Board and the Bank's management. An effective organizational structure has been established by exercising durable Internal Control culture within City Bank. Our status on establishing strong internal control in the bank in line with regulatory requirements is described below:

• The Audit Committee of the Board of Directors ensures an effective procedure for financial reporting disclosure, developing a suitable internal control system and maintaining liaison with internal and external auditors to minimize various business risks;

• Control policies and procedures have been established, which is verified by the ICCD to ensure that the control policies and procedures are being complied with;

• The Management Committee (MANCOM) actively controls the overall management of the Bank and decides the extent of the Internal Control System, which is appropriate for the Bank;

• Organizational and procedural controls supported by an effective management information system to soundly and prudently manage the company's exposure to risks;

• The Board of Directors are actively concerned with sound corporate governance and diligently ensure that the Bank is appropriately and effectively managed and controlled;

• External Auditors evaluate the internal control system while conducting their statutory audit;

• Internal Control & Compliance Division has been structured as per prescribed organizational structure of Bangladesh Bank's core risk management guidelines;

• All core risk management guidelines provided by Bangladesh Bank have been duly implemented and compliance is routinely monitored by ICCD to determine effectiveness;

• The Bank has formulated and updated from time to time its internal control policies and manuals;

• An independent audit mechanism to monitor the effectiveness of the organizational and procedural controls;

• A robust Risk Based Internal Audit (RBIA) has been implemented. Risk assessment by Internal Control focuses on compliance with the Bank's policies together with regulatory requirements, social, ethical and environmental risks so as to ensure profit maximization through risk minimization and to determine the future growth of the bank.

Apart from the above, each year ICCD submits an annual report on the health of the bank to the Managing Director & CEO and Audit Committee of the Board of Directors for onward submission to the Board of Directors to assess the strength of the Bank on the basis of core fundamental yardsticks. Risk grading of branches have been implemented since 2009 and updated from time to time. Risk grading of a number of Head Office divisions has already been implemented and is in the process to cover all divisions based on overall risk profiling and risk matrix.

Key operational risk areas of the core lines of business (Wholesale, Commercial, Branch Banking Treasury & Market Risk) along with the other segments of the bank, i.e., operations, risk and support functions as well as IT Security are identified and assessed through regular audit process carried out by ICCD under an approved annual audit plan.

BANGLADESH BANK'S GUIDELINES FOR CORPORATE GOVERNANCE AND OUR COMPLIANCE STATUS

Status of Compliance of Bangladesh Bank's Guidelines for Corporate Governance

(BRPD circular No. 6 dated 04.02.2010)

Sl No.	Particulars	Compliance Status
1.	Responsibilities and authorities of the Board of Directors:	
	(a) Work-planning and strategic management	
	(i) The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.	Complied
	(ii) The Board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall appraise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and other senior executives and have it evaluated at times.	
	(b) Lending and risk management	
	(i) The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedulement and write-off there of shall be made with the board's approval under the purview of the existing laws, rules and regulations. The Board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, directly or indirectly, into the process of loan approval.	Complied
	(ii) The Board shall frame policies for risk management and get them complied with and shall monitor at quarterly rests the compliance thereof.	
	(c) Internal control management	
	The Board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. It shall review at quarterly rests the reports submitted by its audit committee regarding compliance of recom mendations made in internal and external audit reports and the Bangladesh Bank inspection reports.	Complied
	(d) Human resources management and development	
	(i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The Chairman or the Directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the Board of Directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment and promotion to the immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e. policies for recruitment and promotion.	Complied
	(ii) The Board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The Board shall get these programs incorpo rated in its annual work plan.	
	(e) Financial management	
	(i) The annual budget and the statutory financial statements shall finally be prepared with the approval of the Board. It shall at quarterly rests review/ monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, and maintenance of loans. Loss provision and steps taken for recovery of defaulted loans including legal measures.	Complied
	(ii) The Board shall frame the policies and procedures for Bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of Bank's business shall, however, be adopted with the approval of the board.	

Sl No.	Particulars	Compliance Status
(f)	**Formation of supporting committee** For decision on urgent matters an executive committee, whatever name called, may be formed with the directors. There shall be no committee or sub-committee of the Board other than the Executive Committee and the Audit Committee. No alternate director shall be included in these committee.	Complied
(g)	**Appointment of CEO**	
(i)	The Board shall appoint a competent CEO for the bank with the approval of the Bangladesh Bank.	Complied
(ii)	The Board shall ensure fulfilling any other responsibility (ies) appropriately assigned by the Central Bank.	Complied
2.	**Responsibilities of the Chairman and Board of Director**	
(a)	As the Chairman of the Board of Directors (or Chairman of any committee formed by the Board or any Director) does not personally possess the jurisdiction to apply policy making or executive authority, he shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	Complied
(b)	The Chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the Board or the Executive Committee and if deemed neces sary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be appraised to Bangladesh Bank through the Board along with the statement of the CEO.	Complied
(c)	The Chairman may be offered an office-room, a personal secretary/assistant, a telephone at the office and a vehicle in the business-interest of the bank subject to the approval of the board.	Complied
3.	**Responsibilities of Advisor** The Advisor, whatever name called, shall advise the board of directors or the CEO on such issues only for which he is engaged in terms of the conditions of his appointment. He shall neither have access to the process of decision-making nor shall have the scope of effecting executive authority in any matters of the bank including financial, administrative or operational affairs.	No such Adviser at the Bank.
4.	**Responsibilities and authorities of CEO** The CEO of the bank, whatever name called, shall discharge the responsibilities and effect the authorities as follows:	Complied
(a)	In terms of the financial, business and administrative authorities vested upon him by the Board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation there of and prudent administration and financial management.	Complied
(b)	The CEO shall ensure compliance of the Bank Companies Act. 1991 and/or other relevant laws and regulations in discharge of routine functions of the bank.	Complied
(c)	The CEO shall clearly include any violation from Bank Companies Act, 1991 and/or any other related laws/regulations in the Memo presented to the meeting of the Board or any other Committee(s) engaged by the Board.	Complied
(d)	The CEO shall report to Bangladesh Bank of issues in violation of the Bank Companies Act. 1991 or of other laws/regulations and, if required, may apprise the board post facto.	Complied
(e)	The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policies and sanction strength of employees as approved by the board. The Board or the Chairman of any committee of the Board or any director shall not get involved or interfere into such affairs. The authority relating to transfer of and disciplinary measures against the staff, except those at one tier below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he shall nominate officers for training etc.	Complied
5.	**Meetings of the Board of Directors** One meeting of the Board of Directors per month can be held usually but it can be more than one upon necessity. No less than one meeting of the Board in three months to be held.	Complied
6.	**Number of members of Executive Committee (EC) of the Board** Number of members of EC cannot exceed 7 members as per BRPD Circular. Letter No. 2 dated February 15, 2010 and more than one member from one family shall not be included in the EC as per BRPD Circular Letter No. 4 dated March 14, 2010	Complied
7.	**Training of the Directors** The Directors of the Board will acquire appropriate knowledge of the Banking Laws and other relevant laws, rules and regulations to effectively discharge the responsibilities as a director of the Bank.	Complied

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE GUIDELINES TO THE SHAREHOLDERS OF THE CITY BANK LIMITED

We have reviewed the compliance of Codes of Corporate Governance by The City Bank Limited, for the year ended December 31, 2016 as set by Bangladesh Securities and Exchange Commission (BSEC) by the notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and subsequently amended through their notification # SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

Such compliance to the Codes of Corporate Governance is the responsibility of the management. Our review was limited to the procedures and implementation thereof as adopted by the Bank for ensuring compliance to the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that, except as reported on the attached status of compliance statement, the Bank has complied with the Codes of Corporate Governance Guidelines as stipulated in the above mentioned notifications issued by BSEC.

We also state that such compliance is neither an assurance as to the future viability of the Bank nor a certification on the efficiency or effectiveness with which the Management has conducted the affairs of the Bank. This is also no endorsement about quality of contents in the Annual Report of the Bank.

Howlader Yunus & Co.

Chartered Accountants

Dated: April 13, 2017
Dhaka

AMARSTOCK

STATUS OF COMPLIANCE OF BANGLADESH SECURITIES AND EXCHANGE COMMISSION (BSEC) GUIDELINES FOR CORPORATE GOVERNANCE

Status of compliance with the condition imposed by the commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07.08.2012 issued under section 2CC of the Securities and Exchange Ordinance 1969:

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.0	**Board of Directors**			
1.1	Board's size shall not be less than 5 and more than 20	√		
1.2	**Independent Director**			
1.2 (i)	Independent director: At least 1/5th of the total number of directors	√		
1.2 (ii)	For the purpose of this clause "Independent Director" means a director.	√		
1.2 (ii) a)	Independent Director does not hold any share or holds less than one percent (1%) shares of total paid up capital.	√		
1.2 (ii) b)	Independent Director is not a sponsor of the company and is not connected with the company's Sponsor Or Director Or Shareholder who holds 1% or more shares of the company (certain family members are also required to comply with this requirement).	√		
1.2 (ii) c)	Independent Director does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associated companies.	√		
1.2 (ii) d)	Independent Directors are not the members, directors or officers of any Stock Exchange.	√		
1.2 (ii) e)	Independent Director is not the shareholder, director or officers of any member of Stock Exchange or an Intermediary of the capital market.	√		
1.2 (ii) f)	Independent Director is/was not the partners or executives during preceding 3 (three) years of concerned company's statutory audit firm.	√		
1.2 (ii) g)	Independent Directors is not the independent director in more than 3 (three) listed companies.	√		
1.2 (ii) h)	Independent Director is not convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a non-bank financial institution (NBFI).	√		
1.2 (ii) i)	Independent Director has not been convicted for a criminal offence involving moral turpitude.	√		
1.2 (iii)	Independent Director shall be appointed by the Board of Directors and approved by the Shareholders in the AGM.	√		
1.2 (iv)	The post of Independent Directors cannot remain vacant for more than 90 days.	N/A		No such event occurred

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.2 (v)	The Board shall lay down a Code of Conduct for all Board Members and Annual Compliance of the Code to be recorded.	√		
	The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	√		
1.3	**Qualification of Independent Director (ID)**			
1.3 (i)	Independent Director shall be aknowledgeable individual with integrity who is able to ensure required compliance.	√		
1.3 (ii)	The Independent Director must have at least 12 (twelve) years of corporate management/ professional experiences along with other requisites.	√		
1.3 (iii)	In special cases, above qualification may be relaxed subject to prior approval of Commission	N/A		No such event occurred
1.4	Separate Chairman and CEO and their clearly defined roles and responsibilities must be in place.	√		
1.5	**Directors' Report to Shareholders**			
1.5 (i)	Industry outlook and possible future developments in the industry	√		
1.5 (ii)	Segment-wise or product-wise performance	√		
1.5 (iii)	Risks and concerns			
	Discussion on cost of goods sold, gross profit margin and net profit margin	√		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	√		
1.5 (vi)	Basis for related party transaction- a statement of all related party transactions should be disclosed in the annual report	√		Please refer to note No. 47 of Financial Statements
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/ or through any others instruments.	N/A		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.	N/A		
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	√		
1.5 (x)	Remuneration to directors including independent directors.	√		Please refer to note no. 36 a of Financial Statements
1.5 (xi)	The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operation, cash flows and changes in equity.	√		
1.5 (xii)	Proper books of account of the company have been maintained.	√		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		

Condition No.	Title	Compliance Status (Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as --applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
1.5 (xv)	The system of Internal Control is sound in design and has been effectively implemented and monitored.	√		
1.5 (xvi)	There are no significant doubts upon the company's ability to continue as a going concern.	√		
1.5 (xvii)	Significant deviations from the last year's operating results of the company shall be highlighted and the reasons thereof should be explained.	√		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5 (xix)	If the company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	N/A		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5 (xxi)	**The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:**			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details)	√		
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details)	√		
1.5 (xxi) c)	Executives (top five salaried employees of the company other than stated in 1.5(xxi)b)	√		
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	√		
1.5 (xxii)	**In case of appointment/re-appointment of a Director the Company shall disclose the following information to the Shareholders:**			
1.5 (xxii) a)	a brief resume of the Director	√		
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas	√		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board	√		Annexure-F of Financial Statements
2.0	Chief Financial Officer, Head of Internal Audit & Company Secretary			
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and their clearly defined roles, responsibilities and duties	√		
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	√		
3	**Audit Committee:**			
3 (i)	Audit Committee shall be the sub-committee of the Board of Directors	√		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	**Constitution of the Audit Committee**			
3.1 (i)	The Audit Committee shall be composed of at least 3 members.	√		Constituted as per Bangladesh Bank's Circular
3.1 (ii)	Constitution of Audit Committee with Board Members including one Independent Director.	√		
3.1 (iii)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
3.1 (iv)	Filling of casual vacancy in Committee.	N/A		No such vacancy occurred
3.1 (v)	The Company Secretary shall act as the secretary of the Committee.	√		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 Independent Director.	√		
3.2	**Chairman of the Audit Committee**			
3.2 (i)	Chairman of the Audit Committee shall be an Independent Director.	√		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	**Role of Audit Committee**			
3.3 (i)	Oversee the financial reporting process.	√		Refer to Audit Committee's Report
3.3 (ii)	Monitor choice of accounting policies and principles.	√		
3.3 (iii)	Monitor Internal Control Risk management process.	√		
3.3 (iv)	Oversee hiring and performance of external auditors.	√		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		
3.3 (vi)	Review along with the management, the quarterly and half yearly Financial Statements before submission to the Board for approval.	√		
3.3 (vii)	Review the adequacy of internal audit function.	√		
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/ applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results.	N/A		
3.4.	**Reporting of the Audit Committee**			
3.4.1	Reporting to the Board of Directors			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any :			

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Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.4.1 (ii) a)	Report on conflicts of interests.	N/A		No such event occurred
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.	N/A		No such event occurred
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations.	N/A		No such event occurred
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	N/A		No such event occurred
3.4.2	Reporting of anything having material financial impact to the Commission.	N/A		No such event occurred
3.5	Reporting to the Shareholders and General Investors.	N/A		No such event occurred
4	**External/Statutory Auditors should not be engaged in:**			
4 (i)	Appraisal or valuation services or fairness opinions.	√		
4 (ii)	Financial information systems design and implementation.	√		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4 (iv)	Broker-dealer services.	√		
4 (v)	Actuarial services.	√		
4 (vi)	Internal audit services.	√		
4 (vii)	Any other service that the Audit Committee determines.	√		
4 (viii)	No partner or employees of the External Audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that Company.	√		
5	**Subsidiary Company**			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	√		
5 (ii)	At least 1 (one) Independent Director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.		√	Complied for City Brokerage Ltd. & City Bank Capital Resources Ltd. Not complied for CBL Money Transfer Sdn.Bhd, Malaysia..
5 (iii)	The minutes of the Board meetings of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
5 (iv)	The Minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the Subsidiary Company also.	√		
5 (v)	The Audit Committee of the holding company shall also review the Financial Statements, in particular the investments made by the Subsidiary Company.	√		

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Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6	**Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):**			
6 (i)	They have reviewed financial Statements for the year and that to the best of their knowledge and belief.	√		
6 (i) a)	These financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		
6 (i) b)	These financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's Code of Conduct.	√		
7	**Reporting and Compliance of Corporate Governance:**			
7 (i)	The company shall obtain a Certificate from a Professional Accountant/Secretary (CA/CMA/CS) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
7 (ii)	The Directors of the company shall state, in accordance with the Annexure attached, in the Directors' Report whether the company has complied with these conditions.	√		

AMAR STOCK

STRIVING FOR EXCELLENCE IN RISK MANAGEMENT

"Risk is like fire: if controlled, it will help you; if uncontrolled, it will rise up and destroy you."
— *Theodore Roosevelt*

Risk management in banks has changed substantially in recent years. The regulations that emerged from the financial predicament triggered the change in risk functions. In 2016, banking industry was driven by distinct economic gauges that included steady growth with low inflationary pressure, descending interest rate and surplus liquidity, lower inward remittance and upward trajectory of foreign exchange reserves. Second Phase out effect of Basel III accords, revised provisions of risk management guidelines with higher standards for risk reporting were streamlined for good risk governance.

The Bank has a commitment to strive for excellence in risk governance and risk management culture. Risk management is viewed as an integral contributor to good governance which fosters effective decision making to achieve organization's vision and strategic objectives. With the vision to embed independent and integrated Risk Management process at enterprise level, comprehensive Risk Management Framework (RMF) has been established across the City Bank.

To support this strategic risk management, bank has put in place a risk management framework, which consists of four key components :

1. Risk Appetite : The Board establishes a strategy and articulates the Risk Appetite Statements (RAS). This statement defines the maximum risk exposure that the Bank is prepared to pursue or take, in order to attain the objectives of the Bank.



The Risk Appetite Statements (RAS) have been developed by the Bank to adapt with the changing economic and regulatory environment in order to manage the risk. This Statements have been prepared with in-depth and through dialogues with related stakeholders of the Bank.

2. Governance: The role of the Board, Board Risk Management Committee and Management Risk Committee (former Risk Management Unit) and other risk management committees are delineated.

3. Framework for risk management policies: Risk management policies have been established for the management of each risk type and are subject to annual Board review and approval. This part specifies the responsibility for managing each risk and requirements for measurement and reporting.

4. Management Information (MI): MI is produced so that each types of risk type can be monitored.

The Bank's Management Risk Committee, oversees the risk management activities across the bank, comprising of member of senior management of various risk functions, headed by Chief Risk Officer, a position of Additional Managing Director who is not in charge of the Internal Control and Compliance (ICC) department. Board of Directors of the bank in its 452nd Meeting held on January 25, 2014 has established Board's Risk Management Committee. The committee is entrusted with supervision responsibility in all risk areas of banking organization including credit, market, liquidity, operational, foreign exchange, compliance and all other material risks.

2016 HIGHLIGHTS

Throughout 2016, City Bank has taken active approaches in risk management and has continued to build capacity ensuring that risks are appropriately addressed and mitigated.The Bank set a risk appetite strategy based on current and anticipated exposures, and views on the evolution of markets and the economy in normal and stressed conditions. Infact, the risk appetite was designed to measure the amount of market volatility and stress the bank could withstand, while still meeting its financial goals and regulatory requirements. This enabled the risk function setting, monitoring and enforcing appropriate risk limits.

Significant risk cultures streamlined in 2016:

- Streamlined revised provisions of core risk management guidelines on Credit Risk, Asset Liability Management Risk, Internal Control and Compliance, Foreign Exchange Risk Management, Information and Communication technology.
- Developed framework for Risk Appetite Statement and monitoring the adherence.
- Updated the existing risk management framework to include a more comprehensive approach to more risk coverage.
- Enhanced capacity of Basel Unit, supported by a working group, tasked with improving and formalizing the process and methodology for Basel implementation.
- Extended risk and control assessment to identify-internal control and operational risk incidence.

HIGHLIGHTS OF RISK PORTFOLIO

The Bank is committed to its stakeholders to attain a sustainable business growth commensurate with appropriate risk strategies through implementation of a robust risk management framework across the organization and its subsidiaries. Asset growth in 2016 was 21% while the growth of risk weighted asset (RWA) for the corresponding period was 14%. Main reason behind such improvement in risk weighted assets was the rise in rated portfolio which became 75% of eligible portfolio for rating in December 31, 2016 from 58% in previous year. As a result, risk weighted assets to total asset ratio became 70% in Dec'16 from 75% in Dec'15. Above statistics evidences a prudent and efficient risk management in banking business in terms of portfolio quality. Bank also maintained Capital Adequacy Ratio of 13.57% on Solo basis and 12.52% on consolidated basis as against the regulatory requirement of 10.625% (including conservation buffer of 0.625%). Bank maintained eligible capital base of BDT 2,481 Crore on solo basis and BDT 2,303 Crore on consolidated basis against the minimum capital requirement of BDT 1,828 Crore and BDT 1,840 Crore respectively.

In 2016, BDT 579.71 Crore (3.31%) of the credit portfolio was categorize as special mentioned accounts and BDT 1,058.19 Crore (6.05%) as classified loan. Bank rescheduled 66 accounts of BDT 218 Crore against which Bank has recovered BDT 194 Crore which is 40% of total recovery. Of the total recovery BDT 233 Crore (48%) was recovered against classified loans. Total large loan exposure of the Bank was BDT 7,436.68 Crore which was 37.99% of total loans & advances as of December 31, 2016 as against 39.14% in December 31, 2015. Bank recorded 32 instances of operational risk events during 2016 and financial impact of those risk events were almost BDT 4.00 Crore. The total recovery

from the risk events was BDT 0.19 crore at the end of the year. For some events, loss has been booked and for others, litigation process has been started. Card fraud through skimming is the top fraud event based on the frequency of fraud incident. Bank conducted environmental risk rating for 114 projects among which 102 projects were rated as low, 3 projects were rated as moderate and 9 projects were rated as high. On the other hand, bank disbursed around BDT 3008 crore among environmentally risky clients out of which 91% was low, 2% was moderate and rest 7% was high.

STRATEGIES TO RISK MANAGEMENT

The Bank has grown in different sectors with good quality assets. However, it has experienced that some large delinquencies in some industries contributed to increase in Bank's overall non performing loans. In this view, bank took shrink strategy in those industries. Proper evaluation and due diligence were being ensured to arrest the non performing loans. The Bank emphasized on due diligences on collateralized lending and increased the number and amount of rated loans for better asset quality and lessened the pressure on capital. Initiative for installation of anti-skimming device was taken for preventing card skimming frauds. Awareness trainings on probable skimming attack were provided to the concerned custodians and related group for acute vigilance. For embedding risk management strategy in operational risk, bank implemented automation of notification for intercity charges which would prevent income leakage and developed system for transaction confirmation slip of Card Payment Module (CPM) for prevention of card frauds. For Environmental and Social risk management, appropriate action plan was adopted as agreed upon by the client for these high risk rated projects to minimize their negative impact on the environment and society. Additionally, bank arranged 19 capacity building programs on Environmental and Social Risk management where 612 employees of the bank participated. During the year 2016 bank has mostly concentrated on aligning IT Security and related Management with respect to the Bangladesh Bank ICT Security Guidelines, PCI DSS and the ISO 9001:2008. PCI DSS is worldwide standard that helps to set up cards business processes and card payments processes securely to reduce Card Fraud. The way it does is through set up of tight controls surrounding the Storage, Transmission and Processing of cardholder data that businesses handle. PCI DSS is intended to protect sensitive cardholder data and provides a baseline of technical and operational requirements designed to protect card data.

City Bank met the requirements of PCI DSS Standard version 3.1 by December 31, 2015 and achieved the certification for the first time and was the only bank in Bangladesh during that period. In the year 2016 bank has also ensured all necessary setup and controls which were further thoroughly examined by the certification authority and awarded certification for the second year confirmed on 31st December 2016. ISO 9001 is worldwide standard that helps to define Quality Management System to streamline departmental activities. Basically this standard guides to define Standard Operating Procedure for each and all functions and processes of an organization such that all employees follow a single standard while performing any functions. City Bank is ISO 9001 certified since 2012. During the year 2016, the certification authority again conducted a comprehensive review of the IT operations of different departments and matched with the documented processes which were satisfactory and they confirmed recertification for the year 2016.

The Bank has put independent Internal Control and Compliance system for risk based audit functions. Bank conducted 377 audits & investigations in 2016 compared to 294 in 2015. Out of total 377 audits & investigations, 120 were comprehensive audits on the branches while 31 were comprehensive audits on head office divisions. During the year, all statutory core risk audits were also completed. Considering the criticality of automation, 134 IT system audits were also conducted on 120 branches and 14 divisions. Independent testing procedures on AML/CTF compliance, surprise audits were also covered.

With the advancement of globalized economy, organized crime groups are generating huge amounts of illegal money through financial crimes and other illegal activities. Money laundering and terrorist financing are two significant financial and organized crimes which may jeopardize the stability and integrity of the financial system of a country and creating adverse impact on its economy and global economy as well. Being the Reporting Organization of prevention of Money Laundering and combating the financing of terrorism, City bank is also responsible to comply with all kind of international standards and local laws and regulation on Anti-money laundering (AML) and Combating terrorist financing (CTF) imposed from time to time. To mitigate the risk associated with money laundering and terrorist financing, bank has Anti-money laundering and Combating terrorist financing compliance Program that includes: Senior management role and their commitment towards prevention of Money Laundering and Terrorist Financing, Internal Policy and

procedure, compliance structure for Head Office and branch level and awareness building program for bank's employees and for its customers on AML & CTF issues because bank believes on tag line "সবাই হলে সচেতন, বন্ধ হবে টাকা ধোলাই সন্ত্রাসীদের অর্থায়ন" As a part of money laundering and terrorist financing risk management program, bank has enhanced its capacity through establishing MIS, developing Sanction List Checking Software, procuring analytical software, implementing online reporting system of BFIU, and arranging training program for the employees on AML/CTF issues. Bank has developed its own AML/CTF Risk Management Policy, 2016 that includes Bank's AML/CFT policy, customer acceptance policy, process of customer due diligence (CDD), transaction monitoring system, self-assessment and independent testing procedure, customer and employee screening system, record keeping and reporting to BFIU. Central Compliance Unit (CCU) has been formed to oversee the function of the bank to prevent money laundering and terrorist financing. Short KYC for Online Transaction by Non-Account Holder and Walk-in/One-off /Floating Customers for Remittances (DD, TT, PO etc.); NID verification system as a part of ongoing KYC Process were developed and implemented. Bank implemented the Sanction List Checking Software so that no business relationship and foreign transaction can take place or established in the name of individual or entity who are in the OFAC, UN and Local sanction list and developed the database of PEP/IP/Head or High Officials of International Organization to monitor their transactions.

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



FARUQ M. AHMED
Additional Managing Director &
Chief Risk Officer and Chief Anti
Money Laundering Compliance Officer

BUILDING A GREEN FUTURE

Green Banking is a form of banking from which the country and nation gets environmental benefits. A conventional bank becomes a green bank by directing its core operations towards the betterment of its environment. It means developing inclusive banking strategies which will ensure substantial economic development and promote environment friendly practices as well. It is the sustainable development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. Green banking means operating banking business in such a fashion where proper and adequate attention is given to social, ecological and environmental factors of the environment by ensuring conservation of natural resources. Banks can be green through changing policies in investment allocation and management, changes in internal process of housekeeping; developing the process of human capital management, corporate social responsibility and last but not the least, by promoting consciousness among clients and general mass.

City Bank, as a socially responsible institution, has embraced the concept of Green Banking and adopted the motto "Go Green; Think Green & Act Green". In line with the commitments, City Bank continuously tries to adopt international best practices while ensuring compliances of the Central Bank guidelines in its policies and activities to become a truly green bank. With the objective of minimizing risks and hazards associated with the financing, City Bank has already implemented Social and Environmental Risk Management System in its banking business.

GREEN BANKING POLICY

In January 2012, City Bank had adopted Environmental Risk Management (ERM) Guidelines of Bangladesh Bank as one of the core risk management guideline of the Bank. In December 2013, City Bank broadened the scope by incorporating social risks with the introduction of the Environmental and Social Management System (ESMS). In 2016 a comprehensive initiative was taken to update the existing ESMS by materializing different foreign financial partners requirements such as IFC, FMO (Dutch Development Bank), and Global Climate Partnership Fund (GCPF) etc. In response to that in May 2016, the Bank had updated the ESMS as "Guideline on Environmental and Social Risk Management". The revised ESMS outlines City Bank's commitment and approach to and internal standards for managing environmental and social risks.

GREEN BANKING BUDGET AND GREEN FINANCE

To promote Green Banking, City Bank has introduced Green Finance budget. In 2016, the Bank's budget for green financing was BDT 190 Crore against which actual utilization was BDT 456.28 Crore which was around 240% higher than the targeted amount. Additionally, the Bank also approved funds for climate risk and for marketing, training and capacity building.

STATUS OF ENVIRONMENTAL RISK RATING OF CITY BANK CLIENTS

To manage environmental risk, City Bank has designed proper environmental management systems to evaluate the risks involved in the investment projects. During 2016, City Bank conducted environmental risk rating for 114 projects among which 102 projects were rated as low, 3 projects were rated as moderate and 9 projects were rated as high. During 2016, the Bank disbursed approximately BDT 3,008 Crore among which 90.81% was rated as low, 2.34% as moderate and 6.85% in high risk as far as social and environmental risk management is concerned.

CAPACITY BUILDING PROGRAMS

City Bank continuously build awareness through capacity building programs among its employees regarding Green Banking. Therefore, City Bank had arranged 19 capacity building programs during the year in which 612 employees of the bank participated.

"GO GREEN; Think Green & Act Green"

Financing low-carbon projects that respect mother nature's harmony

AWARENESS CAMPAIGNS

Green Banking or Sustainable banking is a new concept in the banking industry and it requires continuous awareness creation initiatives for both clients and employees. As part of awareness building initiatives, City Bank designed wallpapers focusing on reducing electricity and paper consumption. These wallpapers were displayed in all of City Bank's computers.

GREEN BRANCHES AND GREEN ENERGY

Green branches ensure reduced energy consumption and are generally powered by solar panel and energy saving bulbs. City Bank Bandura Bazar and Alfadanga Branch are example of Green Branches. In these branches, City Bank did not install air conditioners and ensured adequate air flow through natural circulation. Moreover, City Bank has so far installed solar panels in 12 branches and 2 ATM booths to encourage the use of green energy.

ON-LINE BANKING

On-line banking or e-banking helps banks become paperless. City Bank is a pioneer of on-line banking in Bangladesh. Through Citytouch, City Bank provides one of the best Internet Banking services in the country. With two factor authentication, Citytouch is one of the most secure app for online transaction.

E-STATEMENTS

City Bank has introduced e-statements, i.e. electronic version of statements of the client accounts, which was earlier paper based.

GREEN REPORTING AND DISCLOSURE

City Bank discloses updates on its quarterly activities and engagements through Green Banking Reports to Sustainable Finance Department of Bangladesh Bank as well as to the Board of Directors. Moreover, it publishes Green report card on its yearly activities which is inserted in the annual report and posted on the website.

ENHANCING LIVES AND DEVELOPING COMMUNITIES

Corporate Social Responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. CSR is a very broad concept that addresses various topics such as human rights, corporate governance, health and safety, environment, working conditions and economic development, with an aim to bring about a positive impact in the society.

2016 has been a great year for City Bank in terms of CSR activities. The Bank focused on many areas of social development including education, health, disaster management and support for underprivileged women and children. Some of the major CSR activities of 2016 are mentioned below:

FIGHTING AGAINST TERRORISM

Dhaka Metropolitan Police (DMP) safeguards the people and properties of Dhaka city. Their success in controlling crime and ensuring safe environment is widely appreciated. The newly formed Counter Terrorism and Transactional Crime Unit of DMP requires state-of-the-art facilities with high tech surveillance equipment. DMP has already started building a multi-storied building for this purpose and our Bank has supported the project by providing a fund of BDT 50 Lacs.

STANDING BY THE NATION

Every year, banks stand beside the nation to fight against natural calamities and extended their support to the government. During 2016, in response to Bangladesh Association of Banks' (BAB) instigation, City Bank donated BDT 1.50 Crore to Honorable Prime Minister's Relief Fund.

SUPPORTING DISASTER MANAGEMENT

In 2016, with Bangladesh Association of Banks' (BAB) initiation, City Bank donated BDT 75 Lacs for the flood victims across the nation and 25,000 pieces of blankets to the Honorable Prime Minister's Relief Fund.



City Bank's Chairman, Mr. Mohammed Shoeb, and Former Chairman and Current Director, Mr. Rubel Aziz, handed over 25,000 blankets to Honourable Prime Minister Sheikh Hasina.



Former Chairman and Current Director of City Bank, Mr. Rubel Aziz, handed over a cheque of BDT1.5 Crore to Honourable Prime Minister Sheikh Hasina as a donation to the Prime Minister's Relief Fund.



Former Chairman and Current Director of City Bank, Mr. Rubel Aziz, handed over a cheque of BDT 75 Lacs to Honorable Prime Minister Sheikh Hasina as a contribution to the Prime Minister's Relief Fund for the flood victims.



Former Chairman and Current Director of City Bank, Mr. Rubel Aziz, handed over a cheque of BDT 50 Lacs to the Additional Police Commissioner, Counter Terrorism Unit, DMP, Mr. Monirul Islam, for construction of Counter Terrorism Unit Head Office.

PARTNERING WITH THE LOCAL COMMUNITIES

City Bank along with its CSR implementation partner, Management Resources and Development Initiative (MRDI), have built a partnership with the local community of Basatpur, Jessore, to uplift the lives of the community. The livelihood program for poor women in Basatpur that the Bank started in 2015 has improved the lives of more than 200 families in that community. Through the tailoring and stitching training program, the community now has many local women entrepreneurs and their products have reached the shelves of mega shops like Unimart. In continuation of the support to this underprivileged community in the border area, City Bank made second phase disbursement in 2016, where additional 80 women were trained on hand-stitching and embroidery.

SUPPORTING THE SOCIETY

"PROYASH" is a specialized institute run by Bangladesh Army which provides services for holistic development of the children with special educational needs (Autistic children) through multidimensional programs. This school is a fully nonprofit charitable organization and its day to day expenditure and salary of the teachers are mainly met from donations of individuals, different organizations and local army units. In response to Bangladesh Association of Banks' (BAB) initiative, City Bank donated BDT 25 Lacs for construction work and educational program of "PROYASH" school in Rangpur.

PROMOTING ART AND CULTURE

City Bank is always supportive in promoting the country's art and culture. Aranyak Natyadal, one of the leading theatre groups in Bangladesh, is dedicatedly working to promote the richness of literature through their regular presentation of drama. City Bank provided financial support to the group for a week-long stage and street drama performance in West Bengal, India.

RAISING AWARENESS ON DOWN SYNDROME

Down Syndrome is a neurological development disability. To raise awareness on the capabilities of the individuals affected by this syndrome and to also create social inclusion through sports and cultural activities, City Bank made financial contribution to ensure participation of Bangladesh Down Syndrome Association in "Trisome Games 2016" in Florence, Italy.

SUPPORTING COMMUNITY DEVELOPMENT

Dalit community is a group of population marginalized to the extreme in the society. City Bank made financial contributions to facilitate pre-primary education of 150 Dalit children and provided scholarships for 11 higher secondary and graduation level students in Jessore. Additionally, in order to support women in remote areas of North Bengal, City Bank donated 10 bicycles among the female students who had to travel 2-3 kilometers each way on foot to attend their schools.



In order to make their commute to schools convenient and secure, City Bank's Additional Managing Director and Chief Risk Officer, Mr. Faruq M. Ahmed, on behalf of the Bank, handed over bicycles to the female students of Rangpur district.

INDEPENDENT AUDITOR'S REPORT

to the shareholders of The City Bank Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of The City Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of The City Bank Limited (the "Bank"), which comprise the consolidated balance sheet and the separate balance sheet as at 31 December 2016, and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AND INTERNAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:

i) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in note 49 of the financial statements appeared to be materially adequate; and

ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities other than matters disclosed in these financial statements;

c) financial statements of the subsidiaries of the Bank have been audited by other auditors and have been properly reflected in the consolidated financial statements;

d) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;

e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;

f) the expenditure incurred was for the purposes of the Bank's business;

g) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;

h) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;

i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

j) the information and explanation required by us have been received and found satisfactory; and

k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,500 person hours for the audit of the books and accounts of the Bank.

Hoda Vasi Chowdhury & Co.

Dhaka,
30 March 2017

Hoda Vasi Chowdhury & Co.
Chartered Accountants

CONSOLIDATED BALANCE SHEET

as at 31 December 2016

Figures in Taka

PROPERTY AND ASSETS	Note	2016	2015
Cash			
In hand (including foreign currencies)	4	**3,788,022,776**	2,998,982,425
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	4.a.1	**20,696,275,735**	12,438,634,907
		24,484,298,511	15,437,617,332
Balance with other banks and financial institutions	5		
In Bangladesh		**13,180,057,080**	15,502,528,823
Outside Bangladesh		**905,615,423**	413,446,435
		14,085,672,503	15,915,975,258
Money at call and short notice	6	**91,379,167**	95,379,167
Investments	7		
Government		**22,048,912,713**	19,691,517,972
Others		**5,847,199,905**	6,325,444,956
		27,896,112,618	26,016,962,928
Loans and advances/investments	8		
Loans, cash credits, overdrafts, etc./investments		**168,770,828,388**	138,156,604,652
Bills purchased and discounted	9	**7,275,392,955**	4,858,067,512
		176,046,221,342	143,014,672,164
Fixed assets including premises, furniture and fixtures	10	**8,117,746,315**	8,172,221,437
Other assets	11	**7,723,972,014**	4,759,716,534
Non-banking assets	12	**956,925,360**	792,824,667
Total assets		**259,402,327,831**	214,205,369,487
LIABILITIES AND CAPITAL			
Liabilities			
Tier-II subordinated bond	13	**3,000,000,000**	3,000,000,000
Borrowings from other banks, financial institutions and agents	14	**31,695,262,081**	22,079,989,593
Deposits and other accounts	15		
Current deposits and other accounts		**24,384,173,334**	20,417,719,100
Bills payable		**1,587,153,855**	1,976,445,056
Savings bank deposits		**34,994,257,334**	31,213,313,434
Fixed deposits		**113,451,963,172**	89,798,021,718
Bearer certificate of deposit		**-**	-
		174,417,547,694	143,405,499,308
Other liabilities	16	**25,785,244,407**	21,136,243,153
Total liabilities		**234,898,054,183**	189,621,732,054
Capital/shareholders' equity			
Paid up capital	17	**8,757,980,310**	8,757,980,310
Statutory reserve	18	**6,091,684,401**	5,002,816,644
Share premium	19	**660,857,013**	660,857,013
Other reserve	20	**6,021,082,134**	7,999,742,013
Surplus in profit and loss account	21	**2,972,574,522**	2,159,706,674
Total shareholders' equity		**24,504,178,380**	24,581,102,654
Non controlling interest	22	**95,268**	2,534,779
Total equity		**24,504,273,648**	24,583,637,433
Total liabilities and shareholders' equity		**259,402,327,831**	214,205,369,487

AMARSTOCK

Figures in Taka

	Note	2016	2015
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		**18,676,525,600**	13,190,254,052
Letters of guarantee	23.1	**8,308,768,437**	10,218,482,911
Irrevocable letters of credit	23.2	**14,504,592,520**	13,817,709,300
Bills for collection	23.3	**14,667,819,982**	10,854,384,996
Other contingent liabilities		**-**	-
Total		**56,157,706,538**	48,080,831,259
Other commitments			
Documentary credits and short term trade-related transactions		**-**	-
Forward assets purchased and forward deposits placed	23.4	**4,862,653,604**	2,045,042,200
Undrawn note issuance and revolving underwriting facilities		**-**	-
Undrawn formal standby facilities, credit lines and other commitments		**-**	-
Other commitments		**-**	-
Total		**4,862,653,604**	2,045,042,200
Total Off-Balance Sheet items including contingent liabilities		**61,020,360,142**	50,125,873,459

The annexed notes 1 to 49 form an integral part of these financial statements.

Managing Director & CEO | Director | Director | Chairman

As per our report of same date.

Dhaka, 30 March 2017

Auditor

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2016

Figures in Taka

	Note	2016	2015
Interest income/profit on investments	25	**16,057,152,921**	15,228,190,245
Interest paid/profit shared on deposits and borrowings etc.	26	**(9,545,962,641)**	(9,822,863,689)
Net interest income/profit on investments		**6,511,190,280**	5,405,326,556
Investment income	27	**4,903,835,104**	4,527,078,328
Commission, exchange and brokerage	28	**2,423,967,973**	2,150,207,661
Other operating income	29	**1,049,681,156**	1,003,958,325
		8,377,484,233	7,681,244,314
Total operating income (A)		**14,888,674,513**	13,086,570,870
Operating expenses			
Salaries and allowances	30	**3,755,320,060**	3,269,837,185
Rent, taxes, insurance, electricity, etc.	31	**781,049,219**	725,631,570
Legal expenses	32	**38,273,353**	26,747,198
Postage, stamp, telecommunication, etc.	33	**92,772,113**	76,601,819
Stationery, printing, advertisements, etc.	34	**165,524,753**	187,852,656
Chief Executive's salary and fees	35	**17,771,350**	16,409,425
Directors' fees	36	**2,662,166**	1,477,969
Auditors' fees		**2,590,339**	1,508,573
Depreciation and repair	37	**999,457,712**	840,095,391
Other expenses	38	**1,253,254,571**	1,171,746,639
Total operating expenses (B)		**7,108,675,635**	6,317,908,425
Profit before provision (C = A-B)		**7,779,998,878**	6,768,662,445
Provision for loans and advances/investments	39	**(2,014,646,765)**	(2,148,269,292)
Provision for off-balance sheet exposures		**(133,000,000)**	(21,000,000)
Other provision		**658,880**	(37,600,229)
Total provision (D)		**(2,146,987,885)**	(2,206,869,521)
Total profit before tax (E = C+D)		**5,633,010,993**	4,561,792,924
Provision for taxation (F)	40		
Current tax expense		**(1,716,485,289)**	(1,646,005,974)
Deferred tax income/(expense)		**146,204,483**	677,355,387
Total provision for tax		**(1,570,280,806)**	(968,650,587)
Net profit after tax (G = E+F)		**4,062,730,187**	3,593,142,337

Figures in Taka

	Note	2016	2015
Net profit after tax attributable to:			
Equity holders of the bank		**4,062,727,792**	3,593,116,965
Non-controlling interest		**2,395**	25,372
		4,062,730,187	3,593,142,337
Appropriations			
Statutory reserve		**1,088,867,757**	898,922,614
General reserve		**-**	-
		1,088,867,757	898,922,614
Retained surplus for the year		**2,973,860,035**	2,694,194,351
Earnings per share (EPS)	45	**4.64**	4.10

The annexed notes 1 to 49 form an integral part of these financial statements.

Managing Director & CEO | Director | Director | Chairman

As per our report of same date.

Dhaka, 30 March 2017

Auditor

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2016

Figures in Taka

		Note	2016	2015
A)	**Cash flows from operating activities**			
	Interest receipts/investment income receipts in cash		**16,131,418,614**	15,150,223,509
	Interest payments/profit paid on deposits		**(7,148,073,279)**	(7,264,485,479)
	Dividend receipts		**356,141,846**	243,250,240
	Fees and commission receipts in cash		**1,609,345,890**	1,350,573,554
	Recoveries of loans previously written-off	16.a.1	**592,977,114**	365,813,326
	Cash payments to employees		**(3,560,658,390)**	(3,127,614,331)
	Cash payments to suppliers		**(89,736,106)**	(97,908,144)
	Income taxes paid		**(1,974,674,084)**	(980,052,952)
	Receipts from other operating activities	41	**5,454,692,081**	5,411,123,474
	Payments for other operating activities	42	**(2,627,818,255)**	(2,390,415,357)
	Cash generated from operating activities before changes in operating assets and liabilities (i)		**8,743,615,431**	8,660,507,840
	Increase/decrease in operating assets and liabilities			
	Loans and advances to customers	43	**(33,031,549,178)**	(26,524,935,106)
	Other assets		**(825,763,692)**	(959,040,156)
	Deposits from other banks/borrowings		**6,947,916,216**	1,631,382,333
	Deposits from customers	44	**33,679,404,658**	28,215,357,254
	Other liabilities		**(2,444,283,162)**	(695,726,714)
	Cash generated from operating assets and liabilities (ii)		**4,325,724,842**	1,667,037,611
	Net cash flow from operating activities (i+ii)		**13,069,340,273**	10,327,545,451
B)	**Cash flows from investing activities**			
	Proceeds from sale of securities		**(1,445,267,273)**	564,988,941
	Payment for purchase of securities		**1,518,144,258**	(3,813,963,627)
	Purchase/sale of property, plant and equipment		**(649,372,306)**	(915,417,326)
	Net cash used in investing activities		**(576,495,321)**	(4,164,392,012)
C)	**Cash flows from financing activities**			
	Dividend paid		**(2,029,187,172)**	(1,348,827,692)
	Net cash from financing activities		**(2,029,187,172)**	(1,348,827,692)
D)	**Net increase in cash and cash equivalents (A+B+C)**		**10,463,657,780**	4,814,325,747
E)	**Effects of exchange rate changes on cash and cash equivalents**		**831,457,285**	792,078,114
F)	**Cash and cash equivalents at beginning of the year**		**34,702,864,919**	29,096,461,058
G)	**Cash and cash equivalents at end of the year (D+E+F)**		**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)		**3,788,022,776**	2,998,982,425
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		**20,696,275,735**	12,438,634,907
	Balance with other banks and financial institutions		**14,085,672,503**	15,915,975,258
	Money at call and short notice		**91,379,167**	95,379,167
	Government securities		**7,336,629,802**	3,253,893,162
			45,997,979,984	34,702,864,919

The annexed notes 1 to 49 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

Particulars	Attributable to the equity holders of the Bank									Non controlling interest	Total equity
	Paid up capital	Statutory reserve	Share premium	Asset revaluation reserve	General reserve	Revaluation gain/(loss) on investments	Dividend Equalization Reserve	Surplus in profit and loss account	Total		
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2016	8,757,980,310	5,002,816,644	660,857,013	4,690,126,740	11,394,928	3,298,220,345	-	2,159,706,674	24,581,102,654	2,534,779	24,583,637,433
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	(2,134,320,438)	-	-	(2,134,320,438)	-	(2,134,320,438)
Currency translation differences	-	-	-	-	-	-	-	18,444,112	18,444,112	-	18,444,112
Adjustment of revaluation reserve with retained earnings for charging depreciation of revalued carrying amount	-	-	-	(21,268,317)	-	-	-	21,268,317	-	-	-
Minority Interest accusation	-	-	-	-	-	-	-	2,440,339	2,440,339	(2,440,339)	-
Net profit/(loss) for the year	-	-	-	-	-	-	-	4,062,727,792	4,062,727,792	2,395	4,062,730,187
Dividend (bonus share)	-	-	-	-	-	-	-	-	-	-	-
Transfer to dividend equalization fund*	-	-	-	-	-	-	176,928,877	(176,928,877)	-	-	-
Dividend (Cash)	-	-	-	-	-	-	-	(2,026,216,078)	(2,026,216,078)	(1,569)	(2,026,217,646)
Appropriation made during year	-	1,088,867,757	-	-	-	-	-	(1,088,867,757)	-	-	-
Balance as at 31 December 2016	**8,757,980,310**	**6091684401**	**660,857,013**	**4,668,858,423**	**11,394,928**	**1,163,899,907**	**176,928,877**	**2,972,574,522**	**24,504,178,380**	**95,268**	**24,504,273,648**

For the year ended 31 December 2015

Particulars	Attributable to the equity holders of the Bank								Non controlling interest	Total equity
	Paid up capital	Statutory reserve	Share premium	Asset revaluation reserve	General reserve	Revaluation gain/(loss) on investments	Surplus in profit	Total		
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2015	8,340,933,630	4,103,894,030	1,082,116,244	4,711,395,054	11,394,928	3,255,456,556	801,804,006	22,306,994,448	3,049,884	22,310,044,332
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	42,763,789	-	42,763,789	-	42,763,789
Currency translation differences	-	-	-	-	-	-	(12,950,528)	(12,950,528)	(534,806)	(13,485,334)
Adjustment of revaluation reserve with retained earnings for charging depreciation of revalued carrying amount	-	-	-	(21,268,314)	-	-	21,268,314	-	-	-
Net profit/(loss) for the year	-	-	-	-	-	-	3,593,116,965	3,593,116,965	25,372	3,593,142,337
Dividend (bonus share)	417,046,680	-	(417,046,680)	-	-	-	-	-	-	-
Allocation for prejudice shares	-	-	(4,212,552)	-	-	-	4,212,552	-	-	-
Dividend (Cash)	-	-	-	-	-	-	(1,348,822,022)	(1,348,822,022)	(5,670)	(1,348,827,692)
Appropriation made during year	-	898,922,614	-	-	-	-	(898,922,614)	-	-	-
Balance as at 31 December 2015	**8,757,980,310**	**5,002,816,644**	**660,857,013**	**4,690,126,740**	**11,394,928**	**3,298,220,345**	**2,159,706,674**	**24,581,102,654**	**2,534,779**	**24,583,637,433**

* Create reserve as Dividend Equalization Fund in compliance with BRPD circular letter no. 18 dated 20 October 2002, wherein it is mentioned that banks are required to build up Dividend Equalization Fund if it declares cash dividend more than 20%. Amount of Dividend Equalization Fund for building up will be equivalent to the excess amount cash dividend over 20% and for the year 2015, bank declared cash divided of 22%.

The annexed notes 1 to 49 form an integral part of these financial statements.

BALANCE SHEET

as at 31 December 2016

Figures in Taka

	Note	2016	2015
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)	4.a	**3,787,829,631**	3,028,046,419
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	4.a.1	**20,696,275,735**	12,438,634,907
		24,484,105,366	15,466,681,326
Balance with other banks and financial institutions	5.a		
In Bangladesh		**12,187,706,470**	15,355,924,462
Outside Bangladesh		**661,120,028**	263,921,673
		12,848,826,498	15,619,846,135
Money at call and short notice	6	**91,379,167**	95,379,167
Investments	7.a		
Government		**22,048,912,713**	19,691,517,972
Others		**2,383,242,864**	4,923,298,995
		24,432,155,577	24,614,816,967
Loans and advances/investments	8.a		
Loans, cash credits, overdrafts, etc./investments		**167,749,683,704**	138,229,433,769
Bills purchased and discounted	9	**7,275,392,955**	4,858,067,512
		175,025,076,659	143,087,501,281
Fixed assets including premises, furniture and fixtures	10.a	**8,084,826,026**	8,135,621,490
Other assets	11.a	**13,500,653,120**	7,027,747,460
Non-banking assets	12	**956,925,360**	792,824,667
Total assets		**259,423,947,774**	214,840,418,493
LIABILITIES AND CAPITAL			
Liabilities			
Tier-II subordinated bond	13	**3,000,000,000**	3,000,000,000
Borrowings from other banks, financial institutions and agents	14.a	**31,695,262,081**	22,079,989,593
Deposits and other accounts	15.a		
Current deposits and other accounts		**24,512,543,307**	20,572,164,836
Bills payable		**1,587,153,855**	1,976,445,056
Savings bank deposits		**34,994,257,334**	31,213,313,434
Fixed deposits		**113,601,078,193**	89,966,810,084
Bearer certificate of deposit		**-**	-
		174,695,032,689	143,728,733,410
Other liabilities	16.a	**24,732,977,227**	20,522,559,400
Total liabilities		**234,123,271,997**	189,331,282,403
Capital/shareholders' equity			
Paid up capital	17.2	**8,757,980,310**	8,757,980,310
Statutory reserve	18	**6,091,684,401**	5,002,816,644
Share premium	19	**660,857,013**	660,857,013
Other reserve	20.a	**5,958,715,512**	7,999,742,013
Surplus in profit and loss account	21.a	**3,831,438,541**	3,087,740,110
Total shareholders' equity		**25,300,675,777**	25,509,136,090
Total liabilities and shareholders' equity		**259,423,947,774**	214,840,418,493

AMARSTOCK

Figures in Taka

OFF-BALANCE SHEET ITEMS	Note	2016	2015
Contingent liabilities			
Acceptances and endorsements		**18,676,525,600**	13,190,254,052
Letters of guarantee	23.1	**8,308,768,437**	10,218,482,911
Irrevocable letters of credit	23.2	**14,504,592,520**	13,817,709,300
Bills for collection	23.3	**14,667,819,982**	10,854,384,996
Other contingent liabilities		-	-
Total		**56,157,706,538**	48,080,831,259
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed	23.4	**4,862,653,604**	2,045,042,200
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Other commitments		-	-
Total		**4,862,653,604**	2,045,042,200
Total Off-Balance Sheet items including contingent liabilities		**61,020,360,142**	50,125,873,459

The annexed notes 1 to 49 form an integral part of these financial statements.

Managing Director & CEO | Director | Director | Chairman

As per our report of same date.

Auditor

Dhaka, 30 March 2017

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2016

Figures in Taka

	Note	2016	2015
Interest income/profit on investments	25.a	**16,042,227,272**	15,324,758,903
Interest paid/profit shared on deposits and borrowings etc.	26.a	**(9,565,268,460)**	(9,818,866,758)
Net interest income/profit on investments		**6,476,958,812**	5,505,892,145
Investment income	27.a	**4,745,837,129**	4,390,718,045
Commission, exchange and brokerage	28.a	**2,125,263,521**	1,891,835,512
Other operating income	29.a	**1,047,663,376**	995,879,735
		7,918,764,026	7,278,433,292
Total operating income (A)		**14,395,722,838**	12,784,325,437
Salaries and allowances	30	**3,634,379,812**	3,166,373,641
Rent, taxes, insurance, electricity, etc.	31.a	**729,230,525**	674,541,834
Legal expenses	32.a	**36,338,906**	25,639,943
Postage, stamp, telecommunication, etc.	33.a	**86,933,721**	70,980,951
Stationery, printing, advertisements, etc.	34.a	**160,933,282**	183,857,261
Chief Executive's salary and fees	35	**17,771,350**	16,409,425
Directors' fees	36.a	**2,203,000**	1,244,000
Auditors' fees		**2,127,000**	1,209,750
Depreciation and repair of Bank's assets	37.a	**984,171,575**	823,583,622
Other expenses	38.a	**1,225,994,881**	1,147,371,942
Total operating expenses (B)		**6,880,084,052**	6,111,212,369
Profit before provision (C = A-B)		**7,515,638,786**	6,673,113,068
Provision for loans and advances/investments	39.a	**(1,938,300,000)**	(2,147,500,000)
Provision for off-balance sheet exposures		**(133,000,000)**	(21,000,000)
Other provision		**-**	(10,000,000)
Total provision (D)		**(2,071,300,000)**	(2,178,500,000)
Total profit before taxes (E = C+D)		**5,444,338,786**	4,494,613,068
Provision for taxation (F)	40.a		
Current tax expense		**(1,656,130,855)**	(1,588,720,538)
Deferred tax income/(expense)		**146,236,463**	672,989,539
Total provision for tax		**(1,509,894,392)**	(915,730,999)
Net profit after tax (G = E+F)		**3,934,444,394**	3,578,882,069

AMARSTOCK

Figures in Taka

	Note	2016	2015
Appropriations			
Statutory reserve		**1,088,867,757**	898,922,614
General reserve		**-**	-
		1,088,867,757	898,922,614
Retained surplus for the year		**2,845,576,637**	2,679,959,455
Earnings per share (EPS)	45.a	**4.49**	4.09

The annexed notes 1 to 49 form an integral part of these financial statements.

Managing Director & CEO | Director | Director | Chairman

As per our report of same date.

Auditor

Dhaka, 30 March 2017

AMARSTOCK

CASH FLOW STATEMENT

for the year ended 31 December 2016

Figures in Taka

		Note	2016	2015
A)	**Cash flows from operating activities**			
	Interest receipts/investment income receipts in cash		**16,116,492,965**	15,246,792,167
	Interest payments/profit paid on deposits		**(7,167,677,523)**	(7,260,488,548)
	Dividend receipts		**315,128,298**	210,954,125
	Fees and commission receipts in cash		**1,317,072,395**	1,107,071,619
	Recoveries of loans previously written off	16.a.1	**592,977,114**	365,813,326
	Cash payments to employees		**(3,442,151,162)**	(3,024,150,787)
	Cash payments to suppliers		**(85,278,736)**	(93,912,749)
	Income taxes paid	11.a.3	**(1,919,280,323)**	(927,002,383)
	Receipts from other operating activities	41.a	**5,356,933,457**	5,298,980,716
	Payments for other operating activities	42.a	**(2,536,186,527)**	(2,302,617,835)
	Cash generated from operating activities before changes in operating assets and liabilities (i)		**8,548,029,957**	8,621,439,651
	Increase/decrease in operating assets and liabilities			
	Loans and advances to customers		**(31,937,575,378)**	(26,466,900,193)
	Other assets	43.a	**(726,285,992)**	(1,129,322,478)
	Deposits from other banks/borrowings		**6,947,916,216**	1,884,245,825
	Deposits from customers	15.a	**33,633,655,551**	28,254,056,932
	Other liabilities	44.a	**(2,822,881,443)**	(676,783,892)
	Cash generated from operating assets and liabilities (ii)		**5,094,828,954**	1,865,296,194
	Net cash from operating activities (i+ii)		**13,642,858,911**	10,486,735,845
B)	**Cash flows from investing activities**			
	Proceeds from sale of securities		**548,772,953**	266,859,721
	Payment for purchase of securities		**1,518,144,258**	(3,813,963,628)
	Purchase/sale of property, plant and equipment		**(642,678,733)**	(903,499,249)
	Investment in subsidiaries		**(3,603,929,824)**	-
	Net cash used in investing activities		**(2,179,691,346)**	(4,450,603,156)
C)	**Cash flows from financing activities**			
	Dividend paid		**(1,946,217,647)**	(1,263,777,692)
	Net cash from financing activities		**(1,946,217,647)**	(1,263,777,692)
D)	**Net increase in cash and cash equivalents (A+B+C)**		**9,516,949,918**	4,772,354,997
E)	**Effects of exchange rate changes on cash and cash equivalents**		**808,191,126**	777,207,899
F)	**Cash and cash equivalents at beginning of the year**		**34,435,799,790**	28,886,236,894
G)	**Cash and cash equivalents at end of the year (D+E+F)**		**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)		**3,787,829,631**	3,028,046,419
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		**20,696,275,735**	12,438,634,907
	Balance with other banks and financial institutions		**12,848,826,498**	15,619,846,135
	Money at call and short notice		**91,379,167**	95,379,167
	Government securities		**7,336,629,802**	3,253,893,162
			44,760,940,834	34,435,799,790

The annexed notes 1 to 49 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

Particulars	Paid-up capital	Statutory reserve	Share Premium	Asset Revaluation reserve	General reserve	Revaluation gain/(loss) on investment	Dividend Equalization Reserve	Surplus in profit and loss account	Total equity
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2016	8,757,980,310	5,002,816,644	660,857,013	4,690,126,740	11,394,928	3,298,220,345	-	3,087,740,110	25,509,136,090
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	(2,196,687,060)	-	-	(2,196,687,060)
Adjustment for sale of revalued assets	-	-	-	-	-	-	-	-	-
Adjustment of revaluation reserve with retained earnings for charging depreciation of revalued carrying amount	-	-	-	(21,268,317)	-	-	-	21,268,317	-
Net profit for the year	-	-	-	-	-	-	-	3,934,444,394	3,934,444,394
Dividend (bonus share)	-	-	-	-	-	-	-	-	-
Transfer to dividend equalization fund*	-	-	-	-	-	-	176,928,877	(176,928,877)	-
Dividend (Cash)	-	-	-	-	-	-	-	(1,946,217,647)	(1,946,217,647)
Appropriation made during year	-	1,088,867,757	-	-	-	-	-	(1,088,867,757)	-
Balance as at 31 December 2016	**8,757,980,310**	**6,091,684,401**	**660,857,013**	**4,668,858,423**	**11,394,928**	**1,101,533,285**	**176,928,877**	**3,831,438,541**	**25,300,675,777**

For the year ended 31 December 2015

Particulars	Paid-up capital	Statutory reserve	Share Premium	Asset Revaluation reserve	General reserve	Revaluation gain/(loss) on investment	Surplus in profit and	Total equity
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2015	8,340,933,630	4,103,894,030	1,082,116,244	4,711,395,054	11,394,928	3,222,023,735	1,646,077,481	23,117,835,102
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	76,196,610	-	76,196,610
Adjustment for sale of revalued assets	-	-	-	-	-	-	-	-
Adjustment of revaluation reserve with retained earnings for charging depreciation of revalued carrying amount	-	-	-	(21,268,314)	-	-	21,268,314	-
Net profit for the year	-	-	-	-	-	-	3,578,882,069	3,578,882,069
Dividend (bonus share)	417,046,680	-	(417,046,680)	-	-	-	-	-
Allocation for prejudice shares	-	-	(4,212,552)	-	-	-	4,212,552	-
Dividend (Cash)	-	-	-	-	-	-	(1,263,777,692)	(1,263,777,692)
Appropriation made during year	-	898,922,614	-	-	-	-	(898,922,614)	-
Balance as at 31 December 2015	**8,757,980,310**	**5,002,816,644**	**660,857,013**	**4,690,126,740**	**11,394,928**	**3,298,220,345**	**3,087,740,110**	**25,509,136,090**

* Create reserve as Dividend Equalization Fund in compliance with BRPD circular letter no. 18 dated 20 October 2002, wherein it is mentioned that banks are required to build up Dividend Equalization Fund if it declares cash dividend more than 20%. Amount of Dividend Equalization Fund for building up will be equivalent to the excess amount cash dividend over 20% and for the year 2015, bank declared cash divided of 22%.

The annexed notes 1 to 49 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2016

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 108 (2015:108) branches, 11 (2015: 11) SME/Agri branches and 1 SME centre in Bangladesh as at 31 December 2016. The Bank had no overseas branches as at 31 December 2016. Out of the above 120 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 309 (2015: 276) ATMs as at 31 December 2016. The Bank was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company on 03 February 1987 and 27 December 1995. It is operating as City Group with it's three subsidiaries.

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

1.2 Principal Activities of The Bank

The principal activities of the Bank are to provide wide arry of financial products and services that includes all kind of conventional and Islamic banking services to its customers. It offers commercial banking, consumer banking, trade services, cash management, treasury, SME, retail, custodial services clearing services to its customers. These activities are conducted through its branches, SME centres, islamic windows, and vibrant alternative delivery channels (ATM booths, internet banking) in Bangladesh. The Bank also provides off-shore banking services through its Off-shore Banking Units (OBU) and islami banking services through its Islamic bank branch .

1.3 Off-shore Banking

Off-shore Banking Unit (OBU) is a separate business unit of the Bank, governed under the rules and guidelines of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide letter No. BRPD(P-3)744(101)/2010-4129 dated 10 November 2009. OBU provides varied financial needs of 100% foreign owned/joint venture industrial units and foreign entities located in Export Processing Zones of Bangladesh. Separate financial statements of Off-shore Banking Unit are shown in Annexures J(1) and J(2).

1.4 Islamic Banking

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

1.5 Subsidiaries Of The Bank

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

1.5.1 City Brokerage Limited

The City Brokerage Limited ('the Company') was incorporated in Bangladesh as a private limited company on 31 March 2010 vide registration no. C-83616/10 under the Companies Act 1994. The legal status of the Company has been converted into public limited company from private limited company in June 2012 in compliance with Bangladesh Securities and Exchange Commission Rules 2000. Previously the Bank launched its brokerage division on 4 August 2009 which was subsequently separated from the Bank on 15 November 2010. On 31 December 2016 the Bank held 99.9963% shares of the Company.

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

1.5.2 City Bank Capital Resources Limited

City Bank Capital Resources Limited (CBCRL) was incorporated in Bangladesh as a private limited company on 17 August 2009 vide registration no. C-79186/09 under the Companies Act, 1994. The registered office of CBCRL is at 10 Dilkusha Commercial Area, Jibon Bima Tower, Dhaka -1000. CBCRL delivers a whole range of investment banking services including merchant banking activities such as issue management, underwriting, portfolio management and corporate advisory. On 31 December 2016 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 31 December 2016 the Bank held 100% shares of CMTS.

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

2. BASIS OF PREPARATION

The separate financial statements of the Bank as at and for the year ended 31 December 2016 comprise those of Domestic Banking Unit (Main operations) and Offshore Banking Unit (OBU), and the consolidated financial statements of the group comprise those of 'the Bank' (parent company) and its subsidiaries.There were no significant changes in the nature of principal business activities of the Bank and the subsidiaries during the financial year.

2.1 Statement of Compliance

The consolidated financial statements of the Bank as at and for the year ended 31 December 2016 have been prepared in accordance with the "First Schedule (Section 38) of the Bank Company Act 1991 as amended by BRPD circular no. 14 dated 25 June 2003, DFIM Circular # 11, dated December 23, 2009 and Bangladesh Financial Reporting Standards (BFRSs), Bangladesh Accounting Standards (BAS), etc. The Bank complied with the requirements of the following rules and regulation:

- The Bank Company Act (Amended-2013);
- The Companies Act 1994;
- Rules, regulations and circulars issued by the Bangladesh Bank from time to time;
- The Securities and Exchange Ordinance 1969;
- Bangladesh Securities and Exchange Commission Act 1993;
- Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015;
- Income Tax Ordinance and Rules 1984;
- Value Added Tax Act 1991; and
- Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE) and Central Depository Bangladesh Ltd. (CDBL) rules and regulations.

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

In case any requirement of the Bank Companyies Act (Amended-2013), and provisions and circulars issued by Bangladesh Bank differ with those of BFRS, the requirements of the Bank Company Act (Amended-2013), and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of BFRS are as follows:

i) Presentation of Financial Statements

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

Bangladesh Bank: A format of financial statements (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) is prescribed in the "First Schedule" of section 38 of the Bank Company Act 1991 (amended up to 2013) and BRPD circular no. 14 dated 25 June 2003 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

ii) Investment in shares and securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the reporting date is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the reporting date at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment on portfolio basis.

iii) Revaluation gain/loss on government securities

BFRS: As per requirement of BAS 39 where Government treasury securities treasury bills and treasury bonds will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount is recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised and gains or losses on amortisation are recognised in other reserve as a part of equity.

iv) Provision on loans and advances

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no.14 (23 September 2012), BRPD circular no. 19 (27 December 2012), BRPD circular no. 05 (29 May 2013) and BRPD circular no. 16 (18 November 2014) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. and specific provision (other than short -term agricultural and micro-credits) for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Moreover, a provision for Short-Term Agricultural and Micro-Credits has to be provided for 'sub-standard' and 'doubtful' loans at the rate of 5% and a 100% provision for the 'bad/Loss' loans.

Again and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39."

v) Recognition of interest in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

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

vi) Other comprehensive income

BFRS: As per BAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Comprehensive Income 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 Statement. As such the company does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity.

vii) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such some disclosures and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

viii) Repo transactions

BFRS: When an entity sells a financial asset and simultaneously enters into an agreement to .repurchase the asset (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a deposit as opposed to a sale, and the underlying asset continues to be recognised in the entity's financial statements. Such transactions do not satisfy the derecognition criteria specified in BAS 39. Such transactions will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense. Same rule applies to the opposite side of the transaction (Reverse REPO).

Bangladesh Bank: As per Bangladesh Bank circulars/guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognised in the seller's book and recognised in the buyer's book.

ix) Financial guarantees

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, dated 25 June 2003 financial guarantees such as L/C, L/G will be treated as Off-Balance Sheet items. No liability is recognised for the guarantee except the cash margin.

x) Cash and cash equivalents

BFRS: As per BAS 7 cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Therefore, some items like Balance with Bangladesh Bank on account of CRR/SLR are not part of cash and cash equivalent as those are not readily available.

Bangladesh Bank: As per Bangladesh Bank circulars/guidelines, balance with Bangladesh Bank is part of cash and cash equivalent regardless of any restriction. Furthermore, some cash and cash equivalent items such as 'money at call and on short notice', Treasury bills, Prize bond are not presented as cash and cash equivalent. Instead money at call and on short notice is presented as a face item in balance sheet, and Treasury bills, Prize bonds are presented as investment.

xi) Non-banking asset

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

Bangladesh Bank: As per BRPD 14, there must exist a face item named Non-banking asset.

xii) Cash flow statement

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

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

xiii) Balance with Bangladesh Bank: (CRR)

BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

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

xiv) Presentation of intangible asset

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

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD 14.

xv) Off-balance sheet items

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD 14, off-balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xvi) Disclosure of appropriation of profit

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

Bangladesh Bank: As per BRPD 14, an appropriation of profit should be disclosed in the face of profit and loss account.

xvii) Loans and advances net of provision

BFRS: Loans and advances should be presented net of provisions.

Bangladesh Bank: As per BRPD 14, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4. Use of judgments and estimates

In preparing these consolidated financial statements in conformity with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) management has required to make judgments, estimates and assumptions that affect the application of CBL's accounting policies and the reported amounts of assets liabilities, income and expenses.

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

- Provision for loan and advances/investments- as explained in note 3.3.3
- Employee benefit -as explained in note 3.12
- Income tax - as explained in note 3.13
- Deferred tax assets/liabilities - as explained in note 11.a.4
- Useful lives of depreciable assets regard to noncurrent assets - as stated in Annexure-D

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

Provision

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

- the entity has a present (legal or constructive) obligation as a result of past events;
- probable 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.

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

Contingent Assets

A contingent asset is 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 recognized; rather they are disclosed in the financial statements when they arise.

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

2.5 Reporting period

These financial statements cover one calendar year from 1 January 2016 to 31 December 2016.

2.6 Date of authorisation

The Board of directors has authorised this financial statements for public issue on 30 March 2017.

2.7 Cash flow statement

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

2.8 Statement of changes in equity

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

2.9 Liquidity statement

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

a) balance with other banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term.

b) investments are on the basis of their respective maturity.

c) loans and advances are on the basis of their repayment maturity schedule.

d) fixed assets are on the basis of their useful lives.

e) other assets are on the basis of their realisation/amortisation.

f) borrowing from other banks, financial institutions and agents, etc. are as per their maturity/repayments.

g) deposits and other accounts are on the basis of their maturity term.

h) provision and other liabilities on the basis of their repayment/adjustments schedule.

2.10 Financial statements for Offshore Banking Unit (OBU)

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements of the group and those of the bank have been applied consistently except otherwise instructed by Bangladesh Bank as the prime regulator.

Certain comparative amounts in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

Accounting policies of subsidiaries

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

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of The City Bank Limited and those of its three subsidiaries (City Brokerage Limited, City Bank Capital Resources Limited and CBL Money Transfer Sdn. Bhd.) prepared as at and for the year ended 31 December 2016. The consolidated financial statements have been prepared in accordance with BFRS 10 'Consolidated Financial Statements'.

Name of Subsidiary	Ownership	Date of incorporation	Country of Operation	Status	Regulator	Year Closing
City Brokerage Limited	99.996%	31 March 2010	Bangladesh	Majority Owned	BSEC, DSE,CSE	31 December
City Bank Capital Resources Limited	99.993%	17 August 2009	Bangladesh	Majority Owned	BSEC, DSE,CSE	31 December
CBL Money Transfer Sdn. Bhd	100.000%	04 April 2013	Malaysia	Majority Owned	Bank Negara, Malaysia	31 December

3.1.2 Non-controlling Interest

The Group elects to measure any non-controlling interests in the subsidiaries either:

- at fair value; or
- at their proportionate share of the acquirees identifiable net assets, which are generally at fair value.

3.1.3 Transactions eliminated on consolidation

Intra-group balances and income and expenses (except for foreign currency translation gains or losses) arising from intra-group transactions are eliminated in preparing these consolidated financial statements. 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

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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

3.3 Assets and basis of their valuation

3.3.1 Cash and cash equivalents

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

3.3.2 Investments

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

Held to Maturity

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

Held for Trading

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

Investment in Quoted Shares

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

Investment in Unquoted Shares

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

* Provision for shares against 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 of Bangladesh Bank.

Investment in Subsidiaries

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

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

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

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

Types of loans and advances		Provision				
		STD	SMA	SS	DF	BL
Consumer	House building and professional	2.00%	2.00%	20.00%	50.00%	100.00%
	Other than housing finance & professionals to setup business	5.00%	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		2.50%	2.50%	5.00%	5.00%	100.00%
Small and medium enterprise finance		0.25%	25.00%	20.00%	50.00%	100.00%
Others		1.00%	1.00%	20.00%	50.00%	100.00%

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

c) Loans and advances are written off to the extent that

i) there is no realistic prospect of recovery, and

ii) against which legal cases are filed, where required and classified as bad/loss as per guidelines of Bangladesh Bank.

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

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

3.3.4 Staff loan

House building and car loan are provided to the permanent staff at a 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 and equipment)

Recognition and measurement

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

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 signiificant 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.

As per Bangladesh Accounting Standard (BAS-16) revaluation should be made with sufficient regulatory compliance to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of reporting period. The fair value of land and buildings is usually determined from market based evidence by an appraisal that is normally undertaken by professionally qualified Valuer. Therefore, any upward increases of the assets have positive impact on the capital adequacy of the Bank (50% of the asset revaluation is considered as Tier-2 "Supplementary Capital" subject to deduction as per roadmap for implementation of BASEL-III). With a view to qualify for higher capital adequacy, the bank revalued its land and buildings (in 2014) upon complying with all regulatory requirements.

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	Various*
Furniture and fixtures	10%
Office equipment and machinery	20%
Software	5%
Vehicles	20%

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted, if appropriate.

* For building, formerly 2.50% rate was used for calculating depreciation. Due to revaluation in the year 2014, the remaining useful life of building has been changed and as a result appropriate depreciation rates have been used to calculate depreciation of each building considering the remaining useful life.

3.3.6 Non- banking assets

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

3.3.7 Provisions for other assets

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

3.3.8 Intangible assets and its amortisation

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

3.3.9 Reconciliation of inter-bank and inter-branch account

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

3.4 Liabilities and basis of their valuation

3.4.1 Tier-II Subordinated Bond

Tier-II subordinated bond includes fund raised from several banks and financial institutions through issuance of 6 (six) years Bond. These items are brought to financial statements at the gross value of the outstanding balance. 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 Loan etc., interest-bearing borrowings against securities from Bangladesh Bank and call borrowing from other banks. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in note 14.

3.4.3 Deposits and other accounts

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

3.4.4 Provision for liabilities

A provision is recognised in the balance sheet when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations in accordance with BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

3.4.5 Provision for off-balance sheet exposure

BRPD Circular No.14 (23 September 2012) requires a general provision for off-balance sheet exposures to be calculated at 1% on all off-balance sheet exposures as defined in BRPD Circular No.10 (24 November 2002). Accordingly the Bank has recognised a provision of 1% on the following off-balance sheet items:

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

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

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

3.4.7 Provision for rebate to good borrower

As per BRPD Circular No. 06 (19 March 2015) and BRPD Circular Letter No 03 (16 February 2016) of the Banking Regulation and Policy Department (BRPD) of

Bangladesh Bank, commercial banks are required to provide 10% rebate on the interest closed from "good borrowers" subject to some qualifing criteria. Accordingly, the Bank has kept provision in the financial statements for the year ended 31 December 2016.

3.4.8 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are 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 Authorized capital

Authorized capital is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association.

3.5.2 Paid up capital

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

3.5.3 Share premium

Share premium is the capital that the Bank raises upon issuing shares for a price in excess of the nominal value of shares. The share premium shall be 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 Company Act (amended 2013). Such transfer shall continue until the reserve balance equals its paid up capital together with the share premium.

3.5.5 Revaluation reserve for government securities

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

3.5.6 Revaluation reserve for fixed assets

Revaluation reserve for fixed assets arises from the revaluation of any class of fixed assets when the market price of the assets increased significantly from the carrying value. When an asset's carrying amount is increased as a result of revaluation, the increased amount is recognised directly to equity under the heading of revaluation surplus/reserve as per BAS 16 "Property, and Equipment". The Bank revalued its land and buildings during the year 2014 and accordingly created an asset revaluation reserve.

3.5.7 Capital management

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

- To comply with the capital requirements set by the regulators;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business.

Capital is managed in accordance with the board approved capital management planning. Senior management develops the capital strategy and oversee the capital management planning of the Bank. The Bank's finance, treasury and risk management departments are key participators in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix.

3.6 Revenue recognition

3.6.1 Interest income

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

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

3.6.2 Profit on investment (Islamic Banking)

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

3.6.3 Investment income

Income on investments are 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 Lease payments

Payments made under operating leases are recognised in the profit and loss statement on a straight-line basis over the terms of the lease.

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.11 Others

Foreign exchange gain/ loss

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

3.12 Employee benefits

3.12.1 Provident fund

Provident Fund benefits are given to the permanent staff of the Bank in accordance with the registered Provident Fund rules. The Commissioner of Income Tax, Taxes Zone - 4, Dhaka, has approved the Provident Fund as a recognised 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 reorganisation took effect on 31 October 1987. The Provident Fund is operated by a Board of Trustees consisting of 6 members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the provident fund. The Bank also contributes equal amount to the provident fund. Contributions made by the Bank are charged as expense and the Bank bears no further liability. Interest earned from the investments is credited to the members' account on yearly basis. Members are eligible to get both the contribution after 5 years of continuous service from the date of their membership. By law the provident fund is daly audited by Snehasis Mahmud & co. chartered accountents

3.12.2 Gratuity fund

Gratuity Fund benefits are given to the staff of the Bank in accordance with the approved Gratuity Fund rules. National Board of Revenue has approved the Gratuity Fund as a recognised gratuity fund with effect from 3 June 2012. The Gratuity Fund is operated by a Board of Trustee consists of 7 members of the Bank. Employees are entitled to get gratuity benefit after completion of minimum 5 years of service in the Bank. Provision for gratuity is made annually covering all its permanent eligible employees. A valuation of gratuity scheme had been made in 2014 by a professional Actuarial & Pension Consultants, Z. Halim & Associates considering the changes in Labour Act 2013 (Amendment) to assess the adequacy of the liabilities provided for the scheme as per BAS 19 'Employee Benefits'. On continuing fund basis valuation, the Bank has been maintaining adequate provision against gratuity scheme.

3.12.3 Other employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is 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 dependants at rates provided in health insurance coverage policy.

Life insurance

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

Performance bonus

Provision of Workers' Profit Participation Fund and Welfare Fund mentioned in Bangladesh Labour (Amendments) Act, 2013 contradicts Bank Company Act, 1991 through which Bank Companies are regulated. Section-11 of Bank Company Act, 1991 restricts to employ anyone who receives remuneration or part of remuneration as share of profit of the company and remuneration includes salary and other benefit. Accordingly, we obtained a legal opinion from Nurul Alam & Associates, Advocates and Consultants, wherein it is opined that Worker's Profit Participation and Welfare Fund shall not be applicable for Bank Companies, as there is no non-obstante clause. Unless Government of Peoples Republic of Bangladesh amends section 11 of Bank Company Act or frames rules, giving overriding effect to Bank Company Act, 1991, section 232 of Bangladesh Labour (Amendments) Act, 2013 will not be applicable for banks.

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

3.13 Tax expense

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

3.13.1 Current tax

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

3.13.2 Deferred tax

Deferred tax is 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.

3.13.3 Tax exposures

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

3.14 Impairment of non-financial assets

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

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

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

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

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

3.15 Earnings per share

The Group and the Bank present basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

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

3.16 Compliance of Bangladesh Financial Reporting Standard (BFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IAS) as Bangladesh Accounting Standards (BAS) and International Financial Reporting Standards (IFRS) as Bangladesh Financial Reporting Standards (BFRS). While preparing the financial statements, the Bank applied most of BAS and BFRS as adopted by ICAB. Details are given below:

Name of the standards	BFRS Ref.	Implementation status by the Bank
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	Not applicable
Share-based Payment	BFRS-2	Not applicable
Business Combinations	BFRS-3	Applied
Insurance Contracts	BFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	BFRS-6	Not applicable
Financial Instruments: Disclosures	BFRS-7	Applied with some departure (note 2.1)
Operating Segments	BFRS-8	Applied with some departure (note 3.18)
Consolidated Financial Statements	BFRS-10	Applied
Joint Arrangements	BFRS-11	Not applicable
Disclosure of Interest in Other Entities	BFRS-12	Applied
Fair Value Measurement	BFRS-13	Applied with some departure (note 2.1)
Regulatory deferral accounts	BFRS-14	Not Applicable
Presentation of Financial Statements	BAS-1	Applied with some departure (note 2.1)
Inventories	BAS-2	Not Applicable
Statement of Cash Flows	BAS-7	Applied with some departure (note 2.1)
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contracts	BAS-11	Not Applicable
Income Taxes	BAS-12	Applied
Property, Plant and Equipment	BAS-16	Applied
Leases	BAS-17	Applied
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied

Name of the standards	BFRS Ref.	Implementation status by the Bank
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	BAS-21	Applied
Borrowing Costs	BAS-23	Not Applicable
Related Party Disclosures	BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Not Applicable
Separate Financial Statements	BAS-27	Applied
Investments in Associates and Joint Venture	BAS-28	Not Applicable
Interests in Joint Ventures	BAS-31	Not Applicable
Financial Instruments: Presentation	BAS-32	Applied with some departure (note 2.1)
Earnings per Share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairment of Assets	BAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition and Measurement	BAS-39	Applied with some departure (note 2.1)
Investment property	BAS-40	Not Applicable
Agriculture	BAS-41	Not Applicable

In order to comply with certain specific rules and regulations of Bangladesh Bank which are different to BAS/BFRS, some of the requirements specified in these BAS/BFRSs are not applied. Refer to note-2.1 for such recognition and measurement differences that are most relevant and material to the Bank and the Group.

The Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. Therefore, it is not applicable for the Bank's annual report as it is the employer and not the retirement benefit plan itself.

The objective of BAS 34 is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period and hence it is not applicable for annual financial statements. However, the Bank being a listed entity in Dhaka and Chittagong Stock Exchanges regularly publishes Interim Financial Report complying with BAS 34.

3.17 Standards issued but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards during the year 2016. All previously adopted reporting standards are consistently applied by the Bank as explained in Note 3.16.

BFRS 9 Financial instruments:

Summary of the requirements

BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 'Financial instruments: Recognition and measurement'. BFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39.

BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Possible impact on financial statements

The Bank is assessing the potential impact on its financial statements resulting from the application of BFRS 9.

BFRS 15 Revenue from contracts with customers:

Summary of the requirements

BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including BAS 18 'Revenue', BAS 11 'Construction contracts' and BFRIC 13 'Customer loyalty programmes'.

BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Possible impact on financial statements

The Bank is assessing the potential impact on its financial statements resulting from the application of BFRS 15.

3.18 Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under BFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity

3.19 Segment reporting

The Group and the Bank have no identified operating segment and as such presentation of segmental reporting is not made in the financial statements as per BFRS 8. However, geographical and business segments wise limited disclosures are furnished in note 46.

Inter-segment transactions are generally based on inter-branch fund transfer measures as determined by the management. Income, expenses, assets and liabilities are specifically identified with individual segments. Based on such allocation, segmental balance sheet as on 31 December 2016 and segmental profit and loss account for the year ended 31 December 2016 have been prepared.

3.20 Materiality and aggregation

Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature also have been presented separately unless they are immaterial in accordance with BAS 1 'Presentation of Financial Statements'.

3.21 Credit rating of the Bank

As per 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 2015. The following ratings have been awarded:

Particulars	Periods	Date of Rating	Long term	Short term
Entity Rating	January to December 2015	23-Jun-16	AA2	ST-2
Entity Rating	January to December 2014	25-Jun-15	AA2	ST-2
Entity Rating	January to December 2013	25-Jun-14	AA3	ST-2

3.22 Related party disclosures

A party is related to the company if:

i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over the company;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

Details of the Related party disclosures presented in note # 47 and Annexure- F

3.23 Events after reporting period

As per BAS -10 "Events after Reporting Period" events after the reporting period are those events, 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 # 48

Figures in Taka

		2016	2015
4	**CONSOLIDATED CASH IN HAND**		
	The City Bank Limited (note 4.a)	**3,787,829,631**	3,028,046,419
	City Brokerage Limited	**77,500**	77,500
	City Bank Capital Resources Limited	**11,769**	11,097
	CBL Money Transfer Sdn. Bhd.	**103,876**	936,632
		3,788,022,776	3,029,071,648
	Adjustments for Consolidation - The City Bank Limited	**-**	(30,089,223)
		3,788,022,776	2,998,982,425
4.a	**Cash in hand - The City Bank Limited**		
	Local currency	**3,731,432,078**	2,954,191,772
	Foreign currency	**56,397,553**	73,854,647
		3,787,829,631	3,028,046,419
4.a.1	**Balance with Bangladesh Bank and its agent bank(s)**		
	Local currency	**13,590,293,951**	11,409,598,546
	Foreign currency	**6,578,617,682**	380,623,706
		20,168,911,633	11,790,222,252
	Sonali Bank Limited as agent of Bangladesh Bank (local currency)	**527,364,103**	648,412,655
		20,696,275,735	12,438,634,907

4.a.2 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

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

The minimum Cash Reserve Ratio on the Bank's time and demand liabilities at the rate of 6.5% on bi-weekly basis has been calculated and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio, excluding CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including foreign currency balances with Bangladesh Bank (CRR and SLR of December 2016 is based on weekly average time and demand liabilities balance of October 2016). Both reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

a)	**Cash Reserve Ratio (CRR)**		
	Required reserve	**11,424,931,989**	9,331,738,510
	Actual reserve maintained	**13,564,388,695**	11,429,132,214
	Surplus	**2,139,456,706**	2,097,393,704
b)	**Statutory Liquidity Ratio (SLR)**		
	Required reserve	**22,612,381,937**	18,472,064,945
	Actual reserve maintained (note 4.a.3)	**28,509,761,693**	25,451,537,275
	Surplus	**5,897,379,756**	6,979,472,330

4.a.3 Held for Statutory Liquidity Ratio (SLR)

Cash in hand	**3,787,829,631**	3,028,046,419
Sonali Bank Limited as agent of Bangladesh Bank as per statement balance	**533,562,643**	634,579,180
Surplus of CRR - balance with Bangladesh Bank	**2,139,456,706**	2,097,393,704
Government securities and bonds	**22,048,912,713**	19,691,517,972
	28,509,761,693	25,451,537,275

Figures in Taka

		2016	2015
5	**CONSOLIDATED BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS**		
	In Bangladesh		
	The City Bank Limited (note 5.a)	**12,187,706,470**	15,355,924,462
	City Brokerage Limited	**1,497,234,522**	422,936,970
	City Bank Capital Resources Limited	**600,001,749**	250,601,396
		14,284,942,741	16,029,462,828
	Mutual indebtedness:		
	Deposit with The City Bank Limited-City Brokerage Limited	**(953,833,542)**	(345,250,247)
	Deposit with The City Bank Limited-CBL Money Transfer Sdn. Bhd.	**-**	(1,127,621)
	Deposit with The City Bank Limited-City Bank Capital Resources Limited	**(151,052,119)**	(180,556,137)
		(1,104,885,661)	(526,934,005)
	Total in Bangladesh	**13,180,057,080**	15,502,528,823
	Outside Bangladesh		
	The City Bank Limited (note 5.a)	**661,120,028**	263,921,673
	CBL Money Transfer Sdn. Bhd.	**244,495,395**	149,524,762
	Total outside Bangladesh	**905,615,423**	413,446,435
	Grand total	**14,085,672,503**	15,915,975,258
5.a	**Balance with other banks and financial institutions-The City Bank Limited**		
	In Bangladesh (note 5.a.1)	**12,187,706,470**	15,355,924,462
	Outside Bangladesh (note 5.a.2)	**661,120,028**	263,921,673
		12,848,826,498	15,619,846,135
5.a.1	**In Bangladesh**		
	Current accounts		
	Janata Bank Limited	**903,435**	906,160
	Agrani Bank Limited	**56,521,510**	92,903,844
	United Commercial Bank Limited	**-**	3,180
	Rupali Bank Limited	**-**	317,097
	Islami Bank Bangladesh Limited	**-**	612
	Bangladesh Krishi Bank	**-**	616
	Sonali Bank Limited	**73,588,778**	161,540,561
	Sub total	**131,013,723**	255,672,070
	Short notice deposit accounts		
	Social Islami Bank Limited	**1,489,983**	-
	Dutch-Bangla Bank Limited	**83,952**	29,885
	Standard Chartered Bank	**37,625,878**	32,515,611
	Rupali Bank Limited	**96,079,807**	66,591,265
	AB Bank Limited	**6,853,688**	5,279,783
	Trust Bank Limited	**2,131,856**	23,383,880
	Bank Al-Falah Limited	**641,641**	57,294,690
	Southeast Bank Limited	**9,633,943**	-
	Sub total	**154,540,747**	185,095,114

Figures in Taka

	2016	2015
Savings accounts		
Social Islami Bank Limited	-	799,970
Southeast Bank Limited	-	9,354,308
Sub total	-	10,154,278
Fixed deposit receipts		
Bangladesh Industrial Finance Company Limited	-	220,000,000
National Bank of Pakistan	**410,000,000**	330,000,000
Midland Bank Limited	-	200,000,000
One Bank Limited	-	785,003,000
Commercial Bank of Ceylon PLC	-	290,000,000
Modhumoti Bank Limited	**154,252,000**	-
BRAC Bank Limited	**1,023,100,000**	-
Mutual Trust Bank Limited	**118,050,000**	-
Bank Al-Falah Limited	**196,750,000**	-
Lankabangla Finance Limited	**500,000,000**	500,000,000
Prime Finance & Investment Limited	-	50,000,000
Union Capital Limited	-	250,000,000
IDLC Finance Limited	**3,000,000,000**	2,000,000,000
United Finance Limited	-	550,000,000
People's Leasing and Financial Services Ltd.	-	500,000,000
Industrial and Infrastructure Development Finance Company Limited	-	150,000,000
MIDAS Financing Limited	-	130,000,000
Uttara Finance and Investment Limited	-	600,000,000
International Leasing and Financial Services Limited	**300,000,000**	250,000,000
Investment Corporation of Bangladesh	**5,500,000,000**	7,000,000,000
Phoenix Finance & Investments Limited	**200,000,000**	200,000,000
Delta Brac Housing Finance Corporation Limited	-	400,000,000
Fareast Finance & Investment Limited	-	300,000,000
Industrial Promotion and Development Company of Bangladesh Limited	**500,000,000**	200,000,000
Sub total	**11,902,152,000**	14,905,003,000
Grand Total	**12,187,706,470**	15,355,924,462

AMAR STOCK

Figures in Taka

5.a.2 Outside Bangladesh (Nostro accounts)	Currency	2016	2015
Current accounts			
Mashreq Bank, New York, USA	USD	**112,754,211**	30,803,201
Habib American Bank, New York, USA	USD	**39,502,741**	67,577,926
Citibank N.A. New York, USA	USD	**(80,460,879)**	(19,785,990)
HSBC, New York, USA	USD	**-**	12,440,334
Standard Chartered Bank, New York, USA	USD	**226,078,118**	(7,043,814)
Standard Chartered Bank, Frunkfurt	EURO	**328,049**	13,716,548
Deutsche Bank, Frankfurt, Germany	EURO	**8,460,223**	1,388,194
Arab National Bank, Riyadh	SAR	**-**	341,820
Bank of Tokyo Mitsubishi Ltd., Japan	JPY	**5,854,826**	5,776,137
Deutsche Bank Trust Comp. USA	USD	**43,067,313**	241,251
Bank of Tokyo Mitsubishi Ltd., Kolkata, India	ACUD	**665,319**	658,845
AB Bank Ltd., Mumbai, India	ACUD	**3,074,547**	(15,621,278)
Sonali Bank Ltd., Kolkata, India	ACUD	**795,362**	1,205,510
NIB Bank Limited, Karachi, Pakistan	ACUD	**11,017,913**	5,238,849
Standard Chartered Bank, Nepal	ACUD	**169,177**	382,661
Commerz Bank AG. Frankfurt, Germany	USD	**32,089,373**	8,723,740
Commercial Bank of Ceylon, Colombo, Sri Lanka	ACUD	**5,559,289**	603,561
Bank of Bhutan, Bhutan	ACUD	**1,768,011**	(233,281)
Commerz Bank AG. Frankfurt, Germany	EURO	**14,523,708**	7,535,835
Commerz Bank AG. Frankfurt, Germany	CHF	**589,488**	1,618,323
Mashreq Bank, Mumbai, India	ACUD	**67,354,519**	36,413,608
Mashreq Bank, Mumbai, India	EURO	**136,414**	387,963
HDFC Bank Ltd, Mumbai, India	ACUD	**8,417,698**	1,105,009
Banca Popolare Di Vicenza, Italy	EURO	**8,957,268**	2,526,255
Standard Chartered Bank, London	GBP	**5,044,344**	20,212,890
Mashreq Bank, London	GBP	**2,043,658**	4,534,975
Kookmin Bank, Korea	USD	**3,577,126**	3,452,520
Commerz Bank AG. Frankfurt	AUD	**3,970,484**	7,266,929
Standard Chartered Bank,Mumbai, India	ACUD	**27,770,071**	14,847,632
Mashreq Bank, Dubai	AED	**899**	-
Habib Bank Limited, Pakistan	ACUD	**1,999,790**	-
Mashreq Bank, New York, USA (For OBU Operation)	USD	**60,109,809**	(37,338,548)
Commerz Bank AG. Frankfurt, Germany (For OBU Operation)	USD	**3,735,065**	10,289,384
Commerz Bank AG. Frankfurt, Germany (For OBU Operation)	EURO	**2,176,039**	44,773,466
Sub total		**621,129,973**	224,040,455
Term deposits			
Mashreq Bank Limited, New York, USA	USD	**39,350,000**	39,250,150
Sonali Bank, Kolkata, India	ACUD	**640,055**	631,068
Sub total		**39,990,055**	39,881,218
Total		**661,120,028**	263,921,673

Details are shown in Annexure-B.

Figures in Taka

	2016	2015
5.a.3 Maturity grouping of balance with other banks and financial institutions		
Payable on demand	**590,603,740**	125,314,396
Up to 1 month	**2,022,877,663**	4,041,807,515
Over 1 month but not more than 3 months	**10,221,174,616**	10,354,379,163
Over 3 months but not more than 1 year	**14,170,480**	1,098,345,061
Over 1 year but not more than 5 years	**-**	-
Over 5 years	**-**	-
	12,848,826,498	15,619,846,135

6 MONEY AT CALL AND SHORT NOTICE

Banking companies		
ICB Islamic Bank Limited (note 6.1)	**91,379,167**	95,379,167

6.1 This represents a call loan with ICB Islamic Bank Limited, formerly The Oriental Bank Limited, since 2007. Bangladesh Bank has issued a notification dated 2 August 2007- BRPD(R-1)651/991002007-447 and approved a scheme of reconstruction of the former The Oriental Bank Limited in which payment of liabilities of the bank has been finalised and based on earlier issued and recent (BRPD circular letter no. 15 dated 03 November 2016) schedule and of payment the Bank (CBL) has already received first 17 instalments.

7 CONSOLIDATED INVESTMENTS

Government securities		
The City Bank Limited (note 7.a.ii.a)	**22,048,912,713**	19,691,517,972
	22,048,912,713	19,691,517,972
Others		
The City Bank Limited (note 7.a.ii.b)	**2,383,242,864**	4,923,298,995
City Brokerage Limited (note 7.b)	**1,680,187,538**	1,046,061,583
City Bank Capital Resources Limited (note 7.c)	**1,783,769,503**	356,084,378
	5,847,199,905	6,325,444,956
	27,896,112,618	26,016,962,928

7.a Investments - The City Bank Limited

i) Investment classified as per Bangladesh Bank Circular		
Held for Trading (HFT)	**7,528,699,323**	3,469,355,664
Held to Maturity (HTM)	**14,520,213,390**	16,043,472,855
Reverse Repo	**-**	178,689,453
Other Securities	**2,383,242,864**	4,923,298,995
	24,432,155,577	24,614,816,967

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

Figures in Taka

		2016	2015
ii)	**Investment securities are classified as follows**		
	a) Government bonds		
	Prize bonds	**3,551,600**	7,308,600
	Government bonds - (note 7.a.2)	**22,045,361,113**	19,684,209,372
		22,048,912,713	19,691,517,972
	b) Other investments		
	Debenture of Bangladesh Welding Electrodes Limited	**122,273**	122,273
	Mutual fund	**53,875,876**	40,937,893
	Shares (note 7.a.3)	**2,329,244,715**	4,882,238,829
		2,383,242,864	4,923,298,995
		24,432,155,577	24,614,816,967
7.a.1	**Maturity grouping of investments**		
	On demand	**3,551,600**	7,308,600
	Over 1 month but not more than 3 months	**1,276,361,847**	178,689,453
	Over 3 months but not more than 1 year	**3,613,954,775**	5,222,590,034
	Over 1 year but not more than 5 years	**3,577,925,055**	5,814,810,456
	Over 5 years	**15,960,362,300**	13,391,418,424
		24,432,155,577	24,614,816,967
7.a.2	**Government bonds**		
	Name of the bonds		
	30 days Bangladesh Bank bills	**-**	-
	91 days Treasury bills	**-**	-
	182 days Treasury bills	**-**	-
	364 days Treasury bills	**-**	-
	6 months Islamic bonds	**250,000,000**	-
	2 Years Islamic bonds	**-**	200,000,000
	2 years Treasury bonds	**-**	293,793,029
	5 years Treasury bonds	**2,002,871,858**	2,068,849,247
	10 years Treasury bonds	**17,530,001,872**	15,013,849,783
	15 years Treasury bonds	**1,862,402,525**	1,771,419,268
	20 years Treasury bonds	**400,084,858**	336,298,045
		22,045,361,113	19,684,209,372
7.a.3	**Investment in shares**		
	Quoted		
	AB Bank Limited	**13,570,219**	11,305,144
	Dhaka Bank Limited	**31,181,657**	31,197,511
	Mercantile Bank Limited	**18,802,112**	13,323,351
	Mutual Trust Bank Limited	**15,383,306**	10,821,603
	Pubali Bank Limited	**9,374,592**	8,437,133
	Rupali Bank Limited	**1,048,872**	1,075,202
	Shahjalal Islami Bank Limited	**3,466,215**	3,119,594
	Standard Bank Limited	**14,692,775**	9,877,506
	United Commercial Bank Limited	**373,362,205**	355,583,052
	Social Islami Bank Limited	**-**	173,765,650
	Trust Bank Limited	**44,604,984**	41,821,525
	Investment Corporation of Bangladesh	**1,497,485**	1,531,877
	Pragati Life Insurance Company Limited	**2,785,528**	2,785,528
	Pravati Insurance Company Limited	**2,121,239**	1,469,793
	Mercantile Insurance Company Limited	**1,412,136**	1,078,358
	Peoples Insurance Company Limited	**1,803,600**	1,603,200
	Continental Insurance Company Limited	**1,068,396**	796,320
	Sub Total	**536,175,321**	669,592,347

Figures in Taka

	2016	2015
Agrani Insurance Company Limited	**1,016,256**	685,576
Sonar Bangla Insurance Limited	**1,337,628**	1,131,564
Power Grid Company of Bangladesh Limited	**41,461,200**	35,242,020
Summit Purbanchol Power Company Limited	**-**	5,796,000
Saif Powertec Limited	**19,582**	25,852
Dhaka Electricity Supply Company Limited	**21,007,931**	22,384,282
Summit Power Limited	**242,165**	17,071,000
Khulna Power Company Limited	**-**	17,976,000
BSRM Steels Limited	**15,142,176**	15,713,271
Beximco Limited	**25,140,934**	24,384,215
Matin Spinning Mills Ltd.	**35,091,505**	34,306,966
Heidelberg Cement Bangladesh Limited	**6,925,290**	14,240,241
Premier Cement Mills Limited	**9,185,755**	-
Mobil Jamuna Lubricants Bangladesh Limited	**20,874,506**	-
United Power Generation & Distribution Company Limited	**1,416,000**	-
Square Pharmaceuticals Limited	**40,105,100**	-
The ACME Laboratories Limited	**2,970,000**	-
Grameenphone Limited	**10,767,390**	-
Bata Shoe Company (Bangladesh) Limited	**5,710,000**	-
AFC Agro Biotech Limited	**43,458,762**	23,332,548
IDLC Finance Limited	**1,432,792,926**	3,870,285,716
Perfume Chemical Ind. Limited	**1,652**	1,652
Raspit Inc. (BD) Limited	**695,400**	695,400
Rangamati Food Products Limited	**890,100**	890,100
German Bangla Joint Venture Foods Limited	**75,600**	75,600
Somorita Hospital Limited	**9,946**	10,868
	2,252,513,125	4,753,841,218
Unquoted Ordinary Shares		
Central Depository Bangladesh Limited	**6,277,770**	6,277,770
KARMA Sangsthan Bank Limited	**10,000,000**	10,000,000
Industrial & Infrastructural Development Finance Company Limited	**42,453,820**	42,453,820
Venture Investment Partners Bangladesh Limited	**18,000,000**	18,000,000
	76,731,590	76,731,590
Unquoted redeemable preference Shares		
Unique Hotel & Resort Limited	**-**	45,000,000
Desh Cambridge Kumargaon Power Limited	**-**	6,666,021
	-	51,666,021
Total	**2,329,244,715**	4,882,238,829

Details are shown in Annexure-C.

7.b Investments - City Brokerage Limited

Membership (note 7.b.1)		
Dhaka Stock Exchange Limited (DSE)	**580,999,000**	580,999,000
Chittagong Stock Exchange Limited (CSE)	**19,001,000**	19,001,000
	600,000,000	600,000,000
Investments in shares (note 7.b.2)	**1,050,187,538**	446,061,583
Investments in unlisted securities	**30,000,000**	-
	1,080,187,538	446,061,583
	1,680,187,538	1,046,061,583

7.b.1 As per the provision of the exchange Demutualization Act, 2013, DSE and CSE allotted 7,215,106 and 4,287,330 shares respectively at a face value of Tk.10 each. As there is no active market for these shares, there are stated at cost.

7.b.2 This represents investment made by the City Brokerage Limited in purchase of shares of various companies listed in Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited(CSE) through its dealer account. Cost price of the investment is Taka 1,058,722,711 (2015: 451,465,814) as on 31 December 2016.

Figures in Taka

		2016	2015
7.c	**Investments - City Bank Capital Resources Limited**		
	Government securities:		
	Treasury bonds	-	-
		-	-
	Others		
	Investments in quoted shares (note 7.c.1)	**1,674,769,503**	227,084,378
	Investments in unlisted securities (note 7.c.2)	**109,000,000**	129,000,000
		1,783,769,503	356,084,378
		1,783,769,503	356,084,378

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 1,633,208,828 (2015: 201,182,700) as on 31 December 2016.

7.c.2 This represent investment made by CBCRL in purchase of equity shares of ADN Telecom Limited and preference shares of Regent Energy and Power Co. Limited.

8 CONSOLIDATED LOANS AND ADVANCES/INVESTMENTS

Loans/investments, cash credits, overdrafts, etc.		
The City Bank Limited (note 8.a)	**167,749,683,704**	138,229,433,769
City Brokerage Limited (note 8.b)	**2,163,478,751**	2,197,481,201
City Bank Capital Resources Limited (note 8.c)	**323,661,381**	303,818,478
	170,236,823,836	140,730,733,448
Mutual indebtedness:		
Loan from The City Bank Limited - City Brokerage Limited*	**(1,322,484,373)**	(2,444,712,644)
Loan from City Brokerage Limited - City Bank Capital Resources Limited	**(2,471,226)**	(12,245,477)
Loan from The City Bank Limited - CBL Money Transfer Sdn. Bhd.	**(141,039,850)**	(117,170,675)
	(1,465,995,449)	(2,574,128,796)
	168,770,828,388	138,156,604,652
Bills purchased and discounted (note 9)		
The City Bank Limited	**7,275,392,955**	4,858,067,512
	176,046,221,342	143,014,672,164

*City Brokerage Limited availed loan facilities @7.50% 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)	**167,749,683,704**	138,229,433,769
	Bills purchased and discounted (note 8.a.2)	**7,275,392,955**	4,858,067,512
		175,025,076,659	143,087,501,281
8.a.1	**Loans/investments, cash credits, overdrafts, etc.**		
	Inside Bangladesh		
	Secured overdrafts	**2,098,430,056**	1,359,958,689
	Quard against TDR	**-**	960,850
	Cash credits	**20,362,827,842**	20,199,582,332
	House building loans	**2,270,889,778**	990,711,996
	Loans against trust receipt	**1,598,054,066**	2,268,404,698
	Loans against imported merchandise	**12,671,186**	23,644,911
	Payment against document	**57,045,974**	33,480,602
	Sub total	**26,399,918,902**	24,876,744,078

Figures in Taka

		2016	2015
	Consumer credit schemes	-	42,375
	Lease finance/Izara (note 8.a.5)	**22,588,196**	24,915,770
	Hire purchase shirkatul melk	**342,780,206**	191,096,103
	Industrial credits	**87,271,881,233**	61,886,924,246
	Export development fund	**8,203,972,586**	6,163,443,169
	Staff loans (note 8.a.14)	**3,170,320,863**	2,843,370,280
	City card loans	**6,187,424,888**	5,638,843,198
	Small and medium enterprise loans	**10,851,135,926**	8,278,014,316
	Transportation loans	**1,258,666,369**	1,088,105,786
	Bai-muajjal, Bi Salam, Murabah	**10,105,596,651**	16,393,661,119
	City Drive	**283,565,515**	205,949,837
	City solution	**7,036,552,207**	5,126,391,210
	City Express	**3,437,479,179**	2,890,959,802
	City Gems	**1,987,817**	2,361,543
	Loan against Payroll	**853,129,530**	313,224,214
	Other loans and advances	**2,322,683,637**	2,305,386,723
		167,749,683,704	138,229,433,769
	Outside Bangladesh	-	-
		167,749,683,704	138,229,433,769
8.a.2	**Bills purchased and discounted**		
	Payable Inside Bangladesh		
	Inland bills purchased	**1,683,284,333**	1,314,998,334
	Payable Outside Bangladesh		
	Foreign bills purchased and discounted	**5,592,108,622**	3,543,069,178
		7,275,392,955	4,858,067,512
8.a.3	**Performing loans and advances/investments**		
	Gross loans and advances/investments	**175,025,076,659**	143,087,501,281
	Non-performing loans and advances/investments (note 8.a.3.1)	**(10,581,921,664)**	(10,844,779,615)
		164,443,154,995	132,242,721,666
8.a.3.1	**Non-performing loans and advances/investments**		
	Opening balance	**10,844,779,615**	6,858,621,133
	Addition during the year	**7,728,867,037**	12,537,741,311
	Reduction during the year	**(7,991,724,987)**	(8,551,582,828)
	Closing balance	**10,581,921,664**	10,844,779,615
8.a.4	**Residual maturity grouping of loans and advances/investments including bills purchased and discounted**		
	Repayable on demand	**1,282,943,297**	6,604,302,693
	Not more than 3 months	**47,417,542,839**	35,940,817,688
	More than 3 months but not more than 1 year	**57,328,687,001**	52,109,182,564
	More than 1 year but not more than 5 years	**50,544,213,286**	37,657,953,389
	More than 5 years	**18,451,690,234**	10,775,244,947
		175,025,076,659	143,087,501,281
8.a.5	**Lease finance/Izara**		
	Lease rental receivable within 1 year	**1,232,430**	7,489,366
	Lease rental receivable within 5 years	**23,714,021**	28,085,122
	Lease rental receivable after 5 years	-	-
	Total lease/Izara rental receivable	**24,946,451**	35,574,488
	Unearned interest receivable	**(2,358,255)**	(10,658,718)
	Net lease/Izara finance	**22,588,196**	24,915,770

Figures in Taka

		2016	2015
8.a.6	**Loans and advances/investments**		
	Loans	**145,288,425,806**	116,668,931,898
	Cash credits	**20,362,827,842**	20,199,582,332
	Overdrafts	**2,098,430,056**	1,360,919,539
		167,749,683,704	138,229,433,769
	Bills purchased and discounted (note 8.a.2)	**7,275,392,955**	4,858,067,512
		175,025,076,659	143,087,501,281
8.a.7	**Concentration of loans and advances/investments including bills purchased and discounted**		
	Advances to allied concerns of directors	**440,394,751**	403,711,997
	Advances chief executive and other senior executives	**115,253,963**	107,742,707
	Advances to customer groups	**20,000,296,576**	16,600,133,163
	Industrial loans and advances/investments	**139,721,851,831**	116,335,261,179
	Others loans and advances/investments	**14,747,279,537**	9,640,652,235
		175,025,076,659	143,087,501,281

		2016		2015	
8.a.8	**Industry-wise loans and advances**	**% of total loan**	**Taka**	**% of total loan**	**Taka**
	Agricultural industries	3.08%	5,391,839,528	2.70%	3,870,179,388
	Large and medium industries	51.96%	90,943,440,265	50.34%	72,032,516,242
	Small and cottage industries	2.84%	4,974,723,642	1.51%	2,161,598,097
	Commerce and trade industries	13.31%	23,288,833,201	17.05%	24,394,295,537
	Insurance, real estate and service industries	7.10%	12,426,970,577	13.83%	19,789,268,122
	Transportation and communications industries	3.92%	6,856,879,161	4.09%	5,845,195,781
	Others	17.79%	31,142,390,285	10.48%	14,994,448,113
		100.00%	**175,025,076,659**	**100.00%**	**143,087,501,281**
8.a.9	**Geographical location-wise loans and advances**				
	Inside Bangladesh				
	Urban:				
	Dhaka	**76.64%**	**134,136,382,807**	78.23%	111,933,960,904
	Chittagong	**15.55%**	**27,220,987,145**	14.35%	20,539,323,241
	Sylhet	**0.35%**	**614,992,715**	0.31%	445,122,374
	Rajshahi	**2.01%**	**3,515,630,382**	2.29%	3,272,203,975
	Khulna	**1.16%**	**2,026,987,880**	1.15%	1,644,340,873
	Rangpur	**1.03%**	**1,800,541,455**	1.92%	2,746,695,477
	Barisal	**0.16%**	**285,059,620**	0.18%	253,218,173
		96.90%	**169,600,582,003**	98.43%	140,834,865,017
	Rural:				
	Dhaka	**1.87%**	**3,265,249,711**	1.07%	1,528,674,869
	Chittagong	**0.63%**	**1,099,447,326**	0.40%	576,528,120
	Sylhet	**0.06%**	**107,401,307**	0.07%	93,633,118
	Rajshahi	**0.54%**	**952,396,311**	0.04%	53,800,157
		3.10%	**5,424,494,656**	1.57%	2,252,636,264
	Total inside Bangladesh	**100.00%**	**175,025,076,659**	100.00%	143,087,501,281
	Outside Bangladesh	**0.00%**	**-**	0.00%	-
	Grand total	**100.00%**	**175,025,076,659**	100.00%	143,087,501,281
8.a.10	**Sector-wise loans and advances**				
	Public sector	**0.19%**	**333,111,970**	0.53%	763,107,491
	Private sector	**99.81%**	**174,691,964,689**	99.47%	142,324,393,790
		100.00%	**175,025,076,659**	100.00%	143,087,501,281

Figures in Taka

	2016	2015
8.a.11 Securities against loans/investments including bills purchased and discounted		
Collateral of movable/immovable assets	**135,072,501,355**	110,848,705,130
Local banks and financial institutions guarantee	**7,275,392,955**	4,858,067,512
Foreign banks guarantee	**-**	-
Export documents	**8,261,018,560**	6,196,923,771
Fixed Deposit Receipts (FDR)	**4,752,150,786**	3,945,205,757
FDR of other banks	**-**	-
Government guarantee	**333,111,970**	763,107,491
Personal guarantee	**8,634,606,273**	7,394,795,908
Other securities	**10,696,294,761**	9,080,695,712
	175,025,076,659	143,087,501,281

8.a.12 Detail of large loan/investments

As at 31 December 2016 there were 34 (31 December 2015: 33) 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 24,814.42 million as at 31 December 2016 (Taka 22,574.87 million as at 31 December 2015).

Number of borrowers or groups	**34**	33
Amount of outstanding advances/investments (Taka)	**51,797,213,875**	45,611,119,680
Amount of classified advances/investments therein (Taka)	**-**	-

8.a.13 Particulars of loans and advances/investments

i) Loans/investments considered good in respect of which the Bank is fully secured	**155,694,175,625**	126,612,009,661
ii) Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	**8,634,606,273**	7,394,795,908
iii) Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	**10,696,294,761**	9,080,695,712
iv) Loans/investments adversely classified; provision not maintained there against	**-**	-
	175,025,076,659	143,08,501,281
v) Loans/investments due by directors or officers of the banking company or any of them either separately or jointly with any other persons	**3,610,715,614**	3,247,082,277
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	**438,614,820**	401,348,333
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.	**3,610,715,614**	3,247,082,277
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		
Increase of specific provision	**9,239,971,089**	7,763,140,111
Amount of loans written off	**(414,487,918)**	1,655,036,143
Amount realised against loans previously written off	**3,486,267,624**	1,650,030,441
	613,863,574	451,753,183

Figures in Taka

	2016	2015
(b) Provision on classified loans and advances/investments	**4,212,451,861**	4,626,939,779
(c) Provision kept against loans/investments classified as bad debts	**3,989,934,311**	3,866,367,069
(d) Interest credited to Interest Suspense Account	**1,302,725,093**	1,610,706,655
xi) Cumulative amount of written off loans/investments		
Opening balance	**10,964,826,846**	9,766,549,588
Amount written off during the year	**3,486,267,624**	1,650,030,441
Amount realised against loans/investments previously written off	**(613,863,574)**	(451,753,183)
Closing balance	**13,837,230,896**	10,964,826,846
The amount of written off/classified loans/investments for which law suits have been filed	**28,326,613,000**	19,926,100,000

8.a.14 Staff loan

Provident fund	**484,706,966**	453,837,518
House building scheme	**2,235,843,225**	1,966,932,970
Vehicle scheme	**387,167,199**	362,273,235
Consumer credit and other scheme	**62,603,473**	60,326,557
	3,170,320,863	2,843,370,280

8.a.15 Classification of loans and advances/investments

	2016		2015	
	% of total loan	Taka	% of total loan	Taka
Unclassified				
Standard including staff loan	**90.64%**	**158,646,015,656**	90.71%	129,787,816,277
Special mention account (SMA)	**3.31%**	**5,797,139,339**	1.72%	2,454,905,389
	93.95%	**164,443,154,995**	92.42%	132,242,721,666
Classified				
Sub-standard	**0.42%**	**733,615,499**	1.80%	2,576,084,662
Doubtful	**0.35%**	**608,335,076**	0.35%	505,554,843
Bad/Loss	**5.28%**	**9,239,971,089**	5.43%	7,763,140,111
	6.05%	**10,581,921,664**	7.58%	10,844,779,615
	100.00%	**175,025,076,659**	100.00%	143,087,501,281

8.a.16 Particulars of required provision for loans and advances/investments

	2016	2015
General provision on unclassified loans		
Loans/investments (excluding SMA)	**19,576,345,599**	1,577,530,540
Special mention account (SMA)	**64,364,498**	34,220,460
Required provision for unclassified loans and advances/investments	**2,021,999,097**	1,611,751,000
A. Total provision maintained for unclassified loans	**2,090,560,000**	1,612,000,000
B. Excess provision	**68,560,903**	249,000

	2016			2015
	Base for provision Taka	% of required provision	Required provision Taka	Required provision Taka
Specific provision on classified loans				
Sub-standard	**339,914,010**	**5% - 20%**	**66,521,764**	569,385,706
Doubtful	**289,424,209**	**5% - 50%**	**154,768,770**	112,219,225
Bad/Loss	**3,989,934,311**	**100%**	**3,989,934,311**	3,866,367,069
Required provision for classified loans and advances/investments			**4,211,224,845**	4,547,972,000
C. Total provision maintained for classified loans			**4,212,451,861**	4,626,939,779
D. Excess provision			**1,227,016**	78,967,779
Total required provision for loans and advances/investments			**6,233,223,942**	6,159,723,000
Total provision maintained for loans and advances/investments (A+C)			**6,303,011,860**	6,238,939,779
Total excess provision (B+D)			**69,787,918**	79,216,779

8.a.17 During the year 2016, no loan having outstanding Taka 500 crore or more was restructured.

8.b Loans and advances/investments - The City Brokerage Limited

Margin loan was given to several individuals and institutions for doing share trading business through the City Brokerage Limited.

8.c Loans and advances/investments - City Bank Capital Resources Limited

Margin loan was given to several individuals and institutions for doing share trading business through CBCRL.

Figures in Taka

		2016	2015
9	**BILLS PURCHASED AND DISCOUNTED (NOTE 8.A.2)**		
	Payable in Bangladesh	**1,683,284,333**	1,314,998,334
	Payable outside Bangladesh	**5,592,108,622**	3,543,069,178
		7,275,392,955	4,858,067,512
9.1	**Maturity grouping of bills purchased and discounted**		
	Payable within one month	**2,388,942,566**	1,344,726,285
	Over one month but less than three months	**1,334,265,001**	1,322,701,558
	Over three months but less than six months	**3,552,185,388**	2,190,639,669
	Six months or more	**-**	-
		7,275,392,955	4,858,067,512
10	**CONSOLIDATED FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES**		
	The City Bank Limited (note 10.a)	**8,084,826,026**	8,135,621,490
	City Brokerage Limited (note 10.b)	**16,180,736**	17,574,874
	City Bank Capital Resources Limited (note 10.c)	**6,000,688**	8,079,622
	CBL Money Transfer Sdn. Bhd. (note 10.d)	**10,738,865**	10,945,451
		8,117,746,315	8,172,221,437
10.a	**Fixed assets including premises, furniture and fixtures - The City Bank Limited**		
	Cost/Revaluation		
	Land	**4,232,440,000**	4,232,440,000
	Building	**2,383,998,755**	2,094,269,676
	Work-in progress - building	**190,550,514**	422,163,852
	Furniture and fixtures	**1,093,652,476**	1,006,624,787
	Office equipment and machinery	**2,263,713,817**	2,048,185,441
	Bank's vehicles	**292,383,257**	252,333,818
	Leased assets	**-**	-
	Software	**296,360,249**	280,325,418
	Work-in progress - software	**62,484,862**	36,457,335
		10,815,583,929	10,372,800,327
	Accumulated depreciation and amortisation	**(2,730,757,902)**	(2,237,178,837)
	Written down value	**8,084,826,026**	8,135,621,490

See Annexure - D for details.

Figures in Taka

		2016	2015
10.b	**Fixed assets including premises, furniture and fixtures - City Brokerage Limited**		
	Cost		
	Furniture and fixtures	**21,377,353**	21,377,353
	Office equipment and machinery	**29,057,877**	26,759,297
	Vehicles	**5,041,586**	4,789,476
	Lease Hold Property	**850,000**	-
	Software	**4,147,609**	4,147,609
		60,474,425	57,073,735
	Accumulated depreciation and amortisation	**(44,293,689)**	(39,498,861)
	Written down value	**16,180,736**	17,574,874
10.c	**Fixed assets including premises, furniture and fixtures - City Bank Capital Resources Limited**		
	Cost		
	Furniture and fixtures	**3,432,764**	2,730,271
	Office equipment and machinery	**1,654,578**	1,577,135
	Software	**7,153,744**	7,153,744
	Vehicle	**2,200,000**	2,200,000
		14,441,086	13,661,150
	Accumulated depreciation and amortisation	**(8,440,398)**	(5,581,528)
	Written down value	**6,000,688**	8,079,622
10.d	**Fixed assets including premises, furniture and fixtures - CBL Money Transfer Sdn. Bhd.**		
	Cost		
	Furniture and fixtures	**10,201,372**	9,822,336
	Office equipment and machinery	**8,333,563**	6,871,964
	Vehicle	**1,814,187**	1,890,314
		20,349,122	18,584,614
	Accumulated depreciation	**(9,610,257)**	(7,639,163)
	Written down value	**10,738,865**	10,945,451
11	**CONSOLIDATED OTHER ASSETS**		
	The City Bank Limited (note 11.a)	**13,500,653,120**	7,027,747,460
	City Brokerage Limited (note 11.b)	**161,648,566**	124,467,379
	City Bank Capital Resources Limited (note 11.c)	**158,788,856**	87,439,870
	CBL Money Transfer Sdn. Bhd. (note 11.d)	**8,298,507**	6,174,669
		13,829,389,049	7,245,829,378
	Goodwill arising on investment in subsidiaries	**30,524,211**	8,584,953
	Mutual indebtedness:		
	Payable to City Bank Limited - City Brokerage Limited	**(42,687)**	-
	Payable to City Bank Limited - City Bank Capital Resources Limited	**(24,663,366)**	(55,879,532)
	Payable to City Bank Capital Resources Limited - City Bank Limited	**(30,089,524)**	(13,810,773)
	Payable to City Bank Capital Resources Limited - City Brokerage Limited	**(64,135,372)**	(11,927,019)
	Investment in subsidiaries	**(6,017,010,297)**	(2,413,080,473)
		(6,135,941,246)	(2,494,697,797)
	Total consolidated other assets	**7,723,972,014**	4,759,716,534

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Figures in Taka

		2016	2015
11.a	**Other assets- The City Bank Limited**		
	Income generating other assets		
	Interest income receivable (note 11.a.1)	**922,712,054**	845,538,997
	Investment in subsidiaries (note 11.a.2)	**6,017,010,297**	2,413,080,473
	Non income generating other assets		
	Stationery and stamps	**15,323,810**	17,204,440
	Advance against rent and advertisement	**401,204,189**	353,443,906
	Security deposits	**31,625,152**	31,126,840
	Prepaid expenses	**56,922,696**	32,632,714
	Advance payment of tax (note 11.a.3)	**2,918,221,017**	998,940,694
	Branch adjustment account	**3,054,226**	6,310,077
	Deferred tax assets (note 11.a.4)	**866,425,840**	720,189,377
	Accounts receivables (note 11.a.5)	**2,204,167,261**	1,487,654,510
	Receivable from City Brokerage Limited	**42,689**	-
	Receivable from City Bank Capital Resources Limited	**30,089,524**	55,879,532
	Protested bill	**5,842,887**	5,842,887
	Intangible assets (note 11.a.6)	**28,011,476**	59,903,013
		13,500,653,120	7,027,747,460
11.a.1	**Interest income receivable**		
	Interest receivable from Loans	**134,463,552**	118,971,498
	Interest receivable from Placement	**90,017,947**	153,945,694
	Interest receivable from Government Security	**698,230,555**	572,621,805
		922,712,054	845,538,997
11.a.2	**Investment in subsidiary**		
	In Bangladesh		
	City Brokerage Limited	**3,400,000,000**	1,600,000,000
	City Bank Capital Resources Limited	**2,550,000,000**	750,000,000
		5,950,000,000	2,350,000,000
	Outside Bangladesh		
	CBL Money Transfer Sdn. Bhd.	**67,010,297**	63,080,473
		6,017,010,297	2,413,080,473
11.a.3	**Advance payment of tax**		
	Opening balance	**998,940,694**	1,254,193,379
	Paid during the year	**1,919,280,323**	927,002,383
	Adjustment for previous years tax liability	**-**	(1,182,255,068)
	Closing balance	**2,918,221,017**	998,940,694
11.a.4	**Deferred tax assets**		
	Deferred tax asset	**866,425,840**	720,189,377

Figures in Taka

Detail calculation on deferred tax assets:

	Book value Taka	Tax base Taka	Taxable/ (deductible) temporary difference Taka	Deferred tax (assets)/ liability Taka
Fixed assets	3,517,463,050	3,245,190,745	272,272,305	108,908,922
Unrealised gain on share	1,287,735,074	-	1,287,735,074	128,773,507
Receivable on Interest income- T bond	698,230,555	-	698,230,555	279,292,222
Provision against classified loan	(3,881,745,229)	-	(3,881,745,229)	(1,552,698,091)
Revaluation of land	4,232,440,000	-	4,232,440,000	169,297,600
Deferred tax liability/(asset)				**(866,425,840)**
Deferred tax asset up to last year				**720,189,377**
Deferred tax (income)/expense				**(146,236,463)**

Profit for the year includes deferred tax income of Taka 146,236,463 which is not distributable as dividend as per BRPD circular no. 11 dated 12 December 2011.

		2016	2015
11.a.5	**Accounts receivables**		
	Advance against remittance	**217,409,660**	142,570,903
	Receivable against card operation	**829,713,740**	114,478,557
	Receivable against fraud forgeries	**23,835,307**	22,915,784
	Receivable against sales proceeds of shares	**2,005,644**	4,054,600
	Receivable against encashment -SP/BSP/PSC	**1,070,813,891**	1,125,728,311
	Advance to vendor for expense	**22,356,927**	28,695,050
	Unreconciled nostro entry	**8,691,904**	8,691,904
	Receivable under VAT current account	**6,299,986**	6,223,826
	Advance to staff for expense	**4,156,375**	2,995,409
	Advance to DSE Bhaban - Nikunja	**-**	1,368,400
	Sundry debtors	**18,883,826**	29,931,766
		2,204,167,261	1,487,654,510
11.a.6	**Intangible assets**		
	Users license	**28,011,476**	30,223,652
	Royalty	**-**	29,679,361
		28,011,476	59,903,013
11.a.6.1	**Movement of intangible assets**		
	Opening balance	**59,903,013**	97,730,433
	Addition during the year	**-**	-
	Amortisation during the year	**(31,891,537)**	(37,827,420)
	Closing balance	**28,011,476**	59,903,013
11.b	**Other assets - City Brokerage Limited**		
	Advances, deposits and prepayments	**12,531,748**	10,789,547
	Receivable from DSE	**84,853,347**	52,491,518
	Receivable from CSE	**-**	(2,586,978)
	Advance payment of tax	**64,263,471**	63,773,292
		161,648,566	124,467,379

Figures in Taka

		2016	2015
11.c	**Other assets - City Bank Capital Resources Limited**		
	Advances, deposits and prepayments	**360,887**	364,355
	Advance income tax	**10,059,767**	14,467,355
	Deferred tax assets	**4,333,867**	4,365,848
	Stamps in hand	**34,430**	47,030
	Account receivable	**143,999,905**	68,195,282
		158,788,856	87,439,870
11.d	**Other assets - CBL Money Transfer Sdn. Bhd.**		
	Advances, deposits and prepayments	**8,298,507**	6,174,669

12 NON - BANKING ASSETS

Income generating:		
Share	**130,057,059**	128,263,300
Non-income generating:		
Land	**826,868,301**	664,561,367
	956,925,360	792,824,667

The City Bank Limited has been awarded absolute ownership on 43 mortgage properties through verdict of honourable Court under section 33 (7) of Artha Rin Adalat Ain, 2003. The Bank also acquired some lien shares as settlement of loan. Theses have been recorded at Taka 956,925,360 as non-banking assets.

Name of Parties	Type of assets	Booking Date	2016	2015
Income generating:				
Abrar Steel Mills Ltd.	Prime Bank Ltd.'s share	15-Nov-12	**97,350,000**	99,550,000
Globe International	Bank Asia Ltd.'s share	28-Dec-14	**32,707,059**	28,713,300
			130,057,059	128,263,300
Non-Income generating				
M/S Overseas Liner Agency	953 decimal land	29-Dec-11	**11,436,000**	11,436,000
M/S Habib Bastra Bitan	16.50 decimal land	29-Dec-11	**1,485,000**	1,485,000
M/S Misti enterprise	16.50 decimal land	29-Dec-11	**819,523**	819,523
M/S World Resources Ltd	10 katha 1 chattak land	29-Dec-11	**69,466,379**	69,466,379
M/S Chowdhury Electronics	2.7 decimal land	29-Dec-11	**1,657,880**	1,657,880
M/S Silva Synthetic Fabrics	475.50 decimal land	29/Dec/11 & 29/Dec/15	**211,670,625**	211,670,625
L.J.S Enterprise	181.96 decimal land	29-Dec-11	**3,677,959**	3,677,959
M/S Sikder Construction	14 decimal land	29-Dec-11	**12,131,206**	12,131,206
M/s. Nan Business Associates	5 decimal land & 1,518 sft floor	27-Dec-12	**8,340,000**	8,340,000
Mr. Sharifuzzaman (Nawab)	20.5 decimal land	27-Dec-12	**2,950,867**	2,950,867
M/s. Ananna Enterprise	17.32 decimal land	27-Dec-12	**10,240,097**	10,240,097
Shibpur Rice Mill	150.75 decimal land	27-Dec-12	**1,829,498**	1,829,498
Taijel Store	5.80 decimal land	27-Dec-12	**2,461,873**	2,461,873
Rahman Traders	22.00 decimal land	27-Dec-12	**1,171,273**	1,171,273
M/s. Chand & Sons	6.60 decimal land	10-Oct-13	**1,850,139**	1,850,139
M/s. Ashraf Traders	12 decimal land	20-Oct-13	**3,352,735**	3,352,735
M/s. Rafique Repairing & Motor Machinery Parts	8 acre land	20-Oct-13	**1,371,088**	1,371,088
Friends International	225.35 decimal land	3-Mar-14	**14,888,087**	14,888,087
Lucky Trade Concern	7.89 decimal land	29-Jun-15	**130,326,220**	130,326,220
Sub Total			**491,126,449**	491,126,449

Figures in Taka

Name of Parties	Type of assets	Booking Date	2016	2015
M/s Mostafa Store	2.7 decimal land	20-Dec-15	**747,144**	747,144
M/s General Services	375.5 decimal land	20-Dec-15	**1,905,964**	1,905,964
M/s Galeeb International	8.25 decimal land	22-Dec-15	**3,507,045**	3,507,045
M/s Balaka Industries	7 katha land	22-Dec-15	**6,390,367**	6,390,367
Alif Builders & Co.	4.51 decimal land	22-Dec-15	**13,647,649**	13,647,649
M/s Dhaka Eylet & Bartack Center	34 decimal land	23-Dec-15	**4,710,476**	4,710,476
M/s Alamin Engineering	2.50 katha land and 8.25 decimal land	23-Dec-15	**2,340,929**	2,340,929
M/s S S Poultry Feed	12.32 decimal land	23-Dec-15	**4,152,867**	4,152,867
M/s Sathi Foods & Oil Industries	15 decimal land	23-Dec-15	**10,683,879**	10,683,879
M/s G T Corporation	1.75 katha land	24-Dec-15	**658,713**	658,713
M/s MIM Pictures International	51.5 decimal land	24-Dec-15	**1,763,421**	1,763,421
M/s Shaans Denim	1670 sft Flat	24-Dec-15	**34,880,000**	34,880,000
M/s Aparel 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 land and 5 katha land	24-Dec-15	**1,627,948**	1,627,948
M/s Mondira Medico	12.20 decimal land and 3 acre land	24-Dec-15	**4,496,291**	4,496,291
M/s. Nan Business Associates	256 decimal land	28-Dec-15	**55,181,250**	55,181,250
M/s Tajco Ltd	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**	-
Sristr Traders	21.50 decimal land	29-Jun-16	**25,800,000**	-
Rafty Sweaters Limited	100 Decimal Land and 02 storied building measuring -+42,000 sft	29-Dec-16	**71,140,000**	-
			826,868,301	664,561,367

13 TIER-II SUBORDINATED BOND

In year 2014, the bank with prior consent of regulatory bodies, i.e. Bangladesh Securities and Exchange Commission and Bangladesh Bank, issue Tier-II Subordinated Bond to 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%. Institution wise subscription towards the bonds are:

Mercantile Bank Limited	**783,000,000**	783,000,000
BRAC Bank Limited	**548,000,000**	548,000,000
Meghna Bank Limited	**313,000,000**	313,000,000
NRB Bank Limited	**313,000,000**	313,000,000
IDLC Finance Limited	**313,000,000**	313,000,000
NRB Commercial Bank Limited	**196,000,000**	196,000,000
Pubali Bank Ltd.	**196,000,000**	196,000,000
Saudi-Bangladesh Industrial and Agricultural Investment Company Limited	**180,000,000**	180,000,000
Dhaka Bank Limited	**79,000,000**	79,000,000
United Finance limited	**79,000,000**	79,000,000
	3,000,000,000	**3,000,000,000**

14 CONSOLIDATED BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS

The City Bank Limited (note 14.a)	**31,695,262,081**	22,079,989,593
City Brokerage Limited (note 14.b)	**1,322,484,373**	2,444,712,644
CBL Money Transfer Sdn. Bhd. (note 14.c)	**141,039,850**	111,578,739
	33,158,786,304	24,636,280,976
Mutual indebtedness:		
Loan from The City Bank Limited-City Brokerage Limited	**(1,322,484,373)**	(2,444,712,644)
Loan from The City Bank Limited- CBL Money Transfer Sdn. Bhd.	**(141,039,850)**	(111,578,739)
	31,695,262,081	**22,079,989,593**

Figures in Taka

		2016	2015
14.a	**Borrowings from other banks, financial institutions and agents**		
	In Bangladesh (note 14.a.1)	**21,242,463,062**	18,620,517,535
	Outside Bangladesh (note 14.a.2)	**10,452,799,019**	3,459,472,058
		31,695,262,081	22,079,989,593
14.a.1	**In Bangladesh**		
	Dhaka Bank Limited	**3,648,000,000**	785,003,000
	National Bank Limited	**800,000,000**	-
	Rupali Bank Limited	**-**	2,400,000,000
	Sonali Bank Limited	**600,000,000**	-
	State Bank of India	**370,000,000**	370,000,000
	BASIC Bank	**700,000,000**	250,000,000
	Trust Bank Limited	**490,000,000**	-
	HSBC	**370,000,000**	-
	Bangladesh Commerce Bank Limited	**157,400,000**	-
	One Bank Limited	**-**	1,000,000,000
	Mutual Trust Bank Limited	**-**	210,000,000
	Jamuna Bank Limited	**-**	10,000,000
	Bank Asia Limited	**-**	550,000,000
	Midland Bank Limited	**-**	80,000,000
	Commercial Bank of Ceylon PLC	**-**	290,000,000
	Refinance against EDF loan from Bangladesh Bank	**7,493,652,404**	5,434,689,117
	Refinance against SME loan from Bangladesh Bank	**613,410,659**	240,825,418
	Borrowings from Bangladesh Bank	**6,000,000,000**	7,000,000,000
		21,242,463,062	18,620,517,535
14.a.2	**Outside Bangladesh**		
	International Finance Corporation	**3,541,500,000**	785,003,000
	Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V (FMO)	**393,500,000**	785,003,000
	Global Climate Partnership Fund S.A.Sicav-Sif (GCPF).	**2,378,345,152**	1,177,504,500
	Mashreq Bank NY	**-**	601,944,920
	United Bank of UAE	**782,244,759**	110,016,638
	Habib Bank Limited, Afganistan	**109,192,883**	-
	Emirates NBD Bank PJSC ,Dubai	**136,839,026**	-
	Habib Bank AG,Dubai	**333,620,442**	-
	CaixaBank, S.A	**2,393,949,364**	-
	Habib Bank AG Zurich,Switzerland	**212,988,275**	-
	RAK Bank Dubai	**8,435,007**	-
	First Gulf Bank, Dubai, UAE	**162,184,110**	-
		10,452,799,019	3,459,472,058
14.a.3	**Borrowings secured/unsecured from other banks, financial institutions and agents**		
	Secured	**-**	-
	Unsecured	**31,695,262,081**	22,079,989,593
		31,695,262,081	22,079,989,593

Figures in Taka

	2016	2015
14.a.4 Maturity grouping of borrowings from other banks, financial institutions and agents		
Payable on demand	**3,871,968,778**	5,190,325,171
Up to 1 month	**4,979,443,117**	1,409,678,075
Over 1 month but within 3 months	**2,829,738,148**	5,766,939,963
Over 3 months but within 1year	**13,227,647,291**	7,636,482,405
Over 1 year but within 5 years	**4,425,464,760**	899,059,479
Over 5 years	**2,360,999,987**	1,177,504,500
	31,695,262,081	22,079,989,593

14.b City Brokerage Limited has taken overdraft loans from The City Bank Limited for extending margin financing and prefunding support for foreign trade of foreign clients at the rate of 7.50% subject to revisions by the banks' management from time to time.

14.c CBL Money Transfer Sdn Bhd. has taken overdraft facility from The City Bank Ltd. For prefunding support for remitting foreign currency from Malaysia @ 4.00%

15 CONSOLIDATED DEPOSITS AND OTHER ACCOUNTS		
The City Bank Limited (note 15.a)	**174,695,032,689**	143,728,733,410
City Brokerage Limited	**768,220,100**	206,897,810
City Bank Capital Resources Limited	**59,180,567**	40,997,916
CBL Money Transfer Sdn. Bhd.	**-**	711,548
Inter-company indebtedness (note 15.b)	**(1,104,885,661)**	(571,841,376)
	174,417,547,694	143,405,499,308
15.a Deposits and other accounts - The City Bank Limited		
Local bank deposits (note 15.a.1)	**2,208,933,084**	4,876,289,356
Customer and other deposits	**172,486,099,605**	138,852,444,054
	174,695,032,689	143,728,733,410

15.a.1 Local bank deposits

Name of Bank	2016				
	CD Taka	SND Taka	Mudaraba TDR Taka	Mudaraba savings deposit Taka	Total Taka
Trust Bank Limited	-		-	6,685,669	6,685,669
Dutch-Bangla Bank Limited	-	113,571	-	-	113,571
Prime Bank Limited	270,254	-	500,000,000	-	500,270,254
Islami Bank Bangladesh Limited	-	-	1,000,000,000	22,192,864	1,022,192,864
Sonali Bank Ltd.	-	-	-	-	-
Southeast Bank Limited	-	1,365,061	-	-	1,365,061
Al Arafah Islami Bank Limited	-	-	100,000,000	28,147,172	128,147,172
Jamuna Bank Limited	-	-	-	270,704	270,704
Bangladesh Krishi Bank	1,176	-	-	-	1,176
Bank Asia Limited	-	214,808	-	-	214,808
Pubali Bank Limited	-	853,239	500,000,000	-	500,853,239
BRAC Bank Limited	-	6,945,501	-	-	6,945,501
Social Islami Bank Limited	-	-	-	12,064	12,064
Export Import Bank of Bangladesh Ltd.	-	-	-	21,700,500	21,700,500
Sub Total	**271,430**	**9,492,182**	**2,100,000,000**	**79,008,973**	**2,188,772,583**

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Figures in Taka

Name of Bank	2016				
	CD Taka	SND Taka	Mudaraba TDR Taka	Mudaraba savings deposit Taka	Total Taka
AB Bank Limited	-	-	-	336,063	336,063
Eastern Bank Limited	-	-	-	-	-
Standard Bank Limited	-	80,778	-	-	80,778
Shahjalal Islami Bank Limited	-	-	-	1,165,263	1,165,263
IFIC Bank Limited	-	-	-	-	-
Modhumoti Bank Limited	-	13,227,034	-	-	13,227,034
NRB Bank Limited	-	-	-	-	-
The Farmers Bank Limited	-	5,351,363	-	-	5,351,363
	271,430	**28,151,356**	**2,100,000,000**	**80,510,298**	**2,208,933,084**

15.a.2 Deposits and other accounts	2016	2015
Current deposits and other accounts		
Current, Al-wadeeah, and Manarah current deposits	**14,485,633,670**	12,975,704,505
Foreign currency deposits	**1,950,107,425**	1,252,189,024
Security deposits receipts	**3,831,446**	3,860,158
Sundry deposits (note 15.a.3)	**8,072,970,766**	6,340,411,149
	24,512,543,307	20,572,164,836
Bills payable		
Pay orders issued	**1,572,770,687**	1,961,706,177
Pay slips issued	**4,009,885**	4,365,596
Demand draft	**10,373,283**	10,373,283
	1,587,153,855	1,976,445,056
Savings bank deposits (note 15.a.4)	**34,994,257,334**	31,213,313,434
Fixed deposits		
Fixed deposits, Mudaraba, and Manarah fixed deposits	**85,646,977,247**	74,730,509,524
Short notice deposits, Mudaraba, and Manarah short notice deposits	**21,820,266,229**	10,108,768,378
Non resident deposits	**274,029,300**	307,068,139
Scheme deposits (note 15.a.5)	**5,859,805,417**	4,820,464,043
	113,601,078,193	89,966,810,084
Total deposits and other accounts	**174,695,032,689**	143,728,733,410

15.a.3 Sundry deposits		
Sundry creditors	**1,247,180,089**	1,199,315,433
Foreign currency	**799,525**	799,525
Margin on letters of credit	**934,593,820**	748,693,599
Margin on letters of guarantee	**251,402,841**	245,515,336
Interest payable on three stage deposits	**3,098,143**	3,690,272
Sanchaypatra	**1,300,000**	1,300,000
Unclaimed foreign DD	**3,796,133**	3,458,788
Security money- suppliers	**29,151,095**	27,876,363
Security money- staff	**1,013,810**	1,013,810
Security deposits NRB	**35,897,018**	43,677,646
Unclaimed balances	**229,265**	212,764
Hajj deposits	**194,597**	194,597
Margin on inland bills purchased	**185,000**	185,000
Sub total	**2,508,841,337**	2,275,933,133

Figures in Taka

		2016	2015
	Foreign bills purchased awaiting remittance	**4,263,828,440**	3,524,996,441
	Imprest fund - cash incentive	**2,351,468**	67,017
	Key deposits	**1,045,750**	1,087,550
	Risk fund (Consumer Credit Schemes and Lease Finance)	**80,428**	80,428
	Lease deposits	**346,592**	346,592
	Agent commission on consumer credit schemes	**232,757**	232,757
	CIB service charges	**3,531,598**	2,107,215
	Auto debit receipt/payment (Credit Card)	**230,608**	111,480
	Sundry deposit - ATM	**703,214,707**	19,509,329
	Charges against credit rating	**5,107,173**	3,042,024
	Payable against cash advance	**867,264**	820,838
	Payable against legal expenses	**7,814,897**	9,960,360
	Payable against SP and others	**229,370,000**	251,576,000
	Sundry deposits - City Card - local	**32,496,052**	17,707,019
	Sundry deposits - City Card - international	**42,172,609**	22,242,783
	Sundry deposits - Amex Card- local	**225,373,591**	168,269,337
	Charge Back - Amex Card - international	**2,826,338**	6,737,514
	Sundry deposits - foreign settlement	**-**	106,437
	Sundry deposits - Master Cards	**33,416,797**	25,295,881
	Charge back - Master Cards	**1,097,698**	1,056,028
	VAT on LC Commission	**-**	360,326
	Others	**8,724,661**	8,764,660
		8,072,970,766	6,340,411,149
15.a.4	**Savings bank deposits**		
	Savings bank deposits	**34,505,133,270**	27,572,392,107
	Mudaraba/manarah savings deposits	**489,124,064**	3,640,921,327
		34,994,257,334	31,213,313,434
15.a.5	**Scheme deposits**		
	City Bank Sanchaya scheme	**1,621,064**	2,211,666
	Bonus deposit scheme	**200,000**	200,000
	Deposit pension scheme (note 15.a.5.1)	**574,328**	625,350
	Three stage scheme deposit	**11,838,734**	15,331,703
	Monthly benefit scheme	**8,600,000**	9,300,000
	Education savings scheme	**243,677**	243,677
	Junior savers scheme	**72,825,568**	152,199,803
	Lakpati savings scheme	**572,683**	961,483
	Marriage savings scheme	**14,641,874**	47,999,195
	Mudaraba monthly deposit scheme	**227,791,060**	179,677,043
	City Shomriddhi	**5,283,181,952**	4,204,690,137
	City Projonmo	**233,649,894**	203,276,031
	Manarah Hajj deposit scheme	**4,064,583**	3,747,955
		5,859,805,417	4,820,464,043

15.a.5.1 Deposit pension scheme was closed from the year 1995 and its interest was 15% p.a.

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Figures in Taka

		2016	2015
15.a.6	**Sector-wise deposits**		
	Government	**1,945,411,760**	1,701,162,138
	Deposit money banks	**2,208,933,084**	4,876,289,356
	Other public	**5,491,560,656**	2,884,271,871
	Foreign currency	**1,950,107,425**	1,252,189,024
	Private	**163,099,019,764**	133,014,821,021
		174,695,032,689	143,728,733,410
15.a.7	**Maturity analysis of inter-bank deposits**		
	Payable on demand	**8,217,151**	331,442,945
	Up to 1 month	**603,891,630**	1,090,576,600
	Over 1 month but within 3 months	**1,505,687,334**	86,615,134
	Over 3 months but within 1 year	**91,136,969**	3,367,654,677
		2,208,933,084	4,876,289,356
15.a.8	**Maturity analysis of deposits**		
	Bills payable:		
	Payable on demand	**17,729,699**	16,679,524
	Up to 1 month	**374,362,052**	466,178,180
	Over 1 month but within 6 months	**1,195,062,104**	1,493,587,352
	Over 6 months but within 1 year	**-**	-
	Over 1 year but within 5 years	**-**	-
	Over 5 years but within 10 years	**-**	-
	Over 10 years	**-**	-
		1,587,153,855	1,976,445,056
	Other deposits:		
	Payable on demand	**7,029,020,146**	3,546,183,087
	Up to 1 month	**13,962,401,173**	10,991,957,966
	Over 1 month but within 6 months	**45,379,077,310**	37,647,698,912
	Over 6 months but within 1 year	**30,871,435,770**	22,799,279,462
	Over 1 year but within 5 years	**69,931,215,658**	59,124,107,817
	Over 5 years but within 10 years	**4,110,753,258**	3,809,159,445
	Over 10 years	**1,823,975,518**	3,833,901,665
		173,107,878,834	141,752,288,354
		174,695,032,689	143,728,733,410

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	**953,833,542**	381,669,293
City Brokerage Limited - fixed deposits receipt accounts	**-**	(2,609,251)
	953,833,542	379,060,042
City Bank Capital Resources Limited - current accounts	**1,937,098**	6,271,184
City Bank Capital Resources Limited -fixed deposits receipt accounts	**149,115,021**	171,397,617
	151,052,119	177,668,801
Inter-company indebtedness among subsidiaries:		
Payable to City Bank Capital Resources Limited - City Brokerage Limited	**-**	15,112,533
Total inter-company indebtedness	**1,104,885,661**	571,841,376

Figures in Taka

		2016	2015
16	**CONSOLIDATED OTHER LIABILITIES**		
	The City Bank Limited (note 16.a)	**24,732,977,227**	20,522,559,400
	City Brokerage Limited (note 16.b)	**906,402,361**	515,947,289
	City Bank Capital Resources Limited (note 16.c)	**163,672,957**	140,562,139
	CBL Money Transfer Sdn. Bhd. (note 16.d)	**105,888,227**	45,660,873
		25,908,940,772	21,224,729,701
	Mutual indebtedness:		
	Payable to City Bank Limited - City Brokerage Limited	**(42,687)**	-
	Payable to City Bank Limited - City Bank Capital Resources Limited	**(54,752,889)**	(55,879,532)
	Payable to City Bank Limited - CBL Money Transfer SDN BHD	**(2,294,190)**	(10,569,516)
	Payable to City Bank Capital Resources Limited - City Bank Limited	**-**	(13,810,773)
	Payable to City Brokerage Limited - City Bank Capital Resources Limited	**(66,606,598)**	(8,226,727)
		(123,696,364)	(88,486,548)
	Total consolidated other liabilities	**25,785,244,407**	21,136,243,153
16.a	**Other liabilities - The City Bank Limited**		
	Provision for loans and advances/investments (note 16.a.1)	**6,303,011,860**	6,238,939,779
	Provision for outstanding off-balance sheet exposures (note 16.a.2)	**644,563,933**	511,563,933
	Interest suspense account (note 16.a.3)	**1,302,725,093**	1,610,706,655
	Other provision (note 16.a.5)	**648,144,735**	533,086,395
	Provision for income tax (note 16.a.6)	**4,147,393,628**	2,491,262,773
	Interest and other expenses payable	**11,010,886,673**	8,537,995,371
	Provision for nostro account	**8,692,635**	8,692,635
	Payable to CBL Money Transfer SDN BHD	**2,294,190**	3,190,414
	Security value adjustment for repo	**-**	99,718,000
	Others	**665,264,480**	487,403,445
		24,732,977,227	20,522,559,400
16.a.1	**Provision for loans and advances/investments**		
	Movement in specific provision on classified loans/investments:		
	Provision held at the beginning of the year	**4,626,939,779**	2,971,903,636
	Fully provided debts written off during the year	**(2,467,205,032)**	(1,205,978,780)
	Fully waived during the year	**-**	-
	Recoveries of amounts previously written off	**592,977,114**	365,813,326
	Specific provision made during the year	**1,459,740,000**	2,147,500,000
	Transfer from provision for unclassified accounts	**-**	347,701,597
	Provision held at the end of the year	**4,212,451,861**	4,626,939,779
	Movement in general provision on unclassified loans/investments:		
	Provision held at the beginning of the year	**1,612,000,000**	1,959,701,597
	Transfer to provision for classified accounts	**-**	(347,701,597)
	Transfer from other provision	**-**	-
	General provision made during the year	**478,560,000**	-
	Provision held at the end of the year	**2,090,560,000**	1,612,000,000
		6,303,011,860	6,238,939,779

The Bank maintained provision against loans / investments accounts under writ petition of Taka 177.59 million (2015: Taka 383.81 million) against requirement of Taka 177.59 million (2015: Taka 383.81 million) as at 31 December 2016. These required and maintained provisions included in total required and maintained provisions of loans / investments disclosed above.

16.a.2 Provision on off-balances sheet exposures

As per BRPD circular no. 14 dated 23 September 2012 banks are advised to maintain general provision against outstanding off-balance sheet exposures @ 1% and in order to comply with the circulars, bank maintained provision of Taka 644,563,933 (2015: Taka 511,563,933) against requirement of Taka 622,065,418 (2015: Taka 511,202,674) as at 31 December 2016.

Figures in Taka

	2016	2015
Opening balance	**511,563,933**	490,563,933
Addition during the year	**133,000,000**	21,000,000
Transfer from other provision	**-**	-
Closing balance	**644,563,933**	511,563,933
16.a.3 Interest suspense account		
Interest suspense account on classified loans and advances	**1,094,918,892**	1,181,015,203
Interest suspense on special mention account	**77,484,277**	23,409,904
Interest suspense on standard loans	**130,321,924**	406,281,548
	1,302,725,093	1,610,706,655
16.a.4 Movement of interest suspense account		
Opening balance	**1,610,706,655**	1,258,733,673
Amount transferred to "interest suspense" account during the year	**1,846,965,145**	1,563,421,448
Amount recovered from "interest suspense" account during the year	**(765,092,661)**	(610,083,317)
Amount waived during the year	**(413,104,714)**	(157,313,489)
Amount written off during the year	**(976,749,333)**	(444,051,660)
Closing balance	**1,302,725,093**	1,610,706,655
16.a.5 Other provision		
Provision against employee bonus	**284,160,472**	225,048,998
Provision against investment	**121,100,000**	121,100,000
Provision against other assets	**188,627,976**	160,091,510
Provision against interest receivable	**1,003,000**	1,003,000
Provision against good borrower	**47,410,400**	20,000,000
Provision against protested bills	**5,842,887**	5,842,887
	648,144,735	533,086,395
16.a.5.1 Movement of other provision		
Opening balance	**533,086,395**	423,210,598
Addition during the year	**270,000,000**	255,698,349
Adjustment during the year	**(154,941,660)**	(145,822,552)
Closing balance	**648,144,735**	533,086,395
16.a.5.2 Movement of Provision against good borrower		
Opening balance	**20,000,000**	-
Addition during the year	**30,000,000**	20,000,000
Rebate allowed to Good Borrower	**(2,589,600)**	-
Closing balance	**47,410,400**	20,000,000

Figures in Taka

		2016	2015
16.a.6	**Provision for income tax**		
	Opening balance	**2,491,262,773**	2,084,797,303
	Adjustment for settlement of tax	**-**	(1,182,255,068)
	Provision during the year (note 16.a.6.1)	**1,656,130,855**	1,588,720,538
	Adjustment of deferred tax liability/(asset) (note 16.a.6.2)	**-**	-
	Closing balance	**4,147,393,628**	2,491,262,773

16.a.6.1 Provision for current tax of Taka 1,656,130,855 @ 40% and provision for prior year Taka 1,588,720,538 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

16.b	**Other liabilities - City Brokerage Limited**		
	Interest suspense	**166,005,081**	166,005,081
	Provision for loans and advances	**353,086,157**	275,658,549
	Accounts payable	**316,934,226**	4,553,668
	Accrued expenses	**80,500**	80,500
	Payable to The City Bank Limited	**42,687**	-
	Provision for taxation and VAT	**70,253,711**	69,649,491
		906,402,361	515,947,289
16.c	**Other liabilities - City Bank Capital Resources Limited**		
	Payable to The City Bank Limited	**54,752,889**	55,879,532
	Payable to City Brokerage Limited	**66,606,598**	8,226,727
	VAT and TDS Payable	**3,764,045**	2,433,684
	Accrued expenses	**706,403**	646,163
	Other payables	**13,918,034**	6,231,615
	Provision for diminution in value of investment	**-**	43,658,476
	Provision for taxation	**23,924,987**	23,485,942
		163,672,957	140,562,139
16.d	**Other liabilities - CBL Money Transfer Sdn. Bhd.**		
	Settlement Obligation	**103,299,374**	42,588,250
	Accrued expenses	**1,718,243**	508,353
	Others payable	**870,610**	2,564,270
		105,888,227	45,660,873

17 SHARE CAPITAL

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

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

Figures in Taka

17.2 Issued, subscribed and fully paid up:	No. of shares	2016	2015
Ordinary shares of Taka 10.00 each issued for cash	**240,463,470**	**2,404,634,700**	2,404,634,700
Ordinary shares of Taka 10.00 each issued as bonus shares:			
up to 31 December 2014	**593,629,893**	**5,936,298,930**	5,936,298,930
from 1 January - 31 December 2015	**41,704,668**	**417,046,680**	417,046,680
	875,798,031	**8,757,980,310**	8,757,980,310

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 honourable 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 49,185,729 till 31 December 2016 for subsequent declared stock dividend for the prejudice shares, which is shown under surplus in profit and loss account.

17.3 History of issued, subscribed and fully paid up capital:

Accounting year	Declaration	No. of share	Value of capital	Cumulative
1983	Opening capital	3,400,000	34,000,000	34,000,000
1985	Further subscription	1,000,000	10,000,000	44,000,000
1987	Initial public offer	3,600,000	36,000,000	80,000,000
1990	1:1 Right issue	8,000,000	80,000,000	160,000,000
2002	1:2 Right issue	8,000,000	80,000,000	240,000,000
2004	1:1 Right issue	24,000,000	240,000,000	480,000,000
2005	50% stock dividend	24,000,000	240,000,000	720,000,000
2006	50% stock dividend	36,000,000	360,000,000	1,080,000,000
2007	10% stock dividend	10,800,000	108,000,000	1,188,000,000
2008	15% stock dividend	17,820,000	178,200,000	1,366,200,000
2009	15% stock dividend	20,493,000	204,930,000	1,571,130,000
2010	25% stock dividend	39,278,250	392,782,500	1,963,912,500
2010	1:1 Right issue	192,463,470	1,924,634,700	3,888,547,200
2011	30% stock dividend	116,656,410	1,166,564,100	5,055,111,300
2012	25% stock dividend	126,377,782	1,263,777,820	6,318,889,120
2013	10% stock dividend	63,188,891	631,888,910	6,950,778,030
2014	20% stock dividend	139,015,560	1,390,155,600	8,340,933,630
2015	5% stock dividend	41,704,668	417,046,680	8,757,980,310
		875,798,031	**8,757,980,310**	

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	2016		2015	
	Taka	Percentage(%)	Taka	Percentage(%)
Sponsors and general public	7,181,369,810	82.00%	6,689,912,900	76.39%
Financial institutions	1,576,610,500	18.00%	2,068,067,410	23.61%
	8,757,980,310	**100.00%**	**8,757,980,310**	**100.00%**

17.4 Classification of shareholders by holding

	2016			2015	
	Number of share holders	No. of Shares	% of total holding	Number of share holders	% of total holding
01 - 500 shares	**26,014**	**3,471,773**	**0.40%**	33,375	0.68%
501 - 5,000 shares	**13,693**	**23,388,549**	**2.67%**	18,440	4.69%
5,001 - 10,000 shares	**1,573**	**11,312,219**	**1.29%**	2,222	2.29%
10,001 - 20,000 shares	**840**	**11,676,759**	**1.33%**	1,188	2.33%
20,001 - 30,000 shares	**314**	**7,660,879**	**0.87%**	388	1.31%
30,001 - 40,000 shares	**119**	**4,131,419**	**0.47%**	151	0.89%
40,001 - 50,000 shares	**109**	**5,053,530**	**0.58%**	118	0.89%
50,001 - 100,000 shares	**198**	**15,092,897**	**1.72%**	224	1.88%
100,001 - 1,000,000 shares	**232**	**71,017,362**	**8.11%**	249	9.33%
Over 1,000,000 shares	**124**	**722,992,644**	**82.55%**	115	75.70%
	43,216	**875,798,031**	**100.00%**	**56,470**	**100.00%**

17.5 Consolidated Capital Adequacy Ratio

As per Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III), all scheduled banks are required to calculate Capital Adequacy Ratio based on 'Solo' basis as well as on 'Consolidated' basis. Capital Adequacy Ratio is calculated in accordance with the phase-in arrangements for Basel III implementation in 2015 and in accordance with Basel II in 2014. All amounts are stated in Taka crores except for those, if any, stated otherwise.

Taka in crore

Common Equity Tier 1 Capital (CET1)	**2016**	**2015**
Paid up capital	**875.80**	875.80
Non-repayable share premium account	**66.09**	66.09
Statutory reserve	**609.17**	500.28
General reserve	**1.14**	1.14
Retained earnings (note 21)	**297.26**	215.97
Dividend equalization reserve	**17.69**	-
Minority interest in subsidiaries	**0.01**	0.25
	1,867.15	1,659.53
Regulatory Adjustments / Deductions from CET1		
Deferred tax assets	**(86.21)**	(68.83)
40% of Excess Investment in equity of other banks, FI and Ins. Co.	**(99.40)**	(66.83)
Book value of goodwill and value of any contingent assets which are shown as assets	**(3.05)**	(0.86)
	1,678.49	1,523.01
Tier 2 Capital		
Tier-II subordinated bond	**300.00**	300.00
General provision (note 17.5.2)	**273.51**	163.94
Assets revaluation reserve (up to 50%)	**235.57**	235.57
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
	858.78	749.21
Regulatory Adjustments / Deductions from Tier 2 capital		
40% of Tier-II subordinated bond	**(120.00)**	(60.00)
40% of revaluation reserve for fixed assets and securities	**(114.11)**	(57.05)
	624.68	632.16
Total capital	**2,303.16**	2,155.17

Taka in crore

		2016	2015
	Total assets	**25,940.23**	21,420.54
	Total risk weighted assets (note 17.5.1)	**18,398.76**	16,058.15
	Required capital with capital conservation buffer (10.625% of risk weighted assets)	**1954.87**	1,605.82
	Surplus	**348.29**	549.35
	Total Capital Ratio	**12.52%**	13.42%
	T-1 Capital Ratio	**9.12%**	9.48%
	Leverage Ratio	**5.99%**	6.64%
	Liquidity Coverage Ratio	**170.72%**	163.34%
	Net Stable Funding Ratio	**101.31%**	100.99%
17.5.1	**Risk weighted assets**		
	A. Credit Risk		
	On-Balance sheet	**13,033.76**	11,574.70
	Off-Balance sheet	**2,128.63**	1,540.60
		15,162.39	13,115.30
	B. Market Risk	**1,283.34**	1,300.14
	C. Operational Risk	**1,953.03**	1,642.71
	Total Risk weighted assets (A+B+C)	**18,398.76**	16,058.15
17.5.2	**General provision maintained against unclassified loan/investments & outstanding off-balance sheet exposures**		
	General provision maintained against unclassified loan/investments (note 16.a.1)	**209.06**	161.20
	General provision maintained against outstanding off balance sheet exposures (note 16.a.2)	**64.46**	51.16
		273.51	212.36
	1.25% of Risk weighted assets for credit risk*	**189.53**	163.94
	Eligible amount of general provision (whichever is lower for year 2015)	**273.51**	163.94

*In accordance with Basel III, general provisions/general loan-loss reserve eligible for inclusion in Tier 2 is limited to a maximum 1.25% of credit risk weighted assets applicable for year 2015.

17.5.a	**Capital Adequacy Ratio - The City Bank Limited**		
	Common Equity Tier 1 Capital (CET1)		
	Paid up capital	**875.80**	875.80
	Non-repayable share premium account	**66.09**	66.09
	Statutory reserve	**609.17**	500.28
	General reserve	**1.14**	1.14
	Dividend equalization reserve	**17.69**	-
	Retained earnings (note 21.a)	**383.14**	308.77
		1,953.03	1,752.08
	Regulatory Adjustments / Deductions from CET1		
	Deferred tax assets	**(86.64)**	(68.42)
	40% of Excess Investment in equity of other banks, FI and Ins. Co.	**(9.44)**	(60.51)
		1856.94	1,623.15

Taka in crore

	2016	2015
Tier 2 Capital		
Tier-II subordinated bond	300.00	300.00
General provision (note 17.5.a.2)	273.51	166.39
Assets revaluation reserve (up to 50%)	235.57	235.57
Revaluation reserve for equity instruments (up to 10%)	27.93	27.93
Revaluation reserve for HTM securities (up to 50%)	1.10	1.10
Revaluation reserve for HFT (up to 50%)	20.33	20.33
	858.45	751.32
Regulatory Adjustments / Deductions from Tier 2 capital		
40% of Tier-II subordinated bond	(120.00)	(60.00)
40% of revaluation reserve for fixed assets and securities	(113.97)	(56.99)
	624.47	634.34
Total capital	2481.42	2,257.49
Total assets	25,942.39	21,484.04
Total risk weighted assets (note 17.5.a.1)	18,282.09	16,094.99
Required capital with capital conservation buffer (10.625% of risk weighted assets)	1942.47	1,609.50
Surplus	538.94	647.99
Total Capital Ratio	13.57%	14.03%
T-1 Capital Ratio	10.16%	10.08%
Leverage Ratio	6.60%	7.06%
Liquidity Coverage Ratio	163.22%	161.34%
Net Stable Funding Ratio	102.26%	100.15%

17.5.a.1 Risk weighted assets

A. Credit Risk		
On- Balance sheet	13,517.85	11,770.23
Off-Balance sheet	2,128.63	1,540.60
	15,646.48	13,310.83
B. Market Risk	732.35	1,165.51
C. Operational Risk	1,903.26	1,618.65
Total Risk weighted assets (A+B+C)	18,282.09	16,094.99

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)	209.06	161.20
General provision maintained against outstanding off balance sheet exposures (note 16.a.2)	64.46	51.16
	273.51	212.36
1.25% of Risk weighted assets for credit risk	195.58	166.39
Eligible amount of general provision (whichever is lower for year 2015)	273.51	166.39

Figures in Taka

		2016	2015
18	**STATUTORY RESERVE**		
	Opening balance	5,002,816,644	4,103,894,030
	Addition during the year (20% of pre-tax profit)	1,088,867,757	898,922,614
	Closing balance	6,094,344,401	5,002,816,644
19	**SHARE PREMIUM**		
	Opening balance	660,857,013	1,082,116,244
	Adjustment for issuance of stock dividend	-	(421,259,231)
	Closing balance	660,857,013	660,857,013

Share premium was received against issue of 19,246,347 right shares during the year 2010.

Figures in Taka

		2016	2015
20	**CONSOLIDATED OTHER RESERVE**		
	The City Bank Limited (note 20.a)	**5,958,715,512**	7,999,742,013
	City Brokerage Limited	**21,464,827**	-
	City Bank Capital Resources Limited	**40,901,795**	-
		6,021,082,134	7,999,742,013
20.a	**Other reserve - The City Bank Limited**		
	General reserve	**11,394,928**	11,394,928
	Dividend equalization reserve	**176,928,877**	-
	Revaluation reserve for HTM securities	**585,761**	5,700,967
	Revaluation reserve for HFT securities	**192,069,521**	394,151,955
	Revaluation reserve for equity Shares (note 20.1)	**908,878,003**	2,898,367,423
	Asset revaluation reserve (note 20.2)	**4,668,858,423**	4,690,126,740
		5,958,715,512	7,999,742,013

20.1 Quoted shares were valued at market price as per guidelines of Bangladesh Bank and due to valuation at market price, revaluation reserve for equity shares were created. As the revaluation reserve for equity shares is unrealised gain, this is booked as a component of shareholders' equity.

20.2 In the year 2014, land and buildings of the Bank were revalued at fair value by a professional surveyor which was in compliance with regulatory requirement.

Movement of assets revaluation reserve		
Opening balance	**4,690,126,740**	4,711,395,054
Addition during the year	**-**	-
Adjustment during the year	**(21,268,317)**	(21,268,314)
Closing balance	**4,668,858,423**	4,690,126,740

21.	**Consolidated surplus in profit and loss account**	
The City Bank Limited (note 21.a)	**3,831,438,541**	3,087,740,110
Post acquisition retained surplus from City Brokerage Limited	**(899,764,047)**	(958,958,237)
Non-controlling interest	**15,878**	35,961
	(899,748,169)	(958,922,276)
Post acquisition retained surplus from City Bank Capital Resources Limited	**58,478,628**	74,474,785
Non-controlling interest	**(1,147)**	(4,965)
	58,477,481	74,469,820
Post acquisition retained deficit from CBL Money Transfer Sdn. Bhd.	**278,926**	(20,721,593)
Non-controlling interest	**-**	2,653,375
	278,926	(18,068,218)
Add: Foreign exchange revaluation effect	**(17,872,257)**	(25,512,762)
	2,972,374,522	2,159,706,674

21.a	**Movement of surplus in profit and loss account-The City Bank Limited**	
Opening balance	**3,087,740,110**	1,646,077,481
Transfer from asset revaluation reserve (note 21.a.1)	**21,268,317**	21,268,314
Profit for the year	**3,934,444,394**	3,578,882,069
Transfer to statutory reserve	**(1,088,867,757)**	(898,922,614)
Cash dividend paid	**(1,946,217,647)**	(1,259,565,140)
Transfer to dividend equalization reserve	**(176,928,877)**	-
Closing balance	**3,831,438,541**	3,087,740,110

Profit for the year includes net deferred tax income of Taka 146,236,463 which is not distributable as dividend as per BRPD circular no. 11 dated 12 December 2011.

21.a.1 As per BAS 16 "Property, Plant and Equipment" revaluation surplus is transferred directly to retained earnings when the surplus is realised. The whole surplus will be realised on the retirement or disposal of the assets. Some surplus will be realised as the assets are used by the user and the amount of surplus realised is the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets on its original cost. The realised revaluation surplus is to be transferred to retained earnings directly. In accordance with BAS 16, transfer of Taka 21,268,317 (2015: 21,268,314) from revaluation surplus to surplus in profit and loss account was made.

Figures in Taka

		2016	2015
22	**NON CONTROLLING INTEREST**		
	Share capital	**110,000**	9,709,993
	Surplus in profit and loss account/retained earnings	**(14,732)**	(7,175,214)
		95,268	2,534,779
23	**CONTINGENT LIABILITIES**		
23.1	**Letters of guarantee**		
	Local	**6,629,763,731**	5,706,806,518
	Foreign	**1,654,867,365**	1,646,228,839
	Shipping guarantee	**275,540,183**	3,110,962,890
		8,560,171,278	10,463,998,247
	Margin on guarantee	**(251,402,841)**	(245,515,336)
		8,308,768,437	10,218,482,911
	Money for which the Bank is contingently liable in respect of guarantees given favouring:		
	Government	**4,439,501,940**	3,538,130,912
	Banks and other financial institutions	**1,722,180,256**	2,072,365,762
	Others	**2,398,489,082**	4,853,501,573
		8,560,171,278	10,463,998,247
	Margin on guarantee	**(251,402,841)**	(245,515,336)
		8,308,768,437	10,218,482,911
23.2	**Irrevocable Letters of Credit**		
	In land	**170,264,072**	409,403,049
	General	**10,492,835,129**	10,107,009,699
	Back to Back LC	**4,776,087,139**	4,049,990,151
		15,439,186,340	14,566,402,899
	Margin on LC	**(934,593,820)**	(748,693,599)
		14,504,592,520	13,817,709,300
23.3	**Bills for collection**		
	Outward local bills for collection	**-**	17,450
	Outward foreign bills for collection	**4,069,481,226**	2,658,413,574
	Inward local bills for collection	**4,423,110,140**	3,383,236,448
	Inward foreign bills for collection	**6,175,413,616**	4,812,902,524
		14,668,004,982	10,854,569,996
	Margin on bill collection	**(185,000)**	(185,000)
		14,667,819,982	10,854,384,996
23.4	**Forward assets purchased and forward deposits placed**		
	Forward sales/contracts	**4,862,653,604**	2,045,042,200
		4,862,653,604	2,045,042,200

23.5 Suit filed by the bank

No law suit has been filed by the bank against contingent liabilities.

Figures in Taka

		2016	2015
24	**INCOME STATEMENT -THE CITY BANK LIMITED**		
	Income:		
	Interest, discount and similar income (note 24.1)	**18,450,577,578**	17,636,770,494
	Dividend income	**315,128,298**	208,184,514
	Fees, commission and brokerage (note 24.2)	**1,317,072,395**	1,114,627,613
	Gains less losses arising from dealing in securities (note 27.a)	**399,167,516**	1,814,620,446
	Gains less losses arising from investment securities (note 27.a)	**1,623,191,010**	55,901,494
	Gains less losses arising from dealing in foreign currencies (note 28.a)	**808,191,126**	777,207,899
	Other operating income (note 29.a)	**1,047,663,376**	995,879,735
	Profit less losses on interest rate changes	**-**	-
		23,960,991,298	22,603,192,195
	Expenses:		
	Interest/profit paid on deposits, borrowings etc.	**9,565,268,460**	9,818,866,758
	Administrative expenses (note 24.3)	**5,122,921,909**	4,504,235,122
	Other operating expenses (note 38.a)	**1,225,994,881**	1,147,371,942
	Depreciation on bank's assets (note 37.a)	**531,167,262**	459,605,305
		16,445,352,512	15,930,079,127
	Income over expenditure	**7,515,638,786**	6,673,113,068
24.1	**Interest, discount and similar income**		
	Interest income (note 25.a)	**16,042,227,272**	15,324,758,903
	Interest income on treasury bills/reverse repo/bonds (note 27.a)	**2,408,350,305**	2,311,893,699
	Interest on debentures (note 27.a)	**-**	117,892
		18,450,577,578	17,636,770,494
24.2	**Fees, commission and brokerage**		
	Commission (note 28.a)	**1,317,072,395**	1,114,627,613
	Brokerage	**-**	-
		1,317,072,395	1,114,627,613
24.3	**Administrative expenses**		
	Salary and allowances	**3,634,379,812**	3,166,373,641
	Rent, taxes, insurance, electricity, etc. (note 31.a)	**729,230,525**	674,541,834
	Legal expenses (note 32.a)	**36,338,906**	25,639,943
	Postage, stamp, telecommunication, etc. (note 33.a)	**86,933,721**	70,980,951
	Stationery, printing, advertisement, etc. (note 34.a)	**160,933,282**	183,857,261
	Chief Executive's salary and fees (note 35)	**17,771,350**	16,409,425
	Directors' fees (note 36.a)	**2,203,000**	1,244,000
	Auditors' fees	**2,127,000**	1,209,750
	Repair of Bank's assets (note 37.a)	**453,004,313**	363,978,317
		5,122,921,909	4,504,235,122
25	**CONSOLIDATED INTEREST INCOME/PROFIT ON INVESTMENT**		
	The City Bank Limited (note 25.a)	**16,042,227,272**	15,324,758,903
	City Brokerage Limited	**102,236,448**	122,547,723
	City Bank Capital Resources Limited	**71,773,541**	50,139,229
	CBL Money Transfer Sdn. Bhd.	**-**	-
		16,216,237,262	15,497,445,855
	Inter-company transactions		
	The City Bank Limited with City Brokerage Limited	**(135,702,485)**	(260,101,282)
	The City Bank Limited with CBL Money Transfer Sdn. Bhd.	**(4,017,244)**	(2,914,921)
	City Bank Capital Resources Limited	**(19,364,611)**	(6,239,407)
		(159,084,340)	(269,255,610)
		16,057,152,921	15,228,190,245

Figures in Taka

		2016	2015
25.a	**Interest income/profit on investment - The City Bank Limited**		
	Interest on loans against imported merchandise/Murabaha	**560,220**	946,223
	Interest on loans against trust receipts	**41,609,612**	296,197,450
	Interest on packing credits	**39,513,114**	21,478,776
	Interest on Interest on EDF	**145,346,869**	64,429,415
	Interest on house building loans	**166,498,395**	139,010,323
	Interest on industrial credits	**3,697,470,454**	2,854,175,493
	Interest on transport loans	**102,695,086**	102,993,438
	Interest on lease finance/izara	**3,833,662**	3,381,313
	Interest on demand loans	**228,223,861**	226,584,696
	Interest on payment against documents	**3,424,417**	4,332,433
	Interest on cash credits/bai-muajjal	**2,125,620,732**	2,339,988,094
	Interest on hire purchase shirkatul melk	**12,427,707**	8,601,069
	Interest on fully and partly secured overdrafts	**204,390,888**	357,441,827
	Interest on consumer credit schemes	**-**	308,541
	Interest on small and medium enterprise loans	**1,111,364,079**	1,038,546,431
	Interest on staff loans	**164,084,015**	140,612,384
	Interest on documentary bills purchased	**1,086,358,150**	901,249,751
	Interest on credit cards	**1,424,916,057**	1,349,489,249
	Interest on cash incentives	**15,463,890**	1,900,000
	Interest on city drive	**46,179,270**	36,249,438
	Interest on city solution	**889,215,683**	996,600,073
	Interest on city express	**308,849,123**	311,674,340
	Interest on double loans	**897,606**	2,039,704
	Interest on short term loan	**3,457,426,164**	3,502,576,573
	Total interest/profit on loans and advances/investments	**15,276,369,054**	14,700,807,034
	Less: Allowable rebate for Good Borrower (note 25.a.1)	**30,000,000**	20,000,000
	Total interest/profit on loans and advances/investments after rebate for good borrower	**15,246,369,054**	14,680,807,034
	Interest on balance with other banks and financial institutions	**8,258,576**	16,474,061
	Interest on call loans	**784,454,611**	625,917,459
	Interest on foreign bank accounts	**3,145,031**	1,560,349
	Total interest/profit on placement of funds	**795,858,218**	643,951,869
		16,042,227,272	15,324,758,903

25.a.1 Provision for rebate to good borrower

Provision for rebate to the eligible good borrowers has been maintained as per Bangladesh Bank, BRPD circular letter no. 3 dated 16 February 2016.

Figures in Taka

		2016	2015
26	**CONSOLIDATED INTEREST/PROFIT PAID ON DEPOSITS, BORROWINGS ETC.**		
	The City Bank Limited (note 26.a)	**9,565,268,460**	9,818,866,758
	City Brokerage Limited	**135,702,485**	270,275,333
	CBL Money Transfer Sdn. Bhd.	**4,076,036**	3,262,483
		9,705,046,981	10,092,404,574
	Inter-company transactions		
	City Brokerage Limited	**(19,364,611)**	(260,101,282)
	City Bank Limited with City Bank Capital Resources Limited	**(135,702,485)**	(6,239,407)
	CBL Money Transfer Sdn. Bhd.	**(4,017,244)**	(3,200,196)
		(159,084,340)	(269,540,885)
		9,545,962,641	9,822,863,689
26.a	**Interest/profit paid on deposits, borrowings etc. - The City Bank Limited**		
	a) Interest/profit paid on deposits:		
	Savings bank deposits	**1,006,715,470**	949,507,716
	Mudaraba/Manarah savings deposits	**28,999,855**	45,786,835
	Short notice deposits	**666,502,133**	461,438,137
	Mudaraba short notice deposits	**3,368,764**	5,399,058
	Fixed deposits	**5,647,169,393**	5,994,122,736
	Mudaraba term deposits	**90,945,066**	121,372,216
	Deposits under scheme	**636,010,452**	565,597,152
	Mudaraba monthly benefit scheme	**10,877,707**	4,311,944
	b) Interest/profit paid on Repurchase agreement (REPO)	**115,939,694**	173,291,084
	c) Interest/profit paid on local bank accounts	**758,131,144**	971,017,849
	d) Interest/profit paid on borrowing from Bangladesh Bank	**184,386,411**	159,498,977
	e) Interest paid on borrowings from outside Bangladesh for off-shore banking	**416,222,373**	367,523,054
		9,565,268,460	9,818,866,758
27	**CONSOLIDATED INVESTMENT INCOME**		
	The City Bank Limited (note 27.a)	**4,745,837,129**	4,390,718,045
	City Brokerage Limited	**108,095,870**	61,691,630
	City Bank Capital Resources Limited	**39,349,511**	66,168,653
		4,893,282,510	4,518,578,328
	Inter-company transactions		
	City Bank Limited with City Bank Capital Resources Limited	**10,552,594**	8,500,000
		4,903,835,104	4,527,078,328
27.a	**Investment income - The City Bank Limited**		
	Interest on treasury bills/Reverse repo/bonds	**2,408,350,305**	2,311,893,699
	Interest on debentures	**-**	117,892
	Dividend on shares	**315,128,298**	208,184,514
	Gain on Government securities	**399,167,516**	1,814,620,446
	Gain on sale of shares and debentures	**1,623,191,010**	55,901,494
		4,745,837,129	4,390,718,045

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		2016	2015
28	**CONSOLIDATED COMMISSION, EXCHANGE AND BROKERAGE**		
	The City Bank Limited (note 28.a)	**2,125,263,521**	1,891,835,512
	City Brokerage Limited	**208,652,822**	175,169,749
	City Bank Capital Resources Ltd	**42,282,563**	38,455,879
	CBL Money Transfer Sdn. Bhd.	**58,321,661**	53,531,796
		2,434,520,567	2,158,992,936
	Inter-company transactions		
	City Bank Capital Resources Limited with The City Bank Limited	**(10,552,594)**	(8,500,000)
	City Bank Limited with CBL Money Transfer Sdn. Bhd.	**-**	(285,275)
		2,423,967,973	2,150,207,661
28.a	**Commission, exchange and brokerage - The City Bank Limited**		
	Letters of credit	**237,093,785**	229,563,471
	Letters of guarantee	**84,008,283**	85,294,497
	Export related services	**34,523,772**	31,064,501
	Bills purchased	**-**	46,783
	Accepted bills	**200,914,305**	168,227,965
	OBC, IBC etc.	**463,680**	458,681
	PO, DD, TT, TC, etc.	**571,820**	916,737
	NRB operation	**14,124,077**	15,991,771
	Other fees and charges (note 28.a.1)	**713,849,903**	563,062,725
	Other commissions	**31,522,771**	20,000,482
		1,317,072,395	1,114,627,613
	Exchange gain including gain from foreign currency dealings (note 28.a.2)	**808,191,126**	777,207,899
		2,125,263,521	1,891,835,512
28.a.1	**Other fees and charges**		
	Service and other charges	**680,652,912**	536,794,854
	Structured finance fee	**25,682,288**	22,937,723
	Commitment fee	**7,514,703**	3,330,148
		713,849,903	563,062,725
28.a.2	**Net exchange gain**		
	Exchange gain	**819,411,882**	779,553,511
	Exchange loss	**(11,220,756)**	(2,345,612)
		808,191,126	777,207,899
29	**CONSOLIDATED OTHER OPERATING INCOME**		
	The City Bank Limited (note 29.a)	**1,047,663,376**	995,879,735
	City Brokerage Limited	**98,500**	1,295,252
	City Bank Capital Resources Ltd	**29,000**	4,070,935
	CBL Money Transfer Sdn. Bhd.	**1,890,280**	2,712,403
		1,049,681,156	1,003,958,325
29.a	**Other operating income - The City Bank Limited**		
	Rental income	**11,086,318**	10,742,527
	Swift recoveries	**47,249,558**	32,491,240
	Profit from sale of fixed assets	**9,348,149**	-
	Credit card income (note 29.a.1)	**917,737,812**	876,421,198
	Rebate received from foreign banks	**54,316,401**	59,241,686
	Others	**7,925,139**	16,983,084
		1,047,663,376	995,879,735

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		2016	2015
29.a.1	**Credit card income**		
	Card issue fees	**252,896,414**	210,967,079
	Late payment fees	**120,966,184**	116,244,452
	Merchant commission	**411,110,124**	430,853,097
	Interchange fees	**42,465,845**	40,950,947
	Mark-up, excess limit, cash advance fees etc.	**90,299,246**	77,405,623
		917,737,812	876,421,198
30.	**CONSOLIDATED SALARIES AND ALLOWANCES**		
	The City Bank Limited	**3,634,379,812**	3,166,373,641
	City Brokerage Limited	**52,673,920**	47,771,531
	City Bank Capital Resources Limited	**39,851,002**	31,418,196
	CBL Money Transfer Sdn. Bhd.	**28,415,326**	24,273,817
		3,755,320,060	3,269,837,185
31.	**CONSOLIDATED RENT, TAXES, INSURANCE, ELECTRICITY ETC.**		
	The City Bank Limited (Note 31.a)	**729,230,525**	674,541,834
	City Brokerage Limited (note 31.b)	**31,912,096**	29,956,598
	City Bank Capital Resources Limited	**6,028,213**	4,774,062
	CBL Money Transfer Sdn. Bhd.	**13,878,385**	16,359,076
		781,049,219	725,631,570
31.a	**Rent, taxes, insurance, electricity etc. - The City Bank Limited**		
	Rent	**419,419,918**	367,951,062
	Rates and taxes	**39,536,793**	46,230,823
	Insurance	**152,982,598**	136,573,247
	Power and electricity	**117,291,217**	123,786,702
		729,230,525	674,541,834
31.b	**Rent, taxes, insurance, electricity etc. - City Brokerage Limited**		
	Rent	**12,421,754**	13,164,712
	Rates and taxes	**14,578,960**	12,262,172
	Insurance	**343,512**	319,345
	Power and electricity	**4,567,869**	4,210,369
		31,912,096	29,956,598
32	**CONSOLIDATED LEGAL EXPENSES**		
	The City Bank Limited (note 32.a)	**36,338,906**	25,639,943
	City Brokerage Limited	**728,543**	660,100
	City Bank Capital Resources Limited	**349,910**	447,155
	CBL Money Transfer Sdn. Bhd.	**855,994**	-
		38,273,353	26,747,198
32.a	**Legal expenses - The City Bank Limited**		
	Legal expenses	**36,034,073**	25,312,011
	Others	**304,833**	327,932
		36,338,906	25,639,943

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		2016	2015
33	**CONSOLIDATED POSTAGE, STAMPS, TELECOMMUNICATION ETC.**		
	The City Bank Limited (note 33.a)	**86,933,721**	70,980,951
	City Brokerage Limited (note 33.b)	**3,152,896**	3,473,222
	City Bank Capital Resources Limited	**713,014**	611,353
	CBL Money Transfer Sdn. Bhd.	**1,972,482**	1,536,293
		92,772,113	76,601,819
33.a	**Postage, stamps, telecommunication etc. - The City Bank Limited**		
	Postage/courier service	**25,089,249**	19,131,749
	Telegram, telex, fax & swift charge	**3,615,779**	2,251,169
	Telephone - office	**50,220,792**	42,663,613
	Telephone - residence	**8,007,900**	6,934,420
		86,933,721	70,980,951
33.b	**Postage, stamps, telecommunication etc. - City Brokerage Limited**		
	Postage	**9,439**	11,268
	Telegram, telex, fax and e-mail	**2,343,825**	2,766,805
	Telephone bill	**799,632**	695,149
		3,152,896	3,473,222
34	**CONSOLIDATED STATIONERY, PRINTING AND ADVERTISEMENTS ETC.**		
	The City Bank Limited (note 34.a)	**160,933,282**	183,857,261
	City Brokerage Limited	**1,684,161**	1,753,434
	City Bank Capital Resources Limited	**1,075,685**	1,039,777
	CBL Money Transfer Sdn. Bhd.	**1,831,625**	1,202,184
		165,524,753	187,852,656
34.a	**Stationery, printing and advertisements etc. - The City Bank Limited**		
	Office and security stationery (note 34.a.1)	**77,383,956**	93,912,750
	Computer consumable stationery	**7,894,780**	22,059,171
	Publicity and advertisement (note 34.a.2)	**75,654,546**	67,885,340
		160,933,282	183,857,261
34.a.1	**Office and security stationery**		
	Office stationery	**46,998,945**	65,840,844
	Security stationery	**30,385,011**	28,071,906
		77,383,956	93,912,750
34.a.2	**Publicity and advertisement**		
	Advertisement Sponsorship-Magazine	**35,456,030**	22,021,701
	Advertisement Sponsorship-Others	**13,581,098**	9,743,864
	Advertisement-Television and radio	**21,547,531**	20,166,925
	Advertisement-Miscellaneous	**5,069,887**	15,952,850
		75,654,546	67,885,340
35.	**CHIEF EXECUTIVE'S SALARY AND FEES**		
	Basic salary	**8,320,500**	7,926,750
	Festival bonus and other allowances	**9,450,850**	8,482,675
		17,771,350	16,409,425
36	**CONSOLIDATED DIRECTORS' FEES**		
	The City Bank Limited (note 36.a)	**2,203,000**	1,244,000
	City Brokerage Limited	**215,000**	80,000
	City Bank Capital Resources Limited.	**244,166**	153,969
	CBL Money Transfer Sdn. Bhd.	**-**	-
		2,662,166	1,477,969

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		2016	2015
36.a	**Directors' fees - The City Bank Limited**		
	Meeting fees	**2,203,000**	1,244,000

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.

37	**CONSOLIDATED DEPRECIATION AND REPAIR**		
	The City Bank Limited (note 37.a)	**984,171,575**	823,583,622
	City Brokerage Limited (note 37.b)	**7,699,823**	9,975,950
	City Bank Capital Resources Limited (note 37.c)	**4,362,390**	3,324,043
	CBL Money Transfer Sdn. Bhd.	**3,223,924**	3,211,776
		999,457,712	840,095,391
37.a	**Depreciation and repair of bank's assets - The City Bank Limited**		
	Depreciation	**531,167,262**	459,605,305
	Repairs and maintenance:		
	Fixed Assets	**445,664,007**	358,822,372
	Others	**7,340,306**	5,155,945
		453,004,313	363,978,317
		984,171,575	823,583,622
	See Annexure D for details of depreciation.		
37.b	**Depreciation and repair - City Brokerage Limited**		
	Depreciation:		
	Furniture and fixtures	**2,354,422**	2,404,668
	Office equipment	**1,669,987**	3,606,080
	Vehicle	**361,317**	957,895
	Software	**409,102**	264,096
		4,794,828	7,232,739
	Repairs and maintenance:		
	Fixed Assets	**2,904,995**	2,743,211
		2,904,995	2,743,211
		7,699,823	9,975,950
37.c	**Depreciation and repair - City Bank Capital Resources Limited**		
	Depreciation:		
	Furniture and fixtures	**298,261**	629,097
	Office equipment	**801,397**	282,837
	Vehicle	**1,430,748**	1,046,102
	Software	**328,464**	328,460
		2,858,870	2,286,496
	Repairs and maintenance:		
	Fixed Assets	**1,503,520**	1,037,547
		1,503,520	1,037,547
		4,362,390	3,324,043
38	**CONSOLIDATED OTHER EXPENSES**		
	The City Bank Limited (note 38.a)	**1,225,994,881**	1,147,371,942
	City Brokerage Limited	**17,505,203**	15,299,735
	City Bank Capital Resources Limited	**4,667,358**	3,025,194
	CBL Money Transfer Sdn. Bhd.	**5,087,128**	6,049,768
		1,253,254,571	1,171,746,639

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		2016	2015
38.a	**Other expenses - The City Bank Limited**		
	Entertainment	**16,954,787**	13,795,529
	Books, magazines and newspapers etc.	**1,392,775**	1,194,766
	Medical	**1,047,780**	573,929
	Cash carrying charges	**19,917,187**	18,480,205
	Subscription to institutions	**7,623,969**	8,028,032
	Donations	**39,952,062**	30,996,495
	Professional fees	**26,605,509**	9,274,882
	Travelling expenditure and conveyance - Staff	**44,770,252**	38,138,358
	Business Expansion Cost	**267,714,696**	261,073,543
	Annual general meeting	**22,567,138**	5,919,237
	Guard Salary	**128,624,536**	110,905,555
	Security expenses	**32,615,857**	26,030,522
	Business Process Outsourcing-Online	**51,448,326**	46,344,266
	Vehicle rental expenditure	**11,952,000**	15,477,000
	Staff activities and welfare	**15,513,168**	13,569,136
	Washing and cleaning	**29,980,936**	25,788,334
	Credit card (note 38.a.1)	**324,385,463**	308,440,130
	IT Support & Software maintenance	**8,126,628**	11,379,331
	Royalty adjustment	**31,891,537**	37,827,420
	CIB Charges	**2,329,577**	794,930
	Remittance charges	**187,716**	247,931
	Fuel	**24,713,599**	21,348,043
	Others (note 38.a.2)	**115,679,384**	141,744,368
		1,225,994,881	1,147,371,942
38.a.1	**Credit card expenses**		
	Card processing and personalisation	**25,801,681**	28,811,628
	VISA international expenses	**62,676,560**	65,518,063
	ATM expenditure - IT support	**5,110,069**	4,697,288
	Other expenditure - cards	**230,797,153**	209,413,151
		324,385,463	308,440,130
38.a.2	Others include Capital raising expenses, Staff recruitment expenses, NRB bank charges etc.		
39	**CONSOLIDATED PROVISION FOR LOANS AND ADVANCES/INVESTMENTS**		
	The City Bank Limited (note 39.a)	**1,938,300,000**	2,147,500,000
	City Brokerage Limited	**76,346,765**	769,292
		2,014,646,765	2,148,269,292
39.a	**Provision for loans and advances/investments - The City Bank Limited**		
	Provision for classified loans and advances/investments	**1,459,740,006**	2,147,500,000
	Provision for unclassified loans and advances/investments	**478,560,000**	-
		1,938,300,000	2,147,500,000
40	**CONSOLIDATED PROVISION FOR TAXATION**		
	Current tax:		
	The City Bank Limited (note 40.a)	**1,656,130,855**	1,588,720,538
	City Brokerage Limited	**36,521,946**	33,742,657
	City Bank Capital Resources Limited	**23,832,488**	23,542,779
		1,716,485,289	1,646,005,974
	Deferred tax:		
	The City Bank Limited (note 40.a)	**(146,236,463)**	(672,989,539)
	City Bank Capital Resources Limited	**31,980**	(4,365,848)
		(146,204,483)	(677,355,387)
	Income tax on profit	**1,570,280,806**	968,650,587

40.a Provision for Taxation - The City Bank Limited

Current tax:

Provision for income tax has been made according to Income Tax Ordinance, 1984. During the year, an amount of Taka 1,656,130,855 for prior year (2015: Taka 1,588,720,538) has been kept as provision for income tax.

Deferred tax:

Deferred tax is provided using the Balance sheet method for timing difference arising between the tax base of assets and liabilities and their carrying values for reporting purposes as per Bangladesh Accounting Standard (BAS) - 12. During the year, net amount of Taka 146,236,463 (2015: Taka 672,989,539) has been recognised as deferred tax income.

Figures in Taka

The charge for taxation is based upon profit for the year comprises:	2016	2015
Current tax on taxable income @ 40%	**1,656,130,855**	1,708,720,538
Adjustment for prior year	**-**	(120,000,000)
	1,656,130,855	1,588,720,538
Net deferred tax liability/(asset) originated for temporary differences	**(146,236,463)**	(672,989,539)
Income tax on profit	**1,509,894,392**	915,730,999

41 CONSOLIDATED RECEIPTS FROM OTHER OPERATING ACTIVITIES

The City Bank Limited (note 41.a)	**5,356,933,457**	5,298,980,716
City Brokerage Limited	**84,601,728**	51,926,209
City Bank Capital Resources Limited	**11,405,011**	57,504,146
CBL Money Transfer Sdn. Bhd.	**1,751,885**	2,712,403
	5,454,692,081	5,411,123,474

41.a Receipts from other operating activities - The City Bank Limited

Interest on bonds, debentures and treasury bills	**4,309,270,081**	4,295,544,987
Rent recovered	**11,086,318**	39,946
Postage/telex/fax/swift charge recoveries	**47,249,558**	32,491,240
Income from sale of Bank's property	**9,348,149**	-
Credit card income	**917,737,812**	876,421,198
Rebate received from foreign banks	**54,316,401**	59,241,686
Miscellaneous earnings	**7,925,139**	35,241,659
	5,356,933,457	5,298,980,716

42. CONSOLIDATED PAYMENTS FOR OTHER OPERATING ACTIVITIES

The City Bank Limited (note 42.a)	**2,536,186,527**	2,302,617,835
City Brokerage Limited	**56,488,733**	52,282,866
City Bank Capital Resources Limited	**14,024,900**	10,106,780
CBL Money Transfer Sdn. Bhd.	**21,118,095**	25,407,876
	2,627,818,255	2,390,415,357

42.a Payments for other operating activities - The City Bank Limited

Rent, taxes, insurance and electricity	**749,973,577**	632,414,850
Legal expenses	**34,591,377**	23,772,598
Postage, stamp and telecommunication	**76,444,470**	61,153,752
Advertisement expenses	**80,480,589**	76,462,735
Directors' fees	**1,382,000**	1,469,000
Auditors' fees	**756,750**	870,750
Repair to Bank's assets	**438,079,038**	313,705,267
Other expenses	**1,154,478,726**	1,192,768,883
	2,536,186,527	2,302,617,835

Figures in Taka

		2016	2015
43	**CONSOLIDATED (INCREASE) / DECREASE OF OTHER ASSETS**		
	The City Bank Limited (note 43.a)	**(726,285,992)**	(1,129,322,478)
	City Brokerage Limited	**(36,691,008)**	137,565,746
	City Bank Capital Resources Limited	**(75,788,555)**	(15,429,609)
	CBL Money Transfer Sdn. Bhd.	**(2,372,504)**	8,917,254
		(841,138,058)	(998,269,087)
	Adjustment for consolidation-The City Bank Ltd.	**15,374,366**	39,228,931
		(825,763,692)	(959,040,156)
43.a	**(Increase) / decrease of other assets - The City Bank Limited**		
	Stationery and stamps	**1,880,630**	1,023,874
	Advance deposits and advance rent	**(47,760,283)**	(60,429,338)
	Prepaid expenses	**(24,289,982)**	(1,272,211)
	Branch adjustment account	**3,255,851**	(6,310,077)
	Account receivables	**(716,512,751)**	(1,065,098,970)
	Security deposits	**(498,312)**	2,322,982
	Receivable from City Brokerage Ltd.	**(42,689)**	1,700
	Receivable from City Bank Capital Resources Ltd.	**25,790,008**	(37,387,858)
	Intangible assets	**31,891,537**	37,827,420
		(726,285,992)	(1,129,322,478)
44	**CONSOLIDATED INCREASE/ (DECREASE) OF OTHER LIABILITIES**		
	The City Bank Limited (note 44.a)	**(2,822,881,443)**	(676,783,892)
	City Brokerage Limited	**312,423,244**	(2,889,048)
	City Bank Capital Resources Limited	**17,532,842**	17,492,910
	CBL Money Transfer Sdn. Bhd.	**62,066,205**	18,729,507
		(2,430,859,152)	(643,450,523)
	Adjustment for consolidation-The City Bank Ltd.	**(13,424,010)**	(52,276,191)
		(2,444,283,162)	(695,726,714)
44.a	**Increase/ (decrease) of other liabilities - The City Bank Limited**		
	Loans written off and waived	**(2,467,205,032)**	(1,205,978,780)
	Interest suspense account	**(307,981,562)**	351,972,982
	Other provision	**(124,941,660)**	(138,494,798)
	Branch adjustment account	**-**	(7,931,141)
	Payable to CBL Money Transfer SDN BHD	**(896,224)**	2,230,665
	Others	**78,143,035**	321,417,180
		(2,822,881,443)	(676,783,892)
45	**CONSOLIDATED EARNINGS PER SHARE (EPS)**		
	(i) Net profit after tax - Taka	**4,062,727,792**	3,593,116,965
	(ii) Weighted average number of shares	**875,798,031**	875,798,031
	Consolidated earnings per share - Taka (i/ii)	**4.64**	4.10
	Bonus factor has been considered for previous year's EPS computation.		
45.a	**Earnings per share (EPS) - The City Bank Limited**		
	(i) Net profit after tax - Taka	**3,934,444,394**	3,578,882,069
	(ii) Weighted average number of shares	**875,798,031**	875,798,031
	Earnings per share - Taka (i/ii)	**4.49**	4.09
	Bonus factor has been considered for previous year's EPS computation.		

46. Segment reporting

	2016			
	Conventional Taka	Islamic Taka	Offshore Taka	Total Taka
Total operating income (profit before unallocated expenses and tax)	13,606,238,502	425,757,443	363,726,893	14,395,722,838
Allocated expenses	(6,797,434,747)	(51,755,747)	(30,893,558)	(6,880,084,052)
Provision against loans and advances	(1,942,714,741)	56,364,995	(51,950,204)	(1,938,300,000)
Provision against off-balance sheet exposures	(119,486,883)	(5,718,793)	(7,794,324)	(133,000,000)
Profit before tax	4,746,602,081	424,647,898	273,088,807	5,444,338,786
Net profit	3,236,707,689	424,647,898	273,088,807	3,934,444,394
Segment assets	230,434,965,676	12,610,942,124	16,378,039,974	259,423,947,774
Segment liabilities	230,434,965,676	12,610,942,124	16,378,039,974	259,423,947,774

47. Related Party Disclosures

i) Particulars of Directors of the Bank as on 31 December 2016

Sl. No.	Name of the persons	Designation	Present Address	Percentage (%)of shares as at 31 December 2016
1.	Mr. Mohammed Shoeb	Chairman	23 Shyamoli, Road No. 2, Mohammadpur, Dhaka-1207.	2.50%
2.	Ms. Tabassum Kaiser	Vice-Chairperson	Blumingdale, 24 Dutabas Road Baridhara, Dhaka - 1212.	2.00%
3.	Mr. Rubel Aziz	Director	"Stone House", House no. 8, Road no. 62, Gulshan-2, Dhaka-1212.	2.49%
4.	Mr. Aziz Al Kaiser	Director	Blumingdale, 24 Dutabas Road Baridhara, Dhaka-1212.	2.91%
5.	Mr. Hossain Mehmood (Representative of A-One Polymer Limited)	Nominated Director	House No-20, Road No-6 Dhanmondi R/A, Dhaka-1205.	2.00%
6.	Mr. Hossain Khaled	Director	Anwar Group of Industries, Baitul Hossain Building, 27, Dilkusha C/A, Dhaka-1000	2.00%
7.	Mr. Rajibul Huq Chowdhury	Director	688/3, Boro Mogbazar, Dhaka-1217.	2.20%
8.	Mr. Deen Mohammad	Director	23 Shyamoli, Road No. 2, Mohammadpur, Dhaka-1207.	4.97%
9.	Mr. Rafiqul Islam Khan	Director	House no.67, Road no. 8/A Dhanmondi, Dhaka -1205.	2.01%
10.	Mrs. Syeda Shaireen Aziz	Director	"Stone House",House no. 8, Road no. 62, Gulshan-2, Dhaka-1212.	2.01%
11.	Mrs. Savera H. Mahmood (Representative of Partex Corporate Limited)	Nominated Director	House no.12, Road no. 01, Baridhara, Dhaka.	2.04%
12.	Mr. K.M. Tanjib-Ul Alam	Independent Director	House No. 83, Road No.12 A, Dhanmondi R/A, Dhaka-1209.	Nil
13.	Mr. Farooq Sobhan	Independent Director	Royal Concord, House # 54, Apt. # 402, Road # 84, Gulshan - 2, Dhaka	Nil
14.	Mr. Sohail R K Hussain	CEO & MD	The City Bank Ltd. 136 Gulshan Avenue, Gulshan-2, Dhaka-1212.	0.01%

For directors interest in different entities refer to Annexure-F.

ii) Related party transactions

During the period 1 January 2016 to 31 December 2016, the Bank concluded business deals with the following organizations in which the directors had interest:

Name of organisation	Relationship	Nature of transactions	Transaction value for the period ended		Balance outstanding as at	
			31 Dec 2016 Taka	31 Dec 2015 Taka	31 Dec 2016 Taka	31 Dec 2015 Taka
City Brokerage Ltd.	Subsidiary Company	Share Capital	1,800,000,000	-	3,400,000,000	1,600,000,000
City Brokerage Ltd.	Subsidiary Company	Loan	3,447,946,521	260,015,000	1,322,484,373	2,444,712,644
City Brokerage Ltd.	Subsidiary Company	Interest on Loan	135,702,485	260,101,281	N/A	N/A
City Brokerage Ltd.	Subsidiary Company	Inter Company Expenses	15,957,237	12,130,656	87,642	-
City Bank Capital Resources Ltd.	Subsidiary company	Share Capital	1,800,000,000	-	2,550,000,000	750,000,000
City Bank Capital Resources Ltd.	Subsidiary company	Interest on Deposits	19,364,611	6,239,407	N/A	N/A
City Bank Capital Resources Ltd.	Subsidiary company	Inter Company Expenses	39,201,806	31,351,478	33,279,812	42,068,759
CBL Money Transfer Sdn. Bhd.	Subsidiary company	Share Capital	3,929,824	-	67,010,297	63,080,473
CBL Money Transfer Sdn. Bhd.	Subsidiary company	Loan	3,523,070,032	2,677,362,418	153,392,214	117,170,675
CBL Money Transfer Sdn. Bhd.	Subsidiary Company	Interest on Loan	4,771,343	2,914,921	N/A	N/A
CBL Money Transfer Sdn. Bhd.	Subsidiary company	Inter Company Expenses	721,846,800	51,882,447	(2,294,190)	(3,190,414)
Janata Insurance Company Ltd.	Director Interest	Insurance Coverage	8,617,276	9,072,010	N/A	N/A
City General Insurance Company Ltd.	Director Interest	Insurance Coverage	5,825,671	6,333,162	N/A	N/A
Phoenix Insurance Company Ltd.	Director Interest	Insurance Coverage	12,462,292	15,307,700	N/A	N/A

iii) Statement of debts due by companies or firms in which the Directors (including Ex-Directors) of the Bank have interests as on 31 December 2016

A) Statement of funded debts due by the Directors of the bank company as at 31 December 2016

(Figures in Lac Taka)

Sl. No.	Names of Directors	Present status with the bank	Name of the institution	Types of facility	Outstanding as at 31 December 2016	Classification status	Value of eligible security
1	Mr. Mohammed Shoeb	Chairman	Self	Credit Card	2.64	Unclassified	Marked as lien of $ 0.04 lac in RFCD A/C
2	Ms. Tabassum Kaiser	Vice-Chairperson	Self	Credit Card	3.04	-Do-	Marked as lien of $ 0.05 lac in RFCD A/C & Tk. 3.00 lac in FDR
3	Mr. Rubel Aziz	Director	Self	Credit Card	0.55	-Do-	Marked as lien of $ .25 lac in RFCD A/C & Tk. 2.78 lac in FDR .
4	Mr. Aziz Al Kaiser	Director	Self	Credit Card	2.48	-Do-	Marked as lien of $ 0.10 lac in RFCD A/C & Tk. 3.00 lac in FDR
5	Mr. Hossain Mehmood	Director	Self	Credit Card	1.07	-Do-	Marked as lien of $ 0.05 lac in ERQ A/C
6	Mrs. Syeda Shaireen Aziz	Director	Self	Credit Card	4.71	-Do-	Marked as lien of Tk. 7.22 lac in FDR
7	Mr. Hossain Khaled	Director	Self	Credit Card	0.21	-Do-	Marked as lien of $ 0.05 lac in ERQ A/C
8	Mr. Rajibul Huq Chowdhury	Director	Self	Credit Card	0.48	-Do-	Marked as lien of Tk. 5.00 lac in FDR
9	Mrs. Savera H. Mahmood	Nominated Director	Self	Credit Card	2.61	-Do-	Marked as lien of Tk. 8.90 lac in FDR

B) Statement of other funded debts due by the Directors of the bank company as at 31 December 2016

(Figures in Lac Taka)

Sl.	Names of Directors	Present status with the bank	Name of the institution	Types of facility	Outstanding as at 31 December 2016	Classification status	Value of eligible security
1	Mr. Deen Mohammad	Director	Rupayan Port & Logistic Services Ltd	STL	4,386.15	Unclassified	Registered mortgage of 1,718.50 decimal land and Registered charge on fixed and floating assets.

C) Statement of non-funded debts due by the companies or firms in which the Directors of the bank company have interests as at 31 December 2016

(Figures in Lac Taka)

Sl.	Name of Director	Present Status with the Bank	Name of the Institution	Types of Facility	Outstanding as at 31 December 2016	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
4	Mr. Deen Mohammad	Director	Rupayan Port & Logistic Services Ltd.	LC	250.54	-Do-	100% payment guarantee from South East Bank Ltd

FINANCESTOCK

D) Statement of funded debts due by the companies or firms in which the Ex-Director of the banking company have interests as at 31 December 2016

Sl.	Names of Ex-Directors	Present status with the bank	Names of the institutions	Types of facility	Outstanding as at 31 December 2016	Amount of provision created	Status of classification	Amount of share holding	Nature of security with value	Remarks
1	Mr. Zakaria Hossain Choudhury and Mrs. Hosne Ara Begum	Ex. Director	A M Traders	CC (Pledge)	-	-	Tk. 120.28 lac BLW	-	-	Money Suit No. 60/2006. Stayed as per Order of the Honorable High Court in FAT No. 568/06 filed by the Bank.
			Ahsan Traders	CC (Pledge)	-	-	BLW	-	-	Artha Execution Case No. 152/05 is pending against the borrower. The proceeding of the Execution Suit was Stayed by the Order of High Court Division & later on the stay order was vacated in favor of the Bank on 07.08.2016. The a/c will be settled as per direction of the Court.
2	Mr. A.B.M. Feroj	Ex. Director	M/s R.P. Electrical Industries	Term Loan	-	-	Tk. 41.95 lac BLW	-	20 post dated cheque	Artha Ex. 93/05. The Court has passed an order regarding detention of the convict borrower in civil jail for 6(six) months from the date of Arrest.
3	Mr. Saleh Ahmed Chowdhury	Ex. Director	Saleh Fashions Ltd.	CC (Hypo)	TK. 38.71 Lac	-	BL	-	1. Hypo. of machineries installed in the factory worth Tk. 24.00 lac. 2. Mortgage of land & factory worth Tk. 26.80 lac. 3. Mortgage of 5 katha land with 2(two) storied building worth Tk. 1.00 crore & 4.1st charge created with RJSC.	In Artha Ex.Case No. 07/09, Mortgaged Property was vested in favor of bank on 22.11.2010 u/s 33(7) of Artha Rin Adalat Ain,2003 against which the borrower filed a Writ Petition and was granted Order of Stay. Later on, the Order of Stay was vacated by Court in favor of the Bank. on 03.03.2016. A settlement proposal approved by the Board was sent to Bangladesh Bank for their NOC since the account is related to an Ex-Director of the Bank. But Bangladesh Bank declined the proposal and the same has been conveyed to the borrower.
			M/s Hasan Enterprise	LIM	-	-	Tk. 530.23 lac BLW	-	-	In Artha Exe. Case No. 196/04, the Learned Court issued Warrant of Arrest. Proceedings of the said Artha Execution Suit file will not be put up until execution of warrant of arrest.
4	Mr. Azizul Haque Chowdhury	Ex. Director	M/s Shahida Trading Corporation	BG	Tk. 4.11 Lac	-	UC	-	100% margin	-
5	Mr. Anwar Hossain & Mr. Monowar Hossain	Ex. Director	Monowar Industries (Pvt) Ltd and related Business	BG	Tk. 5.75 Lac	-	UC	-	Margin Tk. 0.57 lac	-

E) Compensation of key management personnel

Refer to note: 36.a

48 EVENTS AFTER REPORTING PERIOD

i) Board of Directors in its 508th meeting held on 30 March 2017 decided to recommend 24% cash dividend subject to approval of shareholders and regulatory authorities.

ii) Bank entered into an agreement with International Finance Corporation (IFC) on 9 February 2016 for issuing ordinary shares to IFC to the extent of 5.0% of outstanding no. of shares of the bank, which has already been approved by the shareholders in an Extra Ordinary General Meeting, held on 27 March 2016 and is applied to concerned regulatory authorities for getting Regulators' consent. Under this agreement 46,560,231 shares will be issued at taka 28.30 per share which includes 18.30 as premium and face value of taka 10. The proceeds will be treated as Tier-I Capital of the Bank to help the Bank increase its investment and Loan portfolio. In addition to the this issue, IFC also agreed to provide USD 20,000,000 as convertible loan to the Bank for 3 years and the conversion option can be exercised by IFC after 1 year of disbursement of the said loan.

49 GENERAL

49.1 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.

49.1.1 Credit risk

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

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

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

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

49.1.2 Asset liability management risk

For better management of asset and liability risk, the Bank has an established Assets Liability Committee (ALCO) which meets at least once a month. The members of ALCO as at 31 December 2016 were as follows:

Mr. Sohail R. K. Hussain	Managing Director & Chief Executive Officer
Mr. Faruq M. Ahmed	Additional Managing Director & CRO
Mr. Mashrur Arefin	AMD, Head of Branch Banking & CCO

Mr. Sheikh Mohammad Maroof	DMD & Head of Wholesale Banking
Mr. Md Abdul Wadud	DMD & Head of CRM
Mr. Abdur Rahman	Head of Branch
Mr. Mohammad Mahbubur Rahman	Chief Financial Officer
Mr. Serajul Amin Ahmad	Head of Treasury
Mr. Md. Kafi Khan	Acting Head of Risk Management
Mr. Mohammad Ishrat Hossain Khan	Head of Islamic Banking
Ms. Parul Das	Head of Finance

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.

49.1.3 Foreign exchange risk

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

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

As at 31 December 2016, 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).

49.1.4 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.

49.1.5 Reputation risk arising from money laundering incidences

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention

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

49.1.6 Information technology

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

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

49.2 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.

49.2.1 Particulars of audit committee

Pursuant to the BRPD Circular no. 12 dated 23 December 2002, the Audit Committee of the Board of Directors as at 31 December 2016 consisted of the following 4 members of the Board:

Name	Status with bank	Status with committee	Educational qualification
Mr. K.M. Tanjib-Ul Alam	Independent Director	Convener	LL.B
Mr. Mohammed Shoeb	Director	Member	BBA
Mrs. Syeda Shaireen Aziz	Director	Member	BBA
Mr. Rafiqul Islam Khan	Director	Member	HSC

49.2.2 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:

52nd Committee Meeting held on 28 April 2016
53rd Committee Meeting held on 05 June 2016
54th Committee Meeting held on 15 November 2016
55th Committee Meeting held on 07 December 2016

49.2.3 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.

49.3 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.

49.4 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).

49.5 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.

49.6 Implementation of BASEL-III

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

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

Internal Capital Adequacy Assessment Process (ICAAP)

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

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

i) inform the Board of Directors about
- assessing risks
- initiatives to mitigate identified risks
- capital requirement to support the operations in light of identified risks

ii) comply with Bangladesh Bank's requirement.

49.7 Exchange rates

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

Figures in Taka

	2016	2015
USD 1 =	78.7000	78.5003
ACU 1 =	78.7000	78.5003
GBP 1 =	96.4036	116.3492
AUD 1 =	56.6915	57.3013
EUR 1 =	82.2140	85.7969
CHF 1 =	76.6907	79.3935
JPY 1 =	0.6746	0.6519
SAR 1 =	20.9752	20.9197
MYR 1 =	17.5493	18.2857
KWD 1 =	257.0635	258.6330
SGD 1 =	54.2871	55.5420
AED 1 =	21.4269	21.3772

49.8 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 2015.

Particulars	Date of Rating	Long term	Short term	Rating Valid
Entity Rating	23-Jun-16	AA2	ST-2	30-Jun-17
		Very strong capacity & very high quality	Strong capacity for timely repayment	

49.9 Fraud and administrative error

During the year 2016, Total number & amount of fraud forgeries detected in the bank were 32 nos. & BDT 3,99,56,278 respectively. Out of 32 cases, 7 instances were occurred by Bank's employees and the rests were administrative errors. Out of total fraud, an amount of BDT 19,39,896 has already been recovered, an amount of BDT 3,63,85,704 has already been taken into loss of CBL and the remaining amount of BDT 16,30,678 is under process of recovery. Adequate provision has been created for the entire loss booked amount. Administrative actions have already been taken against alleged officials and out of 32 instances, 24 cases have already been settled.

49.10 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 2,986 at the end of December 2016 as against 2,716 at the end of December 2015.

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

Managing Director & CEO | **Director** | **Director** | **Chairman**

Dhaka, 30 March 2017

Annexure-A

CONSOLIDATED LIQUIDITY STATEMENT

(Analysis of maturity of assets and liabilities)
as at 31 December 2016

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand	13,059,366,522	-	-	-	11,424,931,989	24,484,298,511
Balance with other banks and financial institutions	3,046,377,439	10,777,755,235	261,539,830	-	-	14,085,672,503
Money at call and short notice	-	-	1,379,167	90,000,000	-	91,379,167
Investments	3,551,600	2,104,459,521	3,613,954,775	3,577,925,055	18,596,221,667	27,896,112,618
Loans and advances/investments	1,282,943,297	48,438,687,523	57,328,687,001	50,544,213,286	18,451,690,234	176,046,221,342
Fixed assets including premises, furniture and fixtures	-	-	-	-	8,117,746,315	8,117,746,315
Other assets	2,350,935,573	1,047,496,562	3,009,967,521	1,256,126,842	59,445,516	7,723,972,014
Non banking assets	-	-	-	956,925,360	-	956,925,360
Total assets (A)	**19,743,174,432**	**62,368,398,841**	**64,215,528,293**	**56,425,190,544**	**56,650,035,722**	**259,402,327,831**
Liabilities						
Tier-II subordinated bond	-	-	750,000,000	2,250,000,000	-	3,000,000,000
Borrowings from other banks, financial institutions and agents	8,851,411,895	2,829,738,148	13,227,647,291	4,425,464,760	2,360,999,987	31,695,262,081
Deposits	20,446,866,184	45,274,769,103	30,800,704,545	4,110,753,258	65,707,652,392	166,340,745,482
Other accounts	459,839,273	1,510,900,467	6,106,062,473	-	-	8,076,802,212
Provision and other liabilities	791,300,877	2,443,681,159	2,122,589,473	11,804,695,115	8,622,977,784	25,785,244,407
Total liabilities (B)	**30,549,418,228**	**52,059,088,877**	**53,007,003,781**	**22,590,913,133**	**76,691,630,163**	**234,898,054,183**
Net liquidity gap (A - B)	**(10,806,243,797)**	**10,309,309,964**	**11,208,524,512**	**33,834,277,410**	**(20,041,594,441)**	**24,504,273,648**

As at 31 December 2015

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand	6,105,878,822	-	-	-	9,331,738,510	15,437,617,332
Balance with other banks and financial institutions	4,253,055,953	10,526,247,247	1,136,672,058	-	-	15,915,975,258
Money at call and short notice	-	-	5,379,167	90,000,000	-	95,379,167
Investments	7,308,600	851,835,414	5,222,590,034	5,814,810,456	14,120,418,424	26,016,962,928
Loans and advances/investments	6,604,302,693	38,312,701,215	49,664,469,920	37,657,953,389	10,775,244,947	143,014,672,164
Fixed assets including premises, furniture and fixtures	-	-	-	-	8,172,221,437	8,172,221,437
Other assets	1,442,275,821	1,114,781,218	1,273,070,277	346,524,993	583,064,225	4,759,716,534
Non banking assets	-	-	-	792,824,667	-	792,824,667
Total assets (A)	**18,412,821,889**	**50,805,565,094**	**57,302,181,456**	**44,702,113,505**	**42,982,687,543**	**214,205,369,487**
Liabilities						
Tier-II subordinated bond	-	-	-	2,400,000,000	600,000,000	3,000,000,000
Borrowings from other banks, financial institutions and agents	6,600,003,246	5,766,939,963	7,636,482,405	899,059,479	1,177,504,500	22,079,989,593
Deposits	14,448,095,929	37,534,264,249	22,644,604,598	3,809,159,445	58,625,103,780	137,061,228,001
Other accounts	51,600,073	1,496,402,126	4,796,269,108	-	-	6,344,271,307
Provision and other liabilities	345,833,312	2,585,203,063	2,352,718,777	8,408,691,945	7,443,796,056	21,136,243,153
Total liabilities (B)	**21,445,532,560**	**47,382,809,401**	**37,430,074,888**	**15,516,910,869**	**67,846,404,336**	**189,621,732,054**
Net liquidity gap (A - B)	**(3,032,710,671)**	**3,422,755,693**	**19,872,106,568**	**29,185,202,636**	**(24,863,716,793)**	**24,583,637,433**

Annexure-A/1

LIQUIDITY STATEMENT

(Analysis of maturity of assets and liabilities)

as at 31 December 2016

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand	13,059,173,377	-	-	-	11,424,931,989	24,484,105,366
Balance with other banks and financial institutions	2,613,481,402	10,221,174,616	14,170,480	-	-	12,848,826,498
Money at call and short notice	-	-	1,379,167	90,000,000	-	91,379,167
Investments	3,551,600	1,276,361,847	3,613,954,775	3,577,925,055	15,960,362,300	24,432,155,577
Loans and advances/investments	1,282,943,297	47,417,542,839	57,328,687,001	50,544,213,286	18,451,690,234	175,025,076,659
Fixed assets including premises, furniture and fixtures	-	-	-	-	8,084,826,026	8,084,826,026
Other assets	2,110,606,381	1,047,496,562	3,009,967,521	1,256,126,842	6,076,455,813	13,500,653,119
Non banking assets	-	-	-	956,925,360	-	956,925,360
Total assets (A)	**19,069,756,058**	**59,962,575,864**	**63,968,158,944**	**56,425,190,544**	**59,998,266,363**	**259,423,947,774**
Liabilities						
Tier-II subordinated bond	-	-	750,000,000	2,250,000,000	-	3,000,000,000
Borrowings from other banks, financial institutions and agents	8,851,411,895	2,829,738,148	13,227,647,291	4,425,464,760	2,360,999,987	31,695,262,081
Deposits	20,549,311,745	45,379,077,310	30,871,435,770	4,110,753,258	65,707,652,392	166,618,230,477
Other accounts	459,839,273	1,510,900,467	6,106,062,473	-	-	8,076,802,212
Provision and other liabilities	276,277,367	1,919,293,585	2,109,733,376	11,804,695,115	8,622,977,784	24,732,977,227
Total liabilities (B)	**30,136,840,280**	**51,639,009,511**	**53,064,878,910**	**22,590,913,133**	**76,691,630,163**	**234,123,271,997**
Net liquidity gap (A - B)	**(11,067,084,221)**	**8,323,566,354**	**10,903,280,034**	**33,834,277,410**	**(16,693,363,800)**	**25,300,675,777**

As at 31 December 2015

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand	6,134,942,816	-	-	-	9,331,738,510	15,466,681,326
Balance with other banks and financial institutions	4,167,121,911	10,354,379,163	1,098,345,061	-	-	15,619,846,135
Money at call and short notice	-	-	5,379,167	90,000,000	-	95,379,167
Investments	7,308,600	178,689,453	5,222,590,034	5,814,810,456	13,391,418,424	24,614,816,967
Loans and advances/investments	6,604,302,693	35,940,817,688	52,109,182,564	37,657,953,389	10,775,244,947	143,087,501,281
Fixed assets including premises, furniture and fixtures	-	-	-	-	8,135,621,490	8,135,621,490
Other assets	1,442,275,821	949,958,835	1,292,843,113	346,524,993	2,996,144,698	7,027,747,460
Non banking assets	-	-	-	792,824,667	-	792,824,667
Total assets (A)	**18,355,951,841**	**47,423,845,139**	**59,728,339,939**	**44,702,113,505**	**44,630,168,069**	**214,840,418,493**
Liabilities						
Tier-II subordinated bond	-	-	-	2,400,000,000	600,000,000	3,000,000,000
Borrowings from other banks, financial institutions and agents	6,600,003,246	5,766,939,963	7,636,482,405	899,059,479	1,177,504,500	22,079,989,593
Deposits	14,503,220,504	37,647,698,912	22,799,279,462	3,809,159,445	58,625,103,780	137,384,462,103
Other accounts	51,600,073	1,496,402,126	4,796,269,108	-	-	6,344,271,307
Provision and other liabilities	345,833,312	1,984,449,150	2,339,788,937	8,408,691,945	7,443,796,056	20,522,559,400
Total liabilities (B)	**21,500,657,135**	**46,895,490,151**	**37,571,819,912**	**15,516,910,869**	**67,846,404,336**	**189,331,282,403**
Net liquidity gap (A - B)	**(3,144,705,294)**	**528,354,988**	**22,156,520,027**	**29,185,202,636**	**(23,216,236,267)**	**25,509,136,090**

BALANCE WITH OTHER BANKS - OUTSIDE BANGLADESH (NOSTRO ACCOUNTS)

as at 31 December 2016

Name of the Banks	Account type	31 December 2016				31 December 2015		
		Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Mashreq Bank, New York, USA	CD	USD	1,432,709	78.7000	112,754,211	392,396	78.5003	30,803,201
Habib American Bank, New York, USA	CD	USD	501,941	78.7000	39,502,741	860,862	78.5003	67,577,926
Citibank N.A. New York, USA	CD	USD	(1,022,375)	78.7000	(80,460,879)	(252,050)	78.5003	(19,785,990)
HSBC, New York, USA	CD	USD	-	78.7000	-	158,475	78.5003	12,440,334
Standard Chartered Bank, New York, USA	CD	USD	2,872,657	78.7000	226,078,118	(89,730)	78.5003	(7,043,814)
Standard Chartered Bank, Frunkfurt	CD	EURO	3,990	82.2140	328,049	159,872	85.7969	13,716,548
Deutsche Bank, Frankfurt, Germany	CD	EURO	102,905	82.2140	8,460,223	16,180	85.7969	1,388,194
Arab National Bank, Riyadh	CD	SAR	-	20.9752	-	16,340	20.9197	341,820
Bank of Tokyo Mitsubishi Ltd., Japan	CD	JPY	8,678,959	0.6746	5,854,826	8,860,465	0.6519	5,776,137
Deutsche Bank Trust Comp. USA	CD	USD	547,234	78.7000	43,067,313	3,073	78.5003	241,251
Bank of Tokyo Mitsubishi Ltd., Kolkata, India	CD	ACUD	8,454	78.7000	665,319	8,393	78.5003	658,845
AB Bank Ltd., Mumbai, India	CD	ACUD	39,067	78.7000	3,074,547	(198,996)	78.5003	(15,621,278)
Sonali Bank Ltd., Kolkata, India	CD	ACUD	10,106	78.7000	795,362	15,357	78.5003	1,205,510
NIB Bank Limited, Karachi, Pakistan	CD	ACUD	139,999	78.7000	11,017,913	66,737	78.5003	5,238,849
Standard Chartered Bank, Nepal	CD	ACUD	2,150	78.7000	169,177	4,875	78.5003	382,661
Commerz Bank AG. Frankfurt, Germany	CD	USD	407,743	78.7000	32,089,373	111,130	78.5003	8,723,740
Commercial Bank of Ceylon, Colombo, Sri Lanka	CD	ACUD	70,639	78.7000	5,559,289	7,689	78.5003	603,561
Bank of Bhutan, Bhutan	CD	ACUD	22,465	78.7000	1,768,011	(2,972)	78.5003	(233,281)
Commerz Bank AG. Frankfurt, Germany	CD	EURO	176,657	82.2140	14,523,708	87,833	85.7969	7,535,835
Commerz Bank AG. Frankfurt, Germany	CD	CHF	7,687	76.6907	589,488	20,384	79.3935	1,618,323
Mashreq Bank, Mumbai, India	CD	ACUD	855,839	78.7000	67,354,519	463,866	78.5003	36,413,608
Mashreq Bank, Mumbai, India	CD	EURO	1,659	82.2140	136,414	4,522	85.7969	387,963
HDFC Bank Ltd, Mumbai, India	CD	ACUD	106,959	78.7000	8,417,698	14,076	78.5003	1,105,009
Banca Popolare Di Vicenza, Italy	CD	EURO	108,951	82.2140	8,957,268	29,445	85.7969	2,526,255
Standard Chartered Bank, London	CD	GBP	52,325	96.4036	5,044,344	173,726	116.3492	20,212,890
Mashreq Bank, London	CD	GBP	21,199	96.4036	2,043,658	38,977	116.3492	4,534,975
Kookmin Bank, Korea	CD	USD	45,453	78.7000	3,577,126	43,981	78.5003	3,452,520
Commerz Bank AG. Frankfurt	CD	AUD	70,037	56.6915	3,970,484	126,820	57.3013	7,266,929
Standard Chartered Bank,Mumbai, India	CD	ACUD	352,860	78.7000	27,770,071	189,141	78.5003	14,847,632
Mashreq Bank, Dubai	CD	AED	42	21.4269	899	-	-	-
Habib Bank Limited, Pakistan	CD	ACUD	25,410	78.7000	1,999,790	-	-	-
Mashreq Bank, New York, USA (For OBU Operation)	CD	USD	763,784	78.7000	60,109,809	(475,648)	78.5003	(37,338,548)
Commerz Bank AG. Frankfurt, Germany (For OBU Operation)	CD	USD	47,460	78.7000	3,735,065	131,074	78.5003	10,289,384
Commerz Bank AG. Frankfurt, Germany (For OBU Operation)	CD	EURO	26,468	82.2140	2,176,039	521,854	85.7969	44,773,466
Mashreq Bank Limited, New York, USA	TD	USD	500,000	78.7000	39,350,000	500,000	78.5003	39,250,150
Sonali Bank, Kolkata, India	TD	ACUD	8,133	78.7000	640,055	8,039	78.5003	631,068
			16,989,565		**661,120,028**	**12,016,185**		**263,921,673**

INVESTMENT IN SHARES

Annexure-C

as at 31 December 2016

Sl. No.	Name of the company	Type of shares	Face value	Number of shares	Cost of holding	Average cost	Quoted rate per share as at 31 Dec 2016	Total market value as at 31 Dec 2016
			Taka		Taka	Taka	Taka	Taka
	Quoted Ordinary Share							
1	AB Bank Limited	A	10	608,530	40,660,844	66.82	22.30	13,570,219
2	Dhaka Bank Limited	A	10	1,741,992	53,706,970	30.83	17.90	31,181,657
3	Mercantile Bank Limited	A	10	1,245,173	37,621,008	30.21	15.10	18,802,112
4	Mutual Trust Bank Limited	A	10	665,944	20,896,707	31.38	23.10	15,383,306
5	Pubali Bank Limited	A	10	390,608	23,140,398	59.24	24.00	9,374,592
6	Rupali Bank Limited	A	10	38,280	2,773,450	72.45	27.40	1,048,872
7	Shahjalal Islami Bank Limited	A	10	231,081	6,131,438	26.53	15.00	3,466,215
8	Standard Bank Limited	A	10	1,234,687	23,965,596	19.41	11.90	14,692,775
9	United Commercial Bank Limited	A	10	17,528,742	262,746,140	14.99	21.30	373,362,205
10	Trust Bank Limited	A	10	1,874,159	63,849,536	34.07	23.80	44,604,984
11	Investment Corporation of Bangladesh	A	100	14,330	3,729,350	260.25	104.50	1,497,485
12	Pragati Life Insurance Company Limited	A	10	102,787	9,760,864	94.96	27.10	2,785,528
13	Pravati Insurance Company Limited	A	10	119,844	2,937,765	24.51	17.70	2,121,239
14	Mercantile Insurance Company Limited	A	10	85,584	2,458,850	28.73	16.50	1,412,136
15	Peoples Insurance Company Limited	A	10	100,200	3,308,460	33.02	18.00	1,803,600
16	Continental Insurance Company Limited	A	10	58,065	1,701,300	29.30	18.40	1,068,396
17	Agrani Insurance Company Limited	A	10	42,344	1,057,150	24.97	24.00	1,016,256
18	Sonar Bangla Insurance Limited	A	10	78,684	1,507,600	19.16	17.00	1,337,628
19	Power Grid Company of Bangladesh Limited	A	10	767,800	61,666,976	80.32	54.00	41,461,200
20	Saif Powertec Limited	A	10	387	21,570	55.74	50.60	19,582
21	Dhaka Electricity Supply Company Limited	A	10	453,735	53,060,381	116.94	46.30	21,007,931
22	Summit Power Limited	A	10	6,545	224,546	34.31	37.00	242,165
23	BSRM Steels Limited	A	10	163,170	29,505,429	180.83	92.80	15,142,176
24	Beximco Limited	A	10	966,959	100,801,276	104.25	26.00	25,140,934
25	Matin Spinning Mills Ltd	A	10	872,923	37,353,653	42.79	40.20	35,091,505
26	Heidelberg Cement Bangladesh Limited	A	10	12,539	6,823,105	544.15	552.30	6,925,290
27	Premier Cement Mills Limited	A	10	100,721	9,221,975	91.56	91.20	9,185,755
28	Mobil Jamuna Lubricants Bangladesh Limited	A	10	174,536	21,075,554	120.75	119.60	20,874,506
29	United Power Generation & Distribution Company Limited	A	10	10,000	1,436,000	143.60	141.60	1,416,000
30	Square Pharmaceuticals Limited	A	10	161,000	39,481,500	245.23	249.10	40,105,100
31	The ACME Laboratories Limited	A	10	30,000	3,045,000	101.50	99.00	2,970,000
32	Grameenphone Limited	A	10	37,900	10,673,810	281.63	284.10	10,767,390
33	Bata Shoe Company (Bangladesh) Limited	A	10	5,000	5,900,000	1,180.00	1,142.00	5,710,000
34	AFC Agro Biotech Limited	A	10	850,465	43,675,543	51.35	51.10	43,458,762
35	IDLC Finance Limited	A	10	25,136,718	262,109,333	10.43	57.00	1,432,792,926
36	Perfume Chemical Ind. Limited	Z	10	28	3,500	125.00	59.00	1,652
37	Raspit Inc. (BD) Limited	Z	10	366,000	6,153,414	16.81	1.90	695,400
38	Rangamati Food Products Limited	Z	10	64,500	645,000	10.00	13.80	890,100
39	German Bangla Joint Venture Foods Limited	Z	10	21,000	210,000	10.00	3.60	75,600
40	Somorita Hospital Limited	A	10	148	-	0.00	67.20	9,946
	Total				**1,255,040,990**			**2,252,513,125**
	Unquoted Ordinary Shares							
	1. Central Depository Bangladesh Limited		10	2,284,721	6,277,770	2.75		
	2. KARMA Sangsthan Bank Limited		100	100,000	10,000,000	100.00		
	3. Industrial & Infrastructural Development Finance Company Limited		10	7,329,110	42,453,820	5.79		
	4. Venture Investment Partners Bangladesh Limited		100	202,176	18,000,000	89.03		
	Total				**76,731,590**			
	Unquoted redeemable preference Shares							
	1. Unique Hotel & Resort Limited		-	-	-	-		
	2. Desh Cambridge Kumargaon Power Limited		-	-	-	-		
	Total				-			

SCHEDULE OF FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

as at 31 December 2016

Particulars	Cost/Revaluation					Depreciation/Amortisation				Written down value as at 31 Dec 2016
	Balance as at 1 Jan 2016	Additions during the period	Adjustments during the year	Disposals during the year	Balance as at 31 Dec 2016	Balance as at 1 Jan 2016	Charged during the year	Disposals/ adjustments during the year	Balance as at 31 Dec 2016	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Own assets										
Land	4,232,440,000	-	-	-	4,232,440,000	-	-	-	-	4,232,440,000
Building	2,094,269,676	289,729,079	-	-	2,383,998,755	64,543,821	62,606,129	-	127,149,950	2,256,848,805
Work-In-Progress-Building	422,163,852	58,115,741	(289,729,079)	-	190,550,514	-	-	-	-	190,550,514
Furniture and fixtures	1,006,624,787	116,435,618	(27,854,405)	(1,553,524)	1,093,652,476	455,453,535	95,849,072	(655,877)	550,646,731	543,005,745
Office equipment and machinery	2,048,185,441	406,797,398	(171,861,280)	(19,407,742)	2,263,713,817	1,429,474,730	328,753,877	(19,307,003)	1,738,921,605	524,792,212
Software	280,325,418	16,034,831	-	-	296,360,249	77,020,817	14,547,896	-	91,568,713	204,791,535
Work-In-Progress-Software	36,457,335	27,084,047	(1,056,520)	-	62,484,862	-	-	-	-	62,484,862
Bank's vehicles	252,333,818	58,841,439	-	(18,792,000)	292,383,257	210,685,934	29,410,288	(17,625,318)	222,470,903	69,912,354
Sub-total	**10,372,800,327**	**973,038,151**	**(490,501,284)**	**(39,753,266)**	**10,815,583,929**	**2,237,178,837**	**531,167,263**	**(37,588,198)**	**2,730,757,902**	**8,084,826,026**
Leased assets										
Vehicles	-	-	-	-	-	-	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand total	**10,372,800,327**	**973,038,151**	**(490,501,284)**	**(39,753,266)**	**10,815,583,929**	**2,237,178,837**	**531,167,263**	**(37,588,198)**	**2,730,757,902**	**8,084,826,026**

TAMESTOCK

SCHEDULE OF FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

as at 31 December 2015

Particulars	Cost/Revaluation					Depreciation/Amortisation				
	Balance as at 1 Jan 2015	Additions during the period	Adjustments during the year	Disposals during the year	Balance as at 31 Dec 2015	Balance as at 1 Jan 2015	Charged during the year	Disposals/ adjustments during the year	Balance as at 31 Dec 2015	Written down value as at 31 Dec 2015
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Own assets										
Land	4,232,440,000	-	-	-	4,232,440,000	-	-	-	-	4,232,440,000
Building	2,056,538,234	37,731,442	-	-	2,094,269,676	4,955,706	59,588,115	-	64,543,821	2,029,725,855
Work-In-Progress-Building	402,482,070	57,913,225	(38,231,443)	-	422,163,852	-	-	-	-	422,163,852
Furniture and fixtures	921,863,216	192,031,581	(107,270,010)	-	1,006,624,787	366,767,169	88,686,366	-	455,453,535	551,171,252
Office equipment and machinery	1,755,946,460	394,930,852	(102,691,871)	-	2,048,185,441	1,165,801,631	263,673,099	-	1,429,474,730	618,710,711
Software	260,463,259	19,862,159	-	-	280,325,418	63,629,352	13,391,465	-	77,020,817	203,304,601
Work-In-Progress-Software	28,091,157	17,434,837	(9,068,660)	-	36,457,335	-	-	-	-	36,457,335
Bank's vehicles	25,766,205	26,628,113	-	(60,500)	252,333,818	176,480,172	34,266,261	(60,499)	210,685,934	41,647,883
Sub-total	**9,883,590,601**	**746,532,209**	**(257,261,984)**	**(60,500)**	**10,372,800,327**	**1,777,634,030**	**459,605,306**	**(60,499)**	**2,237,178,837**	**8,135,621,490**
Leased assets										
Vehicles	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-
Grand total	**9,883,590,601**	**746,532,209**	**(257,261,984)**	**(60,500)**	**10,372,800,327**	**1,777,634,030**	**459,605,306**	**(60,499)**	**2,237,178,837**	**8,135,621,490**

BANGLADESH STOCK

STATEMENT OF TAX POSITION

as at 31 December 2016

Annexure-E

Accounting year	Assessment year	Tax provision made on the basis of accounts	Tax as per assessment	Present status
		Taka	Taka	
2003	2004-2005	190,000,000	264,849,327	Reference application filed to High Court Division of the Supreme Court
2004	2005-2006	442,791,678	315,574,683	Reference application filed to High Court Division of the Supreme Court
2013	2014-2015	925,000,000	872,927,307	Assessment Completed
2014	2015-2016	1,531,252,396	1,182,255,068	Reference application filed to Appealate Tribunal
2015	2016-2017	1,588,720,538	1,628,586,122	Return Submitted

AMARSTOCK

Annexure-F

NAME OF DIRECTORS AND THEIR INTEREST IN DIFFERENT ENTITIES

as at 31 December 2016

Sl no.	Name of Directors	Status with CBL	Entities where they have interest	% of Interest
1	Mr. Mohammed Shoeb	Chairman	**Chairman**	
			Phoenix Insurance Company Limited	3.84%
			Vice-Chairman	
			Phoenix Finance & Investment Limited	2.60%
			Phoenix Securities Limited	0.50%
			Director	
			Rangdhanu Spinning Mills Limited	6.86%
			Phoenix Spinning Mills Limited	4.00%
			Phoenix Textiles Mills Limited	2.50%
2	Mrs. Tabassum Kaiser	Vice-Chairperson	**Director**	
			Fairhope Housing Limited	20.00%
			Partex Agro Limited	50.00%
			Star Gypsum Board Mills Limited	20.00%
3	Mr. Deen Mohammad	Director	**Chairman**	
			Phoenix Finance & Investment Limited	3.15%
			Apollo Ispat Limited	5.48%
			Phoenix Spinning Mills Limited	37.30%
			Rangdhanu Spinning Mills Limited	7.20%
			Phoenix Securities Limited	0.50%
			MD & Chairman	
			Phoenix Textile Mills Limited	60.00%
			Eastern Dyeing & Calendaring Works Ltd.	42.00%
			Director	
			Phoenix Insurance Company Limited	2.89%
4	Mr. Aziz Al Kaiser	Director	**Vice-Chairman**	
			Partex Star Group	-
			Managing Director	
			Star Particle Board Mills Limited	75.00%
			Partex PVC Inds. Limited	75.00%
			New Light Star Apparels Limited	85.00%
			Corvee Maritime Co. Limited	75.00%
			Partex Furniture Inds. Limited	75.00%
			Partex Builders Limited	75.00%
			Partex Laminates Limited	75.00%
			Partex Limited	10.00%
			Fairhope Housing Limited	80.00%
			Partex Cables Limited	85.00%
			Partex Aromarine Logistics Limited	50.00%
			Star Adhesive Limited	85.00%
			Star Gypsum Board Mills Limited	80.00%
			Partex Strar Properties Limited	37.50%
			Director	
			Danish Condensed Milk (BD) Limited	15.00%
			Danish Foods Limited	15.00%
			Danish Milk Bangladesh Limited	15.00%
			Rubel Steel Mills Limited	15.00%
			Danish Distribution Network Limited	15.00%
			Voice Tel Limited	22.50%
			Sky Telecommunication Limited	23.00%
			Suburna Bhumi Housing Limited	50.00%

Sl no.	Name of Directors	Status with CBL	Entities where they have interest	% of Interest
5	Mr. Rubel Aziz	Director	**Managing Director**	
			Partex Beverage Limited	0.20%
			Partex Plastics Limited	37.50%
			Partex Plastics Furniture Limited	37.50%
			Partex Properties Limited	35.00%
			Partex Foundry Limited	40.00%
			Partex Accessories Limited	37.50%
			Partex Aviation Limited	50.00%
			Partex Petro Limited	85.00%
			Sattar Glass Factory Limited	80.00%
			Partex Jute Mills Limited	75.00%
			Partex Ceramics Limited	25.00%
			Sakhi Fisheries Ltd.	89.80%
			IBAIS Ltd.	10.00%
			Director	
			Amber Cotton Mills Limited	2.08%
			Partex Real Estate Limited	25.00%
6	Mr. Hossain Mehmood (Representative of A-One Polymer Limited)	Nominated Director	A-One Polymer Limited	-
7	Mr. Hossain Khaled	Director	**Director**	
			Anwar Group of Industries	-
			Anwar Landmarks	20.00%
			Anwar Silk Mills Limited	19.61%
			Mehmood Industries (Pvt.) Limited	26.92%
			Anwar Jute Spinning Mills Limited	20.85%
			Anwar Galvanizing Limited	5.68%
			Anwar Ispat Limited	33.33%
			AG Automobiles Limited	36.00%
			Hossain Dyeing & Printing Mills Ltd.(Unit-1&2)	19.51%
			Anwar Cement Limited	7.14%
			Anwar Cement Sheet Limited	33.31%
8	Mr. Rajibul Huq Chowdhury	Director	**Managing Director**	
			Aziz Super Garments Limited	-
			Marina Knit Fashion Limited	-
			Khushi Apparels Limited	-
			Ratna Fashion Limited	
			Proprietor	
			R.H. Corporation	-
			Director	
			A.S.M Chemical Industries Limited	10.00%
9	Mrs. Syeda Shaireen Aziz	Director	**Director**	
			Partex Corp. Limited	20.00%
			Sakhi Fisheries Ltd.	10.00%
			Sattar Glass Factory Limited	20.00%
10	Mr. Md. Rafiqul Islam Khan	Director	**Managing Director**	
			Pakiza Dyeing & Printing Industries Limited	35.00%
			Garden Textile Mills (Pvt.) Limited	75.00%
			Pakiza Textile Mills Limited	75.00%
			Pakiza Spinning Mills (Pvt.) Limited	75.00%
			Pakiza Cotton Spinning Mills (Pvt.) Limited	75.00%

Sl no.	Name of Directors	Status with CBL	Entities where they have interest	% of Interest
			Chairman	
			Pakiza Knit Composite Limited	25.00%
			Momtex Limited	30.00%
			Pakiza Apparels Limited	20.00%
			Pakiza Woven Fashion Limited	20.00%
			Momtex Expo Limited	20.00%
			Director	
			Phoenix Securities Limited	-
			Partner	
			Pakiza Fabrics	50.00%
			Pakiza Textile	50.00%
11	Mrs. Savera H. Mahmood (Representative of Partex Corporate Limited)	Nominated Director	Partex Corporate Limited	-
12	Mr. K.M. Tanjib-Ul Alam	Independent Director	-	-
13	Mr. Farooq Sobhan	Independent Director	-	-

AMAR STOCK

Annexure-G

A. Disclosure regarding outstanding REPO as at 31 December 2016

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

B. Disclosure regarding outstanding Reverse REPO as at 31 December 2016

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 31 December 2016

Sl. no.	Securities sold under REPO	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
1.	with Bangladesh Bank	Nil	Nil	Nil
2.	with other Banks & Financial Institutions	320,923,401	7,897,898,744	3,284,344,593

Sl. no.	Securities purchased under Reverse REPO	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
1.	with Bangladesh Bank	Nil	Nil	Nil
2.	with other Banks & Financial Institutions	116,265,109	3,126,430,225	120,156,483

GEOGRAPHICAL SEGMENT REPORTING

Annexure-H

as at 31 December 2016

Division	Dhaka Division	Chittagong Division	Rajshahi Division	Khulna Division	Sylhet Division	Rangpur Division	Barisal Division	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Interest Income	12,852,894,450	2,180,886,625	455,058,037	195,355,051	69,560,533	260,093,111	28,379,465	16,042,227,272
Interest Expenses	(6,566,803,453)	(1,892,080,472)	(265,419,770)	(205,328,685)	(474,140,839)	(120,018,855)	(41,476,385)	(9,565,268,460)
NII	**6,286,090,996**	**288,806,153**	**189,638,268**	**(9,973,634)**	**(404,580,306)**	**140,074,256**	**(13,096,921)**	**6,476,958,812**
Pool Income	15,727,542,634	2,252,887,362	282,562,600	212,267,710	673,109,687	148,109,402	42,585,642	19,339,065,037
Pool Expenses	(17,053,824,974)	(1,728,589,660)	(275,483,947)	(87,341,383)	(4,417,964)	(176,128,148)	(13,278,960)	(19,339,065,037)
NPI	**(1,326,282,340)**	**524,297,701**	**7,078,653**	**124,926,327**	**668,691,723**	**(28,018,746)**	**29,306,682**	-
Interest Income on Investments	4,745,837,129	-	-	-	-	-	-	4,745,837,129
Commission Income	1,096,062,987	160,754,636	18,681,531	17,469,217	15,662,880	5,399,635	3,041,508	1,317,072,394
Exchange Gain / Loss	802,138,350	5,130,543	341,267	364,871	103,783	110,904	1,408	808,191,126
Fees and other Income	1,029,020,004	12,204,863	2,097,396	1,318,334	2,355,639	521,474	145,665	1,047,663,376
Total other Income	**7,673,058,471**	**178,090,042**	**21,120,194**	**19,152,423**	**18,122,302**	**6,032,012**	**3,188,582**	**7,918,764,025**
Operating income	**12,632,867,127**	**991,193,896**	**217,837,115**	**134,105,115**	**282,233,719**	**118,087,522**	**19,398,344**	**14,395,722,838**
Staff Cost	2,997,956,705	352,857,393	94,530,681	61,281,553	90,624,901	42,838,468	12,061,461	3,652,151,162
Other Cost	2,909,263,266	191,982,062	39,188,317	22,687,890	45,382,686	14,199,124	5,229,545	3,227,932,890
Total Operating Expenses	**5,907,219,971**	**544,839,455**	**133,718,998**	**83,969,442**	**136,007,588**	**57,037,592**	**17,291,006**	**6,880,084,052**
Operating Profit	**6,725,647,156**	**446,354,442**	**84,118,117**	**50,135,673**	**146,226,131**	**61,049,930**	**2,107,337**	**7,515,638,780**
Total Debt Charge	(451,974,462)	(1,594,349,675)	43,785,086	(37,751,618)	(17,835,034)	(12,876,945)	(297,351)	(2,071,300,000)
PBT	**6,273,672,693**	**(1,147,995,233)**	**127,903,202**	**12,384,055**	**128,391,097**	**48,172,985**	**1,809,986**	**5,444,338,786**
Segment wise Advances	**137,401,632,518**	**28,320,434,471**	**4,468,026,693**	**2,026,987,880**	**722,394,022**	**1,800,541,455**	**285,059,620**	**175,025,076,659**
Segment wise Deposits	**123,661,434,056**	**33,183,411,045**	**4,021,989,553**	**3,228,961,428**	**8,019,429,476**	**1,960,070,207**	**619,736,924**	**174,695,032,689**

INVESTOCK

REPORT OF SHARIAH SUPERVISORY COMMITTEE

All praise be to Almighty Allah, the Lord of the Universe and peace and blessings of Allah be upon the Prophet Mohammad (peace be upon him) and his all other descendants and companions.

The duty of the Shariah Supervisory Committee is to provide independent opinions and necessary guidelines by observing and reviewing the activities of Islamic banking operation of the Bank and to make the clients aware of Shariah compliance. On the other hand, the responsibility of the Bank`s Management is to ensure that the Bank conducts its business under Islamic banking operations in accordance with the rules and principles of Shariah.

During the year 2016, the Shariah Supervisory Committee of The City Bank Limited met in 03(Three) formal meetings and reviewed different operational issues of Islamic banking including those referred to it by the Management of the Bank and provided opinions and decisions related to Shariah.

Besides, the Muraqib (Shariah Auditor) of the Shariah Supervisory Committee inspected the running issues, products during the year 2016. He also conducted Shariah Audit of the Islamic Banking Branch and other business units in the year and submitted report to the Committee. Moreover, training sessions on Islamic banking and shariah knowledge were conducted by him during the year organized by Human Resource Division of the Bank for all fresh and different groups of employees.

The Committee, after reviewing the Shariah Inspection Reports, Balance Sheet and Profit & Loss Account as at the end of 31st December 2016 of Islamic Banking operations of the Bank, furnishes the following opinion:

1. The agreements for types of investment and transactions entered into by Islamic banking branch during the period concerned have been made in accordance with the principles of Shariah.

2. The rules and processes of different modes of investment practiced by the Bank have been properly followed.

3. Distribution of profit to the Mudarabah depositors was made in accordance with Shariah as per pre-fixed Investment Income Sharing Ratio (IISR).

4. Compensation amount have been kept separate and not included in Bank's income.

5. Bank management has been advised to continue more regular training & workshop on Islamic banking for the officials to increase their professional skills and to organize awareness program for the clients regarding Shariah compliance issues.

To the best of our knowledge no gross violation and lapses in the Islamic banking operations of the bank have been detected during the year under report and the bank management has been advised to keep the spirit of Shariah high in the days to come.

May Allah (SWT) give us strength to achieve His satisfaction through implementation of Shariah in every sphere of life.

MD. ABDULLAH SHARIF
Member Secretary
Shariah Supervisory Committee

M. Azizul Huq
Chairman
Shariah Supervisory Committee

Annexure-I(1)

BALANCE SHEET OF ISLAMIC BANKING BRANCH

as at 31 December 2016

Figures in Taka

PROPERTY AND ASSETS	Note	2016	2015
Cash			
Cash in hand (including foreign currencies)	1	**4,597,919**	1,201,545
Balance with Bangladesh Bank and its agent bank (s)		**1,836,507,609**	2,073,266,990
(Including foreign currencies)		**1,841,105,528**	2,074,468,535
Balance with other banks and financial institutions	2		
In Bangladesh		**18,619,255**	72,728,751
Outside Bangladesh		**-**	-
		18,619,255	72,728,751
Placement with banks & other financial institutions		**-**	-
Investments in shares & securities	3		
Government		**250,000,000**	200,000,000
Others		**-**	-
		250,000,000	200,000,000
Investments	4		
General investments etc.		**10,465,602,026**	16,585,718,072
Bills purchased and discounted		**4,365,500**	665,000
		10,469,967,526	16,586,383,072
Fixed assets including premises, furniture and fixtures	5	**7,801,971**	9,416,404
Other assets	6	**23,447,843**	23,959,480
Non-banking assets		**-**	-
Total assets		**12,610,942,124**	18,966,956,242
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from other banks, financial institutions and agents	7	**6,000,000,000**	7,000,000,000
Deposits and other Accounts			
Mudaraba and Manarah savings deposits		**489,124,064**	3,640,921,327
Mudaraba term deposits		**4,220,546,182**	3,460,319,276
Al-wahdia and Manarah current deposits and other accounts		**94,342,526**	110,723,133
Bills payable		**20,438,868**	2,562,625
		4,824,451,639	7,214,526,361
Other liabilities	8	**1,786,490,484**	4,752,429,881
Total liabilities		**12,610,942,124**	18,966,956,242
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		**12,610,942,124**	18,966,956,242
OFF-BALANCE SHEET ITEMS			
Contingent liabilities		**400,445,942**	286,929,462
Acceptances and endorsements		**292,978,571**	161,342,755
Letters of guarantee		**403,564,636**	234,488,588
Irrevocable letters of credit		**591,635,822**	434,753,809
Bills for collection		**-**	-
Other contingent liabilities		**1,688,624,970**	1,117,514,614
Other commitments		**-**	-
Total Off-Balance Sheet items including contingent liabilities		**1,688,624,970**	1,117,514,614

Annexure-I(2)

PROFIT AND LOSS ACCOUNT OF ISLAMIC BANKING BRANCH

for the year ended 31 December 2016

Figures in Taka

	Note	2016	2015
Profit and investment income		**728,831,677**	636,867,257
Profit paid on deposits and borrowings etc.		**(314,676,522)**	(324,325,268)
Net investment income		**414,155,155**	312,541,989
Commission, exchange and brokerage	9	**10,456,962**	5,116,967
Other operating income	10	**1,145,326**	934,803
Total operating income		**425,757,443**	318,593,759
Salaries and allowances		**21,072,432**	20,439,513
Rent, taxes, insurance, electricity etc.		**19,796,810**	13,464,810
Legal expenses		**68,400**	519,154
Postage, stamp, telecommunication etc.		**84,767**	124,318
Stationery, printing, advertisement etc.		**619,433**	353,144
Depreciation and repair of Bank's assets		**3,888,180**	5,191,182
Other expenses	11	**6,225,725**	5,144,961
Total operating expenses		**51,755,747**	45,237,081
Net operating profit		**374,001,696**	273,356,678
Provision for loans and advances/investments		**56,364,995**	(116,523,313)
Provision for Off-Balance Sheet exposures		**(5,718,793)**	(1,685,047)
Total provision		**50,646,202**	(118,208,360)
Total profit before taxes		**424,647,898**	155,148,318

AMARSTOCK

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF ISLAMIC BANKING BRANCH

for the year ended 31 December 2016

Figures in Taka

		2016	2015
1.	**CASH**		
1.1	**Cash in hand**		
	In local currency	**4,597,919**	1,201,545
	In foreign currency	**-**	-
		4,597,919	1,201,545
1.2	**Balance with Bangladesh Bank and its agent bank(s)**		
	In local currency	**1,836,507,609**	2,073,266,990
	In foreign currency	**-**	-
		1,836,507,609	2,073,266,990
2.	**BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS**		
	In Bangladesh (Note - 2.1)	**18,619,255**	72,728,751
	Outside Bangladesh	**-**	-
		18,619,255	72,728,751
2.1	**In Bangladesh**		
	Mudaraba savings deposit accounts		
	Social Islami Bank Ltd.	**1,489,983**	799,970
		1,489,983	799,970
	Mudaraba Short Notice Deposits		
	AB Bank Ltd. IBB	**6,853,688**	57,294,690
	Bank Alfalah Ltd.	**641,641**	5,279,783
	South East Bank Ltd. IBB	**9,633,943**	9,354,308
		17,129,273	71,928,781
		18,619,255	72,728,751
3	**INVESTMENTS IN SHARES & SECURITIES**		
	i) Investment classified as per Bangladesh Bank Circular		
	Held to Maturity (HTM)	**250,000,000**	200,000,000
		250,000,000	200,000,000
	ii) Investment in shares & securities are classified as follows		
	a) Government bond		
	6 months Islamic bonds	**250,000,000**	-
	2 years Islamic bond	**-**	200,000,000
	b) Other investments	**-**	-
		250,000,000	200,000,000

Figures in Taka

		2016	2015
4	**INVESTMENTS**		
	i) Investments		
	Inside Bangladesh		
	Bai-muazzal	**2,641,508**	764,833
	Murabaha	**10,102,955,143**	16,392,896,286
	Hire purchase shirkatul melk (HPSM)	**360,005,375**	191,096,103
	Quard	**-**	960,850
		10,465,602,026	16,585,718,072
	Outside Bangladesh	**-**	-
		10,465,602,026	16,585,718,072
	ii) Bills purchased and discounted		
	Payable Inside Bangladesh		
	Inland bills purchased	**4,365,500**	665,000
	Payable Outside Bangladesh		
	Foreign bills purchased and discounted	**-**	-
		4,365,500	665,000
		10,469,967,526	16,586,383,072
5	**FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES**		
	Cost		
	Furniture and fixtures	**14,699,649**	14,699,649
	Office equipment and machinery	**16,743,398**	16,673,966
		31,443,046	31,373,615
	Accumulated depreciation	**(23,641,075)**	(21,957,211)
		7,801,971	9,416,404
6	**OTHER ASSETS**		
	Stationery and stamps	**37,766**	161,506
	Advance deposits and advance rent	**14,454,983**	18,110,663
	Advance tax	**493,674**	1,676,634
	Profit receivable from Investment	**3,461,420**	4,010,677
	Sundry debtors	**5,000,000**	-
		23,447,843	23,959,480
7	**BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS**		
	In Bangladesh (Note- 7.1)	**6,000,000,000**	7,000,000,000
	Outside Bangladesh	**-**	-
		6,000,000,000	7,000,000,000
7.1	**In Bangladesh**		
	Bangladesh Bank for 100 Days	**-**	-
	Bangladesh Bank for 5 Months	**-**	-
	Bangladesh Bank for 6 Months	**6,000,000,000**	7,000,000,000
		6,000,000,000	7,000,000,000

Figures in Taka

		2016	2015
8	**OTHER LIABILITIES**		
	Profit suspense account	**3,185,157**	9,138,759
	Expense payable	**356,560**	526,163
	Profit payable account	**79,849,941**	124,600,311
	Provision for investment	**157,510,430**	226,767,432
	Provision for Off-Balance Sheet Exposures	**16,916,518**	11,197,725
	Profit Payable to Head Office	**424,647,898**	155,148,318
	Profit mark up account	**424,043,447**	501,542,389
	Unrealized Compensation	**2,678,117**	2,339,921
	Realized Compensation	**2,775,458**	5,150,831
	Branch adjustment account	**656,894,888**	3,701,369,755
	Others	**17,632,071**	14,648,278
		1,786,490,484	4,752,429,881
9	**COMMISSION, EXCHANGE AND BROKERAGE**		
	Commission on letters of credit	**3,830,152**	1,198,171
	Commission on letters of guarantee	**93,000**	210,500
	Commission on export bills	**31,500**	11,500
	Commission on bills purchased	**-**	46,783
	Commission on accepted bills	**3,273,957**	1,371,308
	Commission on OBC, IBC etc.	**30,800**	822
	Commission on PO, DD, TT, TC, etc.	**-**	24,300
	Other Fees and charges (Note - 9.1)	**3,194,283**	2,253,584
	Other commission	**3,270**	-
		10,456,962	5,116,967
	Exchange gain		
	Brokerage	**-**	-
		-	-
		10,456,962	5,116,967
9.1	**Other fees and charges**		
	Service charges on deposits	**1,253,964**	1,308,645
	Cheque book issue fees	**243,600**	195,350
	Investment processing fees	**1,586,719**	652,408
	Clearing return	**97,500**	86,500
	Charges on account closing and transfer	**12,500**	10,681
		3,194,283	2,253,584
10	**OTHER OPERATING INCOME**		
	Postage/telex/SWIFT/fax recoveries	**801,450**	526,255
	Locker rent	**99,000**	39,946
	Miscellaneous earnings (Note - 10.1)	**244,876**	368,601
		1,145,326	934,803

10.1 Miscellaneous earnings includes earning from early settlement of loan issuing various certificate and bank statements on demand of customers.

11	**Other expenses**		
	Online communication expenses	**1,953,750**	1,347,000
	Training, seminar and workshop	**5,750**	30,720
	Entertainment	**102,717**	137,132
	Conveyance	**51,030**	106,480
	Newspapers	**3,066**	3,936
	Miscellaneous expenses	**4,109,412**	3,519,693
		6,225,725	5,144,961

Annexure-J(1)

BALANCE SHEET OF OFF-SHORE BANKING UNIT

as at 31 December 2016

	Note	2016		2015
		USD	Taka	Taka
PROPERTY AND ASSETS				
Cash				
Cash in hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)		-	-	-
		-	-	-
Balance with other banks and financial institutions				
In Bangladesh		18,960,000	1,492,152,000	785,003,000
Outside Bangladesh	1	838,895	66,021,016	17,724,302
		19,798,895	1,558,173,016	802,727,302
Money at call and short notice		-	-	-
Investments in shares & securities				
Government		-	-	-
Others		-	-	-
		-	-	-
Loans and advances	2			
Loans, cash credits, overdrafts, etc.		118,658,285	9,338,406,990	6,135,114,754
Bills purchased and discounted		69,194,917	5,445,639,943	3,463,070,211
		187,853,201	14,784,046,933	9,598,184,965
Fixed assets including premises, furniture and fixtures		-	-	-
Other assets		455,146	35,820,025	12,083,227
Non-banking assets		-	-	-
Total assets		208,107,242	16,378,039,974	10,412,995,494
LIABILITIES AND CAPITAL				
Liabilities:				
Borrowings from other banks, financial institutions and agents	3	174,818,285	13,758,199,019	4,244,475,058
Deposits and other Accounts		1,148,885	90,417,242	252,013,405
Other liabilities	4	32,140,073	2,529,423,713	5,916,507,031
Total liabilities		208,107,242	16,378,039,974	10,412,995,494
Capital/shareholders' equity				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Share premium		-	-	-
Other reserve		-	-	-
Surplus in profit and loss account		-	-	-
		-	-	-
Total liabilities and shareholders' equity		208,107,242	16,378,039,974	10,412,995,494
OFF-BALANCE SHEET ITEMS				
Contingent liabilities				
Acceptances and endorsements		1,483,079	116,718,301	-
Letters of guarantee		-	-	-
Irrevocable letters of credit		1,564,324	123,112,255	34,450,920
Bills for collection		7,796,128	613,555,276	28,927,072
Other contingent liabilities		-	-	-
		10,843,531	853,385,832	63,377,992
Other commitments		-	-	-
Total Off-Balance Sheet items including contingent liabilities		10,843,531	853,385,832	63,377,992

Annexure-J(2)

PROFIT AND LOSS ACCOUNT OF OFF-SHORE BANKING UNIT

for the year ended 31 December 2016

	Note	2016		2015
		USD	Taka	Taka
Interest income	5	11,288,751	888,424,700	518,852,469
Interest paid on borrowings		(7,351,727)	(578,580,948)	(356,468,452)
Net interest income		3,937,024	309,843,752	162,384,017
Commission and exchange	6	684,665	53,883,141	10,023,259
Other operating income		-	-	-
Total operating income		4,621,689	363,726,893	172,407,276
Rent, taxes, insurance, electricity, etc.		-	-	-
Legal expenses		14,000	1,101,764	427,876
Other operating expenses		378,549	29,791,794	11,070,795
Total operating expenses		392,548	30,893,558	11,498,671
Net operating profit		4,229,140	332,833,335	160,908,605
Provision for loans and advances/investments		(660,104)	(51,950,204)	(17,622,769)
Provision for Off-Balance Sheet exposures		(99,038)	(7,794,324)	(468,361)
Provision for diminution in value of investments		-	-	-
Other provision		-	-	-
Total provision		(759,143)	(59,744,528)	(18,091,130)
Total profit before taxes		3,469,998	273,088,807	142,817,475

Annexure-J(2)

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF OFF-SHORE BANKING UNIT

for the year ended 31 December 2016

		2016		2015
		USD	Taka	Taka
1	**Balance with other banks and financial institutions**			
	In Bangladesh	18,960,000	1,492,152,000	785,003,000
	Outside Bangladesh	838,895	66,021,016	17,724,302
		19,798,895	1,558,173,016	802,727,302

OBU maintain its own account relating Offshore Banking business separately in Mashreq Bank, New York, USA.

2	**Loans and advances**			
	Loans, cash credits, overdrafts, etc.			
	Term Loan	17,767,621	1,398,311,759	5,082,020,004
	Short Term Loan	98,794,373	7,775,117,187	927,920,673
	Over Draft Loan	2,096,290	164,978,044	125,174,077
		118,658,285	9,338,406,990	6,135,114,754
	Bills purchased and discounted	69,194,917	5,445,639,943	3,463,070,211
		187,853,201	14,784,046,933	9,598,184,965
3	**Borrowings from other banks, financial institutions and agents**			
	In Bangladesh	42,000,000	3,305,400,000	785,003,000
	Outside Bangladesh	132,818,285	10,452,799,019	3,459,472,058
		174,818,285	13,758,199,019	4,244,475,058
4	**Other liabilities**			
	Government Levy and VAT payable	10,886	856,697	653,827
	Payable to main operation	28,805,410	2,266,985,778	5,787,224,018
	Provision for loans and advances	1,869,350	147,117,862	95,167,658
	Provision for off balance sheet exposure	111,354	8,763,578	969,254
	Interest suspense account	50,228	3,952,938	3,785,255
	Interest payable	1,184,179	93,194,855	22,039,910
	Others	108,666	8,552,005	6,667,109
		32,140,073	2,529,423,713	5,916,507,031
5	**Interest income**			
	Loan and advances	10,598,315	834,087,413	343,327,447
	Bills purchased and discounted	690,436	54,337,287	175,525,022
		11,288,751	888,424,700	518,852,469
6	**Commission, exchange and brokerage**			
	Commission income	684,665	53,883,141	10,329,573
	Exchange gain	-	-	(306,314)
		684,665	53,883,141	10,023,259

HIGHLIGHTS

Annexure - K

Figures in million unless specified

Sl. no.	Particulars		As at 31 December 2016	As at 31 December 2015
1	Paid-up capital	Taka	8,757.98	8,757.98
2	Total capital	Taka	24,814.16	22,574.87
3	Capital surplus/(deficit)	Taka	5,389.44	6,479.88
4	Total assets	Taka	259,423.95	214,840.42
5	Total deposits	Taka	174,695.03	143,728.73
6	Total loans and advances/investments	Taka	175,025.08	143,087.50
7	Total contingent liabilities and commitments	Taka	61,020.36	50,125.87
8	Credit deposit ratio *	%	80.40%	79.20%
9	Percentage of classified loans/investments against total loans and advances/investments	%	6.05%	7.58%
10	Amount of classified loans/investments during the period	Taka	10,581.92	10,844.78
11	Provisions kept against classified loans/investments	Taka	4,212.45	4,626.94
12	Provision surplus/(deficit) against classified loans/investments	Taka	1.23	78.97
13	Cost of fund	%	4.82%	5.91%
14	Interest earning assets	Taka	199,507.91	167,912.60
15	Non-interest earning assets	Taka	59,916.04	46,927.81
16	Return on investment (ROI)	%	21.26%	18.76%
17	Return on assets (ROA)	%	1.71%	1.90%
18	Net asset value per share	Taka	28.89	29.13
19	Profit after tax and provision	Taka	3,934.44	3,578.88
20	Income from investment	Taka	4,745.84	4,390.72
21	Earnings per share	Taka	4.49	4.09
22	Net income per share	Taka	4.49	4.09
23	Price earning ratio	Times	6.05	4.99

* As per Bangladesh Bank Reporting.

AMARSTOCK

FINANCIAL STATEMENTS OF CITY BROKERAGE LIMITED 2016

AMAR STOCK

AUDITORS' REPORT TO THE SHAREHOLDERS

for the year ended 31 December 2016

We have audited the accompanying financial statements of City Brokerage Ltd (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2016, and the statement of profit or loss and other comprehensive income (profit and loss statement), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, the Companies Act 1994, Bangladesh Securities and Exchange Commission Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards, give a true and fair view financial position of the company as at 31 December 2016 and of its financial performance and its cash flows for the year then ended and comply with the requirements of the Companies Act 1994, Bangladesh Securities and Exchange Commission Rules 1987 and other applicable laws and regulations.

WE ALSO REPORT THAT:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and

(c) the statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss statement) dealt with by the report are in agreement with the books of account and returns.

Dhaka, Bangladesh
Dated, 16 February 2017

S. F. AHMED & CO
Chartered Accountants

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

as at 31 December 2016

Figures in Taka

ASSETS	Note	2016	2015
Non-current assets			
Property, plant and equipment	3	**13,230,238**	14,215,274
Intangible assets	4	**2,950,499**	3,359,600
Membership fees	5	**600,000,000**	600,000,000
Investment in securities	6	**1,058,722,711**	451,465,814
		1,674,903,448	1,069,040,688
Current assets			
Accounts receivable	7	**2,250,498,751**	2,250,033,068
Advance payment of corporate income tax	8	**64,263,471**	63,773,292
Advances, deposits and prepayments	9	**10,365,095**	10,729,199
Cash and cash equivalents	10	**1,497,312,022**	423,014,469
		3,822,439,339	2,747,550,027
Total assets		**5,497,342,787**	3,816,590,715
Equity and liabilities			
Capital and reserves			
Share capital	11	**3,400,000,000**	1,600,000,000
Retained earnings		**(899,764,047)**	(954,634,847)
		2,500,235,953	645,365,153
Current liabilities			
Short term loan	12	**1,322,484,373**	2,444,712,644
Payable to clients	13	**768,220,100**	206,897,810
Accounts payable	14	**316,976,913**	7,140,646
Accrued expenses		**80,500**	80,500
Interest suspense account		**166,005,080**	166,005,080
Provision for diminution in value of investment		**-**	1,080,842
Provision for loans loss - margin loan		**353,086,157**	275,658,550
Provision for corporate income tax	15	**70,253,711**	69,649,490
		2,997,106,834	3,171,225,562
Total shareholders' equity and liabilities		**5,497,342,787**	3,816,590,715

These financial statements should be read in conjunction with annexed notes.

for and on behalf of the Board of Directors of City Brokerage Ltd.

Managing Director & CEO

Director

Chairman/Director
See annaxed report of the date

Dhaka, Bangladesh
Dated, 16 February 2017

S. F. AHMED & CO
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (PROFIT AND LOSS STATEMENT)

for the year ended 31 December 2016

Figures in Taka

	Note	2016	2015
Revenue			
Brokerage commission	16	**196,373,527**	164,402,777
Interest income		**118,254,287**	136,931,477
Capital gains/(loss) on investment in securities		**84,503,228**	50,630,957
Dividend income		**23,592,642**	11,060,673
Other operating income	17	**781,090**	2,012,330
Total revenue		**423,504,774**	365,038,214
Direct cost	18	**14,051,490**	12,000,232
Interest on borrowed fund		**135,702,485**	270,275,332
Cost of service		**149,753,975**	282,275,564
Gross profit		**273,750,799**	82,762,650
Operating expenses	19	**106,011,288**	101,374,199
Operating profit/(loss)		**167,739,511**	(18,611,549)
(Provision)/ write back of provision for change in value of investment in securities		**(1,080,842)**	1,080,842
Loan loss provision		**77,427,607**	769,292
		76,346,766	1,850,134
Profit before corporate income tax		**91,392,746**	(20,461,683)
Income tax expense		**(36,521,946)**	(33,742,655)
Profit after tax		**54,870,800**	(54,204,338)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**54,870,800**	(54,204,338)

These financial statements should be read in conjunction with annexed notes.

for and on behalf of the Board of Directors of City Brokerage Ltd.

Managing Director & CEO

Director

Chairman/Director
See annaxed report of the date

Dhaka, Bangladesh
Dated, 16 February 2017

S. F. AHMED & CO
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

Figures in Taka

Particulars	Share capital Taka	Retained earnings Taka	Total Taka
Year 2015			
Balance at 01 January 2015	1,600,000,000	(900,430,509)	699,569,491
Net profit/(loss) for the year	-	(54,204,338)	(54,204,338)
Balance at 31 December 2015	**1,600,000,000**	**(954,634,847)**	**645,365,153**
Year 2016			
Balance at 01 January 2016	1,600,000,000	(954,634,847)	645,365,153
Share issued during the year	1,800,000,000	-	1,800,000,000
Net profit/(loss) for the year	-	54,870,800	54,870,800
Balance at 31 December 2016	**3,400,000,000**	**(899,764,047)**	**2,500,235,953**

for and on behalf of the Board of Directors of City Brokerage Ltd.

Managing Director & CEO

Director

Chairman/Director
See annaxed report of the date

Dhaka, Bangladesh
Dated, 16 February 2017

S. F. AHMED & CO
Chartered Accountants

STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

Figures in Taka

	2016	2015
Cash flows from operating activities		
Profit/(loss) before tax	**91,392,746**	(20,461,683)
Adjustment for non-cash item:		
Depreciation and amortisation	**4,794,828**	7,232,739
Provision for unrealised loans to clients	**77,427,607**	769,292
Provision for diminution in value of investment	**(1,080,842)**	1,080,842
	172,534,339	(11,378,809)
Changes in working capital components:		
(Increase)/Decrease in accounts receivable	**(34,336,838)**	135,234,539
(Increase)/Decrease in margin loan to clients	**33,871,155**	(37,437,309)
(Increase)/Decrease in advances, deposits and prepayments	**364,103**	2,412,793
(Increase)/Decrease in advance income tax	**(490,179)**	(27,975,236)
Increase/(Decrease) in short term loan	**(1,122,228,271)**	(253,747,210)
Increase/(Decrease) in payable to clients	**561,322,290**	(143,824,319)
Increase/(Decrease) in account payable	**309,836,267**	(2,902,249)
	(251,661,473)	(328,238,991)
Net cash from/(used in) operating activities	**(79,127,134)**	(339,617,800)
Cash flows from investing activities		
Investment in shares	**(643,174,623)**	229,709,399
Acquisition of property, plant and equipment	**(3,400,690)**	(1,802,447)
Payment for intangible assets	**-**	(1,319,809)
Net cash from /(used in) investing activities	**(646,575,313)**	226,587,143
Cash flows from financing activities		
Issue of share capital	**1,800,000,000**	-
Net cash from financing activities	**1,800,000,000**	-
Net changes in cash and cash equivalents	**1,074,297,553**	(113,030,657)
Opening cash and cash equivalents	**423,014,469**	536,045,126
Closing cash and cash equivalents	**1,497,312,022**	423,014,469

for and on behalf of the Board of Directors of City Brokerage Ltd.

Managing Director & CEO

Director

Chairman/Director
See annaxed report of the date

Dhaka, Bangladesh
Dated, 16 February 2017

S. F. AHMED & CO
Chartered Accountants

AMARSTOCK

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2016

1. COMPANY AND ITS ACTIVITIES

1.1 Status of the company

City Brokerage Ltd (the company) was incorporated in Bangladesh on 31 March 2010 as a private limited company under the Companies Act 1994 vide certificate of incorporation no. C-83616/10. It is a subsidiary company of The City Bank Limited, a banking company incorporated in Bangladesh under the Banking Companies Act 1991. Though the company was incorporated on 31 March 2010 but it started its operation from 15 November 2010. The registered office of the company is situated at Jiban Bima Tower, 10 Dilkusha Commercial Area, Dhaka 1000. The company has three branches each located at Dilkusha, Dhanmondi and Nikunja, Dhaka and two other branches at Chittagong and Sylhet. The legal status of the company has been converted into public limited company from private limited company in June 2012 in compliance with Bangladesh Securities and Exchange Commission (Stock Dealer, Stock Broker and Authorised Representatives) Rules 2000.

1.2 Nature of business

The main objectives of the company for which it was incorporated are to carry on the business of stock broker/stock dealers and other related business in connection with securities dealing. Other objectives of the company are to buy, sell, hold or otherwise acquire or invest the capital of the company in shares, stocks and fixed income securities.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements of the company have been prepared in accordance with Bangladesh Financial Reporting Standards, under historical cost convention on a going concern basis and the requirements of Companies Act 1994 and Bangladesh Securities and Exchange Rules 1987.

2.2 Property, plant and equipment and depreciation

These are stated at cost less accumulated depreciation. Depreciation is charged on the items of property, plant and equipment using straight-line method in accordance with Bangladesh Accounting Standard (BAS) 16. Full month's depreciation is charged on additions irrespective of date of their acquisition and no depreciation is charged in the month of disposal. The rates of depreciation on various classes of property, plant and equipment are as under:

Category of asset	Rate (%)
Furniture and fixtures	10
Office equipment	20
Motor vehicles	20

2.3 Intangible assets and amortisation

Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the company and the cost of asset can be measured reliably in accordance with BAS 38 "Intangible Assets". Accordingly, these are stated in the statement of financial position at cost less amortisation.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances, cheques awaiting for collection and fixed deposits which are held and are available for use by the company without any restriction.

2.5 Revenue recognition

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the enterprise the revenue during the year and in accordance with the BAS 18 " Revenue recognition".

2.6 Events after reporting period

No events were occurred after the date of statement of financial position that could affect the financial position of the company or required disclosure.

2.7 Accrual

The expenses, irrespective of capital or revenue nature, accrued/ due but not paid have been provided in the books of account of the company.

2.8 Employees provident fund

Provident fund benefits are given to the permanent employees of the company in accordance with the Provident Fund Rules which are recognised by National Board of Revenue (NBR). The fund is operated by a Board of Trustees consisting of four members (all members are from management of the company). All confirmed employees of the company are contributing 10% of their basic salary as subscription to the Fund. The company also contributes equal amount of the employees' contribution.

2.9 Employees gratuity fund

Gratuity fund benefits are given to the permanent employees of the company in accordance with the Gratuity Fund Rules which are recognised by National Board of Revenue (NBR). The fund is operated by a Board of Trustees consisting of four members (all members are from management of the company).

Figures in Taka

		2016	2015
3.	**PROPERTY, PLANT AND EQUIPMENT**		
	Cost		
	Opening balance	**52,926,126**	51,123,679
	Add: Addition during the year	**3,400,690**	1,802,447
		56,326,816	52,926,126
	Less: Disposal during the year	**-**	-
	Closing balance (a)	**56,326,816**	52,926,126
	Accumulated depriciation		
	Opening balance	**38,710,852**	31,742,209
	Add: Charged during the year	**4,385,726**	6,968,643
		43,096,578	38,710,852
	Less: Adjustment during the year	**-**	-
	Closing balance (b)	**43,096,578**	38,710,852
	Net book value (a-b)	**13,230,238**	14,215,274
4.	**INTANGIBLE ASSETS**		
	Cost of software	**4,147,609**	4,147,609
	Less: Accumulated amortisation	**1,197,110**	788,009
	Net book value	**2,950,499**	3,359,600
5.	**MEMBERSHIP FEES**		
	Dhaka Stock Exchange Ltd (DSE)	**580,999,000**	580,999,000
	Chittagong Stock Exchange Ltd (CSE)	**19,001,000**	19,001,000
		600,000,000	600,000,000
6.	**INVESTMENT IN SECURITIES**		
	Investment in quoted securuties (Note 6.1)	**1,028,722,711**	451,465,814
	Investment in initial public offering (IPO)	**30,000,000**	-
		1,058,722,711	451,465,814

6.1 Investment In Quoted Securities

This represents investment made by the company in purchase of shares andmutual fund of various companies listed in DSE and CSE through its dealer account. The cost price of the quoted securities is BDT 1,028,722,711 and the market value of those quoted securities is BDT 1,050,187,538 for the year ended 31st December 2016.

7.	**ACCOUNTS RECEIVABLE**		
	Receivable from		
	DSE	**84,853,347**	52,491,518
	Clients (note 7.1)	**2,162,886,359**	2,196,757,514
	Dividend receivable	**2,115,220**	-
	Loan receivable from small investor	**592,392**	723,688
	Interest receivable from small investor	**51,432**	60,348
		2,250,498,751	2,250,033,068

Figures in Taka

7.1 Receivable from clients

The above amount is receivable from 2,543 individual and institutional clients against margin loan for investing in securities through the company.

	2016	2015
8. ADVANCE CORPORATE INCOME TAX		
Opening balance	**63,773,292**	35,798,056
Add: Paid during the year	**36,407,904**	27,975,236
	100,181,196	63,773,292
Less: Adjustment during the year	**35,917,725**	-
Closing balance	**64,263,471**	63,773,292

9. ADVANCES, DEPOSITS AND PREPAYMENTS		
Advance to/against		
Office rent	**2,990,997**	2,896,677
Insurance	**70,953**	74,650
Corporate guarantee fee (note 9.1)	**2,865,915**	5,731,433
Employee - for motor vehicle	**3,483,333**	1,300,000
Supplies	**-**	20,000
Office expenses	**918,997**	671,538
Deposit to Grameen Phone	**21,000**	21,000
Others	**13,900**	13,900
	10,365,095	10,729,199

9.1 Corporate guarantee fee

This represents amount of fee payable to The City Bank Ltd, the parent company of City Brokerage Ltd, as corporate guarantee fee.

10. Cash and cash equivalents

Cash and cash equivalents consist of the bank balances with Principal Office of The City Bank Ltd, cheque deposited with bank for clearing and petty cash held at head office and branches. Account-wise outstanding balance at 31 December 2016 is given below:

Bank balances with:		
The City Bank Ltd account nos-		
1101132314001	**489,630,586**	283,795,746
1101132314002	**342,394,436**	267,774
1101132315001	**90,256,837**	45,874,426
1101132310001	**31,551,683**	15,312,302
Standard Chartered Bank - 01111058801	**77,827,425**	17,171,753
NRB Bank-1081030013017	**283,444,629**	46,635,629
Mutual Trust Bank Ltd - 00220210005086	**17,340**	17,340
	1,315,122,935	409,074,969
Cheques awaiting for collection	**182,111,587**	13,862,000
Petty cash	**77,500**	77,500
	1,497,312,022	423,014,469

Figures in Taka

		2016	2015
11.	**SHARE CAPITAL**		
	Authorised capital		
	500,000,000 shares of Taka 10 each	**5,000,000,000**	**5,000,000,000**
	Issued, subscribed and paid-up capital		
	The City Bank Ltd		
	339,994,000 shares of Taka 10 each fully paid-up	**3,399,940,000**	**1,599,940,000**
	Individual		
	6,000 shares of Taka 10 each fully paid-up	**60,000**	**60,000**
		3,400,000,000	**1,600,000,000**
12.	**SHORT TERM LOAN**	**1,322,484,373**	**2,444,712,644**
	The City Bank Ltd:		
	This loan was taken from The City Bank Ltd in the form of overdraft where the overdraft facility limit is Taka 145 crore for margin financing and prefunding support for foreign trade of foreign clients bearing interest @ 7.50% per annum subject to revision by bank management from time to time.		
13.	**PAYABLE TO CLIENTS**	**768,220,100**	206,897,810
	This represents sale proceeds of clients' securities which is being held for buy of marketable securities or refund to the clients as per their instructions.		
14.	**ACCOUNTS PAYABLE**		
	The City Bank Ltd (note 14.1)	**42,687**	-
	Central Depository Bangladesh Ltd	**(788,352)**	(586,780)
	CSE	**3,924,535**	2,586,978
	Payable to issuer	**310,370,000**	-
	Payable to Suppliers	**154,600**	-
	Commission payable	**3,273,443**	5,140,448
		316,976,913	7,140,646
14.1	**Payable to The City Bank Ltd**		
	Opening balance	-	1,700
	Add: Addition during the year	**14,543,885**	12,128,956
		14,543,885	12,130,656
	Less: Paid during the year	**14,501,198**	12,130,656
	Closing balance	**42,687**	-
15.	**PROVISION FOR CORPORATE INCOME TAX**		
	Opening balance	**69,649,490**	35,906,835
	Add: Provision made during the year (Note 15.1)	**36,521,946**	33,742,655
		106,171,436	69,649,490
	Less: Paid during the year	**35,917,725**	-
	Closing balance	**70,253,711**	69,649,490

Figures in Taka

		2016	2015
15.1	**Provision made during the year**		
	Income from business and ther sources	**23,353,117**	-
	Capital gains	**8,450,322**	-
	Divldend income	**4,718,507**	-
		36,521,946	-
16.	**BROKERAGE COMMISSION FROM**		
	Dhaka Stock Exchange Ltd	**191,363,419**	148,913,988
	Chittagong Stock Exchange Ltd	**5,010,108**	15,488,789
		196,373,527	164,402,777
17.	**OTHER OPERATING INCOME**		
	Account opening fee	**45,700**	112,200
	BO account maintenance fee	**600,800**	580,300
	IPO commission	**36,090**	24,578
	Others	**98,500**	1,295,252
		781,090	2,012,330
18.	**DIRECT COST**		
	Hawla charges	**77,246**	57,383
	Laga charges	**13,974,244**	11,942,848
		14,051,490	12,000,232
19.	**OPERATING EXPENSES**		
	Salary and allowances	**52,673,920**	47,771,531
	Office rent	**12,421,754**	13,164,712
	Depreciation	**4,385,726**	6,968,643
	Corporate guarantee fee	**6,316,118**	6,900,000
	Third party service fee	**4,421,134**	4,333,862
	Business development	**1,790,532**	1,140,827
	Internet expenses	**2,343,825**	2,766,805
	Printing and stationery	**1,430,768**	1,590,222
	Office maintenance	**2,824,359**	2,643,090
	Traveling and conveyance	**3,161,549**	1,100,895
	Utilities	**4,803,160**	4,210,369
	Telephone and mobile	**799,632**	695,149
	Entertainment	**1,429,483**	1,837,698
	Training expenses	**73,050**	172,788
	Subscription and fees	**4,517,183**	3,948,116
	Car maintenance	**80,639**	100,121
	Board meeting fees	**215,000**	80,000
	Insurance premium	**343,512**	319,345
	Amortisation of software	**409,102**	264,096
	Legal and professional fees	**728,543**	660,100
	Bank charges	**292,178**	261,940
	Sub Total	**105,461,167**	100,930,309

Figures in Taka

	2016	2015
Audit fee	**70,000**	70,000
Newspaper and periodicals	**104,284**	80,712
Board meeting expenses	**22,812**	9,375
Fuel	**194,476**	190,036
Advertisement and publicity	**149,109**	82,500
Postage and courier	**9,439**	11,267
	106,011,288	101,374,199

20. CONTINGENT LIABILITY AND COMMITMENTS

The Company has given bank guarantees to DSE and CSE against the requirements of TREC Holder's Margin Regulation 2013 of DSE and CSE. Details of which are given below:

Bank guarantee no. and date	In favour of	Amounts in BDT
101SD0002310 dated 15 November 2016	Dhaka Stock Exchange Ltd.	500,000,000
101SD0002410 dated 15 November 2016	Chittagong Stock Exchange Ltd.	100,000,000

21. OTHERS

21.1 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

21.2 Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.

21.3 Previous period's figures have been re-arranged, whereever, considered necessary, to conform with current period presentation without causing any impact on the operating results for the period and value of assets and liabilities at the end of that period as shown in the financial statements under reporting.

for and on behalf of the Board of Directors of City Brokerage Ltd.

Managing Director & CEO | Director | Chairman/Director
See annaxed report of the date

Dhaka, Bangladesh
Dated, 16 February 2017

S. F. AHMED & CO
Chartered Accountants

DETAILS OF PROPERTY, PLANT AND EQUIPMENT

for the year ended 31 December 2016

Particulars	Cost				Rate (%)	DEPRECIATION				Present status
	At 01 Jan 2016	Additions	Sale/ disposal	Total at 31 Dec 2016		At 01 Jan 2016	Charge for the year	Adjustment	Total at 31 Dec 2016	Net book value at 31 Dec 2016
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	
Furniture and fixtures	21,377,353	-	-	21,377,353	10	10,258,470	2,354,422	-	12,612,892	8,764,461
Office equipment	26,759,297	2,298,580	-	29,057,877	20	23,982,205	1,669,987	-	25,652,192	3,405,685
Motor vehicles	4,789,476	252,110	-	5,041,586	20	4,470,177	361,317	-	4,831,494	210,092
Lease Hold Property	-	850,000	-	850,000	-	-	-	-	-	850,000
Total at 31 Dec 2016	**52,926,126**	**3,400,690**	-	**56,326,816**		**38,710,852**	**4,385,726**	-	**43,096,578**	**13,230,238**
Total at 31 Dec 2015	**51,123,679**	**1,802,447**	-	**52,926,126**		**31,742,209**	**6,968,643**	-	**38,710,852**	**14,215,274**

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FINANCIAL STATEMENTS OF CITY BANK CAPITAL RESOURCES LIMITED 2016

AMAR STOCK

AUDITORS' REPORT TO THE SHAREHOLDERS

for the year ended 31 December 2016

We have audited the accompanying financial statements of City Bank Capital Resources Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2016, and the statement of profit or loss and other comprehensive income (profit and loss statement), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, the Companies Act 1994, Bangladesh Securities and Exchange Commission Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain a reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards, give a true and fair view of the financial position of the company as at 31 December 2016 and of its financial performance and its cash flows for the year then ended and comply with the requirements of the Companies Act 1994, Bangladesh Securities and Exchange Commission Rules 1987 and other applicable laws and regulations.

WE ALSO REPORT THAT:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and

(c) the statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss statement) dealt with by the report are in agreement with the books of account and returns.

Dhaka, Bangladesh
Dated, 16 February 2017

S. F. AHMED & CO
Chartered Accountants

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

as at 31 December 2016

Figures in Taka

Assets	Note	2016	2015
Non-current assets			
Property, plant and equipment	4	**5,015,251**	6,765,721
Intangible asset	5	**985,437**	1,313,901
Investment in unquoted shares	6	**109,000,000**	129,000,000
Available-for-sale financial assets	6.a	**1,483,050,825**	-
Deferred tax assets	6.b	**4,333,867**	4,365,848
Total non-current assets		**1,602,385,380**	141,445,470
Current assets			
Margin loan		**223,661,381**	203,818,478
Investments	7	**366,767,638**	397,084,378
Inter-company receivable	8	**88,798,739**	25,737,792
Other receivables	9	**50,860,189**	39,978,348
Advances, deposits and prepayments	10	**14,761,631**	17,310,852
Cash and cash equivalents	11	**524,998,988**	180,659,523
Total current assets		**1,269,848,566**	864,589,371
Total assets		**2,872,233,946**	1,006,034,841
Equity and liabilities			
Share capital	12	**2,550,000,000**	750,000,000
Retained earnings		**58,478,628**	74,474,785
Fair value reserve	6.a.1	**40,901,795**	-
Total equity		**2,649,380,423**	824,474,785
Liabilities			
Non-current liabilities			
Employees' fund payable-non current portion		**4,897,640**	3,115,808
Total non-current liabilities		**4,897,640**	3,115,808
Current liabilities and provisions			
Inter-company payable	13	**121,359,487**	64,106,259
Accounts payable	14	**59,886,969**	41,644,079
Other liabilities	15	**12,784,440**	5,549,491
Provision for diminution in value of investment	16	**-**	43,658,476
Provision for taxation	17	**23,924,987**	23,485,943
Total current liabilities		**217,955,883**	178,444,248
Total equity and liabilities		**2,872,233,946**	1,006,034,841

These financial statements should be read in conjunction with the annexed notes for City Bank Capital Resources Limited

Chairman | Director | Managing Director & CEO | Company Secretary

Dhaka, Bangladesh
Dated, 16 February 2017

S. F. AHMED & CO
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (PROFIT AND LOSS STATEMENT)

for the year ended 31 December 2016

Figures in Taka

	Note	2016	2015
Operating income			
Interest income	18	**27,267,119**	33,373,154
Income from investment	19	**75,956,923**	82,934,728
Fee based income	20	**44,542,039**	40,354,588
Other operational income	21	**7,928,010**	4,070,935
		155,694,091	160,733,406
Operating expenses			
Salaries and allowances	22	**38,870,571**	30,762,400
Rent, taxes, insurance, utilities, etc	23	**4,011,771**	3,444,603
Repairs, maintenance and depreciation	24	**4,146,059**	3,241,424
Stationery, printing and advertising	25	**1,075,685**	1,039,777
Postage, stamp and telecommunication	26	**713,014**	611,353
Directors' remuneration		**244,166**	153,969
Audit fee		**166,111**	57,500
Legal and professional fees		**349,910**	447,155
Other expenses	27	**10,140,038**	6,991,777
		(59,717,325)	(46,749,957)
Operating profit		**95,976,766**	113,983,448
(Provision)/Write back of provision for change in value of investment	7.1	**658,880**	(22,195,998)
Profit before tax		**96,635,646**	91,787,450
Income tax expense			
Current tax	17	**(23,832,488)**	(23,542,780)
Deferred tax	6.b	**(31,980)**	4,365,848
		(23,864,468)	(19,176,932)
Profit for the year		**72,771,178**	72,610,518
Other comprehensive income			
Fair value reserve	6.a.1	**40,901,795**	-
Total comprehensive income		**113,672,973**	72,610,518

These financial statements should be read in conjunction with the annexed notes

for City Bank Capital Resources Limited

Chairman | Director | Managing Director & CEO | Company Secretary

See annaxed report of the date

Dhaka, Bangladesh
Dated, 16 February 2017

S. F. AHMED & CO
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

Figures in Taka

Particulars	Share capital	Retained earnings	Fair value reserve	Total
Year 2015				
Balance at 01 January 2015	750,000,000	86,914,267	-	836,914,267
Dividend paid for the year 2014	-	(85,050,000)	-	(85,050,000)
Profit for the year 2015	-	72,610,518	-	72,610,518
Balance at 31 December 2015	**750,000,000**	**74,474,785**	-	**824,474,785**
Year 2016				
Balance at 01 January 2016	750,000,000	74,474,785	-	824,474,785
Prior year's adjustment	-	(5,797,810)	-	(5,797,810)
Adjusted opening balance 2016	**750,000,000**	**68,676,975**	-	**818,676,975**
Share issue	1,800,000,000	-	-	1,800,000,000
Share issue cost	-	(2,969,525)	-	(2,969,525)
Interim dividend	-	(80,000,000)	-	(80,000,000)
Other comprehensive income	-	-	40,901,795	40,901,795
Profit for the year 2016	-	72,771,178	-	72,771,178
Balance at 31 December 2016	**2,550,000,000**	**58,478,628**	**40,901,795**	**2,649,380,423**

for City Bank Capital Resources Limited

Chairman | Director | Managing Director & CEO | Company Secretary

See annaxed report of the date

Dhaka, Bangladesh
Dated, 16 February 2017

S. F. AHMED & CO
Chartered Accountants

AMARSTOCK

STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

Figures in Taka

		2016	2015
A.	**Cash flows from operating activities**		
	Fees and commission from portfolio management service	**43,169,536**	48,896,464
	Fees from corporate advisory service	**12,831,028**	7,520,421
	Operating expenses	**(57,541,236)**	(13,533,895)
	Bank charges	**(210,232)**	(124,905)
	Cash generated from operating activities before changes in operating assets and liabilities	**(1,750,903)**	42,758,085
	Margin loan	**(19,842,903)**	1,743,675
	Customer deposits	**23,923,033**	15,891,570
		4,080,130	17,635,245
	Cash generated from operating activities	**2,329,227**	60,393,330
	Income tax paid	**(18,985,855)**	(25,075,333)
	Net cash from/ (used in) operating activities	**(16,656,628)**	35,317,997
B.	**Cash flows from investing activities**		
	Investment in FDR	**(5,048,960)**	101,980,000
	Dividend income	**17,892,712**	20,411,188
	Interest income	**39,756,123**	24,633,174
	Proceeds from redeemable preference shares	**20,000,000**	-
	Proceeds from sale of Govt. treasury bonds	**6,807,349**	25,978,354
	Proceeds from sale of own portfolio shares	**15,121,256**	8,899,947
	Investment in quoted shares	**(1,449,782,926)**	(38,828,379)
	Investment in commercial paper	**-**	(100,000,000)
	Investment in Govt. bonds	**-**	107,259,700
	Acquisition of property plant and equipment	**(779,936)**	(3,252,291)
	Net cash from/(used in) investing activities	**(1,356,034,382)**	147,081,693
C.	**Cash flows from financing activities**		
	Dividend paid	**(80,000,000)**	(85,050,000)
	Share issue	**1,800,000,000**	-
	Share issue cost	**(2,969,525)**	-
	Net cash from/(used in) financing activities	**1,717,030,475**	(85,050,000)
D.	**Net changes in cash and cash equivalents (A+B+C)**	**344,339,465**	97,349,690
E.	**Opening cash and cash equivalents**	**180,659,523**	83,309,833
F.	**Closing cash and cash equivalents**	**524,998,988**	180,659,523

for City Bank Capital Resources Limited

Chairman | Director | Managing Director & CEO | Company Secretary

See annaxed report of the date

Dhaka, Bangladesh
Dated, 16 February 2017

S. F. AHMED & CO
Chartered Accountants

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2016

1. REPORTING ENTITY

City Bank Capital Resources Limited (the Company), a fully owned subsidiary of The City Bank Limited is a public company limited by shares was incorporated in Bangladesh on 17 August 2009 vide registration no. C-79186/09 under the Companies Act 1994. Subsequently the Company obtained Merchant Banking License (Registration Certificate No: MB-54/2010) from Bangladesh Securities & Exchange Commission on 06 December 2010. The registered office of the Company is situated at Jiban Bima Tower, 10 Dilkusha Commercial Area, Dhaka 1000.

Nature of business

City Bank Capital Resources Limited delivers a whole range of investment banking services including merchant banking activities such as issue management, underwriting, portfolio management and corporate advisory.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), rules and regulations issued by Bangladesh Securities and Exchange Commission and Companies Act 1994. In case any rules and regulations issued by Bangladesh Securities and Exchange Commission differs from those of other regulatory authorities, the rules and regulations issued by Bangladesh Securities and Exchange Commission shall prevail.

2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except for financial instruments at fair value through profit or loss measured at fair value.

2.3 Basis of accounting

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

2.4 Functional and presentation currency

The financial statements are presented in BDT currency, which is the company's functional currency. All financial information presented in BDT have been rounded to the nearest BDT.

2.5 Use of estimates and judgment

The preparation of the financial statements in conformity with BFRSs requires management to use judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6 Reporting period

The financial period of the Company has been determined to be from 1 January to 31 December each period. These financial statements cover the period from 1 January 2016 to 31 December 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured initially at cost and subsequently at cost less accumulated depreciation in compliance with Bangladesh Accounting Standard (BAS) 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any direct cost for bringing the asset to its working condition for its intended use. Expenditures incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to- day servicing of property, plant and equipment are recognised in the profit and loss account as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each

component of an item of property, plant and equipment. For addition to property, plant and equipment, depreciation is charged from the month of capitalisation and no depreciation is charged in the month of disposal.

"The rates at which property, plant and equipment are depreciated for current and comparative years are as follows:"

Category of assets	Rateof depreciation
Office equipment	20%-50%
Furnitures and fittings	10%-20%
Motor vehicles	20%

Disposal

Gains and losses on disposal of an item of property, plant and equipment are to be determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment disposed off and are recognised net with "other non-operational income" in profit or loss statement.

3.2 Intangible assets and amortisation

Intangible assets are to be initially recognised at cost including any directly attributable cost. Intangible assets that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Intangible assets include software, integrated systems along with related hardware. Currently, the company has a software "Mbank" which is considered as an intangible asset and is therefore amortised at a rate of 14.93% per annum.

3.3 Investments

The Company holds investment securities which are strategically held and actively traded in a quoted market and those which are unquoted.

(a) Investment in quoted shares

These securities are bought and held primarily for the purpose of selling them in future and/or hold for dividend income which are reported at cost. Subsequently, unrealised gains/ losses are recognised in the profit and loss statement in case the fair value of such investments change accordingly.

(b) Investment in unquoted shares

Investment in shares which are not actively traded in a quoted market is measured at cost since the fair value can not be measured reliably.

(c) Investment in available for sale shar

During the year, the Company has invested in shares for strategic purpose. These shares are not held for day to day trading. As a result, these shares have been classified in available for sale category. Subsequently, the gain/loss arising from the changes in fair value have been put in other comprehensive income rather than profit and loss.

3.4 Financial risk management

The company's management has overall responsibility for the establishment and oversight of the company's risk management framework. The company's management policies are established to identify and analyse the risks faced by the company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has provided in separate notes the information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risks and the company's management of capital. The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

3.5 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks on current and deposit accounts which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.6 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment or expenses. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statement of comprehensive income.

3.7 Revenue recognition

As per Bangladesh Accounting Standard (BAS) 18 "Revenue", revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income on margin loan

Interest is charged on client's balance (due to us) on daily basis at the applicable rate.

Management fee

Management fee is charged on client's portfolio value (at market price) on daily basis at the applicable rate.

Income from advisory

Fee based income is recognised when a service is rendered in line with the related agreement.

Investment income

Income on investments is recognised on accrual basis. Investment income includes interest on treasury bonds and fixed deposit with other banks. Capital gains on investments in shares and treasury bills are also included in investment income. Capital gains are recognised when these are realised.

Dividend income

Dividend income has been recognised on the basis of declaration of dividend and subsequently approved in Annual General Meeting (AGM).

3.8 Taxation

Income tax expense is recognised in the statement of profit or loss and other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax has been calculated on the basis of Finance Act, 2016. Deferred tax has been calculated based on the difference between accounting policies and income tax rules and regulations. This may result in either deferred tax asset or deferred tax liabilities in the financial statement of the Company.

3.9 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.10 Contingencies

Contingencies arising from claims, litigations, assessments, fines, penalties, etc are recorded when it is probable that a liability would be created and the amount can be reasonably estimated.

3.11 Events after reporting period

Events after the reporting period that provide additional information about the company's position at the reporting period are reflected in the financial statements. Events after the reporting period that are not adjusting event are disclosed in the note when material.

No material event had occurred after the reporting period, which could substantially effect the values reported in these financial statements.

Figures in Taka

4. PROPERTY, PLANT AND EQUIPMENT	Note	2016	2015
Cost:			
Opening balance		**11,461,150**	8,208,859
Add: Addition during the year		**779,936**	3,252,291
		12,241,086	11,461,150
Less: Disposal during the year		**-**	-
Closing balance (a)		**12,241,086**	11,461,150
Accumulated depreciation:			
Opening balance		**4,695,429**	2,737,393
Add: Charged for the year		**2,530,406**	1,958,036
		7,225,835	4,695,429
Less : Adjustment made during the year		**-**	-
Closing balance (b)		**7,225,835**	4,695,429
Net book value (a - b)		**5,015,251**	6,765,721
Details are shown in Annex A.			

5. INTANGIBLE ASSETS		
Cost:		
Opening balance	**2,200,000**	2,200,000
Add: Addition during the year	**-**	-
	2,200,000	2,200,000
Less: Disposal during the year	**-**	-
Closing balance (a)	**2,200,000**	2,200,000
Accumulated amortisation:		
Opening balance	**886,099**	557,639
Add: Amortisation for the year	**328,464**	328,460
	1,214,563	886,099
Less: Adjustment made during this year	**-**	-
Closing balance (b)	**1,214,563**	886,099
Net book value (a - b)	**985,437**	1,313,901

6. INVESTMENT IN UNQUOTED SHARES			
Investment in ordinary shares	6.1	**29,000,000**	29,000,000
Investment in preference shares	6.2	**80,000,000**	100,000,000
		109,000,000	129,000,000

6.1 Investment in ordinary shares

Particulars	No. of shares	Cost price	Total cost
ADN Telecom Ltd.	1,933,333	15	29,000,000
Total	**1,933,333**	**15**	**29,000,000**

6.2 Investment in preference shares

Regent Energy and Power Co. Ltd.	8,000,000	10	80,000,000
Total	**8,000,000**	**10**	**80,000,000**

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Figures in Taka

		Note	2016	2015
6.a	**Available-for-sale financial assets**			
	Investment in ordinary shares	6.a.1	**1,483,050,825**	-

6.a.1	**Investment in ordinary shares**			
	Particulars	**Total cost**	**Market value as at 31 December 2016**	**Change in fair value as at 31 December 2016**
	Investment in ordinary shares	1,442,149,030	**1,483,050,825**	40,901,795

		Note	2016	2015
6.b	**Deferred tax assets**			
	Provision for diminution in value of investment			
	Opening balance		**43,658,476**	-
	Add: Unrealised (gains)/loss end of the period		**(658,880)**	43,658,476
			42,999,596	43,658,476
	Less: Adjustment of corresponding write off		**43,658,476**	-
	Closing balance		**(658,880)**	43,658,476
	Carry forward of loss			
	Opening balance		-	-
	Add: Realised loss on sale of shares		**43,658,476**	-
			43,658,476	-
	Less: Realised gains on sale of shares		**15,121,256**	-
	Closing balance		**28,537,220**	-
	Deductible temporary difference			
	Carry forward of loss	6.b.1	**28,537,220**	-
	Gratuity payable		**4,122,755**	
	Unrealised (gains)/loss at end of the period		**(658,880)**	43,658,476
			32,001,095	43,658,476
	Tax rate for capital gains		**10%**	10%
	Tax rate for business income		**37.5%**	37.5%
	Deferred tax assets		**4,333,867**	4,365,848
	Opening deferred tax assets		**4,365,848**	-
	Deferred tax (expenses)/income		**(31,980)**	4,365,848

6.b.1 This loss arose from sale of shares in the reporting year which can be carried forward for not more than six (6) successive assessment years as per section 40 of Income Tax Ordinance 1984.

7.	**INVESTMENTS**			
	Listed securities	7.1	**161,718,678**	227,084,378
	IPO application-Pacific Denims Ltd.		**30,000,000**	-
	Investment in fixed deposit receipt (FDR)		**75,048,960**	70,000,000
	Investment in commercial paper		**100,000,000**	100,000,000
			366,767,638	397,084,378

Figures in Taka

7.1 Details of investment in listed securities are as under:

	Cost price	Market value	Unrealised gains/(loss)
Listed shares			
Aman Feed Ltd	167,799	164,432	(3,367)
BRAC Bank Ltd	10,174,533	9,971,909	(202,624)
BSRM Steels Ltd	5,039,870	4,583,299	(456,571)
Beximco Pharmaceuticals Ltd	4,131,720	4,040,000	(91,720)
Eastern Bank Ltd	4,552,269	4,577,679	25,410
Fortune Shoes Ltd	100,620	511,150	410,530
Glaxo Smith Kline (GSK) Bangladesh Ltd	2,481,909	2,126,132	(355,777)
Grameenphone Ltd	8,178,803	8,142,022	(36,781)
Heidelberg Cement Bangladesh Ltd	25,055,234	25,625,063	569,829
IPDC Finance Ltd	2,421,879	2,397,605	(24,274)
Islami Bank Bangladesh Ltd	1,667,045	1,677,694	10,649
Jamuna Oil Company Ltd	7,801,785	7,264,000	(537,785)
M.I Cement factory	821,000	825,000	4,000
MJL Bangladesh Ltd	52,899,175	53,369,945	470,770
Olympic Industries Ltd	11,304,597	11,831,058	526,461
Southest Bank Ltd	5,094,974	4,712,400	(382,574)
Shahjibazar Power Co. Ltd	2,240,384	2,000,670	(239,714)
Square Pharmaceuticals Ltd	3,687,929	3,823,934	136,005
Trust Bank Ltd	1,160,000	1,190,000	30,000
Yeakin Polymer Ltd	10,373	34,686	24,313
	148,991,898	**148,868,678**	**(123,220)**
Mutual funds			
VIPB Accelerated Income Unit Fund	10,000,000	10,720,000	720,000
LR Global Mutual Fund-1	2,067,900	2,130,000	62,100
	12,067,900	**12,850,000**	**782,100**
Total	**161,059,798**	**161,718,678**	**658,880**

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Figures in Taka

		2016	2015
8.	**INTER-COMPANY RECEIVABLES**		
	City Brokerage Ltd-client sales	**64,135,372**	11,927,019
	The City Bank Ltd-issue management fees	**2,300,000**	-
	The City Bank Ltd-portfolio management fees	**22,363,367**	13,810,773
		88,798,739	25,737,792
9.	**OTHER RECEIVABLES**		
	Corporate advisory fees receivable	**11,665,000**	7,070,000
	Receivable from Sheltech Brokerage Ltd	**431,135**	-
	Issue management fees receivable	**3,458,500**	595,000
	Interest receivable from fixed deposits	**4,673,333**	1,323,875
	Dividend receivable	**14,640,098**	15,111,904
	Interest receivable from commercial paper	**14,008,410**	12,607,569
	Receivable from structured finance	**1,983,713**	3,270,000
		50,860,189	39,978,348
10.	**ADVANCES, DEPOSITS AND PREPAYMENTS**		
	Advance income tax	**10,059,767**	14,467,355
	Advance to employee	**4,340,977**	2,479,142
	Security deposit with CDBL	**200,000**	200,000
	Advance against expenses	**129,909**	127,100
	Prepaid insurance	**19,978**	26,255
	Security deposit-Banglalink ICON	**11,000**	11,000
		14,761,631	17,310,852
11.	**CASH AND CASH EQUIVALENTS**		
	Cash in hand	**11,769**	11,097
	Stamp in hand	**34,430**	47,030
	Bank balance with The City Bank Ltd:		
	In current accounts:		
	1101363680001	**897,627**	2,417,038
	1101363680002	**425**	305
	1101363683001	**1,035,097**	3,460,446
	1101363680003	**3,950**	-
	Special notice deposit account:		
	3101363680001	**55,684,269**	20,108,800
	1101340451001	**20,430,347**	30,447,736
	1101340450001	**64,511,154**	20,846,298
	In fixed deposit	**349,856,125**	100,090,000
	Balance with City Brokerage Ltd	**16,768,373**	3,185,514
	Balance with Sheltech Brokerage Ltd	**15,765,422**	45,259
		524,998,988	180,659,523

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Figures in Taka

12. SHARE CAPITAL	2016	2015
Authorised		
300,000,000 shares of Taka 10 each	**3,000,000,000**	1,000,000,000
Issued, subscribed and paid up		
255,000,000 (75,000,000 : 2015) ordinary shares of Taka 10 each	**2,550,000,000**	750,000,000

During the year, the Company increased its authorised capital from BDT 1,000,000,000 to BDT 3,000,000,000 with approval from Registrar of Joint Stock Companies and Firms. Subsequently, the Company in its 31st Board Meeting dated 30 June 2016 has issued 180,000,000 ordinary shares of BDT 1,800,000,000 to its existing shareholders, The City Bank Limited. Bangladesh Securities & Exchange Commission (BSEC) vide its letter no. SEC/CI/CPLP-(Pvt)-477/2013/378 dated 29 June 2016 accorded its consent to issue the new shares.

Name of shareholder	No. of shares	Value of shares	% of share holding
The City Bank Ltd.	254,995,000	2,549,950,000	99.9980%
Mr. Faruq M. Ahmed	1,000	10,000	0.0004%
Mr. Sheikh Mohammad Maroof	1,000	10,000	0.0004%
Mr. Mashrur Arefin	1,000	10,000	0.0004%
Mr. Md. Mahbubur Rahman	1,000	10,000	0.0004%
Mr. Md. Abdul Wadud	500	5,000	0.0002%
Ms. Parul Das	500	5,000	0.0002%
	255,000,000	**2,550,000,000**	**100%**

13. INTER-COMPANY PAYABLE	Note	2016	2015
City Brokerage Ltd-client sales		**66,606,598**	8,226,727
The City Bank Limited-operating expenses		**54,752,889**	55,879,532
		121,359,487	64,106,259

14. ACCOUNTS PAYABLE			
Payable to clients	**14.1**	**59,180,566**	40,997,916
Accrued expenses	**14.2**	**706,403**	646,163
		59,886,969	41,644,079

14.1. Payable to clients		
Client sales	**16,347,231**	3,763,065
Client deposit	**42,833,335**	37,234,851
	59,180,566	40,997,916

14.2 Accrued expenses		
Payable to Arthosuchak	**200,000**	-
Maintenance	**-**	330,000
Payable to BMBA	**-**	100,000
Conveyance	**90,000**	90,000
Audit fee	**144,444**	50,000
CDBL expense	**142,515**	41,163
Business development expense	**83,000**	35,000
Legal expenses	**46,444**	-
	706,403	646,163

Figures in Taka

	Note	2016	2015
15. OTHER LIABILITIES			
Employees fund payable		**9,020,395**	3,115,808
Withholding tax payable	15.1	**3,764,045**	2,433,684
		12,784,440	5,549,491
15.1 Withholding tax payable			
VAT payable		**3,332,213**	2,145,000
Salary withholding tax payable		**340,705**	192,206
VDS payable on supplier and other payment		**43,171**	54,823
TDS on supplier and other payment		**20,738**	17,211
VDS payable on professional fees		**23,887**	16,277
TDS on professional fees		**3,331**	8,167
		3,764,045	2,433,684
16. PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT			
Provision for diminution in value of quoted shares	16.1	-	43,658,476
16.1 Provision for diminution in value of quoted shares			
Opening balance		**43,658,476**	21,462,478
Add: Provision made during the year		-	22,195,998
		43,658,476	43,658,476
Less: Adjustment made during the year		**43,658,476**	-
Closing balance		-	43,658,476
17. PROVISION FOR TAXATION			
Opening balance		**23,485,943**	18,206,886
Add: Provision made during the year	17.1	**23,832,488**	23,542,780
		47,318,431	41,749,666
Less: Paid/Adjustment during the year		**23,393,444**	18,263,723
Closing balance		**23,924,987**	23,485,943
17.1 Provision Made During The Period			
Income from business and other sources	17.1.1	**20,348,307**	
Dividend income		**3,484,181**	
		23,832,488	

17.1.1 Income from business and other sources

This represents amount of corporate income tax against income from business which is higher of income tax deducted on proceeds received from services provided under section 52AA and tax applied on income from business @ 37.5% under section 82C of Income Tax Ordinance (ITO) 1984 imposed by the Government through Finance Act, 2016, calculated as under:

Figures in Taka

	2016
"Profit before tax after considering taxable allowances and disallowances in terms of ITO 1984"	71,683,056
Less: Dividend income	17,420,906
	54,262,150
Income tax @ 37.5% of income from business and other sources of BDT 54,262,150 (A)	20,348,307
0.6% of gross receipts of BDT 155,694,091 (B)	934,165
Applicable corporate income tax on income from business higher of (A) and (B)	20,348,307

		2016	2015
18.	**INTEREST INCOME**		
	Interest on margin loan	**27,267,119**	33,373,154
		27,267,119	33,373,154
19.	**INCOME FROM INVESTMENT**		
	Interest on fixed deposit	**19,797,324**	4,158,506
	Interest on commercial paper	**16,810,088**	12,607,569
	Realised gains on listed securities	**15,121,256**	8,899,947
	Dividend from preference shares	**10,400,000**	13,000,000
	Dividend from ordinary shares	**7,020,906**	8,235,442
	Interest on Govt. treasury bonds	**-**	10,054,910
	Gains on sale of Govt. treasury bonds	**6,807,349**	25,978,354
		75,956,923	82,934,728
20.	**FEE BASED INCOME**		
	Settlement fees	**11,458,999**	9,426,076
	Portfolio management fees	**8,552,594**	8,546,918
	Corporate advisory fees	**7,056,000**	8,500,000
	Arrangement fees	**8,570,028**	6,900,000
	Management fees	**4,414,418**	5,281,594
	Issue management fees	**4,490,000**	1,700,000
		44,542,039	40,354,588
21.	**OTHER OPERATIONAL INCOME**		
	Interest on STD balances	**7,899,010**	4,044,875
	Documentation charge	**29,000**	26,000
	Miscellaneous income	**-**	60
		7,928,010	4,070,935
22.	**SALARIES AND ALLOWANCES**		
	Salaries and allowances	**36,990,597**	29,534,897
	Provident fund contribution	**1,793,640**	1,162,301
	Intern allowances	**86,334**	65,202
		38,870,571	30,762,400

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Figures in Taka

		2016	2015
23.	**RENT, TAXES, INSURANCE, UTILITIES, ETC**		
	Rent expenses	**1,933,063**	1,882,931
	Insurance premium	**149,318**	139,097
	Utilities expenses	**1,929,390**	1,422,575
		4,011,771	3,444,603
24.	**REPAIRS, MAINTENANCE AND DEPRECIATION**		
	Repair and maintenance	**1,287,189**	954,928
	Depreciation	**2,530,406**	1,958,036
	Amortisation of intangible assets	**328,464**	328,460
		4,146,059	3,241,424
25.	**STATIONERY, PRINTING AND ADVERTISING**		
	Printing charge	**332,060**	332,899
	Stationery	**460,969**	506,878
	Advertisement	**282,656**	200,000
		1,075,685	1,039,777
26.	**POSTAGE, STAMP AND TELECOMMUNICATION**		
	Postage and courier charge	**7,670**	4,520
	Online charges	**304,493**	330,251
	Telephone charges	**400,851**	276,582
		713,014	611,353
27.	**Other expenses**		
	Brokerage commission	**2,259,476**	1,898,709
	Business development expenses	**1,276,325**	1,342,855
	CDBL charges	**1,450,195**	1,015,854
	Travelling and conveyance	**1,802,131**	899,147
	Outsourcing expenses	**980,431**	655,796
	Security expenses	**541,574**	367,483
	Entertainment expenses	**394,079**	321,420
	Excise duty	**186,800**	103,000
	Membership fee	**100,000**	100,000
	License and renewal fee	**204,015**	88,700
	Cleaning expenses	**99,600**	82,619
	Training and development expenses	**587,556**	43,110
	Bank charges	**23,432**	21,905
	Website development expenses	**116,731**	20,000
	Documentation	**52,000**	-
	Miscellaneous expenses	**65,693**	31,179
		10,140,038	6,991,777

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28. RELATED PARTIES

28.1 Parent company

The City Bank Limited has 99.9980% shareholding of the Company. As a result, the controlling party of the Company is The City Bank Limited.

28.2 Related party transactions

During the year, the Company carried out a number of transactions with related parties in the normal course of business. The names of related parties and nature of these transactions have been set out in accordance with the provision of BAS 24: Related Party Disclosures.

Name of related party	Relationship with the entity	Nature of transactions	2016 Taka	2015 Taka
The City Bank Limited	Parent company	Expense re-imbursement	**39,090,854**	31,334,422
		Inter company payable	**54,752,889**	55,879,532
		Interest income from SND and FDR	**19,364,611**	6,239,407
		Dividend paid	**80,000,000**	85,044,330
		Portfolio management fees - receivables	**22,363,367**	13,810,773
		Portfolio management fees - income	**8,552,594**	8,500,000
		Issue management fee - receivable	**2,300,000**	-
		Issue management fee - income	**2,000,000**	-
City Brokerage Ltd	Subsidiary of parent	Net transaction of own investment	**56,900,000**	(38,300,000)
		Balance with City Brokerage Limited	**16,768,373**	3,185,514
		Share trading settlement	**11,458,999**	8,293,071
		Brokerage commission	**11,653,468**	11,319,323

29. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks from it use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

29.1 Credit risk

Credit risk is the risk of a financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligation and arises principally from the company's receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Margin loan	**223,661,381**	203,818,478
Investments	**366,767,638**	397,084,378
Inter-company receivable	**88,798,739**	25,737,792
Other receivables	**50,860,189**	39,978,348
Cash and cash equivalents	**524,952,789**	180,601,396
	1,255,040,736	847,220,392

29.2 Liquidity risk

Liquidity risk is the risk that the company will not meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meets its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

29.3 Market risk

Market risk is the risk that any changes in market price, such as interest rates and capital market condition will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters.

	2016	2015
30. CONTINGENT LIABILITIES AND COMMITMENTS		
a) Bills of exchange discounted with the bank	**Nil**	Nil
b) Underwriting commitments outstanding	**279,000,000**	279,000,000
c) Other contingent liabilities	**Nil**	Nil
d) Capital expenditure commitments		
i) Contracted but not accounted for	**Nil**	Nil
ii) Approved but not accounted for	**Nil**	Nil

31. NUMBER OF EMPLOYEES

The number of employees engaged for the whole year or part thereof who received an yearly remuneration of BDT 36,000 or above employee was 27 (2015:21).

32. OTHERS

32.1 Figures have been rounded off to the nearest BDT.

32.2 Prior year's figures shown for comparison purpose, have been rearranged whenever necessary to confirm with current year's presentation.

for City Bank Capital Resources Limited

Chairman | Director | Managing Director & CEO | Company Secretary

Dhaka, Bangladesh
Dated, 16 February 2017

S. F. AHMED & CO
Chartered Accountants

Annexure-A

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

for the year ended 31 December 2016

Particulars	Cost				Rate of depreciation	Cost				Present status
	Balance at 1 Jan 2016	Addition during the period	Sale/disposal during the period	Total at 31 Dec 2016		Upto 1 Jan 2016	Charge for the year	Adjustment	Total at 31 Dec 2016	Net book value at 31 Dec 2016
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	
Office equipment	2,730,271	702,493	-	3,432,764	20%-50%	1,529,351	803,947	-	2,333,298	1,099,466
Furniture and fittings	1,577,135	77,443	-	1,654,578	10%-20%	437,196	295,711	-	732,907	921,671
Motor vehicle	7,153,744	-	-	7,153,744	20%	2,728,882	1,430,748	-	4,159,630	2,994,114
Total at 31 December 2016	**11,461,150**	**779,936**	**-**	**12,241,086**		**4,695,429**	**2,530,406**	**-**	**7,225,835**	**5,015,251**
Total at 31 December 2015	**8,208,859**	**3,252,291**	**-**	**11,461,150**		**2,737,393**	**1,958,036**	**-**	**4,695,429**	**6,765,721**

ATMAR STOCK

FINANCIAL STATEMENTS OF CBL MONEY TRANSFER SDN. BHD.

(INCORPORATED IN MALAYSIA)

AMAR STOCK

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CBL MONEY TRANSFER SDN. BHD.

(Incorporated In Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CBL MONEY TRANSFER SDN. BHD. which comprise the statement of financial position as at 31 December 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flow of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on the accompanying pages.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibilty includes : designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2016 and of its financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CBL MONEY TRANSFER SDN. BHD. (CONT'D)

(Incorporated In Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

NASHARUDDINONG & CO
(NO: AF 0981)
CHARTERED ACCOUNTANTS

Petaling Jaya
Dated: 26 January 2017

NASHARUDDIN BIN ABD. AZIZ
(NO: 1675/5/17(J)
Partner of the firm
Chartered Accountants (M)

STATEMENT OF FINANCIAL POSITION

at 31 December 2016

	Note	2016 RM	2015 RM
Non Current Assets			
Property, Plant and Equipment	4	**611,925**	598,579
		611,925	598,579
Current Assets			
Other Receivables, Deposits and Prepayment		**472,868**	337,677
Cash and Cash Equivalents	5	**1,359,432**	1,116,477
		1,832,300	1,454,154
Total Assets		**2,444,225**	2,052,733
Equity Attributable to Equity Holders of the Company			
Share Capital	6	**4,100,000**	4,100,000
Accumulated Loss		**(3,017,179)**	(3,051,179)
Total Equity		**1,082,821**	1,048,821
Non Current Liabilities			
Hire Purchase Payables	7	**38,547**	49,610
		38,547	49,610
Current Liabilities			
Settlement Obligations	8	**(6,822,894)**	(5,266,088)
City Bank Borrowing	9	**8,036,779**	6,101,967
Other Payables And Accruals		**97,909**	107,904
Hire Purchase Payables	7	**1 1,063**	10,5 1 9
		1,322,857	954,302
Total Liabilities		**1,361,404**	1,003,912
Total Equity And Liabilities		**2,444,225**	2,052,733

The accompanying notes form an integral part of these financial statements.

AMARSTOCK

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Note	2016 RM	2015 RM
Revenue	3 (f)	**3,926,987**	2,668,425
Cost of Services	3 (g)	**(440,903)**	(231,561)
Gross Profit		**3,486,084**	2,436,864
Other Income		**99,827**	135,206
Staff Costs		**(1,500,624)**	(1,209,989)
Depreciation Expenses		**(129,848)**	(95,725)
Other Operating Expenses		**(1,706,182)**	(1,094,882)
Finance Charges		**(215,257)**	(162,627)
Profit Before Taxation	10	**34,000**	8,847
Income Tax Expense	11	**-**	-
Profit for the year		**34,000**	8,847

The accompanying notes form an integral part of these financial statements.

AMARSTOCK

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Share Capital	Accumulated Loss	Total
	RM	RM	RM
As at 1 January 2015	4,100,000	(3,060,026)	1,039,974
Profit for the year	-	8,847	8,847
As at 31 December 2015	**4,100,000**	**(3,051,179)**	**1,048,821**
As at 1 January 2016	4,100,000	(3,051,179)	1,048,821
Profit for the year	-	34,000	34,000
As at 31 December 2016	**4,100,000**	**(3,017,179)**	**1,082, 821**

The accompanying notes form an integral part of these financial statements.

AMARSTOCK

STATEMENT OF CASH FLOW

for the year ended 31 December 2016

	Note	2016 RM	2015 RM
Cash Flows From Operating Activities:			
Profit before taxation		**34,000**	8,847
Adjustment for:			
Depreciation of property, plant and equipment		**129,848**	95,725
Interest expenses		**215,257**	162,627
Operating profit before working capital changes		**379,105**	267,199
Working capital changes:			
Receivables		**(135,191)**	444,503
Payables		**(1,566,801)**	(3,952,226)
Directors		**-**	(193,507)
Net cash used by operating activities		**(1,322,887)**	(3,434,031)
Interest paid		**(215,257)**	(162,627)
Net cash used by operating activities		**(1,538,144)**	(3,596,658)
Cash Flows From Investing Activities:			
Purchase of property, plant and equipment		**(143,194)**	(276,330)
Net cash used by investing activities		**(143,194)**	(276,330)
Cash Flows From Financing Activities:			
Repayment of hire purchase		**(10,519)**	(9,974)
Borrowing from holding company		**1,934,812**	4,340,381
Net cash generated from financing activities		**1,924,293**	4,330,407
Net Changes In Cash And Cash Equivalents		**242,955**	457,419
Cash And Cash Equivalents Brought Forward		**1,116,477**	659,058
Cash And Cash Equivalents Carried Forward	5	**1,359,432**	1,116,477

The accompanying notes form an integral part of these financial statements.

AMARSTOCK

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2016

1 GENERAL INFORMATION

The Company is a private limited company incorporated and domiciled in Malaysia with its principal place of business at Ground Floor, Loke Yew Building, No. 2, Leboh Pasar Besar, 50050 Kuala Lumpur.

The Company is principally engaged as outbound remittance service provider. There have been no significant changes in the nature of these activities during the financial year.

The number of employees of the Company as at 31 December 2016 were 29 (2015: 28).

The holding company is The City Bank Limited, a company incorporated in Bangladesh.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965, in Malaysia.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

b) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation of plant and equipment is computed on the straight line method at rate based on the estimated useful lives of the plant and equipment.

The annual depreciation rate used are as follows:

Air conditioners	10%
Computer	20%
Furniture and fittings	10%
Office equipments	10%
Renovation	10%
Signage and billboard	10%

(c) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the year which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the financial year end.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand and at bank.

(e) Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(f) Revenue

The majority of the Company's revenues are comprised of consumer money transfer transaction fees that are based on the principal amount of the money transfer and the locations from and to which funds are transferred. Consumer money transfer transaction fees are set by the Company and recorded as revenue at the time of sale. In certain consumer money transfer transactions involving different send and receive currencies, the Company generates revenue based on the difference between the exchange rate set by the Company to the consumer and the rate at which its agents are able to acquire currency. This foreign exchange revenue is recorded at the time the related transaction fee revenue is recognized.

(g) Cost of services

Cost of services consists of costs directly associated with providing services to consumers, and is primarily comprised of bank charges, which are recognized at the time of sale.

(h) Income tax

i) Current tax

Income tax on the income statement for the year comprises current and deferred tax. Current tax is the expected amount of incomes taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial

statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences, unused tax credits to the extent that it is probable that taxable profit willl be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Deferred tax is not recognise if the temporary differences arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

(i) Foreign Currencies

Transaction in foreign currencies are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. At each of balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

Non monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rates as at the date of acquisition and non monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

(j) Impairment of Assets

The carrying value of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying value of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately, unless the assets is carried at revalue amount. Any impairment loss of revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus of the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount.

A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expenses in the income statement, a reversal of that impairment loss is recognised as income in the income

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instruments.

(k) Settlement Obligations

Settlement obligations consist of money transfer and payment service payables and payables to agents. Money transfer payables represent amounts to be paid to transferees when they request their funds. Most agents typically settle with transferees first and then obtain reimbursement from the Company. Due to the agent funding and settlement process, payables to agents represent amounts due to agents for money transfers that have been settled with transferees.

(l) EMPLOYEES BENEFITS

(i) Short term employee benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave ae recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non accumulating compensated absences such as sick leave are recognised when absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statements as incurred.

4 PROPERTY, PLANT AND EQUIPMENT

	Office equipment Computers & Air cond	Furniture & Fittings	Motor Vehicles	Renovation	Signage & Billboard	Total
	RM	RM	RM	RM	RM	RM
2016						
Cost						
As at 01.01.2016	381,511	68,893	103,377	419,066	43,500	1,016,347
Additions for the year	99,055	-	-	44,139	-	143,194
As at 31.12.2016	**480,566**	**68,893**	**103,377**	**463,205**	**43,500**	**1,159,541**
Accumulated depreciation						
As at 01.01.2016	164,977	26,121	39,627	171,214	15,829	417,768
Charge for the year	52,717	6,889	20,675	45,217	4,350	129,848
As at 31.12.2016	**217,694**	**33,010**	**60,302**	**216,431**	**20,179**	**547,616**
Net carrying amount	**262,872**	**35,883**	**43,075**	**246,774**	**23,321**	**611,925**
2015						
Cost						
As at 01.01.2015	310,471	46,993	103,377	240,676	38,500	740,017
Additions for the year	71,040	21,900	-	178,390	5,000	276,330
As at 31.12.2015	**381,511**	**68,893**	**103,377**	**419,066**	**43,500**	**1,016,347**
Accumulated depreciation						
As at 01.01.2015	133,384	20,990	18,952	136,821	11,896	322,043
Charge for the year	31,593	5,131	20,675	34,393	3,933	95,725
As at 31.12.2015	**164,977**	**26,121**	**39,627**	**171,214**	**15,829**	**417,768**
Net carrying amount	**216,534**	**42,772**	**63,750**	**247,852**	**27,671**	**598,579**

5 CASH AND CASH EQUIVALENTS

	2016 RM	2015 RM
Cash and cash equivalents comprise of :		
Cash and bank balances	**1,323,197**	1,080,242
Fixed deposits	**36,235**	36,235
	1,359,432	1,116,477

6 SHARE CAPITAL

	Number of ordinary shares of RMl each		Amount	
	2016	2015	2016 RM	2015 RM
Authorised	**5,000,000**	5,000,000	**5,000,000**	5,000,000
Issued and fully paid	**4,100,000**	4,100,000	**4,100,000**	4,100,000

7 HIRE PURCHASE PAYABLES

	2016 RM	2015 RM
Total amount payable	**54,426**	80,586
Less : Interest in suspense	**(4,816)**	(10,483)
	49,610	70,103
Payables within 12 months	**11,063**	9,975
Payables after 12 months	**38,547**	60,128
	49,610	70,103

8 SETTLEMENT OBLIGATIONS

	2016		
Agents	**Prefunding RM**	**Obligation RM**	**Net Position RM**
Agrani Bank	(86,757,092)	85,741,386	(1,015,706)
Bangladesh Krishi Bank	(3,144,506)	3,045,611	(98,895)
BNI Indonesia	(1,567,606)	1,375,132	(192,474)
BRI Indonesia	(31,803,959)	31,328,932	(475,027)
Buro	-	1,997,735	1,997,735
Citybank	(86,382,027)	80,460,236	(5,921,791)
Donga Money Transfer	(4,942,134)	4,593,132	(349,002)
Himalayan Bank	(27,145,312)	26,643,533	(501,779)
Ipay	(20,644,801)	20,827,666	182,865
Islami Bank	(124,274,983)	123,089,970	(1,185,013)
Jagorani Chakra Foundation	-	2,347,745	2,347,745
Janata Bank	(46,801,410)	46,518,299	(283,111)
Kotak Mahindra Bank	(637,731)	551,270	(86,461)
Nepal	-	(8,967)	(8,967)
Padakhep	-	1,223,842	1,223,842
Pubali Bank Ltd	(4,951,924)	4,812,474	(139,450)
Reliable Finance Limited	-	(20,664)	(20,664)
Samsara	(10,095,854)	10,229,906	134,052
Sonali Bank	(40,041,962)	39,382,054	(659,908)
Sulav Remit Nepal	(23,919,259)	23,394,925	(524,334)
Tranglo Sdn Bhd	(77,164,369)	76,552,963	(611,406)
Trans Fast Remittance LLC	(9,448,211)	8,953,269	(494,942)
Uttara Bank Ltd	(1,947,523)	1,930,340	(17,183)
Xpress Money	(338,114)	215,094	(123,020)
	(602,008,777)	**595,185,883**	**(6,822,894)**

	2015		
	Prefunding RM	**Obligation RM**	**Net Position RM**
Agrani Bank			
Bangladesh Krishi Bank	(45,499,230)	44,619,111	(880,119)
Bangladesh Utara Bank	(171,260)	56,710	(114,550)
BRI Indonesia	-	9,446	9,446
Buro	(3,543,931)	3,283,967	(259,964)
Citybank	-	740,236	740,236
Donga Money Transfer	(48,924,395)	46,207,209	(2,717,186)
Himalayan Bank	(106,588)	52,497	(54,091)
Ipay	(15,313,707)	14,920,281	(393,426)
Sub Total	(11,013,351)	11,029,479	16,128
	(124,572,462)	**120,918,936**	**(3,653,526)**

	2015		
	Prefunding RM	Obligation RM	Net Position RM
Islami Bank	(69,764,671)	68,407,404	(1,357,267)
Jagorani Chakra Foundation	-	628,592	628,592
Janata Bank	(22,998,998)	22,681,620	(317,378)
Nepal	-	(8,967)	(8,967)
Padakhep	-	826,196	826,196
Pubali Bank Ltd	(816,128)	678,180	(137,948)
Reliable Finance Limited	-	(20,664)	(20,664)
Samsara	(9,752,216)	9,886,239	134,023
Sonali Bank	(19,638,345)	19,061,703	(576,642)
Sulav Remit Nepal	(4,908,306)	4,718,089	(190,217)
Tranglo Sdn Bhd	(41,245,169)	40,845,928	(399,241)
Trans Fast Remittance LLC	(2,024,046)	1,834,455	(189,591)
Uttara Bank Ltd	(375,192)	348,949	(26,243)
Xpress Money	-	22,785	22,785
	(296,095,533)	**290,829,445**	**(5,266,088)**

9 CITY BANK BORROWING

This represents unsecured shareholder's loans in form of overdraft and bank guarantee strictly for the purpose of the Company's remittance business activities.

The facilities are charged interest at 2% (2015:4%) per annum and is repayable on demand.

10 PROFIT BEFORE TAXATION

Profit before taxation has been determined after charging / (crediting) amongst other items the following:

	2016 RM	2015 RM
Audit fees	**12,000**	8,500
Depreciation	**129,848**	95,725
Director's remuneration	**64,000**	10,000
Interest expense	**215,257**	162,627
Office rental	**518,890**	446,701
Rental income	**(94,500)**	(135,000)

		2016 RM	2015 RM
11	**INCOME TAX EXPENSE**		
	Current year's provision for taxation	-	-

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective tax rate of the Company is as follows:

Profit before taxation	**34,000**	8,847
Taxation at Malaysian statutory tax rate	**6,460**	1,769
Expenses not deductible for taxation	**26,565**	53,428
Deferred tax asset not recognised during the year	**(33,025)**	(55,197)
Tax expense for the year	-	-

12 SIGNIFICANT EVENT

During the financial year, The City Bank Limited, holding company, have acquired the remaining issued shares of the Company from the existing shareholders.

13 COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements have been consistent with the previous fmancial year.

14 SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, the Company had, in the normal course of business transacted on normal commercial terms the following transactions :

Interest expense paid to holding company	**212,695**	159,522

15 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENTS

a) Capital Risk Management

The objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders value.

b) Foreign Currency Risk

The Company has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities.

The currencies giving rise to this risk are primarily United States Dollar (USD). Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the exposure is at an acceptable level. At 31 December 2016, the Company have not entered into any forward foreign currency contracts.

c) Liquidity and Cash Flow Risk

The Company actively managed its debt maturity profile, operating cash flow and the availability of the funding so as to ensure that all financing, repayment and funding needs are met. As part of the overall prudent liquidity management, the Company endeavours to maintain sufficient levels of cash and cash equivalents and has available funding from shareholders.

DETAILED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

for the year ended 31 December 2016

	2016 RM	2015 RM
REVENUE	**2,601,227**	1,912,962
Transaction fees	**1,325,760**	755,463
Foreign exchage revenue	**3,926,987**	2,668,425
Less: Cost Of Services	**(440,903)**	(231,561)
Gross Profit	**3,486,084**	2,436,864
Add: Other Income		
Interest Income	**462**	206
Rental Income	**94,500**	135,000
Other Operating Income	**4,865**	-
	99,827	135,206
LESS: ADMINISTRATIVE AND OPERATING EXPENSES		
Staff costs :		
Bonus	**37,280**	22,500
Director's remuneration	**64,000**	10,000
Wages, salaries and allowances	**1,229,851**	1,136,035
EPF	**44,838**	33,780
SOCSO	**8,112**	5,942
Medical	**8,849**	532
Staff training	**107,694**	1,200
	1,500,624	1,209,989
Depreciation expenses	**129,848**	95,725

For management information only

DETAILED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	2016 RM	2015 RM
Other operatinp, expenses :		
Advertising	**2,210**	24,453
Audit fees	**12,000**	8,500
Bank charges	**83,856**	43,266
Courier and postage	**2,086**	1,205
Commision expense	**406,094**	-
Electricity and water	**99,330**	68,345
Entertainment	**23,082**	29,921
Expatriate expenses	**-**	34,560
Government service tax	**-**	420
Insurance	**19, 760**	-
Licensing fee	**8,037**	6,100
Repair and maintenance	**24,693**	25, 724
Office rental	**518,890**	446,701
Printing and stationery	**76,466**	59,926
Professional fees	**45,205**	41,808
Rental of photostat machine	**18,177**	13,251
Secretarial and filling fees	**1,282**	1,727
Security charges	**180,332**	93,374
Stamp duty	**1,768**	15,628
Sundry expenses	**-**	1,675
Taxation fees	**-**	3,697
Telephone and internet	**104,168**	75,375
Travelling and accommodation	**63,030**	75,813
Upkeep of computer	**-**	4,080
Upkeep of motor vehicles	**15,716**	19,333
	1,706,182	1,094,882
Financial charges:		
Interest loan	**212,695**	159,522
Hire purchase interest	**2,562**	3,105
	215,257	162,627
PROFIT FOR THE YEAR	**34,000**	8,847

For management information only

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BASEL UNIT

Banking Industry of Bangladesh started implementing Basel III with the adoption of Bangladesh Bank's guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III). The guideline also provided a 5 year road map for full implementation of Basel III by the year 2019. Considering the road map, Bangladesh Bank advised all scheduled banks to constitute, develop as well as strengthen the Basel Unit to implement the latest accord properly.

FORMATION AND MEMBERS OF BASEL UNIT:

In order to incorporate the changing global concepts and new inclusions in Basel Accords, City Bank formed a management level committee named 'Basel Unit', chaired by MD & CEO, to implement Basel III in the banking business of the City Bank. Members of the Basel Unit are Chief Risk Officer, Chief Financial Officer, Chief Information Officer, Head of Credit Risk Management, Head of Internal Control and Compliance, Head of Finance and Head of Treasury, while Head of Risk management Division acts as the focal point of the unit.

TERMS OF REFERENCE OF BASEL UNIT:

The unit is vested with supervisory responsibilities to implement Basel III across the Bank. Therefore, the unit is assigned to adopt a comprehensive approach to devise the plan and craft the strategies for implementation of Basel III in the banking business of City Bank. Consistency assessments and evaluation of work stream are major supervisory responsibilities of the unit. Additionally, the unit periodically assesses the necessary organizational requirements to ensure the smooth implementation of the process and deals with any regulatory requirements in regards to implement Basel III.

Terms of Reference (ToR) of the unit as advised by Bangladesh Bank are as follows:

- Implementation of the Action Plan of Basel Accords in the bank
- To communicate issues related to Basel Implementation to the Bank Management
- To attend Quantitative Impact Study (QIS) and Accountability for the Compliance of Basel Accords
- Arranging customized training programs according to the Training Needs Assessment

BASEL III PILLAR 3: DISCLOSURES ON RISK BASED CAPITAL

Basel III : A Global Regulatory Framework for more Resilient Banks and Banking Systems

INTRODUCTION

Capital management is considered as an integral part of the risk management of the bank as capital ensures cushion against any loss suffered by the bank and saves bank from running off. Banking Industry of Bangladesh entered into the Basel III from Basel II regime from 1 January 2015. Since then, City Bank has applied the Basel III framework as part of its capital management strategy. Like Basel II, Basel III accord is also made up of three pillars:

- Pillar 1 (Minimum Capital Requirement) covers the calculation of risk-weighted assets and minimum capital requirement for credit risk, market risk and operational risk
- Pillar 2 (Supervisory Review Process) intends to ensure that the Banks have adequate capital to address all the risks in their business
- Pillar 3 (Market Disclosure) speaks of ensuring market discipline by disclosing adequate information to the stakeholders

Disclosures are intended to inform the general market participants about the scope of application of new capital adequacy framework, capital of the Bank, risk exposures of the Bank, Bank's risk assessment processes, its risk mitigation strategies and practices and capital adequacy of the bank through disclosure format in line with the Bangladesh Bank BRPD Circular no. 18 dated December 21, 2014 as to "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel III)".

The report is prepared once a year, except in exceptional circumstances, according to Disclosure Policy of City Bank and Bangladesh Bank's guidelines. For the ease of stakeholders, it is also made available at City Bank's web site.

Key Metrics (Solo Basis):

Capital to Risk Weighted Asset 13.57% 2015: 14.03%	Common Equity Tier I Capital ratio 10.16% 2015: 10.08%	Leverage Ratio 6.60% 2015: 7.06%
Total Eligible Capital Tk 2,481.42 crore 2015: Tk 2,257.49 crore	Common Equity Tier I Capital Tk 1,856.94 crore 2015: Tk 1,623.15 crore	Tier II Capital Tk 624.47 crore 2015: Tk 634.34 crore
Total Risk Weighted Asset Tk 18,282.09 crore 2015: Tk 16,094.99 crore	Credit Risk RWA Tk 15,646.48 crore 2015: Tk 13,310.83 crore	Credit Risk RWA density 85.58% 2015: 82.70%

Presentation of information

In this report, City Bank's information is presented on solo and consolidated basis. All amounts in the tables of this Pillar 3 disclosure are denominated in Bangladeshi Taka, unless stated otherwise. Certain figures in this document have been calculated using rounded figures.

Table 1: SCOPE OF APPLICATION

Qualitative Disclosures

a) The name of the top corporate entity in the group to which this guidelines applies.	Name of the Bank is The City Bank Ltd. However, the bank does not belong to any group.
b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group	Presently City Bank does not have any Associates and/or Joint Venture, but has three subsidiaries. These are a. The City Brokerage Limited: The City Brokerage Limited 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 City Bank launched its brokerage division on 4 August 2009 which was subsequently separated from the Bank on 15 November 2010. On 31 December 2016 the Bank held 99.99% shares of the Company. b. City Bank Capital Resources Limited: City Bank Capital Resources Limited (CBCRL) was incorporated in Bangladesh as a private limited company on 17 August 2009 vide registration no. C-79186/09 under the Companies Act, 1994. The registered office of CBCRL is at 10 Dilkusha Commercial Area, Jibon Bima Tower, Dhaka-1000. CBCRL delivers a whole range of investment banking services including merchant banking activities such as issue management, underwriting, portfolio management and corporate advisory. On 31 December 2016 the Bank held 99.99% shares of CBCRL. c. CBL Money Transfer SDN BHD: CBL Money Transfer Sdn. Bhd. (CMTS) is a private company limited 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. City 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.
(i) That are fully consolidated;	The financials are fully consolidated of all the subsidiaries, which have been prepared in accordance with BAS 27: Consolidated Financial Statements and Accounting for investment in subsidiaries. Intercompany transaction and balances are eliminated; minority interest of Tk. 0.01 crore has been added in the Tier-1 capital.
(ii) That are given a deduction treatment;	
(iii) That are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	
c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not applicable

Quantitative Disclosures	
The aggregate amount of surplus capital26 of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not Applicable

Table 2: CAPITAL STRUCTURE

Qualitative Disclosures	
Summary information on theterms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2.	Regulatory capital base is quite different from Accounting capital. As per Bangladesh Bank guidelines based on Basel III accord, regulatory capital is classified into two broad categories namely Tier I Capital also known as going concern capital and Tier II Capital also known as gone concern capital. Additionally, Tier I Capital is further divided into two categories namely Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1). l Common Equity Tier-1 (CET1) capital of City Bank consists of Fully Paid-up Capital, Statutory Reserves, Share Premium, General Reserve, Retained Earnings, Dividend Equalization Fund and Minority Interest in its subsidiary in case of consolidation. l Tier-2 capital of City Bank consists of general provision, applicable percentage of revaluation reserves (50% for fixed asset, 50% for securities and 10% for shares) and subordinated debt. l At present, City Bank doesn't hold any Additional Tier 1 (AT1) Capital.

Quantitative Disclosures

Eligible Regulatory Capital Base as on 31 December 2016 (Tk in crore):

Sl. No.	Particulars	Solo	Consolidated
(a)	Common Equity Tier I Capital (CET- 1)		
a.1	Fully Paid-up Capital	875.80	875.80
a.2	Statutory Reserve	609.17	609.17
a.3	Non-repayable Share Premium account	66.09	66.09
a.4	General Reserve	1.14	1.14
a.5	Retained Earnings	383.14	297.26
a.6	Minority Interest in Subsidiaries	-	0.01
a.7	Dividend Equalization Reserve	17.69	17.69
a.8	Sub-total Common Equity Tier I Capital (CET- 1)	1,953.03	1,867.15
(b)	Deductions from CET-1		
b.1	Book value of goodwill which are shown as assets	-	(3.05)
b.2	Deferred Tax Asset	(86.64)	(86.21)
b.3	Excess investment in equity of other banks, FI and Insurance company	(9.44)	(99.40)
(c)	Total Common Equity Tier I Capital	1,856.94	1,678.49
(d)	Additional Tier I Capital	-	-
(e)	Total Tier I Capital	1,856.94	1678.49
(f)	Tier II Capital		
f.1	General Provisions (provisions for UC + SMA + OBS exposure)	273.51	273.51
f.2	Revaluation Reserves (50% of Fixed Assets & Security, 10% Equity)*	284.94	285.27
f.5	Tier II Subordinated Bond	300.00	300.00
f.6	Sub-Total of Tier II Capital	858.45	858.78
(g)	Deduction from Tier II Capital		
g.1	Phase-in deduction of Revaluation Reserves as per Basel III guidelines	(113.97)	(114.11)
g.2	40% of Tier II Subordinated Bond	(120.00)	(120.00)
(h)	Total Tier II Capital	624.47	624.68
(i)	Total Eligible Regulatory Capital	2,481.42	2,303.16

* As on 31 December 2014

Table 3: CAPITAL ADEQUACY

Qualitative Disclosures

A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.

Approaches followed by Bank for Capital Calculation:

Banking industry of Bangladesh made the transition to Basel III from Basel II since the beginning of 2015. In this regard, Bangladesh Bank, in line with the Basel Committee on Banking Supervision (BCBS) recommendations and international best practices, issued revised guideline on Risk Based Capital Adequacy based on Basel III with the purpose of fully implementing it by the end of 2019. Accordingly, City Bank applied the Basel III framework as part of its capital management strategy and remained fully capital compliant throughout 2016. Also as per BB directive, City Bank is applying following approaches for its risk wise capital calculation.

- Credit Risk: Standard Approach (SA)
- Market Risk: Standard Approach (SA)
- Operational Risk: Basic Indicator Approach (BIA)

Risk Weighted Assets of the Bank:

As on 31 December 2016, Total Risk Weighted Asset (RWA) of the bank was Tk 18,282.09 crore on solo basis and Tk 18,398.76 crore on consolidated basis where Credit risk accounted for 85.58% and 82.41% respectively of RWA followed by Operational risk for 10.41% and 10.62% respectively and Market risk for 4.01% and 6.98% respectively. Subsequently, RWA for credit risk generated the maximum capital requirement of the bank. In order to improve the capital requirement under credit risk, City Bank continuously pursue for external credit rating of its client base. At the end of 2016, City Bank managed to cover around 75% of its total eligible loans under valid external credit rating.

Compliance with Regulatory Requirements

As per Basel III guideline, Minimum Capital Requirement (MCR) for the banks in Bangladesh is currently 10% of its total RWA with the addition of Capital Conservation Buffer which is 0.625% of total RWA in 2016. City Bank is well ahead of this minimum target both in Consolidated and in Solo basis as of December 2016. City Bank maintained

- Capital to Risk Weighted Asset Ratio (CRAR) of 13.57% on solo basis and 12.52% on consolidated basis
- Tier I capital ratio of 10.16% on solo basis and 9.12% on consolidated basis against the required level of 6.00%.
- Tier II capital is 34% of CET I on Solo basis and 37% of CET I on consolidated basis against the maximum limit of 88.89%.
- Capital Conservation Buffer for 2016 was 0.625% of RWA

Excess Capital to Support Current and Future Activities:

As a result, City Bank managed to maintain surplus capital of 2.95% on solo basis and 1.89% on consolidated basis. The surplus capital maintained by City Bank will act as cushion to absorb all material risks under Pillar II and to support the future activities of the bank. Furthermore to ensure the adequacy of capital, the bank draws assessment of capital requirements periodically considering future business growth.

Quantitative Disclosures

Capital Requirement under Credit, Market and Operational Risk (Tk in crore)

Sl. No.	Particulars	Solo	Consolidated
1.0	Capital requirements for Credit Risk:	1,564.65	1,516.24
1.1	Portfolios subject to standardized approach-Funded	1,351.79	1,303.38
1.2	Portfolios subject to standardized approach-Non-Funded	212.86	212.86
2.0	Capital requirements for Market Risk	73.24	128.33
2.1	Interest rate risk (Standardized Approach)	20.73	20.73
2.2	Foreign exchange risk (Standardized Approach)	3.77	3.77
2.3	Equity risk (Standardized Approach)	48.73	103.83
3.0	Capital requirements for Operational Risk (Basic Indicator Approach)	190.33	195.30
4.0	Total Capital Required	1,828.21	1,839.88
5.0	Capital Ratios		
5.1	Total Capital Ratio	13.57%	12.52%
5.2	CET I Capital Ratio	10.16%	9.12%
5.3	Total Tier I Capital Ratio	10.16%	9.12%
5.4	Tier II Capital Ratio	3.42%	3.40%
6.0	Capital Conservation Buffer (0.625% of RWA)	114.26	114.99
7.0	Available Capital under Pillar II requirement	538.94	348.29

Table 4: CREDIT RISK

Qualitative Disclosures

The general qualitative disclosure requirement with respect to credit risk

- Definitions of past due and impaired (for accounting purposes)
- Description of approaches followed for specific and general allowances and statistical methods
- Discussion of the bank's credit risk management policy

Credit Risk:

Credit risk refers to the probability of loss due to a borrower's failure to make payments on any type of debt. For most banks, loans are the largest and most obvious source of credit risk. However, there are other sources of credit risk both on and off the balance sheet. Off-balance sheet items include letters of credit, non-funded loan commitments, and lines of credit etc. Credit risk management is the process of mitigating those losses by understanding the adequacy of both a bank's capital and loan loss reserves at any given time.

Credit Risk Management at City Bank:

In City Bank, credit is originated from three business segments; namely Corporate, Commercial and Branch Banking (SME and Retail). Credit of Corporate, Commercial and Branch Banking (SME-M) business are being processed by Credit Risk Management Division (CRMD), while SME-S and Retail credit are processed by Credit & Collection Division (Retail & Small Business Credit). After approval, Credit Administration Division (CAD) disburses the credit approved by CRMD, while Asset Operation team of Credit & Collection Division disburses for the SME-S and Retail Credits.

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Qualitative Disclosures

Classified credits are handled by Special Asset Management Division (SAMD) where the same of Retail & SME-S business are handled by Collection team of Credit & Collection Division, while both divisions are supported by Legal Division. Additionally, Internal Control and Compliance Division (ICCD) conducts on-site and off-site audit for all credits.

City Bank has a structured Credit Risk Management Policy known as Credit Policy Manual (CPM) approved by the Board of Directors in 2008 and which is reviewed annually. The CPM defines organization structure, role and responsibilities and, the processes whereby the credit risks carried by the bank can be identified, quantified and managed within the framework that the bank considers consistent with its mandate and risk tolerance.

Besides the CPM, City Bank also frames Credit Instruction Manuals (CIMs) as and when necessary to address any regulatory issues or establish control points. Bank also has a system of identifying and monitoring problem accounts at the early stages of their delinquency through implementation of 'Sales Routine', a customized tool for Past Due management, so that timely corrective measures are initiated. Retail and SME-S segment offer some customized products and there are separate Product Program Guidelines (PPGs) approved by the Board for each type of customized products.

Loan Classification Criterion:

Loan products are broadly divided in the following types namely Continuous loan, Demand loan, Fixed term loan and Short term agricultural and Micro credit. City Bank is following the relevant BB guidelines for classification of its loan products. Presently, we have 5 categories of classification on objective criterion, they are: Standard (STD), Special Mention Account (SMA), Sub-standard (SS), Doubtful (DF) and Bad-loss (BL).

Definition of past due/overdue:

i. Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date

ii. Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date

iii. In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day of the expiry date;

iv. The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date.

Qualitative Disclosures

The summary of some objective criteria for loan classification is as below:

Type of Facility	Overdue Period for Loans Classification		
	Sub Standard	Doubtful	Bad & Loss
Continuous Loan & Demand Loan	3 months or more but less than 6 months	6 months or more but less than 9 months	9 months or more
Fixed Term Loan more than Tk. 10 lac	3 months or more but less than 6 months	6 months or more but less than 9 months	9 months or more
Fixed Term Loan up to Tk. 10 lac	6 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Short Term Agricultural & Micro Credit	12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more

Guidelines for Loan Loss Provisions:

Specific provisions for classified loans and general provisions for unclassified loans and advances and contingent assets are measured following BB prescribed provisioning rates as mentioned below:

General provision :	Rate
Unclassified (STD &SMA) general loans and advances	1.00%
Unclassified (STD &SMA) small and medium enterprise	0.25%
Unclassified (STD &SMA) Loans to BHs/MBs/SDs against shares etc.	2.00%
Unclassified (STD &SMA) loans for housing finance and on loans for professionals	2.00%
Unclassified (STD &SMA) consumer financing other than housing finance and loans for professionals	5.00%
Unclassified Short term agricultural credit and micro credit	2.50%
Off balance sheet exposures	1.00%
Specific provision :	
Substandard loans and advances other than short term agricultural credit and micro credit	20.00%
Doubtful loans and advances other than short term agricultural credit and micro credit	50.00%
Bad & loss loans and advances	100.00%
Substandard & Doubtful short term agricultural credit and micro credit	5.00%
Doubtful short term agricultural credit and micro credit	5.00%

Quantitative Disclosures

Total gross credit risk exposures broken down by major types of credit exposure

Type wise Credit Exposure	Amount in crore Tk.
Continuous loan (CL-2)	
Small & Medium Enterprise (SME)	2,316.67
Consumer Finance	614.75
Loans to BHs/MBs/SDs against Shares -	134.28
Other than SMEF, CF, BHs/MBs/SDs	806.51
Demand loan (CL-3)	
Small & Medium Enterprise	636.20
Loans to BHs/MBs/SDs against Shares	1.01
Other than SMEF, CF, BHs/MBs/SDs	6,163.12
Term loan (CL-4)	
Small & Medium Enterprise (SME)	896.55
Consumer Finance (including staff, other than HF)	822.15
Housing Finance (HF)	260.21
Loans to BHs/MBs/SDs against Shares	1.46
Other than SMEF, CF, BHs/MBs/SDs	4,195.72
Short term agri. credit and microcredit (CL-5)	
Short term agri. credit	336.85
Staff loan	317.03
Total Credit Exposure	17,502.51

Geographical distribution of exposures, broken down in significant areas by major types of credit exposure

Geographical Exposure	Amount in crore Tk.
1. Overseas:	Nil
2. Domestic:	17,502.51
2.1. Urban	16,960.06
Dhaka	13,413.64
Chittagong	2,722.10
Sylhet	61.50
Rajshahi	351.56
Khulna	202.70
Rangpur	180.05
Barisal	28.51
2.2. Rural	542.45
Dhaka	326.52
Chittagong	109.94
Sylhet	10.74
Rajshahi	95.24
Total Exposure	17,502.51

Quantitative Disclosures

Industry or counterparty type distribution of exposures, broken down by major types of credit exposure

Industry wise distribution of Exposure	Amount in crore Tk.
Agricultural industries	539.18
Large and medium industries	9,094.34
Small and cottage industries	497.47
Commerce and trade industries	2,328.88
Insurance, real estate and service industries	1,242.70
Transportation and communications industries	685.69
Others	3,114.24
Total Exposure	**17,502.51**

Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure

Residual contractual maturity wise exposure	Amount in crore Tk.
Repayable on Demand	128.29
Over 1 month but not more than 3 months	4,741.75
Over 3 months but not more than 1 year	5,732.87
Over 1 year but not more than 5 years	5,054.42
Over 5 years	1,845.17
Total Exposure	**17,502.51**

By major industry or counterparty type:

- Amount of impaired loans and if available, past due loans
- Specific and general provisions; and
- Charges for specific allowances and charge-offs during the period

Industry wise distribution of impaired loans and past due loans	Amount in crore Tk.	
	NPL	SMA
Agricultural industries	7.75	-
Large and medium industries	501.30	62.91
Small and cottage industries	53.84	5.09
Commerce and trade industries	311.45	59.39
Insurance, real estate and service industries	21.70	125.90
Transportation and communications industries	18.37	85.13
Others	143.77	241.28
Total Exposure	**1,058.19**	**579.71**

Particulars of specific and general provisions for entire loan portfolio and off-balance sheet exposures	Amount in crore Tk.
Specific provision for loans and advances	421.25
General provision for loans and advances	209.06
General provision for off-balance sheet exposure	64.46

- Gross Non-Performing Assets
- Non-Performing Assets to Outstanding Loans & advances
- Movement of Non-Performing Assets (NPAs)
- Movement of Specific provisions for NPAs

Non-Performing Assets	Amount in crore Tk.
Gross Non-Performing Assets (NPAs)	1,058.19
NPAs to outstanding loans and advances (%)	6.05%
Movement of NPAs (Gross)	
Opening balance	1,084.48
Additions	772.9
Reductions (Cash Recovery, Rescheduling, W/O)	(799.2)
Closing balance	1,058.19
Movement of specific provisions for NPAs	
Opening balance	462.69
Less: Fully provided debts written off during year	(246.72)
Less: Fully waived during the year	-
Add: Recoveries of amounts previously written off	59.30
Add: Specific provision made during the year	145.97
Closing balance	421.25

Table 05: EQUITIES – DISCLOSURES FOR BANKING BOOK POSITIONS

Qualitative Disclosures

The general qualitative disclosure requirement with respect to equity risk, including:

- Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and
- Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices

Bank's investment in equity securities are broadly categorized into two categories:

- Quoted Securities: The instruments are quoted in active markets. These securities include Common shares, Mutual funds listed with Stock Exchanges. These instruments are categorized as trading book assets. Investment in trading book includes securities holding for capital gains, dividend income and securities holding for strategic reasons.
- Unquoted Securities: Unquoted Securities have no active market for price quotation. These instruments are categorized as banking book assets. Once unquoted securities get listed in secondary market, is reclassified as quoted and trading book assets.

As per Bangladesh Bank circular (ref: BRPD circular number -14 dated June 25, 2003), the quoted shares are valued as per market price in the stock exchange(s). Equity securities holdings in the banking book or unquoted are recognized at cost price.

Provisions for shares are maintained for unrealized loss (gain net off) arising from diminution in value of investments. Provision for shares against unrealized loss (gain net off) has been made according to DOS circular number-04 dated 24 November 2011 and for mutual funds (closed-end) according to DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

Quantitative Disclosures

- Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.
- The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.
- Total unrealized gains (losses)
- Total latent revaluation gains (losses)
- Any amounts of the above included in Tier 2 capital.
- Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

Particulars (Tk in crore)	Solo Basis		Consolidated Basis	
	Cost Price	Market value	Cost Price	Market value
Value of Quoted shares	125.50	225.25	391.70	497.75
Value of Unquoted shares	7.67	-	21.57	-

Particulars (Tk in crore)	Solo Basis	Consolidated Basis
The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	162.32	172.28
Total unrealized gains (losses)	90.89	97.12
Total latent revaluation gains (losses)	-	-
Any amounts of the above included in Tier-2 capital	16.77	16.96

Quantitative Disclosures

l Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

Risk Weighted Assets and Capital Charge for Unquoted shares (Tk in crore)	Risk Weight	Solo Basis		Consolidated Basis	
		Balance Sheet Amount	RWA	Balance Sheet Amount	RWA
Unquoted shares	125%	5.87	7.34	19.77	24.71
Unquoted shares (venture capital)	150%	1.80	2.70	1.80	2.70
Total Unquoted Shares		7.67	10.04	21.57	27.41
Capital requirement @ 10% of RWA		1.00		9.87	

Table 06: INTEREST RATE RISK IN BANKING BOOK (IRRBB)

Qualitative Disclosures

The general qualitative disclosure requirement including the nature of Interest Rate Risk in Banking Book (IRRBB) and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.

Interest Rate Risk:

Interest Rate Risk is the risk which affects the Bank's financial condition due to changes of market interest rates. Changes in interest rates affect both the current earnings (earnings perspective) as also the net worth of the Bank (economic value perspective). Bank assesses the interest rate risk both in earning and economic value perspective.

Interest Rate Risk Management:

Interest Rate Risk Management Policy, Targets and Controls are comprehended in Asset Liability Management (ALM) Policy of the Bank in a separate section which is approved by Board of Directors. Interest rate risk in banking book is measured through the following approaches:

1. Interest Rate Sensitivity analysis (Gap Analysis): Interest Rate Sensitivity (or Interest Rate Gap) Analysis is used to measure and manage interest rate risk exposure specifically, bank's re-pricing and maturity imbalances. Gap reports stratify bank's rate sensitive assets, liabilities, and off-balance-sheet instruments into maturity segments (time bands) based on the instrument's next re-pricing or maturity date.
2. Duration Analysis on Economic Value of Equity: A weighted maturity/re-pricing schedule is used to evaluate the effects of changing interest rates on bank's economic value by applying sensitivity weights to each time band. Such weights are based on estimates of the duration of the assets and liabilities that fall into each time band.
3. Stress Testing: It is used for measuring the Interest rate risk on its Balance Sheet exposure for estimating the impact on the Capital to Risk Weighted Assets Ratio (CRAR).

Board has also set a prudent limit on interest rate risk such as changes in Net Interest Income or Net Asset Value in the event of an interest rate shock in the section: Interest Rate Risk Management of ALM Policy as follows:

Quantitative Disclosures

Capital Requirement under Credit, Market and Operational Risk (Tk in crore)

Sl. No.	Particulars	Solo	Consolidated
1.0	Capital requirements for Credit Risk:	1,564.65	1,516.24
1.1	Portfolios subject to standardized approach-Funded	1,351.79	1,303.38
1.2	Portfolios subject to standardized approach-Non-Funded	212.86	212.86
2.0	Capital requirements for Market Risk	73.24	128.33
2.1	Interest rate risk (Standardized Approach)	20.73	20.73
2.2	Foreign exchange risk (Standardized Approach)	3.77	3.77
2.3	Equity risk (Standardized Approach)	48.73	103.83
3.0	Capital requirements for Operational Risk (Basic Indicator Approach)	190.33	195.30
4.0	Total Capital Required	1,828.21	1,839.88
5.0	Capital Ratios		
5.1	Total Capital Ratio	13.57%	12.52%
5.2	CET I Capital Ratio	10.16%	9.12%
5.3	Total Tier I Capital Ratio	10.16%	9.12%
5.4	Tier II Capital Ratio	3.42%	3.40%
6.0	Capital Conservation Buffer (0.625% of RWA)	114.26	114.99
7.0	Available Capital under Pillar II requirement	538.94	348.29

Table 4: CREDIT RISK

Qualitative Disclosures

The general qualitative disclosure requirement with respect to credit risk

- Definitions of past due and impaired (for accounting purposes)
- Description of approaches followed for specific and general allowances and statistical methods
- Discussion of the bank's credit risk management policy

Credit Risk:

Credit risk refers to the probability of loss due to a borrower's failure to make payments on any type of debt. For most banks, loans are the largest and most obvious source of credit risk. However, there are other sources of credit risk both on and off the balance sheet. Off-balance sheet items include letters of credit, non-funded loan commitments, and lines of credit etc. Credit risk management is the process of mitigating those losses by understanding the adequacy of both a bank's capital and loan loss reserves at any given time.

Credit Risk Management at City Bank:

In City Bank, credit is originated from three business segments; namely Corporate, Commercial and Branch Banking (SME and Retail). Credit of Corporate, Commercial and Branch Banking (SME-M) business are being processed by Credit Risk Management Division (CRMD), while SME-S and Retail credit are processed by Credit & Collection Division (Retail & Small Business Credit). After approval, Credit Administration Division (CAD) disburses the credit approved by CRMD, while Asset Operation team of Credit & Collection Division disburses for the SME-S and Retail Credits.

Qualitative Disclosures

b) Market Risk Management system	Bank follows a market risk management process that allows risk-taking within well-defined limits in order to create and enhance shareholder value and to minimize risk. Regular market risk reports are presented to the Board Risk Management Committee (BRMC), Assets & Liabilities Management Committee (ALCO), Risk Management Risk Committee (MRC) and Investment Committee (IC). Board of Directors and Board Risk Management Committee (BRMC) have the superior authority to set market risk management strategy but have delegated its technical functions to the Assets & Liabilities Management Committee (ALCO), Management Risk Committee (MRC) and Investment Committee(IC) of the bank. To administer technical policies concerning financial models and risk management techniques and to implement bank's market risk management policies, procedures and systems is delegated to Asset Liability Management desk, Market Risk Management desk and Treasury Middle Office.
c) Policies and processes for mitigating market risk	Bank has Foreign Exchange Risk Management Policy, Asset Liability Management Policy and Investment Policy duly approved by the Board of Directors which covers the management process of Market Risk Factors. The Bank has reinstated and reviewed Asset Liability Management (ALM) Policy for effective management of interest rate risk, liquidity risk. Additionally, various processes and policies including Investment Policy and Value at Risk (VaR) and Stress Testing policy are in place.
d) Methods used to measure Market risk	Bank measures it market risk exposure using Value at Risk (VaR) Model which is a quantitative approach to measure potential loss for market risk. Stress Testing is used on asset and liability portfolios to assess sensitivity on bank's capital in different situations including stressed scenario. This test also evaluates resilience capacity of the bank. Risk tolerance limit, Management Action Triggers (MAT) and Stop loss limit are in place to limit and control loss from trading assets. Notional limit and Exposure limits are set for Trading portfolios and Foreign Exchange Open Position. Other different control mechanism is primed to monitor foreign exchange open positions. Foreign exchange risk is computed on the sum of net short positions or net long positions, whichever is higher, of the foreign currency positions held by the Bank.

Quantitative Disclosures

The capital requirements for:

- interest rate risk;
- equity position risk;
- foreign exchange risk; and
- Commodity risk.

Capital Allocation for Market Risk is calculated using Standardized Approach as below:

Solo Basis:

Capital Requirement for	Amount in crore Tk.
Interest rate risk	20.73
Equity position risk	48.73
Foreign Exchange risk	3.77
Commodity risk	0.00
Total capital requirement	73.24

Quantitative Disclosures

Consolidated Basis:

Capital Requirement for	Amount in crore Tk
Interest rate risk	20.73
Equity position risk	103.83
Foreign Exchange risk	3.77
Commodity risk	0.00
Total capital requirement	**128.33**

Table 08: OPERATIONAL RISK

Qualitative Disclosures

a) Views of BOD on System to reduce Operational risk	Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and technology or impact of external events. Board of Directors (BOD) of City Bank has established operational risk management process and system to control operational risk in the bank. It is largely managed through internal controls, audit system, and Operational Risk Division. The policies related to managing operational risks are approved by the BOD following relevant guidelines of Central Bank.
b) Performance gap of executive and staffs	City Bank demonstrates commitment to achieve the team objectives and is always dedicated to develop and make individual confident enough to push their limits. It mobilizes human resources effectively to ensure that strong corporate performance is delivered. City Bank aims to create a workplace which rewards individuals for their efforts, promotes work-life balance, offers employees the opportunities to grow by facilitating personal development through different types of learning intervention. To carry out the aim, City Bank offers competitive, performance-based compensation, a generous benefits program, and several employee assistance programs.
c) Potential external events	External events may derive systematic and unsystematic risk. The frequency of the events may be low but City Bank remains vigilant about its role. City Bank adopts different strategy to mitigate the negative effect of systematic risk within tolerable limit. City Bank has also developed different policies and processes to diversify unsystematic risk. Providing training and creating awareness among employees about anti-money laundering, fraud, forgery, cybercrime, emergency situation etc. as well as establishing different contingency plans for business continuity are contributing towards managing operational risk.
d) Policies and processes for mitigating operational riske	City Bank has a Management Risk Committee (MRC), composed of members of senior management of various risk functions, headed by CRO to oversee various risks of the banks including operational risk. Activities of MRC are implemented through independent Risk Management Division (RMD) of the bank. Additionally, RMD also analyzes and highlights different dimensions of operational risks and reports to the Management, Board, and other stakeholders. Internal Control and Compliance Division (ICCD) of the bank monitors and controls operational procedure of the bank by undertaking periodic and special audit of branches and divisions at the Head Office while ensuring compliance of statutory

Qualitative Disclosures

	requirements. Subsequently, the reports are submitted to the Audit Committee of the Board (ACB) who directly oversees the activities of ICCD to protect against operational risks. Moreover, City Bank has a separate Operational Risk Division with the responsibility of providing support to all channels and units on Audit, Compliance, Fraud investigation, and regulatory guidance. This division works as a bridge between ICCD, HR and Branch Banking. The bank has developed Standard Operating Procedures (SOP) to minimize risk for all major operational support divisions and has developed Policies for managing Core risks areas.
e) Approach for calculating capital charge for operational risk	City Bank has adopted Basic Indicator Approach (BIA) to assess the capital charge for operational risk as of the reporting date. Accordingly, Bank's operational risk capital charge has been assessed at 15% of positive annual average gross income over the previous three years as defined by the guideline of Risk Based Capital Adequacy (RBCA).

Quantitative Disclosures

Capital Requirement for Operational Risk for the year 2016:

Sl. No.	Particulars	Amount in crore Tk
01	Capital Charge for Operational Risk under MCR (Solo Basis)	190.33
02	Capital Charge for Operational Risk under MCR (Consolidated Basis)	195.30

Table 09: LIQUIDITY RATIO

Qualitative Disclosures

a) Views of BOD on System to reduce liquidity risk	Liquidity risk is the risk to the bank's earnings and capital arising from its inability to timely meet obligations when they come due without incurring unacceptable losses. Liquidity risk primarily arises due to the maturity mismatch associated with assets and liabilities of the bank. Therefore, The Board of Directors of the bank set policy, different liquidity ratio limits, and risk appetite for liquidity risk management.
b) Liquidity risk management system	The Board of Directors of the bank set policy, different liquidity ratio limits, and risk appetite for liquidity risk management. Asset and Liability Management Committee (ALCO), chaired by MD and CEO, is responsible for both statutory and prudential liquidity management. Ongoing liquidity management is discussed as a regular item at ALCO meeting, which takes on a monthly basis. At the ALCO meeting, bank's liquidity position, limit utilization, changes in exposure and liquidity policy compliance are presented to the committee. Asset Liability Management Desk (ALM) in the treasury division closely monitors and controls liquidity requirements on a daily basis.

Qualitative Disclosures

c) Methods used to measure liquidity risk

Liquidity is assessed either through stock approach or cash flow approach. Stock approach assesses the liquidity condition based on certain liquidity indicators. Under the Cash Flow approach, gap between cash outflow and inflow in each time bucket and cumulative gaps across time buckets indicates liquidity condition on As-on-date basis. Cash flow approach is useful for measuring short-term liquidity and involves bucketing assets and liabilities into different maturity buckets. Key liquidity metrics on both local currency and foreign currency balance sheets are monitored to evaluate the liquidity mismatches and prudential limits such as:

- Cash Reserve Ratio (CRR)
- Statutory Liquidity Requirement (SLR)
- Advance to Deposit Ratio (ADR)
- Structural Liquidity Profile (SLP)
- Maximum Cumulative Outflow (MCO)
- Medium Term Funding Ratio (MTF)
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Volatile Liability Dependency Ratio
- Liquid Asset to Total Deposit Ratio
- Liquid Asset to Short Term Liabilities
- Undrawn Commitment Limit
- Wholesale Borrowing

d) Policies and process for mitigating liquidity risk

Liquidly Risk Management is guided by Asset Liability Management (ALM) Policy of the bank. Liquidly Risk management and Contingency Funding Plan are the two major aspects in the ALM policy. The Bank is equipped with a Contingency Funding Plan (CFP), which is in line with the regulatory guidelines. The CFP clearly defines the responsibilities of the Contingency Management Team and ensures the business continuity through close monitoring of the Bank's liquidity position against the pre-defined liquidity Management Action Triggers (MAT).

Quantitative Disclosures

Sl. No.	Particulars	Solo	Consolidated
01	Liquidity Coverage Ratio	163.22%	170.72%
02	Net Stable Funding Ratio (NSFR)	102.26%	101.31%
03	Stock of High Quality Liquid Assets (Tk in crore)	4,673.26	4,673.28
04	Total net cash outflows over the next 30 calendar days (Tk in crore)	2,863.11	2,737.40
05	Available amount of stable funding (Tk in crore)	16,180.28	16,163.62
06	Required amount of stable funding (Tk in crore)	15,822.99	15,954.48

Table 10: LEVERAGE RATIO

Qualitative Disclosures

a) Views of BOD on System to reduce excessive leverage	a) Basel III guidelines introduced a simple, transparent, non-risk based ratio known as leverage ratio in order to avoid building-up excessive on and off balance sheet leverage in the banking system. City Bank has embraced this ratio along with Basel III guideline as it act as a credible supplementary measure to risk based capital requirement and assess the ratio periodically in order properly address the issue.
b) Policies and processes for maintaining excessive on and off-balance sheet leverage	b) Revised guideline of RBCA based on Basel III as provided by BRPD of Bangladesh Bank is followed by the bank while managing excessive on and off-balance sheet leverage of the bank. As per RBCA leverage ratio shall be Tier I Capital divided by Total Exposure after related deductions.
c) Approach for calculating exposure	c) City Bank follows the approach mentioned in the revised RBCA for calculating exposure of the bank. The exposure measure for the leverage ratio generally follows the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following are applied by the bank: a. On balance sheet, non-derivative exposures will be net of specific provisions and valuation adjustments. b. No Physical or financial collateral, guarantee or credit risk mitigation is considered. c. No Netting of loans and deposits is considered

Quantitative Disclosures

Sl. No.	Particulars	Solo	Consolidated
01	Leverage Ratio (%)	6.60%	5.98%
02	On balance sheet exposure (Tk in crore)	25,521.15	25,518.99
03	Off balance sheet exposure (Tk in crore)	2,722.75	2,722.75
04	Total exposure (Tk in crore)	28,147.82	28,053.08

Table 11: REMUNARATION

Qualitative Disclosures

a) Information relating to the bodies that oversee remuneration.	**Governing body of Remuneration Policy and Process:** City Bank has a board approved Compensation and Benefit Policy that outlines the rules relating to compensation structure and the benefit package of the organization and gives detailed procedures for exercising them in order to promote fair treatment and consistency within the Bank. The policy is approved by Board, while it is the Management that implements the same across the organization. However, operational aspects of the policy are being taken care by Human Resources (HR) Division of the bank.

Qualitative Disclosures

a) Information relating to the bodies that oversee remuneration.

External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:

City Bank takes help of external consultant for certain areas during designing the remuneration under Compensation and Benefit Policy. Assignment of any consultancy services is carried out in line with Board approved Procurement Policy of City Bank, while each consultant is appointed by Management/Board, as appropriate. At City Bank we have practice to appoint following consultants, as and when required:

- Tax advisors on salary and benefits
- Actuary for valuation of gratuity
- Auditor for provident fund and gratuity
- Salary survey vendors
- Head hunters, etc.

Scope of the City Bank Remuneration Policy:

Policy applies to all the permanent employees of the bank. Additionally, separate Compensation and Benefit Package is usually approved for temporary and casual staffs on case basis. Any other benefit is guided by the contract agreement with individual employees.

Material Risk Takers and Senior Management of City Bank:

At City Bank, Chief Executive Officer and other members of Management Committee (MANCOM) hold the prime authority to take key decisions and ultimate implementation. As such, CEO and MANCOM are considered as material risk takers and Senior Management. However, in course of implementation Division Heads also play a pivotal role in banking business.

b) Information relating to the design and structure of remuneration processes

Objectives and key features of Remuneration Policy:

Compensation and Benefits policy of City Bank outlines the rules relating to compensation structure and the benefit package of the organization and gives detailed procedures for exercising them with the objective of promoting fair treatment and consistency across the Bank. Additionally, Compensation to be commensuration to individual's performance, desired role in the organization, quality of past experience, quality of training received, technical competency. Key features of the policy besides the base salary are

- Provident Fund
- Gratuity Benefit
- Group Term Life Insurance
- Bonuses
- Medical Benefits
- Various Allowances
- Financial Assistance Schemes
- Advance Salary etc.
- House building loan facility
- House Building loan insurance
- Car loan facility

Qualitative Disclosures

Review of Remuneration Policy:

As per the policy, compensation structure of the Bank will be reviewed as and when management deem appropriate to allow for adjustments in the Cost of Living and market forces pertaining to the Banking industry. The HR Division is responsible for initiating the review process and their recommendations are approved/ disapproved or amended by the Governing Body. In the latest review, City Bank incorporated House Building Loan Insurance, and upgraded as well as enhanced the scope of Group Hospitalization Plan, Car Purchase Plan.

Independence of Risk & Compliance employees from businesses they oversee:

Evaluation process of all risk professionals are independent to respective business functions as all risk professionals report to Chief Risk Officer, who subsequently reports to MD of the Bank. On the other hand, all compliance professionals report to Head of Internal Control and Compliance Division (ICCD) who directly report to Board's Audit Committee. Hence, their evaluation process is also independent of the Businesses they oversee.

c) Information relating to the design and structure of remuneration processes

Key risks taken into account when implementing remuneration measures:

In the competitive financial sector like Bangladesh, remuneration system is basically driven by market dynamics. Due to huge competition in a crowded market with substantial number of participants, restructuring of compensation package is more frequent than other industries. However, such revisions sometimes may lead to market distortion, excessive profit motive and imbalanced work-life balance. Nevertheless, City Bank always strives to design the remuneration strategies so that the competitive staffs are rewarded compensation package they really deserve. On top of it, City Bank is committed to ensure maintaining internal equity and fair treatment in its compensation system across the organization.

Key measures used to take account of these risks:

To make the compensation package judicious, market survey is conducted as and when felt required so that the package logically compensates employee for their expertise, time, mental and social engagement with the organization.

Ways in which these measures affect remuneration:

These measures ensure that the remuneration process of City Bank is

- Commensuration to individual's performance, desired role in the organization, quality of past experience, quality of training received, technical competency.
- Fair and Equal for different position of the bank
- In line with the market dynamics and practices

Changes in the nature and type of these measures over the past year:

No significant amendment of the remuneration system took place other than that mentioned above.

Qualitative Disclosures

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration	**Overview of main performance metrics of City Bank:** At City Bank, we believe in a performance based management culture. We believe that all employees working with us must be evaluated in a fair and transparent manner and the Performance Management Policy of City Bank ensures that. As per policy, performance evaluation is done for all permanent employees once every year. Additionally, to make the process more structured and to provide a direction to the employee on his/her performance, a midyear review is also performed. These evaluation are done based on two main parameters l Performance objectives of the employee l Behavioral indicators of the Values of City Bank **Linkage between remuneration and performance:** The overall rating of an individual will be based on the cumulative rating of above mentioned two parameters. In order to translate performance into remuneration, City Bank associates this overall rating of an individuals with different features of remuneration policy such as yearly increment, bonuses etc. In City Bank's case, Club 1 is the highest rating whilst Club 5 is the lowest. **Adjustment of remuneration in the event that performance metrics are weak:** The Performance Management Policy of City Bank is dynamic in nature that considers overall performance scenario of the bank while ensuring fair and transparent evaluation of individuals.
e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance	City Bank believes that the individual and team effort and performance should be regularly appreciated and recognized so as to keep our employees motivated to give in their best efforts. And more importantly by recognizing these performances, we reinforce, with our chosen means of recognition, the actions and behaviors we want City Bank employees to repeat most. City Bank relates yearly overall rating of individuals which is based on their performance with different features of remuneration policy such as yearly increment, bonuses etc. Additionally, two or more years of rating are also considered / eligible for promotion recommendation of individuals in order to capture their long term performance. Besides, in recognition of outstanding performance City Bank presents following one-time cash or non-cash awards. l Staff Appreciation Program l Golden Spirit Award l The Chairman's Excellence Award
f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms	City Bank recognizes the effort and performance of its employees based on its Compensation and Benefit policy which consist of base salary and different benefit packages mentioned earlier. Therefore, the bank does not use any form of variable remuneration in its remuneration process. However, City Bank occasionally practice commission based remuneration process for temporary staffs as per their Compensation and Benefit Package

Quantitative Disclosures	
Number of meetings held by the main body overseeing remuneration during 2016 and remuneration paid to its member	NA*
Number of employees having received a variable remuneration award during 2016	NA**
Number and total amount of guaranteed bonuses awarded during 2016	2 Festival Bonus (worth 22.73 crore paid in 2016)
Number and total amount of sign-on awards made during 2016	NA**
Number and total amount of severance payments made during 2016	NA**
Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in 2016.	NA**
Breakdown of amount of remuneration awards for 2016 to show: l Fixed and Variable l Deferred and Non-deferred l Different forms used (cash, shares and share linked instruments, other forms)	NA
Quantitative information about employees' exposure to implicit and explicit adjustments of deferred remuneration and retained remuneration: l Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments l Total amount of reductions during the financial year due to ex post explicit adjustments l Total amount of reductions during the financial year due to ex post implicit adjustments.	NA

Note:

* In City Bank, no separate and exclusive meeting of the governing body takes place to oversee the remuneration. Rather, HR is assigned to initiate any proposal on remuneration as per the Compensation and Benefit Policy of the bank and upon consent of the management committee same is also placed to regular Board meeting for approval and further actions.

** During 2016, Compensation and Benefit Policy of City Bank did not have provision of any kind of variable remuneration, deferred remuneration, severance payment, sign-on awards or other forms of remuneration as mentioned above for its permanent staff. However, City Bank provides commission based remuneration to its temporary and casual staffs which doesn't fall under the scope of above mentioned policy.

The City Bank Limited
Head Office: City Bank Center, 136 Bir Uttam Mir Shawkat Sarak, Gulshan-2, Dhaka-1212, Bangladesh
Share Department: 11, Dilkusha C/A., Dhaka-1000, Bangladesh

NOTICE OF THE 34th ANNUAL GENERAL MEETING

Notice is hereby given to all Members of The City Bank Limited ("the Company") that the 34th Annual General Meeting (AGM) of the Company will be held on 15th June, 2017 at 11.00 A.M. at 'Kurmitola Golf Club', Dhaka Cantonment, Dhaka, to transact the following business and to adopt necessary resolutions:

AGENDA

Agenda-1: To receive, consider and adopt the Accounts of the Company for the year ended 31st December, 2016 along with the Auditors' Report and the Directors' Report thereon.
Agenda-2: To approve 24% Cash Dividend for the year ended 31st December, 2016 as recommended by the Board of Directors.
Agenda-3: To Re-appoint Auditors and fix their remuneration for the term until next AGM.
Agenda-4: To elect/re-elect Directors.
Agenda-5: To approve the re-appointment of Independent Director.
Agenda-6: To consider any other relevant business with the permission of the Chair.

By order of the Board,

Md. Kafi Khan
Company Secretary

Dated : Dhaka
20th May, 2017

NOTES :

1. **The 'Record Date' for the 34th Annual General Meeting ("AGM") scheduled on 20-04-2017.**
2. Members whose names appeared in the Central Depository System/Register of Members at the close of Record Date i.e. 20-04-2017 shall be eligible to attend and vote at the AGM and will be entitled for the dividend, as approved. Votes may be given either personally or by an attorney or by a proxy or, in the case of a corporation by a representative duly authorized. As per Article 88 of the Articles of Association of the Company, a Proxy must be a member of the Company.
3. Proxy Form duly stamped and signed by the Member must be submitted to Share Department, The City Bank Limited, 11 Dilkusha C/A, Dhaka, at least 48 (forty eight) hours before the time fixed for date of AGM for attestation. Upon receipt of attested Proxy Form, the nominated person or attorney or authorized person from a Company/Corporation may attend/ vote in the AGM. Attendance Slip and Proxy Form may be collected from the website of the Company: www.thecitybank.com.
4. Entrance into the Meeting Hall is restricted only to the eligible Shareholders and/or Proxy/Attorney holder. At the time of entrance into the Meeting Hall, Attendance Slip/Proxy Form has to be deposited to the registration counter duly signed. For convenience of the Hon'ble Member and the Proxy-holders, Registration counters shall remain open from 8.00 A.M. to 11.30 A.M. on the day of AGM.

Attention Please:

1. **As per BSEC Guidelines no Gift Item/foods item will be provided to Shareholders in the ensuing AGM.**
2. Annual Report-2016 of CBL is now available at CBL Website: www.thecitybank.com

AMARSTOCK

The City Bank Limited

Head Office: City Bank Center, 136 Bir Uttam Mir Shawkat Sarak, Gulshan-2, Dhaka-1212, Bangladesh
Share Department: 11, Dilkusha C/A., Dhaka-1000, Bangladesh

PROXY FORM

I/We _____

of _____

_____ being member of The City Bank Limited do hereby appoint

Mr./Mrs./Ms. _____ of

_____ (or failing him/her)

Mr./Mrs./Ms. _____

of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the 34th Annual General Meeting of the Company to be held on June 15, 2017 at 11-00 A.M and at any adjournment thereof.

As witness I put my/our hand(s) this _____ day of _____ 2017.

Revenue stamp Tk. 20/-

Witnesses :

1. _____

2. _____

Signature of Member _____

Folio/BO A/c.No. _____

Signature of Proxy _____

Folio/BO A/c. No. _____

IMPORTANT :

1. This Form of Proxy duly completed must be deposited at the Share Department, The City Bank Limited, 11 Dilkusha C/A, Dhaka-1000 at least 48 (forty eight) hours before the meeting. The proxy will not be valid if it is not duly stamped and signed. Signature of the Shareholder(s) and the Proxy must agree with the respective specimen signatures recorded with the Company.
2. A member of the Company may only be appointed as a Proxy.

The City Bank Limited

Head Office: City Bank Center, 136 Bir Uttam Mir Shawkat Sarak, Gulshan-2, Dhaka-1212, Bangladesh
Share Department: 11, Dilkusha C/A., Dhaka-1000, Bangladesh

ATTENDANCE SLIP

I/We _____ (Folio/BOA/c. No) _____

hereby record my/our attendance at the 34th Annual General Meeting of the Company being held on 15th June, 2017 at 11.00 A.M at 'Kurmitola Golf Club, Dhaka Cantonment, Dhaka, Bangladesh.

_____

Signature of Member/Proxy

N.B. Please present this slip duly signed at the entrance of the meeting hall.

AMARSTOCK

GLOSSARY

ACCRUAL BASIS
Recognizing the effects of transactions and other events when they occur without waiting for the receipt or payment of cash or its equivalent.

BILLS FOR COLLECTION
A bill of exchange drawn by an exporter usually at a term, on an importer overseas and brought by the exporter to his bank with a request to collect the proceeds.

BONUS ISSUE
The issue of new shares existing shareholders in proportion to their shareholdings. It is a process for converting a company's reserves (in whole or part) into Stated Capital and hence does not involve all infusion of cash.

CAPITAL ADEQUACY RATIO
A measurement of a bank's capital. It is expressed as a percentage of a bank's risk weighted asset exposures.

CASH BASIS
Recognizing the effects of transactions and events when receipt or payment of cash or cash equivalent occurs.

COMMITMENTS
Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.

CONSOLIDATED FINANCIAL STATEMENTS
Financial Statements of a Group presented as those of a single Company.

CONTINGENCIES
A condition or situation existing at Balance Sheet date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

COST TO INCOME RATIO
Operating expenses as a percentage of total income.

CORPORATE GOVERNANCE
The set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled.

DIVIDEND
Distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders.

EARNINGS PER SHARE (EPS)
Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue.

ECONOMIC VALUE ADDED (EVA)
A profitability measure designed to recognize the requirement to generate a satisfactory return on the economic capital invested in the business. If the business produces profit in excess of its cost of capital then value is created for shareholders.

FAIR VALUE
Fair value, also called fair price, is a concept used in finance and economics, defined as a rational and unbiased estimate of the potential market price of a good, service, or asset.

FINANCE LEASE
A contract whereby a lessor conveys to the lessee the right to use all asset for rent over an agreed period of time which is sufficient to amortize the capital outlay of the lessor. The lessor retains ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

FOREIGN EXCHANGE EARNINGS
Profit earned on foreign currency transactions arising from the difference in foreign exchange rates between the transaction/last Balance Sheet date and the settlement/ Balance Sheet date. Also arises from trading in foreign currencies.

GENERAL PROVISION
General provision is made on outstanding loan and advance without considering the quality of loans and advances according to the prescribed rate of Bangladesh Bank.

GUARANTEE
Three party agreement involving a promise by one party (the guarantor) to fulfill the obligation of a personal owing a debt if that person fails to perform.

HELD FOR TRADING (HFT)
Investment classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management.

HELD TO MATURITY (HTM)
Investments which have "fixed or determinable payments' and are intended to be "Held to Maturity", other than those that meet the definition of "Held at amortized cost others' are classified as held to maturity.

INTANGIBLE ASSETS
An intangible asset is as identifiable non-monetary asset without physical substance.

INTEREST COST
Interest cost is the sum of monies accrued and payable to the sources of borrowed working capital.

INTEREST SUSPENSE
Classified loans and advances of the banks are categorized as sub-standard, doubtful and bad/loss as per guidelines of the Bangladesh Bank. Interest accrued on sub-standard, doubtful and bad/loss loans is recorded as 'interest suspense' and not taken to income. This interest is recognized as income as and when it is realized in cash by the bank.

LOAN LOSSES & PROVISION
Amount set aside against possible losses on loans, advances and other credit facilities as a result of such facilities becoming partly or wholly uncollectible.

MARKET CAPITALIZATION
Number of ordinary shares in issue multiplied by the market value of a share as at the year end.

MARKED-TO-MARKET
The valuation of certain financial instruments at fair value as of the balance sheet date.

MATERIALITY
The relative significance of a transaction or all events the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

NET INTEREST MARGIN
Net interest income, on a taxable equivalent basis, expressed as a percentage of average total assets.

NET ASSET VALUE PER SHARE
Shareholders' funds excluding Preference Shares if any, divided by the number of ordinary shares in issue.

NET INTEREST INCOME
The difference between what a bank earns on assets such as loans and securities and what it pays on liabilities such as deposits, refinance funds and inter bank borrowings.

NON PERFORMING LOANS
All loans are classified as non-performing when a payment is 3 months in arrears.

OFF-BALANCE SHEET TRANSACTION
Transactions that are not recognized as assets or liabilities in the Balance Sheet but which give rise to contingencies and commitments.

PRICE EARNINGS RATIO (P/E RATIO)
P/E ratio is calculated Market price of a share divided by earnings per share.

PROVISION
Amounts set aside against possible losses on net receivable of facilities granted to clients, as a result of them becoming partly or wholly uncollectible.

RELATED PARTIES
Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly as per Bangladesh Accounting Standard (BAS)-24 on "Related Party Disclosures".

RETURN ON ASSETS (ROA)
Profit after tax divided by the average assets.

RETURN ON EQUITY (ROE)
Profit after tax divided by the average shareholders' equity.

RISK WEIGHTED ASSETS (RWA)
On Balance Sheet assets and the credit equivalent of off Balance Sheet assets multiplied by the relevant risk weighting factors. Trading book multiplied by the relevant risk factor and 15% of operating income.

REVALUATION RESERVE
Revaluation reserve in made on HFT & HTM securities using marked to market concept according to Bangladesh Bank guideline.

SEGMENT REPORTING
Analysis of information by segments of an enterprise, specifically the different industries and the different geographical areas in which it operates

SUBSIDIARY COMPANY
Subsidiary is a company that is controlled (power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities) by another Company known as the parent.

STATUTORY RESERVE
A capital reserve created as per provisions of section 24 of the Bank Companies Act, 1991.

TIER-I CAPITAL
Core capital representing permanent shareholders' equity and reserves created or' increased by appropriations of retained earnings or other surpluses.

TIER-II CAPITAL
Supplementary capital representing general provisions, preference share, exchange equalization fund and other capital instruments which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

VALUE ADDED
Value added statement shows the total wealth created how it was distributed to meet certain obligations and reward those responsible for its creation and the portion retained for the continued operation and expansion.

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