THE CITY BANK LIMITED
Head Office: City Bank Centre, 136 Gulshan Avenue, Gulshan - 2, Dhaka- 1212, Bangladesh
Tel: 880 2 8813483, 8814376, 8813126; Fax: 880 2 9884446
E-mail: info@thecitybank.com; SWIFT: CIBLBDDH
Web: www.thecitybank.com

Annual Report 2011

CBL/ad ideas/april 2012

@thecitybank

MAKING SENSE OF MONEY

THE CITY BANK LIMITED
ANNUAL REPORT 2011

AWARDS & RECOGNITION – 2011

CITY BANK WON THE PRESTIGIOUS AMERICAN EXPRESS MARKETING AWARD

City Bank won in the 'Outstanding New Card Launch' category for its outstanding marketing programs in Bangladesh. This award is the recognition of the "best of the best" amongst American Express' GNS partners across 131 countries in marketing, customer service and all-around business performance. City Bank also won two Service Quality Awards and was recognized with an Honorable Mention in both the Issuing and Acquiring categories for providing outstanding service to Cardmembers and merchants.

The awards were received by the then City Bank Chairman Aziz Al Kaiser, MD & CEO K Mahmood Sattar and DMD Mashrur Arefin from Kula Kulendran, Executive Vice President & Head of American Express for Japan, Asia Pacific, and Australia (JAPA).

City Bank launched American Express Cards in Bangladesh in November 2009. City Bank is the exclusive issuer of American Express Cards and its merchant acquirer in Bangladesh.

VISION

@thecitybank we believe that our vision is the desired future where we want to see ourselves. Our vision is always stretching and far feteched. 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.

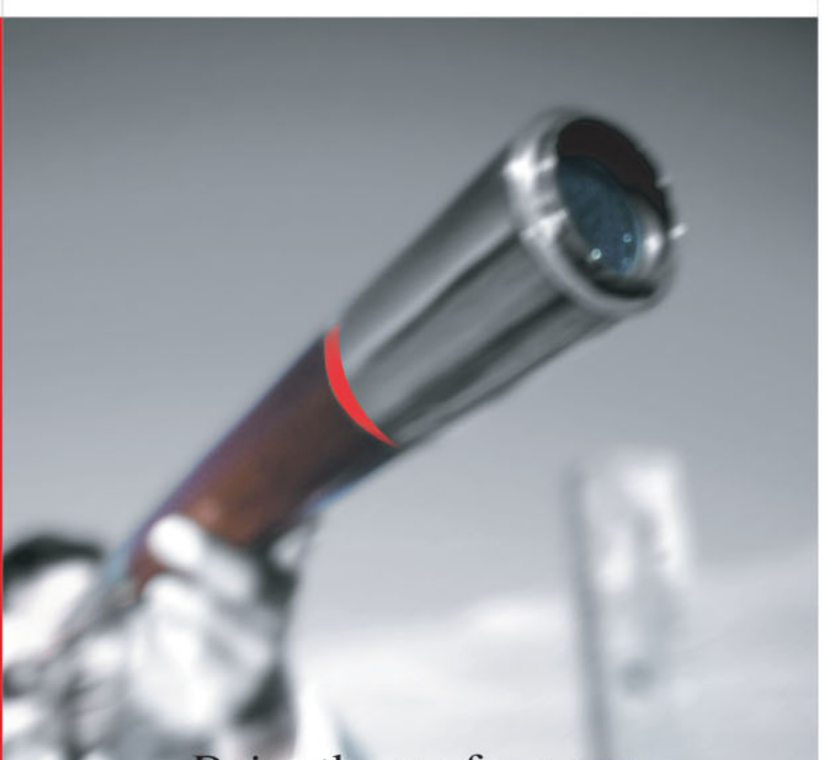
The financial supermarket
with a winning culture
offering enjoyable experiences

MISSION

@thecitybank our mission defines the specific focuses by which we reach our vision. Our mission is to:
▪ 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 ▪ Continously challenge processes and platforms to enhance effectiveness and efficiency ▪ Promote innovation and automation with a view to guaranteeing and enhancing excellence in service ▪ Ensure respect for community, good governace and compliance in everything we do

VALUES

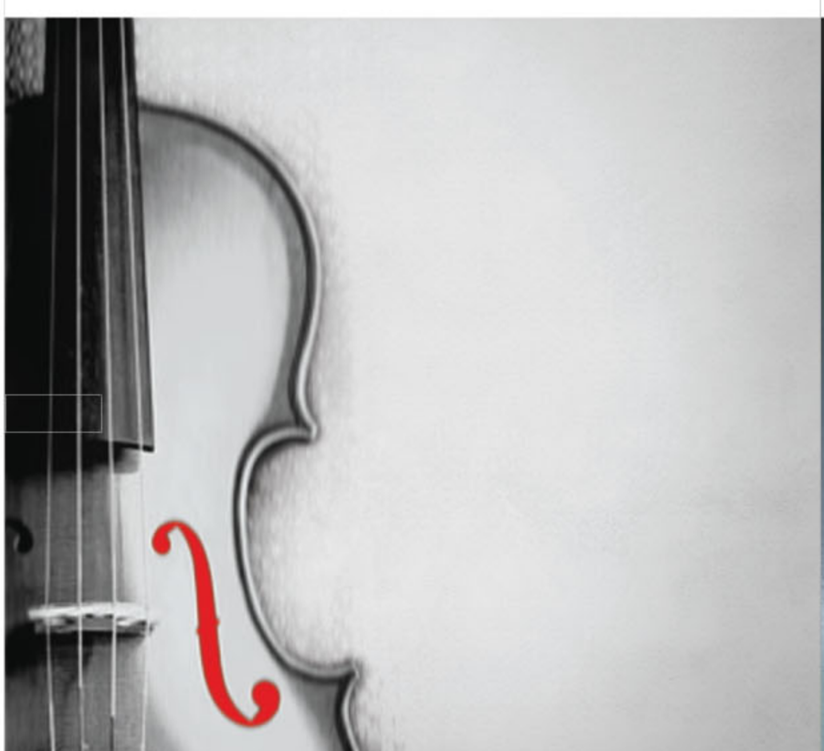
@thecitybank we believe the vision and the mission cannot be achieved unless we define the expected behaviour of our employees. There come our values, which are: ▪ Result Driven ▪ Engaged and Inspired ▪ Accountable and Transparent ▪ Courageous and Respectful ▪ Customer Delight



Drive the performance

RESULT DRIVEN@thecitybank

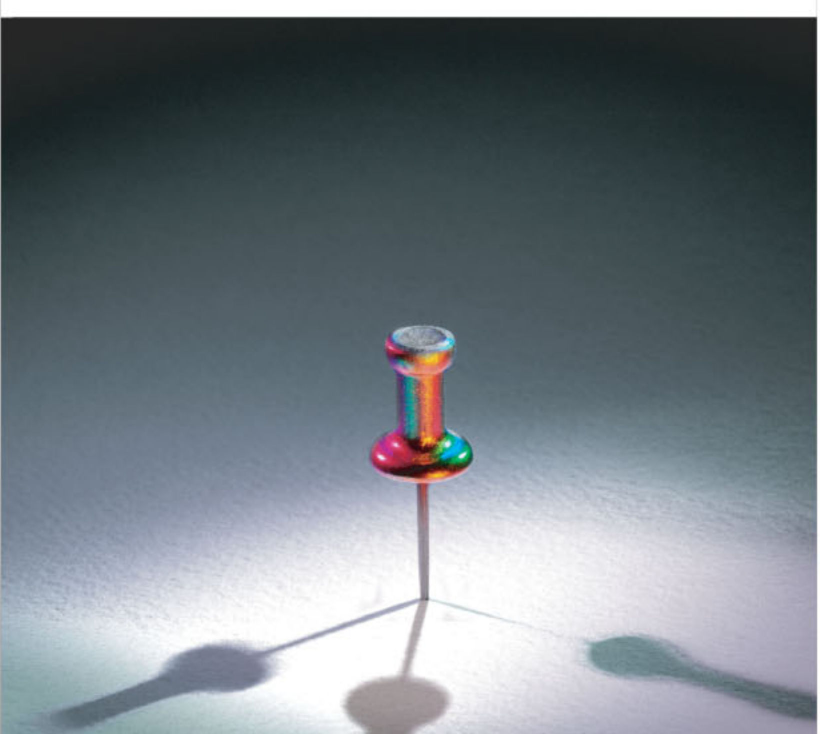
We drive to meet or exceed ambitious performance objectives and quality standards, deliver business results and continually find sustainable improvements in methods or processes. We act in a proactive way by taking actions. We not only react to situations but also anticipate future opportunities or problems, and act upon them well in advance. We always come up with new ideas to operate more efficiently.



Feel the passion

ENGAGED AND INSPIRED@thecitybank

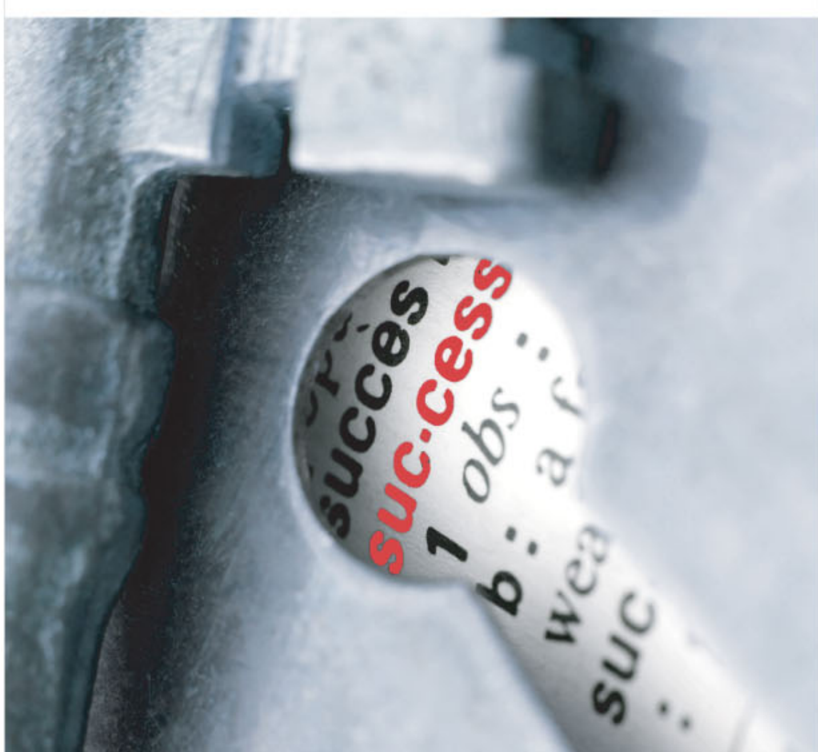
We work collaboratively with others and demonstrate commitment to achieve the team objectives. We tend to convince others and accept feedback, in order to get their commitment to ideas, projects or actions. We are committed to develop individuals and make them believe in themselves, so they constantly push their limits.



Take the responsibility

ACCOUNTABLE AND TRANSPARENT@thecitybank

We tend to perform responsibly with a sense of ownership and hold ourselves accountable for the outcome. We mobilize resources effectively to ensure that strong corporate performance is delivered. We, as accountable leaders, believe that our behavior and action 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.



Act like a leader

COURAGEOUS AND RESPECTFUL@thecitybank

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 "leader", not "boss" – by being open to self-criticism and being rational, impartial and compassionate at all times.

Focus on relationship

CUSTOMER DELIGHT@thecitybank

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.

STRATEGIC PRIORITIES

Our Strategic Priorities are well-defined and clear.

We continue to strive for profit and sound growth by doing the business that we do well – by expanding into areas underserved, entering niche markets and exploring innovative ideas ▪ We have a strong customer focus and build relationships based on integrity, superior service and mutual benefit ▪ We continue to provide new services to customers with support of superior information technology platform ▪ We maintain sound capital base to support growth ▪ We establish good corporate governance by remaining efficient, transparent, professional and accountable to the society ▪ We ensure effective risk management for sustainable growth in shareholders' value ▪ We improve quality of human resources by strengthening their competencies ▪ We focus on Corporate Social Responsibility (CSR) ▪ We ensure City Bank brand is recognized as the "Most Reputed Financial Institution Brand" in Bangladesh ▪ We believe in a zero tolerance compliance culture

LETTER OF TRANSMITTAL

To
All Shareholders,
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, 2011.

Dear Sir(s),

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements including Consolidated and Separate Balance Sheets as of December 31, 2011 and Income Statements and Cash Flow Statements for the year ended 2011 along with Notes thereon of The City Bank Limited and its subsidiaries for your kind information and record.

Yours sincerely

Md. Kafi Khan
Company Secretary

FORWARD LOOKING STATEMENT

Some of the information on 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;
- Changing in monetary & fiscal policy budget;
- The effect of changes to our credit rating;
- Amendments and interpretations of risk-based capital guidelines and reporting instructions;
- The risk that the Bank's risk management models may not take into account all relevant factors;
- 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;
  - Provisioning requirement would change the ROA and ROE;
- Volatility in interest rates and currency values;
- Volatility in capital market;
- Changes in international prices of essential which is grow ing pressure on foreign exchange market resulting to volatility in foreign exchange market;
- International embargo on certain countries is likely to affect remittances and trade;
- The accuracy and completeness of 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.

Name
The City Bank Limited

Legal Status
Public Limited Company

Date of Incorporation
March 14, 1983

Formal Inauguration
March 27, 1983

Registered office
136, Bir Uttam Shawkat Sarak
Gulshan Avenue, Gulshan - 2
Dhaka - 1212, Bangladesh

Web site
www.thecitybank.com

Chairman
Rubel Aziz

Vice Chairperson
Meherun Haque

Managing Director & CEO
K Mahmood Sattar

Company Secretary
Md. Kafi Khan

Authorized Capital Tk.
10,000,000,000

Paid Up Capital
Tk. 5,055,111,300

Reserves
Tk. 12,800,806,866

Total Asset
Tk. 115, 735,967,684

Total Manpower
2,772

Number of branches
89

Number of Islamic branches
01

Number of SME Business Centers
10

Agri Branches
02

Number of ATM Booths
122

Number of Cash Deposit Machines
10

Auditors
HodaVasi Chowdhury & Co.
Chartered Accountants

Tax Consultants
ACNABIN
Chartered Accountants
&
K.M. Hasan & Co.
Chartered Accountants

Legal Retainer
Law Valley

Credit Rating Agency
Credit Rating Agency of Bangladesh Ltd. (CRAB)

CHAIRMAN'S MESSAGE

Dear Fellow Shareholders,

Assalamu Alaikum,

On behalf of the Board of Directors of City Bank it is my privilege to place before you the Annual Report and the Financial Statements of the Bank for the year ended 31st December 2011. It is all the more pleasing to me, being the new Chairman of the Bank, to be present amongst you all at the 29th Annual General Meeting of this great institution.

I will start by saying that 2011 has been another solid and successful year for the Bank despite the overall uncertainties prevalent in the global and local economy. Thanks to the good works of the management team and the employees and the support received from the Board of Directors and – very particularly – the exemplary care and guidance provided by the immediate past Chairman of the Bank Mr Aziz Al Kaiser, City Bank in 2011 has again reached another pinnacle in terms of both balance sheet growth and profitability – it has surpassed all its previously held records. This result is attributable to – in addition to the performance of the management team and support from the Bank's Board as I noted earlier – the strong position this Bank holds in the industry and also to its continued focus on service excellence.

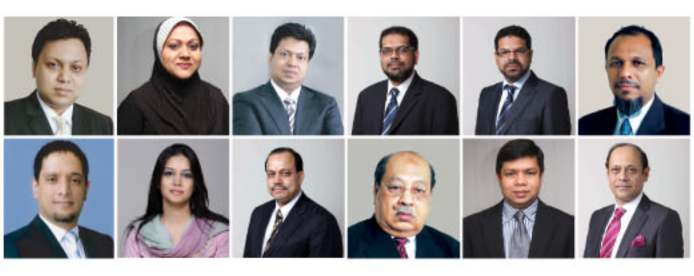
The year 2011, apart from delivering some good financial results in one of the toughest years in macro sense, holds special significance for everyone associated with this Bank due to its completing the research and thereafter launching its new VMV – Vision, Mission and Values. We have carefully crafted a new vision for ourselves with a goal set for achieving the vision in a 3 to 5 years time period. The vision of City Bank – which is highlighted at the very beginning of this Annual Report – talks about achieving three separate but interconnected goals: i. transforming the Bank from a mere bank into a Financial Supermarket; ii. creating a culture of will-to-win inside the organization, which will make possible the creation of the earlier stated Financial Supermarket; iii. always going beyond offering mere "transactions" to the customers; instead offering them "enjoyable experiences" at all times.

These are all very bold, big, heady and audacious goals. The journey will be difficult given the fiercely competitive environment out there and also given that changing people's mindset is the toughest task. But I have firm belief that City Bank, which had a successful and glorious turnaround in the last 5 years in its 29 years of lifecycle so far and which ended up winning the accolade of "The Strongest Bank in Bangladesh in 2010" from The Asian Banker, possesses the inherent capacity and the desire to achieve its vision in the medium to long run. I also believe that the "values" (detailed in another page at the start of this Annual Report) launched by the Bank simultaneously with the launch of its vision will prove very useful in tackling the challenges of achieving the necessary mindset-change of a few thousand employees of this large and old organization. I commend the Bank management for its continuous efforts to embed the values in the staff members' minds.

The Bank, as is evident in this Annual Report, has delivered some good performances in the year in question. I am very pleased to report that City Bank achieved a record net profit of BDT 201.8 crore in 2010, compared to BDT 184.9 crore of the previous year's. The Operating Profit stood at BDT 419.6 crore as opposed to preceding year's BDT 410 crore, which is a 2.34% increase despite the increase in Operating Expenses by 11.2% over the same period. Loans and Advances of the Bank stood at BDT 7,680 crore as on 31st December, 2011 compared to BDT 6,032 crore of end of 2010, which shows an amazing growth of 27.3%. All this was possible due to our maintaining of high yielding product mix, strong drives undertaken by the Bank's different

Chittagong Stock Exchange and Central Depositary Bangladesh Ltd. Your faith in City Bank has encouraged us to stretch ourselves and make a mark. In the end, I thank the many shareholders of the Bank for their continued support in these otherwise tough times.

Rubel Aziz
Chairman



BOARD OF DIRECTORS

(Top row; from left)

Rubel Aziz
Chairman

Meherun Haque
Vice Chairperson

Aziz Al Kaiser
Director

Hossain Mehmood
Director

Hossain Khaled
Director

Rajibul Huq Chowdhury
Director

(Bottom row; from left)

Ahmed Rajeeb Samdani
Director

Tabassum Kaiser
Director

Rafiqul Islam Khan
Director

Mobarak Ali
Director

Aziz Al Mahmood
Director

K Mahmood Sattar
Managing Director & CEO

(Directors not shown in picture)

Evana Fahmida Mohammad
Director

Sadia Anjum Siddique
Director

REPORT ON AUDIT COMMITTEE

The Audit Committee of the Board of The City Bank Limited was formed in compliance with BRPD Circular No. 12 dated 23 December 2002 of Bangladesh Bank and SEC Notification SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February 2006 to benefit the Board of Directors on their behalf to carry oversight responsibilities. The Committee was reconstituted in December 2011 by the Board. The Board of Directors sets out the overall Business Plan and formulates policies that the Management is responsible for implementation. The Audit Committee, on behalf of the Board do the utmost to ensure successful implementation of the processes/procedures set out in the Business Plan and Policies.

Roles and Responsibilities of Board Audit Committee

Main function of the Audit Committee is to facilitate the Board in its oversight responsibilities. In order to fulfill the responsibilities, among others, main responsibilities of the Audit Committee are as follows:

- Evaluation of compliance culture of the Management;
- Review of existing Risk Management procedures for ensuring an effective Internal Check and Control System;
- Review of efficiency and effectiveness of Internal Audit Functions;
- Monitoring of effectiveness of removal of irregularities detected;
- Review of Annual Financial Statements in line with the Accounting Standards set by Regulatory Authorities;
- Review of the findings and recommendations of the External Auditors and
- Assessment of running the affairs of the Bank by the Management is in line with the policies set out by the Board.

Composition of The Audit Committee

The existing composition of the Audit Committee as reconstituted in 419th Board Meeting held on 5 December 2011 by the Board of Directors is as follows:

Name	Status with Bank	Status with Committee
Mr. Hossian Khaled	Director	Convenor
Ms. Evana Fahmida Mohammad	Director	Member
Mr. Rajibul Huq Chowdhury	Director	Member
Mr. Rafiqul Islam Khan	Director	Member
Mr. Aziz Al Mahmood	Director	Member

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

Meetings of The Board Audit Committee

The Audit Committee had held four meetings during the year 2011.

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

- Reviewed Internal Audit Plan for the year 2011 and Internal Control & Compliance Guidelines and Policies
- Reviewed Draft Financial Statements and after discussing with the External Auditors, recommended it to the Board for their consideration.
- Reviewed the Management Letter issued by the External Auditors , Management responses thereto and corrective measures taken by the bank to avoid recurrence of the lapses mentioned therein
- Review the overall financial health of the Bank
- Review Bangladesh Bank Comprehensive Inspection Report of The City Bank Ltd. as on June 30, 2010

Acknowledgement

The Audit Committee expresses its sincere thank to the Members of the Board, Management and the Auditors for their excellent support while carrying out their duties and responsibilities effectively.

Hossain Khaled
Convenor, Audit Committee

EXECUTIVE COMMITTEE

Aziz Al Kaiser
Convenor

Rubel Aziz
Member

Meherun Haque
Member

Hossain Mehmood
Member

Hossain Khaled
Member

Rajibul Huq Chowdhury
Member

Ahmed Rajeeb Samdani
Member

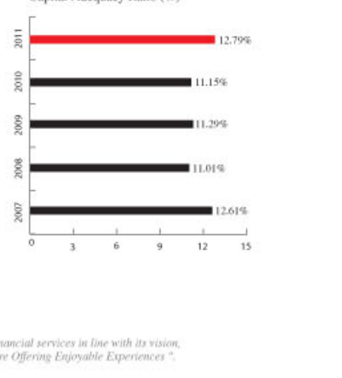
SHARIAH COUNCIL

MANAGEMENT COMMITTEE

MANAGING DIRECTOR & CEO'S MESSAGE

ECONOMIC IMPACT REPORT

MAINTAINING CAPITAL ADEQUACY



VALUE ADDED STATEMENT

For the year ended 31 December 2011

Value added is the wealth created by The City Bank through its different banking operations. The 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 of The City Bank.

Value Added Statement for the year ended 31 December 2011

Fig. in Million

Particulars	2011 Taka	2011 Percentage(%)	2010 Taka	2010 Percentage(%)
Income from Banking Services	12,740		10,817	
Less: Cost of Services and Supplies	(6,480)		(4,829)	
Value Added by the Banking Services	**6,260**		**5,988**	
Non-Banking Income	14		1	
Loan Written Off and Provision	(729)		(1,101)	
Total Operating Income	**5,545**		**4,888**	
Distribution of Value Addition				
To Employees as Salaries & Allowances	1,800	32.5%	1,663	34.0%
To Shareholders	2,018	36.4%	1,849	37.8%
To Govt. as Income Tax	1,450	26.1%	1,150	23.5%
Depreciation	277	5.0%	226	4.6%
	5,545	**100%**	**4,888**	**100%**

ECONOMIC VALUE ADDED STATEMENT

For the year ended 31 December 2011

Economic Value Added (EVA) is a measure of profitability which takes into consideration the cost of invested equity. Shareholders' equity providers are always conscious about their return on capital invested. As a commercial banking company, we are deeply concerned for delivery value to all of our shareholders' equity providers.

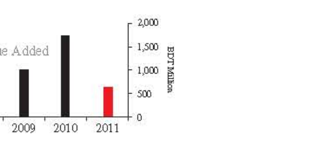


Fig. in Million

Particulars	2011 Taka	2011 Percentage(%)	2010 Taka	2010 Percentage(%)
Shareholders' Equity	17,856		11,519	
Add: Provision for Loans and Advances	2,681		2,219	
	20,537		**13,738**	
Average Shareholders' Equity	17,138		10,610	
Earnings				
Profit after Tax	2,018		1,849	
Add: Provision for Loans and Others	728		1,101	
	2,746		**2,950**	
Average cost of equity (based on weighted average rate of 10 years treasury bond issued by the Bangladesh Government plus 2% risk premium)	13.40%		11.45%	
	2,296		**1,215**	
Economic Value Added	**450**		**1,735**	

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 25% stock dividend, i.e. 3(three) bonus share against 10 shares for the year 2011.

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 and Liabilities Committee of the Bank (ALCO) monitors the situation carefully and provides direction to maintain an optimum trade-off between liquidity and profitability.

Our policy is to carry a positive mismatch primarily in 1-30 days category in interest earning assets and interest bearing liabilities. Our liquidity remained at optimum level during the year. The liquid assets ratio stood at 20.9% (required 19% of total demand & time deposits) in December 2011.

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 17,856 million as at December 31, 2011, mainly due to the initiatives taken, such as prudent dividend policy, tax planning and controlled capital and revenue expenditure over the years.

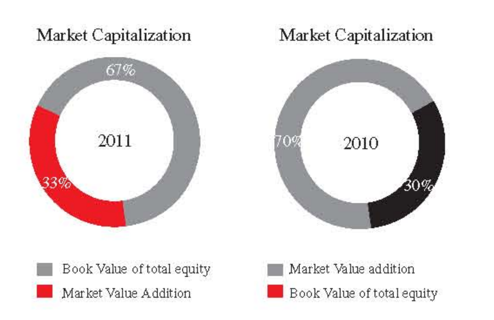
MARKET VALUE ADDED (MVA)

Market Value Added (MVA) is the difference between the current market value of a company and the capital contributed by investors. A high MVA indicates the company has created substantial wealth for the shareholders. A negative MVA means that the value of management's actions and investments are less than the value of the capital contributed to the company by the capital market (or that wealth and value have been destroyed).

The share market value of the Bank stood at Taka 26,590 million whereas the book value of the share stood at Taka 17,856 million; resulting a Market Value Added of Taka 8,734 million as on 31 December 2011. The calculation of Market Value added is given below:

BDT in Million

Particulars	2011 Taka	2010 Taka
Market value of total equity	26,590	38,895
Book value of total equity	17,856	11,519
Market value addition	8,734	27,376



DISTRIBUTION OF SHAREHOLDERS IN 2011

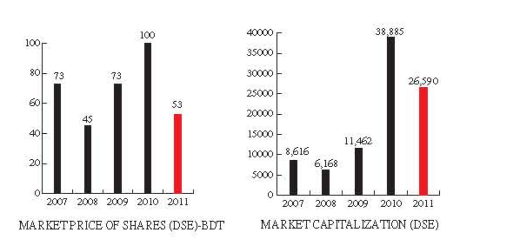
Particulars	2011 Number of Shares	2011 Percentage(%)	2010 Number of Shares	2010 Percentage(%)
Sponsors and general public	4,592,599,210	90.9%	3,188,536,200	82.0%
Financial institutions	462,512,090	9.19%	700,011,000	18.0%
	5,055,111,300	100%	3,888,547,200	100%

Shareholding range on the basis of shareholdings at December 31, 2011

Shareholding range	Number of share holders	Shares	Percentage (%)
01 - 500	43,157	6,856,491	1.36%
501 - 5,000	22,490	33,583,670	6.64%
5,001 - 10,000	1,651	11,705,550	2.32%
10,001 - 20,000	697	9,890,140	1.96%
20,001 - 30,000	206	5,194,050	1.03%
30,001 - 40,000	92	3,205,960	0.63%
40,001 - 50,000	61	2,850,390	0.56%
50,001 - 100,000	141	10,226,550	2.02%
100,001 - 1,000,000	184	51,298,384	10.15%
1,000,000 and over	91	370,699,945	73.33%
	68,770	**505,511,130**	**100.00%**

STOCK 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 2011 and the audited Balance Sheet of the Bank as at 31 December 2011 have been submitted to the Dhaka Stock Exchange & Chittagong Stock Exchange within four months of the Balance Sheet date. In Dhaka Stock Exchange code for The City Bank Limited shares is "CITYBANK" and in Chittagong Stock Exchange is "CTBNK".



SHARE TRADING

Market price of shares of The City Bank Limited in Dhaka Stock Exchange was BDT 52.6 on close of the business of the 31 December 2011. The Bank's market capitalization at 31 December 2011 was Tk. 26,589.89 million which is 1.02% of total market capitalization of DSE. (Source of information: Monthly Review of December, 2011)

FINANCIAL CALENDAR

Quarterly Results

Unaudited results for the 1st quarter ended 31st March 2011	Announced on	15 May 2011
Unaudited results for the 2nd quarter & half-year ended 30th June 2011	Announced on	30 July 2011
Unaudited results for the 3rd quarter ended 30th September 2011	Announced on	30 October 2011
Audited results for the year ended 31st December 2011	Announced on	21 March 2012

DIVIDENDS

Distribution of stock dividend of 25% in respect of	Notice Date	22 March 2012
financial year ended 31 December 2011	Record Date	05 April 2012
Notice of Annual General Meeting		22 March 2012
Annual General Meeting	To be held	06 May 2012

Stock Details

Particulars	Dhaka Stock Exchange (DSE)	Chittagong Stock Exchange (CSE)
Stock Symbol	CITYBANK	CTBNK
Company Code	11102	22006
Listing Year	1986	1995
Market Lot	50	50
Market Category	A	A
Electronic Share	Yes	Yes

Taka in million unless specified

	2011	2010	2009	2008	2007
Income Statement					
Interest Income	9,415	7,090	5,743	4,669	4,183
Interest Expenses	4,997	3,516	3,672	3,163	3,235
Non-Interest Income	3,338	3,728	2,297	1,874	1,624
Non-Interest Expenses	3,560	3,201	2,112	1,625	1,316
Profit Before Provision	4,196	4,100	2,256	1,755	1,256
Profit Before Tax	3,468	2,999	1,388	1,014	808
Profit After Tax	2,018	1,849	819	398	343
Balance Sheet					
Authorized Capital	10,000	10,000	1,750	1,750	1,750
Paid-up Capital	5,055	3,889	1,571	1,366	1,188
Reserve Fund & Surplus	12,801	7,630	4,293	2,851	1,686
Total Shareholders' Equity	17,856	11,519	5,864	4,217	2,874
Deposits	83,818	67,420	62,384	45,034	40,540
Loans and Advances	76,807	60,327	43,486	34,421	26,788
Investments	16,131	12,474	10,586	9,074	7,551
Fixed Assets	5,950	3,206	2,788	2,514	1,391
Total Assets	115,736	90,898	76,467	57,115	48,755
Off-Balance Sheet Exposures	15,866	20,387	10,447	10,921	8,278
Foreign Exchange Business					
Export	22,033	18,646	13,815	14,766	19,151
Import	43,474	38,155	28,718	30,894	20,309
Remittance	42,189	24,496	17,933	9,828	4,932
BIS Capital Measures *					
Risk Weighted Assets	117,575	111,049	45,715	35,919	25,037
Core Capital (Tier I)	11,322	9,260	3,535	2,711	2,313
Supplementary Capital (Tier II)	3,714	3,120	1,625	1,243	844
Tier I Capital Ratio	9.6%	8.3%	7.7%	7.5%	9.2%
Tier II Capital Ratio	3.2%	2.8%	3.6%	3.5%	3.4%
Total Capital Adequacy Ratio	12.8%	11.2%	11.3%	11.0%	12.6%
Credit Quality					
Provision for Unclassified Loans	1,400	1,040	799	420	501
Provision for Classified Loans	1,101	970	708	780	463
Percentage of NPL over Total Loans and Advances	3.4%	4.4%	4.9%	6.3%	6.2%
Share Information					
No. of Shares Outstanding (in million)	505.51	38.9	15.7	13.7	11.9
Earnings Per Share					
Basic	4.0	3.7	52.1	25.3	25.1
Diluted	-	-	-	-	-
Cash Dividend	-	-	-	-	-
Stock Dividend **	25.0%	30.0%	25.0%	15.0%	15.0%
Market Value Per Share (Taka)	53	1,000	730	452	725
Price Earning Ratio (Times)	13	17	14	18	25
Net Assets Value Per Share (Taka)	35	296	373	309	242
Operating Performance Ratio					
Credit Deposit Ratio	85.7%	89.5%	69.7%	76.4%	66.1%
Cost to Income Ratio	45.9%	43.8%	48.4%	48.1%	51.2%
Total Operating Income per employee	2.8	2.7	1.8	1.6	1.3
Total profit per employee	1.5	1.5	0.9	0.8	0.6
Cost of Funds	6.4%	4.9%	6.1%	6.9%	7.6%
Cost of Deposits	6.4%	5.3%	6.6%	7.1%	7.9%
Yield on Loans and Advances	13.1%	12.7%	13.1%	13.5%	13.2%
Return on Assets	2.0%	2.2%	1.2%	0.8%	0.7%
Return on Equity	13.7%	21.3%	16.2%	11.2%	12.7%
Distribution Network					
Number of Branches	89	88	87	83	83
Number of SME Centres & Agri Branches	12	11	10	5	-
Number of ATM	122	85	50	23	4
Number of Employees	2,772	2,685	2,424	2,134	1,991
Number of Foreign Correspondents	538	533	513	501	496

Deposit Growth
24.3%
From 8.1% in 2010

Shareholders' Equity
12,923.0 M
From 7,702.4 M in 2010

Net Assets Value Per Share
35.3
From 29.6 in 2010

Non Performing Loan
3.4%
From 4.4% in 2010

Return on Assets
1.95%
From 2.03% in 2010

Number of ATM
122
From 72 in 2010

Earnings Per Share
4.0
From 3.7 in 2010

Yield on Advance
13.1%
From 12.7% in 2010

Operating Profit Per Employee
1.5 M
From 1.5M in 2010

Credit Rating

Rating	2011	2010
Long Term	A1	A1
Rating	ST2	ST-2

* *BIS: Bank for International Settlements*
** *The Board of Directors in its 405th meeting decided to recommend distribution of 25% (25 percent) stock dividend subject to approval of the shareholders*
*** *Face value of each equity share was converted into Tk. 10 from Tk.100 in 2011.*

It had been a great year for City Bank.

Despite a negative outlook in the global economy overall and many a challenges faced by Bangladesh in meeting its macroeconomic goals in 2011, for City Bank this was a year of yet another sound and solid performance. The whole story is narrated in our Directors' Report, to which we welcome you all. It is indeed a great pleasure for the Board of Directors of The City Bank Limited to present the 29th Annual Report and Audited Financial Statements for the year 2011 to the honorable shareholders.

In this Report, we have drawn a pen picture of the current World economy, Bangladesh economy, along with the business activities and financial highlights of The City Bank Limited. An overview of this Report would indicate continuous growth of the Bank amidst stiff competitions and adversities both at the domestic and international levels.

Global GDP Growth
(Percent; quarter over quarter, annualized)

Source: IMF staff estimates.

GLOBAL ECONOMY

Global growth prospects weakened and risks sharply escalated during the fourth quarter of 2011, as the Euro area crisis entered new phase of uncertainty. Activity remained relatively robust throughout the third quarter with global GDP expanding at an annualized rate of 3½ percent— only slightly worse than forecast in the September 2011 WEO. Growth in the advanced economies surprised many, as consumers in the United States unexpectedly lowered their saving rates and business fixed investment stayed strong. The bounce back from the supply-chain disruptions caused by the March 2011 Japanese earthquake was also stronger than anticipated. Additionally, stabilizing oil prices helped support consumption. These developments, however, are not expected to sustain significant momentum going forward.

By contrast, growth in emerging and developing economies slowed more than forecast, possibly due to a greater-than-expected effect of macroeconomic policy tightening or weaker underlying growth.

Lately, the near-term outlook has noticeably deteriorated, as evidenced by worsening high frequency indicators in the last quarter of 2011. The main reason is the escalating euro area crisis, which is interacting with financial fragilities elsewhere. Specifically, concerns about banking sector losses and fiscal sustainability widened sovereign spreads for many euro area countries, which reached highs not seen since the launch of the Economic and Monetary Union. Bank funding all but dried up in the euro area, prompting the European Central Bank (ECB) to offer a three-year Long-Term Refinancing Operation (LTRO). Bank lending conditions moved sideways or deteriorated across a number of advanced economies. Capital flows to emerging economies fell sharply. Currency markets were volatile, as the Japanese yen appreciated and many emerging market currencies depreciated significantly.

Financial volatility has increased: After easing through much of the first half of 2011, global financial conditions have become more volatile since late May. This reflects market concerns about sovereign risks related to developments in the euro area periphery and the recent softening in activity and persistent housing market weakness observed in the United States. Symptoms include rising sovereign credit default swap spreads in certain euro area economies, retreating global stock prices and falling long term bond yields in the major advanced economies. In addition, the June 2011 Global Financial Stability Report (GFSR) Market Update emphasizes the insufficient pace of progress on banking system repair, notably in Europe, as well as risks related to releveraging in various market segments.

Commodity prices and consumer price inflation recede, but risks remain: Inflation has fallen in the past year, on average, in both high-income OECD and developing countries. Inflation has declined rapidly in most of the high-income countries, while outcomes have been more varied in developing countries that

nevertheless show an overall, declining trend. But for developing countries it is widely recognized, that rising food prices contribute more to inflation in developing than in advanced economies, because food's share of the consumption basket in the former tends to be much larger than in the latter. For example, food accounts for 15 percent of the U.S. (CPI) basket but 50 percent of the consumption basket of the Philippines. Moreover, there is evidence to suggest that there is a more significant pass-through of food prices to non-food prices in developing countries compared with OECD economies—where there is almost none.

In ***South Asia***, headline inflation for India and several other countries remains high, for the former within a 5-6 point range and for Pakistan between 10 and 11 points. But when measured on a seasonally adjusted annualized rate, inflation in India has fallen by 2.5 percentage points since the start of 2011 to 5.2 percent in November. Inflation remains more problematic in Pakistan; but had earlier softened in the "post-conflict environment in Sri Lanka.

Decisive and consistent policy action is urgently needed: The current environment—characterized by fragile financial systems, high public deficits and debt and interest rates close to the zero bound—provides fertile ground for self-perpetuating pessimism and the propagation of adverse shocks, the most critical of which is a worsening of the crisis in the euro area. In this setting, there are three requirements for a more resilient recovery: sustained but gradual adjustment; ample liquidity and easy monetary policy, mainly in advanced economies and restored confidence in policymakers' ability to act. Importantly, not all countries should adjust in the same way, to the same extentor at the same time, lest their efforts become self-defeating. Countries with relatively strong fiscal and external positions, for example, should not adjust to the same extent as countries lacking those strengths or facing market pressures. Through mutually consistent actions, policymakers can help anchor expectations and reestablish confidence.

BANGLADESH ECONOMIC GROWTH

Bangladesh economy gained some momentum during FY11 as output and investment activities in the economy paced up substantially in FY11 after a couple of years in post-global crisis related slowdown. The buoyancy in economic activity was predominantly aided by robust export growth and strong domestic demand. However, rising global food and fuel prices, deteriorating remittances, an increased reserve drawdown, huge stock market volatility and its potential impact on the banking sector were the short term risks for Bangladesh economy.

GDP GROWTH

The real GDP growth of 6.7 percent in FY11 was driven by a robust growth in industry and increased output in agriculture and services sectors. The expansion was broad-based, registering positive growth by all sectors and sub-sectors of the economy.

AGRICULTURE SECTOR

The agriculture sector contributed 19.9 percent of total GDP in FY11. The output growth of agriculture sector eased down from the FY10 high of 5.2 percent to lower but still strong and above trend of 5.0 percent growth in FY11. This 5.0 percent growth was aided by continued policy support from the Government, including subsidy in input prices, adequate supply and timely distribution of key Inputs, higher procurement prices of outputs, adequate access to credit and better delivery of extension services. Within the agriculture and forestry sub-sector forest and related services sub-sector posted higher growth of 5.4 percent in FY11 compared to 5.2 percent growth in the last year. Animal farming sub-sector grew by 3.5 percent in FY11 compared to 3.4 percent in FY10. Fishing sub-sector posted an impressive growth of 5.4 percent in FY11 against 4.2 percent growth recorded in FY10.Absence of any severe flood and cyclone aided by overall favorable weather condition contributed to attain this growth.

INDUSTRY SECTOR

The industry sector, which contributed 30.4 percent of GDP, exhibited a robust growth of 8.2 percent in FY11 against 6.5 percent recorded in FY10. This was led by strong growth in manufacturing and construction sub-sector which recorded an impressive growth of 9.5 percent and 6.4 percent respectively in FY11 against 6.5 percent and 6.0 percent in FY10. Directives from central bank to promote adequate credit delivery and other mode of financing facilities to SMEs contributed to achieve satisfactory industrial growth. The growth in mining and quarrying sub-sector a relatively minor activity, decreased to 4.9 percent in FY11 from 8.8 percent in FY10. Manufacturing sub-sector registered a higher growth of 9.5 percent in FY11 compared to 6.5 percent in FY10. Growth was pronounced in the large and medium scale manufacturing sub-sector which grew by 10.4 percent in FY11 compared to 6.0 percent in FY10. However, small scale manufacturing sub-sector registered a lower growth of 7.3 percent in FY11 against 7.8 percent in FY10.

Growth in power, gas and water supply sub-sector decreased to 6.0 percent in FY11 compared to 7.3 percent recorded in FY10. It may be noted that the large unmet demand for power (reflected in power outages) continued in FY11, affecting the growth potential of a number of activities in both urban and rural areas.

SERVICES SECTOR

The services sector contributed almost half of (49.7 percent) total GDP in FY11. Within this, 14.3 percent was attributable to wholesale and retail trade followed by 10.9 percent in transport, storage and communication, 7.0 percent in real estate, renting and business activities and 6.7 percent in community, social and personal services. Overall activities in the services sector registered 6.6 percent growth in FY11 compared to 6.5 percent in FY10.

CAPITAL MARKET

Market capitalization inclusive of new issues increased remarkably by 5.7 percent to Taka 2853.9 billion or 36.2 percent of GDP at the end of FY11 from Taka 2700.7 billion at the end of FY10 in Dhaka stock exchange (DSE), while in Chittagong stock exchange (CSE) it was decreased by 11.7 percent to Taka 2237.6 billion or 28.4 percent of GDP in FY11.In FY11, the amount of turnovers in the secondary market also increased by 27.1 percent and 48.2 percent respectively at DSE and CSE.

INFLATION

Inflation (based on 12-month average CPI) rose up during Q2FY11 on year-on-year basis. However compared to the end of the previous quarter, it rose marginally by 0.01 percentage point to 8.13 percent in December 2010 from 8.12 percent in September 2010. Point-to-point CPI inflation increased to 8.28 percent in December, 2010 from 7.61 percent in September 2010. As in the previous quarter the rise in inflation was caused mainly by supply side factors such as higher international food prices and higher nominal wage (cost push) but also partly driven by higher demand factor. In FY11, food price rose sharply (up to 10.12 percent in December), owing to a continuing pick-up in agricultural produce price inflation.

FOREIGN RESERVE

The gross foreign exchange reserves of Bangladesh Bank had reached to USD 10,912 million as of June, 2011 which is 1.5% higher than USD 10,750 million at June 2010. Due to huge import pressure, foreign exchange reserves declined to USD 9,634.9 million as of December.

EXPORT

In FY 2010-11 total exports showed a significant growth over the same period of FY 2009-10. Aggregate export increased by 41.5% in FY2010-11 against 4.2% in FY 2009-10 and reached to USD 22,924.4 million from USD 16,204.7 million in FY2009-10. Woven and knitwear products registered a high increase in receipts, from USD 12,496.7 million of FY 2009-10 to USD 17,914.5 million in FY2010-11, which fetch about 78.1% of total export earnings. Export earnings from raw jute showed a robust growth of 81.2%.

IMPORTS

Import payment registered a robust growth of 41.8% in FY2010-11 and stood at USD 30,336 million consumer and intermediate goods import increased substantially by 54.6%. Imports of capital machinery recorded significant growth of 45.7%. Food grains import increased substantially by 128.6% to USD 1,911.0 million in FY2010-11 from USD 836.0 million in FY 2009-10 mainly due to 1,006.7% rise in rice import.

BALANCE OF PAYMENT

The nominal current account surplus and the higher financial outflows led the balance of payments to a record deficit of USD 925.0 million in FY 2010-11 against surplus of USD 2,865 million. A higher increase in import than export widened the trade deficit by 42.2% from USD 5,155.0 million in FY 2009-10 to USD 7,328.0 million in FY 2010-11. The current account surplus narrowed down substantially from USD 3,724.0 million in FY 2009-10 to USD 995.0 million in FY 2010-11.

REMITTANCE

Remittance growth decreased a little bit to 6.03% in FY2010-11 from 13.40% growth in FY2009-10. However, in comparison with calendar year, Remittance inflow increased to 10.57% in 2011, from just 2.78% growth in the year 2010. At the end of 2011, total remittance inflow reached to USD 12.17 billion from USD 11.00 billion in 2010.

OUTLOOK 2012

As cautioned by the World Bank, emerging or developing economies having widening fiscal deficits will be much less space to maneuver warranting them to have contingency plan in facing those challenges in 2012. As projected by the World Bank and IMF, weaker than expected growth in advanced economies especially Europe & the US, the destination of around 74% of all our exports, could impact garments and other exports. Remittance could also be affected but risks are lower due mainly to relative resilience of the Middle Eastern countries.

Although our financial system has escaped the primary shock due to relative isolation from world financial market, the volatile capital market, weak infrastructure, chronic power and energy crises, subdued domestic demand due to lower inward remittance and rising inflation can pose real challenges in accelerating economic growth in near future. As such the projected GDP growth for FY 2012 falls in the range of 6.5-7.0%.

PERFORMANCE OF CITY BANK IN 2011 FINANCIAL OVERVIEW

In 2011 world financial markets underwent another spell of volatility, triggered by uncertainty over the outlook for US economic growth and renewed sovereign debt strains in some euro-area countries. The ensuing portfolio reallocation contributed to a fall in the yields on government securities of countries not involved in the public debt crisis, a stock market correction and a modest increase in the risk premiums on bank and corporate bonds.

Bangladesh's financial system has benefited from sustained economic development of the country over the past years. Benefited from accelerated GDP growth in FY11 the banks have further strengthened their funding base over the year, leaving them better placed to meet future credit demand and support economic growth. Despite the world wide economic recession, The City Bank managed to deliver sound growth during the year 2011. Some of the highlights are given below.

ACHIEVEMENTS

Interest Income

During 2011 The City Bank Limited earned BDT 9,415

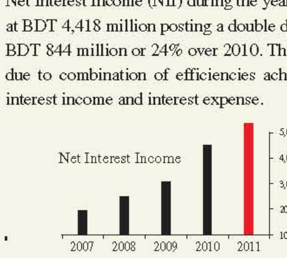
million as Interest Income recording a growth of BDT 2,325 million (32.8%) over previous year. The growth in interest income was attributable to real growth in overall asset portfolio, launching of high yielding loan products and decrease of NPL and efficient utilization of fund.

Interest Expense

Interest/Profit paid on deposits and borrowings during 2011 was BDT 4,997 million, an increase over 2010 by BDT 1,481 million (42%). Interest expenses increased due to the increment of deposit volume by 16,398 million and increase of cost of deposit.

Net Interest Income

Net Interest Income (NII) during the year was recorded at BDT 4,418 million posting a double digit growth of BDT 844 million or 24% over 2010. This growth was due to combination of efficiencies achieved both in interest income and interest expense.



Investment Income

Investment Income during 2011 was recorded at BDT 1,327 million compared to BDT 2,140 million of 2010, posting a negative growth of BDT 813 million i.e. 38% due to decrease of gain from capital market.

Commission, Exchange & Brokerage

Income from commission, exchange and brokerage during 2011 increased by BDT 119 million (10%) compared to 2010 primarily due to increase of fee based income such as Letter of credit (L/C) 24%, Letter of Guarantee (L/G) 40%, Accepted Bills 37%, Non Resident Bangladeshi (NRB) operation 47% etc. Exchange gain from Foreign Currency dealing income also played a major role in this bucket.

Other Operating Income

Other Operating Income increased by 68% in 2011, a growth of BDT 305 million comparing to 2010. Growth in Profit from sale of fixed assets 1,441%, Credit card income 65%, Rebate receives from foreign bank 41% were the key components in this year's earnings.

Total Operating Income

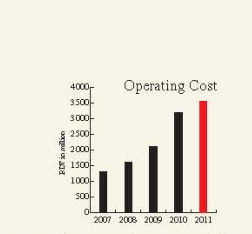
Total Operating Income posted a healthy growth of BDT 455 million or 6.2% from BDT 7,301 million in 2010 to BDT 7,756 million in 2011. This growth was a resultant of respective growth in NII, commission, exchange & brokerage income and other operating income.

Operating Costs

During 2011 the bank's total operating expenditures increased 11.2% over previous year.

The bank has gone through restructuring of its operations and put in place systems and processes in place for compliance of its internal and external rules and regulations. The bank has undertaken the following initiatives for the restructuring:

- Recruitment of significant number of qualified and professional employees;
- Renewal of many of its existing branches' rent agreements at significantly higher rates, relocation of old branches, opening of new branches, SME Service Centers, ATM booths, DST centers and occupying new floor space for Head Office;



In order to run the operations smoothly under the restructuring and compliant atmosphere, the bank's operating expenses increased significantly by BDT 359 million from BDT 3,201 million in 2010 to BDT 3,560 million in 2011. The increased costs were contributed primarily by increase in head count and payroll expenses (BDT 136 million increase in Salaries & Allowances), increase in rents and utilities (BDT 70 million increase in Rent, tax, insurance, electricity etc.), increase in Postage, stamp, telecommunication expenses by BDT 12 million, Depreciation and repair expenses by BDT 86 million due to renovation, relocation of branches, building of new ATM booths as well as investments in IT infrastructure and Other expenses BY BDT 56 million.

Operating Profit

The Operating Profit of the bank for the year 2011 stood at BDT 4,196 million in comparison to 4,100 million in the year 2010 increased 2.34% growth or BDT 96 million over the previous year despite the increase of 11.2% Operating costs.

Profit Before Tax

Profit Before Tax (PBT) of the bank stood at BDT 3,468 million in 2011 compared to BDT 2,999 million in 2010 having 15.6% growth. This year total provision was kept BDT 728 million against loans and advances, off-balance sheet items, gratuity, diminution in value of investments and other provisions compared to BDT 1,101 million of 2010.

Earnings Per Share

In the year under review, Earning Per Share (EPS) stood at BDT 3.99 which was BDT 3.66 in the previous year.

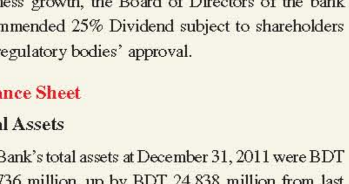
Dividend

Taking into account results achieved in 2011 and to enhance capital base of the bank required for future business growth, the Board of Directors of the bank recommended 25% Dividend subject to shareholders and regulatory bodies' approval.

Balance Sheet

Total Assets

The Bank's total assets at December 31, 2011 were BDT 115,736 million, up by BDT 24,838 million from last year. This satisfactory increase in Total Assets is comprised of growth in Cash (22%), Investments (29%), Loans & Advances (27%) and Fixed Assets (86%).



Loans and advances

Loans and Advance of the bank as on December 31, 2011 stood at BDT 76,807 million compared to BDT 60,327 million of previous years posting an amazing growth of 27.3%. This improvement was possible because of maintenance of high yielding products mix, strong drives undertaken by the bank's C&I, SME & Retail divisions, strong credit risk and good security measures.

Deposits and Other Accounts

Total Deposit of the bank as on December 31, 2011 stood at BDT 83,818 million compared to BDT 67,420 nition policy which recognizes and rewards people for their contribution towards the success of City Bank.

Celebrating As One Family

Employee engagement is about creating opportunities for employees to connect with their colleagues, managers and wider organization. It is also about creating an environment where employees are motivated to want to connect with their work and really care about doing a good job.

City Bank HR team has played a key role in implementing engagement events and activities within CBL. The objective of such events is to ensure that CBL employees across the organization can get an opportunity to enjoy with their family members at occasions outside the busy work life. The major events organized in 2011 are Children's Art Competition, Bengali New Year Celebration, International Women's Day Celebration, City Cricket Tournament.

HR Automation

City Bank has introduced HRMIS system named EXPLORE for its employees in 2011. We have set an example for other local Banks as we are the first local bank to have such a system for its employee. The system is an online database which stores all employee relevant information like personal information, performance management, training needs and records, leave and attendance and compensation records. As a part of the implementation process, EXPLORE has been introduced to all permanent employees with features like Profile, Change of Status, Objectives and Appraisal, Employee directory, leave management etc. City Bank HR came up with the initiative to implement this HRMS solution with a vision to create a real-time information-based, self-service and interactive work environment that will effectively re-arrange An individual/manager/superior's decision making ability will become much easier & faster due to process automation and easy access & availability information.

CREDIT RISK MANAGEMENT DIVISION

City Bank defines Credit Risk as the risk of loss of principal or loss of a financial return stemming from a borrower's failure to repay a loan or otherwise to meet a contractual obligation in full with interest and in time. Usually credit risk arises whenever a borrower is expecting to use future cash flows to pay a current debt. Investors are compensated for assuming credit risk by way of interest payments from the borrower or issuer of a debt obligation.

City Bank has diagrammed its 1st ever Credit Risk Management Division (CRM) back in Q4/2007 which was later successfully implemented in February 2008 through lunching of its Credit Policy Manual [CPM]. CPM contains broad spectrum on guidelines for lending activities of the Bank followed by Credit instruction Manuals (CIM) covering most of the important risk avenues like EoL, CIB, Survey, ERM, Loan CallBack etc. It also furnishes the necessity of developing Business Policy Documents. CRM thrives to nurture industry best practices with innovation of unique tools of analysis like Dynamic Performance Rating to track down the performance of overdraft facility.

In 2011, CRM took number of initiatives, projects and programs to frame industry best practices for better risk management. Besides, a good number of process guidelines were approved meantime for improving daily operation and workflows. Moreover, several formal dialogues were also in place between Business and CRM in last year for identifying the process flaws, synchronizing common understanding of both parties

(in terms of percentage of outstanding) in real estate, power, trade service, RMG, other manufacturing units has been increased while that in paper, metals, chemical and chemical products has been decreased. Credit concentration in Small and Medium Enterprise (SME) segment has decreased while concentration in card, retail, islami, transport, and corporate banking has been increased. Aggregate NPL is reduced from 4.42% to 3.44% though aggregate SMA is increased from 1.77% to 2.44%. During the period, 88.81% of total approved credit limits of the bank were utilized.

Credit Risk Management Division has paved in its 4 years of glorious journey and has successfully maneuvered following initiatives in 2011 to improve credit portfolio health, approval process reengineering and incessant value addition to credit underwriting process:

Comprehensive Workshop/Road Shows on

i. Review of CPM & CIMs.
ii. 2 half-a-day sessions on Legal, CAD and SAMD Operation held at Dhaka
iii. 1 daylong session at Chittagong with Corporate RM, Unit Heads, SME BDMs, CPC and CAD on CPM, CIM and Early Alert Policy.
iv. 2 days Training Program on Basic Credit & Documentation for CRM, CAD and RMD officials [28 participants designated from Officer to SEO] has been completed successfully. Training sessions were conducted by BIBM, Dhaka.
v. 2 separate cross departmental learning sessions were arranged covering Basic Trade Finance and other was on Online CIB. All the Risk Mangers of SME Risk were participated in the sessions.
vi. Road Show on effective writing of Business Credit Approval Package [combining AFL & CM] in Medium Enterprise Risk under SME Risk Department

businesses are inter-related. Considering the nature of business, appraisal process and collection methodology, Management has restructured credit risk management process by segregating appraisal and collection process of retail and small businesses functional efficiency.

Process up-gradation on

I. Approval Memo Format for managing PD Relationships, and
II. Guideline on Credit Approval Processing

Updating existing Sub-delegated Lending Authority (SDLA) and approving new SDLA for new Department/Division Heads

Designed and implemented on-job Learning Process for newly joined Management Trainees [MT] comprising:

I. First hand involvement in identifying risk issues and preparing credit memorandums under active supervision of each Risk Manager.
II. Empirical attachment of each MT with individual Risk Manager
III. Had undergone formal evaluation process through completing individual assignment followed by formal presentations before the Evaluation Committee.

Review of Early Alert Relationships and Relation ship under Documentation Deferral.

Finalizing Policy on enlistment of CPV Agent for SME & Corporate Relationships

Database of Local Portfolio for Chittagong Corporate

Comprehensive Portfolio Review - Industry wise.

Challenges of CRM

Following are the Major Risk Strategies adopted for 2012 in consultation with related parties:

1. Risk Rating: Based on recommendation of external consultant on risk management and in compliance of BASEL II guidelines, risk grading model need to be developed from 8 grades to at least 11 grades, being at least 7 grades for satisfactory credits. Accordingly, credit risk grading model (CRGM) has been designed for 11 grades, which is under the process of finalization and implementation.
2. Process Automation: CRM views 2012 as the year of process automation. CRM plans to automate product and PPG based credits for system and operational efficiency and database requirement. Various internal rating methodology and process shall be adopted by this year.
3. Pre fact approval review: A process for review of the approvals prior of disbursement is already drafted. CRM plans to implement partial review of approvals on random basis by this year.
4. Industry database: Industry average parameters for standard financial, operational and functional parameters shall be developed with a view to aid decision making and appraisal process.
5. Econometric analysis: A dedicated team will be engaged for economic, national and industry analysis to aid credit appraisal process.
6. Review and amendment of CPM
7. Mapping each Corporate Relationships for completing External Rating in compliance of BASEL guidelines.
8. Prudent monitoring of local transaction deals towards minimizing portfolio risk.
9. Ensuring better control over financing in Real Estate Sector.
10. Maintaining vast and extensive MIS to help making quick decision.
11. Risk-based pricing model.
12. Developing model for relating Collateral value with credit limit for local transaction for Corporate Relationships under Chittagong region.
13. Review and up-gradation of existing Financial Spread Sheet (FSS) format
14. Review and up-gradation/simplification of existing CM package.

CREDIT ADMINISTRATION DIVISION

CBL CAD is one of the biggest of its kind in the market. Since inception its strive towards service excellence, automation, value creation & appetite for nonstop process development have never been paused. Without compromising a single compliance issue, how a back office could demonstrate itself as a problem solver - CAD is an example.

Some of the major accomplishments that have been achieved in 2011 may be shared as under:-

Title Search: CAD started verifying genuineness of title of the properties collateralized against CBL finance, which helps minimizing the risks for new borrowers and fixing up the strategy (exit or continue) for existing borrowers. Mentionable that almost 72% Title Search Reports have already been collected up to December 2011.

Two Outstations: 2 (Two) more CAD outstations have started their operations in Comilla and Sylhet, which lifted the number to 5 (Five). CAD's effort to provide all possible services across the country to Business will continue in 2012.

Stock Report Automation: Stock Report at frequent interval is one of the most useful tools to measure utilization or diversion of Bank's fund. The process to collect the reports from RMs has been automated through E-doc in 2011.

Issuance of SSC: CAD has started issuance of Security Satisfaction Certificate (SSC) in 2011, which is fully automated. Once security documents are received satisfactorily SSC will automatically generated by E-doc.

Sign Board Fixation: Bank's sign boards on the mortgaged properties further securitize Bank's security. Since it's a regulatory requirement as well, CAD started fixation of sign boards in both existing and newly mortgaged properties making it a prerequisite for disbursement.

Agreement with SD: An agreement has been executed by and between CAD & SD regarding encashment/ interest release on FDR for liability adjustment purpose. Under the agreement, CAD now mails the scanned copy of FDR to SD, rather than sending the hard copy, ensuring in time transactions.

Automated Suspense Movement: Interest now goes from Income A/C to Suspense A/C automatically for any status, which previously used to be transferred manually for SMAs. Due to this particular automation, human error has now been minimized; also valuable man hour has been saved which is being utilized to develop in scope of different MIS.

Past Due Reminder Letter: Reminder letter for past due accounts has been introduced.

CIB Online Project: During CIB online project initiated by BB , All the relevant information was not present in customer level. In order to support the project to a success CAD played a vital role in gathering the relevant information and input the same into the system within a stringent deadline.

Re-Launching of Islamic Banking: Islamic banking was re-launched in 2011. Now CAD handles various Corporate & SME accounts. Many well known corporate bodies have been booked already. Starting from product development, UAT to implementation phase CAD was extensively involved with great enthusiasm. Around six loan products have already been developed and launched so far.

Looking back to 2011 reveals many more achievements, initiatives in CAD's basket and CAD's journey for service excellence in line with Bank's mission, vision, and values will also persist in 2012.

FINANCE DIVISION

City Bank's Finance Division assiduously works toward achieving the highest standard of compliance with Banks internal policy and regulatory guidelines. The division is performing the key roles of budgeting, forecasting, financial analysis, business performance monitoring & decision support and Procurement support. The division is functioning through its 6 core wings, Financial & Regulatory Reporting, Business Finance, GL & Reconciliation, Tax & VAT, Payment & Fixed Asset and Procurement. To provide better procurement service throughout the bank Finance has developed on line procurement system" Supply Chain Management" software in recent year. The software is designed to control costs and streamline procurement practices throughout the Bank. As part of its commitment to provide best quality service to Bank's business wings Finance is now working as information HUB of business team as well as Management Team.

Finance is incessantly thinking innovative to create a benchmark as a support team. In continuation to that exertion the division has extended its operation and highlighting on following points for the enhancement of banks business.

- Ensures preparation of the Financial Statements
- Long and Short Term Financial Planning, Long Term Capital Planning and Corporate Tax Planning
- Ensures preparation of the Performance reports of Business wings and Provides business progress report on regular basis
- Budget Planning and control including tracking & monitoring of CapEx Budget for the whole bank.
- Closely monitors assets and liability growth of the Bank and Helps to analyze and identify various business scopes

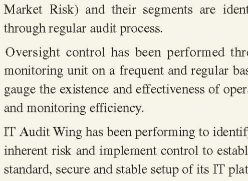
The time ahead is going to be very challenging for Finance as economy itself is in challenging phase. Nevertheless it is expected that present momentum will be enhanced extensively in coming years.

GENERAL ADMINISTRATION DIVISION

In 2011, General Administration Division (GAD) has achieved the following milestones:

Setting up Branches and ATMs

Achieving ATM target and setting up of new branches with quality were two challenges for us in 2011. In 2011, we launched two Branches in Moghbazar and Pallabi. The bank launched 2 SME/Agri Business Centres in Chhatak and Natore. We also renovated two Branches in Daulatganj and Karwan Bazar. One Islami Banking Branch was relocated in Palton in the year. The major achievement in 2011 was achieving ATM target by launching 50 new ATM booths throughout the country. Now there are 122 CBL ATMs to enhance customer service. GAD's success in delivering ATM booths can easily be observed from year wise launching of new ATMs.20 new ATMs were launched in 2009, in 2010 total new ATMs were 30(50% increase from previous year),in 2011 total new ATMs were 50(67% increase from previous year).



Policy and Process development

General Administration division is also responsible for developing policies to facilitate the operation of the Bank. In 2011, two major policies were developed. One is Comprehensive policy for Transport Management and another one is Standard Operating Procedure for Maintenance of Premises and Assets. Transport policy will help the bank to ensure transparency and accountability of the vehicles used by Branches, Divisions, Bank's Pool and Mancom. Standard Operation Procedure for Maintenance of Premises and Assets will help to ensure proper maintenance of all the assets and premises of the bank and keep the maintenance expenses within reasonable limit.

Service Level Agreement (SLA)

GAD entered into Service Level Agreements with competent vendors for maintenance of premises and assets. This arrangement helps to reduce sudden break down of critical machinery and equipments like Generators and ACs. This is a standard industry practice. At the end of the day, this initiative contributes to improved customer service. Besides the above mentioned policies some other important policy like security policy is ready for approval.

INFORMATION TECHNOLOGY DIVISION

City Bank started its journey in 1983 and considered as among the oldest and leading private commercial banks in Bangladesh. City Bank IT has gone through a gigantic transformation from where it started. After several years of continuous effort standardization of both back-end as well as front-end operation of bank is complete. Now through wide array of customizable products and services, IT can bring about equivalent contribution to profits.

Networking and server hardware devices have been procured & implemented to support operations of online branches, POS's and ATM's. These devices are providing superior performance resulting in better end-user satisfaction. At the end of the year 2011 we have 92 branches and 11 SME centers. To ensure uninterrupted and smooth customer service in all branches and SME centers, IT division continues performance tuning for database & application, networking and server hardware on regular basis.

The milestone of offering ANY BRANCH BANKING to Islamic Banking customers in parallel with conventional customers is in progress. Currently we are offering from 30 branches and by 2012 it can be offered from all of our branches, SME centers.

Continuous investments are going on to accumulated the necessary upgrades in hardware and software to increase our centralized online banking requirement i.e. our core banking system and also to give us the competitive edge to offer attractive products with unique features to our customers.

In the year 2011, we have incorporated 10 new products along with the 57 lunched in 2010 for Retail, SME, Corporate and Treasury to provide maximum financial solutions to our customers. We have also lunched 5 new investment products for our Islamic banking customers.

We have implemented "Vault Management" in the system and roll out successfully in all branches. Migration process from old report server to Business Object (BO) a SAP product is completed in this year. End users are now more comfortable with the various reports and MIS.

This year SWIFT facility is integrated with Finacle so trade service division is providing more smooth and efficient service to the trade customers. Automation of loan classification, Cash Transaction Report (CTR) and know Your Customer (KYC) incorporation with Finacle, debit card incorporation with Ababil are the milestone achieved by IT division. IT division also implemented virtualization with high availability option enabled which is not only reduces server hardware & power cost but also providing support to environment by green banking. The other major achievements are implementation of dual currency support Master card and Lotus for Loan Tracking System, Tracker for service delivery and bond management system. We have successfully included CDM (Cash deposit Machine) in our service list. IT division implemented in-house develops software that helps to prevent MICR cheque forgery. This software is deployed in several customer premises to safe guard customer transaction request.

IT Division, as a vital organ of the City Bank Ltd will always continue to explore with new technologies and electronic, information-based services. We believe that this is an area with great potential, yet the uncertainties are large and the payoff horizon is unknown. IT division is always preparing to provide necessary back bone structure for the bank on its quest to become The Financial Supermarket.

INTERNAL CONTROL & COMPLIANCE DIVISION

An effective organizational structure has been established by exercising strong control culture within the bank. Our status on establishing internal control in the Bank in line with regulatory requirements is:

- The bank has already formulated Internal Control & Compliance policy and manuals.
- The Management Committee (MANCOM) actively controls the overall management of the Bank and decides the extent of the Internal Control System, which is appropriate to the Bank.
- Internal Control & Compliance Division (ICCD) has been structured as per prescribed organization structure of managing core risks in the bank.
- The Audit Committee of the Board of Directors regularly monitors the effectiveness of internal control system within the bank.
- Regulatory authority and external auditors evaluate the internal control system while conducting their periodical evaluation & statutory audit respectively.
- 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.
- The bank has already established the Risk Assessment Matrix of various banking functions and incorporated the same in Departmental Control Function Checklist (DCFCL).

Major Achievements in 2011

- Implementation of Bangladesh Bank's core risk guidelines are periodically reviewed and audited by ICC as part of its risk management focus and ensured adequate compliance to an expected level.
- 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.
- Risk grading of SSCs have been made since 2009 and revised in 2010. A further revised and updated Risk Grading Guidelines for overall risk profiling and risk matrix was implemented for robust risk management function.
- Key operational risk areas of four core lines of business (Retail, SME, Corporate and Treasury & Market Risk) and their segments are identified through regular audit process.
- Oversight control has been performed through monitoring unit on a frequent and regular basis to gauge the existence and effectiveness of operating and monitoring efficiency.
- IT Audit Wing has been performing to identify the inherent risk and implement control to establish a standard, secure and stable setup of its IT platform.
- Compliance/follow-up and monitoring of internal audit and inspection, monitoring of central bank inspection/external audit report and marketing intelligence (analysis of industry/economic fundamentals) were performed in a due-diligence manner.

ANTI-MONEY LAUNDERING

To implement Bangladesh Bank's prudential guidelines for managing core risks in banks, City Bank established Anti-Money Laundering Division (AMLD) at its Head Office in 2008 under the guidance of an EVP & CAMLCO and has developed Anti-Money Laundering Policy, Know Your Customer (KYC) Policy and Anti-Terrorist Financing Policy those are implemented in all levels of the bank. AMLD is continuously taking necessary steps to make City Bank fully compliant with Anti-Money Laundering (AML) and Combating Financing of Terrorist (CFT) legislations, guidelines and circulars.

Significant achievements of AMLD in 2011

Bangladesh Bank's rating and our own ratings of different business units have evidenced trend of improvement in the AML & CFT compliance culture within the bank and a few of those are appended below:

- AMLD is keeping efforts continuously to improve the AML & CFT compliance culture in the bank. This is being done by continuous monitoring of branch activities from AMLD and guiding them on different aspects. As a result, compliance status and AML & CFT awareness level of branch officials have improved significantly.
- Apart from Head Office monitoring, all of our branches perform their self assessment on a quarterly basis to measure their own effectiveness to comply with AML & CFT functions.
- A considerable number of officials have been trained in 2011 for the purpose of increasing AML & CFT awareness among the staffs.
- As advised by Bangladesh Bank, AMLD has arranged a training program for the officials of different scheduled banks in Mymensingh district in 2011. The program was very much successful and all the participants highly appreciated our efforts to accomplish the program in a befitting manner.
- Automation of TP & KYC has already been implemented in 2011 by developing menus in the bank's core banking software.

CONTRIBUTION TO NATIONAL EXCHEQUER

In the year 2010, Bank made provision of BDT 1160.29 million for corporate tax against BDT 569.00 million of year 2009. Beside these, Bank has deposited BDT 625.81 million as corporate tax, BDT 62.36 million as salary tax, BDT 382.45 million as source & other tax, BDT 158.19 million as VAT and BDT 75.00 million as excise duty to Government exchequer during the year 2010.

Attendance in the Board Meeting during the period 1st January 2011 to 31st December 2011

Name of the Directors	Total Meeting	Attendance
Mr. Rubel Aziz, Chairman	20 Nos.	12
Mrs. Meherun Haque , Vice Chairman	20 Nos.	9
Mr. Aziz Al Kaiser, Director	20 Nos.	18
Mr. Hossain Mehmood, Director	20 Nos.	18
Ms. Evana Fahmida Mohammad, Director	20 Nos.	12
Mr. Hossain Khaled Saifullah, Director	20 Nos.	15
Mr. Rajibul Huq Chowdhury, Director	20 Nos.	16
Mr. Ahmed Rajeeb Samdani, Director	20 Nos.	05
Mrs. Tabassum Kaiser, Director	20 Nos.	07
Mr. Rafiqul Islam Khan, Director	20 Nos.	16
Mr. Mobarak Ali, Director	20 Nos.	15
Mr. Aziz Ali Mahmood, Director	20 Nos.	11
Mrs. Sadia Anjum Siddiquee, Director	20 Nos.	01

Attendance in the Board's EC Meeting Period 1st January 2011 to 31st December 2011

Name of the Directors	Total Meeting	Attendance
Mr. Aziz Al Kaiser Convenor	07	01
Mr. Rubel Aziz Chairman	07	03
Mrs. Meherun Haque Director	07	05
Mr. Hossain Mehmood Vice Chairman	07	06
Mr. Hossain Khaled Saifullah Director	07	06
Mr. Rajibul Huq Chowdhury Director	07	06
Mr. Ahmed Rajeeb Samdani	07	-

Attendance in the Board's Audit Committee Meeting Period 1st January 2011 to 31st December 2011

Name of the Directors	Total Meeting	Attendance
Mr. Hossain Khaled Convenor	04	04
Ms. Evana Fahmida Mohammad	04	-
Mr. Rajibul Huq Chowdhury	04	02
Mr. Rafiqul Islam Khan	04	-
Mr. Aziz Al Mahmood	04	01

Shareholding pattern of the Bank

A. Shares held by directors and their spouse

Name of the persons	Total Shares held	Percentage(%) of shares as on 31.12.11
Mr. Rubel Aziz	12,731,570	2.49
Mrs. Meherun Haque	1,489,580	0.29
Mr. Aziz Al-Kaiser	23,380,770	4.58
Mr. Hossain Mehmood (Representative of City General Ins. Co. Ltd.)	29,940	0.01
Ms. Evana Fahmida Mohammad	5,633,120	1.10
Mr. Hossain Khaled	7,984,060	1.56
Mr. Rajibul Huq Chowdhury	1,888,420	0.37
Mr. Ahmed Rajeeb Samdani	3,552,960	0.70
Mrs. Tabassum Kaiser	1,701,950	0.33
Mr. Rafiqul Islam Khan	7,669,340	1.50
Mr. Mobarak Ali	1,959,920	0.38
Mr. Aziz Al Mahmood	490,280	0.10
Mrs. Sadia Anjum Siddique	3,032,190	0.59

B. Shares held by CEO, CFO, Company Secretary and Head of ICC

Name	Designation	No. of Shares	Name of Spouse	No. of Shares
Mr. K Mahmood Sattar	Managing Director & CEO	Nil	Mrs. Shoma Zahid	Nil
Mr. Mohammad Mahbubur Rahman	Chief Financial Officer	Nil	Sanjieda Afrin Ashraf	Nil
Mr. Md. Kafi Khan	Company Secretary	Nil	Mrs. Nargis Sultana	Nil
Mr. Nasim Ahmed	Head of ICC	Nil	Mrs. Falak Ara Nasim	Nil

Detail of shares held by the Executives of the Bank

Name	Designation	No. of Shares
Mr. Sohail R. K. Hussain	Additional Managing Director & CBO	Nil
Mr. Faruq M. Ahmed	Additional Managing Director & CRO	Nil
Mr. Mashrur Arefin	Deputy Managing Director & COO	Nil
Mr. Sheikh Mohammad Maroof	Head of Wholesale Banking	Nil
Mr. Badrudduza Choudhury	Head of SME Banking	Nil
Mr. Zabed Amin	Head of Retail Banking	Nil
Md. Abdus Salam Bhuiyan	Head of HR	Nil
Mr. Kazi Azizur Rahman	Head of Information Technology	Nil

C. Shareholders holding 10% or more voting interest in the bank are not applicable for the bank.

APPOINTMENT OF AUDITOR

The Board of Directors of CBL in its 28th AGM held on June 22, 2011 appointed Hoda Vasi Chowdhury & Co., Chartered Accountants as statutory auditors for the year 2011.

ACKNOWLEDGEMENT

For the unrelenting support and assistance the Board of Directors of the Bank would like to convey its thanks to all honorable sponsors & shareholders, valued clients and well-wishers of The City Bank Limited.The Board also takes the pleasure to pass on earnest appreciation and profound thanks to Government of Peoples Republic of Bangladesh, Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange and Registrar of Joint Stock Companies & Firms for their suggestion and direction extended to the bank.

Rubel Aziz
Chairman

CRO'S REPORT ON RISK MANAGEMENT

CBL has so far been successfully passed its transformation stage. For the last couple of years, the Bank has put gigantic effort to complete its transformation to a Centralized platform. Now, the stage is over and Bank started reaping the benefit of all its efforts. Year 2011 has been a successful year for CBL in terms of portfolio growth, improving the quality of portfolio, meeting the Minimum Capital Requirement (MCR) under Basel II and in many other ways.

CBL is committed to its stakeholders to attain a sustainable business growth commensurate with its strategy through implementation of a robust Enterprise Risk Management (ERM) framework within the organization. The main objective of this ERM is to inculcate the risk culture at every part of its operation so that risk elements (whether credit, market, operation or other pillar II risk elements) remain within its acceptable level and the Bank is not exposed to any threats for exceeding its tolerance parameters.

As per guidelines of Bangladesh Bank, CBL considers risk in two broader heads, one is Pillar-I risk and another is Pillar-II risk. Under Pillar-I, we have analyzed credit, market & operational risk. While other risks, which do not cover in Pillar-I, are described under Pillar-II risk.

1.0 PILLAR 1 RISK ELEMENTS

1.1 Credit Risk

Credit risk arises from the probability that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the Bank. The Credit Risk in CBL is guided by Credit Policy Manual (CPM) including several Credit Instruction Manuals (CIMs) [as integral part of CPM] which have been adopted in February 2008 and revised in 2009.

The following systems and procedures are being followed in CBL to manage the credit risk:

a. **Credit Origination:** Before allowing a credit facility, the Bank makes an assessment of risk profile of the customer/transaction.
b. **Limit setting:** An important element of credit risk management is to establish exposure limits for single obligors and group of connected obligors. CBL sets credit limit according to the merit of the client's business and as per BRPD Circular # 06, dated April 26, 2005 as well.
c. **Credit Administration:** Ongoing administration of the credit portfolio is an essential part of the credit process. CBL has already established a centralized Credit Administration Division (CAD) and a process manual for the division has been put in place. Credit administration function is basically a back office activity that supports and controls extension and maintenance of credit.
d. **Measuring credit risk through internal risk rating:** The measurement of credit risk is of vital importance in credit risk management. Credit risk rating is a summary indicator of Bank's individual credit exposure. The Risk Management Division (RMD) is working on to develop Internal Risk Model for its client base.
e. **Credit Risk Monitoring & Control:** Credit risk monitoring refers to incessant monitoring of individual credits inclusive of Off-Balance sheet exposures to obligors as well as overall credit portfolio of the Bank. A credit monitoring unit has already been established under CAD to monitor and control the credit very effectively.

Delegation of Authority: Board of Directors is the ultimate authority for making any credit decision under the guidance of regulatory directives as well as internal policy manuals. CBL has established responsibility for credit sanctions and delegate authority to approve credits or changes in credit terms. In CBL, Board of Directors has delegated its credit approval authority to the MD & CEO. Subsequently MD & CEO has sub-delegated his authority to others as business required. MD has also sub-delegated his authority to the concerned officials of Trade Service Division as well as Retail Finance Centre for smooth operations.

Managing Problem Credits: The CBL has established a system that helps to identify problem loan ahead of time when there may be more options available for remedial measures. Once the loan is identified as problem, it will be managed under a dedicated remedial process. CBL has established two teams under direct supervision of top management for managing SMA and Deteriorating Credit.

Analysis of Credit Risk

Portfolio Comparison : In 2011, loans and advances portfolio grew by 27.12% over 2010 status. However, classified portfolio decreased from 4.41% to 3.43%, though percentage of SMA portfolio slightly increased. Portfolio comparison over last three years is shown below:

(Amount in Crore Tk.)

Classification	2011	2010	2009
STD	7,244.4	5,680.4	4,005.5
SMA	187.7	107.0	131.5
Total Unclassified	**7,432.1**	**5,787.5**	**4,136.9**
SS	71.0	111.3	23.2
DF	35.8	27.4	40.0
BL	157.6	128.1	148.4
Total Classified	**264.4**	**266.9**	**211.7**
Total Portfolio	**7,696.5**	**6,054.3**	**4,348.6**
% of CL	**3.4%**	**4.4%**	**4.9%**
% of SMA	**2.4%**	**1.8%**	**3.0%**

**Dec'10 and Dec'11 figures are consolidated ones.*

1.1.2 Breakdown of Portfolio: 2011

Segments	Amount in Tk. Crore	% of total portfolio
Corporate	5,209.9	67.6%
SME (Medium)	684.2	8.9%
SME (Small)	240.8	3.1%
Retail	1,101.5	14.3%
Card	342.7	4.4%
Staff loan	117.5	1.5%
Total	**7,696.5**	**100%**

1.1.3 Loan concentration by sector

On consolidated basis, CBL portfolio is mostly concentrated on trade services with maximum 27.05% concentration, with personal services with 20.77% at the 2nd position. Portfolio concentration as of Dec 2011 is as below:

(Amount in crore Tk.)

Sectors	STD	SMA	Classified	Total Outstanding	% of total OS
Agriculture	105.9	-	1.6	107.4	1.4%
RMG & Textile	792.5	67.1	82.3	941.9	12.2%
Trade Services	1,969.9	60.3	51.3	2,081.5	27.0%
Personal services	1,460.6	43.7	94.1	1,598.4	20.8%
Chemical and chemical products	201.0	-	0.1	201.1	2.6%
Metal products & machinery	423.1	0.1	3.4	426.7	5.5%
Real estate & construction	417.7	6.6	2.5	426.8	5.5%
Transport, storage & communication	624.2	-	0.7	624.9	8.1%
Leather & leather products	114.0	-	1.0	115.1	1.5%
Fuel & power	24.8	-	-	24.8	0.3%
Paper, printing & publishing	7.5	0.0	0.8	8.4	0.1%
Other manufacturing	369.4	6.4	5.7	381.6	4.9%
Others	733.6	3.3	20.8	757.8	9.8%
Total	**7,244.44**	**187.7**	**264.4**	**7,696.5**	**100%**

1.1.4 Status of client rating (Credit Exposure): CBL has done it's client rating partially. The ratio is less than total 10% for both funded and non-funded exposure, which results in more capital requirement for credit risk.

Particulars	Amount (in Cr. Tk.)	% of portfolio
1. For Funded Portfolio		
a) Rated exposure	429.75	5.58%
b) Unrated exposure	7,266.79	94.42%
Total funded	**7,696.54**	**100%**

Particulars	Amount (in Cr. Tk.)	% of portfolio
2. For Non-funded Portfolio		
c) Rated exposure	92.19	5.81%
d) Unrated exposure	1,494.42	94.2%
Total Non-funded	**1,586.61**	**100%**

1.1.5 Status of cash recovery

Year 2011 is considered to be a successful year for recovery Performance. With the new dimension in the restructuring of the recovery unit, the team actually rocked in fulfilling the set targets for cash recovery under the guidance and direct supervision of Chief Risk Officer (CRO). The snapshot of recovery over the year is shown below:

(Amount in Crore Tk.)

Particulars	1st Q	2nd Q	3rd Q	4th Q	Total
Recovery from Classified accounts	6.2	11.1	11.2	22.5	50.9
Recovery from Rescheduled A/Cs	7.9	6.5	36.2	7.8	58.4
Recovery from Written-off A/Cs	0.8	0.4	0.2	11.6	13.0
Total recovery in 2011	**14.7**	**18.0**	**47.6**	**41.9**	**122.3**

1.1.6 Status of Account Regularization

(Amount in Crore Tk.)

Period	No. of Accounts Rescheduled	Amount Rescheduled
1st Q	5	4.2
2nd Q	5	4.5
3rd Q	4	92.5
4th Q	14	98.7
Total in 2011	28	199.9

1.1.7 Risk Weighted Asset (RWA) under credit risk (both on and off balance sheet) as of Dec 31, 2011

RWA for on-balance sheet items	Tk. 8,883.6 crore
RWA for off-balance sheet items	Tk. 864.5 crore
Total RWA for credit risk elements	Tk. 9,748.1crore
MCR required for credit risk [@10% of RWA]	Tk. 974.8 crore

1.2 Market Risk

1.2.1 Definition: Market risk is defined as a current or prospective threat to the Bank's earnings and capital due to movements in market prices, i.e. prices of securities, commodities, interest rates and foreign exchange rates. CBL is also exposed to Market Risk in variety of ways. Market risk exposure of CBL is explicit in portfolios of securities / equities and instruments that are actively traded. Conversely implicit exposures of CBL are risks like interest rate risk due to mismatch of loans and deposits. Besides, market risk of CBL also arises from activities categorized as off-balance sheet item.

1.2.2 Policies Guiding Market Risk: At CBL, we have a separate Board approved Investment policy, which acts as the controlling point of any investment activities. We also have Board approved policies on Stress Testing and Value at Risk (VaR) for impact assessment on profitability and thereby to aid in decision making in allocating capital for any stressed scenario. Besides, RMD is in the process of finalization of some other policy documents like Market Risk Management Policies and Procedures .

1.2.3 Segregation of responsibilities: The Asset and Liability Committee (ALCO) holds overall responsibility for market risk and sets the limits for trading positions and stop loss levels on product and responsibility level basis. Treasury Department actively manages market risk within the limits provided by ALCO. Besides, the Market Risk desk of the RMD holds responsibility for formulating the required policy guidelines and overseeing the overall adherence to the external and internal regulations.

1.2.4 Approach followed for calculating Market Risk elements: CBL calculates market risk using Standardized Approach for three components, namely for interest rate risk, equity position risk and foreign exchange risk. Under Standardized Approach both specific and general market risk are calculated for interest rate related instruments and equity holding. Presently CBL does not deal with SWAP or derivative instruments; as such CBL does not allocate any capital for both vertical and horizontal disallowances.

1.2.5 Capital Allocation for market Risk elements: Under the Standardized approach, Capital requirement is calculated for the risk elements to which CBL is exposed i.e. Interest Rate [illegible]

1.3 Operational Risk

1.3.1 Definition: Operational risk refers to the risk of loss because of inadequate or failed internal processes, staff and systems or external events, and also includes legal risk. CBL has emphasized on risk identification and assessment that ensure that all key risks are effectively highlighted for Bank's transparency and management. This enables the Bank to focus on fewer but more fundamental risks.

1.3.2 Identification & Measurement: The measurement and control framework comprises of the following qualitative elements:

[illegible]

1.4 Overall RWA for Pillar-I risk for calculating MCR

RWA for Credit risk	Tk. 9,748.12 crore
RWA for market risk	Tk. 1,048.20 crore
RWA for operational risk	Tk. 961.20 crore
Total RWA	**Tk. 11,757.52 crore**
Capital requirement @ 10% of RWA	**Tk. 1,175.75 crore**
Capital maintained as of Dec'11 *(on Consolidated basis)*	**Tk. 1,503.59 crore**

[illegible]

3.0 COMPLIANCE STATUS OF MCR IN 2011

After the end of parallel run period of 1 year in 2009, the banking industry in Bangladesh entered into the regime of Basel II compliance. In compliance of MCR under Pillar-1 risk elements, CBL was well ahead of minimum required target through 2011. Following is the MCR result as of Dec 31, 11 both in Solo and in Consolidated basis:

(Amount in Crore Tk.)

Sl.	Particulars	In Consolidation basis	In Solo basis
A.	Eligible Capital :		
1	Tier-1 Capital	1,132.19	1126.31

[illegible]

[illegible]

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 directors for consideration at least three days before 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.

The Directors who could not attend the meeting were granted leave of absence by the Board.

EXECUTIVE COMMITTEE

The number of members of the Executive Committee is 7. The Executive Committee of the Board approves the credit proposals as per the approved policy of the Board. Management ensures due diligence of the credit policy and risk management at the time of submitting the credit proposals.

Particular	Budget 2011	Actual 2011	Achievement of Budget
Operating Profit	4,502	4,196	93.2%
Deposit	92,791	83,818	90.3%
Advance	88,655	76,807	86.6%

REGULATION AND SUPERVISION

The Bank is governed by Bangladesh Bank's rules and regulation on various issues of banking operation. The Bank Company Act, 1991 and various circulars issued by Bangladesh Bank forms the basis of supervision. Various requirements and controls are imposed covering inter-alia capital adequacy, depositors' protection, risk management, market and liquidity, anti money laundering, reporting standard. They also undertake comprehensive and special audit of the Bank. Bangladesh Bank regularly meets with senior executives of the Bank, discusses issues regarding adherence to the standards and guidelines by the Bank.

[illegible] of the Board.

- *Valid till 30 June 2012*

COMPLIANCE REPORT ON SEC NOTIFICATION

Status of compliance with the conditions imposed by the Commission's order No. SEC/CMRRDC/ 2006-158/Admin/02-06 dated 20.02.2006, Condition No-5 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance status (put √ in the appropriate column): Complied	Not complied	Explanation for non-compliance with the condition
1.00	**Board of Directors**			
1.1	Board Size: should not be less than 5(five) and more than 20(twenty).	√		
1.2	(i) Independent Director: at least 1/10th, i.e. minimum one.		√	Awaiting Bangladesh Bank's directives on criteria for appointment/selection of Depositor Directors which would clarify the Bank's position vis- a-vis appointment of Independent Director.
1.2	(ii) Appointment of Independent Director by elected Directors.		√	Do
1.3	Separate Chairman of the Board and Chief Executive and clearly defined roles and responsibilities.	√		
1.4	Directors' Report to Shareholders			
	(a) Fairness of Financial Statements.	√		
	(b) Maintenance of proper books of accounts.	√		
	(c) Adoption of appropriate accounting policies and estimates.	√		
	(d) Compliance with applicable International Accounting standards.	√		
	(e) Soundness of Internal Control System.	√		
	(f) Ability to continue as a going concern.	√		
	(g) Significant deviations in operating results from last year.	√		
	(h) Presentation of at least preceding three years financial data	√		
	(i) Declaration of dividend.	√		
	(j) Detail of Board Meeting.	√		
	(k) The number of Board meetings held during the year and attendance by each director should be disclosed.	√		
	(l) Shareholding pattern.	√		
2.00	**Chief Financial Officer (CFO), Head of ICC and Company Secretary**			
2.1	Appointment:			
	CFO	√		
	Head of ICC	√		
	Company Secretary	√		

Condition No.	Title	Compliance status (put √ in the appropriate column): Complied	Not complied	Explanation for non-compliance with the condition
2.2	Attendance of CFO in the Board of Directors meeting	√		
	Attendance of Company Secretary in the Board of Directors meeting	√		
3.00	**Audit Committee**	√		
3.1	(i) Constitution of Audit Committee	√		
	(ii) Constitution of Audit Committee with Board members including the independent director		√	Awaiting Bangladesh Bank's directives on criteria for appointment/selection of Depositor Directors which would clarify the Bank's position vis- a-vis appointment of Independent Director.
	(iii) Filling of casual vacancy in the Audit Committee	√		
3.2	(i) Chairman of the Committee	√		
	(ii) Professional qualification and experience of the Chairman of the Committee	√		
3.3.1	(i) Reporting on the activities of the Audit Committee	√		
	(ii) (a) Reporting on conflicts of interests to the Board of Directors	√		
	(b) Reporting of fraud or irregularity to the Board of Directors	√		
	(c) Reporting of any violation of laws to the Board of Directors	√		
	(d) Reporting of any other matter to the Board of Directors	√		
3.3.2	Reporting of Qualified point to Commission	√		
3.4	Reporting of activities to the Shareholders and General Investors	√		
4.00	External/ Statutory Auditors			
	(i) Non-engagement in appraisal or valuation	√		
	(ii) Non-engagement in designing of Financial Information System	√		
	(iii) Non-engagement in Book-Keeping	√		
	(iv) Non-engagement in Broker-Dealer services	√		
	(v) Non-engagement in Actuarial services	√		
	(vi) Non-engagement in Internal Audit	√		
	(vii) Non-engagement in any other services	√		

STATUS OF COMPLIANCE OF BANGLADESH BANK'S GUIDELINES FOR CORPORATE GOVERNANCE

(BRPD circular No 16 dated 24.07.2003)

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

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** The Board shall appoint a competent CEO for the bank with the approval of the Bangladesh 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 necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised 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 Adviser** The adviser, 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 Adviser
4.	**Responsibilities and authorities of CEO** The CEO of the bank, whatever name called, shall discharge the responsibilities and effect the authorities as follows: (a) In terms of the financial, business and administrative authorities vested upon him by the Board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administration and financial management.	Complied
	(b) The CEO shall ensure compliance of the Bank companies Act. 1991 and/or other relevant laws and regulations in discharge of routine functions of the bank.	Complied
	(c) The CEO shall report to Bangladesh Bank of issues violative of the Bank Companies Act. 1991 or of other laws/regulations and, if required, may apprise the Board post facto.	Complied
	(d) 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

GREEN REPORT CARD

FOR THE YEAR 2011

The following disclosure has been made on Green Banking Initiatives of CBL as per Bangladesh Bank directive on Policy Guidelines for Green Banking through BRPD circular no. 02, dated February 27, 2011.

Category	Sl	Commitment	Programs
Policy Frameworks	1.	Incorporating environmental risk issues in Core Risk Management (CRM)	- Green & Environmental Risk Management (ERM) Policy has been formulated to encompass CBL's commitment towards environmental risk management both in its internal operation and financing activities. A separate Credit Instruction Manual (CIM) has been introduced on adoption of ERM, which requires assessment of Environmental Risk Rating (EnvRR) along with credit risk assessment for any potential client.
Energy Usage	2.	Reducing the intensity of energy usage	- An internal circular named "Green Facts & Tips" has been circulated to create awareness about the initiation of cost saving and green practice. - Employees of CBL are instructed to turn off and/or unplug all lights and electronic equipments like computers, monitors, photocopies, cell phone chargers, printers etc when not in use and fully utilizing power saving setting when in use.
	3.	Rationing of Air condition system	- As a part of cost saving and green practice, CBL management decided to ration air condition system at head office level to save the energy.
Paper Usage	4.	Efficient usage of paper	- Archive all documents through imaging and filming. - Depleting (printing on both sides) when possible as well as limiting printed materials/e-mails/memos only when it is really necessary. - Sharing electronic files and e-mails instead of paper memos. - Implementing CM (Credit Memo) automation project to avoid huge paper consumption. - Encouraging employees to use e-calendar thus will facilitate paperless operations by allowing the user to set reminders and update appointments. - For CBL employees, only e-statements are provided instead of hardcopy statements which save a huge amount of paper and printing costs. E-statement for other clients are also under process as per their option.

Category	Sl	Commitment	Programs
Greenhouse	5.	Promoting Travel Alternatives	- Promoted the use of alternatives to travel such as videoconferencing and teleconferencing where possible. - CBL is using IP phone and webinars for conference call instead of shorter meetings that involve people coming from long distance. - Reducing the greenhouse gas emissions intensity by encour aging employees to use carpool system who live in the same area.
Gas Emissions	6.	Offsetting the carbon emissions	- Offsetting the greenhouse gas emissions associated with the production and distribution of the major external reports using high-quality carbon offsets. For instance, e-statement is provided to the employees instead of hardcopy statements which save a huge amount of paper and printing costs.
Stakeholder Engagements	7.	Supporting Employee Training, Consumer Awareness and Green Event	- CBL has arranged several in-house awareness sessions for ERM and Green Banking to create awareness among the employees. In addition, CBL will arrange further awareness sessions for the clients and other stakeholders. - HR will arrange a separate session on such awareness issues through Green Banking Cell (GBC) after workshop/induction session organized for the employees of CBL. - The bank will observe World Environment Day every year which is on 5th June.
	8.	Periodic Regulatory Reporting	- GBC reports their initiatives/activities under the said program to the Department of Off-site Supervision of Bangladesh Bank as per required frequency.
Reporting & Disclosure	9.	Public Disclosure	- Publishing e-newsletter on environmental risk management as an endeavor to strengthen and speed up "Go Green" program of CBL. - Disclosing the environmental activities in the website and annual report so that the shareholders, clients and employees have access to independent assessments of CBL's performance.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is in essence a form of corporate self-regulation integrated into any business model. Ideally, CSR policy would function as a built-in, self-regulating mechanism whereby business monitors and ensures its adherence to law, ethical standards and international norms. Consequently, business embraces responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other member of public sphere. Furthermore, CSR focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality.

Essentially, at City Bank we believe, our CSR is the deliberate inclusion of public interest into our corporate decision making and the honoring of a triple bottom line: people, planet, profit.

With this bottom line in mind, City Bank always strives to deliver shareholders' value in socially, ethically and environmentally responsible way. Our corporate and SME Banking divisions believe that bank's business must respect community's interests. So they have never engaged in any project, at least since the times the transformation of the Bank began in 2007, which comes into conflict with bigger and long term benefits of the communities where we operate and also where we do not operate. As a matter of policy, City Bank does not invest in or engage itself in any business which use child labor or employ environmentally harmful measures to conduct its business. It's not only about taking that kind of a defensive position but it's also about taking a proactive approach which binds the Bank to work towards reducing waste and more efficient use of resources.

In 2009, commemorating the "International Environment Day", when City Bank turned all its outdoor billboards into visual spokespersons of "Go Green" philosophy, the public sphere became aware of our common responsibility to the Mother Earth and also got reminded that it's a Bank which in its company's formal vision announces its commitment to CSR: "We want to be the leading bank in the country with best practices and highest social commitments. "

In 2010, the bank made contribution of BDT 500,000 to SEID Trust, Bangladesh who provides education, vocational training, medical, physiotherapy, speech therapy, nutritional and transport support through institutional approach to underprivileged children with intellectual (ID) and multiple disabilities (MD) as well as autism.

The bank made contribution to great and noble cause, in line with philosophy of supporting art, culture and heritage by donating BDT 5 million for the construction of the Liberation War Museum in 2010.

The bank donated BDT 2.5 million to the Nimtoli and Begunbari Fire victims' family through Prime Minister's Relief Fund formed for the cause.

The bank contributed total BDT 800,000 to the beautification projects of two major parks in urban Dhaka- namely Gulshan Park and Baridhara Park.

2011 witnessed many such initiatives undertaken by City Bank, beside its conducting Sustainable Responsible Business (SRB), which go beyond the statutory obligations and mandatory compliances to voluntary activities the promote sustainable development and also promote nurturing of the People and the Planet.

In 2011, the Bank from time to time made contributions- both monetary and moral, and in all cases contributions that are supportive to the cause of different nature across varied areas. It has been at times support for our culture and heritage, and at other times support for the needy and the downtrodden, and also at other times support for the education and so on.

A FEW HIGHLIGHTS OF OUR CSR PROGRAM IN 2011

Support to Family of Martyr Army Officer of BGB

The 2009 Border Guard Bangladesh revolt was a mutiny staged on 25 and 26 February 2009 in Dhaka by a section of the Border Guard Bangladesh (BGB), a Bangladeshi paramilitary force mainly associated with guarding the borders of the country. As a result of this 78 people were killed. Among them 57 were BGB army officers.

Since 2009, City Bank has stood beside a family of the martyred army officers killed in the BGB carnage at Pilkhana. In 2011, in continuation of our ongoing pledge, we gave Tk. 480,000 to the family and this will continue over next ten years starting from 2009.

Livelihood Programme for Poor Women

As part of mainstreaming CSR to address poverty programme, City Bank Ltd initiated "livelihood Programme for Poor women in Jessore" in December 2011.

City Bank Ltd and Management and Resources Development Initiative (MRDI) have joined hands to train more than 200 vulnerable women of a remote village in Jessore to help them get rid of hardcore poverty. City Bank has come forward to help the poverty-hit women of Basatpur, a village near Benapole border in the district.

Under the Project of Tk 42.52 lakh a sewing training centre would be set up to train the women, who are often victims of violence and trafficking. The project will help lift many families in the village out of poverty. The project is part of effort to use Corporate Social Responsibility (CSR) funds as an alternative social development support in partnership with Manusher Jonno Foundation, an organization that promotes human rights and good governance.

Over the next three years, the project will not only train about 200 vulnerable women but also create market access for them.

Fighting Against the Cold Weather

During the extreme cold wave of December 2011, employees of City Bank Ltd. stood beside the cold distressed people across the country. From branch level, warm clothes and blankets were distributed to people in Khulna, Bogra, Sylhet and Chittagong area by City Bank employees. 7,000 sweaters and 2,300 blankets were distributed among the less fortunate people.

CITY BANK SIGNED ITS FINANCIAL STATEMENTS FOR THE YEAR 2011

Rubel Aziz, Chairman, Mehrun Haque, Vice Chairperson, Tabasum Kaiser, Director, K Mahmood Sattar, Managing Director & CEO are seen signing the Financial Statements of the Bank for the year ended December 31, 2011.

2011 FINANCIAL STATEMENTS

AUDITORS' REPORT
TO THE SHAREHOLDERS OF THE CITY BANK LIMITED

We have audited the accompanying consolidated financial statements of The City Bank Limited and its subsidiaries (together referred to as the "Group") and the stand alone financial statements of The City Bank Limited (the "Bank") which comprises the consolidated and stand alone balance sheet as at 31 December 2011, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies, other explanatory notes and annexure.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994 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 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 consolidated 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 of 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 judgment, 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 principles 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 opinion.

Opinion

In our opinion, the consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Bank's affairs as at 31 December 2011 and of the results of its operations and its cash flows for the year then ended and comply with the applicable sections of the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994 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 Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;

c) the Bank's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 48 dealt with by the report are in agreement with the books of account and returns;

d) the expenditure incurred was for the purpose of the Bank's operations;

e) the financial position of the Bank as at 31 December 2011 and the profit for the year then ended have been properly reflected in the financial statements, the financial statements have been prepared in accordance with the generally accepted accounting principles;

f) the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;

g) adequate provisions have been made for advances and other assets which are in our opinion, doubtful of recovery;

h) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;

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

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

k) 80% of the risk weighted assets have been reviewed by us spending 3,120 man hours;

l) Capital adequacy ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, March 21, 2012

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

Figures in Taka

PROPERTY AND ASSETS	Notes	2011	2010
Cash	3		
In hand (including foreign currencies)		1,483,855,797	1,501,345,402
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		6,046,258,108	4,689,637,981

Figures in Taka

	Notes	2011	2010
OFF- BALANCE SHEET ITEMS			
Contingent liabilities	21		
Acceptances and endorsements		3,484,163,577	3,435,850,066

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

1.1 Status of the Bank

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 March 14, 1983 under the license issued by Bangladesh Bank. Presently the Bank has 90 branches and 12 SME centers/ Agri Branches all over Bangladesh. The Bank had no overseas branches as at 31 December 2011. Out of the above 90 branches, 01 (one) 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. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company for its general class of shares. With 122 ATMs and 12 SME centers/ Agri Branches in Dhaka, Chittagong and Sylhet, The City Bank Limited offers financial services including current and saving accounts, personal loans, period deposit.

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

1.1.1 Principal activities

The principal activities of the Bank are to provide all kinds of commercial banking, consumer banking, trade services, SME, Retail, custody and clearing services to its customers through its branches and SME Service Centering Bangladesh. There have been no significant changes in the nature of the principal activities of the Bank during the financial year under review.

1.1.2 Islamic Banking Branch activities

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 deposit like mudaraba /manarah savings deposits, mudaraba /manarah term deposits, al-wadeeah current deposits, monthly /quarterly profit paying scheme etc.

1.1.3 Off-shore Banking Unit

The Bank obtained the Off-shore Banking Unit permission vide letter no .BRPD(P-3)744(101)/2010-4129 dated 10 November 2009. The Off-shore Banking Unit operates its activities as per terms and conditions imposed by Bangladesh Bank vide their said letter. Separate Financial Statements of Offshore Banking Unit are shown in Annexure I and I(I).

1.2 Significant accounting policies and basis of preparation of financial statements

1.2.1 Basis of preparation

The financial statements of the Bank are made for the year 1 January 2011 to 31 December 2011 and are prepared under the historical cost convention and in accordance with the "First Schedule (Sec-38) of the Bank Companies Act, 1991, BRPD Circular # 14 dated 25 June 2003, other Bangladesh Bank Circulars, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh , Companies Act, 1994, the Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges' listing regulations and other laws and rules applicable in Bangladesh.

In addition to foregoing directives and standards, the operation of Islamic Banking Branch is accounted for in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, Bahrain and accordingly a separate set of books and records are being maintained. A separate balance sheet, income statement and a statement of profit paid on deposits are shown in Annexure-H and H(I) 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.

1.2.2 Basis of consolidation

The Consolidated Financial Statements include the Financial Statements of The City Bank Limited and its Subsidiary, City Brokerage Limited and City Bank Capital Resources Limited made up to end of the reporting year. The consolidated financial Statements have been prepared in accordance with Bangladesh Accounting Standard 27: Consolidated Financial Statements and Accounting for Investment in Subsidiaries.

The Consolidated Financial Statements are prepared to a common reporting year ending 31 December 2011.

1.2.3 Subsidiary

The Bank has power to govern the financial and operating policies generally accompanying a shareholding 99.99% of the voting rights. A parent of Subsidiary should present consolidated Financial Statements according to Bangladesh Accounting Standard 27: Consolidated Financial Statements and Accounting for investment in Subsidiaries. The Financial Statements of subsidiary are included in the consolidated Financial Statements from the date that control effectively commence until the date that the control effective ceases. Inter Company transaction and balances are eliminated.

The Bank launched its brokerage business on August 4, 2009 through its Brokerage Division and this division was subsequently separated from The City Bank Limited through incorporating a private limited company named City Brokerage Limited with Registrar of Joint Stock Company and getting consent from Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd for operating as a separate company. The City Brokerage Limited was incorporated in Bangladesh as a Private Limited Company on March 31, 2011 vide registration no. C-83616/10 under The Companies Act, 1994. The City Brokerage Limited separated from The City Bank Limited as on 15 November 2010 and made its operation separately.

City Bank Capital Resources Limited was incorporated in Bangladesh as a Private Limited Company on August 17, 2009 vide registration no. C-79186/09 under The Companies Act, 1994. The registered office of the Company is at 10 Dilkusha Commercial Area, Jibon Bima Tower, Dhaka-1000.

1.2.4 Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

1.2.5 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The most significant areas where estimates and judgments have been made are on provision for loans and advances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future years affected.

1.2.6 Materiality of financial statements

Each material item as considered by management significant have been presented separately in the financial statements wherever applicable.

1.2.7 Foreign currencies translation

The Financial Statements of Banks are presented in Bangladesh Taka (BDT) which is the Banks functional and presentation currency. According to BAS-21 "The Effects of Changes in Foreign Exchange Rates" transactions in foreign currencies recorded in the functional currencies at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the end of the month. Any resulting exchange difference are included in the profit and loss account.

1.2.8 Cash Flow Statement

Cash flow statement is prepared in accordance with BAS-7 titled "Cash Flow Statements". Cash flows form operating activities have been presented at "Direct Method' as recommended in the BRPD Circular No.14, dated June 25, 2003.

Government Investment was revalued as per DOS circular letter no. 05 dated May 26, 2008 and the revalued amount is reflected in the Balance Sheet while the corresponding cost amount is reflected in the Cash Flow Statement. The difference amount is not been reflected in the Cash Flow Statement since the same remained unrealized on the Balance Sheet date as a non cash item.

1.2.9 Statement of Changes in Equity

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 June 25, 2003.

		2011	2010
4.2	Outside Bangladesh (NOSTRO Accounts)		
	Current account		
	Mashreq Bank, New York, USA	13,379,840	22,462,080
	Habib American Bank, New York, USA	7,225,146	3,375,521
	HSBC, London, UK	9,340,147	(1,369,397)
	Citibank N.A., New York, USA	(6,644,656)	(873,346)
	Citibank N.A.,Australia	10,479,031	(1,003,632)
	HSBC, New York, USA	28,501,001	48,498,109
	Standard Chartered Bank, New York, USA	27,291,144	8,277,389
	Standard Chartered Bank,Frankurt	1,901,780	391,246
	Deutschebank, Frankfurt, Germany	1,456,619	(2,355,728)
	Arab National Bank, Ryadh	356,643	779,876
	Bank of Tokyo Mitsubishi Ltd., Japan	23,138	365,409
	Deutschebank Bank Trust Comp. USA	4,427,287	-
	Standard Chartered Bank, Kolkata, India	3,330,775	1,609,128
	Bank of Tokyo Mitsubishi Ltd., Kolkata, India	665,340	569,701
	HSBC, Mumbai, India	154,394	542,809
	AB Bank Ltd., Mumbai, India	(488,244)	1,145,134
	Sonali Bank Ltd., Kolkata, India	2,961,502	2,622,674
	NIB Bank Limited, Karachi, Pakistan	492,076	425,327
	Nepal Grindland bank limited Katmondu	83,460	809,705
	Commerz Bank AG. Frankfurt, Germany	72,872	-
	Commercial Bank of Ceylon, Colombo, Srilanka	1,263,216	1,603,774
	Bank of Bhutan, Bhutan	2,026,022	1,751,196
	HSBC, Karachi, Pakistan	4,887,929	2,157,395
	Commerz Bank AG. Frankfurt, Germany	50,217,917	11,376,644
	Commerz Bank AG. Frankfurt, Germany	1,002,490	4,594,956
	WACHOVIA Bank N.A, New York, USA	1,932,796	21,811,258
	Mashreq Bank, Mumbai, India	(14,622,376)	6,495,888
	Mashreq Bank, New York, USA (OBU)	8,079,043	(3,351,285)
	Sub Total of Current Deposits	159,796,331	132,711,831
	Term deposit		
	Mashreq Bank, New York, USA	40,926,450	88,437,125
	Sonali Bank, Kolkata, India	644,986	540,810
	(Annexure -A may kindly be seen for further detail)	201,367,767	221,689,766
4.3	Maturity grouping of balance with other banks and financial institutions		
	Payable on demand	8,838,457	270,619,510
	Up to 1 month	717,308,520	782,890,000
	Over 1 month but not more than 3 months	124,848,015	700,012,638
	Over 3 months but not more than 1 year	172,231,860	138,566,457
	Over 1 year but not more than 5 years	82,756,431	730,540,811
	Over 5 years	-	-
		1,105,983,284	2,622,629,416

		2011	2010
5	Money at call and short notice		
	Banking company		
	ICB Islamic Bank Ltd.	99,379,167	99,579,166
	National Bank limited	500,000,000	-
	Uttara Bank limited	250,000,000	-
	Mutual Trust Bank	250,000,000	-
		1,099,379,167	99,579,166
	Non-banking financial institutions		
	International Leasing and Financial Institution	100,000,000	-
	Vanik Bangladesh Limited	500,000,000	-
	Prime Finance and Investment Limited	500,000,000	-
	Investment corporation of Bangladesh	300,000,000	-
		1,400,000,000	99,579,166
		2,499,379,167	199,158,332

The Bank has a Call loan with "The Oriental Bank Ltd" since 2007, presently renamed as "The ICB Islamic Bank Limited". It is mentioned here that Bangladesh Bank has issued a notification dated August 2, 2007- BRPD(R-1) 651/991002007-447 and approved a scheme of reconstruction of The Oriental Bank Ltd. in which payment of liabilities of the bank has been finalized and Based on the schedule of payment the bank (CBL) has already received first Seven installments.

		2011	2010
6	Consolidated Investments		
	The City Bank Limited (note-6.a)	16,130,814,294	12,473,962,726
	City Brokerage Limited (note-6.b)	831,789,322	602,184,864
		16,962,603,616	13,076,147,590
	Investment in subsidiary	(700,000,000)	(600,000,000)
		16,262,603,616	12,476,147,590
6.a	Investments-The City Bank Limited		
	i) Investment classified as per Bangladesh Bank Circular		
	Held for Trading (HFT)	-	7,566,976,682
	Held to Maturity (HTM)	9,804,234,720	1,378,114,680
	Other Securities	6,326,579,574	3,528,871,364
		16,130,814,294	12,473,962,726
	ii) Investment securities are classified as follows		
	a) Government bonds		
	Prize bonds	5,548,500	6,777,400
	Government bonds - (note 6.a.2)	9,804,234,720	8,970,091,362
		9,809,783,220	8,976,868,762
	b) Other investments		
	Debenture of Bangladesh Welding Electrodes Limited	368,000	368,000
	IDLC Asset Backed Bond	-	5,915,296
	ORASCOM Bond	240,000,000	300,000,000
	Mutual Fund	63,700,000	70,000,000
	Investment in subsidiary (note-6.a.3)	700,000,000	600,000,000
	Shares (note-6.a.4)	5,316,963,074	2,520,810,668
		6,321,031,074	3,497,093,964
		16,130,814,294	12,473,962,726

Figures in Taka

		2011	2010
6.a.1	Maturity grouping of investments		
	On demand	-	1,046,850,344
	Over 1 month but not more than 3 months	684,155,114	9,309,120
	Over 3 months but not more than 1 year	4,868,208,525	617,658,285
	Over 1 year but not more than 5 years	2,873,398,277	2,967,838,554
	Over 5 years	7,705,052,378	7,832,306,423
		16,130,814,294	12,473,962,726
6.a.2	Government bonds		
	Name of the bonds		
	3 Months Treasury Bill	684,155,114	-
	6 Months Treasury Bill	241,628,951	-
	2 Years Islamic bonds	60,000,000	45,000,000
	5 years Treasury bonds	1,793,398,277	2,440,848,644
	10 years Treasury bonds	5,624,963,104	5,841,509,842
	15 years Treasury bonds	1,380,089,274	617,732,876
	Debentures of Bangladesh House Building Finance Corporation (bearing interest rate @5.5%)	20,000,000	25,000,000
		9,804,234,720	8,970,091,362
6.a.3	Investment in subsidiary		
	City Brokerage Limited	600,000,000	600,000,000
	City Bank Capital Resources Limited	100,000,000	-
		700,000,000	600,000,000
6.a.4	Investment in shares		
	Quoted		
	IDLC Finance Ltd.	3,889,444,255	748,890,324
	Mutual Trust Bank Limited	13,185,900	20,950,005
	Shahjalal Islami Bank Limited	4,551,625	9,568,489
	BRAC Bank Limited	43,981,680	45,071,192
	Trust Bank Limited	42,256,500	71,498,909
	Mercantile Bank Limited	29,124,816	30,554,358
	Eastern Bank Limited	6,745,158	14,270,761
	AB Bank Ltd.	22,734,338	37,904,169
	Dhaka Bank Ltd.	40,460,513	46,433,080
	Standard Bank Limited	20,081,792	14,700,944
	Pubali Bank Ltd.	14,999,393	23,140,398
	Rupali Bank Limited	5,664,802	3,006,100
	Bank Asia Limited	-	59,463,756
	Investment Corporation of Bangladesh	1,862,155	3,729,350
	Investment Second Corporation of Bangladesh	4,399,200	5,297,407
	Sub Total	4,139,492,126	1,134,479,242

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	2011	2010
PHP First Mutual Fund	2,601,000	-
IFIC Bank First Mutual Fund	1,264,000	-
M.I. Cement Factory	1,193,400	-
Heidelberg Cement (BD) Ltd.	30,656,820	38,852,201
GLAXOSMITH	-	1,151,240
British American Tobacco Bangladesh	-	21,757,798
BEXIMCO Limited	49,978,996	66,682,761
RD Food Products Ltd.	1,396,000	-
Fuwang Ceramic	1,167,600	-
Goldenson Limited	3,299,400	-
BEXIMCO Pharmaceuticals Limited	35,670,866	48,414,140
Square Pharmaceuticals Ltd.	26,178,039	23,554,642
ACI Limited	6,208,330	10,649,813
Grameen Phone Ltd.	159,510,600	69,930,000
Usmani Glass Steel Limited	1,591,200	869,960
National Tubes Ltd.	1,177,200	1,534,000
BSRMS Steels Ltd.	18,445,980	27,490,677
Singer Bangladesh Limited	-	24,270,861
Continental Insurance Company Ltd.	887,650	-
Republic Insurance Company Ltd.	2,575,500	-
Pragati Life Insurance Company Ltd.	4,575,128	8,500,484
Northern General Insurance Company Ltd.	5,265,800	-
Pravati Insurance Company Ltd.	2,737,000	-
Dhaka Electricity Supply Company Ltd.	42,093,745	60,554,370
Titas Gas Transmission & Distribution Co. Ltd.	106,301,000	144,957,369
Power Grid Company of Bangladesh Ltd.	43,974,000	35,571,231
Jamuna Oil Limited	27,060,634	42,357,314
Meghna Petrolium Company Ltd.	5,504,531	7,616,350
BEXIMCO Textile Limited	-	18,794,338
Lafarge Surma Cement Limited	-	548,250
Perfume Chemical Ind. Limited	1,960	3,500
Raspit Inc. (BD) Limited	695,400	6,153,414
German Bangla Joint Venture Foods Ltd.	75,600	210,000
Rangamati Food Products Ltd.	890,100	645,000
Prime Textile Limited	-	191,710
Quoted Preference Share		
BEXIMCO Pharmaceuticals Limited	-	300,000
Unquoted Ordinary Share		
Central Depository Bangladesh Limited	6,277,770	4,000,000
KARMA Sangsthan Bank Limited	10,000,000	10,000,000
Sub Total	591,355,249	675,561,423

Figures in Taka

		2011	2010
	Industrial & Infrastructural Development Finance Company Ltd.	33,115,700	22,770,000
	Venture Investment Partners Bangladesh Ltd.	18,000,000	18,000,000
	Unquoted Preference Share		
	Unique Hotel & Resort Ltd.	105,000,000	120,000,000
	Desh Cambridge Kumargaon Power Ltd.	70,000,000	70,000,000
	Khulna Power Company Ltd.	360,000,000	480,000,000
	Sub Total	586,115,700	710,770,000
	Grand Total	5,316,963,074	2,520,810,668
6.a.5	Debentures of Bangladesh House Building Finance Corporation - at redeemable value		
	Principal	25,000,000	100,000,000
	Redeemed up to 31 December 2011	5,000,000	75,000,000
	Redeemable value	20,000,000	25,000,000
6.b	Investments-City Brokerage Limited		
	Membership		
	Dhaka Stock Exchange Ltd.	580,999,000	580,999,000
	Chittagong Stock Exchange Ltd.	19,001,000	19,001,000
		600,000,000	600,000,000
	Investments in shares*	231,789,322	2,184,864
		831,789,322	602,184,864

* This represents investment made by the Company in purchase of shares of various listed companies by Dhaka Stock Exchange Ltd.(DSE) and Chittagong Stock Exchange Ltd. (CSE) through its dealer account. The market value of the investment is Taka 22,80,79,530.60 as on 31 December 2011.

		2011	2010
7	Consolidated Loans and advances / investments		
	Loans, cash credits, overdrafts, etc.		
	The City Bank Limited	75,052,906,863	55,891,892,910
	City Brokerage Limited (note-7.b)	3,124,496,607	2,984,865,570
		78,177,403,469	58,876,758,480
	Loan from City Bank Limited*	(2,966,102,983)	(2,767,960,732)
		75,211,300,486	56,108,797,748
	Bills purchased and discounted (note-8)	1,754,124,468	4,434,652,174
		76,965,424,955	60,543,449,922

* City Brokerage Limited took loan from its parent company, The City Bank Limited for margin financing @14.50% p.a.

		2011	2010
7.a	Loans and advances / investments-The City Bank Limited		
	i) Loans, cash credits, overdrafts, etc.		
	Inside Bangladesh		
	Secured overdraft	729,052,693	337,433,410
	Quard against TDR	7,389,500	7,387,500
	Cash credit	9,568,516,661	8,565,062,907
	House building loans	103,915,902	122,103,113
	Loans against trust receipt	10,891,245,223	6,375,685,728
	Loans against imported merchandise	3,433,748	76,390,148
	Payment against document	103,204,062	255,589,655
	Consumer credit scheme	833,062	1,548,018
	Lease finance / Izara (note - 7.a.3)	87,030,586	108,382,535
	Hire purchase shirkatul melk	1,660,385,086	29,396,475
	Industrial credit	28,079,325,158	13,707,597,645
	Sub Total	51,264,331,682	29,586,577,134

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		2011	2010
	Export development fund	743,063,746	749,127,326
	Staff loan (note-7.a.11)	1,174,728,281	1,109,121,666
	City card loans	3,426,810,947	2,665,822,197
	Small and medium enterprise loans	4,179,262,317	3,813,462,872
	Transportation loans	244,358,352	348,746,253
	Bai-muajjal, Bi Salam,Murabah	1,574,346,082	22,954,462
	City Drive	757,791,998	720,391,252
	City solution	6,555,280,825	5,055,363,978
	City Express	3,450,510,313	2,450,005,817
	Other loans and advances	1,682,422,319	9,370,319,953
	Sub Total	23,788,575,181	26,305,315,776
		75,052,906,863	55,891,892,910
	Outside Bangladesh	-	-
		75,052,906,863	55,891,892,910
	ii) Bills purchased and discounted (note-8)		
	Payable Inside Bangladesh		
	Inland bills purchased	1,643,370,841	1,854,639,797
	Payable Outside Bangladesh		
	Foreign bills purchased and discounted	110,753,628	2,580,012,377
		1,754,124,468	4,434,652,174
		76,807,031,331	60,326,545,084
7.a.1	Performing loans and advances / investments		
	Gross loans and advances / investments	76,807,031,331	60,326,545,084
	Less: Non-performing loans and advances/investments	2,644,313,000	2,668,698,000
		74,162,718,331	57,657,847,084
7.a.2	Residual maturity grouping of loans and advances / investments including bills purchased and discounted		
	Repayable on demand	7,043,653,100	15,920,144,005
	Over 1 month but not more than 3 months	19,235,054,952	8,083,762,729
	Over 3 months but not more than 1 year	18,174,295,308	24,052,210,447
	Over 1 year but not more than 5 years	22,002,870,672	8,445,722,254
	Over 5 years	10,351,157,299	3,824,705,649
		76,807,031,331	60,326,545,084
7.a.3	Lease finance / Izara		
	Lease rental receivable within 1 year	35,907,617	65,921,356
	Lease rental receivable within 5 years	73,780,173	60,539,239
	Lease rental receivable after 5 years	-	-
	Total lease / Izara rental receivable	109,687,790	126,460,595
	Less: Unearned interest receivable	22,657,204	18,078,060
	Net lease / Izara finance	87,030,586	108,382,535

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		2011	2010
7.a.4	Loans and advances / investments		
	Loans	64,747,948,009	46,982,009,093
	Cash credits	9,568,516,661	8,565,062,907
	Overdrafts	736,442,193	344,820,910
		75,052,906,863	55,891,892,910
	Bills purchased and discounted (Note-8)	1,754,124,468	4,434,652,174
		76,807,031,331	60,326,545,084
7.a.5	Loans and advances / investments on the basis of significant concentration including bills purchased and discounted.		
	Loans and advances / investments to Directors of the Bank	324,938,000	2,320,000
	Loans and advances / investments to Chief Executive and other senior executives	553,584,409	57,464,528
	Loans and advances / investments to customer groups	14,321,747,686	11,192,384,904
	Industrial loans and advances/ investments	41,414,392,331	36,361,725,106
	Others loans and advances/ investments	20,192,368,906	12,712,650,546
		76,807,031,331	60,326,545,084
	Loans and advances / investments on the basis of industrial sectors		
	Agricultural industries	1,290,700,000	941,825,825
	Large and medium industries	33,158,700,000	27,275,792,372
	Small and cottage industries	345,700,000	1,117,320,350
	Commerce and trade industries	16,880,200,000	5,642,316,352
	Insurance, real estate and service industries	14,550,700,000	8,034,051,478
	Transportation and communications industries	6,961,500,000	3,384,842,608
	Others	3,619,531,331	13,930,396,099
		76,807,031,331	60,326,545,084
7.a.6	Loans and advances / investments -geographical location-wise		
	Inside Bangladesh		
	Urban		
	Dhaka	51,317,116,699	40,721,132,746
	Chittagong	20,417,466,239	15,049,283,528
	Sylhet	396,723,952	878,954,045
	Bogra	1,581,989,626	1,341,568,680
	Khulna	1,456,551,203	1,534,775,485
		75,169,847,718	59,525,714,484
	Rural		
	Dhaka	975,103,904	323,992,801
	Chittagong	492,862,325	283,169,579
	Sylhet	61,113,133	61,370,655
	Bogra	108,104,250	93,620,723
	Khulna	-	38,676,842
		1,637,183,612	800,830,600
	Outside Bangladesh	-	-
		76,807,031,331	60,326,545,084

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		2011	2010
7.a.7	Sector-wise loans / investments including bills purchased and discounted		
	Public sector	605,171,380	848,996,400
	Co-operative sector	-	-
	Private sector	76,201,859,951	59,477,548,684
		76,807,031,331	60,326,545,084
7.a.8	Securities against loans / investments including bills purchased and discounted		
	Collateral of movable / immovable assets	37,311,781,666	35,296,176,182
	Local banks and financial institutions guarantee	9,596,914,118	6,387,614,561
	Foreign banks guarantee	1,807,702,758	805,283,933
	Export documents	7,476,885,753	4,739,615,332
	Fixed deposit receipts (FDR)	5,081,136,650	3,704,737,984
	FDR of other banks	165,719,000	119,510,000
	Government guarantee	605,171,380	848,996,400
	Personal guarantee	9,982,091,772	6,294,736,414
	Other securities	4,779,628,233	2,129,874,278
		76,807,031,331	60,326,545,084
7.a.9	Detail of large loan / investments		

Number of clients with amount of outstanding and classified loans / investments exceeding 10% of total capital of the Bank. Total capital of the Bank was Taka 14,977.07 million as at 31 December 2011 (Tk 12,359.06 million as at 31 December 2010).

		2011	2010
	Number of clients	14	39
	Amount of outstanding advances / investments (Details Anex-G)	14,091,997,088	13,144,900,000
	Amount of classified advances / investments	-	230,400,000
7.a.10	Particulars of loans and advances / investments		
	i) Loans / investments considered good in respect of which the Bank is fully secured	62,045,311,325	51,901,934,392
	ii) Loans / investments considered good against which the Bank holds no security other than the debtors' personal guarantee	9,982,091,772	6,294,736,414
	iii) Loans / investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	4,779,628,233	2,129,874,278
	iv) Loans / investments adversely classified; provision not maintained there against	-	-
		76,807,031,331	60,326,545,084
	v) Loans / investments due by directors or officers of the banking company or any of them either separately or jointly with any other persons	1,499,666,281	1,111,441,666
	vi) Loans / investments due from companies or firms in which the directors of the Bank have interest as directors, partners or managing agents or in case of private companies as members	-	-
	vii) Maximum total amount of advances / investments, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.	1,499,666,281	1,111,441,666

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		2011	2010
	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 banking companies	-	-
	x) Classified loans and advances / investments		
	a) Classified loans and advances / investments on which interest has not been charged	1,576,152,000	1,281,254,000
	Increase/(decrease) of specific provision	131,239,711	261,786,625
	Amount of loans written off	431,864,427	81,000,000
	Amount realized against loans previously written off	99,336,763	22,905,642
	b) Provision on classified loans and advances / investments	1,101,496,836	970,257,125
	c) Provision kept against loans / investments classified as bad debts	684,185,000	454,605,000
	d) Interest credited to Interest Suspense Account	687,102,925	595,900,401
	xi) Cumulative amount of written off loans / investments		
	Opening Balance	4,359,300,000	4,301,101,000
	Amount written off during the year	431,864,427	81,000,000
		4,791,164,427	4,382,101,000
	Amount realized against loans / investments previously written off	99,336,763	22,801,000
	The amount of written off / classified loans / investments for which law suits have been filed	5,889,689,000	5,343,215,000
7.a.11	Staff loan		
	Against provident fund	299,878,357	285,972,678
	Against house building scheme	644,065,209	576,717,492
	Against vehicle scheme	195,734,598	208,856,708
	Against consumer credit and other scheme	35,050,118	37,574,788
		1,174,728,281	1,109,121,666
7.a.12	Classification of loans and advances / investments		
	Unclassified		
	Standard including staff loan	72,286,132,331	56,587,361,084
	Special mention account (SMA)	1,876,586,000	1,070,486,000
		74,162,718,331	57,657,847,084
	Classified		
	Sub-standard	710,110,000	1,112,893,000
	Doubtful	358,051,000	274,551,000
	Bad / Loss	1,576,152,000	1,281,254,000
		2,644,313,000	2,668,698,000
		76,807,031,331	60,326,545,084
7.a.13	Particulars of required provision for loans and advances / investments		
	Status		
	General Provision		
	Loans / investments (Excluding SMA)	1,299,084,440	989,577,600
	Special mention account (SMA)	90,059,950	49,949,000
	Required provision for unclassified loans and advances/investments	1,389,144,390	1,039,526,600
	A. Total provision maintained for unclassified loans	1,400,000,000	1,040,000,000
	B. Excess / (short) provision at 31 December	10,855,610	473,400

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	Status	Base for provision	Rate (%)	2011	2010
	Specific provision				
	Sub-standard	523,481,000	20	104,696,200	194,729,400
	Doubtful	241,087,000	50	120,543,500	115,738,000
	Bad / Loss	684,185,000	100	684,185,000	454,605,000
				909,424,700	765,072,400
	Required provision for classified loans and advances / investments			909,424,700	765,072,400
	C. Total provision maintained for classified loans			1,101,496,836	970,257,125
	D. Excess / (short) provision at 31 December			192,072,136	205,184,725
	Required provision for loans and advances / investments			2,298,569,090	1,804,599,000
	E. Total provision maintained for loans and advances/ investments (A+C)			2,501,496,836	2,010,257,125
	F. Excess / (short) provision at 31 December (B+D)			202,927,746	205,658,125
7.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 company.				
8	Bills purchased and discounted				
	Payable in Bangladesh			1,643,370,841	1,854,639,797
	Payable outside Bangladesh			110,753,628	2,580,012,377
				1,754,124,468	4,434,652,174
8.1	Maturity grouping of bills purchased and discounted				
	Payable within one month			105,589,000	987,163,022
	Over one month but less than three months			340,225,841	1,486,953,106
	Over three months but less than six months			1,308,309,627	1,019,050,378
	Six months or more			-	941,485,668
				1,754,124,468	4,434,652,174
9	Consolidated Fixed assets including premises, furniture and fixtures				
	The City Bank Limited (note-9.a)			5,950,305,758	3,206,205,668
	City Brokerage Limited (note-9.b)			40,600,441	23,958,710
	City Bank Capital Resources Limited (note-9.c)			2,599,948	-
				5,993,506,147	3,230,164,378
9.a	Fixed assets including premises, furniture and fixtures -The City Bank Limited				
	Cost				
	Land			3,465,588,400	1,305,927,900
	Building			1,408,497,923	973,281,173
	Furniture and fixtures			532,645,356	424,350,340
	Office equipment and machinery			1,091,738,343	904,038,982
	Bank's vehicles			169,635,796	86,142,570
	Leased assets			12,940,000	12,940,000
	Software			172,667,277	144,614,644
				6,853,713,095	3,851,295,609
	Less: Accumulated depreciation			903,407,337	645,089,941
	Net book value at the end of the year (See Annexure-C for detail)			5,950,305,758	3,206,205,668

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		2011	2010
9.b	Fixed assets including premises, furniture and fixtures -City Brokerage Limited		
	Cost		
	Furniture and fixtures	19,307,594	9,259,841
	Office equipment and machinery	21,371,901	15,067,260
	Vehicles	4,789,476	-
	Software	2,352,800	303,350
		47,821,771	24,630,451
	Less: Accumulated depreciation	(7,221,330)	(671,741)
	Net book value at the end of the year	40,600,441	23,958,710
9.c	Fixed assets including premises, furniture and fixtures -City Bank Capital Resources Limited		
	Office equipment and machinery	427,098	-
	Software	2,200,000	-
		2,627,098	-
	Less: Accumulated depreciation	(17,983)	-
	Less: Amortization	(9,167)	-
	Net book value at the end of the year	2,599,948	-
10	Consolidated Other Assets		
	The City Bank Limited (note-10.a)	5,543,618,598	6,010,665,598
	City Brokerage Limited (note-10.b)	79,218,514	498,978,894
	City Bank Capital Resources Limited (note-10.c)	1,177,565	-
		5,624,014,677	6,509,644,492
	Receivable on Account of excess Investment	70,000	60,000
	Payable to City Bank Limited-City Brokerage Limited	(58,309,786)	(987,530,677)
	Payable to City Bank Limited-City Bank Capital Resources Limited	(6,348,102)	-
		5,559,426,789	5,522,173,815
10.a	Other assets -The City Bank Limited		
	Income generating other assets		
	Interest income receivable (note-10.a.1)	376,524,347	524,105,136
	Non income generating other assets		
	Stationery and stamps	26,600,908	20,494,763
	Advance deposits and advance rent	254,064,009	237,212,252
	Prepaid expenses	8,655,239	4,136,276
	Advance payment of tax (note-10.a.2)	4,173,194,833	2,936,732,470
	Branch adjustments accounts (note-10.a.3)	30,496,977	64,107,514
	Accounts receivables (note -10.a.4)	412,067,025	907,026,258
	Advance against advertisement	29,699,870	47,486,243
	Receivable from City Brokerage Ltd.	6,674,920	1,015,876,136
	Receivable from Capital Resources Ltd.	6,620,056	-
	Protested bill	5,842,887	5,842,887
	Intangible assets (note-10.a.5)	213,177,527	247,645,663
		5,543,618,598	6,010,665,598
10.a.1	Interest income receivable represents amount of interest receivable from call loans, debentures and STD accounts.		
10.a.2	Advance payment of tax		
	Balance as on 1 January	2,936,732,470	2,876,022,000
	Paid during the Year	1,245,747,396	608,718,100
	Adjustment for previous years tax liability	(9,285,033)	(548,007,630)
		4,173,194,833	2,936,732,470

10.a.3 Branch adjustments accounts

Branch adjustment account represents outstanding Inter-branch and Head Office transactions (net) originated but yet to be responded at the balance sheet date. However, the status of unsuspended entries of December 31, 2011 as of February 07, 2012 are given below:

Particulars	Number of Unresponded entries		Amount of Unresponded entries	
	Dr	Cr	Dr	Cr
Less than 3 months	16	29	25,719,852	1,899,992,517
Over 3 months but within 6 months	1	Nil	326,000	-
Over 6 months but within 9 months	1	Nil	22,000	-
Over 9 months but within 1 year	1	Nil	180,780	-
Over 1 year but within 5 years	Nil	Nil	-	-

10.a.4 Account receivable includes amount paid against opening of proposed branches, advance against hardware, cash remittance, receivable from DSE and CSE for sale of shares, DD paid without advice, advance against TA/ DA, suspense others etc.

Figures in Taka

		2011	2010
10.a.5	Intangible assets		
	Users license	41,037,190	39,890,082
	Royalty	172,140,337	207,755,581
		213,177,527	247,645,663
10.a.5.1	Movement of intangible assets		
	Balance as on 1 January	247,645,663	285,402,169
	Addition during the year	4,135,214	182,349
	Less: Amortization during the year	(38,603,350)	(37,938,855)
		213,177,527	247,645,663
10.b	Other assets - City Brokerage Limited		
	Advances, Deposits and Prepayments	21,081,426	18,896,418
	Receivable from DSE	-	446,196,225
	Receivable from CSE	25,743,497	26,767,775
	Advance payment of tax	32,393,591	7,118,476
		79,218,514	498,978,894
10.c	Other assets - City Bank Capital Resources Limited		
	Advances, Deposits and Prepayments	200,000	-
	Advance income tax	293,929	-
	Interest receivable	683,636	-
		1,177,565	-
11	Non - banking assets		
	Non Banking Assets- Land	206,605,394	-
		206,605,394	-

The City Bank Limited has been awarded absolute ownership on 9 mortgage property through verdict of honorable court under section 33 (7) of Artha Rin Adalat Ain, 2003. Theses have been recorded at BDT 206,605,394 as on Non-banking Assets. Bank has recognised the Non- banking assets equivalent to the final liability receivable from the client. No reserve has been created for excess of market value over adjusted liabilities.

Figures in Taka

		2011	2010
12	Consolidated Borrowings from other banks, financial institutions and agents		
	The City Bank Limited (note-12.a)	2,264,217,684	2,808,272,142
	City Brokerage Limited	250,000,000	-
		2,514,217,684	2,808,272,142
12.a	Borrowings from other banks, financial institutions and agents -The City Bank Limited		
	In Bangladesh (Note-12.a.1)	2,264,217,684	2,808,272,142
	Outside Bangladesh	-	-
		2,264,217,684	2,808,272,142
12.a.1	In Bangladesh		
	Rupali Bank Limited	-	50,000,000
	Premier Bank Limited	-	40,000,000
	Bank Alfalah Limited	-	20,000,000
	HSBC Dhaka	-	35,000,000
	City Bank N.A	60,000,000	-
	Bangladesh Bank (For Off-Shore Banking)	572,970,300	1,556,493,400
	Bangladesh Bank (for Islami Banking Branch)	500,000,000	-
	Refinance against EDF loan from Bangladesh Bank	683,449,241	738,442,032
	Refinance against SME loan from Bangladesh Bank	447,798,144	368,336,710
		2,264,217,684	2,808,272,142
12.a.2	Security against borrowings from other banks, financial institutions and agents		
	Secured	500,000,000	-
	Unsecured	1,764,217,684	2,808,272,142
		2,264,217,684	2,808,272,142
12.a.3	Maturity grouping of borrowings from other banks, financial institutions and agents		
	Payable on demand	60,000,000	-
	Up to 1 month	500,000,000	-
	Over 1 month but within 3 months	916,349,996	-
	Over 3 months but within 1year	504,519,080	1,557,483,400
	Over 1 year but within 5 years	283,348,608	1,250,788,742
	Over 5 years	-	-
		2,264,217,684	2,808,272,142
13	Consolidated Deposits and other accounts		
	The City Bank Limited (note-13.a)	83,817,787,900	67,419,801,730
	Less: Mutual indebtness (note-13.b)	(183,181,755)	(582,954,720)
		83,634,606,145	66,836,847,010
13.a	Deposits and other accounts-The City Bank Limited		
	Inter-bank deposits	4,467,090,464	27,289,360
	Other deposits	79,350,697,436	67,392,512,370
		83,817,787,900	67,419,801,730

Figures in Taka

13.a.1	Inter-bank deposits	CD	STD	FDR	Mudaraba Saving Deposit	Total
	Eastern Bank Limited	7,076,179	319,669	-	-	7,395,848
	Trust Bank Limited	4,393,315	-	-	-	4,393,315
	Dutch-Bangla Bank Limited	1,384,859	408,709	-	-	1,793,568
	Prime Bank Limited	274,719	-	-	-	274,719
	Islami Bank Bangladesh Limited	23,650	-	-	-	23,650
	South East Bank Limited	-	1,004,092	-	-	1,004,092
	Al Arafah Islami Bank Limited	-	-	700,000,000	4,932,049	704,932,049
	Jamuna Bank Limited	-	-	-	222,997	222,997
	Social Islami Bank Limited	-	-	-	1,306,897,148	1,306,897,148
	Industrial & Infrastructural Development Finance Company Limited	-	-	100,000,000	-	100,000,000
	HSBC	-	-	220,000,000	-	220,000,000
	Agrani Bank Limited	-	-	700,000,000	-	700,000,000
	Janata Bank Limited	-	-	1,000,000,000	-	1,000,000,000
	Bangladesh Development Bank Limited	-	-	50,000,000	-	50,000,000
	Sonali Bank Limited	-	-	50,000,000	-	50,000,000
	Mercantile Bank Limited	-	-	100,000,000	-	100,000,000
	Bangladesh Commercial Bank Limited	-	-	220,000,000	-	220,000,000
	Premier Bank Limited	-	153,078	-	-	153,078
		13,152,722	1,885,548	3,140,000,000	1,312,052,194	4,467,090,464

		2011	2010
13.a.2	Deposits and other accounts		
	Current deposits and other accounts		
	Current, Al-wadeeah and Manarah current deposits	7,752,291,235	12,758,449,083
	Foreign currency deposits	380,621,221	318,399,367
	Security deposits receipts	4,527,571	5,159,511
	Sundry deposits (note - 13.a.3)	1,906,770,912	2,316,503,504
		10,044,210,940	15,398,511,465
	Bills payable		
	Pay orders issued	1,060,522,128	625,942,832
	Pay slips issued	8,244,455	13,702,797
	Demand draft	14,448,338	16,715,141
		1,083,214,921	656,360,770
	Savings bank deposits (note-13.a.4)	16,745,415,495	15,045,952,603
	Fixed deposits		
	Fixed deposits / Mudaraba/Manarah fixed deposits	43,672,645,506	22,397,365,557
	Short term deposits/ Mudaraba/Manarah short notice deposits	6,876,365,348	7,407,232,035
	Non resident taka deposits	57,242,818	6,441,344
	Scheme deposits (note- 13.a.5)	5,338,692,873	6,507,937,956
		55,944,946,544	36,318,976,892
		83,817,787,900	67,419,801,730

Figures in Taka

		2011	2010
13.a.3	Sundry deposits		
	Sundry creditors	223,368,147	139,745,244
	Foreign currency	799,525	799,525
	Margin on L/C	354,336,775	589,534,012
	Margin on L/G	143,631,081	170,079,493
	Interest payable on three stage deposits	325,570,792	611,858,717
	Foreign correspondence charges	-	10,399,336
	Sanchaypatra	1,300,000	1,770,000
	Unclaimed foreign DD	1,524,856	1,279,255
	Security money- Supplier	19,214,982	41,440,070
	Security money- Staff	1,013,810	1,013,810
	Security Deposits NRB	45,301,983	25,143,311
	Unclaimed balances	212,329	218,979
	Hajj deposits	194,597	194,597
	Margin on inland bills purchased	185,000	185,000
	Foreign bills purchased awaiting remittance	426,455,499	348,012,195
	Imprest fund- Cash Incentive	268,054	265,393
	Key deposit	1,162,700	1,103,450
	Risk fund (Consumer Credit Schemes and lease finance)	-	5,285,291
	Lease deposits	2,052,179	6,840,746
	Agent commission on Consumer Credit Schemes	233,750	233,750
	CIB service charges	233,435	242,775
	Auto debit receipt/ payment (Credit Card)	6,011,160	6,283,688
	Interest payable on City Shomriddhi	206,414,324	99,452,147
	Sundry deposit- ATM	119,413,009	162,050,379
	Charges against Credit Rating	975,293	698,058
	Payable Against Cash Advance	966,642	544,557
	Payable Against Legal Expenses	278,744	5,783
	Payable Against SP and Others	3,000,764	59,650,000
	Sundry Deposits City Card Local	1,640,626	5,962,873
	Sundry Deposits City Card International	249,241	759,521
	Sundry Deposits Amex Card Local	12,056,634	11,047,041
	Charge Back Amex Card International	216,544	8,342,758
	Sundry Deposits -Local Settlement	6,399,622	5,504,768
	Sundry Deposits -Master Cards	1,647,130	-
	VAT on LC Commission	2,715	84,708
	Others	438,973	472,274
		1,906,770,912	2,316,503,504
13.a.4	Savings bank deposits		
	Savings bank deposits	15,320,125,793	14,944,784,643
	Mudaraba/Manarah savings deposits	1,425,289,702	101,167,960
		16,745,415,495	15,045,952,603

Figures in Taka

		2011	2010
13..a.5	Scheme deposits		
	City Bank sanchaya scheme	9,022,811	156,447,883
	Bonus deposit scheme	200,000	200,000
	Deposit pension scheme (note-13.a.5.1)	55,501,442	59,494,358
	Three stage scheme deposit	2,496,160,757	3,669,693,136
	Monthly benefit scheme	306,350,000	524,150,000
	Education savings scheme	10,780,444	28,406,474
	Junior savers scheme	205,817,516	180,375,579
	Lakpati savings scheme	138,983,863	129,409,196
	Marriage savings scheme	41,051,947	35,267,100
	Mudaraba monthly profit	3,189,987	1,600,000
	City ichchapuron	546,484,700	965,134,826
	City Shomriddhi	1,525,149,406	642,053,500
	Others	-	115,705,904
		5,338,692,873	6,507,937,956
13.a.5.1	Deposit pension scheme was closed from the year 1995 and its interest was 15% p.a.		
13.a.6	Sector-wise deposits		
	Government	309,426,000	321,518,000
	Deposit money banks	4,467,090,464	27,289,360
	Other public	2,435,553,000	1,460,748,000
	Foreign currency	380,621,221	318,399,367
	Private	76,225,097,215	65,291,847,003
		83,817,787,900	67,419,801,730
13.a.7	Maturity analysis of inter-bank deposits		
	Payable on demand	2,098,780,737	13,773,998
	Up to 1 month	805,040,983	2,703,072
	Over 1 month but within 3 months	1,031,301,229	2,703,072
	Over 3 months but within 1 year	531,967,515	8,109,217
		4,467,090,464	27,289,360
13.a.8	Maturity analysis of other deposits		
	Payable on demand	3,840,098,020	14,786,193,013
	Up to 1 month	5,532,479,017	6,592,096,432
	Over 1 month but within 6 months	12,288,811,535	15,627,268,245
	Over 6 months but within 1 year	13,408,957,751	12,520,745,355
	Over 1 year but within 5 years	42,338,759,639	13,917,515,680
	Over 5 years but within 10 years	5,307,310,204	2,947,754,029
	Over 10 years	18,156,813	344,578,846
		82,734,572,979	66,736,151,600
	Maturity analysis of other deposits (Bills payable)		
	Payable on demand	1,083,214,921	656,360,770
	Up to 1 month	-	-
	Over 1 month but within 6 months	-	-
	Over 6 months but within 1 year	-	-
	Over 1 year but within 5 years	-	-
	Over 5 years but within 10 years	-	-
	Over 10 years	-	-
		1,083,214,921	656,360,770
		83,817,787,900	67,392,512,370

13.b City Brokerage Limited and City Bank Capital Resource Limited maintained current deposits and fixed deposits receipt accounts with its parent company, The City Bank Limited and account wise outstanding balance as on December 31,is given below:

Figures in Taka

		2011	2010
	City Brokerage Account	76,025,961	546,749,046
	City Brokerage Corporate Account	2,251,308	36,205,674
		78,277,269	582,954,720
	City Bank Capital Resources Limited - Current Account	2,359,119	-
	City Bank Capital Resources Limited -Fixed Deposits Receipts	102,545,367	-
		104,904,486	-
	Total Mutual Indebtness	183,181,755	582,954,720
14	Consolidated Other liabilities		
	The City Bank Limited (note-14.a)	11,798,043,934	9,151,052,310
	City Brokerage Limited (note-14.b)	308,046,768	397,697,476
	City Bank Capital Resources Limited (note-14.c)	4,453,978	-
		12,110,544,679	9,548,749,786
	Receivable to City Bank Limited	(51,113,115)	(48,714,855)
		12,059,431,564	9,500,034,931
14.a	Other liabilities-The City Bank Limited		
	Provision for loans and advances/ investments (note-14.a.1)	2,501,496,836	2,010,257,125
	Provision for outstanding Off-Balance Sheet exposures (note-14.a.2)	179,208,667	209,208,667
	Interest suspense account (note-14.a.3)	687,102,925	595,900,401
	Other provision (note-14.a.4)	335,327,181	427,892,354
	Provision for income tax (note-14.a.5)	5,154,714,243	3,704,714,243
	Interest and other expenses payable	1,995,387,427	1,460,970,438
	Provision for gratuity (note-14.a.6)	494,875,798	443,621,559
	Provision for NOSTRO A/C	8,692,635	8,692,635
	Obligation under finance lease (note - 14.a.7)	-	561
	Payable to OBU client	72,608	1,962,483
	Others	441,165,614	287,831,844
		11,798,043,934	9,151,052,310
14.a.1	Accumulated provision for loans and advances / investments		
	Movement in specific provision on classified loans / investments:		
	Provision held as on 1 January	970,257,125	708,470,500
	Less: Fully provided debts written off during the year	(348,097,052)	(62,625,017)
	Less: Fully waived during the year	-	-
	Add: Recoveries of amounts previously written off	99,336,763	22,905,642
	Add: Specific provision made during the year for other accounts	380,000,000	301,506,000
	Add: Excess amount transferred from provision for unclassified accounts	-	-
	Less: Excess amount transferred to provision for unclassified accounts	-	-
	Provision held	1,101,496,836	970,257,125

Figures in Taka

		2011	2010
	Movement in general provision on unclassified loans / investments		
	Provision held as on 1 January	1,040,000,000	799,206,000
	Add: Excess amount transferred from provision for classified accounts	-	-
	Less: Excess amount transferred to provision for classified accounts	-	-
	Add: Transfer from Off-Balance Sheet exposures	30,000,000	-
	Add: General provision made during the year	330,000,000	240,794,000
	Provision held	1,400,000,000	1,040,000,000
		2,501,496,836	2,010,257,125

14.a.2 As per BRPD Circular No. 08 and 10 dated August 07, 2007 and September 18, 2007 respectively, 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 Tk.179,208,667 against requirement of Tk.158,660,908 as on December 31, 2011.

		2011	2010
	Balance as on 1 January	209,208,667	109,208,667
	Add: Addition during the year	-	100,000,000
	Less: Transfer to general provision on Unclassified Loans	(30,000,000)	-
		179,208,667	209,208,667
14.a.3	Interest suspense account		
	Interest suspense account on classified loans and advances	291,857,614	185,812,487
	Interest suspense on special mention account	111,614,102	71,506,158
	Interest suspense on standard loans	283,631,209	338,581,756
		687,102,925	595,900,401
14.a.3.1	Movement of interest suspense account		
	Balance as on 1 January	595,900,401	364,275,570
	Add: Amount transferred to "interest suspense" account during the year	705,467,592	777,628,848
	Less: Amount recovered from "interest suspense" account during the year	(447,150,687)	(305,318,008)
	Less: Amount waived during the year	(83,347,007)	(227,017,152)
	Less: Amount written-off during the year	(83,767,375)	(13,668,857)
	Balance	687,102,925	595,900,401
14.a.4	Other provision		
	Balance as on 1 January	427,892,354	109,959,626
	Add: Addition during the year (note-14.a.4.1)	108,000,000	379,700,000
	Less: Transferred to gratuity provision	(108,900,607)	-
	Less: Adjustment during the year	(91,664,566)	(61,767,272)
	Balance	335,327,181	427,892,354
14.a.4.1	Additional Provision		
	Provision for Investment	-	41,600,000
	Provision for other assets	-	7,100,000
	Provision for Others	108,000,000	331,000,000
		108,000,000	379,700,000

Figures in Taka

		2011	2010
14.a.5	Provision for income tax		
	Balance as on 1 January	3,704,714,243	3,102,721,873
	Tax paid from provisions for 2008	-	(548,007,630)
	Provision made for shortfall for previous Years	113,955,301	26,615,243
	Current tax (note-14.a.5.1)	1,272,913,471	1,101,807,731
	Adjustment of deferred tax liability (note-14.a.5.2)	63,131,228	21,577,026
		5,154,714,243	3,704,714,243

14.a.5.1 Provision for current tax of Tk 1,272,913,471 has been made @ 42.50% as prescribed by Finance Act, of the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance.

		2011	2010
14.a.5.2	Deferred tax liability		
	Balance as on 1 January	21,577,026	23,408,273
	Addition during the year	63,131,228	-
	Adjustment during the Year	-	(1,831,247)
		84,708,254	21,577,026
	Corporate tax position of the bank has been shown in annexure-D		
14.a.6	Provision for gratuity		
	Balance as on 1 January	443,621,559	309,546,321
	Addition during the Year	-	175,000,000
	Transferred from other provision	108,900,607	-
	Payment during the Year	(57,646,368)	(40,924,762)
	Balance	494,875,798	443,621,559
14.a.7	Obligation under finance lease		
	Minimum lease rental payable		
	Within 1 year	561	561
	Above 1 year but within 5 years	-	-
		561	561
	Less: Finance charges payable	561	-
	Obligation under finance lease	-	561
14.b	Other liabilities- City Brokerage Limited		
	Payable to clients	115,570,600	352,933,210
	Accounts payable	33,283,268	33,830,382
	Accrued expenses	57,500	643,535
	Receivable from DSE	122,605,557	-
	Provision for taxation and VAT	36,529,843	10,290,349
		308,046,768	397,697,476
14.c	Other liabilities- City Bank Capital Resources Limited		
	Payable to vendors	1,760,000	-
	Payable to clients	2,045,865	-
	Value Added Tax Payable	287,500	-
	Accrued expenses	177,751	-
	Provision for taxation	182,862	-
		4,453,978	-

Figures in Taka

		2011	2010
15	Share capital		
15.1	Authorized capital		
	100,000,000 ordinary shares of Taka 10.00 each	10,000,000,000	10,000,000,000
		10,000,000,000	10,000,000,000
15.2	Issued, subscribed and fully paid up capital		
	235,863,470 ordinary shares of Taka 10.00 each issued for cash	2,358,634,700	2,358,634,700
	Ordinary shares of Taka 10.00 each issued as bonus shares during previous years:		
	152,991,250 ordinary shares up to 2010	-	1,529,912,500
	269,647,660 ordinary shares up to 2011	2,696,476,600	-
		5,055,111,300	3,888,547,200

15.3 Consolidated Capital Adequacy Ratio

As per Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel II all scheduled banks calculated capital Adequacy Ratio based on 'Solo' basis as well as on 'Consolidated' basis.

Figure in BDT Crore

	2011	2010
Core capital (Tier-I)		
Paid up capital	505.51	388.85
Non-repayable Share premium account	192.46	192.46
Statutory reserve	267.09	197.72
Minority interest in Subsidiaries	0.01	0.01
General reserve	1.14	1.14
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-
Surplus in profit and loss account / Retained earnings (note-19)	165.99	145.83
	1,132.20	926.01
Deductions from Tier-1 (Core Capital)		
Book value of goodwill and value of any contingent assets which are shown as assets	0.01	0.01
	1,132.19	926.00
Supplementary capital (Tier-II)		
General provision maintained against unclassified loan / investments (note-14.a.1)	140.00	104.00
General provision maintained against outstanding off balance sheet exposures	17.92	20.92
Assets revaluation reserve	182.79	68.90
Revaluation Reserve for equity instruments up to 10%	29.04	73.08
Exchange equalization account	-	-
Revaluation reserve for HTM securities	1.65	1.47
Revaluation reserve for HFT	-	43.62
All other preference shares	-	-
Subordinated debt	-	-
	371.40	311.99
Total capital	1,503.59	1,237.99
Total assets	11,612.30	9,068.51
Total risk weighted assets (note-15.3.1)	11,757.54	11,104.91
Required capital (10% of risk weighted assets)	1,175.75	999.44
Surplus	327.84	238.55
Capital adequacy ratio	12.79%	11.15%
Ratio of Core Capital over Risk Weighted Assets	9.63%	8.34%
Ratio of Supplementary capital over Risk Weighted Assets	3.16%	2.81%

Figure in BDT Crore

		2011	2010
15.3.1	Risk weighted assets		
	A. Credit Risk	9,748.12	7,972.60
	On- Balance sheet (note 15.3.1.1)	8,883.60	6,751.52
	Off-Balance sheet (note 15.3.1.2)	864.52	1,221.08
	B. Market Risk	1,048.24	2,252.06
	C. Operational Risk	961.17	880.25
	Total Risk weighted assets (A+B+C)	11,757.54	11,104.91

A. Credit Risk

15.3.1.1 On- Balance sheet

	Exposure type	Risk weighted assets	Risk weighted assets
a	Cash	-	-
b	Claims on Bangladesh Government and Bangladesh Bank	-	-
c	Claims on other Sovereigns & Central Banks	-	-
d	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank	-	-
e	Claims on Multilateral Development Banks (MDBs)	-	-
f	Claims on Public Sector Entities (other than Government) in Bangladesh	5.77	-
g	Claims on Corporate	5,192.21	3,192.02
h	Claims on Banks and NBFIs	157.91	120.71
i	Claims under Credit Risk Mitigation	118.73	582.44
j	Claims categorized as retail & Small Enterprise (excluding consumer loan)	403.80	329.24
k	Consumer finance	969.73	759.47
l	Claims fully secured by residential property	0.98	0.50
m	Claims fully secured by commercial real estate	257.57	76.82
n	Claims (Risk weights are to be assigned net of specific provision)	514.56	425.17
o	Capital Market Exposure	390.53	373.10
p	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	148.04	-
q	Investment in venture capital	3	-
r	Investments in premises, plant and equipment and all other fixed assets	620.01	323.02
s	Claims on all fixed assets under operating lease	-	-
t	All other Assets	101.06	569.03
	Total (A.1)	8,883.60	6,751.52

15.3.1.2 Off- Balance sheet

	Exposure type	Risk weighted assets	Risk weighted assets
a	Claims on Bangladesh Government and Bangladesh Bank	-	-
b	Claims on other Sovereigns & Central Banks	-	-
c	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank	-	-
d	Claims on Public Sector Entities (other than Government) in Bangladesh	-	-
e	Claims on Banks & NBFIs	-	-
f	Claims on Corporate	864.52	1,221.08
g	Claims categorized as retail & Small Enterprise (excluding consumer loan)	-	-
h	Consumer finance	-	-
i	Claims fully secured by residential property	-	-
j	Claims fully secured by commercial real estate	-	-
k	All other Assets	-	-
	Total (A.2)	864.52	1,221.08
	Credit Risk (A.1+A.2)	9,748.12	7,972.60

Figure in BDT Crore

B. Market Risk

Details	Capital Charge for Specific	Capital Charge for General Market Risk	Total Capital Charge for Market Risk (2011)	Total Capital Charge for Market Risk (2010)
Interest Rate Related Instruments	-	-	-	22.53
Equities	49.60	49.60	99.20	163.86
Foreign Exchange Position	-	5.62	5.62	16.29
Total	49.60	55.22	104.82	202.69
Risk Weighted Asset	496.01	552.24	1,048.24	2,252.06

C. Operational Risk

		2011	2010
1.	Interest Income	943.61	709.82
2	Interest Paid on Deposit & Borrowing	502.63	351.65
3	Interest Suspense	44.72	23.16
4	Net Interest Income (1-2+3)	485.70	381.33
5	Income from investment	133.43	214.00
6	Commission, Exchange & brokerage earning (net of charges, taxes etc)	143.76	119.16
7	Other Operating Income (net of charges, taxes etc)	76.31	44.82
8	Less: Realized profit from sale of securities	-	-
9	Less: Gain from share	(0.91)	-
10	Less: Income from insurance	-	-
11	Total Net Non-Interest Income (5+6+7-8-9-10)	352.59	377.97
12	Gross Income (4+11)	838.29	759.31
13	Average Gross Income	640.78	528.15
14	Capital Charge for Operational Risk (13*15%)	96.12	79.22
15	Risk Weighted Assets (14*11.11)	961.17	880.25
	Banking Book Assets		
1.	Cash in hand & Balance with Banks & BB (excluding FC)	812.68	841.65
2.	Money at call	249.94	9.96
3.	Investment (HTM)	1,130.25	309.12
	a. Government	978.42	137.81
	b. Other qualifying securities -HTM	151.83	171.31
4.	Loans & advances	7,696.54	6,054.32
	a. Classified	264.43	266.87
	aa. SS	71.01	179.30
	ab. DF	35.81	35.67
	ac. BL	157.62	51.89
	b. Unclassified	7,432.11	5,787.46
	aa. STD	7,244.45	5,680.40
	ab. SMA	187.66	107.05

Figure in BDT Crore

		2011	2010
5.	Other assets (Including Fixed Assets)	1,176	875
	A. Total Banking Book Assets (1+2+3+4+7)	11,065.37	8,090
	Trading Book Assets		
	1. FC held in hand	9.49	10.46
	2. FC held in BB & Nostro account	41.44	29.24
	3. Investment(trading)	496.01	938.49
	a.HFT	-	756.70
	b. Equities/Shares	496.01	181.79
	c. Reverse Repo	-	-
	B. Total Trading Book Assets (1+2+3)	546.94	978.20
	Total Assets (A+B)	11,612.30	9,068.49
15.3.a	Capital Adequacy Ratio-The City Bank Limited		
	Core capital (Tier-I)		
	Paid up capital	505.51	388.85
	Non-repayable Share premium account	192.46	192.46
	Statutory reserve	267.09	197.72
	General reserve	1.14	1.14
	Non-Cumulative irredeemable Preferences shares	-	-
	Dividend Equalization Account	-	-
	Surplus in profit and loss account / Retained earnings (note-19.a)	160.11	143.74
		1,126.31	923.91
	Supplementary capital (Tier-II)		
	General provision maintained against unclassified loan / investments (note-14.a.1)	140.00	104.00
	General provision maintained against outstanding off balance sheet exposures	17.92	20.92
	Assets revaluation reserve	182.79	68.90
	Revaluation Reserve for equity instruments up to 10%	29.04	73.08
	Exchange equalization account	-	-
	Revaluation reserve for HTM securities	1.65	1.47
	Revaluation reserve for HFT	-	43.62
	All other preference shares	-	-
	Subordinated debt	-	-
		371.40	311.99
	Total capital	1,497.71	1,235.90
	Total assets	11,573.60	9,089.81
	Total risk weighted assets (note-15.3.a.1)	11,703.05	11,120.90
	Required capital (10% and 9% of risk weighted assets respectively)	1,170.31	1,000.88
	Surplus /(Deficit)	327.40	235.01
	Capital adequacy ratio	12.80%	11.11%
	Ratio of Core Capital over Risk Weighted Assets	9.62%	8.31%
	Ratio Supplementary Capital over Risk Weighted Assets	3.17%	2.81%
			BDT in crore
15.3.a.1	Risk weighted assets		
	A. Credit Risk	9,752.46	7,991.94
	On- Balance sheet (note 15.3.a.1.1)	8,887.94	6,770.86
	Off-Balance sheet (note 15.3.a.1.2)	864.52	1,221.08
	B. Market Risk	1,001.88	2,252.06
	C. Operational Risk	948.71	876.89
	Total Risk weighted assets (A+B+C)	11,703.05	11,120.90

Figure in BDT Crore

A. Credit Risk

15.3.a.1.1 On- Balance sheet

	Exposure type	2011	2010
a	Cash	-	-
b	Claims on Bangladesh Government and Bangladesh Bank	-	-
c	Claims on other Sovereigns & Central Banks	-	-
d	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank	-	-
e	Claims on Multilateral Development Banks (MDBs)	-	-
f	Claims on Public Sector Entities (other than Government) in Bangladesh	5.77	-
g	Claims on Corporate	5,562.97	3,191.50
h	Claims on Banks and NBFIs	157.91	120.71
i	Claims under Credit Risk Mitigation	118.73	582.44
j	Claims categorized as retail & Small Enterprise (excluding consumer loan)	403.80	329.24
k	Consumer finance	969.73	759.47
l	Claims fully secured by residential property	0.98	0.50
m	Claims fully secured by commercial real estate	257.57	76.82
n	Claims (Risk weights are to be assigned net of specific provision)	514.56	425.17
o	Capital Market Exposure	-	346.51
p	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	73.05	-
q	Investment in venture capital	107.70	-
r	Investments in premises, plant and equipment and all other fixed assets	615.69	320.62
s	Claims on all fixed assets under operating lease	-	-
t	All other Assets	99.48	617.89
	Total	8,887.94	6,770.86

15.3.a.1.2 Off- Balance sheet

	Exposure type	2011	2010
a	Claims on Bangladesh Government and Bangladesh Bank	-	-
b	Claims on other Sovereigns & Central Banks	-	-
c	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank	-	-
d	Claims on Public Sector Entities (other than Government) in Bangladesh	-	-
e	Claims on Banks & NBFIs	-	-
f	Claims on Corporate	864.52	1,221.08
g	Claims categorized as retail & Small Enterprise (excluding consumer loan)	-	-
h	Consumer finance	-	-
i	Claims fully secured by residential property	-	-
j	Claims fully secured by commercial real estate	-	-
k	All other Assets	-	-
	Total	864.52	1,221.08
	Credit Risk (15.3.a.1.1+15.3.a.1.2)	9,752.46	7,991.94

Figure in BDT Crore

B. Market Risk

Details	Capital Charge for Specific Risk (2011)	Capital Charge for General Market Risk (2011)	Total Capital Charge for Market Risk (2011)	Total Capital Charge for Market Risk (2010)
Interest Rate Related Instruments	-	-	-	22.53
Equities	47.28	47.28	94.57	163.86
Foreign Exchange Position	-	5.62	5.62	16.29
Total	47.28	52.91	100.19	202.68
Risk Weighted Asset	472.83	529.06	1,001.88	2,252.06

C. Operational Risk

		2011	2010
1	Interest Income	941.51	708.99
2	Interest Paid on Deposit & Borrowing	499.73	351.65
3	Interest Suspense	44.71	23.16
4	Net Interest Income (1-2+3)	486.49	380.51
5	Income from investment	132.70	214.00
6	Commission, Exchange & brokerage earning (net of charges, taxes etc)	125.87	113.96
7	Other Operating Income (net of charges, taxes etc)	75.26	44.80
8	Less: Realized profit from sale of securities	-	-
9	Less: Gain from share	(0.91)	-
10	Less: Income from insurance	-	-
11	Total Net Non-Interest Income (5+6+7-8-9-10)	332.92	372.76
12	Gross Income (4+11)	819.41	753.27
13	Average Gross Income	632.47	526.14
14	Capital Charge for Operational Risk (13*15%)	94.87	78.92
15	Risk Weighted Assets (14*11.11 & 10%)	948.71	876.89
	Particulars		
	Banking Book Assets		
1.	Cash in hand & Balance with Banks & BB (excluding FC)	808.89	838.40
2.	Money at call	249.94	9.96
3.	Investment (HTM)	1,140.25	309.12
	a. Government	978.42	137.81
	b. Other qualifying securities -HTM	162	171
4.	Loans & advances	7,680.70	6,032.63
	a. Classified	264.43	266.87
	aa. SS	71.01	179.30
	ab. DF	35.81	35.67
	ac. BL	157.62	51.89
	b. Unclassified	7,416.27	5,765.77
	aa. STD	7,228.61	5,658.71
	ab. SMA	187.66	107.05
5.	Other assets (Including Fixed Assets)	1,170.05	921.69
	A. Total Banking Book Assets (1+2+3+4+7)	11,049.84	8,111.81
	Trading Book Assets		
	1. FC held in hand	9.49	10.46
	2. FC held in BB & Nostro account	41.44	29.24
	3. Investment(trading)	472.83	938.27
	a. HFT	-	756.70
	b. Equities/Shares	472.83	181.57
	c. Reverse Repo	-	-
	B. Total Trading Book Assets (1+2+3)	523.76	977.98
	Total Assets (A+B)	11,573.60	9,089.78

Figure in BDT Crore

15.4 Percentage of shareholdings at the closing date

Particulars	2011 Taka	2011 Percentage(%)	2010 Taka	2010 Percentage(%)
Sponsors and general public	4,592,599,210	90.85%	3,188,536,200	82.00%
Financial institutions	462,512,090	9.15%	700,011,000	18.00%
	5,055,111,300	100.00%	3,888,547,200	100.00%

15.5 Shareholding range on the basis of shareholdings at 31 December 2011

Shareholding range	Number of share holders	Shares	Percentage (%)
01 - 500	43,157	6,856,491	1.36%
501 - 5,000	22,490	33,583,670	6.64%
5,001 - 10,000	1,651	11,705,550	2.32%
10,001 - 20,000	697	9,890,140	1.96%
20,001 - 30,000	206	5,194,050	1.03%
30,001 - 40,000	92	3,205,960	0.63%
40,001 - 50,000	61	2,850,390	0.56%
50,001 - 100,000	141	10,226,550	2.02%
100,001 - 1,000,000	184	51,298,384	10.15%
1,000,000 and over	68,770	505,511,130	100.00%

Figures in Taka

		2011	2010
16	Statutory reserve		
	Balance on 1 January	1,977,234,036	1,377,386,294
	Addition during Year (20% of pre-tax profit)	693,665,445	599,847,742
	Balance	2,670,899,481	1,977,234,036
17	Share Premium		
	192,463,470 Ordinary Shares @ 10.00	1,924,634,700	1,924,634,700
		1,924,634,700	1,924,634,700
	Share premium was received against issue of 19,639,125 right shares during the year 2010.		
18	Other reserve		
	General reserve	11,394,928	11,394,928
	Revaluation reserve for HTM securities	32,961,267	29,335,643
	Revaluation reserve for HFT securities (note-18.1)	-	872,387,018
	Revaluation reserve for equity Shares (note-18.2)	2,904,071,398	-
	Asset revaluation reserve (note-18.3)	3,655,749,663	1,377,998,812
		6,604,177,255	2,291,116,401

18.1 According to Bangladesh Bank's instruction letter dated December 8, 2010, Revaluation loss on HFT securities could be adjusted against revaluation reserve held under same securities, However during the year 2010 loss of BDT 3,079,766 was inadvertently adjusted against revaluation reserve held under other securities which has been corrected during the year 2011.

18.2 Quoted shares were valued at market price as per guidelines of Bangladesh Bank and due to valuation at market price, revaluation reserve for equity shares were created. As the revaluation reserve for equity shares is unrealized gain, this is booked as a component of shareholders' equity.

18.3 During the year 2011 Land and Buildings of the Bank were revalued at fair market price by a professional surveyor which was in compliance with Regulatory requirement.

Figures in Taka

		2011	2010
	Movement of Assets Revaluation Reserve		
	Balance as on 1 January	1,377,998,812	1,383,603,111
	Addition during the year	2,283,355,150	-
	Adjustment during the year	(5,604,299)	(5,604,299)
		3,655,749,663	1,377,998,812
	Additional Details are in Annexure G		
19	Consolidated Retained earnings / movement of profit and loss account		
	The City Bank Limited (note-19.a)	1,601,095,430	1,437,393,453
	Add. Retained Surplus from City Brokerage Limited	58,513,566	20,985,698
	Add. Retained Surplus from City Bank Capital Resources Limited	278,152	-
	Balance	1,659,887,149	1,458,379,151
19.a	Retained earnings / movement of profit and loss account		
	Balance on 1 January	1,437,393,453	575,180,687
	Transfer from asset revaluation reserve*	5,604,299	5,604,299
	Addition during the year	2,018,327,223	1,849,238,709
	Transfer to statutory reserve	(693,665,445)	(599,847,742)
	Transfer of paid-up capital (issue of Bonus shares)	(1,166,564,100)	(392,782,500)
	Balance	1,601,095,430	1,437,393,453

* As per BAS-16 "Property, Plant and Equipment" revaluation surplus transferred directly to Retained Earnings when the surplus is realized. The whole surplus will be realized on the retirement or disposal of the assets. Some surplus will be realized as the assets are used by the user and the amount of surplus realized 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 realized revaluation surplus is to be transferred to retained earnings directly. And in accordance with BAS-16, we transferred an amount of Tk.5,604,299 from revaluation surplus to Retained Earnings.

		2011	2010
20	Minority Interest		
	Share capital	70,000	60,000
	Surplus in profit and loss account / Retained earnings	7,979	2,099
	Minority interest	77,979	62,099

Figures in Taka

		2011	2010
21	Contingent liabilities		
21.1	Letters of guarantee		
	Letters of guarantee (Local)	3,673,705,214	6,093,384,091
	Letters of guarantee (Foreign)	-	403,510,717
	Banker's Liability Shipping Guarantee	751,270,450	568,973,417
		4,424,975,665	7,065,868,225
	Less: Margin	143,631,081	170,079,493
		4,281,344,584	6,895,788,732
	Money for which the Bank is contingently liable in respect of guarantees given favoring:		
	Directors or Officers	-	-
	Government	3,249,828,913	5,872,237,461
	Banks and other Financial Institutions	18,271,512	483,780,675
	Others	1,156,875,240	709,850,089
		4,424,975,665	7,065,868,225
	Less: Margin	143,631,081	170,079,493
		4,281,344,584	6,895,788,732
21.2	Irrevocable Letters of Credit		
	Letters of credit (Inland)	53,576,837	37,551,844
	Letters of credit (General)	3,993,781,989	6,267,343,947
	Back to back L/C	1,467,604,224	1,040,814,447
		5,514,963,050	7,345,710,239
	Less: Margin	354,336,775	589,534,012
		5,160,626,275	6,756,176,227
21.3	Bills for collection		
	Outward local bills for collection	1,121,500	20,514,179
	Outward foreign bills for collection	754,055,072	528,229,806
	Inward local bills for collection	635,199,336	921,048,564
	Inward foreign bills for collection	1,142,496,938	1,215,903,785
		2,532,872,846	2,685,696,334
	Less: Margin	185,000	185,000
		2,532,687,846	2,685,511,334
21.4	Forward assets purchased and forward deposits placed		
	Forward Purchase	-	308,350,682
	Forward Sales	407,268,500	305,464,998
		407,268,500	613,815,680
21.5	Suit filed by the bank		
	No law suit filed by the bank against contingent Liabilities.		

Figures in Taka

		2011	2010
22	Income statement		
	Income:		
	Interest, discount and similar income (note-22.1)	10,263,319,711	8,017,731,127
	Dividend income	144,823,191	95,461,886
	Fees, commission and brokerage (note-22.2)	634,306,901	846,673,866
	Gains less losses arising from dealing in securities	324,911,270	-
	Gains less losses arising from investment securities	9,063,616	1,116,740,209
	Gains less losses arising from dealing in foreign currencies	631,578,790	292,963,711
	Income from non-banking assets	-	-
	Other operating income	745,471,737	447,994,360
	Profit less losses on interest rate changes	-	-
		12,753,475,215	10,817,565,159
	Expenses:		
	Interest / profit paid on deposits, borrowings etc,	4,997,333,463	3,516,494,763
	Losses on loans and advances	-	-
	Administrative expenses (note-22.3)	2,698,526,038	2,446,748,919
	Other operating expenses (note-36.a)	584,125,096	527,830,476
	Depreciation on banking assets (note-35.a)	277,163,396	226,252,292
		8,557,147,992	6,717,326,450
		4,196,327,223	4,100,238,709
22.1	Interest, discount and similar income		
	Interest income(note-23.a)	9,415,110,321	7,089,931,344
	Interest income on treasury bills / reverse repo / bonds (note-25.a)	847,087,290	926,213,380
	Interest on debentures (note-25.a)	1,122,100	1,586,403
		10,263,319,711	8,017,731,127
22.2	Fees, commission and brokerage		
	Commission (note-26.a)	634,306,901	480,645,953
	Brokerage (note-26.a)	-	366,027,913
		634,306,901	846,673,866
22.3	Administrative expenses		
	Salary and allowances	1,785,458,682	1,649,083,246
	Rent, taxes, insurance, electricity, etc. (note-29.a)	397,078,202	327,023,801
	Legal expenses (note-30.a)	10,635,276	12,945,518
	Postage, stamp, telecommunication, etc. (note-31.a)	54,839,586	42,222,376
	Stationery, printing, advertisement, etc. (note-32.a)	272,479,618	273,763,962
	Chief Executive's salary and fees (note-33)	14,438,440	13,320,400
	Directors' fees (note-34.a)	1,073,000	937,000
	Auditors' fees	504,000	906,500
	Repair of Bank's assets (note-35.a)	162,019,234	126,546,116
		2,698,526,038	2,446,748,919
23	Interest income / profit on investment		
	The City Bank Limited (note-23.a)	9,415,110,321	7,089,931,344
	City Brokerage Limited	20,314,711	8,266,284
	City Bank Capital Resources Limited	683,636	-
		9,436,108,669	7,098,197,628

Figures in Taka

		2011	2010
23.a	Interest income / profit on investment -The City Bank Limited		
	Loans against imported merchandise / Murabaha	2,846,641	5,565,867
	Loans against trust receipts	1,487,740,935	713,209,769
	Packing credit	8,934,416	9,617,919
	Interest on EDF	11,590,713	4,146,492
	House building loan	11,318,879	17,635,716
	Industrial credit	1,443,479,815	1,882,002,794
	Transport loan	42,436,190	47,977,643
	Lease finance / Izara	20,228,209	31,233,834
	Demand loan	132,534,463	62,572,150
	Payment against documents	28,445,865	23,911,809
	Cash credit / Bai-Muajjal	1,272,921,770	641,311,806
	Hire purchase shirkatul melk	33,159,532	5,158,161
	Fully and partly secured overdraft	75,225,224	49,194,841
	Consumer credit scheme	72,069	583,938
	Small and Medium Enterprise	622,325,502	409,342,077
	Staff loan	61,992,525	53,958,614
	Documentary bills purchased	247,118,895	260,860,315
	Credit Card	761,998,722	371,394,709
	Cash Incentive	416,465	1,090,492
	City Drive	112,127,942	91,518,226
	City Solution	987,932,970	754,964,347
	City Express	283,485,843	191,721,552
	Double Loan	7,860,909	201,689
	Corporate Express loan	47,033,380	503,622,823
	Short Term Loan	1,002,013,689	182,454
	Margin loan	-	439,057,220
	Other loans and advances / Investments	257,450,790	32,342,563
	Total interest / profit on loans and advances / investments	8,962,692,353	6,604,379,820
	Balance with other banks and financial institutions	334,009,596	343,011,830
	Call Loans	116,518,472	141,259,445
	Foreign banks	1,889,901	1,280,249
	Total interest / profit on placement of funds	452,417,969	485,551,524
		9,415,110,321	7,089,931,344
24	Interest / profit paid on deposits, borrowings etc.		
	The City Bank Limited (note-24.a)	4,997,333,463	3,516,494,763
	City Brokerage Limited	31,843,436	-
	City Bank Capital Resources Limited	(2,939,296)	-
		5,026,237,602	3,516,494,763

Figures in Taka

		2011	2010
24.a	Interest / profit paid on deposits, borrowings etc.-The City Bank Limited		
	a) Interest / profit paid on deposits:		
	Savings bank deposits	259,587,581	372,144,671
	Mudaraba savings deposits	7,408,962	4,937,106
	Short term deposits	315,015,655	282,662,679
	Mudaraba short notice deposits	798,983	315,666
	Fixed deposits	3,058,758,170	1,749,649,255
	Mudaraba term deposits	89,827,979	47,724,861
	Deposits under scheme	1,089,290,396	730,240,508
	Mudaraba monthly benefit scheme	194,390	182,506
	Repurchase agreement (REPO)	417,651	3,489,011
	Others (note-24.a.1)	30,707	-
	b) Interest / profit paid on local bank accounts	134,636,257	284,679,444
	c) Interest / profit paid on borrowing from Bangladesh Bank	41,366,732	40,469,056
		4,997,333,463	3,516,494,763
24.a.1	Others		
	Interest paid on Foreign Currency	8,135	-
	Interest paid on security deposit	22,572	-
		30,707	-
25	Consolidated Investment income		
	The City Bank Limited (note-25.a)	1,327,007,467	2,140,001,878
	City Brokerage Limited	7,105,665	-
		1,334,113,132	2,140,001,878
25.a	Investment income-The City Bank Limited		
	Interest on treasury bills / Reverse repo / bonds	847,087,290	926,213,380
	Interest on debentures	1,122,100	1,586,403
	Dividend on shares	144,823,191	95,461,886
	Gain on Government securities	324,911,270	-
	Gain on Transfer of Shares	-	557,395,601
	Gain on sale of shares and debentures	9,063,616	559,344,608
		1,327,007,467	2,140,001,878
26	Consolidated Commission, exchange and brokerage		
	The City Bank Limited (note-26.a)	1,265,885,691	1,139,637,577
	City Brokerage Limited	178,854,341	51,920,456
		1,444,740,032	1,191,558,033
26.a	Commission, exchange and brokerage -The City Bank Limited		
	Commission on L/Cs	158,182,520	127,912,553
	Commission on L/Gs	62,821,026	44,914,752
	Commission on export bills	12,346,219	11,358,345
	Commission on bills purchased	188,654	155,978
	Commission on accepted bills	66,196,648	48,229,684
	Commission on OBC, IBC etc.	1,852,072	4,257,125
	Commission on PO, DD, TT, TC, etc.	5,164,844	13,916,102
	Commission for NRB operation	20,877,494	20,262,845
	Other Fees and charges (note-26.a.1)	305,910,396	202,826,663
	Other commission	767,029	6,811,906
		634,306,901	480,645,953
	Exchange gain (note - 26.a.2) - including gain from Foreign Currency dealings	631,578,790	292,963,711
	Brokerage	-	366,027,913
		631,578,790	658,991,624
		1,265,885,691	1,139,637,577

Figures in Taka

		2011	2010
26.a.1	Other fees and charges		
	Service and other charges	260,601,110	154,895,223
	Structured finance fee	37,534,911	35,384,845
	Management Fee	7,774,375	11,128,017
	Underwriting commission	-	1,418,578
		305,910,396	202,826,663
26.a.2	Exchange gain		
	Exchange gain	634,767,873	299,213,206
	Less: Exchange loss	(3,189,083)	(6,249,495)
		631,578,790	292,963,711
27	Other operating income		
	The City Bank Limited (note-27.a)	745,471,737	447,994,360
	City Brokerage Limited	8,200,515	183,563
	City Bank Capital Resources Limited	2,331,121	-
		756,003,373	448,177,923
27.a	Other operating income		
	Rental Income	1,464,911	3,606,101
	SWIFT recoveries	6,083,898	5,772,573
	Profit from sale of fixed assets	13,614,496	883,463
	Credit card income (Note-27.a.1)	519,073,259	328,409,991
	Rebate received from foreign banks	10,681,914	7,592,394
	Miscellaneous earnings	194,553,259	101,729,838
		745,471,737	447,994,360
27.a.1	Credit card income		
	Card issue fees	170,065,319	138,636,828
	Late payment fees	79,550,599	38,814,501
	Merchant Commission	199,170,892	105,382,643
	Interchange fees	-	20,676,656
	Mark-up, excess limit, cash advance fees etc.	70,286,450	24,899,363
		519,073,259	328,409,991
28	Consolidated Salaries and allowances		
	The City Bank Limited	1,785,458,682	1,649,083,246
	City Brokerage Limited	40,776,855	3,891,962
	City Bank Capital Resources Limited	4,496,694	-
		1,830,732,231	1,652,975,208
29	Consolidated Rent, taxes, insurance, electricity etc.		
	The City Bank Limited (note-29.a)	397,078,202	327,023,801
	City Brokerage Limited (note-29.b)	11,777,073	1,771,233
	City Bank Capital Resources Limited	380,467	-
		409,235,742	328,795,034

Figures in Taka

		2011	2010
29.a	Rent, taxes, insurance, electricity etc. -The City Bank Limited		
	Rent, rates and taxes	262,220,732	219,034,229
	Insurance	85,257,536	67,874,413
	Power and electricity	49,599,933	40,115,159
		397,078,202	327,023,801
29.b	Rent, taxes, insurance, electricity etc. - City Brokerage Limited		
	Rent, rates and taxes	10,734,618	1,281,068
	Power, electricity and other	1,042,455	490,165
		11,777,073	1,771,233
30	Consolidated Legal expenses		
	The City Bank Limited (note-30.a)	10,635,276	12,945,518
	City Brokerage Limited	1,450,950	424,000
	City Bank Capital Resources Limited	48,625	-
		12,134,851	13,369,518
30.a	Legal expenses-The City Bank Limited		
	Legal expenses	10,612,351	12,254,495
	Others	22,925	691,023
		10,635,276	12,945,518
31	Consolidated Postage, stamp, telecommunication etc.		
	The City Bank Limited (note-31.a)	54,839,586	42,222,376
	City Brokerage Limited (note-31.b)	2,291,582	467,531
	City Bank Capital Resources Limited	273,772	-
		57,404,940	42,689,907
31.a	Postage, stamp, telecommunication etc. -The City Bank Limited		
	Postage	17,067,787	14,059,183
	Telegram, telex, fax and e-mail	10,325,042	7,766,623
	Telephone - office	22,854,858	16,308,757
	Telephone - residence	4,591,898	4,087,813
		54,839,586	42,222,376
31.b	Postage, stamp, telecommunication etc. - City Brokerage Limited		
	Postage	25,411	15
	Telegram, telex, fax and e-mail	2,266,171	467,516
		2,291,582	467,531
32	Consolidated Stationery, printing and advertisements etc.		
	The City Bank Limited (note-32.a)	272,479,618	273,763,962
	City Brokerage Limited	1,963,260	727,537
	City Bank Capital Resources Limited	60,662	-
		274,503,540	274,491,499
32.a	Stationery, printing and advertisements etc.		
	Office and security stationery (note-32.a.1)	64,403,363	62,421,016
	Computer consumable stationery	10,830,819	12,541,165
	Publicity and advertisement (note-32.a.2)	197,245,436	198,801,781
		272,479,618	273,763,962

Figures in Taka

		2011	2010
32.a.1	Office and security stationery		
	Office stationery	47,870,930	45,879,851
	Security stationery	16,532,433	16,541,165
		64,403,363	62,421,016
32.a.2	Publicity and advertisement		
	Newspaper and magazine	26,039,399	20,829,060
	Television and radio	46,543,804	12,953,250
	Miscellaneous	124,662,233	165,019,471
		197,245,436	198,801,781
33	Chief Executive's salary and fees		
	Basic salary	10,541,520	9,583,200
	Festival bonus and other allowances	3,896,920	3,737,200
		14,438,440	13,320,400
34	Consolidated Directors' fees		
	The City Bank Limited (note-34.a)	1,073,000	937,000
	City Brokerage Limited	126,593	-
		1,199,593	937,000
34.a	Directors' fees -The City Bank Limited		
	Meeting fees	1,073,000	937,000
	Each Director is paid Tk.5,000/- per meeting per attendance.		
35	Consolidated Depreciation and repair of Bank's assets		
	The City Bank Limited (note-35.a)	439,182,630	352,798,408
	City Brokerage Limited (note-35.b)	7,860,889	659,101
	City Bank Capital Resources Limited	40,250	-
		447,083,770	353,457,509
35.a	Depreciation and repair of Bank's assets -The City Bank Limited		
	Depreciation - (see annexure C for detail)		
	Fixed assets	276,874,394	225,606,291
	Leased assets	289,002	646,001
		277,163,396	226,252,292
	Repairs		
	Premises	16,298,074	11,871,132
	Furniture and fixtures	645,255	726,687
	Office equipment	24,375,057	11,069,718
	Vehicle	107,033,498	89,700,225
	Others	13,667,351	13,178,354
		162,019,234	126,546,116
		439,182,630	352,798,408

Figures in Taka

		2011	2010
35.b	Depreciation and repair of Bank's assets- City Brokerage Limited		
	Furniture and fixtures	1,642,480	154,331
	Office equipment	4,181,021	502,242
	Vehicle	638,597	-
	Software	87,492	2,528
		6,549,589	659,101
	Repairs		
	Furniture and fixtures	500	-
	Office equipment	1,031,396	-
	Vehicle	279,405	-
		1,311,300	-
		7,860,889	659,101
36	Other expenses		
	The City Bank Limited (note-36.a)	584,125,096	527,830,476
	City Brokerage Limited (note-36.b)	42,271,037	21,128,972
	City Bank Capital Resources Limited (note-36.c)	161,191	-
		626,557,324	548,959,448
36.a	Other expenses		
	Entertainment	15,698,916	24,933,735
	Books, magazines and newspapers, etc.	862,812	683,476
	Medical expenses	2,079,768	4,334,022
	Cash carrying charges	1,549,840	1,482,616
	Loss on sale of fixed assets	-	1,132,172
	Finance charge for lease assets	-	107,102
	Subscription to institutions	2,648,916	6,913,678
	Donations	1,644,050	13,899,968
	Professional fees	6,440,719	25,358,555
	Travelling expenses	18,460,489	17,487,403
	Local conveyance, labour etc.	5,338,592	5,299,697
	Business development	42,680,841	33,889,177
	Staff training expenses	29,553,617	27,442,263
	Washing and cleaning	8,070,127	7,432,949
	Credit card expenses (note-36.a.1)	238,156,605	184,386,708
	Branch up keep	726,043	2,522,947
	Annual technical service fee	29,385,000	16,949,090
	Amortization expenses	38,603,350	37,827,420
	CIB Charges	540,600	252,030
	Remittance charge	5,332,064	8,231,349
	Miscellaneous expenses	136,352,748	107,264,119
		584,125,096	527,830,476
36.a.1	Credit card expenses		
	Processing and personalization fees	178,912,259	123,909,454
	VISA International fees	24,547,811	18,670,364
	ATM service charge	9,539,135	8,642,675
	Miscellaneous expenses	25,157,400	33,164,215
		238,156,605	184,386,708

Figures in Taka

		2011	2010
36.b	Other expenses - City Brokerage Limited		
	Travelling expenses	1,501,838	471,097
	Business development	5,080,253	26,983
	Subscription to institutions	186,156	9,798,615
	Corporate guarantee fee	18,419,167	7,187,500
	Entertainment	1,027,893	86,403
	Hawla and Laga charge	10,690,506	3,030,074
	Training Expenses	2,039,050	-
	Professional fees	3,240,434	-
	Miscellaneous expenses	85,741	528,300
		42,271,037	21,128,972
36.c	Other expenses - City Bank Capital Resources Limited		
	Bank Charges	9,417	-
	Fuel Expenses	58,554	-
	Entertainment	31,424	-
	Cleaning charge	17,882	-
	Conveyance	9,260	-
	Others	34,654	-
		161,191	-
37	Provision for loans and advances / investments		
	Provision for classified loans and advances / investments	380,000,000	301,506,000
	Provision for unclassified loans and advances / investments	330,000,000	240,794,000
		710,000,000	542,300,000
38	Other provision		
	Provision for gratuity	-	175,000,000
	Provision for Off-Balance Sheet exposures	-	100,000,000
	Provision for diminution in value of investments	-	41,600,000
	Other provision	18,000,000	242,100,000
		18,000,000	558,700,000
39	Provision for Taxation		
	Provision made for Current tax	1,272,913,471	1,101,807,731
	Provision made for Deferred tax	63,131,228	-
	Paid for previous Year Tax	113,955,301	48,192,269
		1,450,000,000	1,150,000,000
40	Receipts from other operating activities		
	The City Bank Limited (note-40.a)	1,927,656,012	2,492,534,352
	City Brokerage Limited	11,614,888	183,563
	City Bank Capital Resources Limited	5,954,053	-
		1,945,224,953	2,492,717,915

Figures in Taka

		2011	2010
40.a	Receipts from other operating activities-The City Bank Limited		
	Interest on bonds, debentures and treasury bills	1,182,184,276	2,044,539,992
	Rent recovered	1,464,911	3,606,101
	Postage / Telex / Fax / Swift charge recoveries	6,083,898	5,772,573
	Income from sale of bank's property	13,614,496	883,463
	Credit card income	519,073,259	328,409,991
	Rebate received from foreign banks	10,681,914	7,592,394
	Miscellaneous earnings	194,553,259	101,729,838
		1,927,656,012	2,492,534,352
41	Consolidated Payments for other operating activities		
	The City Bank Limited (note-41.a)	1,407,519,829	1,237,213,568
	City Brokerage Limited	59,325,772	25,210,860
	City Bank Capital Resources Limited	5,671,011	-
		1,472,516,612	1,262,424,428
41.a	Payments for other operating activities-The City Bank Limited		
	Rent, taxes, insurance, electricity, etc.	397,078,202	327,023,801
	Legal expenses	10,635,276	12,945,518
	Postage, stamp, telecommunication, etc.	54,839,586	42,222,376
	Advertisement expenses	197,245,436	198,801,781
	Directors' fees	1,073,000	937,000
	Auditors' fees	504,000	906,500
	Repair to Bank's assets	162,019,234	126,546,116
	Other expenses	584,125,096	527,830,476
		1,407,519,829	1,237,213,568
42	Increase / (decrease) of other assets		
	The City Bank Limited (note-42.a)	1,555,928,574	(1,538,689,335)
	City Brokerage Limited	(444,645,788)	1,385,228,152
	City Bank Capital Resources Limited	493,929	-
		1,111,776,715	(153,461,183)
42.a	Increase / (decrease) of other assets-The City Bank Limited		
	Stationery and stamps	(6,106,145)	(7,329,210)
	Advance deposits and advance rent	(16,851,757)	(110,099,240)
	Prepaid expenses	(4,518,963)	(1,936,276)
	Branch adjustment account	33,610,537	(64,107,514)
	Account receivables	494,959,233	(389,059,718)
	Advance against advertisement	17,786,373	11,962,253
	Receivable from City Brokerage Ltd.	1,009,201,216	(1,015,876,136)
	Receivable from City Bank Capital Resources Ltd.	(6,620,056)	-
	Intangible assets	34,468,136	37,756,506
		1,555,928,574	(1,538,689,335)
43	Increase / (decrease) of other liabilities-The City Bank Limited		
	The City Bank Limited (note-43.a)	(254,762,129)	(43,271,970)
	City Brokerage Limited	124,421,707	(540,575,273)
	City Bank Capital Resources Limited	(4,292,016)	-
		(134,632,439)	(583,847,243)

Figures in Taka

		2011	2010
43.a	Increase / (decrease) of other liabilities		
	Loans written off and waived	(348,097,052)	(62,625,017)
	Interest suspense account	91,202,524	231,624,831
	Other provision	(91,664,566)	(61,767,272)
	Provision for gratuity	(57,646,368)	(40,924,762)
	Lease obligation payable	(561)	(2,090,477)
	Branch adjustment account	-	(45,405,609)
	Others	151,443,893	(62,083,664)
		(254,762,129)	(43,271,970)
44	Consolidated Earnings per share (EPS)		
	Net profit after tax (Numerator)	2,056,133,243	1,870,224,408
	Weighted Average Number of Shares	505,511,130	505,511,130
	Weighted Average/ Adjusted Earnings per share (EPS)	4.07	3.70
44.a	Earnings per share (EPS)-The City Bank Limited		
	Net profit after tax (Numerator)	2,018,327,223	1,849,238,709
	Weighted Average Number of Shares Outstanding (Denominator) before split	50,551,113	50,551,113
	Weighted Average/ Adjusted Earnings per share (EPS)	39.93	36.58
	Weighted Average Number of Shares Outstanding (Denominator) After split	505,511,130	505,511,130
	Weighted Average/ Adjusted Earnings per share (EPS)	3.99	3.66

45 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 2,772.

46 Audit committee

a. Particulars of audit committee

Pursuant to the BRPD Circular no. 12 dated 23.12.2002, the Audit Committee of the Board of Directors consisted of the following 5 (five) members of the Board:

Name	Status with bank	Status with committee	Educational Qualification
Mr. Hossain Khaled	Director	Convener	MBA
Ms. Evana Fahmida Mohammad	Director	Member	A Level
Mr. Rafiqul Islam Khan	Director	Member	HSC
Mr. Rajibul Huq Chowdhury	Director	Member	MBA
Mr. Aziz Al Mahmood	Director	Member	BBA

b. Meetings held by audit committee with senior management to consider and review the Bank's Financial Statements:

During the year under review the committee held several meetings to oversee / review various functions including reviewing the Annual Financial Statements in compliance with the Bangladesh Bank circular.

Meetings held by the committee during the year by date:
30th Audit Committee Meeting held on 28.03.2011
31st Audit Committee Meeting held on 28.03.2011
32nd Audit Committee Meeting held on 09.08.2011
33rd Audit Committee Meeting held on 21.11.2011

c. Steps taken for implementation of an effective internal control procedure of the Bank :

Through circular the 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.

47 Related Party Disclosures

i) Particulars of Directors of the Bank as on December 31, 2011

Sl. no.	Name of the persons	Designation	Present Address	Percentage (%) of shares as on 31.12.11
1	Mr. Rubel Aziz	Chairman	House no.9, Road no.55 Gulshan-2, Dhaka	2.49%
2	Ms. Meherun Haque	Director	House no.3, Road no. 58/59 Gulshan-2, Dhaka	0.29%
3	Mr. Aziz Al Kaiser	Director	Bloomingdale 24 Dutabas Road Baridhara, Dhaka	4.58%
4	Mr. Hossain Mehmood (Representative of City General Insurance Company Limited)	Director	Managing Director City General Insurance Company Ltd. Baitul Hossain Building, 27 Dilkusha C/A, Dhaka-1000	0.01%
5	Ms. Evana Fahmida Mohammad	Director	23/A, Shyamoli Dhaka-1207	1.10%
6	Mr. Hossain Khaled	Director	Anwar Group of Industries Baitul Hossain Building 27, Dilkusha C/A, Dhaka-1000.	1.56%
7	Mr. Rajibul Huq Chowdhury	Director	688/3, Baro Mogh Bazar Dhaka	0.37%
8	Mr. Ahmed Rajeeb Samdani	Director	House no.76, Road no.6 Old D.O.H.S, Dhaka.	0.70%
9	Ms.Tabassum Kaiser	Director	Bloomingdale 24 Dutabas Road Baridhara, Dhaka	0.33%
10	Mr. Rafiqul Islam Khan	Director	House no.97, Road no.11/A Dhanmondi, Dhaka	1.50%
11	Mr. Mobarak Ali	Director	Plot no. SWA(20) Road no.8, Gulshan-1 Dhaka	0.38%
12	Mr. Aziz Al Mahmood	Director	House no.12, Road no.1 Baridhara, Dhaka.	0.10%
13	Mrs. Sadia Anjum Siddique	Director	23/A, Shaymoli, Dhaka-1207.	0.59%

* For directors interest in different entities please refer to Disclosure to Annexure-E

ii) Statement of debts due by companies or firms in which the Directors (including Ex-Directors) of the Bank have interests as on 31-12-2011

A) Statement of funded debts due by the Directors of the banking company as on 31-12-2011

(Fig. in BDT Lac)

Sl. No.	Name of Director	Present Status with the Bank	Name of the Institution	Types of Facility	Outstanding as on 31.12.2010	Classification Status	Value of Eligible Security
1	Mr. Rubel Aziz	Chairman	Self	Credit Card	1.87	Unclassified	Marked as lien of $ 10 thousand in RFCD A/C
2	Mr. Aziz-Al-Kaiser	Director	Self	Do	3.95	Do	Marked as lien of $ 25 thousand in RFCD A/C
3	Mr. Hossain Mehmood	Do	Self	Do	0.06	Do	Marked as lien of $ 10 thousand in RFCD A/C
4	Mr. Rajibul Huq Chowdhury	Do	Self	Do	2.38	Do	Marked as lien of $ 5 thousand in RFCD A/C
5	Mr. Hossain Khaled	Do	Self	Do	1.49	Do	Marked as lien of $ 5 thousand in RFCD A/C
6	Ms. Evana Fahmida Mohammad	Do	Self	Do	0.01	Do	Marked as lien of $ 5 thousand in RFCD A/C
7	Ms.Tabassum Kaiser	Do	Self	Do	1.23	Do	Marked as lien of $ 5 thousand in RFCD A/C

B) Statement of funded debts due by the Directors of the banking company as on 31-12-2011

Sl. No.	Name of Director	Present Status with the Bank	Name of the Institution	Types of Facility	Outstanding as on 31-12-2011	Classification Status	Value of Eligible Security
1	Ms. Evana Fahmida Mohammad & Ms. Mehrun Haque	Director	Self	STL	3229.13	Unclassified	Registered mortgage of Siddeshwary Dhaka value 49.85 katha land at Tk.9,970.00 Lac.
2	Mr. Mobarak Ali	Director	Self	City Solution	9.26	Do	-

C) Statement of non-funded debts due by the companies or firms in which the Directors of the banking company have interests as on 31-12-2011

Sl. No.	Name of Director	Present Status with the Bank	Name of the Institution	Types of Facility	Outstanding as on 31-12-2011	Classification Status	Value of Eligible Security
1	Mr. Hossain Khaled & Mr. Hossain Mehmood	Director	Monowar Industries (Pvt) Ltd.	BG	0.12	Unclassified	Margin 0.01 lac
2	Mr. Hossain Khaled & Mr. Hossain Mehmood	Director	Eulon Plastic Private Ltd.	BG	5.62	Do	Margin 0.56 lac
3	Mr. Rajibul Huq Chowdhury	Director	Shahida Trading Corporation	BG	4.11	Do	100% margin

Paid up capital	-	-
Statutory reserve	-	-
Share Premium	-	-
Other reserve	-	-
Surplus in profit and loss account / Retained earnings	-	-
Shareholders' equity of The City Bank Limited	-	-
Total liabilities and Shareholders' equity	4,125,296,889	885,503,402

Provision for diminution in value of investments	-	-
Other provision	-	-
Total provision (D)	(36,821,170)	-
Total profit / (loss) before taxes (C-D)	(54,420,147)	11,475,172
Provision for Income Tax	-	-
Net profit after taxation	(54,420,147)	11,475,172

Figures in Taka

		2011	2010
1.	Cash		
1.1	Cash in hand		
	In local currency	2,287,845	13,129,064
	In foreign currency	-	58,220
		2,287,845	13,187,284
1.2	Balance with Bangladesh Bank and its agent bank(s)		
	In local currency	101,134,703	89,537,877
	In foreign currency	-	-
		101,134,703	89,537,877
2.	Balance with other banks and financial institutions		
	In Bangladesh (note 2.1)	502,638,492	600,558,906
	Outside Bangladesh	-	-
		502,638,492	500,558,906
2.1	In Bangladesh		
	Mudaraba savings deposit accounts		
	Social Islami Bank Limited	693,492	558,906
	Mudaraba Short Notice Deposits		
	AB Bank limited	590,000	-
	Mudaraba term deposit accounts		
	Social Islami Bank Limited	200,455,000	100,000,000
	Export Import Bank of Bangladesh Limited	300,900,000	500,000,000
		502,638,492	600,558,906
3	Investments in shares & securities		
	i) Investment classified as per Bangladesh Bank Circular		
	Held to Maturity (HTM)	60,000,000	45,000,000
		60,000,000	45,000,000
	ii) Investment securities are classified as follows		
	a) Government bond		
	6 month Islami bonds	60,000,000	45,000,000
	b) Other investments	-	-
		60,000,000	45,000,000
4	Investments		
	i) Investments		
	Inside Bangladesh		
	Bai-muazzal	35,697,154	22,954,462
	Bai-salam	181,712	-
	Murabaha	1,538,467,216	-
	Hire purchase shirkatul melk (HPSM)	1,660,385,086	29,396,475
	Quard	7,389,500	7,387,500
		3,242,120,668	59,738,437
	Outside Bangladesh	-	-
		3,242,120,668	59,738,437

Figures in Taka

		2011	2010
	ii) Bills purchased and discounted		
	Payable Inside Bangladesh		
	Inland bills purchased	201,140	5,748,550
	Payable Outside Bangladesh		
	Foreign bills purchased and discounted	-	-
		201,140	5,748,550
		3,242,321,808	65,486,987
5	Fixed assets including premises, furniture and fixtures		
	Cost		
	Furniture and fixtures	14,597,296	2,660,896
	Office equipment and machinery	16,403,603	7,524,205
		31,000,898	10,185,101
	Less: Accumulated depreciation	8,175,673	5,748,763
		22,825,225	4,436,338
6	Other assets		
	Stationery and stamps	31,478	19,585
	Advance deposits and advance rent	32,740,883	36,486,563
	Advance tax	3,032,356	1,243
	Loss for the year to be born by HO	17,598,977	-
	Profit receivable from Investment	-	5,706,250
	Account receivable (note -6.1)	1,553	631,725
	Branch adjustment account	140,683,568	25,600,644
		194,088,816	68,446,010
6.1	Suspense account includes amount outstanding against sundry debtors.		
7	Borrowings from other banks, financial institutions and agents		
	In Bangladesh (Note-7.1)	500,000,000	-
	Outside Bangladesh	-	-
		500,000,000	-
7.1	In Bangladesh		
	Borrowings from Bangladesh Bank for 6 Months	300,000,000	-
	Borrowings from Bangladesh Bank for 3 Months	200,000,000	-
8	Other liabilities		
	Profit suspense account	386,804	-
	Expense payable	8,135,041	7,859,596
	Profit payable account	40,023,803	20,128,926
	Provision for investment	37,971,170	1,150,000
	Profit mark up account	126,428,631	1,606,181
	Others	7,749,495	2,071,112
		220,694,944	32,815,815

Figures in Taka

		2011	2010
9	Commission, exchange and brokerage		
	Commission on L/Cs	1,645,000	117,055
	Commission on L/Gs	20,220	348,363
	Commission on export bills	48,096	626,140
	Commission on bills purchased	182,740	1,000
	Commission on accepted bills	198,098	875,878
	Commission on OBC, IBC etc.	8,165	12,521
	Commission on PO, DD, TT, TC, etc.	57,045	124,275
	Other Fees and charges (note-9.1)	9,040,222	842,090
	Other commission	55,400	213,850
		11,254,986	3,161,172
	Exchange gain	-	14,903,642
	Brokerage	-	-
		-	14,903,642
		11,254,986	18,064,814
9.1	Other Fees and charges		
	Service charges on Deposits	669,444	705,715
	Cheque book fees	70,950	150
	Investment processing fees	8,287,678	11,475
	Clearing return	9,200	123,600
	Charges on account closing and transfer	2,950	1,150
		9,040,222	842,090
10	Other operating income		
	Postage / telex / SWIFT/ fax recoveries	1,137,500	150,546
	Locker rent	31,000	71,750
	Miscellaneous earnings (Note-10.1)	3,021,686	356,693
		4,190,186	578,989
10.1	Miscellaneous earnings includes earning for issuing various certificate and bank statements on demand of customers		
11	Other expenses		
	Washing and cleaning	9,218	8,683
	Branch up keep	19,179	55,904
	Entertainment	51,653	54,801
	Conveyance	25,630	32,929
	Cash carrying charges	-	5,556
	Newspapers	-	-
	Miscellaneous expenses	1,043,311	1,171,786
		1,148,991	1,329,659

Annexure-I

BALANCE SHEET OF OFF-SHORE BANKING UNITS
AS AT 31 DECEMBER 2011

	Notes	2011 USD	2011 Taka	2010 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		-	-	-
Outside Bangladesh	1	98,702	8,079,043	(3,351,285)
		98,702	8,079,043	(3,351,285)
Placement with banks & other financial institutions		-	-	-
Investments in shares & securities				
Government		-	-	-
Others		-	-	-
		-	-	-
Loans and advances / Investments	2			
Loans, cash credits, overdrafts, etc./ general investments		8,953,664	732,883,365	1,165,098,985
Bills purchased and discounted		-	-	2,526,124,693
		8,953,664	732,883,365	3,691,223,677
Fixed assets including premises, furniture and fixtures		-	-	-
Other assets		-	-	33,660,253
Non - banking assets		-	-	-
Total assets		9,052,366	740,962,408	3,721,532,645
LIABILITIES AND CAPITAL				
Liabilities:				
Borrowings from other banks, financial institutions and agents	3	7,000,000	572,970,300	1,556,493,400
Deposits and other Accounts		-	-	-
Other liabilities	4	2,052,366	167,992,108	2,165,039,245
Total liabilities		9,052,366	740,962,408	3,721,532,645
Capital / Shareholders' equity				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Share Premium		-	-	-
Other reserve		-	-	-
Surplus in profit and loss account / Retained earnings		-	-	-
Total liabilities and Shareholders' equity		9,052,366	740,962,408	3,721,532,645
OFF BALANCE SHEET ITEMS				
Contingent liabilities				
Acceptances and endorsements		-	-	-
Letters of guarantee		-	-	-
Irrevocable letters of credit		-	-	-
Bills for collection		-	-	-
Other contingent liabilities		-	-	-
Other commitments:		-	-	-
Total Off-Balance Sheet items including contingent liabilities		-	-	

Annexure-I(I)

PROFIT AND LOSS ACCOUNT OF OFF-SHORE BANKING UNITS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 USD	2011 Taka	2010 Taka
Interest income	5	999,181	81,785,845	88,511,189
Interest / paid on borrowings		(228,229)	(18,681,166)	(22,384,977)
Net investment income		770,952	63,104,679	66,126,212
Commission and exchange		-	-	200,575
Other operating income	6	125	10,232	1,727,708
Total operating income		771,077	63,114,911	68,054,495
Other expenses		-	-	-
Total operating expenses		-	-	-
Net operating profit		771,077	63,114,911	68,054,495
Provision for loans and advances / investments		-	-	(36,912,000)
Provision for Off-Balance Sheet exposures		-	-	-
Provision for gratuity		-	-	-
Provision for diminution in value of investments		-	-	-
Other provision		-	-	-
Total provision (D)		-	-	(36,912,000)
Total profit / (loss) before taxes (C-D)		771,077	63,114,911	31,142,495
Provision for Income Tax		-	-	-
Net profit after taxation		771,077	63,114,911	31,142,495

		2011 USD	2011 Taka	2010 Taka
1	Balance with other banks and financial institutions			
	In Bangladesh	-	-	-
	Outside Bangladesh	98,702	8,079,043	(3,351,285)
		98,702	8,079,043	(3,351,285)
	OBU maintain its own account relating Offshore Banking business separately in Mashreq Bank, New York, USA .			
2	Loans and advances / Investments			
	Loans, cash credits, overdrafts, etc./ general investments			
	Term Loan	7,393,402	605,171,380	848,996,400
	Short Term Loan	1,560,262	127,711,985	316,102,585
		8,953,664	732,883,365	1,165,098,985
	Bills purchased and discounted	-	-	2,526,124,693
	Loans and advances / Investments	8,953,664	732,883,365	3,691,223,677
3	Borrowings from other banks, financial institutions and agents			
	In Bangladesh	7,000,000	572,970,300	1,556,493,400
	Outside Bangladesh	-	-	-
		7,000,000	572,970,300	1,556,493,400
4	Other liabilities			
	VAT Payable	3,600	294,670	254,699
	Payable to Main operation	1,276,802	67,597,919	2,057,855,570
	Earnings from OBU	320,122	26,202,911	68,054,495
	Provision for loans and advances	450,955	36,912,000	36,912,000
	Interest payable account	887	72,608	1,962,481
		2,052,366	131,080,108	2,165,039,246
5	Interest income			
	Interest Income from Loan and Advances	878,239	71,886,369	28,225,711
	Interest Income from bills purchased and discounted	120,942	9,899,476	60,285,478
		999,181	81,785,845	88,511,189
6	Other operating income			
	Management Fees	-	-	1,697,993
	Rebate from Letter of Credit (Note- 6.1)	125	10,232	29,715
		125	10,232	1,727,708

6.1 Income received through getting rebate for settlement of Usance Letter of Credit at Sight.

BALANCE SHEET OF CITY BROKERAGE LIMITED
AS AT 31 DECEMBER 2011

Figures in Taka

	Notes	2011	2010
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	38,350,301	23,670,528
Intangible assets	5	2,250,140	288,182
Membership fees	6	600,000,000	600,000,000
Investment in securities	7	231,789,322	2,184,864
		872,389,763	626,143,574
Current Assets			
Advance payment of corporate income tax	8	32,393,591	7,118,476
Accounts receivable	9	3,027,634,547	3,457,829,569
Other receivable		48,714,855	48,714,855
Advances, deposits and prepayments	10	21,081,426	18,896,418
Cash and cash equivalents	11	116,161,316	615,473,789
		3,245,985,735	4,148,033,107
Total Assets		4,118,375,498	4,774,176,681
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	12	600,000,000	600,000,000
Retained earnings		58,521,517	20,987,797
		658,521,517	620,987,797
Current Liabilities			
Short term loan from The City Bank Ltd	13	3,216,102,983	2,767,960,732
Payable to clients	14	115,570,600	352,933,210
Accounts payable	15	91,593,054	1,021,361,058
Accrued expenses		57,500	643,535
Withholding VAT		6	3,180
Provision for corporate income tax	16	36,529,838	10,287,169
		3,459,853,982	4,153,188,884
Total Shareholders' Equity and Liabilities		4,118,375,498	4,774,176,681

PROFIT AND LOSS ACCOUNT OF CITY BROKERAGE LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2011

Figures in Taka

	Notes	2011	2010
Revenue			
Brokerage commission	17	178,854,341	51,920,456
Other operating income	18	19,015,972	183,563
		197,870,313	52,104,019
Less: Expenses			
Direct cost	19	10,690,506	3,030,074
Operating expenses	20	101,587,524	26,065,262
		112,278,031	29,095,336
Operating profit		85,592,283	23,008,682
Fair Value adjustment for fall in values of investment insecurities		(3,709,791)	-
Interest on margin loan		411,425,867	65,421,713
Interest on borrowed fund		(422,954,592)	(57,155,429)
Net interest income		(11,528,724)	8,266,284
Profit before corporate income tax		74,063,558	31,274,966
Provision for corporate income tax		(36,529,838)	(10,287,169)
Profit after tax, carried forward		37,533,720	20,987,797

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

Figures in Taka

	Share capital	Retained earnings	Total
Balance at 1st January 2011	600,000,000	20,987,797	620,987,797
Net profit for the period	-	37,533,720	37,533,720
Balance at 31 December 2011	600,000,000	58,521,517	658,521,517

STATEMENT OF CASH FLOWS OF CITY BROKERAGE LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2011

Figures in Taka

	2011	2010
Cash flows from operating activities		
Net profit during the period	37,533,720	20,987,797
Adjustment for non-cash items		
Depreciation and amortisation	6,549,589	659,101
Provision for income tax	36,529,838	10,287,169
Provision for expenses	3,767,291	643,535
	84,380,439	32,577,602
Changes in working capital components		
Increase in accounts receivable	530,752,792	(521,678,855)
Increase in margin loan to clients	(100,557,769)	(2,984,865,570)
Increase in advances, deposits and prepayments	(2,185,008)	(18,896,418)
Increase in advance income tax	(25,275,115)	(7,118,476)
Increase in short term loan	448,142,251	2,767,960,732
Increase in accounts payable	(1,169,001,087)	1,374,297,448
	(318,123,936)	609,698,862
Net cash from operating activities	(233,743,497)	642,276,464
Cash flows from investing activities		
Membership fee	-	(600,000,000)
Investment in shares	(240,351,554)	(2,184,864)
Acquisition of property, plant and equipment	(23,167,971)	(24,327,101)
Payment for intangible assets	(2,049,450)	(290,710)
Net cash used in investing activities	(265,568,975)	(626,802,675)
Cash flows from financing activities		
Issue of share capital	-	600,000,000
Net cash from financing activities	-	600,000,000
Net increase in cash	(499,312,473)	615,473,789
Cash and cash equivalents at beginning of the period	615,473,789	-
Cash and cash equivalents at end of the period	116,161,316	615,473,789

NOTES TO FINANCIAL STATEMENTS OF CITY BROKERAGE LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2011

1. Company and its activities

1.1 Status of the Company

City Brokerage Ltd (the Company) was incoporated 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 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 Gulshan, Dhanmondi and Nikunja, Dhaka.

1.2 Nature of business

The main objectives of the Company for which it was incorporated are to carry on the business of stockbroker/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, etc.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BAS), under historical cost convention on a going concern basis and the requirements of Companies Act 1994 and 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 stright-line method in accordance with 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 benfits 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 Events after reporting period

No events were occured after the date of statement of financial position that could affect the financial position of the company or required disclosure.

2.6 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.

Figures in Taka

		2011	2010
4.	Property, plant and equipment		
	Cost	45,468,971	24,327,101
	Less: Charge on depreciation during the period	(7,118,670)	(656,573)
	Net book value	38,350,300	23,670,528
	Details are in Annex A.		
5.	Intangible assets		
	Cost of software	2,352,800	303,350
	Less: Amortisation	(102,660)	(15,168)
	Net book value	2,250,140	288,182
6.	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
7.	Investment in securities	231,789,322	2,184,864
	This represents investment made by the Company in purchase of shares of various listed companies by Dhaka Stock Exchange Ltd.(DSE) and Chittagong Stock Exchange Ltd.(CSE) through its dealer account. The market value of the investment is Taka 22,80,79,530.60 as on 31 December 2011.		
8.	Advance payment of corporate income tax	32,393,591	71,184,176
	The above amount represents income tax withheld from the transactions of traded securities @ 0.050% which is the final tax liability of the Company under section 82C of the IT Ordinance 1984.		
9.	Accounts receivable		
	Receivable from		
	Dhaka Stock Exchange Ltd. (DSE)	(83,575,034)	446,196,225
	Chittagong Stock Exchange Ltd. (CSE)	25,743,497	26,767,775
	Receivable against expense	42,745	
	Clients (note 9.1)	3,085,423,339	2,984,865,570
		3,027,634,547	3,457,829,569
9.1	Receivable from clients		
	The above amount is receivable from 1,046 individual and institutional clients against margin loan for investing in securities through the Company.		
10.	Advances, deposits and prepayments		
	Advance to/against		
	Office rent	15,995,293	16,417,928
	Insurance	33,333	-
	Fees	2,300,000	-
	Employees	179,800	1,074,490
	Supplies	1,520,000	1,390,000
	Management expenses	1,010,000	7,000
	Deposit to Grameen Phone	36,000	-
	Deposits	7,000	7,000
		21,081,426	18,896,418

Figures in Taka

11. 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 2010 is given below:

Bank balances with The City Bank Ltd account nos:	2011	2010
1101132314001	75,624,140	546,749,046
1101132315001	401,821	-
1101132310001	2,251,308	36,205,674
SCB-01111058801	10,398,200	-
MTBL-00220210005086	72,000	-
	88,747,469	582,954,720
Cheques awaiting for collection	27,356,347	32,461,569
Petty cash	57,500	57,500
	116,161,316	615,473,789

		2011	2010
12.	Share capital		
	Authorised capital		
	20,000,000 shares of Taka 100 each	2,000,000,000	2,000,000,000
	Issued, subscribed and paid-up capital		
	The City Bank Ltd		
	5,999,400 shares of Taka 100 each fully paid-up	599,940,000	599,940,000
	Individual		
	600 shares of Taka 100 each fully paid-up	60,000	60,000
		600,000,000	600,000,000
13.	Short term loan from The City Bank Ltd	3,216,102,983	2,767,960,732
	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 275 crore for margin financing and prefunding support for foreign trade of foreign clients bearing interest @ 14.50% per annum subject to revision by bank management from time to time.		
	Mutual Trast Bank Ltd.		
	This loan was taken from MTBL in the form of SOD General for margin financing and prefunding support for foreign trade of foreign clients bearing interest @ 15.50% per annum subject to revision by bank management from time to time.		
14.	Payable to clients	115,570,600	352,933,210
	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.		
15.	Accounts payable		
	The City Bank Ltd (note 15.1)	58,309,786	987,530,676
	Guarantee fee	1,169,167	7,187,500
	Interest expense	30,499,813	9,902,778
	Diminution in value of investment	3,709,791	-
	Central Depository Bangladesh Ltd	5,771,631	9,372,745
	Commission payable	12,729,902	17,270,137
		91,593,055	1,021,361,058
15.1	Payable to The City Bank Ltd.		
	Opening Balance	987,530,676	987,530,676
	Adjustment during the year	929,220,890	-
		58,309,786	987,530,676

Figures in Taka

16. Provision for Corporate Income Tax

Provision for corporate income tax is made on various sources of income following applicable tax rates on those income as computed below:

Nature of income	Source of income/Taka	Applicable tax rate (%)	Provision/ Taka
Brokerage Commission	178,854,341	(**)	32,379,935
Business Income			
Net interest income	(11,528,724)	37.50	-
Other operating income	8,200,515	37.50	3,075,193
Realized gain of dealer operation	10,747,096	10.00	1,074,710
	186,273,228		36,529,838

(**) The above amount represents income tax withheld from the transactions of traded securities @0.1% to 0.05% which is the final tax liability of the Company under section 82C of the IT Ordinance 1984.

		2011	2010
17.	Brokerage commission from		
	Dhaka Stock Exchange Ltd	165,625,132	46,467,883
	Chittagong Stock Exchange Ltd	13,229,209	5,452,573
		178,854,341	51,920,456
18.	Other operating income		
	Account opening fee	202,750	103,500
	BO account maintenance fee	297,525	51,750
	Others (**)	7,700,240	28,313
		8,200,515	183,563
	(**) Others include Taka 7,616,740 received from CDBL as cash rebate on the total billed amount paid by City Brokerage Ltd. During the year 2011.		
19.	Direct cost		
	Hawla charges	1,252,128	273,490
	Laga charges	9,438,378	2,756,584
		10,690,506	3,030,074
20.	Operating expenses		
	Salary and bonus	40,776,855	3,891,962
	Corporate guarantee fee	18,419,167	7,187,500
	Office rent	10,667,952	1,281,068
	Depreciation	6,462,097	656,573
	Business development	5,080,253	26,983
	Third party service fee	3,240,434	390,473
	Training expenses	2,039,050	-
	Printing and stationery	1,637,111	257,150
	Internet expenses	1,588,555	410,775
	Traveling and conveyance	1,501,838	471,097
	Legal and professional fees	1,450,950	424,000

Figures in Taka

		2011	2010
	Utilities	1,042,455	490,165
	Office maintenance	1,031,896	122,827
	Entertainment	1,027,893	86,403
	Telephone and mobile	677,616	56,741
	Advertisement and publicity	326,149	467,286
	Subscription and fees	186,156	9,798,615
	Car maintenance	346,072	-
	Amortisation of software	87,492	2,528
	Newspaper and periodicals	80,682	3,101
	Board meeting fees.	70,000	-
	Board meeting expense	56,593	-
	Audit fee	50,000	25,000
	Postage and courier	25,411	15
	Bank charges	5,060	15,000
		97,877,733	26,065,262

21. Contingent Liability and Commitments

The Company has given bank guarantees to DSE and CSE against the requirements of Member's Margin Rule 2000 of DSE and CSE. Details of which are given below:

Bank guarantee no. and date	In favour of	
101SD0002410 dated 15 November 2011	Dhaka Stock Exchange Ltd	500,000,000
101SD0002310 dated 15 November 2011	Chittagong Stock Exchange Ltd	100,000,000

22. Others

22.1 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

22.2 Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.

DETAILS OF PROPERTY, PLANT AND EQUIPMENT OF CITY BROKERAGE LIMITED
AS AT 31 DECEMBER 2011

Particulars	COST: "Balance at 1st January 2011"	COST: Additions	COST: Sale/ disposal	COST: Total at 31 Dec 2011"	Rate (%)	DEPRECIATION: Balance at 1st January 2011	DEPRECIATION: Charge for the year	DEPRECIATION: Adjustment	DEPRECIATION: Total at 31 Dec 2011	"Net book value at 31 Dec 2011"
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka
Furniture and fixtures	9,259,841	10,047,753	-	19,307,594	10%	154,331	1,642,480	-	1,796,811	17,510,783
Office equipment	15,067,260	6,304,641	-	21,371,901	20%	502,242	4,181,021	-	4,683,263	16,688,638
Motor Vehicle	-	4,789,476	-	4,789,476	20%	-	638,597		638,597	4,150,879
Total at 31 Dec 2011	24,327,101	16,352,394	-	45,468,971		656,573	6,462,097	-	7,118,670	38,350,300
Total at 31 Dec 2010	-	24,327,101	-	24,327,101		-	656,573	-	656,573	23,670,528

BALANCE SHEET OF CITY BANK CAPITAL RESOURCES LIMITED
AS AT 31 DECEMBER 2011

Figures in Taka

	Notes	31.12.2011
Assets		
Non current assets		
Property, plant and equipment	3	409,115
Intangible assets	4	2,190,833
		2,599,948
Current assets		
Advance, prepayment and deposits	5	493,929
Accounts receivables	6	3,081,896
Cash and cash equivalents	7	104,904,486
		108,480,311
Total assets		111,080,259
Equities and laibilities		
Capital and reserves		
Share capital	8	100,000,000
Retained earnings	9	278,180
		100,278,180
Current Liabilities		
Account Payable	10	10,339,255
Customer Deosits		102,212
Provision for expenses	11	177,750
Provision for taxation		182,862
		10,802,079
Total shareholders' equity and liability		111,080,259

PROFIT AND LOSS ACCOUNT OF CITY BANK CAPITAL RESOURCES LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	31.12.2011
Revenue		
Income from advisory services		2,305,556
Interest from fixed deposits receipts		3,622,932
Other operating income		25,565
		5,954,053
Expenses		
Salaries and allowances		4,496,694
Rent, taxes, insurance, electricity, etc.		380,467
Legal expenses		48,625
Postage, stamp, telecommunication, etc.		273,772
Stationery, printing, advertisements, etc		60,662
Auditors' fees		52,250
Depreciation and repair of assets		40,250
Other expenses	12	140,291
		5,493,011
Profit before corporate income tax		461,042
Provision for corporate income tax		182,862
Profit after tax		278,180

CASH FLOW STATEMENT OF CITY BANK CAPITAL RESOURCES LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2011

Figures in Taka

		31.12.2011
A)	Cash flows from operating activities	
	Net profit during the period	304,770
	Add: Amount considered as non cash items	
	Depreciation and amortisation	27,150
	Provision for income tax	182,862
	Provision for expenses	177,751
		692,532
	Changes in working capital components	
	(Increase)/decrease Accounts receivable	(3,081,896)
	(Increase)/decrease Advances, deposits and prepayments	(200,000)
	(Increase)/decrease Advance Income Tax	(293,929)
	Increase/(decrease) Short Term Loan	-
	Increase/(decrease) Accounts payable	10,414,877
		6,839,052
A)	Net cash flows from operating activities	7,531,584
B)	Cash flow from investing activities	-
	Acquisition of property, plant and equipment	(427,098)
	Acquisition of intangible assets	(2,200,000)
	Net cash flows from investing activities	(2,627,098)
C)	Cash flows from financing activities	
	Issuance of share capital	100,000,000
	Net cash flows from financing activities	100,000,000
D)	Net cash increase/(decrease) (A+B+C)	104,904,486
E)	Cash and cash equivalent at the beginning of the period	-
F)	Cash and cash equivalent at the close of the period	104,904,486

STATEMENT OF CHANGES IN EQUITY OF CITY BANK CAPITAL RESOURCES LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2011

Figures in Taka

Particulars	Share capital	Retained earnings	Total
Issue of shares	100,000,000	-	100,000,000
Net profit during the period	-	278,180	278,180
Balance as on 31 December 2011	100,000,000	278,180	100,278,180

CITY BANK CAPITAL RESOURCES LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. Reporting entity

City Bank Capital Resources Limited (the Company), a fully owned subsidiary of the City Bank Limited is a private company limited by shares incorporated in Bangladesh on 17 August 2009 vide registration no. C-79186/09 under the Companies Act, 1994. The registered office of the Company is situated at Jibon 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. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements of City Bank Capital Resources Limited includes the Statement of Financial Position (Balance Sheet}, Statement of Comprehensive Income (Profit and Loss Statement), Statement of Cash Flows, Changes in Equity and notes to the accounts. These financial statements have been prepared under the historical cost convention on a going concern basis in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) so far adopted by the Institute of Chartered Accountants of Bangladesh, the Companies Act, 1994 and Securities and Exchange Rules 1987.

2.2 Property, plant and equipment

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 BAS 16 "Property, Plant and Equipment". 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
Land	-
Building	2.5%
Furniture and fixtures	10%
Office equipment	20%
Vehicles	20%
Software	5%

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. Currently the Company has a software "Mbank" which is considered as an intangible assets and is therefore amortised at a rate of 5% per annum.

2.4 Provision for expenses

Provision for expenses is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be measured.

2.5 Provision for taxation

Provision for current income tax is made at the rate of 37.5% on the accounting profit of the company

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and fixed deposits which are held and are available for use by the Company.

2.7 Currency

The amounts in the Financial Statements have been rounded off to the nearest Taka

2.8 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 the financial statements.

Figures in Taka

		31-Dec-11
3.	Property, plant and equipment	
	Cost	427,098
	Less: Depreciation charged during the period	(17,983)
		409,115
	Detail shown in Annexure-A	
4.	Intangible assets	
	Cost of software	2,200,000
	Less: Amortisation	(9,167)
		2,190,833
5	Advance, prepayment and deposits	
	Deposit to central Depository Bangladesh Limited (CDBL)	200,000
	Advance Income Tax withheld from Fixed Deposits	293,929
		493,929
6	Accounts receivables	
	Receivable from City Brokerage Ltd	1,817,704
	Receivable from Novoair for advisory services	580,556
	Interest Receivable	683,636
		3,081,896
7.	Cash and cash equivalents	
	Cash and cash equivalents includes various deposits accounts maintained with The City Bank Ltd. and detail is given below:	
	Fixed deposits receipts (Account No.4101215019001)	102,545,367
	Current deposits (Account No.1101215019001)	2,101,465
	Current deposits (Account No.1101340451001)	175,909
	Current deposits (Account No.1101340450001)	78,781
	Current deposits (Account No.1101340446001)	1,482
	Current deposits (Account No.1101340442001)	1,482
		104,904,486

Figures in Taka

		31-Dec-11
8	Share capital	
	Authorised capital	
	5,000,000 shares of Tk. 100 each	500,000,000
	Issued, subscribed and paid up capital	
	The City Bank Limited	
	999,999 shares of Tk.100 each fully paid up	99,990,000
	Individual	
	100 shares of Tk.100 each fully paid up	10,000
		100,000,000
9	Retained earnings	
	Opening balance	-
	Add: Net profit during the period	278,180
		278,180
10	Accounts payable	
	Payable to The City Bank Limited	6,348,101
	Payable to City Brokerage Ltd	1,858,545
	Payable to Lead Corporation limited	1,760,000
	VAT Payable	287,500
	Payable to Client	85,109
		10,339,255
11	Provision for expenses	
	Audit Fees	31,350
	Legal Expenses	20,000
	CDBL	2,479
	Utility Charges	123,921
		177,750
12	Other expenses	
	Bank Charges	9,417
	Fuel Expenses	58,554
	Entertainment	31,424
	Cleaning charge	17,882
	Conveyance	9,260
	Others	13,754
		140,291
13	Event after the Balance Sheet date	
	No material event had occurred after the Balance Sheet date, which could substantially effect the values reported in the financial statements.	

CITY BANK CAPITAL RESOURCES LIMITED
DETAIL OF PROPERTY, PLANT AND EQUIPMENT
AS AT 31 DECEMBER 2011

Particulars	Cost: Opening balance	Cost: Addition	Cost: Sale/ disposal	Cost: Balance as on 31.12.2011	Rate	Depreciation: Opening balance	Depreciation: Charged for the period	Depreciation: Adjustment	Depreciation: Balance as on 31.12.2011	Net book value
	Taka	Taka	Taka	Taka	(%)	Taka	Taka	Taka	Taka	Taka
Office equipment	0	427,098	0	427,098	20%	0	17,983	0	17,983	409,115
Total	0	427,098	0	427,098		0	17,983.2	0	17,983	409,115

Over 3 months but not more than 1 year	1,833.27
Over 1 year but not more than 5 years	2,200.29
over 5 years	1,035.11
TOTAL	**7,696.54**

4 Sectoral exposure of impaired loans, general and specific provisions

(Amount in Tk. Crore)

Sectors	STD	SMA	Classified	Total Outstanding	% of Total OS	Required General Provision	Required Specific Provision
Agriculture	105.87	-	1.58	107.45	1.40%	1.06	0.00
RMG & Textile	792.47	67.15	82.33	941.95	12.24%	11.18	39.09
Trade Services	1,969.90	60.34	51.30	2,081.54	27.05%	22.64	13.87
Personal Services	1,460.58	43.71	94.13	1,598.42	20.77%	74.03	31.81
Chemical and Chemical Products	201.08	-	0.05	201.12	2.61%	2.21	-
Metal Products & Machinery	423.11	0.12	3.45	426.68	5.54%	4.24	0.00
Real Estate & Construction	417.75	6.59	2.50	426.83	5.55%	4.49	0.11
Transport, Storage & Communication	624.21	-	0.67	624.88	8.12%	6.24	-
Leather & Leather Product	114.08	-	1.02	115.10	1.50%	1.14	0.97
Fuel & Power	24.83	-	-	24.83	0.32%	0.25	-
Paper, Printing & Publishing	7.51	0.08	0.79	8.38	0.11%	0.08	0.12

Qualitative Disclosures

• Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons;	• For equity financing, only investment in unquoted securities are considered as Banking Book assets. Investment in equity for relationship or strategic reason is considered under trading book, for which applicable capital required for eliminating market risk is allocated.
• 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.	• There is no such valuation mechanism existing at CBL, we are reporting the unquoted shares in cost price and quoted shares in market price.

Qualitative Disclosures

(a) 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.	(a) Value of unquoted share as per approved Balance Sheet is: Tk. 130.24 crores on Solo basis and Tk. 120.24 crore on consolidated basis. In solo basis, investment in subsidiaries (Tk. 70.0 crore), investment in unquoted common share (Tk. 6.74 crore) and investment in unquoted preference share (Tk. 53.50 crore) are considered.

Qualitative Disclosures

(b) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	While, in consolidated basis, investment in subsidiaries (Tk. 70.0 crore) is netted off and investment in unquoted common share of CBL (Tk. 6.74 crore), unquoted preference share of CBL (Tk. 53.50 crore) and unquoted common share of subsidiary (Tk. 60.0 crore) are considered. (b) No gain or loss is recognized against liquidation of such unquoted shares during the reporting period.
(c) • Total unrealized gains (losses) • Total latent revaluation gains (losses) • Any amounts of the above included in Tier 2 capital.	(c) The value of unquoted shares is reported in cost price in the balance sheet. Since CBL has no separate valuation mechanism for calculating Fair value of unquoted shares, no revaluation reserve is created for such investment. As such, there is no unrealized gain or loss, latent revaluation gain or loss. Accordingly, Tier-2 capital inclusion is also NIL.
(d) 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.	(d)

(Amount in Tk. Crore)

Particulars	Risk Weight	Solo Basis Amount as per BS	Solo Basis RWA	Consolidated Basis Amount as per BS	Consolidated Basis RWA
Unquoted common shares	125%	4.94	6.18	4.94	6.18
Unquoted preference share	125%	53.50	66.87	53.5	66.87
Unquoted shares (venture capital)	150%	71.8	107.7	61.8	92.7
Total		130.24	180.75	120.24	165.75
Capital requirement @ 10% of RWA			**18.08**		**16.58**

TABLE DF-6 INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Qualitative Disclosures

The general qualitative disclosure requirement including the nature of IRRBB and key assumptions including assumptions regarding loan prepayments and behavior of non-maturity deposits and frequency of IRRBB measurement.	Interest Rate Risk is the risk which affects the Bank's financial condition due to changes in the 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). At present, CBL is following the BB prescribed format for assessing the economic value at risk due to interest rate shock on quarterly basis.

Qualitative Disclosures

Interest rate risk in Banking book as of Dec 31, 2011 is calculated as change in MV of equity as below:

(Amount in Tk. crore)

	1%	2%	3%
Interest rate change	1%	2%	3%
Change in market value of equity	-72.69	-145.38	-218.07

TABLE DF-8 MARKET RISK: DISCLOSURES RELATING TO MARKET RISK IN TRADING BOOK

Qualitative Disclosures

Market Risk is defined as the possibility of loss to a Bank caused by changes/movements in the market variables such as interest rates, foreign currency exchange rates, equity prices and commodity prices. Bank's exposure to market risk arises from investments (interest related instruments and equities) in trading book [HFT categories] and the Foreign Exchange positions. The objective of the market risk management is to minimize the impact of losses on earnings and equity.

The Bank has put in place Board approved Asset Liability Management Policy for effective management of Market Risk in the Bank. In order to assess impact on capital due to adverse movement in trading book, CBL also have a Board approved policy on VaR and Stress Testing. Bank is going to finalize comprehensive Investment policy and also policy on Market Risk. The policies set various risk limits for effective management of Market Risk and ensuring that the operations are in line with Bank's expectation of return to market risk through proper Asset Liability Management. The policies also deal with the reporting framework for effective monitoring of Market Risk.

The ALM Policy specifically deals with liquidity risk management and interest rate risk management framework. As envisaged in the policy, Liquidity Risk is managed through GAP & Duration analysis, based on residual maturity/behavioral pattern of assets and liabilities, on a daily basis based on best available data coverage, as prescribed by the Bangladesh Bank. Liquidity profile of the Bank is evaluated through various liquidity ratios.

The Asset Liability Management Committee (ALCO)/Board monitors adherence of prudential limits fixed by the Bank and determines the strategy in light of market conditions (current and expected) as articulated in the ALM policy. The Mid Office at the Treasury also monitors adherence of prudential limits on a continuous basis.

Market risk policy of CBL actually defines the scope and opportunity of the market risk elements in day to day operational issues. In such context, the policy to clearly define the scope of work and other related jobs and other related responsibilities of the market risk desk. Both quantitative and qualitative disclosures have to be covered in this scenario.

Qualitative Disclosures

Finally Capital Allocation for Market Risk is calculated using Standardized Duration Analysis Model as below:

Particulars	Amount in Tk. Crore
Interest rate risk	-
Equity position risk	99.20
Foreign Exchange risk	5.62
Commodity risk	-
Total capital requirement against Market Risk	104.82

As of Dec 31, 2011, CBL investment in market related interest rate risk products (HFT investment) was NIL. As such, capital requirement for this particular segment is NIL. Capital Requirement for Equity position also decreased significantly from that of Dec'10 due to overall fall in capital market.

Table DF – 9 OPERATIONAL RISK: GENERAL DISCLOSURES

Qualitative Disclosures

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risks.

Bank is still at the initiation stage of required policies and procedures for all areas of its operations. Bank strictly follows KYC norms for its customer dealings and other banking operations. The Bank is going to frame Operational Risk Management Policy to be approved by the Board. Supporting policies already been adopted by the bank which deal with management of various areas of operational risk are (a) Operational Manual for General Banking (b) Compliance Risk Management Policy,(c) FX Risk Management Policy (d) Policy Document on Know Your Customers (KYC) and Anti Money Laundering (AML) Procedures (e) IT Business Continuity and Disaster Recovery Policy etc. The newly established Risk Management Unit and Risk Management Department are working on preparing risk inventory for Bank to introduce Risk Log as well as Risk Register.

A draft of the Operational Risk Management Policy of the bank has been drafted and circulated to all stakeholders for vetting and giving their input/feedback in the policy. The policy framework actually defines the scope of work of related departments and their individual responsibility of the desk job related to operational risk.

For the current year Bank has adopted Basic Indicator approach to assess the capital under operational risk. In terms of new capital adequacy norms, Banks' Operational Risk capital charge has been assessed at 15% of positive annual Average Gross Income over the previous three years as defined by BB.

Qualitative Disclosures

Capital Requirement for Operational Risk as of Dec 31, 2011:

Year	Gross Income (GI) (in Tk. Crore)	Average (GI) (in Tk. Crore)	Capital Charge @ 15% of Average Gross Income (in Tk. Crore)
2009	436.42		
2010	647.63	640.78	96.12
2011	838.30		

28th Annual General Meeting

The 28th Annual General Meeting of City Bank was held on August 14, 2011. Aziz Al Kaiser, the then Chairman of the bank presided over the meetings. Vice Chairman Hossain Mehmood, Directors Hossain Khaled, Rajibul Huq Chowdhury, Rafiqul Islam Khan, Mobarak Ali and Managing Director & CEO K Mahmood Sattar also attended the meetings.

Extraordinary General Meeting

Extraordinary General Meeting of City Bank was held November, 2011. Hossain Mehmood, the then Vice Chairman of the bank presided over the meeting. Directors Hossain Khaled, Rajibul Huq Chowdhury and Managing Director & CEO K Mahmood Sattar, senior executives and a large number of shareholders also attended the meetings.

Sharehoders in Annual General Meeting

The 28th Annual General Meeting held on August 14, 2011 was attended by hundreds of honorable shareholders of the bank. It was a great day of festivity at the Bashundhara Convention Center, Dhaka.

New Chairman & Vice Chairperson of the bank

The bank got its new Chairman in November, 2012. Rubel Aziz, one of the youngest bank Chairmen in the country, is seen here sharing a cake in the bank's Board Room at a small event held in honor of his appointment. Also seen in the picture is the bank's new Vice Chairperson Meherun Haque.

City Manarah

City Bank formally launched its Islamic Banking arm named "City Manarah" on June, 2011 at a ceremony in one of the local hotels in Dhaka. Bank's the then Chairman Aziz Al Kaiser unveiled the offering which is a completely shariah-based banking solution that includes attractive products for individuals both in deposit and investment sides.

MasterCard issuing & acquiring business

City Bank launched MasterCard issuing and also acquiring business. As part of this launch, City Bank introduced MasterCard Platinum International Debit Card also, which is the first dual currency Debit Card in the country.

City Home Loan

City Bank introduced City Home Loan. A Customer who wants to avail City Home loan can get the loan up to Tk 1 crore. Other salient features include repayment tenor up to 25 years, loan against property, financing up to 80% of the property value, faster loan processing etc.

Retail Banking Conference

City Bank held its Retail Conference for 2011. The theme of this year's conference was "In Focus: Maximizing Relationship value through Service Excellence".

New Corporate Vision

City Bank launched its new Corporate vision, mission and values at an all-employee Town Hall gathering in a Dhaka stadium and also in other regions through online video presentation simultaneously.

Amex Service Center

City Bank launched its first exclusive American Express Service Center in Gulshan in 2011. This is a state-of-the-art Service Center manned by adequate staff wholly dedicated to serving Amex cardmembers.

Milestone of 100

City Bank reached the milestone of 100 points of representation in the country with the launch of its 89th online branch at Moghbazar in 2011.

Pallabi Branch

Meherun Haque, Vice Chairperson of City Bank inaugurated the bank's 90th branch at Pallabi.

CSR project

The bank provided a new lease of life for the poverty-hit women of Basatpur, a village near Benapole border in Jessore. The women who are often victims of violence and trafficking are being liberated from insecurity and hardcore povertythrough an initiative of Management and Resources Development Initiative (MRDI) with the funding support of City Bank Limited.

SME/Agri branch

City Bank opened its 2nd SME / Agri branch in Chatak, Shunamgonj with online SME, Agri, Retail and Foreign remittance services.

Syndicated Financing

City Bank arranged BDT 3,280 million syndicated financing facilities for Desh Energy Limited, a rental power plant located in Shiddhirganj, Narayanganj.

FlexiBuy Partner

Citycell signed an agreement with the City Bank as a FlexiBuy partner. Under this agreement, American Express Credit Cardmembers will enjoy 0% interest installment plan up to 12 months for purchasing Citycell EYETRACK Package.

FlexiBuy Agreement

City Bank signed an agreement with Partex Furniture as a FlexiBuy partner. Under this agreement, American Express Cardmembers will enjoy 0% interest instalment plan up to 12 months for purchasing Partex Furniture from any of its outlets.

Financial Partner

Bangladesh's leading Shipbuilding Company Western Marine Shipyard Limited delivered two more ships to its German buyer making another milestone in country's shipbuilding sector. City Bank was the financial partner of Western Marine for construction of these two vessels by providing the shipyard a credit facility.

American Express Bangladesh Open Golf Tournament 2011

The American Express Bangladesh Golf Tournament held at the Kurmitola Golf Club, Dhaka on 26-29 January, 2011. City Bank was the title sponsor for this tournament.

SME cluster loan product for light engineering sector

City Bank launched the first cluster product for the light engineering and foundry sector in Bogra December 31, 2011. This is first formal launching in Bogra targeting only Bogra Light engineering and foundry sector.

French Drama Festival

4th edition of the International French Drama Festival 2011 was held on 23-27 April, 2011 at National Theatre, Shilpakala Academy. City Bank was the title sponsor for this week long drama fest.

Life Unending

In remembrance of Rabindranath Tagore's 150th birth anniversary, City Bank organized 'Life Unending' – a stage production narrating the story of Rabindranath Tagore's life and literary works.

Women's Day Celebration

City Bank celebrated International Women's Day in 2011 in order to honor women, organized by Human Resource Department. The theme for the event was "Pathway to Decent Work for Women: Women Empowerment". There were around eighty women participants from various divisions of the bank including outside guests.

Children's Art Competition 2011

City Bank successfully celebrated 'Children's Art Competition 2011' to mark the 40 years Victory on 16 December 2011 at the 6th floor banquet hall of City Bank Centre. The event came to life with the enthusiastic participation of around 70 children and more than 150 people including family members of our colleagues.

city bank

THE CITY BANK LIMITED

Head Office: City Bank Center, 136 Bir Uttam, Mir Shawkat Sarak, Gulshan-2, Dhaka-1212, Bangladesh

NOTICE OF THE 29th ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of The City Bank Limited will be held on Sunday , 6th May 2012 at 3-00pm at Bashundhara Convention Center-2, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka-1229, Dhaka to transact the following business:

Agenda

1. To receive, consider and adopt the Accounts of the Bank for the year ended 31 December 2011 alongwith the Auditors' Report and the Directors' Report thereon.
2. Approval of 25% Stock Dividend recommended by the Board of Directors.
3. To appoint Auditors and to fix their remuneration.
4. To elect Directors.
5. To consider any other relevant business with the permission of the Chair.

By order of the Board,

Md. Kafi Khan
Company Secretary

Dated : Dhaka
March 22, 2012

NOTES :

1. **Record date for the meeting scheduled on 05.04.2012.**
2. 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 Company Proxy must be a member of the company.
3. Shareholders whose names appeared in the CDS/Register of Members on Record date i.e. on 05-04-2012 shall be eligible to attend and vote at the Annual General Meeting and will be entitled for the declared dividend, if any.
4. Any member entitled to attend and vote at the Annual General Meeting may attend the meeting either personally or by an attorney or by a proxy or, in the case of a corporation by a representative duly authorized.
5. Entrance into the Meeting Hall is restricted only to the entitled honorable Shareholders and Proxy/Attorney holder. At the time of entrance into the Meeting Hall, Attendance Slip has to be deposited to the registration counter duly signed. Registration counter shall remain open from 8.00. A.M. to 3-00 P.M.

City Bank internally introduced the well-known faces of these global personalities as its *value icons* in order to instill in the minds of its employees a feeling of passion for breathing in and living the values thus introduced.

city bank

THE CITY BANK LIMITED

Head Office: City Bank Center, 136 Bir Uttam, Mir Shawkat Sarak, Gulshan-2, Dhaka-1212, 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 29th Annual General Meeting of the Company to be held on May 6, 2012 at 3:00 P.M and at any adjournment thereof.

As witness I/we put my/our hand (s) this day of ____________ 2012.

Revenue stamp Tk. 8/-

Witnesses:

1. ____________ Signature of Member ____________
Folio/BO A/c. No. ____________

2. ____________ Signature of Proxy ____________
Folio/BO A/c. No. ____________

Important:

1. This Form of Proxy duly completed must be deposited at the Company's Registered Office 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.

city bank

THE CITY BANK LIMITED

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ATTENDANCE SLIP

I/We ____________ (Folio/BO A/c.No.) ____________ hereby record my/our attendance at the 29th Annual General Meeting of the Company being held on Sunday, May 6, 2012 at 3-00pm at Bashundhara Convention Center-2, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka-1229.

Signature
of Shareholder/ Proxy

N.B. Please present this slip duly signed at the entrance of the meeting hall.