

# AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023



## Commercial Bank of Ceylon PLC Bangladesh Operations

Hadi Tower, House: NW(K) -1, Road: 50, Kemal Ataturk Avenue, Gulshan - 2, Dhaka - 1212



**Independent Auditor's Report  
To the Shareholders of Commercial Bank of Ceylon PLC – Bangladesh Operations  
Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Commercial Bank of Ceylon PLC – Bangladesh Operations (“the Bank”), which comprise the Balance Sheet as at 31 December 2023 and Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year then ended, summary of significant accounting policies, other explanatory notes and annexures thereto.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with the Bank Company Act, 1991 (as amended up to date), the Companies Act, 1994, the rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), rules and regulations issued by the Bangladesh Bank and the Bangladesh Securities & Exchange Commission (BSEC), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye-laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with the Banking Companies Act, 1991 (as amended up to date), the Companies Act, 1994, the Rules and Regulations issued by the Bangladesh Bank, and other applicable Laws and Regulations and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (as amended up to date) and the Bangladesh Bank guidelines require the management to ensure effective internal audit, internal control, and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

**Report on other legal and regulatory requirements**

In accordance with the Companies Act, 1994, the Bank Company Act, 1991 (as amended up to date), the Financial Reporting Act, 2015, and the rules and regulations issued by Bangladesh Bank, we also report that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) To the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
  - a. internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
  - b. nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank.
- iii) 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;
- iv) The balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- v) The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- vi) The expenditures incurred were for the purposes of the Bank's business for the year;
- vii) The financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations, and accounting standards as well as related guidance issued by the Bangladesh Bank;
- viii) Adequate provisions have been made for loans and advances and other assets which are in our opinion, doubtful of recovery;
- ix) The information and explanations required by us have been received and found satisfactory;
- x) We have reviewed over 80% of the risk-weighted assets of the Bank and spent over 2,500 person-hours; and
- xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

**A. Qasem & Co.**

Chartered Accountants  
RJSC Firm Registration Number: 2-PC7202



**Ziaur Rahman Zia FCA**  
Partner  
Enrolment Number: 1259

DVC: 2402291259AS593734

Place: Dhaka  
Date: 28 February 2024

**Commercial Bank of Ceylon PLC - Bangladesh Operations**  
**Balance Sheet**  
**As at 31 December 2023**

	Notes	2023 Amounts in BDT	2022 Amounts in BDT
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3	<b>13,310,391,680</b>	<b>8,938,514,171</b>
Cash in hand (including foreign currencies)	3.1	478,800,661	489,784,376
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	3.2	12,831,591,019	8,448,729,795
<b>Balance with other Banks and financial institutions</b>	4	<b>15,288,623,191</b>	<b>19,873,930,333</b>
In Bangladesh	4.1	1,905,548,112	13,774,840,891
Outside Bangladesh	4.2	13,383,075,079	6,099,089,442
<b>Money at call on short notice</b>	5	<b>8,050,000,000</b>	<b>1,950,000,000</b>
<b>Investments</b>	6	<b>26,355,976,655</b>	<b>12,973,171,017</b>
Government	6.1	26,346,559,995	12,963,754,357
Others	6.2	9,416,660	9,416,660
<b>Loans and advances</b>	7	<b>65,190,246,521</b>	<b>52,303,472,292</b>
Loans, cash credit, overdrafts, etc.		52,431,240,023	46,005,846,403
Bills purchased and discounted	8	12,759,006,498	6,297,625,889
<b>Fixed assets including premises, furniture and fixtures</b>	9	<b>716,013,885</b>	<b>741,891,854</b>
<b>Other assets</b>	10	<b>6,738,904,915</b>	<b>5,555,502,472</b>
<b>Non-Banking Assets</b>		-	-
<b>Total Assets</b>		<b>135,650,156,847</b>	<b>102,336,482,139</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other Banks, financial institutions and agencies</b>	11	<b>4,366,679,516</b>	<b>4,239,421,102</b>
<b>Deposits and other accounts</b>	12	<b>96,893,704,852</b>	<b>71,258,325,001</b>
Current and other accounts	12.1	46,515,221,523	30,745,315,491
Bills payable	12.2	210,369,722	361,222,483
Savings Bank deposits	12.3	5,712,289,158	5,575,655,198
Fixed deposits	12.4	44,401,593,014	34,535,856,232
Other deposits	12.5	54,231,435	40,275,597
<b>Other liabilities</b>	13	<b>13,259,129,225</b>	<b>10,063,659,929</b>
<b>Total Liabilities</b>		<b>114,519,513,593</b>	<b>85,561,406,032</b>
<b>Capital/ Shareholders' Equity</b>			
Paid-up capital/ Deposit kept with Bangladesh Bank	14	6,847,000,000	6,788,000,000
Statutory reserve		-	-
Gains on revaluation of treasury bills/ bonds		23,571,712	54,005,672
Surplus in profit and loss account	15	14,260,071,542	9,933,070,435
<b>Total Shareholders' Equity</b>		<b>21,130,643,254</b>	<b>16,775,076,107</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>135,650,156,847</b>	<b>102,336,482,139</b>

	Notes	2023 Amounts in BDT	2022 Amounts in BDT
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>			
	16		
Acceptances and endorsements	16.1	-	-
Letters of guarantee	16.2	3,968,795,357	12,334,517,027
Irrevocable letters of credit	16.3	11,963,764,492	9,097,172,587
Bills for collection	16.4	7,488,390,216	6,255,971,224
Other contingent liabilities	16.5	67,638,549	67,638,549
<b>Total:</b>		<b>23,488,588,614</b>	<b>27,755,299,387</b>
<b>Other commitments</b>			
	17		
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		21,299,626,893	8,293,232,962
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total:</b>		<b>21,299,626,893</b>	<b>8,293,232,962</b>
<b>Total Off-Balance Sheet Items Including Contingent Liabilities</b>		<b>44,788,215,507</b>	<b>36,048,532,349</b>

These financial statements should be read in conjunction with annexed notes.



**Binoy G. Roy**  
Chief Financial Officer



**Kasun Herath**  
Deputy Chief Executive Officer  
& Chief Operating Officer



**Najith Meewanage**  
Chief Executive Officer



**Ziaur Rahman Zia FCA**  
Partner  
Enrolment Number: 1259

DVC: 2402291259AS593734

**A. Qasem & Co.**, Chartered Accountants  
RJSC Firm Registration Number: 2-PC7202

\*Signed as per our annexed report of same date.

Dated: Dhaka  
28 February 2024



**Commercial Bank of Ceylon PLC - Bangladesh Operations**  
**Profit and Loss Account**  
**For the year ended as on 31 December 2023**

	Notes	2023 Amounts in BDT	2022 Amounts in BDT
Interest income	18	7,176,180,245	4,667,646,384
Less: Interest paid on deposits and borrowings, etc.	19	2,870,240,474	1,932,396,960
<b>Net interest income</b>		<b>4,305,939,771</b>	<b>2,735,249,424</b>
Investment income	20	1,335,060,736	682,431,995
Commission, exchange and brokerage	21	4,435,271,977	3,126,657,635
Other operating income	22	266,590,257	28,382,093
<b>Total operating income</b>		<b>10,342,862,741</b>	<b>6,572,721,147</b>
Salary and allowances	23	695,028,992	634,161,274
Rent, taxes, insurance, electricity, etc.	24	92,792,693	78,065,962
Legal expenses	25	3,515,849	5,717,189
Postage, stamps, telecommunication, etc.	26	18,792,546	13,061,066
Stationery, printing and advertisements, etc.	27	23,307,275	15,010,501
Chief executive's salary and fees	28	22,989,558	17,119,599
Directors' fees		-	-
Auditors' fees		517,500	517,500
Charges on loan losses		-	-
Depreciation and repairs of Bank's assets	29	222,380,526	219,714,434
Other expenses	30	1,104,307,372	635,661,245
<b>Total operating expenses</b>		<b>2,183,632,311</b>	<b>1,619,028,770</b>
<b>Profit before provisions</b>		<b>8,159,230,430</b>	<b>4,953,692,377</b>
<b>Provision for loans and advance</b>		<b>421,347,092</b>	<b>320,720,025</b>
Specific provision		85,347,092	262,720,025
General provision	31	336,000,000	58,000,000
Provision for diminution in value of investment		-	-
Other Provision (Start-up Fund)	32	44,303,041	26,789,724
<b>Total provision</b>		<b>465,650,133</b>	<b>347,509,749</b>
<b>Profit/(Loss) before taxes</b>		<b>7,693,580,297</b>	<b>4,606,182,628</b>
Provision for taxation	13.4.1	3,307,579,190	1,954,000,000
Current tax		3,301,736,786	2,030,616,756
Deferred tax		5,842,404	(76,616,756)
<b>Net profit after taxation</b>		<b>4,386,001,107</b>	<b>2,652,182,628</b>

These financial statements should be read in conjunction with annexed notes.



**Binoy G. Roy**  
Chief Financial Officer



**Kasun Herath**  
Deputy Chief Executive Officer  
& Chief Operating Officer



**Najith Meewanage**  
Chief Executive Officer



**Ziaur Rahman Zia FCA**  
Partner  
Enrolment Number: 1259

Signed as per our annexed report of same date.

DVC: 2402291259AS593734

**A. Qasem & Co.**, Chartered Accountants  
RJSC Firm Registration Number: 2-PC7202

Dated: Dhaka

28 February 2024

**Commercial Bank of Ceylon PLC - Bangladesh Operations**  
**Cash Flow Statement**  
**For the year ended as on 31 December 2023**

	Notes	2023 Amounts in BDT	2022 Amounts in BDT
<b>Cash flows from operating activities</b>			
Interest receipts in cash		7,304,223,307	4,852,111,172
Interest payments		(2,609,016,763)	(1,917,798,014)
Dividend receipts		-	8,567,708
Fees and commission receipts in cash		676,594,265	550,956,784
Recoveries on loans previously written off		1,933,672	-
Recoveries on loans provisions		88,894,081	27,966,036
Cash Payments to employees		(682,363,414)	(604,153,424)
Cash Payments to suppliers		(134,892,514)	(106,137,529)
Receipts from other operating activities	33	3,932,705,049	2,575,700,851
Income taxes paid		(1,547,903,893)	(141,278,598)
Payments for other operating activities	34	(1,832,026,516)	(1,256,247,566)
Interest receipts from investment		1,335,060,736	673,864,287
		<b>6,533,208,010</b>	<b>4,663,551,707</b>
<b>Operating profit before changes in operating assets and liabilities</b>			
<b>(Increase)/Decrease in operating assets and liabilities</b>			
Statutory Deposits		-	-
Purchase/sale of trading securities		-	-
Loans and advances to other Banks		-	-
Loans and advances to customers		(12,886,774,229)	6,091,946,886
Other assets	35	236,458,388	(286,006,215)
Deposits from other Banks		(939,713,204)	(10,720,093,723)
Deposits from customers		26,702,351,469	8,515,120,021
Other liabilities account of customer	36	(403,767,565)	(494,898,137)
		<b>12,708,554,859</b>	<b>3,106,068,832</b>
<b>Net cash from operating activities (a)</b>		<b>19,241,762,869</b>	<b>7,769,620,539</b>
<b>Cash flows from investing activities</b>			
Payments / proceeds for purchase of securities		(13,382,141,738)	2,450,175,633
Payments / proceeds for purchase of shares		-	-
Purchase/sale of property, plant and equipment		25,877,969	94,692,368
Gains on disposal of property, plant and equipment		1,735,167	416,057
<b>Net cash from investing activities (b)</b>		<b>(13,354,528,602)</b>	<b>2,545,284,058</b>
<b>Cash flows from financing activities</b>			
Remittance received from Head Office, Colombo		-	-
Dividend paid/ profit remitted to HO		-	-
<b>Net cash from financing activities (c)</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash [d=(a+b+c)]</b>		<b>5,887,234,267</b>	<b>10,314,904,597</b>
Effects of exchange rate changes on cash and cash equivalent		-	-
<b>Cash and cash equivalents at beginning of the year (*) (e)</b>		<b>30,762,590,004</b>	<b>20,447,685,407</b>
<b>Cash and cash equivalents at end of the year (*) [f=(d+e)]</b>		<b>36,649,824,271</b>	<b>30,762,590,004</b>



(\*) **Cash and cash equivalents :**

Cash	478,800,661	489,784,376
Prize bonds	809,400	145,500
Money at call and on short notice	8,050,000,000	1,950,000,000
Balance with Bangladesh Bank and its agent Bank(s)	12,831,591,019	8,448,729,795
Balance with other Banks and financial institutions	15,288,623,191	19,873,930,333
	<b>36,649,824,271</b>	<b>30,762,590,004</b>

These financial statements should be read in conjunction with annexed notes.



**Binoy G. Roy**  
Chief Financial Officer

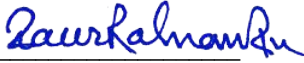


**Kasun Herath**  
Deputy Chief Executive Officer  
& Chief Operating Officer



**Najith Meewanage**  
Chief Executive Officer

Signed as per our annexed report of same date.



**Ziaur Rahman Zia FCA**  
Partner  
Enrolment Number: 1259

DVC: 2402291259AS593734

**A. Qasem & Co.**, Chartered Accountants  
RJSC Firm Registration Number: 2-PC7202

Dated: Dhaka

28 February 2024

**Commercial Bank of Ceylon PLC - Bangladesh Operations**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2023**

Amounts in BDT

Particulars	Paid-up capital/ Deposit kept with Bangladesh Bank	Statutory reserve	Gains/loss on revaluation of securities	Profit and Loss	Total
<b>Opening balance at 01 January 2023</b>	6,788,000,000	-	54,005,672	9,933,070,435	16,775,076,107
Transfer from Deposit kept with Bangladesh Bank to Profit and Loss	59,000,000	-	-	(59,000,000)	-
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-
Adjustment of last year's revaluation on investments	-	-	(54,005,672)	-	(54,005,672)
Surplus/(deficit) on account of revaluation of investments	-	-	23,571,712	-	23,571,712
Currency translation differences	-	-	-	-	-
Net gains and losses not recognised in profit and loss statement	-	-	-	-	-
Net profit for the year	-	-	-	4,386,001,107	4,386,001,107
Dividends/Profit remittance	-	-	-	-	-
Issue of share capital/(Capital brought from Head Office, Colombo)	-	-	-	-	-
<b>Balance at 31 December 2023</b>	<b>6,847,000,000</b>	<b>-</b>	<b>23,571,712</b>	<b>14,260,071,542</b>	<b>21,130,643,254</b>

These financial statements should be read in conjunction with annexed notes.



**Binoy G. Roy**  
Chief Financial Officer



**Kasun Herath**  
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& Chief Operating Officer



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**A. Qasem & Co.**, Chartered Accountants  
RJSC Firm Registration Number: 2-PC7202

Signed as per our annexed report of same date.

Dated: Dhaka

28 February 2024

**Commercial Bank of Ceylon PLC - Bangladesh Operations**  
**Liquidity Statement (analysis of maturity of assets and liabilities)**  
**As at 31 December 2023**

Amounts in BDT

Particulars	Up to 1 month maturity	1-3 months maturity	3-12 months maturity	1-5 years maturity	Above 5 years maturity	Total
<b>Assets:</b>						
Cash in hand	13,310,391,680	-	-	-	-	13,310,391,680
Balance with other Banks and financial institutions	15,288,623,191	-	-	-	-	15,288,623,191
Money at call and on short notice	8,050,000,000	-	-	-	-	8,050,000,000
Investments	14,511,754,833	6,363,804,462	3,256,597,116	2,179,426,536	44,393,708	26,355,976,655
Loans and advances	16,696,987,146	21,710,145,505	17,202,172,209	5,863,250,166	3,717,691,495	65,190,246,521
Fixed assets including premises, furniture and fixtures	551,449,478	76,540.00	6,722,291	149,354,099	8,411,477	716,013,885
Other assets	6,738,904,915	-	-	-	-	6,738,904,915
Non-Banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>75,148,111,243</b>	<b>28,074,026,507</b>	<b>20,465,491,616</b>	<b>8,192,030,801</b>	<b>3,770,496,680</b>	<b>135,650,156,847</b>
<b>Liabilities</b>						
Borrowings from Bangladesh Bank, other Banks, financial institutions and agents						
	4,366,679,516	-	-	-	-	4,366,679,516
Deposits	63,599,210,367	13,088,506,100	18,592,113,308	1,613,875,077	-	96,893,704,852
Other accounts	-	-	-	-	-	-
Provision and other liabilities	13,259,129,225	-	-	-	-	13,259,129,225
<b>Total Liabilities</b>	<b>81,225,019,108</b>	<b>13,088,506,100</b>	<b>18,592,113,308</b>	<b>1,613,875,077</b>	<b>-</b>	<b>114,519,513,593</b>
<b>Net Difference in Liquidity</b>	<b>(6,076,907,865)</b>	<b>14,985,520,407</b>	<b>1,873,378,308</b>	<b>6,578,155,724</b>	<b>3,770,496,680</b>	<b>21,130,643,254</b>

These financial statements should be read in conjunction with annexed notes.



**Binoy G. Roy**  
Chief Financial Officer



**Kasun Herath**  
Deputy Chief Executive Officer  
& Chief Operating Officer



**Najith Meewanage**  
Chief Executive Officer

**Commercial Bank of Ceylon PLC - Bangladesh Operations**  
**Notes to the financial statements**  
**As at and for the year ended 31 December 2023**

**1. The Bank and its activities**

Commercial Bank of Ceylon PLC (“the Bank”) is a publicly quoted company incorporated in Sri Lanka on 25 June 1969. It is a licensed commercial bank operating under the provisions of Sri Lanka Banking Act No. 30 of 1988. The Commercial Bank of Ceylon PLC - Bangladesh Operations commenced its Banking operations in Bangladesh on 06 November 2003 by acquiring the operations of Credit Agricole Indosuez a French Bank with two branches and two booths. The principal office of the Bank in Bangladesh is situated in Dhaka having eleven branches currently in operations at Dilkusha, Dhanmondi, Uttara, Mirpur, Gulshan-1, Gulshan-2, Panthapath, Tejgaon of Dhaka, and each at Narayanganj, Chattogram, and Sylhet. The Bank also maintains one sub-branch at US Embassy, Bangladesh and six SME centres at Old Dhaka, Shantinagar, Progati Sharani of Dhaka, Tongi of Gazipur, Jubilee Road and CDA Avenue of Chattogram.

The Bank started its offshore Banking activities through its Motijheel Branch, Dhaka on 18 July 2004 which has been transferred to Dhanmondi Branch on 16 March 2005 and subsequently transferred to Gulshan Branch on 12 September 2013. Its second offshore Banking unit which was started on 27 March 2005 in Agrabad Branch, Chattogram was also transferred to Chattogram Export Processing Zone Area on 04 February 2007.

The principal activities carried out by the Bank include all kinds of commercial Banking and clearing services to its customers and corresponding all over the world through its branches in Bangladesh.

**2. Significant accounting policies**

**2.1 Basis of preparation of the financial statements**

The financial statements of the Bank comprise the balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement, and relevant explanatory notes and disclosures thereto that are prepared on a going concern basis under historical cost convention and in accordance with the First Schedule (Section 38) of the Banking Companies Act 1991, BRPD Circular No. 14 dated 25 June 2003, other relevant circulars issued by Bangladesh Bank, International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh and other laws and rules applicable in Bangladesh.

**2.1.1 Statement of compliance**

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) has been formed. The Banking Companies Act 1991 (as amended up to date) has been amended to require Banks to prepare their financial statements under such financial reporting standards. The FRC is formed in 2017 and has since then adopted the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as the applicable Financial Reporting Standards through Gazette No. 146/FRC/prosha:proggapon/2020/67, dated 02 November 2020.

Accordingly, the financial statements of the Bank continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Banking Companies Act 1991 (as amended up to date) and the rules and regulations issued by Bangladesh Bank. In case any requirement of the Banking Companies Act 1991 and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs, the requirements of the Banking Companies Act 1991 (as amended up to date) and provisions and circulars issued by Bangladesh Bank shall prevail. Material deviations from the requirements of IFRS are as follows:

**i) Investment in shares and securities**

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

**Bangladesh Bank:** As per Banking Regulation and Policy Department (BRPD) circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

**Bank's Methodology:**

Methods of valuation of investment are as follows:

Item	Method of valuation
Government treasury bills	Revalued as per Bangladesh Bank's guidelines
Treasury bonds	Revalued as per Bangladesh Bank's guidelines
Prize bonds	At cost
Unquoted shares/ bonds	At cost

**ii) Revaluation gains/losses on Government securities**

**IFRS:** As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

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

**Bank's Methodology:**

The Bank's investment in treasury bills and bonds are stated at present value and interest on treasury bonds is recognised as income on accrual basis as per BRPD circular letter no. 15 dated 31 October 2005 and DOS circular letter no. 05 dated 26 May 2008.

**Held to Maturity (HTM)**

Investment classified as HTM is a non-derivative financial instrument with fixed or determinable future receipt on maturity that the Bank's management has the intention and ability to hold till maturity. This particular investment has been revalued as marked to market as at 31 December 2021, the revaluation gains on such securities have been shown in the financial statements as part of equity.

**Held for Trading (HFT)**

Investment classified as HFT is acquired mainly for the purpose of selling and repurchasing. Such investment is measured at marked to market method and any changes in the marked to market method are recognised in every week during the reporting year as per DOS circular letter no. 05 dated 28 January 2009.

### iii) Provision on loans and advances/investments

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

**Bangladesh Bank:** As per BRPD circular No. 53 (22 December 2022), BRPD circular No. 51 (18 June 2022), BRPD circular No. 09 (07 April 2022), BRPD circular No. 14 (22 June 2022), BRPD Circular No. 53 (30 December 2021), BRPD circular No. 52 (29 December 2021), BRPD Circular No. 50 (14 December 2021), BRPD circular No. 56 (10 December 2020), BRPD circular No. 52 (20 October 2020), BRPD circular No. 17 (28 September 2020), BRPD Circular No. 16 (21 July 2020), BRPD circular No. 13 (15 June 2020), BRPD circular No. 04 (19 March 2020), BRPD circular No. 07 (19 March 2020), BRPD circular No. 24 (17 November 2019), BRPD circular No. 06 (19 May 2019), BRPD circular No. 04 (16 May 2019), BRPD circular No. 03 (21 April 2019), BRPD circular No. 01 (20 February 2018), BRPD circular No. 15 (27 September 2017), BRPD circular No. 16 (18 November 2014), BRPD circular No. 14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) a general provision at 0.25% to 2% under different categories of unclassified loans (good/standard loans) as well as a special general provision for COVID-19 has to be maintained regardless of objective evidence of impairment. Also specific provision for sub-standard loans, doubtful loans and bad losses has to be provided at 5%, 20%, 50% and 100% respectively for loans and advances depending on time past due. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

#### Bank's Methodology:

As per BRPD circular No. 53 (22 December 2022), BRPD circular No. 51 (18 June 2022), BRPD circular No. 09 (07 April 2022), BRPD circular No. 14 (22 June 2022), BRPD Circular No. 53 (30 December 2021), BRPD circular No. 52 (29 December 2021), BRPD Circular No. 50 (14 December 2021), BRPD circular No. 56 (10 December 2020), BRPD circular No. 52 (20 October 2020), BRPD circular No. 17 (28 September 2020), BRPD Circular No. 16 (21 July 2020), BRPD circular No. 13 (15 June 2020), BRPD circular No. 04 (19 March 2020), BRPD circular No. 07 (19 March 2020), BRPD circular No. 24 (17 November 2019), BRPD circular No. 06 (19 May 2019), BRPD circular No. 04 (16 May 2019), BRPD circular No. 03 (21 April 2019), BRPD circular No. 01 (20 February 2018), BRPD circular No. 15 (27 September 2017), BRPD circular No. 16 (18 November 2014), BRPD circular No. 14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) a general provision at 0.25% to 2% under different categories of unclassified loans (good/standard loans) as well as a special general provision for COVID-19 has to be maintained regardless of objective evidence of impairment. Also specific provision for sub-standard loans, doubtful loans and bad losses has to be provided at 5%, 20%, 50% and 100% respectively for loans and advances depending on time past due. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

At each balance sheet date and periodically throughout the year, the Bank reviews loans and advances to assess whether objective evidence that impairment of a loan or portfolio of loans has arisen supporting a change in the classification of loans and advances, which may result in a change in the provision required in accordance with BRPD circular No. 50 (14 December 2021), BRPD circular No. 56 (10 December 2020), BRPD circular No. 52 (20 October 2020), BRPD circular No. 17 (28 September 2020), BRPD Circular No. 16 (21 July 2020), BRPD circular No. 13 (15 June 2020), BRPD circular No. 04 (19 March 2020), BRPD circular No. 07 (19 March 2020), BRPD circular No. 24 (17 November 2019), BRPD circular No. 06 (19 May 2019), BRPD circular No. 04 (16 May 2019), BRPD circular No. 03 (21 April 2019), BRPD circular No. 01 (20 February 2018), BRPD circular No. 15 (27 September 2017), BRPD circular No. 16 (18 November 2014), BRPD circular No. 14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013). The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. The provisioning rates are as follows:



<b>General provision on:</b>	<b>2023</b>	<b>2022</b>
Unclassified general loans and advances/investments	1.00%	1.00%
Unclassified small and medium enterprise financing	0.25%	0.25%
Unclassified loans/investment for housing finance and on loans for professionals	1.00%	1.00%
Unclassified consumer financing other than housing finance and loans for professionals	2.00%	2.00%
Unclassified agricultural loans	1.00%	1.00%
Special general provision- COVID-19	1.00%	1.00%
<b>Specific provision on:</b>		
Substandard loans and advances/investments other than agricultural loans	20%	20%
Doubtful loans and advances/investment other than agricultural loans	50%	50%
Substandard and doubtful agricultural loans	5%	5%
Bad/loss loans and advances/investments	100%	100%

BRPD circular No.14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012) also provides scope for further provisioning based on qualitative judgments. In these circumstances impairment losses are calculated on individual loans considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach, the higher of the two is recognised in liabilities under "Provision for loans and advances" with any movement in the provision charged/released in the profit and loss account. Classified loans are categorised into sub-standard, doubtful and bad/loss based on the criteria stipulated by Bangladesh Bank guideline.

#### **Loan write-off**

Loans are normally written off, when there is no realistic prospect of recovery of these amounts and in accordance with BRPD circular No.01 (06 February 2019), BRPD circular No.13 (07 November 2013) and BRPD circular No. 02 (13 January 2003). A separate Debt Collection Unit (DCU) has been set up which monitors loans written off and legal action taken through the money loan court. These write-offs do not undermine or affect the amount claimed against the borrower by the Bank.

#### **iv) Recognition of interest in suspense**

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

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

#### **Bank's Methodology:**

Interest on classified loans and advances is kept in suspense account as per Bangladesh Bank instruction and such interest is not recognised as income until it is realised from borrowers. Interest is not charged on classified loans and advances from the date of filing of money suits against the borrowers.

#### **v) Other comprehensive income (OCI):**

**IFRS:** As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.

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

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

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

**vii) Financial guarantees**

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

**Bangladesh Bank:** As per BRPD 14, financial guarantees such as letter of credit and letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.

**viii) Cash and cash equivalents**

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

**Bangladesh Bank:** Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice is shown separately in the balance sheet. Treasury bills, Bangladesh Bank bills and prize bond are shown under investment in the balance sheet.

**ix) Non-Banking asset**

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

**Bangladesh Bank:** As per BRPD Circular no. 14 dated 25 June 2003 and BRPD Circular no. 22 dated 20 September 2021 there is a separate balance sheet item named Non-Banking asset existed in the standard format.

**x) Cash flow statement**

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

**Bangladesh Bank:** As per BRPD 14, the cash flow statement is a mixture of both the direct and the indirect methods.

**Bank's Methodology:**

Cash Flow Statement is prepared in accordance with IAS 7 under direct method as recommended in BRPD circular no. 14 dated 25 June 2003 issued by Bangladesh Bank.

**xi) Balance with Bangladesh Bank: (Cash Reserve Requirement)**

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

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

**xii) Presentation of intangible asset**

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

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

**xiii) Off-balance sheet items**

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

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

**Bank's Methodology:**

Off-balance Sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank's guidelines. BRPD circular No.14 dated 23 September 2012 requires a general provision for off-balance sheet exposures to be calculated @ 1% which has been followed by the Bank properly on the following off-balance sheet items:

- a. Acceptance and endorsements
- b. Irrevocable letter of credit
- c. Letter of guarantee

**xiv) Loans and advances/Investments net of provision**

**IFRS:** Loans and advances/Investments should be presented net of provision.

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

**Bank's Methodology:**

Loans and advances have been shown at gross amounts at 31 December 2023.

**xv) Name of Financial Statements**

**IFRS:** As per IAS 1: Presentation of Financial Statement, components of financial statements are defined as statement of financial position and statement of profit or loss and other comprehensive income.

**Bangladesh Bank:** As per BRPD 14, statement of financial position is defined as 'Balance Sheet' whilst statement of profit or loss and other comprehensive income is defined as 'Profit & Loss Account'.

**Bank's Methodology:**

Name of Financial Statements have been given as per Bangladesh Bank's guidelines.

**2.2 Consolidation**

A separate set of records for consolidating the statements of affairs and income and expenditure statements of the branches and offshore Banking units are maintained at Principal Office of the Bank in Dhaka, based on which these financial statements have been prepared.

**2.2.1 Offshore Banking Unit (OBU)**

The Bank's OBU have maintained separate set of books of account for their operations. Assets and liabilities and income and expenditures of the units are incorporated in similar heads of account of the Bank's financial statements.

**2.3 Foreign currency transactions**

- (a) Foreign currency transactions are converted into equivalent BDT currency at the ruling exchange rates on the respective dates of such transactions as per IAS 21: "The effects of Changes in Foreign Exchange Rates".
- (b) Assets and liabilities in foreign currencies at 31 December 2023 have been converted into BDT currency at average prevailing buying and selling rates of concerned foreign currencies at that date except balances with other Banks and financial institutions which have been converted as per directions of Bangladesh Bank vide its circular no. BRPD(R) 717/2004-959 dated 21 November 2004.
- (c) Differences arising through transactions of foreign currencies buying and selling on different dates of the year have been adjusted by debiting /crediting exchange gains or loss account.
- (d) Forward contracts outstanding at 31 December 2023 have been shown in the Balance Sheet under off-balance sheet items.

#### 2.4 2.4.1 Fixed assets (property, plant and equipment) and depreciation

All fixed assets are stated at cost less accumulated depreciation as per IAS 16 Property, plant and equipment. The cost of an asset includes its purchase price and any other direct costs to bring the asset to its working condition. Depreciation on fixed assets is charged using straight-line method at the following rates:

<u>Category of fixed asset</u>	<u>Rate of depreciation</u>
Furniture and fixtures	10%
Computer software	20%
Interior decorations	20%
Equipment and computers	20%
Motor vehicles	20%

Depreciation on addition to fixed assets is charged from the month of acquisition on pro-rata basis while no depreciation is charged in the year of disposal.

#### 2.4.2 Intangible assets

Intangible assets include purchased computer software which are stated at cost less any impairment losses and amortisation calculated on a straight-line basis. In accordance with the provisions of IAS 38 the cost of purchased software which is not an integral part of the related hardware is booked under intangible assets. Intangible assets with finite useful life are amortised, generally on straight-line basis, over their useful lives as follows:

Computer software	5 years	20% pa
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Intangible assets are subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may be impaired. Modification, up-gradation and maintenance costs are charged to the profit and loss account as incurred.

#### 2.5 Stock of stationery

Stock of stationery has been shown under other assets and is valued at cost.

#### 2.6 Deposits

Deposits include various types of deposit in the nature of demand, savings, short-term, etc.

#### 2.7 Employee benefits

Retirement benefits accrued for the employees of the Bank as on reporting date have been accounted for in accordance with the provisions of IAS 19 Employee benefits. Basis of enumerating the retirement schemes operated by the Bank are outlined below:

##### (a) Provident fund

Employees' provident fund is administered by a separate Board of Trustees and is funded by contributions of both the Bank and employees at 10% of basic pay. These contributions are invested separately.

##### (b) Staff gratuity

The Bank operates a funded gratuity scheme recognised by National Board of Revenue (NBR). This fund is managed separately by Board of Trustee and any investment decision out of this fund is also made by the Board of Trustee. The employee who has completed at least 5 (five) years of continuous service with the bank is entitled for gratuity. Gratuity is payable at the rate of 1 (one) month's basic salary he drew last for every completed year of service or for any part thereof in excess of more than 06 (six) months and in the case of his service of more than 10 (ten) years with the Bank, at the rate of 1.5 (one and half) month's basic salary he drew last.

In accordance with the requirements of IAS 19 Employee Benefits, the Bank's net obligation in respect of its gratuity fund is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; discounting the benefit to determine its present value; and deducting the fair value of any plan assets. The calculation is performed by a qualified actuary using the Projected Unit Credit method. As per actuarial valuation report as of 31st December 2023 required amount of gratuity was BDT 287,977,154 which was kept with the fund bank account namely 'Commercial Bank of Ceylon PLC-Bangladesh employees Gratuity Fund'.

## 2.8 Provision for taxation

### (a) Current tax

Provision for corporate income tax is made @ 40% as prescribed in the Finance Act 2023 on accounting profit made by the Bank after considering taxable allowances and disallowances as per income tax laws.

### (b) Deferred tax

The Bank has accounted for deferred tax in accordance with IAS 12: "Income Taxes". Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences arising between carrying amount of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at balance sheet date.

Deferred tax is calculated using the tax rates as prescribed in the Income Tax Act (ITA) 2023 and relevant Statutory Regulatory Orders (SRO) and BRPD circular No. 11 dated 12 December 2011 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

## 2.9 Reconciliation of books of account

Books of account with regard to inter-Bank (in Bangladesh and outside Bangladesh) and inter-branch transactions are reconciled and no material difference was found which may affect the financial statements significantly.

## 2.10 Provision for balances with other Banks and financial institutions

Provision for unsettled transactions on nostro accounts is reviewed at each Balance Sheet date by the management and certified by the Bank's external auditors in accordance with Bangladesh Foreign Exchange Policy Department ( FEPD) circular no. 677 dated 13 September 2005.

## 2.11 Provisions for other assets

BRPD circular No. 04 dated 12 April 2022 requires a provision of 100% on relevant other assets which are outstanding for one year and above. The Bank maintains provision in line with this circular unless no provision is required based on objective assessment.

## 2.12 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. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

- Provisions on loans and advances
- Income tax
- Fixed assets including premises, furniture and fixtures
- Post-employment benefits
- Allocation of head office expenses to the Bank
- Allocation of operating expenses to OBU

## 2.13 Statement of changes in equity

Statement of changes in equity is prepared in accordance with IAS 1 and under the guidelines of BRPD circular no.14 dated 25 June 2003.

## 2.14 Statement of liquidity analysis

Statement of liquidity analysis as on reporting date has been prepared as per Bangladesh Bank guidelines.



## 2.15 Revenue recognition

- a. In term of provision of IFRS 15 Revenue from Contracts with customer, the interest income is recognised on an accrual basis and BRPD circular no. 14 dated 23 September 2012 was followed properly.  
In accordance with BRPD circular No. 14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012) interest accrued on sub-standard loans and doubtful loans are credited to an "Interest Suspense Account" which is included within "Other liabilities". Interest from loans and advances ceases to be accrued when they are classified as bad/loss. It is then kept in interest suspense in a memorandum account. Interest received on sub-standard loans, doubtful loans and bad/loss loans are retained in the "Interest Suspense Account" until the loan is no longer considered to be impaired.
- b. Interest income on investments in government and other securities and bonds is accounted for on an accrual basis and as per Bangladesh Bank guidelines.
- c. Dividend income from investment is recognised when the Bank's right to receive dividend is established.
- d. The Bank earns commission and fee income from a diverse range of services provided to its customers. Income earned from services provided is recognised as revenue as the services are provided.
- e. Interest expenses for all deposits are recognised in the profit and loss account on an accrual basis.

## 2.16 Leases

The Bank has applied IFRS 16 Leases for the first time with the date of initial application of 01 January 2019. As IFRS 16 supersedes IAS 17 Lease, the Bank has made recognition, measurement and disclosure in the financial statements-2022 both as Lessee and Lessor as per IFRS 16.

### Bank as lessee:

The Bank assesses at initiation of a contract whether the contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration, then the Bank consider the contract as a lease contract.

The Bank as a lessee applies a single recognition and measurement approach for all leases, except for short-term leases, or, and lease of low value of assets. The Bank recognises lease liabilities to make lease payment and right-of-use assets representing the right to use the underlying assets.

If tenor of a lease contract does not exceed twelve months from the date of initiation/application, the Bank considers the lease period as short term in line with the recognition threshold of ROU assets as per Fixed Asset Policy of the Bank.

### Right-of-use assets (RoU):

The Bank recognises the right-of-use assets (RoU) at the commencement date of the lease (i.e. the date the underlying asset is available for use). RoU assets are measured at cost less any accumulated depreciation and impairment of losses and adjusted for any measurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payment made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the lease term, or remaining period of the lease term.

The Bank assessed all lease contracts live in 2023 and recognised as RoU of assets of all leases, except short term and low value of assets as per IAS 16 and IFRS 16. As leases under IFRS 16 has been first time adopted by the Bank, the Bank has followed modified retrospective approach of adoption with the date of initial application of 01 January 2019. The RoU assets are presented in the note 9.0 of these financial statements.

### Lease Liabilities (Bank as a lessee):

At the commencement of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed and variable lease payment (less any adjustment for initial payment), and amount is expected to be paid under residual value of guarantees. The lease payments also include the exercise price of purchase option reasonably certain to be exercised by the Bank and payment of penalties for terminating the lease. The lease payment has been discounted using the Bank's implicit borrowing rate.

In 2019, the Bank reassessed all lease payment of existing contracts for remaining period considering a cut-off date i.e. 01 January 2019. The lease liabilities are presented in the note 13.00 of these financial statements.

### 2.17 Compliance of Document Verification System (DVS)

As per the BRPD Circular No. 4 issued by Bangladesh Bank dated 4 January 2021, the financial statements audited by Chartered Accountants and updated statutory audit report of loan applicants need to be maintained in loan files mandatorily for the sanction/renewal of the loan. During the year 2023 Bank has collected and maintained updated audited financial statements and audit reports to the loan file at the time of sanction/renewal of loans.

As per the BRPD Circular No. 35 issued by Bangladesh Bank dated 6 July 2021, the bank will use the Document Verification System (DVS) system of the Institute of Chartered Accountants of Bangladesh (ICAB) to verify whether the audit report and Audited Financial Statements submitted by the loan applicant are certified by a Chartered Accountant and also to ensure that the information is consistent with information provided in the DVS system. In this connection, we have signed an MoU with ICAB, dated 09 August 2021. Upon getting access to the DVS system of ICAB, the bank has verified all loan clients' audit reports and Audited Financial Statements with the information preserved in the DVS system of ICAB at the time of disbursing/renewal of loans.

### 2.18 Reporting period

These financial statements cover one calendar year from 01 January 2023 to 31 December 2023.

### 2.19 Regulatory and legal compliance

The Bank complied with the requirements of the following laws and regulations.

- a. The Banking Companies Act 1991 (as amended up to date)
- b. The Companies Act 1994 (as amended up to date)
- c. The Financial Reporting Act 2015
- d. The Income Tax Act 2023
- e. The Value Added Tax and Supplementary Duty Act 2012
- f. Rules, Regulations and Circulars issued by the Bangladesh Bank from time to time and other regulatory authorities.

### 2.20 New accounting standards not yet adopted

The Bank has consistently applied the accounting policies as set out in Note 42 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 01 January 2023 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

### 2.21 General

- a. Figures appearing in the financial statements have been rounded to the nearest BDT.
- b. Figures and account titles of previous year have been rearranged whenever considered necessary to conform with current year's presentation.
- c. Expenses irrespective of capital or revenue nature accrued but not paid have been provided for in the books of account of the Bank.

	2023 Amounts in BDT	2022 Amounts in BDT
<b>3 Cash</b>		
<b>3.1 Cash in hand</b>		
In local currency	412,133,993	427,008,451
In foreign currencies	66,666,668	62,775,925
	<b>478,800,661</b>	<b>489,784,376</b>
<b>3.2 Balance with Bangladesh Bank and its agent Bank(s)</b>		
<b>Balance with Bangladesh Bank:</b>		
In local currency ( note 3.2.1)	4,517,384,777	7,650,804,955
In foreign currencies ( note 3.2.2)	8,314,203,299	797,921,897
	<b>12,831,588,076</b>	<b>8,448,726,852</b>
<b>Balance with agent Bank(s):</b>	<b>2,943</b>	<b>2,943</b>
In local currency	2,943	2,943
In foreign currencies	-	-
	<b>12,831,591,019</b>	<b>8,448,729,795</b>
	<b>13,310,391,680</b>	<b>8,938,514,171</b>
<b>3.2.1 In local currency</b>		
Lien portion (against the Bank's required equity)	-	-
Non-lien portion	4,517,384,777	7,650,804,955
	<b>4,517,384,777</b>	<b>7,650,804,955</b>
<b>3.2.2 In foreign currencies</b>		
Lien portion (against the Bank's required equity)	-	-
Non-lien portion	8,314,203,299	797,921,897
	<b>8,314,203,299</b>	<b>797,921,897</b>
<b>3.3 Cash Reserve Requirement and Statutory Liquidity Reserve</b>		
Cash reserve ratio (CRR) and statutory liquidity ratio (SLR) have been calculated and maintained in accordance with section 33 of the Banking Companies Act 1991 and Bangladesh Bank MPD's circular no. 03, 01, 01, 03 and 02 dated April 03, 2018, March 23, 2020, April 09, 2020 and December 10, 2013 and read with Bangladesh Bank Order no. BRPD(p-3)/744(27/2020-4086) dated 18 June 2020.		
CRR is required @ 4% and 2% on time and demand liabilities of the Bank for DBU and OBU respectively. This has been maintained with Bangladesh Bank in current account. SLR @ 13% on the same liabilities is also maintained in the form of treasury bills and bonds including balance with Bangladesh Bank. Both the reserves are maintained by the Bank as per statutory requirements, as shown below:		
<b>3.3.1 Cash Reserve</b>		
Required reserve	3,821,891,000	2,453,200,000
Actual reserve maintained (On the basis by weekly average)	4,478,485,225	3,202,551,000
<b>Surplus</b>	<b>656,594,225</b>	<b>749,351,000</b>
<b>3.3.2 Statutory Liquid Reserve</b>		
Required reserve	12,729,474,000	8,293,754,000
Actual reserve maintained (On the basis by weekly average)	30,969,030,605	21,027,853,000
<b>Surplus</b>	<b>18,239,556,605</b>	<b>12,734,099,000</b>
<b>4 Balance with other Banks and financial institutions</b>		
In Bangladesh (note 4.1)	1,905,548,112	13,774,840,891
Outside Bangladesh (note 4.2)	13,383,075,079	6,099,089,442
	<b>15,288,623,191</b>	<b>19,873,930,333</b>
<b>4.1 In Bangladesh</b>		
United Commercial Bank Limited	1,097,500,000	1,015,000,000
Eastern Bank Limited	548,750,000	2,030,000,000
Mercantile Bank Limited	250,000,000	304,500,000
Islami Bank Bangladesh Limited	5,044,021	2,538,494,884
Standard Chartered Bank	2,327,497	3,369,413
Prime Bank Limited	1,726,594	1,726,594

	<b>2023</b>	<b>2022</b>
	<b>Amounts in BDT</b>	<b>Amounts in BDT</b>
BKASH Settlement Account	200,000	-
The City Bank Limited	-	1,218,000,000
National Credit and Commerce Bank Limited	-	1,200,000,000
Southeast Bank Limited	-	1,116,500,000
Jamuna Bank Limited	-	1,116,500,000
Midland Bank Limited	-	1,008,250,000
Pubali Bank Limited	-	812,000,000
Standard Bank Limited	-	700,000,000
Premier Bank Limited	-	304,500,000
Modhumoti Bank Limited	-	203,000,000
Dhaka Bank Limited	-	203,000,000
	<b><u>1,905,548,112</u></b>	<b><u>13,774,840,891</u></b>

4.2 Outside Bangladesh

Name of the Banks	Nature	Location	Currency name	At 31 December 2023			At 31 December 2022		
				Amount in foreign currency	Conversion rate	Equivalent BDT	Amount in foreign	Conversion rate	Equivalent BDT
Kookmin Bank	Nostro	Seoul	USD	327,074.37	110.00	35,978,181	462,814	99.00	45,818,615
Standard Chartered Bank	Nostro	Karachi	USD	136,224.33	110.00	14,984,676	131,831	99.00	13,051,238
Commercial Bank of Ceylon	Nostro	Colombo	USD	313,140.16	110.00	34,445,418	174,294	99.00	17,255,120
Commerz Bank AG	Nostro	Frankfurt	EUR	899,321.31	121.41	109,183,901	-	105.55	-
Credit Agricole S.A.	Nostro	Paris	EUR	-	121.41	-	11,131	105.55	1,174,846
Standard Chartered Bank	Nostro	London	GBP	1,473,220.03	140.04	206,311,202	170,636	119.34	20,364,444
Bank of Montreal	Nostro	Toronto	CAD	47,769.12	83.03	3,966,487	26,325	73.07	1,923,632
National Australia	Nostro	Melbourne	AUD	-	74.92	-	-	67.11	-
Commercial Bank of Ceylon	Nostro	Colombo	CHF	2,805.08	130.69	366,590	6,966	106.58	742,494
Bank of Tokyo Mitsubishi	Nostro	Tokyo	JPY	-	0.78	-	-	0.74	-
Standard Chartered Bank	Nostro	Hong Kong	HKD	29,620.82	14.09	417,267	72,577	12.70	921,752
Bank of New Zealand	Nostro	Wellington	NZD	-	69.57	-	-	62.48	-
Commercial Bank of Ceylon	Nostro	Colombo	AUD	177,084.95	74.92	13,267,381	209,584	67.11	14,065,654
Standard Chartered Bank	Nostro	New York	USD	23,609,520.72	110.00	2,597,047,279	6,430,747	99.00	636,643,906
ICICI Bank	Nostro	Mumbai	USD	366,066.42	110.00	40,267,306	1,321,815	99.00	130,859,637
Axis Bank	Nostro	Mumbai	USD	1,063,817.86	110.00	117,019,965	832,138	99.00	82,381,620
Standard Chartered Bank	Nostro	Singapore	SGD	342,372.62	83.36	28,540,781	125,484	73.68	9,245,615
Mahreq Bank	Nostro	Sydney	AED	31,948.29	29.95	956,848	26,448	26.96	712,931
Bank of China	Nostro	Colombo	CNY	305,581,690.13	15.53	4,745,928,113	65,288,703	14.20	926,877,661
Commercial Bank of Ceylon	Placement	Colombo	USD	-	110.00	-	-	99.00	-
Wells Fargo NA	Placement	New York	USD	3,700,000.00	110.00	407,000,000	6,900,000	99.00	683,100,000
Mashreq Bank (OBU)	Placement	Hong Kong	USD	20,000,000.00	110.00	2,200,000,000	-	99.00	-
Bank of Tokyo (OBU)	Nostro	Tokyo	JPY	1,329,528,704.00	0.78	1,036,742,552	72,193,046	0.74	53,731,624
Standard Chartered Bank (OBU)	Nostro	London	GBP	148,591.57	140.04	20,808,912	147,710	119.34	17,628,319
Citibank NA (OBU)	Nostro	New York	USD	16,089,474.73	110.00	1,769,842,220	34,336,022	99.00	3,399,266,227
Standard Chartered Bank (OBU)	Nostro	Frankfurt	EUR	-	121.41	-	410,465	105.55	43,324,107
<b>Total</b>						<b>13,383,075,079</b>			<b>6,099,089,442</b>

	<b>2023</b> Amounts in BDT	<b>2022</b> Amounts in BDT
<b>4.3 Grouping by maturity</b>		
Receivable on demand	10,785,373,191	5,422,080,333
Payable to customers on demand	-	-
	10,785,373,191	5,422,080,333
Below 3 months	4,503,250,000	14,451,850,000
Over 3 months but below 1 year	-	-
Over 1 year but below 5 years	-	-
Over 5 years	-	-
	<b>15,288,623,191</b>	<b>19,873,930,333</b>
<b>4.4 Account-wise breakdown</b>		
Current and other accounts	10,785,373,191	5,422,080,333
Placement (term)	4,503,250,000	14,451,850,000
	<b>15,288,623,191</b>	<b>19,873,930,333</b>
<b>5 Money at call on short notice</b>		
Dhaka Bank Limited	2,150,000,000	-
Jamuna Bank Limited	2,150,000,000	-
Midland Bank Limited	1,000,000,000	-
The City Bank Limited	1,000,000,000	-
South East Bank Limited	750,000,000	-
Mercantile Bank Limited	500,000,000	-
United Commercial Bank Limited	500,000,000	-
IFIC Bank Limite	-	800,000,000
Modhumoti Bank Limited	-	500,000,000
Agrani Bank	-	500,000,000
South Bangla Agriculture Bank	-	150,000,000
	<b>8,050,000,000</b>	<b>1,950,000,000</b>
<b>6 Investments</b>		
Government (note 6.1)	26,346,559,995	12,963,754,357
Others (note 6.2)	9,416,660	9,416,660
	<b>26,355,976,655</b>	<b>12,973,171,017</b>
<b>6.1 Government:</b>		
Treasury bonds (note 6.1.1)	2,223,820,244	6,639,240,680
Treasury bills (note 6.1.2)	24,121,930,351	6,324,368,177
Prize bonds	809,400	145,500
	<b>26,346,559,995</b>	<b>12,963,754,357</b>
<b>6.1.1 Treasury bonds</b>		
HTM	2,223,820,244	4,564,608,979
HFT	-	2,074,631,701
	<b>2,223,820,244</b>	<b>6,639,240,680</b>



	<b>2023</b> <b>Amounts in BDT</b>	<b>2022</b> <b>Amounts in BDT</b>
<b>6.1.2 Treasury bills</b>		
HTM	5,921,221,169	3,087,482,121
HFT	18,200,709,182	3,236,886,056
	<b>24,121,930,351</b>	<b>6,324,368,177</b>

	2023 Amounts in BDT	2022 Amounts in BDT
<b>6.2 Others:</b>		
Central Depository Bangladesh Limited (CDBL) (note 6.2.1)	9,416,660	9,416,660
Commercial papers	-	-
<b>Total</b>	<b>9,416,660</b>	<b>9,416,660</b>
	<b>26,355,976,655</b>	<b>12,973,171,017</b>

## a.(i) Disclosure regarding outstanding Repo as on 31 December 2023

SI no.	Counter party name	Agreement Date	Reversal Date	Amount
1				NIL

## a.(ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2023

SI no.	Counter party name	Agreement Date	Reversal Date	Amount
1	Janata Bank	24-Dec-23	1-Jan-24	962,686,554.00
2	Janata Bank	24-Dec-23	1-Jan-24	960,684,621.00
3	Janata Bank	24-Dec-23	1-Jan-24	946,824,942.00
4	Janata Bank	24-Dec-23	1-Jan-24	946,824,942.00
5	Janata Bank	24-Dec-23	1-Jan-24	946,824,942.00
6	Janata Bank	24-Dec-23	1-Jan-24	913,906,539.00
7	Janata Bank	24-Dec-23	1-Jan-24	755,879,265.00
8	Janata Bank	24-Dec-23	1-Jan-24	755,879,265.00
9	Janata Bank	26-Dec-23	2-Jan-24	572,827,623.00
10	Janata Bank	26-Dec-23	2-Jan-24	475,379,468.00
11	Janata Bank	26-Dec-23	2-Jan-24	474,395,159.00
12	Janata Bank	26-Dec-23	2-Jan-24	289,494,405.00
13	Janata Bank	26-Dec-23	2-Jan-24	281,096,980.00
14	Janata Bank	28-Dec-23	4-Jan-24	267,253,002.00
15	Janata Bank	28-Dec-23	4-Jan-24	197,554,463.00
16	Janata Bank	28-Dec-23	4-Jan-24	196,294,173.00
17	Janata Bank	28-Dec-23	4-Jan-24	190,546,612.00
18	Janata Bank	28-Dec-23	4-Jan-24	98,359,449.00
19	Janata Bank	28-Dec-23	4-Jan-24	98,147,086.00
20	Janata Bank	28-Dec-23	4-Jan-24	49,491,297.00
21	Janata Bank	28-Dec-23	4-Jan-24	49,284,750.00
22	Janata Bank	28-Dec-23	4-Jan-24	48,857,813.00
23	Janata Bank	28-Dec-23	4-Jan-24	46,170,029.00

**10,524,663,379**

## b. Disclosure regarding overall transaction of Repo and Reverse Repo:

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
<b>Securities sold under repo:</b>			
i) with Bangladesh Bank	-	-	-
ii) with other Banks and FIs	-	-	-
<b>Securities purchased under reverse repo:</b>			
i) from Bangladesh Bank	-	-	-
ii) from other Banks and FIs	2,488,917,871	24,624,867,332	12,076,207,906

2023 Amounts in BDT	2022 Amounts in BDT
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### 6.2.1 Central Depository Bangladesh Limited (CDBL)

<b>Particulars</b>	<b>Number of shares</b>	<b>Cost</b>	<b>Cost</b>
CDBL Shares (initial)	600,000	6,000,000	6,000,000
Bonus received for the year 2009	600,000	-	-
Purchased on 14 October 2010	341,666	3,416,660	3,416,660
Bonus declared for the year 2010	1,200,000	-	-
Bonus declared for the year 2011	685,417	-	-
<b>Total</b>	<b>3,427,083</b>	<b>9,416,660</b>	<b>9,416,660</b>

				2023 Amounts in BDT	2022 Amounts in BDT
<b>6.3 Value of investment at 31 December 2023</b>					
<b>Particulars</b>	<b>Quantity</b>	<b>Face Value</b>	<b>Cost</b>	<b>Market Value</b>	<b>Market Value</b>
Treasury bonds	28	2,262,400,000	2,210,413,373	2,223,820,244	4,721,377,457
Treasury bills	19	13,918,300,000	13,410,856,647	13,597,266,972	4,208,291,928
Treasury bills (Reverse Repo)	23	11,041,300,000	10,506,904,428	10,524,663,379	2,116,076,249
Treasury bonds (Reverse Repo)		-	-	-	1,917,863,223
Prize bonds	8,094	809,400	809,400	809,400	145,500
CDBL shares	3,427,083	34,270,830	9,416,660	9,416,660	9,416,660
		<b>27,257,080,230</b>	<b>26,138,400,508</b>	<b>26,355,976,655</b>	<b>12,973,171,017</b>
<b>6.4 Maturity grouping</b>					
Repayable on demand				809,400	145,500
Below 3 months				20,865,333,235	7,982,898,041
Over 3 months but below 1 year				3,256,597,116	2,768,735,605
Over 1 year but below 5 years				2,179,426,536	2,146,736,538
Over 5 years				44,393,708	65,238,673
				<b>26,346,559,995</b>	<b>12,963,754,357</b>
<b>7 Loans and advances</b>					
<b>7.1 Maturity grouping</b>					
Repayable on demand				5,653,796,276	5,627,600,566
Below 3 months				32,753,336,375	22,513,590,917
Over 3 months but below 1 year				17,202,172,209	16,504,865,485
Over 1 year but below 5 years				5,863,250,166	6,314,420,907
Over 5 years				3,717,691,495	1,342,994,417
				<b>65,190,246,521</b>	<b>52,303,472,292</b>
<b>7.2 Broad category-wise break-up</b>					
<b>i) Within Bangladesh</b>					
Loans (general)				45,187,383,198	37,235,747,942
Overdrafts				5,556,921,130	5,535,819,701
Loans against trust receipt				1,320,515,838	2,623,436,775
Packing credit				42,412,951	35,893,622
Import loan				62,483,244	320,275,655
Credit card				96,875,146	91,780,865
Staff loan				164,648,516	162,891,843
				<b>52,431,240,023</b>	<b>46,005,846,403</b>
<b>Loans against accepted bills</b>					
ii) Inland bills				335,419,782	440,151,339
Foreign bills				12,423,586,716	5,857,474,550
				<b>12,759,006,498</b>	<b>6,297,625,889</b>
<b>Outside Bangladesh</b>					
				-	-
<b>Total (i+ii)</b>				<b>65,190,246,521</b>	<b>52,303,472,292</b>

	<b>2023</b>	<b>2022</b>
	<b>Amounts in BDT</b>	<b>Amounts in BDT</b>
<b>7.3 Significant concentration</b>		
Directors and others	-	-
Managing Director or Chief Executive Officer	-	-
Other executives	164,648,516	162,891,843
Industries	48,190,046,428	38,682,812,926
Other clients	16,835,551,577	13,457,767,523
	<b><u>65,190,246,521</u></b>	<b><u>52,303,472,292</u></b>
<b>7.4 Advance to customers for more than 10% of Bank's total capital</b>		
Number of clients	4	6
Amount of outstanding advances	9,428,596,918	13,505,633,644
Amount of classified advances	-	-
	<b><u>9,428,596,918</u></b>	<b><u>13,505,633,644</u></b>
<b>7.5 Economic sector-wise distribution</b>		
Industry	48,190,046,428	38,682,812,926
Trading	6,766,787,877	5,662,770,267
Agriculture	1,050,456,750	1,346,415,556
Others	9,182,955,466	6,611,473,543
	<b><u>65,190,246,521</u></b>	<b><u>52,303,472,292</u></b>
<b>7.6 Geographical location-wise distribution</b>		
<b>Urban</b>		
Dhaka region	52,463,716,522	44,835,004,254
Chattogram region	11,522,730,669	6,793,341,147
Sylhet region	1,203,799,330	675,126,891
	<b><u>65,190,246,521</u></b>	<b><u>52,303,472,292</u></b>
<b>Rural</b>		
Dhaka region	-	-
Chattogram region	-	-
Sylhet region	-	-
	<b><u>65,190,246,521</u></b>	<b><u>52,303,472,292</u></b>
<b>7.7 Classification of loans and advances as per Bangladesh Bank 's BRPD circulars</b>		
<b>Unclassified:</b>	<b>64,736,628,851</b>	<b>51,657,985,069</b>
Standard	64,354,834,288	51,433,110,872
Special mentioned account (SMA)	381,794,563	224,874,197
<b>Classified:</b>	<b>453,617,670</b>	<b>645,487,223</b>
Sub-standard	12,698,628	486,488,697
Doubtful	3,184,609	76,715,043
Bad/ Loss	437,734,433	82,283,483
	<b><u>65,190,246,521</u></b>	<b><u>52,303,472,292</u></b>

		2023 Amounts in BDT	2022 Amounts in BDT
<b>7.8</b>	<b>Particulars of loans and advances</b>		
(i)	Loans considered good in respect of which the banking company is fully secured	64,736,628,851	51,657,985,069
(ii)	Loans considered good against which the banking company holds no security other than the debtor's personal guarantee	70,199,293	86,518,217
(iii)	Loans considered good secured by personal undertakings of one or more parties in addition to personal guarantee of debtor	383,418,377	558,969,006
(iv)	Loans adversely classified; provision not maintained there against	-	-
(v)	Loans due by Directors or Officers of the Bank or any of them either separately or jointly with any other persons	164,648,516	162,891,843
(vi)	Loans due from companies or firms in which the directors of the Bank have interest as directors, partners or managing agents or, in the case of private companies, as members	-	-
(vii)	Maximum total amount of advance including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person	184,892,000	185,371,000
(viii)	Maximum total amount of advances, including temporary advances, granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private	-	-
(ix)	Due from Banking companies	-	-
(x)	(a) Amount of provision kept against loan classified as	317,449,918	76,448,753
	(b) (Decrease)/increase in provision	(3,584,661)	182,172,694
	(c) Interest creditable to the interest suspense account	66,340,161	64,409,981
(xi)	Loan written off	255,029,118	256,925,119
	Opening balance	256,925,119	165,733,103
	<u>Add</u> : Bad debts written off during the year	37,672	91,192,016
	<u>Less</u> : Bad debts previously written off recovered during	1,933,673	-
	Bad debts written off / settled	-	-
	<b>Closing balance</b>	<b>255,029,118</b>	<b>256,925,119</b>
(xii)	Cases filed for recovery of written off bad debts	<b>209,136,001</b>	<b>222,506,003</b>

	2023 Amounts in BDT	2022 Amounts in BDT
<b>8 Bills purchased and discounted</b>		
Payable in Bangladesh	335,419,782	440,151,339
Payable outside Bangladesh	12,423,586,716	5,857,474,550
	<b>12,759,006,498</b>	<b>6,297,625,889</b>
<b>8.1 Maturity grouping</b>		
Payable within 1 month	1,229,063,242	637,487,000
Over 1 month but below 3 months	3,479,692,951	1,051,472,816
Over 3 months but below 6 months	7,056,895,561	2,555,128,369
6 months and over	993,354,744	2,053,537,704
	<b>12,759,006,498</b>	<b>6,297,625,889</b>
<b>9 Fixed assets including premises, furniture and fixtures</b>		
Furniture and fixtures	58,971,665	56,636,390
Interior decorations	105,874,657	100,419,800
Equipment and computers	281,790,677	203,968,240
Computer software	80,073,420	69,929,661
Motor vehicles	42,178,348	42,178,349
Right of use asset	1,212,097,608	1,187,896,247
<b>Total</b>	<b>1,780,986,375</b>	<b>1,661,028,687</b>
<b>Less: Accumulated Depreciation</b>	<b>1,064,972,490</b>	<b>919,136,833</b>
<b>Written down value</b>	<b>716,013,885</b>	<b>741,891,854</b>
Details are shown in Annex B.		
<b>10 Other assets</b>		
<b>Income generating</b>		
In Bangladesh	-	-
Outside Bangladesh	-	-
	-	-
<b>Non-income generating:</b>		
Advance payment of corporate income tax (note 10.1)	6,065,183,746	4,517,279,853
Receivable from Bangladesh Bank against Sanchaya Patras	10,296,785	15,602,664
Other income receivable	65,432,915	214,801,554
Prepaid expenses	12,416,884	18,387,172
Stock of stationery, stamps, printing materials, etc.	14,577,951	12,081,308
Receivable from Head Office	36,500	47,500
Security deposit	4,548,020	4,327,540
Interest receivable from other Banks (note 10.2 )	21,740,885	415,308
Commission and brokerage receivable	-	154,556,789
Others (note 10.3)	544,671,229	618,002,784
	<b>6,738,904,915</b>	<b>5,555,502,472</b>
<b>Classification status of other assets</b>		
Unclassified	6,738,904,915	5,555,502,472
Doubtful	-	-
Bad/Loss	-	-
	<b>6,738,904,915</b>	<b>5,555,502,472</b>



	<b>2023</b> Amounts in BDT	<b>2022</b> Amounts in BDT
<b>10.1 Advance payment of corporate income tax</b>		
Opening balance	4,517,279,853	4,376,001,255
<u>Less:</u> Settlement during the year	(1,036,707,889)	(935,197,567)
<u>Add:</u> Income tax paid during the year	2,503,411,593	1,029,075,845
<u>Add:</u> Income tax withheld during the year on:		
L/C commission	6,358,630	5,062,007
Interest on government treasury bills/bonds/	74,841,559	40,624,771
Dividend on shares of CDBL	-	1,713,542
Closing balance (note 10.1.1)	<b>6,065,183,746</b>	<b>4,517,279,853</b>

	2023 Amounts in BDT	2022 Amounts in BDT			
<b>10.1.1 Closing balance of advance payment of corporate income tax</b>					
2023	1,041,540,241	-			
2022	2,066,054,123	522,982,582			
2021	1,038,000,282	1,038,000,282			
2020	963,262,158	963,262,158			
2019	-	1,036,707,889			
2012	514,093,987	514,093,987			
2011	442,232,955	442,232,955			
	<b>6,065,183,746</b>	<b>4,517,279,853</b>			
<b>10.2 Interest receivable from other Banks</b>					
Bangladesh Bank	21,740,885	415,308			
Others	-	-			
	<b>21,740,885</b>	<b>415,308</b>			
<b>10.3 Others</b>					
Deferred tax assets (note 10.3.1)	154,193,969	160,036,373			
Forward Equalisation, Sundry Debtors, etc.	390,477,260	457,966,411			
	<b>544,671,229</b>	<b>618,002,784</b>			
<b>10.3.1 Deferred tax assets on</b>					
Fixed assets	26,121,418	30,529,958			
Specific Provision	128,072,551	129,506,415			
	<b>154,193,969</b>	<b>160,036,373</b>			
<b>Increase / (Decrease) in Deferred Tax Assets</b>	<b>(5,842,404)</b>	<b>76,616,756</b>			
<b>Calculation of Deferred Tax Assets :</b>					
	<b>Particulars</b>	<b>Carrying Amount</b>	<b>Tax Base</b>	<b>(Taxable) / Deductible Temporary</b>	<b>Deferred Tax Assets / (Liabilities)</b>
	Fixed assets	164,578,180	229,881,724	65,303,544	26,121,418
	Specific provision	320,181,377	-	320,181,377	128,072,551
					<b>154,193,969</b>
<b>11 Borrowings from other Banks, financial institutions and agents</b>					
In Bangladesh (note 11.1)	1,056,351,976	28,008,788			
Outside Bangladesh (note 11.2)	3,310,327,540	4,211,412,314			
	<b>4,366,679,516</b>	<b>4,239,421,102</b>			
<b>11.1 In Bangladesh</b>					
<b>Borrowings from:</b>	-	-			
South East Bank Limited	-	-			
Eastern Bank Limited	-	-			
Jamuna Bank Limited	-	-			
State Bank of India	-	-			
Woori Bank	-	-			
United Commercial Bank Limited	-	-			

	<b>2023</b>	<b>2022</b>
	<b>Amounts in BDT</b>	<b>Amounts in BDT</b>
National Credit and Commerce Bank Limited	-	-
	-	-
<b>Borrowings from:</b>		
Bangladesh Bank (Refinance )	1,056,351,976	28,008,788
	<b>1,056,351,976</b>	<b>28,008,788</b>
	<b>1,056,351,976</b>	<b>28,008,788</b>

	2023 Amounts in BDT	2022 Amounts in BDT
<b>11.2 Outside Bangladesh</b>		
Citi N. A. (OBU)*	1,587,489,184	3,697,587,497
Bank OF Tokyo Mitsubishi*	972,641,673	33,902,478
Wells Fargo NA*	404,166,500	299,210,128
Standard Chartered Bank (OBU)*	172,099,161	35,683,363
Commercial Bank of Ceylon	151,904,533	87,224,482
Kumari Bank	20,714,208	13,941,526
Public Bank Berhad	1,312,281	1,213,636
CommerzBank AG*	-	42,649,204
ICICI Bank*	-	-
Axis Bank*	-	-
National Australia (OBU)*	-	-
Credit Agricole S.A.*	-	-
Sunrise Bank	-	-
Kumari Bank	-	-
	<b>3,310,327,540</b>	<b>4,211,412,314</b>

\* Represents credit balance due to un-responded entries in the nostro account.

#### Analysis by security

Secured	-	-
Unsecured	4,366,679,516	4,239,421,102
	<b>4,366,679,516</b>	<b>4,239,421,102</b>

#### Grouping by maturity

Repayable on demand	3,310,327,540	4,211,412,314
Others	1,056,351,976	28,008,788
	<b>4,366,679,516</b>	<b>4,239,421,102</b>

## 12 Deposits and other accounts

### 12.1 Current and other accounts

Current accounts (note 12.1.1)	31,115,033,508	26,834,575,115
Margin accounts (note 12.1.2)	15,400,188,015	3,910,740,376
	<b>46,515,221,523</b>	<b>30,745,315,491</b>

#### Current and other accounts

##### 12.1.1 Current accounts

Local currency		
Inter-Bank	16,442,359	1,001,314,382
Others	19,515,351,253	16,116,346,936
	<b>19,531,793,612</b>	<b>17,117,661,318</b>
Foreign currencies		
Inter-Bank	16,165,579	98,265,174
Others	11,567,074,317	9,618,648,623
	11,583,239,896	9,716,913,797
	<b>31,115,033,508</b>	<b>26,834,575,115</b>

	<b>2023</b> Amounts in BDT	<b>2022</b> Amounts in BDT
<b>12.1.2 Margin accounts</b>		
Letters of guarantee	206,955,236	225,375,954
Letters of credit	15,161,776,922	3,663,054,323
Others	31,455,857	22,310,099
	<b>15,400,188,015</b>	<b>3,910,740,376</b>
	<b>46,515,221,523</b>	<b>30,745,315,491</b>
<b>12.2 Bills payable</b>		
Payment orders issued	210,369,722	361,222,483
	<b>210,369,722</b>	<b>361,222,483</b>
<b>12.3 Savings Bank deposits</b>		
Local currency		
Inter-Bank	-	-
Others	5,116,272,323	5,127,523,236
	<b>5,116,272,323</b>	<b>5,127,523,236</b>
Foreign currency		
Inter-Bank	-	-
Others	596,016,835	448,131,962
	<b>596,016,835</b>	<b>448,131,962</b>
	<b>5,712,289,158</b>	<b>5,575,655,198</b>

	2023 Amounts in BDT	2022 Amounts in BDT
<b>12.4 Fixed deposits</b>		
Local currency		
Inter-Bank	-	-
Others	34,574,264,441	26,348,992,364
	<b>34,574,264,441</b>	<b>26,348,992,364</b>
Foreign currency		
Inter-Bank	-	-
Others	9,827,328,573	8,186,863,868
	<b>9,827,328,573</b>	<b>8,186,863,868</b>
	<b>44,401,592,014</b>	<b>34,535,856,232</b>
<b>12.5 Other deposits</b>		
Stale drafts-foreign currencies	10,074,425	10,740,740
Stale pay orders-local currency	44,157,010	29,534,857
	<b>54,231,435</b>	<b>40,275,597</b>
	<b>96,893,704,852</b>	<b>71,258,325,001</b>
<b>12.6 Maturity analysis of customer deposits</b>		
Repayable on demand	52,459,503,900	35,622,889,213
Repayable within 1 month	11,107,098,529	6,744,597,163
Over 1 month but within 6 months	19,644,204,637	16,516,666,230
Over 6 months but within 1 year	12,036,414,771	8,764,097,169
Over 1 year but within 5 years	1,613,875,077	2,510,495,670
Over 5 years but within 10 years	-	-
Unclaimed deposit for 10 years or more held by the Bank	-	-
	<b>96,861,096,914</b>	<b>70,158,745,445</b>
<b>12.7 Maturity analysis of inter-Bank deposits</b>		
Repayable on demand	32,607,938	1,099,579,556
Repayable within 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	-	-
Unclaimed deposits for 10 years or more held by the Bank	-	-
	<b>32,607,938</b>	<b>1,099,579,556</b>
<b>13 Other liabilities</b>		
Accumulated general provision against loans and advances and Off-Balance Sheet items (note 13.1)	1,264,000,000	919,000,000
Special general provision for COVID-19*	16,000,000	25,000,000
Specific provision ( note 13.2)	320,181,377	323,766,038
Interest suspense account (note 13.3)	66,340,161	64,409,981
Interest payable on deposits	978,609,959	727,339,633
Interest payable on borrowings	9,953,385	-
Provision for corporate taxation (note 13.4)	8,394,799,168	6,129,770,271
Sundry creditors	349,770	1,319,076
Expenses payable	390,714,894	435,044,452
	-	-
Provision for gratuity (note 13.5)	-	-
Commission and brokerage payable	50,446,508	-
Provision for head office expenses (note 30.1)	840,428,500	514,774,761

	<b>2023</b>	<b>2022</b>
	<b>Amounts in BDT</b>	<b>Amounts in BDT</b>
Lease liability	516,694,685	593,652,906
Others	410,610,818	329,582,811
	<b><u>13,259,129,225</u></b>	<b><u>10,063,659,929</u></b>

\*Required special general provision for COVID-19 as per BRPD circular no. 56 dated 10 December 2020 and BRPD circular no. 50 dated 14 December 2021.

Required Provision	<u>15,643,353</u>	<u>24,314,320</u>
Maintained Provision	<u>16,000,000</u>	<u>25,000,000</u>



	2023 Amounts in BDT	2022 Amounts in BDT
<b>13.1 Accumulated general provision against loans and advances and Off-balance sheet items</b>		
Opening balance	919,000,000	857,000,000
Less: Fully provided, written-off during the year	-	-
Less: Recovery of provision no longer required	-	-
Add: Provision for the year	345,000,000	62,000,000
Closing balance	<u>1,264,000,000</u>	<u>919,000,000</u>
<b>Required Provision</b>	<u>869,015,494</u>	<u>613,571,495</u>
<b>13.1.1 General provision</b>		
Opening balance	919,000,000	857,000,000
Add: Provision for the year (note 13.1.1.1)	345,000,000	62,000,000
Add: Transferred from specific provision during the year	-	-
Less: Transferred to specific provision during the year	-	-
Closing balance (note 13.1.1.2)	<u>1,264,000,000</u>	<u>919,000,000</u>
<b>13.1.1.1 General provision for the year against</b>		
Loans and advances	293,600,000	151,000,000
Off-balance sheet items	<u>51,400,000</u>	<u>(89,000,000)</u>
<b>13.1.1.2 General provision against</b>		
Loans and advances	1,013,800,000	720,200,000
Off-balance sheet items	<u>250,200,000</u>	<u>198,800,000</u>
	<u>1,264,000,000</u>	<u>919,000,000</u>
Required Provision (Loans and advances)	620,033,144	499,305,573
Required Provision (Off-balance sheet items)	<u>248,982,350</u>	<u>114,265,922</u>
	<u>869,015,494</u>	<u>613,571,495</u>
<b>13.2 Specific provision</b>		
Opening balance	323,766,038	141,593,344
Less: Fully provided, written-off during the year	(37,672)	(52,581,295)
Add: Specific provision during the year	85,347,092	262,720,025
Less: Recovery of provision no longer required	(88,894,081)	(27,966,036)
Closing balance	<u>320,181,377</u>	<u>323,766,038</u>
<b>Required provision</b>	<u>320,181,377</u>	<u>323,766,038</u>
<b>13.3 Interest suspense account</b>		
Opening balance	64,409,981	27,255,351
Add: Amount transferred to interest suspense account during the year	14,010,163	84,040,038
Less: Transferred to income during the year	(12,058,386)	(16,990,535)
Less: Amount waived/written-off during the year	(21,597)	(29,894,873)
Closing balance	<u>66,340,161</u>	<u>64,409,981</u>
<b>13.4 Provision for taxation</b>		
Opening balance	6,129,770,271	5,034,351,082
Add: Provision during the year (note 13.4.1)	3,301,736,786	2,030,616,756
Less: Settlement during the year	(1,036,707,889)	(935,197,567)
Closing balance (note 13.4.2)	<u>8,394,799,168</u>	<u>6,129,770,271</u>

2023 Amounts in BDT	2022 Amounts in BDT
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Filing of corporate income tax return of the Bank has been made up to the assessment year 2023-24. Corporate income tax return for the income year ended 31 December 2023 has not yet been due for filing. However, tax clearance certificate from National Board of revenue (NBR) was received up to 2019 (Assessment Year 2020-2021), except 2011 and 2012. Provision for corporate income tax for the year ended 31 December 2023 has been made after considering necessary taxable allowances and disallowances as per tax laws.

	<b>2023</b> Amounts in BDT	<b>2022</b> Amounts in BDT
<b>13.4.1 Provision made during the year</b>		
Current tax	3,301,736,786	2,030,616,756
Deferred tax	5,842,404	(76,616,756)
	<b><u>3,307,579,190</u></b>	<b><u>1,954,000,000</u></b>

	<b>2023</b>	<b>2022</b>
<b>13.4.2 Provision for taxation</b>		
2023	3,232,608,164	
2022	2,084,642,925	2,015,031,968
2021	1,049,489,279	1,049,489,279
2020	971,417,309	971,417,309
2019	-	1,037,190,224
2012	575,202,852	575,202,852
2011	481,438,639	481,438,639
	<b><u>8,394,799,168</u></b>	<b><u>6,129,770,271</u></b>

#### 14 Paid-up capital / Deposit kept with Bangladesh Bank

Fund deposited with Bangladesh Bank	-	-
Investment in treasury bills/bonds (note 14.1)	6,847,000,000	6,788,000,000
	<b><u>6,847,000,000</u></b>	<b><u>6,788,000,000</u></b>

- 14.1** Since Commercial Bank of Ceylon PLC, Bangladesh Operations is a branch of a Banking company incorporated outside Bangladesh, the amount of deposit against equity kept with Bangladesh Bank under section 13(4) of the Banking Companies Act 1991 has been shown under this head as per BRPD circular no. 14 dated 25 June 2003.

The Bank's deposits against equity with Bangladesh Bank at 31 December 2023 represents investment in treasury bills/bonds of BDT 6,847,000,000.

#### 14.2 Capital to Risk Weighted Assets Ratio (CRAR)

In terms of section 13 (2) of the Banking Companies Act, 1991 and Bangladesh Bank BRPD circulars no. 01,14 ,10, 05 and 18 dated 08 January 1996,16 November 1996, 25 November 2002, 14 May 2007,21 December 2014 and 03 April 2018 respectively, required capital of the Bank at 31 December 2023 should be BDT 5,000,000,000 or 10% of risk weighted assets whichever is higher as against available capital of BDT 22,239,281,202 (Tier I Capital BDT 20,959,281,202 and Tier II Capital BDT 1,280,000,000). Details are shown below:

Total assets including off-balance sheet items	180,438,372,354	134,496,584,211
Total risk weighted assets	48,037,804,515	46,654,084,412
10% of risk weighted assets	4,803,780,452	4,665,408,441
<b>Required capital as per BRPD circular (a)</b>	<b><u>5,000,000,000</u></b>	<b><u>4,665,408,441</u></b>
<b>Actual capital maintained:</b>		
<b>Tier I</b>		
Paid-up capital/Deposit kept with Bangladesh Bank	6,847,000,000	6,788,000,000
Statutory reserve	-	-
Other reserve	-	-
Retained earnings	14,260,071,542	9,933,070,435
Regulatory adjustments (deferred tax assets)	(147,790,341)	(153,561,052)
	<b><u>20,959,281,201</u></b>	<b><u>16,567,509,383</u></b>

	<b>2023</b> <b>Amounts in BDT</b>	<b>2022</b> <b>Amounts in BDT</b>
<b>Tier II</b>		
General provision on unclassified loans and off-balance sheet items (Allowable as per Basel III)	1,280,000,000	944,000,000
Revaluation reserve as of 31 December 2014 (up to 50% of revaluation reserve) less phase-in deductions as per Basel III	-	-
	<u><b>1,280,000,000</b></u>	<u><b>944,000,000</b></u>
<b>Total capital (b)</b>	<u><b>22,239,281,201</b></u>	<u><b>17,511,509,383</b></u>
<b>Capital surplus / (shortfall) (b-a)</b>	<u><b>17,239,281,201</b></u>	<u><b>12,846,100,942</b></u>
<b>Capital to Risk Weighted Assets Ratio (CRAR)</b>	<b>46.30%</b>	<b>37.53%</b>

	<b>2023</b>	<b>2022</b>
	<b>Amounts in BDT</b>	<b>Amounts in BDT</b>
<b>15 Surplus in profit and loss account</b>		
<b>Opening balance</b>	9,933,070,435	9,010,064,504
Add: Profit after taxation	4,386,001,107	2,652,182,628
Add: Capital from Head Office	-	-
Less: Profit remittance	-	-
Add: Transfer from Deposit kept with Bangladesh Bank to Profit and Loss	(59,000,000)	(1,729,176,697)
<b>Closing balance</b>	<b>14,260,071,542</b>	<b>9,933,070,435</b>
<b>16 Contingent liabilities</b>		
<b>16.1 Claims lodged with the Bank which are not recognized as loan</b>	-	-
<b>16.2 Letter of guarantees</b>		
Directors	-	-
Government	3,001,698,648	10,919,527,868
Banks and other financial institutions	133,125,200	210,426,176
Others	833,971,509	1,204,562,983
	<b>3,968,795,357</b>	<b>12,334,517,027</b>
Margin on guarantees	206,955,236	225,375,954
<b>16.3 Irrevocable letters of credit</b>		
Inward bills unsettled	1,444,287,640	2,153,952,750
Documentary credits	10,519,473,752	6,943,215,937
Shipping guarantee	3,100	3,900
	<b>11,963,764,492</b>	<b>9,097,172,587</b>
Margin on letters of credit	15,161,776,922	3,663,054,323
<b>16.4 Bills for collection (*)</b>		
Cheques for collection	128,518,902	54,262,335
Outward collection	7,359,871,314	6,201,708,889
	<b>7,488,390,216</b>	<b>6,255,971,224</b>
(*) The above amount represents cheques in hand for clearing and different outward bills sent on collection basis against which Bank is not taking any responsibilities. Hence, there is no chance for creating any liabilities for Bank in future.		
<b>16.5 Other contingent liabilities</b>		
Litigation pending against the Bank	67,638,549	67,638,549
	<b>67,638,549</b>	<b>67,638,549</b>
	<b>23,488,588,614</b>	<b>27,755,299,387</b>
<b>17 Other commitments</b>		
Forward assets purchased and forward deposits placed	21,299,626,893	8,293,232,962
	<b>21,299,626,893</b>	<b>8,293,232,962</b>

	<b>2023</b> Amounts in BDT	<b>2022</b> Amounts in BDT
<b>18 Interest income</b>		
<b>Interest on loans and advances</b>		
General loan	4,584,611,471	2,644,068,600
Overdrafts	504,885,510	457,112,834
Trust receipts	108,869,117	217,439,464
Import loans	30,284,206	7,703,702
Pre-shipment loan	3,024,923	2,955,235
Inland bills purchased	12,761,909	19,554,176
House building loan-others	55,563,813	53,861,978
Credit cards	13,466,561	12,001,437
Staff loans	10,163,812	8,670,983
	<b>5,323,631,322</b>	<b>3,423,368,409</b>
<b>Interest on</b>		
Accounts with foreign Banks	38,254,437	26,219,283
Deposits with other Banks	1,814,294,486	1,218,058,692
	<b>1,852,548,923</b>	<b>1,244,277,975</b>
	<b>7,176,180,245</b>	<b>4,667,646,384</b>
<b>19 Interest paid on deposits and borrowings, etc.</b>		
<b>Interest on</b>		
Fixed deposits	1,978,539,273	1,126,462,859
Short notice deposit / Money market A/C	485,884,564	405,477,086
Savings deposits	75,519,998	75,958,234
Foreign currency deposits	284,844,494	177,108,574
	<b>2,824,788,329</b>	<b>1,785,006,753</b>
<b>Interest on</b>		
Borrowings from local Banks	18,032,530	38,547,378
Borrowings from foreign Banks	59,370	79,577,626
	<b>18,091,900</b>	<b>118,125,004</b>
Interest expenses on lease liability	<b>27,360,245</b>	<b>29,265,203</b>
	<b>2,870,240,474</b>	<b>1,932,396,960</b>
<b>20 Investment income</b>		
Interest and profit on treasury bills	1,071,410,062	273,143,582
Interest and profit on treasury bonds	213,334,244	367,296,056
Capital gain on treasury bills and bonds	50,316,430	33,424,649
Dividend from CDBL shares	-	8,567,708
	<b>1,335,060,736</b>	<b>682,431,995</b>
<b>21 Commission, exchange and brokerage</b>		
Commission	676,594,265	550,956,784
Exchange gain less losses arising from dealing in foreign currencies	3,758,677,712	2,575,700,851
	<b>4,435,271,977</b>	<b>3,126,657,635</b>
<b>22 Other operating income</b>		

	<b>2023</b> <b>Amounts in BDT</b>	<b>2022</b> <b>Amounts in BDT</b>
Income from recovery of loans	88,894,081	27,966,036
Income from recovery of written off bad debts	1,933,672	-
Profit on disposal of fixed assets	1,735,167	416,057
Reversal of HO Expenses 2022	174,027,337	-
Profit less loss from interest fluctuation	-	-
	<b><u>266,590,257</u></b>	<b><u>28,382,093</u></b>



	<b>2023</b> Amounts in BDT	<b>2022</b> Amounts in BDT
<b>23 Salary and allowances</b>		
Salaries	352,046,728	332,912,514
Leave fair assistance	27,489,350	25,517,640
Bonus	234,934,681	186,075,946
Bank's contribution to provident fund	16,299,534	14,675,833
Gratuity	35,655,136	47,127,449
Other allowances	11,725,467	12,596,072
Medical expenses	16,878,096	15,255,820
	<b>695,028,992</b>	<b>634,161,274</b>
<b>24 Rent, taxes, insurance, electricity, etc.</b>		
Rent, rates and taxes (Only VAT)*	23,028,668	21,631,870
Lease rent	5,582,977	2,289,508
Insurance	51,453,548	42,423,609
Lighting	12,165,820	11,315,154
Water charges	561,680	405,821
	<b>92,792,693</b>	<b>78,065,962</b>
(*) Actual rent expenses during the year 2023 is Tk. 183.021,739/-		
<b>25 Legal expenses</b>		
Law charges	1,654,028	1,161,529
Other professional fees	1,861,821	4,555,660
	<b>3,515,849</b>	<b>5,717,189</b>
<b>26 Postage, stamps, telecommunication, etc.</b>		
Telephone	2,366,941	1,892,554
Swift charges	4,060,483	3,148,719
Postage and courier	12,365,122	8,019,793
	<b>18,792,546</b>	<b>13,061,066</b>
<b>27 Stationery, printing, advertisements, etc.</b>		
Publicity and advertisement	15,405,990	9,082,028
Printing and stationery	7,536,056	5,621,455
Newspapers and periodicals	365,229	307,018
	<b>23,307,275</b>	<b>15,010,501</b>
<b>28 Chief Executive's salary and fees</b>		
Salary	9,208,986	7,965,374
Bonus	9,074,437	4,854,089
Other allowances	4,706,135	4,300,136
	<b>22,989,558</b>	<b>17,119,599</b>
<b>29 Depreciation and repairs of Bank's assets</b>		
Depreciation (Annex B).	170,882,516	175,993,375
Repairs and maintenance of:		
Equipment and computers	28,327,614	24,337,837
Premises, furniture and fixtures	10,981,327	9,372,036
Vehicles	12,189,069	10,011,186
	<b>222,380,526</b>	<b>219,714,434</b>

	2023 Amounts in BDT	2022 Amounts in BDT
<b>30 Other expenses</b>		
Fees and charges for services	66,796,999	58,487,447
Travelling and conveyance	10,870,324	5,560,626
Entertainment	25,453,290	14,355,684
Security services	17,983,412	15,007,128
Training, seminar and workshop	1,374,341	490,107
Cash carrying expenses	6,635,511	6,150,107
Loss on disposal of fixed assets	127,601	22,116
Donation and subscription (CSR Expenses)	9,229,268	7,329,000
Staff welfare	100,000,000	-
Sundry expenses	25,408,181	13,484,324
Head office expenses (note 30.1)	840,428,445	514,774,706
	<b><u>1,104,307,372</u></b>	<b><u>635,661,245</u></b>
<b>30.1</b> As per FE Circular No. 15, dated: 10 June 2018, issued by Foreign Exchange Policy Department of Bangladesh Bank, provision for head office expenses has been kept @ 10% on the amount of profit before tax. Profit before Charging Head Office Expenses, Tax and Start-up Fund (7,693,580,297 + (840,428,445 - 174,027,337) +44,303,041 = 8,404,284,446)		
<b>31 Provision against loans and advances</b>		
<b>General provision for:</b>		
Unclassified loans	293,600,000	151,000,000
Off-balance sheet items	51,400,000	(89,000,000)
Special general provision for COVID-19	(9,000,000)	(4,000,000)
	<b><u>336,000,000</u></b>	<b><u>58,000,000</u></b>
<b>32 Start-Up Fund</b>		
As per SMESPD Circular No. 04 dated March 29, 2021, read with circular no. 5 dated 26 April 2021 Bank has to create a Start-up fund to disburse the loan to the startup entrepreneurs by transferring 1% of the Annual Net Profit (As per Audited Financial Statements) from the year 2020 onwards for next five years. During the year 2021 bank has created a "start-up fund" by transferring of 1% of net profit after tax BDT 15,890,336, BDT 16,731,266, BDT 26,789,724 and BDT 44,303,041 for the year end 2020, 2021,2022 and 2023 respectively.		
<b>33 Receipts from other operating activities</b>		
Other operating income	266,590,257	28,382,093
Income from commission, exchange and brokerage	4,435,271,977	3,126,657,635
Less: Fees and commission	(676,594,265)	(550,956,784)
Gain on disposal of property, plant and equipment, recovery of Loans Provisions	(92,562,920)	(28,382,093)
	<b><u>3,932,705,049</u></b>	<b><u>2,575,700,851</u></b>
<b>34 Payments for other operating activities</b>		
Total operating expenses	(2,183,632,311)	(1,619,028,770)
Less: Payments to employees	682,363,414	604,153,424
Less: Payments to suppliers	134,892,514	106,137,529
Less: General and other provisions	(465,650,133)	(347,509,749)
	<b><u>(1,832,026,516)</u></b>	<b><u>(1,256,247,566)</u></b>

	<b>2023</b> Amounts in BDT	<b>2022</b> Amounts in BDT
<b>35 Other assets</b>		
Receivable from Bangladesh Bank against Sanchaya Patras	10,296,785	15,602,664
Advance rent and advertisement	-	-
Prepaid expenses	12,416,884	18,387,172
Stock of stationery, stamps, printing materials, etc.	14,577,951	12,081,308
Receivable from Head Office	36,500	47,500
Security deposit	4,548,020	4,327,540
Commission and brokerage receivable	-	154,556,789
Others	544,671,229	618,002,784
	<b>586,547,369</b>	<b>823,005,757</b>
Increase /(Decrease) during the year	<b>236,458,388</b>	<b>(286,006,215)</b>
<b>36 Other liabilities</b>		
Accumulated provision against loans and advances and off-balance sheet items	1,264,000,000	919,000,000
Special general provision for COVID-19*	16,000,000	25,000,000
Specific provision (note 13.2)	320,181,377	323,766,038
Interest suspense account (note 13.3)	66,340,161	64,409,981
Provision for corporate taxation (note 13.4)	8,394,799,168	6,129,770,271
Sundry creditors	349,770	1,319,076
Expenses payable	390,714,894	435,044,452
Commission and brokerage payable	50,446,508	-
Provision for head office expenses (note 30.1)	840,428,500	514,774,761
Gains on revaluation of treasury bills/ bonds	23,571,712	54,005,672
Others	927,305,503	923,235,717
	12,294,137,593	9,390,325,968
<b>Less: Current year's corporate tax provision</b>	<b>(3,307,579,190)</b>	<b>(1,954,000,000)</b>
Decrease during the year	<b>(403,767,565)</b>	<b>(494,898,137)</b>

### 37 Audit committee

Audit committee of the Bank consists of the following members:

SL. No.	Name	Designation	Educational and professional qualifications
1	Najith Meewanage	Chief Executive Officer	Master in Business Administration from University of Greenwich, London. Diploma in Banking and Associated member of Institute of Bankers in Sri Lanka.
2	Mahmud Hossain	Deputy CEO & Head of Corporate	Master in Business Administration from IBA, University of Dhaka, Bcom (Hons) in Finance and Banking from University of Dhaka.
3	Kasun Herath	Deputy Chief Executive Officer & Chief Operating Officer	Masters in Financial Economics from University of Colombo, Sri Lanka. Diploma in Economics Development from University of Colombo, Sri Lanka. Diploma in treasury Investment and Risk Management from Institute of Bankers of Sri Lanka. ACI Dealing Certificate from Association of Cambersite International, France. Certified Treasury Professional from The Association of Financial Professionals, USA.
4	Binoy Gopal Roy	Chief Financial Officer	Masters in Accounting, Fellow Member of The Institute of Chartered Accountants of Bangladesh (ICAB).
5	Md. Mosharaf Hossain	Chief Manager - Head of Internal Control & Compliance	Masters in Business Administration from University of Dhaka, Fellow Member of Institute of Chartered Accountants of Bangladesh (ICAB).
6	Moyeenul Haque Khan	Manager, Audit	Bachelors of Art's (BA) from University of Dhaka.

Four (04) numbers of Audit Committee meetings were held during the year 2023 where among others, following issues were discussed:

- (i) Summary of the entire audit issues, status and follow up of outstanding recommendations.
- (ii) Head Office, Colombo audit issues status and follow up of outstanding recommendations.
- (iii) Bangladesh Bank comprehensive and core risk inspection reports as well as Special Inspection reports.
- (iv) Appointment of external auditors.
- (v) Review of Internal Control System.
- (vi) Compliance with mandatory Banking and other statutory requirement.
- (vii) Management report on the audit of annual financial statement submitted by the external auditors.

### 38 Core risks management of the Bank

Bangladesh Bank has issued guidelines in managing core risks by BRPD circular no.17 dated 07 October 2003 and updated from time to time for effective management of six core risk areas of Banking business namely:

- (i) Credit risks,
- (ii) Asset and liability / balance sheet risks,
- (iii) Foreign exchange risks,
- (iv) Internal control and compliance risks,
- (v) Money laundering risks, and
- (vi) Information technology risks.

An internal memo has been circulated with the necessary guidelines to the concerned departments/ branches/booths for their implementation. The status of implementation of above six guidelines are summarised below:

### 38.1 Credit risks

An in-depth credit risk assessment is being conducted prior to granting any loan and reviewed at least annually thereafter for all facilities in order to address overall credit risk issues. The results of assessment is thereafter presented in a credit application that originated from the Relationship Manager/Accounts Officer pursued and commented by the credit risk management and is approved by the CEO/ECC/Head Office approval authority.

The Bank has formally implemented Credit Risk Management Policy, Lending Guidelines, Environmental & Social Management System Guidelines to enumerate the policy and procedures for handling credit related operations in Bangladesh.

### 38.2 Asset and liability/ Balance sheet risks

The Bank has Asset - liability Management Committee (ALCO) for the implementation of asset and liability management process. This committee reviews cost of liquidity, capital adequacy, loan deposit ratio, wholesale borrowing guideline, liquidity contingency plan, local regulation, etc. to achieve the general objective of keeping the interest rate risk within defined parameter, enhancing Bank's net interest margin, providing adequate liquidity, reviewing and approving risk parameters through managing exchange rate risk, interest rate risk, etc.

### 38.3 Foreign exchange risks

The Foreign Exchange risk is mitigated through proper market analysis and potential change arising out of pricing is addressed with appropriate risk limits. The Bank has formally implemented a manual with the objective of preventing exchange loss due to error, negligence, recklessness, lack of skill, etc. to comply with Bangladesh Bank guidelines, prepare and enforce foreign exchange authorised dealer's code of conduct. The Management action triggers is in place to ensure adherence to limits.

### 38.4 Internal control and compliance risks

The potential operational risk is mitigated through three wings of Internal Control & Compliance (ICC) Department, Audit & Inspection, Compliance and Monitoring wing thus ensure sound, sustainable and secured growth of the Bank.

Bank has already implemented Internal Control Procedures manual with segmental risk monitoring procedure. Internal control and Compliance Department undertakes regular and surprise audit/ inspection of the branches and departments to review the operations and compliance of statutory requirements and to ensure all financial statements are drawn up in conformity with Banking Companies Act, 1991 (Amendment up to date), in accordance with IAS/ IFRS and Bangladesh Bank Circulars, Guidelines are in force.

### 38.5 Money laundering risks

In line with the directives of Bangladesh Bank & BFIU specific policy, procedures and controls are in place for managing the Money Laundering (ML) risk and to detect the suspicious activities associated with ML for reporting them to the appropriate authorities. Bank has its independent Central Compliance Committee, AML & CFT Department and assigned CAMLCO for ensuring overall AML compliance of the Bank. In addition, BAMLCOs at branch level continuously exerts their all efforts to keep branches compliant on ML matter. Proper CDD, automated sanction screening and transaction monitoring are also in place.

Since inception, Commercial Bank of Ceylon PLC as a compliant Bank in Sri Lanka and Bangladesh believes that no customer relationship is worth compromising our commitment to combat ML.

### 38.6 Information Technology Risks

The Bank has adequately addressed Information and Communication Technology (ICT) risk management. Banks own core Banking software performs all types of transaction in a highly secured environment.

Bank has its own IT manual in place and implemented in line with Bangladesh Bank Guideline on Information and Communication Technology for scheduled Banks and Financial Institutions. It has also adopted systematic approach to ensure any IT contingencies. Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) are also in place and function. Bank also obtained PCIDSS Certificate.

### 38.7 Internal Audit

Bank has established an independent Internal Audit Department for conducting audit/inspection at various department/branch/booths in line with the approved annual audit plan. In general, all the department/branch/booth are audited at least once in a year. Observations are responded by the respective Department/Branches within the given time frame. Online monitoring (transaction level) is also being performed by the department in addition to performed IS System Audit. Major findings and recommendations identified by the internal auditors are thereafter being discussed in the Audit Committee Meeting. Moreover, Colombo Inspection Department have their own plan of auditing the Bank from time to time.

### 38.8 Fraud and Forgeries

There was no fraud and forgeries occurred during the reporting period.

## 39 Risk Management Committee (RMC)

Bank has established an independent Risk Management Committee (RMC) under the overall guidance of the Chief Executive Officer (CEO) where designated management members are responsible for each core risk areas. RMC is monitoring and measuring risks on the basis of the Bank's approved risk parameters and recommend risk mitigation tools / procedure for implementation by the concerned line managers to ensure the maintenance of risks within the tolerable risk parameters. Secretary of RMC prepares the Risk Management Report which includes details risk observations received from each relevant risk head and discuss thoroughly in the monthly RMC meeting.

## 40 Post balance sheet events

No material events have occurred after the Balance Sheet date that could affect the values reported in these financial statements.

## 41 Related party disclosure

### 41.1 Transactions with key management personnel

The key management personnel of the Bank for the purpose of IAS 24 are defined as those having authority and responsibility for planning, directing and controlling the Bank, being members of the Board of Director of the Bank, managing director of the Bank and close members of their families and companies they control, or significantly influence, or for which significant voting power is held.

Commercial Bank of Ceylon PLC- Bangladesh Operations, not being incorporated in Bangladesh, Operates in Bangladesh under the Banking license issued by Bangladesh Bank(as a branch of a foreign Bank) and therefore key management personnel, who do qualify as related party under IAS 24, refer to Commercial Bank of Ceylon officials located in outside Bangladesh.

So, there is no transactions between the Bank and the key management personnel of the Bank in 2023 (2022-nil).

### 41.2 Transactions with Post employment benefit plan

The Bank has two post employment benefit schemes, the nature of which is disclosed in note 2.7, Employee benefits. The total contribution to these schemes in 2023 by the Bank is disclosed in note 23, salaries and allowances.

### 41.3 Transactions with nostro and vostro accounts

The Bank provides and receives certain Banking and financial service to/from entities within the group. As at year end the balances with these entities are discloses in note 4.2 Balance with other Banks and financial institutions- Outside Bangladesh and in note 11.2 Borrowings from other Banks, financial institutions and agents- outside Bangladesh.

The disclosure of the year end balance is considered to be the most meaningful information to represent transactions during the year . The outstanding balance include deposits kept with or by the Bank and arise in the ordinary course of business and are on substantially the same as for comparable transactions with third parties.

#### **41.4 Transactions with the Off-shore Banking unit**

The Off-shore Banking Unit(OBU) operates under a separate license issued by Bangladesh Bank. Transactions with the OBU comprises of inter-unit fund transfer in normal course of business as well as the payment of certain expenses by the Bank on behalf of the OBU. These include income taxes paid by the Bank on behalf of OBU as well as expenses incurred for administrative purpose.

#### 42 Compliance status of International Financial Reporting Standards (IFRSs):

Bangladesh Financial Reporting Standards (BFRS) has been replaced by the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) vide letter no 1/1/ICAB-2017 dated 14 December 2017. The compliance status of these IFRS is as follows:

Sl. No.	Title of Standard	IAS no.	Status
1	Presentation of Financial Statements	1	Complied*
2	Inventories	2	Complied
3	Statement of Cash Flows	7	Complied*
4	Accounting Policies, Changes in Accounting Estimates and Errors	8	Complied
5	Events after the Reporting Period	10	Complied
6	Income Taxes	12	Complied
7	Property, Plant and Equipment	16	Complied
8	Employee Benefits	19	Complied
9	Accounting for Government Grants and Disclosure of Government Assistance	20	Not Applicable
10	The Effects of Changes in Foreign Exchange Rates	21	Complied
11	Borrowing Costs	23	Complied
12	Related Party Disclosures	24	Complied
13	Accounting and Reporting by Retirement Benefit Plans	26	Not Applicable
14	Consolidation and Separate Financial Statements	27	Not Applicable
15	Investment in Associates	28	Not Applicable
16	Interest in Joint Ventures	31	Not Applicable
17	Financial Instruments: Presentation	32	Complied
18	Earnings Per Share	33	Not Applicable
19	Interim Financial Reporting	34	Not Applicable
20	Impairment of Assets	36	Complied
21	Provisions, Contingent Liabilities and Contingent	37	Complied
22	Intangible Assets	38	Complied
23	Investment Property	40	Not Applicable
24	Agriculture	41	Not Applicable

SL no.	Title of Standard	IFRS no.	Status
1	First-time Adoption	1	Not Applicable
2	Share Based payment	2	Not Applicable
3	Business Combinations	3	Not Applicable
4	Insurance Contracts	4	Not Applicable
5	Non-Current Assets Held for sale and Discontinued Operations	5	Not Applicable
6	Exploration for and Evaluation of Mineral Resources	6	Not Applicable
7	Financial Instruments: Disclosure	7	Complied
8	Operating Segments	8	Not Applicable
9	Financial Instruments	9	Complied*
10	Revenue from Contracts with Customers	15	Complied
11	Lease	16	Complied
12	Insurance Contracts	17	Not Applicable

\* Relevant disclosures are made according to the requirement of Bangladesh Bank.



**43 Others**

Assets and liabilities other than balances with other Banks and financial institutions at 31 December 2023 denominated in foreign currencies have been translated to local currency, BDT, at the following exchange rates:

<u>Currency</u>	<u>Abbreviation and unit</u>	<u>Equivalent BDT</u>
United Arab Emirate Dirham	AED	1.00
Australian Dollar	AUD	1.00
Canadian Dollar	CAD	1.00
European Currency	EUR	1.00
Hong Kong Dollar	HKD	1.00
Indian Rupee	INR	1.00
Kuwaiti Dinar	KWD	1.00
New Zealand Dollar	NZD	1.00
Pound Sterling	GBP	1.00
Qatar Riyal	QAR	1.00
Singapore Dollar	SGD	1.00
Swedish Kroner	SEK	1.00
Swiss Franc	CHF	1.00
Chinese Yuan	CNY	1.00
Malaysian Ringgit	MYR	1.00
Saudi Arabian Riyal	SAR	1.00
US Dollar*	USD	1.00

\*All the amounts except for Balance with other banks and financial institutions outside Bangladesh have been translated into BDT as per the above-mentioned rate. Balance with other banks and financial institutions-outside Bangladesh has been translated into BDT using the closing rate of Bangladesh Bank as instructed by Bangladesh Bank through BRPD circular letter no. BRPD(R)717/2004(959), dated November 21, 2004.

**44 Reconciliation of inter-Bank and inter-branch transactions**

The Bank has automated system for responding inter-branch transactions. All the entries are being responded on a real time basis. All the inter-Bank transactions are being reconciled properly.

**45 Secured liabilities**

The Bank has no secured liabilities against which assets has been pledged as security.

**46 Open position**

The Bank's open position as of 31 December 2023 was USD 11,484,102.32 equivalent to Taka 1,260,380,229.68 against the approved limit of USD 14,430,000.00.

**47 Credit rating**

The Bank has been awarded "AAA" (triple A) for long term and ST-1 for short term ratings" by the Credit Rating Information and Services Limited (CRISL) on 18 June 2023.

#### 48 Corporate Social Responsibility (CSR)

CSR is an integral part of the Bank's culture in addition to core business activity. The Bank contributes to the underprivileged and disadvantaged through different projects. CBC has always been active in CSR projects since inception. The bank has undertaken CSR activities, as per directives of the Bangladesh Bank through SFD Circular No 01 dated 09 January 2022 and SFD Circular Letter No. 01 dated 10 April 2022. the details of the activities are appended below:

##### Social Projects:

Description of initiatives	Amount of investment	No. of beneficiaries
I. a) Environment and Climate Change Mitigation & Adaptation : Total nos. 5,000 trees planted in sundarban mangrove coastal area.	BDT 500,000.00	1,000
I. b) Environment and Climate Change Mitigation & Adaptation : Total nos. 8,400 trees planted in Bogura Sadar (Bank of Kortoia River).	BDT 500,000.00	3,950
II. a) Education: BDT 0.5 M has granted to the Prime Minister's Education Assistance Trust.	BDT 500,000.00	-
II. b) Education: BDT 1.0 M has granted for the autism and neuro-diverse children and youth.	BDT 1,000,000.00	-
III. a) Health: BDT 0.5 M donated for blood cancer treatment.	BDT 500,000.00	1
III. b) Health (Amortization Amount): BDT 5.17 M donated as part of special CSR to response Covid pandemic.	BDT 5,171,942.00	
IV. a) Other (Disaster Management): 2,600 Units of blankets given to the people affected by cold wave in different parts of the country.	BDT 900,000.00	
IV. b) Other: BDT 0.1 M donated for brail magazine for blind people.	BDT 100,000.00	

As per BRPD Circular No.-09 dated 26th April 2021, Bank has to allocate 1% of net profit as per audited financial statement of 2020 as special CSR which will be in addition to the allocated CSR budget of 2021. During the year 2021, total amount of CSR expenditure was BDT 15,890,336. We have adjusted BDT 5,171,942 for the year of 2023.

#### 49 Cost savings initiatives as per Bangladesh Bank Guidelines

BRPD Circular no. 28, dated 26 July 2022

Bank is always preparing the budget considering efficient cost management. Being a compliant bank, it practices green banking through focusing on green transformation in the internal operation of the bank. As such, bank effectively uses all the resources are being placed for energy saving from electricity, fuel etc.

However, bank proactively has taken some austerity measures such as employee motivation for waste avoidance, day light utilization, deployment of officers for continuous monitoring of electricity and fuel consumption in every branch/dept. etc to control electricity & fuel consumption at the desired level.

BRPD Circular no. 30, dated 27 July 2022

In compliance of the above mentioned circular, bank has not purchased any motor vehicle during the year 2023.

## 50 Highlights of Activities

Sl.	Particulars	2023	2022
1	Paid-up capital / Deposit kept with Bangladesh Bank	6,847,000,000	6,788,000,000
2	Total capital for the purpose of CRAR	22,239,281,201	17,511,509,383
3	Capital to Risk Weighted Assets Ratio (CRAR) including	46.30%	37.53%
4	Capital surplus/(shortfall)	17,239,281,201	12,846,100,942
5	Total assets	135,650,156,847	102,336,482,139
6	Total deposits	96,893,704,852	71,258,325,001
7	Total loans and advances	65,190,246,521	52,303,472,292
8	Total contingent liabilities and commitments	44,788,215,507	36,048,532,349
9	Credit-deposit ratio - DBU (%)	67.87%	72.41%
10	Credit-deposit ratio - Consolidated (%)	64.69%	70.65%
11	Ratio of classified loans against total loans and advances	0.70%	1.23%
12	Profit after tax and provision	4,386,001,107	2,652,182,628
13	Amount of Classified loans	453,617,670	645,487,223
14	Provision kept against classified loans	320,181,377	323,766,038
15	Provision surplus/(deficit)	395,341,153	306,114,185
16	Cost of fund	3.83%	3.47%
17	Interest earning assets	112,414,596,612	82,478,994,127
18	Non-interest earning assets	23,235,560,235	19,857,488,012
19	Return on investment	8.12%	7.26%
20	Return on average investment	7.38%	4.77%
21	Return on assets (Gross)	5.67%	4.50%
22	Return on assets (Net)	3.23%	2.59%
23	Income from investment	1,335,060,736	682,431,995
24	Earnings per share	N/A	N/A
25	Net income per share	N/A	N/A
26	Price earnings ratio	N/A	N/A



**Binoy G. Roy**  
Chief Financial Officer



**Kasun Herath**  
Deputy Chief Executive Officer  
& Chief Operating Officer



**Najith Meewanage**  
Chief Executive Officer

## Annexure A

**Commercial Bank of Ceylon PLC - Bangladesh Operations**  
**Disclosures on Risk based Capital Requirement under Pillar III of Basel III**  
**For the year ended 31 December 2023**

**1 Disclosure Policy:**

Commercial Bank of Ceylon PLC ("the Bank") is a publicly quoted company incorporated in Sri Lanka on 25 June 1969. It is a licensed commercial Bank operating under the provisions of Sri Lanka Banking Act No. 30 of 1988. The Commercial Bank of Ceylon PLC - Bangladesh Operations commenced its Banking operations in Bangladesh from 06 November 2003 by acquiring the operations of Credit Agricole Indosuez a French Bank with two branches and two booths. The principal office of the Bank in Bangladesh is situated at Dhaka having eleven branches currently in operations at Dilkusha, Dhanmondi, Uttara, Mirpur, Gulshan 1, Gulshan 2, Panthapath, Tejgaon of Dhaka and each at Narayanganj, Chattogram and Sylhet. The Bank also maintains one sub-branch at US Embassy, Bangladesh and six SME centres at Old Dhaka, Shantinagar, Progati Sharani of Dhaka, Tongi of Gazipur, Jubilee Road and CDA Avenue of Chattogram.

- To comply with international best practices and make the Bank's capital more risk-absorbent;
- To maintain minimum capital requirement by the Bank against credit, operational and market risk;
- To maintain capital adequacy ratio as per Bangladesh Bank's time to time Requirements;
- To adopt the credit rating agencies as external credit assessment institutions (ECAI);
- To adopt standardised approach for both credit and market risk and basic indicator approach for operational risk;
- To submit Capital Adequacy returns to Bangladesh Bank on a quarterly basis.

**2 Scope of Applications:**

Risk based capital adequacy framework applies to Commercial Bank of Ceylon PLC, Bangladesh Operations, on "Solo Basis" as the Bank has no subsidiaries or significant investments rather operating as a foreign Branch of Commercial Bank of Ceylon PLC incorporated in Sri Lanka.

**3 Disclosures Framework:**

Disclosures requirements as per Bangladesh Bank Basel III Guidelines are enumerated below:

**3.1 Capital Structure****Qualitative Disclosure**

The aim is for the capital structure to be as efficient as possible, both in terms of cost and in terms of compliance with the requirements of Bangladesh Bank. Bank's total capital as of 31 December 2023 was BDT 22,239.28 million out of which BDT 20,959.28 million was under Tier-I capital (out of that BDT 6,847.00 million was Deposit kept with Bangladesh Bank as per section 13 (4) of Banking Companies Act 1991 and remaining BDT 13,964.49 million was Retained Profit after regulatory deduction) and remaining BDT 1,280.00 million was under Tier-II capital (General Provision of BDT 1,280.00 million).

**Quantitative Disclosure:**

## a) Amount of Tier I Capital

Amounts in BDT

## i) Common equity Tier 1 (CET 1)

Fully paid-up capital / capital deposited with Bangladesh Bank	6,847,000,000
Statutory Reserve	-
Actuarial gain/loss	-
Retained earnings	14,260,071,542
Non-repatriable interest-free fund	-

**21,107,071,542**

## Amount deducted from CET 1 Capital (Regulatory Adjustments)

- Good will
- Shortfall
- Deferred tax assets
- Others

	-
	-
	147,790,341
	-

**Total CET 1 Capital****20,959,281,201**

## ii) Additional Tier I capital

-

**Total Tier I Capital (i+ii)****20,959,281,201****b) Total Tier II capital****1,280,000,000****Total eligible capital (a+b)****22,239,281,201**

### 3.2 Capital Adequacy

#### Qualitative Disclosure of Capital Adequacy

Bank is maintaining adequate capital to cover all material risk and while doing so Bank has established an Internal Capital Adequacy Assessment Process (ICAAP) in-line with the regulatory guideline of Bangladesh Bank. The objective of the Bank's capital planning is to ensure that the Bank is adequately capitalized.

At the end of 31 December 2023 Bank maintained capital of BDT 22,239.28 million (Tier 1: going-concern capital of BDT 20,959.28 million plus Tier 2: gone-concern capital of BDT 1,280.00 million) against its total Risk Weighted Asset (RWA) of BDT 46,654.08 million which leads to a Capital to Risk-weighted Asset Ratio (CRAR) of 46.30%, where the minimum requirement is 10.00% of RWA (BRPD circular no. 18 dated 21 December 2014) or BDT 5,000 million (BRPD circular letter no. 20 dated 24 July 2023) whichever is higher. Tier-I capital was 43.63% of RWA against minimum requirement of 6% of RWA. As a result the Bank has a buffer Capital of BDT 17,239.28 million to maintain to mitigate the additional uncertain risks which are not covered under Pillar-II.

#### Quantitative Disclosure of Capital Adequacy

a) Amount of Regulatory Capital to meet unforeseen loss:	<b>Amounts in BDT</b>	
Amount of Capital required to meet Credit Risk		3,537,342,631
Amount of Capital required to meet Market Risk		216,633,746
Amount of Capital required to meet Operational Risk		1,049,804,075
		<b><u>4,803,780,452</u></b>
b) Actual Capital Maintained:		
Total CET 1 Capital		20,959,281,201
Total Tier I Capital		20,959,281,201
Total Tier II Capital		1,280,000,000
<b>Total capital</b>		<b><u>22,239,281,201</u></b>
<b>% of Capital to risk weighted assets (CRAR)</b>	<b>Required</b>	<b>Maintained</b>
CET 1	4.50%	43.63%
Tier I	6.00%	43.63%
Tier II		2.66%
<b>Total</b>	<b>12.50%</b>	<b>46.30%</b>
c) Capital conservation buffer	2.50%	2.50%
d) Available capital under pillar 2 requirement		<b>17,435,500,749</b>

### 3.3 Credit Risk

#### Qualitative Disclosures:

General qualitative disclosure requirement with respect to credit risk includes the following:

#### Definition of past due and impaired

According to the Bangladesh Bank's guidelines on Risk Based Capital Adequacy (RBCA), dated December 2014, claims that are past due for 60 days or more are clubbed under this past due category. Apart from the Basel III requirement, for accounting purpose Bank is maintaining its past due loan in accordance with the BRPD Master circular no. 14 dated 23 September 2012 on "Loan Classification & Provisioning" and its related subsequent instructions.

#### Description of approaches followed for specific & general allowances and statistical methods

Bank is following the general and specific provision requirement in line with the regulatory guideline of Bangladesh Bank.

#### Discussion of the Bank's credit risk management policy

Credit risk is one of the most significant risks in terms of sustainability, regulatory and capital management, which Bank is always exposed to. Generally loans are the largest and most obvious source of credit risk. There are other sources of credit risk both on and off the balance sheet of the Bank. Bank's objective is to develop a high quality and diversified credit portfolio comprised of corporate, SME, retail and cards in Bangladesh towards a better credit risk management.

Credit risk management of the Bank is translated through the policies and procedures covering the measurement and management of credit risk. Bank has its Credit Risk Management Policy (CRMP) approved by the Board of Directors. The CRMP defines organizational structure, role and responsibilities and the processes whereby the credit risk carried by the Bank can be identified, quantified and managed within the framework that the Bank considers consistent with its appetite and risk tolerance.

Bank has standard methods of analyzing various risk aspects involved in extending credit, considering risk areas such as business risk, financial risk, management risk, security risk, etc. besides continuously reviewing the exposures and concentrations of the customer, group, industry, geography and lending type. Outcome of these risk analyses are considered to assign an internal credit risk grading for each borrower.

There is a clear segregation of duties among the credit originators, risk function and approvers. All credit exposure limits are approved within a defined credit approval authority. Credit risk of Corporate, SME business is being assessed by Credit Risk Unit of IRMD. Credit Card and Retail Credit are assessed by the SMEF Unit of the Bank. Additionally, Internal Audit Department conducts on-site and off-site audit for all credits.

**Quantitative Disclosure****Total exposures of credit risk****A) Broken down by major types of credit exposure****Amounts in BDT**

a) Cash and cash equivalents	478,800,661
b) Claims on Bangladesh Government and Bangladesh	20,976,632,432
c) Claims on other sovereigns and 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 Govt. of Bangladesh) in BGD	-
g) Claims on Banks & NBFIs:	-
Maturity Over 3 Months	908,623,393
Maturity less than 3 Months	23,465,692,963
h) Claims on Corporate	47,882,083,042
i) Claims under Credit Risk Mitigation	3,931,777,132
j) Claims categorized as retail portfolio and small & medium enterprise (excluding consumer finance)	3,048,653,314
k) Consumer finance	165,348,692
l) Claims fully secured by residential property	524,851,202
m) Claims fully secured by commercial real estate	-
n) Past due loans/NPL	509,702,900
o) Investments in premises, plant and equipment and all other fixed assets	716,013,885
p) Claims on Fixed Assets under Operating Lease	-
q) All Other Assets	-
i) Claims on GoB and BB (Advance Income Tax)	6,278,858,640
ii) Staff loan/investments	164,648,516
iii) Other assets	469,462,935
r) Off-balance sheet items:	
Claims on Banks:	
Maturity Over 3 Months	37,786,103
Maturity less than 3 Months	35,280,432
Claims on corporate	4,312,894,957
Retail portfolio and small & medium enterprises	609,179,021
	<b>114,516,290,220</b>

**B. Geographical Distribution of Exposure****Amounts in BDT**

Category	Dhaka	Chattagram	Sylhet	Total
<b>Balance Sheet Items</b>				
Claims on sovereigns and central Banks	21,327,905,478	98,587,637	28,939,978	21,455,433,093
Claims on Banks and NBFIs	24,374,316,356	-	-	24,374,316,356
Claims on corporate	46,026,643,814	5,246,944,601	1,049,974,659	52,323,563,074
Claims on retail portfolio and consumer	3,706,001,754	22,316,349	10,535,105	3,738,853,208
Fixed assets	700,378,624	13,940,838	1,694,423	716,013,885
Staff loan	164,648,516	-	-	164,648,516
All other assets	942,892,759	5,804,302,286	1,126,530	6,748,321,575
<b>Total on balance sheet items</b>	<b>97,242,787,301</b>	<b>11,186,091,711</b>	<b>1,092,270,695</b>	<b>109,521,149,707</b>
<b>Off Balance Sheet Items</b>				
Claims on Banks	73,066,535	-	-	73,066,535
Claims on corporate	3,317,476,465	995,418,492	-	4,312,894,957
Claims on retail portfolio and consumer financ	488,554,163	120,624,858	-	609,179,021
<b>Total off balance sheet items</b>	<b>3,879,097,163</b>	<b>1,116,043,350</b>	<b>-</b>	<b>4,995,140,513</b>
<b>Total</b>	<b>101,121,884,464</b>	<b>12,302,135,061</b>	<b>1,092,270,695</b>	<b>114,516,290,220</b>

## C. Industry or Counterparty type distribution of exposures

Category	Amounts in BDT				
	Bank and NBFIs	Manufacturing industries	Retail & Consumer finance	Others	Total
<b>Balance Sheet Items</b>					
Claims on sovereigns	21,455,433,093	-	-	-	21,455,433,093
Claims on Banks and	24,374,316,356	-	-	-	24,374,316,356
Claims on corporate	-	52,323,563,074	-	-	52,323,563,074
Claims on retail portfolio	-	-	3,738,853,208	-	3,738,853,208
Fixed assets	-	-	-	716,013,885	716,013,885
Staff loan	-	-	-	164,648,516	164,648,516
All other assets	-	-	-	6,748,321,575	6,748,321,575
<b>Total on balance sheet</b>	<b>45,829,749,449</b>	<b>52,323,563,074</b>	<b>3,738,853,208</b>	<b>7,628,983,976</b>	<b>109,521,149,707</b>
<b>Off-balance sheet items</b>					
Claims on Banks	73,066,535	-	-	-	73,066,535
Claims on corporate	-	4,312,894,957	-	-	4,312,894,957
Claims on retail portfolio	-	-	609,179,021	-	609,179,021
Total off balance sheet	<b>73,066,535</b>	<b>4,312,894,957</b>	<b>609,179,021</b>	-	<b>4,995,140,513</b>
<b>Total</b>	<b>45,902,815,984</b>	<b>56,636,458,031</b>	<b>4,348,032,229</b>	<b>7,628,983,976</b>	<b>114,516,290,220</b>

## D. Residual Contractual Maturity

Residual contractual maturity	Amounts in BDT		
	Balance sheet items	Off-balance sheet items	Total
Up to 1 month maturity	49,019,104,103	795,675,833	49,814,779,936
1-3 months maturity	28,074,026,507	2,172,276,128	30,246,302,635
3-12 months maturity	20,465,491,616	1,583,968,578	22,049,460,194
1-5 years maturity	8,192,030,801	443,219,974	8,635,250,775
Above 5 years maturity	3,770,496,680	-	3,770,496,680
<b>Total</b>	<b>109,521,149,707</b>	<b>4,995,140,513</b>	<b>114,516,290,220</b>

## E. Major Industry or Counterparty Type (past due)

		Amounts in BDT
i) Amount of impaired / classified loans by major industry/ sector type		
Major industry/sector		
Bank and NBFIs		-
Manufacturing industries		-
Retail and Consumer finance		15,827,708
Others		437,789,962
<b>Total</b>		<b>453,617,670</b>
ii) Specific and general provision		
General provision		
Loans and advances		1,029,800,000
Off-Balance sheet items		250,200,000
		1,280,000,000
Specific provision		<b>320,181,377</b>
iii) Charges for specific allowance and charges-offs during the year		
Specific provisions made during the period		85,347,092
Write-back of excess specific provisions		(88,894,081)
<b>F) Gross non-performing assets ( NPAs)</b>		<b>453,617,670</b>
Total loans & advances		65,190,246,521
Non-performing loans and advances		<b>453,617,670</b>
Special mentioned account (SMA)		-
Sub-standard		12,698,628
Bad/ Loss		437,734,433
Non-Performing Assets (NPAs) to Outstanding Loans and advances		<b>0.70%</b>
<b>G) Movement of Non-Performing Assets ( NPAs)</b>		
Opening balance		645,187,223
Add: Addition during the year		(24,298,048)
Less: Reduction during the year		(167,571,505)
Closing balance		<b>453,617,670</b>
<b>H) Movement of specific provisions for NPAs</b>		
Opening balance		323,766,038
Add: Provisions made during the period		85,347,092
Add: Recovery of advance previously written-off		-
Less: Write-off		(37,672)
Less: Write-back of excess provisions		(88,894,081)
Closing balance		<b>320,181,377</b>

### 3.4 Equities: Disclosures for Banking Book Positions

#### Qualitative Disclosure

The Bank has no investments in quoted Shares. The Bank has only equity investments in Central Depository Bangladesh Limited (CDBL) shares as unquoted investment.

#### Quantitative Disclosures Details of Unquoted Investments

##### Banking Book Assets

Particulars	Number of shares	Face Value	Amounts in BDT	
			Cost	
CDBL Shares (Initial)	600,000	6,000,000	6,000,000	
Bonus received for the year 2009	600,000	6,000,000	-	
Purchased on October 14, 2010	341,666	3,416,660	3,416,660	
Bonus declared for the year 2010	1,200,000	12,000,000	-	
Bonus declared for the year 2011	685,417	6,854,170	-	
<b>Total of CDBL Shares</b>	<b>3,427,083</b>	<b>34,270,830</b>	<b>9,416,660</b>	

### 3.5 Interest rate risk in the Banking book (IRRBB)

#### Qualitative Disclosure

Interest rate risk refers to fluctuations in Bank's net interest income and the value of its assets and liabilities arising from internal and external factors.

Internal factors include the composition of the Bank's assets and liabilities, quality, maturity, interest rate and re-pricing period of deposits, borrowings, loans and investments.

#### External factors cover general economic conditions:

Interest rates volatility has impact on the Bank depending on balance sheet positioning. Interest rate risk is prevalent on both the assets as well as the liability sides of the Bank's balance sheet.

Assets - Liability Management Committee (ALCO) periodically monitors and controls the risks and returns, funding and deployment, setting Bank's lending and deposit rates, and directing the investment activities of the Bank. ALCO decides on the fixation of interest rates on both assets and liabilities after considering the macro or micro economic outlook - both global and domestic, as also the macro aspects like cost-benefit, financial inclusion and host of other factors.

#### Credit shock under Basel III (balance sheet exposure)

Magnitude of Shock	Amounts in BDT Crore		
	Minor	Moderate	Major
Weighted average yield on assets (%)	10.00	10.00	10.00
Total Assets	11,451.63	11,451.63	11,451.63
Total RWA before shock	4,803.78	4,803.78	4,803.78
Total increase in RWA after shock	83.60	167.19	250.76
Total increase Capital requirement after shock	8.36	16.72	25.08
Total RWA after shock	4,887.38	4,970.97	5,054.54
Eligible capital	2,223.93	2,223.93	2,223.93
Capital adequacy ratio after shock (%)	45.51	44.74	44.01
Capital adequacy ratio before shock (%)	46.30	46.30	46.30
Changes in CRAR (%)	(0.79)	(1.56)	(2.29)

#### Credit Shock under Basel III (Off Balance Sheet Exposure)

Magnitude of Shock	Amounts in BDT Crore		
	Minor	Moderate	Major
Weighted Average yield on assets (%)	10.00	10.00	10.00
Total Assets	11,451.63	11,451.63	11,451.63
Total RWA before shock	4,803.78	4,803.78	4,803.78
Total increase in RWA after shock	4.89	9.78	14.67
Total increase in capital requirement after shock	0.49	0.98	1.47
Total RWA after shock	4,808.67	4,813.56	4,818.45
Eligible capital	2,223.93	2,223.93	2,223.93
Capital Adequacy Ratio after shock (%)	46.25	46.21	46.16
Capital Adequacy Ratio before shock (%)	46.29	46.30	46.30
Changes in CRAR (%)	(0.05)	(0.09)	(0.14)

#### Combined Shock

Magnitude of Shock	Amounts in BDT Crore		
	Minor	Moderate	Major
Capital Adequacy Ratio before shock (%)	46.30	46.30	46.30
Decrease in the FSV of the collateral	-0.02	-0.04	-0.07
Increase in NPLs	-0.82	-2.97	-6.68
Negative shift in NPLs categories	-0.02	-0.36	-0.39
Interest rate	0.00	0.00	0.00
FEX: Currency appreciation	-0.07	-0.14	-0.21
Equity shock	0.00	0.00	-0.01
Total change	-0.93	-3.50	-7.36
CRAR after shock (%)	45.37	42.80	38.94



### 3.6 Market Risk

#### Qualitative Disclosure

Market risk is the risk of adverse revaluation or movement of any financial instrument as a consequence of changes in market prices or rates. Market risk exists in all trading, Banking and investment portfolios but for the purpose of this report, it is considered as a risk specific to trading book of the Bank.

The major types of market risk as specified in the Risk Based Capital Adequacy (RBCA) are as follows:

- i. Interest rate risk
- ii. Equity position risk
- iii. Foreign exchange risk and
- iv. Commodity risk

Among the above list the main type of market risk faced by the Bank are interest rate risk and foreign exchange risk. Bank Management committee of Bangladesh Operations has given significant attention to market risk in trading book, to assess the potential impact on the Bank's business due to the unprecedented volatility in financial markets.

#### Methods used to measure market risk:

According to Bangladesh Bank guideline, Commercial Bank of Ceylon PLC, Bangladesh Operation is presently following the standardized approach for market risk under Basel III.

#### Market risk management system and policies and processes for mitigating market risk:

Bank has an independent market risk framework to assess, manage and control the risk management function, which is responsible for measuring market risk exposures in accordance with prescribed policies, and monitoring and reporting these exposures against the approved limits on a regular basis according to Bank's appetite for market risk.

#### Interest rate risk

Interest Rate Risk (IRR) is a major source of market risk and is unavoidable in any financial institution where the re-pricing of assets and liabilities are not identically matched. The ALCO of Bangladesh Operations manages the potential impact, which might be caused by the volatility of changes in the market interest rates and yield curves.

The securities (Treasury bills/bonds) acquired with the intention to trade by taking advantage of short-term price and interest rate movement is classified under the trading book. The marked to market (MTM) of securities in the trading book is done at market value as per the Bangladesh Bank guidelines.

#### Foreign exchange risk

All foreign exchange exposures and related risks are reviewed by the ALCO monthly, which provides additional guidance to treasury dealing room in managing the risks. This is to ensure that any adverse exchange rate movements on the results of the Bank due to unhedged foreign exchange positions are restrained within acceptable parameters.

In addition to regular revaluation of spot position and forward positions, Value at Risk (VaR) is calculated/exercised for FX portfolio. VaR provides a single number to the management that reflects the maximum loss, which can occur within a confidence level over a certain period of time.

#### Market risk on Trading Book

Amounts in BDT

The capital requirements for:

- A. Interest Rate Risk
- B. Equity Position Risk
- C. Foreign Exchange Risk
- D. Commodity Risk

89,585,324
-
127,048,422
-
<b>216,633,746</b>

### 3.7 Operational risk

#### Qualitative disclosure

##### Views of BOD on system to reduce operational risk

Operational risk is inherent to all products, activities, processes and systems and is generated in all business and support areas. For this reason, all employees are responsible for managing and controlling the operational risks generated in their area of action. In order to reduce and manage the operational risk of the Bank, Management Committee has implemented the Operational Risk Management framework approved by the BOD.

##### Performance gap of executives and staffs

Performance of employees is critically important to achieve organizational goals. Bank has put in place a well defined performance management process which aims to clarify what is expected from its different level of employees as well as how it is to be achieved. At the beginning of a year objectives is communicated to the employees who includes what are expected from him/her during the ensuing period through their direct reporting heads. A half yearly and yearly performance appraisal practices are in place to review achievements based on which rewards and recognition decisions are made.

##### Potential external events

By its nature, Operational Risk cannot be totally eliminated. Like other Banks, our Bank also operates its business with few external risk factors relating to the socio-economic condition, political atmosphere, regulatory policy changes, technological changes, natural disaster, external frauds etc. However, Bank has established methodology which defines the Bank's approach in identifying, assessing, mitigating, monitoring and reporting such operational risks factors which may impact the achievement of the Bank's business objectives.

##### Policies and processes for mitigating operational risk

Operational Risk Management in the Bank is governed by the well-defined Operational Risk Management Policy that is clearly communicated across the Bank. Bank adopts three lines of defense for management of operational risk, the first line of defense represented by various heads of the departments, different business unit/or support unit; second line of defense is represented by the Operational Risk Unit under IRMD to oversee the operational risk management, and the third line of defense represented by Inspection & Audit Division which is challenge function to the first two lines of defense.

##### Approach for calculating capital charge for operational risk

Presently Bank is following the Basic Indicator Approach (BIA) for calculating its operational risk capital charge and at 31 December 2023 Bank's operational risk capital requirement was Tk. 104.98 crore which was adequately maintained.

#### Quantitative Disclosure

Amounts in BDT

Capital requirements for operational risk is

1,049,804,075

### 3.8 Liquidity ratio

#### Qualitative disclosure

##### Views of BOD on system to reduce liquidity risk

Banks in general are vulnerable to liquidity and solvency problems resulting from asset and liability mismatches. Therefore, the principle objective in liquidity risk management is to assess the need for funds to meet obligations and to ensure the availability of adequate funding to fulfil those needs at the appropriate time, both under normal and stressed conditions. In order to reduce and manage the liquidity risk of the Bank, MANCOM has implemented the liquidity risk management framework approved by the BOD.

##### Methods used to measure liquidity risk

Bank uses numerous methods to assess/measure its liquidity risk e.g. through gap analysis for maturity mismatch based on residual maturity in different time buckets as well as various liquidity ratios and management of the same is done within the prudential limits fixed thereon. Advance techniques such as stress testing, simulation, sensitivity analysis etc. are used on regular intervals to draw the contingency funding plan under different liquidity scenarios.

##### Liquidity risk management system

Bank continuously analyses and monitors its liquidity profile, maintains an adequate margin of safety in high quality liquid assets and access to diverse funding sources such as inter-Bank market, assets and investments available-for-sale and has contingency funding plan to meet liquidity requirements. Bank thereby ensures availability of adequate liquidity to fund its existing asset base and grow its business whilst maintaining sufficient liquidity buffers to operate smoothly under varying market conditions including any short-term, medium or long-term market disruptions.

##### Policies and processes for mitigating liquidity risk

Bank has put in place its Asset Liability Management Policy, Contingency Funding Plan duly approved by the board and ALCO is managing the liquidity risk of the Bank.

#### Quantitative Disclosure

Amounts in BDT

Liquidity coverage ratio  
 Net stable funding ratio  
 Stock of high quality liquid assets  
 Total net cash outflows over the next 30 calendar days  
 Available amount of stable funding  
 Required amount of stable funding

	1029.23%
	131.73%
	32,809,139,000
	3,187,736,366
	99,952,670,400
	75,877,292,400

### 3.9 Leverage ratio

#### Qualitative disclosure

##### Views of BOD on system to reduce excessive leverage

High leverage levels can lead to an excessive expansion of Bank asset size, which maximizes, in the short to medium term, Banks' return on equity. At the same time, leverage-fueled Bank capital structures increase Bankruptcy risk, since they are an important cause of Bank failures. Therefore, to reduce excessive leverage and to manage the overall asset-liability position, management has implemented BOD approved ALM framework within the Bank.

##### Policies and processes for managing excessive on and off-balance sheet leverage

Bank has clearly laid down policy and procedure to manage its exposure level (both on and off-balance sheet) enumerated in its Asset Liability Management policy. Leverage parameter of the policy acts as a credible supplementary measure to the risk based capital requirement to control the leverage of the Bank. This reflects Bank's tier 1 capital over total exposure of the Bank. Reference level of leverage ratio is currently 3% (minimum).

##### Approach for calculating exposure

Leverage ratio of the Bank is calculated in line with the RBCA Guideline of BB. As at 31st December 2023 Bank's leverage ratio was 14.95% and it was calculated as follows:

	Measured used	Description
Numerator	Tier 1 Capital	Tier 1 capital constitutes the components specified in the RBCA
Denominator	Exposure	This is an approximation to the credit risk exposure used for

#### Quantitative Disclosure

Leverage ratio (%)  
 On balance sheet exposure  
 Off balance sheet exposure  
 Total exposure  
 Less: Regulatory adjustments  
 Total exposure for the purpose of leverage ratio

#### Amounts in BDT

<b>14.95%</b>
135,329,975,469
4,995,140,513
140,325,115,982
147,790,341
<u>140,177,325,641</u>

### 3.10 Remuneration

#### Information relating to the bodies that oversee remuneration

The Bank is dedicated to uphold the principle of equality in offering our employees both career opportunities and competitive remuneration at an excellent working condition in compliance with relevant laws and rules. Considering the gravity of importance the Bank has a Human Resource Steering Committee reporting to the Management Committee, which oversee the remuneration related policies and practices under the direct supervision of Remuneration Committee at Head Office in Sri Lanka.

#### Name, composition and mandate of the main body overseeing remuneration.

Chief Executive Officer (CEO), Deputy Chief Executive Officer & Chief Operating Officer (DCEO & COO), Deputy Chief Executive Officer (DCEO) & Head of Corporate Banking, Chief Financial Officer (CFO) & Head of Human Resource administers the Banks remuneration policies. They play an independent role, operating as an overseer, and if necessary, make recommendations to the Board of Director (Sri Lanka) of the Bank for it's consideration and final approval for any remuneration related policy. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance based compensation.

#### External consultants whose advice has been sought, the body by which they were commissioned and in what areas of the remuneration process.

In 2015 to study the market situation and compare the salaries up to a certain level of employees the Bank had appointed Cerebrus Consultants Pt. Ltd., Mumbai, India. The Bangladesh Management of the Bank has commissioned this company.

#### A description of the scope of the Bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.

The Bank does not discriminate employees and/or differentiate employee remunerations by gender, nationality, religion, race, caste etc. The Bank even does not differentiate the remuneration considering the business lines and/or considering the functions known as revenue generating activities or revenue-prone work force. Bank maintains the same Remuneration Package and apply Human Resource policies for all of its branches, departments and Units.

**A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.**

Employees considered as material risk takers and as senior managers are:

Material Risk Takers	Composition	Number of
Senior Managers	Members of Management Committee (CEO, DCEO & COO, DCEO & Head of Corporate Banking, CFO, SAGM-HR, SAGM-PBK, AGM-CBK, Head of Treasury)	8
Other material risk takers	Head of Branches and SME Centres	17
	Head of Units, Corporate Banking	7
	Head of Departments, Units	14
<b>Total</b>		<b>46</b>

**Information relating to the design and structure of remuneration processes**

Bank is committed to maintain an equitable and consistent reward structure to ensure that employees' contributions to the business are recognized in different ways. This helps us to attract and retain staff while encouraging their efforts towards the achievement of the Bank's strategic goals. In view of that Bank is maintaining a fair remuneration policy in line with the Market Standard. Bank believes that employee remuneration should not be inconsistent with the market and the employees should be provided with the other standard benefits and facilities that commensurate the best in the industry. Bank has been maintaining the Objectives based Performance Appraisal of the employees and provides the annual increment and incentive bonus on the basis of their performance and achievement of objectives.

**The ways in which current and future risks are taken into account in the remuneration processes**

The overall compensation package and its structure have to be competitive, making it easier to attract, keep and reward the employees properly. While doing so Bank has considered the following key risks to implement remuneration measures:

- i. Staff turnover rate
- ii. Identifying the future leaders
- iii. Market standard of salary and benefits
- iv. Achievement of objectives leading the overall achievement of Bank's target
- v. Succession plan

Keeping in mind the above risk aspects Bank used to identify the potential employees i.e. the future leaders and arranges necessary training for those employees both at home and abroad. In a few cases the Bank also looked at accelerated career advancement of the employees who are identified as potential employees and shown the capacity as future leaders. Outstanding employees used to get Incentive bonus and salary increment at the rate of the best in the scheme which all together have impact on the remuneration as a

**The ways in which Bank seeks to link performance during a performance measurement period**

Annual budget of the Bank is the main growth factors for performance measurement such as Advance, Deposit and Profitability is being distributed among the top level business lines and individuals. On achievement of targets for these broad factors Bank achieves its growth in terms of revenue and size of balance sheet. Bank's overall success depends on the success of top level business lines and individuals. Following performance matrix is used to determine the level of Performance Rating of the individual:

O =	Outstanding	This person is an Outstanding Performer, is competent, committed, performance driven and is relatively better than a person rated "Excellent".
EX =	Excellent	This person is an Excellent Performer, regularly exceeds requirements in most significant aspects of the job and is relatively better than a person rated "Very Good"
VG =	Very Good	This person is rated as Very Good Performer, performs the job in a completely expectable manner and relatively better than a person rated "Good"
G =	Good	This person is rated as Good and relatively better than a person rated "Below Expectation"
BE =	Below Expectations	This person is rated as Below Expectations and relatively better than a person rated "Marginal"
Mq =	Marginal	This person is rated as Marginal and displays Marginal Performance as against others.

The employee performance is being evaluated on the basis of achievement of objectives set upon discussion between the job holder and the Supervisor at the beginning of the year on agreed basis. On achievement of targets of top level business lines and individuals Bank achieves the budgeted profitability and announces the annual incentive bonus which is known as Annual Performance Bonus. Any individual having proven achievements of targets get recognition through the Performance Ratings done by the Supervisor in agreement with the job holder. The higher the ratings are the higher the Bonuses are paid and Increments are awarded. This process is being carried out each and every year while accomplishing the Annual Performance Appraisal.

**Different forms of variable remuneration**

Bank's overall remuneration can be bifurcated in to two groups i.e. fixed remuneration and variable remuneration. Variable remuneration is comprised of the performance bonus and the rate of salary increment decided based on the performance rating of the employee for the preceding year.

**Quantitative Disclosure**

Quantitative disclosures reflect remuneration payment for senior managers and material risk takers of the Bank during the financial year.

Number of meetings held by the main body overseeing remuneration during the financial year	3
Remuneration paid to the member of the main body overseeing remuneration during the financial year	Nil*

\*We do not have any system of paying remuneration for attending meeting

Particulars	No. of employee	Amounts in BDT
Variable remuneration awarded	44	81,227,472
Guaranteed bonuses awarded	46	13,767,555
Sign-on awards	-	-
Severance payments	-	-

Particulars	BDT
Outstanding deferred remuneration:	
Cash	-
Shares and share-linked instruments and	-
Other forms	-
Deferred remuneration paid out	-

Details of remuneration awards	Cash	Shares and share-linked instruments	Other forms
Fixed	170,492,005		-
Variable	81,227,472		-
Deferred and non-deferred	-		-

Employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration.

Particulars	BDT
Total amount of outstanding for deferred remuneration and retained remuneration exposed to ex-post explicit	-
Total amount of reductions during the financial year due to ex-post explicit adjustments	-

**Commercial Bank of Ceylon PLC - Bangladesh Operations**  
**Schedule of Fixed assets including premises, furniture and fixtures**  
**As at 31 December 2023**

Asset category	Cost				Rate (%)	Depreciation				Amount in BDT
	Opening balance as on 01 Jan 2023	Addition during the year	Disposal/ adjustment during the year	Total balance as at 31 Dec 2023		Opening balance as on 01 Jan 2023	Charge for the year	On disposal/ adjustment	Total balance as at 31 Dec 2023	Written down value at 31 Dec 2023
Furniture and fixtures	56,636,390	4,457,048	(2,121,773)	58,971,665	10	49,452,555	1,405,636	(2,103,987)	48,754,204	10,217,461
Interior decorations	100,419,800	24,114,150	(18,659,293)	105,874,657	20	87,755,278	7,128,222	(18,599,181)	76,284,319	29,590,338
Equipment and computers	203,968,240	82,443,949	(4,621,512)	281,790,677	20	168,830,951	17,510,432	(4,343,691)	181,997,692	99,792,985
Computer software	69,929,661	10,143,759	-	80,073,420	20	45,975,227	9,705,121	-	55,680,348	24,393,072
Motor vehicles	42,178,349	-	(1)	42,178,348	20	39,124,531	2,469,493	-	41,594,024	584,324
Right of use asset	1,187,896,247	24,201,361	-	1,212,097,608	-	527,998,291	132,663,612	-	660,661,903	551,435,705
<b>Total at 31 December 2022</b>	<b>1,661,028,687</b>	<b>145,360,267</b>	<b>(25,402,579)</b>	<b>1,780,986,375</b>		<b>919,136,833</b>	<b>170,882,516</b>	<b>(25,046,859)</b>	<b>1,064,972,490</b>	<b>716,013,885</b>
<b>Total at 31 December 2022</b>	<b>1,600,324,610</b>	<b>81,348,366</b>	<b>(20,644,289)</b>	<b>1,661,028,687</b>		<b>763,740,388</b>	<b>175,993,375</b>	<b>(20,596,930)</b>	<b>919,136,833</b>	<b>741,891,854</b>