

ANNUAL REPORT 2022

TODAY. TOMORROW. TOGETHER



OUR COMMITTED JOURNEY
TOWARDS
SUSTAINABLE TOMORROW



CITIZENS BANK
TODAY · TOMORROW · TOGETHER

www.citizensbankbd.com

REMEMBRANCE



Jahanara Huq

First Designated Chairperson

On this monumental occasion of 2nd Annual General Meeting of the Bank, we remember with profound sense of gratitude Late Jahanara Huq, our most respected first designated Chairperson for her inspirational stewardship at it's formative stage.



CITIZENS BANK

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The logo of Citizens Bank is formed with a typography of 'Citizens Bank' in a clean and subtle font and an icon above the logo that creates an infinity sign with the letter's 'C' & 'B' being the acronym of our bank's generic name. The logo testifies our impeccable commitment to explore the immense possibilities of the financial eco-system with the spirit of togetherness all along.

LETTER OF TRANSMITTAL

All Sponsor Shareholders of Citizens Bank PLC
Bangladesh Bank
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms

Dear Sir(s)

Annual Report of Citizens Bank PLC for the year ended on 31st December 2022.

This is a matter of immense pleasure to present the Annual Report of the Bank together with the Audited Financial Statements for the year ended December 31, 2022 of our bank. The Annual Report - 2022 of the Bank comprises Balance Sheet, Profit & Loss Account, Statement of Change in Equity, Cash flow Statement along with the notes (as required to ensure fair disclosures) for kind information and record of our honorable members of the Board, respected Shareholders/stakeholders.

With best regards

Sincerely yours,



Md. Waheed Imam
EVP & Company Secretary

TABLE OF CONTENTS

Corporate Profile	05
Banks Roadmap	06
Code of Conduct	10
Shareholding Composition	12
Board Composition	13
Directors' Profile	14
Committee Constituted under the Board of Directors	28
Message from the Chairperson	30
Message from the Managing Director & CEO	32
Senior Management Team	35
Directors' Report	36
Performance at a Glance	42
Credit Rating	49
Directors' Statement of Responsibilities	50
Risk Management Process	51
Pillar 3: Market Discipline.....	59
Management Review	78
Declaration by Managing Director & CEO and Chief Financial Officer (CFO)	88
Independents Auditors Report	90
Financial Statements	95
Key Events of the Bank.....	132
Notice of 2 nd Annual General Meeting	142

CORPORATE PROFILE



Name of the Company	Citizens Bank PLC
Legal Status	Public Limited Company
Date of Incorporation	December 13, 2020
Date of Commencement of Business	December 13, 2020
Registration No.	C-166595/2020 on December 13, 2020
Authorized Capital	Tk. 1000.00 Crore
Paid up Capital	Tk. 400.00 Crore
Chairman	Mrs. Towfika Aftab
Chairman, Executive Committee	Mr. Masuduzzaman Representative of Modele De Capital Ind. Ltd.
Chairman, Risk Management Committee	Mr. Chowdhury Mohammed Hanif Shoeb
Chairman, Audit Committee	Mr. N K A Mobin FCS, FCA
Managing Director	Mr. Mohammad Masoom
Company Secretary	Mr. Md. Waheed Imam
Chief Financial Officer	Mr. Mohammad Saiful Islam, FCMA, ACA
Registered Office	Chini Shilpa Bhaban-2, 76 Motijheel C/A, Dhaka - 1000, Bangladesh
Statutory Auditor	M/s. A. Qasem & Co., Chartered Accountants
e-TIN	768425977263
BIN	003610432-0202
Credit Rating Agency	Credit Rating Information & Services Limited
Website	www.citizensbankbd.com
SWIFT Code	CIZSBDDH
e-Mail	info@citizensbankbd.com
Trading Symbol	CZB



OUR ROADMAP





VISION



To be the most preferred bank of first ranking choice in the industry.

To become one of the finest banking financial institutions in terms of Compliance status on all the regulatory issues.

Our underlying motto is to ensure financial welfare of our valued clients across the different segments through a wide range of financial products & services.

To ensure sustainability of performance in all the core areas of banking operations.

To protect and promote the interest of our most valued depositors as their safest custodian.

Maximization of the value of investment of our shareholders and uphold their interest at any cost.

Our bank will be the tech-savvy one ensuring a well-equipped, structured and secured ICT system. We believe the accepted level of convergence of process, people and technology will create an enabling environment for success.



MISSION

To explore and exploit all the avenues by leveraging the existing and emerging opportunities as well as adoption of updated fin-tech to provide hassle free customized banking services in a very cost efficient manner.

To carve a competitive and distinctive position in the banking industry.

We aspire to acquire and uphold the trust of our constituents/ stake holders by maintaining the highest possible ethical standard.

To build up sound, well diversified, sustainably performing Credit Risk portfolio with constant effort to restrain the growth of NPLs treating it as the corrosive factor for the financial health of the bank.

To build up a strong risk management culture.

We shall continue our relentless efforts to protect, promote and uphold the interest of our clients/depositors, towards creation of economic value proposition and shall always remain systemically responsible for our promoters and shareholders as well as other stakeholders.



CORE VALUES

Integrity – We say what we do; we do what we say.

Team – Our essence of success is togetherness.

Respect – We want to be courteous and cordial for all our stakeholders.

Accountability – We take ownership of responsibility with transparency.

Community – We are involved in every spheres of overall wellbeing of our society and nation at large and intend to be the proud partner of it.

Service – We intend to deliver excellent & customized financial services/solutions.

CODE OF CONDUCT AND ETHICAL GUIDELINES



The code of conduct sets the principles for the employees of all levels to keep uphold and promote the interests of this institution. The ultimate and firm objective of this Code of Conducts is to ensure integrity, high ethical standards, due skill, care and diligence of employees in all of their business and allied activities.

The Code of Conduct should be used as an important reference point for employees when they are personally resolving any ethical issue that they may encounter. The Code applies to all employees of Citizens Bank PLC. in their decisions and activities within the scope of employment, or when representing the Bank in any capacity.

Our Stakeholders

- Government and Regulators
- Investors, Beneficiaries, Analysts/Researchers and External Auditors
- Customers and Clients
- Staff and staff associations/clubs

Professional and Institutional Obligations

For attaining and upholding public attention and customer/users and stakeholders' confidence, Citizens Bank PLC. will make it sure that each of their employees perform their assigned job with utmost honesty and integrity, along with highest professional attitude and aptitude. Each member of all categories must be firm in their performance for the benefits of their organization and must avoid conflict of interest.

Responsibility

Citizens Bank PLC. shall preserve the lawful benefits and interests of their shareholders. Fulfill its responsibility towards customers to satisfy their needs efficiently. All banking Responsibility and other Community financial activities of Citizens Bank PLC. shall comply with the recognized/established legal, regulatory, as well as social/community norms, customs and values. Environmental and climatic protections are among the most pressing global challenges of the time. All of these are to be taken into account in all areas of lending/financing.

Property and Information of Bank

Key responsibility of Citizens Bank PLC. is to protect and safeguard the organization's property, not to use it for personal purposes/gain use. Citizens Bank PLC shall take reasonable care to keep secure its information from unauthorized disclosure and exchange. Any confidential information it receives on clients, or any details of the transactions of its clients shall be preserved with utmost security.

Conflicts of Interest

The conflict of interest is often a very strong hurdle on the way of implementation of national integrity strategy. When an employee thinks of his/her personal interest from his/her official position, a question of

conflict of interest arises. The statute allows him/her to serve his/her own gain, or interest at the cost of employing institution or the state. It is a statutory as well as an ethical obligation for an employee to keep himself/herself away the personal interest.

Acceptance of Gifts

No employee of the Bank shall, without prior permission of the competent authority, accepts by him/herself, or permit any of his/her family member to accept any gift from any person that make him/her obligated in official position to the gift providers.

Fair Treatment of Counter-parties

All relationships with external counter parties should be conducted in professional and impartial manner. Employee should commit to fair contract and payment terms with them in return of good service at a good price supplied; in a responsible manner. Negotiations with customers and potential customers shall be conducted in a professional manner and subsequently comparison of cost & benefit to be presented to the competent authority.

Anti-Money Laundering

Citizens Bank PLC. shall not do business with drug traffickers, money launderers and other criminals. Employees shall exercise requisite diligence in selecting those with customers/counter-parties while conducting business. They shall adhere to processes in place for checking the credit and character of customers and counter parties. These processes ensure customer's due diligence and ongoing monitoring of their customers to detect suspicious transactions during the entire period of the relationship.

Working Environment

Adequate attention is always accorded to the health and safety of the employees, i.e. deployment of both physical and technical surveillance on premises to minimize possible threats to security. All employees of the Bank are responsible to keep the workplace friendly, congenial, transparent, free from harassment & corruption etc. and ensure the cohesiveness among the colleagues.

Compliance with Laws, Rules and Regulations

Employees of Citizens Bank PLC. shall comply the laws, rules and regulations governing the Organization's business vis-à-vis regulatory bodies. No individual is expected to know the details of all applicable laws, rules and regulations, but individuals shall be knowledgeable about specific laws, rules and regulations that apply to their areas of duties and responsibility.

Fair Treatment of Customers

Treating customers fairly and without prejudice fosters good rapport and helps to build long-term sustainable business relationships. Moreover, in the advent of global financial crisis, both local and global law-makers and regulators are increasingly focusing on ensuring that Bank employ fair practices in dealing with customers.

Transparency and Accuracy of Financial, Tax and other Reporting

Banks shall ensure that their reports and communication is true, complete and accurate and shall not be misleading. Citizens Bank PLC. will maintain transparency in the business operations and dealings with clients, stakeholders and regulators.

SHAREHOLDING COMPOSITION

SL	Name of Sponsor Shareholders	Number of Shares	% of Shareholdings
01	Mr. Anisul Huq	40,000,000	10.00%
02	Mr. Mohammed Iqbal	40,000,000	10.00%
03	Arif Knitspin Limited represented by Mr. Mukhlesur Rahman	40,000,000	10.00%
04	Modele De Capital Ind. Ltd. represented by Mr. Masuduzzaman	40,000,000	10.00%
05	Pakiza Cotton Spinning Mills (Pvt) Ltd represented by Mr. Rakibul Islam Khan	40,000,000	10.00%
06	NRG Hometex Ltd represented by Ms. Tajkia Rahman	40,000,000	10.00%
07	Mr. Mohammad Abdul Salam	40,000,000	10.00%
08	Mr. Chowdhury Mohammed Hanif Shoeb	40,000,000	10.00%
09	Rahimaaziz Knitspin Ltd. represented by Mr. S M Shofiqul Hoq	40,000,000	10.00%
10	Mr. Sk. Md. Iftekharul Islam	20,000,000	5.00%
11	Mrs. Zebunnessa Begum Huq	10,000,000	2.50%
12	Mrs. Towfika Aftab	5,000,000	1.25%
13	Mrs. Shafia Alam	5,000,000	1.25%
Total Number of Shares & % Shareholding		400,000,000	100.00%

BOARD COMPOSITION



Mrs. Towfika Aftab
Chairperson

Mr. Mohammed Iqbal
Director



Mr. Mukhlesur Rahman
Director



Mr. Masuduzzaman
Director



Ms. Tajkia Rahman
Director



Mr. Mohammad Abdul Salam
Director



Mr. Chowdhury Mohammed Hanif Shoeb
Director



Mr. S M Shofiqul Hoq
Director



Mr. Sk. Md. Iftekharul Islam
Director



Mrs. Zebunnessa Begum Huq
Director



Mrs. Shafia Alam
Director



Mr. N K A Mobin FCS, FCA
Independent Director



Mr. Mohammad Masoom
Managing Director & CEO





**BOARD OF
DIRECTORS**



PROFILE OF THE DIRECTORS



Mrs. Towfika Aftab

Chairperson, Citizens Bank PLC

Mrs. Towfika Aftab one of the sponsor Directors of Citizens Bank PLC., who had been unanimously elected as the chairman of the Bank. She obtained master's degree in political science and LLB from Dhaka University.

Being a Lawyer by profession, she has been serving the country for last 27 years with utmost loyalty, honesty and sincerity. In recognition of her immense contribution to promote the cause of human rights she was appointed as honorable member of National Human Rights Commission in 2019 by His excellency honorable President of Bangladesh.

She carried out onerous responsibility as a Government appointed legal prosecutor of Bangabandhu and four national leaders murder cases.

To provide the legal assistance to the deprived and helpless prisoners she founded by her own initiative a charitable and nonpolitical organization named as Legal Assistance to Helpless Prisoners and Persons (LAHP). Under her dynamic and proactive advocacy as many as 1000 prisoners got released on bail until December, 2019.

Mrs. Aftab has been the founder chairman of Athnica School and College for the long sixteen years which happens to be the well-established academic institution of high standard dedicated to implement the English version education program befitting the demand of the modern time.

She is also renowned for her social works and has been associated in many charitable activities countrywide and also closely linked up with Inner Wheel, a widely recognized international Women's voluntary organization.

PROFILE OF THE DIRECTORS



Mr. Mohammed Iqbal
Director, Citizens Bank PLC

Mr. Mohammed Iqbal a leading businessman in the readymade garments sector of our country who happens to be one of the Sponsor Directors of Citizens Bank PLC. Mr. Iqbal has a good reputation for his dynamic & proactive role to promote the interest of the country's export-oriented garments industry.

He is currently Chairman & Managing Director of BHIS Fashions Limited, CN Knit Wears Limited and Bright Apparels Limited.

PROFILE OF THE DIRECTORS



Mr. Mukhlesur Rahman

Director, Citizens Bank PLC

Mr. Mukhlesur Rahman is a nominated director of Arif Knitspin Limited a prominent concern of NR Group.

Mr. Mukhlesur Rahman is one of the leading and pioneer businessmen in the garments and textiles sector of the country. In recognition of his enormous contribution to promote the readymade garments export of the country he had received President's Export Trophy and the National Export Trophy by the Government of the People's Republic of Bangladesh for 10 (ten) consecutive years.

PROFILE OF THE DIRECTORS



Mr. Masduzzaman
Director, Citizens Bank PLC

Mr. Masduzzaman is a renowned business person and one of the Sponsor Directors of Citizens Bank PLC. Having long 25 years' experience and exposures in the country's RMG sector. He has expertise in areas ranging from business innovation to trade facilitation, policy negotiation, market development, business operation and strategic management with in depth knowledge in fact finding and analytics.

Being an entrepreneur, he has created many businesses from start up to millions USD in annual exports through dynamic leadership, quick decision making, innovative strategies and international recognition and access. His diversified life embraces with skill and success that has been flourishing in many other aspects in social restoration and humanitarian ground along with sports and entertainments. His profound CSR activities and vision towards the community established him as a dynamic change maker with outstanding inspiring abilities. Combining all achievements of him shaped his business excellence and brought him recognition as a country resource person for business stakes and national endeavors for export growth and strategies.

He is the founder Managing Director of Modele De Capital Ind. Ltd., Goumati Knitwears Ltd., Rhine Dress Ltd., Sadia Fashion Wears Ltd. Besides he is also the Proprietor of the backward linkage industries for textiles namely Embro Arch, Ocean Color, Step To...Rainbow, Atlantic Accessories, Sadia Packaging & Accessories and Keyama Color. His commitment to the country inspired him to create a luxury fashion brand SOLASTA, premium facility for food lovers 'Court Dandy' and supreme Coffee Station 'Café Sao Paulo'. He is also the founder of Safer Holdings Limited, an upcoming infrastructure development company. It is mentionable that, as many as 13,000 employees of different categories are employed in different enterprises own by Mr. Masduzzaman.

He takes keen interest to promote the games and sports of the country and provides significant financial support to the different sports and games-oriented organizations.

- He became Commercially Important Person (CIP) by the Government for five consecutive times in recognition outstanding feat of performance in the arena of exports.
- Ex-Vice President of Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA).
- Ex-Director, France Bangladesh Chamber of Commerce & Industries (BFCCI).
- Senior Vice Chairman to Cricket Committee of Dhaka Metropolis (CCDM) formed by Bangladesh Cricket Board (BCB).
- Director & (Chairman Cricket Committee) of the Mohammedan Sporting Club, country's largest sporting club.
- President of the Mohammadpur Cricket Club.

He holds the memberships of following elite clubs as well:

- Uttara Club, Dhaka
- Dhaka Club, Dhaka
- Army Golf Club, Dhaka

Personally, he is a very religious person and leads a harmonious life.

PROFILE OF THE DIRECTORS



Ms. Tajkia Rahman
Director, Citizens Bank PLC

Ms. Tajkia Rahman is a nominated director of NRG Hometex Limited a leading-edge concern in the area of home textiles.

Ms. Tajkia Rahman completed schooling in Australia along with her graduation from Macquarie Graduate School of Management, New South Wales, Australia. After completion of her studies, she started her career as a Director and Chairperson of NRG Hometex Limited and A.R.Vortex Spinning Limited and her contribution to accelerate the growth of the company has been well acclaimed.

PROFILE OF THE DIRECTORS



Mr. Mohammad Abdul Salam
Director, Citizens Bank PLC

Mr. Mohammad Abdul Salam is a Sponsor Director of Citizens Bank PLC. He is a self-motivated and resourceful businessman in the spinning sector with over 45 years of progressive experience. He has got proven ability to develop and strengthen management teams in order to maximize company profitability, efficiency and productivity. He has got extensive exposure in the yarn manufacturing, textiles and agri sector. His flagship company M/S. Multazim Spinning Mills Ltd. is one of the bulk manufacturers of yarn and supply of fabrics to the different export-oriented concerns. Mr. Salam is in the leading string of following companies:

1. Matam Fibre Mills Ltd.
2. Matam Multi Fibre Mills Ltd.
3. Echo Cotton Mills Ltd.
4. A.S.F. Real Estate Ltd.
5. Multazim Textiles Mills Ltd.

He has contributed enormously to promote backward linkage industries of the country for boosting up export earnings significantly through value added products.

PROFILE OF THE DIRECTORS



Mr. Chowdhury Mohammed Hanif Shoeb
Director, Citizens Bank PLC

Mr. Chowdhury Mohammed Hanif Shoeb is one of the Sponsor Directors of Citizens Bank PLC. having long 29 years' experience and exposures in the country's textiles sector. Mr. Shoeb comes of a very respected muslim family of Narayangonj.

Mr. Chowdhury is the CEO & Managing Director of good number of enterprises of Salma Group and the group has occupied a distinctive position as the bulk importer of Raw Cottons and the leading-edge yarn producer of the country. The huge success of Salma Group bears the ample testimony of his dynamic leadership and progressive mindset.

Mr. Chowdhury is also directly involved with different social welfare oriented and philanthropic organizations. He is directly associated as an active member of Federation of Bangladesh Chambers of Commerce & Industries (FBCCI), Bangladesh Textile Mills Association (BTMA), Dhaka Club Ltd., Gulshan Club Ltd., Kurmitola Golf Club, Army Golf Club, Narayangonj Club Ltd., etc.

PROFILE OF THE DIRECTORS



Mr. S M Shofiqul Hoq
Director, Citizens Bank PLC

Mr. S M Shofiqul Hoq is a representative of Rahimaaziz Knitspin Limited which is one of the Sponsor Directors of Citizens Bank PLC.

Mr. Hoq is the General Manager (Procurement) of Arif Knitspin Limited is a highly experienced professional in the textile industry. Being a graduate from University of Dhaka on Finance and Banking, he started his career in Arif Knitspin Limited as Assistant Manager in the year 2004 and subsequently became General Manger in the year 2017. He has expertise in foreign procurement and marketing.

PROFILE OF THE DIRECTORS



Mr. Sk. Md. Iftekharul Islam
Director, Citizens Bank PLC

Barrister Sk. Md. Iftekharul Islam is one of the Sponsor Directors of Citizens Bank PLC. He is a very young and forward-looking person having strategic bent of mind to provide time befitting policy guidelines. Mr. Islam did his BBA (major in HRM) from North South University. He obtained LLB Honor's from University of London and completed Bar-At-Law degree from Cardiff University, Wales, UK. By this time, he has proved himself as a very prolific legal professional. And now he is an active member of Serajul Huq's Associates being the most reputed law chamber of the country. He takes keen interest on different issues related to banking and finance.

PROFILE OF THE DIRECTORS



Mrs. Zebunnessa Begum Huq is the sponsor Director of Citizens Bank PLC. She is a business entrepreneur by profession and Chairman of Axim Bangladesh Limited. She has good reputation as an agile and proactive entrepreneur having business acumen and exposures in the ICT sector of the country.

Mrs. Zebunnessa Begum Huq
Director, Citizens Bank PLC

PROFILE OF THE DIRECTORS



Mrs. Shafia Alam
Director, Citizens Bank PLC

Mrs. Shafia Alam is a Sponsor Director of Citizens Bank PLC. She is a proactive entrepreneur and one of the Directors of Rhine Dress Limited, a 100 percent export-oriented Garments Factory.

She is also associated with different social welfare oriented and philanthropic organizations.

PROFILE OF THE DIRECTORS



Mr. N K A Mobin FCS, FCA
Independent Director

Mr. N K A Mobin FCS, FCA, is an Independent Director of Citizens Bank PLC. He is the Managing Director & CEO and one of the sponsored Directors of Emerging Credit Rating Ltd. (ECRL) licensed by BSEC. Professionally a Chartered Accountant and the fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB) since 1992, he completed his article ship from Rahman Rahman Huq/KPMG, Chartered Accountants. He is currently the Council member and Vice President (Education & Examination) of ICAB. He is also the fellow member of the Institute of Chartered Secretaries of Bangladesh (ICSB). He has 26 years job experience in the field of Finance, Accounting, Taxation, System Design, Implementation of computerized Accounting and Management (ERP) system in 4 multinational companies including Grameenphone Ltd. where he was the Director Finance, Administration and Company Secretary for 11 years. He is currently the Board member of MJL Bangladesh Ltd., Unique Hotel & Resorts Ltd. (Westin and Sheraton), Bangladesh Submarine Cables Company Ltd., Heidelberg Cement Bangladesh Limited and Peoples Leasing & Financial Services Ltd.

PROFILE OF THE DIRECTORS



Mr. Mohammad Masoom
Managing Director & CEO, Citizens Bank PLC

Mr. Mohammad Masoom, Managing Director and Chief Executive Officer of Citizens Bank PLC. has got over three decades of hands on experience in the banking sector and he served country's leading banks and financial institutions in important positions. He has to his credit extensive expertise and exposures in different core risk areas of bank management having good reputation for professional acumen/strategic bent of mind. Prior to joining Citizens Bank he served in the Midland Bank as Additional Managing Director. He also served as Managing Director & CEO of Bangladesh Finance. Besides he served in Mercantile Bank as Deputy Managing Director prior to joining Bangladesh Finance.

Mr. Masoom obtained B.S.S. (Hon's) and M.S.S. in Public Administration from University of Dhaka. He also completed Post Graduation Diploma (PGD) in development planning from Academy for Planning and Development under the Ministry of Planning and also secured post-graduation in Human Resource Management (HRM) from erstwhile BMDC now Bangladesh Institute of Management (BIM). He participated in "Trainers Training Program" conducted by Bangladesh Bank and selected as trainer for conducting outreach training programs. He also participated in the significant number of professional training programs and seminars on different areas of banking and core risks management both at home and abroad. He used to contribute articles to the national dailies on different issues related to banking and finance.

COMMITTEES CONSTITUTED UNDER THE BOARD OF DIRECTORS OF THE BANK

EXECUTIVE COMMITTEE



Mr. Masduzzaman

Chairman
Representative of Modele De Capital Ind. Ltd.



Mrs. Towfika Aftab

Member



Mr. Chowdhury Mohammed Hanif Shoeb

Member



Mr. Sk. Md. Iftekharul Islam

Member

COMMITTEES CONSTITUTED UNDER THE BOARD OF DIRECTORS OF THE BANK

RISK MANAGEMENT COMMITTEE



Mr. Chowdhury Mohammed Hanif Shoeb
Chairman



Mr. S M Shofiqul Hoq
Member



Mr. N K A Mobin FCS, FCA
Member

AUDIT COMMITTEE



Mr. N K A Mobin FCS, FCA
Chairman



Mr. Mohammed Iqbal
Member



Mr. S M Shofiqul Hoq
Member

TOWFIKA AFTAB

CHAIRPERSON

BOARD OF DIRECTORS



MESSAGE FROM THE CHAIRPERSON

DEAR RESPECTED SHARE HOLDERS,

We have in the meanwhile very successfully completed our first anniversary of Banking business operations being 61st Bank in the banking landscape of the country. From the very beginning we discovered ourselves in the challenging situation but by the grace of the Almighty and with the sincere cooperation of my colleagues on the Board and the proactive role of the management had made it possible for us to navigate our newly born bank in the right direction. There is no scope for complacency as I consider even more rigorous efforts are required to make our position competitive in the face of stiffly competitive scenario.

I recollect the support of the members of the Board of Directors and Shareholders for their wholehearted cooperation and unstinted support so far been extended to me to play my role as the chairman of the Board of Director. I am well convinced regarding the acumen and realistic mindset of the Board members which happen to be the critically important factor to take time worthy and pragmatic policy decisions for the prudent management of the bank. In the banking industry as I perceive that there is a dearth of confidence and trust. At the outset of our journey we have articulated our vision, mission and values that we want to nurture and cultivate in our day to day activities and which bear paramount importance to ensure sustainable and lasting growth of the bank. Banking industry by nature happens to be very sensitive one and systemically important institution so any mishap or untoward incident in any financial institution cast adverse impact on the overall banking industry.

So, this is my suggestion specially to the management for ensuring exceptionally good risk management and compliance culture in the bank to avert any unbecoming situation keeping it in mind acquiring the confidence of wider section of clientele across the different segments is more important than the monetary capital. We shall remain steadfastly alive that our activities and action shall not create any ground for incurring bad reputation from any quarters.

I am happy to learn that our bank in the meanwhile is well prepared to entertain foreign exchange related business transactions that include imports, exports and scouting of homebound remittances from the Bangladeshi diaspora. On this occasion of our 2nd Annual General Meeting I advise the management to give renewed focus on promoting the quality of services by offering multidimensional superior value-added financial products and to broaden the clientele base which is pivotal for building up sustainably balanced business profile for the bank.

We stay focused to convert the Citizens Bank into one of the most acceptable and preferred financial institution of the country. In sync with our objective we want to prioritize on three critically important components as, I consider, to be the spring board for our success and growth with sustainability.

- A. Good corporate governance wherein compliance issues will get preponderance.
- B. To ensure the financial welfare/wellbeing of our clientele as we want to be always together.
- C. Maximum extent of transparency on all our banking transactions.

I am confident that, in the coming years, keeping pace with the ever changing electronic and digital advancement, our Bank will be able to provide vast array of innovative products in a very much customer friendly manner. Moreover, we shall be relentless in our efforts to explore the avenues of our banking services by way of strengthening our relationships with the targeted segment(s) of customers through delivering right financial solutions coupled with professional zeal.

I firmly believe that the bank under the corporate leadership of its managing director and by dint of performance-oriented relentless efforts of all other team members shall definitely make it possible for us to reach our destined goal post.



Towfika Aftab
Chairperson
Board of Directors

MOHAMMAD MASOOM
MANAGING DIRECTOR & CEO



MESSAGE FROM THE MD & CEO

Dear Respected Shareholders,

This is a matter of immense pleasure to say a few words on this august occasion to express my views regarding Citizens Bank as it's Managing Director & CEO, as you are well aware that in the meanwhile we have crossed first year of our journey in a successful manner and our attainments on different frontiers of our banking operations absorbing limitations are in no way negligible rather I should say appreciable. From the very inception we have discovered ourselves in the challenging situation but by the grace of the Almighty we have navigated the situation satisfactorily. I take this opportunity to convey my deep sense of gratitude to our honorable Chairperson and all other honorable members of the Board for their prudent and time worthy policy guidance. I also acknowledge my debt of gratitude to our respected sponsor shareholder Mr. Anisul Huq for his precious and inspirational guidance extended to us from time to time very much silently but in a concrete manner to make our journey smoother which I should say acts as a beckoning light for us all along.

Here I have endeavored to highlight our attainments for being a full-fledged schedule commercial bank and now we are well poised to deliver full range of banking services. We successfully inaugurated 6 branches at Motijheel, Nayanpur Bazar, Narayangonj, Gulshan, Seedstore Bazar & Sonakanda within the time span of 6 months in line with the deadline (s) prescribed by Bangladesh Bank despite the multifaced challenges around us.

To facilitate foreign exchange related cross border transactions, we obtained authorized dealer licenses for Principal Branch and Head Office. In the process we were required to meet some mandatory

procedural requirements, the mentionable ones are:

- Several certifications, registrations, licensing and compliance documentation, such as FATCA (The Foreign Account Tax Compliance Act), D-U-N-S(Data Universal Numbering System), Wolfsberg CBDDQ, W-8BEN-E, USA Patriot Act Certificate.
- RMA (Relationship Management Application) with as many as 40 banks based in India, China, Singapore, USA, UK and Bangladesh.
- We have opened Nostro Account for ACU Dollar with Sonali Bank & AB Bank India, Sonali Bangladesh UK Limited in USD, GBP & EUR in UK, Habib American Bank, NY, USA in USD.
- For scouting of homebound remittances from the Bangladeshi diaspora and we have in the meanwhile signed up two renowned exchange house Ria Financial Service USA and NEC, Italy under our umbrella and agreement with MoneyGram, Western Union, Placid, Prabhu Money Transfer, Marchanttrade Asia have been under process.

We have successfully implemented e-tendering related services through e-GP portal in collaboration with CPTU (Central Procurement Technical Unit), IMED (Implementation, Monitoring, Evaluation Department), Ministry of Planning.

From the very beginning we have attached utmost importance to make this bank as a tech savvy one and from the first day of our operations, we succeeded to deliver IT enabled real time payment settlement services by leveraging fin-techs, the mentionable ones happen to be BACH, BEFTN, RTGS and NPSB. We launched

MESSAGE FROM THE MD & CEO

"Citizens Fast" internet banking and Mobile Apps with value added array of services in alignment with BEFTN, RTGS, NPSB, bKash, Nagad etc. In this case we are very much relentless in our effort to deliver hassle free end-to-end services to the wider section of our clientele.

Building up sound and stable deposit base is sine qua non and virtually is the bedrock for banks and financial institutions for their continuation of business and sustained growth. Appreciating the requirement of sound liquidity base, we are wholeheartedly endeavoring to mobilize deposits by launching wide range of savings oriented products with value added features targeting the clientele across the different segments wherein attempt has been made to deliver reasonably good return on their hard earned savings. We always alive to our fiduciary role as in our actions and activities as to prove ourselves as the safest custodian of our depositor's money.

Here it is gratifying to note as part of our effort to expand our footprints, we have already obtained branch opening licenses for our Uttara, Dhanmondi and Cumilla being three urban based branches and correspondingly three rural based branches and hopefully all those branches will get into commercial operations by this year.

Another milestone achievement on our part that very shortly we contemplate to launch VISA credit cards/debit cards and to this effect our all preparations are on the anvil.

From the macroeconomic perspective we are in the midst of multidimensional challenges, nevertheless we are firmly committed to edge forward with strategic mindset wherein our bottom line objective is to contribute significantly to ensure inclusive and sustainable growth of the economy. Keeping this objective in view we stay focused on building up our institutional capacity by addressing all the core areas of our banking business by ensuring adequate trade off between risk and return. Banking virtually is a business of risk so as part of our preparation to

strengthen our institutional capacity we attach utmost importance to ingrain and practice good risk management and compliance culture keeping high on our agenda to uphold and maintain high ethical standard. We nurture the belief that for the banking and financial institution impeccable confidence and trust of our counter party clientele happen to be our most precious capital that will eventually galvanize our growth process.



Mohammad Masoom
Managing Director & CEO

SENIOR MANAGEMENT TEAM



Mr. Mohammad Masoom
Managing Director & CEO



Mr. Md Humayun Kabir
Head of Business



Mr. Md. Waheed Imam
Company Secretary



Mr. Mohammad Saiful Islam, FCMA, ACA
Chief Financial Officer & Head of HR



Mr. Kazi Md. Ehasanuzzaman
Head of ICT Division



Mr. Md. Israil Hossain
Head of CRMD and Acting CRO



Mr. Md. Humayun Kabir
Head of ID & NRB



DIRECTORS' REPORT



DIRECTORS' REPORT

We are well aware that Annual General Meeting (AGM) is an occasion wherein the shareholders get the opportunity to make extensive review of financial performance of our bank in a very much participatory manner. This event is also of paramount importance because it also provides us the opportunity to identify any lapses both on the policy related issues and operational areas with the objective to figure out the strategic roadmap to do even better in future by overcoming the uncertainties that loom large in our surrounding environment. Financial Statements do not necessarily reflect the historical performance only but also there exist indicators implicitly under the shadow of numbers, how we shall discover ourselves in future in terms of our financial feat of performance. We the members of the Board joint together to welcome you all on this august occasion of our 2nd Annual General Meeting and feel privileged to present before you the Annual Report along with the Audited Financial Statements of the Bank for the year 2022.

Global economic outlook

The world economy faced the unprecedented challenges of the recent time and the crisis began to come to the surface following the outbreak of COVID 19 pandemic and when the sign of recovery of the economy almost became visible right after that the invasion by Russia on Ukraine and unabated continuation of war badly disrupted the integrated supply chain. US economy experienced stubbornly high inflationary pressure in the range of double digits. The Federal Reserve has taken aggressive measures to douse the heat of inflation by raising the policy interest rate on several occasions within the shortest time frame as part of their effort to bring down the rate of inflation at the pre-pandemic level of 2%. It is expected that the world economy could make soft landing with the pace of controlling the inflation thereby keeping the growth rate at the consistently acceptable level.

Although inflation has declined as central banks have raised interest rates and food and energy prices have come down, underlying price pressures are proving sticky, with labor markets tight in a number of economies. The corollary effect of interest rate hike became apparent as contractionary monetary policy generally casts adverse impact on the economic activities as fund become costlier for the entrepreneurs in different thrust sectors of the economy having ultimate risk of recession but the American economy is still outside of the periphery of this downside risk.

The factors that played roles in shaping the world economy in 2022 is expected to continue in 2023 as well with differential magnitude. Debt levels are remain as usual high and so will not broaden the fiscal space to accommodate emerging challenges. It is very much discernible that the commodity prices soared sharply following Russia's invasion of Ukraine have moderated, but the unabated continuation of war exposed the geopolitical situation to the terrain of uncertainty. Despite the world economy has found certain respite due to sliding of fuel and energy prices and moderate easing of supply chain disruption.

The declining trend of global headline inflation has created the space for being optimistic regarding the possibility of the economy to gain traction and which has been largely the result of fall in fuel and energy prices particularly in United States, Euro zone area, and Latin America. The central banks around the world in sync with Federal Reserve Bank of USA have taken contractionary monetary policy by raising interest rates to rein in the pressure of inflation.

Growth in the volume of world trade is expected to decline from 5.1 percent in 2022 to 2.4 percent in 2023, echoing the slowdown in global demand after two years of rapid catch-up of pent up demand out of the impact pandemic and subsequent war as triggered by Russia on Ukraine caused supply chain disruption of food cereals and energy.

A brief overview of Bangladesh economy

Bangladesh economy experienced consistent growth uptrend that hovered around 7.0 percent during FY 2015-16 and edged upto 8.0 percent FY 2018-19, which may be treated as the milestone performance of our country and the overall economy proceeded even well above of our expectation. In the subsequent year the outbreak of COVID19 pandemic affected the economy very badly and caused the growth rate to plummet significantly to 3.45 percent in FY 2019-20.

Under the prudent leadership of the Honorable Prime Minister Sheikh Hasina Bangladesh successfully managed COVID-19 pandemic and the economy showed the sign of recovery at a rapid pace and grew by 6.94 percent in FY 2020-21 and 7.10 percent in FY 2021-22. To remain a bit conservative considering the global sluggish economic condition GDP growth rate is slated to be 6.03 percent in FY 2022-23, 1.07 percentage point lower than the previous fiscal year. Medium-term forecasts for GDP growth rates are 7.5 percent in FY 2023-24, 7.8 percent in FY 2024-25 and 8.0 percent in FY 2025-26.

The point to point **inflation** in FY 2021-22 stood 6.15 percent, 0.59 percent higher than FY 2020- 21, which is slightly up than the target rate of inflation. As the economic damages wrought by Covid-19 pandemic is exacerbated by war in Ukraine, like all other countries of the world an upward trend of price level is being observed in Bangladesh. The inflation rate hovers around 9 percent at present.

Capital market in Bangladesh consists of two full-fledged stock exchanges- the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE). Bangladesh Securities and Exchange Commission (BSEC), as watchdog, regulates these stock exchanges of the country. At the end of December 2022, Broad Index of the DSE and all share price index of the CSE were 0.47 percent and 0.44 percent lower respectively than that of the previous month. During December 2022, total turnover value of traded securities of DSE and CSE were 55.71 percent and 20.06 percent lower respectively than that of November 2022. The total number of listed securities stood at 656

at the end of December 2022. Among the listed securities, there were 354 companies, 37 mutual funds, 248 government bonds, 8 debentures, and 9 corporate bonds. The number of companies consists of 34 banks, 23 financial institutions, 56 insurance companies, and 241 other companies. The ratio of market capitalization of DSE to GDP (at current market price) slightly decreased to 19.14 percent at the end of December 2022 which was 19.22 percent at the end of November 2022 and 13.64 percent at the end of the corresponding month of the previous year. The total number of listed securities in the CSE stood at 618 at the end of December 2022. The total amount of issued capital stood at BDT 3662.73 billion at the end of December 2022.

Despite the efforts and policy measures taken by BSEC the capital market has not yet rebounded and market remains largely unstable which is the result of scarcity of confidence of the investors and bovine growth of institutional investments.

In FY 2021-22 total **export** earnings increased by 29.1 percent to US\$ 52.47 billion over the previous fiscal year. During July to February of FY 2022-23 export earnings stood at US\$ 37.08 billion, which is 9.56 percent higher than the export earnings of the same period in the previous fiscal year. During this period, commodity-wise growth of export earnings shows that export earnings from many of the products have increased compared to the last fiscal year while few of the products experienced negative growth. In the aftermath of COVID-19 the government had taken proactive initiatives to promote exports and as part of which some more items including non-traditional ones have been brought within the purview of entitlement of export incentives. Exports receipts are estimated to be 54.2 billion in FY 2022-23.

The total **import** payments in FY 2021-22 stood at US\$ 89.34 billion, registering 44.24 percent increase compared to the previous fiscal year. Up to February of FY 2022- 23, total import payments stood US\$ 52.71 billion, 10.31 percent lower than the same period of the corresponding previous year. Import payment obligations as forecast to be around US\$ 75.1 billion in FY 2022-23.

Bangladeshi currency Taka experienced an overall 13.65 percent depreciation against US dollar in July-April FY 2022-23 compared to that of the FY 2021-22. The weighted average interbank rate stood at Taka 106.15 per US\$ on 17 April 2023, as against Taka 86.03 per US\$ on 18 April 2022 (compare June 2023 to June 2023).

The medium-term macroeconomic Framework (MTMF), 2023-24 to 2025-26, has been formulated taking into account the recent dynamics of the global economy and its corollary impacts on domestic economy. While the global economy was recovering from COVID-19 impairment, the Russia-Ukraine war is triggering the loss of lives and livelihood in the war zone and supply bottlenecks in the rest of the world.

In the medium term, the government will put emphasis on full economic recovery from the fallout of COVID-19, address the issues arisen from war in Ukraine, implementing 8th Five Year Plan, the 2030 agenda-SDGs, second perspective plan (2021-2041), 'Delta Plan 2100', and 'Blue Economy' strategies.

An overview of Banking sector

There exist 61 banks altogether at the year end 2022 having 11,153 branches across the country and form the given information a maximum extent of banking transactions have got shifted to the private commercial banks as also revealed from the fact out of the total number of branches of different banks 52% of which belong to the private sector while 34% represent the public sector banks.

It is found from the available statistics that the banking sector as a whole experienced upsurge in growth of deposits by 5.16% to Tk. 1,593,283 crore at the end of December 2022. On the other hand the quantum of loans & advances increased by 14.20% to Tk. 1,411,652 crore at the end of December 2022. During the period under review Govt. borrowings from banking sector increased by 9.38%.

The financial sector management represent the dismal picture as evidence from the facts that non-performing loans (NPL) have piled up to more than half of our national budget and hovers around 9%. The size of NPL has created cause of concern and taking of all necessary measures to restrain the

growth of NPL is the demand of the time. To make the matter more worse foreign exchange reserve has been on tailspin to drop to USD 23.38 billion from a appreciable level of USD 48.00 billion in August 2021-2022 fiscal year. The foreign exchange reserve position as drawn in July has been according to the Balance of Payment and International Investment Position manual issued by IMF.

It is also found that weighted average interest rate (WAIR) on deposit in banking sector was 4.23% and correspondingly WAIR against loans & advances was 7.22% resulted in the spread of 2.99%. Due to the pressure of inflation there was the propensity among the depositors to demand higher interest rate on their hard earned savings and on the other hand imposition of interest rate cap cast adverse impact on the profitability of the banks at large.

Foreign exchange reserve was USD 33.75 billion at the end of December 2022 while exchange rate stood around Tk. 99.00. In Dec'22 lower import payments are recorded compared to that of Dec'21. Import payments in Dec'22 decrease by 31.06% to US\$ 5269.4 million. In Dec'22 higher export receipts recorded compared to that of Dec'21. Export receipts in Dec'22 amounted to US\$ 5365.19 million being higher by 9.32% in comparison to the corresponding previous year. Homebound remittances during the year ended December 2022 figured at US\$ 1699.70 million increased by 6.55%.

Bangladesh Bank has taken slew of measures as under with a view to stabilizing the financial sector:

- Launching of refinance scheme titled as "Digital Microcredit" of BDT 1.00 billion for microcredit targeting the underprivileged segments.
- BB has introduced a refinance scheme of BDT 20.00 billion out of its own fund named "Refinance Scheme for Shipbuilding Industry".
- The Government of Bangladesh (GoB) signed a Framework Agreement with Islamic Development Bank (IsDB) to support its CMSMEs under a project titled as "Line of Finance to Support SMEs Project under the IsDB SPRP for COVID-19, Restore Track (LFSSP)".

- A special fund amounting BDT 2.00 billion set up for investment in capital market for onward investment in 100 percent asset backed green Sukuk bonds and in the renewable energy sector.
- With a view to overcoming the possible negative impacts of the worldwide outbreak of the COVID-19 pandemic, BB launched a revolving refinance scheme of BDT 30.0 billion on 20 April 2020 for the COVID-19 affected low income professionals, farmers, micro/small businesses to help them recover from negative impact of the pandemic.
- Bangladesh Bank has also rolled out 'Small Enterprise Refinance Scheme' dedicated for women entrepreneurs;
- Refinance facility for migrant workers, unemployed youth and rural entrepreneurs has been introduced (SPCSSECP);
- Asian Development Bank (ADB) has provided USD 150 million in credit to the GoB under the supporting post COVID-19 small scale employment creation project (SPCSSECP).

Financial performance highlights of Citizens Bank PLC

Citizens Bank PLC launched commercial operations on 3rd July 2022 after a staggering delay in the midst of multifaced challenges like the aftermath effect of Covid-19 pandemic and within the short time break Russian invasion on Ukraine caused supply chain disruptions and some sporadic stigmatic events in some banks created crisis of confidence among the depositors and the banking industry at large experienced withdrawal syndrome. However, subsequent proactive measures taken by the central bank proved to be instrumental to restore back the confidence level and the money outside the banking system started getting back. But still the confidence level has not turned around as expected.

In 2022 CZB focuses on introducing itself as an emerging new private commercial bank and gaining customer confidence through offering trusted customized banking services. In our way to become customers preferred financial solution provider we

focuses on efficient balance sheet management, digitalization for service excellence, mobilization of stable deposits, and rationalizing costs. A brief review of financial performances of the Bank is as follows:

- Total assets increased by 68.62% compared to the previous year as we got into commercial operations from 2nd half of 2022. At the initial stage of operation we emphasized on building up sound deposit base considering it as the life blood for the banking financial institutions. Even though started operation through our principal office at Motijheel but we were required to open 5 more branches within December of the year to ensure compliance with the deadline prescribed by central bank. The management faced the challenge to mobilize deposits and simultaneously to explore avenues for lending with a view to making our position prominent in the banking industry with the bottom line objective to close the year reflecting banking business dynamics in terms of numbers as reflected in our balance sheet. Despite the challenging situation we succeeded to make landmark achievement by entering into territory of breakeven point through generation of revenues thereby absorbing the capital expenditures incurred at the preopening stage.
- As a result of our efforts our deposit base came up to BDT 2906.91 million and our lending portfolio stood at BDT 986.25 million i.e. 33.93% of our total deposit. Even though, balance sheet wise we attained operating profit to the extent of BDT 21.47 million during the year 2022 but due to charging of general provision against unclassified loans & advances and transferring to Statutory Reserve @ 20% of our profit after provision but before tax caused declining effect on our retained earnings status.
- Interest income grew by 33.81% compared to the previous year but the net interest income decreased by 8.77% due to maximum amount of available fund deployed as investment through our treasury wing rather than from the lending operation.

- During the year we have got only 6 months of our operations but we had to take the burden of incurring capital expenditures of significant amount related to opening of 6 branches and cost involved for inaugural purposes.

Capital adequacy status under Basel III

Risk Weighted Assets Ratio (CRAR) of the banks stood at 159.80% whereas the regulatory requirement is 12.50% (Minimum total capital ratio plus capital conservation buffer) as on 31 December 2022. For details please see "Disclosure on Risk Based Capital (Basel III)" section of this annual report.

Status of asset quality

As on 31 December 2022, NPL ratio of our bank was 0% as we do not have any NPL at the end of the year. Due to the sluggish economic growth and increasing trend of the NPL in the industry we are very cautious in expending our asset portfolio. Top of all that we have developed strong monitoring system to oversee the movement of asset quality with a view to restraining the growth of NPLs.

Appropriation of profit

After keeping of loan loss provision, provision against diminution in value of investments and income tax provision for the year ended 31 December 2022 bank's net loss for the year stood at BDT 4.84 million. It is noteworthy that as per Basel III our eligible capital increased by BDT 2.16 million.

Compliance system of the Bank

A well-established internal control system is sine qua non for ensuring expected level of compliance culture and its practice on all the frontiers of our banking operations. It is very much admitted fact that the banks virtually take multidimensional risks so sans expected level of risk management culture it is not possible to navigate the banking organizations in the right direction in the midst of challenges. Keeping this in view as a matter of policy priority we emphasize on building up internal control and compliance department manned with

required professionals so that they can play critical important role as whistleblower and thereby to save the bank from any likely adverse situation. The Board related Audit Committee has been very much functional from the day of its constitution.

Any empirical review of our performance during the year under review reveals the fact that we managed our balance sheet in a prudent manner and our cost components for launching full-fledged commercial operations did not hamper our capital base. The external and Bangladesh Bank auditors confirmed after their audit exercise on the basis of our relevant papers and documents that the audited balance sheet as on 31st December 2022 portrays the actual state of financial condition of the bank and fair disclosures have been made on the best efforts basis to ensure maximum extent of transparency.

On behalf of the Board of Directors,



Towfika Aftab

Chairperson of the Board of Directors



PERFORMANCE AT A GLANCE

FINANCIAL HIGHLIGHTS

Figure in million

Particulars	2022	2021	Change (%)
Performance during the year			
Net interest income	200.23	219.49	-8.77%
Non interest income including investment income	71.42	-	-
Operating income	1.03	-	-
Operating profit	21.47	85.78	-74.97%
Profit after tax	(4.84)	43.97	-111.00%
Net operating cash flow (NOCF)	1,767.73	58.73	2909.84%
Year-end financial position			
Loans and advances	986.25	-	-
Total investment	1,524.55	-	-
Deposits	2,906.91	-	-
Shareholders' equity	4,019.18	4,023.65	-0.11%
Total asset	7,307.87	4,334.02	68.62%
Ratios			
Capital to RWA ratio (CRAR)(as per Basel III)	159.80%	306.13%	-47.80%
Cost to income ratio	92.13%	60.92%	51.23%

Three-Year Financial Progression

Figure in million

Particulars	2022	2021	2020
Balance sheet metrics			
Authorized capital	100,000.00	100,000.00	100,000.00
Paid up capital	40,000.00	40,000.00	-
Reserve and surplus	19.18	23.65	(20.32)
Shareholders' equity	4,019.18	4,023.65	(20.32)
Deposits	2,906.90	-	-
Other liabilities	381.78	310.36	45.83
Total liabilities and shareholders' equity	7,307.87	4,334.02	25.51
Total Investment	1,524.55	-	-
Investment in govt. securities	1,430.24	-	-
Investment in capital market including special fund	94.32	-	-
Loans and advances	986.25	-	-
Fixed assets	511.11	302.68	-
Total assets	7,307.87	4,334.02	25.51
Earning assets	6,490.19	3,981.40	-
Earning assets to total assets	88.81%	91.86%	-
Liabilities to shareholders' equity (times)	0.82	0.08	-
Interest bearing assets	5,503.94	3,981.40	-
Income statement metrics			
Net interest income (excluding investment income)	293.70	219.49	1.32
Income from investments	71.42	-	-
Fees, commission, brokerage and other operating income	0.04	-	-
Operating income	1.03	-	-
Operating expense	251.21	133.70	35.19
Operating profit (profit before provision and tax)	21.47	85.78	(33.86)
Provision charged for loans, investment and other assets (net off w/off recovery)	18.19	-	-
Profit before tax (PBT)	3.29	85.78	(33.86)
Profit after tax (PAT)	(4.84)	43.97	-20.32
Capital metrics			
Risk weighted assets (RWA)	2,519.26	1,314.38	-
Minimum capital requirement (MCR)	4,000.00	4,000.00	-
Tier-1 capital	4,018.82	4,023.65	-
Tier-2 capital	6.99	-	-
Total regulatory capital (Tier 1 and Tier 2)	4,025.81	4,023.65	-
Capital surplus	19.18	23.65	-
Tier - 1 capital to RWA	159.52%	306.13%	-
Tier - 2 capital to RWA	0.28%	0%	-
Capital to risk weighted assets ratio (CRAR)	159.80%	306.13%	-

Figure in million

Particulars	2022	2021	2020
Liquidity metrics			
High quality liquid assets (HQLA)	1,606.50	-	-
Short-term liabilities (not more than 12 months term)	1,538.90	-	-
Short-term liabilities to total deposit	52.94%	-	-
High quality liquid assets to short-term liabilities	104.39%	-	-
AD Ratio - DBO	33.93%	-	-
Government securities to total loan ratio	145.02%	-	-
Statutory liquidity ratio (SLR)(at close of the year)	68.07%	-	-
Cash reserve ratio (CRR)(at close of the year)	6.01%	-	-
Maximum cumulative outflow (MCO)	15.43%	-	-
Liquidity coverage ratio (LCR) - DBO	937.52%	-	-
Net stable funding ratio (NSFR) - DBO	167.86%	-	-
Asset quality metrics			
Non performing/classified loans (NPLs)	-	-	-
NPL ratio	0.00%	-	-
Total loans and advances to total assets	13.50%	-	-
Total CMSME loan	522.65	-	-
CMSME loan to total loans	52.99%	-	-
General provision for loans and OBS exposures (cumulative)			
Total provision for loans and OBS exposure			
Credit rating			
Credit rating agency	CRISL	CRISL	CRISL
Long term	BBB+	BBB	BBB
Short term	ST-3	ST-3	ST-3
Outlook	Stable	Stable	Positive
Efficiency ratios			
Return on average equity (ROE)	-0.12%	2.20%	-
Return on average assets (ROA)	-0.02%	0.50%	-39.81%
Net profit margin (PAT/gross income)	-1.32%	20.03%	-1528.86%
Cost to income ratio	92.13%	60.92%	2648.10%
Weighted average interest rate of loan (year-end)(A)	8.95%	-	-
Weighted average interest rate of deposits (year-end)(B)	5.15%	-	-
Spread (C = A - B)	3.80%	-	-

HORIZONTAL ANALYSIS

Balance Sheet

Figure in million

Particulars	2022		2021		2020	
	BDT mn	Change %	BDT mn	Change %	BDT mn	Change %
Property and assets						
Cash in hand and Balance with Bangladesh Bank and its agent Bank(s)	176.25	133461.50%	0.13	-17.52%	0.16	-
Balance with other Banks and Financial Institutions	3,939.38	-1.06%	3,981.40	319434.26%	1.25	-
Money at call and short notice	40.00	-	-	-	-	-
Investments	1,524.55	-	-	-	-	-
Loans and advances	986.25	-	-	-	-	-
Fixed assets	511.11	68.86%	302.68	-	-	-
Other assets	130.32	161.67%	49.80	106.65%	24.10	-
Total assets	7,307.87	68.62%	4,334.02	16892.14%	25.51	-
Liabilities and equity						
Borrowing from banks, financial institutions and agents	-	-	-	-	-	-
Deposits and other accounts	2,906.91	-	-	-	-	-
Other liabilities	381.78	23.01%	310.36	577.20%	45.83	-
Total liabilities	3,288.69	959.63%	310.36	577.20%	45.83	-
Shareholders' equity						
Paid-up capital	4,000.00	0.00%	4,000.00	-	-	-
Statutory reserve	17.81	3.83%	17.16	-	-	-
Other reserve	0.37	-	-	-	-	-
Surplus in profit and loss account	1.00	-84.55%	6.50	-131.98%	-20.316	-
Total shareholders' equity	4,019.18	-0.11%	4,023.65	-19905.34%	(20.32)	-
Total liabilities and shareholders' equity	7,307.87	68.62%	4,334.02	16886.82%	25.51	-

Profit and loss account

Particulars	2022		2021		2020	
	BDT mn	Change %	BDT mn	Change %	BDT mn	Change %
Property and assets						
Interest income	293.70	33.81%	219.49	16427.63%	1.33	-
Interest paid on deposits and borrowings	93.47	-	-	-	-	-
Net interest income	200.23	-8.77%	219.49	16427.63%	1.33	-
Non-interest income	72.45	-	-	-	-	-
Total operating income	272.68	24.24%	219.49	16427.63%	1.33	-
Total operating expenses	251.21	87.88%	133.70	279.96%	35.19	-
Profit before provisions	21.47	-74.97%	85.78	-353.34%	(33.86)	-
Provision for loans and off-balance sheet exposures	6.99	-	-	-	-	-
Other provision	11.19	-	-	-	-	-
Total provisions	18.19	-	-	-	-	-
Profit before tax for the year	3.29	-96.17%	85.78	-353.34%	(33.86)	-
Total provision for taxation	8.12	-80.57%	41.81	-408.81%	(13.54)	-
Profit after tax for the year	(4.84)	-111.00%	43.97	-316.38%	(20.32)	-

VERTICAL ANALYSIS

Balance Sheet

Figure in million

Particulars	2022		2021		2020	
	BDT mn	Mix %	BDT mn	Mix %	BDT mn	Mix %
Property and assets						
Cash in hand and Balance with Bangladesh Bank and its agent Bank(s)	176.25	2.41%	0.13	0.00%	0.16	0.63%
Balance with other Banks and Financial Institutions	3,939.38	53.91%	3,981.40	91.86%	1.25	4.89%
Money at call and short notice	40.00	0.55%	-	0.00%	-	0.00%
Investments	1,524.55	20.86%	-	0.00%	-	0.00%
Loans and advances	986.25	13.50%	-	0.00%	-	0.00%
Fixed assets	511.11	6.99%	302.68	6.98%	-	0.00%
Other assets	130.32	1.78%	49.80	1.15%	24.10	94.49%
Total assets	7,307.87	100.00%	4,334.02	100.00%	25.51	100.00%
Liabilities and equity						
Borrowing from banks, financial institutions and agents	-	0.00%	0	0.00%	0	0.00%
Deposits and other accounts	2,906.91	39.78%	0	0.00%	0	0.00%
Other liabilities	381.78	5.22%	310.36	7.16%	45.83	179.63%
Total liabilities	3,288.69	45.00%	310.36	7.16%	45.83	179.63%
Shareholders' equity						
Paid-up capital	4,000.00	54.74%	4,000.00	92.29%	0	0.00%
Statutory reserve	17.81	0.24%	17.16	0.40%	0	0.00%
Other reserve	0.37	0.01%	-	0.00%	0	0.00%
Surplus in profit and loss account	1.00	0.01%	6.50	0.15%	-20.316	-79.63%
Total shareholders' equity	4,019.18	55.00%	4,023.65	92.84%	-20.316	-79.63%
Total liabilities and shareholders' equity	7,307.87	100.00%	4,334.02	100.00%	25.51	100.00%

Profit and loss account

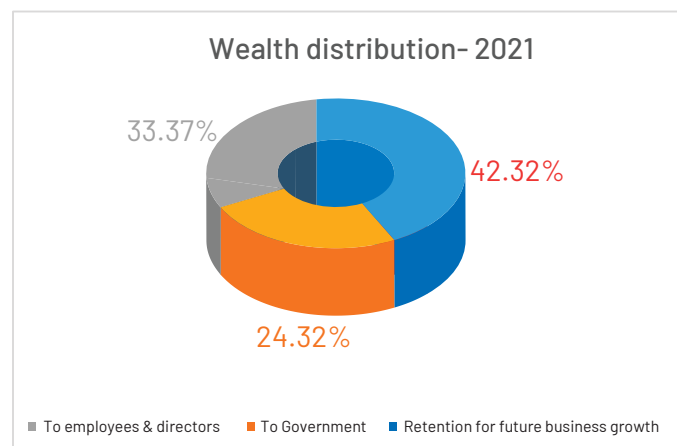
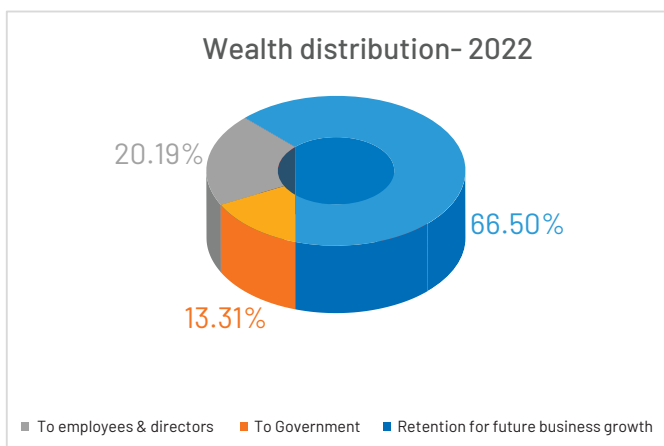
Figure in million

Particulars	2022		2021		2020	
	BDT mn	Mix %	BDT mn	Mix %	BDT mn	Mix %
Interest income	293.70	80.21%	219.49	100.00%	1.33	100.00%
Interest paid on deposits and borrowings	(93.47)	-25.53%	-	0.00%	-	0.00%
Net interest income	200.23	54.68%	219.49	100.00%	1.33	100.00%
Non-interest income	72.45	19.79%	-	0.00%	-	0.00%
Total operating income	272.68	74.47%	219.49	100.00%	1.33	100.00%
Total operating expenses	251.21	68.61%	133.70	60.92%	35.19	2649.77%
Profit before provisions	21.47	5.86%	85.78	39.08%	(33.86)	-2549.77%
Provision for loans and off-balance sheet exposures	6.99	1.91%	-	0.00%	-	0.00%
Other provision	11.19	3.06%	-	0.00%	-	0.00%
Total provisions	18.19	4.97%	-	0.00%	-	0.00%
Profit before tax for the year	3.29	0.90%	85.78	39.08%	(33.86)	-2549.77%
Total provision for taxation	8.12	2.22%	41.81	19.05%	(13.54)	-1019.58%
Profit after tax for the year	(4.84)	-1.32%	43.97	20.03%	(20.32)	-1530.20%

VALUE ADDED STATEMENT

Figure in million

Particulars	2022	2021
Wealth creation		
Revenue from banking services	293,700,824	219,486,862
Less: Cost of services & supplies	151,066,809	95,924,486
	142,634,015	123,562,376
Non-banking income	72,453,003	72,453,003
Less: Provision for loans & other assets	18,186,006	-
Total wealth creation	196,901,013	196,015,379
Wealth distribution		
Employees & directors		
Employees as salaries & allowances	130,475,444	82,732,335
Directors as fees	456,800	211,600
Government		
Corporate tax	8,122,700	41,813,408
Service tax/value added tax	18,088,304	5,847,789
Retention for future business growth		
Retained earnings	(4,835,952)	43,969,655
Depreciation and amortization	44,593,716	21,440,592
Total wealth distribution	196,901,013	196,015,379
To employees & directors	66.50%	42.32%
To Government	13.31%	24.32%
Retention for future business growth	20.19%	33.37%



ECONOMIC VALUE ADDED STATEMENT

Figure in million

Particulars	2022	2021
Shareholders' equity	4,019,184,921	4,023,653,341
Add: Accumulated provision for loans & advances and other assets	18,186,006	-
Capital deployed	4,037,370,927	4,023,653,341
Average capital deployed/shareholders' equity (A)	4,030,512,134	2,024,584,222
Earnings		
Profit after tax	(4,835,952)	43,969,655
Add: Provision for loans & advances and other assets charged during the year	18,186,006	-
Less: Written off interest suspense during the year	-	-
Net earnings (B)	13,350,054	43,969,655
Cost of equity (C)		
Average cost of equity (based on weighted average rate of 10 years treasury bond issued by the Bangladesh Government) plus 2% risk premium	10.33%	9.42%
Capital charge / cost of average equity (D=A x C)	416,351,903	190,715,834
Economic value added (B-D)	(403,001,850)	(146,746,179)



Citizens Bank **ASSESSMENT & APPRECIATION**

Surveillance Rating (ECRL) Year 2022	INTERPRETATION
Long Term BBB+	Banks rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a bank is under-performing in some areas. These entities are however, considered to have the capability to overcome the above-mentioned limitations with special care and cautious operation. Risk factors are more variable in periods of economic stress than those rated in the higher categories.
Short Term ST-3	Good Grade Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
Outlook	Stable
Date of Rating	August 21, 2023
Valid Till	August 20, 2024

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Board of Directors (BoD) has to ensure that the Financial Statements of the Bank is prepared in accordance with applicable International Financial Reporting Standards (including International Accounting Standards), relevant provisions of the Companies Act 1994, Bank Company Act 1991, rules and regulations of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC), listing rules of relevant stock exchanges and other applicable laws, rules and regulations. Section 184 of Companies Act 1994, compelled us to have a separate section as 'Directors' Report' in Annual Report that contains, among others, a review of the following issues:

- a) the state of the company's affairs: detailed performance and position presented in directors report.
- b) the amount, if any, which the Board proposes to carry to any reserve in such balance sheet: 20% of before tax and provision has been transferred to statutory reserve as per section 24 of Bank Company Act 1991.
- c) the amount, if any, which the Board recommends should be paid by way of dividend: None
- d) material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the balance sheet related and the date of the report: None

To comply with the BSEC Corporate Governance Code dated 03 June 2018 the Directors of the Bank in their report would like to emphasize on the following issues:

- A brief review of the Industry and possible future developments in the industry.
- A brief description of operating performance.
- Basis for related party transactions and a statement of all related party transactions has been shown in note-40.
- Utilization of proceeds from public issues, rights issues and/ or through any other instruments.
- Remuneration provided to directors has been presented in the Note-30.
- The financial statements prepared by the management as at and for the year ended 31

December 2022 present fairly, in all material respects, its state of affairs, the results of its operations, cash flows and changes in equity. The external auditors i.e. A.Qasem & Co, Chartered Accountants also provided their opinion on the same by issuing an unqualified audit report.

- Proper books of account as required by law have been kept by Citizens Bank PLC.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements of the Bank and the accounting estimates are based on reasonable and prudent judgment.
- Details description including disclosure of departures has been presented in Note 2.1.1 to the Financial Statements 2022.
- There is no significant doubts upon the Bank's ability to continue as a going concern.
- The certification of MD & CEO and CFO has been presented at the beginning of Financial Reports section of this annual report.

The Directors, to the best of their knowledge and information, hereby confirm that the Annual Report 2022 together with the Directors' Report and the Financial Statements have been prepared in compliance with applicable governing acts, rules, regulations, guidelines and laws of various regulatory bodies including Bangladesh Bank.

On behalf of the Board of Directors



Towfika Aftab

Chairperson
Board of Directors.

RISK MANAGEMENT PROCESS

Risk is the probability that an investment's actual return will be different than expected which includes the possibility of losing partial or full of the original investment. As such Citizens Bank PLC manages the risk through coordinated steps to keep the loss at a tolerable limit which includes but not limited to control and monitoring only.

Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and ensuring the continued adequacy of all our financial resources. The risk strategy is determined taking into consideration bank's capital adequacy, expected level of profitability, market reputation, adequacy and experienced personnel, logistic support, macro and micro economic scenario, risk management practices etc. We focus on risk identification, risk mitigation and risk control, keeping it in mind that what cannot be measured that also cannot be controlled.

The core objectives of the risk management in the Bank are enumerated below:

- To identify and analyze the material risks;
- To formulate the Risk Appetite of the Bank and ensure that business profile and plans are consistent with the risk appetite of the Bank;
- To ensure that business growth plans are properly supported by effective risk infrastructure;
- To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions;
- To help the senior management to improve the control and co-ordination of risk taking across the business.
- To analyze the self-resilience capacity of the Bank through Stress Testing report;
- To review and update risks on systematic basis as necessary at least annually, preferably twice a year, ensuring that adequate controls exist and that the related returns reflect these risks and the capital allocated to support them.

Effective risk management is one of the most crucial success factors for sustenance of a Bank. We are endeavoring to build up robust risk management culture wherein issue of compliance will get preponderance over all core risk areas.

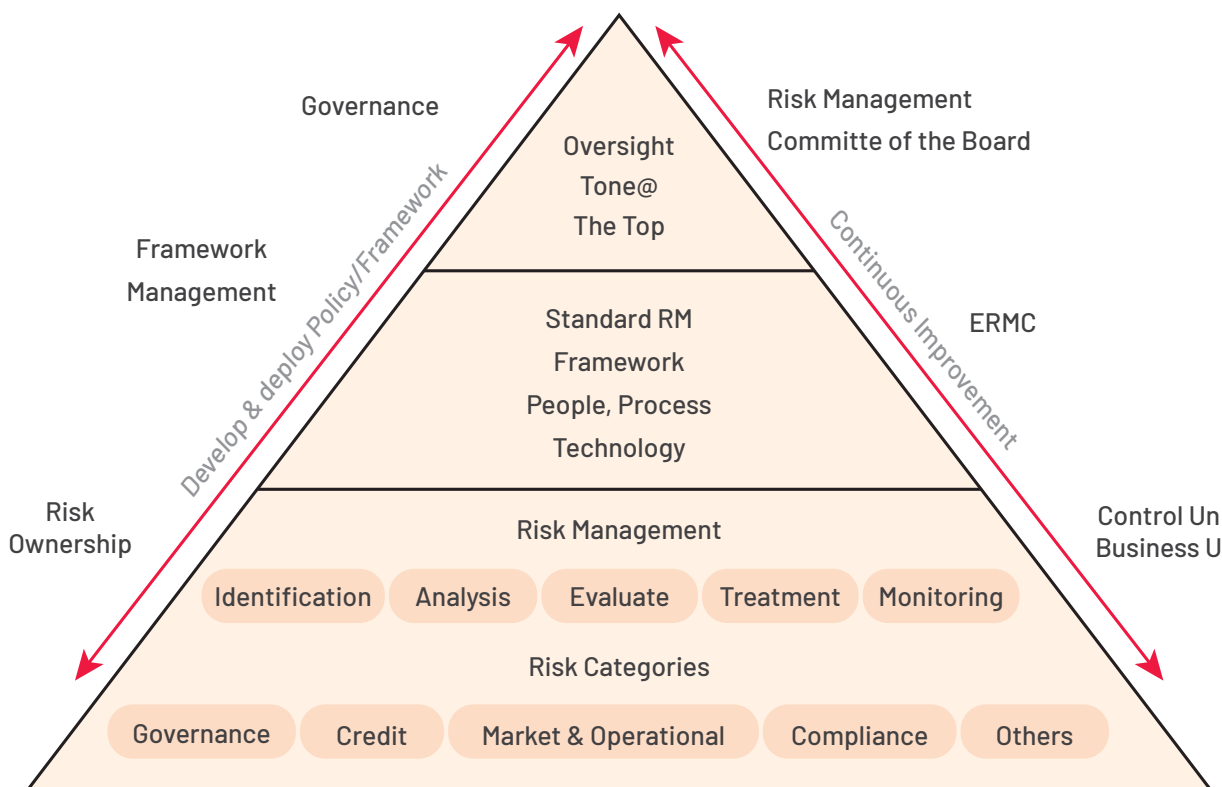
Layer of risk management structures:

The Bank has three level defense systems for effective risk management across the Bank noted as followings:



Risk Management Framework of the Bank

The overall risk management frameworks help the Bank to assign accountability and responsibility for the management and control of risk.



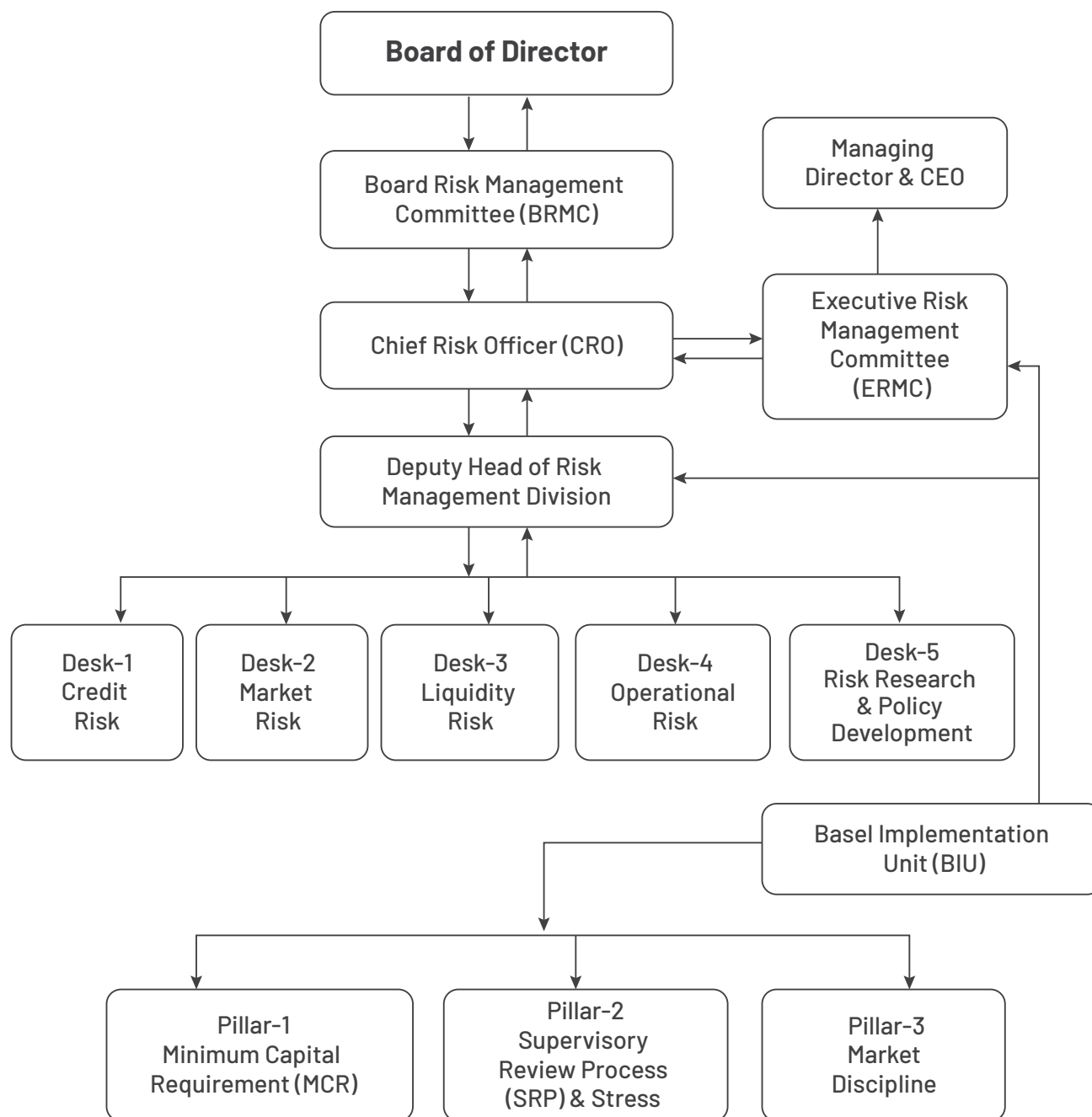
The risk landscape in the current business environment is changing dynamically with the dimensions of Cyber security, Information Security & Business Continuity, Data Privacy and Large Deal Execution figuring prominently in the risk charts of most organizations. To effectively mitigate these risks, we have deployed a risk management framework which helps proactively identify, prioritize and mitigate risks.

Bank's risk management framework is applied on an enterprise-wide basis and consists of three key elements:

- Risk governance
- Risk appetite
- Risk management tools

Risk Governance

Risk Management activities which are being reviewed by the Board Risk Management Committee is being communicated in the form of meeting minutes (including observation, decisions and recommendations) to the board of Directors. The Board of Directors approved risk management structure of the Bank which was constituted as per the guidance of Bangladesh Bank. BoD also approved Risk Management Policy guideline which was formulated in light of the guidance from Bangladesh Bank and CZB own capacity and risk parameter also being considered.



Board Risk Management Committee (BRMC)

A Board Risk Management Committee has been formed in the Bank to oversee the activities of Management level of Executive Risk Management Committees of the Bank as well as to oversee the implementation status of credit Risk, Foreign Exchange Risk, Interest Rate Risk, Market Risk, Operational Risk, Liquidity Risk, Risk Based Capital Requirement, Provisioning (required and Maintained); etc.

Disclosure of activities of the Board Risk Management Committee (BRMC) is as follows:

Particulars	During the year 2022 (in Number)
Number of Members of Board RMC	3
Number of Board RMC Meetings	1

Executive Risk Management Committee (ERMC)

A strong Risk Management Committee has been formed in the Bank comprising the heads of all the risk-taking organs, regular meeting in the committee is being arranged and organized by the Risk Management Division. The ERMC, from time to time, may invite top management or senior most executives to attend the meetings when necessary. The committee sits usually once a month or more when necessary. In the meeting of RMC, all the existing/identified and foreseeable/potential risks issues are discussed and recommendations to the concerned risk-taking organs is to address, measure and take the required steps to mitigate the risk factors. Disclosure of activities of Executive Risk management Committee (ERMC) is as follows:

Particulars	During the year 2022 (in Number)
Number of Member of ERMC	12
Number of ERMC Meeting	4

Risk Management Division (RMD)

As per guidelines of Bangladesh Bank, Citizens Bank PLC has established a separate Risk Management Division (RMD) headed by Chief Risk Officer (CRO). Risk Management Division of the bank is responsible for establishing Bank's risk management framework, and to ensure that the procedures for identification, monitoring, mitigating and managing risks are in place as per risk management guidelines, core Risk Management Guidelines of each area and Basel accord are also being complied effectively. The Bank's risk mitigating technique is not to wait for the risk but to take precautionary measures to mitigate the risk and lessen impact of the risk before incident happens. To supplement the stand of the Bank, RMD is extensively working on robust Risk Management practices and exchange of ideas about Risk Management for creating an acceptable risk management culture within the Bank.

Chief Risk Officer (CRO)

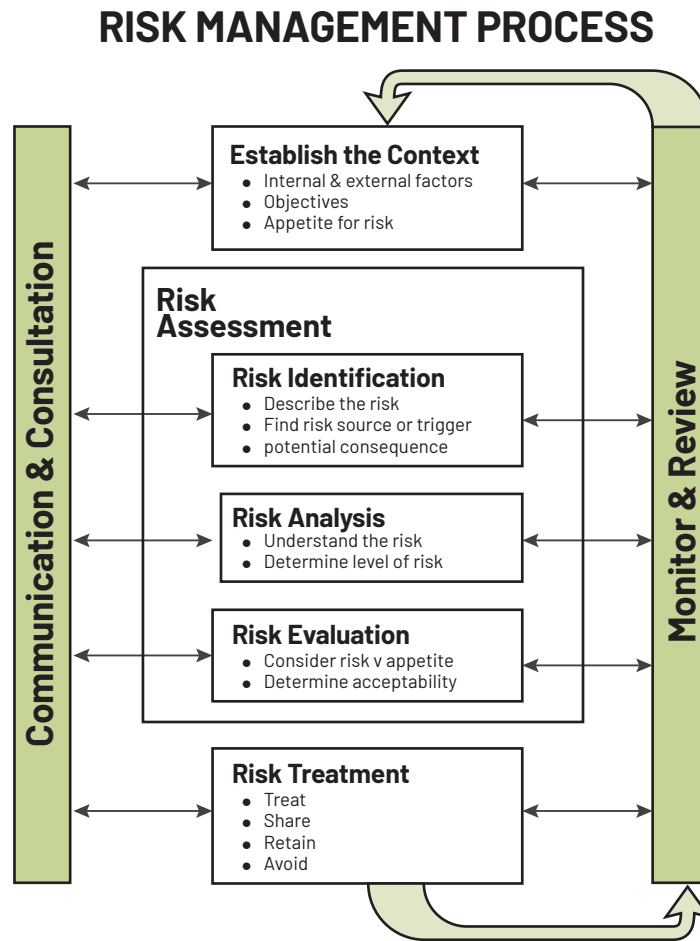
Chief Risk Officer (CRO) is responsible for ensuring intense and effective risk management across the Bank. The CRO works to ensure that the bank is compliant with rules, regulations, and reviews factors that could negatively affect the bank's objectives. According to the Basel Committee on Banking Supervision, CRO has been referred as an independent senior executive with distinct responsibility for the risk management function and the institution's comprehensive risk management framework across the entire organization.

Risk Appetite Statement

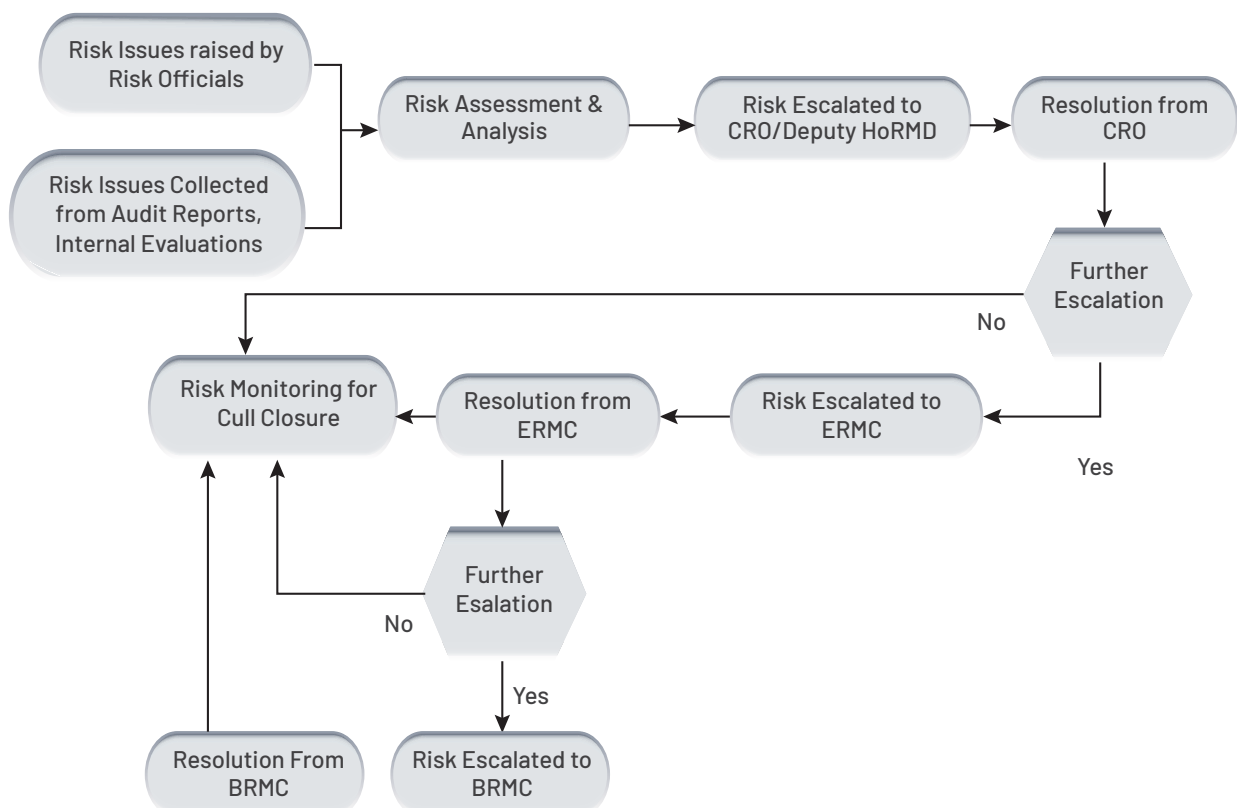
Risk appetite is the level of risk that an organization is prepared to accept in pursuit of its objectives, before action is deemed necessary to reduce the risk. CZB's risk appetite statement defines the amount of risk we are willing to assume in pursuit of our strategic and financial objectives. Our guiding principle is to practice sound risk management, supported by strong capital and funding positions, as we pursue our client-focused strategy. In defining our risk appetite, we take into consideration our vision, values and strategy, along with our risk taking/absorbing capacity. Application of risk appetite statement and monitoring of the key risk appetite measures help to ensure the bank stay within appropriate risk boundaries.

Risk Management Process

The Bank has developed a number of risk management policies and guidelines following the risk strategy of the Bank and Bangladesh Bank guidelines. The risk management process followed in CZB is as under:



Risk escalation flowchart of the Bank



Risk management reporting

Risk Management Division of the Bank is continuously analyzing various risks for management information and reporting to competent authorities (both internal and external) on regular basis. The reporting includes monthly (monthly risk management report), quarterly (capital adequacy statement and stress testing report), half yearly (comprehensive risk management reporting), yearly (risk appetite statement of the Bank and Review report of Risk Management Policies and Effectiveness of Risk Management Functions).

Compliance status in risk management reporting

The RMD analyses and identifies the risk issues from the information and the activities of the bank on an ongoing basis especially at end month, quarter, semi-annual and annual basis. Accordingly, RMD prepares different reporting as followings:

Sl. No.	Name of Report	Frequency	Compliance Status
1	Monthly Risk Management Report	Monthly	Complied
2	Quarterly Risk Management Report	Quarterly	Complied
3	Capital Adequacy Statement	Quarterly	Complied
4	Stress Testing & Gap Analysis	Quarterly	Complied
5	Comprehensive Risk Management Report	Half yearly	Complied
6	Internal Capital Adequacy Assessment Process (ICAAP) Statement	Yearly	Complied
7	Risk Appetite Statement	Yearly	Complied
8	Review report of Risk Management Policies and Effectiveness of Risk Management Functions	Yearly	Complied

Risk Based Capital Management

Supervisory Review Process (SRP), the second pillar of Basel accord covers a wide range of risks, including core risks, to ensure adequate capital against all risks. In fact, minimum capital is maintained against credit risk, market risk, and operational risk under pillar-1 of Basel III accord and SRP covers all other risks such as residual risk, concentration risk, reputation risk, strategic risk, settlement risk, environment and climate change risk etc. In Bank's point of view, risks are endless. So, Bangladesh Bank has detected some of the risky areas to measure the risks in a structured way which is known as SRP, which comes under the guideline of pillar-2 of Basel accord.

As per the Revised Process Document for SRP-SREP Dialogue on ICAAP (Implementation of 2nd Pillar of Basel III) the Bank has an exclusive body naming SRP Team in the 'Managerial Layer' which are constituted by the concerned head of Divisions of the bank and headed by Managing Director & CEO.

Liquidity ratios: The Basel Committee has further strengthened its liquidity framework by developing two minimum standards for funding liquidity. An additional component of the liquidity framework is a set of monitoring metrics to improve cross-border supervisory consistency. These standards have been developed to achieve two separate but complementary objectives. The first objective is to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high-quality liquid resources to survive an acute stress scenario lasting for one month. The Committee developed the Liquidity Coverage Ratio (LCR) to achieve this objective. The second objective is to promote resilience

over a longer time horizon by creating additional incentives for a bank to fund its activities with more stable sources of funding on an ongoing structural basis. The Net Stable Funding Ratio (NSFR) has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities. CZB had a very healthy liquidity throughout the year 2022.

Leverage Ratio and its Impact on business: In order to avoid building-up excessive on- and off-balance sheet leverage in the banking system, a simple, transparent, non-risk-based leverage ratio has been introduced. The leverage ratio is calibrated to act as a credible supplementary measure to the risk-based capital requirements. Moreover, introduction of Leverage ratio means Banks will have to have sufficient Tier-1 capital for its business expansion. The Bank had leverage ratio at 54.99% in December 2022 against regulatory requirement of 3%.

Internal Capital Adequacy Assessment Process (ICAAP) as per Pillar 2 of Basel III

The Bank has a structured management framework in the Internal Capital Adequacy Assessment Process (ICAAP) for the identification and evaluation of the significance of all risks that the Bank faces, which may have an adverse material impact on its financial position. As per Basel III framework, the Bank faces the following material risks which are taken into consideration in assessing / planning capital:

Risks under Pillar 1 MCR		Risks under Pillar 2 SRP	
1	Credit Risk	1	Residual Risk
2	Market Risk	2	Concentration Risk
3	Operational Risk	3	Liquidity Risk
		4	Reputation Risk
		5	Strategic Risk
		6	Settlement Risk
		7	Evaluation of Core Risk Management
		8	Environmental & Climate Change Risk
		9	Other material risks

Stress Testing

Stress testing is a risk management technique used to evaluate the potential effects of an institution's financial condition at a specific event and/or movement in a set of financial variables. It is an integral part of the capital adequacy framework. The focus of stress testing relates to exceptional but plausible events. This involves several shocking events. Each shocking event contains Minor, Moderate and Major Level of shocks.

The findings of stress testing are being reviewed in the meeting of the Risk Management Committee and the same also being reported to Bangladesh Bank and Board Risk Management Committee of the Bank for their guidance against the particulars risk areas. In view to finding of stress testing, guidance from Bangladesh Bank and Board RMC also being considered for assessing potential risks of the bank.

Step Forward

CZB follows a holistic approach when implementing framework of risk management practices. We also use dynamic tools to address different risks and continuously focus on improvements to get the better return. Besides, the Bank's focus will be staying robust at times of challenge and keeping well-informed of fast-paced changes. In addition to that, continuous monitoring and no compromise approach would be the guiding principle for the risk management of the Bank in the upcoming year.

SUSTAINABILITY

Sustainable Finance

Sustainable finance implies the process of taking environmental, social and governance (ESG) issues into consideration, while taking decision to finance the business entities across the different sectors/segments. The cardinal objective of sustainable finance is to maintain social and governance standard as well as adoption of sound lending practices to ensure stability and sustainability of the financial ecosystem.

Sustainable Banking

Citizens Bank PLC rolled out the commercial operation on 3rd July, 2022 with impeccable commitment to serve all strata of society and through careful customer segmentation that provide financial access and services across the continuum of socio-demographic groups. We in Citizens Bank PLC believes that sustainable should be broad based environmentally sound and interned will pave the way of shared prosperity towards build up egalitarian society. We intend to build up a solid business model capable of generating consistent revenue stream, satisfied customers, disciplined use of capital, rationalization of cost, prudent risk management and reinforcement of brand value to carve our place among the first ranking banks in this area of concern.

Organizational Structure for Sustainable Banking

Bangladesh Bank has instructed all scheduled commercial banks to form a 'Sustainable Finance Unit' in the Bank vide SFD Circular No.02 dated December 01, 2016. Accordingly, Citizens Bank PLC formed a Sustainable Finance Unit and Sustainable Finance Committee duly approved by Board Risk Management Committee of the Bank.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is now being considered as an acceptable instrument all over the world to foster and promote cause of equitable & sustainable pace of thereby decreasing the inequality of a society and arresting environmental degradation. In this context, Bangladesh Bank prescribed a time bound action plan for implementation of effective CSR Policy with efficiency by the Banks. Sustainable Finance Unit of the Bank presently oversees the CSR activities and Sustainable Finance of the Banks including the reporting in the prescribed formats for ensuring better disclosure.

Pillar 3: Market Discipline

Disclosures on Risk Based Capital (Basel III) for the year ended December 31, 2022

The purpose of Market discipline in the Revised Capital adequacy Framework is to complement the minimum capital requirements and the supervisory review process. The aim of introducing Market discipline in the revised framework is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets.

The Basel III framework sets out minimum capital requirement standards for banks to ensure that banks are adequately capitalized against the risks they face and are able to withstand losses during periods of stress conditions. The framework consists of three pillars:

Pillar 1: sets out the minimum capital requirements for credit, market and operational risk;

Pillar 2: covers the review process by banks and supervisors to assess whether banks' Pillar 1 capital is adequate to meet the risk exposures and whether there is any requirement to hold additional capital in respect of any risks not covered by Pillar 1; and

Pillar 3: encourages market discipline and transparency through appropriate disclosures on capital adequacy and risk management processes.

In addition to the three pillars noted above, Basel III introduced leverage ratio, and liquidity standards namely liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) which have greater business implications for banks. Under market discipline, Basel III demands more disclosures than that of the previous.

The Bank made the qualitative and quantitative disclosures in detail below in accordance with Pillar III Market Discipline as per Guidelines on Risk Based Capital Adequacy (RBCA) under Basel-III issued by Bangladesh Bank on December 21, 2014.

The following components have been disclosed hereunder as per the requirement of RBCA guidelines under Basel-III issued by Bangladesh Bank:

- a) Scope of Application
- b) Capital Structure
- c) Capital Adequacy
- d) Investment Risk
- e) Equities: Disclosures for Banking Book Positions
- f) Interest Rate Risk in the Banking Book (IRRBB)
- g) Market Risk
- h) Operational Risk
- i) Leverage Ratio
- j) Liquidity Ratio
- k) Remuneration

A. SCOPE OF APPLICATION

Qualitative Disclosures

a) The name of the top corporate entity in the group to which this guideline applies

The Framework applies to Citizens Bank PLC (CZB) on 'solo' basis as there was no subsidiary as on the reporting date (December 31, 2022).

b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group

(i) that are fully consolidated;

(ii) that are given a deduction treatment; and

(iii) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).

The Citizens Bank PLC obtained license for operating business in Bangladesh on 15th December 2020. The bank rolled out its commercial operation on 3rd July 2022.

The disclosure made in the following sections has addressed Citizens Bank PLC as a single entity (Solo Basis) as there was no subsidiary as on the reporting date (31st December 2022).

Citizens Bank PLC is commitment bound to ensure good corporate governance along with staying compliant on all regulatory issues; above all good risk management practices shall be the integral part of our organic culture which eventually will pave us the way to carve the distinctive position in the banking industry in the midst of stiffly competitive market scenario and attendant challenges.

c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital to subsidiaries.

Not applicable for the Bank as there was no subsidiary of the Bank on the reporting date (December 31, 2022).

Quantitative Disclosures

d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.

Not Applicable.

B. CAPITAL STRUCTURE

Qualitative Disclosures

a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2;

The regulatory capital under Basel-III is comprised with i) Tier-1 (Going Concern Capital) and ii) Tier-2 (Gone Concern Capital).

Tier-1 Capital (Going Concern Capital) has two components of Tier 1 Capital which are Common Equity Tier 1 Capital and Additional Tier 1 Capital. It consists of highest quality capital items which are stable in nature and allows a bank to absorb losses on an ongoing basis.

Common Equity Tier 1 Capital includes paid-up capital, statutory reserve, general reserve and retained earnings etc. and Additional Tier 1 Capital will include perpetual bond or non-cumulative preference shares etc.

Tier-2 Capital (Gone Concern Capital) lacks some of the characteristics of the going concern capital but also bears loss absorbing capacity to a certain extent. General provision on unclassified loans and advances, Subordinated debt/instruments issued by the Bank that meet the qualifying criteria for Tier 2 capital, Minority interest i.e. Tier-2 issued by consolidated subsidiaries to third parties.

Quantitative Disclosures

b) The amount of Regulatory capital, with separate disclosure of:

CET1 Capital

Additional Tier 1 Capital

Total Tier 1 Capital

Tier 2 Capital

c) Regulatory Adjustments /Deductions from capital

d) Total eligible capital

The amount of Regulatory Capital of Citizens Bank PLC as of 31.12.2022 is noted below:

Amount in Million

Particulars of Regulatory Capital	Solo (2022)
Tier-I capital	4,018.82
1) Common Equity Tier-1 Capital (CET-1)	4,018.82
Fully Paid-up capital	4,000.00
Non- repayable share premium account	-
Statutory reserve	17.82
General reserve	-
Retained earnings	1.00
Dividend equalization reserve	-
Minority interest in subsidiaries	-
Regulatory Adjustments	-
2) Additional Tier-1 Capital (AT-1)	-
3) Total Tier-1 capital (1+2)	4,018.82
Tier-2 capital	6.99
General provision	6.99
Subordinated debt	-
All other preference shares	-
Regulatory Adjustments	-
4) Total Tier-2 capital	6.99
Total Eligible Capital	4,025.81

C. CAPITAL ADEQUACY

Qualitative Disclosures

a) A summary discussion of the bank's approach for assessing the adequacy of its capital to support current and future activities

The Bank is presently following Standardized Approach for assessing and mitigating Credit Risk, Standardized Rule Based Approach for quantifying Market Risk and Basic Indicator Approach for Operational Risk to calculate Minimum Capital Requirement (MCR) under Pillar-I of Basel-III framework as per the guidelines of Bangladesh Bank.

Assessing regulatory capital in relation to overall risk exposures of a bank is an integrated and comprehensive process. The Bank focuses on strengthening risk management and control environment rather than increasing capital to cover up weak risk management and control practices. CZB has been generating most of its incremental capital from retained profit to support incremental growth of Risk Weighted Assets (RWA). Besides meeting regulatory capital requirement, the Bank maintains adequate capital to absorb material risks foreseen. Therefore, the Bank's Capital to Risk Weighted Assets Ratio (CRAR) remains consistently within regulatory limit during 2022 (147.30% plus). To ensure the adequacy of capital to support the future activities, the bank assesses capital requirements periodically considering future business growth. Risk Management Division (RMD) under guidance of the SRP team/ERMC (Executive Risk Management Committee), is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to.

Quantitative Disclosures

b) Capital requirement for Credit Risk

c) Capital requirement for Market Risk

d) Capital requirement for Operational Risk

e) Total capital, CET1 capital, Total Tier 1 capital and Tier 2 capital ratio:

- For the consolidated group; and
- For stand alone

f) Capital Conservation Buffer

g) Available Capital under Pillar 2 Requirement

Amount in Million

Particulars	Solo 2022
Capital requirement for Credit Risk	2,072.56
Capital requirement for Market Risk	366.27
Capital requirement for Operational Risk	80.44
Minimum capital requirement (MCR) 10% of Risk Weighted Assets or Tk.4,000.00 million which is higher.	4000.00
Total capital maintained	4025.81
Capital surplus over MCR	25.81
Capital to Risk Weighted Assets Ratio (CRAR)	159.80%
CET-1 to Risk Weighted Assets (RWA) ratio	159.52%
Tier-1 Capital to RWA ratio	159.52%
Tier-2 Capital to RWA ratio	0.28%
Capital Conservation Buffer (2.50% of RWA)	62.98
Capital Conservation Buffer maintained (%)	149.80%
Available Capital under Pillar 2 Requirement	(37.17)

D. CREDIT RISK

Qualitative Disclosures

a) The general qualitative disclosure requirement with respect to credit risk, including:

- Definitions of past due and impaired (for accounting purposes);
- Description of approaches followed for specific and general allowances and statistical methods;
- Discussion of the bank's credit risk management policy; and

Credit Risk:

Credit risk arises from the potential that a bank's borrower will fail to meet its obligations in accordance with agreed terms. Credit risk also refers to the risk of negative effects on the financial result and capital of the bank caused by borrower's default on its obligations to the bank.

Generally, credits are the largest and most obvious source of credit risk. However, credit risk could stem from both on-balance sheet and off-balance sheet activities. It may arise from either an inability or an unwillingness to perform in the pre-committed contracted manner. Credit risk comes from a bank dealing with individuals, corporate, banks and financial institutions or a sovereign.

The assessment of credit risk involves evaluating both the probability of default by the borrower and the exposure or financial impact on the bank in the event of default.

Past Due/Over Due:

A claim that has not been paid as of its due date is termed as past due claim. Payment may be for repayment/renewal/rescheduling or as an installment of a loan. Loans will be treated as past due and or overdue in the following cases:

- Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date.
- Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date.
- In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day of the expiry date.
- The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date.

For loan classification and maintenance of specific and general provision, Bank follows relevant circulars and advices of Bangladesh Bank from time to time. Provisions and interest suspense are separately shown under other liabilities as per first schedule of Bank Company Act 1991 (amendment up to 2018), instead of netting off with loans. The summary of some objective criteria for loan classification and provisioning requirement is as below:

Approaches followed for specific and general allowances:

Particulars	Short Term Agri Credit	Consumer Financing			SMEF	Loans to BHs/MBs/SDs	All other Credit
		Other than HF, LP	HF	LP			
UC	1.0%	5%	1%	2%	0.25%	2%	1%
SMA	1.0%	5%	1%	2%	0.25%	2%	1%
SS	5%	20%	20%	20%	20%	20%	20%
DF	5%	50%	50%	50%	50%	50%	50%
B/L	100%	100%	100%	100%	100%	100%	100%

NB: CF=CONSUMER FINANCING, HF=HOUSING FINANCE, LP=LOANS FOR PROFESSIONALS TO SET UP BUSINESS, UC=UNCLASSIFIED, SMA=SPECIAL MENTION ACCOUNT, SS=SUBSTANDARD, DF=DOUBTFUL, B/L=BAD/LOSS, BHs/ MBs,/SDs= LOANS TO BROKERAGE HOUSES/MERCHANT BANKS/ STOCK DEALERS.

Credit Assessment and Risk Management:

A through credit and risk assessment shall be conducted prior to the granting of credits and at least annually thereafter for all facilities. The results of this assessment to be presented in a credit proposal that originates from relationship manager/account officer and is approved by Head of Credit Division. The relationship manager/account officer shall be the owner of customer relationship and must be held responsible to ensure the accuracy of the credit proposal submitted for approval.

All proposals of credit facilities must be supported by a complete analysis of the proposed credit. A comprehensive and accurate appraisal of the risk in every credit exposure of the bank is mandatory. No proposal can be put up for approval unless there is a complete written analysis.

Approval Process:

The approval process must reinforce the segregation of Relationship Management/Marketing from the approving authority. The responsibility for preparing the Credit proposal shall attach with the RM within the corporate banking division. Credit proposal shall be recommended for approval by the RM team and forwarded to the approval team within CRM and approved by individual executive. There commendation of the Head of Corporate Banking is required prior to onward recommendation to CRM for approval.

Credit Administration:

The Credit Administration function is critical in ensuring that proper documentation and approvals are in place prior to the disbursement of credit facilities. For this reason, it is essential that the functions of Credit Administration be strictly segregated from Relationship Management/ Marketing in order to avoid the possibility of controls being compromised or issues not being highlighted at the appropriate level.

Credit Monitoring:

To minimize credit losses, monitoring procedures and systems should be in place that provides an early indication of the deteriorating financial health of a borrower. The respective officials shall monitor the following exceptions:

- Past due principal or interest payments, past due trade bills, account excesses, and breach of credit covenants;
- Credit terms and conditions are monitored, financial statements are received on a regular basis, and any covenant breaches or exceptions are referred to CRM and the RM team for timely follow up;
- Timely corrective action is taken to address findings of any internal, external or regulator inspection /audit.

Quantitative Disclosures

b) Total gross credit risk exposures broken down by major types of credit exposure

Amount in Million

Sln.	Major types of loans	2022
1	Cash credit and overdrafts	208.65
2	Loans (General)	777.60
3	House building loan	-
4	Loan against trust receipt	-
5	Bills purchased and discounted	-
6	Other Loans	-
	Total	986.25

c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.

Amount in Million

Particulars	Name of Division	2022
Region Based	Dhaka	985.51
	Chittagong	0.74
	Rajshahi	-
	Sylhet	-
	Khulna	-
	Mymensingh	-
	Rangpur	-
	Barisal	-
	Total	986.25
Country Based	Domestic	986.25
	Overseas	-

d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.

Amount in Million

Sln.	Major Industry Types	2022
1	Agri and micro credit through NGO	411.49
2	Commercial and trading	43.77
3	Construction	50.05
4	Cement and ceramic industries	-
5	Chemical and fertilizer	-
6	Crops, fisheries and livestock's	-
7	Electronics and electrical goods	-
8	Food and allied industries	-
9	Consumer finance	43.03
10	Metal and steel products	232.64
11	Pharmaceutical industries	-
12	Power and fuel	-
13	Rubber and plastic industries	-
14	Readymade garments industry	-
15	Ship building & breaking industry	-
16	Sugar and edible oil refinery	-
17	Transport and e-communication	-
18	Textile mills	-
19	Other manufacturing or extractive industries	-
20	Others	205.27
Total		986.25

e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.

Amount in Million

Particulars	2022
On demand	-
In not more than 1 month	-
In more than 1 month but not more than 3 months	-
In more than 3 months but not more than 1 year	944.54
In more than 1 year but not more than 5 years	34.04
In more than 5 years	7.67
Total	986.25

f) By major industry or counterparty type:

- Amount of impaired loans and if available, past due loans, provided separately;
- Specific and general provisions; and
- Charges for specific allowances and charge-offs during the period.

Major industry type amount of impaired loans:

Amount in Million

Sln.	Major Industry Types	2022
1	Agri and micro credit through NGO	-
2	Commercial and trading	-
3	Construction	-
4	Cement and ceramic industries	-
5	Chemical and fertilizer	-
6	Crops, fisheries and livestock's	-
7	Electronics and electrical goods	-
8	Food and allied industries	-
9	Consumer finance	-
10	Metal and steel products	-
11	Pharmaceutical industries	-
12	Power and fuel	-
13	Rubber and plastic industries	-
14	Readymade garments industry	-
15	Ship building & breaking industry	-
16	Sugar and edible oil refinery	-
17	Transport and e-communication	-
18	Textile mills	-
19	Other manufacturing or extractive industries	-
20	Others	-
Total		-

Gross Non-Performing Assets (NPAs)

Amount in Million

Particulars	2022
Gross Non-Performing Assets (NPAs)	-
Nonperforming assets to outstanding loans and advances	-
Movement of Non-Performing Assets (NPAs):	-
Opening balance	-
Additions/ (Reductions)	-
Closing balance	-
Movement of specific provisions for NPAs:	-
Opening balance	-
Provision made during the period	-
Write off	-
Write back of excess provisions	-
Closing balance	-

E. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

Qualitative Disclosures

a) *The general qualitative disclosure requirement with respect to equity risk, including:*

- *differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and*
- *discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.*

Banking book positions consist of those assets which are bought for holding until they mature. The bank treats unquoted equities as banking book assets. Unquoted equities are not traded in the bourses or in the secondary market, they are shown in the balance sheet at cost price and no revaluation reserve is created against these equities.

Our investment in quoted shares are being monitored and controlled by the Investment Committee, are reflected in accounts through proper methodologies and accounting standards of the local & international.

As per Bangladesh Bank circular (ref: BRPD circular number -14 dated June 25, 2003), the quoted shares are valued as per market price in the stock exchange(s).

Provisions for shares are maintained for unrealized loss (gain net off) arising from diminution in value of investments. Provision for shares against unrealized loss (gain net off) has been made according to DOS circular number-04 dated 24 November 2011 and for mutual funds (closed-end) according to DOS circular letter no-3 dated 12 March 2015 of Bangladesh Bank.

Quantitative Disclosures

b) *Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.*

Amount in Million

Particulars	Amount (Solo) 2022	
	Cost Price	Market Price
Unquoted Share	-	-
Quoted Share	94.32	82.85

- c) *The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.*
- d) • *Total unrealized gains (losses)*
- *Total latent revaluation gains (losses)*
 - *Any amounts of the above included in Tier 2 capital.*

Amount in Million

Particulars	(Solo) 2022
The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	0.314
Total unrealized gains (losses)	(12.51)
Total latent revaluation gains (losses)	-
Any amounts of the above included in Tier 2 capital	-

- e) *Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.*

Amount in Million

Particulars	(Solo) 2022
Unquoted Share	-
Quoted Share	165.70

F. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Qualitative Disclosures

- a) *The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.*

Interest rate risk affects the bank's financial condition due to adverse movements in interest rates of interest sensitive assets and liabilities. Interest Rate Risk is managed through use of Gap analysis of rate sensitive assets and liabilities and monitored through prudential limits and stress testing. The IRRBB is monitored in movements/changes on a monthly basis and the impact on Net Interest Income is assessed. Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition.

Re-pricing risk is often the most apparent source of interest rate risk for a bank and is often gauged by comparing the volume of a bank's assets that mature or re-price within a given time period with the volume of liabilities that do so.

Quantitative Disclosures

b) The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).

Gap analysis: Duration Gap

Amount in Million

Particulars	2022
Weighted average duration of assets (DA) in years	1.05
Weighted average duration of liabilities (DL) in years	0.20
Duration gap (DA-DL) in years	0.95

Change of market value of equity due to increase in interest rates as of December 31, 2022

Amount in Million

Particulars	1%	2%	3%
Fall in Market Value of Equity	-6.48	-12.95	-19.43

Interest Rate Risk in the Banking Book under Simple Sensitivity Analysis:

Amount in Million

Particulars	3 months	6 months	1 year	Above 1 year
Interest sensitive assets	3,980.20	314.85	629.70	3,980.20
Interest sensitive liabilities	1,247.79	123.05	246.11	1,247.79
Net gap	2,732.41	191.79	383.59	2,732.41
Cumulative gap	2,732.41	2,924.20	3,307.79	2,732.41
Interest rate changes	1%	1%	1%	1%
Yearly earnings impact	27.32	1.92	3.84	0.23
Accumulated earnings impact	27.32	29.24	33.08	33.31

G. MARKET RISK

a) Views of BOD on trading/investment activities

Market risk arises due to changes in the market variables such as interest rates, foreign currency exchange rates, equity prices and commodity prices. The financial instruments that are held with trading intent or to hedge against various risks, are purchased to make profit from spreads between the bids and ask price are subject to market risk. CZB is exposed to market risk mostly stemming from Government Treasury Bills and Bonds, foreign currency etc.

Methods used to measure Market risk

There are several methods used to measure market risk and the bank uses those methods which deem fit for a particular scenario. For measuring interest risk from earnings perspective, the bank uses maturity gap analysis, duration gap analysis, sensitivity analysis and mark to market (MTM) method and for measuring foreign exchange risk.

CZB uses standardized (Rule Based) method for Calculating capital charge against market risks for minimum capital requirement of the Bank under Basel-III.

Market Risk Management system

The Bank has its own Market Risk Management System which includes Asset Liability Risk Management (ALM) and Foreign Exchange Risk Management under the core risk management guidelines.

Policies and processes for mitigating market risk

- Risk Management and reporting is based on parameters such as Maturity Gap Analysis, Duration Gap Analysis etc. in line with the global best practices.
- Risk Profiles are analyzed and mitigating strategies are suggested by the Asset Liability Committee.
- Foreign Exchange Net Open Position (NOP) limits (Day limit / Overnight limit), deal-wise trigger limits, Stop-loss limit, Profit / Loss in respect of cross currency trading are properly monitored and exception reporting is regularly carried out.
- Holding equities is monitored regularly so that the investment remains within the limit as set by Bangladesh Bank.
- ALCO analyzes market and determines strategies to attain business goals.
- Reconciliation of foreign currency transactions.

Quantitative Disclosures

b) The capital requirements for:
interest rate risk;
equity position risk;
foreign exchange risk; and
Commodity risk

The capital requirements:

Amount in Million

Particulars	2022
Interest rate risk	200.57
Equity position risk	165.70
Foreign exchange risk	-
Commodity Risk	-
Total	366.27

H. OPERATIONAL RISK

Qualitative Disclosures

a) Views of BOD on system to reduce Operational Risk

Operational risk is the risk which may arise directly or indirectly due to failure or breakdown of system, people and process. This definition includes legal risk, but excludes strategic and reputation risk. The Bank manages these risks through a control-based environment in which processes are documented, authorization is kept independent and transactions are reconciled and monitored. This is supported by a periodic process conducted by ICCD and monitoring external operational risk events, which ensure that the Bank stays in line with the international best practices.

Performance gap of executives and staffs

CZB is an equal opportunity employer. It recognizes the importance of having the right people at right positions to achieve organizational goals. Our recruitment and selection are governed by the philosophy of fairness, transparency and diversity.

The bank believes that training and knowledge sharing is the best way to reduce knowledge gap. Therefore, it arranges trainings on a regular basis for its employees to develop their expertise. The bank offers competitive pay package to its employees based on performance and merit. It always tries to develop a culture where all employees can apply his/her talent and knowledge to work for the organization with high ethical standards in order to add more value to the company and for the economy.

Potential external events

- Russian invasion of Ukraine has already cast a dark shadow on global economy by threatening the global financial system to an unprecedented level.
- Global inflationary pressure will increase further due to big jump in oil and commodity prices as the war has also threatened to disrupt the global supply chain making the world trade costlier.
- Bangladesh is likely to face a series of troubles on both economic and geo-political fronts. Economic shock will be felt immediately whereas geo-political difficulty will be visible in the near future. Being globally exposed mostly through trade, the economic shock will be transmitted at a faster rate.
- Bangladesh's export to Russia and its adjacent countries would hamper and at the same time the import prices of fertilizer's especially urea might increase due to the war.
- Import cost would be higher due to global inflation which creates pressure on dollar prices.
- Bank may face issue in managing affordable fund in mid/long run due to vulnerable market condition caused by slow growth, higher inflation.

Policies and processes for mitigating operational risk

The Bank has adopted policies which deal with managing different Operational Risks. Bank strongly follows KYC norms for its customer dealings and other banking operations. The Internal Control and Compliance Division of the Bank, the inspection teams of Bangladesh Bank and External Auditors conduct inspection on different branches and divisions at Head Office and submit reports presenting the findings of the inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports.

Approach for calculating capital charge for operational risk

The Bank has adopted Basic Indicator Approach (BIA) to compute capital charge against operational risk under Basel III as per Bangladesh Bank Guidelines.

Quantitative Disclosures

b) The capital requirements for operational risk

Capital requirement for operational risk

Amount in Million

Particulars	Solo 2022
The capital requirements for operational risk	80.44

Calculation of Capital Charge for Operational Risk: Basic Indicator Approach

Amount in Million

Year	Gross Income (GI)	Average GI	15% of Average GI
2022	21.47		
2021	85.78		
2020	107.25	53.63	8.04
Total			

I. LIQUIDITY RATIO

Qualitative Disclosures

a) Views of BOD on system to reduce liquidity Risk

Liquidity risk is the risk of probability to be unable to meet short term financial demands by the bank. This may occur due to the inability to convert a security or fixed asset to cash without a loss of capital and/or income in the process.

The Citizens Bank PLC has proficient Board of Directors that has always been giving utmost importance to minimizing the liquidity risk of the Bank. In order to reduce liquidity risk, strict maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Reserve (SLR) is also being emphasized on a regular basis. Apart from these, as part of Basel-III requirement Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are also maintained under the guidance of the Board of Directors.

Methods used to measure Liquidity risk

The tools and procedures deployed by CZB to manage liquidity risks are comprehensive. The measurement tools used to assess liquidity risks are:

- Statutory Liquidity Requirement (SLR)
- Cash Reserve Ratio (CRR)
- Asset to Deposit Ratio (ADR)
- Structural Liquidity Profile (SLP)
- Maximum Cumulative Outflow (MCO)
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Liquid Asset to Total Deposit Ratio
- Liquid Asset to Short Term Liabilities

Liquidity risk management system

Liquidity risk management is a key banking function and an integral part of the asset and liability management process. The fundamental role of banks is the maturity transformation of short-term deposits (liabilities) into long-term loans (assets) and this makes banks inherently vulnerable to liquidity risk.

The Board of Directors of the Bank set policy and different liquidity ratio limits for liquidity risk management. Asset and Liability Management Committee (ALCO) is responsible for both statutory and prudential liquidity management. Ongoing liquidity management is discussed as a regular agenda of ALCO meeting, which takes place on a monthly basis. The ALCO of the Bank monitors & manages liquidity and interest rate risk in line with the business strategy.

Policies and processes for mitigating liquidity risk

We strictly follow the Bangladesh Bank instructions and policy guideline to prepare the structural liquidity profile and submit it to Bangladesh Bank every month. We also place liquidity related information to the meeting of the Board of Directors/Board Risk Management Committee so that they can give necessary directives to adjust/prevent us from the branch of the limits set by the Board and the Bangladesh Bank.

Quantitative Disclosures

b) Liquidity Coverage Ratio Net Stable Funding Ratio (NSFR) 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

Amount in Million

Particulars	2022
Liquidity Coverage Ratio (LCR)	937.52%
Net Stable Funding Ratio (NSFR)	167.86%
Stock of High-quality liquid assets	1.6065
Total net cash outflows over the next 30 calendar days	0.1714
Available amount of stable funding	6.195
Required amount of stable funding	3.690

J. LEVERAGE RATIO

Qualitative Disclosures

a) Views of BOD on system to reduce excessive leverage

Leverage ratio is the ratio of Tier 1 capital to total on and off-balance sheet exposures. It was introduced into the Basel III framework as a non-risk-based backstop limit, to supplement risk-based capital requirements. CZB has embraced this ratio along with Basel III guideline as a credible supplementary measure to risk based capital requirement and assess the ratio periodically. The Board also believes that the Bank should maintain its leverage ratio on and above the regulatory requirements which will eventually increase the public confidence in the organization.

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

The bank reviews its leverage position as per the Guidelines on Risk Based Capital Adequacy (revised regulatory capital framework for banks in line with Basel III). In addition, the bank has Risk Appetite as per Credit Risk Management Policy and Risk Appetite Framework of the Bank. The Bank also employ Annual Budget Plan and Capital Growth Plan for managing excessive on and off-balance sheet leverage.

Approach for calculating exposure

The bank calculates the exposure under standardized approach as per the Guidelines on Risk Based Capital Adequacy (revised regulatory capital framework for banks in line with Basel III).

Quantitative Disclosures

b) Leverage Ratio On balance sheet exposure Off balance sheet exposure Total exposure

Amount in Million

Particulars	2022
Leverage Ratio	54.99%
On balance sheet exposure	730.79
Off balance sheet exposure	-
Total exposure	730.79

K. REMUNERATION

Qualitative Disclosures

a) Information relating to the bodies that oversee remuneration. Disclosures should include:

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

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

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

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

Mainly, the Human Resources Division oversees the 'remuneration' in line with its HR management strategy under supervision of Senior Management Team (SMT) of the Bank. The pay scale is approved by the competent authority where the salaries and increments are fixed designation wise and the same is followed accordingly.

The Senior Management Team (SMT), as responsible for overseeing the Bank's remuneration, overviews the remuneration and recommend to the Board of Directors of the Bank for approval of its required restructuring and modification in proportion with the industry best practices as per requirement.

The Bank has no External Consultant regarding 'remuneration' and its process. However, provision is there for acquiring expert opinion in case of settlement of employees' dues in case of death, penalty etc. if required, by the management.

b) Information relating to the design and structure of remuneration processes. Disclosures should include:

An overview of the key features and objectives of remuneration policy.

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.

A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.

The Bank is committed to maintain a fair and competitive remuneration structure and does not differentiate the pay structure by regions.

We consider the members of the senior management, branch managers and the employees engaged in different functional divisions at Head Office (except the employees involved in internal control, risk management and compliance) as the material risk takers of CZB.

Remuneration and other associated matters are guided by the Bank's approved Service Rules as well as instruction and guidance from the Board from time to time in line with the industry's prevailing practice with the objectives of retention and hiring of experienced workforce focusing on justifiable growth of the Bank.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures should include:

An overview of the key risks that the bank takes into account when implementing remuneration measures.

An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed).

A discussion of the ways in which these measures affect remuneration.

A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.

Human Resources Division under guidance of the Senior Management Team (SMT), the Board and senior management reviews the issues of remuneration and its associated matters from time to time.

The risk and compliance employees are carrying out the activities independently as per specific terms of references, job allocated to them.

Regarding remuneration of the risk and compliance employees. Human Resources Division does not make any difference with other mainstream/ regular employees and sets the remuneration as per the prevailing rule of the Bank primarily governed by the employees' service rule of the Bank.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. Disclosures should include:

An overview of main performance metrics for bank, top-level business lines and individuals.

A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.

A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.

The business risk including credit/default risk, compliance & reputational risk are mostly considered when implementing the remuneration measures for each employee /group of employees. Financial and Liquidity risks are also considered.

Different set of measures are in practice based on the nature & type of business lines/segments etc. These measures are primarily focused on the business target/goals set for each area of operation, branch vis-à-vis the actual results achieved as of the reporting date. The most vital tools & indicators used for measuring the risks are the asset quality (NPL ratio), Net Interest Margin (NIM), provision coverage ratio, credit-deposit ratio, cost-income ratio, growth of net profit, as well the non-financial indicators, namely, the compliance status with the regulatory norms, instructions have been brought to all concerned of the Bank from time to time.

e) Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance. Disclosures should include:

A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.

A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements.

While evaluating the performance of each employee annually, all the financial and non-financial indicators as per pre-determined set criteria are considered; and accordingly, the result of the performance varies from one to another and thus affect the remuneration as well.

No material change has been made during the year 2022 that could affect the remuneration.

The Board sets the Key Performance Indicators (KPIs) while approving the business target/budget for each year for the bank and business lines/segments. The management sets the appropriate tools, techniques and strategic planning (with due concurrence/approval of the Board) towards achieving those targets. The most common KPIs are the achievement of loan, deposit & profit target with the threshold of NPL ratio, cost-income ratio, capital to risk weighted asset ratio (CRAR), ROE, ROA, liquidity position (maintenance of CRR and SLR) etc.

The remuneration of each employee is paid based on her/his individual performance evaluated as per set criteria. And, accordingly, the aggregate amount of remuneration of the Bank as a whole is linked/ impacted to the same extent.

The Bank follows remuneration process as per set criteria with no in general adjustment in the event of weak performance metrics/scorecard.

The Banks pays variable remuneration i.e. Annual Increment based on the yearly performance rating on cash basis with the monthly pay. While the value of longer-term variable part of remuneration i.e. the amount of provident fund, gratuity fund is made provision on aggregate/ individual employee basis; actual payment is made upon retirement, resignation etc. as the case may be, as per rule.

f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms. Disclosures should include:

An overview of the forms of variable remuneration offered (ie cash, shares and share-linked instruments and other forms.

A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.

The Bank pays variable remuneration on cash basis (i.e. Direct credit to the employee Bank account and/or Payment Order/Cheque), as the case may be, as per rule/practice.

The following variable remuneration has been offered by CZB to its employees.

Annual Increment and Incentive Bonus

Bank provides annual increments and incentive bonus based on performance to the employees with the view of medium to long term strategy and adherence to Citizens Bank values.

Quantitative Disclosures

g) Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.

Amount in Million

Particulars	2022	
	Number	Remuneration
Number of meetings held of Board of Directors	5	0.46

h) Number of employees having received a variable remuneration award during the financial year.

Number and total amount of guaranteed bonuses awarded during the financial year.

Number and total amount of sign-on awards made during the financial year.

Number and total amount of severance payments made during the financial year.

Amount in Million

Particulars	2022	
	Number	Amount
Employees having received a variable remuneration award (Profit Bonuses)	-	-
Guaranteed bonuses awarded (Festival Bonuses)	2	10.5
Sign-on awards made	-	-
Severance payments made (PF, GF, Leave Encashment)	-	-

i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in the financial year.

Amount in Million

Particulars	2022
Total amount of outstanding deferred remuneration (PF, GF etc.):	-
Cash	-
Shares	-
Share-linked instruments & others	-
Total amount of deferred remuneration paid out in 2022	-

j) Breakdown of amount of remuneration awards for the financial year to show:

- fixed and variable.
- deferred and non-deferred.
- different forms used (cash, shares and share linked instruments, other forms).

Amount in Million

Particulars	2022
Breakdown of amount of remuneration:	-
Fixed (Salary & allowances)	-
Variable (Incentive Bonuses)	-
Deferred (PF, GF)	-
Non-deferred	-
Different forms used	-
Cash	-
Shares	-
Share-linked instruments & others	-

k) Quantitative information about employees' exposure to implicit (eg fluctuations in the value of shares or performance units) and explicit adjustments (eg claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:

Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.

Total amount of reductions during the financial year due to ex post explicit adjustments.

Total amount of reductions during the financial year due to ex post implicit adjustments.

Amount in Million

Particulars	2022
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments	-
Total amount of reduction during 2022 due to ex post explicit adjustments	-
Total amount of reduction during 2022 due to ex post implicit adjustments	-



CORPORATE BANKING

The repercussions effects of global economic turbulence followed by COVID – 19 and Russia – Ukraine war, the economy of Bangladesh continued to show resilience with an impressive 6.03% GDP growth in fiscal year 2022-2023. Our country is going to graduate from Least Developed Country (LDC) status to developing country by 2026 and targeting to become a developed country by 2041. By adopting the innovative initiative, "Smart Bangladesh", "Cashless Bangladesh" the country is poised to become a digital powerhouse through harnessing cutting-edge technologies to drive economic growth, uplift the standard of living and create new opportunities for its people.

Business Division is involving to on-board quality customers in Corporate, MSME and Retail segments to ensure sustainable growth of the Bank by offering complete banking solutions for both individual and institutional clients of private and public sector. The segments comprising Individuals, Large corporates, Mid-size businesses and other institutional and non-individual clients from the public and private sector!

Thus, CZB is committed to deliver best services to make the sustainable relationship and at the same time mutually beneficial for both individual and institutional level. Our relationship units are dedicated to delivering 360-degree support to all business segments including project finance, working capital finance, trade financing and a wide array of other business services. Our approach to build strong, long-lasting and mutually beneficial partnerships with the customers with most efficient team members has been a key factor to sustain growth. In brief activities of Business Division is furnished hereunder:

Corporate Banking Division: CZB Corporate Banking is a topmost trustworthy financial solutions provider of Bangladesh; providing integrated banking solutions to leading local and multinational corporates and conglomerates. Since Inception, CZB has become a reliable banker to almost uppermost well-known industrial houses. The division engages with clients through a variety of banking requirements, including corporate banking facilities, cash management and other structured solutions.

Aligned with the Bank's vision as a financial solution partner of choice to clients CZB Corporate Banking dreaming to have footprint across the country's Banking landscape with commitment not to be the conventional lender rather have the bottom line objective to ensure financial welfare of our clientele across the different segments in the best possible manner for their sustainable financial wellbeing and to foster and stimulate the growth of the business as a financier/lender. Our corporate slogan as enshrined, Today, Tomorrow, Together underpinning our absolute commitment to stay all along with our most valued clientele/beneficiaries of our services both in their rainy or sunny day(s).

Core strength of CZB Corporate Business: With the combination of an efficient resources, CZB Corporate Banking is committed to providing swift and efficient banking services to the clientless. Here it is noteworthy that Citizens Bank has started its journey with lot of challenges but its innovative products and resourceful services have allowed the Bank to endure the growth even during the ongoing turbulent geopolitical scenario and global unstable conditions. In response to the current economic challenges, CZB has emerged even stronger; well poised to drive the persistent growth of the Bank as well as Bangladesh's economy.

Relationship Units: The relationship units of corporate banking have primary responsibilities to build and maintain sustainable as well as profitable relationships with their customers by providing financing solutions for their businesses. These solutions include trade finance, working capital financing, bridge financing and long-term financing to meet the multifarious financial needs of clients. The unit has already been participated with structured finance and aimed to provide a comprehensive range of services including fund arrangement, advisory services, agency and account banking services and other innovative solutions to both corporate and public sector customers. This dedicated team is comprised of highly skilled professionals with a unique blend of industry expertise enabling them to effectively address the complex challenges associated with each transaction.

CORPORATE LIABILITY & CASH MANAGEMENT

The Corporate Liability & Cash management department offers a comprehensive array of cutting-edge products and services aimed at streamlining clients' business operations and optimizing their cash flow. The ultimate objective of this department is to enhance liquidity, expand deposit base and minimize funding costs and thereby enabling to effectively serve a broad range of corporate and institutional customers. The unit is dedicated to delivering 360-degree support to the targeting segments of customers and prepare tailor-made products according to the need of its target customer.

The Department is a key player to determine rate of the deposit and abating cost of deposit by way of developing new products and time to time modification based on the trend of the market outlook.

Bangladesh is currently grappling with certain economic challenges, especially with inflation and FCY liquidity, which has been driven by a combination of factors including imported inflation, high fuel costs and hoarding activities by some market players. To mitigate the inflationary pressure, the government is taking a proactive approach to address them and has implemented measures such as subsidizing essential food items, policy for determination of lending rate by way of implementing SMART method, etc. In light of these challenges, it is essential for financial institutions such as CZB Business to have effective systems and robust institutional mechanisms to ensure success in overcoming them. While CZB Business may face challenges in this regard, it is well positioned to ultimately achieve success.

CARD AND ADC

Alternative Delivery Channel is now considered as an integral part of the banking service through the digital platform. It has enabled the most effective way to provide financial services without relying on bank branches by using different types of modern technology. Citizens Bank ADC & Card team is providing 24X7 service for customers' convenience through Debit Cards, ATMs and CRMs.

Citizens Bank has offered "Proprietary Debit Card" Service from the day of commercial operation and cardholders can withdraw cash and pay for goods and services through ATMs and POS all over the country under the National Payment Switch of Bangladesh (NPSB) and Q-Cash network. This leads to a noteworthy growth in CZB Debit Card Transaction Numbers.

Citizens Bank Card Division also tied up with 60 renowned strategic partners from various segments from where Debit Cardholders can avail of exclusive discounts in various merchant points and enjoy BOGO, B1G2 & B1G3 facility in various reputed restaurants nationwide.

As part of continues development of products and services and with a view to making our presence more prominent in the digital banking arena, the management in the meanwhile has made significant headway towards launching VISA-branded Debit, Credit and Prepaid cards for the constituents of different income brackets in line with the policy guidance of the board. in the coming days.

With a view to making our presence more prominent in the digital banking arena and in line with the policy guidance of the board, the bank management in the meanwhile has made significant headway towards launching VISA-branded Debit, Credit and Prepaid cards for the constituents of different income in the coming days.

RETAIL BUSINESS

Citizens Bank PLC (CZB) offers assorted consumer products which are tailor made for different customer segments. These products not only meet the financial needs of the consumers but also raise their standard of living. Since launching, CZB Retail Business Division (RBD) has continued its effort in search of excellence in providing superior products and customer services to the valued Clients. RBD along with its current network of 06 Branches speed all over the territory work together seamlessly to ensure that the valued customers receive superior customer service while contributing to the Bank's bottom line. Our team is committed to build and maintain a sustainable Retail portfolio through booking diversified products such as Home loan, Auto loan, Personal loan and other need-based lending products targeting different professionals in the coming days. Mentionable that Retail Business Division comprises of experienced, dedicated, self-motivated and hard-working resources to ensure smooth services to the customers. Proper monitoring and implementation of effective strategies also ensured the quality of retail loan portfolio.

MSME BUSINESS

As Bangladesh's economy continues to grow, the Micro, Small, and Medium Enterprise (MSME) sector plays a pivotal role in driving employment, fostering innovation, and contributing to economic development. Recognizing the significance of this sector, Citizens Bank PLC, a newly established financial institution in Bangladesh, is committed to empowering MSMEs through tailored financial solutions and comprehensive support.

The MSME sector forms the backbone of Bangladesh's economy, accounting for a significant portion of GDP and employment. It comprises diverse businesses ranging from microenterprises, such as small-scale traders and artisans, to small and medium-sized enterprises involved in trading, manufacturing, services, and technology. The sector's dynamism and entrepreneurial spirit contribute to inclusive growth, poverty reduction, and the development of rural areas.

Understanding the unique requirements of MSMEs, Citizens Bank PLC offers a range of customized financial solutions tailored to their specific needs. These solutions include flexible working capital loans, trade financing, equipment financing, and project financing options. By providing timely access to finance, Citizens Bank PLC enables MSMEs to expand their operations, invest in technology, and explore new market opportunities.

In line with Bangladesh's digital transformation, Citizens Bank PLC provides MSMEs with easy access to digital banking services. Through user-friendly online and mobile banking platforms, MSMEs can conveniently conduct transactions, monitor their accounts, and access a suite of digital financial tools. This digital empowerment enhances efficiency, reduces operational costs, and facilitates seamless business operations for MSMEs.

To foster the growth of MSMEs, Citizens Bank PLC places great emphasis on financial literacy and capacity building. The bank organizes workshops, seminars, and training programs to enhance MSME entrepreneurs' business acumen and financial management skills. These initiatives equip MSMEs with the knowledge and tools required to make informed decisions, manage cash flows, and optimize their business operations.

Citizens Bank PLC actively facilitates market linkages and networking opportunities for MSMEs. The bank organizes trade fairs, industry forums, and business matchmaking events, providing MSMEs with a platform to showcase their products and services, explore collaboration opportunities, and establish valuable business connections. By fostering an enabling ecosystem, Citizens Bank PLC helps MSMEs expand their market reach and access new customer segments.

Understanding the diverse needs of different MSME sectors, Citizens Bank PLC provides sector-specific support programs. Whether it's agricultural loans for farmers, technology adoption programs for startups, or export promotion schemes for small manufacturers, the bank tailors its initiatives to address the specific challenges faced by MSMEs in various industries. This sector-focused approach enables MSMEs to thrive in their respective sectors and contribute to overall economic development.

Citizens Bank PLC recognizes the immense potential of MSMEs in shaping Bangladesh's economic landscape. Through its tailored financial solutions, digital banking services, capacity-building programs, and market linkages, the bank is committed to empowering MSMEs and propelling their growth. By fostering an enabling environment for these enterprises, Citizens Bank PLC aims to contribute significantly to the country's economic development, job creation, and poverty alleviation. As a partner to MSMEs, Citizens Bank PLC remains dedicated to providing the necessary support and resources required to ensure the success of these dynamic and vital businesses.

CREDIT RISK MANAGEMENT

Overview

The Credit Risk Management Division (CRMD) plays a critically important role with respect to on-boarding of borrowers across the different segments through appraisal and articulating the financial requirements, structuring with a view to fulfillment of requirements of the borrowers and thereby take the counterparty risks. Their cardinal objective is to construct the lending portfolio of the bank and to keep the portfolio performing to the maximum extent possible in the process of monitoring and controlling with a view to restraining the growth of NPLs. As a matter of policy priority, the division attaches utmost importance on

exercising due diligence in the right perspective at the borrower selection process to keep the NPLs at the most minimum level since NPLs cast multi-pronged adverse impacts on the balance sheet of the bank. We also believe that at the entrepreneurs' end, time is money. So, the CRMD also gives renewed focus on bringing down the lead time for disposal of credit proposals.

Here it is also noteworthy that a lion shares of bank's earnings emanate from the lending operations and at the same time, any misappraisal creates the scope of take in the bad borrowers. So, CRMD remains focused to ensure better trade of between risk and return as well as ensures liquidity in the recycling process by way of repayment/smooth debt serving by the counterparty borrowers. The division is structured with experienced professionals supported by cutting-edge risk assessment tools. For managing diversified credit portfolio, CRMD focuses on ensuring the efficient and comprehensive credit risk assessment process with an extensive analysis of potential borrowers by evaluating the financial health, industry outlook and track record of each applicant observing the ground realities as well as ascertaining all regulatory compliances with due diligence.

Core Aptitudes

The CRMD of the Bank follows an efficient and comprehensive risk management process and hence is responsible for managing the credit risk of the bank's total credit portfolio i.e. lending to different segments like Corporate, MSME, NGO, Retail, Agriculture and other Banks/Financial Institutions. The CRMD of the Bank has well-defined responsibility for management of all sorts of credit risks. The main objective of CRMD is to minimize negative impact through adopting proper measures in line with norms set by the Central Bank as well as in accordance with the credit policy as approved by the Board of Directors of the Bank and to limit credit risk exposures within acceptable level. A Credit Risk Management Committee has been constituted comprises the top executives from various divisions of the bank and as per recommendation of the committee, all credit proposals are disposed of under the decision of the delegated authority of the Bank. The Board of Directors of the Bank set credit policies and delegates authority to the Management of the Bank for setting procedures which together has structured the credit risk management framework in the Bank.

Diversification of Credit Portfolio with Strategic Focus

- To mitigate concentration risk, the CRMD emphasizes diversification in the bank's credit portfolio. By lending to a broad spectrum of industries and sectors, the bank reduces its exposure to adverse developments in any specific segment, thereby promoting stability in the face of economic fluctuations.
- Align business profiles and plans with risk appetite and ensure exposures to customers/groups are within regulatory guidelines and credit policy.
- Mitigate risk with appropriate measures, initiatives, disclosures and relevant supporting documents.
- Ensure compliance in respect of all regulatory norms and guidelines with utmost diligence.

Products and Services

Banking industry of Bangladesh has become steeply competitive having as many as 61 scheduled Banks are in operation at present. Hence, sustainable growth of any Bank depends upon introduction of innovative business products properly addressing the risk issues to cater the clients' specific requirement vis-a-vis to broaden the clientele base. In this scenario, as a coping strategy, banks are required to be more innovative with strategic mindset for exploring new opportunities for business expansion toward optimization of profitability. Bank's corporate slogan "Today-Tomorrow-Together" reinforces the necessity of innovating credit-oriented products in alignment with the requirements of the diversified sectors/segments. In order to compete with the market leaders, Citizens Bank designs new products with superior value-added features to deliver optimum benefits to the counterparty clients.

Major Initiatives in 2022

In 2022, major initiatives of the Credit Risk Management Division of Citizens Bank PLC include contributions in:

- Ensuring compliance with "Guidelines on Credit Risk Management (CRM) for Banks", "Guidelines on Environment and Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh" and "Internal Credit Risk Rating System" of Bangladesh Bank and circulars of Bangladesh Bank.

- In line with the decision of Senior Management/Credit Risk Management Committee of the Bank, CRMD contributed in introducing two separate Process Flows in connection with Loan Origination and Disbursement Process i.e. one for Branch level and another for Head Office RM level.
- Disposal of 73 nos. of credit proposals out of which 67 nos. for amount of BDT 349.22 crore have been approved and 6 nos. for amount of BDT 70.15 crore have been declined.
- Actively supporting in developing/modifying loan products matching with the clients' requirements.
- Designing and developing different proposal formats as well as credit related other formats to facilitate disposal of credit proposals from Branch and Head Office end for getting approval from the competent authority(ies).
- Developing general as well as product category-wise terms, conditions and general covenants to be incorporated in the sanction advice which to be communicated with the borrowers for approved credit facilities.
- Ensuring the overall asset quality and sustainable growth of the bank.
- Accomplishing the goals of faster disposal of credit proposals, expansion of digital platforms and combating money laundering in 2022.

Focusing Towards Forward

Bangladesh has made a successful U-turn in terms of economic activity from the pandemic that brought the whole world into a standstill. Nonetheless, CRMD of the Bank anticipates 2023 to be another challenging year, with the financial sector already facing various issues due to the pandemic, price fluctuations, trade deficits, geopolitical tensions and rising inflation. The division plans to implement robust risk mitigation processes to ensure regulatory compliance with utmost diligence and maintain a high-quality asset portfolio while maximizing the interest income.

The CRMD of Citizens Bank PLC literally serves as a bulwark against potential financial risks ensuring the institution's stability and resilience. Through rigorous credit risk assessment, diversification of the credit portfolio and the adoption of advanced risk modeling and technology, the bank endeavors to strike balance between liquidity and profitability as well as keeping the exposures within the risk appetites of the bank.

CREDIT ADMINISTRATION

Citizens Bank PLC implemented centralized platform from the very inception of banking operation. The functional issues related to the Credit Administration Department (CAD) since centralized for ensuring better control on loan documentation, strong monitoring to arrest deterioration of the status of lending portfolio as well as to adopt good practices on all loan related matters. As a matter of policy priority, the bank stays focused to build up robust compliance culture as a part of which CAD has been strengthened and without having prior clearance with respect to loan documentation the Relationship Manager don't have any authority to execute disbursement.

The CAD is well equipped with officials having long track record of performance along with the professional support from the panel lawyers of the bank as well as some officials have been appointed with having academic exposure on legal matters.

The function of the Credit Administration Department has been totally segregated from Business Unit(s) for avoiding any possibility to compromise with the quality and perfectness of loan documentation to better safeguard the interest of the bank.

CYBER SECURITY & MIS

Citizens Bank PLC takes immense pride in being the first bank in Bangladesh to pioneer the establishment of a dedicated Cyber Security Department with certified personnel to secure IT systems from its inauguration day. We are responsible for implementing comprehensive security measures to prevent cyber threats.

We are implementing cyber security frameworks such as Identify-Protect-Detect-Respond-Recover functions to ensure a risk-aware and controlled culture around technology. Our cyber security risk management policy has been strengthened through proactive measures, vulnerability assessments, and timely application of the latest security patches.

Fostering cybersecurity awareness among our employees and stakeholders is an integral part of our approach. Regular awareness campaigns, cyber security tips on our website, and visual reminders on employees' PC wallpapers reinforce best practices throughout the bank. We proactively communicate with our customers and employees via email and SMS, keeping them informed about the latest threats.

Management Information Systems (MIS) in banking plays a crucial role in optimizing operations, decision-making, and overall efficiency. We diligently submit the "e-Banking and e-Commerce related RIT", "Deposit Schemes", and "Women's Financial Inclusion Data" report to Bangladesh Bank.

Looking ahead, we have a strategic plan in place for the next five years, aimed at further fortifying our cybersecurity infrastructure and capabilities to effectively combat evolving threats. Our commitment to adopting proactive measures and responsive security posture is unwavering. We remain dedicated to safeguarding our bank from potential cyber risks in this ever-evolving digital landscape.

HUMAN RESOURCES

Human Resources Management is one of the most significant areas of bank management. The overall performance output of the bank is largely dependent on the quality of manpower in terms of their professional depth, work place efficiency and dedication.

Citizens Bank PLC. from its very inception emphasizes to build up a professional culture inside the organization which will eventually promote the cause of cohesiveness, in other words, to inculcate the team spirit among the employees with a view to channeling the collective efforts towards taking the Bank to the sustained growth trajectory.

This is a knowledge-based economy and we are also in the midst of multifaced challenges, so the situation demands us to be even more proactive and at the same time to become cost-efficient having overarching objectives to churn out the result oriented financial performance.

With this objective in view, we have emphasized upon training of manpower is so to reskilling and upskilling the existing pool of manpower so that they can contribute meaningfully from their respective areas to promote the interest of the Bank, alongside, their career progression in the banking sector.

The Human Resources Division is alive to the requirements of recruiting quality manpower and to enhance their knowledge base so that they can perform with professional zeal and acumen.

The Human Resources Division is also intended to retain the quality human resources by undertaking the programs of incentivization and creating proactive employee friendly congenial ambiance.

INTERNATIONAL DIVISION AND NRB

Citizens Bank Plc, as part of it's effort to provide all encompassing banking services, emphasized on facilitating cross-border banking transactions involving Import, Export as well as scouting of homebound remittances from the Bangladeshi diaspora with a view to ensuring it's contribution to the country's inclusive and equitable economic development.

Keeping this objective in view, we have taken different measures, the mentionable ones are enumerated as: the Bank has established its connectivity with SWIFT and obtained SWIFT CODE: CIZSBDDH. The Bank has also completed some required enlistment with various international entities; i.e. obtaining GIIN (Global Intermediary Identification Number) from IRS (Internal Revenue Service) to comply with FATCA, enlisting with Global Payment Advisory Group (GPAG) to get USA Patriot Act Certificate, accessing to Bankers Almanac which is a global informative platform of all Banks, accessing Online Compliance Tools for Sanction Screening to check against UN, OFAC and other sanction lists, tying up with Dun & Bradstreet and Tory Credit Report for collecting credit reports. The bank has already established RMA (Relationship Management Application) with some correspondent banks of India, China, Singapore, USA, UK and Bangladesh.

We have two Authorized Dealer Licenses of which one for Head Office and the other for Principal Branch and in near future we have plan to take the Authorized Dealer License from Bangladesh Bank for our Gulshan Corporate Branch. Meanwhile, we have opened foreign currency accounts, i.e. Nostro Accounts with some prominent Banks abroad in multiple currencies i.e. USD, EUR & GBP to accommodate the requirements of Import based and export oriented clientele across the different segments. We have entered into drawing agreement with Ria Financial Services, USA and NEC, Italy for scouting homebound remittances and such kind of arrangement with other prominent exchange houses has been under the active process.

TRADE SERVICE

Trade Service Division of Citizens Bank PLC is committed to providing superior value-added services and support to our valued clientele across the different segments. Our division specializes in facilitating international trade transactions, managing risk, and ensuring smooth and efficient on-time delivery of services.

With a team of dedicated experts, we offer a comprehensive range of services, including letters of credit, documentary collections, trade finance solutions, and trade advisory services. The array of services enables businesses in Bangladesh to import raw materials, machinery, and equipment and export finished goods, contributing to the growth of the country's trade sector. We understand the importance of seamless cross-border transactions and at the same time take utmost care in due diligence process to avert the possibility of trade-based money laundering of any kind and magnitude.

Our experienced professionals possess extensive knowledge of international trade practices, rules, and regulations, enabling us to navigate complex trade processes with ease. We provide personalized assistance throughout the trade cycle, offering guidance at every step to minimize risks and optimize efficiency.

At Trade Service Division, we stay focused on building a long-lasting sustainable relationship with our clients, based on trust and mutual confidence. Our customer-centric approach ensures that we go above and beyond to meet our clients' needs, providing timely and accurate information, prompt problem-solving, and reliable time worthy support.

Whether a small business venturing into international trade or an established multinational corporation, our Trade Service Division is here to become a trusted partner. We are dedicated to helping our clients to seize global opportunities, expand their market reach, and achieve their trade objectives.

INTERNAL CONTROL AND COMPLIANCE

Internal Control and Compliance is considered as one of the fundamental pillars of a bank that uphold the integrity and security of the institution, ensure operational efficiency, safeguarding customer interests, mitigating risks, reliability of financial reporting and maintaining the trust of stakeholders. As a matter of fact, Internal Control & Compliance Division virtually acts as a whistle blower and gives the early signal of any untoward incident that may cause financial or reputational loss having adverse impact on its entity /CAMLES rating. Citizens Bank in its charter stipulates that good corporate governance is the essence of our success and building up the compliance culture enables the bank to achieve sustainable growth in the midst of multifaced challenges. Since incorporation, Citizens Bank PLC is committed to ensure transparency, accuracy and accountability in all areas of activities and operations by adhering to the laws of the land, regulatory framework and guidelines of the authorities & regulators.

Citizens Bank PLC is committed to establish an appropriate and effective internal control environment in the bank. As such, in compliance with the guidelines of the BRPD circular of Bangladesh Bank issued from time to time, we have Audit Committee chaired by Independent Director to monitor the effectiveness of internal control system of the bank. The committee reviews the financial reporting process, the system of internal control & management of financial risks, the audit process, health report of the bank and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct. ICCD acts independently as a Division and responsible to the audit committee. The ICCD reports to the Senior Management of the bank regarding major findings and observations, seeking necessary guidelines to streamline the issues as detected in course of their audit and inspections.

The cardinal objectives inter-alia of Internal Control and Compliance Division are as under:



Operational objectives: Ensuring performance for achieving the bank's vision and mission statements that aligned with the bank's values and code of conduct.

Reporting objectives: Ensuring timely, accurate and comprehensive reporting, comprising both financial and non-financial reporting, in accordance of the internal and external requirements following regulatory and international standards.

Compliance objectives: Ensuring that operates in full compliance with all relevant laws, regulations, policies, and ethical standards.

ICCD operates its operations through 03 unit- Internal Audit, Monitoring and Compliance. The organogram of the ICCD has been developed in compliance of the regulatory guideline which has been duly approved by the Board of the Directors.

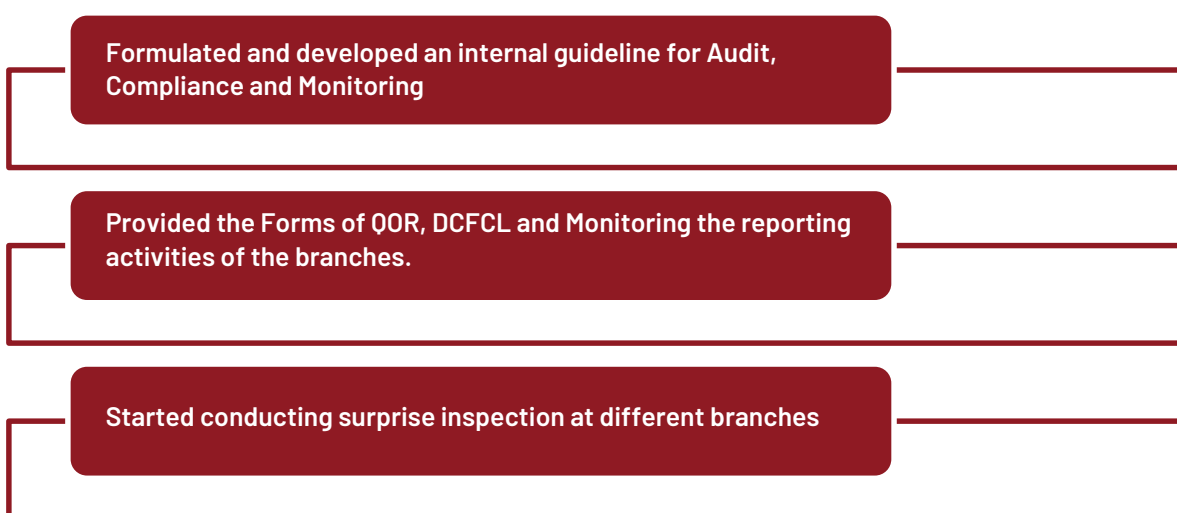
Internal Audit: The internal audit unit is constituted by an operationally-independent team in order to Independent identification and assessment of key operational risk formations across the major business divisions through regular audits conducted under the approved Annual Audit Plan. The Internal Audit conducts audit using the risk based internal audit methodology following the rules, regulations, guidelines, manuals issued by the bank authority, Bangladesh Bank and other regulators. The risk-based internal audit of the bank not only offering suggestion for mitigating current risks but also anticipating areas of potential risk and playing an important role in protecting the bank from various risks. The unit also conducts surprise audit in the different branches and special inspection in accordance to the requirements of the Board of Directors and the Management as and when required basis to identify the anomalies, deviation and loop wholes and offering advisories for mitigating the risks.

Monitoring Unit: In compliance of the Bangladesh Bank guidelines, the monitoring unit has been formed that monitors effectiveness of the Bank's internal control system on an ongoing basis through off-site supervision, follow-up on compliances and regularization of deficiencies that are detected through different off-site reports, on-site monitoring, scrutinizing QOR, LDCL, DCFCL, Half-yearly Self-Assessment of Anti-Fraud Internal Controls, Self-Assessment of AML etc.

Compliance Unit: The compliance unit of the division ensures the presence of the compliance culture within the bank. The unit is responsible to ensure on time meticulous compliance of all internal and external guidelines and regulatory requirements while operating the business activities. The unit identify and track compliance activities of the different divisions and branches of the bank. The unit also maintains liaison with the regulators and notify the other departments/divisions of the bank regarding the regulatory changes and instructions. Moreover, the compliance unit undertakes the preventive actions to mitigate the compliance risk of the bank. The unit also ensures that proper corrective actions have been introduced and the recommendations & instructions are being implemented according to the findings of the internal audit, external & regulatory audit. The unit is also responsible of the on-time submission of the compliance report of the Bangladesh Bank audit.

Major Activities of the ICCD in 2022:

- ICCD has formulated and developed an internal guideline for Audit, Compliance and Monitoring.
- ICCD has provided all the branches with the formats of Quarterly Operation Report (QOR), Departmental Control Function Checklist (DCFCL) and Compliant Cell report as well as ICCD are also monitoring their feedbacks.
- ICCD has started conducting surprise inspection at different branches of the bank.



Plan for the 2023:

Some of the core areas as identified below shall remain within the purview of surveillance of ICCD in the year 2023:

- Calibration of 'Risk Based Internal Audit (RBIA)' framework.
- Conduct audit on the functional aspects of different divisions and departments at head office.
- Conduct surprise inspection on cash & cash related items, special inspection, AML inspection, inspection at different branches in compliance with the Bangladesh Bank guideline and in accordance to the Management instructions.
- Formulation of Audit Charter to guide the internal audit activities and the functions of the internal audit unit of the bank.
- Formulation of the Compliance Manual of Citizens Bank PLC.
- Framing of the reporting structure to unearth the deficiencies, deviations and reporting in the right perspective.
- Development of a technology-based audit strategy and automation of the significant portion of the audit activities aligning with the best practices ensuring process efficiency.
- Maintenance of liaison and connectivity with different regulatory authorities.
- Strengthening the monitoring measures through regular review of the DCFCL, QOR, LDCL as part of self-assessment.

PREVENTION OF MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM

Citizens Bank PLC, as a matter, emphasized Policy Priority on restrained keeping this objective in view, we are giving renewed focused to ensure maximum extend of compliance with the directives given by the BFIU from time to time activities and adopted the policy of Zero tolerance.

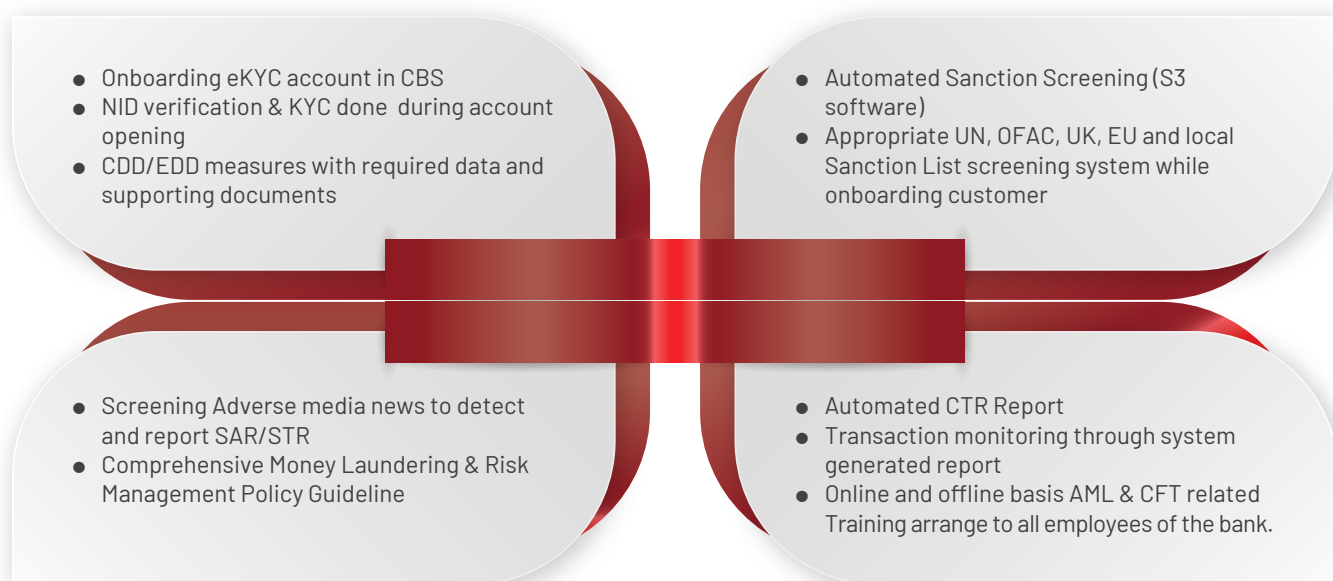
Here it is noteworthy that we have in the meanwhile imparted training to the maximum number of officers and executives for creating awareness regarding the rules and regulations as enacted the mentionable once are Money Laundering Prevention Act, 2012 (Amendment- 2015), Money Laundering Prevention Rules-2019, Anti-Terrorism Act, 2009 (Amendment 2012 & 2013), Anti-Terrorism Rules 2013, BFIU Circulars and instructions etc. so that they can handle the issues with professionals zeal and at the same time to enhance their capacity for exercising due diligence to save the Bank out of the hindrance activities related to Money Laundering and Terrorist Financing.

Regulator's Directives:

A good governance and implementation necessary Regulatory controls of Anti Money Laundering, Terrorist Financing and Proliferation Financing depend on the vibrant compliance culture of Banking overall operational activities. Citizens Bank PLC formed a Central Compliance Committee (CCC) to evaluate and assess the activities of AML & CFT Division from time to time and review the AML & CFT compliance policies, strategies and programs aligned with the policies and guidelines of the regulators and international best practices. As per BFIU provided master circular 26, dated 20 June, 2020, CZB's has assigned Bank's Chief Anti Money Laundering Compliance Officer (CAMLCO) at Head Office. In this regards, CAMLCO's roles and responsibilities has fixed and specified.

Furthermore, a Deputy CAMLCO has assigned to operate as Head of AML & CFT Division at Head Office and BAMLCOs have assigned at Branches for ensuring adequate implementation of AML & CFT programs as per directives of Bangladesh Financial Intelligence Unit (BFIU). According to CCC as well as CAMLCO's and honorable Managing Directors and CEO's guidance, AML & CFT Division of the Bank operates and monitors several AML & CFT programs across the Bank.

CZB's AML & CFT Policy Guidelines & Compliance Structure:



REPORT OF THE MD & CEO AND CFO

Date: 29 March 2023

The Board of Directors

Citizens Bank PLC

Chini Shilpa Bhaban-2, 76 Motijheel C/A

Dhaka - 1000, Bangladesh

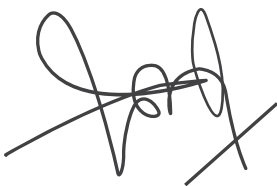
Subject: Declaration on Financial Statements for the year ended on December 31, 2022.

Dear Sirs,

In adherence to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- 1) The Financial Statements of Citizens Bank PLC for the year ended on December 31, 2022 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made with prudence to ensure disclosure revealing disfacinate view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. In this regard, we also certify that, we have reviewed the financial statements for the year ended on December 31, 2022 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- B. There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Mohammad Saiful Islam, FCMA, ACA
Executive Vice President & CFO

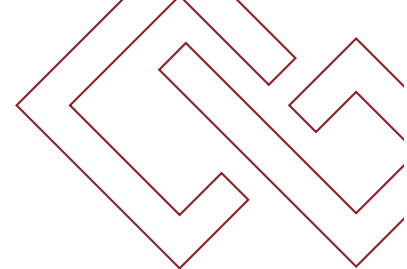


Mohammad Masoom
Managing Director & CEO



FINANCIAL STATEMENTS





INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CITIZENS BANK PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Citizens Bank PLC (the "Bank"), which comprise the balance sheet as at 31 December 2022, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the balance sheet of the Bank as at 31 December 2022, and of its profit and loss account, cash flow statement for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and comply with the Companies Act, 1994, the Bank Company Act, 1991 (as amended up to date), the rules and regulations issued by Bangladesh Bank and other applicable laws and regulations.

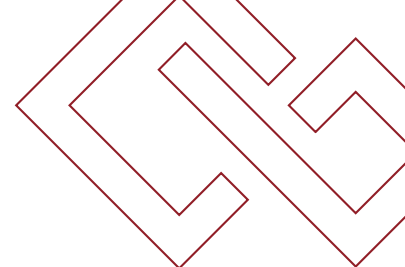
Basis for opinion

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), requirements of Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the current period. These matters were addressed in the context of the audit of the financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

Risk	Our response to the risk
Interest income recognition	
<p>Recognition of interest income has significant influence on financial statements and performance of the Bank.</p> <p>We identify recognition of interest income from loans and advances, and investments as key audit matter because this is one of the key performance indicators of the Bank and therefore there is an inherent risk of fraud and error in recognition of interest income by management to meet specific targets or expectations.</p>	<p>We tested the design and operating effectiveness of key controls over recognition and measurement of interest income on loans and advances, and investments.</p> <p>We performed test of control in place to measure and recognize interest income.</p> <p>We have also performed substantive procedure to check whether interest income is recognized completely and accurately.</p> <p>We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.</p>
See note no. - 20 & 22 to the financial statements	



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CITIZENS BANK PLC

Report on the audit of the financial statements

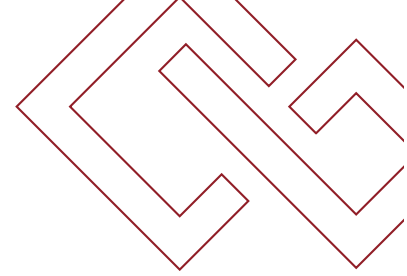
Risk	Our response to the risk
Measurement of provision for loans and advances	
<p>The process for calculating the provision for loans and advances associated with credit risk is significant and complex.</p> <p>The Bank calculates provision for loans and advances by considering various factors such as rate of provision, loan category, expiry date, outstanding balance, interest suspense amount, and the value of eligible collateral as per BRPD circular no. 14 dated September 23, 2012, and its subsequent amendments.</p>	<p>Our audit in relation to the provision for loans and advances comprised the following:</p> <ul style="list-style-type: none"> ■ Reviewed the adequacy of the Bank's general and specific provisions; ■ Assessed the methodologies on which the provision amounts were based; ■ Recalculated the provisions and tested the completeness and accuracy of the underlying information; ■ Assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; ■ Finally, compared the amount of provision requirement as determined by the Bangladesh Bank inspection team to the actual amount of provision maintained.
See note no- 33 to the financial statements	
Income Taxes	
<p>Income taxes is considered as a key audit matter because of the judgements and estimates involved and the amount of income taxes is material to the financial statements as a whole.</p> <p>The management makes judgments and estimates in connection with tax issues and tax exposures resulting in the recognition of deferred tax assets or liabilities as well as tax provisions.</p>	<p>We performed audit procedures on the calculation and valuation of current tax and deferred tax. Procedures included assessment of correspondence with tax authorities and evaluation of tax exposures.</p> <p>In addition, we evaluated the appropriateness of the recognition principles and the sufficiency of the given disclosures.</p>
See note no- 35 to the financial statements	

Other information

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



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CITIZENS BANK PLC

Report on the audit of the financial statements

Responsibilities of management and those charged with governance for the financial statements and internal controls.

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with 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, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) Bank and other applicable Laws and Regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. 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 judgement 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.
- 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.



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CITIZENS BANK PLC

Report on the audit of the financial statements

- 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 entities 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, 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.

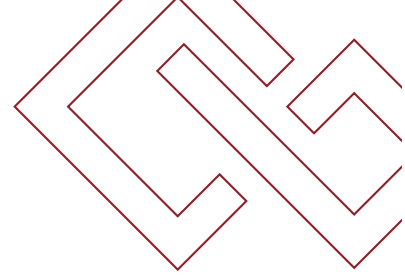
Report on other legal and regulatory requirements

In accordance with the Companies Act, 1994, the Bank Company Act, 1991(as amended up to date), and the rules and regulations issued by Bangladesh Bank, the Securities and Exchange Rules 1987, 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 records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- v. 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;

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CITIZENS BANK PLC

Report on the audit of the financial statements



- vi. the expenditures incurred and payments made were for the purpose of the Bank's business for the period;
- vii. the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- viii. 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 650 person hours; and
- x. capital to risk-weighted asset ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the period.

A. Qasem & Co.

Chartered Accountants

RJSC Firm Registration Number: 2-PC7202

Ziaur Rahman Zia FCA

Partner

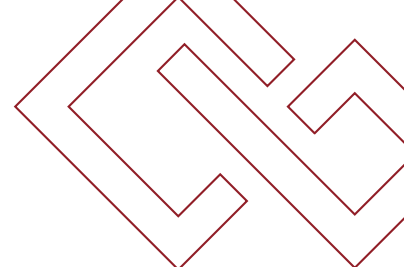
Enrolment number: 1259

DVC: 2303301259AS860323

Place: Dhaka

Date: 29 March 2023

Citizens Bank PLC
Balance Sheet
As at 31 December 2022



Particulars	NOTE	2022 TAKA	2021 TAKA
PROPERTY AND ASSETS			
Cash	3.0	176,250,429	131,962
Cash in hand	3.1	42,772,156	131,962
(Including foreign currency)			
Balance with Bangladesh Bank and its agent Bank(s)	3.2	133,478,273	-
(Including foreign currency)			
Balance with other Banks and Financial Institutions	4.0	3,939,383,165	3,981,396,910
Inside Bangladesh	4.1	3,939,383,165	3,981,396,910
Outside Bangladesh		-	-
Money at call and short notice	5.0	40,000,000	-
Investments	6.0	1,524,553,801	-
Government	6.1	1,430,237,265	-
Others	6.2	94,316,537	-
Loans and advances	7.0	986,249,136	-
Loans, cash credit, overdrafts etc.	7.1	986,249,136	-
Bills purchased & discounted		-	-
Fixed assets including premises, furniture and fixtures	8.0	511,114,484	302,683,329
Other assets	9.0	130,322,865	49,803,849
Non-banking assets		-	-
Total Assets		7,307,873,880	4,334,016,049
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents		-	-
Deposits and other accounts	12.0	2,906,905,548	-
Current accounts & other accounts		1,199,480,593	-
Bills payable		71,960,728	-
Savings deposits		78,120,363	-
Fixed deposits		1,557,343,864	-
Bearer Certificates of Deposit		-	-
Other deposits		-	-
Other liabilities	13.0	381,783,410	310,362,708
Total Liabilities		3,288,688,959	310,362,708
Capital and Shareholders' Equity			
Paid up share capital	14.2	4,000,000,000	4,000,000,000
Share premium		-	-
Statutory reserve	15.0	17,813,963	17,156,613
Dividend Equalization Fund		-	-
Revaluation Reserve on Govt. Securities		367,532	-
Assets Revaluation reserve		-	-
Surplus/(Deficit) in profit and loss account/Retained Earnings	17.0	1,003,426	6,496,728
Total shareholders' equity		4,019,184,921	4,023,653,341
Total Liabilities and Shareholders' Equity		7,307,873,880	4,334,016,049

Citizens Bank PLC
Balance Sheet
As at 31 December 2022



Off Balance Sheet Items	NOTE	2022 TAKA	2021 TAKA
CONTINGENT LIABILITIES			
Acceptances and endorsements		-	-
Irrevocable letter of credits		-	-
Letter of guarantees		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total Contingent liabilities		-	-
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total Other Commitments		-	-
Total Off-Balance Sheet items including contingent liabilities		-	-
Net Asset Value (NAV) Per Share		10.05	10.06

These Financial Statements should be read in conjunction with the annexed notes.

Auditors' report to the shareholders
See annexed report

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



Mohammed Iqbal
Director



N K A Mobin FCS, FCA
Director



Ziaur Rahman Zia FCA
Partner

Enrollment Number: 1259
DVC: 2303301259AS860323 2303301259AS860323
Place: Dhaka
Date: 29 March 2023

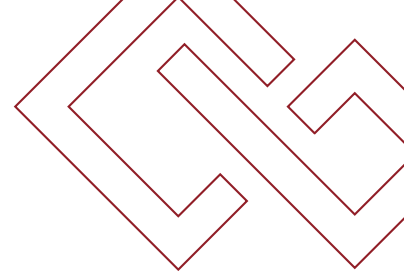


Mohammad Masoom
Managing Director and CEO



Towfika Aftab
Chairman

Citizens Bank PLC
Profit and Loss Account
For the year ended 31 December 2022



Particulars	NOTE	2022 TAKA	2021 TAKA
Interest income	20	293,700,824	219,486,862
Interest paid on deposits and borrowing etc.	21	93,471,802	-
Net interest income		200,229,022	219,486,862
Investment income	22	71,385,420	-
Commission, exchange and brokerage	23	36,916	-
Other operating income	24	1,030,667	-
Total operating income		72,453,003	-
		272,682,025	219,486,862
Salaries and allowances	25	119,087,434	72,906,792
Rent, taxes, insurance, electricity etc.	26	8,039,620	6,882,904
Legal expenses		-	-
Postage, stamps, telecommunication etc.	27	2,964,401	1,751,108
Stationery, printing, advertisement etc.	28	22,464,221	2,695,220
Chief Executive's salary & fees	29	11,388,010	9,825,543
Directors' fees	30	456,800	211,600
Auditors' fee		172,500	115,000
Depreciation on and repairs to bank's assets	31	44,593,716	21,440,592
Other expenses	32	42,042,569	17,875,040
Total operating expenses		251,209,271	133,703,799
Profit/(loss) before provisions		21,472,754	85,783,063
Provision for:			
Loans and advances	33	6,991,861	-
Diminution in value of investments	34	11,194,145	-
Off balance sheet items		-	-
Others		-	-
Total provision		18,186,006	-
Profit/(loss) before taxes		3,286,748	85,783,063
Provision for Taxation:	35		
Current tax expense	35.1	7,661,303	18,704,230
Deferred tax expense/ (income)	35.2	461,397	23,109,178
Total provision for Taxation		8,122,700	41,813,408
Net profit/(loss) after taxes		(4,835,952)	43,969,655
Appropriations:			
Statutory reserve	15	657,350	17,156,613
General reserve		-	-
Dividend etc.		-	-
		657,350	17,156,613
Retained earnings		(5,493,302)	26,813,042
Earnings Per Share (EPS)	36	(0.01)	0.11

These Financial Statements should be read in conjunction with the annexed notes.

Auditors' report to the shareholders
See annexed report

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


Ziaur Rahman Zia FCA
Partner

Enrollment Number: 1259
DVC: 2303301259AS860323
Place: Dhaka
Date: 29 March 2023


Mohammed Iqbal
Director


Mohammad Masoom
Managing Director and CEO


N K A Mobin FCS, FCA
Director


Towfika Aftab
Chairman

Citizens Bank PLC
Statement of Changes in Equity
For the year ended 31 December 2022

Particulars	Amount in Taka						
	Paid up share Capital	Share Premium	Statutory Reserve	Revaluation Reserve on Govt. Securities	Assets Revaluation reserve	Retained Earnings	Total
Balance as at 1 January 2022	4,000,000,000	-	17,156,613	-	-	6,496,728	4,023,653,341
Shares Issued during the period	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	(5,493,302)	(5,493,302)
Dividend Equalization Fund	-	-	-	-	-	-	-
Ordinary Share issue	-	-	-	-	-	-	-
Share Premium	-	-	-	-	-	-	-
Statutory reserve	-	-	657,350	-	-	-	657,350
Revaluation reserve	-	-	-	367,532	-	-	367,532
Cash Dividends	-	-	-	-	-	-	-
Balance as at 31 December 2022	4,000,000,000	-	17,813,963	367,532	-	1,003,426	4,019,184,921

These Financial Statements should be read in conjunction with the annexed notes.

Auditors' report to the shareholders
See annexed report

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


Ziaur Rahman Zia FCA
Partner
Enrollment Number: 1259
DVC: 2303301259AS860323
Place: Dhaka
Date: 29 March 2023


Mohammed Iqbal
Director

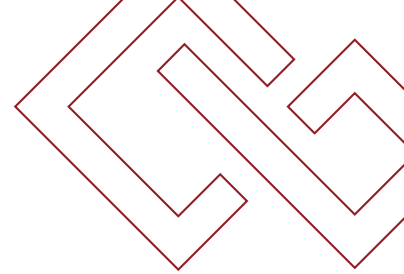

Mohammad Masoom
Managing Director and CEO


NKA Mobin FCS, FCA
Director


Towfika Aftab
Chairman



Citizens Bank PLC
Cash Flow Statement
For the year ended 31 December 2022



Particulars	NOTE	2022 TAKA	2021 TAKA
A. Cash flows from operating activities			
Interest receipts		279,575,547	195,721,238
Interest payment		(93,471,802)	-
Dividends receipts		95,000	-
Fees & commissions receipts		1,067,583	-
Recoveries on loans previously written off		-	-
Cash payments to employees		(130,475,444)	(82,732,335)
Cash payments to suppliers		(25,478,047)	-
Income tax paid		(36,862,926)	-
Receipts from other operating activities		68,822,920	-
Payment for other operating activities		(48,136,179)	(22,678,501)
Operating Cash flow before changes in operating assets and liabilities (i)		15,136,652	90,310,402
Increase/decrease in operating assets & liabilities			
Loans and advances to customers		(986,249,136)	-
Other assets		(213,172,937)	(52,446,582)
Deposits from other banks/borrowings		-	-
Deposits from customers		2,906,905,548	-
Other liabilities		45,111,997	20,867,853
Cash utilized in operating assets & liabilities (ii)		1,752,595,471	(31,578,728)
Net cash (used)/flows from operating activities (i+ii)		1,767,732,123	58,731,674
B. Cash flows from investing activities			
Treasury bills		(1,430,237,265)	-
Bangladesh Bank Bills		-	-
Treasury bonds		-	-
Encumbered Securities		-	-
Sale/ (Investment) in shares		(94,316,537)	-
Investment in Bonds		-	-
Redemption of Bond		-	-
Acquisition of fixed assets		(70,773,600)	(78,608,725)
Disposal of Fixed Assets		1,700,000	-
Net cash used in investing activities		(1,593,627,401)	(78,608,725)
C. Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	4,000,000,000
Proceeds from issue of right shares		-	-
Share Premium		-	-
Dividend paid		-	-
Net cash flows from financing activities		-	4,000,000,000
Net increase/decrease in cash		174,104,722	3,980,122,949
Cash and cash equivalents at beginning of year		3,981,528,872	1,405,922
Cash and cash equivalents at end of the year	39	4,155,633,594	3,981,528,872

These Financial Statements should be read in conjunction with the annexed notes.


Auditors' report to the shareholders
See annexed report

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


Ziaur Rahman Zia FCA

Partner
Enrollment Number: 1259
DVC: 2303301259AS860323
Place: Dhaka
Date: 29 March 2023


Mohammed Iqbal
Director


Mohammad Masoom
Managing Director and CEO


N K A Mobin FCS, FCA
Director


Towfika Aftab
Chairman

Citizens Bank PLC Liquidity Statement As at 31 December 2022

Particulars	Amount in BDT					
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
ASSETS :						
Cash	176,250,429	-	-	-	-	176,250,429
Balance with other Banks and Financial Institutions	1,339,383,165	2,600,000,000	-	-	-	3,939,383,165
Money at Call & Short notice	40,000,000	-	-	-	-	40,000,000
Investments	94,316,537	600	545,054,600	199,829,100	685,352,965	1,524,553,801
Loans and Advances	-	-	944,542,662	34,037,545	7,668,929	986,249,136
Premises and Fixed Assets	5,679,393	11,358,786	51,114,537	249,205,069	193,756,699	511,114,484
Other Assets	74,622,738	-	-	-	55,700,127	130,322,865
Non-Banking Assets	-	-	-	-	-	-
Total Assets	1,730,252,261	2,611,359,386	1,540,711,799	483,071,714	942,478,719	7,307,873,880
LIABILITIES :						
Borrowing From Other Banks, Financial Institutions & Agents	-	-	-	-	-	-
Deposit and Other Account	1,997,124,674	531,906,766	359,467,269	2,184,182	16,222,656	2,906,905,548
Provision & Other Liabilities	62,123,508	2,247,544	10,113,948	78,782,603	228,515,808	381,783,411
Total Liabilities	2,059,248,183	534,154,310	369,581,217	80,966,785	244,738,465	3,288,688,959
Net Liquidity Gap	(328,995,922)	2,077,205,076	1,171,130,582	402,104,929	697,740,255	4,019,184,921
Cumulative Net Liquidity Gap	(328,995,922)	1,748,209,154	2,919,339,736	3,321,444,665	4,019,184,921	

Net result of the Liquidity Statement represents the 'Shareholders' Equity' of the Bank.

These Financial Statements should be read in conjunction with the annexed notes.

Auditors' report to the shareholders
See annexed report

A. Qasem & Co.

Chartered Accountants

RJSC Firm Registration Number: 2-PC7202


Ziaur Rahman Zia FCA

Partner

Enrollment Number: 1259

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Mohammed Iqbal
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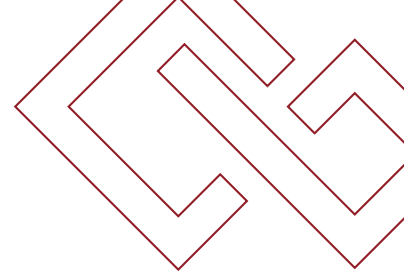

Towfika Aftab
Chairman



Citizens Bank PLC

Notes to the Financial Statements

As at and for the year ended 31 December 2022



Corporate Profile and Significant Accounting Policies

1.0 Citizens Bank PLC

1.1 Legal form of Citizens Bank PLC

Citizens Bank PLC (the "Bank" or "CZB") was incorporated in Bangladesh with its registered office, Chini Shilpa Bhaban-2, 76 Motijheel C/A, Dhaka-1000 at the date of 13th December 2020 under the Companies Act, 1994 as a Public Limited Company and received its banking license from Bangladesh Bank on 15th December 2020 as a scheduled commercial bank. All types of commercial banking services will be provided by the Bank within the stipulations laid down by the Bank Company Act, 1991 (as amended in 2013) and directive as received from the Bangladesh Bank from time to time. The bank started its commercial operation from 3rd July 2022.

2.0 Significant accounting policies

2.1 Basis of preparation of financial statements

2.1.1 Statement of Compliance and basis of preparation

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is formed and it is yet to issue financial reporting standards for public interest entities such as banks. The Banking Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable. As the Financial Reporting Standards (FRS) is yet to be issued as per the provisions of the FRA, the financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRSs), "First Schedule (Section 38) of the Bank Company Act 1991 (amended up to date) as amended by BRPD circular no. 14 dated 25 June 2003 etc. The Bank complied with the requirements of the following rules and regulations:

- *The Bank Company Act, 1991 (Amended up to date);
- *The Companies Act 1994;
- *International Financial Reporting Standards (IFRSs);
- *Rules, regulations and circulars issued by the Bangladesh Bank from time to time;
- *Income Tax Ordinance and Rules 1984;
- *Value Added Tax and Supplementary Duty Act, 2012;
- *Value Added Tax and Supplementary Duty Rules, 2016;
- *Financial Reporting Act 2015;
- *The Securities and Exchange Ordinance 1969;
- *The Securities and Exchange Rules 1987;

In case any requirement of the Bank Company Act, 1991 (amended up to date) and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs, the requirements of the Bank Company Act, 1991 (amended up to date), and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of IFRSs are as follows:



Citizens Bank PLC
Notes to the Financial Statements
As at and for the year ended 31 December 2022

i. Presentation of financial statements

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

Bangladesh Bank: The presentation of these financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by the First Schedule (section 38) of the Bank Company Act, 1991 (amended up to date) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of Bangladesh Bank. In the prescribed format there is no option to present assets and liabilities under current and non-current classification.

ii. Investments in Equity Instruments (Shares, Mutual funds, etc.)

IFRSs: As per requirements of IFRS 9 'Financial instruments', all equity investments (shares and mutual funds) are to be measured at fair value with value changes recognised in statement of profit or loss and other comprehensive income for the period, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income (OCI)'. If an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it through OCI with only dividend income recognised in profit or loss account.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, investments in quoted and unquoted shares are revalued on the basis of year-end market price and Net Assets Value (NAV) of last audited balance sheet respectively. As per instruction of another DOS circular letter no. 3 dated 12 March 2015, investment in mutual fund (closed end) is revalued 'at lower of cost and (higher of market value and 85% of NAV). As such, provision is made for any loss arising from diminution in value of investments (portfolio basis); otherwise investments are recognised at costs. The Bank reviews its investment in shares & mutual funds at each quarter-end on mark-to-market basis and has maintained a cumulative provision of BDT 11.19 million as of 2022 as per BB instructions (note 13).

iii. Revaluation gain/loss on government securities

IFRSs: As per IFRS 9 'Financial instruments', treasury bills (T-bills)/treasury bonds (T-bonds) are measured 'at fair value through other comprehensive income' where gains or losses shall be recognised in other comprehensive income (OCI), except for impairment gains or losses and foreign exchange gains and losses. The loss allowance arisen from impairment shall be recognised in OCI and shall not reduce the carrying amount of financial assets in the financial position. Interest calculated using the effective interest method shall be recognised in profit or loss account.

Bangladesh Bank: According to DOS circular no. 5 dated 26 May 2008 and subsequent clarification in DOS circular no. 5 dated 28 January 2009, amortisation gain/loss is charged to profit and loss account, mark-to-market loss on revaluation of government securities (T-bills/T-bonds) categorised as Held for Trading (HFT) is charged to profit and loss account, but any unrealised gain on such revaluation is recognised to revaluation reserve account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method but income/gain is recognised through equity.



Citizens Bank PLC
Notes to the Financial Statements
As at and for the year ended 31 December 2022

iv. Provision on loans and advances, off-balance sheet exposures including other commitments

IFRSs: As per IFRS 9 'Financial instruments', loans and advances shall be recognised and measured at amortised cost (net of any write down for impairment). When any objective evidence of impairment (a loss allowance for expected credit losses) exists for such financial assets, impairment assessment should be undertaken individually or portfolio basis (when assets are not individually significant).

Bangladesh Bank: As per Bangladesh Bank instructions vide different circulars, a general provision @ 0.25% to 2% under different categories of unclassified loans (standard/SMA loans) and special general provision for Covid-19 @ 1% to 2% on payment deferral facilitated accounts upon received of 15% payment against total dues for the year 2022, should be maintained regardless of objective evidence of impairment. And specific provision @ 5% to 100% on classified loan accounts including certain reschedule loan account should be made on loans net off eligible securities (if any). Also, a general provision @ 0.5% - 1% should be provided for certain off-balance sheet exposures (including other commitments). Such provision policies are not specifically in line with those prescribed by IFRS 9.

The Bank charged to its profit and loss account a general provision of BDT 6.99 million against unclassified loans & advances in 2022 (note 13).

v. Other Comprehensive Income

IFRSs: As per the requirement of 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 as a component of financial statements. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

vi. Financial instruments - presentation and disclosure

As per BB guidelines, in certain cases financial instruments are categorised, recognised, measured and presented differently from those prescribed in IFRS 7 'Financial instruments' - disclosure and IFRS 9 Financial instruments. As such some disclosures and presentation requirements of IFRS 7 and IFRS 9 cannot be fully made in these financial statements.

vii. Cash and cash equivalents

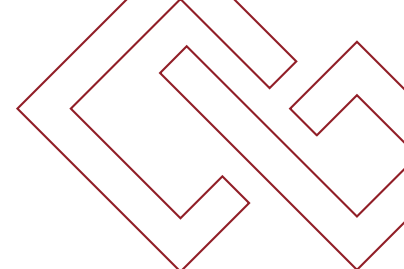
IFRSs: Cash and cash equivalent items should be reported as cash item as per IAS 7 'Statements of cash flows'.

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

viii. Cash Flow Statement

IFRSs: As per the requirement of IAS 7, The Statement of Cash Flows 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.

Citizens Bank PLC
Notes to the Financial Statements
As at and for the year ended 31 December 2022



Bangladesh Bank: As per BRPD Circular no. 14 dated 25 June 2003 Cash Flow Statement is the mixture of direct and indirect methods.

ix. Balance with Bangladesh Bank (cash reserve requirement)

IFRSs: Balance with Bangladesh Bank should be treated as other assets as it is not available for use in day-to-day operations as per IAS 7 Statement of cash flows.

Bangladesh Bank: Balance with Bangladesh Bank should be treated as cash and cash equivalents.

x. Off-balance sheet items

IFRSs: No concept of off-balance sheet items in any IFRS/IAS/IFRIC; so nothing to disclose as off-balance sheet items.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, off-balance sheet items i.e. letter of credit (LC), letter of guarantee (LG), acceptance should be disclosed separately on the face of the balance sheet.

xi. Presentation of loans and advance net of provision

IFRSs: Loans and advances shall be presented at amortised cost net of any write down for impairment (expected credit losses that result from all possible default events over the life of the financial instrument).

Bangladesh Bank: As per BRPD circular 14 dated 25 June 2003, provision on loans and advances should be presented separately as liability and cannot be netted off against loans and advances.

xii. Liquidity statement

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

Particulars	Basis of use
Cash, balance with other banks and financial institutions, money at call and short notice, etc.	Stated maturity/observed behavioural trend.
Investments	Residual maturity term.
Loans and advances	Repayment/maturity schedule and behavioural trend (non-maturity products).
Fixed assets	Useful life.
Other assets	Realisation/amortisation basis.
Borrowings from other banks and financial institutions	Maturity/repayment term.
Deposits and other accounts	Maturity and behavioural trend (non-maturity products).
Other long term liability	Maturity term.
Provision and other liability	Settlement/adjustment schedule basis.

xiii. Disclosure of appropriation of profit

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

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, an appropriation of profit should be disclosed in the face of profit and loss account.



Citizens Bank PLC
Notes to the Financial Statements
As at and for the year ended 31 December 2022

2.1.2 Basis of measurement

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

- Government treasury bills and bonds designated as 'Held for Trading (HFT)' are mark-to-market weekly with resulting gain credited to revaluation reserve account but loss charged to profit and loss account.
- Government treasury bills and bonds designated as 'Held to Maturity (HTM)' are amortised yearly with resulting gain credited to amortisation reserve account but loss charged to profit and loss account.
- Land is recognised at cost at the time of acquisition and subsequently measured at fair value as per IAS 16 'Property, Plant & Equipment' and BSEC notification no. SEC/CMRRCD/2009-193/150/Admin/51 dated 18 August 2013.

2.1.3 Going concern basis of accounting

These financial statements have been prepared on the basis of assessment of the Bank's ability to continue as a going concern. CZB has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. The key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the Bank continued to exhibit a healthy trend for couple of years. The rating outlook of the Bank as denoted by both the rating agencies CRISL is 'stable'. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

2.1.4 Directors responsibility on statements

The Board of Directors take the responsibility for the preparation and presentation of these financial statements.

2.1.5 Use of judgments and estimates

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

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

Income tax - as explained in Note 35.1

Deferred tax assets/liabilities - as explained in Note 35.2 & 13.2.1

Right of use of assets & lease obligation in Note 8.1

Loan loss provision in Note 33.0

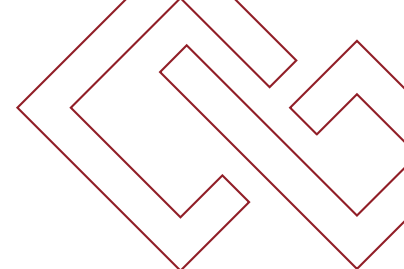
2.1.6 Significant accounting policies

The accounting policies set out and presented in these financial statements have been applied consistently to all the periods otherwise instructed by Bangladesh Bank as the primary regulator. Significant accounting policies applied in these financial statements are presented separately with relevant notes.

Accounting policies of subsidiaries

The financial statements of subsidiaries which are included in the consolidated financial statements of the Group have been prepared using uniform accounting policies of the Bank (the Parent) for transactions and other events of similar nature unless there is any instruction by regulators. There is no significant restriction on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans and advances.

Citizens Bank PLC
Notes to the Financial Statements
 As at and for the year ended 31 December 2022



2.2 Assets and basis of their valuation

2.2.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand and highly liquid financial assets which are subject to insignificant risk of changes in their fair value and are used by the Bank management for its short-term commitments.

2.2.2 Investments

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

Held to Maturity

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

Held for Trading

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

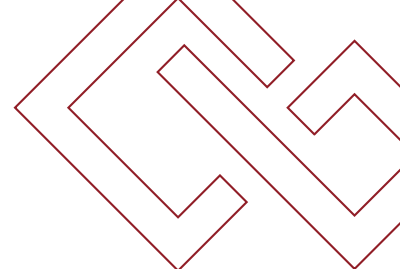
Investment in quoted shares

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

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Govt. treasury securities - Held to Maturity (HTM)	Cost	Amortised cost	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Govt. treasury securities - Held for Trading (HFT)	Cost	Fair value	Loss to Profit and Loss Account, gain to Revaluation Reserve.
Shares (Quoted)* for Trading (HFT)	Cost	Lower of cost or market value (overall portfolio)	Loss (net off gain) to profit and loss account. Unrealized gain is recognized through revaluation reserve.
Prize bond	Cost	Cost	None

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

Citizens Bank PLC
Notes to the Financial Statements
As at and for the year ended 31 December 2022



2.2.3 Loans and advances and provisions for loans and advances

- a) Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not sell in the normal course of business.
- b) At each balance sheet date and periodically throughout the year, the Bank reviews loans and advances to assess whether objective evidence that impairment of a loan or portfolio of loans has arisen supporting a change in the classification of loans and advances, which may result in a change in the provision required in accordance with BRPD circular no. 53 (30 December 2021), BRPD circular no. 52 (29 December 2021), BRPD circular no. 51 (29 December 2021), BRPD circular no. 50 (14 December 2021), BRPD circular no. 45 (04 October 2021), BRPD circular no. 19 (26 August 2021), BRPD circular no. 13 (27 June 2021), BRPD circular no. 05 (24 March 2021), BRPD circular no. 03 (31 January 2021), BRPD circular no. 56 (10 December 2020), BRPD circular no. 52 (20 October 2020), BRPD circular no. 16 (21 July 2020), BRPD circular no. 03 (21 April 2019), BRPD circular no.1 (20 February 2018), BRPD circular no.15 (27 September 2017), BRPD circular no.16 (18 November 2014), BRPD circular no. 05 (29 May 2013), BRPD circular no. 19 (27 December 2012) and BRPD circular no.14 (23 September 2012). The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. The provisioning rates are as follows:

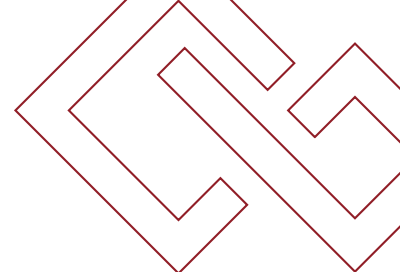
Types of loans and advances	Provision				
	STD	SMA	SS	DF	BL
Consumer:					
House building and professional	1.00%-2.00%	1.00%-2.00%	20.00%	50.00%	100.00%
Other than housing finance & professionals to setup business	2.00%	2.00%	20.00%	50.00%	100.00%
Provision for loan to broker house, merchant banks, stock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

2.2.4 Fixed assets (property, plant and equipment)

Recognition and measurement

- As per IAS 16 Property and Equipment Items of fixed assets excluding land are measured at cost less accumulated depreciation and accumulated impairment losses, if any.
- Purchase of software that is integral to the related equipment is capitalised As part of that equipment.
- Cost includes expenditure that are directly attributable to the acquisition of asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner.

Citizens Bank PLC
Notes to the Financial Statements
As at and for the year ended 31 December 2022



- When significant parts of an item of fixed asset have different useful lives, they are accounted for as separate items (major components) of fixed assets.
- The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the item of fixed asset, and is recognised in other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of fixed asset is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced parts is derecognised. The costs of the day to day servicing of fixed assets are recognised in the profit and loss statement as incurred.

Depreciation

Depreciation on fixed assets are recognised in the profit and loss statement on straight line method over its estimated useful lives. In case of acquisition of fixed assets, depreciation is charged from the month of acquisition, whereas depreciation on disposed off fixed assets are charge up to the month prior to the disposal. Asset category wise depreciation rates for the current and comparative periods are as follows:

Category of fixed assets	Depreciation Rate
Furniture and Fixture	10.00%
Interior Decoration	15.00%
Office Equipment	15.00%
Motor Vehicles	20.00%
Computer & Computer Equipment's	20.00%
ATM Booth	10.00%
Computer Software	20.00%

2.2.5 Leases

IFRS 16 Leases, defines a lease as "A contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration". In order for such a contract to exist the user of the asset needs to have the right to:

- Obtain substantially all the economic benefits from the use of asset (identifiable asset)
- The right to direct the use of asset

The Bank as a lessee (Note 8)

For any new contracts entered into on or after 1 January 2019, the Bank considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Bank assesses whether the contract meets two key evaluations which are whether:

- the Bank has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Bank has the right to direct the use of the identified asset throughout the period of use. The Bank assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.
- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bank



Citizens Bank PLC
Notes to the Financial Statements
As at and for the year ended 31 December 2022

Measurement and recognition of leases as a lessee

At lease commencement date, the Bank recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Bank, an estimate of any costs to dismantle and remove the asset at the end of the lease and any lease payments made in advance of the lease commencement date (net of any incentives received).

"The Bank depreciates the right-of-use assets on a straight-line basis over the remaining useful life of the asset. The Bank also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Bank measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Bank's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed) amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is premeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is premeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included other liabilities.

2.2.6 Other assets

Other assets include mainly advance office rent, payment of advance income tax has not been closed yet and all other financial assets, fees and other unrealized income receivable, advance for operating expenditure and stocks of stationery and stamps etc. Any part of uncollectible other assets is subject to making provision based on their ageing as per BRPD Circular no. 14 date 25 June 2001 and subsequently BRPD Circular no. 04 dated 12 April 2022.

2.3 Share Capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

2.3.1 Authorized Capital

Authorized capital is the maximum amount of share capital that the Bank is Authorized by its Memorandum and Articles of Association.

2.3.2 Paid up Capital

Paid up capital represents total amount of shareholders' capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Bank, ordinary shareholders are ranked after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

Citizens Bank PLC
Notes to the Financial Statements
As at and for the year ended 31 December 2022



2.4 Statutory reserve

As per section 24 of Banking Companies Act 1991 (as amended up to date), the Bank requires to transfer 20% of its current year's profit before tax to statutory reserve until such reserve equals to its paid up capital.

2.5 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, interest bearing on demand and short-term deposits, savings deposit and fixed deposit. These items are brought into financial statements at the gross value of outstanding balance. Details are shown in note 12.

2.6 Other liabilities

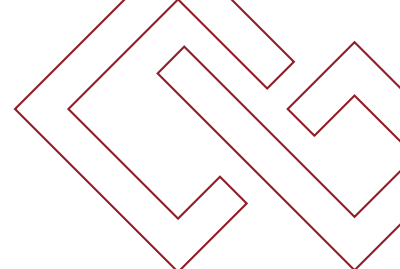
Other liabilities comprise items such as provision for taxes and accrued expenses etc. Individual item wise liabilities are recognized as per the guidelines of Bangladesh Bank and International Financial Reporting Standards (IFRSs).

2.7 Compliance report on International Financial Reporting Standards (IFRSs)

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is formed and it is yet to issue financial reporting standards for public interest entities such as banks. The Banking Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRSs) as approved by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable. Subject to the departures mentioned above, the Bank has complied with all the applicable Accounting and Financial Reporting Standards for preparation and presentation of the financial statements of the Bank as at 31 December 2022 as noted below:

International Accounting Standards (IASs)	IAS Number	Status of compliance
Presentation of Financial Statements	IAS - 1	Complied
Inventories	IAS - 2	Complied
Statement of Cash Flows	IAS - 7	Complied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS - 8	Complied
Events After the Reporting Period	IAS - 10	Complied
Income Taxes	IAS - 12	Complied
Property, Plant and Equipment	IAS - 16	Complied
Employee Benefits	IAS - 19	Complied
Accounting for Government Grants and Disclosure of Government	IAS - 20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS - 21	Not Applicable
Borrowing Costs	IAS - 23	Not Applicable
Related Party Disclosures	IAS - 24	Complied
Accounting and Reporting by Retirement Benefit Plans	IAS - 26	Not Applicable
Separate Financial Statements	IAS - 27	Complied
Investments in Associates and Joint Ventures	IAS - 28	Not Applicable
Financial Reporting in Hyperinflationary Economics	IAS - 29	Not Applicable
Financial Instruments: Presentation	IAS - 32	Complied
Earnings Per Share	IAS - 33	Complied

Citizens Bank PLC
Notes to the Financial Statements
As at and for the year ended 31 December 2022



International Accounting Standards (IASs)	IAS Number	Status of compliance
Interim Financial Reporting	IAS - 34	Complied
Impairment of Assets	IAS - 36	Complied
Provisions, Contingent Liabilities and Contingent Assets	IAS - 37	Complied
Intangible assets	IAS - 38	Complied
Financial Instruments: Recognition and Measurement	IAS - 39	Complied
Investment Property	IAS - 40	Not Applicable
Agriculture	IAS - 41	Not Applicable
First-time Adoption of International Financial Reporting Standards	IFRS - 1	Not Applicable
Share-based Payment	IFRS - 2	Not Applicable
Business Combinations	IFRS - 3	Not Applicable
Insurance Contracts	IFRS - 4	Not Applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS - 5	Not Applicable
Exploration for and Evaluation of Mineral Resources	IFRS - 6	Not Applicable
Financial Instruments : Disclosures	IFRS - 7	Complied
Operating Segments	IFRS - 8	Complied
Financial instruments	IFRS - 9	Complied
Consolidated Financial Statements	IFRS - 10	Not Applicable
Joint Arrangements	IFRS - 11	Not Applicable
Disclosure of Interests in other Entities	IFRS - 12	Not Applicable
Fair Value Measurement	IFRS - 13	Complied
Regulatory deferral accounts	IFRS - 14	Not Applicable
Revenue from contracts with customers	IFRS - 15	Complied
Leases	IFRS - 16	Complied

2.8 Basis for valuation of liabilities and provisions

2.8.1 Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2022 on the taxable income as per income tax law and IAS 12 Income Taxes.

2.8.2 Deferred taxation

Deferred tax assets or liabilities are recognized by the Bank on deductible or taxable temporary differences between the carrying amount of assets and liabilities used for financial reporting and the amount used for taxation purpose as required by IAS 12 Income Taxes and BRPD Circular No.11 dated 12 December 2011. Deferred tax assets is recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which they can be used. Deferred tax assets and liabilities are reviewed at each reporting period and are measured at the applicable tax rate as per tax laws that are expected to be applied when the assets is realized and liability is settled. Any unrecognized deferred tax assets or liabilities are reassessed at each reporting period and recognized only if that has become probable that future taxable profit or loss will be available against which they can be used or settled. Details of deferred tax assets or liabilities and amount recognized in profit and loss account for deferred tax income or expense are given in note 13.2.1 & 35.2 in the financial statements.



Citizens Bank PLC
Notes to the Financial Statements
As at and for the year ended 31 December 2022

2.8.3 Benefits to the employees

The 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 Benefit. Basis of enumerating the benefit schemes operated by the Bank are outlined below:

a) Provident fund

Provident fund benefits are given to the permanent employees of the Bank in accordance with Bank's service rules. The Fund is operated by a Board of Trustees consisting seven members (06 members from management and other 01 members from the Board of Directors) of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the Fund. The Bank also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.

b) Gratuity fund

As of the reporting date the Board has approved the employee Gratuity scheme effective from January 2021 and no payment is made till reporting date as none has been eligible for the said fund.

c) Social Security Superannuation Fund (ESSF)

As per approved service rule of the bank contribution towards Social Security Superannuation Fund (ESSF) has been made out of employees salary on monthly basis and bank contribution also been transferred.

2.9 Revenue recognition

2.9.1 Interest income

Interest on balance with banks & NBFIs is recognized as income on accrual basis.

2.10 Risk management

Risk is inherent to the banking business and Bank adds shareholders' value by converting opportunities into profit. The Bank evaluates its opportunities in terms of risk-reward relationship. The risks that are taking by the Bank are reasonable, controlled, within its financial resources and credit competence.

In CZB, risk is managed through a clear organizational structure, risk management and monitoring process that are closely aligned with the activities of the Bank's risk management policy and process as well as in line with the guidelines provided by the country's central bank, Bangladesh Bank.

The Bank's risk management policy and process is composed with all the structure, policies, process and strategies within the Bank so that it does not conflict with other risk management policies. The essential elements of an effective risk management framework are:

1. Clearly defined roles and responsibilities to avoid conflict of interest between business lines.
2. Developing a risk culture where everyone will understand the impact of risk before taking any business decision.
3. Robust risk management and governance by the board for understanding the risks taken by the Bank for safety and protection of the assets.



Citizens Bank PLC
Notes to the Financial Statements
As at and for the year ended 31 December 2022

2.11 Core risk management

BRPD circulars no. 17 dated 07 October 2003 and BRPD circular no. 04 dated 05 March 2007 require banks to put in place an effective risk management system. The risk management system of the bank covers the following risk areas.

2.11.1 Asset liability management

Banks are exposed to the several risks such as Liquidity Risk, Interest Rate Risk, Foreign Exchange Risk, Credit Risk and Operational Risk etc. Monitoring and controlling of these risks is vital to the survival of a financial institution. Asset-Liability Management is a tool to oversee whether different balance sheet risks are properly identified, appropriate policies and procedures are well established to control and limit these risks.

Asset-Liability Committee (ALCO) reviews country's overall economic position, the Bank's liquidity position, key performance ratios, interest rate risk, deposit and advance growth, cost of deposit & yield on advances, deposit & lending pricing strategy and different forecasted balance sheet risks of the Bank.

2.11.2 Operational Risk

Operational risk can be defined as the possibilities of losses resulting from inadequacy or failed internal processes, systems and people or from external events.

Operational risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches, technology failure, financial crime and environmental risk. It exists in some form in every Bank business and function. Operational risk can not only result in financial loss but also regulatory sanctions and damage to the Bank's reputation. CZB gives highest priority at managing operational risk with a view to safeguarding client assets and preserving shareholder value.

2.11.3 Compliance Risk

The success of CZB is largely dependent on the trust and confidence of our existing and potential customers, our shareholders, our staff, our regulators and the general public in our integrity and ethical standard. The confidence largely depends on meticulous compliance with applicable legal and regulatory requirements and internal policies of CZB. The confidence also depends on conformity with generally accepted market norms and standards in our business operations. The Board of Directors is primarily responsible for compliance with all applicable norms and regulations. The Board discharges its responsibilities itself and through delegation of authorities to Executive Committee, Audit Committee and Risk Management Committee of the Board. The objective is to identify any compliance risks at an early stage that may undermine the integrity and the success of CZB and to mitigate the risks in most appropriate way.

2.11.4 Business Risk

Business risk covers the risk of losses arising from lower non-interest income and higher expenses from the budgeted amount. The business risk is resulted from the market condition, greater customer expectation and / or technological development that may be significantly different from the assumptions made at the time of planning.

CZB deals with Business risk by setting clear targets for specific business units, in terms of business volume, income, cost, cost-income ratio, quality of assets etc. with an ongoing process of continuous improvement.



Citizens Bank PLC
Notes to the Financial Statements
As at and for the year ended 31 December 2022

2.11.5 Legal Risks

In CZB, legal risks are covered by recognizing potential losses from litigation or possible litigation at an early stage and by formulating solutions for reducing, restricting and avoiding such risks and creating adequate provision there- against.

2.12 Earnings per share

Basic earnings per share has been calculated in accordance with IAS 33 “Earnings per Share” which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

2.13 Events after the reporting period

Where necessary, all the material events after the reporting period have been considered and appropriate adjustment / disclosures have been made in the financial statements. As of the date no such event occurred.

2.14 Related party transaction

Related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged. Detail of related parties transaction are given in (note-40).

2.15 The Bank’s compliance with related pronouncements by Bangladesh Bank:

i) Internal Control

The objective of internal control is to ensure that management has reasonable assurance that (i) operations are effective, efficient and aligned with strategy (ii) financial reporting and management information is reliable, complete and timely accessible (iii) the entity is in compliance with applicable laws and regulations as well as its internal policies and ethical values including sustainability and (iv) assets of the company are safeguarded and frauds or errors are prevented or detected.

Citizens Bank PLC has established an effective internal control system whose primary aim is to ensure the overall control of risks and provide reasonable assurance that the objectives set by the Bank will be met. It has designed to develop a high level risk culture among the personnel of the Bank, establish efficient and qualified operating model of the Bank, ensure reliability of internal and external information including accounting and financial information, secure the Banks operations and assets, and comply with laws, regulatory requirements and internal policies.

ii) Internal Audit

Internal Audit is the continuous and systematic process of examining and reporting on the activities of an organization undertaken by the specially assigned staff(s). Internal Auditor works as the Eyes and Ears of the management. It may therefore be used to bridge the gap between management and shop floor. It can assure the management that the Internal Controls are adequate and in operations, the policies and systems laid down are being adhered to and accounting records provided by the lower level are correct.

Internal Audit Mechanism is used as an important element to ensure good governance of CZB. Internal Audit Activity of CZB is effective and it provides senior management with a number of important services. These include detecting and preventing fraud, testing internal control, and monitoring compliance with own policies and procedures, applicable rules and regulations, instructions/ guidelines of regulatory authority etc.



Citizens Bank PLC
Notes to the Financial Statements
As at and for the year ended 31 December 2022

iii) Fraud and Forgeries

The increasing wave of fraud and forgery cases in the banking sector in recent time calls for concerted steps in identifying ways for reducing or preventing frauds and forgeries by analyzing the causes and effect of frauds and forgeries and prescribing effective control strategies for salvaging frauds in the banking sector. CZB does always pay due attention on anti-fraud internal controls for prevention of fraud and forgery. The Bank has already implemented some strategies like Financial Control Strategy, Accounting Control Strategy, Credit Control Strategy, Administrative Control strategy, Process Control Strategy etc. in order to strengthening the control system further. Although it is not possible to eliminate all frauds because of the inherent limitations of Internal Control System, the Board of Directors and Management have taken all the measures to keep the operational risk in a very minimum level. Internal Control and Compliance Division (ICCD) assesses and evaluates the effectiveness of Bank's anti-fraud internal control measures, recommends for further improvement in implementation of aforesaid strategies and reports to the Bangladesh Bank on effectiveness of controls at the end of each quarter following their prescribed format.

2.16 Approval of financial statements

These financial statements were reviewed by the audit committee of the Board of the Bank in its 1st meeting held on 28th March 2023 and was subsequently approved by the Board in its 11th meeting held on 29th March 2023.

2.17 Credit Rating of the Bank

As per the BRPD instruction circular no.6 dated 5 July 2006, the Bank has done its credit rating by CRISL based on the financial statements dated 31 December 2021.

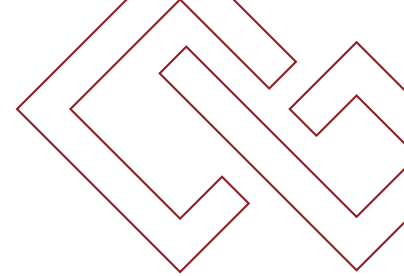
Particulars	Date of Rating	Long term	Short term	Rating Valid till
Credit Rating Information and Services Ltd (CRISL)	6-Nov-2022	BBB	ST-3	5-Nov-2023

2.18 Reporting period

The reporting period of these financial statements is stands from 1 January 2022 to 31st December 2022.

2.19 General

- a) These financial statements are presented in Bangladesh Taka (Taka/Tk) which is the Bank's functional currency. Except as otherwise indicated, financial information presented in Taka has been rounded to the nearest integer.
- b) Figures of previous year have been rearranged whenever necessary to conform to current years presentation.



Notes to the Financial Statements	2022 TAKA	2021 TAKA
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3.0 Cash

Cash and cash equivalents include notes and coins at vault and at ATM, unrestricted balances held with Bangladesh Bank and its agent banks, balance with other banks and financial institutions, money at call and on short notice and prize bonds which are not ordinarily susceptible to change in value.

Amount withdrawn/transferred by customers after end of year closing are properly addressed, reconciled and adjusted with ATM balance and customers' deposit to reflect the actual balance of ATM and deposits as of the reporting date.

Cash in hand (Including foreign currencies)(3.1)
Balance with Bangladesh Bank and its agent bank(s)
(Including foreign currencies)

42,772,156	131,962
133,478,273	-
176,250,429	131,962

3.1 Cash in hand:

Local currency
Foreign currency

42,772,156	131,962
-	-
42,772,156	131,962

3.2 Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)

Local currency
Foreign currencies

133,478,273	-
-	-
133,478,273	-

Sonali Bank (An agent of Bangladesh Bank) - local currency

-	-
133,478,273	-

3.a Cash Reserve Ratio (CRR):

Pursuant to section 33 of Bank Company Act, 1991 (amended upto 2018), MPD circular no. 03 dated 09 April 2020 and BRPD circular letter no. 31 dated 18 June 2020 issued by Bangladesh Bank, CZB has been maintaining CRR @ 3.5% on daily basis, and @ 4.0% on bi-weekly basis. CRR requirement is calculated on the basis of weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. CRR of December 2022 is maintained on the basis of weekly ATDTL of October 2022). Reserve maintained by the bank as at 31 December is as follows:

Average total demand and time liabilities of October
(excluding inter-bank deposit)

2,229,462,000	-
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Daily basis:

Required reserve (3.50%)
Actual reserve held with Bangladesh Bank*

78,031,000	-
133,695,614	-

Surplus

55,664,614	-
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Weely basis:

Required reserve (4.00%)
Actual reserve held with Bangladesh Bank*

89,178,000	-
133,695,614	-

Surplus

44,517,614	-
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Bi-weekly basis:

The bank maintained excess cash reserve of BDT 44.52 million in the last fortnight of 2022 calculated by summing up excess cash reserve maintained over required CRR on daily basis.

3.b Statutory Liquidity Ratio (SLR):

Pursuant to section 33 of Bank Company Act, 1991 (amended upto 2018), DOS circular no. 1 dated 19 January 2014 and DOS circular letter no. 26 dated 19 August 2019 issued by Bangladesh Bank, CZB has been maintaining SLR @ 13% on weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. SLR of December 2022 is based on weekly ATDTL of October 2022). Reserve maintained by the Bank as at 31 December is as follows:

Required reserve (13% of ATDTL)

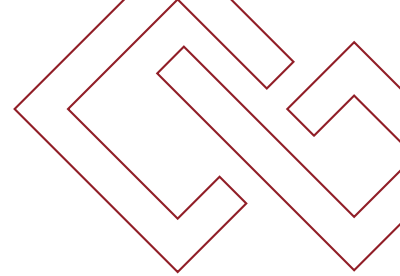
289,830,000	-
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Actual reserve held

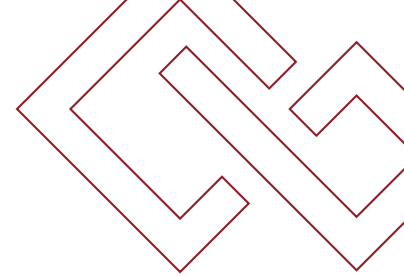
1,517,526,430	-
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Surplus

1,227,696,430	-
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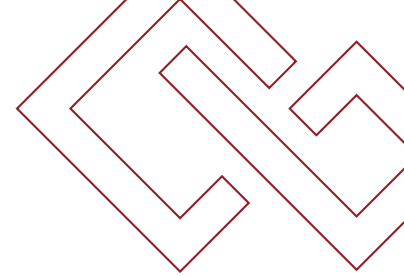
Notes to the Financial Statements	2022 TAKA	2021 TAKA
3.c Actual reserve held		
Excess cash reserve (3.c.1)	44,517,614	-
Cash held	42,772,160	-
Balance with Sonali Bank	-	-
Unencumbered approved securities (HFT)	345,103,014	-
Unencumbered approved securities (HTM)	1,085,133,650	-
	1,517,526,438	-
3.c.1 Excess cash reserve:		
Balance with Bangladesh Bank *	133,695,614	-
Less: Required cash reserve on bi-weekly average basis	89,178,000	-
Excess of cash reserve as on the reporting date	44,517,614	-
*As per Bangladesh Bank Local & Foreign Currency Statement.		
4.0 Balance with other Banks and Financial Institutions		
Inside Bangladesh (4.1)	3,939,383,165	3,981,396,910
Outside Bangladesh	-	-
	3,939,383,165	3,981,396,910
4.1 Inside Bangladesh		
In Current Deposit Accounts with:		
Trust Bank Limited	3,176,806	-
	3,176,806	-
In Special Notice Deposit Accounts with:		
Sonali Bak Ltd.	14,513	81,476,910
Agrani Bank Ltd.	5,355,703	-
United Commercial Bank PLC	836,143	-
	6,206,359	81,476,910
In Fixed Deposit/Placement Accounts with:		
Agrani Bank Ltd.	2,600,000,000	3,899,920,000
Midland Bank Ltd.	330,000,000	-
Community Bank Bangladesh Ltd.	400,000,000	-
IPDC Finance Limited	600,000,000	-
	3,930,000,000	3,899,920,000
Total	3,939,383,165	3,981,396,910
4.2 Maturity grouping of balance with other banks and financial institutions		
Up to 1 months	1,689,383,165	81,476,910
More than 1 months to 3 months	2,250,000,000	3,899,920,000
More than 3 months to 1 Year	-	-
More than 1 year to 5 years	-	-
More than 5 years	-	-
	3,939,383,165	3,981,396,910
5.0 Money at call on short notice		
Midland Bank Ltd.	40,000,000	-
Non-Bank Financial Institutions (NBFIs)	-	-
	40,000,000	-
6.0 Investments		
Government securities (6.1)	1,430,237,265	-
Other investments (6.2)	94,316,537	-
	1,524,553,801	-



Notes to the Financial Statements	2022 TAKA	2021 TAKA
6.1 Government Securities		
Treasury Bills (6.1.1)	545,054,600	-
Tresury Bonds (6.1.2)	885,182,065	-
Prize Bonds	600	-
	1,430,237,265	-
6.1.1 Treasury Bills		
Treasury Bills HFT	545,054,600	-
Treasury Bills HTM	-	-
	545,054,600	-
6.1.2 Treasury Bonds		
Treasury Bonds HFT	540,079,050	-
Treasury Bonds HTM	345,103,015	-
	885,182,065	-
6.2 Other investments		
Investment in quoted shares at cost		
AAMRATECH	2,610,208	-
BATBC	4,098,649	-
BEXIMCO	23,933,780	-
COPPERTECH	2,143,716	-
ICICL	87,980	-
ORIONPHARM	26,030,000	-
SQUARETEXT	3,523,870	-
GP	4,883,347	-
MPETROLEUM	5,973,077	-
SQURPHARMA	21,031,910	-
	94,316,537	-
7.0 Loans and advances		
Loans, cash credits, overdrafts etc.	986,249,136	-
Bills purchased and discounted	-	-
	986,249,136	-
7.1 Loans, cash credits, overdrafts etc.		
Inside Bangladesh		
Loans - general	777,603,691	-
Cash credit	-	-
Overdraft	208,645,445	-
	986,249,136	-
Outside Bangladesh	-	-
	-	-
7.2 Residual maturity grouping of loans and advances (including bills purchased & discounted)		
On demand	-	-
In not more than 1 month	-	-
In more than 1 month but not more than 3 months	-	-
In more than 3 months but not more than 1 year	944,542,662	-
In more than 1 year but not more than 5 years	34,037,545	-
In more than 5 years	7,668,929	-
	986,249,136	-



Notes to the Financial Statements		2022 TAKA	2021 TAKA
7.3	Loans and advances to Directors, executives and others		
	Advance to Directors and their allied concerns	-	-
	Advances to Managing Director & CEO	-	
	Advances to other executives and staffs	13,621,598	-
	Advances to customers (Group wise)	584,860,451	
	Industrial loans and advances	387,767,088	
		986,249,136	-
7.4	Large loan details (Loans extended to any customer exceeding 10% of the Bank's total capital)		
	Total Loans and Advances	-	-
	Number of Customers	1	
		1	-
	This amount represents total loans and advances (comprising funded and non funded facilities) to each customer exceeding BDT 401.92 million which is equivalent to 10% of total capital of the bank as at 31 December 2022.		
7.5	Industry-wise concentration of loans and advances (including bills purchased and discounted)		
	Agri and micro credit through NGO	411,492,268	-
	Commercial and trading	43,769,085	
	Construction	50,051,702	-
	Cement and ceramic industries	-	
	Chemical and fertilizer	-	
	Crops, fisheries and livestock	-	
	Electronics and electrical goods	-	
	Food and allied industries	-	
	Consumer finance	43,027,971	
	Metal and steel products	232,640,378	
	Pharmaceutical industries	-	
	Power and fuel	-	
	Rubber and plastic industries	-	
	Readymade garments industry	-	
	Ship building & breaking industry	-	
	Sugar and edible oil refinery	-	
	Transport and e-communication	-	
	Textile mills	-	
	Other manufacturing or extractive industries	-	
	Others	205,267,732	
		986,249,136	-
7.6	Sector - wise concentration of loans and advances (including bills purchased and discounted)		
	Government sector	-	-
	Public sector	-	
	Private sector	986,249,136	-
		986,249,136	-
7.7	Geographic location-wise concentration of loans and advances (including bills purchased and discounted)		
	Inside Bangladesh		-
	Dhaka Division	985,514,535	
	Chattogram Division	734,602	
	Sylhet Division	-	
	Rajshahi Division	-	
	Khulna Division	-	
	Rangpur Division	-	
	Barishal Division	-	
	Mymensingh Division	-	
		986,249,136	-



Notes to the Financial Statements

2022
TAKA

2021
TAKA

7.8 Classification status of loans and advances

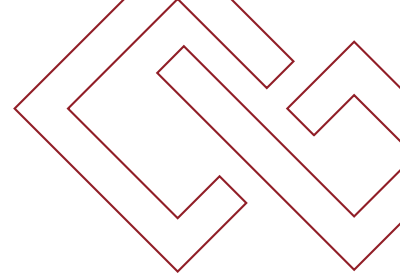
a) Classification of loans and advances including bills purchased and discounted

Status of loans and advances	Year					
	2022				2021	
	Outstanding amount (Taka)			Mix (%)	Total Outstanding amount (Taka)	Mix (%)
	Main Operation	Off-shore Banking Unit	Total			
Unclassified loans and advances						
Standard (including staff loans)	986,249,136	-	986,249,136	100%	-	-
Special mention account	-	-	-	0%	-	-
Total unclassified loans and advances	986,249,136	-	986,249,136	100%		
Classified loans and advances						
Substandard	-	-	-	0%	-	-
Substandard MC	-	-	-	0%	-	-
Doubtful	-	-	-	0%	-	-
Bad/loss	-	-	-	0%	-	-
Total classified loans and advances	-	-	-	0%	-	-
Total loans and advances	986,249,136	-	986,249,136	100%		

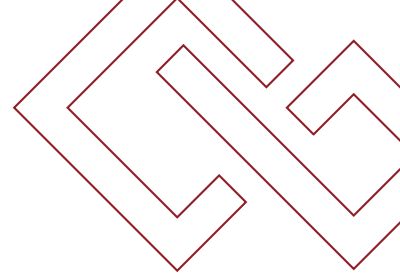
b) Classification and provisioning of loans and advances including bills purchased and discounted - Main Operation

Classification / Status of loans and advances	Amount of outstanding loans and advances as at 31 December 2022 (Taka)	Base for provision (Taka)	Percentage (%) of provision required as per Bangladesh Bank's directives	Amount of provision required as at 31 December 2022 (Taka)	Amount of provision required as at 31 December 2021 (Taka)
Unclassified loans and advances					
All unclassified loans (other than loans under small and medium enterprise, consumer financing and short term agricultural credit)	515,274,533	515,274,533	1%	5,152,745.33	
Small and medium enterprise financing	433,164,362	433,164,362	0.25%	1,082,911	
Consumer financing (other than housing finance under consumer financing scheme)	24,120,078	24,120,078	2%	482,402	
Consumer Financing (for professionals)	2,982,233	2,982,233	2%	59,645	
Consumer financing (for housing finance)	-	-	1%	-	
Loans to BHs/MBs/SDs	10,707,931	10,707,931	2%	214,159	
Short term agricultural credit	-	-	1%	-	
Micro credit	-	-	1%	-	
	986,249,136	986,249,136		6,991,861	-
Special mention account					
All unclassified loans (other than loans under small enterprise and consumer financing)	-	-	1%	-	
Small & Medium enterprise financing	-	-	0.25%	-	
Consumer financing (other than housing finance under consumer financing scheme)	-	-	2%	-	
Consumer Financing (Credit Card)	-	-	2%	-	
Consumer financing (for housing finance)	-	-	1%	-	
	-	-		-	-
Sub-total General Provision [A]	986,249,136	986,249,136		6,991,861	-
Special General Provision-Covid 19 (Calculated) [B]					
Classified loans and advances					
Sub Standard Small	-	-	5%	-	
Sub Standard Other	-	-	20%	-	
Sub Standard AG/MC	-	-	5%	-	
Doubtful Small	-	-	20%	-	
Doubtful Other	-	-	50%	-	
Doubtful AG/MC	-	-	5%	-	
Bad /loss	-	-	100%	-	
Sub-total [C]	-	-		-	
Total provision required [A+B+C]	986,249,136	986,249,136		6,991,861	
Total provision maintained [Note 13]				6,991,861	
Total provision surplus				-	

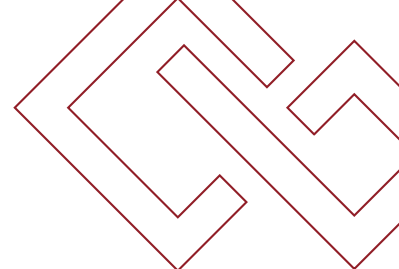
The Note should read with **Note No. 13** where provision kept as per Bangladesh Bank Inspection Team for the year ended 31 December, 2022



Notes to the Financial Statements	2022	2021
b.1 Total provision required		
Main Operation (i)	6,991,861	-
Off-shore Banking Unit (ii)	-	-
	6,991,861	-
Total provision maintained		
Main Operation (iii)	6,991,861	-
Off-shore Banking Unit (iv)	-	-
	6,991,861	-
Total provision surplus		
Main Operation (iii-i)	-	-
Off-shore Banking Unit (iv-ii)	-	-
	-	-
7.9 Particulars of loans and advances		
i) Loans considered good in respect of which the bank is fully secured		
ii) Loans considered good for which the bank holds no other security than the debtor's personal security	173,073,765	
iii) Loans considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	784,816,914	
iv) Loans adversely classified; for which no provision is created.		
	28,358,458	
	-	
v) Loans due by directors or officers of the bank or any of them either jointly or severally with any other persons.	986,249,136	-
vi) Loans due by companies and firms in which the directors of the bank have interests as directors, partners or managing agent or in case of private companies as members.	13,621,598	
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the bank or any of them either severally or jointly with any other persons.	-	
viii) Maximum total amount of advances, including temporary advances, granted during the period to the companies or firms in which the directors of the bank have interests as directors, partners or managing agents or, in case of private companies as members.	-	
ix) Due from other banking companies		
x) Information in respect of classified loans and advances		
a) Classified loans for which interest/profit not credited to income		
(i) (Decrease)/Increase of provision (specific)		
(ii) Amount of loans written off		
(iii) Amount recovered from loans written off		
b) Amount of provision kept against loans classified as bad/loss		
c) Amount of interest creditable to the interest suspense account		
xi) Cumulative amount of written off loans:		
Opening Balance		
Amount written off during the year:		
Principal amount		
Interest suspense		
Balance of written off loans and advances		
	-	-
8.0 Fixed assets including land, building, furniture and fixtures		
At Cost		
Furniture and fixture	10,450,657	3,538,472
Interior Decoration	9,877,736	-
Office equipment	7,067,527	4,498,779
Motor vehicles	49,224,367	32,789,721
Computer & computer equipment's	61,580,948	50,306,527
ATM Booth	2,279,000	-
Imported computer software	27,862,797	8,135,933
Right of use of assets	408,339,427	224,697,303
Total Cost	576,682,459	323,966,735
Accumulated depreciation and amortization	65,567,975	21,283,406
Written down value at 31 December 2022	511,114,484	302,683,329
See Annexure - B for details.		



Notes to the Financial Statements		2022 TAKA	2021 TAKA
8.1	Right of Use (RoU) assets comprise of lease liabilities which is the present value of lease payments against rented premises less incentive plus initial direct payment and dismantling cost etc. Any contractual obligation for use of any rented/leased premises or assets for a period exceeding twelve months and/or exceeding the threshold for low value asset and substantially risks and benefits related to ownership of those rented premises/assets transfer to the bank are recognized as RoU assets as per IFRS 16 'Leases'.		
9.0	Other Assets		
	Advance Rent	760,656	805,007
	Advance for Fixed Assets	29,656,830	6,366,966
	Advance Income Tax (Note-9.1)	55,700,127	18,837,202
	Excise Duty Receivable	799,500	-
	Dividend Receivable	2,467,500	-
	Stationaries	1,226,821	-
	Prepaid Expenses	967,506	-
	Deferred Tax Asset (Note-9.2)	-	-
	Balance with UCB Capital Management	853,023	29,050
	Interest Receivable (Note-9.3)	37,890,901	23,765,624
		130,322,865	49,803,849
9.1	Advance Income Tax		
	Opening balance	18,837,202	132,972
	Paid during the year	36,862,926	18,704,230
	Adjustment for previous years tax liability	-	-
	Closing balance	55,700,127	18,837,202
9.2	Deferred tax assets		
	Deferred tax assets arises from carry forward tax credit		
	Loss before taxes	-	-
	Tax rate	40.00%	40.00%
	Deferred tax assets	-	-
	Deferred tax (income)	-	-
	Opening deferred tax assets	-	13,544,210
	Adjustment for carry forward of losses	-	(13,544,210)
	Closing balance of deferred tax assets	-	-
9.3	Interest Receivable		
	Interest receivable from government security	15,032,231	23,765,624
	Interest receivable from loans & advances	-	-
	Interest receivable from placement	22,858,670	-
		37,890,901	23,765,624
10.0	Non-banking assets	-	-
11.0	Borrowing from other banks, financial institutions and agents:		
	In Bangladesh	-	-
	Outside Bangladesh	-	-
		-	-
12.0	Deposit and other accounts		
	Local bank deposits	-	-
	Customer and other deposits (Note 12.1)	2,906,905,548	-
	Total deposit and other accounts	2,906,905,548	-
12.1	Customer and other deposits		
	Current accounts and other accounts	1,199,480,593	-
	Bills payable	71,960,728	-
	Saving deposits	78,120,363	-
	Fixed deposits	1,557,343,864	-
	Other deposits	-	-
	Total deposit and other accounts	2,906,905,548	-
12.2	Maturity analysis of deposits		
	Payable on demand	1,349,561,697	-
	Up to 1 month	647,562,980	-
	Over 1 month but within 6 months	612,456,238	-
	Over 6 months but within 1 year	278,917,797	-
	Over 1 year but within 5 years	2,184,181	-
	Over 5 years but within 10 years	16,163,120	-
	Over 10 years	59,535	-
		2,906,905,548	-



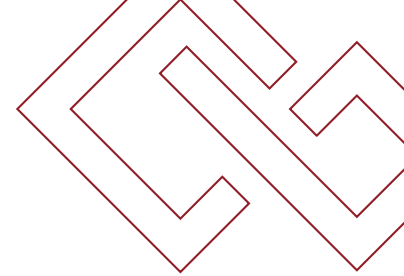
Notes to the Financial Statements	2022 TAKA	2021 TAKA
12.3 Sector - wise concentration of Deposits and other accounts		
Government sector	-	-
Other public sector	-	-
Private sector	2,906,905,548	-
	2,906,905,548	-
13.0 Other Liabilities		
Liabilities against preliminary expenses (13.1)	-	36,845,000
Accrued Expenses Payable (13.2)	13,413,692	40,950,009
Provision for Current Tax	26,365,533	18,704,230
Provision for Deferred Tax (13.3)	10,026,366	9,564,969
Provision for Loans & Advances	6,991,861	-
Lease liabilities (present value of lease payments)	313,791,814	204,298,500
Diminution in value of investments	11,194,145	-
	381,783,411	310,362,708
13.1 Liabilities against preliminary expenses		
Borrowings from Sponsor Directors	-	35,000,000
Payable to Sponsor Directors for Car Tax, Insurance, Fitness	-	-
Payable to Sponsor Directors for fees and associated cost paid to BSEC for rising capital	-	845,000
Payable to Sponsor Directors for fees for Banking License	-	1,000,000
Payable to Sponsor Directors for Fixed Assets (Motor Vehicle)	-	-
	-	36,845,000
13.2 Accrued Expenses Payable		
Accounts Payable against purchase & procurements	5,106,549	20,660,707
Utility Bills Payable	-	142,000
Salary Payable	-	5,006,622
Audit Fee Payable	172,500	115,000
Rating Fee Payable	-	115,000
Privileged creditors (payable to government)	7,756,923	840,578
Provident Fund	-	4,420,392
ESSF	-	5,867,309
Gratuity Fund	-	2,000,000
Recurring Expenses Payable	-	510,402
Security Deposit Payable	-	1,272,000
Payable to Banglades Bank	14,546	-
MFS Payable	363,174	-
	13,413,692	40,950,009
13.3 Deferred tax liability		
i. Temporary timing difference in written down value of fixed assets		
Carrying amount of fixed assets	135,663,275	89,494,548
Tax base	116,547,990	76,002,211
Taxable temporary difference	19,115,286	13,492,337
Tax rate	40.00%	40.00%
Deferred tax liability	7,646,114	5,396,935
ii. Temporary timing difference for employee benefit fund		
Employees Provident fund, Gratuity, ESSF	5,950,629	10,420,085
Tax base	-	-
Taxable temporary difference	5,950,629	10,420,085
Tax rate	40.00%	40.00%
Deferred tax liability	2,380,252	4,168,034
Total Deferred tax liability (i+ii)	10,026,366	9,564,969
14.0 Share Capital		
14.1 Authorized Capital		
Authorized Capital is the maximum amount of share capital that the bank is authorized by its Memorandum & Article of Association to issue to shareholders. 1,000,000,000 ordinary shares of Tk. 10 each	10,000,000,000	10,000,000,000
14.2 Issued, subscribed and fully paid up capital		
400,000,000 ordinary shares of Taka 10 each issued for cash	4,000,000,000	4,000,000,000
	4,000,000,000	4,000,000,000



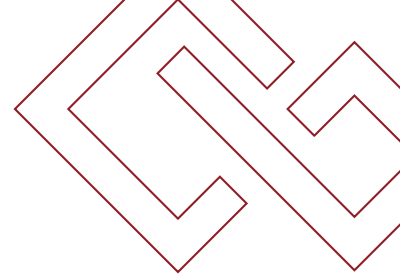
Notes to the Financial Statements	2022 TAKA	2021 TAKA
14.3 Capital to risk-weighted asset ratio (CRAR)		
Common Equity Tier -1 Capital		
Paid up capital	4,000,000,000	4,000,000,000
Statutory reserve	17,813,963	17,156,613
Retained earnings	1,003,426	6,496,728
Less Regulatory adjustment:	-	-
	4,018,817,389	4,023,653,341
Tier -2 Capital	6,991,861	-
	4,025,809,250	4,023,653,341
A. Total regulatory capital	2,519,261,606	1,314,378,348
B. Total risk weighted assets (RWA)	4,000,000,000	4,000,000,000
C. Minimum capital requirement (MCR)		
D. Surplus/(deficiency)[A - C]	25,809,250	23,653,341
E. Capital to Risk-Weighted Asset Ratio (CRAR)(A/B)*100	159.80%	306.13%
15.0 Statutory reserve		
Balance at the beginning of the year	17,156,613	-
Add: Transferred from profit during the year	657,350	17,156,613
	17,813,962	17,156,613
16.0 Other reserve		
Balance at the beginning of the year		-
Add: Transferred from profit during the year		-
		-
17.0 Surplus in profit and loss account/ retained earnings		
Balance at the beginning of the year	6,496,728	(20,316,314)
Profit/(Loss) for the year	(4,835,952)	43,969,655
Transfer to statutory reserve	(657,350)	(17,156,613)
	1,003,426	6,496,728
18.0 Contingent liabilities		
Acceptance and endorsements		-
Letters of guarantee		-
Irrevocable letters of credit		-
Bills for collection		-
Other contingent liabilities		-
		-
19.0 Profit and Loss Account		
Income:		
Interest, discount and similar income	362,470,267	219,486,862
Dividend income	2,562,500	-
Fees, commission and brokerage	36,916	-
Income from non-banking assets	-	-
Other operating income	1,084,144	-
Profit less losses on interest rate changes	-	-
	366,153,827	219,486,862
Expenses:		
Interest, fees and commission	93,471,802	-
Administrative expenses	164,400,486	94,273,167
Other operating expenses	42,264,494	18,147,226
Depreciation on banking assets	44,544,291	21,283,406
	344,681,073	133,703,799
	21,472,754	85,783,063



Notes to the Financial Statements	2022 TAKA	2021 TAKA
20.0 Interest income		
Interest Income from Loans & Advances	12,070,763	
Interest Income from SND with other Banks	293,307	6,236,559
Interest Income from placement with banks and Financial Institutions	281,336,754	213,250,303
	293,700,824	219,486,862
21.0 Interest paid on deposits and borrowings		
Interest on deposit accounts	56,966,022	-
Interest on Govt. Securities	28,654,505	
Interest on borrowings	7,851,275	
	93,471,802	-
22.0 Investment income		
Interest on treasury bills and bonds	68,769,443	-
Interest on bond	-	-
Dividend on shares	2,562,500	
Gain on trading shares (Realized)	53,477	-
	71,385,420	-
23.0 Commission, exchange and brokerage		
Commission	36,916	-
Exchange gain	-	-
Brokerage fees	-	-
	36,916	-
24.0 Other operating income		
Service Charge & Fees Income	1,030,667	-
	1,030,667	-
25.0 Salary & allowances (excluding those of Managing Director & CEO)		
Basic salary of officers	57,736,459	31,457,008
Other salary & allowances	46,793,800	26,266,569
Festival bonus	9,324,449	5,400,065
Provident fund contribution	5,232,726	2,783,150
Social Security Super Annuation	-	5,000,000
Gratuity	-	2,000,000
	119,087,434	72,906,792
26.0 Rent, taxes, insurance, utilities etc.		
Rents, rates and taxes - Premises	4,439,124	4,318,285
Insurance premium	1,785,926	1,287,978
Utilities	1,814,570	1,276,641
	8,039,620	6,882,904
*As per IFRS 16 'Leases', the Bank recorded interest expense on lease liabilities (note 32) and depreciation on RoU assets (note 31) instead of charging rental expense (excluding VAT) of BDT 18.52 million in 2021 against rented premises treated as lease assets and shown in the balance sheet as RoU assets under note 8.		
27.0 Postage, stamp, telecommunication etc.		
Postage	10,777	
Telephone - office	179,511	132,176
Network link, Internet and Data Center maintenance cost	2,774,113	1,618,932
	2,964,401	1,751,108



Notes to the Financial Statements	2022 TAKA	2021 TAKA
28.0 Stationery, printing, advertisement etc.		
Printing and stationery	6,703,481	2,180,074
Advertisement	15,760,740	515,146
	22,464,221	2,695,220
29.0 Managing Director's salary and allowances		
Basic salary	7,179,032	6,700,000
Allowances	2,291,075	1,388,608
Bonus (Festival)	1,200,000	1,100,000
Bank's contribution to provident fund	717,903	636,935
	11,388,010	9,825,543
30.0 Directors' fees and expenses		
Meeting attendance fees	456,800	211,600
Other expenses (refreshment, conveyance etc.)	-	-
	456,800	211,600
31.0 Repairs, maintenance and depreciation		
Depreciation		
Furniture and Fixture	241,377	384,309
Interior Decoration	396,246	
Office Equipment	774,626	339,717
Motor Vehicles	7,703,980	2,755,970
Computer & Computer Equipment	11,343,457	5,725,822
ATM Booth	141,450	
Computer Software	2,303,737	569,065
Lease ROUA of Office Rent	21,639,419	11,508,522
	44,544,291	21,283,406
Repairs, maintenance and spare parts		
Motor Vehicles	49,425	157,186
	49,425	157,186
	44,593,716	21,440,592
32.0 Other expenses		
Car tax, token, registration	1,395,605	-
Business travelling and conveyance	12,116,804	6,576,000
Petrol, Oil and Lubricant	698,601	472,060
Bank charges	495,008	238,200
Fees and subscriptions	883,750	1,764,529
Entertainment and recreation	3,329,007	522,414
Cleaning service	202,600	321,650
Security service	3,027,862	399,045
Recruitment and training expenses	118,135	41,639
Professional fees	160,400	327,746
Credit Rating Fees		115,000
Interest expenses of Office Rent Lease	12,791,902	7,009,557
Car Parking	28,000	87,200
ADC Expenses	406,841	
Govt. Securities Revaluation Loss	6,388,054	-
	42,042,569	17,875,040
33.0 Provision For loans and advances:		
For classified loans and advances	-	-
For unclassified loans and advances	6,991,861	-
For off balance sheet items	-	-
	6,991,861	
34.0 Provision for diminution in value of Investments		
Diminution in value of Investments	11,194,145	-
	11,194,145	



Notes to the Financial Statements	2022 TAKA	2021 TAKA
35.0 Provision for Taxation		
35.1 Current tax expense		
Current year	7,661,303	18,704,230
Adjustment for prior year	-	-
	7,661,303	18,704,230
35.2 Deferred tax expense/(income)		
Net deferred Tax liability/(asset) originated for temporary differences	10,026,366	9,564,969
Adjustment of deferred tax of 2020 for carry forward of loss to 2021	-	13,544,210
Pervious years balance	9,564,969	-
	461,397	23,109,178

36.0 Earnings per share

Earnings per share (EPS) has been computed by dividing the profit after tax (PAT) by the weighted average number of ordinary shares outstanding as on 31 December 2022 as per IAS 33: Earnings per share.

Profit after taxation

Profit attributable for distribution to ordinary shareholders

Weighted average number of shares outstanding

Earnings per share (EPS)

(4,835,952)	43,969,656
(4,835,952)	43,969,656
400,000,000	400,000,000
(0.01)	0.11

As per IAS - 12 deferred tax asset shall be recognized for the carry forward of unused tax losses or tax credits to the extent that it is probable that future taxable profit will be available to set off the carry-forward loss or tax credit. Therefore deferred tax asset has been created for loss incurred for the reporting period ended 31 December 2022.

37.0 Net Asset Value (NAV) Per Share

Total Shareholders Equity [numerator]

Number of ordinary shares outstanding [denominator]

Net Asset Value (NAV) Per Share

4,019,184,921	4,023,653,341
400,000,000	400,000,000
10.05	10.06

38.0 Net Operating Cash Flow Per Share (NOCFPS)

Net cash from operating activities [numerator]

Number of ordinary shares outstanding [denominator]

Net operating cash flow per share (NOCFPS)

1,767,732,123	58,731,674
400,000,000	400,000,000
4.42	0.15

39.0 Cash and cash equivalent

Cash in hand (Including foreign currency)

Money at call

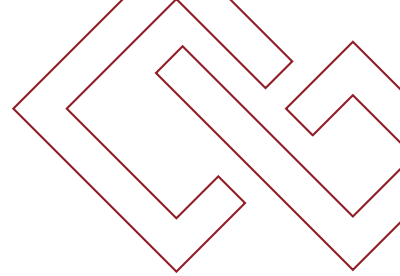
Balance with other banks and financial institutions

176,250,429	131,962
40,000,000	
3,939,383,165	3,981,396,910
4,155,633,594	3,981,528,872

40.0 Related Party Transactions

While making any related party transactions the management always pays proper attention to economic efficiency and competitive pricing and necessary approval of Bangladesh Bank and other authorities had been obtained wherever applicable. Significant related party transactions of the Bank for the period 01 January to 31 December 2022 is given below:

Name of Organization	Relationship	Service Type	Transaction Amount (Tk.)
Modele De Capital Ind. Ltd.	Sponsor Shareholder	Office Rent	7,964,820



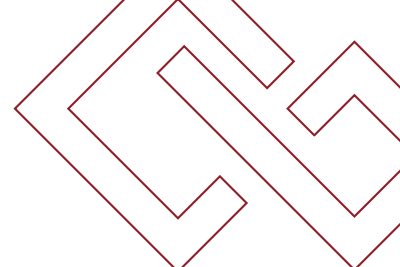
Notes to the Financial Statements	2022 TAKA	2021 TAKA
41.0 Reconciliation between Operating profit of the Bank and Cash flows from operating activities		
Profit before provision	21,472,754	85,783,063
Depreciation on fixed assets	44,544,291	21,283,406
Gain/loss on sale of fixed assets	-	-
Charges on loan losses	-	-
Adjustment of provision for loans and advances	-	-
Increase of interest receivable	(14,125,277)	(23,765,624)
Increase of interest payable	-	7,009,557
Increase of accrued expenses	-	18,806,097
Increase of advance expenses	-	(27,408,360)
Advance tax paid	(36,862,926)	(18,704,230)
Operating profit before changes in operating assets and liabilities	15,028,842	63,003,909
Increase/(decrease) in operating assets and liabilities		
Statutory deposits	-	-
Purchase /sale of trading securities	-	-
Loans and advances to other banks	-	-
Loans and advances to customers	(986,249,136)	-
Other assets	213,065,128	3,230,977
Deposits from other banks	-	-
Deposits from customers	2,906,905,548	-
Other liabilities account of customers	-	-
Other liabilities	45,111,997	(7,503,212)
Net cash from operating activities	1,767,732,123	58,731,674

Citizens Bank PLC

Highlights on the overall activities

As at 31 December 2022

Annexure - A

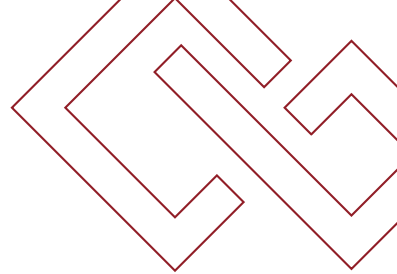


		Amount in Taka unless otherwise specified	
Sl.No.	Particulars	2022 TAKA	2021 TAKA
1	Paid-up Capital	4,000,000,000	4,000,000,000
2	Total Capital	4,019,184,921	4,023,653,341
3	Capital (deficit)/surplus	19,184,921	23,653,341
4	Total Asset	7,307,873,880	4,334,016,049
5	Total Deposit	2,906,905,548	-
6	Total loans and advances	986,249,136	-
7	Total contingent liabilities and commitments	-	-
8	Credit deposit ratio	33.93%	-
9	Percentage of classified loans against total loans and advances	-	-
10	Profit after tax and provision	(4,835,952)	43,969,655
11	Amount of classified loans during current year	-	-
12	Provisions kept against classified loans	-	-
13	Provision surplus against classified loans	-	-
14	Cost of fund	-	-
15	Interest earning assets	6,395,869,566	3,981,396,910
16	Non-interest earning assets	912,004,314	352,619,139
17	Return on Investment (ROI)[PAT/(Shareholders' equity + Borrowing)]	-0.12%	1.09%
18	Return on Assets (ROA)[PAT/ Average assets]	-0.02%	0.50%
19	Income from investment	-	-
20	Earnings Per Share (EPS)	(0.01)	0.11
21	Net Income Per Share	(0.01)	0.11
22	Price Earning Ratio (P/E)	Not applicable	Not applicable

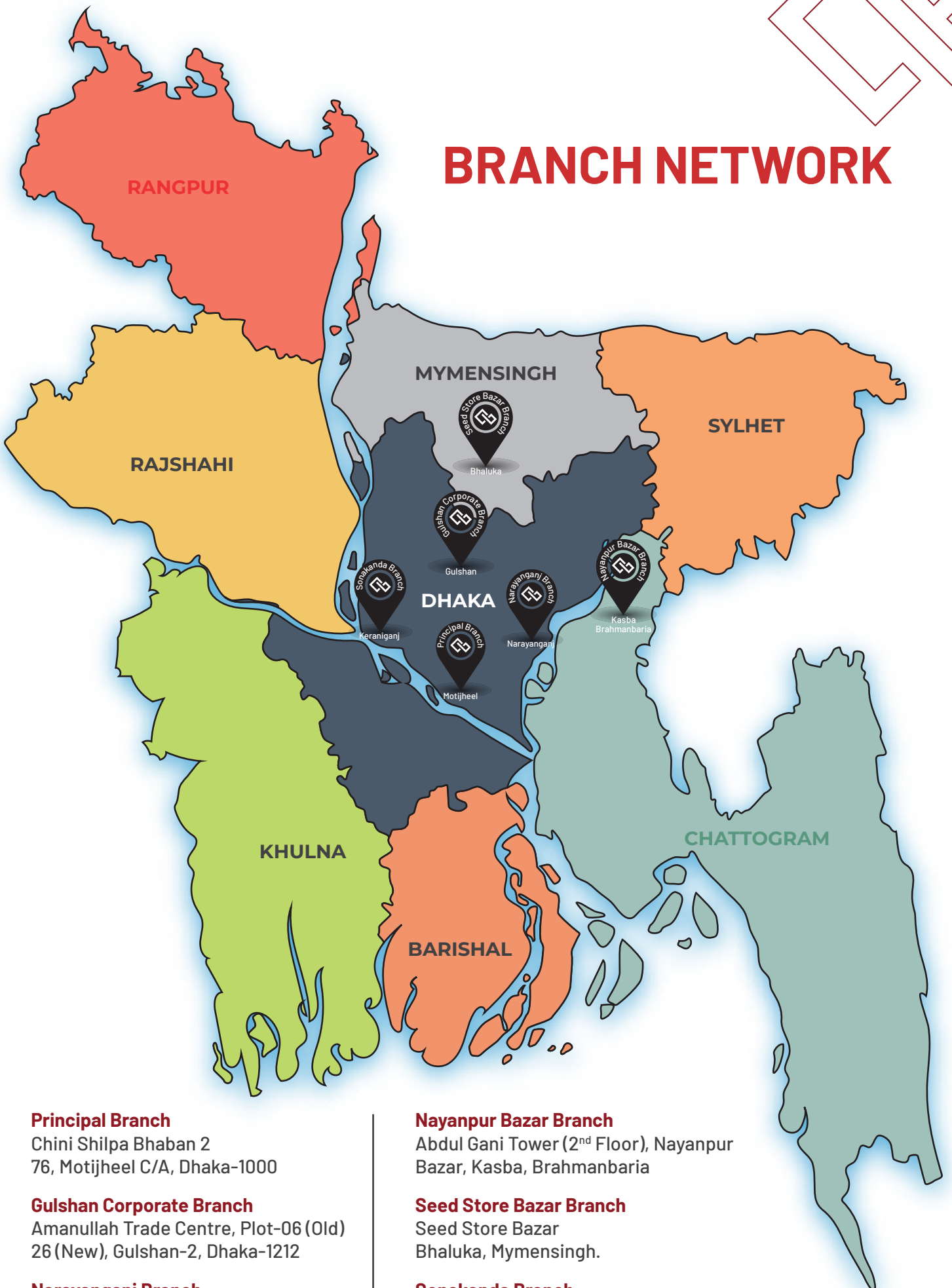
Citizens Bank PLC
Schedule of Fixed Assets
As at 31 December 2022

Particulars	Cost						Accumulated Depreciation & Amortization			Net book value at 31 December 2022
	Balance on 01 January 2022	Additions during the year	Disposals during the year	Balance at 31 December 2022	Balance on 01 January 2022	Charge for the year	On disposals during the year	Balance at 31 December 2022		
Furniture and Fixture	3,538,472	6,912,185	-	10,450,657	384,309	241,377	-	625,686	9,824,971	
Interior Decoration		9,877,736		9,877,736		396,246		396,246	9,481,490	
Office Equipment	4,498,779	2,568,748	-	7,067,527	339,717	774,626	-	1,114,343	5,953,184	
Motor Vehicles	32,789,721	18,134,646	1,700,000	49,224,367	2,755,970	7,703,980	259,722	10,200,228	39,024,139	
Computer & Computer Equipment's	50,306,527	11,274,421	-	61,580,948	5,725,822	11,343,457	-	17,069,279	44,511,669	
ATM Booth		2,279,000		2,279,000		141,450		141,450	2,137,550	
Computer Software	8,135,933	19,726,864	-	27,862,797	569,065	2,303,737	-	2,872,802	24,989,995	
Right of Use of Assets - Office Rent	224,697,303	183,642,124	-	408,339,427	11,508,522	21,639,419	-	33,147,941	375,191,486	
At 31 December 2022	323,966,735	254,415,724	1,700,000	576,682,459	21,283,406	44,544,291	259,722	65,567,975	511,114,484	





BRANCH NETWORK



Principal Branch

Chini Shilpa Bhaban 2
76, Motijheel C/A, Dhaka-1000

Gulshan Corporate Branch

Amanullah Trade Centre, Plot-06 (Old)
26 (New), Gulshan-2, Dhaka-1212

Narayanganj Branch

207/5, Bangabandhu Road
Narayanganj-1400

Nayanpur Bazar Branch

Abdul Gani Tower (2nd Floor), Nayanpur
Bazar, Kasba, Brahmanbaria

Seed Store Bazar Branch

Seed Store Bazar
Bhaluka, Mymensingh.

Sonakanda Branch

Natun Sonakanda Bus Stand, Syedpur
(BSCIC) Area. Ruhitpur, Keranigonj, Dhaka.

INAUGURAL CEREMONY OF COMMERCIAL OPERATIONS



EVENTS OF THE BANK



INAUGURAL CEREMONY OF COMMERCIAL OPERATIONS



EVENTS OF THE BANK



1ST ANNUAL GENERAL METTING

EVENTS OF THE BANK



The 1st Annual General Meeting of Citizens Bank PLC was held at Citizens Bank Head Office on 11 June, 2022, presided over by Mrs. Towfika Aftab, Chairperson, Board of Directors. Among the Directors, Mr. Masduzzaman, Mr. Mohammed Iqbal, Mr. Mohammad Abdul Salam, Mr. Chowdhury Mohammed Hanif Shoeb, Mrs. Zebunnessa Begum Huq (connected through zoom), Mrs. Shafia Alam, Mr. Sk. Md. Iftekharul Islam, Mr. Rakibul Islam Khan attended the meeting. Mr. Mohammad Masoom, Managing Director & CEO of the bank was also present.

SIGNING CEREMONY



Citizens Bank PLC signed an agreement with Credit information Bureau (CIB) of Bangladesh Bank for registration in CIB Online System on wednesday 29th June 2022.

Mr. Mohammad Masoom, Managing Director and CEO of Citizens Bank PLC and Mr. Anis Ur Rahman Director of Credit Information Bureau, Bangladesh bank signed the agreement on behalf of the respective organizations.

The bank from now onwards will have access to the database of Credit Information Bureau of Bangladesh Bank to collect information on the prospective borrowers to take appropriate decisions on the lending.

Other higher officials of the both organizations were present in the signing ceremony.

OBSERVENCE OF 47TH MARTYRDOM ANNIVERSARY OF FATHER OF THE NATION BANGABANDHU SHEIKH MUJIBUR RAHMAN

EVENTS OF THE BANK



On the occasion of 47th martyrdom anniversary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman, Citizens Bank Observed National Mourning Day-2022 in a befitting manner. Mr. Mohammad Masoom, Managing Director & CEO of Citizens Bank along with members of senior management paid tribute to the father of the nation by placing flower wreaths at the portrait of Bangabandhu Sheikh Mujibur Rahman of Mujib Corner at Citizens Bank Head office premises.

A discussion meeting was arranged through digital platform on the occasion. Mr. Mohammad Masoom, Managing Director & CEO chaired the meeting in presence of the members of senior management team. The attendees in the meeting recalled the enormous contributions and sacrifices made by Bangabandhu Sheikh Mujibur Rahman and Bangamata Sheikh Fazilatunnesa Mujib and all other martyred members of the family to the cause of emergence of Bangladesh as an independent country on the world map.

As part of observing national mourning day 2022 a tree plantation Program was arranged at the premises of Motijheel Government Boys' High School. Mr. Mohammad Masoom, MD & CEO of the bank inaugurated the tree plantation program in presence of Mr. Syed Hafizul Islam, Head Master of the school and other senior executives of the bank.

Besides, a dua mahfil and food distribution program for the orphans were also arranged on the occasion.

INAUGURATION CEREMONY OF BRANCHES

EVENTS OF THE BANK



Mrs. Towfika Aftab, Chairperson of Citizens Bank PLC. inaugurated Gulshan Corporate Branch at Gulshan Circle-2, Dhaka on December 11, 2022 in presence of Mr. Masuduzzaman, Director & Chairman, Executive Committee; members of the board of directors namely Mr. Mohammed Iqbal, Mr. Mukhlesur Rahman, Mr. Mohammad Abdul Salam, Ms. Tajkia Rahman, Mr. Sk. Md. Iftekharul Islam, Mr. Shafiqul Hoq and Mr. Mohammad Masoom, Managing Director & CEO of the bank. Besides, invited dignitaries and valued clients across the different segments including of corporate entities were also present on the occasion.



Mrs. Towfika Aftab, Chairperson of Citizens Bank PLC. inaugurated Narayanganj Branch at Bangabondhu Road (BB Road), Narayanganj on December 1, 2022 in presence of Mr. Masuduzzaman, Director and Chairman, Executive Committee; Mr. Chowdhury Mohammed Hanif Shoeb, Director and Chairman, Risk Management Committee; members of the board of directors namely Mr. Mukhlesur Rahman, Mr. Sk. Md. Iftekharul Islam and Mr. Mohammad Masoom, Managing Director & CEO of the bank. Besides, local elites and valued clients across the different segments including of corporate entities were also present on the occasion.

INAUGURATION CEREMONY OF BRANCHES

EVENTS OF THE BANK



Mr. Mohammad Masoom, Managing Director & CEO, Citizens Bank PLC. inaugurated Nayanpur Bazar Branch Kasba, Brahmanbaria on November 10, 2022. Mr. Md. Rashadul Quaser Bhuiyan, Chairman, Kasba Upazila Porishod, Brahmanbaria, Mr. Masud ul Alam, Upazila Nirbahi Officer, Kasba, Brahmanbaria, Mr. Waheed Imam, SVP & Company Secretary, Citizens Bank PLC. among others were present on the occasion.



Mr. Mohammad Masoom, Managing Director & CEO, Citizens Bank PLC. inaugurated Seedstore Bazar Branch at Bhaluka, Mymensingh on December 26, 2022. Mr. Tofayel Ahmed Bacchu, Chairman, Seedstore Union Paishad, local elites and valued clients and other officials of the bank were also present on the occasion.



Mr. Mohammad Masoom, Managing Director & CEO, Citizens Bank PLC. inaugurated Sonakanda Branch at Sonakanda new bus stand, Ruhitpur, Keraniganj, Dhaka on December 28, 2022. Mr. Hossain A Sikder, Director, Dhaka Chamber of Commerce & Industry & President Dhaka BSCIC, Mr. Waheed Imam, SVP & Company Secretary, Citizens Bank PLC. along with other officials of the bank, local elites and valued clients were also present on the occasion.

PRODUCT LAUNCHING



EVENTS OF THE BANK



Mr. Mohammad Masoom, Managing Director and CEO, Citizens Bank PLC. has launched new product titled as "Citizens Millionaire" for its prospective customers at head office on November 7, 2022 in the presence of senior executives of the bank. This tailor-made DPS product has been designed focusing on maximization of the financial wellbeing of the customers across the different segments within the targeted time span.



Mr. Mohammad Masoom, Managing Director and CEO, Citizens Bank PLC. has launched an exclusive new product titled as "Citizens Joyita" for its prospective female customers at head office on November 17, 2022 in presence of senior executives of the bank. This tailor-made product is expected to deliver on its promise to spur the female customers across the different segments to become even more savings oriented for its competitive rate of return to ensure financially worthy life and living. The product bears multipronged benefits like health/Life Insurance cover, discounts on life style product purchases, attractive reward on travel and tourism services.

PRODUCT LAUNCHING

EVENTS OF THE BANK



Mr. Mohammad Masoom, Managing Director and CEO, Citizens Bank PLC. has launched an exclusive new loan product titled as "Citizens Abason" with value added features for its customers in the retail segment at Head office recently in presence of other officials of the Bank. Citizens Bank PLC intends to extend Home mortgage loans to its customers towards materializing their dreams of owning the abode at their desired places with optimum financial Support.



Registered Office: Chini Shilpa Bhaban-2, 76 Motijheel C/A
Dhaka-1000, Bangladesh.

Notice of the 2nd Annual General Meeting

The **2nd Annual General Meeting (AGM)** of the shareholders of **Citizens Bank PLC.** is scheduled to be held on **Saturday, September 30, 2023 at 12.00 pm**, in a hybrid way i.e. in person and digital platform (Zoom) at Citizens Bank PLC. Head Office Extension, Amanullah Trade Center, Plot # 06 (Old), 26 (New), Level-3, Gulshan Circle-2, Dhaka-L212 to transact the following businesses:

AGENDA:

1. To receive, consider and adopt the Profit and Loss Account of the Company for the period ended on 31st December 2022 and the Balance Sheet as of date along with Reports of Auditors and Directors thereon.
2. To appoint Auditors of the Company and fixation of their remuneration for the term until the next Annual General Meeting (AGM).
3. To retire one third of the Directors and re-election within the purview of Schedule-(1), 79 & 81 of Companies Act 1994 and amendments made there under up to 2020.
4. To transact any other business with the permission of the chair.

Dated: September 7, 2023
Dhaka, Bangladesh

By order of the Board

Md. Waheed Imam
Company Secretary

NOTES:

- a. The Member (Sponsors) whose names appear in the Register of the Company shall attend the AGM.
- b. Any Members (Sponsors) of the Company entitled to attend and vote at the General Meeting may appoint a Proxy to attend and vote on his/her behalf.
- c. The Proxy Form duly filled in and signed by the Member (Sponsor) and stamped, must be submitted at the Registered Office of the Company at least 48 (Forty-Eight hours) before the meeting.
- d. Members (Sponsors) are requested to notify the Provision of the Articles of Association of the Company and the relevant rules/circulars of the regulatory authorities.



PROXY FORM

I/We _____ of _____
_____ being a Shareholder of Citizens Bank PLC do hereby appoint
Mr./Ms. _____ of _____
_____ as my/our proxy to attend and vote for me/us
and on my/our behalf at the 2nd Annual General Meeting of the Company to be held on Saturday, 30 September, 2023
at 12.00 pm. at Head Office extension, Amanullah Trade Center, Plot#06 (Old), 26 (New) Level-3, Gulshan Circle-2
Dhaka,1212 of Citizens Bank PLC.

As witness my/our hands this _____ day of _____ 2023.

(Signature of the Shareholder(s))

(Signature of the proxy)

Folio No (if any): _____

No. of Shares: _____

Date: _____

Affix
Revenue Stamp
of Tk. 20.00

Note: The proxy form should reach the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

Signature Verified

Authorized Signatory
Citizens Bank PLC

Note: Signature must agree with the recorded signature.



ATTENDANCE SLIP

I/We hereby record my/our attendance at the 2nd Annual General Meeting of the Company to be held on Saturday, 30 September, 2023 at 12.00 pm. at Head Office extension, Amanullah Trade Center, Plot#06 (Old), 26 (New) Level-3, Gulshan Circle-2 Dhaka,1212 of Citizens Bank PLC.

Folio No: _____

No. of Shares: _____

Name of the Member/proxy: _____

Signature: _____

Date: _____

Note: Please present this slip at the reception desk. Non Shareholder & Children will not be allowed at the meeting



CITIZENS BANK

Head Office

Chini Shilpa Bhaban-2, 76 Motijheel C/A Dhaka, Dhaka Bangladesh.