

**Independent Auditors' Report
and
Audited Financial Statements
Citizens Bank PLC
As at & for the year ended 31 December 2021**

Independent Auditors' Report to the Board of Directors 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 2021, 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 as at 31 December 2021, and of its profit and loss account and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 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	
Recognition of interest income has significant influence on financial statements and performance of the Bank.	We tested the design and operating effectiveness of key controls over recognition and measurement of interest income on Balance with other Banks.
We identify recognition of interest income from Balance with other Banks as a key audit matter because this is one of the key performance indicators of the Bank and therefore there is an inherent risk of fraud and error in recognition of interest income by management to meet specific targets or expectations.	We performed test of control in place to measure and recognize interest income. We have also performed substantive procedure to check whether interest income is recognized completely and accurately.
	We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.
See note no- 20 to the financial statements	

Risk	Our response to the risk
Implementation of IFRS 16 Leases	
<p>IFRS 16 modifies the accounting treatment of operating leases at inception, with the recognition of a right of use (ROU) on the leased asset and of a liability for the lease payments over the lease contract term. With respect to operating leases of premises used by the Bank, at inception of the lease, the lessor receives a right of using the premises, in exchange of a lease rent, using an implicit discount rate.</p> <p>Our key audit matter was focused on whether all leasing arrangements within the scope of IFRS 16 are identified and appropriately included in the calculation of right of use assets and corresponding lease liability and specific assumptions applied to ensure that the discount rate for lease is appropriate.</p>	<p>In responding to the identified key audit matter, we completed the following audit procedures:</p> <p>Assessed the design and implementation of key controls pertaining to the determination of the IFRS 16 Leases impact on the financial statements of the Bank;</p> <p>Assessed the appropriateness of the discount rates applied in determining lease liabilities;</p> <p>Verified the accuracy of the underlying lease data by agreeing to original contract and checked the accuracy of the IFRS 16 calculations through recalculation of the expected IFRS 16 adjustment; and</p> <p>Assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IFRS.</p>
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 of the information in the annual report other than the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of management and those charged with governance for the financial statements 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 Banking Companies Act, 1991 (as amended), 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.

- 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 Banking Companies Act, 1991(as amended), 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 balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- v. the expenditures incurred and payments made were for the purpose of the Bank's business for the period;
- vi. 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;

- vii. the information and explanations required by us have been received and found satisfactory;
- viii. we have reviewed over 80% of the risk weighted assets of the Bank and spent over 500 person hours; and
- ix. capital to risk-weighted asset ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the period.

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



Ziaur Rahman Zia, FCA
Partner
Enrolment number: 1259

DVC: 2202281259AS112439

Place: Dhaka
Date: 24 February 2022

Citizens Bank PLC
Balance Sheet
As at 31 December 2021

Particulars	Note	2021 Taka	2020 Taka
PROPERTY AND ASSETS			
Cash		131,962	159,730
Cash in hand	3.0	131,962	159,730
(Including foreign currency)			
Balance with Bangladesh Bank and its agent Bank(s)		-	-
(Including foreign currency)			
Balance with other Banks and Financial Institutions		3,981,396,910	1,246,192
Inside Bangladesh	4.1	3,981,396,910	1,246,192
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investments		-	-
Government		-	-
Others		-	-
Loans and advances		-	-
Loans, cash credit, overdrafts etc.		-	-
Bills purchased & discounted		-	-
Fixed assets including premises, furniture and fixtures	8.0	302,683,329	-
Other assets	9.0	49,803,849	24,109,181
Non-banking assets		-	-
Total Assets		<u>4,334,016,049</u>	<u>25,515,104</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents		-	-
Borrowings from Central Bank		-	-
Convertible Subordinate Bonds		-	-
Money at Call and Short notice		-	-
Deposits and other accounts		-	-
Current accounts & other accounts		-	-
Bills payable		-	-
Savings deposits		-	-
Fixed deposits		-	-
Bearer Certificates of Deposit		-	-
Other deposits		-	-
Other liabilities	13.0	310,362,708	45,831,418
Total Liabilities		<u>310,362,708</u>	<u>45,831,418</u>
Capital and Shareholders' Equity		-	-
Paid up share capital	14.2	4,000,000,000	-
Share premium		-	-
Statutory reserve	15.0	17,156,613	-
Dividend Equalization Fund		-	-
Revaluation Reserve on Govt. Securities		-	-
Assets Revaluation reserve		-	-
Surplus/(Deficit) in profit and loss account/Retained Earnings	17.0	6,496,728	(20,316,314)
Total shareholders' equity		<u>4,023,653,341</u>	<u>(20,316,314)</u>
Total Liabilities and Shareholders' Equity		<u>4,334,016,049</u>	<u>25,515,104</u>



Citizens Bank PLC
Balance Sheet
As at 31 December 2021

Off Balance Sheet Items	Note	2021 Taka	2020 Taka
Contingent liabilities			
Acceptances and endorsements		-	-
Irrevocable letter of credits		-	-
Letter of guarantees		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total Contingent liabilities		<u>-</u>	<u>-</u>
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		<u>-</u>	<u>-</u>
Total Off-Balance Sheet items including contingent liabilities		<u>-</u>	<u>-</u>
 Net Asset Value (NAV) Per Share		 10.06	

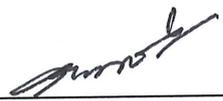
These Financial Statements should be read in conjunction with the annexed notes.

Auditors' report to the shareholders
See annexed report

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


Ziaur Rahman Zia, FCA

Partner
Enrolment number: 1259
DVC: 2202281259AS112439
Place: Dhaka
Date: 24 February 2022



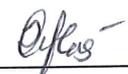
Managing Director and CEO



Director



Director



Chairman



Citizens Bank PLC
Profit and Loss Account
For the year ended 31 December 2021

Particulars	Note	2021 Taka	2020 Taka
Interest income	20	219,486,862	1,328,856
Interest paid on deposits and borrowing etc.		<u>219,486,862</u>	<u>1,328,856</u>
Net interest income			
Investment income		-	-
Commission, exchange and brokerage		-	-
Other operating income		-	-
Total operating income		<u>219,486,862</u>	<u>1,328,856</u>
Salaries and allowances	25	72,906,792	202,310
Rent, taxes, insurance, electricity etc.	26	6,882,904	-
Legal expenses		-	-
Postage, stamps, telecommunication etc.	27	1,751,108	-
Stationery, printing, advertisement etc.	28	2,695,220	14,963
Chief Executive's salary & fees	29	9,825,543	62,903
Directors' fees	30	211,600	-
Auditors' fee		115,000	115,000
Depreciation on and repairs to bank's assets	31	21,440,592	17,400
Other expenses	32	17,875,040	34,776,805
Total operating expenses		<u>133,703,799</u>	<u>35,189,380</u>
Profit/(loss) before provisions		<u>85,783,063</u>	<u>(33,860,524)</u>
Provision for:			
Loans and advances		-	-
Diminution in value of investments		-	-
Off balance sheet items		-	-
Others		-	-
Total provision		<u>-</u>	<u>-</u>
Profit/(loss) before taxes		<u>85,783,063</u>	<u>(33,860,524)</u>
Provision for Taxation:	35		
Current tax expense	35.1	18,704,230	-
Deferred tax expense/ (income)	35.2	23,109,178	(13,544,210)
Total provision for Taxation		<u>41,813,408</u>	<u>(13,544,210)</u>
Net profit/(loss) after taxes		<u>43,969,655</u>	<u>(20,316,314)</u>
Appropriations:			
Statutory reserve	15	17,156,613	-
General reserve		-	-
Dividend etc.		-	-
		<u>17,156,613</u>	<u>-</u>
Retained earnings		<u>26,813,042</u>	<u>(20,316,314)</u>
Earnings Per Share (EPS)	36	<u>0.11</u>	

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

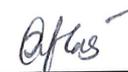

Ziaur Rahman Zia, FCA
Partner
Enrolment number: 1259
DVC: 2202281259AS112439
Place: Dhaka
Date: 24 February 2022


Managing Director and CEO



Director


Director



Chairman



Citizens Bank PLC
Statement of Changes in Equity
For the year ended 31 December 2021

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 2021	-	-	-	-	-	(20,316,314)	(20,316,314)
Shares Issued during the period	4,000,000,000	-	-	-	-	-	4,000,000,000
Net profit for the period	-	-	-	-	-	26,813,042	26,813,042
Dividend Equalization Fund	-	-	-	-	-	-	-
Ordinary Share issue	-	-	-	-	-	-	-
Share Premium	-	-	17,156,613	-	-	-	17,156,613
Statutory reserve	-	-	-	-	-	-	-
Revaluation reserve	-	-	-	-	-	-	-
Cash Dividends	-	-	-	-	-	-	-
Balance as at 31 December 2021	4,000,000,000	-	17,156,613	-	-	6,496,728	4,023,653,341

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

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

Ziaur Rahman Zia
Ziaur Rahman Zia, FCA
 Partner
 Enrolment number: 1259

DVC: 2202281259AS112439

Place: Dhaka
 Date: 24 February 2022

[Signature]
 Managing Director and CEO

[Signature]
 Director

[Signature]
 Director

[Signature]
 Chairman



Citizens Bank PLC
Cash Flow Statement
For the year ended 31 December 2021

Note	2021 Taka	2020 Taka
A. Cash flows from operating activities		
Interest receipts	195,721,238	1,195,885
Interest payment	-	-
Dividends receipts	-	-
Fees & commissions receipts	-	-
Recoveries on loans previously written off	-	-
Cash payments to employees	(82,732,335)	(265,213)
Cash payments to suppliers	-	-
Income tax paid	-	-
Receipts from other operating activities	-	-
Payment for other operating activities	(22,678,501)	(34,809,167)
Operating Cash flow before changes in operating assets and liabilities (i)	90,310,402	(33,878,496)
Increase/decrease in operating assets & liabilities		
Loans and advances to customers	-	-
Other assets	(52,446,582)	(1,932,000)
Deposits from other banks/borrowings	-	-
Deposits from customers	-	-
Other liabilities	20,867,853	37,216,418
Cash utilized in operating assets & liabilities (ii)	<u>(31,578,728)</u>	<u>35,284,418</u>
Net cash (used)/flows from operating activities (i+ii)	<u>58,731,674</u>	<u>1,405,922</u>
B. Cash flows from investing activities		
Treasury bills	-	-
Bangladesh Bank Bills	-	-
Treasury bonds	-	-
Encumbered Securities	-	-
Sale/ (Investment) in shares	-	-
Investment in Bonds	-	-
Redemption of Bond	-	-
Acquisition of fixed assets	(78,608,725)	-
Disposal of Fixed Assets	-	-
Net cash used in investing activities	<u>(78,608,725)</u>	<u>-</u>
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	3,980,122,949	1,405,922
Cash and cash equivalents at beginning of year	1,405,922	-
Cash and cash equivalents at end of the year	39 <u>3,981,528,872</u>	<u>1,405,922</u>

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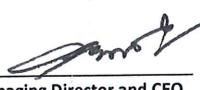
A. Qasem & Co.
Chartered Accountants
RJCSC Firm Registration Number: 2-PC7202


Ziaur Rahman Zia, FCA

Partner
Enrolment number: 1259

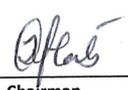
DVC: 2202281259AS112439

Place: Dhaka
Date: 24 February 2022


Managing Director and CEO


Director


Director


Chairman



Citizens Bank PLC
Liquidity Statement
As at 31 December 2021

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	131,962	-	-	-	-	131,962
Balance with other Banks and Financial Institutions	81,476,910	3,923,685,624	-	-	-	4,005,162,534
Money at Call & Short notice	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Loans and Advances	-	-	-	-	-	-
Premises and Fixed Assets	-	-	-	-	302,683,329	302,683,329
Other Assets	834,057	-	6,366,966	18,837,202	-	26,038,225
Non-Banking Assets	-	-	-	-	-	-
Total Assets	82,442,929	3,923,685,624	6,366,966	18,837,202	302,683,329	4,334,016,049
LIABILITIES :						
Borrowing From Other Banks, Financial Institutions & Agents	-	-	-	-	-	-
Deposit and Other Account	-	-	-	-	-	-
Provision & Other Liabilities	11,034,994	29,915,016	36,845,000	-	232,567,699	310,362,708
Subordinated Debts	-	-	-	-	-	-
Total Liabilities	11,034,994	29,915,016	36,845,000	-	232,567,699	310,362,708
Net Liquidity Gap	71,407,935	3,893,770,608	(30,478,034)	18,837,202	70,115,630	4,023,653,341

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


Ziaur Rahman Zia, FCA
Partner

Enrolment number: 1259

DVC: 2202281259AS112439

Place: Dhaka
Date: 24 February 2022


Managing Director and CEO


Director


Director


Chairman



Citizens Bank PLC
Notes to the Financial Statements
As at and for the period from 1 January 2021 to 31 December 2021

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 Banking Companies Act, 1991 (as amended) and directive as received from the Bangladesh Bank from time to time. The Bank had not started its operation till to reporting period.

2.0 Significant accounting policies

2.1 Basis of preparation of financial statements

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments should the Bank be unable to continue as a going concern.

2.1.1 Statement of Compliance

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is formed and it is yet to issue financial reporting standards for public interest entities such as banks. The 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 (IFRS) 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 the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS), "First Schedule (Section 38) of the Banking Companies Act 1991 (as amended) and BRPD circular no. 14 dated 25 June 2003. The Bank complied with the requirements of the following rules and regulation:

- * The Banking Companies Act, 1991 (As amended);
- * The Companies Act 1994;
- * 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;
- * Financial Reporting Act 2015;
- * The Securities and Exchange Ordinance 1969;
- * The Securities and Exchange Rules 1987;

In case any requirement of the Banking Companies Act, 1991 (As amended) and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Banking Companies Act, 1991 (as amended), and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of IFRS are as follows:



i. **Presentation of financial statements**

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

Bangladesh Bank: The presentation of these financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by the First Schedule (section 38) of the Banking Companies Act, 1991 (as amended) 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. **Other Comprehensive Income**

IFRS: 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.

iii. **Cash Flow Statement**

IFRS: 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.

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

iv. **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:

- i) Balance with other banks and financial institutions are on the basis of their maturity term;
- ii) Fixed assets are on the basis of their useful life;
- iii) Other assets are on the basis of their realization / amortization;
- iv) Borrowing are as per their repayment terms;
- v) Provisions and other liabilities are on the basis of their payment / adjustments schedule.

v. **Disclosure of appropriation of profit**

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

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

2.1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.1.3 Preliminary Expenses

Preliminary expenses represent expenses incurred prior to incorporation to the Bank.



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

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

Income tax - as explained in note 35.00

Deferred tax assets/liabilities - as explained in note 9.1 & 13.2.1

Right of use of assets & lease obligation in Note 8.1

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 Property, plant and equipment

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be reliably measured.

i) All fixed assets are stated at cost less accumulated depreciation as per IAS 16 Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

ii) The Bank recognizes, in the carrying amount of an item of fixed assets, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the bank and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally charged off as revenue expenditure in the period in which it is incurred.

iii) Depreciation is charged for the year at the following rates on straight line method on all fixed assets and no depreciation is charged on land:

Category of fixed assets	Depreciation Rate
Furniture and Fixture	10.00%
Office Equipment	15.00%
Motor Vehicles	20.00%
Computer & Computer Equipment's	30.00%
Computer Software	10.00%

iv) For addition during the year, depreciation is charged for the remaining days of the year.

2.2.3 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 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
- 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.

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.

2.2.4 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 Bangladesh Bank Circular no. 14 date 25 June 2001.

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.



2.3.1 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.

2.4 Statutory reserve

As per section 24 of Banking Companies Act 1991 (as amended), 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 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 (IFRS).

2.6 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 (IFRS) 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 2021 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 Assistance	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	Complied
Separate Financial Statements	IAS - 27	Not Applicable
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
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



International Financial Reporting Standards (IFRSs)	IFRS Number	Status of compliance
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

2.6 Basis for valuation of liabilities and provisions

2.6.1 Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2021 on the taxable income as per income tax law and IAS 12 Income Taxes.

2.6.2 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 9.1 & 13.2.1 in the financial statements.

2.6.3 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.

2.7 Revenue recognition

2.7.1 Interest income

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

2.8 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.

2.9 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.

2.9.1 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.



2.9.2 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.

2.9.3 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.

2.9.4 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.

2.9.5 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.

2.10 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.

2.11 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.

2.12 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).



2.13 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.

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.

2.14 Approval of financial statements

These financial statements were approved as on 24th February 2022 through "Resolution by Circulation" as per Article of Association (clause-133) and will be ratified subsequent meeting of the Board of Directors.



2.15 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 2020.

Particulars	Date of Rating	Long term	Short term	Rating Valid till
Credit Rating Information and Services Ltd (CRISL)	13-Dec-2021	BBB	ST-3	12-Dec-2022

2.16 Reporting period

The reporting period of these financial statements is stands from 1st January 2021 to 31 December 2021.

2.17 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) The expenses, irrespective of capital or revenue nature, accrued/due but not paid have been provided for in the books of the Bank.
- c) Figures of previous year have been rearranged whenever necessary to conform to current years presentation.



Notes to the Financial Statements	As at 31 December 2021 Taka	As at 31 December 2020 Taka
3.0 Cash		
Cash in hand (Including foreign currencies) (3.1)	131,962	159,730
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	-	-
	<u>131,962</u>	<u>159,730</u>
3.1 Cash in hand:		
Local currency	131,962	159,730
Foreign currency	-	-
	<u>131,962</u>	<u>159,730</u>
3.2 Cash Reserve Requirement and Statutory Liquidity Ratio should be calculated and maintained in accordance with section 33 of Banking Companies Act, 1991 and MPD circular nos. 1 & 2, dated June 23, 2014 and December 10, 2013 & DOS circular no.1 dated 19 January 2014 and MPD Circular no. 1 dated April 03, 2018.		
The Cash Reserve Requirement is calculated on the Bank's weekly average total demand and time liabilities of a base month which is two months back of the reporting month.		
As on 31st December 2021 Citizens Bank PLC does not have any demand and time liabilities thus not required to maintain any CRR or SLR.		
4.0 Balance with other Banks and Financial Institutions		
Inside Bangladesh (4.1)	3,981,396,910	1,246,192
Outside Bangladesh	-	-
	<u>3,981,396,910</u>	<u>1,246,192</u>
4.1 Inside Bangladesh		
In Current Deposit Accounts with:		
Banks	-	-
Non-Bank Financial Institutions (NBFIs)	-	-
	<u>-</u>	<u>-</u>
In Special Notice Deposit Accounts with:		
Banks	81,476,910	1,246,192
Non-Bank Financial Institutions (NBFIs)	-	-
	<u>81,476,910</u>	<u>1,246,192</u>
In Fixed Deposit/Placement Accounts with:		
Banks	3,899,920,000	-
Non-Bank Financial Institutions (NBFIs)	-	-
	<u>3,899,920,000</u>	<u>-</u>
4.2 Maturity grouping of balance with other banks and financial institutions		
Up to 1 months	81,476,910	1,246,192
More than 1 months to 3 months	3,899,920,000	-
More than 3 months to 1 Year	-	-
More than 1 year to 5 years	-	-
More than 5 years	-	-
	<u>3,981,396,910</u>	<u>1,246,192</u>
5.0 Money at call on short notice		
Banks	-	-
Non-Bank Financial Institutions (NBFIs)	-	-
	<u>-</u>	<u>-</u>



	As at 31 December 2021 Taka	As at 31 December 2020 Taka
6.0 Investments		
Government securities	-	-
Other investments	-	-
	<u>-</u>	<u>-</u>
7.0 Loans and advances		
Loans, cash credits, overdrafts etc.	-	-
Bills purchased and discounted	-	-
	<u>-</u>	<u>-</u>
8.0 Fixed assets including land, building, furniture and fixtures		
At Cost		
Furniture and fixture	3,538,472	-
Office equipment	4,498,779	-
Motor vehicles	32,789,721	-
Computer & computer equipment's	50,306,527	-
Imported computer software	8,135,933	-
Right of use of assets	224,697,303	-
Total Cost	<u>323,966,735</u>	<u>-</u>
Accumulated depreciation and amortization	<u>21,283,406</u>	<u>-</u>
Written down value at 31 December 2021	<u>302,683,329</u>	<u>-</u>
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	805,007	1,932,000
Advance for Fixed Assets	6,366,966	8,500,000
Advance Income Tax	18,837,202	132,972
Deferred Tax Asset (Note-9.1)	-	13,544,210
Balance with UCB Capital Management	29,050	-
Interest receivable from FDR with Agrani Bank Ltd.	23,765,624	-
	<u>49,803,849</u>	<u>24,109,181</u>
9.1 Deferred tax assets		
Deferred tax assets arises from carry forward tax credit		33,860,524
Loss before taxes	-	40.00%
Tax rate	40.00%	40.00%
Deferred tax assets	-	13,544,210
Deferred tax (income)	-	(13,544,210)
Opening deferred tax assets	13,544,210	-
Adjustment for carry forward of losses	<u>(13,544,210)</u>	<u>(13,544,210)</u>
Closing balance of deferred tax assets	<u>-</u>	<u>-</u>
10.0 Non-banking assets	<u>-</u>	<u>-</u>
11.0 Borrowing from other banks, financial institutions and agents:	<u>-</u>	<u>-</u>
12.0 Deposit and other accounts		
Current accounts and other accounts	-	-
Bills payable	-	-
Saving deposits	-	-
Fixed deposits	-	-
Other deposits	-	-
Total deposit and other accounts	<u>-</u>	<u>-</u>



	As at 31 December 2021 Taka	As at 31 December 2020 Taka
13.0 Other Liabilities		
Liabilities against preliminary expenses (13.1)	36,845,000	45,620,212
Accrued Expenses Payable (13.2)	40,950,009	211,206
Provision for taxation	18,704,230	-
Deferred tax liability (Note 13.2.1)	9,564,969	-
Lease liabilities (present value of lease payments)	204,298,500	-
	310,362,708	45,831,418
13.1 Liabilities against preliminary expenses		
Borrowings from Sponsor Directors	35,000,000	35,000,000
Payable to Sponsor Directors for Car Tax, Insurance, Fitness	-	275,212
Payable to Sponsor Directors for fees and associated cost paid to BSEC for rising capital	845,000	845,000
Payable to Sponsor Directors for fees for Banking License	1,000,000	1,000,000
Payable to Sponsor Directors for Fixed Assets (Motor Vehicle)	-	8,500,000
	36,845,000	45,620,212
13.2 Accrued Expenses Payable		
Accounts Payable against purchase & procurements	20,660,707	-
Utility Bills Payable	142,000	-
Salary Payable	5,006,622	96,206
Audit Fee Payable	115,000	115,000
Rating Fee Payable	115,000	-
Tax & VAT Payable	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	-
	40,950,009	211,206
13.2.1 Deferred tax liability		
i. Temporary timing difference in written down value of fixed assets		
Carrying amount of fixed assets	89,494,548	-
Tax base	76,002,211	-
Taxable temporary difference	13,492,337	-
Tax rate	40.00%	-
Deferred tax liability	5,396,935	-
ii. Temporary timing difference for employee benefit fund		
Employees Provident fund, Gratuity, ESSF	10,420,085	-
Tax base	-	-
Taxable temporary difference	10,420,085	-
Tax rate	40.00%	-
Deferred tax liability	4,168,034	-
Total Deferred tax liability (i+ii)	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	-



	As at 31 December 2021 Taka	As at 31 December 2020 Taka
14.3 Capital to risk-weighted asset ratio (CRAR)		
Common Equity Tier -1 Capital		-
Paid up capital	4,000,000,000	
Statutory reserve	17,156,613	
Retained earnings	6,496,728	
Less Regulatory adjustment:	-	-
	4,023,653,341	-
Tier -2 Capital	-	-
A. Total regulatory capital	4,023,653,341	-
B. Total risk weighted assets (RWA)	1,314,378,348	-
C. Minimum capital requirement (MCR)	4,000,000,000	-
D. Surplus/(deficiency) [A - C]	23,653,341	-
E. Capital to Risk-Weighted Asset Ratio (CRAR) (A/B)*100	306.13%	
15.0 Statutory reserve		
Balance at the beginning of the year	-	-
Add: Transferred from profit during the year	17,156,613	-
	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	(20,316,314)	-
Profit/(Loss) for the year	43,969,655	(20,316,314)
Transfer to statutory reserve	(17,156,613)	-
	6,496,728	(20,316,314)
18.0 Contingent liabilities		
Acceptance and endorsements	-	-
Letters of guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
	-	-



	For the period from 1 January 2021 to 31 December 2021	For the period from 13 Dec 2020 to 31 December 2020
	Taka	Taka
19.0 Profit and Loss Account		
Income:		
Interest, discount and similar income	219,486,862	1,328,856
Dividend income	-	-
Fees, commission and brokerage	-	-
Income from non-banking assets	-	-
Other operating income	-	-
Profit less losses on interest rate changes	-	-
	219,486,862	1,328,856
Expenses:		
Interest, fees and commission	-	-
Administrative expenses	94,273,166.90	280,175.56
Other operating expenses	18,147,226	34,909,204.94
Depreciation on banking assets	21,283,406	-
	133,703,799	35,189,380
	85,783,063	(33,860,524)
20.0 Interest income		
Interest Income from SND	6,236,559	1,328,856
Interest Income from FDR	213,250,303	-
	219,486,862	1,328,856
21.0 Interest paid on deposits and borrowings		
Interest on deposit accounts	-	-
Interest on borrowings	-	-
	-	-
22.0 Investment income		
Interest on treasury bills and bonds	-	-
Interest on bond	-	-
Gain on trading shares (Realized)	-	-
	-	-
23.0 Commission, exchange and brokerage		
Commission	-	-
Exchange gain	-	-
Brokerage fees	-	-
	-	-
24.0 Other operating income		
Miscellaneous income	-	-
	-	-
25.0 Salary & allowances (excluding those of Managing Director & CEO)		
Basic salary of officers	31,457,008	202,310
Other salary & allowances	26,266,569	-
Festival bonus	5,400,065	-
Provident fund contribution	2,783,150	-
Social Security Super Annuation	5,000,000	-
Gratuity	2,000,000	-
	72,906,792	202,310



	For the period from 1 January 2021 to 31 December 2021	For the period from 13 Dec 2020 to 31 December 2020
	Taka	Taka
26.0 Rent, taxes, insurance, utilities etc.		
Rents, rates and taxes - Premises	4,318,285	-
Insurance premium	1,287,978	-
Utilities	1,276,641	-
	<u>6,882,904</u>	<u>-</u>
<p>*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.</p>		
27.0 Postage, stamp, telecommunication etc.		
Telephone - office	132,176	-
Network link, Internet and Data Center maintenance cost	1,618,932	-
	<u>1,751,108</u>	<u>-</u>
28.0 Stationery, printing, advertisement etc.		
Printing and stationery	2,180,074	14,963
Advertisement	515,146	-
	<u>2,695,220</u>	<u>14,963</u>
29.0 Managing Director's salary and allowances		
Basic salary	6,700,000	62,903
Allowances	1,388,608	-
Bonus (Festival)	1,100,000	-
Bank's contribution to provident fund	636,935	-
	<u>9,825,543</u>	<u>62,903</u>
30.0 Directors' fees and expenses		
Meeting attendance fees	211,600	-
Other expenses (refreshment, conveyance etc.)	-	-
	<u>211,600</u>	<u>-</u>
31.0 Repairs, maintenance and depreciation		
Depreciation		
Furniture and Fixture	384,309	-
Office Equipment	339,717	-
Motor Vehicles	2,755,970	-
Computer & Computer Equipment	5,725,822	-
Computer Software	569,065	-
Lease ROUA of Office Rent	11,508,522	-
	<u>21,283,406</u>	<u>-</u>
Repairs, maintenance and spare parts		
Motor Vehicles	157,186	17,400
	<u>157,186</u>	<u>17,400</u>
	<u>21,440,592</u>	<u>17,400</u>



	For the period from 1 January 2021 to 31 December 2021	For the period from 13 Dec 2020 to 31 December 2020
	Taka	Taka
32.0 Other expenses		
Preliminary expenses (32.1)	-	34,501,593
Car tax, token, registration	-	275,212
Business travelling and conveyance	6,576,000	-
Petrol, Oil and Lubricant	472,060	-
Bank charges	238,200	-
Fees and subscriptions	1,764,529	-
Entertainment and recreation	522,414	-
Cleaning service	321,650	-
Security service	399,045	-
Recruitment and training expenses	41,639	-
Professional fees	327,746	-
Credit Rating Fees	115,000	-
Interest expenses of Office Rent Lease	7,009,557	-
Car Parking	87,200	-
	<u>17,875,040</u>	<u>34,776,805</u>
32.1 Preliminary expenses		
Banking License Fees	-	1,000,000
Registration costs at RJSC	-	9,223,657
Allotment cost for Paid-up Capital at Bangladesh Security and Exchange Commission	-	845,000
Excise Duty	-	27,000
Account Maintenance Fees	-	2,274
Stationary	-	128,572
Telephone / Mobile / Internet	-	121,386
Entertainment	-	15,732
Conveyance	-	13,290
Salaries and allowances	-	6,548,742
Rent, taxes, insurance, electricity etc.	-	4,734,048
Chief Executive's salary & fees	-	11,841,893
	<u>-</u>	<u>34,501,593</u>
* Preliminary expenses covering from 28-07-2019 to 12-12-2020		
33.0 Provision For loans and advances:		
For classified loans and advances	-	-
For unclassified loans and advances	-	-
For off balance sheet items	-	-
	<u>-</u>	<u>-</u>
34.0 Provision for diminution in value of Investments		
Diminution in value of Investments	-	-
	<u>-</u>	<u>-</u>
35.0 Provision for Taxation		
35.1 Current tax expense		
Current year	18,704,230	-
Adjustment for prior year	-	-
	<u>18,704,230</u>	<u>-</u>



	For the period from 1 January 2021 to 31 December 2021	For the period from 13 Dec 2020 to 31 December 2020
	Taka	Taka
35.2 Deferred tax expense/(income)		
Net deferred Tax liability/(asset) originated for temporary differences	9,564,969	(13,544,210)
Adjustment of deferred tax of 2020 for carry forward of loss to 2021	13,544,210	
	23,109,178	(13,544,210)

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 2021 as per IAS 33: Earnings per share.

Profit after taxation	43,969,655	(20,316,314)
Profit attributable for distribution to ordinary shareholders	43,969,655	(20,316,314)
Weighted average number of shares outstanding	400,000,000	-
Earnings per share (EPS)	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 2021.

37.0 Net Asset Value (NAV) Per Share

Total Shareholders Equity [numerator]	4,023,653,341	(20,316,314)
Number of ordinary shares outstanding [denominator]	400,000,000	-
Net Asset Value (NAV) Per Share	10.06	

38.0 Net Operating Cash Flow Per Share (NOCFPS)

Net cash from operating activities [numerator]	58,731,674	1,405,922
Number of ordinary shares outstanding [denominator]	400,000,000	-
Net operating cash flow per share (NOCFS)	0.15	

39.0 Cash and cash equivalent

Cash in hand (Including foreign currency)	131,962	159,730
Balance with other banks and financial institutions	3,981,396,910	1,246,192
	3,981,528,872	1,405,922

40.0 Related Party Transaction

SL	Name	Relationship	Nature of Transaction	Outstanding as on 31/12/2021
1	Ms. Towfika Aftab	Sponsor Director	Preliminary Expenditure	845,000
2	Mr. Chowdhury Mohammed Hanif Shoeb	Sponsor Director	Preliminary Expenditure	5,000,000
3	Mr. Mohammed Iqbal	Sponsor Director	Preliminary Expenditure	1,000,000
4	Mr. Mohammad Abdul Salam	Sponsor Director	Preliminary Expenditure	5,000,000
5	Arif Knit Spin Limited Represented by Mr. Mukhlesur Rahman	Sponsor Director	Preliminary Expenditure	5,000,000
6	Pakiza Cotton Sinning Mills (Pvt) Ltd, Represented by Mr. Rakibul Islam Khan	Sponsor Director	Preliminary Expenditure	5,000,000
7	NRG Hometex Ltd, Represented by Ms. Tajkia Rahman	Sponsor Director	Preliminary Expenditure	5,000,000
8	Rahimaaziz Knitspin Ltd., Represented by Mr. Md. Rafiqul Islam	Sponsor Director	Preliminary Expenditure	5,000,000
9	Modele De Capital Ind. Ltd., Represented by Mr. Masuduzzaman	Sponsor Director	Preliminary Expenditure	5,000,000
Total				36,845,000



	For the period from 1 January 2021 to 31 December 2021	For the period from 13 Dec 2020 to 31 December 2020
	<u>Taka</u>	<u>Taka</u>
41.0 Reconciliation between Operating profit of the Bank and Cash flows from operating activities		
Profit before provision	85,783,063	(33,860,524)
Depreciation on fixed assets	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	(23,765,624)	-
Increase of interest payable	7,009,557	-
Increase of accrued expenses	18,806,097	211,206
Increase of advance expenses	(27,408,360)	-
Advance tax paid	(18,704,230)	(132,972)
<i>Operating profit before changes in operating assets and liabilities</i>	<u>63,003,909</u>	<u>(33,782,290)</u>
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	-	-
Other assets	3,230,977	(10,432,000)
Deposits from other banks	-	-
Deposits from customers	-	-
Other liabilities account of customers	-	-
Other liabilities	(7,503,212)	45,620,212
Net cash from operating activities	<u><u>58,731,674</u></u>	<u><u>1,405,922</u></u>



Annexure - A

Citizens Bank PLC
Highlights on the overall activities
As at 31 December 2021

Amount in Taka unless otherwise specified

Sl no.	Particulars	2021	2020
1	Paid-up Capital	4,000,000,000	-
2	Total Capital	4,023,653,341	-
3	Capital (deficit)/surplus	23,653,341	-
4	Total Asset	4,334,016,049	25,515,104
5	Total Deposit	-	
6	Total loans and advances	-	
7	Total contingent liabilities and commitments	-	
8	Credit deposit ratio	-	
9	Percentage of classified loans against total loans and advances	-	
10	Profit after tax and provision	43,969,655	(20,316,314)
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	3,981,396,910	1,246,192
16	Non-interest earning assets	352,619,139	24,268,911
17	Return on Investment (ROI) [PAT/(Shareholders' equity + Borrowing)]	1.09%	-
18	Return on Assets (ROA) [PAT/ Average assets]	0.50%	-39.81%
19	Income from investment	-	-
20	Earnings Per Share (EPS)	0.11	-
21	Net Income Per Share	0.11	
22	Price Earning Ratio (P/E)	Not applicable	Not applicable



Citizens Bank PLC
Schedule of Fixed Assets
As at 31 December 2021

Particulars	Cost			Accumulated Depreciation & Amortization				Net book value at 31 December 2021	
	Balance on 01 January 2021	Additions during the year	Disposals during the year	Balance at 31 December 2021	Balance on 01 January 2021	Charge for the year	On disposals during the year		Balance at 31 December 2021
Furniture and Fixture	-	3,538,472	-	3,538,472	-	384,309	-	384,309	3,154,162
Office Equipment	-	4,498,779	-	4,498,779	-	339,717	-	339,717	4,159,062
Motor Vehicles	-	32,789,721	-	32,789,721	-	2,755,970	-	2,755,970	30,033,751
Computer & Computer Equipment's	-	50,306,527	-	50,306,527	-	5,725,822	-	5,725,822	44,580,705
Computer Software	-	8,135,933	-	8,135,933	-	569,065	-	569,065	7,566,868
Right of Use of Assets - Office Rent	-	224,697,303	-	224,697,303	-	11,508,522	-	11,508,522	213,188,781
At 31 December 2021	-	323,966,735	-	323,966,735	-	21,283,406	-	21,283,406	302,683,329

