

**Independent Auditors' Report to the Shareholders**  
**of Bangladesh Commerce Bank Limited**  
**Report on the Audit of the Consolidated and Separate Financial Statements**

**Qualified Opinion**  
 We have audited the consolidated financial statements of Bangladesh Commerce Bank Limited and its subsidiary (the Group) as well as the consolidated financial statements of Bangladesh Commerce Bank Limited (the Bank), which comprise the consolidated and separate balance sheets as at December 31, 2019 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the material misstatements identified in our report, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank presents fairly, in all material respects, the consolidated financial position of the Group and the separate financial position of the Bank as at December 31, 2019, and of its consolidated and separate financial performance and its consolidated and separate statement of cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

**Reasons for qualified opinion**  
 1. As per BRPD Circular No. 11 dated August 14, 2006 and minimum capital requirement in BASEL III, required capital including reserve fund at least 40% more and paid up capital not less than Tk. 200 crore. The same is also required by the section 312 of Bank Company Act (Amendment) 2013. In this regard the bank has paid up capital 198.87 crore and capital including reserve fund Tk. 192.57 crore (Tk. 255.93 crore in 2018) resulting shortfall Tk. (56.56) crore in 2018.

2. The bank paid VAT penalty of Tk. 21,707.588 adjusted with tax payment of the same as expenses. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), 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) By Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Key Audit Matters**  
 Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the Group and the Bank in the current period.

**Measurement of provision for loan**  
 The process for estimating the provision for customer loans associated with credit risk is significant and complex.

For the individual analysis for large exposures, provisions calculation considers the estimates of debt business performance and the measures of collateral provided for availing loan facilities. For the collective analysis of exposures with multiple business, provisions are calculated on the basis of historical loss experience, assumptions and estimates. At year end the Group and the Bank reported total gross loans and advances of BDT 2,647.13 million (2018: BDT 2,213.13 million) and BDT 2,247.13 million (2018: BDT 2,247.13 million) respectively and the Bank reported provision for loans of BDT 339.10 million (2018: BDT 258.7 million).

We tested the design and operating effectiveness of key controls focusing on the following:  
 - Loan appraisal, disbursement and monitoring procedures, including identification of loss events, including early warning and default monitoring.  
 - Reviewed quarterly Classification of Investments (LCI) submitted to Bangladesh Bank.  
 - Evaluated the appropriateness and presentation of disclosures about investment portfolio in relation to the provision for investment portfolio disclosed in the financial statements.  
 - Assessed the appropriateness and presentation of disclosures about the provision for loan and advances.  
 - Recalculated the provisions and tested the completeness and accuracy of the underlying information.  
 - Evaluated the appropriateness and presentation of disclosures about the provision for loan and advances.  
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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the assessment, whether a material uncertainty exists related to the entity's ability to continue as a going concern. If it exists, disclose the nature of the uncertainty and the potential impact on the financial statements.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We report on these matters in our audit report unless law or regulation precludes public disclosure about the matter. 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, we disclose this in our report.

**Report on other Legal and Regulatory Requirements**  
 In accordance with the Companies Act 1994, the Bank Company Act 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.
- To the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud or other matters as stated under the Management's Responsibility for the financial statements and internal control.
- Internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appear to be reasonably adequate.
- Nothing has come to our attention regarding material instances of forgery or irregularity or administrative error or exception or anything detrimental committed by employees of the Group and its related entities.
- Financial statements of all subsidiaries of the Bank, which have been audited by other auditors have been properly reflected in the consolidated financial statements.
- In our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books.
- The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements.
- The consolidated balance sheet and consolidated profit and loss account together with the consolidated statements of all subsidiaries in agreement with the books of account and returns.
- The expenditures incurred were for the purpose of the Bank's business for the year.
- The consolidated financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank.
- Adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery.
- The information and explanations required by us have been received and found satisfactory.
- We have reviewed over 80% of the risk weighted assets of the Bank and spent over 3,500 person hours; and
- Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has not been maintained adequately during the year.

Dated, Dhaka, June 23, 2020


 Rahman Mustafa Alim & Co.  
 Chartered Accountants

**Bangladesh Commerce Bank Limited & its Subsidiary**  
**Consolidated Balance Sheet**  
**As at December 31, 2019**

Bangladesh Commerce Bank Limited & Its Subsidiary				
Consolidated Balance Sheet				
As at December 31, 2019				
Particulars		Notes	31.12.2019 Taka	31.12.2018 Taka
<b>PROPERTY AND ASSETS</b>				
Cash				
Cash in hand (including foreign currencies)	3(1)(a)		2,228,869,959	2,380,208,219
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	3(2)(a)		456,087,872	401,312,499
Balance with other banks and financial institutions (including foreign currencies)	4(a)		1,733,782,287	1,978,893,720
Outside Bangladesh	4.2		7,474,684,794	5,116,628,293
Money at call on short notice	5(a)		7,296,161,452	54,263,654
Investments	6(a)		29,300,000	29,300,000
Share in Banks and Financial Institutions	6.1		4,992,517,303	4,377,642,955
Others	6.2		3,559,011,510	2,154,745,348
Loans and Advances	7(a)		1,403,505,265	1,222,966,860
Provision for Credit Losses	7(b)		22,475,699,119	22,148,122,999
Bills purchased and discounted	8		22,475,699,119	22,148,122,999
Fixed assets including premises, furniture and fixtures	9(a)		197,296	1,640,954
Other assets	9(a)		316,450,685	220,304,182
Non-banking assets	10		2,507,844,701	2,502,852,655
Total Property and Assets			39,990,332,661	38,451,049,303
<b>LIABILITIES AND CAPITAL</b>				
<b>Liabilities</b>				
Borrowings from other banks, financial institutions and agents	11(a)		174,407,792	334,230,708
Deposits and other accounts	12(a)		34,038,702,544	31,632,895,296
Current Account and Other Accounts etc.	12(a)		3,824,907,830	3,615,588,232
Fixed Deposits	12(b)		294,368,334	294,368,334
Savings Bank Deposits	12(c)		3,703,981,794	3,263,679,365
Other Deposits and Schemes	12(d)		16,450,287,500	16,450,287,500
Other liabilities	13(a)		5,715,536,451	5,163,181,150
Total Liabilities			39,926,646,797	37,130,307,207
<b>Capital/Shareholders' Equity</b>				
Paid-up Capital	14.2		1,868,742,800	1,868,742,800
Share Capital BCI Ltd.			15,300,000	15,300,000
Reserve			917,259,660	917,259,660
Statutory Reserve			276,000,371	275,000,000
Other Reserve			8,020,289	8,020,289
Revaluation Reserve for HTM Securities			163,754,467	163,754,467
Exchange Equalization Account			2,307,301,571	2,040,688,599
Retained Earnings/Loss on profit & loss A/C)			61,685,683	1,350,742,928
Total Shareholders' Equity			91	91
Non-Controlling Interest			61,685,774	1,350,742,928
Total Equity			39,990,332,661	38,451,049,303
Total Liabilities and Shareholders' Equity				
<b>OFF-BALANCE SHEET ITEMS</b>				
<b>Contingent Liabilities</b>				
Acceptances and Endorsements			335,197,566	771,008,790
Letter of Guarantee	19.1		4,498,800	620,826,428
Irrevocable Letter of Credit			1,026,056,388	620,826,428
Bills for Collection			2,933,190,397	2,972,696,377
Other Contingent Liabilities	19.2		113,731,800	113,731,800
Total Contingent Liabilities			4,412,674,731	5,507,075,343
<b>Other commitments</b>				
Documentary Credits and short term trade related transactions			-	-
Forward assets purchased and forward bills placed			-	-
Undrawn loan issuance and revolving undrawn facilities			-	-
Contract forward sale and credit lines and other commitments			-	-
Total Off-Balance Sheet Items including contingent liabilities			4,412,674,731	5,507,075,343



Bangladesh Commerce Bank Limited				
Profit and Loss Account				
For the year ended December 31, 2019				
Particulars	Notes	2019 Taka	2018 Taka	
Interest Income	20	2,329,880,260	2,509,263,277	
Interest on Deposits and Borrowings etc	21	2,086,735,951	1,772,316,050	
Net Interest Income		243,144,309	736,947,227	
Income from Investments	22	340,685,183	302,172,107	
Commission, Exchange Earnings & Brokerage	23	14,702,014	197,538,567	
Other Operating Income	24	92,233,779	70,603,424	
		510,623,667	536,315,099	
Total operating income (A)		754,767,916	1,272,622,315	
Salary and Allowances	25	964,339,084	1,146,353,944	
Rent, Taxes, Insurance, Electricity, etc.	26	17,277,378	140,351,431	
Legal Expenses	27	1,010,875	823,478	
Postage, Stamp, Telecommunication etc.	28	26,804,114	29,192,114	
Stationery, Printing, Advertisement, etc.	28	13,552,180	17,321,790	
Managing Director's salary and allowances	29	1,198,989	7,534,667	
Director's Fee	30	1,542,300	1,542,300	
Audit Fees	31	230,000	230,000	
Depreciation & Repair of Fixed Assets	32	94,607,762	40,471,302	
Other Expenses	32	101,427,919	195,058,415	
Total operating expenses (B)		1,683,974,218	1,559,910,431	
Profit before Provision (C=A-B)		62,793,698	712,711,884	
Provision for Loans & Advances	13.01	(62,793,698)	(712,711,884)	
Provision for depreciation in value of investment	13.06	(90,360,625)	(90,737,123)	
Provision for Off-Balance Sheet Items	13.10	(12,100,000)	(28,877,501)	
Other provisions	13.11	(74,420,000)	(10,249,516)	
Total provision (D)		(149,674,323)	(841,376,924)	
Profit/(Loss) before taxes (C-D)		(86,880,625)	71,334,960	
Provision for Taxation		(11,417,887)	(11,417,887)	
Current tax expense		-	-	
Prior year tax expense		-	133,436,294	
Deferred tax expense (income)		-	(18,018,487)	
Net profit/(loss) after taxation		(1,00,308,592)	(2,23,263,243)	
Appropriations				
General Reserve	15	-	-	
Dividends etc.		-	-	
Retained surplus		(1,00,308,592)	(2,23,263,243)	
Earning Per Share (EPS)	34	(84.86)	(112.19)	

The annexed notes to 37 and Annexure A,B,C,D and E form an integral part of these consolidated financial statements.

Dated, Dhaka, June 23, 2020

Managing Director  
Director  
Chairman

Bangladesh Commerce Bank Limited				
Cash Flow Statement				
For the year ended December 31, 2019				
Particulars	2019 Taka	2018 Taka		
<b>A. Cash flow from operating activities</b>				
Interest received	2,329,880,260	2,509,263,277		
Interest payments	(2,086,735,951)	(1,772,316,050)		
Dividend received	340,685,183	302,172,107		
Fees and commission receipts in cash	14,702,014	197,538,567		
Cash payment to employees	(971,539,083)	(769,030,373)		
Cash payment to suppliers	(65,431,065)	(2,345,442)		
Taxes paid	(127,819,984)	(273,801,414)		
Receipts from other operating activities	(171,378,365)	(45,097,530)		
Operating cash flow before changes in operating Assets and Liabilities	(515,247,807)	511,430,392		
<b>Increase/(Decrease) in operating assets &amp; liabilities</b>				
Statutory Deposits	1,450,626,667	(1,936,024,751)		
Loans & advances to customers	(327,576,119)	(2,663,682,591)		
Other assets (non-cash)	(175,833,209)	(194,421,486)		
Deposits from other banks	1,025,812,815	1,366,083,211		
Deposits from customers	2,179,964,258	1,422,919,450		
Other liabilities account of customers	(85,359,185)	(145,359,185)		
Net cash flow from (used in) operating activities (A)	913,779,617	(424,604,358)		
<b>B. Cash flow from investing activities</b>				
Purchase of property, plant & equipment	(143,113,057)	(106,661,361)		
Purchase of Securities & bond	(53,164,301)	(93,965,606)		
Net cash used in investing activities (B)	(196,277,358)	(200,626,967)		
<b>C. Cash flow from financing activities</b>				
Receipts from issue of debt instruments	-	-		
Payment for redemption of debt instruments	-	-		
Receipts from issuing ordinary shares (rights share)	-	-		
Cash Dividend paid	-	-		
Net cash flow from (used in) financing activities (C)	-	-		
<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>	707,502,259	(1,628,231,326)		
Effects of exchange rate changes on cash and cash equivalents	12,343,667,693	13,871,699,217		
<b>Cash and cash equivalents at end of year</b>	12,343,667,693	12,343,667,693		
<b>Closing Cash &amp; Cash Equivalents</b>				
Cash in Hand (including foreign currency)	454,655,515	400,624,010		
Balance with Bangladesh Bank and at Agent Banks (including foreign currencies)	1,797,732,267	1,978,693,720		
Balance with Other Bank's and Financial Institutions	2,930,000,000	6,880,103,615		
Money at Call on Short Notice	3,589,011,818	3,154,746,348		
Government Securities	12,843,789,194	12,343,667,693		

Dated, Dhaka, June 23, 2020

Managing Director  
Director  
Chairman

Bangladesh Commerce Bank Limited				
Statement of changes in Equity				
For the year ended December 31, 2019				
Particulars	Up to 31st Dec 2018	31st Dec 2018	31st Dec 2019	31st Dec 2019
Balance as at 31st December 2018	2,851,352,480	2,851,352,480	2,851,352,480	2,851,352,480
Changes in Accounting Policy	-	-	-	-
Revised Balance	1,986,742,000	1,986,742,000	1,986,742,000	1,986,742,000
Share Capital	917,250,000	917,250,000	917,250,000	917,250,000
Prior Year Adjustment	-	-	-	-
Reserves	-	-	-	-
Retained Surplus	-	-	-	-
Balance as at 31st December 2019	2,851,352,480	2,851,352,480	2,851,352,480	2,851,352,480
Balance as at 31st December 2018	1,986,742,000	1,986,742,000	1,986,742,000	1,986,742,000
Changes in Accounting Policy	-	-	-	-
Revised Balance	1,986,742,000	1,986,742,000	1,986,742,000	1,986,742,000
Share Capital	917,250,000	917,250,000	917,250,000	917,250,000
Prior Year Adjustment	-	-	-	-
Reserves	-	-	-	-
Retained Surplus	-	-	-	-
Balance as at 31st December 2019	2,851,352,480	2,851,352,480	2,851,352,480	2,851,352,480

Dated, Dhaka, June 23, 2020

Managing Director  
Director  
Chairman

Bangladesh Commerce Bank Limited				
Statement of changes in Equity				
For the year ended December 31, 2019				
Particulars	Up to 31st Dec 2018	31st Dec 2018	31st Dec 2019	31st Dec 2019
Balance as at 31st December 2018	2,851,352,480	2,851,352,480	2,851,352,480	2,851,352,480
Changes in Accounting Policy	-	-	-	-
Revised Balance	1,986,742,000	1,986,742,000	1,986,742,000	1,986,742,000
Share Capital	917,250,000	917,250,000	917,250,000	917,250,000
Prior Year Adjustment	-	-	-	-
Reserves	-	-	-	-
Retained Surplus	-	-	-	-
Balance as at 31st December 2019	2,851,352,480	2,851,352,480	2,851,352,480	2,851,352,480

Dated, Dhaka, June 23, 2020

Managing Director  
Director  
Chairman

**1.0 Legal Status and Nature of the Company**

The Bangladesh Commerce Bank Limited was incorporated in Bangladesh as a Public Limited Company on the 01 June 1998 under Companies Act 1994 and commenced commercial operation on 20 September 2010. The principal place of business is at the Registered Office at Ennors Trade Center, Level-22, 52-53 Diksha C/A, Dhaka, Bangladesh. The principal activities carried out by the bank include all kinds of commercial banking activities/services to its customers through its branches.

**1.1 Subsidiary of the Bank**

Commerce Bank Securities & Investments Limited (CBSIL) is fully owned subsidiary company of Bangladesh Commerce Bank Limited incorporated as a private limited company on 20 September 2010 with the registrar of Joint Stock Companies & Firms, Dhaka vide certificate of incorporation no. C-8755010. CBSIL started its operation from 01 June 2011. The main objective of the company for which was established are to carry out the business of full-fledged merchant banking activities like issue management, portfolio management, underwriting etc.

**2. Basis of preparation of financial statements**

**2.1 Consolidated and Separate Financial Statements**

The separate financial statements of the Bank for the year ended 31 December 2019 main operation referred to as "The Bank". The consolidated financial statement comprise those of the Bank (parent) and its subsidiary (note 1.1), together referred to as "the Group" or individually referred to as "Group Entities/Subsidiaries" as the case may be. There were no significant changes in the operations of the Bank/Group Entities. A summary of accounting policies and policies which have been adopted by the Bank (unless otherwise stated) are set out below:

## 2.1.1 Statement of compliance and basis of preparation

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under the FRA has been formed in 2017 by the Financial Reporting Standards (FRS) under this council is yet to be issued for public interest entities such as Banks. The Bank Company Act, 1991 was amended to require banks to prepare their financial statements under such financial reporting standards.

As the FRS is yet to be issued by FRC hence as per the provisions of the FRA (section-69), the consolidated and separate financial statements of the Group and the Bank respectively have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and in addition to this the Bank complied with the requirements of following laws and regulations from various Government bodies:

- The Bank Company Act, 1991 and amendment thereon;
- The Companies Act, 1994;
- Companies Rules and Regulations issued by Bangladesh Bank (BB) time to time;
- The Value Added Tax Act, 1991 and amendment thereon;
- Financial Reporting Act 2015;
- Parliamentary Act No.12,1997;
- In case any requirement of the Bank Company Act 1991 and provisions and circulars issued by Bangladesh Bank (BB) differ with those of IFRSs, the requirements of the Bank Company Act 1991 and provisions and circulars issued by BB shall prevail. Material departures from the requirements of IFRS are as follows:

### i) Investment in equity instruments

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

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

### ii) Subsequent measurement of Government securities

IFRS: Government securities refer primarily various debt instruments which include both bonds and bills. As per requirements of IFRS 9 Financial Instruments, bonds can be categorised as "Amortised Cost (AC)" or "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Bonds designated as Amortised Cost are measured at amortised cost method and interest income is recognised through profit and loss account. Any changes in fair value of bonds designated as FVTPL is recognised in profit and loss account. Any changes in fair value of bonds designated as FVOCI is recognised in other reserve as a part of equity. As per requirements of IFRS 9, bills can be categorised either as "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Any change in fair value of bills is recognised in profit and loss or other reserve as a part of equity respectively.

Bangladesh Bank: As per DOS Circular no. 05 dated 26 May 2002 and subsequent clarification in DOS Circular no. 05 dated 28 January 2009, Government securities/bills are classified into Held for Trading (HFT) and Held to Maturity (HTM). HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity. Any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at year end and gains or losses on amortisation are recognised in other reserve as part of equity.

### iii) Provision on loans and advances

IFRS: As per IFRS 9 Financial Instruments an entity shall recognize an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition, whether assessed on an individual or collective basis, considering all reasonable information (including that which is forward-looking). For loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD Circular no. 07 dated 21 June 2018, BRPD Circular no. 13 dated 18 October 2018, BRPD Circular no. 15 dated 27 September 2017, BRPD Circular no. 16 dated 18 November 2014, BRPD Circular no. 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012, BRPD Circular no. 05 dated 29 May 2013 and BRPD Circular no. 1 dated 20 February 2018, BRPD Circular no. 03 dated 21.04.2019, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard and SMA loans) has to be maintained regardless of objective evidence of impairment. Also provision for different categories of classified loans (sub-standard, doubtful & bad and loss loans) has to be provided at 20%, 50% and 100% respectively for loans and advances depending on time past due. Again as per BRPD Circular no. 14 dated 23 September 2012 and BRPD Circular no. 07 dated 21 June 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on "bills for collection" and "guaranteed" where the counter guarantees have been issued by Multinational Development Bank (MDB)/International Bank having BB rating grade "1" equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised) Regulatory Capital Framework for banks in line with Basel III. Such provision policies are not specified in line with those prescribed by IFRS 9.

### iv) Other comprehensive income

IFRS: As per IAS 1 Presentation of Financial Statements, other comprehensive income is a component of financial statements or the elements of other comprehensive income are to be included in single comprehensive income statements.

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

### v) Financial Instruments – presentations and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFRS 9 Financial Instruments. Since some disclosure and presentation requirements of IFRS 9 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation, cannot be made in this financial statements

### vi) Repay and reverse repo transactions

IFRS: As per IFRS 9 when an entity sells at a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognized at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per DOS Circular letter no. 6 dated 15 July 2010 and subsequent clarification in DOS Circular no. 03 dated 30 January 2012 and DOS circular no. 2 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

However, as per DMD Circular letter no. 7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Asset Liability Support (ALS) programme, whereby such banks may enter collateralized repo transactions with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognize the asset.

### vii) Financial guarantees

IFRS: As per IFRS 9 Financial Instruments, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of debt instruments. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the loss allowance determined as expected credit loss under IFRS 9. Financial guarantees are prescribed to be included within other liabilities.

Bangladesh Bank: As per BRPD Circular no. 14, dated 25 June 2003, financial guarantees such as Letter of Credit, Letter of Guarantee should be treated as off balance items. No liability is recognized for the guarantees except the cash margin.

### viii) Cash and cash equivalents

IFRS: Cash and cash equivalents items should be reported as cash item as per IAS 7 Statement of Cash Flows.

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

### ix) Non banking assets

There is no particular/specific guideline about non banking assets in IFRSs.

Bangladesh Bank: As per BRPD Circular no. 14, dated 25 June 2003, there is a separate balance sheet item titled as non-banking asset exists in the standard format.

### x) Cash flow statement

IFRS: As per IAS 7 Statement of Cash Flows, Cash Flow Statement can be prepared either in direct method or in 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, the cash flow statement is a mixture of both the direct and the indirect methods.

## x) Balance with Bangladesh Bank

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

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

## xi) Presentation of intangible asset

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

Bangladesh Bank: Intangible assets are shown in fixed assets including premises, furniture and fixtures as there is no specific regulation for intangible assets in BRPD circular no. 14 dated 25 June 2003.

## xiii) Off balance sheet items

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

Bangladesh Bank: As per BRPD Circular no. 14 dated 25 June 2003, off balance sheet items e.g. Letter of Credit, Letter of Guarantee, Acceptance must be disclosed separately on the face of balance sheet.

## xiv) Disclosure of appropriation of profit

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

Bangladesh Bank: As per BRPD Circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed on the face of profit and Loss Account.

## xv) Loans and advances/investments net of provision

IFRS: As per IFRS 9, loans and advances/investments should be presented net of provision.

Bangladesh Bank: As per BRPD Circular no.14 dated 25 June 2003, provision on loans and advances/investments are presented separately as liability and cannot be netted off against loans and advances.

## xvi) Recognition of interest in suspense

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

Bangladesh Bank: As per BRPD Circular no. 14 dated 23 September 2012



## 2.4 Taxation

Income tax on profit for the year comprises current and deferred tax and is based on the applicable tax law in Bangladesh. It is recognized in the income statement as tax expense.

## 2.4.1 Current Tax

Current tax is the expected tax payable on taxable income for the year, based on tax rates and tax laws which are enacted at the reporting date, including any adjustment for tax payable in previous periods. Current tax for current and prior periods are recognized as a liability or asset to the extent that it is unpaid or refundable.

Provision for current income tax has been made @ 40% as prescribed in the Finance Act 2019 on the taxable income.

## 2.4.2 Deferred Tax

The Bank accounted for deferred tax as per IAS 12 Income Taxes. Deferred tax is accounted for any temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base.

Deferred tax assets, including those related to the tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and credits can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences. They are also recognized for taxable temporary differences arising on investments and it is probable that temporary differences will not reverse in the foreseeable future. Deferred tax assets associated with these interests are recognized only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and there will be sufficient taxable profits against which to utilize the benefits of the temporary difference.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement reflects the tax consequences that would follow from the manner in which the Bank, at the reporting date, recovers or settles the carrying amount of its assets and liabilities.

## 2.5 Reporting period

These financial statements cover one calendar year from 1 January 2019 to 31 December 2019.

## 2.6 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements except the recognition of defined benefit obligation and plan assets relating to the gratuity fund on the balance sheet of the Bank from 2019. The net effect in opening balance for such recognition has been charged in profit and loss considering the effect as immaterial as per IAS - 8.

### 2.6.1.1 Cash and cash equivalents

For the purpose of presentation in the cash flow statements, cash and cash equivalents includes cash in hand and cash at bank, highly liquid interest bearing investment/securities with original maturities of less than three months.

Cash flow statement is prepared in accordance with IAS 7 Statement of Cash Flows. However cash flows from operating activities have been presented according to the format mentioned in BRPD circular no. 14 dated 25 June 2003.

### 2.6.1.2 Investments (categorized and reported as per Bangladesh Bank)

All investments securities are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortized and discount accreted, using the effective yield method and are taken to discount income. The valuation method of Marking to Market for investments used are:

#### Held to Maturity

Investments which have fixed or determinable payments and fixed maturity that the group has the positive intent and ability to hold to maturity, other than those that meet the definition of 'Held at amortized cost others' are classified as held to maturity. These investment are subsequently measured at amortized cost, less any provision for impairment in value. Amortized cost is calculated by taking into account any discount or premium in acquisition. Any gain or loss on such investments is recognized in the statement of income when the investment is derecognized or impaired.

#### Held for Trading

Investment classified in this category are acquired principally for the purpose of selling or repurchasing - in short trading or of designated as such by the management. After initial recognition, investment are measured at present value and any change in the fair value is recognized in the statement of income for the period in which it arises. Transaction costs, if any, are not added to the value of investments at initial recognition.

#### Revaluation

According to DOS Circular no. 05, dated 26 May 2008, DOS Circular no. 05, dated 28 January 2009, DOS Circular no. 02, dated 19 January 2012, the HFT securities are revalued once each week using Marking to Market concept and the HTM securities are amortized once a year according to Bangladesh Bank guidelines. The HTM securities are also revalued if they are reclassified to HFT category with the Board's approval.

#### Investment in quoted securities

These securities are bought and held primarily for the purpose of selling them in future or hold for dividend income which are reported at cost. Unrealized gains are not recognized in the profit and loss statement. But required provision are kept for diminution in value of investment.

#### Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

As per Bangladesh Bank DOS Circular no. 04 dated 24 November 2011, provision for diminution in value of investment was made by netting off unrealized gain/loss of shares from market price/book value less cost price.

Besides, the Bank complied with Bangladesh Bank BRPD Circular no. 14 dated 25 June 2003 as follows, "All investment in shares and securities (both dealing and investment) should be revalued at the year end. The quoted shares should be valued as per market price in the stock exchange(s) and unquoted shares as per book value of last audited balance sheet. Provision should be made for any loss arising from diminution in value of investment."

#### Investment in subsidiary

Investment in subsidiary is accounted at cost in the separate financial statement and consolidated in the consolidated financial statements considering as a single economic entity in accordance with the IAS 27 "Separate Financial Statements" and IFRS 10 "Consolidated Financial Statements" respectively.

#### Investment in associate

Investment in associate is accounted at cost in the separate financial statement and recognized in the consolidated financial statements under equity method as per IAS 28 "Investments in Associates and Joint Ventures".

Summary of recognition and measurement basis has been shown as under:

Investment Class	Initial Recognition	Measurement after Recognition	Recording of changes
Government Treasury Bills (HFT)	Cost	Marking to Market/ fair value	Loss to profit and loss a/c; gain to revaluation reserve
Government Treasury Bills (HTM)	Cost	Amortized cost	Increased or decreased in value to equity
Government Treasury Bonds (HFT)	Cost	Marking to Market/ fair value	Loss to profit and loss a/c; gain to revaluation reserve
Government Treasury Bonds (HTM)	Cost	Amortized cost	Amortized Gain/ Loss to Revaluation reserve
Zero Coupon Bond	Cost	Cost	N/A
Prize Bond and Other Bond	Cost	Cost	N/A
Debentures	Cost	Cost	Profit & Loss Account
Un-quoted Shares (ordinary)	Cost	Lower of cost or NAV of last audited account	Profit & Loss Account
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to profit and loss A/c.
Investment in subsidiary	Cost	Cost less accumulated impairment, if any, in Separate Financial Statements and Consolidated Financial Statements	Impairment loss to profit and loss account
Investment in associate	Cost	Cost less accumulated impairment, if any, in Separate Financial Statements and equity method less accumulated impairment, if any, in Consolidated Financial Statements	Impairment loss to profit and loss account and share of post acquisition income in consolidated profit and loss

### 2.6.1.2 Impairment of investment in subsidiaries and associates

As per IAS 36 Impairment, investment recognized either at cost or equity method need to review if there is any indication of impairment exists. If any indication of impairment exists then impairment test is carried out considering the individual subsidiary/associate as a "cash generating unit (CGU)" to find if the carrying value is higher than its recoverable amount. Recoverable amount is higher of fair value less cost to sell and value in use. If the fair value less cost to sell is not readily available then value in use is calculated which is basically present value of future cash flows.

### 2.6.1.3 Loans and Advances

a) Interest on loans and advances is calculated daily on product basis but charged and accounted monthly and quarterly on accrual basis.  
b) Classification and provisioning for loans and advances are created based on the period of arrears by following Bangladesh Bank BRPD Circular no. 14 dated 23 September 2012, BRPD circular no. 15 of 23 September 2012, BRPD Circular no. 19 dated 27 December 2012, BRPD Circular no. 05 dated 29 May 2013, BRPD Circular no. 16 dated 18 November 2014, BRPD Circular no. 12 dated 20 August 2017, BRPD Circular no. 01 dated 20 February 2018, BRPD Circular no. 07 dated 21 June 2018 and BRPD Circular no. 13 dated 16 October 2018.

The classification rates are given below:

Consumer/ Business Unit	Rates of Provision			
	Un-classified (UC)	Standard	SMA	Classified
House building	1%	1%	20%	50%
Loans for professionals	2%	2%	20%	50%
Other than house building and professionals	5%	5%	20%	50%
Loans to BHE/ MBs against share etc.	2%	2%	20%	50%
Small and medium enterprise	0.25%	0.25%	20%	50%
Short term Agri/Micro credit	1%	1%	5%	100%
Credit Card	2%	2%	20%	50%
All others	1%	1%	20%	50%
Off Balance Sheet exposure	1%	N/A		N/A

c) Interest on classified loans and advances is calculated as per BRPD Circular no. 27, dated 31 August 2010 and recognized as income on realization as per BRPD Circular no. 14 and 15, dated 23 September 2012.

d) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery and (ii) against which legal cases are filed and classified as loss and loss as per BRPD Circular no. 02 dated 13 January 2003 and 13 dated 07 November 2013. These write off however, will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

### 2.6.1.4 Impairment of financial assets

At each balance sheet date, Bangladesh Commerce Bank Limited assesses whether there is objective evidence that a financial asset or a group of financial assets i.e., loans and advances, off balance sheet items and investments are impaired. A financial asset or group of financial assets are impaired and impairment losses are incurred if there is objective evidence of impairment as a result of a loss event that occur after the initial recognition of the asset up to the balance sheet date, the loss event had an impact on the estimated future cash flows of the financial assets or the group of financial assets; and a reliable estimate of the loss amount can be made.

In the event of impairment loss, the Bank reviews whether a further allowance for impairment should be provided in the profit and loss statement in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements.

### 2.6.1.5 Leases

IFRS 16, "Leases" has come into force on 1st January 2019, as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). An entity shall apply IFRS 16 using modified retrospective approach where the entity measured the Lease liability at the present value of the remaining lease payments, discounted using the entity's incremental borrowing rate at the date of initial application recognised a right of initial application on the lease by lease basis. Bangladesh Commerce Bank Ltd will comply IFRS 16 Leases from the year 2020.

### 2.6.1.6 Property, plant and equipment

#### a) Recognition and Measurement

All fixed assets are stated at cost less accumulated depreciation as per IAS 16 Property, Plant and Equipment except Land. Land is initially measured at cost and then recognized at revaluated amount.

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

The cost of the items of property, plant and equipment comprises:

- its purchase price, including import duties and non refundable purchase tax, after deducting trade discount and rebates
- any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as consequence of having used the item during a particular period of purpose other than to produce during that period.

#### Subsequent costs

Subsequent costs of enhancement of existing assets are recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

#### b) Depreciation

Land is not depreciated. Depreciation is charged on straight-line basis. In case of acquisition of fixed assets, depreciation is charged from the month of acquisition, whereas no depreciation on assets disposed off is charged from the month of disposal. Asset category wise depreciation rates are as follows:

Category of assets	Bangladesh Commerce Bank Limited	Commerce Bank Securities & Investments Limited
Furniture and Fixture	10%	10%
Interior Decoration	20%	20%
Machinery	20%	20%
Motor Vehicles	20%	20%
Computer	30%	30%

#### Gain or Loss on disposal of Fixed Assets

Sale price of fixed assets are determined on the basis of fair value of the assets. Gain or loss on sale of assets are recognized in profit and loss account as per provision of IAS 16 Property plant and equipment .

#### d) Revaluation

The fair value of land is usually its market value. This value is determined by appraisal, normally undertaken by professionally qualified valuers.

The frequency of revaluation depends upon the movements in the fair value of the items of property, plant and equipment being revalued, usually at 3-5 years' interval.

Increases in the carrying amount as a result of revaluation is credited directly to shareholders equity under the heading of revaluation surplus. Decreases in the carrying amount as a result of revaluation is recognized as an expense. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

#### e) Impairment of Property, Plant and Equipment

At each balance sheet date, the Bank assesses whether there is any indication that the carrying amount of the asset exceeds its recoverable amount. If any such indication exists, the Bank should estimate the recoverable amount of the asset. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and impairment loss is recognized as an expense in the profit and loss account unless the asset is carried at revalued amount in accordance with IAS 16 Property, Plant and Equipment, in which case any impairment loss of a revalued asset should be treated as revaluation decrease under the accounting standard. No impairment loss was recognized up to the reporting period in separate financial statement as there were no such indication existed as on balance sheet date.

#### f) Capital work in progress (CWIP)

Costs incurred but if the related asset is yet not ready or available to use are recognized as capital work in progress and disclosed as a part of fixed assets. Once the underlying asset is ready and available to use then it has been transferred to fixed assets. However no depreciation is calculated on CWIP.

### 2.6.1.7 Intangible assets

#### a) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and is measured at cost less accumulated impairment losses.

#### b) Software

Software acquired by the Bank is stated at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure on software assets is capitalized only when it increases future economic benefits embodied in specific asset to which it relates. All expenditure is expensed as incurred. Amortization is recognized in profit and loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is three to five years. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### c) Licence

Value of the licence is recognized at cost less accumulated impairment losses.

#### d) Impairment of intangible assets

Intangible assets with indefinite useful life like goodwill etc. are tested for impairment at the end of each year. As per IAS 36 Impairment, any intangible assets with definite useful life are first reviewed for any indication of impairment. If any indication exists then impairment test is carried out.

### 2.6.1.8 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 equipment and stocks of stationery and stamps etc. Subject to poor collectible other assets is subject to making provision based on their ageing as per Bangladesh Bank circular no. 14 dated 25 June 2001.

### 2.6.1.9 Inventories

Inventories are measured at lower of cost and net realizable value as per IAS 2 Inventories .

### 2.6.2 Liabilities

#### 2.6.2.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call, on-demand and short-term deposits held for periods of less than 6 months. These items are brought to account at the gross value of the outstanding balance which includes accrued interest.

#### 2.6.2.2 Deposits

Deposits include non interest-bearing current deposit redeemable at call, interest bearing on-demand and short-term deposits, savings deposit and term deposit held for periods from 3 months to 12 years. These items are brought to account at the gross value of the outstanding balance which includes accrued interest.

#### 2.6.2.3 Other Liabilities

Other liabilities comprise items such as provision for loans and advances, provision for interest receivables, provision for taxes, interest payable, interest suspense, accrued expenses. Other liability is recognized in the balance sheet according to the guideline of Bangladesh bank, IAS and IFRS, Income Tax Ordinance-1984 and internal policies of the Bank. Provisions and accrued expenses are recognized in the financial statement when the Bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## 2.6.3 Capital and Shareholders' Equity

### Capital Management

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve four major objectives: exceed regulatory thresholds and meet longer-term internal capital targets, maintain strong credit ratings, manage capital levels commensurate with the risk profile of the Bank and provide the Bank's shareholders with acceptable returns.

Capital is managed in accordance with the Board-approved Capital Management Planning from time to time. Senior management develop the capital strategy and oversee the capital management planning of the Bank. The Bank's Finance, Treasury and Risk Management departments are key in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal metric.

### 2.6.3.1 Capital / Shareholders Equity

#### a. Authorized Capital

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

#### b. Paid up share capital

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

Appellate Division of Honorable Supreme Court of Bangladesh dismissed Civil Petition for leave to Appeal No.154/2014 regarding the issue of right share of Bangladesh Commerce Bank Limited. Resultantly, raising capital to the required level through right issue may require amendment of the Act, no.12 of 1997 is time consuming. Upon amending the act to a manner allowing us to offer right share, it may be predictable with highly likelihood that Bangladesh Commerce Bank Ltd(BCBL) will be able to raise capital to the required level capital to the required level within 3 months

### 2.6.3.2 Preference Share Capital

Preference shares are those shares which give their holders an entitlement to a fixed dividend but which do not usually carry voting rights.

### 2.6.3.3 Share Premium

Share premium is the capital that the Bank raises upon issuing shares that is in excess of the nominal value of the shares. The share premium shall be utilized in accordance with provisions of section 57 of the Companies Act, 1994 and as directed by Bangladesh Securities and Exchange Commission in this respect.

### 2.6.3.4 Statutory Reserve

The Bank is required to transfer at least 20% of its profit before tax to the Statutory Reserve in accordance with provisions of section 24 of the Banking Companies Act, 1991. This is mandatory until such reserve is equal to the paid up capital together with amount in the share premium account.

### 2.6.3.5 Revaluation Reserve

**Revaluation Reserve on Govt. Securities**  
Revaluation reserve represents revaluation on Treasury bond (HFT and HTM) in accordance with the DOS circular no. 05, dated 26 May 2008.

#### Assets Revaluation Reserve

Other reserve comprises Investment revaluation reserve and fixed assets revaluation reserve. Where carrying amount of an item of property, plant and equipment is increased as a result of valuation, the increased amount is credited directly to equity under the heading of assets revaluation reserve as per IAS 16 Property, Plant and Equipment. If any deferred tax is applicable on such revaluation reserve then the same is deducted from revaluation reserve directly as a component of OCI (Other Comprehensive Income).

#### Actuarial Reserve

Actuarial reserve arises from actuarial gain/loss as per actuarial valuation report carried out by professional actuary time to time. Actuarial gain/loss was recognized in equity as a component of equity net of any deferred tax impact.

### 2.6.3.6 Non-controlling interest (NCI)

Non-controlling interest (NCI) in business is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. The portion of the NCI in Commerce Bank Securities & Investments Limited is Tk. 101.00.

## 2.7 Employee Benefits

### 2.7.1 Provident Fund (Defined Contribution Plan)

A "Defined Contribution Plan" is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal constructive obligation to pay further amounts. Provident Fund benefits are given to the staff of the Bank in accordance with the registered Provident Fund Rules. The Commissioner of Income Tax, Dhaka has approved the Provident Fund as a recognized fund within the meaning of section 2(52) need with the provisions of part - B of the First Schedule of Income Tax ordinance 1984. The recognition took effect from 31st October 2016. The fund is operated by a Board of Trustees consisting of 05 (five) members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The Bank also contributes equal amount of the employees' contribution to the fund. Upon completion of 5 years of service length after confirmation employees are entitled to 100% of employee's contribution along with his/her own contribution. Interest earned from the investments is credited to the members' account on half yearly basis.

### 2.7.2 Gratuity Fund (Defined Benefit Plan)

Gratuity Fund benefits are given to the staff of the Bank in accordance with the approved Gratuity Fund rules. National Board of Revenue has approved the Gratuity Fund as a recognized Gratuity Fund on 27th November 2016. The fund is operated by a Board of Trustees consisting of 5 (five) members of the Bank. Employees are entitled to Gratuity benefit after completion of minimum 5 (five) years of service in the Bank and after completion of 10 (Ten) years will get double of its last one month's basic. The Gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service. Gratuity fund is a "Defined Benefit Plan" and contribution to Gratuity Fund is measured through the result of actuarial valuation of the fund. Bank's management wants to actuary valuation of its gratuity fund in next year.

The Bank's net obligation in respect of gratuity is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Re measurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Bank determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense (income) on the net defined benefit liability (asset) is recognized in profit or loss.

When the benefits of a plan are charged or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

### 2.7.3 Other Employee Benefits

#### Life Insurance

The objective of the scheme is to provide death benefits to its confirmed employees drawn designation wise to the nominee.

#### Subsidized Scheme - Staff Loan

Personal, House building and car loans are provided to the permanent staff at a subsidized rate. Criteria and details of types wise staff loan is given below:

**Personal Loan:** A permanent staff can avail personal loan taking approval from department head and head of HR subject to completion of a specific service length and performance rating.

**House building Loan:** A permanent staff completing 5 years of service can avail house building loan taking approval from House Building Loan Committee subject to performance rating and complete service length with Bangladesh Commerce Bank.

**Staff Car scheme:** All confirmed staff at job grade from Assistant Vice President and above can avail staff car scheme taking approval from competent authority. The Board of Directors in its 325th Board meeting dated 16.10.2019 has revised "Car Loan policy -2011" through which existing Staff entitled car loan been transferred to Bank's Fixed Asset in our financial statement.

## 2.8 Revenue Recognition

### Interest Income

Interest income is recognized on an accruals basis. Interest on loans and advances ceases to be taken into income when such advances are classified, kept in interest suspense account. Interest on classified advances is accounted for on a realization basis as per Bangladesh Bank guidelines.

### Investment Income

Income on investments is recognized on an accruals basis. Investment income includes interest on treasury bills, treasury bonds, zero coupon, shares, debentures and fixed deposit with other banks.

### Income on Bills purchased and discounted

Income on Bills purchased and Discounted is recognized on accruals basis.

### Interest and fees receivable on credit cards

Interest and fees receivable on credit cards are recognized on an accruals basis. Interest and fees cease to be taken into income when the recovery of interest and fees is in arrears for over three months. Thereafter, interest and fees are accounted for on realization basis.

### Fees and Commission Income

The Bank earns fees and commission from a diverse range of services provided to its customers. These include fees and commission income arising on financial and other services provided by the Bank including trade finance, credit cards, debit cards, passport endorsement, visa processing, student service, loan processing, loan syndication, locker facilities and SMS banking etc. Fees and commission income arises on services rendered by the Bank are recognized on a realization basis.

### Dividend Income on Shares

Dividend income from investment in shares is recognized when the Banks right to receive the dividend is established. It is recognized when:

- It is probable that the economic benefit associated with the transaction will flow to the entity; and
- The amount of the revenue can be measured reliably.

### Gain or loss on sale of property, plant and equipment

The gain or loss on the disposal of premises and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal and is recognized as an item of other income in the year in which the significant risks and rewards of ownership are transferred to the buyer.

### Interest paid and other expenses

Interest paid and other expenses are recognized on an accrual basis.



## 2.9 Earnings Per Share

Earnings Per Share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at the end of the year as per IAS 33 Earnings Per Share.

### Basic earnings

This represents earnings for the year attributable to ordinary shareholders. Net profit after tax less preferred dividend has been considered as fully attributable to the ordinary shareholders.

### Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighting factor is the number of days the specific shares are outstanding as a proportion of the total days in the year.

The basis of computation of number of shares is in line with the provisions of IAS 33 Earnings Per Share. The logic behind this basis is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings. In contrast, other shares were issued against consideration in cash or in kind, and accordingly there is an increase in resource generating new earnings. Therefore, the total number of shares issued in 2018 has been multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the period.

### Diluted earnings per share

The objective of diluted earnings per share is consistent with that of basic earnings per share; that is, to provide a measure of the interest of each ordinary share in the performance of an entity taking into account dilutive potential ordinary shares outstanding during the year.

## 2.10 Basis of preparation of 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:

- Balances with other bank and financial institutions, money at call and short notice etc. are on the basis of their maturity term.
- Investments are on the basis of their residual maturity term.
- Loans and advances are on the basis of their repayment/maturity schedule.
- Fixed assets are on the basis of their useful life.
- Other assets are on the basis of their adjustment.
- Borrowing from other banks, financial institutions and agents as per their maturity/repayment term.
- Deposits and other accounts are on the basis of their maturity term and behavioral past trend.
- Other long term liability on the basis of their maturity term.
- Provisions and other liabilities are on the basis of their settlement.

## 2.11 Compliance of International Financial Reporting Standard (IFRS)

Ref.	Name of the standards	Status
IFRS-1	First-time adoption of International Financial Reporting Standards	Not applicable
IFRS-2	Share-based Payment	Not applicable
IFRS-3	Business Combinations	Complied
IFRS-4	Insurance Contracts	Not applicable
IFRS-5	Non-current assets Held for Sale and Discontinued Operations	Not applicable
IFRS-6	Exploration for and Evaluation of Mineral Resources	Not applicable
IFRS-7	Financial Instruments: Disclosures	Complied *
IFRS-8	Operating Segments	Not applicable
IFRS-9	Financial Instruments	Complied *
IFRS-10	Consolidated Financial Statements	Complied
IFRS-11	Joint Arrangements	Not applicable
IFRS-12	Disclosure of Interests in Other Entities	Not applicable
IFRS-13	Fair Value Measurement	Complied
IFRS-14	Regulatory Deferral Accounts	Not applicable
IFRS-15	Revenue from Contracts with Customers	Complied
IFRS-16	Leases	Not Complied
IAS-1	Presentation of Financial Statements	Complied
IAS-2	Inventories	Not applicable
IAS-7	Statement of Cash Flows	Complied
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors	Partially Complied**
IAS-10	Events after the Reporting Period	Complied
IAS-12	Income taxes	Complied
IAS-16	Property, Plant and Equipment	Complied
IAS-19	Employee Benefits	Complied
IAS-20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
IAS-21	The Effect of Changes in Foreign Exchange Rates	Complied
IAS-23	Borrowing Cost	Complied
IAS-28	Related Party Disclosures	Complied
IAS-26	Accounting and Reporting by Retirement Benefit Plans	Not applicable
IAS-27	Separate Financial Statements	Complied
IAS-28	Investment in Associates	Complied
IAS-29	Financial Reporting in Hyperinflationary Economies	Not applicable
IAS-32	Financial Instruments: Presentation	Complied *
IAS-33	Earnings Per Share	Complied
IAS-34	Interim Financial Reporting **	Complied
IAS-36	Impairment of Assets	Complied
IAS-37	Provisions, Contingent Liabilities and Contingent Assets	Complied
IAS-38	Intangible Assets	Complied
IAS-39	Financial Instruments: Recognition and Measurement	Complied
IAS-40	Investment Property	Not applicable
IAS-41	Agriculture	Not applicable

\* Complied to the extent possible subject to compliance to Bangladesh Bank guidelines in this respect.

\*\* Complied in the preparation of interim financial reports of the Bank.

\*\* Partially Complied, As per IAS-8, The effect of the retrospective application or retrospective restatement are not determinative because not readily available data but all the required calculation is done accordingly in case of changing policy of our loan to staff Car Scheme facility.

### Reason for departure from IFRS

The central Bank of Bangladesh ("Bangladesh Bank") as regulator to the Banking Industry has issued a number of circulars/directives which are not consistent with the requirements specified in the IAS/IFRS as referred above. In such cases the Bank has followed the regulatory requirements specified by the Bangladesh Bank (note - 2.1.1).

### Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not yet adopted the following new or amended standards in preparing these financial statements as the Company does not have a significant effect on the consolidated financial statements of the Group and the Bank when will be applicable

#### A. IFRS 16 Leases : Implementation of IFRS 16 and its relevant assumptions and disclosures

IFRS 16 "Lease" has come into force on 1st January 2019, as adopted by the Institute of Chartered Accountants of Bangladesh(ICAB).An entity shall apply IFRS 16 using modified retrospective approach where the entity measured the Lease liability at the present value of the remaining lease payments, discounted it using the entity's incremental borrowing rate at the date of initial application and recognized a right of initial application on a lease by lease basis. Bangladesh Commerce Bank Ltd will comply IFRS 16 Leases from the year 2020.

#### B. IFRS 17 Insurance Contracts

Insurance Contracts are effective for annual periods beginning on or after 1 January 2021. Earlier adoption is permitted. This has not been applied in preparing these consolidated and separate financial statements.

## 2.12 Risk Management

Risk is an inherent part of the business activities and risk management is pivotal for the sustainability of business. The era of globalization enables hefty expansion of business activities that ultimately increases competition level for organizations drastically. Financial crisis and volatility in economic growth in some developed countries set the example of imperativeness towards comprehensive risk management. Types of risk, however, vary from business to business but preparing a risk management plan involves a conjunct process. A comprehensive management plan must enumerate strategies for dealing with risks specific to any business but should not be limited to those.

When it comes to banking business, risk management is in the heart of this business. Banks are strive for a prudent risk management discipline to combat unpredictable situation. These days, it is transparent that banking organizations are in need of setting up systematic and vigilant way to monitor the activities that are major influences of this particular business.

The standards of Risk Management, as guided by the Bank for International Settlements (BIS) and particularly Basel Committee on Banking Supervision (BCBS) has been applied by bank regulators across the world. The Central Bank of Bangladesh i.e. Bangladesh Bank also issued revised risk management guidelines in October 2018, which forms the basis of risk management of all scheduled banks in Bangladesh. The guidelines require that the banks adopt enhanced policies and procedures of risk management. The risk management of banks broadly cover 4 (four) core risk areas of banking i.e. a. Credit Risk, b. Operational Risk, c. Liquidity Risk & d. Market Risk. Bangladesh Bank also prescribes that there should be separate desk for each of these risk type under risk management division.

BCBL's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment & measurement procedures and continuous monitoring. BCBL continues to focus on improving its risk management systems not only to ensure compliance with regulatory requirements but also to ensure better risk-adjusted return and optimal capital utilization keeping in mind the business objectives. For sound risk management, BCBL manages risk in strategic level, managerial level and operational level. The assets and liabilities of Bank Limited is managed so as to minimize (to the degree prudently possible) the Bank's exposure to risk, while at the same time attempting to provide a stable and steadily increasing flow of net interest income, an attractive rate of return on an appropriate level of capital and a level of liquidity adequate to respond to the needs of depositors and borrowers and earnings enhancement opportunities. These objectives are accomplished by setting clear plan with central and reporting process, the key objective of which is the coordinated management of Bank's assets and liabilities, current banking laws and regulations, as well as prudent and generally acceptable banking practices.

### 2.12.1 Credit Risk Management

Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations according to agreed terms and conditions. The goal of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters.

Considering key elements of Credit Risk, the Bank has segregated duties of the officers' executives involved in credit related activities. Separate Division for Corporate, SME, Retail and Credit Cards are entrusted with the duties of maintaining effective relationship with customers, marketing credit products, exploring new business opportunities, etc. For transparency in operations during the entire credit process, teams for i. Credit Approval, ii. Asset Operations, iii. Recovery Team and Special Asset Management have been set up. The entire process involves relationship teams of respective Asset Portfolio (Retail, SME and Corporate) booking the clients, the underwriting team conducting thorough assessment before placing the facility for approval from the authority. Risk assessment includes borrower risk analysis, industry risk analysis, financial risk analysis, security risk analysis, account performance risk analysis & environmental & social risk analysis of the Customer. Post-approval, the Credit Administration Department ensures compliance of all legal formalities, completion of documentation including security of proposed facility and finally disburses the amount. The above arrangement has not only ensured segregation of duties and accountability but also helped in minimizing the risk of compromise with quality of the credit portfolio.

## 2.12.2 Foreign Exchange Risk Management

Foreign Exchange risk arises from fluctuation in currency prices influenced by various macro and micro economic factors. Today's financial institutions engage in activities starting from basic currency buy, sell, imports, exports and remittances to complex structured products. Within the Bank, the Treasury department is vested with the responsibility to measure and minimize the risk associated with Bank's foreign currency position.

All treasury functions are clearly demarcated between treasury front office, mid office and back office. The front office is involved only in dealing activities, mid office is involved in monitoring of rate, limit etc. and the back office is responsible for all related processing functions. Treasury front and back office personnel are guided as per Bangladesh Bank core risk management guideline and their respective job description. They are barred from performing each other's job: 'Treasury Front Office', 'Mid Office' and 'Treasury Back Office' has separate and independent reporting lines to ensure segregation of duties and accountability but also helps minimize the risk of compromise. The full function is operated under the foreign exchange risk management policy of the bank updated based on the latest Foreign Exchange Guideline of central bank.

Dealing room is well equipped with Reuters's dealing system, Eikon, Bloomberg, a number of FX trading platforms, voice logger etc. State of the art treasury system is in place to ensure Straight Through Processing (STP) of all deals, which also facilitates Mid Office in effective monitoring and Back office with timely reports along with easy processing of transactions. Treasury front limit is set by the Credit Committee and monitored by mid office. Well-articulated dealing limit, stop-loss limit and currency wise open positions limits are in place which are being monitored by Mid office. Trigger levels are set for the traders, Chief Dealer and Head of Treasury. The entire FX transactions are carried on by a number of well trained, young and dynamic dealers ensuring all local and global regulatory compliances.

## 2.12.3 Asset Liability Management

Changes in market liquidity and/or interest rate exposes Bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution. Thus it is essential that the level of balance sheet risks are effectively managed, appropriate policies and procedures are established to control and limit these risks and proper resources are available for evaluating and controlling these risks. The Asset Liability Committee (ALCO) of the bank monitors Balance Sheet risk and liquidity risks of the Bank.

Asset liability Committee (ALCO) reviews the country's overall economic position, Bank's Liquidity position, ALM Risk, Interest Rate Risk, Capital Adequacy, Deposit Advanced growth, Cost of Deposit and yield on Advance, Foreign Exchange GAP, Market Interest Rate, Loan loss provision adequacy and deposit and lending pricing strategy.

## 2.12.4 Prevention of Money Laundering

In recognition of the fact that financial institutions are particularly vulnerable to be used by money launderers. BCBL has established a Anti Money Laundering Policy. The purpose of the Anti Money Laundering Policy is to provide a guideline within which to comply with the laws and regulations regarding money laundering both at country and international levels and thereby to safeguard the Bank from potential compliance, financial and reputational risks. Know Your Customer (KYC) procedures have been set up with address verification. As part of monitoring account transaction, the estimated transaction profile and high value transactions are being reviewed electronically. Training has been taken as a continuous process for creating/developing awareness among the officers.

## 2.12.5 Internal Control and Compliance

Internal Control is the mechanism to provide reasonable assurance to Bank on an ongoing basis regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. The primary objective of Internal Control and Compliance is to help the Bank perform better and add value through use of its resources. Through internal control system, Bank identifies its weaknesses associated with the process and adopts appropriate measures to overcome that.

The main objectives of internal control are as follows:

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

The key functionalities that have been established in reviewing adequacy and integrity of the system of internal controls are as follows:

a) Various committees are established by the Board to assist the Board in ensuring the effectiveness of Bank's daily operations and that the Bank's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.

b) The Internal audit department of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non-compliance.

c) Audits are carried out on various departments/units, all branches in accordance with the annual audit plan approved by the Audit Committee of the Bank. The frequency of audits of branches is determined by the level of risk assessed, to provide an independent and objective report. Findings of the internal audit are submitted to the Audit Committee of the Board for review at their periodic meetings.

d) The Audit Committee of the Board of the Bank reviews internal control issues identified by the Internal Audit Department, Bangladesh Bank, External Auditors and management and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit findings with particular emphasis on the scope of internal audit methodology for doing their audit functions. The Audit Committee meetings of the Board are held at the meetings of the Board of Directors of the Bank on a periodic basis.

e) Self-Assessment of Anti-Fraud Internal Controls is carried out on semi-annual basis and is sent to Bangladesh Bank as per requirement of DOS Circular Letter No. 10, dated 09 May 2017 issued by Bangladesh Bank.

f) In assessing the internal control system, identified officers of the Bank continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Bank. The Internal Audit Department of the Bank continued to verify the suitability of design and effectiveness of these procedures and controls on an ongoing basis.

## 2.12.5.1 Internal Audit

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Audit staff of BCBL has combination of business, Professional and IT knowledge based personnel. Audit Department is committed to meet the standards of best professional practices. BCBL Audit is applying risk based internal audit methodology for doing their audit functions. Risk based internal audit includes, in addition to selective transaction testing, an evaluation of the risk management systems and control procedures prevailing in various areas of the Bank's operations.

BCBL has a strong internal audit team comprised of three units to carry out the audit activities, namely Head Office Audit, Distribution Audit (which cannot audit on all Branches, BCBL also introduced Risk Based Audit system and audit team conducts comprehensive, spot, surprise audits in various Branches, various Departments & Division. Internal Audit helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

## 2.12.5.2 Compliance

BCBL establishes a best compliance culture throughout the organization by encouraging employees to comply with policies, procedures and regulation.

To establish and uphold the momentum of compliance culture, BCBL has strong Compliance Department under Internal Control & Compliance Division which is dedicated for ensuring compliance of guidelines/observations/ recommendations of Regulatory and Internal Audit/Investigation. In line with that 3 (three) separate units are formed under Compliance Department, namely Regulatory Compliance Unit, Internal Compliance Unit, & Investigation Unit.

Compliance team firmly supports Bangladesh Bank in their inspection at branches/head office and ensures submission of compliance response to Bangladesh Bank appropriately and timely, monitor compliance activities of Branches, Division, Department and other offices, verify the internal control system of organization operational activities as per Bangladesh Bank and other Regulatory Guidelines, Investigation Unit conducts investigation and submits the report onward as per management requirement and analyze fraud cases to ascertain responsible parties and recommend appropriate action. Compliance Department also ensures required reporting to Management, Board Audit Committee & Regulators accordingly.

## 2.12.5.3 Monitoring

BCBL has separate monitoring department under Internal Control & Compliance Division which is dedicated to verify the internal control system & operational activities of the Bank on an ongoing basis. Monitoring department ensures maintenance of DCOL at Branches and Departments as a regulatory requirement and also submits Self-Assessment of Anti-Fraud Internal Controls report and Bank's Health report to Bangladesh Bank.

## 2.12.5.4 Concurrent Audit

As per the directives provided by Bangladesh Bank as guidelines on Internal Control and Compliance in Banks, Concurrent Audit Department was formed to make it in line with the guidelines. Concurrent audit team scrutinize whether the bank is following the guidelines of internal & regulatory bodies time to time. This unit exclusively conducts spot/ surprise audit of continuing operational activities in various branches.

## 2.12.5.5 Fraud and Forgery

Fraud and forgery have become very important issues in recent years. There has a major impact on our country's economy as a whole, impeding the economic development. BCBL has always been very focused in controlling fraud & forgery by establishing and maintaining proper control systems. Now a day's fraud and forgery appears in diverse form. To prevent fraud and forgery, BCBL formed Investigation Unit under Compliance & Monitoring Department of Internal Control & Compliance Division to deal with such kind of incidences. This wing exclusively deals with all kinds of fraud and forgery and act independently as the first central point of information unit where internal and external fraud and forgery incidences are escalated, investigated and reviewed.

To protect the bank and its stakeholder's interest, Investigation Team performs thorough investigation to identify the perpetrator and the root cause of the reported incident. As a remedial course of action, preventive measures are recommended to the business/function unit to take necessary action relating to process improvement, recovery of misappropriated amount, adjustment of the operational loss and to take appropriate action against the perpetrator. The investigation reports are also placed to the Board Audit Committee for their direction and guidance. All fraud and forgery which were identified in 2019 were also duly reported to Bangladesh Bank on regular basis following their prescribed format and adequate provision has been maintained in the books of accounts. On the other hand management is exerting their all-out efforts to recover the loss amount incurred due to fraud.

## 2.14 Implementation of BASEL- III

To cope up with the international best practices and to make the bank's capital shock absorbent 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks'(Revised Regulatory Capital Framework in line with BASEL II) was introduced from 1 January 2009 as a parallel run with BRPD Circular No. 10, dated 25 November 2002 (BASEL I). At the end of parallel run, BASEL II regime started from January 01, 2010 and the guidelines on RBCA came fully into force with its subsequent supplementations/revisions. After that Bangladesh Bank issued 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with BASEL II) vide its BRPD Circular 18 dated December 21, 2014 that BASEL II reporting start from January 2015 and full implementation will start from January 2019. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement are stated in the guidelines had to be followed by all scheduled banks for the purpose of statutory compliance. BASEL III framework has three main components referred to as pillars:

- Pillar I addresses minimum capital requirement;
- Pillar II elaborates the process for assessing the overall capital adequacy aligned with risk profile of a bank as well as capital growth plan; and
- Finally, Pillar III gives a Framework of public disclosure on the position of a bank's risk profiles, capital adequacy, and risk management system.

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. 'Basel III: A global regulatory framework for more resilient banks and banking systems' (known as Basel III capital requirements) in December 2010. Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector as well as the pro-cyclical amplification of these risks over time. These new global regulatory and supervisory standards mainly addressed the following areas:

- Raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis;
- Increase the risk coverage of the capital framework;
- Introduce leverage ratio to serve as a backstop to the risk-based capital measure;
- Raise the standards for the supervisory review process (Pillar III); and
- Public disclosures (Pillar III) etc.

To ensure smooth transition to Basel III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc. Consequently, Basel III capital regulations will be fully implemented as on January 1, 2019.

Basel - III is to be calculated both on separate financial statements (SOLO) basis and consolidated basis and both are submitted to Bangladesh Bank accordingly.

We have fully complied with all the directives provided by the Central Bank from time to time, starting from Pillar I, and II reporting requirements to periodic Stress Testing activity etc. Formation of BASEL Steering Committee chaired by Managing Director of the bank helps us to ensure supreme governance and strict regimentation at execution level. At the end of 2019, all the variables are completely ready to cope up the full implementation of BASEL III.

## 2.15 Off Balance Sheet Items

Off Balance Sheet Items include various non-derivative financial instruments primarily letter of credit (L/C), letter of guarantee (L/G), acceptance and endorsements, bills for collection etc. and various derivative instruments like forward contracts and currency rate swaps etc.

## 2.15.1 Derivative Financial Instruments

The fair value of the derivatives (forward contracts, currency rate swaps etc.) are recognized in the profit and loss of the Bank as per IFRS 9. The value of the contract itself is shown as an item of other contingent liabilities on off-Balance Sheet guidelines.

## 2.15.2 Provision on off-balance sheet exposures

No provision is kept on items of derivatives as there is no exposure on gross value for the Bank. Provision for other off-balance sheet items made as per BRPD circular No. 14 of 23 September 2012 and BRPD circular No. 7 of 21 June 2018 except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by Multilateral Development Bank (MDB)/International Bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III).

## 2.16 Accounting for Changes in Policy, Accounting Estimates and Errors

IAS - 8 Accounting Policies, Changes in Accounting Estimates and Errors, states that the effect of a change in accounting policy and correction of error if material is to be applied retrospectively and change in an accounting estimate is to be applied prospectively. The carrying amount of assets, liabilities, or equity may be changed following a change in accounting estimates in the period of the change. The Bank followed the same accordingly.

## 2.17 Events after reporting period

As per IAS - 10 'Events after the Reporting Period' events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of event can be identified:

- (a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and
- (b) Non adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

## 2.18 Related party disclosures

Related Party is a party related to an entity if:

- Directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under control with the company; has an interest in the company, that gives it significant influence over the company; or has joint control over the company;
- The party is an associate (as defined in IAS 28 Investment in Associates);
- The party is a joint venture in which the entity is a venture (as per IAS 31 Interests in Joint Ventures);
- The party is member of the key management of personal of the entity or its parent;
- The party is a close member of the family of any individual referred to in (i) or (iv);
- The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- The party is post-employment benefit plan for the benefit of employees of the entity, or of any entity that is related party of the entity.

## 2.19 Director's responsibilities on statements

The board of directors takes the responsibilities for the preparation and presentation of these financial statements.

## 2.20 Segment reporting

As per IFRS 8 "Operating Segments", an operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (include revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

The Bank identifies segment based on its business segment as well as its subsidiary. Business segment comprises SME, Retail, Corporate and Treasury under Conventional banking.

## 2.21 General

- Figures appearing in the financial statements have been rounded off to the nearest Taka.
- Figures of previous year have been rearranged wherever considered necessary to conform to the current year's presentation.
- The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the accounts.

	31.12.2019	31.12.2018
1. Cash	Taka	Taka
Cash in hand	454,855,615	400,426,210
Balance with Bangladesh bank and other bank(s)	1,779,782,287	1,978,893,720
	<b>2,234,637,902</b>	<b>2,379,319,930</b>
360. Consolidated Cash	2,234,637,902	2,379,319,930
Bangladesh Commerce Bank Limited	432,157	688,489
CSBL	<b>2,234,960,999</b>	<b>2,380,208,219</b>
31.1 Cash in hand	454,855,615	400,426,210
in foreign currencies	<b>454,855,615</b>	<b>400,426,210</b>
3160. Consolidated Cash in hand	454,855,615	400,426,210
Bangladesh Commerce Bank Limited	432,157	688,489
CSBL	<b>455,097,672</b>	<b>401,114,699</b>
12. Balance with Bangladesh Bank and its agent bank(s)		
in local currency	1,540,917,871	1,714,302,668
in foreign currencies	207,819,623	261,451,263
	<b>1,748,738,294</b>	<b>1,975,753,931</b>
Balance with Small Bank in local currency (as agent of Bangladesh Bank)	1,779,782,287	1,978,893,720
3260. Consolidated Balance with Bangladesh Bank and its agent bank(s)	1,779,782,287	1,978,893,720
Bangladesh Commerce Bank Limited		
CSBL	<b>1,779,782,287</b>	<b>1,978,893,720</b>
33. Statutory Deposit		
As per MCR issued No- 31 dated 03 April 2018 Bangladesh Bank (effective from 15 April 2018), all scheduled banks have to maintain a CRR of minimum 5% on only bank and 5.00% on 3-weekly basis on weekly average demand and time liabilities of the bank month which is two months bank reporting month i.e. CRR of December 2018 was based on weekly average liability of October/2018. BCBL has been maintaining 5.00 weekly basis.		
34. Cash Reserve Ratio (CRR) : 5.00% of Average Demand & Time Liabilities	1,680,180,000	1,481,380,000
Required Reserve	1,670,380,200	1,474,360,200
Actual Reserve held with Bangladesh Bank	1,670,380,200	1,474,360,200
T/T in Transit	62,803,293	292,437,428
Reserve(Deficit)		
Maintained Ratio	5.71%	4.40%
35. Statutory Liquidity Ratio (SLR) : 15%		
Required Reserve	3,401,909,622	3,405,531,291
Actual Reserve held with Bangladesh Bank & Time Liabilities	3,401,909,622	3,405,531,291
Reserve(Deficit)		
Maintained Ratio	398,398,293	365,398,293
Average Deposit (Demand & Time Liabilities)	29,253,555,555	26,381,068,627
4. Balance With Other Banks and Financial Institutions		
in Bangladesh	6,965,534,612	6,825,042,019
Outside Bangladesh (NOSTRO AC)	141,485,162	54,263,805
	<b>7,087,019,774</b>	<b>6,879,305,824</b>







		31.12.2019	31.12.2018
		Taka	Taka
17(a)	Consolidated Reserve for ITM Securities Bangladesh Commerce Bank Limited	163,704,467	186,327,561
	<b>Profit and Loss Accounts / Retained Earnings</b>	<b>163,704,467</b>	<b>186,327,561</b>
18	Clearing Balance Prior year's Adjustment Profit/Loss for the year as per Profit and Loss accounts	(2,118,719,869) (1,289,319,237) (14,087,745)	112,492,376 (2,271,243,244) (2,118,719,869)
18(a)	Consolidated Profit and Loss Accounts / Retained Earnings Bangladesh Commerce Bank Limited	(1,458,747,869)	(2,118,719,869)
19	Contingent Liabilities and Other Commitments Accounts and Endorsements Letter of Guarantee Letter of Credit Bills for Collection Other contingent liability	107,480,800 335,187,580 4,800,800 1,020,843,013 2,833,190,377 113,739,100	1,710,008,790 670,026,128 1,020,843,013 2,897,046,730 113,739,100
18.1	Letter of Guarantee Money for which the Bank is contingently liable in respect of guarantee issued involving Direct Government Bank Bank or Foreign Financial Institutions Others	4,480,800 4,480,800	650,026,128 650,026,128
	Comments Less Than 1 Year Equal to or more Than 1 year	4,480,800 4,480,800	650,026,128 650,026,128
19.2	Other Contingent Liabilities Companies liabilities for LG Interest Paid on Borrowing Bills for Collection Tax liability	9,443,000 3,732,292 8,000 100,651,460	9,443,000 3,732,292 8,000 100,651,460
		<b>153,791,808</b>	<b>153,791,808</b>
Note: Tax liability for BCI period relates to assessment year 1989-90, 1990-91, 1991-92, 1992-93, 1993-94, which are pending at the year 2005-06, which was carried forward since long is shown under contingent liability for BCI 71,162,301. And income Tax Assessment of BCI for the period 2006-2007, 2007-2008, 2008-2009, 2011-2012 and 2012-2013 are pending before appeal which amounted BDT 38,416,718.			
20	Interest Income Interest received from Loans and Advances Interest received from Banks & Other financial institutions	1,603,889,249 378,588,011 3,378,383,266	1,836,549,340 666,713,937 3,499,263,277
20(a)	Interest Income from Bank Limited Less: Inter Company Transaction	3,328,386,260 23,714,005 3,352,104,265	3,558,363,281 26,360,488 3,584,623,769
21	Interest Paid on Deposits Interest Paid on Borrowing Interest Paid on Foreign Bank Accounts Discount Paid	2,373,194,786 2,072,882,791 14,653,140 -	2,635,624,266 1,791,839,715 20,876,240 -
		<b>2,088,735,861</b>	<b>1,773,216,066</b>
21(a)	Consolidated Interest Paid on Deposits Bangladesh Commerce Bank Limited Less: Inter Company Transaction	2,088,735,861 2,088,735,861	1,773,216,066 1,773,216,066
22	Income from Investment Investment Fee Capital Gain Dividend Income Corporate Bond	265,880,000 68,380,205 8,246,885 10,459,005	205,454,411 52,049,365 17,718,744 15,962,778
22(a)	Consolidated Income from Investment Bangladesh Commerce Bank Limited	248,688,474	352,174,007
		<b>348,888,814</b>	<b>302,175,037</b>
		<b>348,888,814</b>	<b>302,175,037</b>
23	Exchange, Commission and Brokerage Commission Exchange Earnings Brokerage	85,835,321 30,587,084 -	110,720,202 46,816,315 -
23(a)	Consolidated Exchange, Commission and Brokerage Bangladesh Commerce Bank Limited	124,103,014	157,536,897
24	Other Operating Income Rent on Lender Other Receipts	219,186,786 180,802 50,544,779	299,245,287 181,000 70,442,434
24.1	Other Receipts Maintenance Charge Appraisal Fee Penalty Taxes, Telegraphs & Telephone Revenues	41,388,210 4,388,263 1,248,688 -	56,062,023 3,953,668 1,917,247 -
24.2	Consolidated Other Operating Income Bangladesh Commerce Bank Limited	86,544,779	74,454,424
		<b>50,544,779</b>	<b>74,454,424</b>
25	Salary and Allowances Basic Salary Dearness Allowance Gratuity Pension Fund Bonus	458,889,010 564,587,297 116,879,736 21,887,282 66,881,773	538,551,295 328,187,556 384,858,228 30,294,414 80,626,838
25(a)	Consolidated Salary and Allowances Bangladesh Commerce Bank Limited	864,338,896	1,146,153,844
		<b>864,338,896</b>	<b>1,146,153,844</b>
26	Rent, Taxes, Insurance, Electricity, etc. Rent Rates and Taxes Insurance Car Insurance, Tax Electricity and Water Bill	114,830,318 4,896,487 24,878,424 5,402,448 24,713,080	92,413,304 2,673,612 16,969,978 3,249,416 21,472,093
26(a)	Consolidated Rent, Taxes, Insurance, Electricity, etc. Bangladesh Commerce Bank Limited	173,972,277	148,351,411
27	Postage, Telegram, Telephone Telephone Postage, Telegram & Connectivity	173,972,277 4,087,865 27,113,089	148,351,411 3,833,932 29,308,192
27(a)	Consolidated Postage, Telegram, Telephone Bangladesh Commerce Bank Limited	28,888,114	28,188,114
28	Stationary, Printing & Advertisement Printing Stationery Other Stationery Security Stationery Publicity and Advertisement	639,203 5,720,228 179,668 130,742 13,855,185	639,203 6,396,265 2,030,000 1,967,973 17,247,969
28(a)	Consolidated Stationary, Printing & Advertisement Bangladesh Commerce Bank Limited	13,855,185	17,247,969
29	Managing Director's salary and allowances Basic Salary House Maintenance / Furnishing Medical Allowance Other Allowances	4,800,000 2,399,599 -	4,400,487 1,108,000 -
29(a)	Consolidated Director's fees & honorarium Bangladesh Commerce Bank Limited	7,199,599	7,548,687
30	Director's fees & honorarium Other financial benefits	1,546,000	1,546,300
30(a)	Consolidated Director's fees & honorarium Bangladesh Commerce Bank Limited	1,546,000	1,546,300
31	Depreciation and Repair of Fixed Assets Depreciation of Fixed Assets Repairs and Maintenance	4,800,000 2,399,599 -	4,400,487 1,108,000 -
31(a)	Consolidated Depreciation and Repair of Fixed Assets Bangladesh Commerce Bank Limited	1,073,224	2,891,068
32	Other Expenditures Business Development Convenience Maintenance Charge Stationery and Printing Paper BD Clearing Charge Education Vat on other expense Photocopying & Photograph Entertainment Exchange Loss Fuel & Lubricant of Car Household Landline Internet Bill Loss on Resale/loan on Investment Loss on Sale of Share Medical charge Misc Expense SDFIT Charge Training Computer/CD Traveling & Daily Allowance Uniform Software & Network Maintenance Bank Charge Service Charge on ERI Form	71,939 5,631,484 5,929,047 2,978,387 887,372 4,881,154 388,063 71,232 107,495 1,544,102 71,346 177,624 1,187,135 201,000 189,296 27,038 1,790,780 742 887,865 2,133,774 8,262,871 6,822,714 387,892 5,681,789 1,205,289 1,057,457	50,934,931 3,768,958 6,911,971 4,884,040 268,300 1,002,073 1,624,950 1,251,587 1,684,000 1,694,000 1,524,196 488,760 821,298 498,760 62,060 1,611,265 8,660 502,086 1,117,089 4,162,217 1,524,196 708,311 588,253 1,524,196 1,524,196
32(a)	Consolidated Other Expenditure Bangladesh Commerce Bank Limited	101,427,814	180,066,406
		<b>180,066,406</b>	<b>180,066,406</b>
33	Closing Cash and Cash Equivalent Cash in hand (including Reserve Fund) Balance with Bangladesh Bank (including foreign currency) Balance with Other Bank & Financial Institutions Cash in hand (short term investment) Investment Government	454,855,015 1,173,170,574 7,587,879,774 20,260,005 1,588,011,818 12,845,198,184	400,624,070 1,070,869,852 6,680,103,610 20,260,005 1,594,746,348 12,240,687,483
Note: On 30 January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread worldwide. In response to the outbreak, the Government of Bangladesh declared general holiday from 28 March 2020. Considering the real-time and economic situation, some of Balance with Bank & Financial Institutions (Fixed Deposit) is under consideration and conservative action taken as impairment in the next period. On the other hand, amount shown in the Money at Cash and short notice and some amount(s) account(s) in Cash in hand will be regarded as one as possible by above measurement.			
34	Earnings Per Share (EPS) Net Profit after Tax Number of Ordinary Share Earnings Per Share	(1,289,433,091) 19,887,429 86,461	(2,271,243,244) 19,887,429 (113.19)
34(a)	Consolidated Earnings Per Share (EPS) Net Profit after Tax Number of Ordinary Share Consolidated Earnings Per Share (EPS)	(1,289,433,091) 19,887,429 86,461	(2,271,243,244) 19,887,429 (113.19)
35	Net Asset Value Per Share (NAV) a) Capital / Shareholder's Equity for the year b) Number of Outstanding Share Net Asset Value Per Share (NAV) (a/b)	(28,718,909) 19,887,429 13.86	(1,272,840,280) 19,887,429 64.08

[illegible]

Annexure-C

## Bangladesh Commerce Bank Limited

### HIGHLIGHTS OF THE OVERALL ACTIVITIES OF THE BANK

(Amount in Taka)

Sl #	Particulars	2019	2018
01	Paid up Capital	1,988,742,800	1,988,742,800
02	Right Share Application Money	917,259,650	917,259,650
03	Total Eligible Capital (as per Basel-III)	(5,908,355,351)	(2,559,489,041)
04	Surplus/(Deficit) Capital	(10,908,355,351)	(6,559,489,041)
05	Total Assets	39,550,371,620	38,028,310,885
06	Total Deposits	34,038,702,544	31,632,895,296
07	Total Loans and Advances	22,475,699,119	22,148,122,999
08	Total Contingent Liabilities and Commitments	4,412,474,731	5,507,075,435
09	Advances Deposits Ratio(%)	66.03	70.02
10	Classified Loans to Advance Ratio(%)	50.39	38.75
11	Profit After Tax and Provision	(1,289,976,926)	(2,231,263,244)
12	Classified Advance	11,325,362,993	8,582,841,180
13	Provision kept against Classified Advance	2,998,684,851	2,498,684,851
14	Surplus/(Deficit) Provision	(5,827,056,174)	(5,702,827,420)
15	Cost of Fund (%)	11.05	9.85
16	Interest Earning Assets	11,150,336,126	13,565,281,819
17	Non Interest Earning Assets	22,873,516,835	19,490,979,163
18	Return on Investment (ROI/%)	6.16	6.08
19	Return on Assets (ROA/%)	(3.26)	(5.87)
20	Income from Investment	340,686,814	302,173,107
21	Earnings Per Share (EPS)	(64.86)	(112.19)
22	Profit Per Share	(64.86)	(112.19)
23	Price - Earnings Ratio (Times)	(1.54)	(0.89)

\*\*\* Each share of Bangladesh Commerce Bank Limited has a face value of BDT 100.00

Annexure - D

## Bangladesh Commerce Bank Limited

### Minimum Capital Requirement (MCR) as per BASEL-III

#### Under Risk Based Capital Adequacy

#### As on December 31, 2019

Particulars	Amount (Tk.)
A. Regulatory Capital:	
1. Common Equity Tier-1 Capital (CET-1)	(6,052,288,090)
2. Additional Tier-1 Capital (AT-1)	-
3. Tier-2 Capital	143,932,739.00
4. Total Regulatory Capital (1+2+3)	(5,908,355,351)
B. Total Risk Weighted Assets (RWA):	41,489,211,684
C. Capital to Risk Weighted assets ratio (CRAR) (A/B)*100	-14.24%
D. Core Capital to RWA (A1/A)*100	-14.59%
E. Supplementary Capital to RWA (A2/B)*100	0.35%
F. Minimum Capital Requirement (MCR)	5,000,000,000

Risk Weighted Assets (RWA)

As on 31 December 2019

Sl #	Particulars	Amount (Tk.)
A.	Credit Risk:	57,506,846,610
	On-Balance sheet	31,983,235,187
	Off-Balance sheet	5,515,593,413
B.	Market Risk	1,186,176,578
C.	Operational Risk	2,784,186,496
	Total: Risk Weighted Assets (RWA) (A+B+C)	41,489,211,684

Annexure-E

## Bangladesh Commerce Bank Limited

### Investment in Shares

#### As at December 31,2019

(Amount in Taka)

Particulars	No of Shares	Avg. Rate	Total Cost	Market Value of Shares	Unrealized Gain/(Loss)
AIL*	294,250	64.43	24,843,897	6,850,950	(16,192,947)
BAKARPOUR	68,200	40.28	2,747,405	1,548,140	(1,199,265)
BRITANIL*	1,188,050	20.55	24,678,243	10,782,365	(13,895,878)
CITYGENIS*	156,867	93.84	8,687,734	3,525,008	(3,347,726)
COPPERTECH*	4,979	4.52	47,420	117,007	69,587
DELTA LIFE*	21,300	199.38	4,366,476	1,719,150	(2,647,326)
DESWAZ*	163,387	101.31	12,855,704	4,676,689	(8,179,015)
DSSL*	150,000	11.07	1,659,758	1,665,000	5,242
ESQUIRENT*	20,660	45.00	938,700	590,338	(348,362)
FORTLINE*	57,500	35.60	2,056,000	1,322,500	(733,500)
GENEL*	392	3.70	3,459	29,411	25,952
GLOBALINS*	150,000	24.07	3,611,028	3,240,000	(371,028)
HRTX*	35,000	47.95	1,716,299	1,316,000	(362,299)
IRISINA*	4,000	263.63	1,053,356	889,600	(245,756)
IFB*	69,447	22.98	13,925,673	5,945,625	(8,980,048)
ILFS*	59,494	48.07	3,340,400	416,964	(2,923,436)
JAMUNAMOL*	13,200	23.00	3,049,136	1,873,080	(1,176,056)
KOSALT*	525,000	77.38	40,631,251	20,527,500	(20,103,751)
MAKSONSPIN*	231,863	50.48	11,703,583	1,020,197	(10,683,386)
MIRACLEIND*	48,072	54.15	2,603,214	1,224,845	(1,478,330)
MONKOCHEAR*	2,109	61.32	129,315	160,460	33,125
MPELTOLCOM	84,700	263.36	22,268,574	13,773,860	(8,494,714)
NE*	238,181	16.82	4,005,313	1,929,266	(2,076,047)
NCCBANK*	196,426	24.12	4,737,362	2,357,112	(2,380,250)
NEWLINE*	4,262	3.50	40,023	63,374	23,351
ORIONPHARM*	40,000	58.53	2,341,273	1,176,000	(1,165,273)
PAIDMOL*	30,000	339.12	10,173,456	5,766,000	(4,407,456)
PENINSULA*	624,324	33.99	21,221,027	12,174,318	(9,046,709)
PRIMA LIFE*	67,054	71.24	4,773,596	3,353,801	(1,409,695)
PROVATINS*	60,000	52.58	3,154,920	1,658,000	(2,506,920)
REGENTITE*	187,425	28.82	5,401,176	1,724,310	(3,677,477)
RSRMSSTEX*	170,200	69.31	11,797,065	3,599,700	(7,797,365)
RUNHARATO*	18,966	64.83	1,230,612	1,074,027	(64,585)
RUPALBANK*	753,696	45.65	34,477,222	22,995,716	(11,421,506)
RUPALINS*	140,000	21.50	3,068,387	2,888,000	(170,387)
RUPALIFE*	48,000	66.16	3,175,731	2,366,400	(809,331)
SARUNATA*	164,837	73.38	12,098,084	10,549,648	(1,548,436)
SEAPAR*	3,916	26.37	103,264	167,731	64,467
SEMLCEMF*	50,000	8.62	430,660	295,000	(135,660)
SILCOPEL*	4,376	20.00	88,851	132,593	43,742
SILVHL*	4,828	30.24	146,071	81,077	(64,994)
SOUTHEASTB*	570,416	24.59	14,024,295	7,643,574	(6,380,721)
STANBANKL*	336,827	14.29	4,813,021	2,997,760	(1,815,261)
TITASGAS*	10,000	87.89	878,921	309,000	(569,921)
TOP*	143,451	40.26	5,775,266	1,907,868	(4,867,398)
UNIQUEHRL*	200,000	114.98	22,996,000	8,780,000	(14,216,000)
ACFORMULA*	30,000	220.99	6,629,570	2,751,000	(3,878,570)
ADNTE*	18,988	30.00	569,650	987,200	417,550
AFKEDFOS*	3,000	180.95	542,871	987,200	444,329
AFEXTANKY*	20,000	148.69	2,973,762	2,336,000	(637,762)
BOWELING*	374,370	24.89	9,316,890	5,989,520	(3,326,370)
BRMCO*	88,200	85.58	7,530,876	1,717,160	(5,813,716)
CALPHA*	89,000	215.74	14,086,262	6,230,700	(8,855,562)
ECABLES*	1,320	201.71	366,675	267,344	(99,331)
FINFUND*	5,000	14.02	70,621	21,000	(49,621)
FURNACENT*	895,000	19.60	17,540,800	4,416,000	(14,124,800)
FWRSTOP*	695,000	22.40	13,554,207	6,110,500	(7,443,707)
GBPOWER*	82,708	29.13	2,409,491	1,157,912	(1,251,579)
GENUSINA*	4,000	277.27	1,109,075	755,040	(444,965)
GRANDSON*	66,250	47.65	3,148,421	1,190,173	(2,958,248)
HAKKANINSON*	290,590	50.11	14,626,425	14,056,056	(570,369)
INTECH*	313,180	55.87	17,478,782	4,165,294	(13,313,488)
LEGACYOFT*	10,000	69.87	698,661	623,000	(75,661)
LEARNIT*	21,328	1124.63	24,000,000	4,416,000	(19,584,000)
LYDIAFIN*	209,715	74.21	15,583,963	3,081,938	(12,502,025)
NTLUBES*	22,000	134.11	2,950,414	2,648,800	(301,614)
PADMALIFE*	228,000	34.55	7,877,975	3,987,000	(3,890,975)
RBCBANK*	115,699	8.83	1,036,421	1,190,173	153,752
STYLCEFACT*	3,760	356.21	1,341,958	981,750	(400,208)
UNITAID*	1,516,500	28.07	42,569,949	2,123,100	(40,446,849)
USC & GROWTH FUND	10,000,000	10.00	100,000,000	100,000,000	900,000
Off-Balance Fund	10,000,000	1.86	18,524,823	18,524,823	0
Total	-	-	688,007,131	380,192,033	(307,815,098)