

United Financial Statements 2018



Bangladesh Commerce Bank Limited

বাংলাদেশ কমার্স ব্যাংক লিমিটেড

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 separate financial statements of Bangladesh Commerce Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at December 31, 2018 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flows 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 matter describe in the Basis for qualified opinion section of 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, 2018, 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.

Basis for Qualified Opinion

- To comply with the BASEL-III capital adequacy requirement conforming to the section 13 (2) of Bank Company Act (Amendment) 2013 the bank should have Minimum Capital Requirement (MCR) of 400 crore as against which bank had taka (255,945,220) and provision shortfall of Tk 655.95 crore.
- Provision shortfall against loan and advances for the year ended December 31, 2018 stands at Tk 5,702,827,420 (2017: Tk 2,542,522,200) and profit of loss for the year was overstated by the same amount.

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) Bye 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 judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters

Description of key audit matters	Our response to key audit matters
Measurement of provision for investments The process for estimating the provision for customer investments associated with credit risk is significant and complex, involving the use of valuation models, disbursement and monitoring procedures, and provisioning process.	We tested the design and operating effectiveness of key controls focusing on the following: • Investment appraisal, disbursement and monitoring procedures, and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Investments (Loans-CL) submitted to Bangladesh Bank;
For the individual analysis for large exposures, provisions calculation consider the estimates of future business performance and the market value of collateral provided for availing investment facilities.	Our substantive procedures in relation to the provision for investment portfolio comprised the following: • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines and; • Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; • Finally, compared the amount of provision requirement as determined by Bangladesh Bank Department of Banking Inspection (DBI) team to the actual amount of provision maintained.
For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous datasets, assumptions and estimates.	We assessed the processes and controls put in place by the Group to identify and confirm the existence of treasury bills and bonds.
At year end the Group and the Bank reported total gross loans and advances of BDT 21,432 million (2017: BDT 19,227 million) and BDT 22,133 million (2017: BDT 19,227 million) respectively and the Bank reported provision for investments of BDT 2,588 million (2017: BDT 854 million).	We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over financial instruments valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.
Valuation of treasury bill and treasury bond Refer note no 6.1 to the financial statements	We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.
The classification measurement of T-Bill and T-Bond require judgment and complex estimates.	Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect observable market data and complex pricing models which require an elevated level of judgment.	We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.
Impairment assessment of unquoted investments In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect observable market data and hence require an elevated level of judgment.	We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.
Our areas of audit focus included user access management, development access to the production environment and changes to the IT environment. These are key to ensuring IT dependent application based controls are operating effectively.	We considered the control environment related to various interfaces, configuration and other application layer controls identified as key to our audit.
Legal and regulatory matters We focused on the area because the Bank and its subsidiaries (the "Group") operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outcomes with respect to the provisions which have been established and other contingent liabilities.	We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.
Overall, the legal provision represents the Group's and the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.	We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information. We also assessed the Bank's provisions and contingent liabilities disclosure.
Carrying value of investments in subsidiary by the Bank The Bank has investments in equity shares of one subsidiaries, namely Commerce Bank Securities and Investment Limited as at December 31, 2018 the carrying value of this investment is BDT 649 million.	We reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36.
At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in all the above subsidiaries as a whole.	In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.
Management has conducted impairment assessment and calculated recoverable value of its individual subsidiaries in accordance with IAS 36.	We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.

Reporting on other information

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

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls
Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- 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 present the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Bank Company Act 1991 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 and forgeries 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 appeared to be materially adequate;
 - nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or in violation of any 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 annexed notes dealt with by the report are 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; 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, April 30, 2019

Rahman Molla
Chartered Accountants

Bangladesh Commerce Bank Limited & its Subsidiary Consolidated Balance Sheet As at December 31, 2018

Particulars	Notes	31.12.2018 Taka	31.12.2017 Taka
PROPERTY AND ASSETS			
Cash	3(a)	2,380,206,219	2,492,587,673
Cash in hand (including foreign currencies)	3.1(a)	401,312,499	334,875,762
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2(a)	1,978,893,720	2,157,711,911
Balance with other banks and financial institutions	4(a)	7,116,620,293	8,573,302,449
Inside Bangladesh		7,062,356,689	8,561,356,274
Outside Bangladesh		54,263,604	11,946,175
Money at call on short notice	5(a)	29,300,000	29,300,000
Investments	6(a)	4,377,642,955	4,167,667,054
Government		3,154,746,348	3,050,780,742
Others		1,222,896,608	1,106,886,312
Loans and Advances	7(a)	22,148,122,999	19,284,440,468
Loans, Cash Credit, Overdrafts etc.		22,133,482,005	19,227,364,416
Bills purchased and discounted		14,640,994	57,076,052
Fixed assets including premises, furniture and fixtures	8(a)	226,304,182	150,860,648
Other assets	9(a)	2,202,852,655	1,995,559,811
Non-banking assets	10	-	-
Total Property and Assets		38,481,049,303	36,693,718,103
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	334,230,708	180,961,542
Deposits and other accounts	12(a)	31,632,895,296	30,009,139,141
Current Account and Other Accounts etc.		5,913,588,232	7,976,671,073
Bills Payable		568,346,337	353,282,009
Savings Bank Deposits		3,293,679,365	3,133,155,564
Fixed Deposits		17,236,395,613	14,464,383,131
Other Deposits and Schemes		4,620,883,749	4,081,647,364
Other liabilities	13(a)	5,163,181,150	2,952,603,452
Total Liabilities		37,310,307,154	33,142,704,135
Capital/Shareholders' Equity	14.2	1,888,742,800	1,888,742,800
Paid-up Capital		15,300,000	35,500,000
Share Capital BCI Ltd.		917,259,650	917,259,650
Right Share Application Money		275,060,371	275,060,371
Statutory Reserve		8,920,366	8,920,366
Other Reserve		186,327,551	156,205,740
Revaluation Reserve for HTM Securities		-	-
Exchange Equalization Account		-	-
Retained Earnings/(Loss on profit & loss A/C)		(7,049,868,691)	168,324,953
Total Shareholders' Equity		1,350,742,149	3,551,013,879
Non-Controlling Interest		101	90
Total Equity		1,350,742,149	3,551,013,879
Total Liabilities and Shareholders' Equity		38,481,049,303	36,693,718,103

Particulars	Notes	31.12.2018 Taka	31.12.2017 Taka
OFF-BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptances and Endorsements		771,008,799	678,809,575
Letter of Guarantees	19.1	620,926,132	472,019,531
Irrevocable Letter of Credit		1,028,651,913	1,191,985,301
Bills for Collection		2,972,696,795	204,362,819
Other contingent liability	19.2	113,791,800	113,791,800
TOTAL CONTINGENT LIABILITIES		5,507,075,435	2,660,969,026
Other commitments			
Documentary Credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total Off-Balance Sheet Items including contingent liabilities		5,507,075,435	2,660,969,026

The annexed notes 1 to 37 and Annexure A,B,C,D and E form an integral part of these consolidated financial statements.

Dated: Dhaka, April 30, 2019
Rahman Molla
Chartered Accountants

Bangladesh Commerce Bank Limited & its Subsidiary Consolidated Profit and Loss Account For the year ended December 31, 2018

Particulars	Notes	2018 Taka	2017 Taka
Interest Income	20 (a)	2,535,624,265	2,000,578,724
Interest Paid on Deposits and Borrowings etc.	21(a)	(1,772,316,060)	(1,252,725,475)
Net Interest Income		763,308,205	747,853,249
Income from Investments in Shares and Securities	22(a)	347,945,035	348,285,041
Commission, Exchange Earnings & Brokerage	23(a)	290,945,267	242,362,221
Other Operating Income	24(a)	70,623,424	59,947,216
Total operating income (A)		1,472,801,932	1,397,437,727
Salaries and Allowances	25(a)	1,191,379,340	608,936,251
Rent, Taxes, Insurance, Electricity, etc.	26(a)	158,828,932	141,682,565
Local Expenses		1,083,478	1,347,598
Postage, Stamp, Telecommunication etc.	27(a)	29,847,819	26,592,714
Stationery, Printing, Advertisement, etc.	28(a)	18,555,558	16,999,555
Managing Director's salary and fees	29	7,534,667	9,270,904
Directors' Fee and expenses	30	2,429,500	2,177,000
Auditors' Fee		333,500	333,500
Depreciation & Repairs of Bank Assets	31(a)	43,402,370	59,988,245
Other Expenses	32(a)	183,846,532	189,445,510
Total operating expenses (B)		1,637,235,715	1,029,667,842
Total Profit/ (Loss) before Provision & Taxes (C)=A-B		(164,433,783)	367,769,885
Provision for Loans & Advances	13.1.2(a)	1,801,349,141	49,798,308
Provision for demerit in value of Investment		59,737,123	23,766,344
Provision for Off Balance Sheet Items		28,877,501	5,137,340
Other provisions		10,249,516	102,350,180
Total provision (D)		1,900,213,281	181,052,172
Profit/ (Loss) before taxes (C-D)		(2,064,647,064)	186,717,713
Provision for Taxation		144,586,027	135,683,203
Current tax expense		29,179,286	135,677,830
Prior year tax expense		113,406,741	-
Deferred tax expense/(Income)		(18,029,553)	5,373
Net profit/ (loss) after taxation		(2,209,233,091)	51,034,510
Appropriations			
Statutory Reserve	15	-	29,345,771
General Reserve		-	-
Dividends etc.		-	29,345,771
Retained surplus		(2,209,233,091)	21,688,739
Earning Per Share (EPS)	34(a)	(111.09)	2.57

The annexed notes 1 to 37 and Annexure A,B,C,D and E form an integral part of these consolidated financial statements.

Dated: Dhaka, April 30, 2019
Rahman Molla
Chartered Accountants

Bangladesh Commerce Bank Limited & its Subsidiary Consolidated Cash Flow Statement For the year ended December 31, 2018

Particulars	2018 Taka	2017 Taka
A. Cash flow from operating activities		
Interest receipts	2,610,619,066	2,131,161,107
Interest payments	(1,993,816,527)	(1,110,947,726)
Dividend receipts	27,716,247	24,436,896
Fees and commission receipts in cash	157,538,567	138,287,736
Cash payment to employees	(769,030,373)	(585,943,594)
Cash payment to suppliers	(2,946,442)	(161,896,979)
Income Taxes paid	(149,364,028)	(64,891,566)
Receipts from other operating activities	273,801,410	386,966,392
Payments for other operating activities	(43,977,630)	(131,015,564)
Operating profit before changes in operating assets and liabilities	511,420,392	626,156,503
Increase/(Decrease) in operating assets & liabilities	(1,936,024,749)	1,890,391,945
Statutory Deposits	(20,214,493)	(25,945,771)
Loan & advance	(2,863,682,591)	(2,504,344,394)
Other assets	(164,421,486)	(216,472,225)
Deposits from other banks/ borrowings	1,396,883,211	1,900,000,000
Deposits from customers	142,919,450	2,875,633,580
Other liabilities	(427,509,184)	10,920,725
Net cash flows from/ (used in) operating activities (CBSLI)	127,293,387	9,150,362

Bangladesh Commerce Bank Limited				
Profit and Loss Account				
For the year ended December 31, 2018				
Particulars	Notes	2018 Taka	2017 Taka	
Interest Income	20	2,509,263,277	1,960,349,072	
Interest on Deposits and Borrowings etc	21	1,722,316,060	1,252,378,472	
Net Interest Income		786,947,217	707,970,600	
Income from Investments	22	302,173,107	328,019,176	
Commission, Exchange Earnings & Brokerage	23	157,538,567	158,207,736	
Other Operating Income	24	70,603,424	58,947,216	
Total operating income (A)		1,317,262,315	1,253,867,728	
Salary and Allowances	25	1,146,353,944	576,786,134	
Rent, Taxes, Insurance, Electricity, etc.	26	149,351,431	132,739,865	
Legal Expenses	27	823,478	1,236,598	
Postage, Stamp, Telecommunication etc.	27	29,152,114	26,000,916	
Stationery, Printing, etc.	28	17,321,603	15,610,762	
Managing Director's salary and allowances	29	7,534,667	9,270,904	
Directors' Fee	30	1,546,300	1,425,800	
Audit Fees	31	230,000	230,000	
Depreciation & Repair of Fixed Assets	31	40,471,302	57,904,244	
Other Expenses	32	158,085,406	129,333,674	
Total operating expenses (B)		1,520,910,433	958,589,017	
Profit before Provision (C)=A-B		(203,648,118)	302,278,708	
Provision for Loans & Advances	13.1	1,733,333,181	24,616,273	
Provision for demerit in value of Investment	13.6	59,737,123	23,766,344	
Provision for Off Balance Sheet Items	13.10	28,877,501	5,137,340	
Other provisions	13.11	10,429,516	102,520,800	
Total provision (D)		1,832,377,321	155,870,137	
Profit/(loss) before taxes (C-D)		(2,115,845,437)	146,408,571	
Provision for Taxation		115,417,807	117,000,000	
Current tax expense		-	117,000,000	
Prior year tax expense		133,436,294	-	
Deferred tax expense / (income)		(18,018,482)	-	
Net profit/(loss) after taxation		(2,231,263,244)	29,408,571	
Appropriations				
Statutory Reserve	15	-	29,345,771	
General Reserve		-	-	
Dividends etc.		-	29,345,771	
Retained surplus		(2,231,263,244)	68,754,342	
Earning Per Share (EPS)	34	(112.19)	1.48	

The annexed notes 1 to 37 and Annexure A,B,C,D and E form an integral part of these consolidated financial statements.

Signed in terms of our separate report of even date.

Dated, Dhaka, April 30, 2019

Bangladesh Commerce Bank Limited				
Cash Flow Statement				
For the year ended 31 December 2018				
Particulars	2018 Taka	2017 Taka		
A. Cash flow from operating activities				
Interest receipts	2,610,619,066	2,131,161,107		
Interest payments	(1,593,816,527)	(1,110,947,726)		
Dividend receipts	27,716,247	24,436,896		
Fees and commission receipts in cash	157,538,567	138,287,736		
Cash payment to employees	(769,030,273)	(586,057,030)		
Cash payment to suppliers	(2,946,442)	(161,896,979)		
Taxes paid	(149,351,431)	(64,891,560)		
Receipts from other operating activities	273,801,410	386,966,392		
Payments for other operating activities	(43,092,530)	(131,015,564)		
Operating cash flow before changes in operating Assets and Liabilities	511,420,392	626,043,258		
Increase/(Decrease) in operating assets & liabilities	(1,936,024,751)	1,890,391,945		
Statutory Deposits	(20,214,150)	(29,345,771)		
Loans & advances to customers	(2,863,682,591)	(2,650,246,591)		
Other assets (Item-wise)	(164,421,486)	(216,472,225)		
Deposits from other banks	1,396,883,211	1,900,000,000		
Deposits from customers	1,422,919,450	2,875,633,580		
Other liabilities account of customers	(427,509,185)	(10,920,755)		
Net cash flow from/(used in) operating activities (A)	(1,424,604,358)	2,516,435,203		
B. Cash flow from investing activities				
Purchase of property, plant & equipment	(109,661,361)	(43,669,822)		
Purchase/sale of Securities & bond	(93,965,606)	(498,181,846)		
Net cash used in investing activities (B)	(203,626,967)	(541,851,672)		
C. Cash flow from financing activities				
Receipts from issue of debt instruments	-	-		
Payment for redemption of debt instruments	-	-		
Receipts from issuing ordinary share/ rights share	-	-		
Cash dividend paid	-	-		
Net cash flow from/(used in) financing activities (C)	(1,628,231,326)	1,974,603,531		
Net increase in Cash and Cash Equivalents (A+B+C)	(1,936,231,326)	1,974,603,531		
Effects of exchange rate changes on cash and cash equivalents	-	-		
Opening Cash and Cash Equivalents	13,871,899,017	11,897,295,487		
Cash and cash equivalents at end of year	12,243,667,693	13,871,899,017		
Closing Cash & Cash Equivalents				
Cash in Hand (including foreign currency)	400,624,010	334,678,015		
Balance with Bangladesh Bank and its Agent Banks (including foreign currencies)	1,978,893,720	2,157,711,911		
Balance with Other Banks and Financial Institutions	6,680,103,615	8,289,428,350		
Money at Call on Short Notice	29,300,000	29,300,000		
Government Securities	3,154,746,248	3,060,780,741		
Total	12,243,667,693	13,871,899,017		

Signed in terms of our separate report of even date.

Dated, Dhaka, April 30, 2019

Bangladesh Commerce Bank Limited									
Statement of changes in Equity									
For the year ended December 31, 2018									
Particulars	Paid up Capital	Share Premium	Statutory Reserve	Revaluation Reserve	Other Reserve	Profit/(Loss)	Total		
Balance as on 01 January 2018	1,988,742,800	-	275,060,371	156,265,740	6,920,366	112,492,576	2,541,421,853		
Change in Accounting Policy	-	-	-	-	-	-	-		
Revised Balance	1,988,742,800	-	275,060,371	156,265,740	6,920,366	112,492,576	2,541,421,853		
Share Capital (R2 L5)	15,300,000	-	-	-	-	-	15,300,000		
Right Share Application Money	917,239,600	-	-	-	-	-	917,239,600		
Prior Year's Adjustment	-	-	-	-	-	-	-		
Increase in Statutory Reserve	-	-	20,345,771	-	-	-	20,345,771		
Revaluation Reserve for IFRS Securities	-	-	-	30,232,811	-	-	30,232,811		
Net Profit/(Loss) for the year	-	-	-	-	6,920,366	(2,231,263,244)	(2,224,342,878)		
Balance as on 31 December 2018	2,023,302,400	-	275,060,371	186,527,551	6,920,366	(2,116,770,668)	1,374,040,019		
Balance as on 01 January 2017	1,988,742,800	-	245,714,000	156,568,070	6,920,366	112,429,776	2,512,379,612		
Change in Accounting Policy	-	-	-	-	-	-	-		
Revised Balance	1,988,742,800	-	245,714,000	156,568,070	6,920,366	112,429,776	2,512,379,612		
Share Capital (R2 L5)	15,300,000	-	-	-	-	-	15,300,000		
Right Share Application Money	917,239,600	-	-	-	-	-	917,239,600		
Prior Year's Adjustment	-	-	-	-	-	-	-		
Increase in Statutory Reserve	-	-	20,345,771	-	-	-	20,345,771		
Revaluation Reserve for IFRS Securities	-	-	-	(80,330)	-	-	(80,330)		
Net Profit/(Loss) for the year	-	-	-	-	6,920,366	42,880	42,880		
Balance as on 31 December 2017	2,044,502,400	-	275,060,371	156,265,740	6,920,366	112,492,576	2,495,181,504		

Signed in terms of our separate report of even date.

Dated, Dhaka, April 30, 2019

Bangladesh Commerce Bank Limited							
Liquidity Statement							
(Assets and Liability Ratios Analysis)							
As at December 31, 2018							
Particulars	Up to 60 days	1-3 months	3-12 months	1-5 years	More than 5 years	Total	
Assets							
Cash hand & with Bangladesh Bank	2,224,517,229	-	-	-	-	2,224,517,229	
Balance with other banks & financial institutions	2,827,044,456	3,740,808,004	207,204,140	-	-	6,772,526,320	
Loans and advances	361,933,720	1,040,103,763	1,044,613,763	1,355,713,820	378,703,130	4,181,068,196	
Investments	4,84,388,782	4,750,209,573	5,880,406,109	1,079,262,024	-	12,564,266,488	
Fixed Assets (including premises, furniture and fixtures)	281,213,431	33,248,120	51,513,793	1,614,000	-	366,589,324	
Other Assets	-	-	-	-	-	-	
Total Assets	13,924,767,875	9,566,801,476	6,045,748,633	4,423,136,889	2,067,922,814	38,028,386,587	
Liabilities							
Reserve from Bangladesh Bank, other banks, financial institutions and deposits	394,238,798	-	-	-	-	394,238,798	
Deposits	1,941,300,000	38,311,531,875	10,994,116,763	4,315,683,222	-	34,663,032,660	
Other liabilities	104,204,226	2,342,472,622	4,084,413,204	47,497,249	-	6,578,687,311	
Total Liabilities	2,439,743,044	41,654,004,497	14,678,529,967	4,363,180,571	4,379,718,271	56,775,476,350	
Net Equity	8,094,814,831	(4,148,803,021)	(4,296,848,610)	(4,064,043,682)	(2,067,922,814)	(2,724,849,537)	

Net result of the Liquidity Statement

Dated, Dhaka, April 30, 2019

1.0 Legal Status and Nature of the Company

The Bangladesh Commerce Bank Limited was incorporated in Bangladesh as a Public Limited Company as on the 01 June 1998 under Companies Act 1994 and commenced commercial operation on the 16 September 1999. It has 62 branches all over Bangladesh.

The principal place of business is at the Registered Office at Enunos Trade Center, Level -22, 52-53 Dilkusha 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-87050/10. 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 2018 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 principle and policies which have been applied consistently (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 but 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 (IFRS) 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:

- i) The Bank Company Act, 1991 and amendment thereon;
- ii) The Companies Act, 1994;
- iii) Circulars, Rules and Regulations issued by Bangladesh Bank (BB) time to time;
- iv) Bangladesh Securities and Exchange Rules 1987, Bangladesh Securities and Exchange Ordinance 1969, Bangladesh Securities and Exchange Act 1993, Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015;
- v) The Value Added Tax Act, 1991 and amendment thereon;
- vi) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations; and
- vii) Financial Reporting Act 2015.

In case any requirement of the Bank Company Act 1991 and provisions and circulars issued by Bangladesh Bank (BB) differ with those of IFRS, 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 account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

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

Bangladesh Bank: As per DOS Circular no. 05 dated 26 May 2008 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 reasonably information (including that which is forward-looking). For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after that 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 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

Provision for current income tax has been made @ 40% as prescribed in the Finance Act 2018 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 2018 to 31 December 2018.

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 2018. 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 investments/securities with original maturities of less than three month.

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 investments 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 if 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 18 October 2018.

The classification rates are given below:

Consumer/ Business Unit	Rates of Provision				
	Un-classified (UC)	Classified			
		Standard	SMA	SS	DF
House building	1%	1%	20%	50%	100%
Loans for professionals	2%	2%	20%	50%	100%
Other than house building and professionals	5%	5%	20%	50%	100%
Loans to BHs/ MBs against share etc.	2%	2%	20%	50%	100%
Small and medium enterprise	0.25%	0.25%	20%	50%	100%
Short term Agri/Micro credit	1%	1%	5%	5%	100%
Credit Card	2%	2%	20%	50%	100%
All others	1%	1%	20%	50%	100%
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 bad 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, ABC 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

Lease of assets where the group has substantially all the risks and rewards of ownership are classified as finance leases. Leases in which a significant portion of the risk and rewards of ownership are retained by another party, the lessor are classified as operating lease.

The Bank as Lessor

Amount due from lessees under finance lease are recorded as receivables at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

The Bank as Lessee

In compliance with the International Accounting Standards (IAS) - 17 *Lease*, cost of assets acquired under finance lease along with obligation there against have been accounted for as assets and liabilities respectively of the company, and the interest elements have been charged as expenses.

Assets held under finance leases are recognized as non-current assets of the Bank at their fair value at the date of commencement of the lease or lower at the present value of minimum lease payments. The corresponding liabilities to the lessor is included in the balance sheet as finance lease obligation. Lease payments are apportioned between finance charges and reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

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 revalued 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.

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

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%

c) 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 assets.

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 or 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 expenditure and stocks of stationary and stamps etc. Any part of uncollectible other assets is subject to making provision based on their ageing as per Bangladesh Bank circular no. 14 date 25 June 2001.

2.6.1.9 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 lodged 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 lodged 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 department are key in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix.

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.

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 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, Large Tax Payers Unit, Dhaka has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read 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.

Remeasurements 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, current service cost and other expenses related to defined benefit plans are recognised as salaries and allowances in profit or loss.

When the benefits of a plan are changed 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 year of service can avail house building loan taking approval from House Building Loan Committee subject to performance rating and completed service length with Bangladesh Commerce Bank.

Car Loan: All confirmed staff at job grade from Assistant Vice President and above can avail staff car loan taking approval from concerned authority.

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 earned 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 accrual 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

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 Discarded Operations	Not applicable
IFRS-6	Exploration for and Evaluation of Mineral Resources	Not applicable
IFRS-7	Financial Instruments: Disclosures	Complied *
IFRS-8	Operating Segments	Complied
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
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	Complied
IAS-10	Events after the Reporting Period	Complied
IAS-12	Income taxes	Complied
IAS-16	Property, Plant and Equipment	Complied
IAS-17	Leases	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-24	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.

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 early adopted the following new or amended standards in preparing these financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group and the Bank when will be applicable

A. IFRS 16 Leases

As per IFRS 16 Lease, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases by the lessee as either finance leases or operating leases. IFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases. For lessors, IFRS 16 retains most of the requirements in IAS 17. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently. The Bank is reviewing all of the Company's leasing arrangements in light of the new lease accounting rules in IFRS 16.

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. This era of globalisation 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 conjoint process. A comprehensive risk 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 to 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 influencers 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 layer, managerial layer and operational layer. The assets and liabilities of Bangladesh Commerce Bank Limited is managed so as to minimize (to the degree prudent 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 control and reporting process, the key objective of which is the coordinated management of the 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 in accordance with 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 Unit 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 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 Reuter'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 different reports along with easy processing of transactions. Counter party limit is set by the Credit Committee and monitored by mid office. Well-articulated dealers trading limit, stop-loss limit and currency wise open position limits are in place which are being monitored by Mid office. Trigger levels are set for the dealers, 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.

2.13.3 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 Ratios, 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.

2.13.4 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 apart 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.

2.13.5 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:

- 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.
- 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.
- Audits are carried out on various departments/units, all branches in accordance with the annual audit plan approved by the Audit Committee of the Board. 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.
- 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 functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings of the Board are tabled at the meetings of the Board of Directors of the Bank on a periodic basis.
- 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.
- 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.

2.13.4.1 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 carryout 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.

2.13.4.2 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 Team in their inspection at branches/head office and ensures submission of compliance response to Bangladesh Bank appropriately and timely, monitor compliance activities of Branch, 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 regular reporting to Management, Board Audit Committee & Regulators accordingly.

2.13.4.3 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 DCFL 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.

2.13.4.4 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.

2.13.4.5 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 kind of incidences. This wing exclusively deals with all kinds of fraud and forgery and act independently as the first contact point/ 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/functional 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 2018 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 supplements/revisions. After that Bangladesh Bank issued 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with BASEL III) vide its BRPD Circular 18 dated December 21, 2014 that BASEL III reporting started from January 2015 and full implementation will start from January 2019. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement as 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 regulations) 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;
- Increase leverage ratio to serve as a backstop to the risk-based capital measure;
- Introduce the standards for the supervisory review process (Pillar II); 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, regulatory adjustments to the components of capital etc. Consequently, Basel III capital regulations would 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, II and III reporting requirements to periodic Stress Testing activity etc. Formation of BASEL Steering Committee chaired by the Managing Director of the bank helps us to ensure supreme governance and strict regimentation at execution level. At the end of 2018, 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 as per Bangladesh Bank guidelines.

2.15.2 Provision on off balance sheet exposures

No provision is kept on items of derivatives as there is no exposure on such 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 June 21, 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:

- Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and
- 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 common 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 statement

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.

	31.12.2018 Taka	31.12.2017 Taka
3 Cash		
Cash in hand	400,624,010	334,678,015
Balance with Bangladesh Bank and its agent bank(s)	1,978,893,720	2,157,711,911
	2,379,517,730	2,492,389,926
3(a) Consolidated Cash		
Bangladesh Commerce Bank Limited	2,379,517,730	2,492,389,926
BCBL	688,489	197,747
	2,380,206,219	2,492,587,673
3.1 Cash in Hand		
In local currency	400,624,010	334,678,015
In foreign currencies		
	400,624,010	334,678,015
3.1(a) Consolidated Cash in Hand		
Bangladesh Commerce Bank Limited	400,624,010	334,678,015
BCBL	688,489	197,747
	401,312,499	334,875,762
3.2 Balance with Bangladesh Bank and its agent bank(s)		
Balance with Bangladesh Bank		
In local currency	1,714,392,958	1,823,052,456
In foreign currencies	261,410,762	284,739,455
	1,975,803,720	2,107,791,911
Balance with Sonali Bank in local currency (as agent of Bangladesh Bank)		
	13,095,419	50,280,738
	1,978,893,720	2,157,711,911
3.2(a) Consolidated Balance with Bangladesh Bank and its agent bank(s)		
Bangladesh Commerce Bank Limited	1,978,893,720	2,157,711,911
BCBL		
	1,978,893,720	2,157,711,911
3.3 Statutory Deposit		
As per MPD circular No. 01 dated 03 April 2018 of Bangladesh Bank (effective from 15 April 2018), all scheduled banks have to maintain a CR of minimum 5% on daily basis and 5.50% on bi-weekly basis on weekly average demand and time liabilities of the base month which is two months back of reporting month (i.e. CR of December 2018 was based on weekly average balance of October 2018). BCBL has been maintaining a bi-weekly basis.		
3.4 Cash Reserve Ratio (CRR) : 5.50% of Average Demand & Time Liabilities		
Required Reserve	1,461,955,529	1,697,526,983
Actual Reserve held with Bangladesh Bank	1,714,392,958	1,823,052,456
TT in Transit	1,714,392,958	1,823,052,456
	252,437,429	125,525,472
Surplus/(Deficit)		
	6.45%	6.98%
3.5 Statutory Liquidity Ratio (SLR) : 13% of Average Demand & Time Liabilities		
Required Reserve	3,455,531,251	3,395,053,966
Actual Reserve held	3,020,817,604	3,571,263,947
Surplus/(Deficit)	365,286,353	176,209,981
Maintained Ratio	14.37%	13.67%
Average Deposit (Demand & Time Liabilities)	26,581,009,627	26,115,799,738
4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		

21(a) Consolidated Interest Paid on Deposits Bangladesh Commerce Bank Limited CBSL	(Note: 21)	1,772,316,060	1,252,735,475
Less: Inter Company Transaction		1,772,316,060	1,252,735,475
22 Income from Investment Treasury Bill/Bond Capital Gain Dividend on Share Corporate Bond Revaluation of Govt. Securities		205,494,113 53,059,969 27,746,447 25,502,778 21,468,872	235,824,277 55,489,211 24,136,996 21,468,872 21,468,872
23(a) Consolidated Income from Investment Bangladesh Commerce Bank Limited CBSL	(Note: 22)	302,173,107	328,019,176
23 Exchange, Commission and Brokerage Commission Exchange Earnings Brokerage		110,720,257 46,818,315 157,538,567	86,921,678 51,366,058 138,287,736
23(a) Consolidated Exchange, Commission and Brokerage Bangladesh Commerce Bank Limited CBSL	(Note: 23)	157,538,567	138,287,736
24 Other Operating Income Rent on Locker Other Receipts	(Note: 24.1)	151,000 70,442,424	185,413 58,761,803
24.1 Other Receipts Accounts Maintenance Charge Appraisal Fee Postage Telex, Telephone & Telegram Recoveries		56,082,023 5,305,666 1,917,247 6,496,852	41,209,750 9,095,155 1,845,853 6,511,365
24(a) Consolidated Other Operating Income Bangladesh Commerce Bank Limited CBSL	(Note: 24)	70,603,424	58,947,216
25 Salary and Allowances Basic Salary Allowances Gratuity Provident Fund Bonus		339,551,295 328,787,358 384,858,238 30,291,414 47,765,630	254,332,823 234,767,713 20,000,000 23,456,036 44,320,863
25(a) Consolidated Salary and Allowances Bangladesh Commerce Bank Limited CBSL	(Note: 25)	1,146,353,944	576,786,134
26 Rent, Taxes, Insurance, Electricity, etc. Rent Rates and Taxes Insurance Car Insurance, Tax Electricity/Gas/Water Bill		1,146,353,944 92,413,394 10,669,976 3,281,416 21,412,923	576,786,134 79,505,210 13,947,844 17,194,248 3,037,861
26(a) Consolidated Rent, Taxes, Insurance, Electricity, etc. Bangladesh Commerce Bank Limited CBSL	(Note: 26)	149,351,431	132,779,985
27 Postage, Telegram, Telephone Telephone Postage, Telegram & Connectivity		8,877,201 3,833,923 25,338,182	132,779,985 4,354,115 21,646,802
27(a) Consolidated Postage, Telegram, Telephone Bangladesh Commerce Bank Limited CBSL	(Note: 27)	29,192,114	26,000,918
28 Stationery, Printing & Advertisement Printing Stationery Other Stationery Security Stationery Publicity and Advertisement		6,295,205 6,203,599 1,875,573 9,944,413	6,181,598 6,902,642 607,400 8,899,352
28(a) Consolidated Stationery, Printing & Advertisement Bangladesh Commerce Bank Limited CBSL	(Note: 28)	17,321,790	15,610,352
29 Managing Director's salary and allowances Basic Salary House Maintenance / Furnishing Bonus Other Allowances		4,460,467 1,976,200 1,108,000	5,653,613 2,511,291 1,108,000
30 Directors' fees & honorarium Directors' fees & honorarium Other financial benefits		1,546,300 1,546,300	1,425,800 1,425,800
30(a) Consolidated Directors' fees & honorarium Bangladesh Commerce Bank Limited CBSL	(Note: 30)	1,546,300	1,425,800
31 Depreciation and Repair of Fixed Assets Depreciation of Fixed Assets Repairs and Maintenance		34,988,493 40,471,302	43,782,660 57,904,244
31(a) Consolidated Depreciation and Repair of Fixed Assets Bangladesh Commerce Bank Limited CBSL	(Note: 31)	43,492,370	59,988,245
32 Other Expenditure Business Development Bill Clearing Charges Computer Accessories/Software Conveyance Maintenance Charge (ATM) CSR / Donation / Subscription Entertainment Excise Duty Exchange Loss Foreign Bank Charge/Commission Fuel & Lubricants of Car Honorarium Laundry Internet Bill Evaluations Fees Loss on Renovation on Investment Loss on Sale of Share Manager's meeting /Conference Medical Charge Office Maintenance / Table Desk Stationeries Miscellaneous Photocopy/Fax/E-mail Service charges on Ete force Tax & VAT SWFT Charges Training Traveling & Daily Allowances Uniform		819,914 285,381 396,803 3,044,298 6,401,912 4,140,217 5,073,628 1,698,950 4,764,150 1,548,211 4,984,570 496,750 621,238 180,684 1,560,073 62,280,049 11,611,295 8,995 498,644 502,086 1,515,299 30,879,805 504,835 3,039,995 1,117,589 6,024,796 793,133	26,310 1,169,993 2,506,326 3,168,750 2,498,036 5,892,396 2,034,000 4,858,838 1,909,358 3,154,519 300,000 373,894 78 13,730 1,355,500 52,481,049 2,632,918 614,430 13,730 1,040,223 2,221,489 821,094 27,921,000 2,226,134 2,253,314 1,289,615 5,471,462 666,077
32(a) Consolidated Other Expenditure Bangladesh Commerce Bank Limited CBSL	(Note: 32)	182,840,592	162,345,610
33 Closing Cash and Cash Equivalent Cash in hand (excluding foreign currencies) Balance with Bangladesh Bank & Sonal Bank (including foreign currencies) Balance with Other Bank & Financial Institutions Money at Call and short notice Investment Government		460,624,020 1,979,893,720 6,680,183,615 3,154,746,348	334,678,013 2,152,711,718 8,289,438,390 3,060,780,142
34 Earnings Per Share (EPS) Net Profit after Tax Number of Ordinary Share		(2,231,263,240) 19,887,428	29,408,571 19,887,428
34(a) Consolidated Earnings Per Share (EPS) Net Profit after Tax Number of Ordinary Share	(Note: 34)	(112.19)	1.48
35 Net Asset Value Per Share (NAV) a) Capital / Share holder's Equity for the year b) Number of Outstanding Share Net Asset Value Per Share (NAV) (a+b)		1,272,840,078 19,887,428 6.40	3,495,181,502 19,887,428 175.72

Note: Capital / Share holder's equity for the year including Right Share Application Money Taka. 917,259,605.00

36 Net Operating Cash Flow Per Share a) Net Cash Flows from Operating Activities b) Number of Outstanding Share Net Operating Cash Flow Per Share (NAV) (a+b)	(1,424,604,358) 19,887,428 71.63	2,516,435,203 19,887,428 126.58
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37 Related Party Transactions
While making any related party transactions the management always pays proper attention to economic efficiency and competitive pricing and necessary approval from Bangladesh Bank and other authorities had been obtained whenever applicable. Significant related party transactions of the Bank for the period January to December 2018 are not exist.

38 Risk factors and risk management
Implementations of other Core Risk Management Guidelines are being followed. Credit Risk Grading is done for all commercial exposure. Bank's Asset Liability Committee is entrusted with the responsibility of managing short-term & long-term liquidity. ALM Guidelines & ICT Guidelines have also been implemented in accordance with the Guidelines issued by Bangladesh Bank & it has been approved by the Board of Directors. The Bank has established its KYC & operation control procedure for the prevention of Money Laundering. The Bank has strengthened the Internal Control and Compliance Division (ICCD) to ensure comprehensive audit thereof. As regards ICT Risk Management physical security of Hardware & Software are under process & will be strengthened soon.

Particulars	Cost		Total as at 31.12.2018	Increase/decrease during the year	Depreciation		Total as at 31.12.2018	Written down value as at 31.12.2018
	Balance as at 01.01.2018	Addition during the year			During the year	At the end of the year		
Land and Buildings	28,387,240	17,457,204	45,844,444	18,799,202	3,002,217	42,842,227	2,002,217	
Motor vehicles	17,709,881	17,071,688	34,781,569	17,071,688	6,276,219	28,505,350	6,276,219	
Furniture	16,802,839	1,038,221	17,841,060	17,841,060	7,783,051	10,057,999	7,783,051	
Office	10,371,056	54,021,823	64,392,879	64,392,879	9,609,071	54,783,808	9,609,071	
Computer Equipments	43,552,929	18,811,174	62,364,103	62,364,103	14,848,689	47,515,414	14,848,689	
Other Equipments	45,839,379	109,661,174	155,500,553	155,500,553	34,988,457	120,512,096	34,988,457	
Total (A+B+C)	112,763,324	218,061,164	330,824,488	330,824,488	66,607,684	264,216,804	66,607,684	

SL	Group/ Client Name	Funded	Non-Funded	Total
1	SB Group	183.94	-	183.94
2	Jamuna Agro Chemical	116.30	-	116.30
3	Nur-un-nobi & Allied Concern	104.23	-	104.23
4	M/S Marine Vegetable Oil Mills	63.58	-	63.58
5	Dhaka Trading House	46.76	-	46.76
6	Pran RFL Group	44.88	-	44.88
7	F.R Jute Trading Co. Ltd.	42.78	-	42.78
8	Sunuj Miah Spinning Mills	40.70	-	40.70
9	M/S Sharmin Jute and Ballers	40.61	-	40.61
10	Hi-Tech Ceramic Industries Ltd.	34.50	-	34.50
11	Abdul Monem Sugar Refinery Ltd.	30.58	-	30.58
12	M/S Islam Brothers	29.66	-	29.66
13	Basundhara Group	27.96	-	27.96
14	M/S Lithum Fabrics	27.37	-	27.37
15	Toy Woods (BD) Co. Ltd.	20.58	5.43	26.01
16	Dharmapur Ceramic Ind. Ltd.	25.10	-	25.10
17	M/S M.N. Akter & Co.	24.49	-	24.49
18	Brand Maker Property Management Ltd.	23.09	-	23.09
19	Saif Powertec Ltd.	20.78	-	20.78
20	Faith Group	13.23	0.25	13.48
	Total	961.12	5.68	966.80

SI	Particulars	2018	2017
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)	(2,559,489,041)	923,460,755
04	Surplus/(Deficit) Capital	(6,559,489,041)	(3,076,539,245)
05	Total Assets	38,028,310,885	36,394,838,798
06	Total Deposits	31,632,895,296	30,009,139,141
07	Total Loans and Advances	22,148,122,999	19,284,440,468
08	Total Contingent Liabilities and Commitments	5,507,075,435	2,660,969,026
09	Advances Deposits Ratio (%)	70.02	64.26
10	Classified Loans to Advance Ratio (%)	38.75	29.03
11	Profit After Tax and Provision	(2,231,263,244)	29,408,571
12	Classified Advance	8,582,841,180	5,957,766,470
13	Provision kept against Classified Advance	2,498,684,851	767,351,670
14	Surplus/(Deficit) Provision	(5,702,827,420)	(4,211,925,956)
15	Cost of Fund (%)	9.85	7.49
16	Interest Earning Assets	13,565,281,819	13,686,673,999
17	Non Interest Earning Assets	19,490,979,163	17,976,787,604
18	Return on Investment (ROI) (%)	6.08	6.93
19	Return on Assets (ROA) (%)	(5.87)	0.08
20	Income from Investment	302,173,107	328,019,176
21	Earnings Per Share (EPS)	(112.19)	1.48
22	Profit Per Share	(112.19)	1.48
23	Price - Earnings Ratio (Times)	(0.89)	67.62

SI #	Particulars	Amount (Tk.)
A.	Credit Risk: On-Balance sheet	34,828,329,977
B.	Market Risk Off-Balance sheet	29,643,518,794
C.	Operational Risk Total: Risk Weighted Assets (RWA) (A+B+C)	1,731,835,100
		2,330,591,664
		38,790,758,741

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

Bangladesh Commerce Bank Limited

Minimum Capital Requirement (MCR) as per BASEL-III Under Risk Based Capital Adequacy As on December 31, 2018

Particulars	Amount (Tk.)
A. Regulatory Capital:	
1. Common Equity Tier-1 Capital (CET-1)	(2,707,405,765)
2. Additional Tier-1 Capital (AT-1)	147,916,723.89
3. Tier-2 Capital	157,916,723.89
4. Total Regulatory Capital (1+2+3)	(2,559,489,041)
B. Total Risk Weighted Assets (RWA)	38,790,758,741
C. Capital to Risk weighted assets ratio (CRAR) (A/B)*100	-6.60%
D. Core Capital to RWA (A1/B)*100	-6.98%
E. Supplementary Capital to RWA (A2/B)*100	0.38%
F. Minimum Capital Requirement (MCR)	4,000,000,000

Risk Weighted Assets (RWA) As on 31 December 2018

SI #	Particulars	Amount (Tk.)
A.	Credit Risk: On-Balance sheet	34,828,329,977
B.	Market Risk Off-Balance sheet	29,643,518,794
C.	Operational Risk Total: Risk Weighted Assets (RWA) (A+B+C)	1,731,835,100
		2,330,591,664
		38,790,758,741

Bangladesh Commerce Bank Limited

Investment in Shares As at December 31, 2018

Particulars	No. of Shares	Avg. Rate	Total Cost	(Amount in Taka)	
				Market Value of Shares	Unrealized Gain/(Loss)
ACFL	89,846	40.00	3,593,840	3,301,317	(292,523)
BARKAPOWER	89,760	103.86	9,322,810	5,717,712	(3,605,098)
BKAP	68,200	40.28	2,747,409	1,959,600	(787,809)
BKXIMCO	88,200	85.95	7,580,878	2,072,700	(5,508,178)
BPMI	10,807	72.00	778,104	905,627	127,523
CENTRALPHI	1,198,050	20.55	24,618,825	16,652,895	(7,965,930)
CITYGENINS	156,667	43.84	6,867,734	2,099,338	(4,768,396)
DELTA LIFE	21,900	199.38	4,366,476	1,404,620	(2,961,856)
DESCO	126,397	101.31	12,805,704	5,106,439	(7,699,265)
ETC	100	217.81	21,781	32,410	1,632
FUWANGCER	605,000	19.60	11,858,971	7,986,000	(3,872,971)
FUWANGFOOD	605,000	22.40	13,554,207	9,075,000	(4,479,207)
IBP	294	9.09	2,673	9,143	6,470
IFIC	536,770	25.24	13,525,672	8,850,293	(4,675,379)
KOSAL TD	500,000	81.26	40,631,251	26,350,000	(14,281,251)
LEGAFOOT	10,243	218.30	2,236,088	1,944,121	(291,967)
MAKSONSPIN	231,863	50.48	11,703,583	1,738,573	(9,965,010)
MIRACLEIND	46,224	56.32	2,603,214	1,650,197	(953,017)
MUDHEING	4,272	20.88	88,305	152,601	63,796
MURTEL FUJ	84,700	263.36	22,306,574	15,574,400	(6,732,174)
NBL	216,529	18.50	4,005,313	2,013,720	(1,991,593)
NCC BANK	187,073	25.32	4,737,392	2,974,461	(1,762,931)
NOPOLIMAR	122,000	81.80	9,929,943	8,652,000	(1,277,943)
ORIONPHARM	49,000	58.53	2,841,773	1,472,000	(1,369,773)
PADMAOIL	30,000	339.12	10,173,456	6,756,000	(3,417,456)
PENINSULA	624,324	33.99	21,221,027	17,980,531	(3,240,496)
REGENTITEX	178,500	30.26	5,401,787	2,784,600	(2,617,187)
RSRSTEL	170,200	69.31	11,797,065	7,914,300	(3,882,765)
RUPALBANK	685,417	60.21	41,417,222	24,537,529	(16,879,693)
SILVAPHI	9,193	31.74	291,799	276,209	(15,590)
SINORANGLA	100,000	61.90	6,190,126	5,140,000	(1,050,126)
SCRITRIS	5,545	9.09	50,411	256,724	20